

Ecole des Hautes Etudes Commerciales

d'Alger

EHEC

**Thesis Submitted in Partial Fulfilment of the Requirements for
Master's Degree in Commercial Studies**

Major: Marketing

**The Contribution of Service Quality to
Customer Satisfaction in The Hotel Industry**

Case study: AZ Hotels Zeralda

Presented by:

CHENOUF Maroua

Supervised by:

Dr. BABA AHMED Hichem

Professor at EHEC

9th Promotion

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Abstract

Market saturation and increased competition have further increased the importance of service quality, especially for hotel companies. Hoteliers' efforts to differentiate themselves from their rivals have been an effective factor in placing much greater emphasis on customer satisfaction. The objective of this research is to understand the contribution of service quality to customer satisfaction. To do this, the work is divided into three parts. The first two theoretical parts provide more details about service marketing and an overview of the hotel industry and hotel marketing, as well as the fundamental concepts of service quality and customer satisfaction. The third part represent a case study, conducted at AZ Hotels Zeralda to determine the dimensions of service quality that lead to customer satisfaction in Algerian hotels. A survey was conducted at the hotel and the obtained data were analyzed using the IBM SPSS (Statistical Package for the Social Sciences SPSS 26) statistical software.

Keywords: Service, service quality, customer satisfaction, hotel industry

Résumé

La saturation du marché et l'intensification de la concurrence ont encore accru l'importance de la qualité du service, en particulier pour les entreprises hôtelières. Les efforts des hôteliers pour se différencier de leurs concurrents ont été un facteur efficace pour mettre davantage l'accent sur la satisfaction des clients. L'objectif de cette étude est de comprendre la contribution de la qualité de service à la satisfaction du client. Pour ce faire, ce travail comprend trois parties. Les deux premières parties sont théoriques et présentent un état de l'art sur le marketing des services et un aperçu de l'industrie hôtelière et du marketing hôtelier, ainsi que les concepts fondamentaux de la qualité de service et de la satisfaction du client. La troisième représente le cas d'étude de ce travail de stage, menée à l'AZ Hôtels Zeralda pour déterminer les dimensions de la qualité de service conduisant à la satisfaction du client dans les hôtels algériens. Une enquête a été menée au sein de l'hôtel et les données obtenues ont été analysées à l'aide du logiciel statistique IBM SPSS (Statistical Package for the Social Sciences SPSS 26).

Mots clés : Service, qualité de service, satisfaction client, hôtellerie

المخلص

أدى تشبع السوق وزيادة المنافسة إلى زيادة أهمية جودة الخدمة، خاصة بالنسبة للفنادق. كانت جهود أصحاب الفنادق لتمييز أنفسهم عن منافسيهم عاملاً فعالاً في التركيز بشكل أكبر على رضا الزبائن. الهدف من هذا البحث هو فهم مساهمة جودة الخدمة في إرضاء الزبائن. للقيام بذلك، تم تقسيم هذا العمل إلى ثلاثة أجزاء. يقدم الجزء الأول والثاني تفاصيل حول تسويق الخدمات ونظرة عامة على الفنادق والتسويق الفندقي، بالإضافة إلى المفاهيم الأساسية لجودة الخدمة ورضا الزبائن. الجزء الثالث يمثل الحالة الدراسية لهذا العمل التي أجريت في فندق AZ Zeralda لتحديد أبعاد جودة الخدمة التي تؤدي إلى إرضاء الزبائن في الفنادق الجزائرية. تم إجراء استجواب لزبائن الفندق ودراسة وتحليل البيانات التي تم الحصول عليها باستخدام برنامج الإحصاء IBM SPSS.

الكلمات المفتاحية: الخدمة، جودة الخدمة، رضا الزبائن، الفنادق

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List of abbreviations

T: Tangibility

R: Reliability

S: Responsiveness

A: Assurance

E: Empathy

CS: Customer Satisfaction

T1 to T5: Statements of the tangibility dimension

R1 to R3: Statements of the reliability dimension

S1 and S2: Statements of responsiveness dimension

A1 to A3: Statements of assurance dimension

E1 to E3: Statements of the empathy dimension

CS1 to CS4: Statements of the customer satisfaction dimension

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General introduction

General introduction

Since the recent decades, companies' efforts have focused on improving the quality of their services (source). The main objective of these businesses is to meet customers' needs and expectations. However, this objective has proved to be difficult to achieve because of the increasing of competitive market and customer demands. Therefore, several measurement frameworks have been established to study the service quality, such as Gronroos' technical and functional quality models, SERVQUAL developed by Parasuraman et al. and SERVPERF developed by Cronin & Taylor.

According to these frameworks, researchers highlight the multiple benefits that service quality can provide, including customer satisfaction and loyalty, as well as company's image and competitive advantage. The fundamental role of customers in any business venture has made it essential to conduct more research in order to analyse their needs and develop service strategies conforming to their expectations. Customer research is essential during, before, and after sales, and satisfying customers and building sustainable relationships consistently lead to higher levels of retention and profit margins.

In particular, hotel businesses are one of the sectors that depend on customer satisfaction to increase their sales and profits. In fact, many studies have been carried out to examine the relationship between customer satisfaction and service quality. However, very few studies focus on this correlation in hotels. Moreover, these studies use service quality dimensions in their correlation models, but very few studies integrate the dimensions described in the SERVQUAL model and focus on analysing the correlation of each of these dimensions with customer satisfaction in Algerian hotels.

In this context, this study focusses on "The contribution of hotel service quality to customer satisfaction". The main objective is to analyse how service quality improves customer satisfaction in hotels and to identify what exactly are the dimensions of service quality that lead to customer satisfaction in Algerian hotels, using the AZ Zeralda Hotel as a case study with 3 months of internship. The aim of this internship is to answer this question:

“How do the five dimensions of service quality contribute to customer satisfaction in the hotel industry?”

Using a literature search and a survey, this work aims thus to answer these questions:

Q1: How do customers perceive the quality of services offered by AZ Zeralda?

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Q2: How does service quality correlate with customer satisfaction?

Q3: What are the main dimensions of service quality that lead to guest satisfaction?

To answer these questions, we have developed the following hypotheses:

H1: The AZ Zeralda Hotel offers a high quality of service to its customers.

H2: There is a significant correlation between service quality and customer satisfaction.

H3: The five dimensions of service quality have a significant influence on customer satisfaction.

To evaluate these hypotheses, and answer our main question, a survey method was implemented to collect data. This survey is based on a questionnaire divided into three sections. This questionnaire is a customized version of the SERVQUAL model.

This work is structured around three chapters. The first chapter contains two sections: the first one presents the fundamental and concepts of service marketing, and the second section presents the hotel industry and the application of the service marketing mix in hotels. The second chapter, which is also divided into two sections, focuses on the concept of service quality in the first section and customer satisfaction in the second one. The last chapter presents the case study of the AZ Zeralda Hotel. The chapter first introduces the host hotel, and then presents the methodology of our research and the results obtained. Finally, a discussion and a general conclusion will conclude the work.

**Chapter 01: Services marketing and its
application to the hotel industry**

The service sector is no longer limited to a few service industries such as leisure and hospitality services, health services, banking, financial services, and insurance. Industrial companies that sell tangible goods, such as auto manufacturers, computer manufacturers, and many others, have shifted their competitive focus to providing unparalleled and unmatched customer services to establish a differential advantage in the marketplace and generate additional revenue streams for their companies. The special characteristics of services pose problems and challenges for marketing and managing services that do not arise for marketing products. This is why service marketing was born.

The objective of the first chapter is to provide an overview of the fundamental and most important concepts of service marketing and the application of the services marketing mix to the hotel industry.

This chapter is divided into two sections. The first section of this chapter focuses on the definition of services and discusses in detail the fundamental differences between services and tangible goods, as well as the different categories of services. This section also discusses the Servuction model and introduces basic concepts to better understand the behavior of service customers. Finally, the section concludes with a discussion of the 7Ps of the services marketing mix.

The second section starts first with an introduction to the hotel industry. It explains what the term "hotel industry" means and gives a brief history of the hotel industry. It also outlines the most common types of hotels. After having a clear understanding of the hotel industry, the section highlights the importance of marketing in the hotel industry, and then it explains in detail the marketing mix for services in the hotel industry.

Section 01: Foundations of services marketing

To better understand services marketing, this section begins by defining services and identifying their specific characteristics. Then, it presents the "servuction" system. It also provides the necessary information to understand customer behavior in the context of services. Finally, it briefly discusses the "7 P's" of service marketing.

1. Introduction to services

1.1. Defining services

Originally, the word "service" was associated with the work that servants performed for their masters.¹ In time, various definitions regarding the concept of service have been developed by different researchers. The following definitions are suggested:

Wilson et al. describe services as "*deeds, processes, and performances.*"² This definition of services is known as the act-based definition. For examples, exchanges for haircuts, body massages, good transportation, babysitting, and other activities are classified as services under the act-based definition. Many sorts of exchanges that are commonly considered services, such as insurance, are not classified as services under this definition.³

One other definition describes services as "*an activity or series of activities of more or less intangible nature that normally, nor necessarily, take place in interactions between the customer and service employees and/or physical resources or goods and/or system of the service provider, which are provided as solutions to customer problems.*"⁴

Moreover, based on the non-ownership perspective of services, services can be defined as "*economic activities between two parties, implying an exchange of value between the seller and the buyer in the marketplace*".⁵ or "*Economic activities performed by one party to another.*

¹ WIRTZ (J), LOVELOCK (C. H): *Essentials of services marketing*, Pearson, 3rd edition., Harlow, England London New York Boston San Francisco Toronto Sydney Dubai Singapore Hong Kong Tokyo Seoul Taipei New Delhi Cape Town Sao Paule Mexico City Madrid Amsterdam Munich Paris Milan, 2018, p. 12.

² WILSON (A. M), ZEITHAML (V. A), BITNER (M. J), GREMLER (D. D): *Services marketing: integrating customer focus across the firm*, McGraw-Hill Education, Third European edition., London , 2016, p. 44.

³ KAYASTHA (S): « Defining Service and Non-Service Exchanges », *Service Science*, vol. 3, Iss. 4, 2011, pp. 313-3243.

⁴ GRÖNROOS (C): *Service management and marketing: managing the service profit logic*, Wiley, Fourth edition, Chichester, West Sussex, UK, , 2015.

⁵ WIRTZ (J), LOVELOCK (C. H): *Essentials of services marketing*, op. cit., p. 14.

Often time-based, these performances bring about desired results to recipients, objects, or other assets.”⁶

Kotler and Keller combine the act-based and non-ownership-based concepts to define services. A service, according to them, is “*any act or performance one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product.*”⁷

Through these definitions, we can conclude that:

- Services are intangible; they have no physical substance. In general, they cannot be seen, smelled, tasted, felt or heard until they are consumed;
- When purchasing a service, there is no transfer of ownership. For example, no one get ownership of the hotel room where they stayed last weekend, nor did they get ownership of the physical therapist who treated your wounded knee, nor did they get possession of the concert you just saw;
- Services are purchased for the purpose of providing satisfaction;
- And finally, service production could be linked to a product.

1.2. Characteristics of services

It is critical to investigate the unique characteristics of services. As our understanding of service characteristics expands, so does our ability to deal with them from an economic and marketing perspective. Services are distinguished from products by a variety of characteristics. The following are some of the most widely accepted characteristics:

1.2.1. Intangibility

It is unlikely to taste, feel, see, hear, or smell service products. Buyers seek tangible evidence such as place, people, equipment, communication materials, symbols, and price that will provide information and trust about the service to minimize the uncertainty caused by service intangibility.

Intangibility presents several marketing challenges, as summarized in Table 01. Services

⁶ LOVELOCK (C. H), WIRTZ (J): *Services marketing: people, technology, strategy*, World Scientific, Eighth edition., New Jersey, 2016, p. 58.

⁷ KOTLER (P), KELLER (K. L): *Marketing management*, Prentice Hall, 14th [ed.], Upper Saddle River, N.J. , 2012, p. 423.

cannot be patented easily, as a result, maintaining a firm's differential service advantage over attentive competitors over long periods of time is difficult. Promoting services presents another set of challenges, as it is difficult to draw customers' attention when they can't see or touch the service. The challenge in pricing services is that the actual costs of a 'unit of service' are difficult to estimate due to intangibility, and the price–quality relationship is complicated.⁸

Table 1: Marketing Challenges and Solutions Pertaining to Intangibility

Characteristic	Resulting Marketing Challenges	Possible Solutions
Intangibility	Services lack patent protection and can be easily copied.	Use personal sources of information to market services.
	Services are difficult to display and/or explain to customers.	Create a strong organizational image.
	The pricing of services is difficult.	Utilize an activity-based costing approach.

Source: HOFFMAN (K. D.), BATESON (J. E. G.): *Services marketing: concepts, strategies, & cases*, South-Western, 4th ed., Australia; Mason, OH, 2011, p. 58.

1.2.2. Inseparability

In terms of the sequence of production and consumption, there is a sharp distinction between physical products and services, as shown in Table 02. Unlike products, where production and consumption are separated by time and place, service production cannot be isolated from the market. The inseparable nature of the production and consumption of services reflects the interconnection among the service provider, the customer who is receiving the service. In some services, the interaction between them is close, personal, and intimate. Inseparability also implies that customers would interact with one another regularly during the service production process, thereby influencing one another's experiences.⁹

Table 2: Differences between physical goods and services in terms of production and

⁸ WILSON (A. M), ZEITHAML (V. A), BITNER (M. J), GREMLER (D. D): op. cit., p. 65.

⁹ VERMA (H. V): *Services marketing: text and cases*, New Delhi, India, Pearson Education/Dorling Kindersley, 2012, p. 44-45.

consumption

Physical goods	Services
Production	Sold
↓	↓
Storage	Produced and consumed at
↓	the same time
Sold	
↓	
consumed	

Source: MUDIE (P.), PIRRIE (A.), *Services marketing management*, Butterworth-Heinemann 3rd ed., Oxford, , 2006, p. 4.

1.2.3. Heterogeneity

Since services are performances frequently produced by human beings, no two services will be exactly the same. From the viewpoint of the consumer, the employees supplying the service are frequently the service, and people's performance might vary from day to day, or even hour to hour.

Heterogeneity also arises from the fact that no two consumers are exactly alike: each will have different needs or will have a different experience with the service. As a result, service heterogeneity is mostly the outcome of human interaction.¹⁰

1.2.4 Perishability

Perishability refers to the challenge that services cannot be saved, stored, resold, or returned. Unlike products that can be preserved and sold at a later date. Hotel rooms, for example, that are left unused for the evening cannot be saved and used later.

Matching demand and supply within most service organizations is extremely challenging without the benefit of having an inventory. In fact, because customer demand for services is uncertain, the only way supply will completely match demand is by chance. Consumer demand

¹⁰ HOFFMAN (K. D), BATESON (J. E. G): *Services marketing: concepts, strategies, & cases*, South-Western, 4th ed., Australia; Mason, OH, 2011, p. 68.

for numerous services at any given time is unexpected.¹¹

After presenting the four unique characteristics that distinguish service marketing from that of produced goods: intangibility, inseparability, variability, and perishability. The difference between goods and services can be best understood from table 03.

Table 3: Goods versus services.

Physical Goods	Services
A thing	An activity or process
Tangible	Intangible
Homogeneous	Heterogeneous
Production and distribution are separated from consumption.	Production, distribution and consumption are simultaneous processes.
Core value produced in factory	Core value produced in buyer-seller interactions.
Customers do not participate in the production process.	Customer may participate in the production
Can be kept in stock.	Cannot be kept in stock.
Transfer of ownership.	No transfer of ownership.

Source: GRÖNROOS (C): *Service management and Marketing*, Massachusetts: Lexington Books, 1990, p. 28.

1.3. Four broad categories of services

There are significant differences between services depending on what is being processed. People, physical objects, and data can all be "processed" by services, and the nature of the processing can be tangible or intangible. People's bodies or their physical possessions are the targets of tangible actions. People's brains or non-physical assets are the targets of intangible activities. As a result of this, services are divided into four broad groups. As shown in table 4, they are: people processing, possession processing, mental stimulus processing, and information processing.¹²

¹¹ HOFFMAN (K. D), BATESON (J. E. G): op. cit., p. 71.

¹² WIRTZ (J), LOVELOCK (C. H): *Essentials of services marketing*, op. cit., p. 15.

Table 4: services categories

Nature of the Service Act	Who or What Is the Direct Recipient of the Service?	
	People	Possessions
Tangible Actions	People processing (services directed at people's bodies): <ul style="list-style-type: none"> • Hair Stylist • Passenger Transportation • Healthcare 	Possession processing (services directed at physical possessions): <ul style="list-style-type: none"> • Freight Transportation • Laundry and Dry Cleaning • Repair and Maintenance
Intangible Actions	Mental stimulus processing (services directed at people's minds): <ul style="list-style-type: none"> • Education • Advertising PR • Psychotherapy 	Information processing (services directed at intangible assets): <ul style="list-style-type: none"> • Accounting • Banking • Legal Services

Source: WIRTZ (J.), LOVELOCK (C. H.), *Essentials of services marketing*, Pearson, 3rd edition., Harlow, England London New York Boston San Francisco Toronto Sydney Dubai Singapore Hong Kong Tokyo Seoul Taipei New Delhi Cape Town Sao Paule Mexico City Madrid Amsterdam Munich Paris Milan, 2018, p. 16.

1.3.1. People processing

Clients must be physically present in the service factory to receive these services; this is a physical location where people or machines (or both) provide service advantages to customers. In these types of processes, the customer's active collaboration is required, and it is necessary for managers to consider the location of the service operation, the design of service processes and the service environment, the management of demand and capacity, and output from the customer's perspective.¹³

1.3.2. Possession processing

¹³ WIRTZ (J.), LOVELOCK (C. H.): *Essentials of services marketing*, op. cit., p. 15.

This type of service is for goods or physical possessions that need special treatment, such as maintenance or repair. This can concern houses, cars, computers, etc. Customers are less likely to be involved in these services because the creation and the consumption are separated. Sometimes, customers may like to be present during service delivery.¹⁴

1.3.3. Mental stimulus processing

These services are all those that address people's minds, memories, and spirits. They are essentially composed of training, information, counseling, entertainment, and religious practices. Taking advantage of these services requires a high level of involvement, but customers do not necessarily have to be physically present in a service factory. Since the major component of these services is information (music, voice, data, images), these services can be easily digitized, recorded and made available for later use through electronic channels or transformed into manufactured products such as records or cassettes.¹⁵

1.3.4. Information processing

The most intangible form of service output is information. It can, however, be converted into more permanent and tangible forms, such as letters, reports, books, and files in any format. Financial and professional services such as accounting, law, marketing research, management consulting, and medical diagnosis are all heavily dependent on effective data gathering and processing. Sometimes, It can be difficult to distinguish between information processing and mental stimulus processing services. As a result, they are occasionally grouped together under the umbrella term "information-based services" for simplicity.¹⁶

2. Framing the Service Experience: The Servuction Model

The Servuction model, developed by Eiglier and Langeard (1987), explains individuals' interactions with the service environment. The model develops tangible and intangible attributes by focusing on individuals' perceptions of the service environment.

2.1. Definition of the concept of servuction

Eiglier and Langeard define servuction as a “*systematic and coherent organization of all the*

¹⁴ *Ibid.*

¹⁵ LAPERT (D), MUNOS (A): *Le marketing des services*, Dunod, 2e éd. entièrement remaniée., Paris, coll. « Les topos », 2009, p. 23.

¹⁶ LOVELOCK (C. H), WIRTZ (J): *Essentials of services marketing*, op. cit., p. 66.

physical and human elements of the interface client/enterprise necessary to the realization of a provision of services whose commercial characteristics and levels of quality were given".¹⁷

Another definition describes servuction as "*a model used to illustrate the four factors that influence the service experience, including those that are visible to the consumer and those that are not.*"¹⁸

According to these definitions, service is the equivalent of the production process in a company that manufactures goods, and this process attempts to provide a high-quality service.

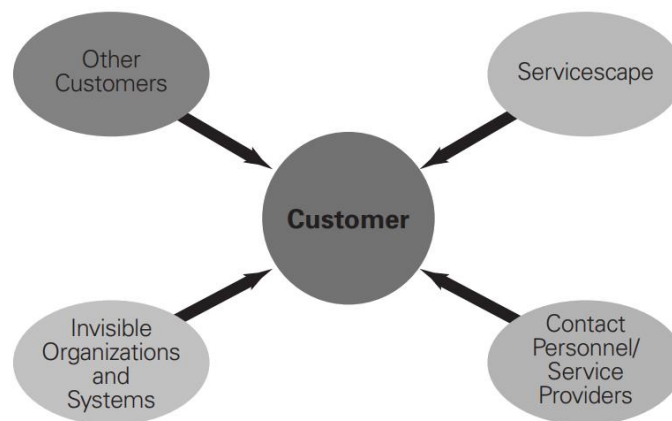


Figure 1: The Servuction Model

Source: HOFFMAN (K. D.), BATESON (J. E. G.), *Services marketing: concepts, strategies, & cases*, South-Western, 4th ed., Australia ; Mason, OH, 2011, p. 9.

According to the servuction model depicted in Figure 1, the service experience of the consumers is directly affected by four main factors, which consist of servicescape, service providers, other consumers, and organizations and systems.

2.2. Dimensions of servuction model

2.2.1. The Customer

The customer is present in the service, he participates in the production of the service. The customer intervenes not only as a segment to be satisfied, but also as a co-producer of the service. For a service to be (co)produced, the customer's involvement is necessary at different

¹⁷ EIGLIE (P) et LANGEARD (E): *servuction, le marketing des services*, Ediscience international, Paris, 1999, P. 15.

¹⁸ HOFFMAN (K. D.), BATESON (J. E. G): op. cit., p. 9.

levels, which are: participation in the diagnosis, participation in the realization of the service, participation in the quality of service; and participation in the production of the service in the case of self-services.¹⁹

2.2.2. Contact personnel/service providers

Contact personnel are all employees on the front line who have direct contact with customers. These contact personnel are generally referred to as "service providers" in the Servuction model. Since service providers are the first point of contact in the customer encounter, they are considered to mirror the values of the organization. They are therefore often used in the communication strategy, as the service delivery process depends on the interaction between customers and employees. Although customer evaluations are very complex, the appearance of service providers is a crucial element in face-to-face interactions with customers because it has a great effect on the customer's first impression.²⁰ According to Nguyen and Leblanc, appearance is a combination of dress, hairstyle, make-up, and cleanliness.²¹

2.2.3. The servicescape

For several years, evidence has suggested that the environment of a service acts as a type of nonverbal communication, influencing a person's perceptions about the entire service and service provider. Servicescape is defined as a combination of a range of dimensions that influence a customer's holistic impressions of the service.²² The dimensions of the physical environment include all objective physical factors that can be controlled by the company to improve the actions of employees and customers. These factors include an endless list of possibilities. Bitner has grouped them into three important which are: Ambient Conditions (temperature, lighting, noise, music, and odors), Accessibility dimensions of Design (the layout of the space and the ability of the furniture to support customer delight), and the last dimension

¹⁹ MEYRONIN (B), DITANDY (C): *Du management au marketing des services: développez la culture de service de votre entreprise*, Dunod, 3e éd., Paris, coll. « Fonctions de l'entreprise », 2015, p. 22-23.

²⁰ EFE(R), PENKOVA (R), WENDT (J. A), SAPAROV (K. T), BERDENOV (G.J): « The Effect of Perceived Organizational Justice on the Organizational Culture in Hotel Enterprises », *St. Kliment Ohridski University Press, Sofia*, 2017

²¹ NGUYEN (N), LEBLANC (G), « Contact personnel, physical environment and the perceived corporate image of intangible services by new clients »: *International Journal of Service Industry Management*, Vol. 13, No. 3, 2002, pp. 242-262.

²² MILES (P), MILES (G), CANNON (A): « Linking servicescape to customer satisfaction: exploring the role of competitive strategy », *International Journal of Operations & Production Management*, Vol. 32, No. 7, 2012, pp. 772-795.

includes signs, symbols, and artifacts.²³

2.2.4. Invisible organization and systems

Invisible organization and systems reflect the rules, regulations, and processes upon which the organization is based. Therefore, even though rules, regulations, and processes are not visible to customers, they have a significant impact on their service experience. Customers' information forms, the number of employees working in the firm at any given time, and the organization's policies on countless decisions are all determined by the invisible organization and systems.²⁴

2.2.5. The service

The service is the objective of the system. According to Eiglier and Langeard, a service can therefore be the result of the interaction between the three basic elements, namely the client, the physical support, and the personnel in contact. This resultant constitutes the benefit that must satisfy the customer's needs.²⁵

2.2.6. Other customers

Other customers share the primary customer's service experience. These customers can have a significant influence on an individual's service experience, either enhancing or detracting it. Other consumers' impacts might be active or passive. Unruly customers in a restaurant are examples of customers actively detracting the service experience. An exceptionally tall person sitting directly in front of another customer at a movie theater, is one of the passive examples.²⁶

3. Understanding services consumer behavior

3.1. Understanding consumer service expectations

Customer expectations are preconceived notions about service delivery that act as benchmarks against which performance is judged. Because customers evaluate service quality by comparing their perceptions of performance to these reference points, service marketers

²³ BITNER (M. J): « Servicescapes: The Impact of Physical Surroundings on Customers and Employees », *Journal of Marketing*, Vol. 56, No. 2, 1992, pp. 57-71.

²⁴ HOFFMAN (K. D), BATESON (J. E. G): op. cit., p. 12.

²⁵ EGLIER (P), LANGEARD (É): *Servuction: le marketing des services*, Auckland Bogota Paris, McGraw-Hill, coll. « Stratégie management », 1987, p. 16.

²⁶ HOFFMAN (K. D), BATESON (J. E. G): op. cit., p. 10-11.

must have a deep understanding of client expectations. The first and arguably most important step in providing high-quality service is to understand what the consumer expects. Being incorrect about what consumers want, spending money, time and other resources on things that don't matter to the customer, can mean losing a customer's business when another company hits the exact target.

Customers have varying types of service expectations. The greatest is known as "desired service," and it is the level of service that a client wishes to get. The second type is adequate service, which is the degree of service that a client will accept; it reflects the customer's accepted minimum level of performance. The zone of tolerance refers to the extent to which customers are aware of and prepared to accept variance.²⁷

3.2. The three-stage model of service consumption

According to the three-stage model of service consumption, consumers go through three major stages when they consume services: the pre-purchase stage, the service encounter stage and the post-encounter stage.²⁸

3.2.1. The pre-purchase stage

Compared to products, the pre-purchase stage of the decision-making process for services is more complicated since it involves a diverse range of factors and actions. The arousal of a need prompts consumers to begin seeking information and evaluating alternatives before making a purchase decision.

Need arousal: Consumers recognize the necessity of using a service in order to meet their needs. Needs can be triggered by a variety of factors, including the unconscious mind (e.g., impulse purchasing), internal conditions (e.g., hunger), or external sources (e.g., marketing mix).

Information search: Consumers seek information from a variety of sources in order to investigate and assess alternative service offers, set performance expectations, save money, and reduce risk. They look for information from people they know and trust, such as family, friends, and peers. They rely on reputable companies; they look for guarantees, check tangible evidence,

²⁷ WILSON (A. M), ZEITHAML (V. A), BITNER (M. J), GREMLER (D. D): op. cit., p. 121-128.

²⁸ BRYSON (J. R.): *Handbook of service business: management, marketing, innovation and internationalisation*, Edward Elgar, Cheltenham, 2015, p. 107-110.

and inquire about competing services from knowledgeable employees. They also utilize the Internet to compare service offerings and look for reviews and ratings.

Evaluating alternatives: Consumers evaluate and compare alternative offerings of companies in their consideration set based on service aspects that are significant to them. Each attribute is given a weighting based on its importance. There are three sorts of attributes: search attributes (e.g., price, brand name, transaction costs), experience attributes, and credibility attributes, which relate to features those customers find difficult to evaluate even after purchasing and using a service (e.g., the freshness of ingredients used to prepare a meal).

3.2.2. The service encounter stage

Customers go on to the heart of the service experience after making a purchase choice. When a consumer engages directly with a service provider, this is known as the "service encounter stage." To better understand the behavior and experience of customers during service interactions, we employ a variety of models and frameworks.²⁹

The moment-of-truth metaphor: demonstrates the importance of effectively managing service touch points. As Normann said "*we could say that the perceived quality is realized at the moment of truth, when the service provider and the service customer confront one another in the arena*"³⁰

The high- or low-contact service model: helps us to better understand the extent and nature of points of contact.

The servuction model: focuses on the various types of interactions that together create the customer's service experience. It concentrates on the numerous sorts of interactions that make up the customer's service experience.

The theater metaphor: The script, role, and perceived control theories, when combined, successfully describe how to look at "staging" service performances to produce the experience clients want.

3.2.3. The post-encounter stage

²⁹ LOVELOCK (C. H), WIRTZ (J): *Services marketing*, op. cit., p. 118.

³⁰ NORMANN (R.): *Service management: strategy and leadership in service business*, Wiley, 2nd ed., Chichester ; New York, 1991, p. 16-17.

The post-encounter stage of service consumption involves the consumer's attitudes and behaviors in response to the service experience. Customer satisfaction, perceptions of service quality, repeated purchases, and customer loyalty are among them.³¹

3.3. Factors that influence consumer behavior

As shown in figure 02 consumer behavior is influenced by a variety of external and internal elements, including Personal factors, psychological factors, Cultural factors and social factors.

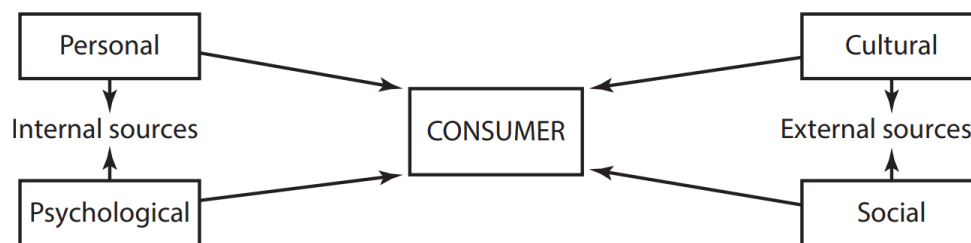


Figure 2: Factors affecting consumer behavior.

Source: GEORGE (R.), *Marketing Tourism and Hospitality: Concepts and Cases*, Springer International Publishing, Cham, 2021, p. 69.

3.3.1. External influences on consumer behavior

- **Cultural factors**

Culture may be defined as the patterns of behavior and social connections that characterize and distinguish one society from another. Culture embodies the values, ideas, and attitudes that enable people to communicate with one another and assess situations. It is critical to make genuine generalizations about a certain culture or subculture without resorting to stereotyping when studying culture. Culture is a taught set of arbitrary values that offer a frame of reference for acceptable behaviors for an individual. The differences in culture are most noticeable when a company tries to grow into international markets.³²

- **Social factors**

Consumers and their decisions are heavily impacted by the people with whom they engage,

³¹ WIRTZ (J), LOVELOCK (C. H): *Essentials of services marketing*, op. cit., p. 88.

³² REID (R. D), BOJANIC (D. C), *Hospitality marketing management*, 4th ed., Hoboken, N.J, Wiley, 2006, p. 105.

whether directly or indirectly. Reference groups and family are two of the most important social elements.

A reference group is a group of people who have an impact on a person's purchasing behavior. People make decisions based on their current reference groups, as well as groups they want to join or distance themselves from.³³ Reference groups can include family and friends, music and television celebrities, a social club, the workplace, or social media sites.³⁴ Consumer behavior is heavily influenced by family members. Marketers are interested in the roles and impacts of the wife, husband, children, and other family members, because most customers interact closely with their families.³⁵

3.3.2. Internal influences on consumer behavior

- **Personal factors**

Personal characteristics such as profession, age and life-cycle stage, economic status, lifestyle, and personality all impact a buyer's behavior:³⁶

People buy different products at different stages of life. Their tastes and preferences also change with the change in their life cycle. The profession of a person has an impact on his purchasing behavior because lifestyles, buying considerations, and decisions differ widely according to the nature of his occupation, For example, a doctor's purchase may readily be distinguished from that of a lawyer, teacher, or businessman. Furthermore, a person's economic status is another aspect that might have an impact on the consumption pattern, which varies depending on their level of income. Marketing managers must also develop a variety of marketing strategies to cater to their customers' various lifestyles and personalities.

- **Psychological factors**

A person's buying choices are also influenced by psychological factors: The most important ones are motivation and perception.³⁷

³³ Kotler (P.), Keller (K. L.): op. cit., p. 223.

³⁴ GEORGE (R.): *Marketing Tourism and Hospitality: Concepts and Cases*, Cham, Springer International Publishing, 2021, p. 74.

³⁵ MASHAO (E. T), SUKDEO (N): « Factors that influence consumer behavior in the purchase of durable household products », July 26-27, 2018.

³⁶ N. (R.), ALI (D.): « Factors affecting consumer buying behavior », *International Journal of Applied Research*, vol. 2, Iss. 10, pp. 76-80, 2016.

³⁷ KOTLER (P.): *Marketing for hospitality and tourism*, Eighth edition., Boston, Pearson, 2019, p. 191.

- ❖ **Motivation:** A human has several needs. Some are biological, resulting from hunger, thirst, or discomfort. Others are psychological, such as the need for recognition, esteem, or belonging. The majority of these needs are insufficient to inspire a person to act at any particular time. When a need is stimulated to a certain degree of intensity, it becomes a motive.
- ❖ **Perception:** Perception is the process through which a person chooses, organizes, and interprets the stimuli surrounding him to form a meaningful image of the world. Even though a restaurant is excellent, if it has the appearance of a fairly average restaurant from the street, many customers who would appreciate the restaurant would never try it because of their opinion based on the restaurant's street appearance.

4. Services marketing mix

Marketers often address four main elements when establishing strategies to market produced goods: product, place (or distribution), pricing, and promotion (or communication). They are referred to as the "4 Ps" of the marketing mix. The nature of services poses distinct marketing challenges. As a result, the 4 Ps of goods marketing are insufficient to address the issues that arise while selling services, and they have to be adapted.³⁸

Customers are frequently present in the firm's factory, interact directly with the firm's employees, and are literally part of the service production process because services are typically created and consumed at the same time. Also, because services are intangible, customers will be searching for any physical clue to help them identify the nature of the service quality.

Customers will often be looking for any tangible cue to help them understand the nature of the service experience. Services marketers have adopted the notion of an extended marketing mix for services as a result of their recognition of the relevance of these extra aspects. The services marketing mix incorporates people, physical evidence, and process in addition to the standard four Ps.³⁹

³⁸ WIRTZ (J), LOVELOCK (C. H): *Essentials of services marketing*, op. cit., p. 18.

³⁹ WILSON (A. M), ZEITHAML (V. A), BITNER (M. J), GREMLER (D. D): op. cit., p. 72.

Section 02: Services marketing in the hotel industry

In this section, we will introduce the hotel industry, starting with the definition of the hotel industry and followed by a brief history of the industry. Next, we will mention the most common types of hotels. At the end of this section, we will discuss the hotel services marketing mix in detail.

1. Introduction to the hotel industry

The hospitality industry is a large umbrella industry that includes several different business divisions: the food and beverage industry, the air and ground travel industry, the entertainment industry (movies, theater, sports), and the hotel industry. The hospitality industry is itself part of a larger sector known as the travel and tourism industry.

1.1 Definition of hotel industry

The hotel industry is only a subsidiary of the main service sector tourism and hospitality industry which is an umbrella term for a broad variety of service industries including, but not limited to, hotels and restaurants. According to Sheela, the author of the book *“Economics of Hotel Management ”* a Hotel is often referred to as *“a 'home away from home'. It is the place where the tourist stops being a traveler and becomes the guest. A hotel usually offers a full range of accommodations and services, which may include, suites, public dining, and banquet facilities, lounge, and entertainment facilities. The main characteristic feature which sets a hotel apart from other types of accommodation centers, is the completeness of facilities and services available”*⁴⁰

According to Bardi a hotel *“usually offers guests a full range of accommodations and services, which may include reservations, suites, public dining and banquet facilities, lounge and entertainment areas, room service, cable television, personal computers, business services, meeting rooms, specialty shops, personal services, valet, laundry, hair care, swimming pool and other recreational activities, ground transportation to and from an airport, and concierge services... Guest stays can be overnight or long term—as long as several weeks.”*⁴¹

If we consider the meaning of hotel in the Cambridge dictionary, a hotel is *“a building where*

⁴⁰ SHEELA (A. M): *Economics of hotel management*, New Age International, New Delhi, 2005, p. 6.

⁴¹ BARDI (J. A): *Hotel front office management*, John Wiley & Sons, 5th ed., Hoboken, N.J, 2011, p. 14.

you pay to have a room to sleep in and where you can eat meals”.

Broadly speaking, we can say that a hotel is a managed building or establishment that provides guests, in exchange for money, with accommodation, meals, and other services. The specific amenities and services offered to visitors might differ significantly from one hotel to another.

1.2 History of the hotel industry

The arrival of the industrial revolution brought in significant changes to the tourism industry. People began to travel in search of a better life, and they were able to travel far and wide because of religious pilgrimages. Monasteries and cathedrals started to welcome tourists and gave free lodging to them. Though INNS were established in numerous nations during the 15th century, such as England and France, it was not until the 17th and 18th centuries that these institutions expanded. The majority of inns were located near points where coaches changed horses and passengers rested or stayed the night before continuing their journey.

The traveling time began to decrease, when the railways appeared on the scene. The inns closed their doors, and later they were renamed "taverns." Samuel Cole opened the first tavern in 1634 and by the end of the 17th century, taverns became popular gathering places where people met for food and entertainment.

The taverns became "hotels" after a name change. Wealthy people's homes in France were also referred to as "hôtels", as well as the town hall. In 1774, David Law established the first prototype modern hotel. This resulted in the progressive growth of hotels in Britain and elsewhere. The first hotel was opened in Switzerland in 1820. However, it took another two decades for the word "hotel" to be accepted as a place where guests might remain for the night and take their food on payment.

Entrepreneurs who aspired to increase their money and fame on a huge scale started the modern hotel industry's history. The Plaza hotel first opened its doors in New York City in the early 1900s. With its beautiful ballrooms, suites, and public areas, this hotel was the first of its kind. The Ritz Carlton and the Statler hotel brands were both well-known in the period.

Conrad Hilton was the first successful hotelier to start a chain of hotels after the First World War. He acquired the 3000 room Stevens hotel (now called the Chicago Hilton), followed by the purchase of the Palmer House in Chicago, the Plaza and Waldorf Astoria in New York City,

during the second world war. He also formed the Hilton group of hotels in 1946. At the same time Henderson started the Sheraton group, and K. Wilson formed the Holiday-Inn chain.

After World War I, Conrad Hilton became the first successful hotelier to establish a chain of hotels. In 1946, he founded the Hilton hotel chain. Henderson founded the Sheraton group and K Wilson founded the Holiday-Inn chain at the same period. The Hyatt hotel chain grew in popularity during the 1960s. The Hyatt company established an example with their professional marketing and operations approach.⁴²

1.3. Different types of accommodation in the hotel industry

Hotels may be classified based on a variety of factors, including size, price, function, location, specific market sector, and distinctiveness of style or offerings. It is important to note that many different types of hotels might fit into more than one category. Some of the main types are described below.

1.3.1. Convention hotels

Convention hotels are often huge, with 500 or more rooms. In 2005, the average size of a conference hotel was 780 rooms. These hotels include a lot of meeting and event space, which usually includes huge ballrooms and even exhibition spaces. There are usually many restaurants and lounges, as well as banquet facilities, and room service and food and beverage operations tend to be extensive. Convention hotels are frequently located near convention centers and other convention hotels, allowing for citywide meetings and trade exhibits.⁴³

1.3.2. Business or commercial hotels

Commercial hotels are usually found in the city center and are specifically designed to meet the demands of business travelers. These hotels provide high-quality rooms and facilities, as well as high-speed internet, business centers, and meeting spaces. For the convenience of their visitors, they also offer in-house secretarial services, as well as letter drafting, typing, faxing, and photocopying. Complimentary newspapers, morning coffee, cable television, and access to channeled music and movies are some of the facilities available to guests in commercial hotels. At these hotels, guests often stay for a brief period of time. The occupancy rate is greater during

⁴² SHEELA (A. M): op. cit., p. 3-4.

⁴³ BARROWS (C. W), POWERS (T. F), REYNOLDS (D. E): *Introduction to the Hospitality Industry*, Wiley, Eighth Edition., Hoboken, New Jersey, 2012, p. 281.

the weekdays (working days) and somewhat lower on weekends.⁴⁴

1.3.3. Resorts

Resort hotels are hotels that are located in tourist areas such as islands, exotic places, hill stations, sea beaches, and the countryside. These hotels provide a very relaxing and natural atmosphere, with stunning landscape and traditional scenery. They are generally found outside of cities and in an atmosphere free of pollution. People visit these locations for leisure and enjoyment, as well as to get away from their daily stressful schedules; hence, a guest's stay at a resort hotel is often extended, such as a week or more. When customers seek to get away from their weekly routine, resort occupancy is often greater during vacation times and weekends.⁴⁵

1.3.4. bed-and-breakfast inn

B&Bs normally have five to ten rooms, with eight being the average size. For these establishments, breakfast is offered and is included in the room fee. The majority of B&Bs are located outside of cities, with 29% in rural regions and 52% in suburbs/towns. The average length of ownership of a B&B is 13 years, and the majority of owners (88 %) reside on the property.⁴⁶

1.3.5. Motels

Among the facilities that Motels provide to its customers are reservations, vending machines, swimming pools, and cable television. The typical size of these properties is 10 to 50 rooms. Motels are typically found near highways and airports in suburban areas. Guests usually remain for a few days or perhaps a week. A motel may be next to a freestanding restaurant.⁴⁷

1.3.6. Residential hotels

Residential hotels are apartment buildings located in big cities. They provide hotel amenities to customers staying for an extended period of time. Guests can also stay in residential hotels for a shorter amount of time.⁴⁸

⁴⁴ Uttarakhand Open University, Front Office Management, Unit 1: Introduction to Hotel Industry And Growth Of Hotel Industry In India, university course.

⁴⁵ *Ibid.*

⁴⁶ BARROWS (C. W), POWERS (T. F), REYNOLDS (D. E): *op. cit.*, p. 288.

⁴⁷ BARDI (J. A.): *op. cit.*, p. 15.

⁴⁸ TALABI (J.): THE ROLE OF MARKETING IN HOTEL INDUSTRY, thesis of a degree program in Tourism, Centria University of Applied Sciences, 2015, P.33.

1.3.7 All-suites

These hotels provide a wide range of services to its visitors, including bookings a living room and separate bedroom, optional public dining room and room service, personal services, valet and laundry, a swimming pool, and ground transportation to and from an airport are all available at these hotels. The operation's size can range from 50 to over 100 units. This sort of property is commonly found in city centers, suburbs, and airports. The length of a guest's stay might range from one night to many days to several months.⁴⁹

2. Marketing in hotel industry

Marketing was born out of economic and business pressure due to the need to focus on adopting a set of managerial measures to satisfy customer needs. The evolution of marketing in the hotel industry is similar to that of any other industry. The main reason for marketing in the hotel industry is the increase in the number of customers who need accommodation and the increase in competition among accommodation service providers. In addition, the hotel industry is becoming an increasingly mature market, where competition is increasing globally and winning customers is becoming a challenge. Therefore, there is a huge shift to marketing.⁵⁰

The marketing philosophy in the hotel business is customer oriented. This means that the services are designed from the customer's opinions. Because of the competitive nature of the hotel sector, a company cannot survive by depending exclusively on its product or service. In order to attain the ultimate aim of consumer satisfaction, marketers are implementing marketing principles and theories. As a result, in order to acquire a competitive advantage over competitors in the hotel business, there is a need to embrace and implement marketing.⁵¹

3. Marketing mix of hotel services

To organize the marketing of a product, Philippe Kotler generally uses four variables: product, price, place (or distribution) and promotion (or communication). We commonly speak of the 4 Ps of the marketing mix. The specificities inherent to the service force us to modify not only the terminologies but the nature of these variables. We need to add: the physical evidence,

⁴⁹ BARDI (J. A): op. cit., p. 15.

⁵⁰ FLETCHER (J): *Tourism: principles and practice*, Pearson, Sixth edition., Harlow, United Kingdom, 2018, p. 487.

⁵¹ CHIGOZIE (O. U): *Application of marketing concept in the hospitality industry*, international research journal for development, vol. 14, Iss, 2 , 2007, pp. 17-22.

the process and people.⁵²

3.1 Product

3.1.1. What is a Product?

A product, as Kotler defined it is “*Anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need. It includes physical objects, services, places, organizations, and ideas*”.⁵³

As products and services become more commoditized, many businesses are stepping up their efforts to provide value to their consumers. They are building and managing consumer interactions with their brands and organizations to differentiate their services. Moxy and Edition by Marriott International, and Andaz by Hyatt Hotels Corporation are examples of developed brands that provide personalized and special experiences.⁵⁴

3.1.2. Product Levels

Marketers in the hospitality industry must have a strong understanding of what they are selling. All products have distinct characteristics that may be categorized into three levels: the core level, the expected level, and the augmented level.⁵⁵ The figure 03 below shows an example of core and supplementary services at a luxury hotel.

- **Core Product**

The core product is what the customer is actually purchasing, and it represents the fundamental advantages that customers seek to meet their needs. For example, rest and relaxation may be defined as the key benefits for a couple on vacation in Dubai staying at the Radisson Blu Hotel Dubai Waterfront, a luxurious hotel. The hotel's core offering sets the essential message it wishes to convey.

The Expected Product

The expected product includes the specific features that consumers usually expect when they

⁵² LAPERT (D), MUNOS (A): op. cit., p. 24.

⁵³ KOTLER (P): op. cit., p. 259.

⁵⁴ GEORGE (R): *Marketing Tourism and Hospitality: Concepts and Cases*, Springer International Publishing, Cham, 2021, p. 251.

⁵⁵ GEORGE (R.): op. cit., p. 252.

purchase an offering, as well as their perceptions of service quality. When staying at a five-star hotel for example, visitors may anticipate luxurious accommodation, elegant interior and exterior designs, friendly employees, and delicious food.

The Augmented Product

They might be tangible as well as intangible. The majority of the competition takes place at this level. This refers to extras that aren't part of the main product but may affect the decision to purchase. This is when businesses try to gain a competitive edge by differentiating their products from those of their competitors. For example, features like a business center and a health spa, can serve to attract customers to a hotel.

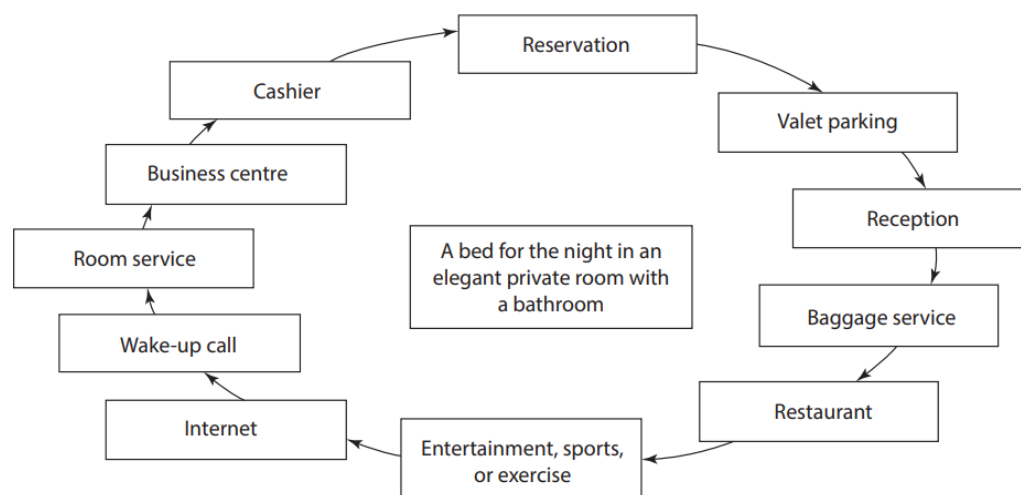


Figure 3: Luxury hotel core and supplementary services.

Source: GEORGE (R.), *Marketing Tourism and Hospitality: Concepts and Cases*, Springer International Publishing, Cham, 2021, p. 253.

3.1.3. Branding

Branding is the process of generating a distinctive identity for a product based on competitive differentiation from other products.⁵⁶ Strong brands enable customers to better picture and understand intangible products. They lower clients' perceived monetary, social, or safety risk when buying services that are difficult to evaluate before purchase. When a corporation gives no fabric to touch, no trousers to put on, no watermelons to scrutinize, and

⁵⁶ HUDSON (S): *Tourism and hospitality marketing: a global perspective*, SAGE, Los Angeles, Calif., 2008, p. 160.

no vehicle to test drive, strong brands become surrogates.⁵⁷ A powerful brand has high brand equity, which is the extra value that products and services have. When people react more favorably to a brand than to a generic or unbranded version of the same product, we say that the brand has positive brand equity. A brand with a significant brand equity is a very valuable asset. According to some estimates, the brand value of Hilton is \$6.3 billion, and Marriott is \$5.5 billion.⁵⁸

3.2. Pricing

The price is “*the amount of money charged for a product or service, or the sum of the values that consumers exchange for the benefits of having or using the product or service.*”⁵⁹

Many tourist and hospitality firms offer a variety of products and services at various price levels to meet the needs and demands of target segments that may have varying levels of spending power. For example, hotels offer rooms at different prices depending on their location. Rooms with a view of the sea, for example, are normally more expensive than rooms without a view. Hotels also offer varied prices to consumers who purchase offerings at certain times. For example, during off-peak (less busy) periods, cheaper prices are charged.⁶⁰

3.2.1. Factors That Affect Pricing Decisions

Hotel marketers must be aware of internal and external factors that affect an organization’s pricing decisions.

- **Internal Factors Influencing Pricing Decisions**

The internal factors that influence pricing decisions include the organization’s objectives, costs, and the other components of the marketing mix:⁶¹

When it comes to pricing, hotels may have different objectives. The most typical objectives are: profit maximization, target rate of return, market share, and survival. However, some objectives are set for societal reasons rather than business ones. Other objectives may include being perceived as providing excellent value for money or being the brand leader in the

⁵⁷ BERRY (L. L): « Cultivating Service Brand Equity », *Journal of the Academy of Marketing Science*, vol. 28, Iss 1, 2000.

⁵⁸ KOTLER (P): *op. cit.*, p. 269.

⁵⁹ *Ibid.*, p. 320.

⁶⁰ GEORGE (R): *op. cit.*, p. 267.

⁶¹ HUDSON (S.): *op. cit.*, p.181.

marketplace.

Pricing should include a calculation of how much it costs the hotel to produce the product or service. If the firm is profit-oriented, the selling price will be calculated by adding a margin to the cost price. Hotels may also choose to offer at a discount for a limited time, a practice which is known as tactical pricing reduction.

Pricing decisions are constantly influenced by the other components of the marketing mix. Price must interact with the design with the product's design, as well as the expenses of distribution and advertising. For example, the high price of a luxury hotel room, reflects the higher expenses of design, furnishing, and construction, as well as managing and promoting it. Therefore, the price must be in line with the company's brand identity.

- **External Factors Influencing Pricing Decisions**

There are several external factors that influence pricing decisions: ⁶²

Consumer perceptions of pricing are the most important aspect. In the end, it is the consumer who determines if a product's price is reasonable. When acquiring hospitality services, customers frequently cite pricing as an indication for quality. If the offering is overpriced in comparison to what customers believe it is worth, they will not purchase it. If the price is too low, though, the product may be seen as inferior in quality, and again, consumers will not buy it. When it comes to price, it's critical for marketers to achieve a balance between too expensive and too cheap.

A marketer must first understand the link between pricing and demand before determining prices. Hotels must adjust their pricing strategy in response to the state of the economy in their regions. For example, if the country's economy is in a recession, the domestic tourism market's demand for a luxury hotel room may be affected. In order to retain customers, marketers must adjust their pricing strategies to fit the recession.

However, marketers must be aware of who their competitors are and consider both indirect and direct competition. They need information about competitors' prices in order to make pricing decisions. If a consumer thinks that the Travelodge is similar to a Premier Inn hotel, Travelodge must set prices close to those of Premier Inn or lose that consumer.

⁶² GEORGE (R): op. cit., p. 272.

The prices chosen for hotel products must also take into account the distribution channel's intermediaries. Travel agents, for example, expect to be paid a commission when they sell products. Hotel groups are increasingly selling straight to customers via the internet, avoiding the intermediary.

3.2.2. Basic Approaches to Pricing

The hotel marketer has a variety of pricing approaches and techniques to choose from. Some of these strategies are more applicable to tourism and hospitality businesses than others.⁶³ The most successful pricing approaches for an organization may be divided into four categories: cost-based pricing, demand-based pricing, value-based pricing, and competition-based pricing

- **Cost-based Pricing**

The accounting discipline of costing is used to add a specified monetary amount or percentage to the actual or estimated costs of a service to arrive at a final pricing. There are two sorts of costs. Fixed costs are costs that do not change depending on how much service is delivered. As a result, whether or not rooms are occupied, a hotelier must bear the fixed cost of owning the hotel. Variable costs are those that rise as more of a service is provided. A hotel's electricity and cleaning costs, for example, will rise as more guests occupy the rooms. The most basic method of pricing is to add a standard mark-up to the product's cost, which is known as cost-plus pricing.⁶⁴

- **Demand-based Pricing**

This pricing strategy enables the marketer to charge higher prices when demand is strong and lower prices when demand is low, despite production costs. For example, seaside B&B accommodation tends to be more expensive during the summer (when demand is higher) than during the winter. As long as consumers appreciate the products enough to pay the price, this approach results in greater profits. The capacity of marketers to evaluate demand is critical to the success of demand-based pricing.⁶⁵

- **Value-based Pricing**

Pricing is based on the buyer's perceptions of value rather than the seller's cost. Value-based

⁶³ GEORGE (R): op. cit., p. 272.

⁶⁴ HUDSON (S): op. cit., p. 191.

⁶⁵ GEORGE (R): op. cit., p. 273.

pricing implies that a marketer cannot design a product and marketing program before deciding on a price. Any organization that uses perceived-value pricing must figure out how much various competitors' offers are worth in the eyes of the buyers. Consumers are sometimes asked how much they would pay for each benefit added to the offer. For example, how much would they spend on a hotel room with and without particular amenities. This information might help them figure out which features are worth more than the price. If the seller charges more than the buyers' perceived value, its sales will suffer.⁶⁶

- **Competition-Based Pricing**

Competition-based pricing is the process of determining a price based mostly on that of competitors, with little regard for costs or demand. It's possible that the company may price the same, more, or less than its big competitors, but the difference is always the same. For example, a limited-service hotel business could charge \$25 more than Motel in markets where they compete. This method of pricing is quite popular.⁶⁷

3.2.2. Revenue Management (Yield Management)

In practice, revenue management involves determining pricing for various market segments based on predicted demand levels. The segment with the lowest price sensitivity is the first to receive capacity and pays the highest price; other segments follow at ever reduced prices. Because higher-paying segments tend to book closer to the time of actual consumption, businesses must take a more disciplined approach to reserving capacity for them rather than selling on a first-come, first-served basis. Business travelers, for example, frequently book hotel rooms on short notice, but vacationers may arrange leisure trips months in advance, and convention organizers often block hotel space for large events years in advance. Revenue management is critical for value creation because it guarantees better capacity utilization while also reserving capacity for higher-paying segments. It's a sophisticated method of balancing supply and demand under various levels of limitation.⁶⁸

3.3 Distribution

According to marketers, distribution refers to the physical delivery of goods from the point of manufacturing to the point of sale via numerous channels. However, distribution in service

⁶⁶ KOTLER (P): op. cit., p. 333.

⁶⁷ GEORGE (R): op. cit., p. 334.

⁶⁸ LOVELOCK (C. H), WIRTZ (J): *Services marketing*, op. cit., p. 316.

marketing does not entail the actual transportation of a tangible product. The hospitality product is one in which no ownership is transferred and the service is simply rented or consumed. However, the hospitality product must be both available and accessible prior to use. This necessitates a distribution system, which is a group of channels utilized to gain access, or means by which a tourism service is made available to the potential customers. These are accomplished through actual agents or, increasingly, through the use of Internet or mobile phone technology, in which customers use a Do-It-Yourself approach to arrange a trip.⁶⁹

Distribution channels, also known as "the chain of distribution", are used in the manufacturing industry to transport physical goods from the supplier to the client. In the hotel industry, they are commonly used to move customers to the supplier.

There are two types of distribution channels that a company can use to deliver its product. The first and most basic kind of distribution is the direct distribution channel; it is a channel through which a firm delivers its products to the consumer without the need of any independent intermediaries. For example, consumers are targeted directly via websites, newsletters, videos, and other promotional writing materials. The second type is the indirect distribution channel. The service provider in this situation uses independent intermediaries such as travel agents, tour operators, and other tourism experts to support the supplying company by attracting customers to the product or destination. However, many businesses market their services using both methods of distribution.⁷⁰

3.4 Promotion

The term "promotion" refers to a variety of communication efforts that hotels engage in in order to influence the public that drive their sales. Market groups of current and potential consumers are not the only key groups that need to be influenced. It's also necessary to influence trade relations like retail agents and suppliers, as well as opinion leaders like journalists and travel writers. Politicians at all levels, including local, national, and international levels, as well as important professional groups, may need to be influenced.⁷¹

The four aspects of the promotional mix include advertising, sales promotion and merchandising, personal selling, and public relations.

⁶⁹ FLETCHER (J): op. cit., p. 570.

⁷⁰ HUDSON (S.): op. cit., p. 220.

⁷¹ FLETCHER (J): op. cit., p. 562.

Sales promotion involves any activity that provides an incentive to induce a desired result from potential clients, trade intermediaries, or the sales force. Sales promotion campaigns will add value to the product because the incentives usually do not come with the product. For example, free accommodation offers are widely used in sales promotion campaigns for hotels which need increased demand during specific periods. The majority of incentives are intended to be temporary. The aspect of merchandising is an important part of sales marketing. For a hotel, these would include tent cards, which may attempt to sell drinks or desserts, menus, in-room materials, posters, and displays.⁷²

The goal of advertising is to encourage customers to return for further purchases or visits based on their positive experiences in order to build brand loyalty. Advertisements can be in newspapers, magazines, hoardings, sides of public transport, posters, TV commercials, radio, SMS, online banners, printed flyers, wall paintings, and so on. Some kinds of advertising are more expensive than others. The right one must be selected based on the marketing budget and target market.

The function of public relations is gaining favorable publicity, building a positive corporate image, and handling bad publicity, rumors, stories, or incidents. Public relations uses a variety of tools to achieve publicity, including press releases, pictures, letters and attachments, house newsletters, speeches and public appearances, posters, bulletin boards, video materials, and more.

Personal selling is a face-to-face or telephone contact with one or more potential customers with the goal of generating sales. There are three types of personal selling: field sales, where the salesperson meets with potential clients face-to-face to make presentations, telephone sales, also known as telemarketing, and inside sales, also known as internal selling, which is the effort made to increase the revenue of a sale while guests are already on the premises.⁷³

3.5 Process

The process for services represents the procedures, mechanisms, protocols and flows of activities, controllable by the company, by which the service is produced and delivered. A service process traditionally refers to a logical sequence of steps by which the service provider

⁷² Ibid., p. 566.

⁷³ *Hotel Marketing Mix | BNG Hotel Management Kolkata*, <https://bngkolkata.com/hotel-marketing-mix/>, consulted April, 22nd 2022. At 4:11 pm.

prepares its service promise and ensures a meeting with the customer in order to co-produce the service offering. Such a process can be represented by the blueprint tool. It also represents the set of explicit or implicit rules by which the company attempts to deliver the service. It serves as a functional framework for the personnel; it represents a convention of behavior in social relations. As such, it supports the positioning of the service and its perceived quality.⁷⁴

3.6 People

Service companies usually underestimate the most vulnerable link in their service value chain, which is responsible for setting expectations and leaving lasting impressions. It is the person who opens the door every time a client enters the service system. The visual interchange, facial expression, friendliness, and courtesy, sets the initial benchmark in the customer's mind.

The role of individuals or participants in services cannot be neglected, because direct contact between service personnel and customers is crucial to service marketing. One of the most important aspects of services marketing is the customer-provider interaction; this encounter is the 'moment of truth' when the service is either marketed or de-marketed.⁷⁵ In some hotel and vacation settings, a positive relationship with customers is a critical component of a successful offering. Managing the customer mix and ensuring that target markets are compatible plays a key role in delivering customer satisfaction.⁷⁶

3.7 Physical Evidence

Also called the physical environment, it consists of the tangible features of the hospitality offer. Intangible factors are intimately linked to physical evidence (the ambience or atmosphere), and clearly, the success of a hospitality product is dependent upon the appeal of the physical environment to the customers.⁷⁷

Physical evidence, also known as the physical environment, consists of the tangible components of the hospitality offer. Physical evidence is intricately tied to intangible variables, and the success of a hospitality offering is strongly dependent on the attraction of the physical environment to customers. The appearance of buildings, landscape, cars, interior furnishings,

⁷⁴ GABRIEL (P), DIVARD (R), LE GALL-ELY (M), PRIM-ALLAZ (I): *Marketing des services*, Dunod, Paris, 2014, p. 191.

⁷⁵ VERMA (H. V): *op. cit.*, p. 162.

⁷⁶ BOWIE (D), BUTTLE (F. A): *Hospitality marketing: an introduction*, Elsevier Butterworth-Heinemann, Repr, Amsterdam, 2007, p. 28.

⁷⁷ BOWIE (D), BUTTLE (F. A): *op. cit.*, p. 28.

equipment, employee uniforms, signs, printed materials, and other visible signals all give concrete proof of a company's service excellence. The servicescape also facilitates the delivery of services and guides clients through the service process. The hotel industry must carefully manage servicescapes, since they may have a significant influence on customer satisfaction and service productivity.⁷⁸

⁷⁸ LOVELOCK (C. H), WIRTZ (J): *Services marketing*, op. cit., p. 76.

Services are difficult to define since they include such a wide range of complex activities. Some definitions are act-based, and other researchers have defined it based on the non-ownership perspective, and still others combine act-based and non-ownership concepts to form a more comprehensive definition. Much has been written about the specific differences between goods and services and their corresponding marketing implications. The majority of these differences are primarily attributed to four unique characteristics: intangibility, inseparability, heterogeneity, and perishability.

The servuction model is primarily used to illustrate factors that influence the service experience, including those that are visible and invisible to the consumer. The four factors are: servicescape, contact personnel/service providers, other customers and organizations, and systems. Understanding consumers and improving their experiences is very crucial in the service industry. Marketing managers must understand consumers' thought processes during each of the three stages of the consumer decision process, as well as external and internal factors that impact their behavior, in order to effectively advertise services.

The 4 Ps of goods marketing are not adequate to deal with the issues arising from marketing services because they fail to cover the customer interface. Therefore, it was necessary to extend them by adding three Ps associated with service delivery—process, physical environment, and people.

The hotel industry is one of the most important components of the broader service industry, catering for customers who require accommodation. Hotels may be classified based on a variety of factors, such as size, price, function, location, specific market sector, and distinctiveness of style or offerings. Hotel marketing plays a key role in assisting owners to maximize bookings and revenue. After all, it's a way by which marketers are able to reach potential customers, conveying their unique selling proposition and brand values, and build customer loyalty. Defining an appropriate marketing mix for the hotel industry is crucial to the success of hotel marketing efforts. The "mix" is the term used to refer to the tools and instruments the marketer uses to influence demand. It can also be called the seven Ps.

Chapter 02: Service quality and customer
satisfaction

Service quality has been considered a major factor for the success of organizations because of its close relationship with customer satisfaction, especially in the service industry. Furthermore, service quality and customer satisfaction are considered important core concepts and critical success factors. They have become one of the most important factors in gaining sustainable competitive advantage and customer trust in a highly competitive market and thus give service companies a great chance to create competitive differentiation for organizations.

This chapter, which is divided into two sections, presents the concepts of service quality and customer satisfaction. It presents methods and tools for measuring service quality and customer satisfaction. The first section begins with a review of the definitions of service quality and then discusses the service quality gap model and tools for analyzing and solving its problems. In addition to the different definitions of customer satisfaction, the second section discusses the factors that influence customer satisfaction as well as its importance; and finally, the third section presents the relationship between customer satisfaction and service quality, which leads to the conceptual framework of the study.

Section 01: Defining and Measuring Service Quality

The main objectives of this section are to introduce the concepts of service quality, service quality measurement, and tools for analyzing service quality problems. The section begins by defining what "quality" means and then moves on to define service quality. Next, it presents the different dimensions of service quality. After that, it identifies the gaps that influence consumers' perception of service quality. The section also presents the methods for measuring service quality and the basic concepts of the SERVQUAL and SERVPREF measurement models. The section concludes by presenting a variety of service quality tools used to analyze service quality problems.

1. Definitions

1.1. What is "quality"?

Quality means different things to different people. The term "quality" is used so much in business conversations and deliberations that everyone seems to know what it means. But underneath this apparent understanding is a great deal of vagueness and confusion. Everyone seems to have their own version of its meaning. The end result of this personalized notion is total confusion. Quality is defined and conceptualized in many ways by various thinkers. David Garvin has identified five perspectives of quality. These perspectives often explain why conflicts exist over the meaning and nature of quality:⁷⁹

1.1.1. Transcendent Approach

This approach views a product's or service's quality as an innate trait that is both absolute and universally identifiable. A product or service is judged to be excellent based on its subjective relationship to some standard. Experience is the only way to gain the capacity to identify that subjective relationship.

1.1.2. Product-based approach

This approach prioritizes quantitative attributes above personal preferences. Nevertheless, Garvin lists eight "dimensions," or ways in which individuals assess product quality. These dimensions are: performance, features, reliability, conformance, durability, serviceability,

⁷⁹ VERMA (H. V): op. cit, p. 393.

aesthetics. Some of these variables are objective, while others are subjective.⁸⁰

1.1.3. User-Based Approach

This approach starts with the notion that quality "*lies in the eyes of the beholder.*" This method focuses only on the client in determining quality. Consumers are said to have certain wants and needs, and the products that best suit those needs are considered to be of the highest quality. There are two issues with this approach. First, with so many different tastes and preferences in the marketplace, reaching an agreement on a definition of quality will be challenging. Second, it has a tendency to equate quality with satisfaction. As Garvin said "*A product that optimizes satisfaction is clearly preferable to one that fulfills fewer demands,*" but the question is: is it necessarily better as well?⁸¹

1.1.4 The manufacturing-based approach

This approach, which Garvin called the "manufacturing approach," views quality as "conformance to requirements." Under this approach, any deviation from the requirements of the intended user reduces quality. Unlike the user-based approach, the production-based approach does not take into account the eye of the beholder. Instead, this approach seeks to objectively measure the degree of conformity of a product or service to predetermined specifications.⁸²

- **Value-Based Approach**

While determining quality, the benefits offered by a product are not considered in isolation. Rather, they are judged in reference to the customer's price or sacrifice. As a result, quality is defined in terms of "affordable excellence". Customers are not only concerned with one aspect of quality; they are also concerned with pricing. In terms of fabric, stitching, style, comfort, and design, a shirtmaker may produce shirts of very high quality. But will the shirt be considered high quality? The answer to this question depends on the price of the shirt. When the benefits or utility provided are deemed to outweigh the sacrifice (e.g., price or time cost), the quality is perceived as good.⁸³

⁸⁰ FIELDS (P) *et al.*: « What Is Quality? A Management Discipline and the Translation Industry Get Acquainted », *Tradumàtica: technologies de la traducció*, 2014, p. 395.

⁸¹ MUDIE (P), PIRRIE (A): *Services marketing management*, Butterworth-Heinemann, 3. ed., Oxford, 2006, p. 87.

⁸² FIELDS (P.) *et al.*: *op. cit.*, p. 395

⁸³ VERMA (H. V.): *op. cit.*, p. 395.

As previously stated, we can say that quality has been defined in many and varied ways leading to the conclusion that "no one definition (of quality) is "best" in all situations as each definition has both strengths and weaknesses in terms of measurement and generalizability, managerial usefulness, and consumer relevance."

1.2. What is Service Quality?

In previous research, service quality was defined as the extent to which a service meets the needs or expectations of consumers, or as the overall impression of customers regarding the service's weaknesses or excellence. However, rather than "what the supplier puts in", service quality is defined as "what the consumer gets out and is ready to pay for." As a result, service quality can be defined as the difference between what is expected and what is actually received.⁸⁴

Hoffman and Bateson defined service quality as "*an attitude formed by a long-term, overall evaluation of a firm's performance*".⁸⁵

Service quality is also defined as the perception that customers have of the service component of an offering. In contrast to the manufacturing industry, where products can be standardized, quality in the service industry is significantly more complicated. For example, in the hospitality industry, customers want experiences that are tailored to their own needs, desires and aspirations. As long as every consumer is unique and different, quality is not always guaranteed. Quality is a perception in the minds of customers. It is also well known that quality means charging a premium price for an offering.⁸⁶

1.3. Service Quality dimensions

Service quality is a multidimensional construct. Two approaches dominate to explain this multidimensionality: the Grönroos approach, called the "Nordic" approach, and the approach of Parasuraman and colleagues, called the "Anglo-Saxon" approach.

⁸⁴ AL ABABNEH (M. M): « Service Quality in the Hospitality Industry », *Journal of Tourism & Hospitality*, Vol. 6, Iss 1, 2017.

⁸⁵ HOFFMAN (K. D), BATESON (J. E. G): *Services marketing: concepts, strategies, & cases*, South-Western, 4th ed., Australia ; Mason, OH, 2011, p. 319.

⁸⁶ GEORGE (R): op. cit., p. 434.

1.3.1. Approach of Grönroos

As Figure 04 illustrates, the characteristics of the service experience were divided into two categories in Grönroos's 1984 Nordic model of the service experience: technical quality and functional quality. Technical quality refers to the end result of a service operation, such as a restaurant meal or a haircut at a hair salon. The way the service is offered in terms of interactions throughout the service encounter, such as friendliness, care and attention, and so on, is referred to as functional quality. The approach highlights that in a service situation, the interaction between the buyer and the seller is just as essential as the final output. Staff may need to be taught technical areas to achieve the better results, they also need training on softer issues relating to customer care.⁸⁷

- **Technical Quality**

What consumers obtain at the conclusion of the service encounter process is called technical quality or outcome quality. It is what the client is left with when the service process involving provider–customers interactions is completed. For example, a college diploma, airline travel, restaurant meals, security agency property protection, garage vehicle repair, and doctor treatment. This is what the services are purchased for. This is frequently used as a measure for determining the efficacy of a service. Due to a lack of expertise, customers may not be able to make accurate judgements about technical quality. Customers, for example, may lack the expertise to assess the quality of services provided by a surgeon or a mechanic.⁸⁸

- **Functional quality**

Refers to the process of delivering the product or service. This includes all the interactions that occur between consumers and employees. It allows to compensate for a small lack in technical quality or to reach a very high level of service quality. However, a very good level of functional quality will have no impact if a minimal level of technical quality is not reached. There is therefore a hierarchical effect between these two dimensions. For example, the staff on board an airplane can be very friendly (functional quality), but if the plane does not take off and the passengers cannot reach their destination (technical quality), friendliness will not be enough to compensate for the non-performance. On the other hand, if the plane is only late, the

⁸⁷ WILSON (A. M.), ZEITHAML (V. A.), BITNER (M. J.), GREMLER (D. D.): op. cit., p. 172.

⁸⁸ VERMA (H. V.): op. cit., p. 410.

friendliness of the staff will be able to fully play its role.⁸⁹

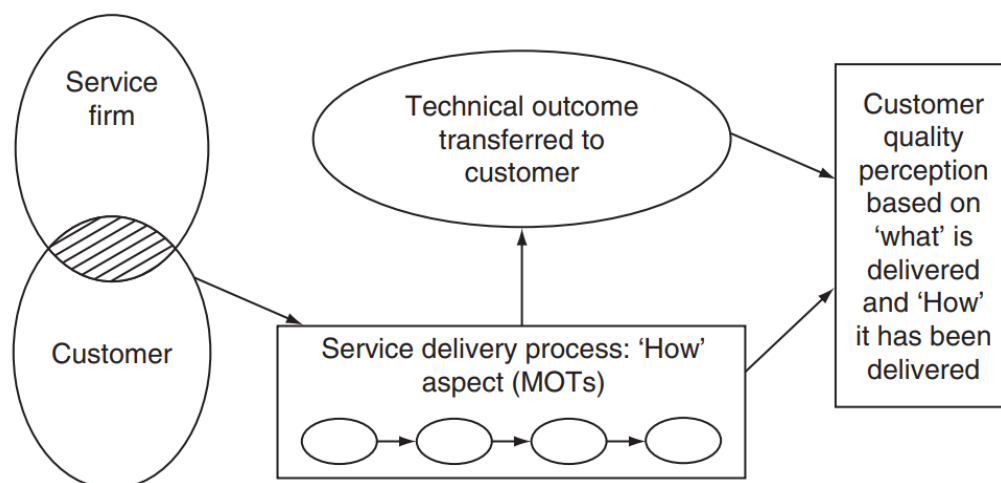


Figure 4: Technical and Functional Quality

Source: VERMA (H. V.): *Services marketing: text and cases*, Pearson Education/Dorling Kindersley, New Delhi, India, 2012, p. 409

1.3.2. Approach of Parasuraman, Zeithalm and Berry

Research suggests that customers do not perceive quality in a one-dimensional way, but rather judge it based on multiple context-relevant factors. The dimensions of service quality were identified through pioneering research by Parsu Parasuraman, Valarie Zeithaml and Leonard Berry.⁹⁰ Their research identified ten specific dimensions of service quality that apply to a variety of service contexts. The ten dimensions defined here are shown in Figure 05 as the drivers of service quality.⁹¹

- **Reliability**

Reliability is related to the customer's concern about the service firm's capacity to deliver the promised service consistently and precisely. The concern about reliability gets reflected in statements like:

This bank promises to cash a check from abroad in two days. Will it really do it? This courier company promises to deliver packages the next morning before 10 a.m. But will they deliver my letter tomorrow?

⁸⁹ GABRIEL (P.), DIVARD (R.), LE GALL-ELY (M.), PRIM-ALLAZ (I.): op. cit., p. 84.

⁹⁰ WILSON (A. M.), ZEITHAML (V. A.), BITNER (M. J.), GREMLER (D. D.): op. cit., p. 167.

⁹¹ VERMA (H. V.): op. cit., p. 407-408.

- **Responsiveness**

It is the customer's concern whether the company's staff are eager and ready to deliver service quickly. *"If I have problems in flight, will the staff at this airline help me?" "I have applied for a loan at this bank, will the staff help me fill out the documentation?"*

- **Competence**

It refers to whether or not service providers have the essential knowledge and skills to perform the service. *"I have kept all my valuables in this company. But will they really be able to protect them and keep them safe?" "Are they equipped with all of the necessary safety mechanisms?" "Are the doctors at this hospital really qualified and experienced to perform this type of surgery?"*

- **Credibility**

It is concerned with the trustworthiness, believability and honesty of service providers. *"My relationship manager has advised me on how to invest in the stock market. But can I trust him?" "The insurance company said that if there was an accident, they would settle the claim without delay and without paperwork. Can I believe them without a doubt?"*

- **Courtesy**

It is related to customers' concerns about how kindly, respectfully, and courteously they would be treated during their interactions with the service provider. *"I've booked this hotel for a celebration to honor my parents. Will the personnel here treat my guests with respect and courtesy?" "This new mega shop appears to have the widest collection of household products. Are the employees here similarly educated to interact with consumers in a friendly way?"*

- **Access**

It refers to expectations surrounding the issue of ease with which the staff or service can be approached. *"The service offered by this mobile communication service provider is good, but is it easy to contact the customer service in case of any problem?" "In this college, it is difficult to contact the manager to file a complaint?"*

- **Communication**

The customer's main worry is whether he will be provided with patient listening and kept updated when necessary. *“Will this bank keep me regularly informed about the status of my accounts and explain the charges they levy from time to time?” “Will the doctors at this hospital listen patiently to my problems and explain why the previous treatment did not work?”*

- **Security**

Customers want a service that is free of danger, risk, and uncertainty. *“Will my bank release my account details to income tax officials?” “How safe is it to park a car in this lot?”*

- **Understanding customer**

Customers are concerned about whether service providers would make genuine efforts to comprehend their wants. *“Will the employees at the shop strive to figure out what the true issue is, or will they just fix it without fully comprehending it?” “Will this hairdresser make an effort to learn about my own tastes, or will he or she just offer me an ordinary haircut?”*

- **Tangibles**

It is the customer's sensitivity to the physical evidence existing in the service company, such as staff, equipment, and facilitating goods. *“Will the basic elements of a room, such as chairs, bed and wall color, be perfect and pleasing to my family?” “Will my car be repaired in a modern workshop with state-of-the-art machinery and equipment?”*

Further analysis revealed that some of these ten dimensions were correlated. After further refining, the ten dimensions listed above were reduced to five:

- **Reliability**

It refers to the capacity to provide services in a safe and consistent way that meets the needs of the consumer. Reliability factors include performing the task or service promised in a timely manner, showing an interest in resolving customer issues, initiating service reforms for the first time, and providing and performing service at the promised time.⁹²

- **Tangibility**

⁹² ESMAEILPOUR (M), SAYADI (A), MIRZAEI (M): « Investigating the impact of service quality dimensions on reputation and brand trust », *International Journal of Business and Economic Sciences Applied Research (IJBESAR)*, Vol. 10, Iss. 3, 2017, pp. 7-17.

The physical surroundings and facilities, equipment, employees, and communication methods are all part of the tangible service quality dimension. In other words, the physical component is concerned with making first impressions. A company should want all of its clients to have a favorable, unique first impression that they will remember, since this will encourage them to return in the future.⁹³

- **Assurance**

Assurance is described as the ability of the company and its workers to inspire trust and confidence via their knowledge and courtesy. This dimension is likely to be extremely significant for services that customers see as high risk or whose outcomes they do not believe they can fully evaluate, such as banking, insurance, medical, and legal services.⁹⁴

- **Responsiveness**

Customers are concerned about whether the company's personnel are willing and ready to provide service quickly. This also includes delivering services on time. For example, will the staff assist you with documents if you have applied for a loan at this bank? ⁹⁵

- **Empathy**

It is described as the caring, personalized attention that clients receive from their service providers. This dimension seeks to convey the impression that clients are unique and special to the company by providing personalized or tailored services. This dimension focuses on a range of services that meet various consumer demands, such as personalized services. In this instance, service providers must be aware of the clients' individual needs, desires, and preferences.⁹⁶

⁹³ GUNARATHNE (U.): « Relationship between Service Quality and Customer Satisfaction in Sri Lankan Hotel Industry », *International Journal of Scientific and Research Publications*, Vol. 4, Iss 11 , 2014.

⁹⁴ WILSON (A. M.), ZEITHAML (V. A.), BITNER (M. J.), GREMLER (D. D.): op. cit., p. 169.

⁹⁵ MORPACE INTERNATIONAL *et al.*: *A handbook for measuring customer satisfaction and service quality*, National Academy Press, Washington, D.C, coll. « Report / Transit Cooperative Research Program », n° 47, 1999, p. 11.

⁹⁶ N. (R), KOWSALYA (A), DHARANIPRIYA (K): « SERVICE QUALITY AND ITS DIMENSIONS », 2019, pp. 39-41.

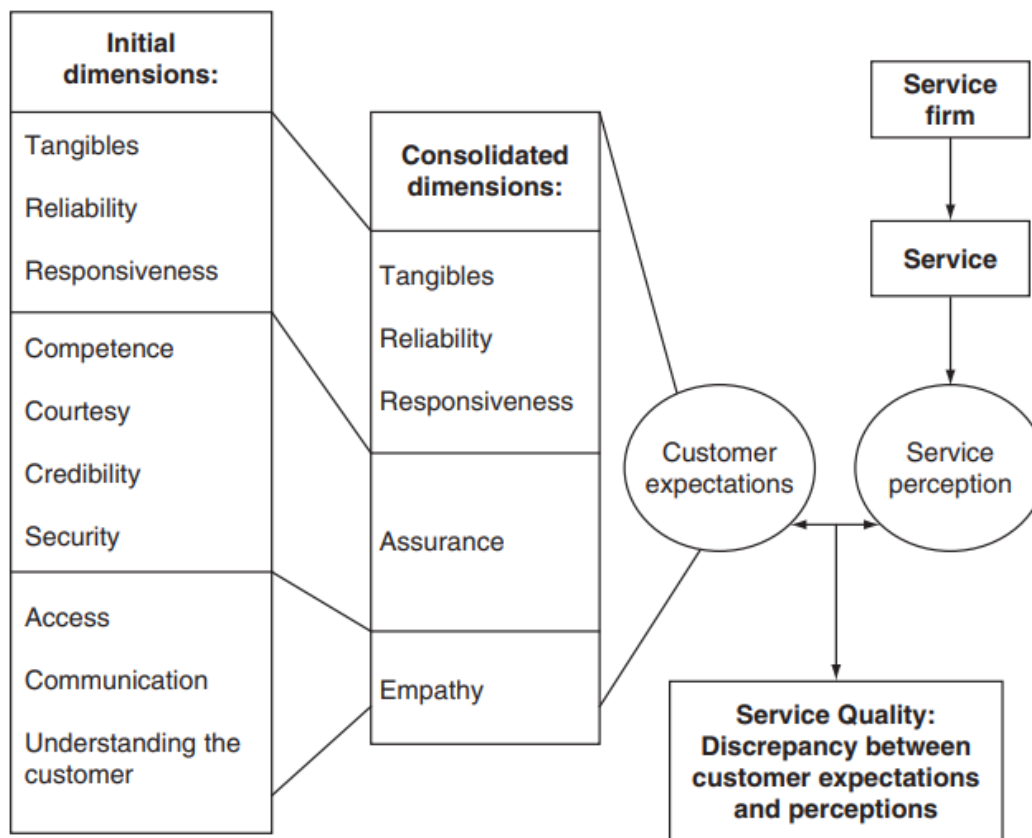


Figure 5: Determinants of Service Quality

Source: VERMA (H. V.): *Services marketing: text and cases*, Pearson Education/Dorling Kindersley, New Delhi, India, 2012, p. 407

2. The Gaps model of Service Quality

The service quality gaps model is a tool for identifying areas for service quality improvement within companies. The gaps model, which was developed by Parasuraman, Zeithaml, and Berry (1985), provides a method for illustrating client needs and expectations in a diagrammatic way. The conceptual model helps marketers identify gaps between the quality of service consumers think they are receiving and what they expect. It provides a structured thought process for assessing customer satisfaction. The five gaps postulated in the model are explained below and summarized in Figure 08⁹⁷

⁹⁷ GEORGE (R): op. cit., p. 435.

2.1. Provider gaps

2.1.1. Gap 1: The knowledge gap

It is the difference between customers' service expectations and a company's understanding of those expectations. One of the main reasons many companies fail to meet customer expectations is that they don't understand exactly what those expectations are. There are many reasons why managers don't know what customers expect: they may not interact directly with customers, they may not want to ask about expectations, or they may not be prepared to meet them. When those with authority and responsibility for setting priorities do not fully understand customer service expectations, they can set off a chain of poor decisions and suboptimal resource allocations that result in perceptions of poor service quality.⁹⁸

2.1.2. Gap 2: The policy gap

It is the difference between management's understanding of customer expectations and the service standards it sets for service delivery. The policy gap is so named because management has made a policy decision not to offer what it thinks customers expect. The reasons why standards fall short of customer expectations are usually cost and feasibility considerations.⁹⁹

2.1.3. Gap 3: The Delivery Gap

This gap occurs between the actual service performance and the standards that the management sets. The existence of this gap depends on both the willingness and ability of employees to deliver the service according to specifications. To continue the analogy with a house buyer, if the builder of the house does not meet the standards set by the architect's blueprints, a delivery gap is created. Similarly, if a restaurant's waitstaff does not perform to the standards defined in their training manual, a delivery gap is created.¹⁰⁰

2.1.4. Gap 4: The Communications Gap

It occurs when the service provided differs from the service promised in the firm's external customer communications. In an attempt to persuade clients, many companies promise more than they can deliver. Service providers frequently make the error of making promises to customers that they cannot keep. It leads to service levels falling short of customer expectations,

⁹⁸ WILSON (A. M), ZEITHAML (V. A), BITNER (M. J), GREMLER (D. D): op. cit., p. 196.

⁹⁹ WIRTZ (J), LOVELOCK (C. H): *Essentials of services marketing*, op. cit., p. 451.

¹⁰⁰ HOFFMAN (K. D), BATESON (J. E. G): op. cit., p. 325.

resulting in dissatisfaction.¹⁰¹

2.2. The customer gap

2.2.1. Gap 5: The service quality gap

When the customer's perception of the delivered service differs from the expected service, this gap occurs. Meeting or exceeding expectations is the key to providing high-quality service. Although the service offered may be of high quality, customers may perceive it to be otherwise. This could occur as a result of the customer's inability to accurately assess service quality. Meeting and exceeding client expectations is a difficult task. With so many possible gaps, mastering service quality necessitates organization-wide acceptance and dedication. Though businesses are frequently chastised for poor quality, there are some shining stars in the service sky.¹⁰²

In the model shown in figure 06, Gap 5 reflects the customer gap which is the difference between customer expectations and perceptions. Closing the gap between what customers expect and what they perceive is essential for providing a high service quality; and it is the foundation of the gaps model. Closing provider gaps 1 to 4 and keeping them closed is the key to closing the customer gap (gap 5). Customers perceive service quality inadequacies to the extent that one or more of provider gaps 1 to 4 occur. The service quality gaps model is a framework for service firms seeking to improve service and marketing quality.¹⁰³

¹⁰¹ REID (R. D), BOJANIC (D. C): op. cit., p. 58.

¹⁰² VERMA (H. V): op. cit., p. 424.

¹⁰³ WILSON (A. M), ZEITHAML (V. A), BITNER (M. J), GREMLER (D. D): op. cit., p. 195.

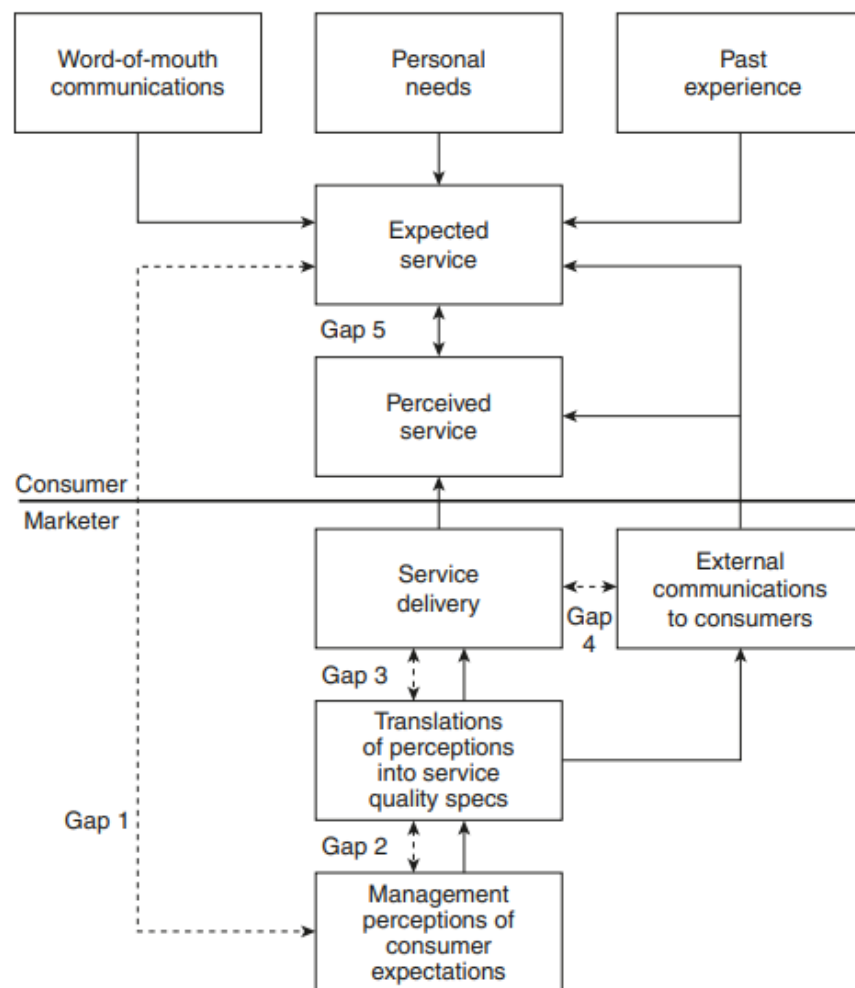


Figure 6: Service Quality Gaps Model

Source: MUDIE (P.), PIRRIE (A.): *Services marketing management*, Butterworth-Heinemann, 3. ed., Oxford, 2006, p. 91.

3. Measuring Service Quality

"What is not measured is not managed," as the expression goes. Without measurement, managers cannot be certain whether or not service quality gaps exist, much less what types of gaps exist, where they exist, and what potential corrective steps should be taken.¹⁰⁴

3.1. Soft and Hard Service Quality Measures

The different categories of service quality measures are of two kinds: so-called "hard" measures and so-called "soft" measures. Soft measures are those that are not easily observable and must be collected from customers, employees or others. In contrast, hard measures refer to

¹⁰⁴ WIRTZ (J.), LOVELOCK (C. H.): *Essentials of services marketing*, op. cit., p. 454.

information that is quantified over time or measured through specific company-specific measurement instruments.

3.1.1. Soft Service Quality Measures

This type of measurement comes from annual marketing research, surveys, customer feedback, mystery shoppers, analysis of complaints, compliments, focus groups, and specialized service reviews. Other soft measures can be considered such as telephone or mail surveys, customer panels to gather feedback on service performance, employee panels to determine perceptions of the quality of service delivered to the customer on specific dimensions, barriers to service improvement and suggestions for improvement. SERVQUAL is an example of a sophisticated soft measurement system.¹⁰⁵

3.1.2. Hard Service Quality Measures

Hard standards and measurements are often countable, timed, or measurable process actions and outputs. Such measures may include how many orders were correctly filled, the time required to complete a specific task, how many minutes customers had to wait in line at a specific stage in service delivery; the number of trains that arrived late, how many bags were lost, the temperature of a specific food meal, the number of telephone calls dropped while customers were on hold, or the number of patients who recovered completely following a specific type of surgery. Standards are sometimes established in terms of the percentage of times a given measure is met. For service marketers, the challenge is to guarantee that operational measurements of service quality mirror customer needs and desires.¹⁰⁶

3.2. The SERVQUAL model

SERVQUAL was born out of the fifth gap in the Gaps Model of Service Quality. According to this model, customers judge service quality by comparing expected service with perceived service as shown in Figure 07. To put it another way, quality is the difference between service expectations and perceptions. The results of such comparisons can take three forms: confirmed or fulfilled expectations, unmet expectations, or exceeded expectations. When service delivery meets expectations, service quality is considered satisfactory. Customers receive exactly what they expected, resulting in neither a surplus nor a deficit. When customer expectations are not

¹⁰⁵ LOVELOCK (C), WIRTZ (J), LAPERT (D), MUNOS (A): *Marketing des services*, 7e éd., Montreuil, Pearson, 2014, p. 86.

¹⁰⁶ LOVELOCK (C. H), WIRTZ (J): *Services marketing*, op. cit., p. 802-803.

fulfilled, service quality is viewed as poor. The perceived level of service falls short of what is expected. Finally, when client expectations are surpassed, resulting in a surplus, service quality is considered high. This comparison is the key building block of this model.

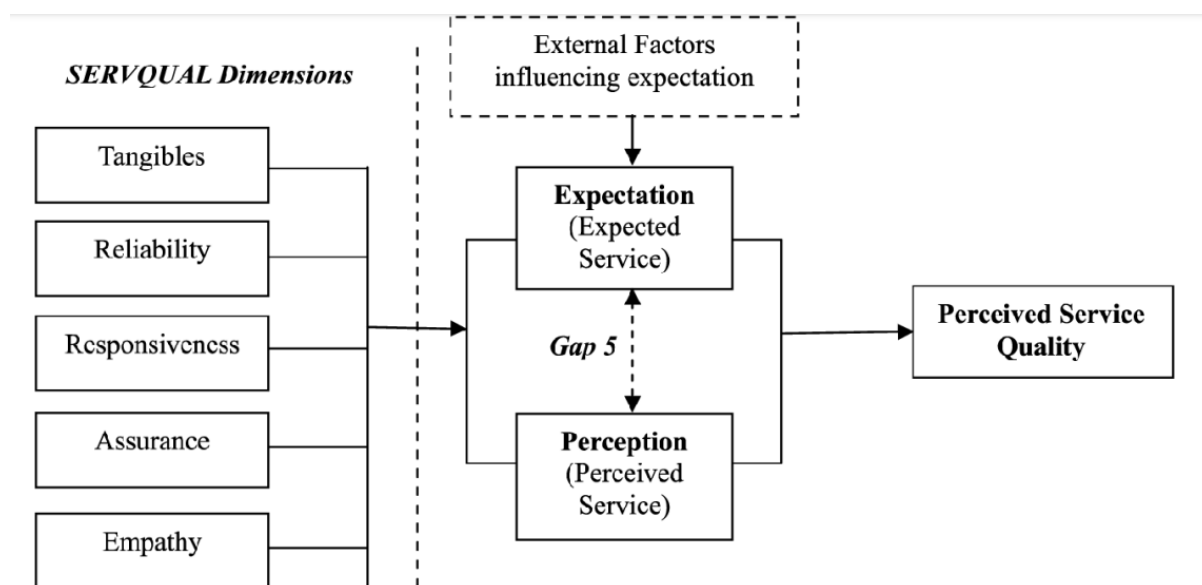


Figure 7: Measuring service quality using SERVQUAL model (Kumar et al, 2009)

Source: KUMAR (M.), TAT KEE (F.), CHARLES (V.), « *Comparative evaluation of critical factors in delivering service quality of banks: An application of dominance analysis in modified SERVQUAL model* », International Journal of Quality & Reliability Management, vol. 27, Iss.3, 2010.

The SERVQUAL instrument assesses quality by comparing expectation and perception scores on relevant quality dimensions. How the customer's perception of the service compares to his or her expectations reveals the quality of the service. Accordingly, both measures—expectations and perception—are obtained using a two-part questionnaire. The first part of the questionnaire measures customer expectations of a service category being studied, such as luxury hotels (the hotel industry is not entirely composed of different categories).

The second part of the questionnaire is used to record customer perceptions of a particular service company for which quality is being measured. In total, each section of the questionnaire contains 22 items to assess customer expectations and perceptions on five dimensions of quality (reliability, responsiveness, tangibles, assurance and empathy). The quality score is obtained by calculating the difference between expectations and perceptions in pairs for each dimension. The interviewer must give clear and specific instructions to respondents to obtain the expectations and performance scores. For expectations, respondents are asked to indicate their

agreement on a seven-point scale (1 - strongly disagree, 7 - strongly agree) on statements related to the five quality dimensions.¹⁰⁷

3.3. The SERVPREF model

Cronin and Taylor introduced a new model for evaluating service quality. They propose SERVPREF, a perception-only measure, instead of the expectation and perceptions recommended by the SERVQUAL model. As part of their investigation, they reviewed the concept of service quality and investigated its link with customer satisfaction and repurchase intention. They argued that the current definition of quality creates confusion with satisfaction and attitude.

As a result, they explored another way to operationalize service quality and its relationship to customer satisfaction and purchase intentions. These three constructs are seen as leading to each other. Thus, in their scheme, service quality is antecedent to satisfaction, which in turn determines purchase intentions.

Their essential idea was that instead of using expectations and perception measurements, quality should be judged using performance-based metrics. They believe that the SERVQUAL framework, which is based on the disconfirmation paradigm, does not quantify service quality or customer satisfaction. The approach of evaluating quality based on performance minus expectations is an ineffective basis for determining service quality. Their research reveals that service quality has a smaller impact on purchase intent than satisfaction; alternatively, consumer satisfaction has a greater impact on purchase intentions than service quality.

The SERVPREF model suggests measuring perception by having respondents reply to a questionnaire including 22 items aimed at gauging service quality dimensions or attributes. On a seven-point scale, 1 indicates strong disagreement and 7 represents strong agreement in the context of a specific service business, respondents are asked to express their perceptions on the service quality claims. The respondents are asked to provide their opinions about a service provider, whether or not they utilize their services.¹⁰⁸

4. Tools to Analyze and Address Service Quality Problems

¹⁰⁷ VERMA (H. V): op. cit., p. 425.

¹⁰⁸ Ibid., p. 431.

When a problem is caused by controllable internal forces, there is no excuse for it to happen again. After all, maintaining customer goodwill after a service failure depends on keeping promises made that "we are taking steps to ensure this doesn't happen again." Below are some tools for determining the root causes of specific service quality issues.

4.1. The Fishbone Diagram (Cause and effect diagram)

Cause and effect analysis uses a technique originally developed by a quality expert, the Japanese Kaoru Ishikawa. All possible causes of malfunctions are identified and classified into five categories. Equipment, personnel, materials, procedures, and others, on a cause-and-effect graph, more popularly known as the "fishbone". The Ishikawa diagram was adapted to services by Lovelock, who modified the five cause groups to eight. "Personnel" was divided into back-office personnel and front office personnel. "Information" was separated from "Procedures" to emphasize its importance in services. The eighth category specifically addresses the role of "customers."¹⁰⁹ An example of the extended fishbone is shown in Figure 08, displaying 27 possible reasons for late departures of passenger aircraft.

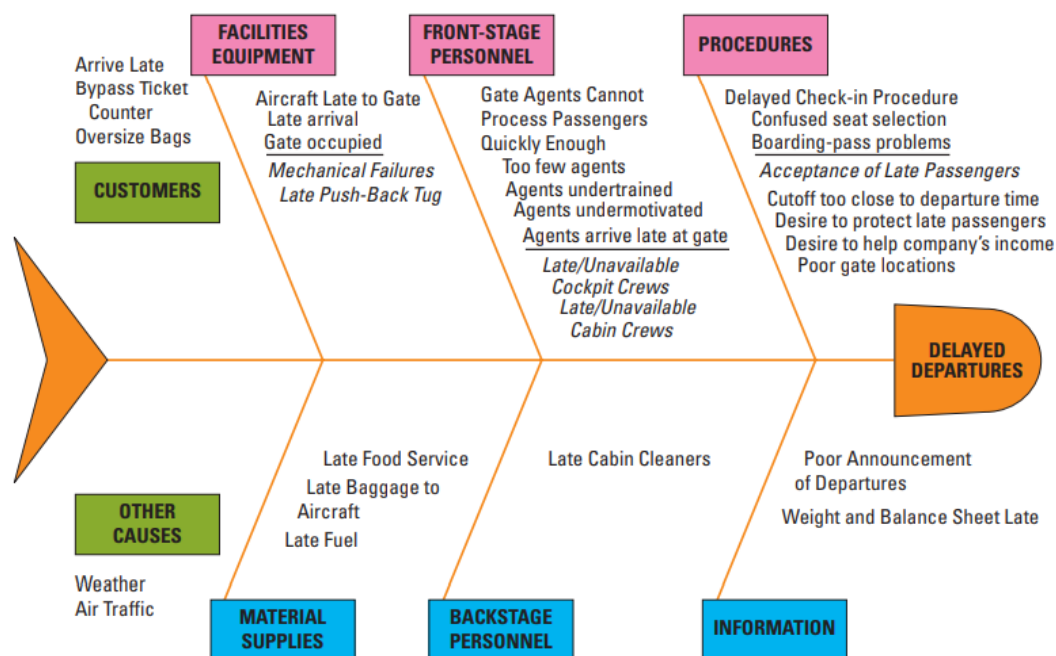


Figure 8: Cause and effect diagram

Source: WIRTZ (J.), LOVELOCK (C. H.): *Essentials of services marketing*, Pearson, 3rd edition., Harlow, England London New York Boston San Francisco Toronto Sydney Dubai Singapore Hong Kong Tokyo Seoul Taipei New Delhi Cape Town Sao Paule Mexico City Madrid Amsterdam Munich

¹⁰⁹ GABRIEL (P), DIVARD (R), LE GALL-ELY (M), PRIM-ALLAZ (I): op. cit., p. 87.

Paris Milan, 2018, p. 267.

4.2. Pareto Analysis

The major reasons for observed results are identified using Pareto Analysis (named after the Italian economist who invented it). It helps a service business focus its improvement efforts on the most significant issue areas by separating the important from the trivial. The so-called 80/20 rule is based on this sort of study, which frequently indicates that just 20% of the causal factors affect about 80% of the value of one variable (in this case, the number of service failures) (i.e., the number of possible causes as identified by the fishbone diagram). By combining the fishbone diagram with Pareto analysis, we can discover the primary reasons for service failure.¹¹⁰

4.3. Blueprinting

The origins and importance of quality problems may be determined using fishbone diagrams and Pareto analysis. Blueprints help us to go deeper and determine where the problem originated in the service process. A well-designed blueprint allows us to visualize the service delivery process by displaying:

- The sequence of front-stage interactions that customers have with service providers, facilities, and equipment;
- Supporting back-stage activities that are hidden from customers and are not part of their service experience.

Blueprints may be used to identify possible fail spots (i.e., where failures are most likely to occur) and to understand how failures at one step of the process might have a ripple impact on later phases. Managers can identify the exact kind of failures that occur most frequently and hence require immediate attention by adding frequency counts to the failure sites in a blueprint. Knowing what may go wrong and where it can go wrong is a crucial first step in preventing service quality issues.¹¹¹

According to Zeithaml et al. (2017: 245), these are basic steps in building a service blueprint:

Step 1: Determine which service has to be blueprinted.

¹¹⁰ LOVELOCK (C. H.), WIRTZ (J.), *Services marketing*, op. cit., p. 822.

¹¹¹ WIRTZ (J.), LOVELOCK (C. H.) *Essentials of services marketing*, op. cit., p. 467.

Step 2: Determine the target consumer or market segment.

Step 3: Draw a diagram of the process from the perspective of the customer (charting the actions that the customer performs or experiences in the service process).

Step 4: Draw the interaction and visibility lines (front- and backstage activities).

Step 5: Draw the link between consumer and frontline staff activities (the interaction).

Step 6: Include evidence of service to demonstrate each consumer action step (what the customer sees and receives as tangible evidence at each step in the customer experience).¹¹²

¹¹² GEORGE (R.): op. cit., p. 439

Section 2: Defining and Measuring customer satisfaction

Customer satisfaction is rooted in marketing philosophy, it is a crucial component of most marketing definitions. Customer satisfaction is a key idea, according to academics and practitioners alike. In this part, we will describe what customer satisfaction is and why it is essential, as well as different methods for measuring customer satisfaction, and the link between service quality and customer satisfaction.

1. Defining customer satisfaction

1.1. What is Satisfaction?

The different aspects of satisfaction make it difficult to define, mainly because it is related to the complete consumption experience. A complete definition of customer satisfaction in terms of pleasurable fulfillment is given by Oliver (1997)

*“Satisfaction is the consumer’s fulfillment response. It is a judgment that a product/service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under- or over fulfillment.”*¹¹³

According to Bowie and Buttle, customer satisfaction is defined as *“a positive attitude towards a supplier that is achieved when the customer’s expectations are met”*¹¹⁴

This definition is not applicable in the situation when clients expect a poor service experience and those expectations are met. Meeting these low expectations does not generate satisfaction. This definition of satisfaction, on the other hand, is fully acceptable when expectations are positive.

Customer satisfaction can also be defined as *“the customer’s evaluation of a product or service in terms of whether that product or service has met the customer’s needs and expectations. Failure to meet needs and expectations is assumed to result in dissatisfaction with the product or service.”*¹¹⁵

Although there are several other definitions, the most common one is that customer

¹¹³ OLIVER (R. L): *Satisfaction: a behavioral perspective on the consumer*, N.Y, M.E. Sharpe, 2nd ed., Armonk, 2010, p. 8.

¹¹⁴ BOWIE (D), BUTTLE (F. A): *Hospitality marketing: an introduction*, Elsevier Butterworth-Heinemann, Repr, Amsterdam, 2007, p. 283.

¹¹⁵ WILSON (A. M), ZEITHAML (V. A), BITNER (M. J), GREMLER (D. D): *op. cit.*, p. 159.

satisfaction/dissatisfaction is a comparison of client expectations and perceptions of the actual service encounter.

1.2. What Determines Customer Satisfaction?

Customer satisfaction is determined by specific product or service characteristics, perceptions of product and service quality, and pricing. Personal factors such as the customer's mood or emotional state, situational factors such as family members' opinions, will also impact satisfaction: ¹¹⁶

1.2.1. Product and Service Features

The customer's judgment of product or service features has a major impact on customer satisfaction. For a service such as a resort hotel, significant features might include the pool area, access to golf facilities, restaurants, room comfort and privacy, helpfulness and courtesy of staff, room price, and so on. In conducting satisfaction studies, most organizations will define the main features and attributes of their service through some method (typically focus groups) and then assess perceptions of those elements as well as overall service satisfaction. According to research, clients will make trade-offs between different service features (for example, price versus quality versus friendliness of employees versus degree of customization), depending on the type of service being assessed and the criticality of the service.

1.2.2. Consumer Emotions

Customers' emotions can influence their opinions about product and service satisfaction. These emotions can be stable and pre-existing, such as mood or life satisfaction. When a consumer is in a good mood and has a positive state of mind, their feelings about the services they receive are influenced. Conversely, if they are upset, their negative feelings may affect how they respond to services, causing them to overreact or react negatively to even the smallest problem.

1.2.3. Attributions for Service Success Or Failure

Attributions, or the perceived causes of events, have an impact on satisfaction. Consumers tend to seek explanations when they are surprised by an outcome (the service is either considerably better or much worse than expected), and their perceptions of the causes might

¹¹⁶ WILSON (A. M.), ZEITHAML (V. A), BITNER (M. J), GREMLER (D. D): op. cit., p. 160.

impact their satisfaction. For many services, customers bear at least some responsibility for the outcome of the service. This is often the case in online services, where customers may blame their own technical abilities for failing to get a service to work correctly. Even when clients do not take responsibility for the outcome, other types of attribution can impact client satisfaction. For example, according to a study conducted in the context of a travel agency, customers were less disappointed by a pricing error made by the agent if they felt that the reason was beyond the agent's control or if it was an unusual error that would not be repeated.

1.2.4. Perceptions of Equity and Fairness

Perceptions of equity and fairness have an impact on customer satisfaction. Clients ask: *“Was I treated fairly compared to other clients?” “Did other clients get better treatment, better prices, or better service?” “Did I pay a fair price for the service?” “Was I treated well for what I paid and for the effort I made?”*. Notions of fairness are central to customers' perceptions of satisfaction with products and services, especially in service recovery situations. After a failure, customer satisfaction is primarily affected by the perception of fair treatment.

1.2.5. Other Consumers, Family Members and Co-Worker

Other people generally have an impact on consumer satisfaction. For example, satisfaction with a family vacation is a dynamic phenomenon influenced by the emotions and expressions of family members during the vacation. Later, stories shared among family members and selective memories of events will impact what family members describe in terms of satisfaction or dissatisfaction with the vacation.

In a business environment, satisfaction with a new service or technology - for example, new customer relationship management software - will be influenced not only by individuals' personal experiences with the software itself, but also by what others in the company say about it, how others use and feel about it, and the extent to which it is adopted in the organization.¹¹⁷

1.3. The Expectancy-Disconfirmation Model of Satisfaction

The expectancy disconfirmation model is used by marketers to compare client expectations against their perceptions. Simply said, if consumer perceptions match expectations, then the expectations are confirmed and the customer is satisfied. An expectation is said to be

¹¹⁷ FOURNIER (S), MICK (D. G): « Rediscovering Satisfaction », *Journal of Marketing*, vol. 63, 1999, pp. 5-23.

disconfirmed when perceptions and expectations are not equal.

Although the word "disconfirmation" implies a negative experience, this is not always the case. Disconfirmations fall into two categories. If actual perceptions were less than what was expected, a negative disconfirmation occurs, resulting in consumer dissatisfaction and possibly negative word-of-mouth advertising and/or customer defection. When perceptions exceed expectations, a positive disconfirmation occurs, resulting in customer satisfaction, positive word-of-mouth advertising, and customer retention.¹¹⁸

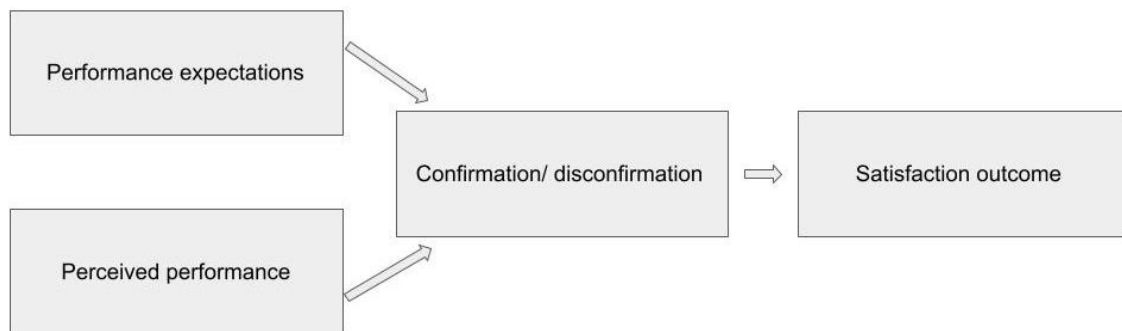


Figure 9: The expectancy-disconfirmation model of satisfaction

Source: LOVELOCK (C. H.), WIRTZ (J.): *Services marketing: people, technology, strategy*, World Scientific, Eighth edition., New Jersey, 2016, p. 130.

2. The Importance of Customer Satisfaction

Customer satisfaction is critical and cannot be overstated. Without customers, the service firm has no reason to exist. Customer satisfaction must be defined and measured proactively in every service organization. It is naïve to wait for consumers to complain in order to identify problems in the service delivery system or to assess the firm's success in terms of customer satisfaction solely on the number of complaints received because customers do not directly complain to service providers. Instead, they express their dissatisfaction with their feet by defecting to competitors, and with their mouths by informing existing and future customers how they were mistreated by the company. Positive word-of-mouth is generated by businesses that properly respond to client complaints. Despite the fact that positive news travels at half the speed of negative news, positive stories can lead to increased consumer loyalty and new customers.¹¹⁹

¹¹⁸ HOFFMAN (K. D), BATESON (J. E. G): op. cit., p. 289.

¹¹⁹ *Ibid.*

Customer satisfaction is critical since it greatly enhances the probability of a customer returning to do business with the firm again. If the company is not focused on delighting its customer base, customer loyalty will be difficult to come by. Customer feedback is extremely important, and if customer satisfaction is low, the firm understands that it needs to take action. Monitoring client satisfaction by interacting with them and gathering genuine, precise feedback can assist the company in determining what it can do to improve things.¹²⁰

Companies with high customer satisfaction ratings seem to be able to withstand competitive pressures, especially price competition. Customers are generally willing to spend more and stay with a company that meets their needs rather than risk switching to a less expensive service. Finally, companies that take pleasure in improving customer satisfaction tend to have a better work environment.¹²¹

3. Measuring customer satisfaction

3.1. Reasons for measuring customer satisfaction

Generally, the main reasons for measuring customer satisfaction are summarized in the following:¹²²

- Customer satisfaction is the most reliable source of market information. A corporate organization may then evaluate its current position against competition and build its future strategies accordingly;
- Many consumers avoid expressing their complaints or their dissatisfaction with the product or service supplied, either because of a certain attitude or because they are unsure whether the organization would take corrective action;
- Customer satisfaction measurement is able to identify potential market opportunities.
- The main concepts of continuous improvement require the development of a specific customer satisfaction measurement process. This way, any improvement activity will then be based on standards that include consumer expectations and demands.

¹²⁰ *Why Is Customer Satisfaction So Important?*, <https://gocardless.com/guides/posts/customer-satisfaction/>, consulted on May 10th, 2022 at 8:15 am.

¹²¹ HOFFMAN (K. D), BATESON (J. E. G): op. cit., p. 290.

¹²² GRIGOROUDIS (E), SISKOS (Y): *Customer Satisfaction Evaluation*, Springer US, Boston, MA, coll. « International Series in Operations Research & Management Science », 2010, p. 3.

- The development of a specific customer satisfaction measurement process is required by the main concepts of continuous improvement. Any improvement activity will then be based on criteria that include customer expectations and demands.
- Customer satisfaction measurement can assist businesses in better understanding customer behavior as well as identifying and analyzing customer expectations, needs, and desires.
- Customer satisfaction measurement programs might show potential differences in the service quality perceptions between the customer and the management of the business company.

3.2. Methods and tools for measuring customer satisfaction

Customer satisfaction measurement efforts are typically integrated programs within businesses that incorporate not only customer satisfaction metrics but also other related measures. Furthermore, since a single indication is rarely a strong predictor of overall performance, numerous measures are utilized to evaluate customer satisfaction.¹²³ Customer satisfaction is measured using both indirect and direct methods.

3.2.1. Indirect measures of customer satisfaction

Tracking and monitoring sales, profits, and customer complaints are all indirect measures of customer satisfaction. Companies that rely primarily on indirect measures take a passive approach to determining whether consumer perceptions meet or exceed their expectations. Furthermore, if a company does not hear from 96% of its unhappy consumers, it will lose a significant number of customers by waiting for the remaining 4% to speak their minds.¹²⁴

- **Spoken comments and complaints**

The easiest way to assess customer satisfaction is to listen to their comments and complaints. Customers and employees should be encouraged to provide feedback on service experiences through formal systems. Management should not overlook the value of information gathered by boundary-spanning personnel through their regular contact with customers. Customers can also call toll-free numbers to express their dissatisfaction.¹²⁵

¹²³ GRIGOROUDIS (E), SISKOS (Y): op. cit., p. 14.

¹²⁴ HOFFMAN (K. D), BATESON (J. E. G): op. cit., p. 293.

¹²⁵ REID (R. D), BOJANIC (D. C): op. cit., p. 69.

- **Trends in sales and market share**

Examining the firm's internal sales records is another technique to assess customer satisfaction without having direct interaction with customers. Comparisons can be made on a monthly basis and with the same period in the previous year. Higher levels of satisfaction would be associated with increased sales. However, companies should be cautious with this method as there are many possible explanations for increased sales.¹²⁶

3.2.2. Direct measures of satisfaction

They are based on information collected directly from customers, such as satisfaction surveys and personal interviews. There are different forms of direct customer satisfaction measurement systems, each of which offers the analysis of the particular problem from a different perspective. While customer satisfaction surveys can examine consumer expectations and needs, service and complaint management systems, on the other hand, focus primarily on the set of dissatisfied customers to retain customers and improve loyalty levels. Direct approaches are "preventive," acting as a kind of early warning system. Therefore, they can help managers identify improvement actions before problems or adverse situations occur (dissatisfaction, customer complaints, sales decline, etc.).¹²⁷

- **Surveys and comment cards**

Customer satisfaction surveys are frequently used to gather direct measures of satisfaction. Many hospitality companies leave surveys and comment cards in rooms, on restaurant tables, and at other contact points to collect feedback. The absence of representation is one of the problems associated with this method. The response rate is low, and it tends to be biased toward the most upset people and chronic complainers. Larger firms will conduct surveys by telephone or by mail through company offices. Surveys are usually more representative than comment cards and provide more detailed information. These types of surveys also provide a more representative sample of customers.¹²⁸

4. How Service Quality Relates to Customer Satisfaction

Customer satisfaction and service quality are key aspects of business because a company's success is primarily based on how effectively it maintains its clients through service and how

¹²⁶ REID (R. D), BOJANIC (D. C): op. cit., p. 69.

¹²⁷ GRIGOROUDIS (E), SISKOS (Y): op. cit., p. 13.

¹²⁸ REID (R. D), BOJANIC (D. C): op. cit., p. 84.

well they keep their customers satisfied. Customer satisfaction is expected to be boosted by increased service efficiency, which will improve customer engagement and interrelationship.¹²⁹

It is often assumed that there is a link between quality and satisfaction. Quality is often a running theme in communication materials used to convey strategic direction inside and outside the company. Quality is presented as ideal in company vision and mission statements, slogans, and promotional materials. There is a strong link between quality and satisfaction. For this reason, companies spend a great deal of resources on the development and implementation of quality systems within their company. Quality training is one of the most common forms of training in companies. Quality is not objective in the service context. Quality in services is perceived. A customer makes a judgment based on his or her perceptions. Perceived quality is so important since it is a strong indicator of customer satisfaction.

The link between quality, satisfaction, and future purchase intentions has been the subject of various studies. Many have discovered a causal relationship between quality, satisfaction, and purchase intentions. This correlation may not be direct or absolute, but it seems to hold true across many industries. As a result, quality has been a central focus of the business agenda. Companies strive to excel in quality in order to reap the rewards of profitability through customer satisfaction and loyalty.¹³⁰ The figure 09 above summarizes the link between quality and customer satisfaction.

¹²⁹ ZYGIARIS (S), HAMEED (Z), AYIDH ALSUBAIE (M), UR REHMAN (S): « Service Quality and Customer Satisfaction in the Post Pandemic World: A Study of Saudi Auto Care Industry », *Frontiers in Psychology*, vol.13, 2022, pp. 2-9.

¹³⁰ Verma (H. V.): op. cit., p. 563.

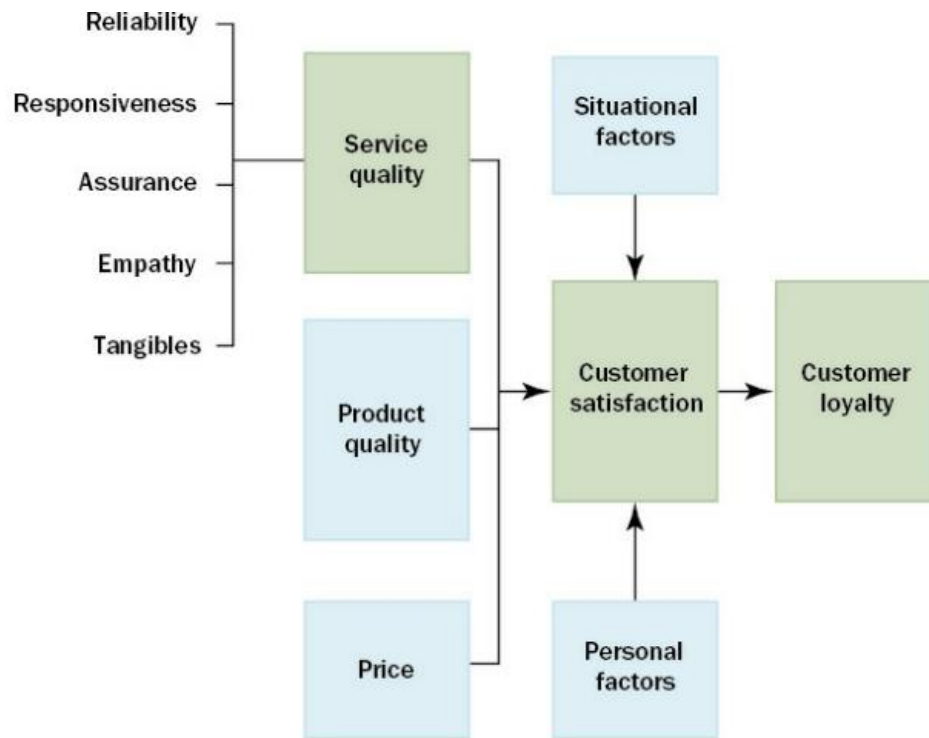


Figure 10: Link between quality and satisfaction

Source: WILSON (A. M.), ZEITHAML (V. A.), BITNER (M. J.), GREMLER (D. D.): *Services marketing: integrating customer focus across the firm*, McGraw-Hill Education, Third European edition., London, 2016, p. 160.

This chapter has focused on defining and measuring service quality and customer satisfaction. In general, we can say that quality is an over-beaten term. One of the early attempts to define service quality led to the conceptualization of service quality as consisting of ten dimensions. These ten dimensions were further regrouped into five dimensions. Another framework views quality in services as being made up of two dimensions: technical and functional quality.

The Gaps model conceptualizes quality perceptions of customers as a gap between the expected and perceived service. The discrepancy between the expected service and perceived service is caused by the presence of other four gaps within the organization.

To provide satisfactory service quality, it is essential that quality be measured, monitored, and controlled. The SERVQUAL and SERVPERF instruments can be used by the service organization to determine the level of service quality. Blueprinting, Pareto analysis, and fishbone diagramming are the most common techniques used to analyze and manage service quality problems.

In this competitive business environment, customer satisfaction is a must. Organizations that want to meet customer expectations must use this marketing tool appropriately. It determines how well a company's products or services meet customer expectations and is one of the most important indicators of purchase intent and customer loyalty. As such, it helps predict the company's growth and revenue.

There are two ways to measure customer satisfaction: directly, by contacting customers through surveys or interviews; or indirectly, by looking at how a customer interacts with the company, tracking and monitoring sales, profits, and customer complaints. Service quality is closely related to customer satisfaction. Good service quality leads to customer satisfaction and, therefore, makes companies more competitive in the marketplace.

**Chapter 03: The Contribution of Service
Quality to Customer Satisfaction in The
Hotel Industry**

The hotel industry is primarily concerned with customers and meeting their needs. However, to maintain a deep connection with them and provide them with the best possible service, hotels must understand the relationship between service quality metrics and customer satisfaction.

This chapter represents the case study of this research. It presents the work of the three-month internship carried out at the AZ Hotels Zeralda between March 8th and June 7th, whose objective is to analyse the effect of service quality on customer satisfaction in the hotel sector.

The first section will be devoted to the presentation of the AZ group, its history, and its different brands, as well as the equipment and services of the AZ hotel Zeralda and its organizational structure. In the second section, we will present the research methodology that we have chosen, and the third section will be devoted to the treatment of the results of the research and the recommendations and suggestions.

Section 01: Presentation of the host organization

This section first introduces the AZ Hotels group, by giving a brief history of it and presenting its different brands. Then, it moves to the presentation of AZ Hotels Zeralda and its facilities and services, as well as its organizational structure.

1. Presentation of the AZ Hotels group

The AZ Hotels group is the first hotel chain to be 100% Algerian. AZ Hotels owns several hotel brands, including AZ Hotels Zeralda, which is our study case. The group was founded in 2015. AZ Zeralda was the first hotel to open its doors to customers in July 2015. They opened "AZ Hotels Kouba" in Kouba four months after the first hotel opened. A year later, the AZ Groupe decided to open another hotel in Staoueli under the name "AZ Vague d'Or-Palm Beach", and then "AZ hotels vieux Kouba" the following year. In the city of Mostaganem, two additional hotels opened in 2018. The first, called "AZ Hotels Zephyr," opened in April, followed by the second, "AZ Hotels Montana," two months later. After three years, the group decided to expand even more, as a result, a five-star hotel called "Grand Oran" opened in the city of Oran, and a shopping mall is set to open in the same city next September.

1.1. Brands of AZ Hotels group

The group has several brands which are:¹³¹

1.1.1 AZ Hôtels Zeralda

The hotel is located in Zeralda, in the wilaya of Algiers, 33 km from the airport of Algiers-Houari Boumediene. It is equipped with four restaurants, an event room, meeting rooms, a hairdressing salon, a spa, a terrace, and a private parking lot that is available free of charge on site. All rooms include a flat-screen TV and a private bathroom with a bathtub or shower. Wi-Fi is available free of charge to their customers in all the premises of the hotel.

¹³¹ AZ HOTELS, <https://azhotels.dz/>, consulted on May 20, 2022 at 2:35 pm

1.1.2. AZ Hôtels Vague d'Or-Palm Beach

A small hotel located in the western region of Algiers. AZ Vague D'Or is a 4-star hotel, built on the cornice of Palm Beach in Staoueli-Algiers. It offers an exceptional panoramic view of the Mediterranean Sea. This hotel is a guarantee of great comfort and quality service. All rooms include air conditioning and a flat-screen TV with satellite channels. Some rooms have a sitting area, ideal for relaxing after a busy day. Others offer a view of the sea or the city. The hotel also has a spa and a restaurant called "Le Grand Bleu."

1.1.3 AZ Hôtels Kouba

AZ Hôtels Kouba is a 4-star hotel ideally located in the center of Algiers. It is perfectly suited for business trips. It has rooms equipped with all the amenities that guests will need during their stay. It also has a free wifi connection, a private parking on site, a gym equipped with the latest equipment, a well-exposed terrace and the restaurant "BLUE LAGOONE", which offers a fabulous buffet menu. The reception of the establishment is open 24 hours a day.

1.1.4 AZ Hotels vieux Kouba

Located in Algiers, AZ Hôtels Vieux Kouba opens its doors, whether for business or leisure. It has 80 spacious and well-equipped rooms and a free Wi-Fi connection throughout the entire establishment. AZ Hôtels Vieux Kouba is a 4-star hotel with 3 chic and relaxed restaurants. One of these restaurants is a recently renovated Aquarium restaurant.

1.1.5 AZ Hotels Montana Mostaganem

It is a 5-star hotel that meets international standards of hospitality. The hotel is located in the wilaya of Mostaganem. It is composed of 219 spacious rooms, 13 apartments, 3 restaurants, a hairdressing and beauty salon, a fitness room, and a sports complex. It has a multipurpose room, 3 training rooms, and a conference center with a capacity of over 1,000 people.

During the summer, guests can enjoy the Aqua Park with a wave pool, multi-slides, and multi-game pools. The hotel is adapted to children by offering them play and leisure areas.

1.1.6 AZ Hôtels Zephyr Mostaganem

It is located in a tourist complex on the outskirts of the city. The hotel is just a 5-minute walk from the beach, 7 km from Mostaganem's ferry port and 8 km from the Mostaland theme park. This 4-star hotel has a relaxed atmosphere, it offers air-conditioned rooms with flat-screen TVs and free Wi-Fi. Some also have balconies or terraces with sea views. Some rooms also have a living room, a kitchenette, and a whirlpool.

There is a fine restaurant with a sea view and a bar. It also has an outdoor pool, a gym, and a spa with a whirlpool, solarium, sauna, and steam room. Parking is also available.

This establishment has also been well noted for its excellent location in Mostaganem.

1.1.7 AZ Hôtels Grand Oran

It is located in Oran, just 9 km from the fortress of Santa Cruz. It is a unique and unrivaled tourist and commercial complex in Algeria and also an innovative concept. Everything that families and professionals need is in one complex.

This 5-star hotel offers a 24/7 reception and room service. Everyone can receive food and drinks directly in the room. Guests can also eat at the hotel's restaurant. The hotel has non-smoking rooms, a sauna, a parking lot and an aquapark with water slides nearby. Guests can order a shuttle from/to the airport. The area has an open green space and a flower garden.

2. Presentation of AZ Hotels Zeralda

2.1 Hotel Facilities & Guest Services

AZ Hotels Zeralda is part of Group AZ Hotels, located in Zeralda in the wilaya of Algiers. It is a 4-star hotel that opened its doors to the public in December 2015.

This hotel offers comfort and convenience for both business and leisure customers. The promise of the hotel includes friendly staff, 24-hour efficient guest reception and room service, impeccable hygiene, a selection of delicious food, reliable safety and security standards, and a good night's sleep.

AZ Hotels Zeralda is composed of 133 elegant and comfortable rooms. There are different types of hotel rooms, with some having more or fewer features than others, to fit all its customers' unique needs.

The hotel is equipped with a Spa & Wellness Center with a swimming pool, jacuzzi, sauna, beautiful beauty salon, and a gym.

The hotel has many different restaurants; a restaurant "l'Entre Amis" with a contemporary decor, a restaurant "Le Buffet" with international flavors, "Pasta Basta", an Italian restaurant open on a patio, and a gastronomic restaurant.

AZ hotels Zeralda is a perfect venue for business meetings, training and conferences. Their conference rooms are equipped with fast, free Wi-Fi connection, multimedia and have access to daylight.

2.2. Hotel Organizational Structure

The organizational structure of a hotel is a hierarchical graphic representation of the internal structure of the hotel's entities and departments. It defines the different hotel positions as well as the departments that work beneath them. It demonstrates the hotel's departmental relationships and how they interact and work on a project.

The general management of AZ hotels Zeralda is basically segmented into eight divisions: finance, front office, human resources, food and beverage, sales, housekeeping, engineering, and security, as the following organizational chart shows (Figure 11):

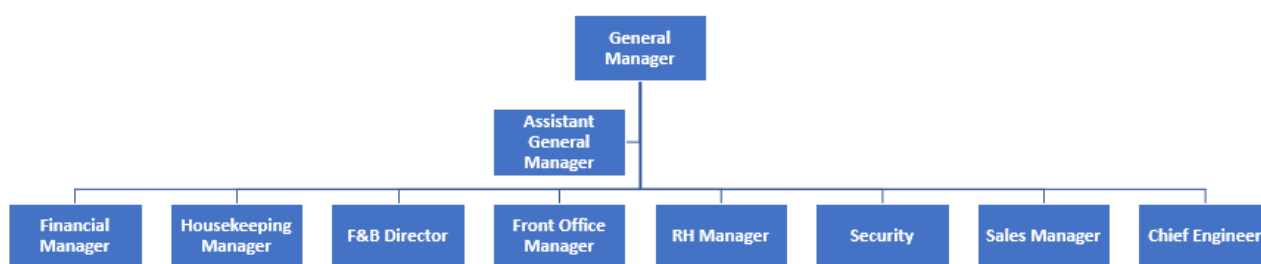


Figure 11: General Management of AZ Hotels Zeralda

Source: Elaborated by us based on documents provided by the hotel

2.1.1. General Manager

The general manager is in charge of all hotel operations on a daily basis to ensure that visitors have an exceptional experience. All hotel services, including guest relations, front desk, housekeeping, maintenance, revenue management, expense management, team building, and employee development, are their responsibility. This role requires a problem solver who is flexible and dynamic, as well as a strong leader who can empower personnel to provide excellent service to hotel customers, associates, and visitors. They serve as brand ambassadors, offering leadership and strategic direction to the hotel's many departments.

The general manager is responsible for:

- Providing the vision, leadership, and strategy that motivates his team to provide outstanding guest service that lead to financial success;
- Collaborating with hotel department heads to develop goals and objectives that are aligned with the hotel's overall objectives, as well as strategies for accomplishing them;
- Developing a budget that maximizes profit margins while balancing costs with visitor satisfaction and service quality;
- Leading sales and marketing activities by creating a specific strategy for promoting the hotel's offerings and features;
- Establishing the hotel's reputation for quality by evaluating the cleanliness and care of the rooms, public areas, and surrounding grounds;

2.1.2. Assistant General Manager

The Assistant General Manager is a direct report to a General Manager who is responsible for assisting with all of the General Manager's duties and replacing the General Manager when the General Manager is not there for any reason.

2.1.3. Finance & Accounting department

The finance department in a hotel has the role of tracking the cost of running the hotel and making sure that the revenue makes a profit. As shown in Figure 12, the Finance & Accounting department at AZ hotels Zeralda has many jobs.

Employees in this department are responsible for a variety of duties and responsibilities, including preparing and managing the hotel and restaurant financial budgets and payroll, as well as implementing and overseeing all hotel financial activities in accordance with local, state, and federal tax laws. Financial analysis, reporting, planning, forecasting, audit and control, asset and liability reconciliation, working capital and cash control, and guaranteeing the safeguarding and updating of any legal paperwork connected to the hotel's financial condition are all their responsibilities.

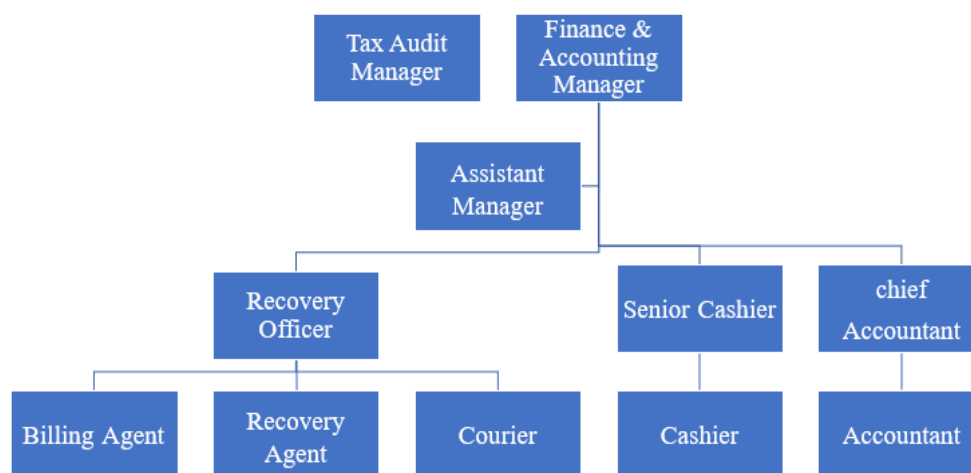


Figure 12: Finance and Accounting Department at AZ Hotels Zeralda

Source: Elaborated by us based on documents provided by the hotel

2.1.4. Housekeeping Department

The hotel's housekeeping department ensures that all rooms and public areas are clean, well-maintained, and appealing to the eye. The housekeeping department not only prepares and cleans guest rooms on time, but also cleans and maintains the entire hotel, ensuring that it is as fresh and appealing as the day it first opened its doors.

The effort that housekeeping makes has a direct bearing on the guest's experience in a hotel. There are many employees working in the housekeeping department at AZ hotels Zeralda, as shown in Figure 13.

The front desk personnel communicate with the housekeeping department. The state of each room is communicated to the front desk on a regular basis by the cleaning crew. Housekeeping works closely with the engineering department because, when cleaning the rooms, the housekeeping staff notices various sorts of maintenance concerns and report them to the maintenance team for repair or replacement.



Figure 13: Housekeeping department at AZ hotels Zeralda

Source: Elaborated by us based on documents provided by the hotel

2.1.5. Sales Department

Marketing and sales are important areas in the hotel industry as they are directly related to the profitability of a business. The sales team is responsible for maximizing the hotel's revenue by developing strategies and business plans to increase revenue. It is responsible for attracting more guests to the hotel to increase sales. The team is responsible for driving profits from business verticals such as room occupancy, event spaces, leisure facilities, restaurants, etc.

AZ hotels Zeralda have one team to cover both functions of marketing and sales. The different divisions of the department are illustrated in Figure 14.

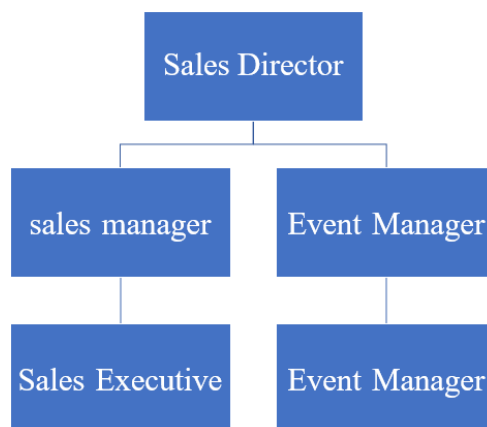


Figure 14: Sales department at AZ hotels Zeralda

Source: Elaborated by us based on documents provided by the hotel

2.1.6. Food and Beverage Department

The food and beverage department is in charge of all dining rooms, restaurants, kitchens, and clean-up services, among other things. The F/B department of AZ Hotels Zeralda is divided into two sections: the kitchen and the restaurant. The kitchen is in charge of all food preparation, including meals, desserts, side dishes, and beverages. The restaurant department's responsibilities include dining room operations, waiter service, food runner service, and cleanup. Figure 15 shows the various jobs in the kitchen department, whereas Figure 16 shows the restaurant department.

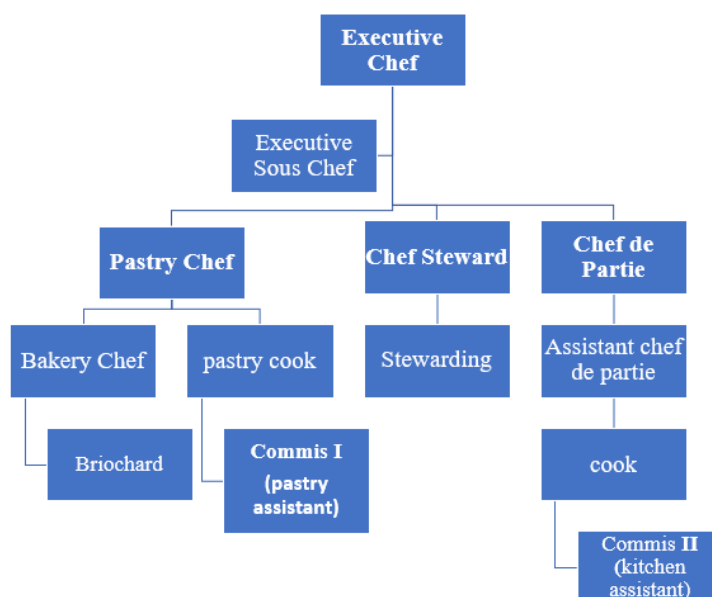


Figure 15: the Kitchen department at AZ Hotels Zeralda

Source: Elaborated by us based on documents provided by the hotel

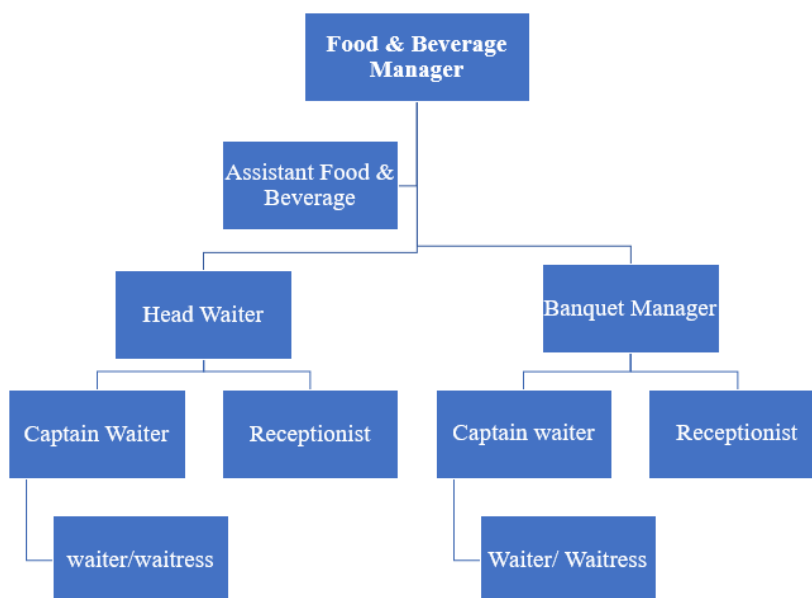


Figure 16: The restaurant department at AZ Hotels Zeralda

Source: Elaborated by us based on documents provided by the hotel

2.1.7. Front Office Department

The hotel's front office department is regarded as its nerve core. Reservations, reception, registration, room assignment, and bill settlement are all services performed by this department for a resident visitor. The front-desk personnel greet visitors, carry their baggage, assist them with registration, provide room keys and mail, answer inquiries about the hotel and surrounding area, and then check them out. In fact, the only direct contact most guests have with hotel employees, other than in the restaurants, is with members of the front-office staff. Figure 17 presents the front office department.

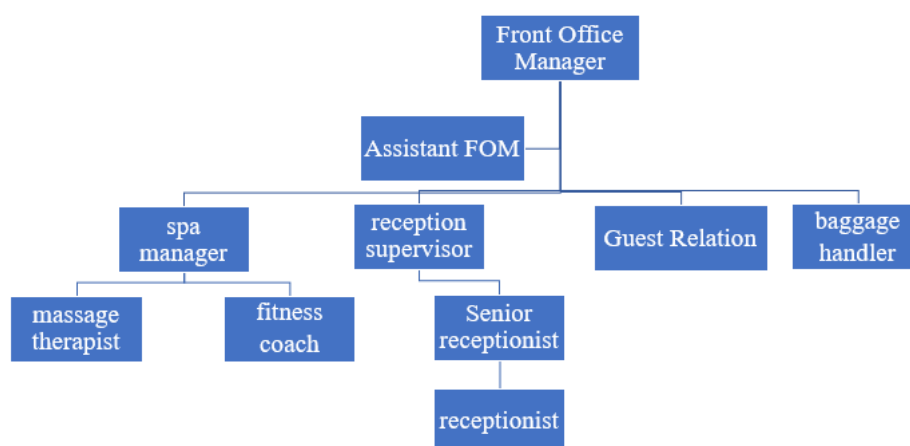


Figure 17: Front office department

Source: Elaborated by us based on documents provided by the hotel

2.1.8. Human Resources Department

The primary functions of the human resources department are employee recruitment, benefits administration, and training. The human resources director is a labor law specialist who also advises other department managers. The integration of the human resources department with other hotel departments is a big difficulty. Although the human resources department recruits, interviews, and screens potential workers, the department in which the person will work makes the final hiring decision.

The Human Resources director is in charge of the HR department's day-to-day operations. He is responsible for all HR tasks, including workforce planning, recruiting, staffing strategies, wage and salary administration, associate and labor relations, benefits, and workforce training and development, on both a short-term and long-term basis.

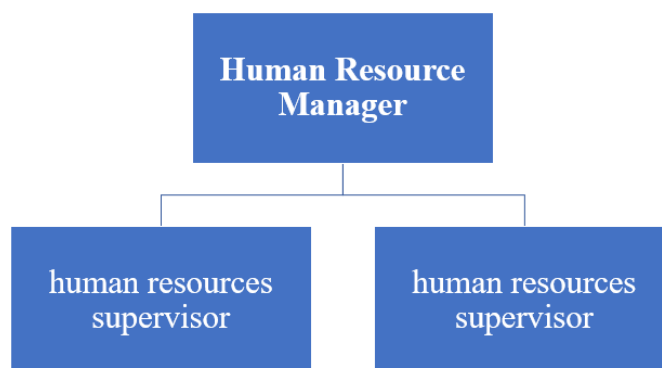


Figure 18: Human Resources Department

Source: Elaborated by us based on documents provided by the hotel

2.1.9. Engineering and Maintenance Department

The engineering department is in charge of fixing and maintaining plant and machinery, as well as water treatment and distribution, boilers and water heating, sewage treatment, exterior and common area lighting, fountains and water features, and so on. It is also responsible for maintenance of the hotel's equipment, furniture, and fixtures. The engineering department of AZ hotels Zeralda is depicted in Figure 19.

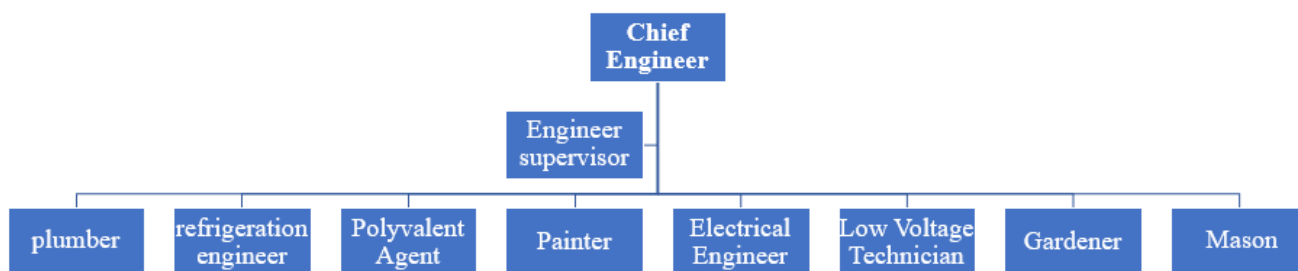


Figure 19: Engineering Department at AZ hotels Zeralda.

Source: Elaborated by us based on documents provided by the hotel

2.1.10. Security Department

A hotel's security department is in charge of the building's overall security, as well as the protection of in-house guests, visitors, day users, and workers, as well as their belongings. They are also in charge of preparing incident reports and ensuring that any criminal allegations and other incidents are thoroughly investigated and documented.

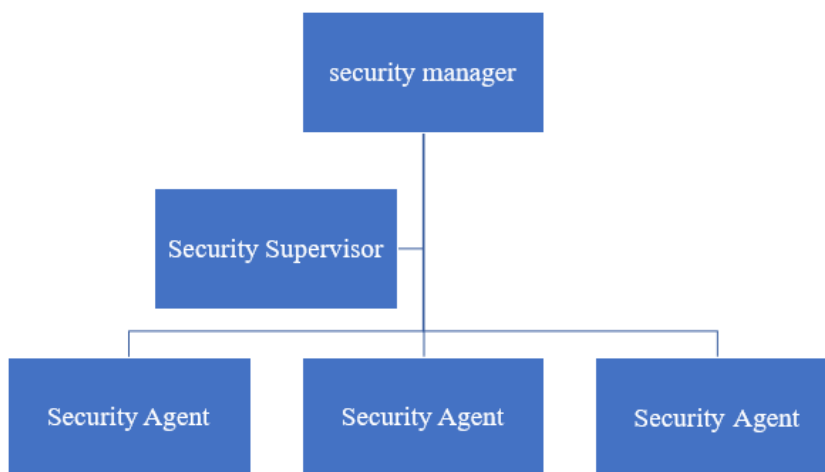


Figure 20: Security Department at AZ hotels Zeralda.

Source: Elaborated by us based on documents provided by the hotel

Section 02: research methodology and data analysis

This section is devoted to the presentation of the study conducted at the AZ Zeralda Hotel in order to test the hypotheses related to our main research questions.

First, we will discuss the methodology of the study. The content of this part includes the research objective, the research design, the sampling design, the instrument used for data collection, and the statistical methods used for data analysis. Next, we will present the research results and the analysis of those results, and we will conclude with a discussion of the findings and recommendations.

1. Research Methodology

1.1. Research Objectives

The objective of this study is to examine the impact of service quality on customer satisfaction at the AZ Zeralda Hotel. The five dimensions of the SERVQUAL model were used as a guide in the study to establish the results.

One of the goals of this study is to know how AZ hotel guests perceive the quality of services provided to them at the hotel and whether they are overall satisfied with their stay at the hotel.

This research also aims to find out how the quality of the hotel services contributes to their satisfaction. In other words, we want to know if the five dimensions of service quality influence customer satisfaction.

More precisely, we want to determine which dimensions of service quality have an impact on their satisfaction and which dimensions do not.

1.2. Research Design

This study took place in AZ hotels Zeralda, and it was conducted from April to May 2022. In this study, primary data was gathered through the use of the survey method. This method is a structured questionnaire given to a sample of a population and designed to elicit specific information from respondents.

The questionnaire was designed for the hotel guests and has been developed based on the five dimensions of the SERVQUAL model. In addition to the five dimensions, a number of other questions were added to the questionnaire in order to evaluate customer satisfaction.

The questionnaire was paper-based and first developed in English, then translated into French to be easily understood and widely filled out by customers.

The analysis and interpretation of the quantitative data collected were performed according to the objectives of the study. This was done using SPSS software.

1.3. Sample Design and Sample Size

The target population for this study consisted of individual and group guests who stayed at least one night at the AZ Hotels Zeralda and came to the hotel in the period from April 2022 to May 2022.

The sample population included visitors of all ages, both male and female. Respondents were randomly selected, meaning that all hotel guests had an equal chance of being selected for the sample.

Among the business guests that accepted to participate in our study were employees from Inpha-Médis, Hikma, GICA and Danone.

Among 100 questionnaires distributed to customers, 72 responses were collected. After inputting data and screening questionnaires, 10 of them were rejected from the data set because they were not completed. Therefore, this research was based on results obtained from 62 questionnaires, which represents the sample size for this study.

1.4. The research instrument: the questionnaire

The questionnaire (see Appendix 1) used in this study is a customized version of the Servqual model; it contains fewer questions and it is easier to answer each question. However, if the SERVQUAL scale was applied without customization, it could be such a long survey containing 44 questions that it would be difficult to collect a large number of respondents. The survey was anonymous and the customers were not asked to provide any personal data (e.g., name, income, investments). The respondents were asked to rate the twenty-one statements on a 1-5 scale. An interpretation of each response was achieved through the help of the five-point Likert scale.

Table 5: Range of answer options of the Likert scale

Scale	Meaning
1	Strongly Disagree
2	Disagree
3	Neutral
4	Agree
5	Strongly Agree

Source: elaborated by ourselves

The questionnaire was divided into three parts. The first part, which contains 16 statements, was designed to measure respondents' perceptions of the quality of services offered by AZ hotels Zeralda. The second part, which is composed of 5 statements, assessed respondents' perceptions regarding their satisfaction with the services of the hotel. The last part contained questions related to the respondents' socio-demographic data.

The first part measures the hotel's service quality through five distinct dimensions of the Servqual scale, namely: tangibility, reliability, responsiveness, assurance, and empathy. These dimensions have been extensively accepted and applied by many academics and practicing managers in various industries.

- **Tangibility:** the appearance of the hotel and hotel staff, physical facilities at the hotel/rooms, visual materials for customers.
- **Reliability:** the hotel's ability to perform services accurately, on time, and right the first time.
- **Responsiveness:** the hotel's willingness and flexibility to serve and help customers.
- **Assurance:** the hotel's ability to build guest confidence in the hotel's services and in the knowledge and skills of the hotel's staff.
- **Empathy:** the hotel's attention and care for each individual customer.

The second part of the questionnaire was designed to evaluate the extent to which guests are satisfied with the services provided by the hotel. And the third part, which was composed, was related to general information about the respondents (gender, age, reasons for their stay in the hotel, and the number of times they visited it). This critical information was queried with the primary objective of determining the type of customer visiting the hotel.

The major challenge in questionnaire design is to make it clear to all respondents. In-order to identify and solve the confusing points, we pre-tested the questionnaire. The original questionnaire for this study included 26 questions about service quality and customer satisfaction, as well as 4 demographic questions. After the pilot test that was conducted to get feedback from hotel managers and staff about how easy it was to answer the questionnaire, a more comprehensive questionnaire version was completed by changing 3 question items and rejecting 5 unclear question items.

Reliability Test (Cronbach's alpha)

It was necessary to test if the multiple-question Likert scale survey is reliable. One method to measure reliability is through internal consistency, which refers to the degree of inter-correlation among items that comprise the measure or summated scale (Flynn et al., 1990). The most widely accepted measure of internal consistency is Cronbach's alpha which is the average of the correlation coefficient of each item with each other item (Cronbach & Meehl, 1955).

Table 6: The reliability test

Scale	Cronbach's Alpha	Number of items
Overall	0.91	21
Dimensions of Service Quality	0.89	16
Customer Satisfaction	0.82	5

Source: elaborated by ourselves based on SPSS 26.00 software.

In this study, Cronbach's alpha value for the scales was 0.91, exceeding the minimum acceptable alpha value of 0.60. As presented in Table 07, both scales have an alpha value greater than 0.80, indicating that the scales are internally consistent, meaning that they are reliable.

1.5. Data Collection

To ensure the confidentiality of the hotel guests and the reliability of the answers, the “drop-off and pick-up” method of self-administered written questionnaire was used. The questionnaires were physically dropped off in bedrooms, meeting rooms, conference rooms, and the restaurant after orally explaining the instructions and purpose of the study directly to customers, and then we went back to pick up the completed forms after a few hours.

The problem with this method was the risk of collecting inaccurate and incomplete questionnaires, and the non-response rate was high. As a result, the face-to-face method, also called in-person interviews, was also used. Although this method was time-consuming, customers were more likely to easily answer direct questions, and the answers were more accurate.

Moreover, during the internship, we spent a considerable amount of time observing the behavior of the hotel employees and the way in which they interact with their customers and how these customers perceive the services provided to them.

1.6 Data Analysis

The data collected was analyzed by making use of SPSS and descriptive analysis like frequency, mean, standard deviation, and correlation analysis like Pearson’s correlation were used. With reliability analysis, the Cronbach's alpha coefficient was determined for each dimension scale, which shows whether the scales that were used to measure the subject variables are internally consistent.

2. Research Results and Data Analysis

This part presents the statistical findings of the study, as well as the interpretation and discussion of the research results in order to respond to the research questions, and at the end, we suggest some recommendations that may help in improving service quality and customer satisfaction in this hotel.

2.1. Findings and data analysis

2.1.1. Descriptive Statistics

The data was interpreted using frequency distribution tables. The aspects of mean and standard deviation were also applied in analyzing customer responses. The range used to describe the Likert scale questionnaire is shown in the table 7 below:

Table 7: Range of answer options of the Likert scale

Scale	Range	Agreement	Classification
1	1.00 – 1.80	Strongly Disagree	Negative
2	1.81 – 2.60	Disagree	
3	2.61 – 3.40	Neutral	Neutral
4	3.41 – 4.20	Agree	Positive
5	4.21 – 5.00	Strongly Agree	

Source: Chanwaiwit (P.), « Using Effective Feedback to Improve Professionalism as an English Student Teacher », 2019.

Before presenting the results, it is necessary to explain what each code used during data analysis refers to.

In table 8 below, a code was given to each statement in the questionnaire. This code will be used to label each item in this analysis and will reflect the values of the specified variable. The independent variables of our research are: Tangibility (T), Reliability (R), Responsiveness (S), Assurance (A) and Empathy (E). The code (CS) stands for customer satisfaction, which is the dependent variable.

Table 8: Codes of questionnaire items

Variable	Code	Questionnaire statement
TANGIBILITY T	T1	The hotel has modern-looking equipment.
	T2	The hotel has all the necessary facilities, such as parking, WiFi, a swimming pool, sauna, and a health club.
	T3	The hotel's employees are always neat in appearance.
	T4	The bedrooms and meeting rooms are comfortable, clean, quiet and provide the utmost privacy for guests.
	T5	The quality of food and beverage is excellent.
RELIABILITY R	R1	The hotel provides its services at the time it promises to do so.
	R2	The hotel shows a sincere interest in solving customers' problems.
	R3	The hotel provides the service right the first time.
RESPONSIVENESS S S	S1	The employees of the hotel give prompt service to their customers.
	S2	The employees of the hotel are never too busy responding to their customers' requests
ASSURANCE A	A1	The employees of the hotel are consistently courteous and friendly
	A2	The hotel ensures the security and safety of their customers.
	A3	The hotel's employees have the required knowledge to answer guests' questions
EMPATHY E	E1	The hotel's employees give individual attention to customers.
	E2	The hotel employees have the interests of the customers at heart.
	E3	The employees of the hotel understand their customers' personal needs.
CUSTOMER SATISFACTION CS	CS1	This hotel met my specific needs at a reasonable price.
	CS2	Overall, the services provided by this hotel are satisfactory.
	CS3	I would be happy to stay at this hotel again.
	CS4	I am happy with my decision to stay at this hotel.
	CS5	I will recommend this hotel to anyone who asks me for advice.

Source: elaborated by ourselves.

- **General Information About Respondents**

The distribution of respondents was grouped by age, gender, reasons for visit, and number of times a person visited the hotel. This distribution is presented in the table 9 below;

Table 9: Respondents' Profiles

Profile	Characteristics	Frequency	Percentage (%)
Gender	Male	37	72.5
	Female	14	27.5
Age	(18 – 25)	1	2.0
	(26 - 35)	17	33.3
	(36 – 45)	22	43.1
	(46 – 55)	7	13.7
	(Above 55)	4	7.8
The purpose of the visit	Business	26	51.0
	Leisure	3	5.9
	Conference/Meeting	22	43.1
The number of visits to the hotel	This is my first time	16	31.4
	2-3 times	12	23.5
	4-5 times	7	13.7
	More than 5 times	16	31.4

Source: Elaborated by ourselves based on SPSS 26.00 software.

According to the table, the majority of clients surveyed are men (72.5%), and the rest (27.5%) are women.

In terms of the age range of the respondents, only 2% of them were between 18 and 25 years old. The 26 to 35 year old represented 33.3%, while the 36 to 45 year old made up 43.1% of the study population. Customers aged 46 to 55 represented 13.7%. On the other hand, people over 55 years of age constituted 7.8% of the sample.

When asked to specify the purpose of their visit to the hotel, just over half (51%) of respondents have stayed at hotels due to business travel. 43.1% said they visited the hotel to attend conferences or meetings. The remaining 5.9% said they came for leisure.

When guests were asked about the number of visits they had made to the hotels, 31.4% of respondents said they had visited the hotel for the first time. Those who had made 2-5 visits constituted 23.5%, those who had made 6-10 visits were 13.7%, while those who had made more than 5 visits were 31.4%.

The above results show that the hotel's main customers are professionals who visit the hotel several times a year. Therefore, the hotel should focus on providing services that are tailored to what these customers expect to receive from the hotel.

- **Dimensions of service quality**

- ❖ **Tangibility**

Table 10: Frequency distribution for Tangibility

TANGIBILITY										
	T1		T2		T3		T4		T5	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
Strongly disagree	0	0.0%	2	3.2%	0	0.0%	0	0.0%	1	1.6%
Disagree	2	3.2%	6	9.7%	0	0.0%	1	1.6%	10	16.1%
Neutral	9	14.5%	4	6.5%	1	1.6%	3	4.8%	21	33.9%
Agree	32	51.6%	34	54.8%	40	64.5%	33	53.2%	15	24.2%
Strongly agree	19	30.6%	16	25.8%	21	33.9%	25	40.3%	15	24.2%
Total	62	100.0%	62	100.0%	62	100.0%	62	100.0%	62	100.0%

Source: elaborated by ourselves based on SPSS 26.00 software.

Based on the responses obtained, 82.2% of customers said that the hotel has modern looking equipment, and more than half of them also agreed that the hotel has all the needed facilities and equipment.

All responded except for one, agreeing or strongly agreeing that the hotel employees are neatly dressed, and the majority also agreed that the hotel is clean and calm.

When customers were asked to rate the quality of food and beverages at the hotel, 1.6% did not like it at all, 16.1% said that it was not good, another 33.9% were neutral, and the rest, 48.4%, agreed that it was good.

Table 11: Tangibility Descriptive Statistics

Tangibility Descriptive Statistics			
	N	Mean	Std. Deviation
T1	62	4.10	.762
T2	62	3.90	1.003
T3	62	4.32	.505
T4	62	4.32	.647
T5	62	3.53	1.082
Tangibility	62	4.0355	.52043

Source: elaborated by ourselves based on SPSS 26.00 software

The above table reflects descriptive data for the tangibility dimension. The overall mean of this dimension is greater than (> 3.41). In other words, the majority of participants were happy with the appearance of the hotel and its employees, as well as its physical facilities and visual materials.

The standard deviation of food and beverages was the highest (> 1) in this dimension, which means that the quality of food is not stable in AZ Zeralda, and this is what we noticed when interviewing customers. On some days, the majority of customers rate the food as excellent. On other days, however, the majority said it was not so good. And sometimes they were just neutral.

❖ Reliability

Table 12: Frequency distribution for Reliability

Reliability						
	R1		R2		R3	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Strongly disagree	0	0.0%	0	0.0%	0	0.0%
Disagree	3	4.8%	2	3.2%	0	0.0%
Neutral	7	11.3%	14	22.6%	7	11.3%
Agree	38	61.3%	32	51.6%	33	53.2%
Strongly agree	14	22.6%	14	22.6%	22	35.5%
Total	62	100.0%	62	100.0%	62	100.0%

Source: elaborated by ourselves based on SPSS 26.00 software

According to the table, 61.3% of the guests agreed that the hotel was able to provide the promised service, 11.3% were neutral, and only 4.8% disagreed with this statement.

22.6% of respondents were neutral, when asked if the hotel showed a sincere interest in resolving their problems, a bit more than half agreed with this statement, and 22.6% strongly agreed. On the other hand, 3.2% of the guests disagreed.

More than half of the respondents to the questionnaire agreed that the hotel provided the service correctly the first time, and 35.5% strongly agreed. On the other hand, none of them disagreed with this statement, but some were neutral.

Table 13: Reliability Descriptive Statistics

Reliability Descriptive Statistics			
	N	Mean	Std. Deviation
R1	62	4.02	.735
R2	62	3.94	.765
R3	62	4.24	.645
Reliability	62	4.0645	.56568

Source: elaborated by ourselves based on SPSS 26.00 software

In this table, which relates to the reliability dimension items, the mean of each question and the mean of all questions together (4.06) is greater than (>3.41), in other words, on average, customers agree on the reliability statements.

❖ Responsiveness

Table 14: Frequency distribution for Responsiveness

RESPONSIVENESS				
	S1		S2	
	Frequency	Percent	Frequency	Percent
Strongly disagree	3	4.8%	7	11.3%
Disagree	2	3.2%	2	3.2%
Neutral	5	8.1%	3	4.8%
Agree	25	40.3%	27	43.5%
Strongly agree	27	43.5%	23	37.1%
Total	62	100.0%	62	100.0%

Source: elaborated by ourselves based on SPSS 26.00 software

As shown in the table above, the majority of guests (40.3% agree and 43.5% strongly agree) believe that the hotel provided them with prompt service. However, 8.1% were neutral, 3.2% disagreed, and 4.8% strongly disagreed.

On the other hand, 43.5% of respondents agree that the employees are never too busy to respond to your request; 37.1% strongly agree; 4.8% are neutral; and 14.5% disagree.

Table 15: Responsiveness Descriptive Statistics

Responsiveness Descriptive Statistics			
	N	Mean	Std. Deviation
S1	62	4.15	1.038
S2	62	3.92	1.258
Responsiveness	62	4.0323	.99947

Source: elaborated by ourselves based on SPSS 26.00 software

The overall mean for the responsiveness dimension is 4.03, which is higher than 3.41 and means that more respondents agree that hotel employees are always willing to help their guests than those who do not. However, the standard deviation of responsiveness is very high (almost 1), especially with S2 which means that customers have very different perspectives towards the willingness and flexibility of employees to serve and help customers.

According to what was noticed at the hotel, the front office desk is sometimes empty when reception employees have other tasks to perform, so when customers come and find it empty, they get the impression that they might be too busy to serve them. This may be one of the reasons for the fluctuation of answers.

❖ Assurance

Table 16: Frequency distribution for Assurance

ASSURANCE						
	A1		A2		A3	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Strongly disagree	0	0.0%	0	0.0%	0	0.0%
Disagree	0	0.0%	0	0.0%	2	3.2%
Neutral	1	1.6%	1	1.6%	5	8.1%
Agree	29	46.8%	28	45.2%	40	64.5%
Strongly agree	32	51.6%	33	53.2%	15	24.2%
Total	62	100.0%	62	100.0%	62	100.0%

Source: elaborated by ourselves based on SPSS 26.00 software

As shown in the table above, almost all of the guests surveyed (98.4%) consider the hotel employees to be courteous and friendly (46.8% agree, 51.6% strongly agree), and only 1.6% are neutral.

The majority of respondents consider the hotel to be a very safe place, and only 1.6% of them are neutral. In addition, 88.7% of the respondents believe that the hotel employees have the knowledge to answer their questions.

Table 17: Assurance Descriptive Statistics

Assurance Descriptive Statistics			
	N	Mean	Std. Deviation
A1	62	4.50	.536
A2	62	4.52	.535
A3	62	4.10	.670
Assurance	62	4.3710	.44396

Source: elaborated by ourselves based on SPSS 26.00 software

The table above presents descriptive statistics of the assurance dimension. On average, guests surveyed strongly agree (mean > 4.21) on the items related to this dimension, which means that the hotel is safe and builds trust and credibility in the minds of its customers.

❖ Empathy

Table 18: Frequency distribution for Empathy

EMPATHY						
	E1		E2		E3	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Strongly disagree	2	3.2%	3	4.8%	4	6.5%
Disagree	6	9.7%	3	4.8%	3	4.8%
Neutral	8	12.9%	8	12.9%	11	17.7%
Agree	27	43.5%	28	45.2%	24	38.7%
Strongly agree	19	30.6%	20	32.3%	20	32.3%
Total	62	100.0%	62	100.0%	62	100.0%

Source: elaborated by ourselves based on SPSS 26.00 software

Regarding empathy, 12.9% of respondents neither agree nor disagree with the statement that hotel employees give individual attention to guests. 43.5% agreed, 30.6% strongly agreed, and only 12.9% rejected the statement.

12.9% of the respondents were neutral when asked whether or not employees had their best interests at heart. However, 77.5% of responses were positive and only 9.6% were negative.

Similarly, 17.7% of respondents did not give a clear opinion on whether hotel employees understand their personal needs. But 38.7% answered that they agreed and 32.3% strongly agreed. On the other hand, 6.5% strongly disagreed with the statement and 4.8% disagreed.

Table 19: Empathy Descriptive Statistics

Empathy Descriptive Statistics			
	N	Mean	Std. Deviation
E1	62	3.89	1.057
E2	62	3.95	1.047
E3	62	3.85	1.129
Empathy	62	3.8978	1.01283

Source: elaborated by ourselves based on SPSS 26.00 software

The mean dimension of empathy is in the range of 3.41 to 4.20, indicating that, on average, guests agree that the hotel provides attention and care to each guest. However, the standard deviation is greater than one for all statements, meaning that guests' responses tend to deviate from the mean, which implies that each guest has a different perspective on how much employees care and provide personalized attention to them.

❖ Overall Service Quality

Table 20: Service Quality Dimensions: Descriptive Statistics

Service Quality Dimensions Descriptive Statistics			
	N	Mean	Std. Deviation
Tangibility	62	4.0355	.52043
Reliability	62	4.0645	.56568
Responsiveness	62	4.0323	.99947
Assurance	62	4.3710	.44396
Empathy	62	3.8978	1.01283
Valid N (listwise)	62		

Source: elaborated by ourselves based on SPSS 26.00 software

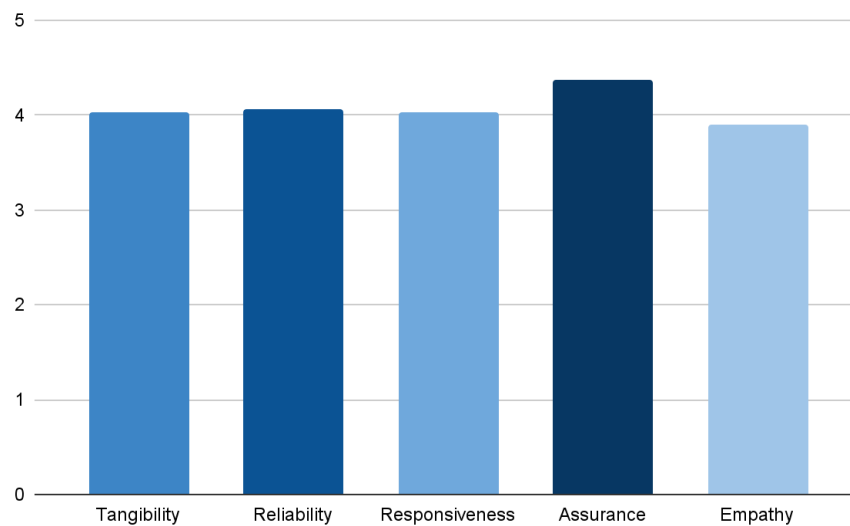


Figure 21: Service Quality Dimensions

Source: elaborated by ourselves based on SPSS 26.00 software

In terms of the SERVQUAL dimensions, and based on the average responses from guests, the AZ Zeralda Hotel performed fairly well in all five dimensions, namely: tangibility (mean = 4.0355), reliability (mean = 4.0645), responsiveness (mean = 4.0323), and assurance (mean = 4.371), and finally empathy, which ranked the least with a mean = 3.8978.

The standard deviation is less than one for all variables except empathy and responsiveness, meaning that customer responses tend to be close to the mean value.

Based on the table and the figure, we can clearly see that the quality of service at AZ Zeralda hotel is relatively high.

- **Customer satisfaction**

Table 21: Frequency distribution for Customer Satisfaction

Customer Satisfaction										
	CS1		CS2		CS3		CS4		CS5	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
Strongly disagree	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Disagree	8	12.9%	0	0.0%	0	0.0%	1	1.6%	0	0.0%
Neutral	17	27.4%	3	4.8%	8	12.9%	3	4.8%	7	11.3%
Agree	32	51.6%	45	72.6%	30	48.4%	31	50.0%	30	48.4%
Strongly agree	5	8.1%	14	22.6%	24	38.7%	27	43.5%	25	40.3%
Total	62	100.0%	62	100.0%	62	100.0%	62	100.0%	62	100.0%

Source: elaborated by ourselves based on SPSS 26.00 software

The above table shows how satisfied guests were with their stay at the AZ Zeralda Hotel. More than half of the guests said that the hotel met their specific needs at a reasonable price. The rest of them had different opinions; 12.9% disagreed, and 27.4% were neutral.

Overall, 95.2% of respondents were satisfied with the services provided by the hotel, and only 4.8% were neutral, and none disagreed.

Almost all of the guests surveyed were very satisfied with their decision to stay at AZ Zeralda, and 88.7% of them responded that they would definitely recommend this hotel to others in their circle.

Table 22: Descriptive Statistics of Customer Satisfaction

Descriptive Statistics			
	N	Mean	Std. Deviation
CS1	62	3.55	.823
CS2	62	4.18	.497
CS3	62	4.26	.676
CS4	62	4.35	.655
CS5	62	4.29	.663
Customer Satisfaction	62	4.1258	.51372

Source: elaborated by ourselves based on SPSS 26.00 software

As shown in the table, the average of the third, fourth, and fifth satisfaction statements are in the range (4.21 to 5), indicating that most guests are extremely satisfied with their stay at AZ Zeralda Hotel and would definitely recommend it to others. The average responses of the first and second satisfaction statements are in the range (of 3.41 and 4.20), which means that, in general, guests are satisfied with the hotel's services and find its price quite adequate. However, the standard deviation of the first statement is higher, which indicates that customers' responses are not consistent in terms of how each perceives the relationship between price and satisfaction.

2.1.1. Correlation Analysis

In this part, we aim to calculate the strength of the relationship between the SERVQUAL dimensions of quality and customer satisfaction in order to test our hypotheses. First, we should estimate the amount of correlation between different variables.

We have chosen to use the correlation test, because it allows us to verify the existence of a relationship between the independent variables and the chosen dependent variable.

In this study, customer satisfaction is considered as the dependent variable and the five dimensions of service quality, which are: Tangibility, Reliability, Responsiveness, Assurance, and Empathy, as the independent variables.

It is important to mention that in the Pearson correlation, 1 indicates a perfect positive correlation. The closer the correlation coefficient is to the extreme values of 1, the stronger the correlation between the variables. The closer it is to 0, the weaker it is. -1 indicates a perfect negative correlation, and 0 indicates no correlation at all.

Here, the p-value is low (less than 0.05), which means that the following correlations are statistically significant, and it is possible to use the Pearson coefficient.

Table 23: Correlation test

Factors	Correlation	Customer satisfaction
Tangibility	Pearson Correlation	.505 (**)
	Sig. (2-tailed)	.000
	N	62
Reliability	Pearson Correlation	.487(**)
	Sig. (2-tailed)	.000
	N	62
Responsiveness	Pearson Correlation	.391(**)
	Sig. (2-tailed)	.001
	N	62
Assurance	Pearson Correlation	.516(**)
	Sig. (2-tailed)	.000
	N	62
Empathy	Pearson Correlation	.393(**)
	Sig. (2-tailed)	.001
	N	62

* Correlation is significant at the 0.05 level (2-tailed)

Source: Elaborated by ourselves based on SPSS 26.00 software

As shown in the table above, the correlation between tangibility as an independent factor and customer satisfaction as a dependent factor is ($r = 0.505^{**}$, $p < 0.01$), which means that these variables are positively correlated. Assurance also has a correlation of ($r = 0.516^{**}$, $p < 0.01$) with customer satisfaction, which is the highest among other dimensions. According to the test, reliability has a moderate correlation ($r = 0.487^{**}$, $p < 0.01$) with customer satisfaction. It is clear that responsiveness is positively correlated with customer satisfaction ($r = 0.391^{**}$, $p < 0.01$), as well as empathy ($r = 0.393^{**}$, $p < 0.01$) but the correlation is low.

2.2. Discussion of the Research Findings

- The sample size of this study is 62 guests. The majority of them are men (72.5%). The main purposes for visiting AZ Zeralda are business travel and attendance of professional events, which explains why most of the respondents were professional clients of the hotel.
- The results of this research show that the five dimensions, including tangibility, reliability, responsiveness, assurance, and empathy are perceived as high quality by customers, which confirms our first hypothesis that AZ Zeralda offers a high quality of service.
- Among the five dimensions, assurance received the highest average score, indicating that the majority of guests feel safe at Hotel AZ Zeralda, and believe that the hotel's employees convey trust and have sufficient skills and knowledge to provide polite and courteous service. The majority of guests also agree that the hotel's services are completed on time and without errors, making reliability take second place after assurance. The tangibility dimension, which includes the physical aspects of the hotel, ranked third.
- The overall average for responsiveness is relatively high. However, customers do not have the same opinion on this dimension as the standard deviation is close to 1, which means that their answers are respectively above or below the average, and this perfectly explains our observations during our internship in AZ hotels where it was noticed that front office employees are not always available at the front desk because they have other tasks to perform, which gives the impression that they are sometimes too busy to serve customers and respond to their requests quickly.
- Empathy has the lowest mean score and the highest standard deviation, which is greater than 1. This means that guests have different opinions on the extent to which they feel the hotel gives individual attention to guests and understands their specific needs. The previous observation can also be the cause of this result.
- In general, guests are very satisfied with the services provided by the hotel and the majority of them express their extreme happiness in choosing to stay at AZ Zeralda Hotel and are willing to recommend it to others.
- Based on regression analysis findings, all of the five SERVQUAL dimensions are positively correlated to customer satisfaction at the level of $p < 0.01$ and have an impact

on it, which confirms our second hypothesis that there exists a positive correlation between service quality and customer satisfaction.

- Based on the results of the correlation analysis, all five SERVQUAL dimensions are positively correlated with customer satisfaction at the $p < 0.01$ level and have an impact on it. This confirms our second hypothesis, that there is a positive correlation between service quality and customer satisfaction.
- It was noted that the most significant service quality dimension for customer satisfaction is assurance ($r = 0.516^{**}$). Tangibility also plays an important role in customer satisfaction as it has a significant correlation with customer satisfaction equal to ($r = 0.505^{**}$). Similarly, based on the correlation coefficient between reliability and customer satisfaction which is $r = 0.487^{**}$, it shows positive relationships between them.
- In addition, responsiveness and empathy were also found to have a positive correlation with customer satisfaction, but it was less significant at this hotel: $r = .391^{**}$ for responsiveness and $r = .393^{**}$ for empathy.
- Among the 5 quality dimensions, 3 of them have a significant impact on customer satisfaction, namely: assurance, tangibility, and reliability, while responsiveness and empathy are the ones that do not reveal this clear impact. Based on this result, we can reject our third hypothesis that all five dimensions of service quality have a significant influence on customer satisfaction.

2.3. Recommendation

After having evaluated the quality of the service within the hotel as well as the satisfaction of its clientele, we noticed some flaws and weaknesses during the internship at the hotel and by our survey, which require a considerable improvement.

In order to improve the quality of the hotel's services, we suggest the following recommendations:

- Hotel staff are an important factor in the success of a business, as it is the employees who provide and deliver services to customers. AZ Zeralda should invest in the development of its staff, strive to educate them on the importance of customer satisfaction, and continuously motivate and reward them when they achieve customer satisfaction goals, as happy staff translates into happy customers.

- AZ Zeralda should pay more attention to improving the empathy dimension by providing more personalized services to customers and making each customer feel that no one else at that moment is more important than him or her, so we recommend that front desk attendants make more of an effort to recognize or call their customers by name, show them that they are eager to help, remember their preferences, and show them that they are always able to provide valuable information.

This study adopted the dimensions of the SERVQUAL model to investigate the impact of service quality components on customer satisfaction in the hotel industry. To answer our research questions and test our hypothesis, we conducted a survey at the AZ Zeralda Hotel. The data was collected from a questionnaire that was distributed to the hotel's guests.

According to the research findings, we found that, in addition to the other factors that may influence customer satisfaction that were discussed in the second chapter, service quality plays an important role as a driver for increasing the level of customer satisfaction in the hotel industry.

All dimensions are important to customers, but some more than others. Service providers need to know which dimensions most affect the satisfaction of their customers. At the same time, they cannot focus on one dimension and let the others suffer. In AZ Zeralda's case, assurance, tangibility, and reliability have the highest impact. The dimensions with the least impact on customer satisfaction are empathy and responsiveness.

General conclusion

This work focused on the analysis of service quality and its effect on customer satisfaction in the hotel sector. The objective was to determine which dimensions of service quality led to higher guest satisfaction. It highlighted that service quality and customer satisfaction are two key concepts in any organization, especially in the service sector. Good service quality consistently delivers the best customer experience, which then leads to customer satisfaction. It is very difficult to track the entire service delivery process, but it is in the hands of today's organizations to evaluate their service quality level and continuously improve it.

This work allowed us to better understand service marketing and how it is actually applied in the hotel industry. Through the 3 months internship at the AZ Zeralda Hotel, it also allowed us understand the impact of the service quality dimensions on customer satisfaction in the hotel industry and answer the following question: *How do the five dimensions of service quality contribute to customer satisfaction in the hotel industry?*

The surveys data analysis regarding the five dimensions of service quality (according to Parasuraman and Berry's SERVQUAL model) made it possible to confirm the first and the second hypothesis and reject the third one:

Hypothesis 01:

It is a **confirmed hypothesis** that the AZ Zeralda Hotel offers a high quality of service to its customers. According to the descriptive analysis in this research, the overall mean of the guests' responses for all the 5 service quality dimensions exceeded 3.41, and the majority (95.2%) agreed or strongly agreed that "services provided by this hotel are satisfactory," which means that the service quality of the hotel is perceived as high by the customers.

Hypothesis 02:

"There is a significant correlation between service quality and customer satisfaction," a **confirmed hypothesis**. Based on the correlation test, we found that:

- Tangibility is positively correlated to customer satisfaction ($r = 0.505^{**}$, $p < 0.01$)
- Assurance also has a correlation of ($r = 0.516^{**}$, $p < 0.01$) with customer satisfaction.
- Reliability has a positive correlation ($r = 0.487^{**}$, $p < 0.01$) with customer satisfaction.
- Responsiveness is positively correlated with customer satisfaction ($r = 0.391^{**}$, $p < 0.01$).
- Empathy is positively correlated to customer satisfaction ($r = 0.393^{**}$, $p < 0.01$).

The above results mean that service quality is positively correlated with customer satisfaction.

Hypothesis 03:

“The five dimensions of service quality have a significant influence on customer satisfaction,” is a **rejected hypothesis**. Among the 5 quality dimensions, 3 of them have a significant impact on customer satisfaction, whereas empathy and responsiveness do not reveal this clear impact because they have a low correlation with customer satisfaction. According to the research findings, the overall guests’ satisfaction in AZ Zeralda Hotel, basically depends on 3 service quality dimensions (Reliability, Responsiveness and Assurance).

The main factor limiting AZ Zeralda Hotel's ability to achieve a higher level of customer satisfaction is the standardization of services. I recommend that they make more effort to personalize their offerings as much as possible. We also find that management needs to adopt new and more advanced CRM procedures.

During the development of this thesis, we encountered some difficulties including:

- It was difficult to reach the estimated sample size (100 respondents) because most of the hotel guests are business travellers who are guests on a mission, and they stay at the hotel for work purposes. Typically, their days are long and filled with meetings. Most of the guests who declined to respond to the questionnaire stated that they were either too busy or too tired to respond.
- The non-response rate was very high; the questionnaire was on paper, and the papers dropped off in various hotel rooms were collected either empty or incorrectly filled out, so we had to resort to face-to-face interviews to make sure the questionnaire was completely and correctly filled out, which was time-consuming.
- The time set for data collection was longer than expected. We started collecting data during the holy month of Ramadan, when the hotel's activity was so low and there were so few guests coming to the hotel, that we were only able to collect a very small number of respondents during the entire month. This added pressure on us to collect as many responses as possible during the month of May, which was so tiring and stressful.

The main limitation of this research is that it is limited to one hotel. We encourage students to conduct other qualitative analyses on other hotels and compare the results in order to obtain a broader view of customer satisfaction in the Algerian hotels. In addition, it would be

interesting to conduct further research regarding customer satisfaction with the quality of other service businesses such as restaurants, travel agencies, and airlines.

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APPENDICES

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Appendix 1: Questionnaire

Research Questionnaire

I am a final year Marketing student at the School of Higher Commercial Studies of Algiers (EHEC ex INC). As part of the elaboration of my thesis for the obtention of a Master's degree in commercial sciences, I kindly invite you to participate in this survey by filling in the following questionnaire. The objective of this survey is to identify the contribution of service quality provided by “AZ Hotels Zeralda” to customer satisfaction. The results will be confidential and only used for academic purposes.

I thank you in advance for your precious collaboration.

Part 01: performance of hotel services

Please indicate the extent to which you think this hotel provided or met the features described in each statement. Mark the best alternative for you, on a scale of 1 to 5.

		Strongly disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly agree 5
Tangible	The hotel has modern-looking equipment.					
	The hotel has all the necessary facilities, such as parking, Wi-Fi, a swimming pool, sauna, and a health club.					
	The hotel's employees are always neat in appearance.					
	The bedrooms and meeting rooms are comfortable, clean, quiet and provide the utmost privacy for guests.					
	The quality of food and beverage is excellent.					
Reliability	The hotel provides its services at the time it promises to do so.					

	The hotel shows a sincere interest in solving customers' problems.					
	The hotel provides the service right the first time.					
Responsiveness	The employees of the hotel give prompt service to their customers.					
	The employees of the hotel are never too busy responding to their customers' requests.					
Assurance	The employees of the hotel are consistently courteous and friendly.					
	The hotel ensures the security and safety of their customers.					
	The hotel's employees have the required knowledge to answer guests' questions.					
Empathy	The hotel's employees give individual attention to customers.					
	The hotel employees have the interests of the customers at heart.					
	The employees of the hotel understand their customers' personal needs.					

Part 02: Customer satisfaction

Please indicate how satisfied you were with your experience at this hotel. Mark the best alternative for you, on a scale of 1 to 5.

CS	Strongly disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly agree 5
This hotel met my specific needs at a reasonable price.					
Overall, the services provided by this hotel are satisfactory.					
I would be happy to stay at this hotel again.					
I am happy with my decision to stay at this hotel.					
I will recommend this hotel to anyone who asks me for advice.					

Part 03: Demographic information

gender

- Male
- Female

Age

- (18 – 25)
- (26 - 35)
- (36 – 45)
- (46 – 55)
- (Above 56)

Purpose of stay

- Business
- Leisure
- Conference/meeting
- Other:

How many times have you been in this hotel?

- This is my first time
- 2-3 times
- 4-5 times
- More than 5 times

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