SERVICE QUALITY IN SYDNEY HOTELS: 
A PERSPECTIVE FROM 
MANAGERS, STAFF AND CUSTOMERS

by
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A thesis submitted to the University of Western Sydney 
in part fulfilment of the requirements for the degree of Doctor of Philosophy

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Dedication

Harry Ford (1967) said...believe in the best, think your best, study your best, never be satisfied with less than your best, try your best, and in the long run things will turn out for the best.

This thesis is the best I can do, and I could never have done it without the support and encouragement of my husband John Presbury, who never ever gave up on me despite the heavy odds against us.
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It is impossible in a few lines on a page to express ones gratitude to three people who have given so much guidance, listened to so many complaints, and consistently provided most needed feedback.

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To Professor Ross Chapman, thank you for all the time and effort you have given to reading and re-reading and providing the big-picture perspective.

To Dr Graham Massey, thank you for all the statistics lessons, and for answering my incessant questions.
Statement of Authentication

I hereby declare that this thesis is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person nor material to which a substantial extent has been accepted for the award of any other degree or diploma of a university or other institute of higher learning, except where due acknowledgement has been made in the text of the thesis.

Signed: ......................................................

Date: .......................................................
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Abstract

Since the early 1980s there has been a growing interest globally in service quality, driven by the supposition that high service quality will lead to more satisfied customers. Satisfied customers will remain loyal and spread positive word-of-mouth advertising, and therefore improving service quality is linked to competitive advantage. In Australia the recognition that the service industry is a significant economic driver has resulted in an increasing interest in service quality. Sydney, as the most popular tourist destination in Australia, has a large number of hotels that represent a critical component of the local service industry. To respond to the rising attention to impacts of service quality on the hospitality industry this thesis explores service quality within the hotel sector of Sydney, Australia. The research presents and discusses a comprehensive analysis of the expectations and perceptions of key actors, the customers, managers and employees of hotels, along with a service performance analysis, using both qualitative and quantitative data collection.

Despite the fact that the concept of service quality in tourism and hospitality has been researched for over two decades, limited understanding exists of the hotel sector of Sydney, Australia. Thus the primary focus of this research is to analyse the needs, expectations and perceptions of three-, four- and five-star hotel customers in Sydney, Australia.

This research, which seeks to address the gaps within the tourism and hospitality literature surrounding service quality in Sydney hotels, is guided by two main research questions:

First, what are the main factors that customers consider to be important in the evaluation of service quality in three-, four- and five-star hotels? To answer this question it was necessary to: 1) examine what attributes customers use in choosing between three-, four- and five-star hotel accommodation in Sydney; 2) determine management’s perceptions of the attributes they believe are important in patrons’
choice process when deciding between alternative three-, four- and five-star accommodation providers in Sydney; 3) use the SERVQUAL framework to develop measures of service quality in three-, four- and five-star hotels in Sydney; 4) evaluate the validity of the SERVQUAL framework in the context of three-, four- and five-star hotels; 5) identify which of the dimensions is the most important in delivering customer satisfaction in three-, four- and five-star hotels.

Second, how well are these hotels delivering the required levels of satisfaction to their customers? To answer this question it was necessary to: 1) ascertain from the perspective of both management and staff what impediments exist within the hotel sector to delivery of quality service; 2) compare the perception of performance with customer expectations to identify discrepancies; 3) identify those aspects of hotel service that require attention and modification in terms of teaching and learning; 4) identify the perceptions of performance by customers of Sydney hotels; 5) compare managers’ perceptions of performance with those of customer perception in this area.

In order to address the research questions outlined above, a mixed methodology grounded in the pragmatic paradigm was adopted. The pragmatic paradigm allows for mixed methods research and was chosen because it reflects the exploratory nature of the research to be undertaken through multiple methods. The methodological approach in this thesis was undertaken in four phases: Phase 1, the qualitative phase, where individual interviews and fieldwork provided the groundwork for questionnaire development; Phase 2, the quantitative phase, where the questionnaire was developed and extensively tested; Phase 3, the continuation of the quantitative phase, which included employment of the highly structured questionnaire; and Phase 4, the final phase, using the triangulation technique to combine and explain the data collected.

The results of this research revealed that respondents hold numerous and differing views about the notion of service quality. In general, respondents provided an overview of the attributes customers use in choosing between three-, four- and five-star hotel accommodation in Sydney, which both confirmed and added to previous research. Managers demonstrated understanding of customers’ expectations, but showed high levels of frustration with the multiple impediments to delivering quality services to customers within the hotel sector. The SERVQUAL framework proved to be useful in measuring service quality in three-, four- and five-star hotels.
in Sydney; measures needed, however, considerable refinement in terms of context to be useful to hotel managers in Sydney.

A number of relationships were established, including correlations between: customer expectations and service quality; customer satisfaction and service quality; customer loyalty/retention and service quality; price/value and service quality. These findings will allow managers of hotels to make better decisions in terms of resources. Additionally, a number of areas were identified as needing modification to improve service quality in three-, four- and five-star hotel accommodation in Sydney. These include paying greater attention to employee and customer contact, and making modifications in the broad area of human resources.

Overall this thesis adds to the body of literature concerning service quality, with a specific emphasis on Sydney, Australia. This thesis provides a better understanding of those aspects of service that are considered by customers to be important in their overall experience, and makes suggestions about the changes that can be made to improve customer experience. Further, the identification of impediments to service quality delivery highlights the problems for staff and managers in delivering what the hotel promises. This information can then be used to inform management of the changes that can be made to achieve better performance.
Chapter One
Introduction

1.1 Introduction
In Australia, as in much of the developed world, the service industry has emerged as a significant economic driver that plays an important role in the development of national and regional wealth. As a sub-sector of the service industry, tourism has gained increasing attention worldwide mainly because of its significant contribution to the generation of income and employment. The tourism industry contributed 3.7 per cent to Australia’s overall Gross Domestic Product (GDP) in the 2004 to 2005 period (ABS 2006a). The hotel sector is a vital component of tourism due to its role in providing accommodation and related services to overnight and long-term visitors (Cooper et al. 2005). Furthermore the hotel sector is one of the largest contributors to tourism’s GDP input, accounting for 11.8 per cent of tourism’s gross value during this same financial year 2004 to 2005 (ABS 2006a).

As a result of this booming service industry, service quality has received considerable attention from both academics and practitioners (Baum 2007; Collins 2007; Sinhg, Hu & Roehl, 2007). The focus on service quality is in part due to the assumption that high service quality will lead to increased profits, as customers will be satisfied with the service they receive, will remain loyal, will spread positive word-of-mouth advertising to others, and overall expenditure on hotel services will increase (Kandampully et al. 2001).

A key goal in service quality theory has been to identify customer expectations and perceptions of the services provided. Specifically, it seeks to determine specific attributes that will influence important outcomes by the customer, as well as identify certain relationships between perceptions and outcomes, such as loyalty, price and satisfaction.
This thesis explores service quality within the hotel sector of Sydney, Australia. The research presented and discussed was based on a comprehensive analysis of key actors’ (customers, managers and employees of hotels) expectations and perceptions, accompanied by a service performance analysis, using both qualitative and quantitative data collection.

The primary focus of this research is to analyse the needs, expectations and perceptions of three-, four- and five-star hotel customers in Sydney, Australia. A set of items measuring service and quality, based on the SERVQUAL model, was developed and evaluated. The SERVQUAL model is a multi-item instrument developed by Parasuraman, Zeithaml and Berry (1988) to measure service quality, using an approach involving a comparison of customer expectations and perceptions.

Whilst it is recognised that the theme of service quality is not new, few studies have examined the impediments to service quality or evaluated the SERVQUAL model in the context of three-, four- and five-star hotels; and none has tested this in the context of Sydney hotels. In addition, no previous study has investigated the contribution to satisfaction that comes from price, value and location, as these factors lie outside the standard SERVQUAL dimensions. Therefore this thesis makes an original contribution to the theory of service quality generally and the hotel context specifically. In using the SERVQUAL framework, together with previous research and the qualitative feedback from customers, managers and employees of hotels, this thesis develops measures of service quality in three-, four- and five-star hotels in Sydney and has developed a refined set of measures for managerial use.

The purpose of this opening chapter is to provide the background to this research, including the research objective and its underpinning questions, as well as an introduction to the theoretical basis for the research. This chapter also outlines the methodology adopted for this research. It concludes with a discussion of the managerial and academic importance of the chosen topic, and shows how this research will contribute new insights to the existing body of research in service quality.
1.2 Background to the research
This research was stimulated by the researcher’s interest in hotel management, a
direct outcome of having been a hotel manager in her previous career, and more
specifically her interest in the way Sydney hoteliers were coping with the pressures
of increasing service quality expectations by customers. In addition, the researcher
was interested in how quality is maintained despite the greater push by shareholders
for increased profits, particularly with a critical skills shortage currently being
experienced in Australia whilst at the same time coping with the competitive
pressures to reduce prices for hotel accommodation.

Hotels play an important role in the tourism business as they provide facilities
for the transaction of business, for meetings and conferences, and for recreation and
entertainment. According to Middleton & Clarke (1999), accommodation plays a
functional role in that it provides the facilities that make it possible, convenient and
comfortable to travel. In his conceptual model of the tourism market system, Hall
(1995) regards accommodation as one of the most critical components of the demand
side, because accommodation will have a major influence on the type of visitors to a
destination. As argued by Young; “Accommodation more than any other component,
will influence the sort of industry a destination will develop” (1973:15). Hotel
establishments are vital contributors to the overall visitor satisfaction at a particular
destination, and, as Cooper (1996) suggests, “accommodation provides an essential
support service for the wider motivation which has brought the visitor to the
destination”. Hence, the hotel sector’s role is to provide consumers with the kind of
service that will satisfy current customers and motivate new customers.

In Australia, as in other countries, there has been a growth in consumerism,
that is, the desire by consumers to satisfy their wants by increasing both the quantity
and the variety of their purchases of goods and services (McColl-Kennedy 2003).
This has resulted in customers expecting to receive products and services of a much
higher standard (Hall 1995; Pearce et al. 1998; Weaver et al. 2000). According to
Cooper et al. (1996:172); “Customers are travelling more widely, returning with new
ideas and new standards regarding accommodation provision”. Accordingly,
competitiveness in the hotel industry has increased around the globe, forcing hotels
to offer better amenities, superior service and loyalty programmes at a price that
reflects value (Chaisawat 1998).
The accommodation sector depends to a great extent on return business and word-of-mouth recommendations, which can only come from satisfied customers, as stated by Cooper et al. (1996): “The accommodation market is highly competitive, competing for the consumers’ disposable income…competition often centres on issues of facilities, image, service and the quality of the provision” (172). If business is to survive, the three-, four- and five-star accommodation sector must commit to delivering superior levels of customer satisfaction in order to remain competitive and financially successful.

The ever-increasing competitiveness in the current environment has become a strategic issue for the hotel sector. Consequently, more and more hotel companies have had to redesign and redefine themselves, reduce costs and enhance customer satisfaction, in order to gain a competitive advantage. It is the quality components of any service provision that have the greatest potential to create competitive advantage, as has been previously argued by Parasuraman et al. (1988), Saleh and Ryan (1991), Gronroos (2000), and Kandampully et al. (2002). This is especially true for competing hotels that are in a similar accommodation category.

In order to develop an effective competitive strategy based on service quality components, hotel managers must have a sound understanding of the market within which they operate. To do so, it is useful to identify the wants and needs of their target customers, as well as gaining a greater understanding of the strengths and weaknesses of the services they provide. Further, it is vital for hotel managers to understand how their customers evaluate the facilities and services they offer. Therefore, measurement of service quality is essential for hotel managers, because an accurate understanding of how hotel customers evaluate that service will allow them to respond positively to the outcomes of such measurement.

1.3 Research objective and questions
The objective of this research is to investigate consumers’ needs and expectations with regard to service quality within the hotel sector of Sydney, and to investigate the level to which the required measures of service quality are determined and met by hotels in Sydney. (Furthermore, is usually unnecessary) This research seeks to uncover the most important attributes customers use in choosing between hotels, and their relative importance, as perceived by consumers, managers and employees.
The study is therefore guided by two main research questions, each with some sub-questions:

RQ1  *What are the main factors that customers consider to be important in the evaluation of service quality in three-, four- and five-star hotels?*

RQ 1.1 What attributes do customers use in choosing between three-, four- and five-star hotel accommodation in Sydney?

RQ 1.2 What are managers’ perceptions of the attributes they believe are important in patrons’ process of choice when deciding between alternative three-, four- and five-star accommodation providers in Sydney?

RQ 1.3 Is the SERVQUAL framework useful for developing a refined set of measures for managerial use in developing measures of service quality in three-, four- and five-star hotels in Sydney?

RQ 1.4 What is the validity of the SERVQUAL framework in the context of three-, four- and five-star hotels?

RQ 1.5 Which of the identified dimensions of service quality are most important in delivering customer satisfaction in three-, four- and five-star hotels in Sydney, Australia?

RQ2  *How well are these hotels delivering the required levels of satisfaction to their customers?*

RQ 2.1 From the perspective of both managers and staff what are the impediments within the hotel sector to delivering quality service?

RQ 2.2 What is the difference between managers’ perceptions and customers’ expectations?

RQ 2.3 What aspects of hotel service require attention and modification in terms of teaching and learning about service delivery?

RQ 2.4 What is the customer perception of service performance in three-, four- and five-star hotels?

RQ 2.5 What is the difference between managers’ perception of performance of their hotel and customers’ perception of performance?
1.4 Research context
This research is undertaken in hotels based in and around the central business district (CBD) of Sydney, Australia. As previously stated, hotels form an integral part of tourism, with their central role being the provision of accommodation. However, hotels also take large parts of the tourism revenue, and employ a large proportion of staff in tourism.

There is a wide range of hotel types in Sydney, and there is no clear global criterion for classifying hotels. However, combinations of principal criteria are used. Hotels are commonly referred to as being of different types, such as residential, all suite, resort, commercial, transient, casino and airport. As this does not describe the characteristics adequately, some other methods have been adopted. Hotels may be described by location, city, regional, resort, country; size, small, medium or large, in terms of room capacity; type of guest, corporate, leisure or convention; length of stay, short or long periods of time; transient or residential; and grading systems, such as the star rating system used in Australia and the USA. This research has concentrated on collecting data in the field from three-, four- and five-star hotels as classified by the Australian Automobile Association (AAA).

<table>
<thead>
<tr>
<th></th>
<th>The classification system used in Australia for three-, four- and five-star hotels</th>
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<tbody>
<tr>
<td>★★★</td>
<td>Well appointed, with a comfortable standard of accommodation: above average furnishings and floor coverings.</td>
</tr>
<tr>
<td>★★★★</td>
<td>Exceptionally well appointed, with a high level of facilities: quality furnishings; and a high degree of comfort, presentation and guest services.</td>
</tr>
<tr>
<td>★★★★★</td>
<td>International standard, with a high degree of facilities: outstanding appointments, furnishings and décor; and an extensive range of first-class guest services. A number and variety of room styles and/or suites; choice of dining facilities; and 24-hour room service, housekeeping, and concierge.</td>
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1.5 Theoretical basis for the research on service quality
This research investigates service quality, and examines the literature across several disciplines, including services marketing, operations management and human
resources management. This thesis adopts a marketing perspective to service quality, aimed towards a more genuine understanding of the consumer’s perspective on the quality experienced within a service context. The current emphasis in the hotel sector is on consumer demand and the products and services expected at a particular time and at a price that represents value (Lockwood & Medlik 2001).

During the last decade there has been an emergence and evolution from product marketing to services marketing. According to Wright (1995:37), this change was instigated to: “cope with the increasingly competitive environment and rising consumer expectations”.

1.5.1 Services marketing

Broadly, there are seven differences between service marketing and product marketing (Wright 1995). First, the very nature of the product is different, because when we market a service we are really marketing an experience and not a tangible product. Hart (1998:31) states: “Marketing-minded hoteliers recognise that they are in the business of providing relatively intangible services that produce an experience of hospitality”. Second, the customers are involved in the production process, as they are present during the experience. This inseparability “implies that services are first sold, then produced and consumed simultaneously through interaction between customers and service producers” (Wright 1995:43). Third, the service provider is part of the product, thus causing greater difficulty in maintaining quality control, “the greatest variation in quality occurs in people-based services…” (Wright 1995:45). This is further complicated by the fourth major difference of perceptions between customers. When we try to measure customer satisfaction, the level of satisfaction will not be the same for every customer experiencing the same service. For each customer, the levels of expectations and perceptions of the experience are personal and may result in differences in the level of satisfaction. According to Kotler, Bowen and Makens (1999), achieving customer satisfaction will depend on how well an organisation empowers its employees, in giving them the authority, responsibility and incentives to care for the differing needs of customers in a flexible way.

The fifth major difference is the fact that there are no inventories. “Services are more perishable than are goods thus they cannot be easily stored, saved or inventoried” (Wright 1995:45). The challenge for marketers is to balance supply and
demand; initially, to stimulate demand, but, when demand exceeds capacity levels, then the task is to manage the demand. The sixth major difference is the time factor, because customers need to be present to receive service, This is confirmed by Lovelock (1991:7), who states: “When customers are present, they expect the service to be performed on time, which they often define as when they want it”.

The seventh difference between product marketing and service marketing refers to the differences in the use of distribution channels. Customers come to the service provider to consume the service and have personal contact with the producers of the service. This brings about special challenges for the distribution of services, as the employees of the firm will have a direct impact on customer satisfaction levels through their performance, speed, reliability and serviceability, at a specific time.

Overall, these seven broad differences point out that hotels act as service firms and therefore are not just in the business of offering accommodation, food and beverage, and entertainment; they also deliver an experience. The extended role of hotels is also noticed by Kandampully (2002:13), who concluded that: “In the marketplace what the customer receives is not simply the accommodation product”. Thus, service is the benefit, or satisfaction, that customers experience as a result of both the physical product, accommodation, food, beverage, entertainment, and the intangible component, the way customers are treated by service staff.

### 1.5.2 Service quality

In the light of this increased focus on service it was necessary to examine the emerging body of research in service quality. Service quality is highly dependent on consumers’ needs and expectations, and the level to which standards are determined by organisations in response to these needs. Service quality has been defined as “a gap between customers’ expectations and the performance they receive” (Parasuraman et al. 1985). The focus in this definition is on the customer’s point of view, and suggests that quality is in the eye of the beholder and is directly influenced by perception. Asher (1996) suggests that service transactions are subjectively judged, and that service quality depends on the degree to which customers’ perceived expectations have been met. The important point in this supposition is that it is the customers who decide when they are satisfied. This satisfaction is dependent on many factors, such as the quality of tangible facilities offered; the responsiveness and
empathy of staff to customer needs and requests; the consistency of service quality provided; the accuracy of information given; the location of the hotel; and the price paid for the accommodation. This means that a smaller gap between expectations and perceptions results in a better perception of the service and more satisfied customers (Parasuraman et al. 1985). Thus, it is assumed that a hotel’s success in customer satisfaction will depend on how well it delivers services and the extent to which it meets or exceeds customers’ expectations.

It is further implied that delivery of service quality in hotels requires an investment in tangible facilities, such as accommodation rooms, public areas and technology, together with an equal investment in the human capital that comes through recruitment and selection, training and development, and positive organisational culture development.

However, improving the levels of facilities and services for guests and the recruitment, selection, training and development of employees consumes a great deal of resources (Eddystone & Nebel 1991; Rutherford 2002; Cieri & Kramar 2003). Such an investment is strongly associated with the costs of running a business, which hotels may not be willing or able to absorb. In such cases a consistently high level of quality and customer satisfaction could not be achieved and hotels would be at risk of falling short of customers’ expectations if unable to invest in developing human capital.

1.5.3 Service quality measurement
In an effort to determine customer expectations and perceptions with respect to service quality, several measurement approaches have been proposed, mostly in the marketing and consumer behaviour literature. In a critical review of the service quality literature, Oh and Parks (1997) have concluded that there are nine approaches to evaluate service quality: expectancy disconfirmation; cognitive dissonance; contrast; assimilation contrast; equity; attribution; comparison level; generalised negativity; and value precept.

One model that does have wide acceptance and can be applied easily to business is the Expectancy Disconfirmation Paradigm. This measure supports the idea that service quality is represented as the difference or “gap” between customers’ expectations of service and the actual service performance. This model uses the
rationale that service quality is achieved when consumer perceptions of the service performance are equal to or greater than what is expected. This measurement approach led to the development of a tool called SERVQUAL by Parasuraman, Zeithaml and Berry (1988); the tool has been used in a number of service sectors, including hotels, but not specifically the three-, four- and five-star hotels in Sydney. The model conceptualises service quality as being a composite of five underlying dimensions: tangibles; reliability; responsiveness; assurance; and empathy. The conceptual framework of SERVQUAL is used in this research to generate a managerially useful set of items to measure and diagnose service quality issues in hotels by way of a rigorous theoretical and methodological path, and is the best fit to answer the two research questions underpinning this research: *What are the main factors that customers consider to be important in the evaluation of service quality in three-, four- and five-star hotels?* and *How well are these hotels delivering the required levels of satisfaction to their customers?*

SERVQUAL is a multi-item instrument, whose central focus is a “gap analysis” which compares the expectations and perceptions of service quality of customers and management/staff. The instrument is organised around five dimensions of customer service: tangibles, which are the physical aspects of the service, such as the appearance of the physical facilities, the personnel, the equipment, and the communication materials used by the organisation; reliability, being the consistency and dependability of the service performance, which includes time and accuracy; responsiveness, representing the willingness to help customers, and provision of prompt service; assurance, which is the ability to inspire trust and confidence through the knowledge and courtesy of an organisation’s employees; and empathy, which is the understanding of the needs of customers through a caring attitude and by giving individual attention to customers. To this a number of other items, namely price and location, will be added to develop a model specifically for hotels and to establish the most important attributes that customers use in choosing between hotels.

1.6 Mixed method methodology
In order to address the research questions outlined above, a mixed methodology grounded in the pragmatic paradigm was adopted. A pragmatic paradigm “draws on
many ideas using diverse approaches” (Creswell & Clark 2007:26). It is concerned with application, and focuses on the research problem, applying whatever method is necessary to seek out knowledge and solve the problems. The pragmatic paradigm allows for “mixed methods research, different worldviews, and different assumptions, as well as different forms of data collection and analysis” (Creswell 2003:12). This paradigm was chosen as it reflects the exploratory nature of the research to be undertaken through multiple methods. The methodological approach in this thesis blends qualitative and quantitative data through four phases: phase 1, the qualitative phase, involving individual interviews and fieldwork; phase 2, the quantitative phase, involving the development and testing of a pilot questionnaire; phase 3, the continuation of the quantitative phase, including a highly structured questionnaire; and phase 4, the final phase, using the triangulation technique to combine and make sense of all data collected and make some observations with respect to what factors require attention and modification in terms of teaching and learning about service delivery.

1.6.1 Qualitative approach

The first phase of this research was qualitative, and was used to explore the expectations of both leisure and corporate customers visiting Sydney hotels; the managers’ perceptions of customers’ expectations; and managers’ and employees’ perceptions about the standard of the delivery of service quality, including the impediments to the delivery of service quality in Sydney, Australia.

Predominantly this exploration was carried out through field study research by way of interviews, observation and participation. In fieldwork research, the “researcher conducts data gathering in the “field” by going to the site or sites where a particular group can be studied” (Creswell 1998: 216). Fieldwork was particularly well suited for this research, because it allowed for an examination of the interplay of all variables in order to provide an understanding of service quality within the hotel sector of Sydney.

The information gathered during the qualitative stage aimed to answer RQ 1.1, 1.2 and 2.1, as presented in section 1.3 above, and led to the development of a pilot questionnaire to measure service quality, specifically in hotels, as well as
adding richness to the investigation of perceptions about service quality in the Sydney hotel environment.

1.6.2 Quantitative approach

The second and third phases of this research consisted of quantitative research. The second phase was used to develop and test a pilot questionnaire integrating the importance-performance model developed by Martilla and James (1977), and the SERVQUAL framework developed by Parasuraman, Zeithaml and Berry (1988). The data gathered during this quantitative phase aimed to answer questions 1.3, 1.4. From the testing of the pilot questionnaire a highly structured, final questionnaire was developed in phase three and administered to managers and customers of three-, four- and five-star hotels in the CBD of Sydney, Australia. Phase 3 aimed to answer questions 1.5 and 2.2, 2.3 and 2.4, as presented in section 1.3 above.

1.6.2.1 Importance Performance Analysis

The key to this study is to discover if there is a link between customers’ choice of hotel, their expectations, and their ultimate degree of satisfaction. Importance Performance Analysis (IPA) provides a useful technique for evaluating service attributes and identifying service quality improvements. The technique was introduced originally by Martilla and James (1977), who argued that consumer satisfaction is a function of both expectations about important attributes and judgments on the performance of these attributes. The use of this technique is well documented in the service marketing literature (Keyt et al. 1994; Martin 1995; Go & Wei 1999; Hudson & Shephard 1998; Yu & Weiler 2006; Zhang 2004).

The technique begins with the development of a list of attributes which are sourced from previous research in the same or related areas, personal interviews and managerial judgment. The technique is utilised in both the qualitative and quantitative phase of this research. In phase 1 the qualitative phase IPA is utilised to identify the attributes that are relevant to the hotel sector. In the quantitative phases 2 and 3, IPA is utilised by asking participants to consider the attributes of hotel service from most important to least important. To this end, IPA is consistent with the objective of this study in its investigation of the relationship between the degree of importance of hotel services as perceived by hotel patrons of three-, four- and five-
star hotels in Sydney and their level of satisfaction with the services provided. In order to assess the importance and performance of Sydney’s three-, four- and five-star hotels, a questionnaire is used, based on the theoretical framework of SERVQUAL.

### 1.6.2.2 SERVQUAL

The major advantage of SERVQUAL is that it indicates the relative importance of consumer expectations to the different dimensions of service quality (Johns 1993).

The SERVQUAL model provides a conceptual framework in which service quality is measured as a gap between customers’ expectations and the perception of the service providers’ performance. The gap that may exist between the customers’ expected and perceived service is not only a measure of the quality of the service, but is also a determinant of customer satisfaction and dissatisfaction (Pizam & Ellis 1999:236).

A seven-point, multi-item scale is adopted to evaluate the SERVQUAL dimensions using several tests, including Cronbach’s alpha, Exploratory Factor Analysis (EFA) and Factor Analysis (FA), are used to ensure reliability and validity of measures. Initially, a pilot study is conducted using a convenience sample, followed by a final questionnaire with a random sample of hotel customers from each of the three properties chosen for the survey.

### 1.6.3 Triangulation

During the fourth phase of this research, triangulation was used. Triangulation is “a strategy to attack a research problem with an arsenal of methods that have non-overlapping weaknesses in addition to their complementary strengths” (Brewer & Hunter 1989:17). This strategy was used to assist the researcher in dealing with the vast amount of data extrapolated from multiple sources, both quantitative and qualitative. It provided a means of verifying findings and conclusions and helped the researcher to answer the research questions posed in this thesis. The strategy involved the following steps: data triangulation; investigator triangulation; theory triangulation; methodological triangulation and the use of a reflective journal.
1.7 Delimitations of the research

The focus of this research was to look at service quality within several three-, four- and five-star hotels that belonged to a number of hotel chains in Sydney, Australia. Therefore, this research is context bound and the findings cannot be generalised to all hotels around the world. However, the findings may have comparative value and will add to the building blocks of research into service quality in general. Further, this research offers a newly developed and tested service quality measurement for the hotel industry.

1.8 Potential academic importance of this research

This research is set in the Sydney hotel sector, and whilst there have been several studies conducted in the hospitality industry in the area of service quality (e.g., Saleh & Ryan 1991; Barsky & Labagh 1992; Keyt, Yavas & Riecken 1994; Ingram & Daskalakis 1999), there have been no systematic, empirical studies of Sydney’s three-, four- and five-star hotels. Furthermore, in the last decade or so, there has been a call in the literature for more rigorous, theoretical and methodological treatment to advance research of service quality in the hospitality context (Oh & Parks 1997). This research will add to the establishment of a strong body of knowledge on service quality in hospitality as seen by the main actors: customers, management and staff.

Overall, the study uses Importance Performance Analysis as a tool in determining the mix of attributes that will attract guests to the hotel, and in providing these attributes at levels which leave them satisfied with their stay. The exploration of the relationship between these attributes and the level of performance in the Sydney hotel sector will redress in some measure the scarcity of research in the literature of this very important sector of the tourism industry.

Despite the vast amount of research done in the area of service quality and in particular, the application of the SERVQUAL framework (e.g., Saleh & Ryan 1991; Gabbie & O’Neil 1996; Lam Wong & Yu 1997; Lee & Hing 1995), quality-related issues have received little research attention in the hotel sector of Sydney. This dissertation will show a contribution to the ongoing theory-building effort and add to the current body of research on service quality. Furthermore, by evaluating the SERVQUAL dimensions in a hotel context, a determination is made on the relative importance of these dimensions in the Sydney hotel context. The measurement of the
performance of the Sydney hotel sector in service quality is also shown to further
develop and refine the SERVQUAL instrument, as well as strengthen the service
quality construct in the hotel sector.

Finally, the findings of the qualitative phase add to the literature on service
quality as they identify impediments to service quality as perceived by managers and
staff of hotels, which is an important component in understanding the multifaceted
area of service quality.

1.9 Potential managerial implications of this research

As travel is a purposeful, planned and motivated behaviour (Hall 1995; Pearce et al.
1998), successful hotel management must begin with the process of understanding it.
The central character in this process is the guest, who is the travel decision-maker
and at the same time is subject to a number of forces.

Hotel managers have traditionally been interested in economic-based studies,
involving counts of people, travel patterns or expenditures. Their main concerns are
often the factors that attract a guest to a particular hotel, product or service, as well as
how to best cater for their needs in order to generate profit. However, the question
that managers need to answer is, not “how many” and “how much”, but “why” or
“why not” do people stay at particular hotels and whether they were satisfied with
their experiences. Therefore, some kind of measurement, aimed at improving the
quality of service encounters needs to occur, in order to change behaviour to the
extent where it impacts on the hotel’s profitability, through return custom and
recommendation.

This thesis is based on the widely accepted premise that to be successful in
business, hotel companies need to respond to changes in the market place. They need
to have quality information about what is happening, so that informed decisions can
be made in a fast-paced and ever-changing hotel market. Pearce et al. (1998) argues
that managers need to understand each market segment, their differences, and what
each segment wants from their experience. He argues that understanding consumers
and how they react to different environments is an important factor in planning.

The knowledge gained through this research on customer expectations and
perceptions can assist in the development of new services or facilities to meet the
demands of a sophisticated, segmented and competitive market. With the correct
information, managers have a better capacity for strategic planning and achieving a competitive advantage.

In addition, a better understanding of what aspects of service customers consider to be important in their overall experience allows for a more focused approach to service provision. Also, it allows managers to make changes and direct sufficient resources to those factors that customers view as important and, in so doing, eliminate inefficient use of resources.

The identification of service quality delivery impediments will highlight the problems staff and managers have in delivering what the hotel promises. This information can then be used to inform management of the changes that need to be made to achieve better performance.

1.10 Structure of the thesis

Whilst this chapter has provided a general outline of the purpose, background, methodology, theoretical framework and significance of this research, the remainder of the thesis will be presented in seven further chapters.

Chapter Two critically reviews the relevant literature on services marketing, service quality delivery, service quality measurement, and human resource management, as well as organisational behaviour and, in particular, organisational learning. Also, this chapter will discuss important concepts central to this study, such as service quality and customer satisfaction.

In Chapter Three the research methodology is presented, outlining the mix of qualitative and quantitative methods used for data collection, sampling, and data analysis. Chapter Four presents the qualitative findings, while Chapters Five and Six respectively examine the measures used in the pilot and the main study, including their validation.

The results and discussion of the findings of the main study in relation to the relevant literature is presented in Chapter Seven. The thesis is concluded in Chapter Eight, which also considers the contributions to existing knowledge and implications for practice. Suggestions for further research on this topic area are provided.
Chapter Two
Literature review

2.1 Introduction
The previous chapter established the academic and managerial importance of the topic under study, and the issues related to it. The overarching objective of this chapter is to provide a critical overview of the various literatures relevant to the issues of: service quality; service expectations and perceptions of customers, management and staff; the delivery of service quality by management and staff; and the measurement of service quality within the context of the hotel sector.

First, a historical perspective of service quality is offered, followed by a discussion of definitions and various relationships between service quality and customer expectations, customer satisfaction, customer loyalty, and price. The marketing concept is then discussed, mainly because the theoretical base for this research comes from marketing, and more specifically from the service marketing literature. Next, the service quality literature is reviewed, leading to a consideration of measurement, where the detail of the SERVQUAL model is discussed. Finally, there is a presentation of the criticisms of the SERVQUAL model and a discussion of its pros and cons, leading to the conclusion that it remains the best available framework to use for this particular research.

2.2 Service quality – historical perspective
Service quality research has been recognised as a credible area of academic study for approximately two decades. Since the early 1980s there has been an explosion of work in this area and the review of the literature on service quality reveals both the high volume of interest and the differing perspectives that have been published. Early
research efforts concentrated on defining quality in terms of tangible goods and products, which then led to measuring techniques of product quality.

It was the early work of the US quality “gurus” Edward Deming and Joseph Juran in the 1950’s through 1970’s that led towards deliberation on service quality. The rapid growth of challenges to US business led Deming (1982) to write about strategies to meet the challenges of global competition. This work was concerned with the use of quality specifications and design for products. Specifically, Juran (1974) argued that the quality of a product or service is determined by its fitness for use, in terms of both product features and freedom from defects. Therefore he approached quality from a systems perspective. It is predominantly the work of Deming and Juran that introduced the idea that product planning and quality are prerequisites to customer satisfaction and ultimately led to the establishment of ISO 9000 standards. These standards set out a common set of rules and practices that govern the way that a facility manages the quality of its products and services. However, these authors dealt almost exclusively with product quality, at least in their earlier writings.

Literature published in the late 1970s and early 1980s began to provide a greater understanding of service quality and how it differed from product quality. Writers such as Kotler (1984) led the development and description of marketing, the process of marketing, and the emergence of services marketing as a credible academic endeavour. As a result, the discussion in the literature moved to the question of service encounters – that is, the direct interaction between the customer and those service personnel who serve the customer. The work of Normann (1984), Albrecht and Zemke (1985), and Carlzon (1987) discusses the “moments of truth”.

The ‘moment of truth’ concept depicts the time and place where the service provider and the customer have contact and, more importantly, where the opportunity for the quality of service to be demonstrated. According to Norman (1984), this encounter or moment of truth is no longer directly influenced by the organisation; it is dependent on the skill, motivation and tools employed by the service provider as well as by the expectations of the individual customers. The moment of truth idea popularised by Jan Carlzon (1987) of Scandanavian Airline Services argued that a customer experiences a whole series of moments of truth during their patronage with a particular organisation. In a hotel situation this would be from the moment they arrive at the entrance of the hotel, to the moment they finish the checkout process.
These ideas led to the realisation that the service process needs to be managed in such a way that no bad moments of truth occur, or at least that bad moments are minimised by way of an effective service system.

Service design and blueprinting emerged in the literature in order to meet the needs of the moments of truth and, more importantly, to close service quality gaps. The concept of service design and blueprinting was advocated by Shostack throughout the 1980s in a series of articles (1981; 1982; 1983; 1984a; 1984b; 1985; 1987). It was a promising tool that gave a visual definition of a service process. A series of steps in a service system was placed in the order in which they occurred when a service was to be provided effectively. Zeithaml, Parasuraman and Berry (1985) were very impressed by this tool and further argued that the idea should be extended to design high quality into the service system from the outset and in that way adopt the expectations of customers in each element of the service. It is these elements that we still consider important to the service encounter: service personnel who perform the service; equipment that is integral to the provision of service; and the physical environment in which the service is performed.

The fundamental principle of quality theory thus far was to improve service quality to meet the challenges of business. However, it was the work of Oliver (1981) on service encounters where the gap between customers’ expectations and perceptions began to appear as an important concept, particularly in the measurement of satisfaction and service quality. Without knowing what we are doing right and wrong, we cannot improve.

Consequently researchers began to outline and clarify the issues with respect to the measurement of service quality, and (use of a phrase such as this too often diminishes its impact) empirical work that gave us real tools to measure service quality appeared in the literature. It is at this stage of rigorous academic research that customer satisfaction and service quality merge with services marketing into service quality theory (Pizam & Mansfield 1999).

Service quality research has become extremely popular, and a number of authors have embarked on the testing and re-testing of service quality models in differing industries, as well as reviewing the whole issue of service quality and its measurement. This research contributes to the development of theory on service quality, and focuses on Sydney hotels, an area that has not received as much attention as might be suggested by its income generating potential.
2.3 Definition of service quality

The fundamental problem in most academic endeavours is to agree on a definition, and unfortunately service quality theorists have differing perspectives on what constitutes service quality. The British Standards Institute defines service as the “totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs”. According to Gronroos (1983), these needs can be satisfied by three components: technical, functional and image quality. Technical quality refers to the tangible component, such as rooms, while the functional quality refers to the intangible component, such as the relationship of the service provider with the customer. The image quality is linked to the marketing of the product, which gives it a unique corporate image.

Alternatively, Albrecht and Bradford (1990) argued that service excellence is a triangle formed by the service system, the service strategy and the service provider, with the customer directly linked to all elements. In contrast, Kotler et al. defined service as “an activity or benefit one party can offer to another, which is essentially intangible” (1998:4). Ultimately this intangible aspect of service, the human encounter, contributes significantly to the perception of service performance. Therefore “it is important for organisations in the service sector to look at both the tangible and intangible aspects of a customer’s experience” (Gundersen et al. 1996:73). “Service and more particularly service quality is concerned with the attributes of the service itself, and how to satisfy customers so that they develop positive perceptions of the service” (Crompton & Mackay 1989:369). Furthermore, service quality is highly dependent on the consumer’s needs and expectations, and thus the standards established by hotels need to be customer driven. Oberoi and Hales’ (1990) simplistic view of quality is that “quality things are better” and they point to the fact that the literature on service tends to “equate quality with perceived quality” (703–704). These authors further suggest that consumers may share certain common expectations which may be used as a benchmark for quality.

Ultimately, the view held in this research is that service quality is best defined as “a gap between customers’ expectations and the performance they receive” (Parasuraman et al. 1985). The focus in this definition is on the customer’s point of view and suggests that quality is in the eye of the beholder and is directly influenced by perception. Balmer and Baum (1993) argued that hospitality management may
meet customer expectations in providing the tangible components of quality service, but customer expectations may only be exceeded if the intangible components are salient. That is, there are situations where the intangible components of quality service are the decisive factor in determining quality as perceived by customers. Asher (1996) suggests that service transactions are subjectively judged, and that service quality depends on the degree to which customers perceive their expectations have been met.

Whilst it has been argued that service quality is the great differentiator among service providers (Zeithaml & Berry 1988; Kandampully 2002), there has been no precise definition of service quality. Prior research has identified, that customers evaluate the service experience by comparing what they want or expect (pre-purchase expectations) to what was received (perceived performance). A positive evaluation of the comparison then implies that the hotel organisation has met the needs of customers, whereupon they will be satisfied.

2.4 The relationship between customer expectations and service quality

As already identified, consumers’ needs and expectations – and thus the level to which service quality standards are determined by organisations in response to these needs – are integral to the issue of perceived service quality. This assumes that “expectations serve as standards with which subsequent experiences are compared, resulting in evaluations of satisfaction or quality” (Zeithaml, Berry et al. 1993). This satisfaction depends on many factors, such as: the quality of tangible facilities offered; the responsiveness and empathy of staff to customer needs and requests; the consistency of service quality provided; the accuracy of information given; and the location of the hotel. Ultimately, this means that the smaller the gap between expectations and perceptions, the better is the perception of the service, and the more satisfied the customers. Thus, a hotel’s success will depend on how well it delivers these services and, ultimately, the extent to which it meets or exceed customers’ expectations.

Using the above-mentioned authors’ work, it can be argued that it is important to establish what the most important components of service quality are.
Therefore one of the aims of this research is to identify what the customers of Sydney hotels consider important when evaluating hotel services between hotels.

2.5 The relationship between customer satisfaction and service quality

A related but often separate approach to the evaluation of service quality in the literature has been that of customer satisfaction. According to Czepiel & Gilmore (1987) identified satisfaction as an important variable in consumer behaviour. Churchill and Surprenant (1982) saw customer satisfaction as a cognitive evaluative process, and Oliver (1981) summed it up as an emotional reaction following expectancy disconfirmation. In turn, Gundersen et al. (1996) defined it as a post-purchase evaluative judgement concerning a product or service. Whilst the question of the differences and similarities between the two constructs continues to be tested, it is not the purpose of this research to explore that issue.

The accommodation sector depends to a great extent on return business and word-of-mouth recommendations, which can only come from satisfied customers. As Bowen and Shoemaker put it, “A customer who receives what he or she expected in a hotel stay is most likely to be satisfied, and if the guests’ expectations were exceeded they may be extremely satisfied” (1998:14). The interest in customer satisfaction and/or dissatisfaction is mainly due to the fact that there has been a growth in consumerism – that is, the desire by consumers to satisfy their wants by increasing both the quantity and the variety of their purchases of goods and services (Yuksel & Yuksel 2001). This has resulted in customers expecting to receive products and services of a much higher standard (Hall 1995; Pearce et al. 1998; Weaver et al. 2000). According to Cooper et al. (1996:172), “Customers are travelling more widely, returning with new ideas and new standards regarding accommodation provision”. This means that hotel customers are becoming much more discerning and demanding. Accordingly, competitiveness in the hotel industry has increased around the globe, forcing hotels to offer better amenities, superior service and loyalty programs at a price that reflects value (Chaisawat 1998), and in delighting the customer with superior service (Mohsin & Lockyer 2009).

With the power now enjoyed by customers, expectations are raised and in many cases have become conditions of choosing to stay at a particular hotel. Cooper
concerns and states: “The accommodation market is highly competitive, competing for the consumers’ disposable income...competition often centres on issues of facilities, image, service and the quality of the provision” (Cooper et al. 1996:172). Such a commitment is driven by the notion that guest satisfaction is likely to lead to repeat business and positive word-of-mouth publicity (Burton, Easingwood & Murphy 2001). Additionally Poon & Low (2005) add that success in hotel business depends on understanding the key factors in customer satisfaction. Further, Gundersen (1966) suggests that customer satisfaction is one of the most valuable resources to a firm operating in a saturated and competitive market, such as the accommodation sector. The notion that service quality is likely to be a strong determinant of customer retention and future patronage is largely confirmed by the literature (Cronin & Taylor 1992; Parasuraman et al. 1994; Gundersen et al. 1996; Kandampully 2000; Poon & Low 2005). Consequently, hotels that can provide distinguishable levels of superior service quality can also create a sustainable competitive advantage over their competitors.

The perspectives presented by Cronin & Taylor (1992); Parasuraman et al. (1994); Gundersen et al. (1996); Kandampully (2000) and Poon & Low (2005) are fundamental to this research and therefore this research seeks to uncover how satisfied Sydney hotel customers are with the services provided in three-, four- and five-star hotels. Based on these evaluations of satisfaction, a determination can be made on the service quality strategies that hotels in Sydney should concentrate on. Ultimately these strategies will lead to customers’ overall satisfaction, which should lead to customer loyalty and positive endorsement of the products and services on offer.

2.6 The relationship between customer loyalty, retention and service quality

It is generally accepted that what differentiates one hotel from another is service quality, guest satisfaction, enhanced hotel reputation and, ultimately, customer retention. As Oliver (1999) argues, customer loyalty, service quality and satisfaction are linked, and are part of the cognitive process. Wong and Sohal (2003) point out that service quality is positively associated with customer loyalty and that both the tangible and intangible dimensions are important, suggesting that managers need to
be concerned with the service encounter with the employees as well as with the firm itself. Additionally, Bloemer et al. (1999) link patronage and recommendations with personalised service, leading to a more favourable customer price tolerance. The accepted wisdom here is that retaining customers saves money and reduces the cost of finding new customers. Zeithaml et al. (1996) suggested that a long-standing relationship with current customers also has an impact on profitability through additional sales to them, as well as less resistance to paying higher prices, and the spread of positive promotion to others. Moreover, in many cases increased levels of customer service do create improved customer loyalty, leading to increases in average daily room rates, occupancies, market share and customer retention rates (Enz & Siguaw 2000).

In addition Reicheld (1996) suggests that there is a positive relationship between loyalty and profitability, and increases in profitability can be the result of only a small percentage of loyal customers. Ultimately then, success in retaining a firm base of returning customers, plus attracting new customers through word-of-mouth promotion, requires a sustained commitment to service quality. This service quality, according to Barsky and Nash (2002), must produce positive emotions within the customer – such as feeling welcomed, comfortable and pampered, as well as being relaxed and contented – because it is these emotions that will strongly influence both satisfaction and repeat patronage. Additionally Claver (2006) argues that that establishing a quality management system results in a positive effect on service quality, employee morale, cost reduction, and customer satisfaction, leading to more sales and a better competitive position. Therefore determining what factors customers consider to be important in the evaluation of service quality in three-, four- and five-star hotels in Sydney is integral to loyalty, retention, and ultimately profitability for Sydney based hotels.

2.7 The relationship between price, value and service quality

A further relationship that has been postulated in the literature is the one between price/value and service quality. Zeithaml et al. (1996) proposed that price was also an important factor related to service quality and in particular to behavioural intentions. However, this relationship is difficult to evaluate in hotel accommodation. As Kandampully (2002) acknowledges, the product, hotel services, is intangible and
therefore customers cannot easily assess what they are paying for, which in turn makes it difficult for a price factor to be obvious. In most cases the price is not related to cost, but to “a customer’s perception of value or worth” (Kandampully 2002:176). This perceived value, according to Hellier, Geursen, Carr and Rickard (2003:1765), is the customer’s overall appraisal of the net worth of the service, which is based largely on a judgement of what was received in terms of service benefits in relation to the sacrifice made in respect of the cost of the service. These researchers found perceived value to be even more important than customer satisfaction as a factor influencing preference. The implication, as Rust, Danaher and Varki (2000:441) point out, is this: “if a competitor offers a sufficiently lower price, then a customer may be tempted to switch, even if the customer is presently satisfied”.

Similarly, Al-Sabbahy, Ekinci and Riley (2004:233) found in their investigation of perceived value in hospitality that the “perceived acquisition value is a valid construct in evaluating hospitality services and has considerable influence on consumers’ intention to purchase and recommend”. Furthermore Mohsin and Lockyer (2009) found that overall value for money accounted for the impression by customers of the overall hotel facilities. According to Dodds, Monroe and Grewal (1991) if the customer perception of value is positive then the customer will be influenced to buy the service, because the price is acceptable. If, however, customers perceive the price as being too low they may refrain from buying, because they are suspicious of the quality. Other researchers have gone as far as to say that “customers are willing to pay more money in order to get better service” (Alexandris, Dimitritriadis & Markata 2002:229) and they will “pay substantially more for the promise of comfort, being pampered, and feeling welcome” (Barsky & Nash 2003:175). Conversely, as Lewis and Nightingale (1991) contended, the price-conscious customer is only willing to pay for the services they perceive they need.

Therefore, matching the price of hotel accommodation to the customer’s perception of value is important for hoteliers, as this is directly related to the customer’s current and future intention to revisit. Interestingly, Lockyer (2005) indicates that whilst price, according to managers in the hotel industry, is the most influential factor in the selection of hotels, in many cases there is a gap between what hotel managers and customers think is important. Furthermore Burton et al. (2001:222) suggest that to obtain a true picture of satisfaction, “price and value for
money need to be included alongside product and process quality”. Such a view is also supported by Rust, Danaher and Varki (2000), who argue that any service quality surveys need to include questions on price perception and value, so that this information may be used to inform management on competitive marketing decisions. In accordance with this view this research seeks to understand the strength of the relationship between price, the level of satisfaction and overall service quality perception of customers in Sydney, Australia.

2.8 Service quality in the hotel sector

As previously noted, the hotel sector depends to a great extent on return business and word-of-mouth recommendations from satisfied customers. The power now enjoyed by customers has raised expectations, which often determine whether customers will stay at a particular hotel. According to Cooper et al. (1996:172): “The accommodation market is highly competitive, competing for the consumers’ disposable income … competition often centres on issues of facilities, image, service and the quality of the provision.” In addition it has been suggested that customer satisfaction is one of the most valuable resources that a firm can possess in a saturated and competitive market such as the accommodation sector (Gundersen 1996), and the literature confirms that service quality is a strong determinant of customer retention and future patronage (Cronin & Taylor 1992; Parasuraman et al. 1994; Gundersen et al. 1996; Kandampully & Suhartanto 2000; Poon & Low 2005; Claver 2006; Mohsin & Lockyer 2009). For these reasons, the hotel sector has adopted customer service strategies because, as corroborated by Barsky & Labagh (1992), they are the closest to merging customer satisfaction with a strategic orientation. Thus hotels that provide distinctive levels of superior service quality can thus create a sustainable advantage over their competitors. Further, growing competitive pressures due to globalisation, the increasing sophistication of consumers, and dramatic changes in information technology are forcing organisations toward a strategic market management approach, which allows them to be more responsive to a rapidly changing market which “integrates the activities of operations, marketing and human resources” (Kandampully 2002:169).

Hence, the aim of this research is to investigate service quality in the hotel sector of Sydney and to ascertain the main factors that customers consider to be
important in the evaluation of service quality in three-, four- and five-star hotels. Also the research considers how well these hotels are delivering the required levels of satisfaction to their customers, and if there are major differences between the expectations of customers and the perceived expectations of customers by managers. The answers to these questions will enable managers to refine their strategies in terms of service quality in hotels.

2.9 Marketing
Traditionally, within hospitality firms marketers have been viewed as a specialised group of individuals, who use a set of tools and techniques to advertise, promote and sell the products and services on offer (Kotler et al. 2003; Kandampully 2002). Consequently the job of marketing was left in the hands of just one department responsible for selling the product and, to a great extent, that department was disconnected from the rest of the organisation’s activities (Kotler et al. 2003). In the last decade there has been a paradigm shift in thinking from a profit making orientation to customer-orientation, due to a realisation by industry that satisfied customers create better profits (Kandampully 2006).

Today, most business and marketing authors (e.g., Shoemaker, Lewis & Yesawich 2006; Kotler, Bowen & Makens 2009; Reid & Bojanic 2009) argue that the two primary purposes for being in business are to create customers and then to keep them. The premise in these marketing texts is that marketing is the cornerstone for creating more customers, keeping them, and thus increasing profits. Consequently, according to Lewis (2000), marketing is a way of doing business and hospitality organisations have come to embrace a much more market-oriented approach to business. Equally Burns & Bush (1995:5) define the marketing concept as “a business philosophy that holds that the key to achieving organisational goals consists of determining the needs and wants of target markets and delivering the desired satisfaction more effectively and efficiently than competitors”.

In the last decade marketing has continued to assume an increasingly important role in the hospitality sector, which is dominated by major chains (Kotler et al. 2009). In some cases this has resulted in “some hotel chains creating a structure in which the Marketing Director reports to a corporate manager, thus elevating the hotel’s chief marketer to the same level as the General Manager” (Kotler et al.
Such a shift has resulted in all managers within a hotel operation becoming concerned with the act of marketing to some extent (Kotler et al. 1999). This does not assume that marketing has replaced operations or financial control; it simply reiterates Lewis Chambers’ (2000) point that companies cannot continue without profit, and profit cannot be made without customers. “The way to have customers is to create them, and keep them, by satisfying their needs and wants, and solving their problems” (Lewis and Chambers. 2000:5). This activity, according to marketing exponents, is above all else the business of marketing.

2.9.1 Services marketing

A service can be described as an “activity or benefit that one party can offer 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” (Christopher & Troy: 1996:26). Service marketing is essentially about marketing an experience (Lewis & Chambers 2000). However, marketing a hotel is a combination of tangible products, such as food, beverages and rooms, as well as the intangible atmosphere created by the décor, and service, which is provided by the employees. It is the memories of the experience that the consumer leaves with, and it is this aspect of the service that distinguishes one hotel property from another (Yong et al. 2004).

The key to success in the service sector in a market such as hotels is to achieve competitiveness (Kandampully & Suhartano 2000). Thus marketing strategies must be geared to the needs of consumers and also to the strategies of competitors. These strategies are all geared toward satisfying the customer, and customer satisfaction is dependent on a number of factors, such as performance, speed, reliability, serviceability of the product and the providers of that product. However, hospitality services have unique challenges due to: intangibility; inseparability; heterogeneity; reliability; and fluctuating demand; each of which will be discussed next.

Essentially, services are “intangible and experienced” (Lewis 2000:25). As service itself is intangible, the measurement of the service exchange between the customer and the provider is difficult because it is essentially an “exchange of human actions and behaviour” (Susskind et al. 1999:374). This means that the customer is part of that experience and, an important factor, that this experience creates
expectations for future experiences. Hence, it can be said that each experience a customer has is a marketing effort for the future.

If no previous experiences exist, then consumers will often rely on the experiences of others and on the reputation in the marketplace of a particular hotel. The challenge is in the setting-up of expectations and perceptions of service, including focusing on the benefits to the customer, the use of brand names and increased use of the physical services that represent the quality of the service (Kandampully 2002).

As services cannot be inventoried, the inseparability of production and consumption also presents challenges. For example, “services are generated and typically consumed simultaneously with the producer or seller present during the consumption” (Susskind et al. 2003:374). This inseparability exposes a number of difficulties with respect to service quality. First, employees of the service play an important role, not only with respect to their capabilities but also through their attitude toward the customer and their service ethic. The way an employee behaves will have an impact on the customer’s evaluation of service. Second, it has been pointed out by a number of authors – such as Kotler et al 2009, Shoemaker et al 2006; Lewis 2000, Susskind 1999 and Kandampully 2001 – that the characteristics of inseparability mean ultimately that the way a service is performed is of critical importance to achieving service quality. Third, as the customer is part of the production process, it is essential that service firms like hotels communicate with their customers so as to ensure that they understand the workings of the hotel and the part customers play in it. In effect, as is put by Kotler et al., (2003:44) “hospitality and travel organisations have to train customers just as they train employees”

In addition to the challenges already presented, there is the heterogeneous nature of service. As both the service provider and the customer are part of the service process, consistency and standardisation are difficult to achieve. Whilst a number of service standards can be considered – such as purchase specifications for food and beverage; goods including bath towels, bed linen, cutlery and crockery; and physical aspects such as temperature, lighting and water – the actual delivery of service is difficult to standardise (Lewis 2000). In most cases, “the service provided directly to customers, supports or facilitates a company’s core products” (McColl-Kennedy 2003:4). Such service can include friendliness, helpfulness and politeness, all of which are difficult to standardise. Not only does each employee have a
different way of presenting himself or herself and interacting with the customer, but the customer has a different way of interpreting these actions. What is friendly to one customer may be intrusive to another.

Moreover, because customers need to be present to receive service, time is a crucial factor in service delivery. “When customers are present, they expect the service to be performed on time, which they often define as when they want it” (Lovelock 1991:7). Customers expect that the service will be available when they want it, that there will be an absence of queues and that the service is convenient and easy to use. As a result, time is of crucial importance in service encounters.

Finally it can be argued that, unlike many other products and services, the accommodation business is exposed to vastly variable demand patterns. This demand is generally linked to the market that a particular destination is likely to attract. For example, if the location is within a business district then the peaks and troughs in demand will be dependent on commercial hours and days of operation. However, if the location of the accommodation is in a tropical rainforest, out of town, then demand will be more in line with holiday patterns and tourism activities. The challenge for marketers is to develop products and campaigns that can target both existing and new groups of customers, so as to lessen the impact of peaks and troughs as well as to increase business throughout the year (Kotler, Bowens & Makens 1999).

In summary, services marketing is about satisfying customers with services that are promoted appropriately, delivered at the right time, in the right way, at the right price. The key activity in this endeavour is to understand the behaviour of potential customers and their expectations and perceptions, an outcome which is achieved through market research, in order to develop appropriate strategies, not only for marketing purposes but also for the operational purpose of delivering the services that customers want.

2.9.2 Basis for consumer market segmentation

The premise of the marketing concept is that to be successful we need to respond to changes in the marketplace. Therefore organisations need to have quality information about what is happening so that informed decisions can be made in a fast-paced and ever-changing accommodation market. The knowledge we gain about guest purchase
behaviour can assist in the development of new services or facilities to meet the demands of a sophisticated, segmented and competitive market.

Knowledge of customer behaviour provides information to assist with marketing products and services in order to meet the requirements of a diverse and growing market. In order to achieve this knowledge, organisations need to identify the different consumer groups and their particular desires by segmenting the market. Market segmentation is “the division of a product’s market into groups that have distinct buying habits and will consequently require the use of different strategies” (Reich 1997:145). In his discussion of market segmentation variables, Kotler (1998) suggests that understanding the market is essential in allocating appropriate advertising and promotion budgets. This requires having the right slogan or portrayal of a product, but also it means allocating the appropriate amount of financial resources to specific advertising campaigns that are directed at the correct market. The argument is that to attract the right type of customer, that is, one who will be interested in the product that is being offered, requires knowledge of the demographics of potential customers as well as behavioural factors of those groups. If segmentation occurs, then both needs and wants of grouped customers are understood better and can be acted upon. A number of methods can be used to break the market into workable and usable segments. The most important methods are demographic analysis, behaviouristic analysis and psychographic analysis.

According to Schiffman et al. (1997:58) “Demography refers to the vital and measurable statistics of a population”. Therefore demographic analysis gives the practising manager information about age, gender, social standing, income levels and occupations of a particular market segment cohort, and is often used as a means of segmentation.

Schiffman et al. further states that “despite overriding similarities, consumers are not all alike and want differentiated products and services” (1997:9). The behavioural factors include differences in purchasing patterns, how often purchases are made, the quality and service required, and the buyer’s attitude toward certain products. Behavioural insights enable practitioners to identify emerging trends in order to estimate the future direction of their business. In the hotel industry, information sought about the use of particular facilities, the distance people travel, and average length of stay, is useful in deciding on packages to offer, and rates to charge for such packages, for the different markets identified.
Psychographic market segmentation includes profiles of the psychological aspects of individuals and customer groups based on distinct living styles (Schiffman 1997). Psychologists have long been interested in the ways people make decisions and agree that both internal and external forces play a part in decision-making. Internal forces, such as attitudes, values, perception, personality, learning and motivation, are part of a person. External forces are those outside the person, including social and family roles, class, environmental conditions and surrounding culture. All of these factors interact in complex ways to shape customer behaviour.

Attitudes are one psychological factor that has the potential to influence customer choice and direct behaviour. Pearce et al. (1998) define attitudes as “enduring general evaluations of people, and objects” which have a link with behaviour, even if only indirectly. Um and Crompton (1990) suggest that attitudes are important variables in predicting consumer choice behaviour. Proof of this effect was produced by Richard and Allaway (1993), who empirically tested the SERVQUAL dimensions and demonstrated the importance of both the process and outcome quality attributes in predicting choice behaviour. In their study, the authors emphasised that “no one set of attributes can capture the complexities of choice” (65).

Therefore a better understanding of consumer marketing segmentation will allow a more focused approach on the provision of products and services that have the highest importance for obtaining satisfaction, and assist with improving efficient use of resources. Ultimately, research in this area may assist managers to make better decisions on resource allocation.

The overview provided in sections 2.1 to 2.9 has demonstrated that service quality is a complex area of research which has a direct relationship with customer expectations, customer satisfaction, customer loyalty and perceived value. Service quality in hotels is integral to remaining competitive, and in the last 10–15 years, the challenge of meeting service quality expectations in hotels has become a priority for marketers. However, the special characteristics of hotel services presents a number of challenges which need to be carefully considered before service quality strategies are undertaken. Such strategies cannot proceed without careful market research.
2.10 Marketing research

The extent to which hotel managers meet the service needs, expectations and perceptions of customers is reliant on how much is known and understood about customers. The tastes and preferences of customers are consistently changing as they experience and explore new and innovative service provision by competing organisations; hospitality is no exception. Therefore hotels need to pursue a continuous effort of market research. According to Zikmund (2000), marketing research is defined as “the systematic and objective process of generating information to aid in making marketing decisions”. For the purposes of this research, Zikmund’s definition will be the one that informs discussion.

Despite calls in the literature for managers to properly monitor and improve customer satisfaction (e.g., Sharma, Niedrich & Dibbins 1999), customer service strategies are often based on executive hunches, anecdotal evidence and other unstructured forms of customer feedback, such as guest comment cards and mystery shoppers, rather than on reliable customer service research. Further, the goals and priorities of organisations can change frequently, which may lead to confusion among the staff as to what constitutes good customer service in a changing environment.

Much time, money and effort are invested in aspects of service quality, but often with little subsequent improvement in customer service. One reason may be that hotels often concentrate too heavily on internal operational issues, for example, setting up quality circles to investigate the disappearance of towels from the hotel pool area and subsequently to suggest ways in which the hotel could solve this problem, or similarly, focusing on ways to encourage sales staff to ensure that monetary deposits are paid within 14 days of booking a function. Whilst these issues may be important to the efficient and profitable management of the hotel, they have little significance for customer satisfaction. The workplace experiences of this author suggest that hotel managers in Sydney often do not know either what factors guests consider important when evaluating a hotel, or precisely how well their hotel is delivering on these requirements. Therefore, managers are too often left to draw conclusions based on their own feelings or on the anecdotal feedback of service providers. Whilst intuition and anecdotal evidence may appear to have validity,
explicit evidence for change will assist in real improvements on service quality based on the customers’ perspective.

As a result, this research has sought to bridge the gap and discover the main factors that customers consider to be important in the evaluation of service quality in three-, four- and five-star hotels in Sydney, Australia. It seeks to uncover how satisfied Sydney hotel customers are with the services provided in three-, four- and five-star hotels, and to ascertain the strength of the relationship is between price, the level of satisfaction and overall service quality perception of customers in Sydney, Australia.

The above overview of the service quality literature indicates that the expectations of customers are linked to a bundle of service aspects. A great many researchers in numerous countries have endeavoured to identify the most significant components of service quality and not all of them can be incorporated here. Among the most recognised are Parasuraman et al. (1985), who identified a number of determinants of service quality through focus groups with service providers and customers across a number of service sectors. Their initial list was a set of ten determinants: access; communication; competence; courtesy; credibility; reliability; responsiveness; security; understanding; and tangibles. They argued that these would be determinants in most industries, while conceding that their relative importance may differ across service industries. After empirical investigations, Parasuraman et al. (1988) found a high correlation among several of the dimensions and reduced the criteria to five separate dimensions: tangibles; reliability; responsiveness; assurance; and empathy. Since the Parasuraman et al. (1988) research, numerous other researchers (Knutson 1988; Atkinson 1988; Johnston et al. 1990; Walker 1990; Oberoi & Hales 1990; Tsaur & Tzeng 1995; Santos 2002; Akbaba 2006; Caro & Garcia 2007;) have followed the path of either substantiating or disproving the existence of these aspects of service. Notwithstanding the criticisms, it is the five general dimensions of service quality developed by Parasuraman et al. (1988, 1994) that have had the widest recognition in the area of service management.

The five general service quality dimensions developed by Parasuraman et al. (1988) are described as:

_Tangibles_, the “appearance of physical facilities, equipment, personnel, and communication material” (Berry & Parasuraman 1991:16) which includes all of the physical evidence of the service and, in the customer’s eyes, are perceived to be the
core service components. Customers expect that the appearance of physical facilities, personnel, equipment and the communication materials used are clean, tidy and in working order.

Reliability, which reflects the service provider’s “ability to perform service dependably and accurately” (Parasuraman et al. 1988:23). This dimension reflects the customer’s expectation: that the service should be performed right the first time; that there should be accuracy in billing; and that the service is performed at the designated time.

Responsiveness embodies the “willingness to help customers and provide prompt service” (Parasuraman et al. 1988:23). This is about the service provider’s ability to provide services in a timely manner, which is a critical component of service quality for many guests. Customers expect prompt service, they expect that their needs are quickly processed, and that they are told if their needs cannot be met.

Assurance is the “knowledge and courtesy of employees and their ability to convey trust and confidence” (Parasuraman et al. 1988:23). This encapsulates the customer’s expectation to feel secure in their transactions with employees.

Empathy involves the “caring, individualised attention the firm provides its customers” (Parasuraman et al. 1988:23). Customers want to be seen as individuals. They have specific needs, and expect that those needs will be understood and acted upon.

Many service sector researchers have adopted these dimensions in their research on service quality, including those researching hospitality enterprises (Saleh & Ryan 1991; Fick & Richie 1991; Johns 1993, Lee & Hing 1995; Lam, Wong & Yeung 1997; Ryan & Cliff 1997; Juwaheer & Ross 2003; Akbaba 2006; Wilkins 2007; Mohsin & Lockyer 2009). The results have made a number of contributions to the structure of the dimensions and the items developed for each dimension. The authors mentioned above have both replicated methodologies and developed new ones in an effort to discover the most significant components of service quality. However, despite the many contributions these studies have made, they have some limitations in methodology. In some cases, researchers have assumed that correct and appropriate testing of results was not necessary and they have adopted both attributes and dimensions as a given truth. In other cases, inappropriate convenience sampling has been utilised, such as hospitality students in classrooms; the general public in shopping malls or airports, who may or may not have stayed in hotels; focus groups
made up of family and friends; and large-scale mailouts from purchased lists of current and potential hotel customers. Additionally, these studies suffer from cultural and context-specific issues. For example, studies which have been done in Turkey, Greece and Hong Kong may produce very different results due to language and other cultural differences. Studies which cover a broad area such as hospitality cannot give accurate results on specific sectors within that industry.

These drawbacks, together with the subjective evaluations of managers outlined in the previous section about service quality in Sydney, may have led to inaccurate and inappropriate strategies by hoteliers. This research aims to bridge that gap and offer empirical findings through rigorous research methods that will allow for an accurate picture to emerge of service quality in three-, four- and five-star hotels in Sydney. Such a picture will be achieved by building on the work already done by researchers and by incorporating the expertise of the main players – customers, managers and employees of hotels.

2.11 The “people factor” in the delivery of service quality

The accomplishment of a commitment to service quality depends on the “people”, because the delivery of a high proportion of the product/service mix is by people. As Baum (1995) eloquently argues, tourism is about people as guest, and the delivery of the tourism product and service is evaluated on the basis of expectations of guests. Tourism and hospitality employees are part of the product, as they are responsible for the delivery of the service and, ultimately, for the satisfaction or dissatisfaction of customers with the experience they have had. As has been declared by several researchers (e.g., Czepiel & Gilmore 1987; Surprenant & Solomon 1987; Crosby 1990; Zeithaml et al. 1993), service loyalty is more dependent on the development of interpersonal relationships, and the person-to-person interactions between customers and staff are an essential element in the marketing of services and the building of loyalty. Hotel employee’s work in a high customer contact environment, and each encounter between a customer and a hotel employee is an opportunity for the customer to evaluate the level of service provided. Hotel employees, therefore, play a major role in the satisfaction levels of hotel customers. As demonstrated in a study of casino hotels by McCain et al. (2005), management and employees can boost customers’ loyalty by demonstrating their competency and by delivering what they
promised. Therefore, no discussion or study of service quality in such complex organisations as hotels can be achieved without the representation of the most valuable players, that is, management and staff.

2.11.1 Managerial role in delivery of service quality

The strongest input to quality of services is by the managers and supervisors who direct and lead hotel employees. Managers have direct influence over the roles that employees undertake, the design of the service delivery system and greatly influence organisational culture. All of these factors have an impact on the interactions between customers and service employees (Jones 1989). It is the managers who are responsible for the service interactions and the behaviour of their employees, and consequently failure of employees is a failure of management (Swanson & Davis 2003). Therefore the managerial skills of hotel managers are of vital importance to the delivery of service quality in hotels.

In a highly competitive environment where customers’ expectations must be exceeded, managers need to excel in information-gathering, decision-making and action-taking; managers also need to have strong interpersonal skills, and be involved with planning, organising, staffing, leading and controlling (Shenhar & Renier 1996). In addition, managing hotels is complex because the sector is “reactive, fragmented, susceptible to interruptions, and involves large numbers of contacts” (Dann 1990:328–329).

Therefore, hotel managers must have a sound understanding of the market they operate within; they need to identify the wants and needs of their target customers, and the offerings in terms of the labour market, as well as understanding the strengths and weaknesses of the services they provide to their customers. This can begin by a comprehensive evaluation of how customers assess the facilities and services on offer, what they consider most important, and what they are prepared to pay for those facilities and services.

2.11.2 Employees’ role is service quality delivery

Much of the service provided by hotels is intangible, where the exchange of service is essentially “an exchange of human actions and behavior” (Susskind et al. 2003:374). This means that employees play an important role showing their
capabilities and attitudes toward the customer, and displaying a high level of service ethic. Varca (2004) provides a model of skills that service staff need in order to deliver quality service. This model has three dimensions. First, staff attitude, which is referred to as a predisposition of the service provider toward the customer that then drives behaviour (Vacra 2004). For example, if the service provider has a positive attitude toward service, then they will behave in a manner that would not insult or be disrespectful to a customer. Second, personality is referred to as a behaviour pattern that drives service staff to consistently want to be with people and to enjoy that interaction. The third dimension is skill, and refers to the service provider’s ability associated with their performance (Vacra 2004). In this research the hotel employee is considered to be integral to the delivery of service quality and it is precisely why hotel employees are interviewed. As in Swanson and Davis (2003), the inseparability of production and consumption of service is recognised, making the skill of the service provider readily apparent to the customer, with the quality of the service being interpreted during the service encounter. It therefore stands to reason that the employee is in the best position to react to the customer’s needs and to be able to vary the service accordingly. Ultimately, the way an employee behaves will have an impact on the customer’s evaluation of service and on the customer’s satisfaction. Mittal and Lassar (1996:97) argue that “personalisation”, the social content of interaction between service producers or employees and their customers, is an important mediator of customer satisfaction and patronage behaviour, and that personalisation significantly influences customer experience and evaluation of service. Therefore, finding suitable employees with the required attitude, personality and skill set, is particularly important to achieving a favourable service quality outcome.

A favourable service quality outcome requires not simply hiring suitable employees but also fostering a strong service culture by focusing on training, developing and empowering employees as reported by Enz and Suginaw (2000) in their report on best practice champions of service quality in the hotel industry. However, as a recent article published in the Business Review Weekly explains, hotel companies are faced with a dilemma: “Hoteliers around the globe are creating one of kind properties that promise exceptional hotel experiences. But these grand developments share the same problem: finding the right staff to keep finicky, grumpy, often jet-lagged business travellers happy” (Ross, 2006:75). The author
further postulates that whilst hotel companies are spending increasingly more on constructing niche hotels that cater to their customers’ pampering needs, the human resource managers are faced with the difficult task of trying to find adequately skilled people with the required attitude to deliver the kind of service that should accompany such luxury. In the final analysis, the article questions if indeed these hotels will be able to meet customers’ expectations and if, indeed, the service will be “up to scratch” (Ross, 2006:76).

From the above overview it can be concluded that, from the bundle of services offered, it is the intangible aspects of services provided by employees which are the most important in terms of overall satisfaction. In the tight labour market in Australia, and particularly in Sydney, the question is whether hotel employees can meet the needs of customers. The argument here is that the employees are an important aspect of the service offered, but they must be balanced with the customer’s perception of what constitutes a reasonable price, for a particular location, with the facilities that satisfy customer needs. All this brings us back to the argument that customers evaluate service quality by way of a “bundle of attributes”, and in the contents of that bundle are what hoteliers are looking for, and marketers claim to be able to deliver, through market research. Market research then helps managers make adjustments to the services they provide to customers. All this is only possible, of course, if thorough and appropriate measurement of service quality is undertaken.

2.12 Measuring service quality

The measurement of quality in service industries has proved to be considerably more difficult than the measurement in manufacturing industries. This is mainly due to the facts that in service organisations like hotels, “the output is produced, provided, and consumed in a single episode or series of episodes” (Susskind, Borchgrevink, Brymer & Kacmar 2003:375). Furthermore, as is argued by Susskind et al. (2003), customers generally will evaluate the service at the same time as they consume it, and often in the presence of the provider of the service.

Studies in consumer behaviour suggest that customer choice is based on the evaluation of products/services on a range of salient attributes. Salient attributes are “those attributes that readily come to mind to consumers in selecting a product or
service” (Lewis & Chambers 2000: 323). It is likely that for each distinct market segment, e.g., business versus leisure stays, some attributes will be more important than others, that is, some will be determinant product attributes. Determinant attributes are “those that actually determine choice and are related to the actual purchase decision” (Lewis & Chambers 2000:323). Therefore, we need to measure the importance of the various attributes which guests from each segment consider to be most important when evaluating their hotel accommodation experiences, to determine which service quality dimensions have the greatest impact on purchase intentions. For example, location may be important to customers in choosing a hotel. It may be an attribute that is salient or at the top of the list in their minds, but – as in the case of Sydney – if there are dozens of hotels in one central location, location may not be a determinant factor in customer choice.

As previously stated, it was in the late 1980s that researchers began to outline and clarify the issues with respect to the measurement of service quality and, more importantly, that empirical work appeared in the literature giving us real tools to measure service quality. Consequently a vast amount of literature has been published, replicating the various studies in service quality throughout the service sector, including tourism and hospitality. A widely used service quality measurement tool is SERVQUAL, which is discussed in the next section.

2.12.1 SERVQUAL

The SERVQUAL instrument developed by Parasuraman, Zeithaml and Berry (1988) is a multi-item instrument which has been used in various service industries to measure service quality. Parasuraman et al. (1988) noted that delivering consistently good service, whilst difficult, is necessary if a firm is to be profitable. Therefore they sought to determine what factors affect the level of importance in service quality delivery and then ascertain if any gaps in service can be identified. Parasuraman et al. (1988) asserted that “Consumers’ quality perceptions are influenced by a series of four distinct gaps occurring in organisations”. The research was done through three national banks, and personal interviews and group interviews were conducted with managers and customers. A total of 200 consumers were asked about their expectations in general and then about their perceptions of particular service firms. What resulted was a list of 97 items representing various facets of the ten service
quality dimensions. It was reported that half the statements were worded positively and half negatively, on a 7-point scale. The 97 items were then broken down into a 34-item scale and data were re-collected via a self-administered questionnaire in a shopping mall with another 200 customers. After analysis, purification and some deletions, the SERVQUAL instrument emerged with a 22-item scale across five dimensions described as being a “concise multiple-items scale with good reliability and validity”, to assist in “better understanding of service expectation operations of consumers” across service firms (pg 38).

However, the authors admitted that in deleting certain items they may have missed certain significant items for particular industries. They suggested that in using SERVQUAL for a specific service, appropriate adaptation might be desirable. Furthermore, the authors argued that SERVQUAL is most valuable when used periodically and in combination with other service quality measures, such as customer suggestions or complaints, as well as employee surveys to identify problems in delivering quality service. The model’s central focus is a “gap analysis” which compares the expectations and perceptions of service quality of both customers and management/staff. The instrument is organised around five dimensions of customer service: tangibles; reliability; responsiveness; assurance; and empathy, as discussed in detail in section 2.10 above.

The major advantage of SERVQUAL is that it indicates the relative importance of consumer expectations to the different dimensions of service quality (Johns 1993). This gives management a clear picture of the company’s performance, as seen by the customer, as well as a prioritised list of needs and expectations. Understanding these, management can set the expected standards, and ensure that staff abide by these standards by which, ultimately, the customers will judge the hotel. Finally, gaps in service can be identified and measured, which will enable a focused approach on improvement. The SERVQUAL framework (as depicted in figure 2.1) suggests that four customer service gaps may exist:
Figure 2.1: SERVQUAL gap model

Gap 1: Managers’ perceptions of guests’ expectations against guests’ own expectations. This gap occurs when managers misunderstand the customers’ expectations. Gap 1 is critical, as guests’ needs are likely to be different from segment to segment, and are likely to change naturally, over time. These changes may not be perceived by managers, particularly those removed from regular customer contact.
Gap 2: Guests’ expectations and guests’ perceptions of service delivery. Perhaps the most important gap of all, as it is at this stage that it is realised if a hotel’s service delivery systems match, exceed or fall short of guests’ expectations. Once it is understood what the customer wants, managers can set about putting the best systems into place to meet these expectations. However, it may be that hotel managers understands their guests’ needs but have been unable to or unwilling to put systems into place due to resource or financial constraints.

Gap 3: Managers’ perception of service delivery, and guests’ perception of service delivery. “The difference between service specifications and the actual service delivery is the service performance gap” (Zeithaml, Parasuraman & Berry 1990: 89). A gap here indicates inconsistency between how well managers believe guests’ needs are being met, and the actual service that guests receive. This gap may be present when the employees of a hotel do not have the required motivation or skills, or lack the customer service attitude that is needed to achieve customer satisfaction. Many hotel employees deal face-to-face with the customer, and are thus part of the service delivery. For example, a hotel dining experience can only be satisfactory if both the food consumed and the service performed is perceived to be of quality.

Gap 4: Managers’ perception of service and guests’ expectations. The gap here is between what managers believe is provided, compared with what customers expect from the hotel on that attribute. What the managers thinks of their service provision is communicated to the public through advertising, selling and public relations. It is partly from these messages that customers form expectations about the hotel before they arrive at the venue. Strategically, this gap is important, as we need not only to know what guests require, but also to communicate accurate messages to the market regarding the products and services available. In addition, one must be careful not to raise unnecessarily the expectations of customers on unimportant attributes, but instead to concentrate on the core attributes required by the market.

The SERVQUAL model as described above has had varied and many modified applications in service industries including tourism and hospitality. For example, Oberoi and Hales (1990) used it to measure service quality in the conference market;
Fick and Ritchie examined the tourism industry (airlines, restaurants, and ski services) using the SERVQUAL model; Saleh and Ryan (1992) used it to evaluate service quality in the Canadian hotel sector; Gabbie (1997) looked at hotels in Ireland; Ekinci studied resort hotels (1998); Mei et al. looked at hotels generally in (1999); Akbaba (2006) evaluated business hotels in Turkey; Wilkins et al (2007) explored hospitality services; and Mohsin & Lockyer (2009) studied luxury hotels in India. Despite the replication and the popularity of the SERVQUAL model in service industries, the model has and is still subject to a number of criticisms that are addressed in this research.

2.12.2 Criticisms of the SERVQUAL model

Since the SERVQUAL instrument was first reported by Zeithaml, Berry and Parasuraman in 1988 an explosion of research articles across several disciplines has evolved, replicating, criticising, modifying, and refining. In response, the authors of the original SERVQUAL model have made adjustments to the model. However, the SERVQUAL instrument continues to be contentious with a number of researchers (Carmen 1990; Flick and Ritchie 1991; Saleh and Ryan 1991 & 1992; Cronin and Taylor 1992 and 1994; Babakus and Boller 1992; Teas 1993 and 1994) and some of the contentious issues are now summarised. The most significant criticisms are:

a that collecting and using expectations data may be problematic because the beliefs of respondents to the surveys were entirely post-purchase and the experience of respondents with the service was different. The suggestion was that the importance of expectations would be a better measurement (Iacobucci et al. 1994).

b that the model could not exist meaningfully in generic form and that the dimensionality of service quality may depend on the type of services under study (Teas 1994; Buttle 1996).

c that negatively worded statements in some studies had consistently lowered mean expectations and perception scores relative to what they would have been had positively worded dimensions been used. The claim was that consumers became confused and sometimes systematically answered in the affirmative Babakus and Mangold 1992).
that the 7-point Likert scale does not account for subtle difference in levels of expectations and perception. The suggestion was that some consumers may not be able to internalise their judgements on expectations/perceptions using the 7-point Likert scale method (Carmen 1990; Lewis 1993).

that there had been a failure to confirm the five dimensions under SERVQUAL and to prove that expressive and physical components of service are significantly different (Carmen 1990).

that the number of subjects that may be needed to measure the items adequately is open for debate. Suggestions ranged from 5 to 10 times as many subjects as items.

that difference scores as a means of operationalising a construct were problematic, since they raised issues of reliability, focused on systematic correlation of the construct with its components and systematic relationships to any random error measurement. The proposed solution for this problem was to use factor analysis, linear regression and multiple regression models.

that service quality is an antecedent of consumer satisfaction, and consumer satisfaction has a significant effect on purchase intentions. Service quality therefore has less effect on purchase intentions than does consumer satisfaction. As a result, some researchers claimed that SERVQUAL is paradigmatically flawed, because of its ill-judged adoption of the disconfirmation model and because its authors did not define service quality in attitudinal terms (Taylor 1992).

that the longer the customer stays at a particular hotel, the more important intangible factors, such as the client–staff relationship, may become (Saleh and Ryan 1992).

that the perception/expectation (P-E) framework came with a number of conceptual and definitional problems, involving: (1) conceptual definition of expectations; (2) theoretical justification of the expectations component of the P-E framework; and (3) measurement validity of the expectation (E) and revised expectation (E) measures specified in the published service quality literature (Babakus and Boller 1992).

that performance-only measures have greater validity and the expectations measures should be abandoned (Cronin and Taylor 1994; Brady et al. 2002).
In summary, it is clear that researchers have no argument with the notion that service quality is the driver of corporate marketing and financial performance, nor are they confused about the importance of service quality. It is recognised in the literature that service quality is important because of its relationship to: costs (Grosby 1979); profitability (Buzella & Gale 1987; Barsky & Labagh 1992; Rust & Zahonk 1993; Antony et al. 2004); customer satisfaction (Bolton & Drew 1991; Cronoin & Taylor 1992); customer retention (Sasser 1990); positive word-of-mouth (Burton, Easingwood & Murphy 2001); and competitive edge (Kandampully 1998). As outlined above, some researchers have a problem with the SERVQUAL instrument for measuring service quality; these criticisms have been taken seriously in this research and will be discussed in the next section.

2.12.3 Answering the criticism of SERVQUAL

As discussed above, a number of authors have criticised the SERVQUAL instrument and it must be acknowledged that these criticisms have some merit. The following sections are dedicated to answering these criticisms and synthesising the way they will be addressed in this research.

2.12.3.1 Importance of expectations

Buttle’s (1996) summation of the operational criticisms is that SERVQUAL fails to measure absolute service quality expectations because consumers use standards other than expectations to evaluate service quality. He points to Teas’ (1993) argument that customers interpret expectations differently and that the expectations component lacks discriminant validity. He also points to Iacobucci’s (1994) possible solution to drop expectations and instead use standards. However, industry standards could make it more confusing. In the case of the hotel sector in Sydney, the Australian Automobile Association (AAA), like its counterparts in many countries, is responsible for rating hotels, and additionally each company, especially those in international chains, has its own standards. Therefore, adding a new set of industry standards could add to the existing confusion. Consequently, for the purposes of this research, the importance performance analysis (IPA) in the survey questionnaire was added to complement the SERVQUAL framework. In this research, particular
attention has been paid to incorporating importance of expectations rather than just evaluating performance against expectations.

2.12.3.1.1 Importance Performance Analysis

A typical method used to evaluate facilities and service offerings is importance performance analysis (IPA). IPA is conceptually a multi-attribute model of consumer choice and can identify strengths and weaknesses of a market offering (Keyt et al. 1994:35). These strengths and weaknesses are based on two criteria which are used by customers in making purchase choices. The first is the relative importance of attributes, that is, all those characteristics that may be part of the product or service offering. The second is the customers’ evaluation of the offerings in terms of those attributes. In this research, these attributes will be the facilities and services of hotels. Sethna (1982) empirically tested and proved that the greater the discrepancy between the importance and the performance of that attribute, the greater is the consumer’s dissatisfaction. Therefore Sethna concluded that “importance performance analysis can be used in a quantitative analysis of marketing strategy” (pg 30).

First applied in a service department of an automobile dealer, IPA has been extensively used in other service sectors, including tourism, banking, food service, health care, education, marketing and hotels. In tourism studies, the IPA model has been used to analyse the performance of tour guides (Zhang & Chow 2004); the performance of escorted tours (Duke & Persia 1996); the attributes of a ski resort (Uysal, Howard & Jamrozy 1991, Hudson & Shephard 1998); the attributes of destinations (Go & Zhang 1997, Litvin & Ling 2001); tourism in general (Evans & Chon 1990, Go et al. 1997, Hudson et al. 1998, & Weiler 2006); hospitality (Keyt et al. 1994); and hotels (Martin 1995). An extension of the IPA was introduced by several authors who have applied the model to develop an importance performance gap analysis by contrasting the perspectives of different respondents (Oppermann 1998, Litvin & Ling 2001, Brown & Swartz 1989).

The technique begins with an identification of the attributes that are relevant to the particular situation under study. This identification is a result of a thorough literature review, and interviews with groups or individual managers who have specific expertise and knowledge in the area under investigation.

Martilla and James (1977) emphasised that the selection of attributes for measuring importance and performance is critical to the effectiveness of the IPA. If
some of the evaluative factors perceived as important to the customer are unnoticed, then the usefulness of the IPA will be severely limited. To avoid this, Martilla and James (1977) proposed several sources for the development of the attribute list, including previous research, qualitative research techniques such as focus groups and unstructured personal interviews, and managerial judgement. These sources can also be used for screening the attribute list in order to arrive at an appropriate size, reflecting the most influential factors of a product or service. Likewise, Oh (2001) pointed to the difficulties of determining a set of attributes, particularly service attributes. Thus, consumers may not be aware how important a particular attribute is until after they have experienced it or have realised its service failure. (Oh 2001) conducted a critical review of past studies, reanalysed published data and made a number of suggestions for future hospitality and tourism research applying importance performance analysis. This future research potentially includes: better defining the concepts and corresponding interpretation of “importance”, “expectations”, “performance” and “perceptions”; determining a set of attributes for the specific sector; devising a better scale construction; and undertaking casual modelling attribute importance analysis.

Having taken the above points into consideration in developing the research design for this study, phase one, the qualitative part of this research, has elicited the necessary information that led to the development of the hotel service quality attributes. Based on these qualitative findings, a list was developed that comprises relevant important attributes related to service quality in hotels. This list of importance attributes was then incorporated into a closed-ended and self-administered questionnaire, as discussed in the methodology chapter.

IPA is used in this research as it presented as being consistent with the aims and objectives of this study. Based on the concept of confirmation/ disconfirmation, it is a useful technique used to examine the importance of certain attributes as perceived by hotel customers, and their assessment of the performance of hotels in relation to those attributes. IPA was deemed to be flexible as it can be changed to suit the hotel sector, through the questions asked. From a practitioner’s perspective, the attractiveness of IPA is in its simplicity and low cost of administration. This tool is particularly useful to managers as it is easy to understand and can provide a good strategic focus, mainly because it communicates to managers the attributes that are important in hotel selection, and then ranks the performance of each hotel on those
important attributes. Therefore it is used here to build a managerially useful tool to measure service quality in the specific context of hotel services.

2.12.3.2 Context specific

Gundersen, Heide and Olson (1996), and Ekinci and Riley (1998), question the appropriateness of applying a generic service quality measurement such as SERVQUAL to all service industries. It is possible that the five underlying dimensions identified by Parasuraman, Zeithaml and Berry (1988) are a construct of their specific sampling frame. For example, no service comparable to that of a hotel was used to develop the SERVQUAL framework; they used as their service providers a bank, a credit card company, a repair and maintenance company, and a long-distance telephone company. Therefore, there are a number of reasons to suspect that the same factor pattern will not emerge in the context of the Sydney hotel market.

This research has in phase1 of the methodology accepted that the SERVQUAL instrument is non-generic, and a systematic identification of important specific attributes of service quality for the hotel sector of Sydney has been incorporated here. In fact, Parasuraman, Zeithaml and Berry (1988) have never disagreed with the notion that context-specific items can be used to supplement SERVQUAL. Furthermore, as customers’ assessment of service quality may vary from one moment of truth to another it is interesting to speculate whether customers evaluate service quality on multiple encounters. Considerable evidence suggests that customers build on their previous experiences to evaluate a new situation. (Parasuraman, Zeithaml and Berry 1985; Gronroos 2000; Lewis 2000). This is why we need to measure service quality on a periodical basis, to ensure that the services provided in hotels continue to meet the needs of customers.

Whilst Carman (1990) and Yoon and Ekinci (2003) found that the SERVQUAL scale did not fall into the predicted five-factor structure in a hospitality environment, both studies propose that that the ideal number and types of service quality dimensions may be different depending on the context. However, Parasuraman, Zeithaml and Berry have always claimed that future research needs to explore the nature and causes of interrelationships between the dimensions, and point out that SERVQUAL is a basic skeleton which can be adapted or supplemented to fit the characteristics of need or industry or sectors. Accordingly, it is the aim of this research to use the framework of SERVQUAL together with the IPA tool to explore the nature of service quality in the hotel sector of Sydney and to explore the relationships of service, location and price.

2.12.3.3 Wording of items and scale issues
Buttle (1996) discuss the possibility of error due to the reversal of items in a scale, through positive and negative wording. On the one hand there is an argument that this is good normative research practice, and on the other the fact that customers make comprehension errors as a consequence of this. However, the consensus in the literature is that there are data quality problems whichever way you go, and the best way to reduce the problem is to be careful in administration of the survey, and the way it is explained to the respondents.

Another operational criticism of SERVQUAL is the lack of verbal labelling of the scale points, which in turn allows for individual interpretation of their meaning, resulting in respondents possibly being drawn to the midpoint. Simon and Lamb (1997) further suggested that researchers need to follow the test and re-test method, involving having two separate administrations of the instrument. However, as Buttle (1996) points out, the confusion may be eliminated with clear and reasonable instructions. The survey instrument used in this research has positively worded items only, and much attention has been paid to explaining to respondents the various sections in the survey, and in particular the 7-point Likert scale used as depicted in Appendix 6.

2.12.3.4 Reasonable number of subjects
In this research two separate studies, first the pilot and then the main study, have incorporated a reasonable number of respondents so that appropriate statistical
analysis could be done using a recognised statistical analysis software and a range of tools, such as factor analysis, to ensure reliability and validity of measurement. All of these are described in detail in of Chapter Three.

2.12.3.5 Measuring both expectations and performance

The theoretical criticisms by Buttles (1996) and others were based on the fact that SERVQUAL was a disconfirmation paradigm rather than an attitudinal paradigm. However, Parasuraman, Zeithaml and Berry vigorously defend their position, arguing that its critics discount other conceptual work in service quality literature, while they themselves do not believe that the disconfirmation paradigm is flawed. Buttles’s (1996) summary article also contends that Parasuraman, Zeithaml and Berry fail to draw on established economic, statistical and psychological theory, arguing that it is naïve to assume that the marginal revenue gained always exceeds the costs. However, several authors (Grozby 1979; Zeithaml 1988; Bolton 1991; Rust 1993) have already addressed the issues of costs/benefits of quality improvement, and its validity is now well established. Furthermore, Buttles’s 1996 summary of SERVQUAL article suggests that there is little evidence of customers assessing service quality in terms of P-E and Buttles points to research by Babakus and Boller (1992), Churchill and Surpenant (1982), and Oliver (1980), who claim that expectations add nothing that performance doesn’t give already.

However, there is an acknowledgement in the literature of the explanation by Parasuraman et al. (1994) that a performance-only approach “would limit the explanatory power of service quality measurement”, cited in Yoon & Ekinci (2003:6). Robledo (2001) similarly states that “understanding customer expectations is a pre-requisite for delivering service quality” that equates to evaluating service quality by comparing perceptions with expectations (pg 22). The author Robledo concludes that the study of alternative perceived quality models by saying that “models that measure service quality considering expectations are superior to models that measure service quality as a function of performance only” (pg 26).

Evaluation methods for service quality are still evolving, and there is no dominant service quality measure method more widely used or more subjected to empirical testing than SERVQUAL (Robinson 1999). Additionally there is empirical research which continues to validate the SERVQUAL model and make obvious its
potential value (Sultan & Simpson 2000). However the literature in service quality, in some circles at least, calls for a reassessment and review on the way forward.

2.13 A call for a reassessment and review in measuring service quality

Amongst those calling for a reassessment and review are Ekinci and Riley (1998, 2000), who critically review the conceptual issues which surround the measurement of service quality. This review concludes with the suggestion that the dimensions of the model might be re-tested using different scaling techniques, and also support adoption of a wider psychological perspective which actually goes back to the fundamentals of evaluative processes. Furthermore, the authors argue for a new start on assessment of service quality because they see fundamental problems with measurement approaches undertaken to date. They comment in particular on the lack of studies on selection of hotels by individuals. They propose specifically that researchers go back to basics and investigate questions such as: why people choose particular hotels; how people evaluate hotels; confirming dimensions of those responses already suggested but by different means; validating the existence of the previous dimensions by looking at hotels specifically. Ekinci and Riley (2000) do not advocate the use of SERVQUAL in its present form, and many of their suggestions are adapted and reported in this thesis. In his paper on the future requirements of measuring service quality Ribinson (1999), also advocates a search for the “macro issues” of consumer evaluation of service, suggesting that we return to the start in evaluating at firsthand what customers expect from services in specific contexts. Additionally a review of the measures of service quality by Ladhari (2008) advocates a careful analysis of the context and the players (customers, managers and staff) in determining the key attributes of service quality.

The call in the literature as evidenced by the above authors is for a modification to the SERVQUAL scale, so as to correctly reflect the industry within which it is to be used. This is the principal reason this research includes the exploratory management interviews: it was considered important to capture the special areas of hotel services. Brady and Cronin (2001) discussed the inclusion of qualitative studies to draw out what customers consider when evaluating the quality
of interactions, physical environment and service experiences, and then using those responses to look for appropriate dimensions.

Ryan (1999) considerers the simplicity of SERVQUAL as a benefit, particularly because it allows managers to track areas of weakness; however, he acknowledges the difficulty of capturing all aspects of service quality in any one model. This is especially so when examining a complex product such as a hotel, which is why this research adopts a mixed approach to the study of service quality. Atilgan, Akini and Aksoy (2003) recommend that, as few empirical studies have been done in the tourism sector using the SERVQUAL model, work still needs to be done. They further assert that quality is critical in today’s competitive environment and that measures need to incorporate expectations and perceptions, because “providing high quality service depends on identifying customers’ expectations accurately and delivering the expected services efficiently” (pg 420).

Pizam and Ellis (1999) review and discuss the topic of customer satisfactions and its application to the hospitality and tourism industries. Their review leads to the statement: “Customer satisfaction is the leading criterion for determining the quality that is actually delivered” (pg 34). Furthermore, they argue that satisfaction with a hotel experience is a sum total of satisfaction with individual elements or attributes of all the products and services that make up the experience. The assessment of the quality of a service is made during the actual delivery of the service. They note, too, that the gap that exists between customers’ expected and perceived service is not only a measure of the quality of the service, but also a determinant of customer satisfaction/dissatisfaction. The authors claim that customer satisfaction goals are often set without an understanding of current customer satisfaction levels and that companies don’t act on results of service quality measurement. Moving on, Heide, Gronhaug and Engset (1999) recommend that, in an effort to improve customer satisfaction, “managers need know what aspects consumers consider important in a specific context; and to have relevant, valid and reliable instruments to measure consumer satisfaction” (pg 201). This research, then, becomes increasingly important to the Sydney hotel sector as it can develop a relevant, Sydney context-based, reliable and valid tool.
2.14 Conclusion

This chapter has reviewed the literature on service quality, and its relationship to expectations, satisfaction, loyalty and retention, as well as price. What has been outlined is the importance of service quality in the hotel sector in terms of a sustainable future, and how marketing has become a fundamental principle in the strategic philosophy of hotel management. This chapter has also reviewed the determinants of service quality, and the importance of the people factor in the delivery of service quality. The measurement of service quality has been summarised, and the SERVQUAL model appraised, and its criticisms reviewed and answered.

Whilst the theme of service quality is not new, an argument has been made in the literature for a new start in service quality and its measurement in particular (Oh & Parks 1997; Ekinci & Riley 1998). This research seeks to embrace this call and begins by looking at the impediments to service quality in a context that has not previously been explored, that is, Sydney’s three-, four- and five-star hotels.

Based on the above literature, several gaps have been identified:

- a lack of knowledge as to what the customers of Sydney hotels consider important when evaluating hotel services between hotels;
- a lack of qualitative studies examining managers’ perceptions of service quality delivery in Sydney hotels;
- a lack of knowledge of the potential discrepancies or similarities between the perceptions of customers and managers in Sydney hotels;
- a lack of knowledge through empirical studies about how satisfied Sydney hotel customers are with the services provided in Sydney hotels;
- a lack of knowledge about how strong the relationship is between price, the level of satisfaction and overall service quality perception of customers in Sydney.

It is these gaps that this research aims to address. Additionally, the research is used to examine a range of relationships:

- that between customer expectations and service quality
- that between customer satisfaction and service quality
- that between customer loyalty/retention and service quality
- that between price/value and service quality.
Whilst the search for the perfect service quality measurement has evolved to become a central theme in the tourism literature, the theme of service quality in Sydney hotels opens up new avenues for discussion and inquiry and accounts for the main emphasis of this thesis.

This chapter has provided an overview on the various literatures relevant to service quality with much of the emphasis being service quality within the hotel sector. Several gaps have been identified and an explanation has been offered as to how those gaps will be addressed in this thesis. The next chapter discusses in detail the methodological approach adopted in this research.
Chapter Three
Methodology

The previous chapters discussed the literature that supports this study and the theoretical framework that has been embraced. This chapter presents the methodological approach adopted and how it has contributed to the overall understanding of service quality in the hotel sector of Sydney, Australia.

Previous research on service quality has drawn many conclusions which, in turn, have created a great deal of knowledge in other service sectors, such as banking and finance, retail, tourism, real-estate and hospitality. This research applies service quality theory to a particular context, the hotel sector of Sydney, to find better solutions to measurement, planning and management of service quality within the hotel sector. As a result, this research has sought answers to the following two main questions and a number of sub-questions:

RQ1 What are the main factors that customers consider to be important in the evaluation of service quality in three-, four- and five-star hotels?

RQ 1.1 What attributes do customers use in choosing between three-, four- and five-star hotel accommodation in Sydney?

RQ 1.2 What are managers’ perceptions of the attributes they believe are important in patrons’ choice process when deciding between alternative three-, four- and five-star accommodation providers in Sydney?

RQ 1.3 Is the SERVQUAL framework useful in developing measures of service quality in three-, four- and five-star hotels in Sydney for developing a refined set of measures for managerial use?

RQ 1.4 What is the validity of the SERVQUAL framework in the context of three-, four- and five-star hotels?
RQ 1.5 Which of the identified dimensions of service quality are the most important in delivering customer satisfaction in three-, four- and five-star hotels in Sydney, Australia?

RQ 2 How well are these hotels delivering the required levels of satisfaction to their customers?

RQ 2.1 From the perspective of both managers and staff what are the impediments within the hotel sector to delivering quality service?

RQ 2.2 What is the difference between managers’ perceptions and customer expectations?

RQ 2.3 What aspects of hotel service require attention and modification in terms of teaching and learning about service delivery?

RQ 2.4 What is the customer perception of service performance in three-, four- and five-star hotels?

RQ 2.5 What is the difference between managers’ perception of performance of their hotel and customers’ perception of performance?

3.1 A pragmatic mixed method approach

By far the most important aspect in the choice of methodology for this research was that it would be useful, and that the activities around this research have a clear practical value, from which both the researcher and the participants could learn and benefit. As stated in the introductory chapter, this research was stimulated by the researcher’s interest in hotels, in part due to her background as a hotel manager, and therefore a mixed research methodology grounded in the pragmatic paradigm was adopted.

A pragmatic paradigm is “a deconstructive paradigm that debunks concepts such as truth and focuses instead on what works as the truth regarding the research questions under investigation” (Tashakkori & Teddlie 2003:713). Therefore the pragmatic paradigm is less concerned with adhering to any particular worldview and methodological decisions are based on the purpose of the research and the questions of interest (Mactavish & Schleien 2000). Placing the research question in the centre as the core of the research, data collection and analysis methods are chosen based on what is most likely to provide insights into the question, and ignoring any allegiance
to a particular philosophical view (Mackenzie & Knipe 2006). Hence a mixed method design is often used, to facilitate a study such as the one described in this thesis.

The study of service quality does not sit in any one particular paradigm, and has been drawn from both qualitative and quantitative methods, depending on the research question, the time and resources available. Quantitative research emphasises quantification in the collection and analysis of data, entailing a deductive approach, whereas qualitative research emphasises words in the collection and analysis of data, which entails an inductive approach (Bryman 2004). It was the intention of this research that analyses of data go beyond description, and thus involve inductive and deductive methods. Inductive methods involve discovering patterns and themes, whilst deductive methods involve analysing data following an existing framework (Patton 2002). Therefore a mixed approach was decided upon, as depicted in (figure 3.1) the conceptual map of the methodology. This research has been divided into four Phases as depicted in figure 3.2:

Phase 1, the qualitative phase, combined individual interviews and fieldwork involving participant observation of hotel employees, managers of hotels, and customers visiting the hotels. The aim of this qualitative stage was to collect data from numerous sources, in order to search out a holistic picture from the main actors, customers, management and staff, of what is happening with service quality in hotels.

Phase 2, the first of the quantitative phases, included the development of a pilot test questionnaire, built from existing theory and the information found in Phase 1.

Phase 3, the second of the quantitative phases, included the administration of a highly structured, self-administered questionnaire for both management and customers of three-, four- and five-star hotels. The aim of this phase was to collect empirical data about the expectations and perceptions of customers and compare them to those of management, as well as to measure service quality in Sydney hotels.

Phase 4 included triangulation, to explain the combination of different methods in dealing with the data and to provide a means for verifying findings and conclusions.
The benefit of using this mixed approach, as supported by Bryman (2001), is that the qualitative research in Phase 1 allowed for an in-depth look at service quality through its main actors (customers, managers and employees) and thus facilitated the design of survey questions in Phase 2. The pilot test allowed for a further refinement of the survey questions in Phase 3 that would ultimately answer the research questions.

The rest of this chapter is dedicated to a thorough explanation of qualitative (Phase 1 and 4) and quantitative (Phases 2 and 3) methods adopted in this research.
Figure 3.1: Conceptual map of methodology

- Phase 1: Qualitative exploratory research
- Phase 2: Pilot Study
- Phase 3: Final Survey
- Phase 4: Triangulation through constant/progressive comparison

Existing theory
Context

Theory-building
Figure 3.2: Chronological research process
3.2 Qualitative methods: phase 1 – the exploratory phase

According to Grbich (1999), qualitative research has been defined in numerous and diverse ways ranging from an emphasis on methods and techniques (Leininger 1985; Kellehear 1993; Patton 1990) to social construction (Minichiello et al. 1995; Guba 1996; Denzin & Lincoln 1994) through inquiry by the researcher. In general, however, a qualitative approach to research refers to research that produces descriptive data, through the participants’ written or spoken words, together with their observable behaviour (Taylor & Bogdan 1998). “Starting from people’s expressions and activities in their local context” (Flick 2000:213).

3.2.1 Exploratory study using a qualitative approach

The main focus of the exploratory phase (guided by question 1.1; 1.2 and 2.1 of this research) was to ascertain the main factors that customers consider important in the evaluation of service quality in three-, four- and five-star hotels in Sydney, and any impediments that may exist in delivering service quality. A qualitative approach was adopted because the researcher sought to acquire a description and interpret the events, thoughts and actions of the main actors in the delivery and receipt of service quality in hotels in Sydney. This inductive research approach led to conclusions being derived from the data collected, using what Blaize (2004) refers to as inductive logic.

The sequence to collect this interpretive data was taken from Bryman (2004). The first step was to establish the general research question, which was to ascertain the main factors customers consider important in the evaluation of service quality. The second step was to select relevant sites and subjects. The subjects chosen were those in the best position to answer the question, customers, and the managers of hotels, together with the staff who provide service to the customer. The third step in the process was the collection of the factors that are considered in the evaluation of service quality in hotels, and their relative importance. This process led to the researcher becoming involved through interviews, observation and participation. The fourth step was to interpret the data by way of thematic analysis, through constant comparative methodology (Glaser & Strauss 1987). This is where the content of what was said through multiple interviews was sifted to uncover the recurring themes which formed unique patterns – a process then repeatedly revised until it was
apparent that no new themes were emerging. The purpose was to increase the validity of the findings through the constant comparison of commonalities, and differences in behaviour, reasons for actions, attitudes, and perspectives from a variety of sources (Boeije 2004). When all the data were compared, the research findings confirmed existing information in the literature as well as added new information on service quality. This then led to the development of a pilot questionnaire survey that would encompass the three-, four- and five-star hotel context of Sydney.

Both primary and secondary data were collected as recommended by research experts (Cooper & Schindler 2003; Creswell 2003; Bryman 2004; Veal 1997; Zigmund 1997). Data consist of all the facts that are presented to the researcher from the study’s environment. Primary data are sought for their proximity to reality and secondary data for their interpretation of events (Cooper & Schindler 2003). In this research, mostly primary data were used; however, secondary data were used to expand the researcher’s understanding of the management of service quality in the hotel sector; to gather background information on the hotel sector in Sydney; to look for ways others have addressed a similar dilemma; and to identify the information that should be gathered to adequately answer the research questions in forming both the content, and methodological approach.

Zigmund refers to secondary data as historical data that have been collected previous to the study at hand in university libraries and through company or industry records, and argues that its acquisition gives the researcher a fast and inexpensive update on the context (2000:63). Secondary data for this research were primarily sought through previous research and industry reports.

A thorough search of the literature was an important aspect of this research. It enabled the researcher: to gain a clear picture/definition of what constitutes quality; to appreciate the models of service quality that have developed over time; to gain an understanding of the measurement tools that arose from the models; to gather the various criticisms of those models and tools; to come to terms with the gaps that exist and then identify the contribution the researcher could make. In this effort, data were collected via a review of the literature on service quality as fully detailed in Chapter Two. Literature from the early works on service quality systems (e.g., Juran 1988); through the development of service encounters and the interaction between customers and service staff (e.g., Middleton 1988; Albrecht & Zemke 1985) led to
papers on consumer choice behaviour (e.g., Oliver 1981; Gronroos 1983; Czepiel et al. 1985; Matilla 2004) and then to the arguments about the measurement of service quality (e.g., Zeithaml, Berry & Parasurman 1988; Carman 1990; Fick & Ritchie 1991; Saleh & Ryan 1991; Cronin & Taylor 1992; Teas 1994; Buttle 1996; Alexandris 2004); and finally to the new discussions and perspectives on service quality in the 21st century (e.g., Ekinci & Riley 1998; Lee 2000; Oh 2001; Gilbert 2004; Bowen 2004; Nadiri 2005).

As the research presented in this thesis is based on the Australian hotel sector, it was necessary to make use of government statistics on the hotel sector (Australian Bureau of Statistics), hotel industry reports (Australian Hotel Association; Australian Hotel & Motel Association; Automobile Association of Australia), market trend reports from consulting companies (Colliers Jardine), and forecasting reports from tourism services (World Travel & Tourism Council; Bureau of Tourism Research; Australian Tourism Forecasting Council). Additionally, information was collected from the hotels that participated in the study. This information included customer survey reports, occupancy and room revenue statistics, marketing reports, as well as human resource records. Such information was vital in determining a holistic picture of service quality in the hotel sector of Sydney, Australia.

3.2.2 Primary data collection

Cooper and Schindler (2003:87) define primary data as raw and original data that have been collected by the researcher herself and represent an official opinion or position by the researcher, such as interviews and surveys. In this research primary data consisted of interviews, observation, participation and then finally survey questionnaires. Specifically, data were collected from customers, managers and hotel employees. The selection of these participants is discussed in the following section on sampling procedure (3.2.2.1) and later in section 3.3.1.

3.2.2.1 Sampling procedure

The qualitative research approach described in this first phase was used to obtain an overall picture of service quality in Sydney hotels. Therefore, the sampling procedure involved selecting the hotels, individuals and groups for inclusion in the research, which is described in-depth below.
3.2.2.1.1 Selection of hotels
Initially, 30 hotels were selected for potential inclusion in this first phase of the research. The key criteria used for hotel selection was a website search of three-, four- and five-star hotels in the Sydney metropolitan area. The key criterion for hotel selection was that the hotels be classified by the Australian Automobile Association classification scheme (www.aaa.com.au) as three-, four- and five-star hotels, located in the Sydney metropolitan area. These classifications have been fully explained in the introductory chapter under Context.

3.2.2.1.2 Selection of interviewees
The researcher contacted general managers of the 30 selected hotels via phone, stating the purpose of the study and requesting that the hotel participate in the research. The general managers of twelve hotels agreed to participate. A formal letter requesting interviews with managers, customers and staff was then sent, with an accompanying authorisation to the senior executive as depicted in Appendix 1. In total, over a period of six weeks, 24 interviews were conducted with hotel managers, 16 interviews with staff members, and 20 interviews with hotel customers.

3.2.2.1.3 Purposive sampling
Purposive judgment sampling was used to recruit managers, customers and staff who were to be interviewed. This is a non-probability sample that conforms to certain criteria set by the researcher and is reported to be most appropriate when used in the early stages of an exploratory study (Cooper & Schindler 2003).

The criteria set by the researcher were that managers and staff interviewed had to be from a variety of departments which, when combined, represented the entirety of hotel operations; and they must have worked in that particular hotel for over six months so that they had good understanding of service delivery. The researcher approached staff members in the dining room and managers in their office, introduced herself, stated the purpose of the research and requested an interview. All participants were informed that the executive manager of the hotel had given permission for this research; that their participation was voluntary; that they could withdraw from participation at any time; and that what they said to the researcher would be used for research purposes only. Upon agreement, the participant was asked to sign a letter of consent as depicted in Appendix 4.
The criteria set by the researcher for customers was that they had to be guests of the hotel; to have stayed at least one night; and to represent either the leisure or corporate customers of the hotels. Customers were approached by the researcher in the hotel lobby, food and beverage outlets, and function centres of the hotel. The researcher introduced herself, stated the purpose of the research and requested an interview. Upon agreement, the customer was asked to sign a letter of consent, as depicted in Appendix 4.

3.2.2.2 Interviews
The interviews were conducted at each of the participating hotels. Interviews were semi-structured, in that an interview protocol was used to outline a set of questions about the delivery of service quality, leaving enough room to expand into new areas. A semi-structured interview generally refers to “a context in which an interviewer has a series of questions that are in the general form of an interview schedule but is able to vary the sequence of questions…and ask further questions in response” (Bryman 2004:113). This type of interview technique was chosen because, as Grbich (1999:95) testifies, it allowed for “an extensive exploration in a conversational manner with the emphasis being on the interviewee’s expertise”.

The questions were formulated to address the research questions of the study. The primary emphasis at this exploratory stage was on identifying relevant attributes that guests perceive are important, and the perceptions of managers as to what they believe are important in customers’ decision-making process when deciding between alternative three, four, and five star accommodation. A detailed account of how many questions were developed for the survey and the validity of these questions is addressed later in this Chapter and Chapter Five where the measures used are fully discussed.

All interviews were recorded on audio-tape because this provided a more accurate version of the story than simply just notes made by the researcher (Yin 1994; Patton 1990). All interviews were transcribed verbatim before coding and analysis began (see Appendix 5).

3.2.2.3 Interview protocol
Interviews (Appendices 2 and 3) were conducted with hotel managers, customers and employees of three-, four- and five-star hotels.
The interviews conducted with managers and employees commenced with questions about the participant’s background and experience in the hotel sector, about the hotel in which they work, and about the hotel’s particular facilities and amenities. The questions that followed were more specific, and related to the managers’ or employees’ perceptions of customer needs and their relative importance. Participants were also asked if the hotel meets or exceeds customers expectations and to explain with examples their answer. Furthermore, participants were asked to think about their nearest competitors and make comparisons on service quality with other hotels in the same category, and to nominate improvement issues and impediments to the delivery of service quality.

The interviews conducted with customers commenced with questions about the purpose of their stay, how often they stay in hotels, the length of stay, and who is responsible for making their reservations. The questions that followed were specific to how they make choices between hotels, what attributes they look for in a hotel, and the relative importance of those attributes.

3.2.2.4 Participant observation
In order to experience the dynamic of service within the hotels and gain a better understanding of the current hotel context, participant observation was used during the data collection period. Observations in this case were made possible through participation in meetings of hotel department heads, a number of stays at the various hotels that participated in the research, and informal meetings with staff of the hotels. The researcher sought to observe the behaviour of the members of the management team, the staff involved in direct services to customers, and the customers themselves. Specifically, the aim was to observe behaviours through the actions, activities and experiences of managers, staff and customers when providing and receiving service within the hotels. This method concurs with Yin (2003), who states “participant-observation offers a most distinctive opportunity related to one’s ability to gain access to events and groups that are otherwise inaccessible to scientific investigation and to perceive reality from the viewpoint of someone, on the inside” (94).

In addition to the interviews, the researcher kept a journal to facilitate the development of ideas and keep reflections as a result of participant observation. Participant observation involves the researcher engaging in regular interaction, and
observing from a member’s perspective (Flick 2002:138). The combination of interviewing and participant observation adds richness to the data collected (Grbich 1999). The observations were then compared to the participant’s responses to interview questions. Finally, in order to validate the findings, which included the researcher’s observations, the findings were presented to the interviewees and their colleagues at subsequent departmental meetings for validation to responses. This, in turn, added more data to that set and gave richness to observational notes and cause for further reflection. This combination aids understanding of a particular context in an interactive way, because the researcher is face-to-face with participants and can more easily uncover participants’ perspectives and follow up for clarification (Marshall & Rossman 1999).

### 3.2.2.5 Interview data analysis

Data analysis was undertaken by way of constant comparative method (CCM). CCM is a tool derived from grounded theory, whereby the information that is gathered is coded into emerging themes (Glaser & Strauss 1967; Glaser 1999; Grbich 1999). The data are then repeatedly revised until it is apparent that no new themes are emerging. The themes are then categorised to form interpretations. The process of iteration may occur several times to constantly compare with previous findings.

This method allowed for a personal critique and a subject-content critique, from which a general summary of ideas, themes and theoretical implications was developed through coding and categorising of the data. The outcome of the analysis includes statements that attempt to answer the research questions and are authenticated by direct quotes (Grbich 1999). The researcher’s journal was added to the data from the interviews and observations and further used to facilitate reflections on the researcher’s subjective views, to ensure clarity of personal perspectives whilst analysing different points of view.

What has been outlined thus far are the methods used in the first phase of this research, which focused on qualitative methods to investigate issues related to service quality from the perspectives of managers, customers and employees of three-, four- and five-star hotels in Sydney, Australia. Phase 1 in part answers the first research question pertaining to the attributes customers use in choosing between hotel accommodations. Phase 1 also in part answers the second question, pertaining to the impediments to the delivery of service quality. In addition, quantitative
methods were employed to investigate the remaining questions related to service quality and will be discussed next.

3.3 Quantitative methods: Phases 2 and 3 – development and measurement

The methodological approaches in Phases 2 and 3 differ from those in the first phase in that these are quantitative and involve the collection, analysis and presentation of statistical information which is designed to answer research question 1.3, 1.4, 1.5 and question 2.2, 2.3, 2.4, 2.5. Specifically, Phase two is dedicated to pilot testing the survey questionnaire, and to the development of a reliable and valid service quality measurement tool which is specific to the hotel sector.

The study of service quality and its measurement is not a new addition to the field of tourism research and is fully discussed in the literature review. Tourism researchers have benefited from being able to access the methodological tools which have been developed to measure service quality in general. However, because of the highly complicated and diverse nature of tourism products, it was necessary to develop more specific and more conceptual frameworks and methods of measurement in order to reliably and validly measure service quality within a specific product type such as hotels. Therefore one of the purposes of this research is to enhance and design a rigorous, appropriate, and practicable tool to measure service quality for the hotel sector of Sydney.

For this reason, a conceptual framework for the development of a measure of service quality in the hotel sector of Sydney was drawn from previous research in service quality, as fully reviewed and discussed in Chapter Two, based on the model of Saleh and Ryan (1991). This was one of the first studies within the hotel sector to use the SERVQUAL instrument. SERVQUAL was developed by Parasuraman, Zeithaml and Berry (1988) as a service quality measurement tool, originally intended for application within the financial services sector, and it is designed to measure those components of service that generate satisfaction within five dimensions. These are: tangibles; reliability; responsiveness; assurance and empathy.

To measure the key constructs, this research employed the Importance Performance Analysis (IPA), originally used by Martilla and James (1977). IPA is the procedure for asking a respondent first to rate the importance of an attribute and
then to rate performance, and it provides a useful technique for evaluating service attributes and identifying service quality improvements. The use of this technique is well documented in the service marketing literature (Keyt et al. 1994; Martin 1995; Go & Wei 1997; Hudson & Shephard 1998; Yu & Weiler 2006).

3.3.1 Measurement technique
The aim of this research was to investigate customers’ needs and expectations and how well Sydney hotels are delivering the required levels of service. Thus it was most appropriate to use a survey questionnaire, which was deployed to hotel managers and customers. According to marketing researchers (Burns & Bush 1995; Zikmund 2000; Solomon & Stuart 2000), survey methods allow for the collection of a significant amount of data in an economic and efficient manner. Additionally, survey methods allow for standardisation because questions are preset and organised; the administration of questionnaires is relatively simple; data have the ability to tap into the questions of what, why and how; tabulation and statistical analysis allow for patterns and common themes to emerge; and it is easy to divide samples into demographic groups and then compare them (Zikmund 2000).

3.3.2 Survey questionnaire development
A comprehensive procedure for developing scales has been outlined by Churchill (1979) and was used here to develop the best measures possible. This procedure involves a stepped approach to scale development through the following stages: 1) Specify domain of construct; 2) Generate sample of items; 3) Collect data through the pilot test; 4) Analyse and interpret data; 5) Purify measure; 6) Collect data through the final questionnaire; and 7) Develop norms. The application of stages 1–5 to this research is explained in the following sub-sections. Stages 6 and 7 are discussed under the section of final questionnaire (3.3.3).

3.3.2.1 Specify domain of construct
The first phase of this research, the qualitative phase, produced a relatively broad definition of service quality. The literature search and review undertaken resulted in the conceptual framework of service quality. For the purpose of assessing service
quality in the hotel sector of Sydney, Australia, a clear picture of what should be included, and what should be excluded, was sought.

3.3.2.2 Generate sample of items
A literature search, interviews, observation and participation by the researcher were used here to generate a list of attributes that customers use in the evaluation of service quality. As in Echtner and Ritchie’s (1993) study, the attributes used in previous studies were grouped and recorded into a master list of attributes, and then additional input to the list was obtained by participant observation and interviews with customers, managers and staff. The relevant literature and survey instruments developed by past studies, together with the information gathered from the exploratory research, provided the basis for developing a self-administered customer questionnaire pilot.

3.3.2.3 Collection of data through the pilot test
The data collection began (Phase 2) through the pilot study questionnaire. The purpose of the pilot was to ensure the general practicability of the data collection method and specifically to gauge the validity and reliability of the questionnaire as a research tool. Additionally participants were asked to comment on the following: their reaction to the questionnaire; the questionnaire’s meaning, that is if the language was comprehensible; the questionnaire’s continuity and flow in terms of how it read and if it developed logically; the questionnaire’s format; its sequence; any ambiguity it might contain; and length and time the questionnaire took to complete (Donald, Cooper & Schindler 2003:388–390). As a result of this process, the questionnaire was revised and reproduced with a number of alterations, particularly in wording and sequence. It was recognised by the researcher that the survey questionnaire was lengthy and the pilot test was used as an important step in simplifying and modifying the final questionnaire. (Appendix 6 contains the pilot questionnaire and the final questionnaire used in this research).

The pilot questionnaire was divided into five sections: section 1 included questions about the customer’s purpose of stay and the sources of information they used to find hotels; section 2 incorporated specific questions about the customer’s expectations of service in hotels and their relative importance; section 3 concerned questions specifically related to the customer’s perceptions of service performance in
the hotel; section 4 dealt with the customer’s satisfaction with hotel services; section 5 asked several demographic questions.

The pilot test was conducted from April to September 2005. A total of 250 questionnaires were distributed to a convenience sample. It was important to have a large amount of pilot surveys so that reasonable reliability through various statistical procedures could be achieved. A full explanation of procedures and reliability is discussed below. The list of respondents was generated through colleagues, friends, relatives and acquaintances. For the purposes of the pilot test, this was considered appropriate because the respondents identified were persons who travelled for business and/or pleasure, on a regular basis (being more than four times per year), and who had in the past six months stayed in a three-, four- or five-star hotel in Sydney, Australia. The screening of respondents therefore extended beyond easy access of respondents, as is suggested by the market research literature (Burns & Bush 1995; Zikmund 2000; Solomon & Stuart 2000). 127 questionnaires were retrieved; however, two questionnaires were deleted (nos 73 and 94) from the data set as the participants had not completed sections 3 and 5. That left 125 questionnaires to be analysed, and an effective response rate of 50% had been achieved.

3.3.2.4 Data analysis and interpretation
The data collected were analysed using a statistical package for the social sciences (SPSS Version 14). Data entry was achieved by entering the data into an Excel spreadsheet and then importing directly into SPSS. As the respondents were known to the researcher, it was relatively easy to check each pilot questionnaire and thus minimise the amount of missing data. However, in those cases where the respondent was not available to clarify answers, missing responses were left blank and no value codes were added.

3.3.2.5 Purification of the measure
A primary objective in the analysis of the attribute-based items was to develop a reliable, valid and practical set of scales to measure service quality in the hotel sector of Sydney. Exploratory factor analysis was used to find out which variables went together. According to Zikmund (2000), this type of analysis is best at discerning the underlying dimensions and its general purpose is to summarise the information from
the large number of variables into a smaller and more accurate number of factors. As meaningful sub-groups are formed based on similarities (Hair et al. 1998), the researcher was then able to determine clusters of dimensions which go together and which needed to be included in the final questionnaire. Chapter Five in this thesis fully shows the changes made to the questionnaire as a result of the pilot and incorporated in the final questionnaire.

### 3.3.3 The final questionnaire

In line with research question 2, two final questionnaires were prepared, one for managers only, and the other for customers. The customer questionnaire comprised a number of sections (see Appendix 7): section 1 required respondents to give some background information about the accommodation choice, how many times they stayed in hotels, the information they used to find hotels, and who books their accommodation; section 2 required respondents to weigh the importance of several customer service attributes; section 3 involved respondents assessing the performance of the hotel on these attributes. A total of 29 attributes were included, across six dimensions, on a seven-point scale. Section 4 included questions on the price and value aspect of hotel services, their overall satisfaction with the hotel, and their intention to revisit the hotel. Section 5 contained built-in demographic questions of where they originated, their age, sex, and income category.

The management questionnaire comprised three sections (see Appendix 8): section 1 required managers to give some background information about the department they manage, how long they have worked there, qualifications achieved, age, gender and years of experience; section 2 asked about the manager’s perceptions of customer expectations; section 3 asked about the performance of the hotel.

### 3.3.3.1 Sampling

In most survey research “it is necessary to sample a proportion of the people that are the focus of the research (Veale 2005:196). For the purpose of this research a sample of both hotel managers and hotel customers was necessary. Fortunately the three hotels that agreed to participate in the research were affiliated, allowing the researcher access to the whole population of hotel managers which was necessary to make comparisons between management responses and customer responses.
However, a simple random sampling method was used for hotel customers, where every fifth customer checking out of the hotel was asked to complete a questionnaire. This particular procedure was chosen because it gave reasonable assurances that each element in the population had an equal chance of being included in the sample (Zikmund 2000). In instances where the fifth customer did not participate, the sixth customer was asked and then the seventh accordingly until one agreed to participate.

3.3.3.2 Management population
As previously stated, the researcher had access across the hotels and the approval by the managing director made it possible for the researcher to contact each manager personally, through a phone listing provided by the human resource department, and ask them to complete the management questionnaire. The researcher explained the purpose of the research, the senior executive endorsement of the study, and the absolute confidentiality of the results. The researcher then occupied a boardroom in the hotel function centre for two days to which all 47 managers were invited and where they individually filled out the questionnaire. The researcher marked each name from the listing previously provided by the human resource department to ensure that all managers participated.

Table 3.1: Socio-demographic profile of management respondents

<table>
<thead>
<tr>
<th>(N=47)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>44.7</td>
</tr>
<tr>
<td>Male</td>
<td>55.3</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
</tr>
<tr>
<td>18–25</td>
<td>23.4</td>
</tr>
<tr>
<td>26–40</td>
<td>46.8</td>
</tr>
<tr>
<td>41–55</td>
<td>21.6</td>
</tr>
<tr>
<td>56+</td>
<td>8.2</td>
</tr>
<tr>
<td><strong>Department</strong></td>
<td></td>
</tr>
<tr>
<td>Front Office</td>
<td>44.7</td>
</tr>
<tr>
<td>Housekeeping</td>
<td>19.2</td>
</tr>
<tr>
<td>Engineering</td>
<td>6.2</td>
</tr>
<tr>
<td>Sales</td>
<td>1.5</td>
</tr>
<tr>
<td>Food and Beverage</td>
<td>23.4</td>
</tr>
<tr>
<td>Finance</td>
<td>2.5</td>
</tr>
<tr>
<td>Human Resources</td>
<td>2.5</td>
</tr>
</tbody>
</table>
3.3.3.3 Customer sample

The total sample of 173 usable questionnaires was achieved and the sampling frame included both leisure and business customers.

The customer questionnaire survey took place at the three hotels that agreed to participate in the research. The questionnaire was administered by the researcher in the hotel lobby at check-out times, which were between 7.00 a.m. and 12 p.m. The data were collected over a period of 12 months across a variety of seasons, summer, winter, spring and autumn, and a variety of days, Monday to Sunday. The approach aimed to maximise the informative power of the data by attempting to ensure that the data captured customers of all ages, travelling for a variety of purposes, in various seasons and times.

Table 3.2: Socio-demographic profile of customer respondent

<table>
<thead>
<tr>
<th>(N= 173)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>45.7</td>
</tr>
<tr>
<td>Male</td>
<td>50.9</td>
</tr>
<tr>
<td>Hotel star rating</td>
<td></td>
</tr>
<tr>
<td>★★★★</td>
<td>33.5</td>
</tr>
<tr>
<td>★★★★★</td>
<td>42.8</td>
</tr>
<tr>
<td>★★★★★★</td>
<td>23.7</td>
</tr>
<tr>
<td>Age</td>
<td></td>
</tr>
<tr>
<td>18–26</td>
<td>17.0</td>
</tr>
<tr>
<td>25–40</td>
<td>34.1</td>
</tr>
<tr>
<td>41–55</td>
<td>36.4</td>
</tr>
<tr>
<td>56+</td>
<td>12.5</td>
</tr>
<tr>
<td>Purpose of stay</td>
<td></td>
</tr>
<tr>
<td>Business</td>
<td>27.7</td>
</tr>
<tr>
<td>Holiday</td>
<td>35.3</td>
</tr>
<tr>
<td>Conference</td>
<td>19.7</td>
</tr>
<tr>
<td>Other</td>
<td>9.5</td>
</tr>
</tbody>
</table>

3.3.3.4 Adequacy of sample size

According to Cooper and Schindler (2003), “how large a sample should be is a function of the variation in the population parameters under study and the estimating precision needed” (190). Since researchers can hardly ever be certain that their
sample size reflects its population, the sample size decision “is usually a compromise between what is theoretically perfect and what is practically feasible” (Burns & Bush 1995:354). Consideration needs to be given as to whether the sample size is representative and if that sample size can produce reliability. As the data gathered would be subject to various statistical procedures including factor and cluster analysis, a meaningful number was required. Hair et al. (1998) suggest that a sample size of no less than 50 would be needed when factor analysing the data, and further suggest that 100 or more would be preferable. In line with previous studies measuring service quality in the tourism and hospitality sector (Babakus & Boller 1992; Cliff & Ryan 1994; Saleh & Ryan 1999), this study encompassed a total sample of managers (47) and hotel customers (173) that is both practically feasible and theoretically acceptable.

3.3.4 Reliability
Reliability is an assessment of the degree of consistency between multiple measurement of a variable, and one form of reliability is to test and re-test to confirm consistency (Hair et al. 1998). Testing through Cronbach’s co-efficient alpha was used for both item-specific and overall reliability, as suggested by Hair et al. (1998:118). Furthermore, as proposed by Churchill (1979), low co-efficient alpha scores indicating that the items performed poorly in capturing the construct were then excluded, and those with acceptable alpha scores of between .50 to .70 correlated well and were kept for the final questionnaire. Because reliability is fundamentally concerned with issues of consistency of measures and Cronbach’s co-efficient alpha essentially calculates the average of all possible split-half reliability coefficients (Bryman 2004), reliability was measured separately for each of the factors identified in the exploratory factor analysis. The practical application here is explained in the following two chapters, dedicated to measures being developed through the pilot and then to the final study. Having ensured that the necessary reliability had been achieved, the level of validity needed to be tested.

3.3.5 Validity
Validity is concerned with the integrity of the conclusions that are generated from research (Bryman 2004), and whether one can draw meaningful and useful
inferences from scores on the instruments used (Creswell 2003). As the pilot study was a test of the structure for the questionnaire validity was of great importance; henceforth factor analysis was used as a confirmatory approach to validate the items and confirm the number of dimensions conceptualised, as was suggested by Churchill (1979). Therefore, items that had pure loadings were retained and those that overlapped were adjusted or discarded. In some cases, particularly in the pilot face, validity was employed. In face validity one looks at the measure to see if “on its face” it appears to reflect the content of the concept in question (Bryman 2004:536). In addition, discriminant validity was used to validate the measurement tool. Discriminant validity is the degree to which two conceptually similar concepts are distinct (Hair et al. 1998). The practical application of discriminant validity is explained in the following two chapters, dedicated to measure development through the pilot and then to the final study.

3.3.6 Factor Analysis

In accordance with Churchill’s (1979) procedure for developing better measures, the procedure thus far was specifying the construct, generating items that exhausted the domain and subsequently purifying the resulting scale. This would have produced a measure that had both content and face validity. Factor Analysis was further employed to reduce the data and to establish that all items were powerful explanations of each of the dimensions.

First, variables were selected and the correlation evaluated. Variables should be sufficiently correlated. One rule of thumb described in the literature is a correlation of .3 or more amongst variables to be analysed (Coakes & Steed 1999; Graetz 2001; Hair et al. 1998; Phillips 2000). In addition, this research used the diagnostic statistic of Kaiser-Meyer-Olkin Measure of Sampling Adequacy, an index of how much variables have in common. Kaiser has been quoted to say that: KMO index with values of .9 are marvellous, .8 meritorious, .7 middling, .6 mediocre, .5 miserable and less than .5 unacceptable (Graetz 2001).

Second, initial factors were extracted and the statistical adequacy was assessed. Principal Component Analysis (PCA), as a form of Factor Analysis, was used to find the optimal possible combination of variables by summing them. Each component is a weighted linear combination of observed variables. Since component
weights are not standardised values, they are scaled in order to produce standardised scores when combined with observed variables. The decision of how many factors to extract was made on the basis of visual inspection of loadings or the Kaiser’s ‘greater than one’ eigenvalue rule, via scree plot. Factors were extracted, using VARIMAX rotation. Fuller explanation and analysis are offered in Chapters Five and Six.

3.3.7 T-test

The t-test is the most commonly used method to evaluate the difference in means between two groups (Hair et al. 1998). In this research t-tests were used to assess the statistical significance of the difference in responses between customers and managers on both expectations and perceptions of service quality.

In line with Churchill’s (1979) framework for developing better measures, all of the tests allowed for analysis of the samples, giving the researcher an opportunity to compare scores and thus “develop norms” to give more definitive conclusions. These conclusions concerned the importance of attributes of service quality for different segments of customers, namely leisure and business, as well as for different categories of hotels, namely three-, four- and five-star hotels, and the performance by those hotels on those attributes.

3.3.8 Use of 7-point Likert scale

As stated earlier the questionnaire was made up of pre-used and tested questions, together with specifically tailored questions corroborated by interviews and participant observation in the hotel sector. The reliability of the measures within the questionnaire was a primary concern and for this reason Likert scales were used. For researchers to adapt the method of summated ratings developed by Likert is extremely common in survey research, because the method is comparatively simple to administer (Zikmund 2000). Likert scales have been exhaustively used by those researchers who are interested in measuring attitudes, because the Likert scales allow respondents to indicate their attitudes by checking how strongly they agree with carefully constructed statements (Burns & Bush 1995). For the purposes of this research, participants were asked to insert a number from 1 (strongly disagree) to 7 (strongly agree) that best reflected their opinion on the statements provided. A 7-
point scale was chosen because it is very suitable for multi-variate analysis (Hair et al. 1998).

The methods used in the third phase of this research included quantitative methods to investigate question 2.2, 2.3, 2.4 and 2.5 related to the performance of service quality in Sydney hotels. The next phase ties the whole research together with the use of triangulation.

### 3.4 Reaching holistic conclusions Phase 4 – triangulation and theory extension

The previous three phases have employed multiple types of data, using both qualitative and quantitative methods within a pragmatic paradigm to answer the two main research questions. In this final phase these multiple methods in research and evaluation are combined to present us with a holistic view of service quality in the hotel sector of Sydney, Australia, through a triangulation strategy.

#### 3.4.1 Triangulation

Triangulation is a term used to explain the combination of different methods in dealing with a particular subject matter (Flick 2002; Cresswell 2003; Bryman 2004; Patton 2004; Veal 2005). Specifically the term refers to the action of combining appropriate research perspectives and methods (Flick 2002); to instances where two or more research methods are employed (Bryman 2004); to the use of more than one research approach in a single study to gain a broader and more complete understanding of a phenomenon (Veal 2005).

The fundamental principle of triangulation is the application of several method-appropriate strategies for assessing the same phenomenon (Jack & Raturi 2006), used with methods that are complementary – such as qualitative and quantitative approaches. The assumption is that the weakness of one approach is compensated by the strengths of another (Veal 2005; Bryman 2004; Grbich 1999).

Triangulation was used in this research in order to form a more complete viewpoint at a level of depth beyond that of traditional research, which usually takes place in a controlled environment. It was further used to derive implications for management and to uncover as many different aspects as possible of service quality
in the hotel sector of Sydney, in order to enable what Flick (2002) calls the opening up of new fields of knowledge.

This research adopts Denzin’s (1989) four ways of triangulating research in order to get a broader and more complete understanding of service quality in the hotel sector of Sydney. Data triangulation is the use of a variety of data sources in a study including time, space and person; investigator triangulation is the use of several different researchers or evaluators; theory triangulation is the use of multiple perspectives to interpret a single set of data; method triangulation is the use of multiple methods to study a single phenomenon. For the purposes of this research, these four ways of triangulation do not occur in isolation, nor do they occur in any one order. Triangulation was a dynamic process in this research, whereby complementary methods intertwined at different times throughout the research process. The strategy involved the following steps: data triangulation; investigator triangulation; theory triangulation; methodological triangulation and the use of a reflective journal. The application of these steps is explained in the following five sub-sections.

3.4.1.1 Data triangulation
Data triangulation was realised by studying the phenomenon of service quality at different times and dates, and at different hotels and from different persons. In the first instance, I categorised the main players (managers, customers and employees) as being the experts in service quality in hotels and thus embarked on an exploration of the phenomenon through those players. This was achieved through interview, observation, participation, and collection of survey questionnaire data across three-, four- and five-star hotels, covering all seasons of business.

3.4.1.2 Investigator triangulation
Investigator triangulation was realised by involving colleagues in discussion of formulating the interview protocol and survey questionnaires, and in pilot-testing the questionnaire and interview material. Similarly involved was one supervisor who stayed with me at a number of hotels and was present during observations; a research assistant, who helped me in the collection of the quantitative data; and a number of fellow students, who were present during the interviews and helped collate, interpret and discuss the data on frequent occasions. Finally, involvement was made by all my
supervisors with whom the data were discussed at length to ensure that bias by the researcher was minimised.

3.4.1.3 Theory triangulation
Theory triangulation was realised in a number of ways. The starting point for this process was approaching the theory on service quality from different perspectives; marketing, operations management, and organisational behaviour. This was further strengthened by the fact that the three supervisors of this research are experts in the three above-mentioned disciplines and thus were able to offer various theoretical points of view to extend the possibilities for producing knowledge.

3.4.1.4 Methodological triangulation
Methodological triangulation was realised by adopting a mixed method approach to the study of service quality. Interviews were used to obtain a comprehensive understanding of the important attributes used in selecting hotels; to compare service quality within different types of hotels; to understand limitations of delivering service quality; and to build on current literature on service quality. Participation and observation were used to familiarise myself with service quality approaches. This was very useful when deciding on the questions to include in the questionnaire and also in being able to probe interviewees in helping to answer my research questions. Furthermore, I sought to observe behaviour of the members of the management team, the staff delivering service, and the customers’ reactions to those behaviours.

3.4.1.5 Reflective journal
The reflective journal was used to facilitate the development of ideas and keep reflections. I then matched all the data that were similar and collated them according to themes that seem to reflect issues of service quality. Questionnaires were used to gain a view of the importance of particular hotel services and then the performance of the hotels on these services.

Denzin (1989:236) espouses that “the triangulation of method, investigator, theory, and data is the soundest strategy of theory construction”. Again, Flick (2002) argues that triangulation systematically extends and completes the possibilities for knowledge production because it increases scope, depth and consistency. In this research the existing theory on service quality has been examined
and applied, and many of the main concepts are tested and verified, by the use of diverse methods to focus on action solutions, all of which builds on the knowledge of service quality.

3.5 Limitations of the methodology

The themes usually associated with the limitations of research are concerned with reliability, generalisation, objectivity, neutrality and validity. These represent the greatest challenge to any research project. The methodology in this study, incorporating both qualitative and quantitative data collection, focusing on carefully designed phases, employing widely used and well-established methods, sought to diminish the problems in the above mentioned themes.

However, this research does have limitations with respect to the sample size of hotels. For example, there are approximately 256 three-, four- and five-star hotels in the central business district of Sydney (ABS 2007 Cat No 8635.1), and this study canvasses the views of managers and employees of ten of these hotels. Whilst it is recognised that the sample size of ten hotels is not large, particular attention was paid to a number of important attributes, such as star rating; type and size of property; location; and ownership arrangements, in order to ensure the results provide a reasonable representation of the three-, four- and five-star hotels in Sydney, Australia.

One problem associated with participant observation is bias of the researcher who is a participant and as such may influence what is observed Flick (2002:139). Additionally Grbich (1999) suggests that such bias can be addressed by using multiple methods for data collection such as observation, participation, and interviewing, along with a team approach involving comparison, discussion, and consensus. Therefore, in order to deal with researcher’s bias, observations were compared to the participants’ responses to interview questions and discussed between the researcher and her supervisors.

Another limitation is that the survey questionnaire was administered in three hotels, whose customers cannot be generalised to represent all hotel customers in Sydney. However it is emphasised that these three hotels are representative of the standard there-, four- and five-star hotels in Sydney according to the AAA accommodation classification, as explained at the beginning of this chapter.
3.6 Ethical issues considered in this research

As in much of business research, human subjects have been an important element in this research. Therefore a careful consideration of ethical standards, in terms of fairness, honesty, openness and disclosure was imperative. The University of Western Sydney sets out specific guidelines under the “Human Subject” category and this research has received approval by the Human Research Ethics Review Committee. Approval was granted in March 2001 and the letter of approval is included in Appendix 10.

The researcher was aware of the ethical issues and her obligation to promote knowledge with the general obligation to treat those who have participated in the research fairly. This balance has been accomplished by:

1. The researcher explaining to participants that they were participating in research and that they had the right to voluntarily withdraw at any time. This was followed up by giving them a consent form to read and sign. Each participant was asked for their approval to be taped and was told that they could refuse at any time.

2. The researcher explaining to each participant the purpose of the study, showing them a letter of candidature for the researcher, and an ID card from the University of Western Sydney. It was also drawn to their attention that they had the prerogative to obtain information from the researcher’s supervisor, or the Ethics Committee of the University, if they so wished.

3. The researcher formally receiving consent to be at each of the hotels from the executive manager. Furthermore, each department head gave their approval for the researcher to mingle freely with customers and employees in their respective areas.

4. The researcher making it known to the participants that she was there as a student conducting research and welcomed questions and any clarifications they may have had. Furthermore, she made it clear to all participants that the researcher’s notes, observations and reflections were not to be used for any purpose other than the research and that at no time would participants’ names be revealed to anyone else.
3.7 Conclusion

The literature review in Chapter Two established that much knowledge has been created on service quality in the overall service sector, including tourism and hospitality. However, research in this important area has not specifically been carried out on the Sydney hotel sector and this research seeks to address the gap.

This chapter has explained that this study adopts a pragmatic paradigm to answer a number of practical questions related to service quality in the hotel sector of Sydney drawing from both qualitative and quantitative methods to answer the research questions. A mixed approach undertaken in four stages: Phase 1, the qualitative phase, combined interview, fieldwork, participation and observation; Phase 2 included the development and testing of a pilot test questionnaire, built from existing theory and the information found in phase 1; Phase 3 included the administration of a highly structured, self-administered questionnaire; and finally Phase 4 included triangulation. This approach allowed for an in-depth examination of service quality through customers, managers and employees and thus facilitated the answers to the research questions.

The next chapter reports on the findings of the first phase of this research, the interviews with customers, managers, and hotel employees, which then drives the development of the pilot questionnaire which follows in Chapter Five.
Chapter Four

Findings Phase 1: the exploratory phase

4.1 Introduction

Previous chapters established the theoretical background as well as the methodological approach adopted in this research, including the detail of the four phases of the research process. This chapter presents the findings of Phase 1, the qualitative phase of the research, involving the customer, employee and management interviews, together with the researcher’s observations and research notes taken during the participant observation stage. The information collected in this stage was then used to develop a highly structured survey questionnaire that will be discussed in the next chapter.

As discussed in the methodology section, (Chapter Three) the first step in this first phase was to apply service quality theory to a particular context, the hotel sector of Sydney. The main focus was to ascertain the key factors that customers consider important in the evaluation of service quality and how these might differ from factors found in other studies or countries. In this research, both primary and secondary data were used to expand the researcher’s understanding of the management of service quality in the hotel sector; to gather background information on the hotel sector in Sydney and to look for similar studies identifying service quality attributes.

The second step was to select relevant sites and subjects; the subjects chosen were those in the best position to answer the question: customers and the managers of hotels, together with the staff who provide service to the customer. Phase 1, the qualitative phase, combined individual interviews (see interview protocol in Appendix 2 and 3) with 24 managers, 16 employees and 20 customers at twelve hotels in the central business district (CBD) of Sydney.

The third step in the process was the collection of the factors that are considered in the evaluation of service quality and their relative importance in hotels
as conveyed by Sydney hotel managers, employees and customers. This process led to the researcher undertaking interviews, observation and participation.

The fourth step was to interpret the data by way of thematic analysis, through constant comparative methodology (Glaser & Strauss 1987). This is where the content of what was said through multiple interviews was sifted to uncover the recurring themes which formed unique patterns – a process then repeatedly revised until it was apparent that no new themes were emerging. When all the data were compared, the research findings confirmed existing information in the literature as well as added new information on service quality. This then led to the development of a survey questionnaire that would encompass the three-, four- and five-star hotel context of Sydney.

Accordingly the aim of this qualitative stage was to collect data in order to answer the following questions:

RQ 1.1 What attributes do customers use in choosing between three-, four- and five-star hotel accommodation in Sydney?

RQ 1.2 What are management’s perceptions of the attributes they believe are important in patrons’ choice process when deciding between alternative three-, four- and five-star accommodation providers in Sydney?

RQ 2.1 From the perspective of both management and staff what are the impediments within the hotel sector to delivering quality service?

The following sections describe the backgrounds of the participants and the hotels that participated in the research. This is followed by a summary of the main attributes used in selecting hotels, as reported by customers, management and staff. Throughout the interviews with managers and staff a number of impediments to the delivery of service quality were identified and further explored by the researcher; these findings are also included in this chapter.

4.2 The importance of context

The analysis of customer, manager and employee perceptions of important attributes used in the decision to stay at a particular hotel would be incomplete without recognition of the context which influences expectations and motivations and is therefore likely to shape the hotel experience. Although previous studies have
examined hotel attributes, they have not done so in the Sydney hotel context and therefore it was important to investigate the perceptions of the main actors within this specific context. As stated in the introductory chapter, Australian hotels benefit a great deal from domestic tourism and therefore it was important to investigate both domestic and international experiences. The expectations and perceptions of hotel attributes are dependent on previous experience, prior knowledge and perceived stereotypes; therefore the profile of the participants of this study is extremely important.

4.2.1 Managers and employees

The goal in interviewing managers was to uncover current management thinking on hotel attributes that are directly related to long-term customer loyalty and profitability. The inclusion of participants from different hotel ratings, with varying ownership arrangements and diverse property sizes allows for a current compilation of the most important attributes that customers use in making choices to stay at particular hotels in Sydney, Australia. Additionally the research captures the peculiarities of the Sydney hotel sector and the special challenges of this sector of the tourism business. To ensure that there was not a reliance on management’s view of its own efficacy, the observations of employees working within the hotel sector of Sydney were also included.

4.2.2 Customers

The investigation of customers’ perspectives was an important part of determining which attributes are considered most important and which drive customer perceptions of performance. This inclusion allowed for the comparison of customer perceptions with those of hotel managers and operators.

Overall, the profile of the managers, employees and customers interviewed by way of purposive sampling, as explained in section 3.3.1.5.3, as well as the hotel characteristics, confirm the diversity and richness of the data in this study.
As illustrated in table 4.1, over half of the managers interviewed were under 40 years of age, with an equal (twelve of each) mix of male and female. Most had a relatively high level of previous experience, ranging from 6 to 40 years, in the hospitality industry, and as a group they represented all the divisions of the hotel management.

Table 4.1: Profile of managers interviewed during phase 1

<table>
<thead>
<tr>
<th>No.</th>
<th>Hotel star rating</th>
<th>Title of manager</th>
<th>Gender</th>
<th>Approx. age</th>
<th>Approx. years of experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3</td>
<td>General Manager</td>
<td>Female</td>
<td>55+</td>
<td>35</td>
</tr>
<tr>
<td>2</td>
<td>5</td>
<td>General Manager</td>
<td>Male</td>
<td>55+</td>
<td>40</td>
</tr>
<tr>
<td>3</td>
<td>5</td>
<td>Marketing Manager</td>
<td>Female</td>
<td>41–55</td>
<td>11</td>
</tr>
<tr>
<td>4</td>
<td>5</td>
<td>General Manager</td>
<td>Male</td>
<td>55+</td>
<td>37</td>
</tr>
<tr>
<td>5</td>
<td>5</td>
<td>Director of Sales</td>
<td>Female</td>
<td>25–40</td>
<td>20</td>
</tr>
<tr>
<td>6</td>
<td>4</td>
<td>Executive Chef</td>
<td>Male</td>
<td>41–55</td>
<td>25</td>
</tr>
<tr>
<td>7</td>
<td>4</td>
<td>Front Office Manager</td>
<td>Female</td>
<td>26–40</td>
<td>16</td>
</tr>
<tr>
<td>8</td>
<td>3</td>
<td>Hotel Manager</td>
<td>Male</td>
<td>41–55</td>
<td>14</td>
</tr>
<tr>
<td>9</td>
<td>4.5</td>
<td>Hotel Manager</td>
<td>Male</td>
<td>26–40</td>
<td>10</td>
</tr>
<tr>
<td>10</td>
<td>3–5</td>
<td>Regional Manager</td>
<td>Male</td>
<td>41–55</td>
<td>25</td>
</tr>
<tr>
<td>11</td>
<td>5</td>
<td>Front Office Manager</td>
<td>Female</td>
<td>18–25</td>
<td>6</td>
</tr>
<tr>
<td>12</td>
<td>4</td>
<td>Food &amp; Beverage Manager</td>
<td>Male</td>
<td>18–25</td>
<td>7</td>
</tr>
<tr>
<td>13</td>
<td>5</td>
<td>Head Concierge</td>
<td>Male</td>
<td>26–40</td>
<td>10</td>
</tr>
<tr>
<td>14</td>
<td>4</td>
<td>Marketing Director</td>
<td>Female</td>
<td>26–40</td>
<td>20</td>
</tr>
<tr>
<td>15</td>
<td>3</td>
<td>Executive Housekeeper</td>
<td>Female</td>
<td>55+</td>
<td>30</td>
</tr>
<tr>
<td>16</td>
<td>5</td>
<td>Food &amp; Beverage Manager</td>
<td>Male</td>
<td>26–40</td>
<td>17</td>
</tr>
<tr>
<td>17</td>
<td>5</td>
<td>Rooms Division Manager</td>
<td>Female</td>
<td>26–40</td>
<td>13</td>
</tr>
<tr>
<td>18</td>
<td>5</td>
<td>Executive Housekeeper</td>
<td>Female</td>
<td>26–40</td>
<td>9</td>
</tr>
<tr>
<td>19</td>
<td>3–5</td>
<td>Dir Human Resources</td>
<td>Female</td>
<td>26–40</td>
<td>6</td>
</tr>
<tr>
<td>20</td>
<td>3–5</td>
<td>Training Manager</td>
<td>Male</td>
<td>26–40</td>
<td>10</td>
</tr>
<tr>
<td>21</td>
<td>4</td>
<td>General Manager</td>
<td>Female</td>
<td>26–40</td>
<td>21</td>
</tr>
<tr>
<td>22</td>
<td>5</td>
<td>Executive Chef</td>
<td>Male</td>
<td>41–55</td>
<td>35</td>
</tr>
<tr>
<td>23</td>
<td>3–5</td>
<td>Reservations Manager</td>
<td>Male</td>
<td>26–40</td>
<td>10</td>
</tr>
<tr>
<td>24</td>
<td>4</td>
<td>Human Resource Mgr</td>
<td>Female</td>
<td>26–40</td>
<td>14</td>
</tr>
</tbody>
</table>
As illustrated in Table 4.2 the employees interviewed were mostly between 18 and 25 years of age, with a reasonable mix of male (seven) and female (nine) representatives, and the employees were predominately from operating departments that had a high involvement with customers.

**Table 4.2: Profile of employees interviewed during phase 1**

<table>
<thead>
<tr>
<th>No.</th>
<th>Hotel star rating</th>
<th>Department</th>
<th>Gender</th>
<th>Approx. age</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>5</td>
<td>Food &amp; Beverage</td>
<td>Male</td>
<td>18–25</td>
</tr>
<tr>
<td>2</td>
<td>5</td>
<td>Food &amp; Beverage</td>
<td>Female</td>
<td>18–25</td>
</tr>
<tr>
<td>3</td>
<td>4</td>
<td>Food &amp; Beverage</td>
<td>Female</td>
<td>18–25</td>
</tr>
<tr>
<td>4</td>
<td>3</td>
<td>Food &amp; Beverage</td>
<td>Male</td>
<td>18–25</td>
</tr>
<tr>
<td>5</td>
<td>5</td>
<td>Housekeeping</td>
<td>Female</td>
<td>26–40</td>
</tr>
<tr>
<td>6</td>
<td>4</td>
<td>Housekeeping</td>
<td>Female</td>
<td>26–40</td>
</tr>
<tr>
<td>7</td>
<td>4</td>
<td>Concierge</td>
<td>Male</td>
<td>18–25</td>
</tr>
<tr>
<td>8</td>
<td>5</td>
<td>Concierge</td>
<td>Male</td>
<td>18–25</td>
</tr>
<tr>
<td>9</td>
<td>3</td>
<td>Front Desk</td>
<td>Female</td>
<td>18–25</td>
</tr>
<tr>
<td>10</td>
<td>4</td>
<td>Front Desk</td>
<td>Female</td>
<td>18–25</td>
</tr>
<tr>
<td>11</td>
<td>5</td>
<td>Front Desk</td>
<td>Male</td>
<td>18–25</td>
</tr>
<tr>
<td>12</td>
<td>3–5</td>
<td>Reservations</td>
<td>Male</td>
<td>18–25</td>
</tr>
<tr>
<td>13</td>
<td>5</td>
<td>Guest Services</td>
<td>Female</td>
<td>26–40</td>
</tr>
<tr>
<td>14</td>
<td>3–5</td>
<td>Human Resources</td>
<td>Female</td>
<td>18–25</td>
</tr>
<tr>
<td>15</td>
<td>5</td>
<td>Administration</td>
<td>Female</td>
<td>26–40</td>
</tr>
<tr>
<td>16</td>
<td>3–5</td>
<td>Accounts</td>
<td>Male</td>
<td>26–40</td>
</tr>
</tbody>
</table>
As illustrated in Table 4.3 customers interviewed for this research were of mixed age groups; represented both leisure and business customers; stayed between one and seven days per year in hotels in Sydney; and came from international, interstate and local destinations.

<table>
<thead>
<tr>
<th>No.</th>
<th>Hotel star rating</th>
<th>Place of origin</th>
<th>Purpose of stay</th>
<th>Gender</th>
<th>Approx. age</th>
<th>Frequency of visits to Sydney</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>5</td>
<td>NSW</td>
<td>Business</td>
<td>Male</td>
<td>55+</td>
<td>4–5</td>
</tr>
<tr>
<td>2</td>
<td>5</td>
<td>Interstate</td>
<td>Business</td>
<td>Male</td>
<td>41–55</td>
<td>2–3</td>
</tr>
<tr>
<td>3</td>
<td>4</td>
<td>Interstate</td>
<td>Business</td>
<td>Female</td>
<td>41–55</td>
<td>5–7</td>
</tr>
<tr>
<td>4</td>
<td>4</td>
<td>Interstate</td>
<td>Business</td>
<td>Male</td>
<td>55+</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>4</td>
<td>International</td>
<td>Business</td>
<td>Male</td>
<td>41–55</td>
<td>2–3</td>
</tr>
<tr>
<td>6</td>
<td>4</td>
<td>International</td>
<td>Business</td>
<td>Male</td>
<td>26–40</td>
<td>3–5</td>
</tr>
<tr>
<td>7</td>
<td>5</td>
<td>International</td>
<td>Air Crew</td>
<td>Female</td>
<td>18–25</td>
<td>50</td>
</tr>
<tr>
<td>8</td>
<td>5</td>
<td>International</td>
<td>Air Crew</td>
<td>Female</td>
<td>26–40</td>
<td>20</td>
</tr>
<tr>
<td>9</td>
<td>5</td>
<td>NSW</td>
<td>Conference</td>
<td>Female</td>
<td>26–40</td>
<td>2–3</td>
</tr>
<tr>
<td>10</td>
<td>4</td>
<td>NSW</td>
<td>Conference</td>
<td>Female</td>
<td>26–40</td>
<td>2–3</td>
</tr>
<tr>
<td>11</td>
<td>5</td>
<td>Interstate</td>
<td>Conference</td>
<td>Male</td>
<td>18–25</td>
<td>5–6</td>
</tr>
<tr>
<td>12</td>
<td>4</td>
<td>NSW</td>
<td>Leisure</td>
<td>Female</td>
<td>55+</td>
<td>4</td>
</tr>
<tr>
<td>13</td>
<td>5</td>
<td>NSW</td>
<td>Leisure</td>
<td>Female</td>
<td>55+</td>
<td>2</td>
</tr>
<tr>
<td>14</td>
<td>3</td>
<td>Interstate</td>
<td>Leisure</td>
<td>Female</td>
<td>18–25</td>
<td>2</td>
</tr>
<tr>
<td>15</td>
<td>3</td>
<td>Interstate</td>
<td>Leisure</td>
<td>Male</td>
<td>55+</td>
<td>4–5</td>
</tr>
<tr>
<td>16</td>
<td>3</td>
<td>Interstate</td>
<td>Leisure</td>
<td>Male</td>
<td>18–25</td>
<td>3</td>
</tr>
<tr>
<td>17</td>
<td>4</td>
<td>International</td>
<td>Leisure</td>
<td>Male</td>
<td>26–40</td>
<td>1</td>
</tr>
<tr>
<td>18</td>
<td>6</td>
<td>International</td>
<td>Leisure</td>
<td>Female</td>
<td>26–40</td>
<td>1</td>
</tr>
<tr>
<td>19</td>
<td>5</td>
<td>NSW</td>
<td>Honeymoon</td>
<td>Female</td>
<td>26–40</td>
<td>1</td>
</tr>
<tr>
<td>20</td>
<td>5</td>
<td>NSW</td>
<td>Honeymoon</td>
<td>Male</td>
<td>26–40</td>
<td>1</td>
</tr>
</tbody>
</table>
As depicted in Table 4.4 the manager, staff and customer interview participants were from a variety of hotel ratings and size, incorporating hotels that market themselves to both domestic and international visitors, travelling for both leisure and business.

Table 4.4: Participating hotel characteristics

<table>
<thead>
<tr>
<th>Hotel</th>
<th>Star Rating</th>
<th>Room configuration</th>
<th>Business</th>
<th>Holiday</th>
<th>Conference</th>
<th>Tour Groups</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>5</td>
<td>70 suites</td>
<td>50% Corp, 15% En</td>
<td>35% FIT Leisure</td>
<td>Nil</td>
<td>3%</td>
<td>No Crew</td>
</tr>
<tr>
<td></td>
<td></td>
<td>One and two bedroom</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Self-contained</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>apartments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>5</td>
<td>134 suites</td>
<td>55%</td>
<td>37%</td>
<td>Nil</td>
<td>5%</td>
<td>FIT 3%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Self-contained</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>apartments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>5</td>
<td>227 rooms</td>
<td>63.5%</td>
<td>19%</td>
<td>4.5%</td>
<td>2.8%</td>
<td>Crew - 9%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>12 Junior Suites</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2 King Suites</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>5</td>
<td>359 rooms</td>
<td>10%</td>
<td>30%</td>
<td>20%</td>
<td>20%</td>
<td>Casino - 20%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>141 apartments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>5</td>
<td>531 rooms</td>
<td>52%</td>
<td>3%</td>
<td>20%</td>
<td>22%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>incl. 100 Junior</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Suites</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>10 Exec. Suites</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>5</td>
<td>558 rooms</td>
<td>50%</td>
<td>5%</td>
<td>15%</td>
<td>10%</td>
<td>Loyalty &amp; FIT Leis - 20%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>incl. 49 suites</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G</td>
<td>4</td>
<td>181 rooms</td>
<td>Corp. 7%, Govt. 25%</td>
<td>30% FIT</td>
<td>2%</td>
<td>35%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>incl. Queen &amp; King</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Suites</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H</td>
<td>5</td>
<td>135 suites</td>
<td>80%</td>
<td>10% UK, USA, Mid</td>
<td>Res. Conf.</td>
<td>1%</td>
<td>Long Stay, Family</td>
</tr>
<tr>
<td></td>
<td></td>
<td>One and two bedroom</td>
<td></td>
<td>East</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>apartments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I</td>
<td>4</td>
<td>525 rooms</td>
<td>35%</td>
<td>30%</td>
<td>10%</td>
<td>15%</td>
<td>Crew – 10%</td>
</tr>
<tr>
<td>J</td>
<td>4.5</td>
<td>124 rooms</td>
<td>45%</td>
<td>4%</td>
<td></td>
<td></td>
<td>Residence (10%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>One, two- and three</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>bedroom apartments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>K</td>
<td>3</td>
<td>335 standard rooms</td>
<td>50% Govt &amp; Corp</td>
<td></td>
<td>40%</td>
<td></td>
<td>FIT 10%</td>
</tr>
<tr>
<td>L</td>
<td>3</td>
<td>256 standard rooms</td>
<td>50% Govt &amp; Corp</td>
<td></td>
<td></td>
<td></td>
<td>FIT 50%</td>
</tr>
</tbody>
</table>

Note: FIT = Free and independent traveller
4.3 Important attributes when choosing between hotels in Sydney

The interview protocols and proformas were developed as discussed in Chapter Three (and shown in Appendixes 2 and 3). Interviews with managers, employees and customers were conducted within the confines of the hotels selected for this study as also discussed in Chapter Three.

These interviews identified a number of hotel attributes that customers used in making their choices to stay at three-, four- or five-star hotels in Sydney. These attributes are broadly categorised into four main groupings: location, price, facilities, and employees. Each of these groups is discussed below.

4.3.1 Location

Managers’ perspectives of what customers expected were relatively similar across the variety and number of participating hotels. Managers agreed that when people travel, the location of the hotel is significant. They agreed that the business customer chooses a hotel conveniently located (to the CBD), with public transport access, and the leisure traveller desires to be located near major attractions and popular sightseeing destinations. This is best depicted in the following statement that mirrors many of the thoughts by managers:

“Honestly, I think that all the other things are secondary to the location.”

A similar story emerged when speaking to the customers. Some examples of what customers alleged on this issue are:

“We like to be conveniently located to transport and attractions, we want to walk around and not drive.”

These findings are consistent with other research conducted on hotel choice attributes in other countries (Go & Zhang1997 in Beijing; Chaisawat 1998 in USA; Jinman & Nobuyuki 2006 in Japan). The results of this study suggest that location was salient in the customer’s mind when choosing between hotels. According to Lewis and Nightingale (1991), the location factor distorts all findings, which the authors argue
is often “uppermost in the customer’s mind” (pg 22). Therefore when developing a usable set of measures to judge the performance of a hotel, the location dimension should be considered separately, so that it does not distort the findings if mixed with other attributes.

Whilst the importance of the location factor is not surprising, the reliance on the location factor by management and staff was alarming. The proposition by a senior member of staff which exemplifies what the majority of managers stated is a good example:

“They pay for the location, not the room, and not the service.”

The attitude depicted here is surprising because it shows a general lack of appreciation that customers buy a bundle of services, and make their choices on a combination of attributes, of which one is location, as this customer stated:

“The most important things we have here are price, location, cleanliness, and good facilities, not necessarily in that order, but here we have this balance, and that’s why when we come to Sydney, we stay here.”

Therefore whilst the location of a hotel is an important business strategy, it may not be wise to rely exclusively on it, and when ascertaining the performance of hotels, location is only one of a bundle of attributes that needs to be considered but separated for importance measurement, including the price for that accommodation.

4.3.2 Price

It became obvious from the discussions with participants that price is an indicator of value and comes with benefits to customers. What seemed of great importance was that the price reflects value and competes well with other hotels offering similar services. Managers agreed that value for money was an important component for all types of customers. For business travellers, it’s about loyalty programs, recognition and upgrades, and for leisure travellers, it’s about receiving gifts, packages and extra bonuses that give them value for money. Several managers mentioned the link between rewards, value and loyalty, as illustrated in this proclamation:
“Customers expect to be rewarded for loyalty, with a gift or something, we really need to look after our return guests.”

Customers emphasised this importance in their decision-making, as illustrated by these comments:

“We are a family of five value is important to us, and that is why we stay here.”

The reported importance that customers attribute to price is consistent with those reported elsewhere in the literature (Callan 1996; Choi & Choi 1999; Barsky 2003; and Lockyer 2004). Lockyer (2004) reported a close relationship between price and selection of hotel, and more importantly found that “the amount that is perceived as the correct amount to pay for accommodation” (pg 535) had the strongest relationship to selection. It was clear from the study by Lockyer (2000, and 2002) that industry understood the importance that price played in hotel selection, as the question of price was a common one in any inquiry about the hotel from customers (pg 530). Barsky (2003) found that “receiving value for the price paid makes guests feel comfortable with their hotel experience” (pg 176). The guests’ interpretation of value is reported by Barsky to be linked to receiving complimentary gifts, food and beverage, an upgrade, or a special deal with discounts. Similarly Rivers and Alaoui (1991) found that regular hotel stayers belonged to a number of loyalty programs to take advantage of the free benefits and “stay-over bonuses”. The findings of this research show a similar pattern, as one manager reports:

“It’s all about competing, rate is certainly very important, but so is location, and the kitchen facilities we have, the views that you can get from our rooms, we have very happy and efficient staff. So you start looking at other points you can sell, that will keep them [customers] here, it’s the whole package, and the value they perceive they are getting for their money.”

Thus it emerged from the data that in the consideration of performance customers will always make choices, not on one, but on multiple attributes. As Richard &
Sundaram 1993:96 put it, “no one dimension of service quality captures the complexity of choice intentions, both process and outcome quality are important... guests utilise multiple dimensions in choice intention decisions”. However, price is significant and therefore should feature separately in any measure of hotel performance.

### 4.3.3 Facilities

Another important attribute that was stressed by managers was facilities. According to managers, business customers require facilities that make for a simplified stay and offer minimal inconvenience, including clean rooms, bathrooms and public areas; they require large and quiet rooms, with technological, business, fitness and leisure services, together with simple and readily available food and beverage outlets. Managers report that leisure travellers seek facilities with numerous leisure activities; food and beverage facilities; pools and spas; and adequate room size and comfort coupled with luxury. Above all, managers report that customers are conscious of cleanliness and like an ambience that makes them feel special. In terms of cleanliness, managers report that:

“The majority of the customers want to be able to walk in to a clean room. Cleanliness is probably the most important thing.”

The results of interviews with managers confirm previous studies. For example: Callan (1996 and 2000) found that housekeeping and cleanliness were most important, and Lockyer (2000 and 2002) found cleanliness to be a most significant hotel attribute.

Customers interviewed for this research similarly report cleanliness as very important and the next quote sums up the majority of views:

“It’s got to be clean, we have stayed in some places where it is really dirty, the people were dirty and the rooms were dirty”

Whilst the reports of the importance of cleanliness are noted in the literature, it should be acknowledged that cleanliness is not reported to be the differentiator
amongst competing hotels. As Lewis and Nightingale (1991) asserted, people will stay away from a hotel if it is found not to be clean, but it is not the case that cleanliness will attract potential customers.

Whilst no performance measurement can be complete without a question on cleanliness, it is to be considered as part of the bundle of attributes under tangible facilities. A further noted attribute in addition to cleanliness is comfort.

In terms of comfort, managers report that:

“Our customers want the hotel experience but in a more relaxed but comfortable environment.”

The comments by customers were in line with those reported by managers.

“It doesn’t feel like a hotel, it’s comfortable, I feel like I am at home, I can relax and do my own thing.”

These findings are is in line with the Dube and Renaghan (1999) study on functional best practice, where they reported the comfort attribute as a benefit derived from staying in a hotel, which contributed to guests’ perceptions of how well a hotel delivers what it promises. Part of that feeling of comfort and well-being are the facilities that may be on offer.

Managers also report that customers expect numerous facilities, for example:

“For the price they are paying, they expect that we have cable TV, a pool and a gym, and spa.”

The importance of the pool, gym and spa was of higher significance in the five-star category hotels than in the others. Managers discussed at length the size of the pool, the beauty of the spa and made numerous comparisons with other hotels in this category. Conversely, the four- and three-star hotel managers claimed that it was important but recognised that “It’s not the be-all and end-all”.

However, the need for numerous facilities in all categories of hotels was obvious in these statements by customers:
“I like a hotel to have all the facilities, spa, pool, gym. I don’t have a chance to use all these facilities, but I always look for them when I am choosing a hotel.”

Pinpointing those of the many attributes that are significant to customers is one of the many challenges for managers. However, the number, variety, and quality facilities appear to affect the future choices of customers and therefore they need to be considered in an evaluation of service quality.

In contrast to other studies (Lee, Barker & Kandampully 2003), the data collected in this study did not reveal technology specifically as a highly important attribute in hotel selection with the participants. However as Lee, Barker and Kandampully (2003) suggest, technology can be applied in hotels to help with productivity and efficiency. In guest room services, electronic devices can help with meal ordering and faster check-out services, as well as with entertainment. In managerial operations, property management computer systems can help with reservations, cashiering and housekeeping communication. Therefore whilst the specifics of technology were not mentioned to this researcher by customers, managers or employees, it was implied in the discussion on comfort and facilities, in as much as customers and managers agreed that efficiency, such as in check-in and check-out services, receiving messages and correct food and beverage orders are important contributors to overall value and satisfaction.

Therefore, the specific attribute of technology was deemed not to be appropriate in measuring service quality perceptions. However, the various technologies applied to other services, such as room facilities, efficiency of check-in and check-out services, as well as services in food and beverage outlets all include technology, and thus technology is implied in those services.

4.3.4 Employees

Of the four categories of service quality attributes identified, employees generated the most discussion. Managers agree that friendly, efficient, supportive employees who are able to anticipate customers’ needs, don’t make mistakes, and have answers to customers’ questions, are required by today’s customers. As one manager explains:
“Our staff need to be caring and give our guests individualised attention, and have a good understanding of the customer’s needs.”

And another makes the following observation:

“Treating guests as individuals, seeing things from the guest’s point of view, learning a customer’s specific needs, and recognising return guests are essential.”

Customers’ comments reflect much of what the managers already recognise:

“I want my stay to be without incident, I want to have been given what I needed from the staff. If you approach them about something they need to be helpful and nice.”

“When we are here we are dead to the world. I want them [staff] to do what they have to, to get our room and luggage, and leave us alone. We work hard and play hard and we want things to be easy, no hassle.”

The importance of employee interaction with customers has been widely reported in the literature, for example: Reisenger and Waryszak (1994) found that the politeness of hotel employees contributes to the customer’s positive perception of service quality; Ingram and Daskalsis (1999) reported that it was the intangibles of service through employees that were most important in customers’ evaluation of service quality; Johnston (1995) found that the staff and customer interface was a significant feature of service quality; Juwaheer and Ross (2003) found that courtesy and help given to customers by staff was an important aspect of service quality; Juwaheer (2004) found that effectively solving customers problems and never being too busy to help customers was considered an important part of service quality. All these results are consistent with evidence found in this research. Furthermore, the evidence in this research suggests that it is the reliability of the service performed by employees that has been shown to be a major factor, for example:
“They [customers] want without question reliability, they want to know that things are going to happen, and there won’t be any glitches along the way.”

A notable difference in conversations with customers and managers was the difference between the needs of the leisure customer compared to the business customer. The experienced seasoned business traveller has only a few needs, which can be summed up by these words: “getting it right; comfortable; without incident; and no hassles”. The leisure traveller “wants or expects more and usually for less”. This notable difference is supported by a recent Business Review Weekly (BRW 2006) international travel survey where Michael Isenburg, Managing Director of the hotel group ACCOR is quoted as saying:

“Business travellers are boring…they are travelling for work…whatever makes travelling easier is what business travellers want” (pg24).

The report on the survey by Emily Ross further states that the:

“one thing that matters most after the physical location is service – and the more personalised attention and recognition, the better” (pg 24).

4.3.5  Overview of key service quality attributes

Overall, the attributes that customers use in choosing between three-, four- and five-star hotel accommodation are summarised in Figure 4.1 and are broadly categorised into location, price, facilities, and employees.

The summarised attributes are not inconsistent with previous research and were incorporated into a pilot test questionnaire in Phase 2 of this research, which is discussed in the next chapter. This pilot questionnaire used the SERVQUAL dimension labels of assurance; responsiveness; reliability; empathy; and tangibles. In addition to the SERVQUAL dimensions, location and price were added.

Although the customers, managers and staff who participated in these interviews referred to an array of specific attributes that contributed to a positive evaluation of service quality, the most frequently mentioned attributes were employees. The findings in this research contribute to an overwhelming consensus
by service quality researchers that service providers need multiple skills, perform complex tasks, and be eminently qualified to do the job (Vacra 2004), as they are such an integral part of the hotel experience.

**Figure 4.1:** Summary of hotel attributes identified by customers, managers and staff through interviews

Throughout the interviews, meetings with department heads, conversations with staff and the researchers own observations, a recurring theme surfaced. This was specifically related to the frustrations felt by managers, that service quality was hampered by a number of impediments, many of which had a direct impact on the human resource side of a hotel business. These themes were particularly important to this research because of the already established consensus in both the literature and the qualitative findings thus far, that the employee’s role in the overall assessment of service quality is integral. Each of these impediments will now be discussed.
4.4 Impediments to the improvement of service quality as reported by managers

It has been established so far that much of the interaction with customers is done by hotel employees, and it has also been established that in evaluating service quality customers refer to an array of attributes which are predominantly concerned with hotel employees. Therefore, when the interviews with managers and employees consistently steered toward quality service impediments which affected hotels employees and the way they deliver service to customers, it was important to follow the data.

As explained in Chapter Three, interviews with managers and employees were semi-structured, and although an interview protocol was used to outline a set of questions about the delivery of service quality, enough room was left to expand into new areas, where a particular area of interest could be pursued in a conversational manner with the expert being interviewed. In analysing the interview data, several impediments to developing and maintaining distinctive superior service quality were identified. These impediments fell into four broad areas: budgetary constraints; staff attitude; lack of mentoring; and high expectations of customers.

4.4.1 Budgetary constraints

Budgetary constraints are the costs associated with the provision of the products and services that the hotel needs to deliver to remain competitive; they involve physical resources and human resources. These constraints can be an impediment because shareholders often resist expenditure, and customers are often reluctant to pay higher prices.

Managers reported that tension exists between the generation of profit through increased occupancy and the expenditure on additional labour cost to meet the demands of the increase in customers. As one department head stated:

“We are so busy, we run like a machine. When all you can see is a line of waiting customers, you know it’s got to be done fast and sometimes we cannot go that extra mile”.

Another admitted:
“Sometimes we do under-roster, and all we think about is the profit and loss.”

Managers recognised that, above all else, the budget must be taken into account; this was reflected in the statement:

“At the end of the day, we still have our budgets to deal with, and this is always at the back of our minds.”

There was acceptance that the hotels could, or should do better in producing a ‘little extra” in terms of service quality, but that they were restricted by high labour costs and increased resources. A hotel manager observed:

“The head office always tells us we want you to deliver the ‘best service’, but there is a limit to what we can provide with what we have to spend.”

Managers indicated that they were more likely to be in favour with superiors if they delivered “bottom-line” results. At several departmental meetings attended by the researcher more time was spent discussing cost-cutting measures than delivery of service quality. Additionally, in most hotels budget meetings were held weekly whereas service-quality meetings were held quarterly. At one departmental meeting, when it was reported that forecast occupancy was low, the immediate response was to announce a reduction in staff training. It is therefore apparent that the limits of a strict budget were perceived by the respondents to be an impediment to service quality.

In talking to the staff of the hotels, the most replicated comment was:

“All we ever hear about is the budget”

which supports the view projected by managers that the budget is extremely important. Another comment by a staff member, on a particularly busy day, further echoed this:
“There is no customer service today, it’s too busy...you cannot argue against your bosses, they will tell you again about the budget...What’s an extra $150.00 in labour cost if we can deliver a much better service to our customers?”

The above findings suggest that the participating hotels, under pressure from corporate offices and shareholders, prefer short-term financial gains rather than endeavouring to satisfy the expectations of customers. It may be argued that the adherence to tight budgetary management leads managers to cut staffing levels and expenditure on training. Such budgetary discipline is understandable in the short term, but it needs to be recognised that it takes time for the benefits of longer-term measures, such as improved services, to be felt organisationally, and it should be recognised that such benefits are more difficult to measure and demonstrate.

4.4.2 Staff attitudes

The opinions, values, beliefs and behaviour of staff members with respect to service, the service industry, and work itself, can all be impediments to better service. Managers reported that finding the right people with the right attitude is difficult. However, the discussions with staff revealed inconsistencies with supervision and performance management of employees generally, inconsistencies which are summed up in this comment:

“The number of people that are employed here that don’t have the right attitude is amazing...their work performance is just not up-to-scratch and managers and supervisors just ignore it.”

The pool of available talent from which to choose was perceived to be small. Managers also reported that some people who apply for positions do not wish to pursue a career in the hospitality industry. A typical comment was:

“It’s hard to get people to believe in what we do and why we do it, instead of it being just a job. Unfortunately, we still have people [who] work here, [who] just don’t want to be here.”
A human-resources manager reported:

“We employ people who should not be in the roles that they are.”

Some managers noted that inexperienced young staff members lack social skills in their interactions with customers:

“These young guys just don’t have the service ethic; it may be the way they have been brought up. Guests love you to talk to them [staff members], but we have trouble getting staff to do that.”

A similar opinion was voiced by another manager who stated:

“Staff have difficulties being consistently good. They find it hard to adjust to our different types of customers. Technically they are fine, but socially they struggle; the attitude needs improving.”

In addition, the researcher observed a general unwillingness to engage with, and to please, customers. Researcher’s observations noted a lack of individual confidence and an indifference to social interaction with customers. Such interaction is vital in the hospitality industry, particularly if hotels wish to distinguish themselves from other hotels with similar facilities. For example, when dining in a restaurant, the researcher made several attempts to engage a young waitress in conversation. All attempts failed, and the young waitress proceeded with her technical tasks, head bowed, and replied only with short answers that failed to engage the customer in any way.

In discussions with staff members, however, a possible explanation for this seemingly poor attitude reported by managers emerged in a comment by one member who stated:

“We expect the worst [customers], so if we don’t get it, we feel happy.”

The inference is that the staff assume customers are demanding and will make complaints when everything isn’t perfect. Similarly another staff member stated:
“People [staff] get tired of listening to complaints, and then they move on, and then we have to work with what we’ve got [less staff], because we know we can’t change things.”

The researcher’s diary reflected that the lack of interest shown by staff in engaging with customers is a result of their fear of facing another cranky or complaining customer. The assumption by staff is that when a customer approaches them, it will be with a problem. The observations of the researcher are that the staff make little eye contact with customers, and have an almost distant behaviour pattern with customers. However, when a customer is pleasant to them, they are delighted, almost surprised, and then cannot do enough for them. In fact, the researcher’s diary shows a number of times when staff spent too much time with a “pleasant customer”, chatting and enjoying the pleasant interactions at the expense of the queue that was building up at the front desk.

However, a different view was put forward by a regional manager of a large international chain for the staff attitude problem:

“We don’t try hard enough to recruit the right people; we recruit from the usual places that we are comfortable with.”

In support of this view, the researcher observed that hotel managers tend to recruit people who have previous experience in the position they have available. This was confirmed by several managers who expressed the view that “experience makes all the difference, not education”.

As previously discussed, service quality is essentially “an exchange of human actions and behaviour” (Susskind et al. 2003:374). The aptitude and attitude of employees, and the way in which they behave, thus have a significant impact on the customer’s evaluation of service and, ultimately, on the customer’s satisfaction. However, in advertising for experience, hotels eliminate all those potential applicants who might have the very attributes necessary for a successful career in hotel service.

The lack of basic customer service skills found in the present study is surprising in view of the fact that Sydney has several universities and colleges that
offer courses in tourism and hospitality. The question arises as to whether these institutions are instilling the skills, knowledge, and values that the hotel industry requires. It appears that there might be an emphasis on the teaching of the technical skills required to work in the tourism and hospitality industry, at the expense of interpersonal skills such as communication, leadership, and people management.

Furthermore, it appears that hoteliers in Australia have not yet accepted that university graduates might add value to the longer-term strategic goals. To improve the level of services for guests, the recruitment, selection, training and development of employees are important investments for hotel managers (Nebel 1991; Rutherford 2002; Cieri & Kramar 2003), and managers need to be innovative in seeking appropriate employees.

The findings of the present study are to be contrasted with the situation in the United States and Asia, where a large proportion of hotel employees are graduates of hotel schools and universities. Furthermore, in advertising for “experience”, hotels effectively eliminate many potential applicants who might have other attributes required for a successful career in hotel service. The findings indicate that Sydney hotels are unwilling to utilise the full potential of the labour market.

4.4.3 Lack of mentoring

The interviews revealed a lack of mentoring in the hotel sector of Sydney, and four trends were seen to contribute to this lack of mentoring: a lack of formal managerial education; a continued trend in flattening of the organisational structure of hotels; an inexperienced management team; and the ongoing exit of experienced leaders, away from individual properties to other sectors of the service industry.

The interviews revealed a lack of mentoring of middle managers and supervisors by senior staff. A senior manager with more than 20 years experience in the hotel sector observed that a hotel environment is:

“… not a mentoring sort of place at all … not just this one, but any one. We do things on the run; learn by our mistakes.”

This statement indicated the informality of learning, or what Watkins and Marsick (1992) referred to as “incidental learning”, which is learning from the mistakes a
person has made throughout their career; or learning by doing, rather than learning from reflection on formal teaching and gathering of knowledge. The same manager added:

“A huge problem with hospitality is that it has a very low line intellectually. The people [who] are running the industry may not be all that smart, that’s the bottom line. They can do the job right, but converting that and projecting their knowledge... No, they cannot do that, which is a definite shame.”

This statement implies that there is little opportunity to build on theoretical bases. This was also supported by numerous comments from other managers, for example:

“I don’t know how I have learnt what I know... If I do something wrong, they [management] tell me... time after time I learnt by my mistakes,” and “I’ve been in the industry 24 years, I’ve had managers but not mentors, I have learnt on the job.”

In addition, the demographic data of the managers interviewed revealed that very few interviewees hold formal qualifications higher than a technical diploma. The learning of managerial skills came through their job experiences. Hence, making and fixing one’s own mistakes, or on-the-job learning by doing, is a necessary requirement for development that fills a gap left by the lack of formal theoretical underpinning and modelling by more experienced managers. This might be due to changes in hierarchical structures, as indicated by the following statement:

“The hierarchical structure of hotels has changed greatly; our company now has hotel managers, not general managers. We have one general manager across three or four properties. I see my general manager regularly, give him a report of what’s going on and that’s it. I am left alone, which I like, but others need more support and often they don’t get it.”

Although these structural changes have facilitated the dispersal of decision-making, and have improved the involvement of employees in such decision-making, they
have also had adverse consequences. Managers reported that vital managerial experience is not passed on to junior managers:

“We have managers coming in who are younger and younger, who don’t have the experience; they feel the pressure.”

These findings correspond to the view of other specialists in the field, for example, Ruther Smith, HVS International Australia, comments:

“The big hotel groups tend to develop talent internally, promoting people as they develop...The problem is if you push people up the ladder too fast because you have a requirement for quality staff, you are essentially promoting through the system too quickly, and that is potentially disastrous for hotel management company” (cited in BRW, Feb. 2007: 76).

It appears that the interviewees believed that senior managers with extensive corporate knowledge have disappeared either into industries that provide improved rewards or into corporate offices away from individual properties. They are therefore spending little time on mentoring the new generation of managers. As one respondent observed:

“A lot of good people have left the industry, gone to greener pastures. We have lost a lot of experience. The old guys have retired and there aren’t many left to guide.”
Due to the fast tracking of many employees with potential, middle managers and senior managers are younger than they used to be. This poses a critical situation for mentoring these potential leaders. The younger the staff, the less likely are they to have enough experience to model desired behaviours for ensuring customer service quality.

The researcher noted that the majority of the operating departments, front office, housekeeping, food and beverage, had supervisors and managers who were between 20 and 30 years old. These young managers expressed their desire for power and position. Whilst they acknowledged individual limitations, these interviewees felt a need to prove their worth and climb the ranks. As one manager conceded:

“I joined this company because it has a track record for fast career progression. Yes there is pain (long and unsociable hours) but I aim for the top, and fast.”

As a result, managers reported that vital managerial experience is not passed on to junior managers. As one manager summed up:

“It’s up to us [senior management] to share with them [middle management] what is important in the hospitality industry. It’s not enough to tell them that our objective is to exceed expectations, [we need to] show them. Talk to them, understand them and share your experiences with them, and then watch them grow. Having said that, though, the reality is we mostly don’t have time. The pressures of the job often get in the way.”

The research data clearly indicate that a loss of leaders is due to job pressures and the feeling that hard work is appreciated and rewarded to a greater degree in other industries. Such a loss of leaders means there is also a loss of potential mentors. This increases the pressure on less experienced staff and can affect the quality of customer service.
4.4.4 High customer expectations

The final impediment to service quality identified from the interviews was difficulty in meeting the increased expectations of guests. As customers become more experienced and sophisticated, and better understand the competitive nature of the hotel sector, their desires and expectations increase. Indeed, they can expect more for less - thus producing a “gap” between customers’ expectations and the organisation’s belief about a reasonable offer. As one manager observed:

“Our customers travel a lot now; they stay in lots of places, and they compare us to where they have stayed before - [in] Asia particularly. Hotels in Asia are very plush, [and] they have heaps of staff to service the customer. We cannot compete with that because of cost; our staffing costs are so much higher.”

As this statement reveals, hotels in Sydney must take into account the expectations of customers who are travelling internationally and being exposed to other tourist destinations. The greatest frustration reported by managers was that guests are often unwilling to pay for the extras they expect and demand. This is illustrated by a remark made by a sales director:

“Customers expectations are related to their previous experiences. Unfortunately for us, a lot of our customers’ previous experience is with local clubs, so they expect greater value for money, and a lot of free facilities and services...Most of our customers understand the pressure of competition, and they use it to their advantage.”

In a competitive market in which lower prices are often used as a draw-card, customers’ experiences are heightened and they demand high service at a low cost. The challenge for managers is to balance the expectations of their customers with the resources that they have at their disposal. This research provides the basis for an understanding of the aspects of service that those customers consider as being important in their overall experience, and the changes that hotels might need to make
to meet the expectations of customers. Overall a number of impediments were identified and are summarised in Figure 4.2.
Figure 4.2: Impediments to service quality

- High cost of labour
- Leaders not on property
- Very young management
- Loss of leaders
- Flattening of the organisation
- Lack of resources
- Reward and punishment
- Pressure from shareholders
- Unwillingness to pay more
- Budget Constraints
- Lack of mentoring
- Impediments to service quality improvement
- High expectations of customers
- Staff attitudes
- Experienced customers
- Lack of service ethic
- High turnover
- Casualisation
- Recruitment procedure
- Lack of leadership
- Guests with differing needs
- Previous experience
- Competition
4.5 Conclusion

The aim of this chapter was to present the findings of Phase 1 of this study and subsequently to answer questions 1.1; 1.2 and 2.1. This was achieved by incorporating the results with previous research on service quality in hotels to produce a basis of discussion in a thematic structure.

In particular, this chapter provided an overview of the attributes customers use in choosing between three-, four- and five-star hotel accommodation in Sydney. These attributes were grouped into four: location; price; facilities; and employees. The same attributes were recognised by hotel managers, indicating that management’s perceptions of the attributes they believe are important in patrons’ choice process when deciding between alternative three-, four- and five-star accommodation providers in Sydney was consistent with that of customers. It was established that the most important factor in delivering quality services was deemed to be employees. Therefore the identified service quality impediments reported by managers and hotel employees: budget constraints; lack of mentoring; staff attitude; and high expectations of customers, are particularly alarming and have consequences for the long term sustainability of the Sydney hotel sector.

The next chapter of this thesis will demonstrate the way the findings of this chapter were used to generate a comprehensive list of attributes that capture the service quality domain. This list was then used together with the conceptual framework of the SERVQUAL model (as described in Chapters 2 and 3) to develop a self-administered questionnaire pilot to answer the two main questions that underpin this research.
Chapter Five

Phase 2: Development of the Pilot Test Questionnaire

5.1 Introduction

The previous chapter outlined the findings of the exploratory phase of this research, represented in the methodology as Phase 1. The results led to a comprehensive list of items measuring attributes of service quality in Sydney hotels. This chapter discusses the origin and types of measures used in the pilot study and the results of testing the pilot questionnaire. The results of this stage were then used to develop the final questionnaire for Phase 3. Therefore the aim of this stage was to answer the following sub-question:

RQ 1.3 Is the SERVQUAL framework useful for developing a refined set of measures for managerial use in developing measures of service quality in three-, four- and five-star hotels in Sydney?

The results of this stage were then used to develop the main questionnaire.

The main purpose of this research was to ascertain the importance of certain attributes of hotel services; how the customers of three-, four- and five-star hotels in Sydney, Australia rate service quality; how the managers of these hotels perceive service quality performance; and how the perception of managers differs from that of their customers. Therefore, Phase 2 as discussed in this chapter is dedicated to the development of a reliable and valid service quality measurement tool, which is specific to the hotel sector of Sydney, Australia. In developing this survey questionnaire the original dimensionality of the five SERVQUAL dimensions have been examined in this new context of Sydney hotels, which will allow extension of the debate already in the literature.
5.2 Theoretical basis for the questionnaire
This research recognises that today’s hotel managers need to be market driven, to understand their customer segment/s, and deliver on their service commitments. As discussed in Chapter 2, the key to achieving this is to encourage a corporate culture in which continuous feedback is sought from customers, and customer satisfaction is ranked as a high priority within the organisation. Whilst understanding the needs of the different target segments which a hotel serves is a fundamental requirement in providing appropriate products/services to those segments, hotels also need to analyse and respond to a number of potential problems in their service delivery. A model intended to be used for analysing sources of quality problems and helping managers understand how service quality can be improved is the SERVQUAL model developed by Zeithaml, Berry and Parasuraman (1988). The data collection tools used in the research described in this thesis were based on the SERVQUAL model.

5.3 Development of the items
This research began with the twenty-two items within five dimensions of the SERVQUAL model as developed by Parasuram, Zeithaml and Berry (1988). In keeping with the format of SERVQUAL this research uses XYZ to indicate the context of a hotel. The twenty-two items used in the SERVQUAL model were:

Tangibles
- XYZ has up-to-date equipment
- XYZ physical facilities are visually appealing
- XYZ employees are well dressed and appear neat
- The appearance of the physical facilities of XYZ is in keeping with the type of service provided

Reliability
- When XYZ promises to do something by a certain time, it does so
- When you have problems, XYZ is sympathetic and reassuring
- XYZ is dependable
- XYZ provides its services at the time promised to do so
- XYZ keeps accurate records
• XYZ does not tell customers exactly when services will be provided (−)  
  (= negatively worded)

**Responsiveness**

• You do not receive prompt service from XYZ’s employees (−)  
• Employees of XYZ are not willing to help customers (−)  
• Employees of XYZ are too busy to respond to customers’ requests promptly (−)

**Assurance**

• You can trust employees of XYZ  
• You feel safe in your transactions with XYZ employees  
• Employees of XYZ are polite  
• Employees get adequate support from XYZ to do their job well

**Empathy**

• XYZ does not give you individual attention (−)  
• Employees of XYZ do not give you personal attention (−)  
• Employees of XYZ do not know what your needs are (−)  
• XYZ does not have your best interest at heart (−)  
• XYZ does not have operating hours convenient to all customers (−)

Then based on knowledge gleaned from the qualitative phase as described in the preceding chapter, together with previous studies, hotel specific items were incorporated in this research to build a context specific questionnaire to measure service quality in Sydney hotels using the original SERVQUAL items as the basis building blocks. For example, for the dimension “tangibles” the original SERVQUAL instrument used the following;

1 They should have up-to-date equipment.  
2 Their physical facilities should be visually appealing.  
3 Their employees should be well dressed and appear neat.  
4 The appearance of the physical facilities of these firms should be in keeping with the type of services provided.
The four items above are generic in nature and do not capture the many items which relate to tangibles in hotels, some of which, in previous studies had proved to be more important than others. A thorough search of the literature revealed studies which had concentrated specifically on hotels, as discussed in Chapters 2 and 4, and the empirically tested measures used in these studies were then incorporated into this study. However where items identified by customers and managers in the qualitative phase of this research were not available in the literature, a customised question was added in order to specifically reflect the Sydney hotel context. So from the four original SERVQUAL items the tangible dimension in this questionnaire was represented by the following ten questions on customer expectations of tangibles in Sydney hotels:

1. These hotels should always be immaculately clean (e.g., bedrooms, bathrooms, and living areas).
2. These hotels should always have facilities such as a pool, spa and gymnasium.
3. These hotels should always be comfortable places to stay.
4. The accommodation rooms in these hotels should be quiet and provide the utmost privacy for guests.
5. These hotels should always provide a range of household appliances (e.g., irons and ironing boards, toasters, microwaves).
6. These hotels should always have a choice of food and beverage outlets (e.g., a café/bistro, a dining room, room service.
7. These hotels should always have public areas which are visually appealing, inviting and comfortable.
8. The bedrooms and bathrooms of these hotels should always be bright, airy, and spacious.
9. The employees of these hotels should always be neat in appearance.
10. The accommodation rooms of these hotels should always have a working space of reasonable size, with excellent lighting.

Accordingly, the following dimensions of hotel service quality in Sydney were measured in a pilot questionnaire. The first five came from the SERVQUAL model as depicted above:
• “Tangibles” in the SERVQUAL instrument comprised “appearance of physical facilities, equipment, personnel, and communication material” (Berry & Parasuraman 1991:16). Tangible items included the physical evidence of the service, such as the appearance of physical facilities, personnel, equipment and the communication. Based on the knowledge gleaned in the qualitative phase this dimension incorporated a large list in the minds of hotel customers, and in total 10 items were included to capture the tangible dimension in the pilot questionnaire. Two of these were: “It is extremely important that these hotels should have facilities such as a pool, spa, and gymnasium” and “It is extremely important that these hotels should have a choice of food and beverage outlets”.

• The SERVQUAL “reliability” label was reflective of the service provider’s “ability to perform service dependably and accurately” (Parasuraman et al. 1988:23). Reliability items in this research therefore included items that would normally be expected by customers, such as ability to perform the promised service dependably and accurately. For example: “It is extremely important that when hotel staff promises to do something by a certain time, they should always do so”.

• The SERVQUAL “responsiveness” label included the “willingness to help customers and provide prompt service” (Parasuraman et al. 1988:23). Responsiveness items included the service provider’s willingness to provide services in a timely manner, process customers’ needs quickly, communicate with customers promptly, and generally meet their needs. Therefore the questions (these are statements, not questions) asked of customers for this research included: “It is extremely important that employees of these hotels should always give prompt service to customers” and “It is extremely important that front desk employees of these hotels should always ensure that the check-in and check-out service is conducted quickly and without delay”.

• The SERVQUAL “assurance” label incorporated “knowledge and courtesy of employees and their ability to inspire trust and confidence” (Parasuraman et al. 1988:23). These items were captured by asking customers questions such as: “It is extremely important that the employees of these hotels should always be courteous to guests” and “It is extremely important that the
employees of these hotels should always have in-depth knowledge of the hotel and its services”.

• The SERVQUAL “empathy” label took in “caring, individualised attention the firm provides its customers” (Parasuraman et al. 1988:23). Therefore the empathy items in this research included a number of questions on caring for customers and individualised attention the hotel provides its customers. For example: “It is extremely important that hotel employees anticipate their customers’ needs” and “It is extremely important that hotel employees should show genuine care and concern when giving customers personal attention”.

As described in Chapter 4, the qualitative results, via interviews with managers and customers, revealed that the five dimensions associated with SERVQUAL provide corroboration of possible importance in the Sydney hotel context. In addition the literature as discussed in Chapter 2, supported by the qualitative findings in Chapter 4, revealed that the location of the hotel and price paid for accommodation were important independent variables in their own right and therefore were added to the questionnaire to determine how they influence customers’ perceptions of service quality. However, the behavioural intentions of customers were related to their overall ranking of service quality and their future purchase intentions and could provide clues as to how well they were satisfied.

Hence, in addition to the existing five SERVQUAL dimensions described above, a number of additional variables were added:

• **Location** which is intended to measure the level of importance customers place on the location of their hotel, and how that contributes to their satisfaction. The location items included the proximity of hotel to the central business district, transport and attractions,

• **Overall service quality** which is viewed as a measure of a customer’s long-term overall attitude toward an organisation (Parasuraman et al. 1988). This measure came from the performance portion of the SERVQUAL instrument, whose authors advocate that the 22 items over the five dimensions can then be used to predict overall service quality. As many believe that service overall quality is a separate but related concept we decided to add it to the survey and measure overall service quality as a separate dimension.
• *Price/value* which is intended to measure the degree to which a customer of a service considers the price paid for the service to be fair and reasonable.

• *Purchase intention* which is the intention of a customer to buy or use the service in the future.

The questionnaire used in the pilot study consisted of 37 items to capture all five of the SERVQUAL dimensions. This included the relevant items identified in the first phase of this research to be of importance to hotel customers and from previous hotel specific studies on service quality. Specifically (as depicted in Appendix X) they were categorised as: tangibles, 10 items; responsiveness, 6 items; reliability, 6 items; assurance, 7 items; and empathy, 8 items. In addition to these were: location, 4 items; price, 4 items; general satisfaction, 5 items; and intention to revisit, 3 items.

Chapter 2 discussed the service quality models previously used by the hotel sector, including SERVQUAL. In that chapter particular attention was paid to the development of service quality models (section 2.12). Both the Importance Performance Analysis method and the SERVQUAL dimensions have been fully considered as relevant to the development of survey tools discussed herein.

The information in the following section (5.4) outlines each of the questions used in the pilot questionnaire, their origin, and the results of factor analysis testing through SPSS.

### 5.4 Results of principal components analysis testing

As in most studies using the SERVQUAL framework the survey questionnaire adopted ‘multi-item measures’. This technique uses two or more items as indicators of a single composite variable. It is an appropriate form of measurement particularly for theoretical models because they are more likely to be replicated (Hair, Anderson, Tatham & Black 1998).

In this research each set of items from the SERVQUAL dimensions, and the other relevant constructs, were evaluated for dimensionality by means of Exploratory Factor Analysis (EFA), specifically principal component analysis with VARIMAX rotation. As suggested by Coakes, Steed and Price (2008) this data reduction technique was used because the principal goal was to construct a reliable test and also to test a theory, whilst at the same time ensure that the survey questionnaire was not too long and cumbersome. Rotation is necessary because “*complex variables like
the ones being used here may have high loadings on more than one factor” (Coakes et al. 2008:130). Therefore the factor loadings were examined to check that items loaded on a single factor and to ensure that items did not “cross-load” on more than one factor. Items which cross-loaded across more than one factor were closely examined and a decision was made to either delete that item, because the aim is to reduce the data, or in special circumstances include them, because it was deemed to be a very important item in the eyes of the respondents in the context of Sydney hotels. The data were also screened for statistical assumptions. As explained in the methodology chapter, constructs with a loading of over .5 were deemed acceptable as recommended by Coakes et al. (2008). Additionally data were checked to ensure there were no missing or out-of-range values. In cases where missing data or out-of-range values were detected, the data on the spreadsheet were checked against the original questionnaire and changed where necessary before transferring to the SPSS program. In only four cases out-of-range values were detected – that is, values greater than 7 had been typed accidentally into the data set. In these cases a quick check of the original questionnaire was made and corrected to the number on the survey questionnaire, before analysis began. In cases where respondents did not answer a particular question, those answered were left blank, this means that in most cases N = 125 (total number of respondents) and in some case N = less than 125.

Only positively worded items were used, for example: “these hotels should always be immaculately clean” (+) rather than “these hotels do not always need to be immaculately clean” (−), reflecting the meaning of the scale and for which agreement reflects a higher score ranging from 1 (strongly disagree) up to 7 (strongly agree). Positively worded items were used because it has been shown in previous studies that negatively worded items can be confusing for respondents and tend to show higher standard deviations and cause customers to make comprehension errors (Carmen 1990; Parashuraman, Zeithaml & Berry 1991b; Fick & Ritchie 1991; Babakus & Boller 1992; Buttle 1996; and Akbaba 2006). The proceeding sections discuss each of the dimensions in turn.
5.4.1 Dimension: tangibles

Table 5.1 represents the questions asked about the tangible aspects of hotel service and the origin of the questions.

Table 5.1: Tangible items

<table>
<thead>
<tr>
<th>Question</th>
<th>Items</th>
<th>Origin of question</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>These hotels should always be immaculately clean (e.g., bedrooms, bathrooms, and living areas).</td>
<td>SERVQUAL (Tangibles) then customised for hotel context</td>
</tr>
<tr>
<td>B</td>
<td>These hotels should always have facilities such as a pool, spa and gymnasium.</td>
<td>Tsa &amp; Tzeng 1995 (Hotel facilities)</td>
</tr>
<tr>
<td>C</td>
<td>These hotels should always be comfortable places to stay.</td>
<td>Customised based on qualitative feedback</td>
</tr>
<tr>
<td>D</td>
<td>The accommodation rooms in these hotels should be quiet and provide the utmost privacy for guests.</td>
<td>Juwahee Ross (2003)</td>
</tr>
<tr>
<td>E</td>
<td>These hotels should always provide a range of household appliances (e.g., irons and ironing boards, toasters, microwaves).</td>
<td>Fuwahee (2004)</td>
</tr>
<tr>
<td>F</td>
<td>These hotels should always have a choice of food and beverage outlets (e.g., a café/bistro, a dining room, room service.</td>
<td>Tsa &amp; Tzeng 1995 (Hotel facilities)</td>
</tr>
<tr>
<td>G</td>
<td>These hotels should always have public areas which are visually appealing, inviting and comfortable.</td>
<td>SERVQUAL (Tangibles) wording customised for hotel context</td>
</tr>
<tr>
<td>H</td>
<td>The bedrooms and bathrooms of these hotels should always be bright, airy, and spacious.</td>
<td>Customised based on qualitative feedback</td>
</tr>
<tr>
<td>I</td>
<td>The employees of these hotels should always be neat in appearance.</td>
<td>SERVQUAL (Tangibles)</td>
</tr>
<tr>
<td>J</td>
<td>The accommodation rooms of these hotels should always have a working space of reasonable size, with excellent lighting.</td>
<td>Customised based on qualitative feedback</td>
</tr>
</tbody>
</table>

Principal component analysis extraction was surprising; it suggested that there was more than one construct underlying the tangible dimension as depicted in table 5.2 because there were three eigenvalues >1.0 explaining a total of 58.9% of the variance within the dataset. One dimension covers those items which are intangible, such as the feeling of comfort, privacy, brightness, and being airy, which for the purposes of this research we will call invisible tangibles. The other dimension covers those things which are more tangible or that we can clearly see, such as a choice of food and beverage outlets, nice public areas, and numerous facilities, like a pool and so on, which for the purposes of this research we will call visible tangibles. The important aspect here is that the original SERVQUAL dimension of tangibles does not appear to be stable as it breaks up into a number of factors or components. This confirms criticisms by others such as, Eicki and Riley, that this area of the SERVQUAL model is questionable.
Table 5.2: Total variance explained - tangibles

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial eigenvalues</th>
<th>Extraction sums of squared loadings</th>
<th>Rotation sums of squared loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of variance</td>
<td>Cumulative %</td>
</tr>
<tr>
<td>3</td>
<td>1.003</td>
<td>10.027</td>
<td>58.899</td>
</tr>
<tr>
<td>4</td>
<td>.878</td>
<td>8.782</td>
<td>67.681</td>
</tr>
<tr>
<td>5</td>
<td>.775</td>
<td>7.750</td>
<td>75.431</td>
</tr>
<tr>
<td>6</td>
<td>.642</td>
<td>6.422</td>
<td>81.853</td>
</tr>
<tr>
<td>7</td>
<td>.551</td>
<td>5.508</td>
<td>87.361</td>
</tr>
<tr>
<td>8</td>
<td>.471</td>
<td>4.707</td>
<td>92.068</td>
</tr>
<tr>
<td>9</td>
<td>.415</td>
<td>4.147</td>
<td>96.216</td>
</tr>
<tr>
<td>10</td>
<td>.378</td>
<td>3.784</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis

The scree plot figure 5.1 further illustrates this point. In examining the results it was clear that Question 7B “These hotels should always have facilities such as a pool, spa and gymnasium” cross-loaded on two components, as depicted in table 5.3. However the qualitative results revealed a very high importance for general facilities, such as a gym, spa, and pool, so the question was included in the final questionnaire, going against the norm on this occasion, the norm being that items which cross-load be deleted. Furthermore 7E (household appliances) loaded lower than .5 and thus was eliminated from the scale. Additionally question 7J (reasonable working space) which referred to the desk space in accommodation rooms seemed to only apply to one particular type of customer (corporate), and was also excluded. Thus it seemed that we now had two relatively independent components related to the dimension of tangibles.
Figure 5.1: Scree plot - tangibles

![Scree plot](image)

Table 5.3: Component matrix (a) – tangibles

<table>
<thead>
<tr>
<th>Question 7</th>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>A. Immaculately clean</td>
<td>.737</td>
</tr>
<tr>
<td>B. Facilities</td>
<td></td>
</tr>
<tr>
<td>C. Comfortable place to stay</td>
<td>.726</td>
</tr>
<tr>
<td>D. Quiet and private rooms</td>
<td>.675</td>
</tr>
<tr>
<td>E. Household appliances in rooms</td>
<td></td>
</tr>
<tr>
<td>F. Choice of food and beverage outlets</td>
<td></td>
</tr>
<tr>
<td>G. Appealing public areas</td>
<td>.385</td>
</tr>
<tr>
<td>H. Bedroom bright and airy</td>
<td>.632</td>
</tr>
<tr>
<td>I. Employees’ neat appearance</td>
<td>.666</td>
</tr>
<tr>
<td>J. Reasonable working space</td>
<td></td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
A Rotation converged in 7 iterations.

Factor analysis of the remaining items produced two distinct constructs within the tangible dimension. The visible tangible items represented in question 7 B-F-G and invisible tangible items represented by question 7 A-C-D-H-I. Tangible items – associated with facilities, such as pool, accommodation room, entertainment, and food and beverage – and intangible items – those associated with service such as clean rooms, peace and quiet, bright and airy rooms – gave results similar to the findings of Kandampully (2002:13).
The reliability statistic (Cronbach’s alpha) for the final set of invisible tangible items was .721 and for the visible tangibles it was .656, which was considered to be reasonable, particularly in exploratory research (Hair et al. 1998). The removal of any further items from the above two factors would have reduced the Cronbach’s alpha for the scale and thus it was left as it was.

### 5.4.2 Dimension: responsiveness

Table 5.4 represents the questions asked about the responsiveness of staff aspects of hotel service and the origin of the questions.

#### Table 5.4: Responsiveness items

<table>
<thead>
<tr>
<th>Question</th>
<th>Items</th>
<th>Origin of question</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Employees of these hotels should always promptly solve any problems I might have.</td>
<td>Saleh &amp; Ryan (1991) (Respon)</td>
</tr>
<tr>
<td>B</td>
<td>Employees of these hotels should always be willing to help customers with their queries or requests.</td>
<td>SERVQUAL (Respon)</td>
</tr>
<tr>
<td>C</td>
<td>Employees of these hotels should always give prompt service to customers.</td>
<td>SERVQUAL (Respon)</td>
</tr>
<tr>
<td>D</td>
<td>Employees of these hotels should never be too busy to respond to customer requests.</td>
<td>SERVQUAL (Respon)</td>
</tr>
<tr>
<td>E</td>
<td>Front desk employees of these hotels should always ensure that the check-in and check-out service is conducted quickly and without delay.</td>
<td>Customised based on qualitative feedback</td>
</tr>
<tr>
<td>F</td>
<td>Employees of these hotels should always attend to guests promptly when they arrive (e.g., at the front desk, in the bar, in the restaurant).</td>
<td>Saleh &amp; Ryan (1991) (Respon)</td>
</tr>
</tbody>
</table>

Principal components analysis resulted in the extraction of just one construct for responsiveness, as represented in table 5.5 and supported by the figure 5.2, that shows only one factor as having an eigenvalue >1, and accounting for 62.131% of the variance.
Table 5.5: Total variance explained - responsiveness

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial eigenvalues</th>
<th>Extraction sums of squared loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of variance</td>
</tr>
<tr>
<td>1</td>
<td>3.728</td>
<td>62.131</td>
</tr>
<tr>
<td>2</td>
<td>.650</td>
<td>10.827</td>
</tr>
<tr>
<td>3</td>
<td>.577</td>
<td>9.619</td>
</tr>
<tr>
<td>4</td>
<td>495</td>
<td>8.252</td>
</tr>
<tr>
<td>5</td>
<td>367</td>
<td>6.125</td>
</tr>
<tr>
<td>6</td>
<td>183</td>
<td>3.046</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis

Figure 5.2: Scree plot - responsiveness

Table 5.6: Component matrix (a) – responsiveness

<table>
<thead>
<tr>
<th>Question 9</th>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Employees promptly solve problems</td>
<td>.713</td>
</tr>
<tr>
<td>B. Employees willing to help customer requests</td>
<td>.806</td>
</tr>
<tr>
<td>C. Employees give prompt service</td>
<td>.862</td>
</tr>
<tr>
<td>D. Employees never to busy to respond to customers</td>
<td>.728</td>
</tr>
<tr>
<td>E. Ensure check-in and out conducted quickly</td>
<td>.784</td>
</tr>
<tr>
<td>F. Employees attend to guest promptly on arrival</td>
<td>.826</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis. a 1 components extracted. Solution cannot be rotated
The component matrix above (table 5.6) also suggested one component. However question 9D (employees never too busy to respond) was removed because it was a negatively worded question that had already been covered in the previous item and may confuse the respondents in the final study and had no impact on the reliability scores. Furthermore the questionnaire was already far too large and it seemed superfluous to have two items so similar with opposite wording. Overall the results of this analysis suggest that the items used capture a single uni-dimensional factor.

5.4.3 Dimension: reliability

Table 5.7 represents the questions asked about the reliability aspects of hotel service and the origin of the questions.

Factor analysis initially resulted in the extraction of just one construct for reliability, as represented in table 5.8 that shows only one factor as having an eigenvalue >1. Further evidenced in the scree plot (figure 5.3) also indicated one component, but accounting for 49.758% of the variance as shown in table 5.8. Although component 2, is close to eigenvalue 1.0, if included it would account for 65.83%.

Table 5.7: Reliability items

<table>
<thead>
<tr>
<th>Question 10</th>
<th>Items</th>
<th>Origin of question</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>These hotels should always deliver services promptly, once promised.</td>
<td>Saleh &amp; Ryan (1991) (Reliability)</td>
</tr>
<tr>
<td>B</td>
<td>When the hotel staff promise to do something by a certain time, they should always do so.</td>
<td>SERVQUAL (Reliability)</td>
</tr>
<tr>
<td>C</td>
<td>When hotel customers have a problem, these hotels should always show a sincere interest in solving it.</td>
<td>SERVQUAL (Reliability)</td>
</tr>
<tr>
<td>D</td>
<td>These hotels should always perform the service right the first time.</td>
<td>SERVQUAL (Reliability)</td>
</tr>
<tr>
<td>E</td>
<td>These hotels should always keep accurate records (e.g., information about guests, customer likes/dislikes, whether they are a return customer).</td>
<td>SERVQUAL (Reliability)</td>
</tr>
<tr>
<td>F</td>
<td>These hotels should always present bills that are error free.</td>
<td>SERVQUAL (Reliability)</td>
</tr>
<tr>
<td></td>
<td>All wording customised for hotel context</td>
<td></td>
</tr>
</tbody>
</table>
Table 5.8:  Total variance explained – reliability

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial eigenvalues</th>
<th>Extraction sums of squared loadings</th>
<th>Rotation sums of squared loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of variance</td>
<td>Cumulative %</td>
</tr>
<tr>
<td>1</td>
<td>2.985</td>
<td>49.758</td>
<td>49.758</td>
</tr>
<tr>
<td>2</td>
<td>1.964</td>
<td>16.074</td>
<td>65.832</td>
</tr>
<tr>
<td>3</td>
<td>.835</td>
<td>13.911</td>
<td>79.743</td>
</tr>
<tr>
<td>4</td>
<td>.485</td>
<td>8.092</td>
<td>87.835</td>
</tr>
<tr>
<td>5</td>
<td>.421</td>
<td>7.015</td>
<td>94.850</td>
</tr>
<tr>
<td>6</td>
<td>.309</td>
<td>5.150</td>
<td>100.000</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis

Figure 5.3:  Scree plot - reliability

However, the rotated component matrix (table 5.9) revealed two components, showing that the items here seemed to be measuring two different dimensions, one measuring a work ethic and the other measuring the reliability of administration. Therefore 10E (keep accurate records) and 10F (present error-free bills) were deleted.
### Table 5.9: Rotated component matrix (a) – reliability

<table>
<thead>
<tr>
<th>Question 10</th>
<th>Component</th>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Staff deliver promised service</td>
<td></td>
<td>.802</td>
<td></td>
</tr>
<tr>
<td>B. Promise to do something on time</td>
<td></td>
<td>.837</td>
<td></td>
</tr>
<tr>
<td>C. Employees show interest in solving customer problems</td>
<td></td>
<td>.817</td>
<td></td>
</tr>
<tr>
<td>D. Perform the service right</td>
<td></td>
<td>.628</td>
<td>.418</td>
</tr>
<tr>
<td>E. Keep accurate records</td>
<td></td>
<td></td>
<td>.872</td>
</tr>
<tr>
<td>F. Present error-free bills</td>
<td></td>
<td></td>
<td>.688</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.  
Rotation Method: Varimax with Kaiser Normalization.  
a Rotation converged in 3 iterations.

Additionally question 10D cross-loaded, but had a low loading score on the second factor rather that the first, so it was retained to be further tested in the main questionnaire. Whilst the two components appeared to make sense, during the qualitative phase administrative reliability, accurate record and error-free bill were not mentioned and therefore component two questions (10E and 10F) were removed. The remaining four items were refined and the reliability statistic (Cronbach’s alpha) was .808.

#### 5.4.4 Dimension: assurance

Table 5.10 represents the questions asked about the assurance aspects of hotel service and the origin of the questions.

### Table 5.10: Assurance items

<table>
<thead>
<tr>
<th>Question 11</th>
<th>Items</th>
<th>Origin of question</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>The employees of these hotels should always be courteous to guests.</td>
<td>SERVQUAL (Assurance)</td>
</tr>
<tr>
<td>B</td>
<td>The behaviour of employees in these hotels should always instil</td>
<td>SERVQUAL (Assurance)</td>
</tr>
<tr>
<td></td>
<td>confidence in customers.</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>Customers of these hotels should always feel safe in their dealings</td>
<td>SERVQUAL (Assurance)</td>
</tr>
<tr>
<td></td>
<td>with hotel employees (e.g., settling accounts, making reservations/</td>
<td></td>
</tr>
<tr>
<td></td>
<td>bookings, requests for information).</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>The employees of these hotels should always have in-depth knowledge</td>
<td>SERVQUAL (Assurance)</td>
</tr>
<tr>
<td></td>
<td>of the hotel and its services.</td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>These hotels should always provide acceptable solutions to</td>
<td>Customised for the hotel</td>
</tr>
<tr>
<td></td>
<td>customers’ problems.</td>
<td>context</td>
</tr>
<tr>
<td>F</td>
<td>These hotels should always ensure the security and safety of their</td>
<td>Customised for hotel</td>
</tr>
<tr>
<td></td>
<td>customers.</td>
<td>context</td>
</tr>
<tr>
<td>G</td>
<td>These hotels should always have knowledgeable staff to answer</td>
<td>Saleh &amp; Ryan (1991)</td>
</tr>
<tr>
<td></td>
<td>questions about local attractions, shopping and major events.</td>
<td>(Assurance)</td>
</tr>
</tbody>
</table>
Factor analysis conducted on assurance (table 5.11) revealed that two factors that had an eigenvalue of >1, supported by the evidence in the scree plot and these explained 58.461% of the variance.

The two components as depicted in table 5.12, show that question 11 A-B-C loaded on a different factor to 11 D-E-F.

### Table 5.11: Total variance explained - assurance

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial eigenvalues</th>
<th>Extraction sums of squared loadings</th>
<th>Rotation sums of squared loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of variance</td>
<td>Cumulative %</td>
</tr>
<tr>
<td>1</td>
<td>3.011</td>
<td>.43019</td>
<td>43.019</td>
</tr>
<tr>
<td>2</td>
<td>1.081</td>
<td>15.442</td>
<td>58.461</td>
</tr>
<tr>
<td>3</td>
<td>.880</td>
<td>12.574</td>
<td>71.035</td>
</tr>
<tr>
<td>4</td>
<td>.711</td>
<td>10.156</td>
<td>81.191</td>
</tr>
<tr>
<td>5</td>
<td>.598</td>
<td>8.539</td>
<td>89.729</td>
</tr>
<tr>
<td>6</td>
<td>.409</td>
<td>5.849</td>
<td>95.578</td>
</tr>
<tr>
<td>7</td>
<td>.310</td>
<td>4.422</td>
<td>100.000</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

### Figure 5.4: Scree plot - assurance

![Scree plot](image)

### Table 5.12: Rotated component matrix (a) – assurance

<table>
<thead>
<tr>
<th>Question 11</th>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>A. Employees courteous to guest</td>
<td>.461</td>
</tr>
<tr>
<td>B. Employees instil confidence in guests</td>
<td>.731</td>
</tr>
<tr>
<td>C. Safe in dealing with hotel employees</td>
<td>.575</td>
</tr>
<tr>
<td>D. Employees have in-depth knowledge</td>
<td>.810</td>
</tr>
<tr>
<td>E. Provide acceptable solutions to customers’ problems</td>
<td>.702</td>
</tr>
<tr>
<td>F. Ensure security and safety of customers</td>
<td>.550</td>
</tr>
<tr>
<td>G. Knowledgeable staff</td>
<td>.804</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
A Rotation converged in 3 iterations.
Examining the content of these questions more closely it was realised that courtesy, confidence, and safety did not measure the intended construct of assurance. Therefore 11 A-B-C were deleted. Furthermore 11A (employees courteous to guests) cross-loaded and therefore it could not be counted as an appropriate indicator of either factor. The reliability statistic (Cronbach’s alpha) of the four remaining items was .764 and the removal of any further items would have reduced that.

5.4.5 Dimension: empathy

Table 5.13 represents the questions asked about the empathy aspects of hotel service and the origin of the questions.

**Table 5.13: Empathy items**

<table>
<thead>
<tr>
<th>Question 12</th>
<th>Items</th>
<th>Origin of question</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Hotel employees should always give customers individual attention.</td>
<td>SERVQUAL (Empathy)</td>
</tr>
<tr>
<td>B</td>
<td>Hotels should always have operating hours which are convenient to customers’ requirements (e.g., pool, gym, business centre, and food and beverage outlets).</td>
<td>SERVQUAL (Empathy) Wording customised for hotel context</td>
</tr>
<tr>
<td>C</td>
<td>Hotel employees should always anticipate their customers’ needs.</td>
<td>Saleh &amp; Ryan (1991) (Empathy)</td>
</tr>
<tr>
<td>D</td>
<td>Hotel employees should always show genuine care and concern when giving customers' personal attention.</td>
<td>SERVQUAL (Empathy)</td>
</tr>
<tr>
<td>E</td>
<td>Employees of these hotels should always have the interests of their customers at heart.</td>
<td>SERVQUAL (Empathy)</td>
</tr>
<tr>
<td>F</td>
<td>Employees of these hotels should always understand customers’ specific needs.</td>
<td>Saleh &amp; Ryan (1991) (Empathy)</td>
</tr>
<tr>
<td>G</td>
<td>Employees of these hotels will always make customers feel warm and welcome.</td>
<td>Saleh &amp; Ryan (1991) (Empathy)</td>
</tr>
<tr>
<td>H</td>
<td>Employees of these hotels should always address guests by name</td>
<td>Saleh &amp; Ryan (1991) (Empathy)</td>
</tr>
</tbody>
</table>

Factor analysis conducted on empathy produced two factors accounting for 67.370% of the variance with eigenvalues of < 1 as reflected in table 5.14 and figure 5.5, with the scree plot replicating this finding.
Table 5.14: Total variance explained - empathy

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial eigenvalues</th>
<th>Extraction sums of squared loadings</th>
<th>Rotation sums of squared loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of variance</td>
<td>Cumulative %</td>
</tr>
<tr>
<td>1</td>
<td>3.405</td>
<td>42.567</td>
<td>42.567</td>
</tr>
<tr>
<td>3</td>
<td>.904</td>
<td>11.300</td>
<td>78.671</td>
</tr>
<tr>
<td>4</td>
<td>.654</td>
<td>8.173</td>
<td>86.843</td>
</tr>
<tr>
<td>5</td>
<td>.480</td>
<td>5.996</td>
<td>92.839</td>
</tr>
<tr>
<td>6</td>
<td>.312</td>
<td>3.899</td>
<td>96.738</td>
</tr>
<tr>
<td>7</td>
<td>.253</td>
<td>3.157</td>
<td>99.895</td>
</tr>
<tr>
<td>8</td>
<td>.008</td>
<td>.105</td>
<td>100.000</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis

Figure 5.5: Scree plot - empathy

As a result of examining the rotated component matrix (table 5.15) question 12A and 12G were deleted as they did not load on the first factor. Question 12B (operating hours of the hotel) was deleted as it had very low loadings. Finally, question 12H (addressing guests by their name) did not appear to measure the construct of empathy, it was never included in the original SERVQUAL model and whilst Saleh and Ryan (1991) considered it an important element in hotel operations, it was not mentioned in any of the qualitative data in this research and was therefore excluded.
Table 5.15: Rotated component matrix (a) – empathy

<table>
<thead>
<tr>
<th>Question 12</th>
<th>Component 1</th>
<th>Component 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Give customers individual attention</td>
<td>.432</td>
<td>.994</td>
</tr>
<tr>
<td>B. Convenient operating hours</td>
<td>.802</td>
<td></td>
</tr>
<tr>
<td>C. Anticipate customers’ needs</td>
<td>.867</td>
<td></td>
</tr>
<tr>
<td>D. Genuine care and concern</td>
<td>.802</td>
<td></td>
</tr>
<tr>
<td>E. Interest of customers at heart</td>
<td>.862</td>
<td></td>
</tr>
<tr>
<td>F. Understand customers’ specific needs</td>
<td>.996</td>
<td></td>
</tr>
<tr>
<td>G. Make customers feel warm and welcome</td>
<td>.639</td>
<td></td>
</tr>
<tr>
<td>H. Address guests by name</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.  
Rotation Method: Varimax with Kaiser Normalization.  
A Rotation converged in 3 iterations.

The empathy dimension considered above now completes the analysis of the five dimensions of the SERVQUAL model and the three dimensions that follow are ones specifically added for this research.

5.4.6 Dimension: location

Table 5.16 represents the questions asked about the location aspects of hotel service and the origin of the questions.

Table 5.16: Location items

<table>
<thead>
<tr>
<th>Question 8</th>
<th>Items</th>
<th>Origin of question</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>These hotels should always be within close proximity of the central business district.</td>
<td>Customised based on qualitative feedback</td>
</tr>
<tr>
<td>B</td>
<td>These hotels should always be within walking distance to interesting places, and major attractions.</td>
<td>Customised based on qualitative feedback</td>
</tr>
<tr>
<td>C</td>
<td>These hotels should always be conveniently located to public transport.</td>
<td>Tsaur &amp; Tzeng (1995) (Location)</td>
</tr>
<tr>
<td>D</td>
<td>These hotels should have pleasant views from the rooms and public areas.</td>
<td>Customised for hotel context</td>
</tr>
</tbody>
</table>

Factor analysis resulted in the extraction of one component having a eigenvalue of < 1 explaining 53.570 of the variance as can be seen in table 5.17, with the scree plot (figure 5.6) confirming the finding.
Table 5.17: Total variance explained – location

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial eigenvalues</th>
<th>Extraction sums of squared loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of variance</td>
</tr>
<tr>
<td>1</td>
<td>2.143</td>
<td>53.570</td>
</tr>
<tr>
<td>2</td>
<td>.902</td>
<td>22.558</td>
</tr>
<tr>
<td>3</td>
<td>.555</td>
<td>13.876</td>
</tr>
<tr>
<td>4</td>
<td>.400</td>
<td>9.996</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis

Figure 5.6: Scree plot - location

The component matrix (table 5.18) showed just one factor with a reliability statistic (Cronbach’s alpha) of .704. As such the test shows that all the items are indeed measuring the same dimension of location and therefore question 8 is sound and was used in the final questionnaire.

Table 5.18: Component matrix (a) – location

<table>
<thead>
<tr>
<th>Question 8</th>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Close proximity of CBD</td>
<td>.741</td>
</tr>
<tr>
<td>B. Walking distance to attractions</td>
<td>.846</td>
</tr>
<tr>
<td>C. Conveniently located to public transport</td>
<td>.771</td>
</tr>
<tr>
<td>D. Pleasant view from rooms and public areas</td>
<td>.533</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.
A1 components extracted. Solution cannot be rotated
However, question 8D (pleasant view from rooms and public areas) had a relatively low component loading and did not appear to fit with the other items used to examine location (low face validity), and therefore it was removed, increasing the Cronbach’s Alpha score to .735.

5.4.7 Dimension: price

Table 5.19 represents the questions asked about the price aspects of hotel service and the origin of the questions.

<table>
<thead>
<tr>
<th>Question 20</th>
<th>Items</th>
<th>Origin of Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>When it comes to choosing a hotel, I rely heavily on price.</td>
<td>Monroe (1973)</td>
</tr>
<tr>
<td>B</td>
<td>The price I pay for my hotel accommodation is more important to me than the service I receive.</td>
<td>Guiltinan (1987)</td>
</tr>
<tr>
<td>C</td>
<td>I generally call several hotels to get price quotes before I decide on a particular hotel.</td>
<td>Olson (1977)</td>
</tr>
<tr>
<td>D</td>
<td>I look carefully to find the best value for the money</td>
<td></td>
</tr>
</tbody>
</table>

Factor analysis conducted on price produced one factor as shown in table 5.20 with an eigenvalue of >1, explaining 54.470% of the variance. The scree plot visually represents this finding in figure 5.7 with only one component as depicted in table 5.21.

Table 5.20: Total variance explained – price

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial eigenvalues</th>
<th>Extraction sums of squared loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of variance</td>
</tr>
<tr>
<td>1</td>
<td>2.179</td>
<td>54.470</td>
</tr>
<tr>
<td>2</td>
<td>.906</td>
<td>22.657</td>
</tr>
<tr>
<td>3</td>
<td>.574</td>
<td>14.360</td>
</tr>
<tr>
<td>4</td>
<td>.341</td>
<td>8.513</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis
Figure 5.7: Scree plot - price

![Scree plot - price](image)

Table 5.21: Component matrix (a) – price

<table>
<thead>
<tr>
<th>Question 20</th>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Rely heavily on price</td>
<td>0.734</td>
</tr>
<tr>
<td>B. Price more important than service</td>
<td>0.634</td>
</tr>
<tr>
<td>C. Call several hotels to get price</td>
<td>0.733</td>
</tr>
<tr>
<td>D. Look carefully for best value</td>
<td>0.838</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.
A 1 components extracted. Solution cannot be rotated.

However, on reflection and feedback by a number of academics who examined the pilot questionnaire, these items within the price dimension were deemed inappropriate because they did not measure the perceived net gains, as was intended. The questions above were more about how price affects decisions and what was intended in this research was to examine whether customers were satisfied with the price they paid for the service they received and what influence the price may have on their overall satisfaction with the hotel. Therefore better measures needed to be found and consequently the pilot questions for price were abandoned.
A further search of the literature produced better measures based on the work of Dodds, Monroe and Grewal (1991) on the effects of price on buyer’s product evaluation; then Cronin, Brady and Hult (2000) on the effect of quality and perceived value, and the work of Sweeney and Soutar (2001) on consumer perceived value. A moderated version of these scales was also used by Al-Sabbahy, Ekinci and Riley (2004) in a hotel context. Thus new questions were used in the final questionnaire. These were:

a. This hotel is very good value for money  
b. The price of accommodation at this hotel is very acceptable  
c. I value this hotel as it met my needs at a reasonable price  
d. I feel I received good value for money I spent  
e. This hotel met my specific needs at a reasonable price.

As Al-Sabbahy, Ekinci & Riley (2004) point out that it can be argued that “the higher the quality the higher the value, and the higher the value the higher the satisfaction”. As this debate could cause some doubts on the findings, it was decided that both overall service quality and overall satisfaction should be measured separately, abandoning the idea that the items representing the SERVQUAL model would in themselves predict overall service quality.

Therefore an additional set of questions was asked in the final questionnaire (question 21 on overall service quality) based on the work of Brady, Cronin and Taylor (2002). These were:

a. I would say this hotel provides superior service  
b. I believe that this hotel offers excellent service  
c. Overall, the service quality at this hotel has been excellent  
d. This hotel ranks highly in terms of service quality.

5.4.8 Dimension: overall satisfaction

Table 5.22 represents the questions asked about the general satisfaction aspects of hotel service and the origin of the questions.
Table 5.22: Overall satisfaction items

<table>
<thead>
<tr>
<th>Question</th>
<th>Items</th>
<th>Origin of Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>This is one of the best hotels I have stayed in</td>
<td>All items are from Mano &amp; Oliver (1993) (General Satisfaction) customised wording for hotels</td>
</tr>
<tr>
<td>B</td>
<td>I am satisfied with my decision to stay at this hotel.</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>My choice to stay at this hotel was a wise one.</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>I have truly enjoyed this hotel.</td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>I am sure it was the right thing to stay at this hotel.</td>
<td></td>
</tr>
</tbody>
</table>

Factor analysis resulted in the extraction of just one component with an eigenvalue < 1, and explaining 88.234% of variance as depicted in table 5.23. Visually represented in figure 5.8.

Table 5.23: Total variance explained – overall satisfaction

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial eigenvalues</th>
<th>Extraction sums of squared loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of variance</td>
</tr>
<tr>
<td>1</td>
<td>4.412</td>
<td>88.234</td>
</tr>
<tr>
<td>2</td>
<td>.292</td>
<td>5.833</td>
</tr>
<tr>
<td>3</td>
<td>.143</td>
<td>2.869</td>
</tr>
<tr>
<td>4</td>
<td>.077</td>
<td>1.538</td>
</tr>
<tr>
<td>5</td>
<td>.076</td>
<td>1.526</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis

Figure 5.8: Scree plot – overall satisfaction

The component matrix (table 5.24) shows that the all items loaded well.
Table 5.24: Component matrix (a) – overall satisfaction

<table>
<thead>
<tr>
<th>Question 21</th>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>A. Best hotel stayed in</td>
<td>.878</td>
</tr>
<tr>
<td>B. Satisfied with stay</td>
<td>.960</td>
</tr>
<tr>
<td>C. Choice was wise</td>
<td>.946</td>
</tr>
<tr>
<td>D. Enjoyed the hotel</td>
<td>.957</td>
</tr>
<tr>
<td>E. Right thing to stay at hotel</td>
<td>.952</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.
a 1 components extracted. Solution cannot be rotated.

Hence for the final questionnaire the original five questions outlined in table 5.22 above were used and this became question 22. However, the label general satisfaction was changed to overall satisfaction to make it consistent with the label overall service quality as depicted in the previous question.

5.4.9 **Dimension: intention to revisit**

Table 5.25 represents the questions asked about the intention to revisit the hotel together with the origin of the questions.

Table 5.25: Intention to revisit items

<table>
<thead>
<tr>
<th>Question 22</th>
<th>Items</th>
<th>Origin of question</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>The possibility that I would use this hotel again is very high.</td>
<td>All items are from Brady, Cronin &amp; Brand (2002) (Purchase Intention) Customised wording for hotels</td>
</tr>
<tr>
<td>B</td>
<td>I would recommend this hotel to my friends.</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>The next time I need to stay at a hotel in this area, I would stay at this hotel.</td>
<td></td>
</tr>
</tbody>
</table>
Factor analysis resulted in the extraction of just one factor explaining 89.279% of the variance as shown in table 5.26 and scree plot figure 5.9.

Table 5.26: Total variance explained – intention to revisit

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial eigenvalues</th>
<th>Extraction sums of squared loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of variance</td>
</tr>
<tr>
<td>1</td>
<td>2.678</td>
<td>89.279</td>
</tr>
<tr>
<td>2</td>
<td>.200</td>
<td>6.669</td>
</tr>
<tr>
<td>3</td>
<td>.122</td>
<td>4.053</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

Figure 5.9: Scree plot – intention to revisit

As shown by the component matrix (table 5.27) the structure of question 22, intention to revisit was sound, and all three questions were used in the final questionnaire.

Table 5.27: Component matrix (a) – intention to revisit

<table>
<thead>
<tr>
<th>Question 22</th>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. High possibility to use again</td>
<td>.930</td>
</tr>
<tr>
<td>B. Recommend to friends</td>
<td>.955</td>
</tr>
<tr>
<td>C. Stay at this hotel next time</td>
<td>.950</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

a1 components extracted. Solution cannot be rotated.
Based on the work of Al-Sabbahy, Ekici & Riley (2004) who stated that perceived value is correlated to behavioural intentions a further question “This hotel would be one of my first choices to stay in” was added to reflect the choice a customer would make about their future stay.

5.5 Feedback on the questionnaire by participants made during the pilot

As discussed in the methodology chapter the pilot questionnaire was revised and on that basis a final questionnaire was produced with a number of alterations, particularly in wording and sequence. Appendix 6 contains the pilot questionnaire and the final questionnaire used in this research and the alterations are obvious.

As stated in the methodology it was recognised by the researcher that the survey questionnaire was lengthy and that the pilot test should have produced a final questionnaire that was shorter in length. This was not achieved; however important steps were made in simplifying and modifying the final questionnaire as shown in Appendix 7 and 8.

5.6 Reliability of items used in the final questionnaire

Factor analysis examining 53 items across 9 dimensions in the pilot questionnaire produced a final questionnaire with 47 items across 11 dimensions. As can be seen from the results above many of the items were deleted and some were reworded or changed. The remaining items used for the final questionnaire are listed together with the factor analysis scores for each item and the reliability score for the dimension as a whole in table 5.28 that follows.
<table>
<thead>
<tr>
<th>Dimension</th>
<th>Item</th>
<th>Factor loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Invisible-Tangibles</strong></td>
<td>These hotels should always be immaculately clean.</td>
<td>.737</td>
</tr>
<tr>
<td></td>
<td>These hotels should always be comfortable places to stay.</td>
<td>.726</td>
</tr>
<tr>
<td></td>
<td>The accommodation rooms in these hotels should be quite and provide the utmost privacy for guests.</td>
<td>.676</td>
</tr>
<tr>
<td>Cronbach’s</td>
<td>The bedrooms and bathrooms of these hotels should always be bright, airy and spacious.</td>
<td>.632</td>
</tr>
<tr>
<td>Alpha on the five items is .721</td>
<td>The employees of these hotels should always be neat in appearance.</td>
<td>.666</td>
</tr>
<tr>
<td><strong>Visible Tangible</strong></td>
<td>These hotels should always have facilities such as a pool, spa and gymnasium.</td>
<td>.582</td>
</tr>
<tr>
<td>Cronbach’s</td>
<td>These hotels should always have a choice of food and beverage outlets (e.g., a café/bistro, a dining room, room service).</td>
<td>.841</td>
</tr>
<tr>
<td>Alpha on the three items is .565</td>
<td>These hotels should always have public areas which are visually appealing, inviting and comfortable.</td>
<td>.708</td>
</tr>
<tr>
<td>Location</td>
<td>These hotels should always be within close proximity of the central business district.</td>
<td>.741</td>
</tr>
<tr>
<td>Cronbach’s</td>
<td>These hotels should always be within close walking distance to interesting places, and major attractions.</td>
<td>.846</td>
</tr>
<tr>
<td>Alpha on the three items is .735</td>
<td>These hotels should always be conveniently located to public transport.</td>
<td>.771</td>
</tr>
<tr>
<td></td>
<td>The location of these hotels should always be convenient and meet my needs.</td>
<td></td>
</tr>
<tr>
<td>Responsiveness</td>
<td>Employees of these hotels should always promptly solve any problems I might have.</td>
<td>.713</td>
</tr>
<tr>
<td>Cronbach’s</td>
<td>Employees of these hotels should always be willing to help customers with their queries or requests.</td>
<td>.806</td>
</tr>
<tr>
<td>Alpha on the five items is .870</td>
<td>Employees of these hotels should always give prompt service to customers.</td>
<td>.862</td>
</tr>
<tr>
<td></td>
<td>Employees of these hotels should always attend to guests promptly when they arrive (e.g., at the front desk, in the bar, in the restaurant).</td>
<td>.826</td>
</tr>
<tr>
<td>Reliability</td>
<td>These hotels should always deliver services promptly, once promised.</td>
<td>.745</td>
</tr>
<tr>
<td>Cronbach’s</td>
<td>When the hotel staff promise to do something by a certain time, they should always do so.</td>
<td>.812</td>
</tr>
<tr>
<td>Alpha on the four items is .808</td>
<td>When hotel customers have a problem, these hotels should always show a sincere interest in solving it.</td>
<td>.793</td>
</tr>
<tr>
<td></td>
<td>These hotels should always perform the service right the first time.</td>
<td>.753</td>
</tr>
<tr>
<td>Assurance</td>
<td>The employees of these hotels should always have in-depth knowledge of the hotel and its services.</td>
<td>.810</td>
</tr>
<tr>
<td>Cronbach’s</td>
<td>These hotels should always provide acceptable solutions to customers’ problems.</td>
<td>.702</td>
</tr>
<tr>
<td>Alpha on the four items is .764</td>
<td>These hotels should always ensure the security and safety of their customers.</td>
<td>.550</td>
</tr>
<tr>
<td></td>
<td>These hotels should always have knowledgeable staff to answer questions about local attractions, shopping and major events.</td>
<td>.804</td>
</tr>
<tr>
<td>Dimension</td>
<td>Item</td>
<td>Factor loadings</td>
</tr>
<tr>
<td>----------------------</td>
<td>----------------------------------------------------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>Empathy</td>
<td>Hotel employees should always anticipate their customers’ needs.</td>
<td>.815</td>
</tr>
<tr>
<td></td>
<td>Hotel employees should always show genuine care and concern when giving</td>
<td>.890</td>
</tr>
<tr>
<td></td>
<td>customers’ personal attention.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employees of these hotels should always have the interests of their customers at heart.</td>
<td>.835</td>
</tr>
<tr>
<td></td>
<td>Employees of these hotels should always understand customers’ specific needs.</td>
<td>.866</td>
</tr>
<tr>
<td>Cronbach’s Alpha on the four items is .871</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price</td>
<td>This hotel is very good value for money</td>
<td>New</td>
</tr>
<tr>
<td></td>
<td>The price of accommodation at this hotel is very acceptable</td>
<td>items to be</td>
</tr>
<tr>
<td></td>
<td>I value this hotel as it met mu needs at a reasonable price.</td>
<td>tested in main</td>
</tr>
<tr>
<td></td>
<td>I feel I received good value for money I spent.</td>
<td>study</td>
</tr>
<tr>
<td></td>
<td>This hotel met my specific needs at a reasonable price.</td>
<td></td>
</tr>
<tr>
<td>Overall service</td>
<td>I would say this hotel provides superior service.</td>
<td>New</td>
</tr>
<tr>
<td>quality</td>
<td>I believe that this hotel offers excellent service.</td>
<td>items to be</td>
</tr>
<tr>
<td></td>
<td>Overall, the service quality at this hotel has been excellent.</td>
<td>tested in main</td>
</tr>
<tr>
<td></td>
<td>This hotel ranks highly in terms of service quality.</td>
<td>study</td>
</tr>
<tr>
<td>Overall satisfaction</td>
<td>This is one of the best hotels I have stayed in.</td>
<td>.878</td>
</tr>
<tr>
<td>Cronbach’s Alpha on the five items is .966</td>
<td>I am satisfied with my decision to stay at this hotel.</td>
<td>.960</td>
</tr>
<tr>
<td></td>
<td>My choice to stay at this hotel was a wise one.</td>
<td>.946</td>
</tr>
<tr>
<td></td>
<td>I have truly enjoyed this hotel.</td>
<td>.957</td>
</tr>
<tr>
<td></td>
<td>I am sure it was the right thing to stay at this hotel.</td>
<td>.952</td>
</tr>
<tr>
<td>Intention to revisit</td>
<td>The possibility that I would use this hotel again is very high.</td>
<td>.930</td>
</tr>
<tr>
<td>Cronbach’s Alpha on the three items is .940</td>
<td>I would recommend this hotel to my friends.</td>
<td>.955</td>
</tr>
<tr>
<td></td>
<td>The next time I need to stay at a hotel in this area, I would stay at this hotel.</td>
<td>.950</td>
</tr>
<tr>
<td></td>
<td>This hotel would be one of my first choices to stay in.</td>
<td>NEW</td>
</tr>
</tbody>
</table>
5.7 Conclusion

This chapter used the SERVQUAL framework, together with previous research and
the qualitative feedback from customers, managers, and employees of hotels to
develop measures of service quality in three-, four- and five-star hotels in Sydney
and has developed a refined set of measures for managerial use and in so doing has
addressed research question 1.3 and 1.5, which now completes Phase two of this
research.

The results of this pilot confirm that the SERVQUAL dimensions were
useful, but that care needs to be taken in making it context specific. It is particularly
useful when comparing hotels, either in the same category or in different categories.
In summary, it was found that all scales in the questionnaire except for “tangibles”
were one-dimensional. The items listed above will be re-tested for dimensionality in
the main questionnaire. Additionally internal consistency was tested and all multi
item measures meet acceptable benchmarks.

Therefore there is a high level of confidence that the final questionnaire has
reasonable measures of the key constructs to be used in the main survey. Further
quantitative methods were employed in phase 3 to investigate the remaining
questions related to the performance of service quality in Sydney hotels. This phase
will be discussed in Chapter 6.
Chapter Six

Phase 3: Validating the Main Questionnaire

Phase 1 of this research, covered in Chapter 4, revealed the main attributes customers use in making choices between hotels. These attributes together with the SERVQUAL model were then used to develop a pilot questionnaire. The previous chapter discussed the pilot study (Phase 2) and the way the results were used to develop the final questionnaire used in Phase 3 (as shown in Appendix 7). This final questionnaire was then developed for managers and customers of three-, four- and five-star Sydney hotels (Chapter 3).

This chapter discusses the results of factor analysis, principally using principal component analysis (PCA) of responses to the final questionnaire deployed to hotel managers and customers. Consequently the aim of this chapter is to answer the following research sub-question:

RQ 1.4 What is the validity of the SERVQUAL framework in the context of three-, four- and five-star hotels?

6.1 Analytical process

The first step in the analytical process is to explore the characteristics of the data to ensure that responses were entered correctly, to explore the data for missing values and decide on how to deal with missing data. Then, we need to test and ensure that the distributions of the variables have not deviated from normality, to confirm assumed dimensionality (Coakes & Steed 2001) and validation of the data.

In this research the data were screened in three ways: First, the data were proofread on the spreadsheet on which they were entered and checked for any abnormalities, such as missing data or out-of-range values. In cases where missing data or incorrect values were detected, the data on the spreadsheet were checked against the original questionnaire and changed where needed before transferring to
the SPSS program. Second, the data files were checked for accuracy by generating summary statistics (through SPSS) on all the variables to check that there were no out-of-range values; that the means and standard deviations were plausible; and that the values did not appear to be inflated or deflated. In several cases, out-of-range values were detected – that is, values greater than 7 had been accidentally typed into the data set. In these cases a quick check of the original questionnaire was made and changed to the correct value as entered by the respondent at the outset, before analysis began. Third, the data were examined for any missing values and any questions that were not answered were left blank, therefore in some case N= less than 173.

6.2 Tests of dimensionality

Factor Analysis (Principal Components Analysis) was used to test the structure of the data. Specifically to evaluate whether the multi-item measures used from the SERVQUAL dimensions, as well as the other independent and dependent variables used in this study were actually a uni-dimensional measure of the constructs under study, much in the same way as in the previous chapter examining the pilot questionnaire.

Presented below are the results of the principal component analysis of the five SERVQUAL dimensions, tangibles, responsiveness, reliability, assurance and empathy, as well as location, price, overall service quality, overall satisfaction and intention to revisit, measures which were used in the main study. Respondents were asked to indicate how important these aspects were in hotel service by responding to a Likert scale of 1–7, where 1 = strongly disagree and 7 = strongly agree.

6.2.1 Factor analysis: tangibles

The analysis of the eight items representing the tangible dimension resulted in the extraction of two factors as shown below in Table 6.2. As expected, Table 6.2 clearly shows that only seven items load cleanly across two dimensions just as they did in the pilot results, splitting between what this research named visible tangibles and invisible tangibles. The invisible tangible items are: cleanliness; comfort; quiet and privacy; as well as neat employees. The visible tangible items are: numerous facilities; choice of food and beverage outlets; and visually appealing facilities. Table
6.1 shows that two components have an eigenvalue >1 which together account for 63.10% of variance with factor 1 accounting for 44 per cent of the variance and an alpha score of .8186, factor 2 for 18 per cent and an alpha score of .6822.

Additionally, the output presented in Table 6.2 shows that the item “bright and airy” is cross-loading across two components, and therefore it was decided that it should be deleted from the measure of both visible and invisible tangibles and not used in any further analysis.

Table 6.1: Total variance explained – tangibles

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial eigenvalues</th>
<th>Extraction sums of squared loadings</th>
<th>Rotation sums of squared loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of variance</td>
<td>Cumulative %</td>
</tr>
<tr>
<td>1</td>
<td>3.569</td>
<td>44.610</td>
<td>44.610</td>
</tr>
<tr>
<td>2</td>
<td>1.479</td>
<td>18.492</td>
<td>63.102</td>
</tr>
<tr>
<td>4</td>
<td>.636</td>
<td>7.945</td>
<td>80.689</td>
</tr>
<tr>
<td>5</td>
<td>.526</td>
<td>6.572</td>
<td>87.262</td>
</tr>
<tr>
<td>6</td>
<td>.450</td>
<td>5.628</td>
<td>92.889</td>
</tr>
<tr>
<td>7</td>
<td>.309</td>
<td>3.866</td>
<td>96.756</td>
</tr>
<tr>
<td>8</td>
<td>.260</td>
<td>3.244</td>
<td>100.000</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

Table 6.2: Component matrix (a) - tangibles

<table>
<thead>
<tr>
<th>Component</th>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clean</td>
<td>.831</td>
<td>0.034</td>
</tr>
<tr>
<td>Comfortable</td>
<td>.761</td>
<td>0.017</td>
</tr>
<tr>
<td>Quiet and privacy</td>
<td>.761</td>
<td>.207</td>
</tr>
<tr>
<td>Bright and airy</td>
<td>.509</td>
<td>.502</td>
</tr>
<tr>
<td>Employees neat</td>
<td>.791</td>
<td>.272</td>
</tr>
<tr>
<td>Facilities</td>
<td>-.127</td>
<td>.746</td>
</tr>
<tr>
<td>Food and beverage choice</td>
<td>.224</td>
<td>.821</td>
</tr>
<tr>
<td>Visually appealing</td>
<td>.296</td>
<td>.748</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a Rotation converged in 3 iterations.

As expected this survey successfully replicated three out of the four items within the tangible dimension in the original SERVQUAL model. Whilst the wording was changed in order to be context-specific the measures remained the same. This finding
is consistent with other research using the SERVQUAL dimensions (Carmen 1990; Cronin & Taylor 1991; Babakus & Boller 1992; Teas 1993) and shows that tangibles differ significantly across the many service sectors. Therefore care should be taken in the wording of the items to capture the entire set of sector specific items under the one dimension, followed by deleting the redundant items in order to produce better results. As this is exactly what was done in this research we hold reasonable confidence that the two factors within the tangible dimension (tangible and intangible) are suitable to measure. This result is consistent with the findings of Saleh & Ryan (1992 and 1994) and Eckinci et al. (1998) who claimed that customers discriminate between tangible and intangible services.

6.2.2 Factor analysis: location

As Table 6.3 shows only one factor emerged from the analysis, as only one component had an eigenvalue >1.0 accounting for 65.310% of the variance. The component matrix (Table 6.4) shows just one factor with a KMO index or measure of sampling adequacy of .784, suggesting that the items used to measure location are uni-dimensional and therefore the location dimension items are appropriate to be used for further analysis.

Table 6.3: Total variance explained – location

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial eigenvalues</th>
<th>Extraction sums of squared loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of variance</td>
</tr>
<tr>
<td>1</td>
<td>2.612</td>
<td>65.310</td>
</tr>
<tr>
<td>2</td>
<td>.564</td>
<td>14.099</td>
</tr>
<tr>
<td>3</td>
<td>.474</td>
<td>11.848</td>
</tr>
<tr>
<td>4</td>
<td>.350</td>
<td>8.743</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

Table 6.4: Component matrix (a) - location

<table>
<thead>
<tr>
<th>Component</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proximity to CBD</td>
<td>.777</td>
</tr>
<tr>
<td>Distance to attractions</td>
<td>.839</td>
</tr>
<tr>
<td>Convenient to transport</td>
<td>.815</td>
</tr>
<tr>
<td>Meets my needs</td>
<td>.801</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

a1 components extracted. Solution cannot be rotated.
6.2.3  

**Factor analysis: responsiveness of hotel employees**

The analysis of the 5 items under the responsiveness dimension resulted in the extraction of just one factor as shown in Table 6.5, where one component had an eigenvalue >1.0, and this one factor accounted for 72.029% of the variation. As depicted in Table 6.6 the component matrix shows just one factor with a KMO index or measure of sampling adequacy of .839.

**Table 6.5: Total variance explained – responsiveness**

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial eigenvalues</th>
<th>Extraction sums of squared loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of variance</td>
</tr>
<tr>
<td>1</td>
<td>3.601</td>
<td>72.029</td>
</tr>
<tr>
<td>2</td>
<td>.661</td>
<td>13.226</td>
</tr>
<tr>
<td>3</td>
<td>.329</td>
<td>6.584</td>
</tr>
<tr>
<td>4</td>
<td>.235</td>
<td>4.707</td>
</tr>
<tr>
<td>5</td>
<td>.173</td>
<td>3.454</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

**Table 6.6: Component matrix (a) - responsiveness**

<table>
<thead>
<tr>
<th>Promptly solve problems</th>
<th>.782</th>
</tr>
</thead>
<tbody>
<tr>
<td>Willing to help</td>
<td>.816</td>
</tr>
<tr>
<td>Prompt service</td>
<td>.901</td>
</tr>
<tr>
<td>Check in/out without delay</td>
<td>.839</td>
</tr>
<tr>
<td>Attend to guests promptly</td>
<td>.899</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis

a1 components extracted. The solution cannot be rotated

This result suggests that the items used to measure responsiveness are unidimensional and can be used for further analysis. Furthermore, the survey questionnaire used in this study successfully replicated all three items within the SERVQUAL dimension of responsiveness. Whilst the wording was changed to account for a hotel context, such as check-in and check-out services, the measures remained the same and produced a strong structure.
6.2.4  **Factor analysis: reliability**

The analysis of the reliability items resulted in the extraction of just one factor with only one component having an eigenvalue >1.0, accounting for 73.87% of the variation underlying the structure as shown in Table 6.7. As depicted in Table 6.8, the component matrix shows just one factor with a KMO index or measure of sampling adequacy of 775. This suggests that the items used to measure reliability are uni-dimensional and the measure is therefore appropriate to be used for further analysis.

**Table 6.7: Total variance explained - reliability**

<table>
<thead>
<tr>
<th>Component</th>
<th></th>
<th>Initial eigenvalues</th>
<th>Extraction sums of squared loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>% of variance</td>
</tr>
<tr>
<td>1</td>
<td></td>
<td>2.955</td>
<td>73.874</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>.542</td>
<td>13.553</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>.343</td>
<td>8.571</td>
</tr>
<tr>
<td>4</td>
<td></td>
<td>.160</td>
<td>4.003</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

**Table 6.8: Component matrix (a) - reliability**

<table>
<thead>
<tr>
<th>Component</th>
<th></th>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Deliver services promptly</td>
<td></td>
<td>.840</td>
</tr>
<tr>
<td>Promise by certain time</td>
<td></td>
<td>.885</td>
</tr>
<tr>
<td>Show sincere Interest</td>
<td></td>
<td>.931</td>
</tr>
<tr>
<td>Right the first time</td>
<td></td>
<td>.773</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

As with the dimensions discussed above, this study successfully replicated three of the reliability items in the SERVQUAL instrument. Whilst the wording was changed to suit a hotel environment, the measures remained the same.
6.2.5  Factor analysis: assurance

Once again the analysis of the assurance items resulted in the extraction of one factor, as shown in Table 6.10. Supported by the fact that only one component had an eigenvalue >1.0. The KMO index or measure of sampling adequacy is 767, indicating a good commonality between the items. Together the factor accounted for 68.42% of the variation underlying the structure as depicted in Table 6.9.

Table 6.9:  Total variance explained - assurance

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial eigenvalues</th>
<th>Extraction sums of squared loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of variance</td>
</tr>
<tr>
<td>1</td>
<td>2.737</td>
<td>68.422</td>
</tr>
<tr>
<td>2</td>
<td>.656</td>
<td>16.412</td>
</tr>
<tr>
<td>3</td>
<td>.336</td>
<td>8.400</td>
</tr>
<tr>
<td>4</td>
<td>.271</td>
<td>6.766</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

Table 6.10:  Component matrix (a) - assurance

<table>
<thead>
<tr>
<th></th>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-depth knowledge</td>
<td>.888</td>
</tr>
<tr>
<td>Acceptable solutions</td>
<td>.862</td>
</tr>
<tr>
<td>Security and safety</td>
<td>.711</td>
</tr>
<tr>
<td>Knowledgeable staff</td>
<td>.837</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.  
a 1 components extracted. The solution cannot be rotated.

From the original four SERVQUAL assurance items, one (you feel safe in your transactions with XYZ employees) was replicated without change, and the other three were modified to better reflect the hotel context with specific emphasis being on knowledge of employees and the solutions they provide to customers. These modified items still reflect empathy of staff but with a slight change to suit the hotel context.
6.2.6  Factor analysis: empathy

The analysis of the four items under the label of empathy resulted in the extraction of just one factor as shown in Table 6.11, with only one component with an eigenvalue >1.0 accounting for 61.951% of the variation underlying the structure.

Table 6.11: Total variance explained - empathy

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial eigenvalues</th>
<th>Extraction sums of squared loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of variance</td>
</tr>
<tr>
<td>1</td>
<td>2.478</td>
<td>61.951</td>
</tr>
<tr>
<td>2</td>
<td>.800</td>
<td>19.995</td>
</tr>
<tr>
<td>3</td>
<td>.409</td>
<td>10.224</td>
</tr>
<tr>
<td>4</td>
<td>.313</td>
<td>7.830</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

Table 6.12: Component matrix (a) empathy

<table>
<thead>
<tr>
<th>Component</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Anticipate needs</td>
<td>.715</td>
</tr>
<tr>
<td>Genuine care</td>
<td>.813</td>
</tr>
<tr>
<td>Interest of customers</td>
<td>.814</td>
</tr>
<tr>
<td>Specific needs</td>
<td>.802</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.
a1 components extracted. The solution cannot be rotated.

As with other dimensions, three SERVQUAL items were replicated in this study. These were items reflecting personal attention, meeting customers’ needs, and having the best interest of customers at heart. Based on the qualitative findings in this research and consistent with the needs of hotel customers, the item pertaining to anticipating customers’ needs was added. The KMO index, or measure of sampling adequacy for these four items, is .706, once again indicating commonality between the items and adequacy of use in further analysis.
6.2.7  **Factor analysis: price**  
Analysis of the five items measuring price resulted in the extraction of just one factor as Table 6.13 shows, with only one component with an eigenvalue >1.0 accounting for 87.896% of the variation underlying the structure. The KMO index, or measure of sampling adequacy, is .915.

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial eigenvalues</th>
<th>Extraction sums of squared loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of variance</td>
</tr>
<tr>
<td>1</td>
<td>4.395</td>
<td>87.896</td>
</tr>
<tr>
<td>2</td>
<td>.181</td>
<td>3.613</td>
</tr>
<tr>
<td>3</td>
<td>.164</td>
<td>3.288</td>
</tr>
<tr>
<td>4</td>
<td>.155</td>
<td>3.108</td>
</tr>
<tr>
<td>5</td>
<td>.105</td>
<td>2.094</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

**Table 6.14: Component matrix (a) - price**

<table>
<thead>
<tr>
<th>Value for money</th>
<th>.932</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acceptable price</td>
<td>.936</td>
</tr>
<tr>
<td>Customers value hotel</td>
<td>.930</td>
</tr>
<tr>
<td>Feel received good value</td>
<td>.949</td>
</tr>
<tr>
<td>Met needs for price</td>
<td>.941</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.  
a1 components extracted. This solution cannot be rotated.

This suggests that the items used to measure customer satisfaction of price paid are uni-dimensional and the measure is therefore appropriate to be used for further analysis.

6.2.8  **Factor analysis: overall service quality**  
The analysis of the four items measuring overall service quality resulted in the extraction of just one factor, as confirmed in Table 6.15. Only one component with an eigenvalue >1.0 existed as table 6.16 shows. Together the factor accounted for
91.583% of the variation underlying the structure. This suggests that the items used to measure customer satisfaction of price paid are uni-dimensional and the measure is therefore appropriate to be used for further analysis. The KMO index, or measure of sampling adequacy is .839.

**Table 6.15: Total variance explained – overall service quality**

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial eigenvalues</th>
<th>Extraction sums of squared loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of variance</td>
</tr>
<tr>
<td>1</td>
<td>3.663</td>
<td>91.583</td>
</tr>
<tr>
<td>2</td>
<td>.158</td>
<td>3.951</td>
</tr>
<tr>
<td>3</td>
<td>.116</td>
<td>2.900</td>
</tr>
<tr>
<td>4</td>
<td>0.063</td>
<td>1.566</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

**Table 6.16: Component matrix (a) - overall service quality**

<table>
<thead>
<tr>
<th></th>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td>Superior service</td>
<td>.949</td>
</tr>
<tr>
<td>Excellent service</td>
<td>.965</td>
</tr>
<tr>
<td>Overall service excellence</td>
<td>.965</td>
</tr>
<tr>
<td>Ranks highly on service</td>
<td>.950</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

1 components extracted. This solution cannot be rotated.

**6.2.9 Factor analysis: overall satisfaction**

The analysis resulted in the extraction of just one factor and together the factor items accounted for 86.782% of the variation underlying the structure, as shown in Table 6.17. The KMO index, or measure of sampling adequacy, is .906, indicating a good commonality between the items, all of which indicates that the dimension of overall satisfaction can be used for further analysis.
Table 6.17: Total variance explained – overall satisfaction

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial eigenvalues</th>
<th>Extraction sums of squared loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of variance</td>
</tr>
<tr>
<td>1</td>
<td>4.339</td>
<td>86.782</td>
</tr>
<tr>
<td>2</td>
<td>.349</td>
<td>6.974</td>
</tr>
<tr>
<td>3</td>
<td>.137</td>
<td>2.740</td>
</tr>
<tr>
<td>4</td>
<td>.095</td>
<td>1.909</td>
</tr>
<tr>
<td>5</td>
<td>.080</td>
<td>1.594</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

Table 6.18: Component matrix (a) - overall satisfaction

<table>
<thead>
<tr>
<th>Component</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Best hotel stayed</td>
<td>.847</td>
</tr>
<tr>
<td>Satisfied with stay</td>
<td>.954</td>
</tr>
<tr>
<td>Wise choice to stay</td>
<td>.934</td>
</tr>
<tr>
<td>Enjoyed hotel</td>
<td>.960</td>
</tr>
<tr>
<td>Right thing to stay</td>
<td>.958</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

a 1 components extracted. This solution cannot be rotated.

6.2.10 Factor analysis: intention to revisit

Finally, the analysis of the four items measuring the customer’s intention to revisit resulted in the extraction of just one factor accounting for 86.862% of the variation underlying the structure as shown in Table 6.19. The KMO index or measure of sampling adequacy is .865, indicating a good commonality between the items. The result suggests that the items used to measure intention to revisit are uni-dimensional and the measure is therefore appropriate to be used for further analysis.

Table 6.19: Total variance explained – intention to revisit

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial eigenvalues</th>
<th>Extraction sums of squared loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of variance</td>
</tr>
<tr>
<td>1</td>
<td>3.474</td>
<td>86.862</td>
</tr>
<tr>
<td>2</td>
<td>.243</td>
<td>6.078</td>
</tr>
<tr>
<td>3</td>
<td>.153</td>
<td>3.820</td>
</tr>
<tr>
<td>4</td>
<td>.130</td>
<td>3.239</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.
Table 6.20: Component matrix (a) - intention to revisit

<table>
<thead>
<tr>
<th>Component</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Visit again</td>
<td>.921</td>
</tr>
<tr>
<td>Happy to stay again</td>
<td>.944</td>
</tr>
<tr>
<td>Would stay next time</td>
<td>.950</td>
</tr>
<tr>
<td>First choice</td>
<td>.912</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

6.3 Conclusion

The findings in this chapter suggest that the basic five-factor structure of the SERVQUAL instrument, with reasonable amendments to wording, was useful in measuring service quality in the Sydney hotel context. Additionally, the results of this study show that other variables: location; price; overall service quality; overall satisfaction; and intention to revisit are stable measures and can give us good information about the hotel context.

Yuksel, Ekinci and Riley (1999:22) stated: “the industry does not possess a well established instrument for measuring customer satisfaction or service quality which is focused on hotel services and which is reliable and valid.” The authors encouraged the creation of such an instrument and emphasized the need for “painstaking construction”. This research makes a sound contribution to this endeavour.

Based on the results displayed above the final questionnaire is a reasonable measure of the key constructs of service quality in the hotel sector of Sydney and can be used by hotel managers in Sydney with reasonable confidence. Now that the construct validity dimensionality of the measures has been established, the analysis of the data can proceed to answer the research questions in Chapter 7.
Chapter Seven
Results and Discussion of Main Study

The previous chapter outlined the results of factor analysis on all the items that measure service quality in the Sydney hotel context. Results show that the resultant dimensions could be used with confidence for further analysis. Consequently this chapter presents results of that analysis to provide meaningful and practical answers to the remaining research sub-questions:

RQ 1.5 Which of the identified dimensions of service quality are the most important in delivering customer satisfaction in three-, four- and five-star hotels in Sydney, Australia?

RQ 2.2 What is the difference between managers’ perceptions of customer expectations and actual customer expectations?

RQ 2.4 What is the customer perception of service performance in three-, four- and five-star hotels?

RQ 2.5 What is the difference between manager perception of performance of their hotel and customers’ perception of performance?

This chapter is organised as follows: First, the demographic background of the respondents are presented. The demographic questions can be found in sections 1 and 5 of the survey in Appendix 7. Second, an Importance Performance Analysis is presented for each dimension measured in the service quality questionnaire – including visible and invisible tangibles, location, responsiveness, reliability, assurance and empathy. As shown in Chapter 6 these seven factors were identified by a factor analysis process. As all the items within each factor weighted highly, unity weighing has been assumed in producing summated scales for each identified
factor, giving relevant means for each dimension in the comparative analysis discussed in this and following chapters. Summating the scales is a commonly used method of combining several variables that measure the same concept into a single variable. The separate variables are summed and then the total of average scores is used in analysis (Hair 1998). As Hair points out, this method is particularly useful and preferable when all of the variables have loaded highly on a factor, enabling the average score to be used as a replacement variable in analysis.

For each of the dimensions, the importance as indicated by customers is reported and compared with that of performance; then a comparison is made between the perception of managers on importance of expectations and customers own view of importance of expectations; and finally the perception of performance by managers is compared to what customers reported about performance. Lastly, the results of the customers’ satisfaction are discussed and the implications of these results are included.

7.1 Demographic background: customers

Table 7.1 summarises the demographic background of the customer respondents from the survey. From three hotels surveyed (one from each star rating category, see Chapter 3 for details), the four-star hotel was the largest with 525 rooms and the five-star hotel was the smallest with 124 rooms. Therefore it was not surprising that a larger percentage (42.8%) of customer respondents were from the four-star hotel. A very high percentage of hotel guests were domestic (70.5%) as opposed to coming from overseas (24.9%), which is not unusual as domestic visitors to hotels are common for Australia. Additionally, for the customers surveyed, 104 (60.1%) stated this was their first time at the hotel they were staying in, and 69 (39.9%) stated they had stayed at this hotel previously. This is a significant finding because it shows that new customers are coming to the hotels and hotels need to make a favourable impression so that these customers return.

The purpose of stay for respondents was equally divided into what can be broadly termed as business and leisure. Approximately 60% of the total respondents indicated that this was their first stay at the particular hotel, and most customers stated that they stay between 1 and 3 times per year in a similar hotel, staying for 2–3 days. However, the survey results show approximately 20% of customers stay more
than 25 times per year in a hotel; these were predominantly flight attendants. This is significant because it shows that of the 40% returning customers, at least 20% have no choice, as their company (airline) has a contract with these hotels and given the choice the individuals may not stay there.

A very even spread of customers was surveyed, with males representing 50.9% and females representing 45.7%, and 2.9% not indicating their gender. Whilst the age of respondents was diverse, the largest cohorts of customers were 26–40 (34.1%) and 41–55 (36.4%). Out of 173 respondents, 5 guests did not indicate their age. All income brackets were represented, as depicted in Table 7.1, with the highest percentage (28.9) of customer earnings being between $60,000 and $80,000 gross per annum.

Table 7.1: Demographic background of customers

<table>
<thead>
<tr>
<th>Demographic description</th>
<th>Frequency N=173</th>
<th>Percentage total %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hotel star rating</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>★★★★★</td>
<td>58</td>
<td>33.5</td>
</tr>
<tr>
<td>★★★★</td>
<td>74</td>
<td>42.8</td>
</tr>
<tr>
<td>★★★</td>
<td>41</td>
<td>23.7</td>
</tr>
<tr>
<td><strong>Origin of visitor</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td>122</td>
<td>70.5</td>
</tr>
<tr>
<td>International</td>
<td>43</td>
<td>24.9</td>
</tr>
<tr>
<td><strong>Purpose of stay</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business/conference</td>
<td>82</td>
<td>47.4</td>
</tr>
<tr>
<td>Leisure/other</td>
<td>91</td>
<td>52.6</td>
</tr>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>88</td>
<td>50.9</td>
</tr>
<tr>
<td>Female</td>
<td>79</td>
<td>45.7</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15–25</td>
<td>25</td>
<td>14.9</td>
</tr>
<tr>
<td>26–40</td>
<td>59</td>
<td>34.1</td>
</tr>
<tr>
<td>41–55</td>
<td>63</td>
<td>37.5</td>
</tr>
<tr>
<td>56+</td>
<td>21</td>
<td>12.5</td>
</tr>
<tr>
<td><strong>Income per annum</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$20–40k</td>
<td>34</td>
<td>20.4</td>
</tr>
<tr>
<td>$40–60k</td>
<td>36</td>
<td>20.8</td>
</tr>
<tr>
<td>$60–80k</td>
<td>50</td>
<td>28.9</td>
</tr>
<tr>
<td>$80–100k</td>
<td>23</td>
<td>13.3</td>
</tr>
<tr>
<td>$100k+</td>
<td>24</td>
<td>13.9</td>
</tr>
</tbody>
</table>
Additionally a large percentage (60.7%) of respondents reported not booking their own accommodation and further reported that their accommodation is booked by their workplace (10.4%); spouse (11.0%); or a secretary (9.2%). Conversely very few respondents reported using a travel agent (1.7%) or an airline (.6%).

Finally, the internet (60.7%) and word-of-mouth (34.1%) were the two top sources of information for people when looking for accommodation information. Other important sources were travel agents and the media,(magazines, radio, hotel guides.

The exploration of the data collected, as summarised above, shows that the customer sample is diverse enough to indicate that this research has reasonable external validity and that the results of this study can be safely compared with studies of hotel service quality in other cities.

7.2 Demographic background: manager

In order to be able to identify any discrepancies in important service attributes between customers staying at hotels and the managers who are responsible for service delivery, a diverse set of manager respondents was needed. Specifically, it was important that the managers truly represented general hotel operations.

As previously mentioned, from the three categories of hotels surveyed, the four-star hotel was the largest with 525 rooms and the five-star hotel the smallest, with 124 rooms. Therefore it was not surprising that a large percentage (61%) of managers worked for the four-star hotel. Most respondents were from the major operating departments – Front Office (44.7%), Food and Beverage (23.4%) and Housekeeping (19.2%). Other departments are presented in Table 7.3. A total of 47 managers responded to the questionnaire representing 100% of the managers of the three hotels surveyed. As expected, there was a plausible mix of males and females managing hotels, with males representing 55.3% of the sample and females representing 44.7% of the sample.

As shown in Table 7.2, managers are predominantly between 18–25 years (23.4%) and 26–40 (46.8%). Conversely, only a small number of managers were above 56 (8.2%). As previously commented in Chapter Four very few managers had higher education qualifications (6.4%) and most had learnt the business on the job or through a combination of tertiary trade qualifications and job experience. From the
managers in this sample there was a diverse number of years of experience in the hotel sector, ranging from 1 to 24 years, with most having worked in the hotel sector for between 2 and 10 years.

**Table 7.2: Demographics of managers**

<table>
<thead>
<tr>
<th>Demographic description</th>
<th>Frequency</th>
<th>Percentage total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hotel star rating</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>★★★★</td>
<td>13</td>
<td>27.7</td>
</tr>
<tr>
<td>★★★★</td>
<td>29</td>
<td>61.7</td>
</tr>
<tr>
<td>★★★★</td>
<td>5</td>
<td>10.6</td>
</tr>
<tr>
<td><strong>Department worked</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Front Office</td>
<td>21</td>
<td>44.7</td>
</tr>
<tr>
<td>Housekeeping</td>
<td>9</td>
<td>19.1</td>
</tr>
<tr>
<td>Engineering</td>
<td>3</td>
<td>6.4</td>
</tr>
<tr>
<td>Sales</td>
<td>1</td>
<td>2.1</td>
</tr>
<tr>
<td>Food and Beverage</td>
<td>11</td>
<td>23.4</td>
</tr>
<tr>
<td>Finance</td>
<td>1</td>
<td>2.1</td>
</tr>
<tr>
<td>Human Resources</td>
<td>1</td>
<td>2.1</td>
</tr>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>26</td>
<td>55.3</td>
</tr>
<tr>
<td>Female</td>
<td>21</td>
<td>44.7</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18–25</td>
<td>11</td>
<td>23.4</td>
</tr>
<tr>
<td>26–40</td>
<td>22</td>
<td>46.8</td>
</tr>
<tr>
<td>41–55</td>
<td>10</td>
<td>21.3</td>
</tr>
<tr>
<td>56+</td>
<td>4</td>
<td>8.5</td>
</tr>
<tr>
<td><strong>Highest level of education</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secondary</td>
<td>15</td>
<td>31.9</td>
</tr>
<tr>
<td>Trade</td>
<td>13</td>
<td>27.7</td>
</tr>
<tr>
<td>Bachelor Degree</td>
<td>16</td>
<td>34.0</td>
</tr>
<tr>
<td>Higher Degree</td>
<td>3</td>
<td>6.4</td>
</tr>
</tbody>
</table>

The demographic descriptions summarised above show high external validity as the sample of managers was derived from all three categories of hotel and covers a wide range of departments which represent hotel operations generally. Whilst the number of respondents does not match the high respondent numbers for customers, all hotel managers for the three hotels under study are represented in the sample above.
7.3 Importance performance analysis (IPA)

As discussed in Chapter 3, IPA is the procedure for asking a respondent first to rate the importance of an attribute and then to rate performance, as it provides a useful technique for evaluating service attributes and identifying service quality improvements. In this study “importance” relates the customers’ expectation of performance. Therefore section 2 of the customer and manager questionnaire measured the importance of attributes (expectations) and section 3 of the customer and manager questionnaire measured the perceived performance. This was achieved by asking customers and managers to determine the extent to which they agreed or disagreed to 29 importance and performance statements. The value of “1” identifies the lowest level of expectation/performance and “7” the highest level of expectation/performance.

Analysis by way of paired $t$-tests was conducted for each of the service quality dimensions. Generally $t$-tests are used within the same sample and in research which measures and then compares the opinion of that sample. The $t$-tests were used to determine whether there is a significant difference (0.05 or greater) between means for the two sets of scores. The next step was to determine significance by looking at probability level specified under the heading ‘two-tail significance’.

To compare managers’ perceptions with customer expectations and then identify discrepancies, an independent sample $t$-test was conducted. The $t$-test is the most commonly used method to evaluate the differences in means between two groups. Theoretically, the $t$-test can be used even if the sample sizes are very small (e.g., as small as 10), as long as the variables are normally distributed within each group and the variation of scores in the two groups is not reliably different. The equality of variances assumption can be verified by the use the Levene’s test (Hair et al. 1998).

An independent sample $t$-test was conducted for each dimension measured, comparing the means of the two groups, managers and guests, on attributes that each group rated to be most important. As with importance, an independent sample $t$-test was conducted for each dimension measured, comparing the means of the two groups on the performance of each of the dimensions. The results of this analysis are described in the following sections.
7.3.1 Importance: Performance analysis from the perspective of customers

To determine which dimensions are the most important in delivering customer satisfaction, IPA was used to first to rate the importance (expectation) of the seven dimensions of service quality and then to rate performance from the customers perspective. The results are displayed in Table 7.3.

Table 7.3: IPA from the perspective of customers

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Customer expectations evaluations</th>
<th>Customer performance evaluations</th>
<th>Difference of Means</th>
<th>t-test significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invisible tangibles</td>
<td>5.51</td>
<td>4.93</td>
<td>0.58</td>
<td>.000</td>
</tr>
<tr>
<td>Visible tangibles</td>
<td>6.36</td>
<td>5.76</td>
<td>0.60</td>
<td>.000</td>
</tr>
<tr>
<td>Location</td>
<td>5.66</td>
<td>6.36</td>
<td>-0.70</td>
<td>.000</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>6.32</td>
<td>5.56</td>
<td>0.76</td>
<td>.000</td>
</tr>
<tr>
<td>Reliability</td>
<td>6.31</td>
<td>5.54</td>
<td>0.77</td>
<td>.000</td>
</tr>
<tr>
<td>Assurance</td>
<td>6.31</td>
<td>5.89</td>
<td>0.42</td>
<td>.000</td>
</tr>
<tr>
<td>Empathy</td>
<td>5.89</td>
<td>5.16</td>
<td>0.73</td>
<td>.000</td>
</tr>
</tbody>
</table>

Based on the findings in the qualitative phase of this research, it was no surprise to find that the questionnaire produced high overall expectation (importance) results for all dimensions, as depicted in Table 7.3 above, ranging from a mean of 5.51 to 6.36. However, the result pertaining to the performance of hotels as shown in Table 7.3 under the customer expectation column shows that customers rate the performance of the hotels in all dimensions apart from location lower than their expectations, with the mean ranging from 4.193 to 5.89. Additionally, Table 7.3 shows that the difference of means between expectation (importance) and performance is statistically significant (sig 0.000) for each dimension; these will be discussed in turn in the following paragraphs.

In the original SERVQUAL instrument tangibles comprised the “appearance of physical facilities, equipment, personnel, and communication material” (Berry & Parasuraman 1991:16). This included all of the physical evidence of the service.
However, as explained in Chapters 5 and 6, the analysis of the data showed that there was more than one construct underlying the tangible dimension and thus for the purpose of this research the tangible dimension was split into invisible and visible tangibles. The first to be discussed is invisible tangibles, covering those items which are invisible, such as the feeling of comfort, privacy, brightness and being airy.

The results in Table 7.3 show that overall, customers rated invisible tangibles as being important (mean 5.51) and according to the customers, the hotels’ performance did not meet their expectations (mean 4.93). Furthermore, the difference between the scores proved to be statistically significant (sig. 0.000). These results affirm a positive relationship between the level of tangible components and the hotel sector and show that resources need to be allocated to ensure the tangible dimensions of service quality are consistently upgraded and meet customers’ expectations. The results are particularly disturbing because, as shown in the qualitative findings in this study (see Chapter 4), managers placed a high value on business customers. According to the continuing studies by Barsky and Nash (1992, 2002 and 2003) in the USA, items relating to comfort especially are the very things that business customers are willing to pay more for and get satisfaction from.

The second of the tangible dimensions covers those aspects of the SERVQUAL tangibles dimension that we can clearly see, such as a choice of food and beverage outlets, attractive public areas, and numerous facilities, like a pool and so on, which for the purposes of this research we have called visible tangibles.

The results indicate that hotels are not meeting customers’ expectations, showing a mean score of 6.36 for expectations and 5.76 mean score for performance, with the difference (0.60) being statistically significant. The result should not be surprising for hotel managers as the ‘visible’ tangibles are an important part of the experience of staying in a hotel. As revealed by Dube et al. (2000) and supported by subsequent studies in hotels by Poon and Low (2005); Akbaba (2006); Mohsin & Lockyer (2009) one of the top ten decisions driving purchase concerns the physical aspects. However, the tight budgets mentioned in the qualitative phase may point to concerns that Sydney hotels may not be spending enough on capital expenditure related to the physical facilities. Furthermore, they may not be renovating frequently enough to satisfy the expectations of their customers. As Hassani and Baum (2002) point out, hotel renovation activities are associated with the development and modification of the hotel’s tangible assets used to produce services in order to extend
the useful life of the property to stay competitive, improve the operational efficiency of the property, and to build up a better image for the property within its marketplace. Moreover, hotel renovation is considered as one of the most essential tools for product innovation in the hotel business (Hassanien 2007).

These results empirically demonstrate that it is both the visible and invisible tangible attributes of service quality that are important to customers, and that hotels need to offer and deliver on both. No one set of attributes can capture the complexity of consumer choice. Therefore many attributes need manager consideration and promotion when trying to attract customers. However, it is clear that hotels in the Sydney CBD must address a range of issues concerning the ‘visible’ and ‘invisible’ tangible dimensions in order to improve the quality of service.

The location dimension was intended to measure the level of importance customers place on the location of their hotel, and how it contributes to their satisfaction. The location items included the proximity of a hotel to the central business district, transport and attractions.

The result in Table 7.3 shows that location is important (mean 5.66) and that, in this study, it appears that hotels are over-performing (mean 6.36), yielding a negative gap figure for the difference of means. This somewhat surprising result may be due to the fact that the respondents of this particular research were customers of hotels at a premium tourist location, very close to the CBD and major tourist attractions. Nevertheless the importance of location cannot be underestimated, and the high value customers place on it is consistent with the qualitative findings in Chapter 4.

Interestingly, Saleh & Ryan (1991) questioned the conflicting evidence in their research on hotel service in Canadian hotels when their results found that, despite the fact that hotels did not meet their customers’ needs, customers intended to return to the hotel. One of the reasons given for this conflicting evidence is the importance of location. What is interesting in this study is the fact that in many other areas of service, customers are reporting higher mean scores for expectations as compared to performance; however, for the location dimension customer mean scores for performance are higher than their reported expectations.

In Chapter 2 a number of criticisms were presented of the SERVQUAL model, one of which was made by Buttle (1996), who argued that customers always rated expectations as very high as compared to performance. However in analysing
the results of this research it was clear to the researcher that customers were able to sufficiently discriminate between the scales to note that the hotels were actually over-performing. These results appear to contradict Buttle’s criticisms, and show that an importance–performance questionnaire is able to give meaningful results, even if only one administration of the survey asking for customers to rate their expectations at the same time as their perceptions of performance is conducted.

According to Parasuraman et al. (1988), responsiveness embodies the “willingness to help customers and provide prompt service” (23). The dimension responsiveness is about the service provider’s ability to provide services in a timely manner, which is a critical component of service quality for many guests. It encapsulates customers’ expectation on promptness in service.

The importance of the customer–hotel-employee relationship has been previously established in the literature (Saleh & Ryan 1992; Susskind et al. 2003; Varca 2004; Poon & Low 2005; Akbaba 2006) and the results in Table 7.3 show that Sydney hotel customers also consider this relationship as a key factor in their evaluation of service quality. The results show a high score (mean 6.32) for expectations. However, it is obvious that there is a difference between the expectations and performance on this dimension which is statistically significant (sig 0.000), as shown in Table 7.3. This confirms that Sydney hotels are not meeting their customers’ expectations in relation to responsiveness.

The qualitative results in Chapter 4 revealed that what customers wanted most was that their stay at a hotel should be “free of hassle”, and they [customers] expected their needs to be met promptly. The high mean scores for expectations in this dimension support what customers discussed in the interviews. At the same time managers and hotel employees made comment that a lack of staff, primarily due to budget constraints was a feature of their operations. This suggests that low staffing numbers may be a noteworthy cause for this poor result in responsiveness. This is despite the fact that hotels have introduced measures such as express check-in and check-out services, giving guests the opportunity to avoid delays. However, the results indicate that customers are not using this service, perhaps because they don’t know it exists or they don’t feel comfortable using it.

As previously defined in Chapter 2, the dimension ‘reliability’ reflects the service provider’s “ability to perform service dependably and accurately” (Parasuraman et al. 1988:23). This dimension reflects the customer’s expectation:
that the service should be performed properly the first time and that the service is performed at the designated time.

Analysis of the reliability dimension in Table 7.3 once more shows that in the eyes of the customer reliability is an important aspect of service (mean 6.31). However, the results show a noteworthy gap in performance (mean difference 0.77), which is statistically significant (sig 0.000).

All of the items reflected in the reliability dimension correspond to a human element in the service delivery, and a poor performance result reflects badly on the Sydney hotel sector. Customers depend on hotel staff to deliver and, as pointed out by Bowen & Shoemaker (1998), reliable consistent service has a direct relationship to customer loyalty. Ultimately, loyal customers are less price-sensitive. Nonetheless they expect that the service is prompt, correct and delivered as promised. On the basis of the results presented, it can be affirmed that Sydney hotels are not delivering on what their customers expect.

The dimensions ‘assurance’ was defined in Chapter 2 as the “knowledge and courtesy of employees and their ability to convey trust and confidence” (Parasuraman et al. 1988:23). This demonstrates the customer’s expectation of feeling safe and secure.

The service provider is the one responsible for solving problems emerging during a customer’s stay at a hotel and therefore it was not a surprise, as shown in Table 7.3, that the assurance dimension rated very high in importance to customers (mean 6.31). However, the performance of Sydney hotel employees on this important dimension was yet again low in comparison (mean 5.89), and this difference was shown (0.42) to be statistically significant (sig 0.000).

The qualitative phase indicated that with few exceptions customers considered the assurance dimension, as related to the attitude, behaviour and expertise of hotel employees, as an integral part of service quality. The results of this study revealed that in these important areas Sydney hotels are under-performing. During interviews it was revealed that hotel employees do not have the in-depth knowledge to solve customer problems and therefore do not deliver acceptable solutions to those problems. This may be, as stated by hotel employees in the interviews, because of a lack of adequate information about the various customers they serve; a lack of training; and high turnover of staff. Therefore the build-up of knowledge which can be used to solve customer problems is lacking.
As defined in Chapter 2, the dimension ‘empathy’ is the “caring, individualised attention the firm provides its customers” (Parasuraman et al. 1988:23). This dimension covers the customers’ needs with respect to individual attention.

As already established, the behaviour and attitude of hotel employees to customers are critical in the evaluation of service quality. However, behaviour and attitude are probably the most difficult to control by managers because they are so dependent on emotions – both those of the employee delivering the service and the customer receiving it. This is especially true for hotels that service a number of different segments of customers, such as three, four- and five-star hotels that service leisure, corporate, group and conference customers, all of whom have differing needs at any specific point in time (Barsky & Labagh 1992).

The results in Table 7.3 show that overall empathy is an important dimension for customers (mean 5.89) and that there is a difference (0.73) between the expectations and performance scores which is statistically significant (.000).

These results mirror the qualitative results reported in Chapter 4, which indicated a shortfall in staff confidence to engage with customers, past the bare essentials of delivering a technical service. Considering the consensus in the literature as discussed in Chapter 2, that it is the interaction between the service provider and the customer that eventually determines the quality perceptions and satisfaction of the consumer, it may be concluded that, based on the results of this study, Sydney hotel sustainability may be under threat.

7.3.2 Difference between customers’ expectations and managers’ perception of customer expectations.

As noted by Saleh and Ryan (1991) the provision and receipt of service involves customers, managers and staff, and each may have their own view on what this should entail, thus giving rise to differences of perception of the service; these differences may contribute to the satisfaction or dissatisfaction of customers. As noted in the introductory chapter, in order to develop an effective competitive strategy based on service quality components, hotel managers must have a sound understanding of their market and recognise how their own views may distort the appropriate provision of service. Understanding their own customers is the first step
in making a concentrated effort to meet customer needs. However, it is useful to examine differences between customer’ expectations and managers’ perception of customer expectations. In the previous section IPA was used to rate the importance (expectation) of the seven dimensions of service quality; in this section what is reviewed are any differences in the views of customers and managers on expectations. The results are depicted in Table 7.4.

Table 7.4: Expectations from the perspective of customers and managers

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Customer expectations</th>
<th>Managers’ perception of expectations</th>
<th>Difference of Means</th>
<th>t-test significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invisible tangibles</td>
<td>5.51</td>
<td>6.39</td>
<td>-0.88</td>
<td>0.000</td>
</tr>
<tr>
<td>Visible tangibles</td>
<td>6.36</td>
<td>5.49</td>
<td>0.87</td>
<td>0.000</td>
</tr>
<tr>
<td>Location</td>
<td>5.66</td>
<td>5.77</td>
<td>-0.11</td>
<td>0.434</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>6.32</td>
<td>6.52</td>
<td>-0.20</td>
<td>0.036</td>
</tr>
<tr>
<td>Reliability</td>
<td>6.31</td>
<td>6.54</td>
<td>-0.22</td>
<td>0.039</td>
</tr>
<tr>
<td>Assurance</td>
<td>6.31</td>
<td>6.43</td>
<td>-0.12</td>
<td>0.225</td>
</tr>
<tr>
<td>Empathy</td>
<td>5.89</td>
<td>6.17</td>
<td>-0.28</td>
<td>0.017</td>
</tr>
</tbody>
</table>

By comparing the mean of responses from managers and customers on the expectations (importance) of the invisible tangibles, comprising cleanliness, comfort, and privacy, it appears that there are differences between what customers thought was important (5.51) and what managers perceived as important to customers (6.39) with a mean difference of -0.88, which is statistically significant. The results signify that managers of Sydney’s three-, four- and five star hotels appear to be aware of their customers’ expectations with regard to invisible tangibles, but in this area managers have overrated the importance of this dimension. Nonetheless, as shown in Table 7.3 it may be asserted that the overall performance on ‘invisible’ tangibles falls short of customers’ expectations, despite the fact that managers understand the needs of customers. Overall the underlying implications are that room qualities such as cleanliness, comfort and general appearance are important to customers and that the overall impressions customers have of these qualities is unsatisfactory.

Analysis of the survey results, as summarised in Table 7.4, indicates a difference in expectation (importance) means between managers (5.49) and guests.
(6.36) on visible tangibles, comprising facilities and their appearance, and that difference (0.87) is statistically significant (0.000).

An interesting finding is that despite the fact that all the hotels in this study were in a popular tourist district, surrounded by multiple and modern facilities, customers recognised that the visible tangibles within the hotels themselves were wanting. Therefore what might be concluded is that an absence of visible tangibles is noted and whilst on its own this may have no impact, it does, as Lewis and Chambers (1989) point out, indicate a significant extra and therefore needs consideration by managers.

It is also interesting to note that whilst the original SERVQUAL study reported that tangibles had the least importance in relation to all other dimensions, this study revealed that customers do place a value on tangibles related to facilities, comfort, appearance, as well as choice in food and beverage outlets, all of which make up the tangible dimension.

An unexpected finding was the different direction of the gap between customers and managers on invisible and visible tangibles. The managers obviously felt that customers would expect more in terms of invisible tangibles than those that were clearly visible. On reflection, the researcher believes this to be a result of managers placing a high importance on business travellers as compared to leisure travellers. As already discussed in section 4.3.3 business travellers travel more frequently and they require more of the comforts of home which come under the invisible tangible dimension.

As expected, it seems that managers and customers on the surface have some small differences on the expected opinion on the importance of location, as shown in Table 7.4, with the mean for customer expectations (6.36) being slightly lower that for managers (6.49), However the difference between the two means is not statistically significant. All that can be concluded is that location must be a consideration for hotel companies when making business decisions.

In comparing expectations of the responsiveness dimension between managers and customers, analysis shows a difference in means between managers (6.52) and guests (6.32) and the difference (-0.20) is statistically significant. What has already been established in section 7.3 is that overall customers have little tolerance for delays in service. Customers want to be attended to quickly and the results above, in Table 7.4, show that the managers do understand that. However,
Despite this understanding, the qualitative findings in Chapter 4 revealed managers admitting to a rostering system that often did not account for the expected importance of responsiveness, mainly due to budget constraints. Thus it may be concluded that whilst managers understand their customers’ needs with respect to responsiveness, the performance results in Table 7.3 show that hotels are not delivering on their customers’ expectations. The implication is that managers need to pay more attention to the busy periods and roster more staff at these times. Such a failure by a manager to interpret customer expectations can result in dissatisfaction with the service provided.

With respect to the reliability dimension, the high expectations of customers were not met by the hotels, as is evidenced in the above discussion in section 7.3.1. Additionally, the actual difference between the expectations of managers (6.54) and customers (6.31) was statistically significant (0.039). Hence it is once again notable that the perception of managers on customer expectations in the reliability dimension is poor.

The data show no apparent statistical significance (0.225) in scores when comparing the expectation of the assurance dimension between managers (6.43) and customers (6.31). Therefore, the evidence suggests that managers understand what customers expect in terms of empathy. However, the customer performance statistic results in Table 7.3 indicate that whilst managers’ perception of the importance of assurance is in line with their customers’ expectations, they are not able to deliver on these attributes. As indicated in the qualitative findings, managers are frustrated by the high turnover of staff and the lack of continuity for customers that this causes. Managers indicated that they often find themselves in a position of having to train new staff on a busy day, which they find an inadequate solution.

One of the impediments to service quality as discussed in section 4.4 by managers was the lack of formalised training for hotel employees. Additionally, employees complained of being ‘thrown in at the deep end’ without appropriate training. Coupled with previous findings of insufficient staff, high turnover of staff; and not enough training; this seems to be an appropriate explanation for the performance results reported by customers in Table 7.3.

As presented in the literature review in Chapter 2, best practice service providers emphasise the importance of a strong service culture. This is a culture which the literature suggests is enhanced by focusing on training, developing and
empowering employees. However, as discussed in Chapter 4, hotel managers of Sydney hotels face many difficulties in trying to recruit staff whom they may train and develop in the first instance, and then in keeping them. Overall the results discussed above suggest that hotel managers are losing the battle.

The results in Table 7.4 show that there is a statistically significant (0.017) difference between what perception of managers (6.17) and customer expectations (5.89) for the empathy dimension. This result shows that both guests and managers find empathy important but managers perceive its importance (mean difference - 0.28) to be greater than do customers. Perhaps this is reflective of the managers’ personal value and frustrations in their role of leading, control and direct staff. As reported in Chapter 4, the managers know that the quality of guest service is not always at the forefront of hotel concerns, as the constraints of the budget impede such endeavours.

The results overall indicate that managers appear to have a reasonably good understanding of their customers’ expectations, and what now needs to be identified is how managers and customers compare when asked about performance, which is discussed next.

7.3.3 *Difference between customer perception of performance and manager perception of performance.*

In order gain a greater understanding of the strengths and weaknesses of the services they provide to their customers it is vital for hotel managers to understand how their customers evaluate the facilities and services on offer. This information can then be used to inform managers of the changes that need to be made to achieve better performance. Therefore, managers need to understand the differences between how they perceive that the hotel is performing against what their customers perceive about the performance of hotels. In the previous section the difference between customer expectations and managers’ perception of customer expectations was reviewed. In this section differences in the views of customers and managers on how the hotels are perceived to be performing is examined. The results are depicted in Table 7.5.
Table 7.5: Performance from the perspective of customers and managers

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Customer performance</th>
<th>Manager performance</th>
<th>Difference of Means</th>
<th>t-test significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invisible tangibles</td>
<td>4.93</td>
<td>5.69</td>
<td>-0.76</td>
<td>0.000</td>
</tr>
<tr>
<td>Visible tangibles</td>
<td>5.76</td>
<td>5.82</td>
<td>-0.06</td>
<td>0.777</td>
</tr>
<tr>
<td>Location</td>
<td>6.36</td>
<td>6.49</td>
<td>-0.13</td>
<td>0.244</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>5.56</td>
<td>5.76</td>
<td>-0.20</td>
<td>0.212</td>
</tr>
<tr>
<td>Reliability</td>
<td>5.54</td>
<td>5.62</td>
<td>-0.08</td>
<td>0.583</td>
</tr>
<tr>
<td>Assurance</td>
<td>5.89</td>
<td>5.66</td>
<td>0.23</td>
<td>0.121</td>
</tr>
<tr>
<td>Empathy</td>
<td>5.16</td>
<td>5.69</td>
<td>-0.53</td>
<td>0.001</td>
</tr>
</tbody>
</table>

The results of customer expectations and performance of tangibles show that customers are concerned with this dimension overall. The difference here in the performance scores is that customers evaluated invisible tangibles lower (4.93) than visible tangibles 5.76. However as indicated in Table 7.5, managers rated the performance of the invisible tangibles (5.69) higher than customers (4.93), which proved to be statistically significant (0.000). This may be due to the increasing sophistication of customers described in the literature review chapter. Customers are used to travelling and are not impressed just by the exterior but are concerned with the experience.

With respect to location, it has already been established that customers of Sydney hotels consider location to be very important and the hotels in the CBD of Sydney are more than delivering on those expectations. These results are supportive of the findings discussed in Chapter 4, that the location factor is an important business strategy. In comparing performance on location the statistics show that the difference is not significant between managers’ and customers’ perception of performance. These results in the qualitative findings indicated that managers are very proud of the company’s overall business decision on location. Thus it can be concluded that customers are satisfied with the location dimension of service.

The results of comparisons on performance between the perceptions of managers and customers on the responsiveness dimension as depicted in Table 7.5 show no statistical significance (0.212) between managers’ (5.76) and customers’ (5.56) perception of performance in the responsiveness dimension. It is
notable that customers are reporting, in Table 7.3 that hotels are not meeting their expectations. Therefore, it may be argued that hotel managers may falsely believe they provide service in a timely manner. The justification for this belief may be found in the results reported in Chapter 4 where managers noted in hotel interviews that they provide express check-in and check-out services. However, guests may not be comfortable or knowledgeable enough to use the express services, and this may be the reason why guests give performance results that fall short of managers’ expectations. An implication of this finding then might be that hotel customers may need more education on the use of these services, and appropriate incentives such as a bonus or discount may be needed to entice customers to use them.

As indicated in Chapter 2, the literature suggests that a positive perception of service quality in the minds of customers is ultimately generated by their experience at the hotel. This is an experience strongly influenced by the interrelationships between staff and customers. Therefore employees through their competency and delivery of service as promised, play a central role in this positive perception. The results in Table 7.5 show no significant difference between customers’ and managers’ perception of performance. However the results as described above in section 7.3.1 indicate that customers visiting Sydney hotels view the reliability dimension as important, and Sydney hotels are not delivering on their promises. As suggested in Chapter 2, it is the managers who are ultimately responsible for the service interactions and the behaviour of their employees, and in this study it has been shown that whilst managers are aware of their customers’ needs, ultimately the impediments as discussed in Chapter 4 prevent them from delivering service quality to the levels their customers expect.

In comparing the performance of the assurance dimension between managers and customers, the indicated difference of means (0.23) was not significant. It is noted that managers’ perceptions (5.66) of the level of assurance provided by hotel staff were lower than those of the customers (5.89). Although this is not statistically significant (0.121) the difference is in keeping with the reported frustrations felt by employees generally, as discussed in Chapter 4.

It has already been established that empathy is important in the evaluation of service quality by both managers and customers. Both managers and customers perceived, as shown in Tables 7.3 and 7.4, the empathy of hotel staff as not meeting customer expectation. The performance results indicate that managers may have
overestimated the actual performance in this area, as the difference (-0.53) between the means of customers and managers is statistically significant (0.001). However, the overall implications are that managers need to ensure that their hotel staff members are consistently and genuinely interested in customers’ specific needs.

In general the results indicate that manager scores overall are higher than customers for performance. However the only statistically significant differences are in invisible tangibles and empathy dimensions, both of which have serious implications for the long term future and competitiveness of the hotel sector of Sydney. These implications will be discussed further in the next chapter.

The results above have summarised the findings in response to the four sub-questions as outlined in the introduction to this chapter. To fully answer the overarching research question: RQ2 “How well are these hotels delivering the required levels of satisfaction to their customers?” the last section of the questionnaire (see appendix 7) asked customers about their level of satisfaction based on price, overall service quality, overall satisfaction, and their intention to return. The results from this part of the questionnaire are discussed next.

7.4 Guest satisfaction with hotel services

As discussed in Chapter 2, the behavioural intentions of customers relate to their overall ranking of service quality and their future purchase intentions and could give clues as to their level of satisfaction. Hence, in addition to the existing five SERVQUAL dimensions discussed above, a number of other variables were added to section 4 in the customer questionnaire (see appendix 7). These were price, overall service quality, overall satisfaction, and intention to revisit.
Table 7.6: Satisfaction with hotel services

<table>
<thead>
<tr>
<th>Dimension</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>163</td>
<td>4.95</td>
<td>1.32</td>
</tr>
<tr>
<td>Overall Service Quality</td>
<td>168</td>
<td>4.90</td>
<td>1.43</td>
</tr>
<tr>
<td>Overall Satisfaction</td>
<td>166</td>
<td>4.84</td>
<td>1.55</td>
</tr>
<tr>
<td>Intention to Re-visit</td>
<td>166</td>
<td>4.82</td>
<td>1.69</td>
</tr>
</tbody>
</table>

Price/value is intended to measure the degree to which a customer of a service considers the price paid for the service to be fair and reasonable. As previously outlined in Chapter 5, it refers to the customer’s overall appraisal of the net worth of the service. In this study, 41.6 % of respondents indicated that they paid between $99.00 and $199.00; 43.3% paid between $200.00 and $299.00; 5.8% paid between $300.00 and $399.00; and 4.6% paid over $400.00 for their accommodation, with 4.6% of respondents having not indicated what they paid for their accommodation.

The descriptive statistics in Table 7.6 show the mean score for the price dimension was 4.95. However it is important to note that customers who paid between $99.00 and $199.00 had the highest mean score of 5.25 on the question of satisfaction of price, which correlated with the highest score of 5.07 with those customers staying at three-star hotels. One pragmatic reason for the higher scores in the three-star category with the lower price paid for accommodation is that customers’ expectations were generally lower to begin with.

As discussed in Chapter 4, managers agreed that value for money was an important component for all types of customers. What seemed of great importance was that the price reflects value and competes well with other hotels offering similar services. The implication is that matching the price of hotel accommodation to the customers’ perception of value needs attention by managers in Sydney hotels. However, as Dodds et al. (1991) point out, the price needs to be acceptable – not too high and not too low. The right price needs to be established and then used to make marketing decisions.

The next dimension measured was overall service quality, which is viewed as a measure of a customer’s long-term overall attitude toward an organisation (Parasuraman et al. 1988). As discussed in Chapter 2, this measure came from the performance portion of the SERVQUAL instrument, whose authors advocate that the
twenty-two items over the five dimensions can then be used to predict overall service quality. However, as discussed in Chapter 2, many believe that service overall quality is a separate but related concept and therefore this dimension was added to measure overall service quality.

As Table 7.6 indicates, the overall service quality ratings was 4.90. This score on its own indicates that there is room for improvement. Perhaps this is because as Cooper (1996) implies, today’s customers are expecting a much higher level of service based on their international experiences, and the increasing competition in tourism generally. If the marketing literature, as discussed in Chapter 2, is correct and the power today is with customers, the results of this study suggest Sydney hotels may suffer a considerable fall in patronage, particularly if the current economic crisis as portrayed in the media is played out and other hotels with similar facilities offer better service.

The assumption made in this study, as discussed in Chapter 2, was that service quality leads to satisfied customers and the determinants of that satisfaction were that customers would report an enjoyable stay and felt that their decision to stay at the hotel was wise. For example, if customers reported they were satisfied with the hotel then it would be assumed that the service they received was good, and if customers reported that they were not satisfied with the hotel then it would be assumed that the service they received was poor. As already indicated in the literature chapter, satisfied customers are central to the long-term success of hotels and the literature reports a number of positive relationships for customer satisfaction, such as less resistance to price increases; profitability through additional sales; spread of positive promotion; and increased loyalty.

As shown in Table 7.6, the results on the question of overall satisfaction with hotel services continue to show that hotels could improve, with mean scores of 4.84. A number of studies (Cronin & Taylor 1992; Bowen & Shoemaker 1998; Choi & Chu 2001) have shown that customer satisfaction is an important criterion in attracting and retaining customers and therefore surviving in the long term. The findings reported here have shown that on a number of dimensions of service quality, Sydney hotels scored poorly. Additionally on the overall satisfaction with hotel services, Sydney hotels have room for improvement.

Finally, customers were asked about their purchase intention, which is the intention of a customer to buy or use the service in the future. As Hellier et al.
maintain, a purchase intention is an “individual’s judgement about buying again a designated service from the same company” (2003: 37). As previously outlined in the literature chapter, a number of researchers maintain that overall customer satisfaction with service is in some way linked with the behavioural intention to return to the same provider (for example Oliver 1980; Cronin and Taylor 1992; Bolton 1998), but as Hellier et al. 2003 point out, this may be an oversimplification. The combination of qualitative and quantitative findings in this thesis demonstrate that the purchase intention is determined by a number of factors such as the price, location of the hotel, overall service quality and of course overall satisfaction. Furthermore, as a number of hotel customers in this study were business customers, where the organisation they work for has made contractual agreements to use a particular hotel the customers themselves may not have any choice in returning to that hotel. The results displayed in Table 7.6 for the purchase intention question again revealed that the hotels in this study could improve, with mean score of 4.82.

7.5 Summary of Findings

In summary, this chapter has presented the findings of Phases 3 and 4 of this study and subsequently answered questions pertaining to: which of the identified dimensions measured were the most important; what differences there were between managers and customers; and as a result what the implications there were for modification and attention to service quality for Sydney hotels.

It was found that the attributes customers use in choosing between three-, four- and five-star hotel accommodation in Sydney are grouped into eight main areas: visible tangibles; invisible tangibles; location; responsiveness of hotel employees; reliability; assurance of service by hotels; empathy by hotel employees; and price. The main study results indicated that the respondents consider all of the attributes to be important criteria in the selection of hotels and suggest that the hotels need to improve in most of these criteria. Additionally it can be concluded that the part played by hotel employees was most important in the overall satisfaction of customers. In particular, it was the empathy of staff in providing personal and attentive service which was most important.

It was also found that generally, hotel managers in Sydney do understand the needs and expectations of their customers. However, it was also found that many
service provisions require modification for Sydney hotels to remain competitive, especially those concerning hotel employees. Specific modifications concern the number of staff available to provide the service and the knowledge, skill and competence of hotel employees. In terms of teaching and learning for manager and staff in service delivery it was found that attention needs to be directed to employees. In conclusion, managers of the hotels should concentrate their efforts on improving the items concerned with employees, referring to hotel employees’ attitude and motivation to meet customers’ expectations, rather than the more technical aspects of service. As indicated in Chapter 4, which dealt with qualitative findings, employees seem to concentrate on the functional aspects of service delivery, that is, getting all the jobs done in an efficient manner rather than concentrating on the personalised attention customers obviously expect.

Therefore this study agrees with the findings of Mei et al. (2003) that in Sydney also “hotels should allocate resources to the training of employees, so that employees will feel confident and able to provide prompt, personalised and caring service to guests” (p. 143).

A further conclusion from this research is that service quality measurement can be done effectively by measuring the difference between expectations and perceptions through the use of a modified SERVQUAL dimension framework. Despite the criticisms of the measurement of expectations by a variety of researchers, as discussed in the literature (Chapter 2) in this research, expectations scores did not appear to be artificially high as compared to perceptions scores. Consequently many meaningful results were able to be extracted in line with the research questions.

The next chapter of this thesis will provide a brief conclusion and a summary of the results presented throughout this thesis.
Chapter Eight

Conclusions and Implications

The central premise of this research was to ascertain the main factors that customers consider to be important in the evaluation of service quality in three-, four- and five-star hotels in Sydney and then to evaluate how well these hotels are delivering the required levels of satisfaction to their customers.

As discussed in the introduction and then expanded in the methodology chapter, this research was divided into four phases, involving qualitative and quantitative methodology:

Phase 1 combined interview and fieldwork involving participation and observation of hotel employees, managers of hotels, and customers visiting the hotels. The aim of this qualitative stage was to collect data from numerous sources, in order to search out a holistic picture, from the main stakeholders, customers, management and staff, of what is happening with service quality in hotels. Phase 2 included the development and testing of a pilot test questionnaire, derived from existing theory and information found in Phase 1. Phase 3 included the administration of a highly structured, self-administered questionnaire for both management and customers of three-, four- and five-star hotels. Phase 4 included triangulation, the combination of different methods of dealing with data, in order to provide a means for verifying findings and conclusions. In Chapter 3 the full set of research questions were presented. The qualitative results were discussed in Chapter 4 and the quantitative results in Chapters 6 and 7. Discussion and results for questions 1.1, 1.2 and 2.1 were presented in Chapter 4; question 1.3 was presented in Chapter 5; question 1.4 was presented in Chapter 6; questions 1.5, 2.2, 2.4, and 2.5 were presented in Chapter 7. What remains is to integrate the findings and conclusions to present a holistic view of service quality in the hotel sector of Sydney, Australia. Additionally, this chapter addresses the final research question:
RQ 2.3 What aspects of hotel service require attention and modification in terms of teaching and learning about service delivery?

As discussed in Chapter 3, triangulation is used in this thesis as a process of combining different methods of data collection and analysis. Therefore complementary approaches, namely qualitative and quantitative, were used to explore a holistic picture of service quality in the Sydney hotel context. This thesis offers a comprehensive view of service quality in Sydney hotels, as perceived by managers, staff and customers, with specific reference to the two main research questions. The first research question asked what factors customers consider to be important in the evaluation of service quality in three-, four- and five-star hotels in Sydney. The second asked how well three-, four- and five-star hotels in Sydney delivering the required levels of satisfaction to their customers. Each question had a number of sub-questions that contributed to the main research questions.

8.1 Summary of findings

The main attributes customers use in choosing between three-, four- and five-star hotel accommodation in Sydney, as identified by managers and staff of hotels in Sydney, and customers visiting hotels in Sydney, were outlined in Chapter 4 (Phase 1). After careful analysis of all the qualitative data, the identified important hotel attributes were grouped into four main areas: location; price; facilities; and employees. Additionally a number of impediments to service delivery were identified by managers and staff. These were grouped into: budget constraints; high expectation of customers; staff attitude; and lack of mentoring. However, as it was central to this research to understand the needs and expectations of customers with regard to service quality within the hotel sector of Sydney, a framework for the research was needed. As many of the attributes had previously been identified in the service quality literature as being important to hotel customers generally, and the individual attributes identified affiliated well with the dimensions used in the SERVQUAL instrument, the SEVRQUAL framework (as explained in Chapters 5 and 6) was used to develop a refined survey questionnaire incorporating all of the attributes identified by Sydney hotel managers and customers in Phase 1. Having identified the important service quality attributes from customers, managers and staff of Sydney
hotels the researcher developed a pilot questionnaire to answer the remaining research questions.

In pilot testing the questionnaire in Phase 2 (refer to Appendix 6 and 7) a number of items within the service quality dimensions were deleted or changed. Additionally, through factor analysis (see Chapter 6) tangibles were discovered to have two separate dimensions: visible dimensions, which covered those things which are more tangible or that we can clearly see, such as choice of food and beverage outlets, nice public areas, and numerous facilities; and invisible tangibles which covered those items which are intangible and invisible, such as the feeling of comfort, privacy, and being in an airy place. The explanation of how the pilot questionnaire was developed, deployed and analysed and how the final questionnaire was developed from the pilot, was presented in Chapters 5 and 6. The SERVQUAL framework as presented in Chapter 5 was very useful in developing the service quality measures to be used for Sydney hotels, and the measures as presented in Chapter 6 were deemed valid.

The final stage (Phase 3) of the research involved the analysis of the data collected via a refined survey questionnaire (see Appendix 7) to answer the key components of the two overarching - questions:

*RQ1 What are the main factors that customers consider to be important in the evaluation of service quality in three-, four- and five-star hotels?*

*RQ2 How well are these hotels delivering the required levels of satisfaction to their customers?*

The main dimensions of service quality in three-, four- and five-star hotel accommodation in Sydney were divided into eight main areas: visible tangibles; invisible tangibles; location; responsiveness of hotel employees; reliability; assurance of service by hotels; empathy by hotel employees; and price. Location was discovered to be an integral part of the decision to stay at a certain hotel; in particular the proximity of the hotel to the central business district, transport and attractions was considered most important. This part of the research also revealed that the expectations with regards to tangible attributes, such as the range of facilities being offered, were considered to be important to customers overall, and cleanliness, quiet and privacy were important to a lesser extent than managers had anticipated. All of
the human elements of service that related to responsiveness, reliability, assurance and empathy were of great importance to customers and in those areas hotels have an opportunity to improve. Finally, the price customers paid for all these services was expected to be fair and reasonable, and there was some suggestion that the lower the price paid for accommodation the less customers expected.

From the analysis of the questionnaire a number of important (expectation) – performance gaps were presented in Chapter 7. In the first instance it was revealed that there is a statistically significant difference between what Sydney hotel customers expect and how they perceive hotels are performing. It was further revealed managers fully understood their customers’ expectations, and in four dimensions (invisible tangibles; responsiveness; reliability; and empathy) out of the seven, managers’ perceptions of customer expectations were significantly higher than customers. Finally, after careful analysis of the perceptions of performance between managers of hotels and their customers it was concluded that the Sydney hotel sector has room for improvement. Thus the discussion in this, the final chapter, provides a summary of what aspects of hotel service require attention and modification in terms of teaching and learning about service quality delivery.

8.2 Implications for practice
The analysis of the main questionnaire revealed that customers of Sydney hotels considered that the aspects of service quality that are directly influenced by employee behaviour were most important. Customers expected that the staff would be able to perform a promised service dependably and accurately and in a timely manner. This was reflected in the section that asked about the service provider’s reliability and responsiveness. Additionally, it was expected that all the services would be provided by knowledgeable and courteous employees who had the ability to inspire trust and confidence and, most importantly, had empathy with customers and therefore would provide caring and individual attention. However, when comparing customer expectations with their perception of performance the findings as presented in Tables 7.3 – 7.5 indicate that three-, four- and five-star hotels in Sydney are not meeting the service expectations of their customers. In all the dimensions of service quality areas investigation the perception of performance scored less than the expectations. However, when combining the perspectives of
managers and guests displayed in interviews and the questionnaire, the empathy of hotel staff, reliability of service, and responsiveness of hotel staff appear to be the most important factors in the evaluation of service quality in three-four-and-five-star hotels in Sydney. These results affirm prior research findings (Reisenger and Waryszak 1994; Ingram and Daskalsis 1999; Johnston 1995; Juwaheer and Ross 2003; McCain 2005) that the people side of the hospitality business has the strongest influence on customers.

Whilst the findings of this research suggest that managers are well aware of the range of their customers’ needs, they are limited in delivering the service quality that they understand their customers want. The combined analysis of qualitative and quantitative data thus leads to two important practical implications, namely training and development and recruitment.

8.2.1 Training and Development

The findings of the qualitative study (see Chapter 4) imply that hotels, under pressure from corporate offices and shareholders, often concentrate on short-term financial gains and as a result sometimes lose focus on the importance of customer satisfaction. This concentration on tight budgetary management as discussed in section 4.4.1 leads managers to cut staffing levels and expenditure on training. Such budgetary discipline is understandable in the short term, but may have serious consequences, as the results in Chapter 7 confirm that hotel customers expect more from hotel employees than is currently being offered.

Additionally the findings in section 4.4.3 imply that leaders within the hotel sector do not always pass on knowledge to less-experienced employees. As a consequence, vital information, skills and ‘know-how’ are lost. The findings also suggest a lack of succession planning and therefore of training, which causes a disturbing trend of segregation between unskilled workers and those who have learnt ‘on the job’. Employees who have managerial potential are quickly promoted to higher positions. Early promotion can have two major consequences: service delivery may be reduced at the ‘front line’ as the many able employees are removed; and promoted employees who are shifted to managerial positions lack experience in responsible roles, and require support and mentoring in their new roles. This research reported (in section 4.4.3) a general lack of organisational support for the well-being of future managers which has adverse implications for the motivation and ability of
these managers to lead employees who are expected to deliver superior service quality. A lack of mentoring in the surveyed hotels was identified as an impediment to achieving high levels of service quality.

The literature presented in section 2.11.1 outlines that training and development are essential for long-term survival, because they improve current skills and future performance and ultimately enable appropriate succession planning. However, the trend in Sydney, Australia, is to promote employees with potential who are not necessarily formally trained or developed for managerial positions. The evidence suggests that learning in hotels takes place informally and incidentally and is self-directed. Whilst there is evidence in the literature to suggest that incidental learning can have an effect on competencies, attitudes and interpersonal skills, it is an improvised approach that can lead to serious consequences, such as learned contravention of rules and policies. This type of learning is difficult to monitor and harness for further use.

It is recognised that formal training and development takes time and is costly, especially in situations where turnover of staff is high. However, a lack of organisational support for the well-being of current staff and future managers may have implications on motivation and ability of employees and managers to meet the expectations of current and future customers. This is especially true in an environment where leaders are expected to deliver and be responsible for superior service quality. Therefore attention needs to be directed toward long term human resource planning for the hotel sector in areas of training and development, succession planning, and retention strategies.

As reported in section 4.4.4 managers found difficulty in meeting the increased expectations of guests, which was mainly attributed to the competitive nature of the hotel sector and the heightened sophistication of travellers. The literature as outlined in section 2.4 suggests that the smaller the gap between expectations and perceptions, the better is the perception of the service and the more satisfied customers will be. However, as indicated above and depicted in Chapter 7, managers appear to be well aware of their customers’ expectations and therefore it may be argued that they should be able to plan their operations to meet those expectations. It is suggested that this disparity between service delivery and service expectations could be overcome by placing more emphasis on training and development of employees to meet the expectations of customers.
8.2.2 Recruitment

As service quality is essentially an “exchange of human actions and behaviour” (Susskind et al 2003:374), the aptitude and attitude of employees, and the way in which they behave, has a significant impact on a customer’s evaluation of service and ultimately on the customer’s satisfaction. To some extent the results in Chapter 7 depict the frustrations expressed by managers, as the survey results show that for most items concerning hotel employees customers’ expectations were higher than the perception of performance.

Reports from the surveyed managers as reported in section 4.4.2 suggest that hotels in Sydney are staffed by many people who have little genuine or sustainable interest in their jobs. The managers who participated in this study reported a lack of suitable and available candidates to recruit from, which is a major concern. This finding is reflected by the hotel sector in general, due to what has been reported as a shortage of good, flexible, engaging and interested staff that is being felt by managers in Australia, and is also reflected in the words of Rutger Smith, Managing Director of the hospitality consultancy HVS International Australia:

“The challenge is to find people with a knack for the hospitality industry ... people who can cope with demanding corporate travellers and people from vastly different social and cultural backgrounds ... and travellers do not want to stay in hotels in which staff are barely coping with their jobs” (cited in BRW, Feb. 2006:77).

It appears that the shortages of knowledgeable and skilled staff are a sector-wide issue. The traditional recruitment process followed by hotels, generally run via advertisements in the print media, such as newspapers and industry magazines, is no longer suitable. Hotel managers may need to consider more suitable ways of recruiting potential staff based on a careful analysis of the local community, and its labour market, which involves long-term planning and takes into consideration the potential development needs of that labour market.

The literature suggests (Enz & Siguaw 2000; Vacra 2004) that if we place quality of guest services at the forefront, a variety of benefits will follow, such as increased morale and reduced employee turnover, increased pride and job satisfaction. In order to achieve this outcome, three-, four- and five-star hotels need
to embark on a recruitment strategy that is able to attract those who have a keen interest in people.

Although the benchmark hotels such as Marriott and the Ritz do have such strategies, the qualitative findings in this study suggest that in Sydney the problem is more to do with the pool of available staff. However, finding staff with the “right attitude requires a precise and time consuming selection process” (Dube & Renaghan 1999:35). For example, a recent article in ‘Good Living’ discussed Sydney’s hospitality sector staffing shortages as being at crisis levels. In the same article, a number of hospitality managers pointed out how this staffing crisis is ruining their reputations (Sydney Morning Herald, April 2008).

The synthesis of qualitative and quantitative data as detailed above has assisted with outlining some of the implications for managers, especially those that deal with hotel employees’ behaviour. Consequently the training and development of those employees, as well as expenditure on the human resource aspects of the business, need to be addressed.

8.3 Contribution of the study
As stated in the introductory chapter, this research was stimulated by the researcher’s interest in hotels, in part due to her background as a hotel manager. Therefore it was imperative to the researcher that this research led to both theoretical and practical benefits.

This study has contributed to the theoretical advancement of service quality in a number of ways:

First, it adds to the body of literature that informs research in service quality, by analysing some key service quality issues with a specific emphasis on the Sydney hotel context across three-four-and-five star hotels. This study identifies that the pivotal dimensions that represent the evaluative criteria used by customers are increasingly related to the people aspect of the service. As a result the research provides clear evidence that significant efforts need to be undertaken from the simple gestures of welcome to the improvement of efficiency, skill and knowledge of personnel within the Sydney hotel sector because these aspects of service quality are considered to be most important in the overall experience of customers.
Second, this research provides greater insight into service quality delivery impediments as experienced by hotel managers and staff, an area which has not previously received much attention, and consequently opens a pathway for further research.

Third this study supports the claim that the SERVQUAL framework is a very useful tool, however it needs to be adapted for specific contexts. Along with the important finding already discussed a set of items measuring service quality in the Sydney hotel context, based on the SERVQUAL model, was developed and evaluated, which in itself is an important contribution.

Fourth this thesis has contributed to the mixed method approach by charting a four phase model to examine service quality in the hotel sector, using both qualitative and quantitative approaches, and provided detailed examples of why and how the researcher made critical decisions on the appropriate use of triangulation. This contribution allows for a greater and more varied choice of methodology.

In addition to these theoretical contributions, this study achieved three practical objectives:

First, it consolidated many of the findings from previous research to obtain a clearer picture of service quality in the hotel sector and thus contributed to the identification of particular attributes that are important to customers when making a choice to stay at a particular hotel.

Second, this study provides a comprehensive and validated tool for hotel managers to measure quality of service in hotels.

Third, the findings of this research alert Sydney hotel managers to areas of competency as well as service deficiencies, and provide suggestions for improvement to hotel operations training and recruitment.

However, it must be acknowledged that the value of a service quality questionnaire is heightened when the length and therefore the cost is minimised, and conducted on a regular basis. Therefore the practicality of administering a survey questionnaire such as the one used in this thesis is somewhat debatable. Such an administration would not be cost-effective for individual hotels; nevertheless it may be extremely useful for an association such as the Australian Hotels Association to use this specific hotel questionnaire and administer and analyse it periodically in order to inform and assist their members.
The results of this research suggest that the SERVQUAL framework has the potential to be a reliable measurement instrument for the hotel sector in Sydney, provided that it is adequately modified to be context specific. The results indicate that its multidimensional construction is valuable and can produce robust findings on the expectations and perceptions of service quality by customers.

8.4 Limitations of the research

The aim of this research was to ascertain the main factors that customers consider to be important in the evaluation of service quality in three-, four- and five-star hotels in Sydney and then to evaluate how well these hotels are delivering the required levels of satisfaction to their customers. The framework used in this research was able to successfully answer the research questions posed. Overall, measuring the difference between expectations and perceptions by using the Importance Performance Analysis model together with the SERVQUAL framework proved very useful.

Nonetheless, in addition to the already discussed methodological limitations detailed in section 3.5 the use of a rather lengthy questionnaire, may have meant that in some instances the respondents may not have taken the necessary time for contemplation of their responses. However, every effort was made by the researcher to explain the importance of both the expectations and then the perceptions of performance sections. Additionally, as argued by Carme and Germa (2002), “the practical usefulness of service quality questionnaires is only attained from their regular administration and analysis” (pg 233). Therefore another limitation in this thesis is that it presents findings from data in a specific period of time. However the large number of respondents, the variety of hotels, the mixed methodology used to cross reference information, and the randomness of the sample more than accounts for this limitation.

A further limitation may be that the collection of data on expectations as well as perception of performance was done post-purchase experience. However as section 7.3.1 shows, in this research an importance–performance questionnaire was able to give meaningful results, even if only one administration of the survey was conducted, asking for customers to rate their expectations at the same time as their perceptions of performance.
8.5 Suggestions for further research

Since this research has provided important insights into service quality in the Sydney hotel sector, it provides a basis for further investigation into the aspects of service that customers consider important in their overall experience, and the changes that hotels might need to make to meet the expectations of customers. In addition, the exploratory nature of this research allows for authentication of the beliefs expressed by managers. Future research may explore the attitudes of managers across the hotel sector and, more broadly, across the tourism and hospitality industry.

Future research may also examine the themes identified in this thesis, especially the importance of mentoring, and investigate these within the context of the relevant literature. Additional research which allows for a closer inspection of teaching and learning strategies for the hotel sector is advocated.

As is evidenced by this research and that of others, hotel customers’ preferences change over time and thus the dimensions of service quality will change also. Therefore, periodic reviews of the dimensions should be carried out, as this study has done, beginning with exploratory qualitative research.

8.6 Concluding Remarks

This thesis has presented the data about service quality, collected through interviews, surveys, observation and participation, and the associated impacts on the hotel sector of Sydney, Australia. The results of this research revealed that respondents hold multiple views about the notion of service quality. In general, respondents provided an overview of the attributes customers use in choosing between three-, four- and five-star hotel accommodation in Sydney, which both confirmed, and added to previous research. The research also showed that in some areas improvements are needed.

It was found that managers generally understand customers’ expectations, but show high levels of frustration with the multiple impediments to delivering quality services to customers that exist within the hotel sector.

The SERVQUAL framework proved to be useful in measuring service quality in three-, four- and five-star hotels in Sydney, although the measures needed
modification and refinement in terms of context to be useful to hotel managers in Sydney.

It is hoped that the pragmatic approach taken in this research will allow for information-sharing among hotel managers, and that the information gathered from this thesis will be used in training and development of existing hotel employees and in the education of prospective employees through appropriate tertiary education.
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Appendices
Appendix 1:
Request for External Organisation Participation

UNIVERSITY OF WESTERN SYDNEY
M. Com. (Hons) Research Project

Rayka Presbury
COLLEGE OF LAW & BUSINESS

SCHOOL OF MANAGEMENT

“Measuring Service Quality in Sydney Hotels”
General Manager,
XYZ Hotel,

I am a Masters Honors (Commerce) student in the School of Management at the University of Western Sydney under the supervision of Mr Graham Massey. I am conducting a study on quality service in four- and five-star hotels in Sydney.

The objective of this study is to develop practical knowledge of service quality delivery in four- and five-star hotels in Sydney and in so doing to identify the key attributes that customers use in making a choice to stay at a particular hotel. Furthermore this study aims to assess management perception of what is important, and compare this with customer expectations and finally to measure the performance of Sydney’s four- and five-star hotels in meeting these expectations.

If your organisation agrees to be a voluntary participant, I would like to arrange the following.

1 Semi-structured interviews lasting approximately an hour conducted with yourself or your representative to gain insights about the management of service quality delivery. This interview will be audio-taped for analysis purposes only and your organisation and interviewees’ anonymity are assured in the raw data or any written reports. I am personally responsible for the security of these tapes and they will be destroyed once they have been transcribed.

2 Two questionnaires, to be used to measure the delivery of service, one for hotel quests and one for hotel managers. The questionnaire seeks information about customers’ expectations and perceptions of hotel services.

I would be sincerely grateful if you would agree to take part in this important research and return the completed consent form attached herewith. Should you need further information or any clarification, please do not hesitate to contact me on 02 46 203238 or email r.Presbury@uws.edu.au. Thank you for your co-operation and invaluable assistance.

Yours sincerely,

Rayka Presbury
College of Law and Business
School of Management
Tourism and Hotel Management Programs

The ethical aspects of this study have been approved by the University of Western Sydney Human Research Ethics Committee. If you have any complaints or reservations about the ethical conduct of this research, you may contact the Ethics Committee through the Ethics Officer, Kay Buckley, UWS Research Services, Locked Bag 1797, PENRITH SOUTH DC 1797, NSW 1797. Tel number: 02 45 701136, Email address: k.buckley@uws.edu.au Any issues raised will be treated in confidence and investigated fully, and you will be informed of the outcome.
Appendix 2:
Management Exploratory Interview Protocol

Interview Date: ____________________________

Interview location (hotel) ____________________________

Manager’s Name & Title: _______________________________________

Preamble:
I am conducting exploratory research to identify how customers choose hotel accommodation. I will be talking to a cross section of customers at several hotels in Sydney. I am trying to get a feel for the things people like and dislike about hotels, and how this influences their choice of accommodation.

I am also interested in comparing the perceptions of managers as to what they believe are important in patrons’ choice process when deciding between alternate four- and five-star accommodation providers.

EXPLAIN AND SIGN CONSENT FORM.

1 Background information

a) Could you give me some background information on your hotel? including:
the rating of this hotel
Number of rooms and their break-up?
Years in existence?
What makes it stand out from others?

b) Could you give me an idea of the percentage of your hotel occupants that fall into the following categories?

Business
Holiday
Conference
Tour groups
Other (please specify)
2 Manager’s perceptions of customer needs and their relative importance

a) In your opinion what are the most important needs of the following groups of customers staying at your hotel?

Business

Holiday

Conference

Tour Groups

Other

b) What expectations do you believe the following groups of customers have when booking with your hotel?

Business

Holiday

Conference

Tour groups

Other
c) Do you believe your hotel meets or exceeds those expectations?

WHEN / HOW EXAMPLES

d) If answer is NO, where do you believe the hotel needs to improve?

3 Comparison of properties

a) Who do you see as your main competitors in the Sydney market? Why?

b) How well do you believe your hotel performs against these competitors?

c) Do you believe your competitors offer valuable features and/or services that are not offered by your hotel? What makes you think that these are more valuable?

d) If the answer is Yes, what do you believe these are?

WHY EXAMPLES

e) Do you think that the groups of customers previously identified believe there are significant differences between your hotel and your competition? Why do you believe that?

f) If the answer is Yes, do you believe these differences are important enough to affect their choice of competitor hotels over yours?

Thank you for your participation.
Appendix 3:  
Customer Interview Protocol

Interview date:  

Interview location (hotel):  

Preamble:
I am conducting exploratory research to identify how customers choose hotel accommodation. I will be talking to a cross-section of customers like you at several hotels in Sydney. I am trying to get a feel for the things people like and dislike about hotels, and how this influences their choice of accommodation.

1 Demographics and categorical data

Gender:

<table>
<thead>
<tr>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>15–25</td>
<td>26–40</td>
</tr>
<tr>
<td>41–55</td>
<td>60+</td>
</tr>
</tbody>
</table>

Purpose of stay:

<table>
<thead>
<tr>
<th>Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holiday</td>
</tr>
<tr>
<td>Conference</td>
</tr>
<tr>
<td>Tour group</td>
</tr>
<tr>
<td>Other (specify)</td>
</tr>
</tbody>
</table>

Approximately how many times per year do you stay in a hotel?
What would be the average length of your stay?
Place of origin?
2 The choice process

Is the main purpose of your stay at this hotel for business, pleasure or a combination?

a) Could you give me an idea of how your hotel accommodation would normally be booked?

Prompts:
Did you make the booking yourself?
Did a secretary; personal assistant; or a travel office do the booking?
Does your company book their accommodation directly with hotels or through some intermediary, e.g., travel agent, Amex, Visa etc?

b) Does your company have special agreements or loyalty programs to use particular hotels or hotel chains?

c) What factors would you say are the five (5) most important when choosing between hotels?

d) If you need to find information on a hotel what sources would normally be used? Please provide five (5) sources used most frequently.

Prompts:
e.g., Yellow Pages, internet, newspapers, magazines, brochures, travel agencies, etc.
3  Importance of attributes
   a)  When choosing between hotels, what are the main things you look for?
       For example: Are there any particular things, which are essential to the point
       that you wouldn’t stay at a particular hotel if they were not there?
   b)  What things do you really like about hotels, which influence your choice?
   c)  What things do you really dislike about hotels, which influence your choice?
       Prompts: Friendliness of staff, comfort, facilities, food and beverage etc.
   d)  What have you enjoyed most about your stay at this particular hotel?
   e)  What have you least enjoyed about your stay at this particular hotel?

4  Comparison of properties
   a)  Thinking back to your own requirements of hotels, do you believe there are
       major differences between hotels in the delivery of those requirements?
   b)  If Yes, what would you say these differences are?
   c)  Does this affect your choice of where to stay?

I would like to thank you for your participation, and assure you that your thoughts
are respected and will be used in a fruitful way.
Appendix 4:

Consent Form

UNIVERSITY OF WESTERN SYDNEY
M. Com. (Hons) Research Project

Rayka Presbury
COLLEGE OF LAW & BUSINESS

SCHOOL OF MANAGEMENT

“Measuring Service Quality in Sydney Hotels”
Dear Participant,

I am a Masters Honors (Commerce) student in the School of Management at the University of Western Sydney under the supervision of Associate Professor Ross Chapman. I am conducting a study on Quality Service in three-, four- and five-star hotels in Sydney.

The objective of this study is to develop practical knowledge of service quality delivery in these categories of hotels in Sydney and in so doing identify the key attributes that customers use in making a choice to stay at a particular hotel. This study aims to:

1. assess management perception of what is important
2. compare this with what customers think is important
3. measure the performance of Sydney’s three-, four- and five-star hotels in meeting customers’ needs.

I am very interested in your thoughts on this matter, and I would like an opportunity to interview you. The interview will be taped for analysis purposes only. Your participation is entirely voluntary and your anonymity is protected, as no identifying information will appear on any raw data or in any written report. All data will be kept secure in a locked cabinet at the University of Western Sydney for a period of five years after the study is completed, before it will be destroyed.
Exploratory Interview Consent Form

I (participant) have read and understood the information attached, and any questions I have asked have been answered to my satisfaction. I understand that my participation is entirely voluntary and I agree to participate in this research knowing that I can withdraw at any time. I have been given a copy of this form to keep.

Participant’s name

..............................................................

Participant’s signature .................................  date ..............

Investigator’s name RAYKA PRESBURY

Should you have any questions or require more information on any aspect regarding your involvement in this study, please do not hesitate to contact me by phone on 02 46 203 238 or email on r.presbury@uws.edu.au, or the supervisor of this research, Associate Professor Ross Chapman on 46 203245 or email r.chpman@uws.edu.au

Yours sincerely,

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The ethical aspects this study have been approved by the University of Western Sydney Human Research Ethics Committee. If you have any complaints or reservations about the ethical conduct of this research, you may contact the Ethics Committee through the Ethics Officer, Kay Buckley, UWS Research Services, Locked Bag 1797, PENRITH SOUTH DC 1797, NSW 1797. Tel number: 02 45 701136, Email address: k.buckley@uws.edu.au. Any issues raised will be treated in confidence and investigated fully, and you will be informed of the outcome.
Appendix 5:
Transcript of Executive Manager (Hotel C)

So tell me about the Novotel customer?
Well, the Novotel customer is, probably three distinct ones, the most, corporate, we are known as 4 star corporate hotels, that’s definitely a factor, the next level would be the leisure domestic guest, who is here for, Corporate guy checks in, one person in a room, just one person in the room, comes in late, has a shower, has something to eat in the restaurant or drink in the bar, maybe meets a client and then checks out the next morning and gone. A leisure guest checks in they make use of everything, they use the pool, they want to go and sit in the bar and have a few drinks, they want to go and enjoy Darling Harbour, they don’t tend to generally go in the restaurant, most of our restaurant guests are customers who come in, people who are staying here, there are a whole array of restaurants everywhere, so they go and discover Sydney, so that’s the leisure guest. Inbound, that’s the other part, while inbound has certainly dropped because of the war and SARS it’s certainly picking up again, July/August, Cathay for example are putting on more flights, Qantas, BA, so that’s in August. Inbound, they come in, they’re set, they’re structured, they are a formula. High maintenance guests are the leisure guests, of all those three, corporate is easy, leisure domestic and leisure international guests are the high maintenance guests.

Why do you say that the corporate is easy?
Easy as in they certainly, if there’s a problem, they’ll tell us up front and make it really quite clear and precise, and there’s no emotion in it, they’ll say look the room is not clean, I’m not happy with this move me. The leisure guest will say, and we’ll say yes Sir or yes Madam, no problem our apologies, the leisure guest will bring a note to me, you know, I’ve come away, my husband’s been sick, you know a whole mixed bag of things, it won’t just be one thing, it will be every little thing, which may by itself not warrant a manager but put them all together, or the letters, when a leisure domestic or leisure international guest has a complaint, they really, the letter’s quite long and emotive. When a corporate guest complains you might get a quick email and they’ll say I’m not happy about this, this is not correct, fix it.

Okay...
So certainly, busy people are equally as high maintenance but they don’t bring emotion into their complaint, they just bring, there’s something wrong I want it fixed and that’s it, they are distinct people, distinct groups. Leisure domestic keeps you on
your toes, corporate business are very (...) important, they might have a long standing contract with the hotel and we might have performance targets to reach with that, so they’re just as equally important.

**So tell me in your opinion, what does the Novotel client need, what do they actually need from the hotel?**

The Novotel client as a group of people, okay the reason why people choose us, and what they need from us is they want the location, and that’s the reason why a lot of people (...), they want from us a product that is in a sense, they know the Novotel brand, they know we’re a four-star brand, they know in a sense what’s expected, but still want something a little bit different, hence the lobby, we’re not standardised, in every Novotel it’s not the same lobby, we still have some individual character about us, they want us to have personality but not over the top, they don’t want us to be a five-star hotel, because they know they don’t want to pay the price.

**What's the cost to stay here?**

$320 is the room rate, and then of course you discount from that, that’s the standard room on the Pyrmont side.

**What's the average room rate?**

Average rate is around, at the moment, $140–$150, on an average, of course it goes up on a weekend and back down during the week with discounts etc. They just want a good product, and the key things I know from my guests, they want a nice bed to sleep in, a nice hot shower, and they want, they just want friendly personable service, and at the end of the day, rates and value for the expected product is not the main concern for them, I’m sure they baulk at a high rate, but they don’t baulk at a medium to high rate if we deliver those things, if we can’t deliver friendly and happy service, and staff who’ll speak to the guests, and if we can’t deliver a clean room, and we can’t deliver things on time like a wake-up call, or room service breakfast they’re not going to come back. They’re the main things, they don’t want opulence, they don’t want luxury, they want to be comfortable.

**So tell me, I've been looking at the Qualavision surveys that you've been doing.**

Yes, and remembering that 60 or 70% of those surveyed are leisure guests, and 30-odd per cent is corporate.

**Yes, that's the two things that I noticed, number one, and number two...**

Corporates don’t really want to be surveyed, they get surveyed all the time from all these companies, but leisure guests at home have time to talk back to us, they want to talk back to us.
Yeah, they do, they have a lot of time. But one of the things that interested me, there were two, when you look at the Qualavision, they talk about why do you stay at the hotel, the largest percentage, like over here, is location...

And then there’s the corporate, the advantage plus thing, take away the advantage plus and the location, can this hotel survive?

When Darling Harbour was built 10 years ago, they couldn’t (...) why they were coming, same as Homebush (...) why they were coming, it is a recurring, take away the location and what’s the other thing?

Advantage plus.

Advantage plus, advantage plus is very important to us, 100,000 members we have and some of the properties in regional centres definitely need advantage plus. Take away advantage plus, certainly we’d lose a nice chunk of our business, but not a huge chunk, so advantage plus is certainly important to us. At the same time, while I say that we do regulate the rates and special discounts, which in some properties for example, they can’t, they need business to open everything up. So yes, we probably could live without it and hopefully, the advantage plus discounted rate would be replaced with a high-paying guest, possibly, if the market is good. Second is location, yes, 10 years ago, initially, this hotel survived on the back of Darling Harbour, but in it’s own right, people went to stay, as you know listening to corporate guests, and inbounds don’t necessarily stay here for Darling Harbour, they stay here because it’s a (...) operated in conjunction with the rate, it’s their base hotel, the bus picks them up anyway and takes them anywhere they want to go, so certainly I think we could survive without Darling Harbour, if Darling Harbour closed we’d still be here, all three hotels. But location is definitely important.

So with respect to the most important thing, do you have an opinion on the difference between the business clientele, the leisure clientele, and your conference clientele? Is there a difference between what they think is important?

Yes, the conference clientele, they want the (...) to be delivered exactly how they asked for it to be ordered and organised, they want the room to be set up perfectly, they are in a sense high maintenance, because on the back of booking a conference room, they might have booked 50 rooms upstairs above us, they want the conditions too, they want a senior manager to greet them, they want to be followed through, so they are fairly well high maintenance, and that’s fine. The leisure guest, particularly school holiday time when the children come with mum and dad, or Grandma and Grandpa, they want the facilities to be clean, the pool nice and warm for them, they want their room service, and that’s early in the day, and they want their towels and so on, they’re really quite finicky about how the room has been serviced, so they more hinge on the house-keeping side and the friendliness of staff at reception. Finally, the corporate guest, he or she wants to get through the restaurant quickly, they don’t want to have to line up at the restaurant, they want a clean room and a comfortable bed and hot shower as I said before, they’re not there to have a chat with our staff, they want them to smile at them and say “Good morning, Sir” or “Good morning, Madam”, but they’re not really interested in our lives and they don’t really want us to
take an interest and discuss their lives, they’re just checking in they’ve got work to do and clients to meet, they more focus on the on-time reliability of wake-up calls, how clean and comfortable the room is, they don’t care how the room is serviced, they’re not worried if we’ve missed something on the floor, although if the bed’s not made and the bathrooms not tidy they’re not happy about it, but the corporate guests, sorry, back to leisure, one more thing, we notice on the comment cards that everybody wants cable TV, we didn’t have it, Foxtel for example, they were quite adamant that considering the rates they’re paying that we should have Foxtel, so we put Foxtel on, and that comment has died, no more comments of course, the leisure guests value products like that, the corporate guest not so fussed, they get into their room late, they get up early, they’re on their way.

*What about conference guests and the corporate guests, for technology and, kind of internet services and things like that?*

Yep, they bring their laptops, so yes, they have that access up in their rooms and …

*Do they use it?*

Yes they do, what they do, the problem there is that they forget that the telephone, their internet access is still charged at the same distance rate as a telephone call, so they might be on the phone in Melbourne for their provider, and they’re being charged our hotel rates, so that has been an issue for them, but most travellers know now that if they use a provider that is on an STD number they’ll be paying that higher rate.

*So would you say that those clients are actually using that?*

Absolutely, they are logging in, all they do is pull the phone out and plug their little laptop in.

*You don’t use that, like at the Mercure, you’ve got the desk.*

Oh we’ve got two separate phone lines in those rooms, and that can be a fax line too, one is a dedicated telephone line, and one can be a fax phone or modem, whatever they want to do and there is two numbers in those apartments, but the bill still makes it to their account either way. Some Novotels do have a little modem thing in the wall, when we do our refurbishment in the next few years we will put in a dedicated modem line for them, so instead of unplugging the phone, they’ll just plug it straight in.

*And tell me, with the conference client, what about recreational facilities? Do they use those?*

Not really, they don’t have time, they have a set agenda, they come in, they’re at the conference, which is normally all day, and then generally goes for cocktails and then dinner and then the next day, and then they just go to bed, and the next day they do it all over again. They are not really interested in our pool.
So that’s more for the leisure clients?

Yeah, leisure clients and corporate guests, so if a corporate guest is in town, if they have an hour free, they might not necessarily use the pool, but they might use the gym, I see corporate guests in the gym all the time. Actually, it’s quite distinct, the corporate guests use the gym and the sauna, because they’re in the same area, and leisure guests sit outside by the pool, they won’t use the gym.

Okay, so if you say that those are their expectations, do you think that the Novotel is meeting those needs? You’ve talked about facilities, you’ve talked about quick check in check out, you’ve talked about staff friendliness...

I think that, as you know we were discussing this recently, I think that we have a good product but sometimes we let ourselves down. We are a robotic motion on the desk, so instead of the staff say “Good morning, Madam, may I help you?”, they’re saying “Next”, which is really quite incredible in itself, that hospitality people are being that cold, so no, I think we let ourselves down. I think in the rooms, they are dated and they’re tired, and that they are due for a re-furb, past due really, they are scheduled for a re-furb in the next few years, and you notice (…)

Is that your opinion, or is that something that your...

No, the guests are saying that. But I must admit when I came here a few months ago I thought the rooms were fine, I thought they weren’t dated and that they, because we’ve actually replaced nearly all the beds, but our guests are telling us that it’s dated and it’s time to get a fresh look. On the whole I think we can cope for another two years, because I think the furniture has actually held up quite well, considering its 10 years old. So we are doing the maintenance, but that’s not obvious to guests. Talking about the facilities, we know that the facilities aren’t suitable, the pool is looking tired, the gym looks tired, and that’s actually, well that’s going, and a new 25-metre lap pool is going in and a new gym is going in and I believe a crèche is going in as well for babies, but the pool and the gym are definitely going in and then a little office block is going above it, but in a sense we are not going to be building on our hotel, but we are gaining facilities that people will use. The pool is just more, jump in and have a paddle around. I think we go in ups and downs, I think in the last few months, we (…) British Airways arrived, and we were under scratch, our housekeeping department was (…) our front office, all the stuff is brand new, and having to cope with a brand new computer system, our food and beverage, they were okay, they actually (…) the department head for food and beverage has been here for a while and he has strong management, whereas the housekeeping manager and the front managers are all fairly new, they moved from smaller hotels into here and obviously it’s overwhelming, it was for me, and to stay on top of it with new staff and a hundred staff under you, it’s a big challenge, so basically we lost our focus and lost our way. Today we’re much better, I think we do a better job today than we did three months ago.
So with respect to the work procedures that you talked about there, why do you think that might be happening?

A couple of reasons, those staff haven’t been well (...) not on reception necessarily, come from somewhere in the back like reservations or telephone, not used to dealing with front of house people, they’re dealing with the guests, not a bank customer, and also I think the way it runs, that system, I know Rob said we’d try without the front (...) and guests would just line up with whatever computer, it is a little bit less personal, when people have to line up like a cattle yard, so that is our challenge of how we are going to make this area more personal, more friendly for what we do. And I think at the end of the day our staff don’t get out, that’s what it comes down to.

What you do mean “don’t get out”?

Okay, I stay at hotels whenever possible, as you might expect, my partner and I always stay in hotels, and he is getting a relaxed stay, and I am getting more aware of things, I am going, gosh, this is how our guests are being treated, and I just stay elsewhere as often as possible and I try and take my managers with me, wherever possible, and we’re actually doing a few more soon, because we get to see the other side, and we come back with fresh ideas and our staff obviously don’t do that, and that’s something we, listening to Fiona at the customer service course on Thursday, saying that she can’t take any of the staff out to see the three hotels, and get them out of the square and I think that’s going to be the most effective part of her two-day course, that half an hour of changed perceptions, better than two full days, that’s what I think our staff need. And they just forget, they forget that they’re hospitality, and possibly it’s our fault, we employ people who shouldn’t be in the roles that they are, so we have to look at ourselves and say, well we interviewed this person, we put them in this role, and they’re not really suitable for a front of house role, they don’t have that passion and commitment we thought they had. And finally, I think it’s a cultural thing, it’s similar in a sense to managers all bitching about the guests and the British Airways crew and whatever.

And does that happen?

Absolutely, and that’s something I’m working on. We have one particular manager I have to say, who will defend their staff first before actually looking from the guest’s point of view or a business point of view, and say hold on, I think you’re right, there is inconsistency back here that means it’s not suitable, and there’s not enough staff on the reception desk at the right time, that type of thing, instead of a whinge/bitch situation. The culture is changing, not me, but as a team we are really trying to change the culture to service focus first.

So, in your opinion, who’s more important? The staff or the guests?

End of the day, the guests. The guest pays our bill, the guest pays our wages, the guest is not going to come back and the guest is going to go out and tell 10 people they’re not happy with the Novotel, and people are not going to book with us, so if we get one less guest, or 10 or 11 less guests than we might have, because our staff were not good or we just don’t have the product right.
Who are your main competitors? The Novotel’s competitors?

The Crowne Plaza, is our competitor, Four Point is a major competitor to us, those two, we also consider some of the inner city hotels, Star City of course is a competitor, and I just think, it’s my opinion of course, there’s another hotel over here called Radisson, that one straight ahead, while not our competitor, they still do very well, even, if everyone is doing 60–70 or 100%, it’s not a bad product either.

What do they have that you wish you had?

I would have to say, the only thing I would really say is their, they have the Darling Harbour location but also a CBD location, so they can attract people to the Darling Harbour location, but also attract corporates, because there’s a lot of buildings there, we have clients who stay here but work over there, because their company tells them to stay here, I’m sure if they had a choice they would stay in those two because it’s closer to their office.

You’ve been over there?

I’ve been to Crowne Plaza and I’ve been to Four Points, Four Points has got small rooms, they’re very small, they were built (…)

So the Novotel you believe is better…

They’re larger, yeah.

And from the facility side?

I think we perform from the strength of our company and our brand, and this has become an icon building in itself, if people visit Darling Harbour, the Novotel has the yellow neon, and I think that we’ve really held up over the years, we’ve got three air crews staying with us, we wouldn’t have three air crews, they do a quality assurance test first with us, they stay here, they check our quality, they check what criteria, they wouldn’t be staying here if we couldn’t perform.

What do you think your staff think of the hotel?

I think they think it’s, well, a lot of our core staff work for primarily the career opportunities, you ask any of the staff and the core is that it’s a career company. So that really holds them, even if they’re unhappy they hang on because it’s for their career. Number two, I think sometimes they think we do under-roster and that all we think about is profit and loss, and that we don’t really think about the guests and really at the end of the day we don’t even think about them.

Why do they think that?

Because unfortunately in the past instead of when things focus, on positive things occur, they don’t hear about it, like targets, oh we met all our targets that’s wonderful, but at the same time if we didn’t tell them we’re going on a downturn,
we’ll do things that are quite, that effect them personally, for example September 11 happened and everyone was cutting costs, it was either shed a few staff or stop giving free meals to staff, and the free meals went, so of course those are things that affect them personally. So of course, they think we’re hitting their pocket all the time, now they have to pay for their meals, much as we do, have to pay for our meals. I think that they could see that Accor innovates, we are innovative, we do unusual things like this refurbishment, which is a bit grand for a hotel to put polished floor boards and carpet like this but it’s all come together and worked nicely. I think the managers today, I think the managers work closely with the staff, so I’m hoping that the divide isn’t there as much anymore as it used to be, the hierarchy, the walls between roles.

*With the budget and things that you were talking about...*

I think at the bottom line that’s the thing that would concern them most.

*And is that a reality, I mean, do you think you are skimping on staffing issues?*

No, not at all, if anything the managers had to work harder, instead of sitting in their offices, they’re out here, a lot more of us are out here more hands on, and hopefully the staff see that, but budget wise we’re not saying, oh, Tony’s gone let’s not replace him, there are important positions, like front of house, reception, porters, food and beverage, the people that we aren’t replacing are probably the managers, those jobs, that job really was surplus to the needs.

*And what about, do you do stuff for the staff, like take them out, or...*

Each manager does their own, yes they do.

*Who pays for that?*

The hotel does, the hotel pays for that. For example, Saturdays, Saturday is when the Novotel is very busy, so Michelle will bring in pizzas and have a bit of a party thing out back for staff, because they are working non-stop, they’re doing 300 check-outs and check-ins all day. On a whole, across the complex, I think if any hotel could be better it’s the Ibis, that’s probably the hotel. If I could rate the morale of the three hotels, I think the Novotel is setting up there nicely, the Mercure is next, but the Ibis is definitely last.

*And why do you think that is?*

Different manager, up there, Mark Maybury, you met him the other day, he came in at the last minute and looked at the video, oh I like the video, but it’s actually part of a bigger presentation, he’s the one who’s actually going to be driving the (...) but that’s not actually going to come across as part of himself, he’s quite laidback, and fairly monotone, there’s no enthusiasm there, and while he’s capable and he certainly has good P&L for the last few months, good results, but on a whole I think the staff don’t see him as being dynamic, and they don’t think he’s the one who’ll help their
career along, whereas here at the Novotel we’re very focused on helping people along.

*Ok*y, *coz* you’ve recently moved from the Mercure to here, haven’t you?
That’s correct.

*Why did you do that?*
It was my turn, well not my turn, but I was ready to move, I was hotel manager at the Mercure for two and a half years, and there’s two good reasons for moving a manager along, one is because they’re career orientated and if they’re ready for the next role they should get moved into that role, and secondly, I know myself, you get tired, you get blinkers on, and it’s not good to have no staff leaving, you need to have fresh people come in and revitalise the environment and look at it from a fresh point of view and bring in fresh ideas, so that’s another reason. I was like that, I was, we were doing a (...) so we certainly achieved a great result as a team, and we would always promote from within, so we actually (mumbling).

*Yeah, are they going to replace you over there?*
They did last Friday, and a lady has got the job, she’s from another hotel, she’s accepted the role last Friday.

*Do the other staff over there know that?*
Not yet, only on Friday afternoon did we finalise all the details and they’re about to find out.

*Did they know it was advertised?*
Absolutely, and they had every right to apply for it. Two people verbally were thinking of it and they were told you’re not ready, and not even close to being ready, if they were close to being ready we would have given them an interview, but they weren’t even, they don’t have the operational experience, from their little pocket, to do the job.

*So you got someone from outside?*
From one of our other hotels.

*Okay, so it’s an internal promotion?*
Internal promotion, and this lady, Gillian, is definitely the right person for the role, definitely.
Can you think of any service, or facilities that are offered by your competitors that you are not offering?

Well, immediately I would say the leisure centre out there is not up to standard, that’s one area, I think if we had a bigger leisure centre and a more exciting place, we could actually use that as a selling point on the phone, we do all the normal things like room service, we have the bar and restaurant.

Like if you’re going to, what about some of the CBD properties, like Hyde Park Plaza and ...

Hyde Park Plaza has got a tiny little restaurant downstairs, and that (mumbling), it’s still good, I think if anything I would, in the good times we used to be able to put entertainment on, and more fun stuff, and something that’s a bit more out there, for example, it’s probably more for where we can, not improve, but if we want to be more out there, do some more fun stuff, like bring in Saturday Night Live, or that type of thing.

Do you think there’s much difference between the Mercure, the Novotel and the Ibis?

Definitely, in clients and in the product. The Ibis is the bare minimum room, pay for everything as you go, definitely, and the clientele that stay there are from regional Australia, who aren’t looking for a brand, they just want a bed for the night, and they’re out again, there’s no leisure facilities or anything. And the staff also, very laid back, very casual, and they have a bit of slang we don’t mind because most of the people who stay speak very similar to them. Mercure, home away from home is the Mercure, and the staff are that way, they’ll use Sir and Madam but a bit less formal than the Novotel, because they know they’re guests, and it’s got everything in there. The Novotel, again, it’s ties done up, everyone speaks correctly, and the product should be standardised, every day, the VIP guests are all (…).

Alright, I don’t have anything else, is there anything I should be looking for?

Tape finished.
Appendix 6:

Pilot Questionnaire

UNIVERSITY OF WESTERN SYDNEY
M. Com. (Hons) Research Project

Rayka Presbury
COLLEGE OF LAW & BUSINESS

SCHOOL OF MANAGEMENT

“Measuring Service Quality in Sydney Hotels”
The purpose of this study is to understand the major factors contributing to service quality in Sydney hotels. Your answers will help me identify the most important factors that customers use in making a choice to stay at a particular hotel, and how well these hotels are satisfying their customers. Please be assured that your answers will be totally confidential, and will be used only for statistical analysis.

**How to complete this Questionnaire**

In most cases I would like you to INSERT a number in the space provided which best reflects your opinion on the statements provided. In the first and last sections you are asked to supply a short answer to the questions asked.

If you have any queries please telephone Rayka Presbury on: 02 46 203 238 or email on r.presbury@uws.edu.au

*The ethical aspects of this study have been approved by the University of Western Sydney Human Research Ethics Committee. If you have any complaints or reservations about the ethical conduct of this research, you may contact the Ethics Committee through the Ethics Officer, Kay Buckley, UWS Research Services, Locked Bag 1797, PENRITH SOUTH DC 1797, NSW 1797. Tel number: 02 45 701136, Email address: k.buckley@uws.edu.au Any issues raised will be treated in confidence and investigated fully, and you will be informed of the outcome.*
## Section 1: Background Information and the Decision Process

<table>
<thead>
<tr>
<th>Q1</th>
<th>Is this your first stay at this particular hotel</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Please tick appropriate box:</td>
<td>☐</td>
<td>☐</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Q2</th>
<th>Approximately how many times per year do you stay in hotels like the one you are currently staying in?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Write number in here:</td>
<td>__________</td>
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</table>

<table>
<thead>
<tr>
<th>Q3</th>
<th>What is the purpose of your stay in this hotel: (Please tick appropriate box)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business</td>
<td>Holiday</td>
</tr>
<tr>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Q4</th>
<th>Approximately what is the average length of your stay, in days?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Write number in here:</td>
<td>__________</td>
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</table>

<table>
<thead>
<tr>
<th>Q5</th>
<th>If you need to find information on a hotel what three sources would you normally use?</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>________________________________</td>
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<tr>
<td>(b)</td>
<td>________________________________</td>
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<tr>
<td>(c)</td>
<td>________________________________</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Q6</th>
<th>Would you be the person who normally books your accommodation?</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Please tick appropriate box:</td>
<td>☐</td>
</tr>
</tbody>
</table>

If No, who would be responsible for that?  
__________________________________________________________________________________________
Section 2: Customers’ Expectations of Hotel Services

This section concerns your expectations of service in hotels like the one you are currently staying in. Please indicate how important it is to you that these hotels have the features described in each statement below. Please insert a number next to each statement. If you strongly agree that these hotels should have this feature, please jot in the number 7. If you strongly disagree that these hotels should have this feature, please jot in the number 1. If your feelings are not strong, enter one of the numbers in the middle of the scale.

Q7 The following statements concern the tangible aspects of the hotel. “Tangibles” are the physical aspects of the service, such as appearance of the physical facilities, personnel, and equipment. Please note that each of the individual questions are preceded by the statement: “It is extremely important that……….”

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

“It is extremely important that……….”

• These hotels should always be immaculately clean (e.g., bedrooms, bathrooms, and living areas).

• These hotels should always have facilities such as a pool, spa and gymnasium.

• These hotels should always be comfortable places to stay.

• The accommodation rooms in these hotels should be quiet and provide the utmost privacy for guests.

• These hotels should always provide a range of household appliances (e.g., irons and ironing boards, toasters, microwaves).

• These hotels should always have a choice of food and beverage outlets (e.g., a café/bistro, a dining room, room service).

• These hotels should always have public areas which are visually appealing, inviting and comfortable.

• The bedrooms and bathrooms of these hotels should always be bright, airy and spacious.

• The employees of these hotels should always be neat in appearance.

• The accommodation rooms of these hotels should always have a working space of reasonable size, with excellent lighting.
Q8  The following statements are concerned with the **location** aspect of the hotel and your decision to stay at that hotel. Please note that each of the individual questions are preceded by the statement: “It is extremely important that……..”

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

“It is extremely important that………..”

• These hotels should always be within close proximity of the central business district. 

• These hotels should always be within walking distance to interesting places, and major attractions.

• These hotels should always be conveniently located to public transport.

• These hotels should have pleasant views from the rooms and public areas.

Q9  The following statements concern the **responsiveness of hotel employees’** aspects of hotel services. “Responsiveness” is the willingness to help customers, and provide prompt service. Please note that each of the individual questions are preceded by the statement: “It is extremely important that……..”

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

“It is extremely important that………..”

• Employees of these hotels should always promptly solve any problems I might have.

• Employees of these hotels should always be willing to help customers with their queries or requests.

• Employees of these hotels should always give prompt service to customers.

• Employees of these hotels should never be too busy to respond to customer requests.

• Front desk employees of these hotels should always ensure that the check-in and check-out service is conducted quickly and without delay.

• Employees of these hotels should always attend to guests promptly when they arrive (e.g., at the front desk, in the bar, in the restaurant).
Q10 The following statements concern the reliability aspect of hotels in satisfying your needs. “Reliability” is the consistency and dependability of performance, including time and accuracy. Please note that each of the individual questions are preceded by the statement: “It is extremely important that………”

<table>
<thead>
<tr>
<th>Scale</th>
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</thead>
<tbody>
<tr>
<td>Strongly Disagree 1 2 3 4 5 6 7</td>
</tr>
</tbody>
</table>

| Strongly Agree |

“It is extremely important that……………”

- These hotels should always deliver services promptly, once promised. ___________
- When the hotel staff promise to do something by a certain time, they should always do so. ___________
- When hotel customers have a problem, these hotels should always show a sincere interest in solving it. ___________
- These hotels should always perform the service right the first time. ___________
- These hotels should always keep accurate records (e.g., information about guests, customer likes/dislikes, whether they are a return customer). ___________
- These hotels should always present bills that are error free. ___________

Q11 The following statements concern the assurance aspects of hotel services. “Assurance” is the knowledge and courtesy of employees and their ability to inspire trust and confidence.

<table>
<thead>
<tr>
<th>Scale</th>
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<tbody>
<tr>
<td>Strongly Disagree 1 2 3 4 5 6 7</td>
</tr>
</tbody>
</table>

| Strongly Agree |

“It is extremely important that……………”

- The employees of these hotels should always be courteous to guests. ___________
- The behaviour of employees in these hotels should always instil confidence in customers. ___________
- Customers of these hotels should always feel safe in their dealings with hotel employees (e.g., settling accounts, making reservations/bookings, requests for information). ___________
- The employees of these hotels should always have in-depth knowledge of the hotel and its services. ___________
• These hotels should always provide acceptable solutions to customers’ problems. ________
• These hotels should always ensure the security and safety of their customers. ________
• These hotels should always have knowledgeable staff to answer questions about local attractions, shopping and major events. ________

Q12 The following statements concern the empathic aspects of hotel services. “Empathy” is caring, individualised attention and an understanding of the needs of customers.

<table>
<thead>
<tr>
<th>Scale</th>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

“It is extremely important that………..”

• Hotel employees should always give customers individual attention. ________
• Hotels should always have operating hours which are convenient to customers’ requirements (e.g., pool, gym, business centre, and food and beverage outlets). ________
• Hotel employees should always anticipate their customers’ needs. ________
• Hotel employees should always show genuine care and concern when giving customers’ personal attention. ________
• Employees of these hotels should always have the interests of their customers at heart. ________
• Employees of these hotels should always understand customers’ specific needs. ________
• Employees of these hotels will always make customers feel warm and welcome. ________
• Employees of these hotels should always address guests by name. ________
Section 3: Performance of Hotel Services

This section concerns your perceptions of service in the hotel you are currently staying in. For each statement, please indicate the extent to which you believe this hotel has delivered or performed on the features described by each statement. Please insert a number next to each statement. If you strongly agree that the hotel has performed on the feature described, please jot in the number 7. If you strongly disagree that the hotel has performed on the feature described, please jot in the number 1. If your feelings are not strong, enter one of the numbers in the middle of the scale.

Q13 The following statements concern the tangible aspects of service in this hotel. “Tangibles” are the physical evidence of the service, such as appearance of the physical facilities, personnel, equipment and communication.

| Scale |
|--------|--------|--------|--------|--------|--------|--------|--------|
| Strongly Disagree | 1 | 2 | 3 | 4 | 5 | 6 | Strongly Agree |

Please indicate to what extent this hotel has delivered or performed, by using the scale above:

- This hotel has immaculately clean rooms, bathrooms, and living areas. 
- This hotel has facilities such as a pool, spa and gymnasium.
- This hotel is a comfortable place to stay.
- The accommodation rooms in this hotel are quiet and provide the utmost privacy for guests.
- This hotel has a range of household appliances (e.g., irons and ironing boards, toasters and tea and coffee making facilities, microwaves and refrigerators.
- This hotel has a choice of food and beverage outlets (e.g., a café/bistro, a dining room, room service).
- This hotel has public areas which are visually appealing, inviting and comfortable.
- The bedrooms and bathrooms of this hotel are bright, airy and spacious.
- The employees of this hotel are neat in appearance.
- The accommodation rooms of this hotel have a working space of reasonable size, with excellent lighting.
Q14  The following statements are concerned with the **location** aspects of this hotel.

<table>
<thead>
<tr>
<th>Scale</th>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

Please indicate to what extent this hotel has delivered or performed, by using the scale above:

- This hotel is within close proximity to the central business district. _______
- This hotel is within walking distance to interesting places and major attractions. _______
- This hotel is conveniently located to public transport. _______
- This hotel has a pleasant view from the rooms and public areas. _______

Q15  The following statements concern the **responsiveness** aspects of services in this hotel. “Responsiveness” is the willingness to help customers, and provide prompt service.

<table>
<thead>
<tr>
<th>Scale</th>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
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<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

Please indicate to what extent this hotel has delivered or performed, by using the scale above:

- Employees of this hotel promptly solve any problems I might have. _______
- Employees of this hotel are always willing to help customers with their queries or requests. _______
- Employees of this hotel give prompt service to customers. _______
- Employees of this hotel are never too busy to respond to customer requests. _______
- Front desk employees of this hotel ensure that the check-in and check-out service is conducted quickly and without delay. _______
- Employees of this hotel attend to guests promptly when they arrive (e.g., at the front desk, in the bar, in the restaurant). _______
Q16 The following statements concern the **reliability** aspects of service in this hotel. “Reliability” is the consistency and dependability of performance, including time and accuracy.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

Please indicate to what extent this hotel has delivered or performed, by using the scale above:

- This hotel delivers services promptly, once promised. __________
- When the hotel staff promise to do something by a certain time, they do so. __________
- When hotel customers have a problem, this hotel shows a sincere interest in solving it. __________
- This hotel performs the service right the first time. __________
- This hotel keeps accurate records (e.g., information about guests, customer likes/dislikes, whether they are a return customer). __________
- This hotel presents bills that are error free. __________

Q17 The following statements concern the **assurance** aspects of service in this hotel. “Assurance” is the knowledge and courtesy of employees and their ability to inspire trust and confidence.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

Please indicate to what extent this hotel has delivered or performed, by using the scale above:

- The employees of this hotel are always courteous to guests. __________
- The behaviour of employees in this hotel instils confidence in customers. __________
- Customers of this hotel feel safe in their dealings with hotel employees (e.g., settling accounts, making reservations/bookings, requests for information). __________
- The employees of this hotel have in-depth knowledge of the hotel and its services. __________
- This hotel provides acceptable solutions to customers’ problems. __________
• This hotel ensures the security and safety of their customers. _________
• This hotel has knowledgeable staff to answer questions about local attractions, shopping and major events. _________

Q18 The following statements concern the empathy aspects of service in this hotel. “Empathy” is caring, individualised attention and an understanding of the needs of customers.

<table>
<thead>
<tr>
<th>Scale</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly Agree</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Please indicate to what extent this hotel has delivered or performed, by using the scale above:

• Employees of this hotel give customers individual attention. _________
• This hotel has operating hours which are convenient to customers’ requirements (e.g., pool, gym, business centre, and food and beverage outlets). _________
• Employees of this hotel anticipate their customers’ needs. _________
• Employees of this hotel show genuine care and concern when giving customers’ personal attention. _________
• Employees of this hotel have the interests of their customers at heart. _________
• Employees of this hotel understand customers’ specific needs. _________
• Employees of this hotel make customers feel warm and welcome. _________
• Employees of this hotel address guests by name. _________
Section 4: Satisfaction with Hotel Services

Q19  Approximately how much have you paid for your room per night over your current stay? Please tick the appropriate box.

- $99–199
- $200–299
- $300–399
- $400+

Q20  The following statements concern the price aspect of hotel services.

<table>
<thead>
<tr>
<th>Strongly disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly agree</th>
</tr>
</thead>
</table>

Please indicate to what extent this hotel has delivered or performed, by using the scale above:

- When it comes to choosing a hotel, I rely heavily on price. __________
- The price I pay for my hotel accommodation is more important to me than the service I receive. __________
- I generally call several hotels to get price quotes before I decide on a particular hotel. __________
- I look carefully to find the best value for the money. __________

Q21  The following statements concern your general satisfaction with this hotel.

<table>
<thead>
<tr>
<th>Strongly disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly agree</th>
</tr>
</thead>
</table>

Please indicate to what extent this hotel has delivered or performed, by using the scale above:

- This is one of the best hotels I have stayed in. __________
- I am satisfied with my decision to stay at this hotel. __________
- My choice to stay at this hotel was a wise one. __________
- I have truly enjoyed this hotel. __________
- I am sure it was the right thing to stay at this hotel. __________
Q22 The following statements concern your intention to revisit this hotel.

<table>
<thead>
<tr>
<th>Strongly disagree</th>
<th>Scale</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 2 3</td>
<td>4 5 6 7</td>
</tr>
</tbody>
</table>

Please indicate to what extent this hotel has delivered or performed, by using the scale above:

• The possibility that I would use this hotel again is very high. ________
• I would recommend this hotel to my friends. ________
• The next time I need to stay at a hotel in this area, I would stay at this hotel. ________
Section 5: Demographic Information

Q23 What is your gender? Please tick the appropriate box.

Male □ Female □

Q24 Please indicate your approximate age by ticking the appropriate box.

15–25 □ 26–40 □ 41–55 □ 56 + □

Q25 What is your approximate gross annual income? Please tick the appropriate box.

□ $20,000–40,000
□ $40,000–60,000
□ $60,000–80,000
□ $80,000–100,000
□ $100,000 +

Thank you for your valuable contribution to this research.
Appendix 7:
Final Questionnaire for Customers

UNIVERSITY OF WESTERN SYDNEY

Rayka Presbury
COLLEGE OF LAW & BUSINESS

SCHOOL OF MANAGEMENT

“Measuring Service Quality in Sydney Hotels”
The purpose of this study is to explore service quality within Sydney’s three-, four- and five-star hotels. The primary focus of this research concerns the needs and expectations of customers, and their perceptions as to how well Sydney hotels perform in delivering quality service.

This questionnaire is divided into five sections:
Section 1
Section 2
Section 3
Section 4
Section 5

**How to complete this Questionnaire**

In most cases I would like you to INSERT a number in the space provided which best reflects your opinion on the statements provided. In the first and last sections you are asked to supply a short answer to the questions asked.

Please be assured that your answers will be totally confidential, and will be used only for statistical analysis.

If you have any queries please telephone Rayka Presbury on: 02 46 203 238 or email on [r.presbury@uws.edu.au](mailto:r.presbury@uws.edu.au)

*The ethical aspects of this study have been approved by the University of Western Sydney Human Research Ethics Committee. If you have any complaints or reservations about the ethical conduct of this research, you may contact the Ethics Committee through the Ethics Officer, Kay Buckley, UWS Research Services, Locked Bag 1797, PENRITH SOUTH DC 1797, NSW 1797. Tel number: 02 45 701136, Email address: k.buckley@uws.edu.au Any issues raised will be treated in confidence and investigated fully, and you will be informed of the outcome.*
Section 1: Background Information and the Decision Process

Q1 Is this your first stay at this hotel? YES NO

Please tick appropriate box: □ □

Q2 Approximately how many times per year do you stay in hotels like this one?
Write number in here: __________

Q3 What is the main purpose of your stay in this hotel? (Please tick appropriate box)

Business Holiday Conference Other (please specify)
□ □ □ □

Q4 Approximately what is the average length of your stay, in days?
Write number in here: __________

Q5 What are your three most important sources of information on hotels?

(a)  

(b)  

(c)  

Q6 Would you be the person who normally books your accommodation?

YES NO

Please tick appropriate box: □ □

If No, who would be responsible for that?

________________________________________
Section 2: Customers’ Expectations of Hotel Services

This section concerns your expectations of service in hotels like the one you are currently staying in. Please indicate how important is it to you that these hotels have the features described in each statement below. Please insert a number next to each statement. If you strongly agree that these hotels should have this feature, please insert the number 7. If you strongly disagree that these hotels should have this feature, please insert the number 1. If your feelings are not strong, enter one of the numbers in the middle of the scale.

Q7 The following statements concern the tangible aspects of the hotel. “Tangibles” are the physical aspects of the service, such as appearance of the physical facilities, personnel, and equipment. Please note that each of the individual questions are preceded by the statement: “It is extremely important that…….”

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>Scale</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

“It is extremely important that……..”

- These hotels should always be immaculately clean (e.g., bedrooms, bathrooms, and living areas). _________
- These hotels should always be comfortable places to stay. _________
- The accommodation rooms in these hotels should always be quiet and provide the utmost privacy for guests. _________
- The bedrooms and bathrooms of these hotels should always be bright, airy and spacious. _________
- The employees of these hotels should always be neat in appearance. _________
- These hotels should always have facilities such as a pool, spa and gymnasium. _________
- These hotels should always have a choice of food and beverage outlets (e.g., a café/bistro, a dining room, room service). _________
- These hotels should always have public areas which are visually appealing, inviting and comfortable. _________
Q8  The following statements are concerned with the **location** aspect of the hotel and your decision to stay at that hotel. Please note that each of the individual questions are preceded by the statement: “It is extremely important that……….”

<table>
<thead>
<tr>
<th>Scale</th>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

“It is extremely important that………..”

- These hotels should always be within close proximity to the central business district. __________
- These hotels should always be within walking distance to interesting places, and major attractions. __________
- These hotels should always be conveniently located to public transport. __________
- The location of these hotels should always be convenient and meet my needs. __________

Q9  The following statements concern the **responsiveness of hotel employees’** aspects of hotel services. “Responsiveness” is the willingness to help customers, and provide prompt service. Please note that each of the individual questions are preceded by the statement: “It is extremely important that……….”

<table>
<thead>
<tr>
<th>Scale</th>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

“It is extremely important that………..”

- Employees of these hotels should always promptly solve any problems I might have. __________
- Employees of these hotels should always be willing to help customers with their queries or requests. __________
- Employees of these hotels should always give prompt service to customers. __________
- Front desk employees of these hotels should always ensure that the check-in and check-out service is conducted quickly and without delay. __________
- Employees of these hotels should always attend to guests promptly when they arrive (e.g., at the front desk, in the bar, in the restaurant). __________
Q10  The following statements concern the **reliability** aspect of hotels in satisfying your needs. “Reliability” is the consistency and dependability of performance, including time and accuracy. Please note that each of the individual questions are preceded by the statement: “It is extremely important that…….”

<table>
<thead>
<tr>
<th>Scale</th>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

“**It is extremely important that………….”**

- These hotels should always deliver services promptly, once promised. __________
- When the hotel staff promise to do something by a certain time, they should always do so. __________
- When hotel customers have a problem, these hotels should always show a sincere interest in solving it. __________
- These hotels should always perform the service right the first time. __________

Q11  The following statements concern the **assurance** aspects of hotel services. “Assurance” is the knowledge and courtesy of employees and their ability to inspire trust and confidence.

<table>
<thead>
<tr>
<th>Scale</th>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

“**It is extremely important that………….”**

- The employees of these hotels should always have in-depth knowledge of the hotel and its services. __________
- These hotels should always provide acceptable solutions to customers’ problems. __________
- These hotels should always ensure the security and safety of their customers. __________
- These hotels should always have knowledgeable staff to answer questions about local attractions, shopping and major events. __________
Q12 The following statements concern the **empathy** aspects of hotel services. “Empathy” is caring, individualised attention and an understanding of the needs of customers.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

“It is extremely important that............”

- Hotel employees should always anticipate their customers’ needs. _________
- Hotel employees should always show genuine care and concern when giving customers’ personal attention. _________
- Employees of these hotels should always have the interests of their customers at heart. _________
- Employees of these hotels should always understand customers’ specific needs. _________
Section 3: Performance of Hotel Services

This section concerns your perceptions of service in the hotel you are currently staying in. For each statement, please indicate the extent to which you believe this hotel has delivered or performed on the features described by each statement. Please insert a number next to each statement. If you *strongly agree* that the hotel has performed on the feature described, please insert the number 7. If you *strongly disagree* that the hotel has performed on the feature described, please insert the number 1. If your feelings are not strong, enter one of the numbers in the middle of the scale.

Q13 The following statements concern the **tangible** aspects of service in this hotel. “Tangibles” are the physical evidence of the service, such as appearance of the physical facilities, personnel, equipment and communication.

<table>
<thead>
<tr>
<th>Scale</th>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

Please indicate to what extent this hotel has delivered or performed, by using the scale above:

- This hotel has immaculately clean bedrooms, bathrooms, and living areas. _________
- This hotel is a comfortable place to stay. _________
- The accommodation rooms in this hotel are quiet and provide the utmost privacy for guests. _________
- The bedrooms and bathrooms of this hotel are bright, airy and spacious. _________
- The employees of these hotels are always neat in appearance. _________
- This hotel has facilities such as a pool, spa and gymnasium. _________
- This hotel has a good choice of food and beverage outlets (e.g., a café/bistro, a dining room, room service). _________
- This hotels has public areas which are visually appealing, inviting and comfortable. _________
Q14  The following statements are concerned with the location aspects of this hotel.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

Please indicate to what extent this hotel has delivered or performed, by using the scale above:

- This hotel is within close proximity to the central business district. 
  
- This hotel is within walking distance to interesting places and major attractions.
- This hotel is conveniently located to public transport.
- The location of this hotel is convenient and meet my needs.

Q15  The following statements concern the responsiveness aspects of services in this hotel. “Responsiveness” is the willingness to help customers, and provide prompt service.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

Please indicate to what extent this hotel has delivered or performed, by using the scale above:

- Employees of this hotel promptly solve any problems I might have.
- Employees of this hotel are always willing to help customers with their queries or requests.
- Employees of this hotel give prompt service to customers.
- Front desk employees of this hotel ensure that the check-in and check-out service is conducted quickly and without delay.
- Employees of this hotel attend to guests promptly when they arrive (e.g., at the front desk, in the bar, in the restaurant).
Q16 The following statements concern the **reliability** aspects of service in this hotel. “Reliability” is the consistency and dependability of performance, including time and accuracy.

<table>
<thead>
<tr>
<th>Scale</th>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

Please indicate to what extent this hotel has delivered or performed, by using the scale above:

- This hotel delivers services promptly, once promised. ________
- When the hotel staff promise to do something by a certain time, they do so. ________
- When hotel customers have a problem, this hotel shows a sincere interest in solving it. ________
- This hotel performs the service right the first time. ________

Q17 The following statements concern the **assurance** aspects of service in this hotel. “Assurance” is the knowledge and courtesy of employees and their ability to inspire trust and confidence.

<table>
<thead>
<tr>
<th>Scale</th>
<th>Strongly Disagree</th>
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<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

Please indicate to what extent this hotel has delivered or performed, by using the scale above:

- The employees of this hotel have in-depth knowledge of the hotel and its services. ________
- This hotel provides acceptable solutions to customers’ problems. ________
- This hotel ensures the security and safety of their customers. ________
- This hotel has knowledgeable staff to answer questions about local attractions, shopping and major events. ________
Q18 The following statements concern the empathy aspects of service in this hotel. “Empathy” is caring, individualised attention and an understanding of the needs of customers.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
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<th>4</th>
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<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

Please indicate to what extent this hotel has delivered or performed, by using the scale above:

- Employees of this hotel anticipate their customers’ needs. ________
- Employees of this hotel show genuine care and concern when giving customers personal attention. ________
- Employees of this hotel have the interests of their customers at heart. ________
- Employees of this hotel understand customers’ specific needs. ________
Section 4: Satisfaction with Hotel Services

Q19  Approximately how much have you paid for your room per night over your current stay? Please tick the appropriate box.

$99–199  □  $200–299  □  $300–399  □  $400+  □

Q20  The following statements concern the price aspect of hotel services.

<table>
<thead>
<tr>
<th>Strongly disagree</th>
<th>1</th>
<th>2</th>
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<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly agree</th>
</tr>
</thead>
</table>

Please indicate to what extent this hotel has delivered or performed, by using the scale above:

• This hotel is very good value for money. __________
• The price of accommodation at this hotel is very acceptable. __________
• I valued this hotel as it met my needs at a reasonable price. __________
• I got good value for the money I spent. __________
• This hotel met my specific needs at a reasonable price. __________

Q21  The following statements concern the overall service quality at this hotel.

<table>
<thead>
<tr>
<th>Strongly disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly agree</th>
</tr>
</thead>
</table>

Please indicate to what extent this hotel has delivered or performed, by using the scale above:

• I would say that this hotel provides superior service. __________
• I believe that this hotel offers excellent service. __________
• Overall, the service at this hotel has been excellent. __________
• This hotel ranks highly in terms of service quality. __________
Q22  The following statements concern your overall satisfaction with this hotel.

<table>
<thead>
<tr>
<th>Strongly disagree</th>
<th>Scale</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
</tbody>
</table>

Please indicate to what extent this hotel has delivered or performed, by using the scale above:

- This is one of the best hotels I have stayed in. __________
- I am satisfied with my decision to stay at this hotel. __________
- My choice to stay at this hotel was a wise one. __________
- I have truly enjoyed this hotel. __________
- I am sure it was the right thing to stay at this hotel. __________

Q23  The following statements concern your intention to revisit this hotel.

<table>
<thead>
<tr>
<th>Strongly disagree</th>
<th>Scale</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
</tbody>
</table>

Please indicate to what extent this hotel has delivered or performed, by using the scale above:

- The possibility that I would use this hotel again is very high. __________
- I would be quite happy to stay in this hotel again. __________
- The next time I need to stay at a hotel in this area, I would stay at this hotel. __________
- This hotel would be one of my first choices to stay in. __________
**Section 5: Demographic Information**

**Q24** Are you a visitor from overseas?
- Yes ☐
- No ☐

**Q25** What is your gender? Please tick the appropriate box.
- Male ☐
- Female ☐

**Q26** Please indicate your approximate age by ticking the appropriate box.
- 15–25 ☐
- 26–40 ☐
- 41–55 ☐
- 56 + ☐

**Q27** What is your annual income? Please tick the appropriate box.
- ☐ $20,000–40,000
- ☐ $40,001–60,000
- ☐ $60,001–80,000
- ☐ $80,001–100,000
- ☐ $100,000 +

Thank you for your valuable contribution to this research.
Appendix 8:
Final Questionnaire for Managers and Supervisors

UNIVERSITY OF WESTERN SYDNEY

Rayka Presbury
COLLEGE OF LAW & BUSINESS

SCHOOL OF MANAGEMENT

“Measuring Service Quality in Sydney Hotels”
The purpose of this study is to explore service quality within the hotel sector of Sydney, Australia. The primary focus of this research is concerned with analysing the needs and expectations as well as perceptions of three-, four- and five-star hotel consumers. Then compare management's perceptions with customer expectations to identify discrepancies.

Please be assured that your answers will be totally confidential, and will be used only for statistical analysis.

**How to complete this Questionnaire**

In most cases I would like you to INSERT a number in the space provided which best reflects your opinion on the statements provided. In the first section you are asked to supply a short answer to the questions asked.

Some of the questions may appear similar, but your answers to each question will enable us to scientifically assess the responses and draw valid conclusions.

If you have any queries please telephone Rayka Presbury on: 02 46 203 238 or email on r.presbury@uws.edu.au

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*The ethical aspects of this study have been approved by the University of Western Sydney Human Research Ethics Committee. If you have any complaints or reservations about the ethical conduct of this research, you may contact the Ethics Committee through the Ethics Officer, Kay Buckley, UWS Research Services, Locked Bag 1797, PENRITH SOUTH DC 1797, NSW 1797. Tel number: 02 45 701136, Email address: k.buckley@uws.edu.au. Any issues raised will be treated in confidence and investigated fully, and you will be informed of the outcome.*
Section 1: Background Information

Q1 In which property are you a hotel supervisor/manager?


Q2 In which department do you primarily supervise/manage?


Q3 Approximately, how long have you worked in the hotel sector?
Write number in years here: _________

Q4 What is your gender? Please tick the appropriate box.
Male □ Female □

Q5 Please indicate your approximate age by ticking the appropriate box.
15–25 □ 26–40 □ 41–55 □ 56 + □

Q6 Please indicate your highest level of educational qualifications?
Nil □ Secondary □ Trade □
Bachelor □ Higher Degrees □
**Section 2: Customers’ Expectations of Hotel Services**

This section concerns your understanding of the *expectations of your customers* regarding service in your hotel. Please indicate how important you believe your customers feel that the hotel possesses the features described in each statement below. Please insert a number next to each statement. If you feel that it is *extremely important* that customers feel your hotel should possess a feature, please insert the number 7. If you feel that it is *extremely unimportant* that your hotel possesses a feature, please insert the number 1. If your feelings are not strong, enter one of the numbers in the middle of the scale. There are no right or wrong answers.

**Q7** The following statements represent the **tangible** aspects of hotel services. “Tangibles” are the physical aspects of the service, such as appearance of the physical facilities, personnel, equipment and communication. Please note that all of the individual questions are preceded by the statement: “It is extremely important that…”

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
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<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

“*It is extremely important that…*”

- These hotels should always be immaculately clean (e.g., bedrooms, bathrooms, and living areas). _________
- These hotels should always be comfortable places to stay. _________
- The accommodation rooms in these hotels should always be quiet and provide the utmost privacy for guests. _________
- The bedrooms and bathrooms of these hotels should always be bright, airy and spacious. _________
- The employees of these hotels should always be neat in appearance. _________
- These hotels should always have facilities such as a pool, spa and gymnasium. _________
- These hotels should always have a choice of food and beverage outlets (e.g., a café/bistro, a dining room, room service). _________
- These hotels should always have public areas which are visually appealing, inviting and comfortable. _________

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Q8  The following questions are concerned with how important the **location** of a hotel is to your customers’ decision to stay at that hotel. Please note that all of the individual questions are preceded by the statement: “It is extremely important that…….”

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

“It is extremely important that…”

- These hotels should always be within close proximity to the central business district. __________
- These hotels should always be within walking distance to interesting places, and major attractions. __________
- These hotels should always be conveniently located to public transport. __________
- The location of these hotels should always be convenient and meet customers’ needs __________

Q9  The following represent the **responsiveness of hotel employees’** aspects of hotel services. “Responsiveness” is the willingness to help customers, and provide prompt service. Please note that all of the individual questions are preceded by the statement: “It is extremely important that…….”

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

“It is extremely important that…”

- Employees of these hotels should always promptly solve any problems customers might have. __________
- Employees of these hotels should always be willing to help customers with their queries or requests. __________
- Employees of these hotels should always give prompt service to customers. __________
- Front desk employees of these hotels should always ensure that the check-in and check-out service is conducted quickly and without delay. __________
- Employees of these hotels should always attend to guests promptly when they arrive (e.g., at the front desk, in the bar, in the restaurant). __________
Q10 The following represent the **reliability** of hotels in satisfying customer needs. “Reliability” is the consistency and dependability of performance, including time and accuracy. Please note that all of the individual questions are preceded by the statement: “It is extremely important that…….”

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

“It is extremely important that…”

- These hotels should always deliver services promptly, once promised. _________
- When the hotel staff promise to do something by a certain time, they should always do so. _________
- When hotel customers have a problem, these hotels should always show a sincere interest in solving it. _________
- These hotels should always perform the service right the first time. _________

Q11 The following represent the **assurance** aspects of the hotel services. “Assurance” is the knowledge and courtesy of employees and their ability to inspire trust and confidence. Please note that all of the individual questions are preceded by the statement: “It is extremely important that…….”

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

“It is extremely important that…”

- The employees of these hotels should always have in-depth knowledge of the hotel and its services. _________
- These hotels should always provide acceptable solutions to customers’ problems. _________
- These hotels should always ensure the security and safety of their customers. _________
- These hotels should always have knowledgeable staff to answer questions about local attractions, shopping and major events. _________
Q12 The following represent the **empathy** aspects of hotel services. “Empathy” is caring, individualised attention and an understanding of the needs of customers. Please note that all of the individual questions are preceded by the statement: “It is extremely important that……..”

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

“It is extremely important that…”

- Hotel employees should always anticipate their customers’ needs. _________
- Hotel employees should always show genuine care and concern when giving customers personal attention. _________
- Employees of these hotels should always have the interests of their customers at heart. _________
- Employees of these hotels should always understand customers’ specific needs. _________
Section 3: Performance of Hotel Services

The following set of statements relate to your feelings about the hotel you are currently working in. For each statement, please show the extent to which you believe this hotel delivers or performs on the feature described by the statement. Inserting a 7 means that the hotel performs extremely well and inserting 1 means that the hotel performs very poorly. There are no right or wrong answers.

Q13 The following represent the tangible aspects of this hotel services. “Tangibles” are the physical evidence of the service, such as appearance of the physical facilities, personnel, equipment and communication.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>Scale</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

Please indicate to what extent this hotel delivers or performs, by using the scale above:

• This hotel should has immaculately clean bedrooms, bathrooms, and living areas. _________
• This hotel is a comfortable place to stay. _________
• The accommodation rooms in this hotel are quiet and provide the utmost privacy for guests. _________
• The bedrooms and bathrooms of this hotel are bright, airy and spacious. _________
• The employees of these hotels should always be neat in appearance. _________
• This hotel has facilities such as a pool, spa and gymnasium. _________
• This hotel has a choice of food and beverage outlets (e.g., a café/bistro, a dining room, room service). _________
• This hotel has public areas which are visually appealing, inviting and comfortable. _________
Q14  The following represent the location aspects of this hotel.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

Please indicate to what extent this hotel delivers or performs, by using the scale above:

- This hotel is within close proximity to the central business district.  
  __________
- This hotel is within walking distance to interesting places and major attractions. __________
- This hotel is conveniently located to public transport. __________
- The location of this hotel is convenient and meets our customers’ needs. __________

Q15  The following represent the responsiveness aspects of this hotel services. “Responsiveness” is the willingness to help customers, and provide prompt service.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

Please indicate to what extent this hotel delivers or performs, by using the scale above:

- Employees of this hotel promptly solve any problems customers may have.  
  __________
- Employees of this hotel are always willing to help customers with their queries or requests. __________
- Employees of this hotel give prompt service to customers. __________
- Front desk employees of this hotel ensure that the check-in and check-out service is conducted quickly and without delay. __________
- Employees of this hotel attend to guests promptly when they arrive (e.g., at the front desk, in the bar, in the restaurant). __________
Q16  The following represent the **reliability** aspects of this hotel services. “Reliability” is the consistency and dependability of performance, including time and accuracy.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>Scale</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Please indicate to what extent this hotel delivers or performs, by using the scale above:

- This hotel delivers services promptly, once promised. __________
- When the hotel staff promise to do something by a certain time, they do so. __________
- When hotel customers have a problem, this hotel shows a sincere interest in solving it. __________
- This hotel performs the service right the first time. __________

Q17  The following represent the **assurance** aspects of this hotel services. “Assurance” is the knowledge and courtesy of employees and their ability to inspire trust and confidence.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>Scale</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
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<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Please indicate to what extent this hotel delivers or performs, by using the scale above:

- The employees of this hotel have in-depth knowledge of the hotel and its services. __________
- This hotel provides acceptable solutions to customers’ problems. __________
- This hotel ensures the security and safety of their customers. __________
- This hotel has knowledgeable staff to answer questions about local attractions, shopping and major events. __________
Q18 The following represent the empathy aspects of this hotel services. “Empathy” is caring, individualised attention and an understanding of the needs of customers.

<table>
<thead>
<tr>
<th>Scale</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1  2  3  4  5  6  7</td>
</tr>
</tbody>
</table>

Please indicate to what extent this hotel delivers or performs, by using the scale above:

- Employees of this hotel anticipate their customers’ needs.
- Employees of this hotel show genuine care and concern when giving customers’ personal attention.
- Employees of this hotel have the interests of their customers at heart.
- Employees of this hotel understand customers’ specific needs.

Section 4: Satisfaction with Hotel Services

Q19 What is the average price of accommodation, per night, at this hotel? Please tick the appropriate box.

- $99–199
- $200–299
- $300–399
- $400+

Q20 The following statements concern the price aspect of hotel services.

<table>
<thead>
<tr>
<th>Scale</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1  2  3  4  5  6  7</td>
</tr>
</tbody>
</table>

Please indicate to what extent this hotel delivers or performs, by using the scale above:

- This hotel is very good value for money.
- The price of accommodation at this hotel is very acceptable.
- Customers value this hotel as it meets their needs at a reasonable price.
Q21  The following statements concern the overall service quality at this hotel.

<table>
<thead>
<tr>
<th>Strongly disagree</th>
<th>Scale</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
</tbody>
</table>

- I believe that this hotel offers excellent service. _________
- Overall, the service at this hotel is excellent. _________
- This hotel ranks highly in terms of service quality. _________

Q22  The following statements concern the overall satisfaction with this hotel.

<table>
<thead>
<tr>
<th>Strongly disagree</th>
<th>Scale</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
</tbody>
</table>

- This is one of the best hotels in the area. _________
- Our customers are satisfied with their decision to stay at this hotel. _________
- Our customers truly enjoy this hotel. _________

Q23  The following statements concern your intention to revisit this hotel.

<table>
<thead>
<tr>
<th>Strongly disagree</th>
<th>Scale</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
</tbody>
</table>

- The possibility that our customers would use this hotel again is very high. _________
- Our customers would be quite happy to stay in this hotel again. _________
- This hotel would be our customers’ first choice to stay in. _________

Thank you for your valuable contribution to this research.
Appendix 9:
PhD upgrade approval

Ref: 99578884

21 March 2005

Ms Rayka Presbury
S29 CARRICK ROAD
CARRICK NSW 2580

Dear Ms Presbury

Doctor of Philosophy

Your request to upgrade your research candidature to PhD level has been approved.

An amended Record of Candidature is enclosed. Please note your new minimum and maximum submission dates.

Yours sincerely

[Signature]

Leslie Cowles
Postgraduate Research Officer
Appendix 10:

Ethics approval

Mrs Rajka Presbury
1 Nari Circuit
Moss Vale 2577

Dear Rajka

Registration Number HEC 01/171

Your responses have been reviewed and you are advised that the above mentioned project has been granted a full ethics approval.

You are advised that the Committee should be notified of any further change/s to the research methodology should there be any in the future. You will be required to provide a report on the ethical aspects of your project at the completion of this project. The form is attached and also located on the Research Services Web Page.

The Protocol No. HEC 01/171 should be quoted in all future correspondence about this project. Your approval will expire 30 March 2004. Please contact the Human Ethics Officer, Kay Buckley on tel: 4570 1136 if you require any further information.

The Committee wishes you well with your research.

Sincerely

Professor John Macdonald
Deputy Chairperson
UWS Human Research Ethics Committee