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# Customer satisfaction towards service quality in 5star hotels industry in Paphos

Mikellides, Epiphanios

Business Administration Programm, School of Economics Sciences and Business, Neapolis University Paphos

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**CUSTOMER SATISFACTION TOWARDS SERVICE QUALITY  
IN 5STAR HOTELS INDUSTRY  
IN PAFOS AREA**

**By**

**EPIPHANIOS MIKELLIDES**

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**CUSTOMER SATISFACTION TOWARDS SERVICE QUALITY  
IN 5STAR HOTELS INDUSTRY  
IN PAFOS AREA**

**DISSERTATION**

**ADVISOR**

**PROFESSOR ANDREAS KAKOURIS**

**PROGRAM DIRECTOR**

**PROFESSOR JOHN POLITIS**

## **Abstract**

**Purpose** - This research project aims to assess the views of customers about the service quality which tourism receive in 5star hotels in Pafos, Cyprus. Thus it is essential that service providers understand and assess customer's expectation and perception level towards service quality offered by 5star hotels in Pafos in five dimensions: tangibility, reliability, responsiveness, assurance, and empathy.

**Methodology/approach/design** - The objectives of this research have been achieved through review of various literatures in service quality management and quality measurement of tourism. This work has begun with the concept of quality of service and shown the model of the gaps of service quality. The paper results have been obtained through a survey. Approximately 300 questionnaires were distributed to three 5star hotels in Pafos area. The number of respondents who participated was 230. SERVQUAL model/Gap Model was used to measure customer expectations and perceptions of service quality.

**Findings** - The main findings of this research work are: the quality may be regarded as a philosophy for guiding tourism organization/destination when taking decisions related to tourism services. Tourism business environment in 5star Hotels, in overall score of the five dimensions, does not support customer satisfaction, is still a need for things to be done, such as improving environmental conditions, internal improvement of the quality of services and improving the level of safety and protection.

**Research limitations/implications** -There is a number of constraints which faced this research paper, they are:

- The sample size is small, compared with the size of total population 5star Hotels had yearly, that was reflected on the level of reliability of the research results.
- The limited time allowed to the respondents was reflected on the validity of the research outcomes, because they interviewed at the last time of their journey by the time they are ready for departure.
- The questionnaire had no use of weights at the questions, or classification of the customers based on their sex, age and if they are repeaters or not, the results of the research can be very useful to the hotel management in order to improve the service level of this specific unit.

**Practical implications** - A useful source of information about service quality management and how practitioners can measure it.

It provides general guidelines for improving the quality service for tourism services in total manner in 5star Hotels in Pafos area and in Cyprus in general.

**Keywords** Tourism, Service Quality, Customer expectations/perceptions, Hotels, Gaps, SERVQUAL

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## CHAPTER ONE: INTRODUCTION

For decades, the tourism industry has been recognized as a key driver in the development of service industries, which in turn, is one of the main components of a developed industrial and economic development in Cyprus. Between services industries, hospitality is the fastest growing services sector worldwide (Kandampully, 2007). Hence, making it an essential part of business service companies.

In the hotel industry, most researchers interested in the maximization of customer satisfaction; satisfied customers tend to come back and make a profit at the hotel. Hernon & Whitwan (2001) defined customer satisfaction as a measure of how customers perceive a service. Liu (2000) reported, for example, that customer satisfaction is a function of the performance of services in relation to customer expectation.

For this reason, it is important to understand how customer expectations formed in order to identify the factors of service satisfaction. Reisig & Chandek (2001) discussed the fact that different customers have different expectations, based on their knowledge of a product or service. This may mean that the customer can assess what is the performance of the service that will or can believe what performance should be. Whether the service performance meets or exceeds customer expectations the customers will be happy and satisfied. On the other hand, customers are more likely to be dissatisfied if the service performance is less than expected. As mentioned earlier, a greater number of satisfied customers will make your business more successful and more profitable hotel.

Previous studies explored discrepancies between management and guest perceptions of quality of the service provided as it has been argued that in order to provide a quality service it is imperative that management understand exactly what customers expect.

Service industries have begun now to focusing on customers' perceptions of service quality, because it helps to develop strategies that lead to customer expectations (Saravanan & Rao, 2007). An increasing interest in the study of service quality and customer perceptions and expectations in the hotels industry of Cyprus has been particularly noticed, unlike local writers who study this problem very rarely or only some aspects. No study used the Servqual model to measure customer's perceptions and expectations. This indicates that there is a theoretical and practical justification for the research presented in this paper.

The results of the survey can help hoteliers and hotel managers in making the necessary corrective measures that represent the difference between perceptions and expectations of customers about service quality, for improvements of existing services.

The main issues we are addressing in this study are service quality and customer satisfaction using the SERVQUAL model in 5star hotels. We are interested in the dimensions of service quality from the consumer's perspective through assessing their expectations and perceptions of service quality. We therefore will like to answer the following questions in our study;

- What is the level of customer's expectation and perception towards service quality of the 5star Hotels in Pafos?
- What is the discrepancy gap between customer's expectation and perception towards service quality of the 5star Hotels in Pafos?

The aim of this study is to measure and evaluate the services quality of 5Star hotels in Pafos area based on the "gap" model in order to find where hoteliers can fall in meeting the needs of their clients. It is important for hoteliers to be able to determine the importance of the dimensions of service quality (tangibility, reliability, responsiveness, assurance and empathy) and the relative importance for satisfaction ratings. Another objective of this paper is to point out that the management of improved services can be more logical and integrated into the priority aspects of service quality dimensions and their affections for the increase/decrease the gaps in service quality.

Being aware of the expectations of guests will help hotels managers know what needs to improve upon and whether service quality has reached or exceeded in their hotel. This will form the basis to help managers reduce the gap felt by guests between expectations and actual service.

This study identified five factors of service quality by focusing on the customers' expectations and perceptions only, and explored the customers' expectations and perception levels of these services at the 5star hotels in Pafos. The results of this quantitative assessment of service quality might provide some insights into how customers rate the service quality and assessed customer's satisfactions at the 5star hotels.

The outline of the thesis is organized as follow:

**Chapter one** is an introduction to the paper.

**Chapter two** provides the reader with necessary literature review

**Chapter three** gives to the reader information about the methodology.

**Chapter four** is an analysis of the research findings

**Chapter five** provides a discussion of the research findings.

**Chapter six** is a conclusion and recommendations of the paper.

In the hospitality industry, different people have different perceptions of what is known as a service. When you ask customers to define service, many of them saying something like: “service is served with pleasure”, “get what I want when I want it”, “getting my order with smile and right”. These expectations underline the fact that the service requires tangible and intangible elements to satisfy customers, in the course of transaction. Therefore, Hoteliers and hotel managers must try to understand customer expectations and perceptions of service quality and how it affects customer satisfaction. Consequently, this indicates that, because customers evaluate service quality regarding their own expectations, subjective perceptions of customers to have great influence on the service if it is success or failure.

In such an increasingly competitive market, one of the most important tenets of the hoteliers/service organization is to maintain an ongoing relationship with their customers to protect their long term interest. Taking into account this competitive environment, there is a need for hoteliers/service providers to develop strategies that will differentiate them from others. This can be reached by providing high quality services.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

Today every business operating in the hospitality industry can achieve its goals and compete effectively with customer satisfaction. Therefore customer satisfaction is a priority in most businesses (Kotler et al, 1996), which was already pointed out by Levitt (1976), who stated that “the purpose of business is to attract and retain customers”. Satisfied customers not only provide a positive word of mouth recommendation to friends and relatives, but also much more likely to come back and stay loyal. The benefits of customer satisfaction and the fact that the hospitality industry has grown greatly in recent years have made the concept of customer satisfaction increasingly important. However, today any hotel manager operates in the hospitality industry cannot fully understand the preferences of consumers without knowing their cultural context (Mok, 1998).

### **2.2 Background information of Tourism in Pafos**

Cyprus and especially the area of Pafos offers a wide variety of holiday accommodation ranging from modern, large and luxurious establishments to small and simple family-run operations. Holiday accommodation includes hotels, hotel apartments, tourist villages, tourist villas, camping sites, traditional houses, tourist apartments, furnished apartments, guesthouses and hotels without any stars.

The Hotel operators and the Hoteliers now focus more on standards of quality in order to meet the basic needs and expectations of customers. As soon as the customer requirements are clearly understood, the hotel manager is more likely to anticipate and meet its customers' needs and wants. The more satisfied customers are, the more likely they are to return or extend their hotel accommodation. Now days, guests of the hotel in Pafos and Cyprus in general, seem to have high standards and requirements for the excellent service. The hotels have increased competition and now instead of having just a nice place to draw customers in, offering high quality services. Customer satisfaction is the top priority for hotel owners and managers, who compete with hundreds of others, and personal service is at the top of the list of travelers from the most important things when considering a hotel to stay. The 5star hotels offer a variety of services which consist of various types of room such as Superior room, deluxe room, Family suite, and Grande

suite, honeymoon suite. The restaurant offers many different dining experiences which are Bistro (Western style), Taverna (Cyprus Style), Italian or Chinese cuisine. The Bars offer live music and entertainment. All 5star hotels provide many recreation facilities such as an outdoor swimming pool, indoor swimming pool, spa, fitness center, sports, Kids Club etc.

The government of the island has realized the significance of providing high quality accommodation as a prerequisite for a prosperous Travel and Tourism Industry. Therefore, in its strategic plan regarding the Tourism Industry for the next decade, the Government has incorporated among other things, incentives for further raising the quality levels of tourist accommodation in Cyprus. The plan limits any new development to 3star-5star hotel categories (CTO 2007).

The major share of the tourist traffic to Cyprus originates from the Western, Central and Northern Europe (See Table 1). In 2010 and 2011, the United Kingdom remained the major source of tourist traffic, contributing almost 47,42% of the total tourist arrivals, followed by Russia and Germany.

**Table 1:** Tourist Arrivals by Country of usual residence – 10 top Countries in 2010 & 2011

Country	Tourist arrivals 2011	Tourist arrivals 2010
United Kingdom	1.020.705	996.040
Russia	334.079	223.854
Germany	157.886	139.183
Greece	138.717	127.661
Sweden	112.209	109.742
Norway	64.018	63.342
Switzerland	45.443	41.738
Netherlands	41.627	34.207
Finland	36.285	32.881
Israel	31.905	37.871

**Source:** CYSTAT 2011, 2012

Five star hotels get a good portion of those tourists who stayed in Pafos area. Thus service quality is very important and a must, for the management of the hotel, in order do not lose market share to competitors and to keep its customers satisfied and happy

Most of the tourists who visit Cyprus choose to spend their holidays in Pafos area. In 2010 2.1 million tourists visit Cyprus which 695.251 thousands or 32% stayed in hotels, apartments and other levels of accommodation in Pafos. The 5star hotels had a good share of those tourists who stayed in Pafos area in 2010. They have a share of 25,7% and the rest 74,30% stayed in the other Hotels with stars, Hotel Apartments and other places (See Table 2,3).

**Table 2:** Distribution of Tourist arrivals per District 2010

Location of Stay	%	Tourist Arrivals
Pafos	31,9	676.561
Polis	0,9	18.690
Paralimni	14,9	324.508
Ay. Napa	17,3	376.861
Lemesos	14,0	303.704
Larnaka	10,7	232.485
Lefkosia	5,9	128.136
Other	5,2	112.053
<b>TOTAL</b>	<b>100</b>	<b>2.172.998</b>

Source: CYSTAT 2011

**Table 3:** Percentage Distribution of Tourists by type of accommodation in Pafos area 2010

Type of Accommodation	5*	4*	3*	2*	1*	Other	TOTAL
Area	%	%	%	%	%	%	%
Pafos	13,7	35,6	8,7	0,4	0	41,6	100
Polis	12	2,2	4,8	1,6	0	79,4	100
<b>Total in Pafos area</b>	<b>25,7</b>	<b>37,8</b>	<b>13,5</b>	<b>2</b>	<b>0</b>	<b>121</b>	<b>200</b>

Source: CYSTAT 2011

**Table 4:** Hotel units and beds in operation in Pafos as at 13.06.2012

Hotels	Pafos		Polis		Total in Pafos Atea	
	Units	Beds	Units	Beds	Units	Beds
5*	9	4.240	1	366	10	4.4606
4*	18	7.903	0	0	18	7.903
3*	13	3.107	2	262	15	3.369
2*	2	121	3	376	5	477
1*	5	165	6	443	11	608
<b>TOTAL</b>	<b>47</b>	<b>15.536</b>	<b>12</b>	<b>1.447</b>	<b>59</b>	<b>16.983</b>

Source: CTO, 2012

This study is particularly concerned with the hotel service quality, and specifically the 5star hotels. In Pafos area are operating 59 hotels from 1star to 5star, and only 10 of them are 5star hotels which accounts 27,12% of all beds in operation in Pafos area (**See Table 4**).

### **2.3 Service Quality Concept**

Service quality is a way to manage business processes as to ensure absolute customer satisfaction at all levels, internally and externally. It is an approach which leads to increased efficiency, flexibility and competitiveness of the entire company.

In fact, it was found that all indicators of a successful company, such as market share, return on investments, have consider able more value to companies with the highest level of services and products.

Previous studies have examined the relationship between quality of service and value for the customer (Choi et al, 2004), quality of service and the behavioral intentions (Zeithaml et al. 1996), and the quality of service and the satisfaction performance. Zeithaml et al. (1996) found a positive relationship between customer perceptions of service quality and willingness to recommend the service provider.

Quality is defined differently by different authors. Some prominent definitions include, “conformance to requirements” (Crosby, 1984), “fitness for use” (Juran, 1988). There are many definitions for the quality as a concept. Some main definitions and implications are summarized in **Table 5**.

Service quality is a way to manage business processes to guarantee total customer satisfaction at all levels. It is an approach which leads to an increase in competitiveness, efficiency and flexibility throughout the company.

Parasuraman, Zeithaml, and Berry (1985) propose a formal definition of customer perception of service quality as “the degree and direction of discrepancy between customers’ service perceptions and expectations”. Ueltschyet al. (2004) defines service quality as the consumer’s judgment about the overall excellence or superiority of the service.

Whatever the definition of quality is, a tourism enterprise/destination has to make sure it is providing the goods or services that the customer wants, for the success in a highly competitive tourism market. The customer gets the quality right and that it delivers on time. This leads to customer satisfaction and achieving a suitable level of profits. Quality

in service delivery leads to more repeated visits and greater sales revenue. This enables serving staff on performance-related pay to earn more and enhance the quality of their service to the customer. In addition, the extra profit generated enables tourism enterprise/destination management to invest in upgrading facilities to the customer and in training schemes besides creating innovative business environment for tourism services improvement.

**Table 5: Quality Definition sand implications**

Source	Definition	Implications
<b>W. E. Deming (1982)</b>	“Quality is predictable degree of uniformity and dependability at low cost and suited to the market”	Quality is also measured on a cost/benefit basis.
<b>Philip B. Crosby (1984)</b>	“Conformance to requirements”	The requirements may not fully represent customer expectations.
<b>Six Sigma (1986)</b>	“Number of defects per million opportunities”	Identifying and removing the causes of errors, minimizing variability.
<b>Joseph M. Juran (1988)</b>	“Fitness for use”	Identifying and removing the causes of errors, minimizing variability.
<b>Genichi Taguchi (1992)</b>	“Uniformity around a target value”	Lower the standard deviation in outcomes, and keep the range of outcomes to a certain number of standard deviations, with rare exceptions.
<b>ISO 9000 (2005)</b>	“Degree to which a set of inherent characteristics fulfills requirements”	Quality has two parts: (1) Inherent characteristics and (2) Requirements.
<b>Subir Chowdhury(2005)</b>	“Quality combines people power and process power”	Quality has two parts: (1) people power and (2) process power.

Quality of a particular service is whatever the customer perceives it to be. Service quality as perceived by the customer may differ from the quality of the service actually delivered. Services are subjectively experienced processes where production and consumption

activities take place simultaneously. Interactions, including a series of moments of truth between the customer and the service provider occur. According to Gronroos (1984), the quality of service as perceived by customers has two dimensions; a technical or outcome dimension and a functional or process-related dimension.

What customers receive in their interaction with a firm is clearly important to them and their quality evaluation. This is one quality dimension, the Technical Quality of the outcome of the service production process. However, as there are numerous interactions between the service provider and customers, including various series of moments of truth, the technical quality dimension will not count for the total quality which the customer perceives he has received.

The customer will also be influenced by the way in which technical quality- the outcome of the process is transferred to him and this will have an impact on the process experience. Examples include the accessibility of ATM, a website, appearance and behaviour of waiting staff, how service employees perform their task, what they say and how they do it. Interestingly, other customers simultaneously consuming the same or similar services may influence the way in which customers will perceive a service.

Gronroos (1982) introduced a service oriented approach to quality with the concept of Perceived Service Quality and the model of Total Perceived Service Quality. This approach is based on research into consumer behavior and the effects of expectations concerning goods performance on post-consumption evaluations. The two basic quality dimensions are, **how** and **what** (See Figure 1).

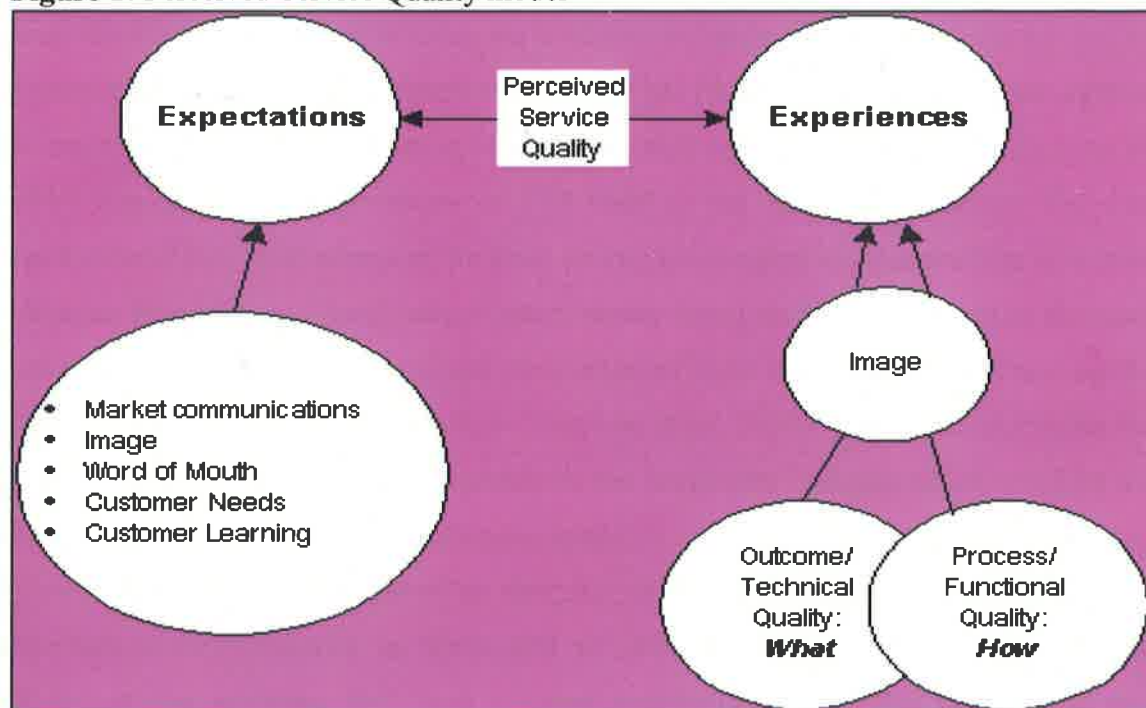
What customers receive in their interaction with a firm is clearly important to them and their quality evaluation. The consumer is influenced by how receives the service and how experiences the simultaneous production and consumption process.

Gronroos more clearly shows the existence of a perception gap, although there is no suggestion of "delighting" only of narrowing the gap. However the model has more practical application as it shows factors that contribute to each side of the gap. It demonstrates that the supplier can affect both sides of the gap – most notably by managing customer expectations. In addition it illustrates that the customer experience is a product of the image of supplier quality, not just the actuality. Clearly marketing as well as process and technical quality has an effect on the perception gap.

In this study, service quality can be defined as the difference between customer's expectation for service performance prior to the service encounter and their perception of

the service received. Expectation is viewed in service quality literature as desires or wants of consumer i.e., what they feel a service provider should offer rather than would offer (Parasuraman et al., 1988). Perceived service is the outcome of the consumer's view of the service dimensions, which are both technical and functional in nature (Gronroos, 1984).

**Figure 1: Perceived Service Quality model**



Source: Grönroos' (2001 p. 394)

## 2.4 Service quality Management in Hotel Industry

The service quality is a concept that has aroused considerable interest and discussion in the research literature, due to difficulties in both the identification and measurement with no overall consensus emerged on either (Wisniewski, 2001). Although, Service quality is important to performance in hospitality industry (Kotler, 2006, Bowen, 2001) there is a lack of agreement about what constitutes as service quality. Service quality can be defined as the difference between customer expectations of service and perceived service. If expectations are greater than performance, then perceived quality is less than satisfactory and hence customer dissatisfaction resulting.

Quality management is based on the subjective views of customers, and therefore it is important to examine the extent to which quality is a point of reference in customer's opinions and take this into consideration for quality management. Following this route of

thinking, different authors have focused their research on quality service management exclusively derived from the opinions of the guests staying at the hotel (Chi & Gursoy, 2009). After the management of the establishment based on customer feedback, Knutson et al. (2009) they describe this experience with four major factors: the environment, accessibility to the establishment, value of stay and incentives which the client obtains. A review of the research on service quality in hotels conducted by Santomà and Costa (2007), classify into three main groups: those who make a theoretical analysis of the concept, those who study quality management and those who measure service quality in hospitality. The latter group can be subdivided in two: work undertaken by the measurement of service quality using the model Servqual and those measuring the quality of service using other criteria, whether owned or not (such as the tolerance zone, critical incidents, etc.). The implementation of quality models and their certification, Claver et al. (2006) discuss the implementation of ISO 9000 in the hospitality industry. The low penetration of ISO 9000 norms in the hotel sector, with respect to other sectors, is an alert stemming from different levels which are primarily based on the atomization of the hotel sector and the difficulty that small and medium-sized hotel companies have in bearing the costs and the difficulties of certification (Camisón et al., 2007). This situation implies the growing need for quality systems specific to the hospitality industry which consider the reality of the sector itself and its particular needs.

In our study, we use customers to evaluate service quality by considering several important quality attributes in hotels and we think hoteliers must take improvement actions on the attributes that have a lower satisfaction level. This means customer satisfaction will be considered on specific dimensions of service quality in order to identify which aspects customers are satisfied with.

## **2.5 Gap model / Servqual**

There are various models (scales) to measure service quality and customer satisfaction but are often too generalized, and therefore it is difficult to achieve in hotel industry.

One of them is Total Quality Management (TQM), this started before all, in companies that dealt with the products, because of the peculiarities of services; such as, inseparability from provider and receiver of service, impossibility of storage.

Another model is the "SERVPERF" the performance component of the Service Quality scale (SERVQUAL) that has been put forward by Cronin and Taylor (1992) in the early

nineties. SERVPERF is comparing the expectation-perception gaps with perception only, Cronin and Taylor concluded that measurement of service quality based only on perception was enough. In their study, they identified four important equations:

**SERVQUAL = Performance – Expectations**

**Weighted SERVQUAL = importance x (performance – expectations)**

**SERVPERF = performance**

**Weighted SERFPERF = importance x (performance)**

Implicitly the SERVPERF model assesses customers experience based on the same attributes as the SERVQUAL and conforms more closely on the implications of satisfaction and attitude literature, Cronin et al., (1992).

The SERVQUAL approach, which is studied in this paper, is the most common method for measuring service quality. The foundation for the Servqual scale is the gap model proposed by Parasuraman, Zeithaml and Berry (1985, 1988). There are five major gaps in the service quality concept, which are shown in **Figure 2**. The term Servqual is short form for Services Quality Model that was brought about to replace the general and ambiguous models of quality. This model has proved very effective and is used in a wide range of businesses in the service sector. This model has overtime been tested and evaluated by different research firms and has come out as an effective quality model.

This model shows how customer expectations are influenced by three factors not under the control of the organization: word of mouth from friends and relatives; the personal needs of the customers; and past experience or similar services.

According to the following explanation, the two important gaps, which are more associated with the external customers, are Gap1, Gap5; since they have a direct relationship with customers.

**Gap 1:** Customers' expectations versus management perceptions: As a result of lack of marketing research orientation, in adequate upward communication and too many levels of management.

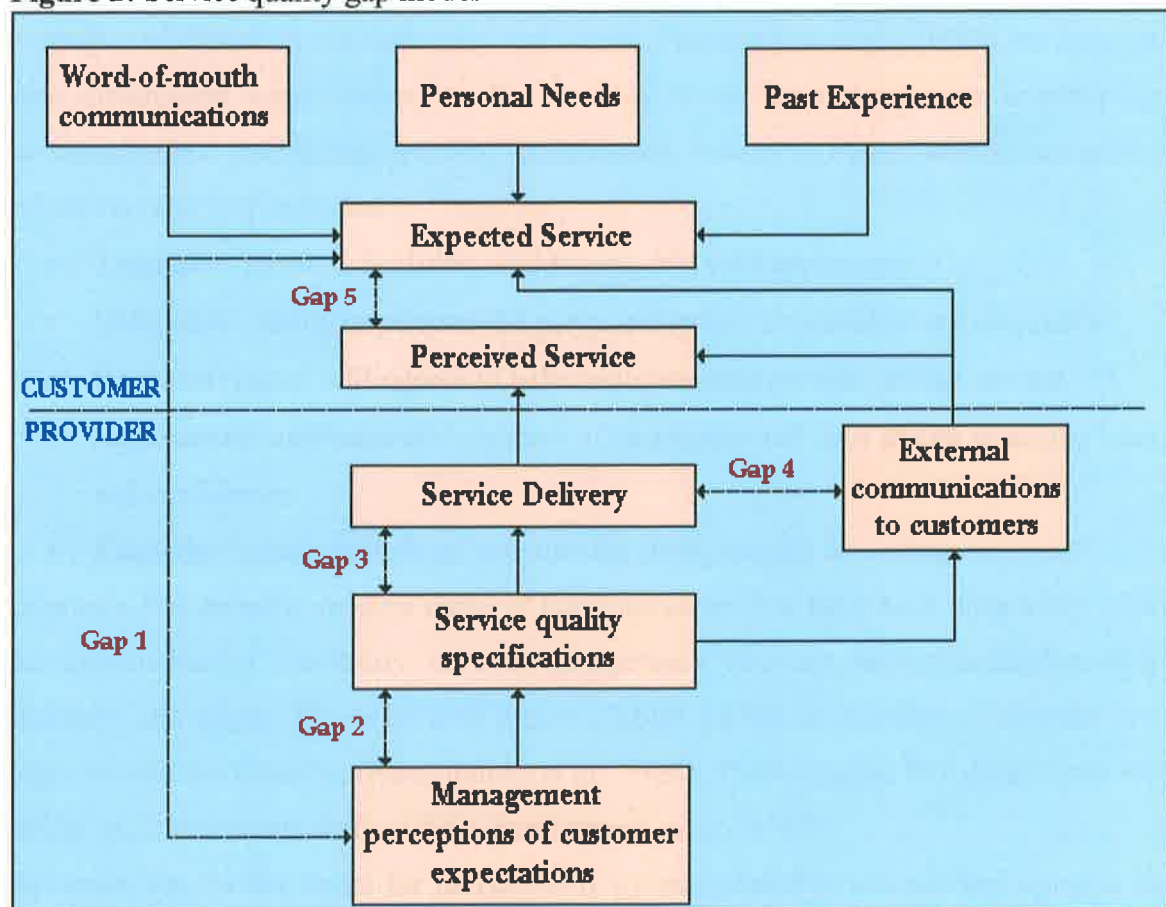
**Gap 2:** Management perceptions versus service specifications: As a result of insufficient commitment to service quality, a perception of unfeasibility, insufficient task preparation and lack of goal setting.

**Gap 3:** Service specifications versus service delivery: As a result of role uncertainty and conflict, poor fit working conditions of workers and poor technology-job fit, inappropriate supervisory control systems, lack of perceived control and lack of team work.

**Gap 4:** Service delivery versus external communication: As a result of inadequate horizontal communications and propensity to over-promise.

**Gap 5:** The discrepancy between customer expectations and their perceptions of the service delivered: As a result of the influences exerted from the customer side and the gaps on the part of the service provider. In this case, customer expectations are influenced by the extent of personal needs, word of mouth recommendation and past service experiences

**Figure 2:** Service quality gap model



**Source:** Parasuraman et al, (1985 p. 44)

Studies that based on the model SERVQUAL have as their main objective to measure service quality and to identify service attributes that affect perceptions and expectations of customers of the hotels. The main technique for obtaining data is through the application of a survey, usually adapted from a starting model and the results obtained are the attributes which determine the quality of service in the facilities studied, either from the point of view of the customers (Getty and Getty, 2003) or from the point of view of

management or the establishment's employees. SERVQUAL model or "Gap" model is the most widely accepted method to measure service quality management, by researchers. Our study is mainly based on this discrepancy of expected service and perceived service from the customer's perspective. This is in order to obtain a better knowledge of how customers perceive service quality in hotels industry. We are not focusing on the first 4 gaps because they are mainly focused on the company's perspective even though they have an impact on the way customers perceive service quality in hotels and thus help in closing the gap which arises from the difference between customer's expectation and perception of service quality dimensions.

The SERVQUAL model was made of ten dimensions of service quality when created; tangibles, reliability, responsiveness, communication, credibility, security, competence, courtesy, understanding the customer, and access, Parasuraman et al., (1985) but later on these dimensions were reduced to five because some dimensions were overlapping (communication, credibility, security, competence, courtesy, understanding customers and access) and they included:

- **Tangibles**- physical facilities, equipments, and staff appearance.
- **Reliability**- ability to perform the promised service dependably and accurately.
- **Responsiveness**- willingness to help customers and provide prompt service.
- **Assurance**- knowledge and courtesy of employees and their ability to inspire trust and confidence.
- **Empathy**- caring, individual attention the firm provides its customers

Assurance and empathy involve some of the dimensions that have been done away with like communication, credibility, security, competence, courtesy, understanding/knowing customers and access. This is because these variables did not remain distinct after the two stages of scale purification, (Parasuraman et al., 1988). These original five dimensions are subject to 22 statements derived from Parasuraman et al., (1985).

This scale was further tested for its reliability by using the five independent samples in five different service sectors. The variables proved to be very reliable and displayed very low levels of correlation between the five independent samples. This qualified them as independent or linear factors that can be used to evaluate service quality (Parasuraman et al., 1988).

Further a validity test was carried out on this scale and using the same samples. Normally reliability is a first criterion for validity. To be able to determine content validity they analyzed the thoroughness with which the construct to be scaled were explicated and then the extent to which the scales items represent the construct domain. However the procedures used in developing the SERVQUAL satisfied these conditions assuring the content validity (Parasuraman et al., 1988).

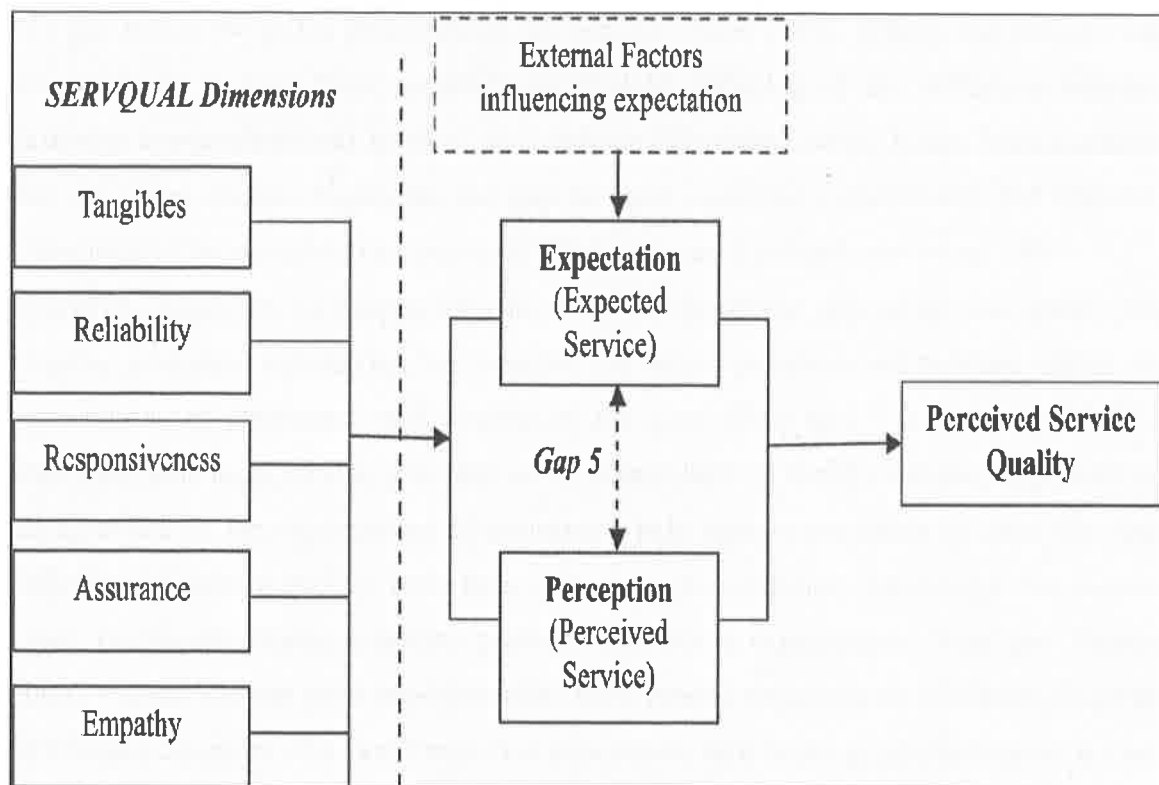
In order to assess the scale validity they did an empirical assessment by examining the convergent validity. This was by looking at the association of the SERVQUAL scores and the question that was asked to respondents to provide an overall quality rating for the companies they were evaluating which was valid (Parasuraman et al.).

SERVQUAL represents service quality as the discrepancy between a customer's expectations for a service offering and the customer's perceptions of the service received, requiring respondents to answer questions about both their expectations and their perceptions Parasuraman et al., (1988). The use of perceived as opposed to actual service received makes the SERVQUAL measure an attitude measure that is related to, but not the same as, satisfaction (Parasuraman et. al., 1988). The difference between expectations and perceptions is called the gap which is the determinant of customers' perception of service quality as shown on **Figure 3**. The expectations of customers are subject to external factors which are under the control of the service provider as shown on the **Figure 3**. The gap 5 on the figure represents the difference between customers' expectations and customers' perceptions which is referred to as the perceived service quality (kumar et al., 2009). This study focuses on this gap, the difference between hotels customers' expectations and perceptions of service.

Primarily the SERVQUAL model was developed for service and retail businesses and its objective is to know how customers of a business rate the services offered to them (Parasuraman et al., 1988). This is very crucial for growth and profitability. Parasuraman et al., (1988), propose that this model be used on a company three to four times a year to measure the quality of its service over different times, to know the discrepancies between perceived and actual services so as to know what reaction is possible. They also recommend that the model should be used in conjuncture with other models like in a retail business another model could be used to rate the perception of service quality by the employees, and try to find out from these employees what they recommend to improve on the quality of their services.

The framework explains the underlying process, which is applied to guide this study. As discussed above, the SERVQUAL model is suitable for measuring service quality and identifies service attributes that affect perceptions and expectations of customers of the hotels using the service quality dimensions.

**Figure 3:** Measuring service quality using SERVQUAL model



**Source:** Kumar et al. (2009 p. 214)

Customers use these five dimensions to form their judgments of service quality, which based on a comparison between expected and perceived service.

The SERVQUAL instrument consist of two sections which are 22 items section that records customer expectations of excellent firm in the specific service industry, and a second 22 items section that measures customer perceptions of a particular company in that service industry. Results from two sections are then compared to arrive “gap scores” for each of the five dimensions. The larger gap, the farther customer perceptions are from expectations and the lower the service the service quality evaluation. In contrast, the smaller the gap, the higher the service quality evaluation.

Based on the revision SERVQUAL model, which is assumed to contain five dimensions, we have adopted the 22 items to our study in order to identify the most important dimensions that matter most to customers and that bring them satisfaction.

A major advantage of Servqual tool is that it has been used and validated in different frame works in the service sector, for example hospitals, banks and higher education. For this reason, the Servqual approach remains the best measure of the cross-sectional survey and benchmarking of industry.

In general, customer satisfaction or dissatisfaction with their service providers is the result of a gap before the actual performance (Bolton and Drew, 1991). Hence, one obvious way for providers to keep their customer satisfied by reducing of the difference between customer expectations and level of performance (Horovitz, 2000). It has been discussed that the “Gap model” highlights the gap between customer expectations and customer perception of the actual service provided (Parasuraman, Zeithaml and Berry, 1991).

Therefore, managers of hospitality who want to closed the gap of service quality and improve customer satisfaction, to examine the actual provision of services within the expectations of customers with respect to the gaps (Erto and Vanacore, 2002). It is important that each service provider to be aware how to build customer expectations. Being aware of the expectations of customers, help service providers to know the right definition of service quality, from their customers. It is common knowledge that in most cases, customers choose a service provider with some expectations (Ford and Heaton, 2000). Guests without prior experience can have general expectations. For example or the first time customers of a hotel expect a nice room, nice beds, good mattresses, a clean environment, nice restaurants, good food and a reasonable price.

Based on the above analysis, service quality may be considered as a philosophy for guiding tourism business managers, when making administrative decisions about the level of service deliver to the costumers. To achieve the service quality management, managers must ensure that these conditions are met:

- Customer satisfaction
- Service Quality management process
- To achieve the efficiency of processes

## **2.6 Application of the SERVQUAL Model in Different Contexts**

Many previous researchers have studied customer satisfaction towards service quality in service businesses such as spa, telecommunications, banks and hotels. Negi, (2009) used the SERVQUAL model to determine customer satisfaction through perceived quality in the Telecommunication industry and found out that reliability, empathy and network

quality proved to significantly effective in contributing to overall service quality and overall customer satisfaction with mobile services.

Akan, (1995) used the SERVQUAL model in the four stars hotels and found out that competence and courtesy combined with assurance where most important attributes influencing the perception of quality.

Kumar et al, (2009) used the SERVQUAL model in a research to determine the relative importance of critical factors in delivering service quality of banks. In this article they modified the SERVQUAL model and considered six dimensions; tangibility, reliability, responsiveness, assurance empathy and convenience and these consist of 26 statements. The respondents are asked questions based on the 26 statements and they seek to know about their expectations and experience. After they carried out their study they realized that there are four critical factors; tangibility, reliability, convenience and competence. These variables had significant differences between expectations and perceptions with tangibility having the smallest gap and convenience has the largest gap. They end up with the recommendation that banks need to be more competent in delivering their services and fulfilling the assurance of customers and providing the banking services more conveniently (Kumar et al, 2009).

All of these previous studies used the SERVQUAL approach to measure service quality in hotel and other service industries. This study will explore customers, expectation and perception levels towards service quality which offered by 5star hotels.

## **CHAPTER THREE: METHODOLOGY**

The purpose of this study is to explore some ideas about the existing situation regarding service quality in 5star hotels, in Pafos area in Cyprus. It also involves investigating and exploring some ideas about the existing situation regarding service possible issues and problems related to service quality and its dimensions (tangibility, reliability, responsiveness, assurance, and empathy).

For this research paper we used the SERVQUAL model developed by Parasuraman et al. (1985). SERVQUAL is the most commonly approach for measuring service quality. It compares customers' expectations before a service encounter and their perceptions of the actual service received.

### **3.1 Research Approach**

Research approaches that involve the relationship between theory and data are deductive and inductive approaches (Bryman & Bell, 2007). Will hold a productive study represents the most common view on the nature of the relationship between theory and research.

The theory used is the SERVQUAL model which measures the gap between expected service and the perceived service and our problem is to discover whether it is practicable to measure quality of service in 5star hotels. From this model, we are able to collect data on the expectations and perceptions of consumers who will give results in our research questions about how consumers perceive the service quality and what proportions of consumers are satisfied with. Thereafter, we get solutions for the problem and make necessary improvements.

The SERVQUAL model is used as main concept to assess service quality and customer satisfaction. This means that customer satisfaction could be measured using the various service quality dimensions. This is because it is important to be aware of how customers perceive service quality in 5star hotels and the factors that affect these perceptions.

We will also like to identify what dimensions of service quality the 5star Hotels customers in Pafos they are satisfied with from the established dimensions by Parasuraman et al., (1988). These questions will be answered using quantifiable data collected from respondents and will enable us come out with findings and conclusions on how customers perceive service quality and what dimensions bring satisfaction to them.

Quantitative and qualitative strategies are the two main strategies used in research. Quantitative strategy emphasizes quantification in the collection and analysis of data and this implies an inductive approach to the relationship between theory and research, which has tested the theory.

Our research strategy is quantitative. We use this strategy because it is appropriate to answer our survey questions. This strategy will allow us to measure variables from the model adequately SERVQUAL and go out in subtle differences between people in evaluating their perceptions of service quality. This will provide us with a criterion for making these distinctions and provide the basis for more accurate estimates of the degree of relationship between variables. This gives the research findings high reliability and validity. You will use this strategy not only to describe the various features of the model and SERVQUAL to customers' importance, but they understand that these qualities are important to them.

### **3.2 The Questionnaire**

The current study uses a questionnaire (See Appendix A) as a tool for collecting data from the sample group which are foreign and local customers who were visiting and staying in three different 5star hotels during the time of the survey. The samples of this survey were selected regardless of their nationality, age and sex, and included all kinds of tourists, local tourist and tourist from abroad.

Questionnaire surveys are probably the most commonly used method in researchers. Questionnaires are extremely flexible and can be used to gather information on almost any topic from large or small number of people.

The advantages using questionnaire which are:

- Cheap, relatively flexible and can be used to reach a very large number of people.
- It can be designed to provide a degree of anonymity or to enable the researcher to follow up certain points at another time.
- The questions are all presented in consistent format and style and there is little scope for bias to be introduced by different researchers. Linked to this is the fact that the survey is impersonal and avoids some problem which can develop during the interaction between an interviewer and respondent.

The Questionnaire consists of two parts, which include 22 questions included the 5 factors according to service quality dimensions of the SERVQUAL system: tangibility,

reliability, responsiveness, assurance, and empathy based on Parasuraman et al. (1988). Three dimensions followed by four questions and the other two dimensions follow by five questions (See Table 6).

The first part focuses on customer expectation of excellent firms in the hospitality service industry. The second part focus on consumer perceptions of a particular company in that service industry.

**Table 6:** Overview of the determinants involved in the research.

Determinant	Question
Tangibility	1 - 4
Reliability	5 - 9
Responsibility	10 - 13
Assurance	14 - 17
Empathy	18 - 22

The 7-point scale is used for all responses with according labels (1 = strongly disagree and 7 = strongly agree). **Table 7** illustrates an example of the questionnaire that was developed to gather necessary information in the data collection.

The results from the two sections are then compared to arrive gap scores for each of the five dimensions of service quality. The larger gap, the farther consumer perception is from expectations and the lower the service quality evaluation.

**Table 7:** Example of one column format Questionnaire

Strongly	Strongly						
	Disagree				Agree		
When <b>Hotel</b> promises to do something by a certain time, it does	1	2	3	4	5	6	7

### 3.3 Data Collection Approach

Approximately 300 questionnaires were distributed to three 5star hotels, and then with the assistance of the hotels management, the questionnaires were distributed directly to the hotel guests on the departure day. The customers informed that their participation was on a voluntary basis and all information provided would be kept private and confidential. The questionnaires were distributed to the customers who agree to participate in the study. Then, the management briefly explained the requirement of the survey before the customers fill up the questionnaires. The completed questionnaires were picked up by the

researcher. The number of respondents who participated was 230 from all 3 Hotels (See Table 8).

The survey was distributed to the hotels by the researcher and then with the assistance of the hotels management to the guest for two weeks, from 4<sup>th</sup> of July until the 18<sup>th</sup> of July. Due to the fact that no incentive was offered to the respondents, their decision to participate in the survey was very high.

**Table 8: Questionnaire response from Hotels**

	<b>Hotel A</b>	<b>Hotel B</b>	<b>Hotel C</b>
Characteristics	Beach Hotel *****	Beach Hotel *****	Beach Hotel *****
Period	2 weeks 4 – 18 July	2 weeks 4 – 18 July	2 weeks 4 – 18 July
Sample size	77	79	74
% Response rate	77%	79%	74%

### 3.4 Ethical issues

We treat all information we get from any person, without disclosing confidential the identity of respondents, and going to be as open minded as possible and express views as given. We will not change anything and we are very thankful to the Hotels managements and the customers that have contributed in any way in our research.

A number of ethical issues which this research faced, by the management of the Hotels, are the following:

- **Right to anonymity.** The Hotels asks to use a fantastic name and not to identify the name of the company. The results, if are going to be reported to academic journals to be anonymous.
- **Right to confidentiality.** The Hotels asks who will have access to the data. It should not be available for use outside of the agreement made with the subjects.

### 3.5 Analysis of Data Method

After the questionnaires were collected, the researcher explored the level of customers' expectation and perception towards service quality of the Hotels in five areas: tangibility, reliability, responsiveness, assurance, and empathy. Descriptive statistical analysis was used to calculate the average rating for the determinants related to the expectations and

perceptions of the quality of hotel services. Descriptive statistics are used to describe the basic features of the data in a study. They provide simple summaries about the sample and the measures. Together with simple graphics analysis, they form the basis of virtually every quantitative analysis of data. They provide a useful summary of security returns when performing empirical and analytical analysis, as they provide a historical account of return behavior.

Although past information is useful in any analysis, one should always consider the expectations of future events. Besides using descriptive statistics of means and standard deviations, gap analysis was used in comparing means between expectation score and perception score of the respondents.

After data treatment, the data was transferred to SPSS (Statistical Package for social Science) version 19 and Microsoft Excel Office 2007 program was used to conduct the statistical analysis of all data in this study.

### **3.6. Gap Analysis**

As mention before the instrument has been used for the data collection is according to SERVQUAL approach. This approach was defined expectation and perception of respondents. Gap analysis was employed to determine how far the gap between expectation and perception.

**Gap analysis = perception's score – expectation's score**

Gap analysis as diagnose tool to define the changes in a particular environment periodically. The result then can use to represent dissatisfactions of students, high perceptions and others. The finding also can facilitate the managerial teams in order to make some improvement pertain to quality service context.

### **3.7 Reliability Analysis**

Reliability analysis allows you to study the properties of measurement scales and the items that compose the scales. The reliability analysis procedure calculates a number of commonly used measures of scale reliability and also provides information about the relationships between individual items in the scale. Using reliability analysis, it can determine the extent to which the items in your questionnaire are related to each other. Coefficient Gronbach's alpha is the basic measurement for reliability. Nunnally, (1978)

and Lim and Tang, (2000) cited that alpha value which is exceed 0.7 is reasonably reliable.

One definition of Reliability is the measure of how stable, dependable, trustworthy, and consistent a test is in measuring the same thing each time (Worthen et al., 1993). The main purpose for the reliability analysis of data is to determine the trustworthiness of the data. The reliability analysis is measured by the consistency of the survey data where the indicators are the reliability coefficient Grobanchs' alpha and Cronbach alpha if item deleted. The values for reliability coefficients range from 0 to 1.0. A coefficient of 0 means no reliability and 1.0 mean perfect reliability. Since all tests have some error, reliability coefficients never reach 1.0. Generally, if the reliability of a standardized test is above 0.70, it is said to have very good reliability; if it is below 0.50, it would not be considered a very reliable test.

## CHAPTER FOUR: DATA ANALYSES/FINDINGS

### 4.1 Introduction

The objective of the analysis of data collected from survey as presented in the previous chapter is to answer our research questions which include finding out how consumers perceive service quality in Hospitality industry and whether they are satisfied with service quality in 5star hotels. This will enable us attain the objectives of our study which are service quality and customer satisfaction.

This chapter will present the analysis of the data and the resultant findings from the data collections. Descriptive statistics was used to analyze the questionnaire answers of the respondent's, while analysis of mean and standard deviation was used to rank the expectations and perceptions accordingly to their dimension of service quality. Then, the mean gap analysis was used to determine the gap between perception and expectation. Meanwhile, analysis Cronbach's alpha was used in order to test the reliability of the instrument of SERVQUAL.

### 4.2 Reliability

The reliability value for our study is substantial considering the fact that the highest reliability that can be obtained is 1.0 and this is an indication that the items of the five dimensions of SERVQUAL model are accepted for analysis. The internal consistency reliability test is deemed to be acceptable for basic research when the Service Gap reliability coefficient exceeded reliability criterion of 0.70 levels. All dimensions in both sections (expectations and perceptions) of the questionnaire were tested and the Cronbach's alpha ranged from 0.8 to 0.9 for all 3 Hotels.

#### 4.2.1 Expectations Statement

**Table 9** shows the reliability scale for all five dimensions for the three 5star hotels and also, the reliability scale for each dimension calculated when each item is deleted from the dimension in order to see if the deleted item is genuine or not. In case Cronbach's alpha for a dimension increases when an item is deleted it shows that item is not genuine in that dimension. It can be realized from **Table 9** that all the items are genuine because showed a lower value of reliability when deleted an item. Looking at the reliability

coefficients of all five dimensions on **Table 9**, all dimensions have coefficients ranged from 0.8 to 0.9 for all 3 Hotels, with assurance and empathy to have the highest coefficients, meaning that all dimensions comprising of various items show a true measure of service quality.

**Table 9: Reliability Coefficient (Cronbach's alphas) Expectations by Hotel**

Dimension	Gronbach alpha					
	for dim.	if item deleted	for dim.	if item deleted	for dim.	if item deleted
	HOTEL A		HOTEL B		HOTEL C	
<b>Tangibles (1-4)</b>	0.860	0.813	0.852	0.819	0.854	0.814
		0.802		0.782		0.793
		0.816		0.801		0.805
		0.855		0.843		0.866
<b>Reliability (5-9)</b>	0.865	0.841	0.844	0.796	0.847	0.820
		0.834		0.804		0.818
		0.833		0.835		0.818
		0.823		0.794		0.806
		0.846		0.825		0.817
<b>Responsiveness 10-13)</b>	0.852	0.827	0.856	0.830	0.842	0.813
		0.806		0.810		0.796
		0.811		0.815		0.800
		0.803		0.813		0.790
<b>Assurance (14-17)</b>	0.909	0.886	0.910	0.887	0.905	0.880
		0.871		0.872		0.865
		0.887		0.887		0.881
		0.888		0.888		0.883
<b>Empathy (18-22)</b>	0.900	0.876	0.843	0.839	0.900	0.876
		0.871		0.779		0.870
		0.878		0.817		0.878
		0.878		0.813		0.877
		0.888		0.803		0.888

#### 4.2.2 Perceptions Statement

Looking at the reliability coefficients of all five dimensions on **Table 10**, all dimensions have coefficients ranged from 0.8 to 0.9 for all 3 Hotels, with assurance to have the highest coefficients, meaning these dimensions comprising of various items show a true

measure of service quality. It can be realized from **Table 10** that all the items are genuine because showed a lower value of reliability when deleted an item.

**Table 10: Reliability Coefficient (Cronbach's alphas) Perceptions by Hotel**

Dimension	Gronbach alpha					
	for dim.	if item deleted	for dim.	if item deleted	for dim.	if item deleted
	HOTEL A		HOTEL B		HOTEL C	
<b>Tangibles (1-4)</b>	0.868	0.860	0.851	0.850	0.850	0.854
		0.806		0.796		0.780
		0.826		0.810		0.799
		0.827		0.783		0.798
<b>Reliability (8-9)</b>	0.880	0.862	0.872	0.853	0.882	0.861
		0.845		0.839		0.857
		0.835		0.821		0.832
		0.840		0.825		0.846
		0.883		0.880		0.883
<b>Responsiveness (10-13)</b>	0.867	0.866	0.880	0.879	0.864	0.863
		0.805		0.825		0.799
		0.820		0.841		0.817
		0.832		0.832		0.824
<b>Assurance (14-17)</b>	0.906	0.869	0.906	0.873	0.924	0.897
		0.877		0.892		0.907
		0.866		0.869		0.900
		0.898		0.883		0.924
<b>Empathy (18-22)</b>	0.893	0.897	0.887	0.883	0.859	0.862
		0.835		0.828		0.794
		0.878		0.877		0.847
		0.862		0.852		0.806
		0.869		0.866		0.834

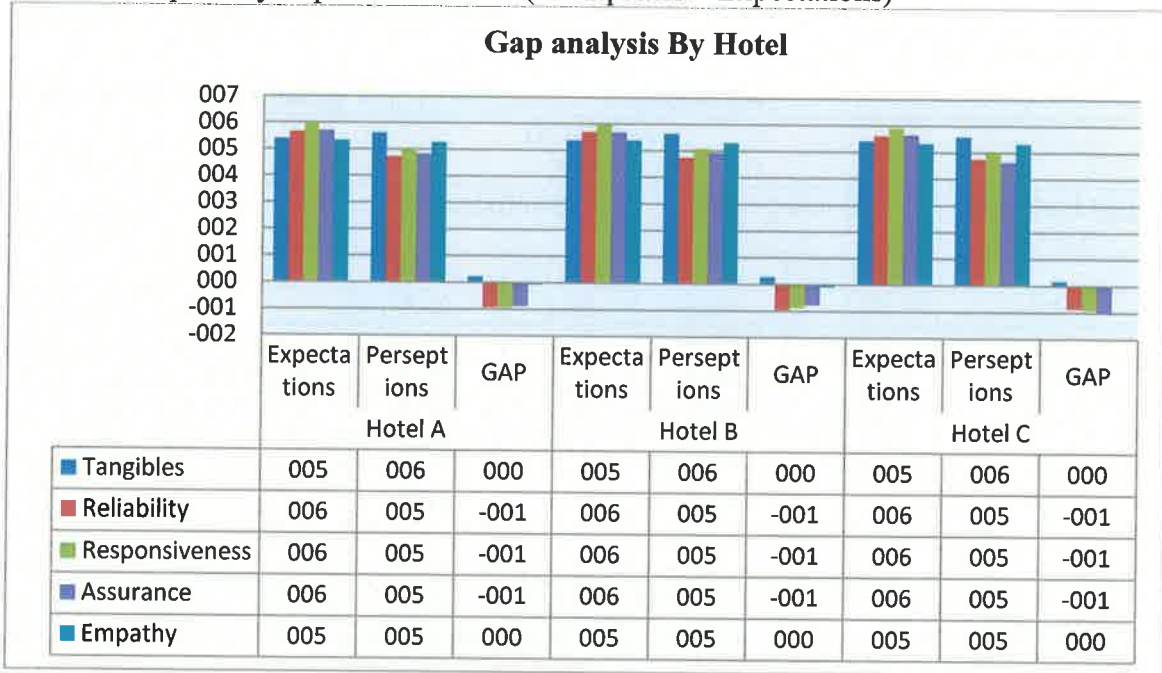
## 4.2 Gap Analysis

Customer satisfaction and dissatisfaction in service providers is the result of a gap between prior expectations and actual performance. The SERVQUAL method was used to calculate the difference in the score among all of the items.

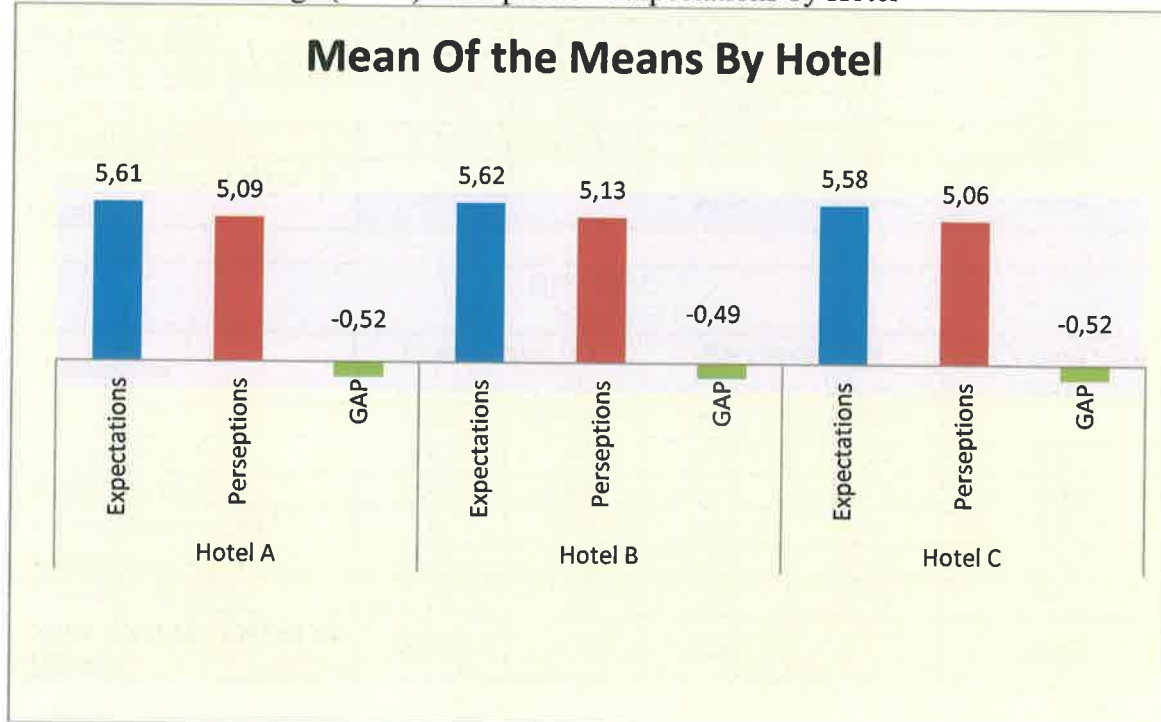
The negative results indicated the existence of a gap of service quality, according to which tourists have not met their expectations with actual service performance and the positive results indicated the existence of a gap of service quality, according to which tourists have met or excess their expectations with actual service performance (**See Chart 1**). **Table 11** shows the comparison of mean responses and Standard Deviation between expectation and perceptions. The results show that almost all of the five dimensions for

all 3 hotels, except from Tangible dimension, in this survey indicate that the quality of service fell under tourist's expectation.

**Chart 1: Gap Analysis per Dimensions (Perceptions – Expectations)**



**Chart 2: Total Average (Mean) Perceptions – Expectations by Hotel**



The biggest gap, associated with perception of credibility, was the execution of the Reliability dimension for Hotel A (-0.93) and for Hotel B (-0.94) and Assurance for Hotel

C (-1.02). The wider gap shows more dissatisfaction with the performance of service quality. Therefore, more attention by managers is required to improve on this area of service. The positive scores suggest that managers have a good understanding of customer expectations regarding positive points.

**Table 11: Service Quality Gap (Perception – Expectations)**

<b>HOTEL A</b>					
<b>N = 77</b>					
Dimensions	Expectation (E)		Perception (P)		ServQual Gap (P-E)
	Mean	STDEV	Mean	STDEV	
Tangibles (1-4)	5.40	1.05	5.63	0.78	0.23
Reliability (5-9)	5.66	1.07	4.73	1.19	-0.93
Responsiveness (10-13)	5.95	0.89	5.00	1.01	-0.95
Assurance (14-17)	5.70	1.07	4.83	1.25	-0.87
Empathy (18-22)	5.34	1.11	5.28	1.07	-0.06
<b>Total Average (Mean of Means)</b>	<b>5.61</b>		<b>5.09</b>		<b>-0.52</b>
<b>HOTEL B</b>					
<b>N = 79</b>					
Dimensions	Expectation (E)		Perception (P)		ServQual Gap (P-E)
	Mean	STDEV	Mean	STDEV	
Tangibles (1-4)	5.37	1.26	5.65	0.77	0.28
Reliability (5-9)	5.70	0.97	4.76	1.22	-0.94
Responsiveness (10-13)	5.97	0.89	5.08	0.97	-0.89
Assurance (14-17)	5.69	1.06	4.93	1.16	-0.76
Empathy (18-22)	5.39	1.02	5.31	1.00	-0.08
<b>Total Average (Mean of Means)</b>	<b>5.62</b>		<b>5.13</b>		<b>-0.49</b>
<b>HOTEL C</b>					
<b>N = 74</b>					
Dimensions	Expectation (E)		Perception (P)		ServQual Gap (P-E)
	Mean	STDEV	Mean	STDEV	
Tangibles (1-4)	5.42	1.00	5.59	0.74	0.17
Reliability (5-9)	5.61	1.05	4.75	1.15	-0.86
Responsiveness (10-13)	5.91	0.88	4.99	1.01	-0.92
Assurance (14-17)	5.65	1.07	4.63	1.40	-1.02
Empathy (18-22)	5.32	1.12	5.33	0.95	0.01
<b>Total Average (Mean of Means)</b>	<b>5.58</b>		<b>5.06</b>		<b>-0.52</b>

On the other hand, tourists were very happy with the Tangible Dimension (0.23) for Hotel A, (0.28) for Hotel B and (0.17) for Hotel C (modern looking equipment, facilities

visually appealing, Employees at excellent appealing and interior attractiveness) and almost satisfied with Empathy Dimension (-0.06) for Hotel A, (-0.08) for Hotel B and (0.01) for Hotel C (individual attention, employees who give customers personal attention, etc) of the hotel surpassing their expectations, based on the gap analysis results. (See Table 11, Chart 1).

Generally, it is hard to say tourists are satisfied with the hotel service quality for all 3 Hotels since the negative scores excess the positives. Overall the total average or the mean of the means for the five dimensions for Hotel A is 5.61 for expectations and 5.09 for the perceptions, for Hotel B is 5.62 for expectations and 5.09 for the perceptions and for Hotel C is 5.58 for expectations and 5.06 for the perceptions. The general picture of the all 3 hotels the level of services could be characterized as negative with a negative gap -0.52 for Hotels A and C and -0.49 for Hotel B (See Table 11 & Chart 2).

## CHAPTER FIVE: DISCUSSION OF FINDINGS

### 5.1 Introduction

Despite the limitations of the research, due to the fact that the questionnaire had no use of weights at the questions, or classification of the customers based on their sex, age and if they are repeaters or not, the results of the research can be very useful to the hotel management in order to improve the service level of this specific unit.

According to the philosophy of the GAP Analysis method should be emphasized that the absolute values are not important but the gap between the expected and perceived values is the important. Despite this fact, it had been made analysis of the absolute values in order to extent the research findings for better understanding of the customers' expectations, perceptions and the correlation between them.

Statistical tools were been used were mainly the mean value of the expectations and perceptions, the standard deviation of the values ( the average distant from the mean) and the total average which is actually the mean of the means. As it is previously mentioned were used statistical tools for extended description of the results. These tools are: correlation coefficient, to see the level of affection of the expectations on the perceptions, the skew coefficient. Skewness characterizes the degree of asymmetry of a distribution around its mean. Positive skewness indicates a distribution with an asymmetric tail extending toward positive values. Negative skewness indicates a distribution with an asymmetric tail toward more negative values. (If we have standardized normal distribution with mean 0 and variance 1). We also used statistical parameters such as mean, mode kurtosis to find the location of our results distribution.

Finally it is necessary to be mentioned that there is no linear correlation of the type of  $Y = aX + b$  between the variables of expectation and perception. This can be observed and mathematically because standard deviation of the expectations in two cases is bigger than the standard deviation of the perceptions (**See Table 11**).

### 5.2 Tangibles

The dimension of tangibles has to do with the buildings and generally with the physical picture of the hotel. The mean of the expectations for Hotel A is 5.40 and for the perceptions is 5.63 and as a result we have a positive gap of 0.23, for Hotel B the mean of

the expectations is 5.37 and for the perceptions is 5.65 and as a result we have a positive gap of 0.28 and for Hotel C the mean of the expectations is 5.42 and for the perceptions is 5.59 and as a result we have a positive gap of 0.17 (See Table 4). The perception level is slightly bigger by than the expectation level.

Expectation data distribution has a mean of the sum values 21.62, 21.48 and 21.66 for each Hotel respectively, median 23 and mode 24 for all 3 Hotels. Perception data distribution has a mean value of the sum values 22.52, 22.57, 22.36, median 23, 23, 23 and mode 20, 24, 24 for each hotel respectively. Skewness of expectation is negative -0.959, -0.979 and -0.880 with bigger degree of negativity than perception -0.116, -0.195 and -0.299 for each hotel respectively. The distribution is negative skewed which indicates that the figures are deviated more to the left. The kurtosis value is 0.239, 0.355 and 0.149, respectively for each hotel, which mean that there is clustering somewhere away from the mean. (See Table 12).

It is observed that the perceptions data are more normally distributed than expectations and also the standard deviation is smaller (0.78, 0.77, 0.74) and (1.05, 1.26, 1.00) for perceptions and expectations respectively. The standard deviation for expectations (1.05, 1.26, 1.00) indicating the spread of gaps away from the mean.

These results can be characterized as normal because of the fact that people's perceptions of physical things are similar and closed. On the other hand expectations results have to be more analyzed to find the reason for the great level of negative skewness of this distribution. Are these customers' repeaters or not? What happens with the marketing of hotel promoting the physical image of the hotel?

As it is mentioned before the important of this research are the gaps between expectations and perceptions. We have a positive gap (0.23, 0.28, and 0.17) and small standard deviation which mean that our findings are near to the truth, or in other words the deviations between the answers are very small. Under the fact that the gap is positive, management of the hotels have not spent time in tangible dimension because exists in appropriate position.

### 5.3 Reliability

The reliability dimension refers to the ability of the hotels staff to provide services dependably and accurately. Reliable service performance has to meet customer's

expectation. Service must be accomplished on time, every time, in the same manner and without errors.

Expectation mean are 5.66, 5.70 and 5.61 and perception's mean are 4.73, 4.76 and 4.75 for each hotel respectively. The first result we observe is the negative gap between expectations and perceptions (-0.93, -0.94, -0.86) for each hotel respectively, which means that the customers of the 5star hotels are not satisfied with the quality of services as depicted by the reliability dimension. Standard deviations are 1.07, 0.97, 1.05 and 1.19, 1.22, 1.15 for expectations and perceptions respectively (See Table 11). Expectation's and Perception's standard deviation is relatively high which means that the gaps are spread away from the mean. It is more than necessary for the management to investigate the reasons of existing of these values. Table 6 shows that the data distribution of sum values of expectation and perception is almost normal

with (mean 28.30/23.64, median 29/22 and mode 29/21 for Hotel A respectively, mean 28.48/23.81, median 29/23 and mode 29/21 for Hotel B respectively and mean 28.7/23.73, median 29/23, mode 24/21 for hotel C respectively). Expectations sum values data distributions appears a negative skewness (-0.474, -0.461, -0.543) for each hotel respectively indicating the gaps are deviated to the left of the mean and the gaps are clustered away from the mean with a kurtosis value of 0.035 for hotel A, 0.484 for hotel B and 0.224 for hotel C (See Table 12). The perception sum values data distributions appears a positive skewness (0.644, 0.492, 0.464) for each hotel respectively indicating the gaps are deviated to the right of the mean with a kurtosis value of -0.417 for hotel A, -0.482 for hotel B and -0.037 for hotel C (See Table 12).

The dimension of reliability is the first that management has to spent energy and time to improve. Reliability is the most important factor for ensuring customer satisfaction on service. The hotels staff must perform tasks as promise and resolve problems promptly. By focusing on this dimension, hotels will achieve high levels of satisfaction

#### **5.4 Responsiveness**

The responsiveness dimension involves willingness to help customers and provide prompt services. It is essential that hotels staff are willing and able to help customers provide prompt service and meet customer's expectation.

The picture in the dimension of responsiveness is clearer than the previous one (reliability) due to the fact that the standard deviations 0.88, 0.89, 0.88 and 1.01, 0.97,

1.01 for expectations and perceptions respectively for each hotel, are lower so the results are more representative (See Table 11). Expectation mean are 5.95, 5.97 and 5.91 and perception's mean are 5.00, 5.08 and 4.99 for each hotel respectively. The negative gap between expectations and perceptions (-0.95, -0.89, -0.92) for each hotel respectively, means that the customers of the 5star hotels are not satisfied with the quality of services as depicted by the responsiveness dimension.

Table 12 shows that the sum values data distributions for expectations appears negative skewness for all 3 hotels (-0.369, -0.395, -0.343) indicating the gaps are deviated to the left of the mean. Qualitatively responsiveness is very important to customers so hotels management must to take action to improve this specific dimension. It would be remiss not to mention to the positive skewness of perceptions sum values data distribution. That indicates the fact of some extreme positive values.

### 5.5 Assurance

The assurance dimension refers to the knowledge and courtesy of employees and their ability to inspire trust and confidence.

Overall at the dimension of assurance the mean are 5.70, 5.69, 5.65 and 4.83, 4.93, 4.63 for expectations and perceptions respectively for each hotel, with a negative gap -0.87, -0.76, -1.02 (See Table 11). Standard deviations are 1.07, 1.06, 1.07 and 1.25, 1.16, 1.40 for expectations and perceptions respectively (See Table 11). Expectation's and Perception's standard deviation is relatively high which means that the gaps are spread away from the mean. Table 6 shows all 3 hotels have negative skewness for expectations (-0.238, -0.227, -0.188 respectively) indicating the gaps are deviated to the left of the mean. The perceptions have a positive skewness for hotels A and B (0.180, 0.207) and negative skewness -0.225 for hotel C (See Table 12).

The negative gap in assurance dimension between the expectations and perceptions means that the customers of the 5star hotels are not satisfied with that dimension; therefore, the management has to take action to improve the level of service quality under this dimension.

### 5.6 Empathy

The empathy dimension represents the provision of caring, individual attention the firm provides its customers. Under the dimension of empathy the mean of expectation is 5.34,

5.39, 5.32 with standard deviation of 1.11, 1.02, 1.12 and the mean of perception is 5.28, 5.31, 5.33 with standard deviation 1.07, 1.00, 0.95 for each hotel respectively (See Table 11).

**Table 12: Descriptive Statistics**

HOTEL A N= 77										
	Expectation (E)					Perception (P)				
	Tangi bles	Relia bility	Resp onsiv eness	Assu ranc e	Emp athy	Tangi bles	Relia bility	Resp onsiv eness	Assu ranc e	Emp athy
Total Av.	21.62	28.30	23.79	22.79	26.70	22.52	23.64	20	19.35	26.39
Median	23	29	24	23	27	23	22	19	19	26
Mode	24	29	25	28	28	20	21	18	16	30
Skewness	-.959	-.474	-.369	-.238	-.313	-.116	.644	.609	.180	-.195
St. Error of Skw.	.274	.274	.274	.274	.274	.274	.274	.274	.274	.274
Kurtosis	.239	.035	-.391	-.866	-.691	-.342	-.417	-.413	-.535	-.248
St. Error of Kurt.	.541	.541	.541	.541	.541	.541	.541	.541	.541	.541
HOTEL B N = 79										
	Expectation (E)					Perception (P)				
	Tangi bles	Relia bility	Resp onsiv eness	Assu ranc e	Emp athy	Tangi bles	Relia bility	Resp onsiv eness	Assu ranc e	Emp athy
Total Av.	21.48	28.48	2.89	22.77	26.94	22.57	23.81	20.30	19.72	26.53
Median	23	29	24	23	27	23	23	19	20	26
Mode	24	29	25	28	28	24	21	18	20	25
Skewness	-.979	-.461	-.395	-.227	-.174	-.195	.492	.656	.207	-.040
St. Error of Skw.	.271	.271	.271	.271	.271	.271	.271	.271	.271	.271
Kurtosis	.355	.484	-.418	-.847	-.785	-.257	-.482	-.504	-.582	-.121
St. Error of Kurt.	.535	.535	.535	.535	.535	.535	.535	.535	.535	.535
HOTEL C N= 74										
	Expectation (E)					Perception (P)				
	Tangi bles	Relia bility	Resp onsiv eness	Assu ranc e	Emp athy	Tangi bles	Relia bility	Resp onsiv eness	Assu ranc e	Emp athy
Total Av.	21.66	28.07	23.64	22.61	26.58	22.36	23.73	19.96	18.53	26.65
Median	23	29	24	23	27	23	23	19	18	26
Mode	24	29	25	28	21	24	21	18	16	30
Skewness	-.880	-.543	-.343	-.188	-.254	-.299	.464	.678	-.225	.244
St. Error of Skw.	.279	.279	.279	.279	.279	.279	.279	.279	.279	.279
Kurtosis	.149	.224	-.323	-.834	-.738	-.232	-.037	-.321	.048	-.575
St. Error of Kurt.	.552	.552	.552	.552	.552	.552	.552	.552	.552	.552

The gap between expectations and expectations is -0.06, -0.08, and 0.01 for each hotel respectively (See Table 11). Moreover there no significant extreme values that has to be investigated. The performance of the hotel in empathy can be seen as appropriate so management has not to spend a lot of time to improve this dimension.

## 5.7 Overall

The total average or the mean of the means for the five dimensions is 5.61, 5.62, 5.58 for expectations and 5.09, 5.13, 5.06 for the perceptions respectively for each hotel. The general picture of the hotel level of services could be characterized as negative with a negative gap -0.52 for hotel A, -0.49 for Hotel B and -0.52 for hotel C (See Table 11 & Chart 2).

Under this analysis, management of the hotels has to improve first the reliability, the assurance and then the responsiveness. Tangibles and Empathy are in appropriate level.

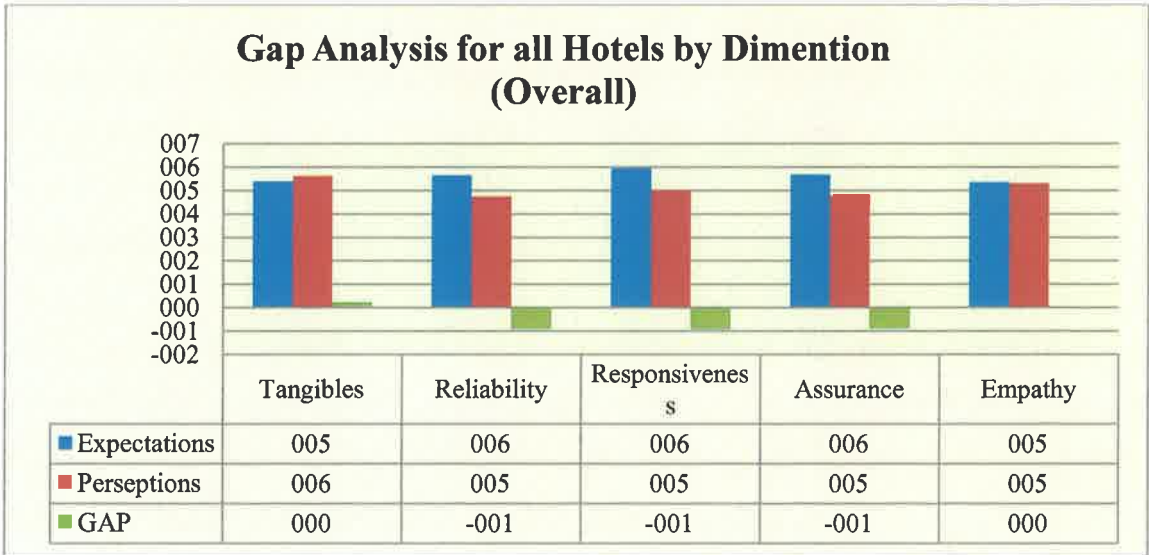
## 5.8 General Discussion

We have examined the difference between customers' expectations and customers' expectations of the service quality in 5star hotels. We find that the respondents' overall expectations on a scale of 1 to 7 are 5.61 and perception 5.10 for all 3 hotels (See Chart 4). This is high and implies that customers expect a lot from the 5star hotels. Considering customers' perception of service quality in 5star hotels, we realize that customers' expectations and their perceptions are more than their perceptions even though the difference is slight -0.51 (See Chart 4). Looking at the individual dimensions we realize that customers expect a lot from the responsiveness dimension with a score of 5.94 and perception 5.02 (See Chart 3). Therefore Hotels have to pay a lot of attention to help customers and provide prompt services. It is essential that hotels staff are willing and able to help customers provide prompt service and meet customer's expectation. The reliability and the assurance dimensions also have scores of above 5.50 and perception above 4.80 (See Chart 3). Customers are therefore very sensitive to how reliable and assuring a hotel is in providing good and quality services to them. Generally, the expectations are fairly high since they are all score above 5.00.

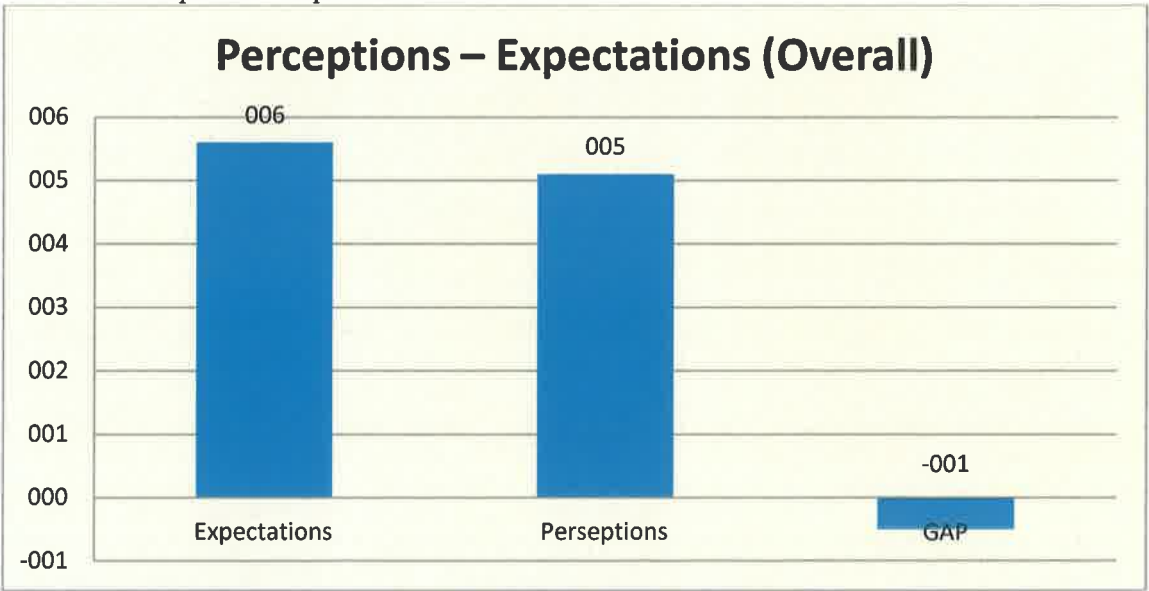
On the other hand, customers were very happy with the Tangible Dimension (modern looking equipment, facilities visually appealing, Employees at excellent appealing and interior attractiveness) and almost satisfied with Empathy Dimension (individual

attention, employees who give customers personal attention, etc) of the hotel surpassing their expectations, based on the gap analysis results (See Chart 3).

**Chart 3:** Gap Analysis for all Hotels by Dimention



**Chart 4:** Perceptions – Expectations for all 3 Hotels



Parasuraman et al. (1985, 1988) introduced the gap score as a means to measure service quality and they identified quality as a determinant of service quality. They however restricted their inference of satisfaction from service quality to a gap score between perceptions and expectations. We have been able to measure the gap between perception and expectations of our sample. The expectations are higher than the perceptions. This makes us to have negative gaps indicating that customers expect more than 5star hotels

actually offer in terms of the quality of services. In its strict sense, customers perceive service quality in 5star hotels to be poor since it is lower than expectations and hence they are not satisfied.

## CHAPTER SIX: CONCLUSION AND RECOMMENDATIONS

### 6.1 Conclusion

The hospitality industry businesses have been growing rapidly in recent decades, while customer demand for high quality service is increasing. This is certainly the case at the 5star hotels in Pafos. To remain competitive, the hotels need to analyze customer's expectation and perception towards the service quality offer by its staff to the customers. In this research, the SERVQUAL instrument, developed by Parasuraman (1985), has been applied in designing the questionnaire by using five dimensions of service quality: tangibility, reliability, responsiveness, assurance, and empathy. Data collected from a questionnaire were distributed to 230 guests who stayed at three 5star hotels in Pafos between 4<sup>th</sup> of July until 18<sup>th</sup> of July 2012. The questionnaire aimed to determine the level of customer's expectation and perception towards the service quality the hotels offer to the customers. The results revealed that the responsiveness, reliability and assurance dimension raised the highest level of expectation, whereas the tangibility dimension fulfilled the highest level of perception. Empathy dimension is almost the same level of expectations and perceptions. In this study, the findings showed that most respondents identified responsiveness as the most important factor in determining satisfaction following by reliability and assurance.

From the gap score analysis carried out, it was found that, the overall service quality is low as perceived by consumers in 5star hotels and hence customers were not satisfied with all dimensions of service quality. Consumers have higher expectations than what they actually receive from 5star hotels even though the difference is not wide. To answer our research questions which are; what is the level of customer's expectation and perception towards service quality of the 5star Hotels in Pafos and what is the discrepancy gap between customer's expectation and perception towards service quality of the 5star Hotels in Pafos, the gap scores analysis carried out provided answers to these questions.

The overall perceived service quality is low as expectations exceed perceptions meaning consumers desired more than what was offered to them. As a result of this gap, it is clear that consumers are not satisfied. Evaluating the perceptions and expectations of

consumers, it can be seen that only the tangible and empathy dimension of service quality brings customer satisfaction.

## **6.2 Recommendations to Hotels management**

These findings suggest that our emphasis on service quality is vital, because the dimensions of service quality play a major role in bringing a hotel as the service sector. It is therefore necessary for continuous measurement of customer satisfaction in order to evaluate the performance of service.

The management must encourage customers to complain and make it easy for them to do so. They should establish ways and tools to discover dissatisfied customers and learn from them in order to improve the offered service quality.

The respond to any complain must be quick and personally. Quick response shows that the customer concern is the concern of the hotel and that the customer is not ignored.

We believe that the hotels should consider incorporating customer service training in skill sets in which the employee will be evaluated. This would work as a motive for the employees in order to improve their performance. The employees want to feel that their input is valuable and that management considers their opinions. This is a perfect way to get them participate and the more we involve them the more committed they are.

Another tool the management of the hotels should use is the guest book. They should encourage staff to read the customer feedback in order to reinforce positive behaviour training. Congratulate them when a comment includes remarks on the friendliness of the staff or how an employee went out of their way for visitor. They should also be encouraged to read for themselves how a poor guest experience impacts real human which is the visitor, in their own words.

A system for resolving problems should be developed. Employee's need specific training on how to deal with dissatisfies guests and how to help customers resolve service problems.

Generally service work is often demanding and stressful. Having many customers to serve as in a hotel can be mentally and physically exhausting. It is common for employees very often to be very tired and stressed due to this high demanding job that they become less caring, less sensitive, and less eager to please. Having this in mind the hotel management should consider team working.

The presence of "team mates" is an important dynamic in sustaining motivation to serve. Co-workers who support each other and achieve together can be an antidote to service burnout. Team involvement can be invigorating, inspiring, and fun.

The hotels management should actively work at fostering teamwork across these functions, not just within them. This can include frequent meetings of the functions and other communications; shared performance goals, measurements, and rewards; and cross-training employees in various facets of the service chain.

### **6.3 Limitations**

There are a number of limitations that must be taken into account regarding the data of this study.

- The sample size is small, compared with the size of total population the Hotels had yearly, that was reflected on the level of reliability of the research results.
- The limited time allowed to the respondents was reflected on the validity of the research outcomes, because they answer the questioner at the last time of their journey by the time they are ready for departure.
- The questionnaire had no use of weights at the questions, or classifications of the customers based on their sex, age and if they are repeaters or not.

### **6.4 Implications of the Study**

This study had the following implications:

- Responsiveness, reliability and assurance were shown to be the weakest dimension of satisfaction. Therefore, hotel management should arrange special courses to improve these dimensions.
- Tangibility was shown to be the strongest dimension of satisfaction. Therefore, hotels management should maintain the attributes of tangible service quality at the hotel.
- The performance of the hotels in empathy dimension can be seen as appropriate so management has not to spend a lot of time to improve this dimension.
- Human Resource management should arrange in-house training program to improve the main work of staff.

## **6.5 Suggestions for further research**

Further research should be carried out in order to enhance the understanding of the concepts of service quality and customer satisfaction, how they are measured because they are very important for service organizations in terms of profitability and growth. A similar study could be conducted with a larger sample size so that results could be generalized to a larger population. Also the questionnaire to have weights at the questions, classification of the customers bases on their sex, age, country and if they are repeaters customers or not.

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## Appendix A: Servqual Questionnaire

**The Survey:** The questionnaire below is in two sections. The first section asks you to rank Hotel according to your expectations i.e. what you expect Hotel to provide. The second section asks you to rank Hotel according to your experiences and perceptions.

**Expectations:** This section of the survey deals with your opinions of Hotel. Please show the extent to which you think Hotel should possess the following features. What we are interested in here is a number that best shows your expectations about institutions offering hotelservices. You should rank each statement as follows:

**Strongly disagree**

**Strongly agree**

1          2          3          4          5          6          7

Statement	Score
Hotel will have modern looking equipment.	
The physical facilities at Hotel will be visually appealing.	
Employees at Hotel will be neat in their appearance.	
Materials associated with the service (e.g. pamphlets will be visually appealing at Hotel.	
When Hotel promises to do something by a certain time, it does.	
When a customer has a problem, Hotel XYZ will show a sincere interest in solving it.	
Hotel will perform the service right the first time.	
Hotel will provide the service at the time they promise to do so.	
Hotel will insist on error free records.	
Employees of Hotel will tell customers exactly when services will be performed.	
Employees of Hotel will give prompt service to customers.	
Employees of Hotel will always be willing to help customers.	
Employees of Hotel will never be too busy to respond to customers' requests.	
The behavior of employees in Hotel will instill confidence in customers	
Customers of Hotel will feel safe in transactions.	
Employees of Hotel will be consistently courteous with customers.	
Employees of Hotel will have the knowledge to answer customers' questions.	
Hotel will give customers individual attention.	
Hotel will have operating hours convenient to all their customers.	
Hotel will have employees who give customers personal service.	
Hotel will have their customers' best interest at heart.	
The employees of Hotel will understand the specific needs of their customers.	

**Perceptions:** The following statements relate to your feelings about the particular Hotel you have chosen. Please show the extent to which you believe this hotel has the feature described in the statement. Here, we are interested in a number from 1 to 7 that shows your perceptions about the hotel. You should rank each statement as follows:

**Strongly disagree**

**Strongly agree**

1          2          3          4          5          6          7

Statement	Score
Hotel has modern looking equipment.	
Hotel physical features are visually appealing.	
Hotel reception desk employees are neat appearing.	
Materials associated with the service (e.g. pamphlets) are visually appealing at Hotel.	
When Hotel promises to do something by a certain time, it does so.	
When you have a problem, Hotel shows a sincere interest in solving it.	
Hotel performs the service right the first time.	
Hotel provides its service at the time it promises to do so.	
Hotel insists on error free records.	
Employees in Hotel tell you exactly when the services will be performed.	
Employees in Hotel give you prompt service.	
Employees in Hotel are always willing to help you.	
Employees in Hotel are never too busy to respond to your request.	
The behavior of employees in Hotel instills confidence in you.	
You feel safe in your transactions with Hotel	
Employees in Hotel are consistently courteous with you.	
Employees in Hotel have the knowledge to answer your questions.	
Hotel gives you individual attention.	
Hotel has operating hours convenient to all its customers.	
Hotel has employees who give you personal attention.	
Hotel has your best interests at heart.	
The employees of Hotel understand your specific needs.	