



**THE INFLUENCE OF SERVICE QUALITY ON CUSTOMER
SATISFACTION, CUSTOMER VALUE AND BEHAVIORAL
INTENTIONS IN THE HOTEL SECTOR OF ETHIOPIA**

By: Tewodros Mesfin DENEKE

(Student Number: 72700130)

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Supervisor: Dr. Rakshit Negi

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Declaration

I, Tewodros Mesfin, declare that the thesis "*THE INFLUENCE OF SERVICE QUALITY ON CUSTOMER SATISFACTION, CUSTOMER VALUE AND BEHAVIORAL INTENTIONS IN THE HOTEL SECTOR OF ETHIOPIA*" is my own work and the sources that I have used or quoted have been indicated and acknowledged by means of complete reference.

April 25, 2015

Tewodros Mesfin DENEKE

Dedication

This thesis is dedicated to my kids **Elamen** Tewodors and **Sineal** Tewodros,
the sweetest part of my life.

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Acronyms and Abbreviations

A-WOM	Acquaintances Word-of-Mouth
BC-WOM	Booking Contacts Word-of-Mouth
D-WOM	Direct Word-of-Mouth (to hotel management and staff)
Df	Degree of freedom
EFA	Exploratory Factor Analysis
E-WOM	Electronic Word-of-Mouth
MoCT	Ministry of Culture and Tourism (of Ethiopia)
PCA	Principal Component Analysis
SERVQUAL	Gap-based model to measure Service Quality
SERVPERF	Perception only measure of Service Quality
SPSS	Statistical Package for Social Scientists
TRA	Theory of Reasoned Action
UNDP	United Nations Development Program
WOM	Word-of-Mouth (recommendations)

Abstract

The basic purpose of this study was to examine the influence of service quality on customer satisfaction, perceived customer value and behavioral intentions, in three, four and five star hotels in Ethiopia. Additionally, an attempt was made to assess the differences pertaining to these constructs across customer profile (e.g., gender, nationality etc.) and hotel characteristics (e.g., star ratings etc.). A quantitative survey approach was used to obtain primary data from the respondents (hotels' guests/customers) by administering the structured questionnaire. The original SERVPERF dimensions and related items were modified to best fit with hotel sector, by using desk review and preliminary interviews with manager, consultants and corporate clients of the hotels. A pilot study was carried out with 35 hotel customers to test the initial reliability and validity of the instrument. The final questionnaire was distributed to 440 respondents from 44 hotels (under three, four and five star categories), by using stratified (proportionate) random sampling. Of the distributed questionnaires, 435 were collected back (over 98% return rate), as completely filled, and used for the purpose of analysis. Descriptive statistics (mean score and standard deviation) were used to examine the customers' perceptions of service quality, customer value, satisfaction and behavioral intentions. To identify the key service quality dimensions in the Ethiopian hotel sector, Principal Component Analysis (PCA) was employed. The results revealed six underlying factors, namely: Assurance, Reliability, Responsiveness, Empathy, Room Tangibles and Food & Beverage Tangibles. Regression analysis was carried out to examine the relationship between the study constructs, whereby perceived service quality was found to be maintaining significantly ($p<0.05$) positive influence on customer value, satisfaction and behavioral intentions (measured as customer revisits and word-of-mouth recommendations) in the Ethiopian hotel sector. Moreover, both customer value and satisfaction were observed to be partially mediating the influence of service quality on behavioral intentions, with higher contribution from satisfaction than perceived value. Finally, the respondents' nationality, gender, visit purpose, length of stay, hotel location and star category were found to be determining their perceptions of overall service quality. However, further research is needed before generalizing these relationships to other sectors/contexts.

Key words: *Service quality, Customer satisfaction, Customer value, Behavioral intentions, SERVPERF, Word-of-mouth, Revisit, Hotel sector, Ethiopia, Regression analysis, ANOVA, t-test.*

CHAPTER 1

INTRODUCTION AND BACKGROUND

This chapter presents the background of the study, which highlights the problem statement, aim and objectives, justification and significance of the research. Additionally, scope and limitations of the study are presented.

1.1 Introduction

The nature of service being essentially intangible, perishable, inseparable and highly variable makes service marketing a challenging task (Grönroos, 1990; Sanjay & Gupta, 2004). Both marketing researchers and service marketers should take into consideration the peculiar nature of service while attempting to address service quality issues (William, Taylor & Jayawordena, 2003; Barbara & Pamela, 2004; Kotler & Armstrong, 2006).

Service quality as defined by Parasuraman, Zeithaml and Berry (1988:16) is “a global judgment or attribute relating to the superiority of service”. Since customers are always looking for consistently superior service the marketer should fulfill their expectations irrespective of the variability nature of service. The delivery of consistent service quality creates brand differentiation (Konstantinos, Nikos & Dimitri, 2002), enhances brand image (Jay & Dwi, 2000; Jing & Andrew, 2009), adds to the competitive advantage of the firm (Riad, 2009a), improves customer satisfaction (Fiju, Frenie & Sid, 2004), positively contributes to customers’ value (Shahin & Reza, 2010), and increases the likelihood of favorable behavioral intentions of

customers towards the brand in terms of revisit and positive WOM recommendations (Riad, 2009a).

Customer satisfaction, on the other hand, has long been recognized, in marketing thought and practice, as a central goal, realization of which is important for all business activities (Chaniotakis & Lymeropoulos, 2009). It is described as customers' evaluation of the service encounter based on their expectation and actual performance (Tse & Wilton, 1988), and has been considered as the extent to which a product/service experience meets customers' expectation from the same. When the actual service experience meets customer's prior expectations, he/she will be satisfied and if it fails to meet the expectations, he/she would be dissatisfied (Gilbert et al., 2004).

According to Ueltschy et al. (2007), different customers express different levels of satisfaction for the same or similar service encounters due to the fact that customer satisfaction is evaluated based on individual's perceptions (on service delivery/quality and past experience). Therefore, measuring customer satisfaction/dissatisfaction is crucial because of its effect on the expectations of one's next purchase decision (Sanchez-Gutierrez, Gonzalez-Uribe & Coton, 2011).

Moreover, attaining customer satisfaction is linked with the delivery of quality service (Brown & Swartz, 1989; Francosis, Jeremilo & Mulki, 2007; Raidh, 2009b), and leads to high business performance (Morgan, Anderson & Mittal, 2005). As a result, customer-perceived service quality has been given increased attention owing to its specific contribution to develop satisfied customers and business competitiveness (Enquist, Edvardsson & Sebhau, 2007).

The other construct, customer value is the outcome of the customer's comparison of the benefits acquired from a service encounter with the costs incurred (to acquire the same). Perceived-value, on the other hand, is the value that customers perceive to receive or experience by using a service as a trade-off between benefits and sacrifices (Sandstrom et al., 2008). Negi (2010) focused on perceived value drivers by including positive emotional aspects, which traditionally have not been included in other studies (like Bettman, Luce & Payne, 1998; Koutouvalas, Siomkos & Mylonakis, 2005; and Sandstrom et al., 2008).

Additionally, behavioral intention of a customer explains the likelihood of her/his engagement in certain behaviors like WOM and repurchase (Jani & Han, 2011), and signals to whether a customer will remain with the company (Zeithaml & Bitner, 2001). Extant research views behavioral intentions as the intention to revisit/repurchase (Spreng, Harrell & Mackoy, 1995; Ok, Back & Shanklin, 2007) and their willingness to provide positive/negative WOM.

Studies like Ok, Back and Shanklin (2007), Yuan and Jang (2008), Han and Ryu (2009) and Ryu and Han (2010) have found that customer satisfaction is critical to revisit/repurchase intention. Also, customer satisfaction/dissatisfaction affects WOM communication (Mangold, Miller & Brockway, 1999; Swanson & Kelly, 2001; Ryu & Han, 2010; Negi, 2010).

However, to investigate the interrelationships among service quality, customer satisfaction, perceived-value and behavioral intentions, most commonly used approaches include the Theory of Reasoned Action (TRA) and Theory of Planned Behavior (TPB) (Armitage & Conner, 2001; Sutanto, 2009; Jani & Han, 2011; Malik, 2012). Both theories explain how human behaviors are

guided by their rational intentions (Ajzen 1970; 1985), the way individual intentions drive behaviors influence, and the extent of commitment devoted on a particular behavior (Armitage & Conner, 2001). Accordingly, behavioral intentions of customers to revisit a service provider and recommend the brand to others are strongly linked with the perceived service quality (Riad, 2009a), and consequential value and satisfaction (Chen et al., 2011; Som et al., 2012; Wen et al., 2012).

Though, the extent of influences of service quality on customer satisfaction, value and behavioral intentions are varied across the sectors/industries (Konstantinos et al., 2002; Riadh, 2009b; Sutanto, 2009; Edward & Sandev, 2011; Lertwannawit & Gulid, 2011; Malik, 2012). For example, while service quality is found contributing directly to behavioral intentions (Kuruuzum & Koksal, 2010) in hospitality industry, studies like Khan, Latifah and Kadir (2011) and Wardhana, Rustandi and Syahputra (2014) used perceived-value and satisfaction to determine behavioral intentions in other service contexts.

Hotel services, by their very nature, demand contextualization for perceived service quality construct (Hokey et al., 1997; Micheal, 2003; Halil et al., 2005a; Jani & Han, 2011; Malik, 2012; Osarenkhoe, 2014; Naderian & Baharun, 2015), and within hospitality industry, hotels are experiencing an ever increasing demand for service improvements from their customers (Thanika, 2004; Barbara et al. 2004; Clemes, Gan & Ren, 2011). Moreover, hotel customers are continuously looking for better value for their money in order to revisit and to recommend it to others (Olive et al., 1996; Liana et al., 2005).

1.2 Context and Background of the Study

The history of hotel sector in Ethiopia goes back to 1905, when Empress Taitu established the first Ethiopian hotel, which was later named after her, ‘Taitu hotel’ (Bahiru, 1991). Though, the development of hotel sector in Ethiopia is appeared to be gradual. Particularly, during the socialist ‘Derg’ regime (1975-1991), private ownership of properties was discouraged, which caused only hand count tourist standard hotels (to be found) at that time. The encouragement to the free market economy in 1991 has created promising opportunities for private businesses (Bahiru, 2002), which resulted in the construction of more number of private hotels with relatively better standards and star ratings, to further support the developing tourism industry of the nation.

The year 2007, being the ‘Ethiopian Millennium’, has witnessed a large number of star hotels came into existence to accommodate guests coming to celebrate the event (Ebisa & Andualem, 2013). Consequently, the receipt from tourism increased by 28%, whereas the number of hotels grew by 17% during 2010-2012 (MoCT, 2013a); making the tourism industry to contribute 2.29% of the Ethiopian GDP, while employing around 700,000 people (MoCT, 2013b).

However, Addis Ababa, being the center of African Union (AU), United Nations Economic Commission for Africa (UNECA), and the diplomatic hub of Africa, is attracted more investors to the hotel industry, in general. Also, due to its cosmopolitan nature, Addis Ababa attracts large visitors/guests with diverse demographic and cultural backgrounds; there remain concerns to the quality of services being provided by most of the star hotels to satisfy their international customers (Ebisa & Andualem, 2013).

Even though, attempts are made by the MoCT (2013a) to evaluate the satisfaction level of tourists with service deliveries by the star hotels, not much attention is given by researchers to study the apparent link between service quality and associated variables (like customer satisfaction, value and behavioral intentions) in the Ethiopian hotel sector. Also, the service quality measurement tools used by different studies are found lacking consistency and scientific rigor (MoCT, 2006; 2010). Though, the apparent link between tourism industry, hotel sector and the economy as a whole suggests that much attention is required to further develop the hotel businesses in Ethiopia.

Accordingly, the MoCT has been trying to develop a comprehensive criteria and more demanding standards to assign star ratings for hotels, and since 2011 it has temporarily suspended the provision of star ratings to the hotels in the country (MoCT, 2011). This leads to the hotels in Ethiopia to be more vigilant (than ever before) about their service quality to adequately address any market opportunity or challenge.

Some of the opportunities for the Ethiopian hotel sector, as identified by MoCT (2010, 2013a, 2013b), are presented hereunder:

- Government support to the tourism industry in general and hotel sector in particular (through the provision of tariff exemption for hotel equipments and machineries, and priority access to land in cities);
- Increasing flow of tourists; and
- Growing demand of hotels due to increasing conferences and tourism activities in Addis Ababa being the diplomatic hub of Africa.

Also, the major challenges witnessed by the MoCT (2010; 2011) for the Ethiopian hotel sector include:

- Availability of more and better substitutes hotels that put customer's loyalty at stake;
- In the presence of growing demand, the status quo (of market share) is disturbed, as some old hotels are losing their market shares for the new entrants;
- The market is becoming dynamic, as lots of options are available whereby customers tend to look for the one that provides maximum value for their money, which is leading to the price competition among the hotels; and
- The proposed requirements set by the MoCT for hotels' star ratings are appeared to be challenging, as it demands substantial investment in facilities and improved skills.

Today, as it is the case with global hospitality industry, customers are having more options to switch to and better assessment of service to compare across (Barbara & Pamela, 2004), which makes them demanding higher quality services than ever before (Gavin & Philip, 1997). As a result, delivering higher level of service quality has become a matter of survival and not just leisure any more (Micheal, 2003; Jing & Andrew, 2009; Asad & Tim, 2010; Papadimitriou, 2013). Moreover, as the tangible attributes of service can be easily imitated by competitors and are set as prerequisite by the regulators, possession of modern facility and equipments alone would not produce competitive advantage (Konstantinos, Nikos & Dimitri, 2002), at least in the hotel sector (Halil & Kashif, 2005a).

In addition, the applicability of service quality measurement tools is found to be subjective to different research (culture, industry etc.) contexts (Riad, 2009a; Daniel & Berinyuy, 2010; Raza

et al., 2012). As a result, researchers like Gavin et al. (1997), Barbara et al. (2004), Asad et al. (2008), and Lee, Lee and Joo (2015) emphasized the importance of understanding the interrelationships of service quality dimensions in sector specific context, and the way service quality determines customer satisfaction, perceived-value and behavioral intentions in specific contexts (like hotel sector).

Such attempts of examining context specific relationships, by capturing both theoretical and contextual variables, play pivot role in the development of the sector. Therefore, this study attempts to investigate the relationship of service quality, customer satisfaction, value and behavioral intentions in addition to test the applicability of SERVPERF approach in the context of hotel sector in Ethiopia.

1.3 Statement of the Problem

Studies in service management have been acquiring attention by researchers in hospitality industry (Halil & Kashif, 2005a; Riadh, 2009a; Shahin & Reza, 2010; Raza et al., 2012). Researchers have explored the context of service quality and relationships between service quality and variables like customer satisfaction and behavioral intentions (Cronin, Bradly & Hult, 2000; Marco, 2001; Konstantinos, Nikos & Dimitri, 2002; Maria, Lorenzo & Antonio, 2007; Francosis, Jeremilo & Mulki, 2007; Raidh , 2009b; Kasim & Abdullah, 2010; Jani & Han, 2011; Basher, 2012; Simon, 2012). However, limited is known about the mediating role that variables like perceived-value and customer satisfaction play in relating service quality and behavioral intentions.

For example, it has been argued that consumer behavior (intention) is better understood when analyzed through perceived-value and customer satisfaction (see behavioral theories like TRA and TPB). Thus, evaluating only service quality and satisfaction in determining behavioral intentions may be incomplete (Gallarza & Saura, 2006). Despite of this understanding, models of the relationship between service constructs and behavioral intentions are often proposed without the inclusion of perceived-value and customer satisfaction (Dabholkar, Thorpe & Rents, 1996; McDougall & Levesque, 2000). Therefore, inclusion of perceived-value and customer satisfaction as a mediator between service quality and behavioral intentions will bring about a more comprehensive understanding.

Furthermore, while significant work has been done in other sectors, empirical evidence of the relationship among these constructs in the hotel sector is limited. Moreover, there appeared to be disagreement on research findings related to the conceptualization and relationship between aforementioned constructs across the sectors (Chatura & Neely, 2003; Bedi, 2010; Kitapci et al., 2013; Cho, Byun & Shin 2014).

In line to this, Pollack (2008) challenged the assumption of the classical linear relationship between service quality attributes and other constructs like customer satisfaction being applicable to service sectors (like banking, hairdressing and telephone), and suggested the existence of a threshold level after which the strength of the relationship between the two constructs changes for some service attributes.

On the part of conceptualization of service management constructs and suitability of the tools/approaches to measure service quality, scholars like Francis (1995), Marco (2001), Francosis, Jeremilo and Mulki (2007) and Riadh (2009b), propose different tools for the measurement of service quality. However, popular approaches remain the SERVQUAL (Parasuraman, Zethaml & Berry, 1988) and the SERVPERF (Cronin & Taylor, 1992). Thus, universal applicability of the service quality measurement tools, across different industries, is questionable (Hokey & Hyesung, 1997; Konstantinos, Nikos & Dimitri, 2002; Thanika, 2004; Gilbert & Celeopatra, 2006; Wen, 2012; Tsitskari, Antoniadis & Costa 2014). In addition, a service quality gap (as shown in SERVQUAL approach) may exist even when a customer has not yet experienced the service but learned through WOM, advertising or other media. Thus, there is a need to incorporate the potential customer's perceptions of service quality offered as well as actual (experienced) quality of service.

Moreover, paying attention on customers' socio-demographics (e.g., culture, nationality, age, gender etc.) is necessary from the perspective of developing marketing strategy (Ramanathan & Ramanathan, 2011; Wen et al., 2012; Abubakar, Mokhtar & Abdullateef, 2013; Amin et al., 2013; Jani & Han, 2013). By considering that hotel sector in Ethiopia is experiencing fast expansion and accommodating international guests (with varying cultures and preferences), hardly any attempt has been made to explore the way their socio-demographics and hotel's characteristics relate with service constructs (like satisfaction) and behavioral intentions.

In the light of above, one can see that there remained a strong basis to carry out a research that empirically develop and test a conceptual model to explain the influence of service quality on

customer satisfaction, perceived-value and behavioral intentions, and examines the way guest's profile variables (e.g., gender, nationality etc.) and hotel characteristics (e.g., location, star rating etc.) relate to these constructs. Specifically, this study attempts to seek answer to the questions like how service quality influences customer satisfaction, perceived-value and behavioral intentions to revisit and provoke positive WOM communication by hotel's guests? And what role do customer's profile and hotel's characteristics play in determining guests' perceptions of these constructs in the hotel sector?

1.4 Research Questions

1.4.1 Main Research Question

How does service quality influence customer satisfaction, value and behavioral intentions, and to what extent these constructs are associated with the guest's socio-demographic profile and characteristics of the hotels in Ethiopia?

1.4.2 Specific Research Questions

- i. What are the dominant factors that determine the service quality perceptions of hotels' customers/guests in Ethiopia?
- ii. What is the overall level of customer-perceived service quality, value and satisfaction with the star category hotels in Ethiopia?
- iii. How does service quality influence perceived-value, satisfaction and behavioral intentions of the star hotels' guests in Ethiopia?
- iv. What role do perceived-value and satisfaction play in service quality-behavioral intentions relationship in the Ethiopian hotel sector?

- v. How do the levels of perceived service quality, customer value, satisfaction and behavioral intentions vary across the guest's and hotel's profiles?

1.5 Aim and Objectives of the Study

1.5.1 The Aim of the Study

The main aim of this study was to examine the influence of service quality on customer satisfaction, customer value and behavioral intentions in the Ethiopian hotel sector, along with determining the extent to which these constructs are related to guests' profile and the hotels' characteristics.

1.5.2 Specific Objectives of the Study

- i. To examine the factors that determines guests' perceptions of service quality in the Ethiopian hotel sector.
- ii. To determine the overall level of perceived service quality, value and satisfaction with star category hotels in Ethiopia.
- iii. To scrutinize the relationship between perceived service quality, value, customer satisfaction and behavioral intentions in the Ethiopian hotel sector.
- iv. To assess the mediating role of perceived-value and satisfaction in the relationship between service quality and behavioral intentions in the Ethiopian hotel sector.
- v. To examine the effect of guests' socio-demographic profile on quality perceptions, value, satisfaction and behavioral intentions in the Ethiopian hotel sector.
- vi. To compare the differences in the levels of perceived service quality, value, satisfaction and behavioral intentions across the hotels' characteristics (e.g., star ratings etc.).

1.6 Justification of the Study

Competition in service delivery and rising customer expectations have made firms attempting to satisfy their customers and enhance repurchases by them. By considering that almost all firms depend on repeat business, a strong interest in researching service marketing constructs (e.g., service quality and customer satisfaction) and their relationship with behavioral intentions has much evolved over the past decade (Konstantinos, Nikos & Dimitri, 2002; Francosis, Jeremilo & Mulki, 2007; Kasim & Abdullah, 2010; Jani & Han, 2011; Simon, 2012) both in academic and professional domains.

Researchers like Lee, Yoon and Lee (2007), Nowacki (2009) and Zabkar et al. (2010) have explored the relationships between service quality and variables like price, productivity, customer satisfaction, profitability and behavioral intentions, though empirical evidence of such relationships in the hotel sector is limited. In line to this, McDougall and Levesque (2000) reported that perceived-value has a significant influence on customer satisfaction. Hence, its inclusion brings about a more comprehensive model relating service quality with customer satisfaction and behavioral intentions.

While some researches (e.g., Konstantinos, Nikos & Dimitri, 2002; Festus, Maxwell & Godwin, 2006; Maria, Lorenzo & Antonio, 2007; Micheal et al., 2009; Raza et al., 2012) indicate that service quality contributes to customer satisfaction, perceived-value and behavioral intentions (of revisit and positive WOM recommendations), there remain arguments that such relationships are not direct and remain speculative across various service sectors (Riad, 2009a; Negi, 2010; Daniel & Berinyuy, 2010; Lee, Lee & Joo, 2015). Therefore, it is very imperative to understand

the nature of service marketing constructs, their interrelationships, and the way these influence behavioral intentions to repeat purchase and provoking positive WOM across different sectors (like hotel).

Also, consideration of customers and hotels characteristics is deemed essential to understand the differences in customers' perceptions of the service constructs (e.g., customer satisfaction and value) and behavioral intentions, which could be used in developing better marketing strategies.

This study, on one hand, aids in identifying a way to examine service quality, customer satisfaction, value (as perceived by the guests/customers of the hotels) and behavioral intentions to revisit and positive WOM, on the other hand, it contributes towards understanding the relationships among the stated constructs in the hotel sector of Ethiopia.

1.7 Significance of the Study

This research, primarily, contributed to better understand the relationship of service quality with customer satisfaction, customer value and behavioral intentions in the context of three, four and five star hotels in Ethiopia. The study made significant contribution to the existing body of knowledge by empirically testing the influence of service quality on the other stated constructs, while identifying the service quality gaps that the star category hotels should fill to overcome customer dissatisfaction and negative WOM communication (by their customers). In general, the study contributed to the hotel management and service marketing literature through the conceptualization of formative service quality construct, while proposing a valid and reliable scale for assessing service quality in the hotel sector. This helped in overcoming the weaknesses

identified by Brady and Cronin (2001) and Zabkar et al. (2010) in the conceptualization of quality as a reflective construct.

Additionally, the findings of this study contributed to the services marketing theory, by providing additional insights into the dimensions of service quality, satisfaction, value and behavioral intentions, as applicable to the developing markets, to assist hotel management to develop and implement market-oriented strategies. Besides, the research included star (three, four and five) category hotels to make comparisons of guests' perceptions on service quality, satisfaction, value and behavioral intentions across socio-demographics (gender, nationality etc.) and hotel characteristics (location, star rating etc.). This would further pave the path to strategize service deliveries (across individual dimensions) by the hotels, according to their profiles and that of their customers, to ensure higher customer satisfaction, perceived-value and behavioral intentions exhibited through customer revisits and positive WOM.

The combined effect of these contributions would mean more demand for the hotel services in the nation, which in turn, would provide prospects for potential hotel investors, increasing revenue to the economy and employment opportunities for the citizens. Also, the study identified certain standards that are to be maintained by the hotels, as perceived important by their customers, from the service delivery perspective, and practical tools to measure the quality and value associated with their services, including the relative contribution of service quality dimensions to customer satisfaction and behavioral intentions. Finally, the research identified managerial implications of the findings and making recommendations pertaining to resource

management and marketing strategies to help develop a viable basis for increasing guests/customers inflow to the Ethiopian star category hotels.

1.8 Delimitations/Scope of the Study

The study empirically tested a model of perceived (service) quality as a formative construct and the relationship between service quality, customer value, satisfaction and behavioral intentions, while concentrating on three, four and five star hotels in Ethiopia. Therefore, the scope of the study was limited to quantitatively measure the effect of service quality on customer value, satisfaction and behavioral intentions (in the form of customer revisits and WOM), while covering both the domestic and international guests/customers to the three, four and five star hotels in Ethiopia.

Furthermore, the study presented with a sketch of hotels' guests/customers profile by examining their age, gender, nationality, purpose of visit etc., along with describing the characteristics of the corresponding hotels in terms of location, star ratings etc. to determine their influence on the study constructs (service quality, customer value, satisfaction and behavioral intentions). In terms of geographic scope, the study was carried out in the specified star category hotels located in Addis Ababa, Dire Dawa, Nazareth, Debrezieth, Bahir Dar and Hawassa cities of Ethiopia. Finally, a survey using structured (self-administered) questionnaire was administered for three months, between November 2013 and January 2014, in the specified category hotels, for the purpose of primary data collection.

1.9 Organization of the Thesis

This thesis is organized into six (6) chapters. Chapter 1 provides the background and overview of the study by outlining the research problem, questions and associated objectives. Additionally, justification, significance, and scope of the study are presented.

Chapter 2 reviews the literature in detail on the conceptualization and interrelationships of the study constructs (service quality, perceived-value, customer satisfaction and behavioral intentions) in the light of relevant theories and empirical evidences. Finally, a conceptual framework is presented along with the associated hypotheses drawn based on the proposed model.

Chapter 3 outlines the detailed research methodology pertaining to the research approach, sampling method, sample size determination, data collection instruments and approach. Additionally, data analysis techniques and ethical considerations are presented in this chapter.

Chapter 4 presents the research findings in the light of data analysis. More specifically, test for normality, descriptive and regression analyses, and other inferential analysis are presented in order to test the proposed hypotheses and to achieve the stated research objectives.

Chapter 5 illustrates detail discussion on the findings presented in the previous Chapter (4) and draws conclusion in light of the research findings. Finally, Chapter 6 presents implications to various stakeholders, along with the study limitations and directions for future research.

1.10 Summary of the Chapter

This chapter discussed the introduction and background of the study. Further, the research problem has been introduced along with the research questions. Additionally, the aim and objectives of the study, justification for the research, significance and delimitations/scope of the study have been discussed.

In the next chapter, theoretical framework and conceptualization of the study constructs: service quality, customer satisfaction, customer value and behavioral intentions are presented in detail. Additionally, knowledge gaps are revealed, pertaining to the research area, in the light of literature reviewing empirical relationships among the study constructs, to help developing a conceptual framework and formulation of the hypotheses.

CHAPTER 2

LITERATURE REVIEW AND THEORETICAL BACKGROUND

This chapter presents the theoretical framework of the study by reviewing the literature in the domain of service quality, customer value, satisfaction and behavioral intentions. Additionally, description of the research constructs and their interrelationships are explored to develop the conceptual framework and associated hypotheses. Specifically, the first part of the Chapter presents various theories guiding the research and introduces study constructs. Second part reviews relevant literature to explore the relationship among service quality, perceived-value, customer satisfaction and behavioral intentions, across different sectors/settings, to support theoretical research framework for the study. Accordingly, the final part presents a conceptual framework and related hypotheses to test.

2.1 Theoretical Framework

2.1.1 Characteristics of Service

Service includes all economic activities the outputs of which are not physical products or construction, but generally consumed at the time it is produced, and provides added value in forms (e.g., convenience, amusement, timeliness, comfort or health) that are essentially intangible concerns of its first purchaser (Zeithaml & Bitner, 2001). Firms attempt to distinguish their offerings (products) from those of their competitors by providing good service and/or making services more tangible by offering products as part of the overall package.

Berry (1980) distinguished between services and goods and argued that, services are acts, deeds, performances or efforts, whereas, goods are articles, devices, materials, objects, or things. However, by considering that most businesses (including hotels) and their activities/offерings consist of both goods and services, any distinction between products and services is no longer explicit (Osarenkhoe & Bennani, 2007).

For the purpose of analysis, a service may be considered in three different ways: i) as a process; ii) as a solution to customers' problems; and iii) as a beneficial outcome for customers. Grönroos (1990:27), defined service as "an activity or series of activities of more or less intangible in nature that normally, but not necessarily, take place in interactions between the customer and service employees and /or systems of the service provider, which are provided as solutions to customer problems."

The second perspective (service as a solution to customers' problems) views services as provider of solutions to customers' problems. From this perspective, service is conceptualized as an activity of an intangible nature that usually takes place during the interaction between the customer and service employees to provide solutions to customers' problems (Grönroos, 2001).

The final perspective (service as a beneficial outcome) suggests that service is the main function of business enterprises: it is an application of specialized competences (knowledge and skills) through deeds, processes, and actions for the benefit of another entity or the entity itself (Vargo & Lusch, 2004).

Furthermore, Sanjay and Gupta (2004) described the nature of service as essentially intangible, perishable, inseparable and highly variable.

i. ***Services are Intangibles:*** It cannot be seen, tasted, felt, heard or smelt before purchase. It is an abstraction that cannot be examined prior its purchase (Adrian, 1998). Since services are intangible and cannot be sensed before purchase and consumption, it gives little or no chance for pre purchase trial to customers. Hence, service marketers have to use the tangible elements of service (like facility, equipment, furniture etc.) for promotion so that customers can infer quality service.

ii. ***Services are Inseparable:*** it involves simultaneous production and consumption. It is not possible to separate service from service provider. Inseparability of service leads customer to being co-producers of the service with other consumers and having to travel to the point of service production (Sanjay & Gupta, 2004). Inseparability usually makes the service provider and the customers to have physical contact, which gives lower chance for the service provider to correct service failures before they are perceived by customers (Barbara & Pamela, 2004).

iii. ***Variability of Services:*** Variability of service means that the quality of services depends on who provides them, as well as when, where, and how they are provided (Kotler & Armstrong, 2006). Since services vary across context, this poses challenge to service marketers to deliver standard quality all the times and in every situation. Service quality thus, has to be pre-planned continuously monitored and periodically reviewed (William, Taylor & Jayawordena, 2003).

iv. ***Services are Perishables:*** This implies that services cannot be produced and stored for later use. The customers should be presented while the service is being produced to

get served otherwise it will perish or cannot be produced at all. Service production takes resources and if what is produced is not sold and cannot be stored, it results in a loss. On the other hand, if the resources are not devoted and the service is not ready when customers show up, it will cause dissatisfaction due to longer waiting time and poor service quality.

2.1.2 Conceptualizing the Service Quality

Over the past two decades, service quality became major area of attention to both academicians and practitioners (Cronin & Taylor, 1992; Newman, 2001), as customers' willingness to maintain a relationship with a firm is contingent upon their perception of the benefits and values of the firm's high-quality service (Nikos & Dimitri, 2002; Wen, 2012; Cho, Byun & Shen, 2014). Indeed, many empirical researchers have confirmed the positive impact of service quality on a variety of behavioral outcomes, such as customer satisfaction, perceived-value and behavioral intentions (e.g., Cronin, Bradly & Hult, 2000; Konstantinos, Chatura & Neely, 2003; Gilbert & Celeopatra, 2006; Bedi, 2010; Wen et al., 2012; Kitapci et al., 2013; Tsitskari, Antoniadis & Costa 2014).

Service quality is described as the comparison that customers make between their expectations about a service and their perceptions of the actual service performance. According to Lewis and Boom (1983), service quality is a measure of how well the service level delivered matches customer expectations. To measure the quality of intangible services, researchers generally use the term 'perceived-service quality', which is a result of the comparison of perceptions about service delivery process and actual outcome of service. Thus, customer expectations (before

purchasing any service) and quality performance (as perceived by customers) are important factors in order to determine perceived service quality. As a result, an assessment process will be experienced if the perceived service quality meets or does not meet consumer expectations.

Moreover, a number of researchers have examined the service quality construct in different contexts and developed different types of measures/models to help in defining, measuring and improving understanding of the construct. While some studies focused on general models (e.g., Cronin & Taylor, 1992; Grönroos, 1988; Parasuraman, Zeithaml, & Berry, 1988), others developed and revised models for particular industries (Caro & Garcia, 2007).

Perception of quality in the service context can be studied from customer or service provider perspectives. Exploring these two perspectives, researchers have noted that gaps do exist in the perception of quality between providers and consumers, which ultimately, underlines the necessity of studying quality from the viewpoint of the consumers (as they decide which product to consume). This has been called the ‘perceived quality’ approach (Garvin, 1984).

The commonly cited definition for service quality is the one put forward by Parasuraman, Zeithaml and Berry (1988:16) denoting service quality as “a global judgment or attribute relating to the superiority of service.” Later, they stated it as a gap between the customer’s expectation and the service received, whereby expectation becomes a major influence on the way the characteristics of service will be perceived and consequently influences the resultant level of satisfaction derived from the service delivery.

Based on this, service quality is considered as the extent to which a customer's expectation and delivered service are similar or different. However, theoretical underpinnings of most definitions of perceived quality have not been clearly formulated (Stenkamp, 1990). Gummesson (2003) stated that customers as information processors commonly employ confirmation/disconfirmation paradigm to operationalize service quality. While Rayka, Anneke and Ross (2005) stated that service quality is determined by its fitness for use by internal and external customers.

These definitions imply the existence of already established standard towards which the performance fits or above which the performance exceeds. The other inference which might be taken from these definitions is that in order to determine whether or not service performance fits the standards, it has to be measured. Accordingly, Kenneth and David (2003) suggested three important principles to be considered while discussing service quality:

- The evaluation of service quality is more difficult for customers than the evaluation of quality of goods
- Service quality is based on consumers' perception of the outcome of the service and their evaluation of the process by which the service was performed
- The perception of service quality results from a comparison of what the consumer expected before the service and the perceived level of service received

Earlier service quality models emerged in the 1980s. The Grönroos (1988) model suggested two service quality dimensions- functional quality and technical quality, as antecedents to corporate image- the third dimension of the model. Technical quality is what the consumers receive as a

result of interaction with a service organization, while functional quality is concerned with how consumers receive services. The model identified six sub-dimensions of service quality as: i) professionalism and skills; ii) attitudes and behavior; iii) accessibility and flexibility; iv) reliability and trustworthiness; v) recovery; and vi) reputation and credibility (Figure 2.1).

While professionalism and skills are regarded as contributing to the technical quality, the dimension of reputation and credibility forms an image. The other four sub-dimensions are related to process, and correspond to the functional quality dimension. In addition to this perspective describing service quality with two or three dimensions, the model conceptually introduces the approach based on the ‘disconfirmation theory’: actual service quality is compared to the level of expectations (Lehtinen & Lehtinen, 1991).

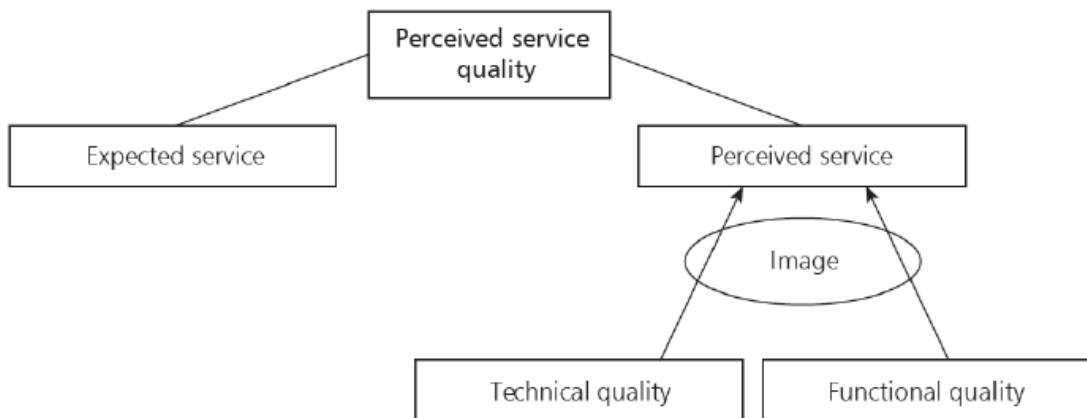


Figure 2.1: Grönroos' Perceived Service Quality Model (Source: Grönroos, 1988)

In Grönroos' Perceived Service Quality model, expectations are the function of market communications, image, Word-Of-Mouth (WOM), and consumer needs and learning, whereas experience is a product of technical and functional quality that is filtered through the image. The

model demonstrates that the supplier can affect both sides of the gap by managing customer expectations. Also, it illustrates that the customer experience is a product of the image of supplier quality, not just the actuality.

According to the SERVQUAL model (Figure 2.2), service quality is the difference between expected level of service and customer perceptions of the level received (Parasuraman et al., 1985, 1988). In order to develop the SERVQUAL measurement scale, Parasuraman et al. (1988) formulated questions for rating a service on specific attributes reflecting the ten basic components/determinants (see Table 2.1). Consumers were asked to rate the service in terms of both expectations and performance.

Table 2.1: Determinants of Service Quality

Component	Definition
Reliability	Consistency of performance and dependability, accuracy in billing, keeping records correctly, performing the service right at the designated time
Responsiveness	Willingness or readiness of employees to provide service, timeliness of service such as mailing a transaction slip immediately, calling the customer back quickly, giving prompt service
Competence	Possession of the required skills and knowledge to perform the service, knowledge and skill of the contact and support personnel, research capability of the organization
Access	Approachability and ease of contact, the service is easily accessible by telephone, waiting time to receive service is not extensive, convenient hours of operation, convenient location of service facility
Courtesy	Politeness, respect, consideration, friendliness of contact personnel, consideration for the consumer's property, clean and neat appearance of public contact personnel

Communication	Keeping customers informed in language they can understand and listening to them, explaining the service itself and its cost, assuring the consumer that a problem will be handled
Credibility	Trustworthiness, believability, honesty, company reputation, having the customer's best interests at heart, personal characteristics of the contact personnel
Security	Freedom from danger, risk, or doubt, physical safety, financial security, confidentiality
Understanding/Knowing the Customer	Understanding customer needs, learning the customer's specific requirements, providing individualized attention, recognizing the regular customer
Tangibles	Physical evidence and representations of the service, other customers in service facility

(Source: Parasuraman et al., 1985)

After analyzing and grouping the data, the revised scale was administered to a second sample and questions were tested, with a result of a 22 items scale measuring five basic dimensions of reliability, responsiveness, empathy, assurance and tangibles, on both expectations and performance (making a total of 44 items- 22 each for expectations and performance). These five dimensions represent five conceptually distinct and interrelated facets of service quality, yet remain the main criticism of the SERVQUAL model pertaining to uncertainty in discriminant and content validities of the dimensions.

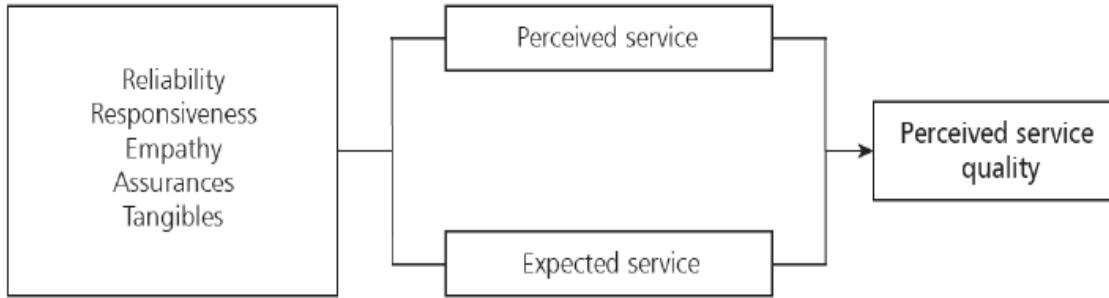


Figure 2.2: SERVQUAL Model (Source: Parasuraman et al., 1988)

Critique to the SERVQUAL model led to the emergence of the SERVPERF model (Figure 2.3) proposed by Cronin and Taylor (1992). Unlike SERVQUAL, SERVPERF is a performance-only measure of service quality (using only 22 performance related items). Cronin and Taylor (1992) suggested that long-term service quality attitudes are better reflected by performance-based measures only. The performance-based model of service quality was initially tested in four industries and was found explaining more of the variance in the overall measure of service quality than SERVQUAL.

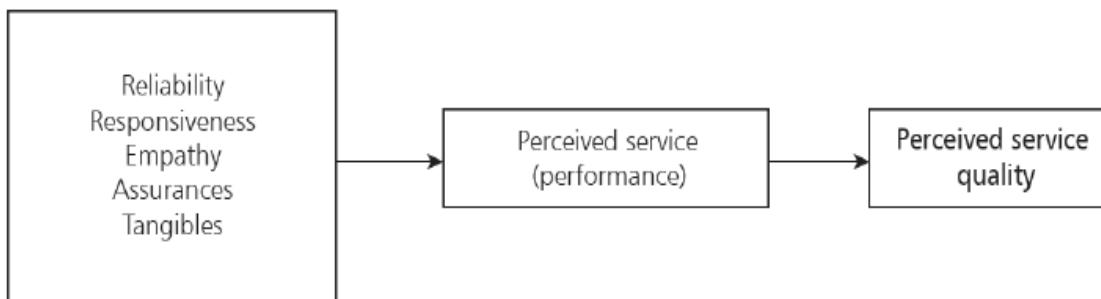


Figure 2.3: SERVPERF Model (Source: Cronin & Taylor, 1992)

Additionally, Mehta, Lalwani and Han (2000) concluded that while modified SERVQUAL worked better in a retailing context where there was a greater focus on the product, SERVPERF worked better in a retailing context where the service element is more important (i.e., an

electronic goods' retailer). Carrillat et al. (2007) employed meta-analysis in their study findings, which suggested that both scales (SERVPERF and SERVQUAL) are adequate and equally valid predictors of overall service quality. However, the authors believe that the SERVQUAL scale could be of greater interest for practitioners due to its richer diagnostic value (i.e., comparing customer expectations of service versus perceived service across dimensions), but there is less need to adapt the measure to the context of the study in the case of SERVPERF than SERVQUAL.

Rust and Oliver (1993) developed a three-component model of service quality that focuses on the relationships between service quality, service value and customer satisfaction (Figure 2.4).

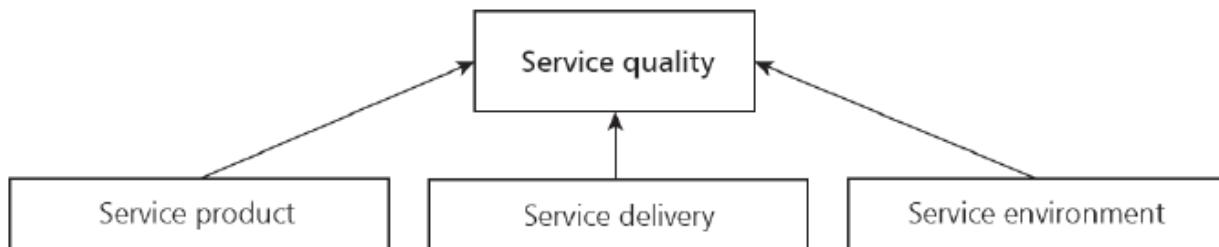


Figure 2.4: Three-Component Model (Source: Rust and Oliver, 1994)

The model included service product, service delivery, and service environment as three determinants of service quality. The service product element consists of what consumers get as a result of service (i.e., outcome) and also of the consumer's perception of the service. The service delivery element stands for the consumption process with any relevant events that occur during the service act. The service environment element represents the internal and external atmosphere in which a service takes place. However, Rust and Oliver did not test their conceptualization, which becomes its considerable limitation.

Furthermore, while Dabholkar et al. (1996) expanded the concept of service quality vertically by proposing a model of retail service quality (RSQ), horizontal expansion to the concept was carried out by Brady and Cronin (2001). In the RSQ model (Figure 2.5), retail service quality is viewed as a higher-order factor defined by two additional levels of attributes (the dimension and sub-dimension levels). The RSQ model was empirically validated by Dabholkar et al. (1996) using triangulation of research techniques- interviews with several retail customers, in-depth interviews with six customers and a qualitative study that monitored the thought process of three customers during an actual shopping experience. It included a 28-item scale, of which 17 items were from SERVQUAL and 11 items were developed by using qualitative research.

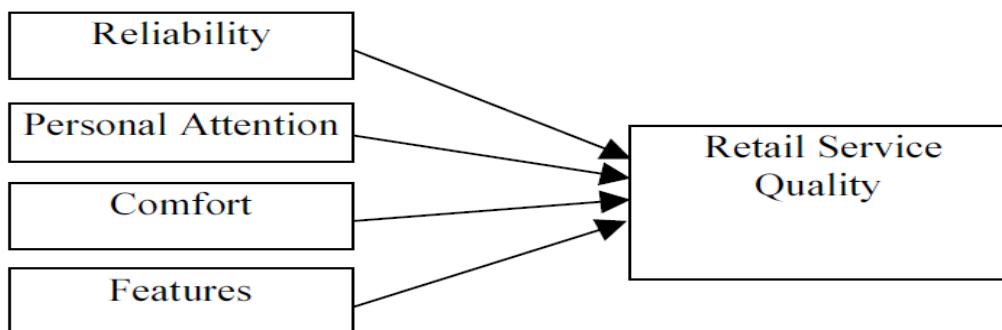


Figure 2.5: Multilevel Model of Retail Service Quality (Source: Dabholkar et al., 1996)

Similar to Cronin and Taylor's (1992) SERVPERF, Dabholkar et al. (1996) used only performance-based measures and found that their scale possessed strong validity and reliability and adequately captured customers' perceptions of retail service quality. Dabholkar et al. (1996) also considered that service quality is defined by and not formed by several dimensions, and this made their conceptualization very different from previous models. The RSQ model has been widely applied in various retail formats within various cultural contexts and has been widely

replicated in various studies (Kaul, 2007; Nadiri & Tumer, 2009). However, studies like Ravichandran et al. (2010) did not support the five-dimensional structure due to inconsistency of the number of dimensions with the original RSQ, as well as inadequacy with reference to the country's context (Kaul, 2007; Kim & Jin, 2002).

Brady and Cronin (2001) developed a model for measuring service quality. According to the model; interaction quality that was formed by attitude, behavior, and expertise; physical service environment quality that was constituted by ambient conditions, design, and social factors; and outcome quality that was formed by waiting time, tangibles, and valence affect service quality. Continual horizontal expansion by Brady and Cronin (2001) conceptualized the five dimensions of the Dabholkar et al. (1996) model into three dimensions and proposed nine sub-dimensions (Figure 2.6).

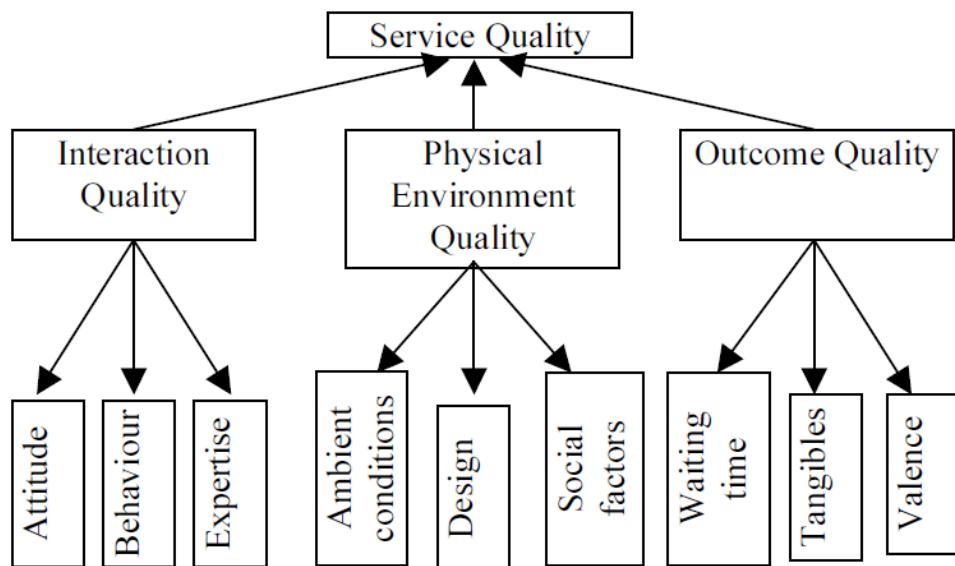


Figure 2.6: Hierarchical Model of Service Quality (Source: Brady and Cronin, 2001)

Brady and Cronin (2001) combined the three-component model by Rust and Oliver (1993) and the multilevel conceptualization of service quality by Dabholkar et al. (1996). The service quality is formed by three primary dimensions: interaction quality, physical environment quality and outcome quality. Each of these dimensions is formed by three corresponding sub-dimensions such as attitude, behavior and experience (interaction quality); ambient conditions, design and social factors (physical environment quality); waiting time, tangibles and valence (outcome quality).

Brady and Cronin (2001) propose that sub-dimensions influence quality dimensions, i.e., sub-dimensions directly contribute to quality dimensions' perception. However, in the operationalization of their model, dimensions are variables that influence sub-dimensions (Martinez & Martinez, 2010), and points out concerns about interpreting the conceptualization of this model.

In their review of service quality models, Seth and Deshmukh (2005) stated that the following categories of research issues related to service quality: i) relationships between various attributes of service; ii) the role of technology (e.g., information technology); and iii) measurement issues. Thus, the critique of Brady and Cronin's model by Martinez and Martinez (2010) could fall into the first, and possibly the third, category due to the unclear direction of influence between levels of quality. The study by Jones (2005) integrated an additional dimension of communications into Brady and Cronin's structure of service quality, and the results revealed the significance of this new dimension for overall service quality in three out of four industry samples.

In an attempt to improve Brady and Cronin's (2001) conceptualization further, Martinez and Martinez (2007, 2008) focused on two areas, namely, the philosophy of the service quality measurement and the nature of causal relationships between dimensions and sub-dimensions of service quality. They claimed that inconsistencies made the methodological legitimacy of further replications/modifications of the model questionable while arguing that the model and its modifications contained an implicit assumption of the dimensions as antecedents of service quality. Having items that represent the dimensions and the overall service quality allows for the possibility of adding new dimensions when developing the models/modification on the basis of Brady and Cronin's (2001) study. Further, they proposed to use a third-order reflective hierarchical model accounting for the hierarchy of perceptions developed by customers in different levels of abstraction (i.e., overall service quality, dimensions and sub-dimensions), and if changes in attitude towards overall service quality occur, there is a need to ensure that this is captured in changes in the dimensions, sub-dimensions and observable indicators.

On the other hand, Hokey and Hyesung (1997) stated that given the intangibility of service and the illusive nature of service quality, its measurement is a challenging task. This is perceptible in hospitality industry, whereby the hotel service, by its very nature, demands higher level of service quality (Michael, 2003). Within the hotel context, researchers have identified different factors affecting customers' perception of service quality.

For example, Thanika (2004) studied the perceptions of tourists on hotel service quality in Mauritius (by using modified SERVQUAL with 39 items) and identified that 'reliability' is the most important factor that affects service quality. Similarly, Asad and Tim (2010) conducted an

exploratory research in India to study service quality in Luxury hotels by applying the modified SERVQUAL with 23 items and identified that service quality is affected by hotel ambience and staff courtesy, food and beverage (F&B) products and services, staff presentation and knowledge, reservation services, and overall value for money, in order of their importance. Therefore, the critical importance of service quality quests a visionary management that takes initiatives to plan, deliver, monitor and sustain a well established system of service quality (William, Taylor & Jayawardena, 2003; Amin et al., 2013; Tsitskari, Antoniadis & Costa, 2014).

The review of service quality models showed that there has not been enough consideration of the country/culture specific context in which the models have been developed. However, there is evidence that this can have implications for adaptations and/or modifications of the models for use in different contexts (Kaul, 2007; Kim & Jin, 2002). Dabholkar et al. (1996) argued that a measure of service quality across industries is not feasible and suggested that future research should develop sector/industry specific measures of service quality. This argument is supported by Ladhari (2008), who views industry-specific measures of service quality as more appropriate than ones of a single generic scale. Also, Martinez and Martinez (2010) noted that, by definition, attributes of service quality are not universal but industry-specific.

Thus, the focus of attributes on a particular service industry will produce a clear set of areas for consideration and increase the relevance of practical implications for management in any particular industry or sector therein. This will allow capturing of a meaningful picture of service quality perceptions, providing a clear pathway for further research/model improvements and simplifying challenge of filling the gaps in the area of perceived service quality. This goes along

with the suggestion of Morales and Ladhari (2011) to utilize a holistic approach and consider situational, contextual and structural variables related to service quality perceptions.

Moreover, service quality has multifaceted importance to a firm. The major ones include the followings:

- *Differentiation*: At present there is stiff competition in the hotel sector. To coup up and win competition, the marketing manager should effectively position its brand through a differentiated offer. As the tangible elements of service are easily imitated by competitors the most effective differentiation strategy is offering superior quality service (Konstantinos, Nikos & Dimitri, 2002).
- *Competitive advantage*: A well differentiated/quality service can be the competitive advantage of a firm. Thus, service firms like hotels shall leverage their competitive position through quality services (Riad, 2009a).
- *Customer satisfaction*: Researches show there is direct and positive relationship between service quality and customer satisfaction. This is apparent in hotels where customers are continuously demanding for service quality improvements. Since customer satisfaction is the nucleus for a business success, attaining the same through quality service is inevitable (Fiju, Frenie & Sid, 2004).
- *Customer loyalty*: Most businesses seek lasting loyalty from their customers. One of the mechanisms to make customers regularly purchase the service is delivering quality service. A customer well satisfied by the service quality is more likely to be loyal to the brand, repeats purchase from the same brand and spreads positive WOM (Riad, 2009a).

- *Productivity*: Quality service attracts more demand and contributes for increased revenue. Especially when the quality service is delivered right the first time, operating costs for potential improvements are significantly reduced and long term profit will be optimized. (Parasuraman, 2002; William, Taylor & Jayawordena, 2003).
- *Employee morale*: Service quality increases employee morale and enhances commitment. Employees providing quality service get positive feedback and rewards (i.e., tips, commission) from customers and the employers, which boosts their morale and commitment to contribute even more (William, Taylor & Jayawordena, 2003).
- *Brand image*: A well delivered service contributes to customers' quality of experience and shapes the overall image that customers have towards a given brand. A positive brand image, in turn, produces brand loyalty (Jay & Dwi, 2000; Jing & Andrew, 2009).

2.1.3 SERVQUAL versus SERVPERF

By recognizing the complex and challenging feature of service quality and its relationship with customer satisfaction, value and behavioral intentions, the assessment requires an understanding of the associated dimensions to these and valid instrument to measure them. Despite the fact that service quality attracted the attention of large number of researchers, there is no universally accepted single tool to measure it.

Different scholars proposed different instruments to measure service quality among which the most popular are SERVQUAL and SERVPERF (Parasuraman, Zethaml & Berry, 1988; Cronin & Taylor, 1992; Francis, 1995; Marco, 2001; Sanjay & Gupta, 2004; Francosis, Jeremilo & Mulki, 2007; Riadh, 2009b). The two major paradigms of service quality measures: the

disconfirmation paradigm- SERVQUAL, and the perception paradigm- SERVPERF are discussed in detail as follows (Marco, 2001).

i. SERVQUAL

In the disconfirmation model, as presented by Parasuraman, Zeithaml and Berry (1988), service quality is considered as an attitude resulting from the comparison of customers' expectation and perception of service encounter (Francosis, Jeremilo & Mulki, 2007). They introduced an instrument to measure service quality (called SERVQUAL) based on the disconfirmation (gap based) model, while measures the difference between the perception and expectations (P-E) of customers on service. The SERVQUAL model presents 44 questionnaire items having two parts: 22 for expectation and other 22 for perception (Francosis, Jeremilo & Mulki, 2007; Sanjay & Gupta, 2004).

A number of scholars applied SERVQUAL in their researches on service quality in various service sectors (Riad , 2009b). Besides its popularity, the model invited a great deal of debates from other service quality researchers (Cronin & Taylor, 1992; Fiju, Frenie & Sid, 2004; Francosis, Jeremilo & Mulki, 2007). However, Sanjay and Gupta (2004) appreciated the diagnostic power of the SERVQUAL and prescribed it for service quality studies emphasizing managerial interventions in particular.

Table 2.2 presents the service quality dimensions, associated definitions to them and the number of items in corresponding dimensions, as proposed by the SERVQAL, which got reduced from ten in 1985 (earlier version) to five in 1988 (Parasuraman, Zeithaml & Berry, 1988).

Table 2.2 Service quality dimensions

Dimension	Definition	Items in the scale
Reliability	The ability to perform the promised service dependable and accurately	4
Assurance	The knowledge and courtesy of employees and their ability to convey trust and confidence	5
Tangibles	The appearance of physical facilities, equipments, personnel and communication materials	4
Empathy	The provision of caring and individualized attention to the customers	5
Responsiveness	The willingness to help customers and to provide prompt assistance	4

(Source: Parasuraman, Zeithaml & Berry, 1988)

After conducting a meta analysis on SERVQUAL based research done for 20 years, Raidh (2009b) commented that the SERVQUAL is useful instrument for service quality researches despite criticisms related to its reliability, validity (convergent, discriminant and predictive), emphasis on process, scale generalizability in different settings, and hierarchical construct. However, scholars like Cronin and Taylor (1992) and Francis (1995) critically emphasized on the drawbacks and suggested its replacement: the SERVPERF. Francis (1995), for example, reviewed the critiques on the SERVQUAL model and presented them in two groups: Theoretical and Operational criticisms.

A) Theoretical Criticisms on SERVQUAL

- *Paradigmatic objections:* The base of SERVQUAL is disconfirmation instead of attitudinal paradigm, whereas perceived quality is best conceptualized as an attitudinal

model. Also SERVQUAL fails to portray on established psychological, economic and statistical theories.

- *Gaps model*: Even though the model presents P-E, the dominant contributor of the model is performance. This is true because the customers' expectation continuously changes and cannot be taken as a base to determine the service quality. And there is little evidence that customers evaluate service quality in terms of P-E gaps.
- *Process orientation*: The focus of SERVQUAL, being on the process of service delivery, neglects the importance of service outcome on the perception customers' have on service quality.
- *Dimensionality*: The universal applicability of SERVQUAL's five dimensions (tangibles, reliability, responsiveness, empathy and assurance) is questionable. Further, the number of dimensions comprising service quality is contextual; items do not always load on to the factors which one would as priori expect; and there is a high degree of inter-correlation between the five dimensions (Konstantinos, Nikos & Dimitri, 2002).

B) Operational Criticism on SERVQUAL

- *Expectations*: The term expectation is multifaceted and might imply different things for customers. Consumers use standards other than expectations to evaluate service quality, and SERVQUAL fails to measure absolute service quality expectations. According to Teas (1993), customers' expectation might imply any or a combination of the following:
 - *Service attributes importance*. Customers may respond by rating the expectations statements according to the 'importance' of each.

- *Forecasted performance.* Customers may respond by using the scale to predict the performance they would ‘expect’.
 - *Ideal performance.* The optimal performance, what performance ‘can be’.
 - *Deserved performance.* The performance level customers, in the light of their investments, feel performance ‘should be’.
 - *Equitable performance.* The level of performance customers feel they ought to receive given a perceived set of costs.
 - *Minimum tolerable performance.* What performance ‘must be’.
- *Item composition:* Four or five items cannot capture the variability within each service quality dimension. These compositions of items might not capture all the service quality dimensions. Although, Parasuraman, Berry and Zeithaml (1991) acknowledged the need for including contextual specific items in the instrument to supplement the SERVQUAL, but suggested that the new items should be similar with those in the SERVQUAL. A number of researchers included more items than 22 in the original SERVQUAL e.g., Thanika (2004) used 39 items, and Nelson and Hailin (2000) used 35 items in their researches on hotel industry while using SERVQUAL.
- *Moments of truth (MOT):* The evaluation of service quality is strongly affected by the way customers evaluate the MOT which varies in time and circumstances.
- *Polarity:* Of the 22 SERVQUAL items, 13 were worded positively and 9 worded negatively and this reversed polarity of items in the scale causes respondent error.
- *Scale points:* The seven-point Likert-scale is flawed. The absence of verbal labeling for 2 to 6 points makes the respondents to select the extreme points and there is also ambiguity on the midpoint (Lewis, 1993).

- *Two administrations:* The instrument requires double administration i.e., first for customers' expectations and second for their perceptions of service quality. These causes respondents boredom and confusion.
- *Variance extracted:* The over SERVQUAL score accounts for a disappointing proportion of item variances. Generally, the modified scales tend to produce higher levels of variance extracted. The higher the variance extracted, the more valid is the measure (Francis, 1995).

Francis (1995) further questions the validity of the SERVQUAL on the following issues:

- *Face validity:* The extent to which the instrument measures what it is supposed to measure.
- *Construct validity:* Particularly on nomological and convergent validity.
 - *Nomological validity:* The extent to which a measure correlates in theoretically predictable ways with measures of different but related constructs.
 - *Convergent validity:* The extent to which a scale correlates with other measures of the same construct.

The above discussion on SERVQUAL shows that there are proponents and opponents of the model. The proponents claim:

- The model is a popular instrument to measure service quality;
- Its reliability and validity is acceptable;
- Its diagnostic ability is well appreciated; and
- It is advised for service quality research, particularly, meant for managerial intervention.

Opponents criticize SERVQUAL based on:

- The model has a number of theoretical and operational drawbacks; and
- Its face and construct validities are questionable.

ii. SERVPERF

This model is based on the ‘perception only paradigm’. It is first introduced by Cronin and Taylor (1992) and suggests that expectations are irrelevant and misleading to evaluate service quality and hence the measure of service quality should be based on performance only. Researchers who critically compared SERVQUAL and SERVPERF suggested that service quality can be and/ or shall be evaluated using performance instrument. For example, Sanjay and Gupta (2004) argued that the psychometric soundness and instrument parsimoniousness makes SERVPERF preferable for researches focusing on the assessment of service quality of a firm or an industry.

Similarly, Halil and Kashif (2005a) commented that the use of SERVPERF instrument provides useful information to managers for developing quality improvement strategies and suggested that SERVPERF is sufficient to measure service quality. Marco (2001) discussed that SERVPERF explains more customer satisfaction than service quality construct. Juan and Zornoza (2000) stated that SERVPERF has greater reliability, convergent and discriminant validity, and explains variance better than SERVQUAL. However, Francosis, Jeremilo and Mulki (2007), have done a meta analysis to determine the validity of SERVQUAL and SERVPERF taking 42 research done for 17 years and concluded that both instruments are equally valid predictors of overall service quality.

As discussed earlier, the use of P-E approach in SERVQUAL has peculiarities in measuring service quality; customers' expectations are unreliable as they change through time and the term expectation might mean different things for customers. Other researchers are testifying the validity of SERVPERF to measure service quality and recommending it for assessment of service quality in an industry or a firm. The problem related to double administration of the SERVQUAL and the number of issues discussed above makes SERVPERF a preferable model.

As to Cronin and Taylor (1994, p.127), "the superiority of the SERVPERF approach pertains in some psychometric properties of the measure, the fact remains- it is a better measure of service quality." Therefore, after assessing the pros and cons of the SERVQUAL and SERVPERF models, the present research inclined to adopt the SERVPERF approach (perception only measure of service performance) in the process of assessing service quality in the Ethiopian hotel sector.

A) Criticism of SERVPERF Approach

- There is significant theoretical and empirical research to support their P-E gap theory (guiding SERVQUAL), contrary to SERVPERF (Bolton & Drew, 1991; Parasuraman, Zeithaml & Berry, 1994; Zeithaml, Berry & Parasuraman, 1996).
- Cronin and Taylor (1992) cites studies that focus on the formation of attitudes and not the attitude level, which is what SERVQUAL attempts to measure (Parasuraman, Zeithaml & Berry, 1994).
- Cronin and Taylor's (1992) analysis does not take into account, the "possible inter-correlations among the five latent constructs" (Parasuraman, Zeithaml & Berry, 1994).

- The argument used by Cronin and Taylor (1992) to deem SERVQUAL a uni-dimensional scale is subject to question (Parasuraman, Zeithaml & Berry, 1994).
- SERVQUAL's convergent and discriminant validity is as good as or better than SERVPERF's validity (Parasuraman, Zeithaml & Berry, 1994).
- While their P-E measure may show less predictive power than a perceptions only measurement, P-E measures do have better diagnostic value (Parasuraman, Zeithaml & Berry, 1994).

In their review, Boulding et al. (1993: 24) stated “our results are incompatible with both the one-dimensional view of expectations and the gap formation for service quality. Instead, we find that service quality is directly influenced only by perceptions.” On the other hand, Cronin and Taylor (1994) assert that since SERVQUAL seems to have little empirical and conceptual research support, the real question that should be asked is whether, or not, SERVPERF can produce a valid and reliable measure of service quality. The authors insist, based on their research, that the scale can provide a reliable, valid, and useful tool for measuring overall service quality levels or attitudes.

Several studies that have used SERVQUAL or SERVPERF scales in different service settings have shown that the standardized scales are not generic (i.e., not applicable in different service contexts) and failing to capture industry/sector-specific dimensions underlying the quality perceptions (Dabholkar et al., 2000; Negi, 2010). Therefore, it is suggested that the antecedents and measure of service quality may be different in varying service contexts (like hotel etc.), depending on the unique characteristics of the services provided.

Although it is possible to advance a relatively strong case for using the SERVQUAL scale, this study has chosen to use the SERVPERF scale, primarily, because of many criticisms of SERVQUAL (Cronin & Taylor 1992; Teas 1993), and the failure of empirical studies to replicate SERVQUAL's initial success (Carman 1990; Babakus & Boller 1992). Also, the researcher is mindful that while Cronin and Taylor (1992) have argued strongly in defense of SERVPERF, the scale has yet to be empirically tested in as wide a number of industries as has SERVQUAL.

2.1.4 Customer Satisfaction

Ensuring and achieving customer/guest satisfaction is quite often the main goal of most organizations, as this is assumed to be a vehicle to increase profit through customer revisits and reduced cost to serving him/her. Heskett, Sasser and Schlesinger (1997) report that increased customer satisfaction results in retention and positive WOM, which subsequently lower the marketing costs and increase profit. Therefore, the study of satisfaction becomes crucial to many managers and researchers alike, particularly in service sector. It describes customer (rational and information processing being) experiences, which are the end state of a psychological process (Lee, Yoon & Lee, 2007).

Satisfaction can be interpreted in two ways: as an outcome and as a process (Parker & Mathews 2001, 38-39). Gustafsson, Johnson and Roos (2005: 210) define customer satisfaction as “customer’s overall evaluation of the performance of an offering to date.” Additionally, customer satisfaction has been defined based on the extent to which a product/service experience meets customers’ expectation from the same. Oliver (1997:13) defined satisfaction as “...the

consumer's fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under or over fulfillment." Therefore, when the actual service experience meets customers' prior expectations, they will be satisfied and if it fails to meet, they would be dissatisfied (Gilbert et al., 2004).

This definition is based on the disconfirmation model since it compares customer expectation with perception to determine customer satisfaction (Yuksel & Rimmington, 1998). However, some scholars argue that customers are not only rational beings, since their satisfaction could be affected by their emotional experience with the service which happens post consumption hence, follows performance only model (Gilbert, 2006). Thus, the evaluation of customer satisfaction should integrate both the cognitive and affective processes (Burns & Neisner, 2006). Some of the techniques to measure customer satisfaction include: surveys, focus group, phone interviews and computer software (Fecikova, 2004).

Generally, when customers are satisfied, they intended to stay with the service provider, provoke positive WOM communication freely for the organizations, and leads to profitability of the business through strong tie-ups with the organizations (Oliver, 1997; Best, 2004). As a result, retaining customers remain very important for the organizations (Johnson & Fornell, 1991) to gain long-term profits, as loyal customers buy more often and recommend others to buy.

In other words, customers should be retained otherwise there is more expense in gaining new customers. Thus, customer-focused businesses offer their products/services as close to the

customer needs as possible to make them satisfy/happy (Best, 2004) and ensure retention through it. Customers are satisfied when the product is about their expectation and are dissatisfied when the product is below their expectation (Swan & Combs, 1976). Also, customers are ready to switch to other competitors if they provide the same or greater customer value.

In some cases, satisfaction and quality are conceptualized in a similar manner and/or used interchangeably in discussions, it is important to note that the two constructs are distinct. While service quality judgment is mainly a cognitive process (Vida & Readon, 2008), satisfaction is the psychological outcome derived from a service experience (Lee, Yoon & Lee, 2007). Moreover, satisfaction judgment can result from any dimension, quality related or otherwise, as it encompasses a wide range of factors which may be within or outside the control of a service provider.

Even though a distinction is made between satisfaction and perceived-quality, studies like Baker and Crompton (2000) and Cole and Illum (2006) have found a significant relationship between the two constructs, whereby service quality is considered as an antecedent of satisfaction. Thus, service quality is likely to be a major factor in providing satisfaction even though satisfaction is not exclusively achieved through service quality (Lee et al., 2007). Also, due to its strong impact on behavioral intentions (Anderson & Fornell, 1994; Bolton & Drew, 1994; Cronin & Taylor, 1992), customer satisfaction has received much consideration in the marketing literature.

Oliver (1989) developed five models of satisfaction and its antecedents; three based on disconfirmation of expectations and two are the result of non-rational processes. In line to this,

studies like Oliver (1997) and Olsen (2002) conclude that satisfaction is an effective variable as opposed to cognitive. Cronin et al. (2000) conceptualized satisfaction as a multi-attribute construct that consists of factors like interest, enjoyment, surprise and anger in creating satisfaction. In order to successfully plan a satisfactory experience, business (like hotel) managers need to understand what customers want and how to measure the quality of their (hotel) services.

This study evaluates customer satisfaction through performance-only model, in line with the SERVPERF approach, which has been utilized to measure service quality. The performance-only approach to service quality and consumer (visitor) satisfaction hypothesizes that evaluation of a product (experience) is determined by perception of the performance alone. This method is a more effective way of conceptualizing quality and/or satisfaction (Cronin & Taylor, 1992; Thompson & Schofield, 2007). Performance-only measures are more typical of the cognitive process (Meyer & Westerbarkey, 1996) and pivotal in the formation of quality/customer satisfaction because performance is the main feature of the consumption experience (Yuksel & Rimmington, 1998). Moreover, satisfaction results if a product performs well; irrespective of any disconfirmation effect (Mannell, 1989).

2.1.5 Customer Value

Value is pervasive to marketing theory and consequently to understand consumer behavior. Value is crucial in explaining different areas of consumer behavior such as product/service choice, purchase intention and repeat visitation, and considered as a multifaceted and complex construct that varies from one customer to another (Gallarza & Saura, 2006). It is context

specific, as value has been defined and conceptualized through both uni-dimensional measure (Zeithaml, 1988) and multidimensional scale (Petrick & Backman, 2002; Sanchez et al., 2006).

Zeithaml (1988) presents customer value as the outcome of the customer's comparison of the benefits acquired from a service encounter with the costs incurred to acquire the same. Kotler and Keller (2009) discussed customer value as the difference between the customer's evaluation of all the benefits and all the associated costs of an offering and the perceived alternatives. The overall benefits of a product/service include: bundle of economic, functional and psychological benefits and the overall costs including monetary, time, energy and psychic costs. Therefore, customer value entails the comparison of all the costs against the overall benefits acquired from the product/service experience.

To this end, the conceptualization of value as a 'benefits-sacrifice' construct appears to be a key factor in determining behavioral intent. In other words, customer value is assumed to guide the retention decisions of customers, as a function of their perceptions of service quality, and being influenced by the type of service quality (Chang, 2008).

Customer perceived-value has been found to have a significant relationship with satisfaction, yet the direction of the relationship has induced noticeable controversy (Eggert & Ulaga, 2002). It has been contended by scholars like Bolton and Drew (1991) that satisfaction causes value to manifest. Additionally, researchers (e.g., Bolton & Drew, 1994 and Petrick et al., 2001) argue that value perception is a higher order construct and a more reliable judgment than satisfaction, and referred as a better predictor of behavioral outcomes in business markets (Gross, 1997).

Others like Cronin et al. (2000) and Brady et al. (2005) argue that satisfaction is more strongly related to behavioral intentions. Though, Eggert and Ulaga, (2002) submit that the two constructs rather complement each other.

Furthermore, a number of multi-dimensional models of value have been developed incorporating functional and social-psychological elements. For example, Sweeney and Soutar (2001) proposed ‘PERVAL’ model consisting quality/performance, social, price/value for money and emotional dimensions, based on Sheth, Newman and Gross’s (1991) model. Gallarza and Saura (2006) developed an eight-dimension model comprising efficiency, excellence, status, esteem, play, aesthetics, ethics and spirituality. Sanchez et al. (2006) also proposed a tourism context specific multi-dimensional value model called ‘GLOVAL’. However, empirical studies have indicated that perceived quality and monetary price are the two major antecedents of perceived value (Oh, 2000; Duman & Mattila, 2005), and in turn, perceived-value is a significant antecedent to visitors’ satisfaction and behavioral intention (Cronin et al., 2000).

According to Oliver (1997), value evaluation takes both cognitive and affective dimensions. Duman and Mattila (2005) noted that the cognitive perspective of value perception is often more emphasized in the literature than the affective aspect, which may be the result of earlier uni-dimensional conceptualization of the concept. This study measured perceived value by asking the customers to compare the benefit they acquired from the service encounter against the cost they have incurred to acquire the same (Cronin, Brady & Hult, 2000).

2.1.6 Behavioral Intentions

Marketing research has shown that it is more cost effective to retain customers than attract new ones, as this has implications for marketing costs, customers' willingness to pay more and subsequently for profits. As a result, organizations in general, and service providers in particular, are keen to retain their customers with them.

Behavioral intention is an indicator that shows whether a customer will remain loyal to a service provider or shift to another. It represents the repurchase intentions, WOM, loyalty, complaining behavior and price sensitivity of customers (Zeithaml, Berry & Parasuraman, 1996). While Zeithaml, Berry and Parasuraman (1996) have compiled a list of favorable behavioral intentions including loyalty, willingness to pay more, external and internal responses, and switching intentions, many studies (e.g., Theodorakis & Alexandris, 2008; Ozdemir & Hewett, 2010) used WOM, repurchase intentions and willingness to recommend and to measure behavioral intentions.

Bourton et al. (2003) reported that customer experience is relating to behavioral intentions; more positive the customer experience, more likely his/her willingness to reuse the service. Oliver (1997) referred to behavioral intentions as the stated likelihood to engage in a particular behavior including intentions to revisit and WOM recommendations. These intentions can predict the future consumption behavior of the consumer and that of his/her WOM recipients.

Bagozzi (1992) discussed that customers' behavioral response is the outcome of their cognitive evaluation of a product/service and the affection they have experienced by doing so. However, it

is to be noted that in the case of behavioral intentions we are rather capturing customer's intentions not the actual behavior. Nonetheless, scholars agree that behavioral intentions are good indicators of future planned behaviors and thus measured intentions to revisit, recommend, and be loyal (Cronin, Brady & Hult, 2000; Chen et al., 2011; Som et al., 2012; Wen et al., 2012).

Zeithaml, Parasuraman and Berry (1996) hold the notion that behavioral intention could be favorable where a customer/guest will engage in saying positive things and recommending a service to others (families and friends), along with expressing loyalty to a service provider. When the behavioral components are favorable, which meet service providers' desires, customers positively affirm their likelihood to revisit the provider and then spread positive WOM to others (Jani & Han, 2011). Conversely, behavioral intentions could be unfavorable where the customer/guest is dissatisfied, which may lead to switching and complaint behavior.

In general, the intention construct is premised on the Theory of Reasoned Action (TRA) and the Theory of Planned Behavior (TPB), whereby intentions are presumed to be the driving factors that influence behavior and subsequently indicate how truly an individual is willing to try or exert specific amount of effort in performing the behavior (Armitage & Conner, 2001).

Accordingly, the expectancy-value model, known as TRA, provides an expanded picture of how, when, and why attitudes predict consumer behavior (Bagozzi, 1992). In this model, behavior is assumed to be approximately equal to behavioral intention, which in turn is determined by the person's attitude toward the act and the subjective norms that operate in the situation (Figure 2.7).

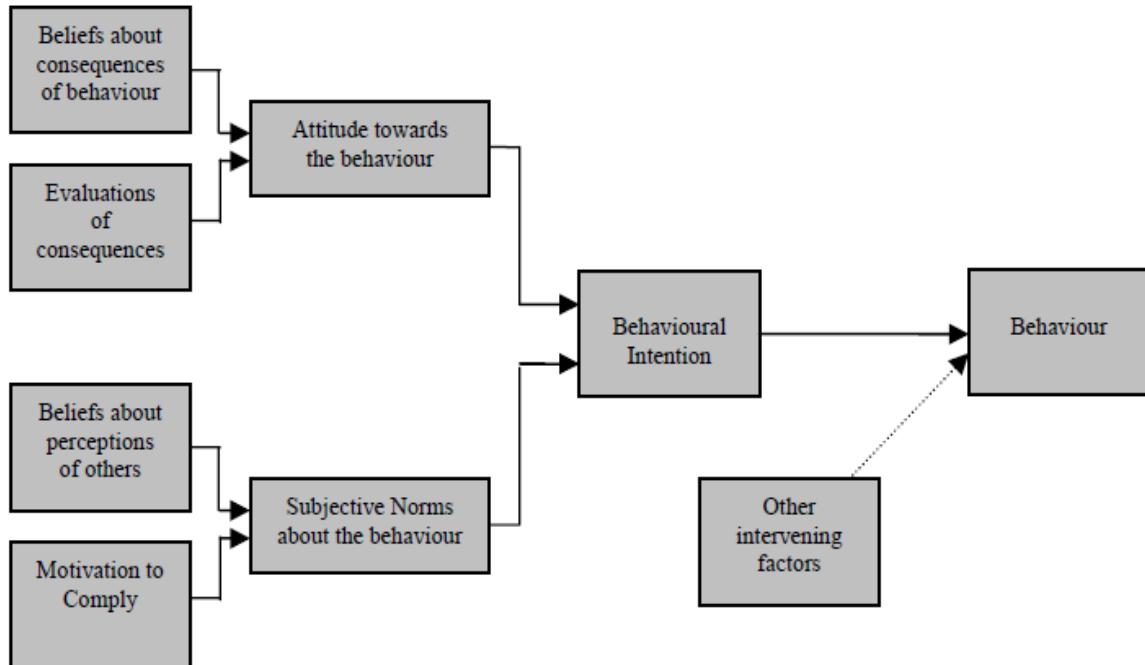


Figure 2.7: Theory of Reasoned Action (Armitage & Conner, 2001)

Through the concept of ‘subjective norm’ the theory acknowledges the power of other people in influencing behavior. Explicitly, it accounts for the thoughts of others toward the certain behavior, and is moderated by the extent to which the consumer is motivated to comply with these views. However, the relative contributions of attitudes and subjective norms will not necessarily be equal in predicting behavior. As, perhaps, conspicuously consumed products tend to be more influenced by the subjective norms as compared to less conspicuous products.

Being an extension of TRA, the TPB, seeks to predict behaviors over which consumers have incomplete control by examining their perceived behavioral control. The factor ‘perceived behavioral control’ was added as an additional predictor of intentions and behavior which, just as attitudes and subjective norms, works with beliefs that are accessible to the consumer (see Figure 2.8).

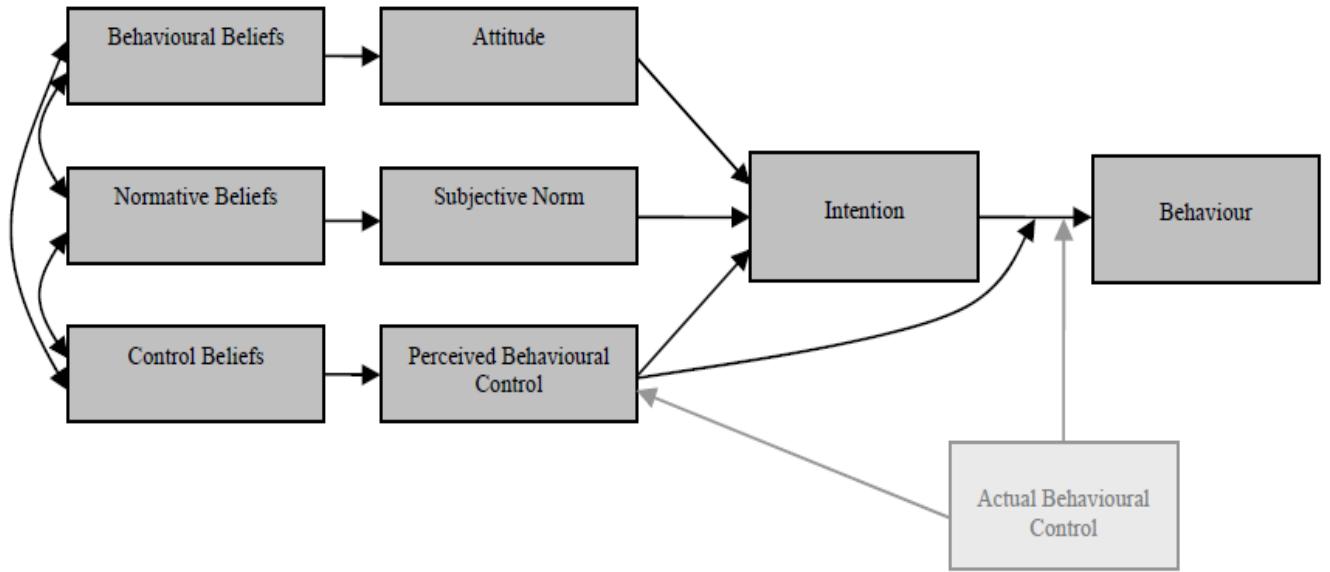


Figure 2.8: Theory of Planned Behavior (Armitage & Conner, 2001)

The construct ‘perceived behavioral control’ is formed by combining the perceived presence of factors that may facilitate or impede the performance of behavior and the perceived power of each of these factors. Actual behavioral control refers to the extent to which a person has the skills, resources, and other prerequisites needed to perform a given behavior.

Particular to hospitality industry, behavioral intentions have been measured variously. The main measures include: recommending the product to others (Parasuraman, Zeithaml & Berry, 1991); remaining loyal to a provider (Rust & Zahorik, 1993); saying positive things about a service and provider (Boulding et al., 1993); paying a premium price and spending more on the provider’s services (Alexandris, Dimitriadis & Markata, 2002). In a nutshell, the elements of behavioral intentions can be grouped into four broad categories- purchase intention, WOM communication, price sensitivity and complaint behavior. Chen and Chen (2010) referred customers intentions as attitudinal (specific desire to remain in a relationship with a given service provider), and

behavioral (actual repeat purchase of a given service offering). In this study, customers' behavioral intention has been measured in terms of intentions to revisit and to recommend/WOM. Word-of-Mouth recommendations are further classified, by adapting Kozikowski (2012), as Acquaintances Word-of-Mouth (A-WOM), Booking Contacts Word-of-Mouth (BC-WOM), Direct Word-of-Mouth (D-WOM) and Electronic Word-of-Mouth (E-WOM), based on the audience.

Additionally, evidence abounds that behavioral intentions are related to constructs such as service quality, perceived-value, service benefit, customer satisfaction and service equity. A number of studies have investigated the behavioral consequences of such service constructs (Zeithaml & Bitner, 2001; Jani & Han, 2011) as presented in the following section.

2.2 Empirical Literature Review

2.2.1 Service Quality, Customer Value, Satisfaction and Behavioral Intentions

Establishing a link between service marketing constructs like quality, customer satisfaction and perceived-value, and behavioral intentions is both important and challenging. It is important being an evidence for the value of service quality research, and challenging as the relationships between specific service quality dimensions and other constructs are not yet clear, due to the use of different service quality models and varying contexts (Theodorakis & Alexandris, 2008).

Following Rust and Oliver (1994), the need for research to empirically examine the relationships between these constructs is emerged. Accordingly, a number of studies have attempted to conceptualize the links between these variables across different sectors (Fornell et al., 1996;

Zeithaml, Berry & Parasuraman, 1996). This rationalization for the connections between quality, value and satisfaction is based on the Bagozzi's (1992) work that proposes the way customers initial service evaluation leads to an effective reaction to generate behavioral outcomes or intentions. Majority of the studies establishing the relationship between service quality, perceived-value, customer satisfaction and behavioral intentions indicate that quality influences behavioral intentions indirectly via value and satisfaction (Anderson & Sullivan, 1993; Patterson & Spreng, 1997; Petrick, 2004).

Many researchers, like Marco (2001), have limited their focus on service quality dimensions and its relationship with customer satisfaction without extending to investigate the behavioral intentions outcome (Francosis, Jeremilo & Mulki, 2007; Raidh, 2009b). Whereas, researchers like Konstantinos, Nikos and Dimitri (2002) assessed the direct relationship between service quality and behavioral intentions but disregarded the variables like satisfaction and value, which were observed to play mediating role in other researches (e.g., Cronin, Bradly & Hult, 2000; Tsaur, Lin & Wu, 2008; Salazar, Costa & Rita, 2010; Jani & Han, 2011 and Simon, 2012).

Researches like Gounaris, Dimitriadis and Stathakopoulos (2010), Kasim and Abdullah (2010), and Lertwannawit and Gulid (2011) proposed/introduced other variables (in addition and/or in substitution to satisfaction and/or value) like trust, image, perception and commitment, being moderators to the relationship between the constructs pertinent to their studies contexts. Others (e.g., Chen, 2008; Michael et al., 2009; Lertwannawit & Gulid, 2011 and Cho, Byun & Shin, 2014) who investigated the relationship between these constructs hardly discussed the link between specific service quality dimensions and behavioral intentions.

Specific to hotel sector, Oh (1999) identified that perceived service quality has a positive and direct effect on both customer-perceived value and satisfaction, and value has a positive direct influence on customer satisfaction and repeat purchase behavior, with customer satisfaction having a direct and positive impact on behavioral intentions of repeat buying and positive WOM communication. Similarly, Brady et al. (2001) reported that service quality has a direct positive influence on customer satisfaction and behavioral intentions in the context of American restaurants, while customer satisfaction has a direct and positive effect on behavioral intentions in both American and Latin American contexts.

Following a study on the impact of customer perceptions of service quality on behavioral intentions in Greece hotels, Konstantinos, Nikos and Dimitri (2002) learned that ‘empathy’ and ‘assurance’ dimensions are most important to affect customer’s purchase intentions and WOM. Hokey and Hyesung (1997) studied service quality from managerial perspective in North Korea and identified that hotel ambience and employee courtesy affect service quality in a more significant manner.

Halil and Kashif (2005a) assessed the perception of customers on service quality in North Cyprus hotels by applying SERVPERF and identified only two dimensions (tangibles and intangibles) contributing to determine service quality. Perran (1995), who studied hotel service quality in Istanbul (Turkey) by adapting the SERVQUAL, found courtesy and staff competence, communication and transaction, tangibles, customer understanding, accuracy and speedy service, and solution to problems and their accuracy as the major factors affecting service quality.

In this study, while the relevant variables were identified from different literatures, a single instrument was hardly found representing all the items. Thus, in an attempt to develop the modified instrument, which comprehensively measures service quality and its relationship with customer value, satisfaction and behavioral intentions, questionnaire items were adapted from different researchers, as presented in the next (methodology) chapter. Even though, the relationship of service quality, customer value, satisfaction and behavioral intentions has attracted large number of researchers, the findings indicate that the nature of relationship among the constructs varies with the pertinent research context (see Table 2.2).

Moreover, Cronin, Bradly and Hult (2000) attempted to explain the relationship that exists between service quality, customer satisfaction and behavioral intentions, while stating service quality as an antecedent to the other two. Festus, Maxwell and Godwin (2006) assessed the relationship between the three constructs and stated that although service quality directly affects behavioral intentions of customers, the indirect/moderating role of customer satisfaction is stronger in linking service quality and customers' behavioral intentions. Scholars explained that behavioral intentions of customers are affected by perceived value and satisfaction (Konstantinos, Nikos & Dimitri, 2002; Chen, 2008; Maria, Lorenzo & Antonio, 2007; Kuruuzmu & Koksal, 2010).

Evidence abounds that behavioral intentions are related to constructs such as perceived quality, value, service benefit, customer satisfaction and service equity. A number of studies in the services marketing domain in general, and hospitality discipline in particular, have investigated the behavioral consequences of such service constructs. For example, Baker and Crompton

(2000), employing a structural modeling design and found that service quality dimensions directly and positively relate to purchase intentions, loyalty and willingness to pay more money.

Zeithaml, Berry and Parasuraman (1996) argued behavioral intentions as a consequence of service quality, which is a signal of retention or defection. They proposed a multi-dimensional behavioral intentions model having dimensions of WOM, purchase intentions, price sensitivity and complaining behavior. They also suggested that perceived service quality was related with favorable behavioral intentions including positive WOM recommendations, loyalty and less price sensitivity.

Service quality has significant impact on behavioral intentions of repurchase and provoking positive WOM than perceived-value, and perceived-value influences more of behavioral intentions than satisfaction (Petrick, 2004). Olorunniwo et al. (2006), in their study on hotel sector, found that while service quality fundamentally impact behavioral intentions to revisit, its indirect effect (through customer satisfaction) is significantly greater than the direct effect in producing favorable behavioral outcomes. Similarly, Theodorakis and Alexandris (2008) found that tangibles, responsiveness and reliability dimensions were moderately estimating the WOM communication.

Thus, the nature of impact that service quality has (directly or indirectly through satisfaction and/or value) on behavioral intentions remained controversial or contextual. As a result, while some researchers proposed that service quality directly influence behavioral intentions (Tsaur, Lin & Wu, 2008; Kuruuzmu & Koksal, 2010; Basheer, 2012), others proposed indirect influence (Chen, 2008; Zabkar et al., 2010; Lertwannawit & Gulid, 2011; Jani & Han, 2011; Simon, 2012).

Table 2.3 Relationship between service quality, customer value, satisfaction and behavioral intentions in different contexts

Authors	Constructs	Contexts	Findings
Bedi (2010)	Service quality, customer satisfaction & behavioral intentions	India, Banking	Service quality influences customer satisfaction. Service quality dimensions have varying contribution across public and private banks. Customer satisfaction has more influence on WOM
Chen et al. (2011)	Service quality, customer satisfaction & behavioral intentions	Taiwan, National Park	Service quality influences customer satisfaction. High level of service quality creates long term behavioral intentions of tourist (like revisit) through high level customer satisfaction.
Cho and Rutherford (2011)	Value, repurchase intentions & WOM	Service firms (gender)	Value and WOM influence customers' repurchase intentions. Females tend to engage in more WOM than males which affect their repurchase intentions.
Huang (2012)	Service quality, value, satisfaction, image & behavioral intentions	Golf event tourists	Service quality influences value and satisfaction of tourists which results in favorable image and this ultimately leads to positive behavioral intentions.
Wen et al. (2012)	Perceived service quality, satisfaction, value & behavioral intentions	China and USA (culture, age, gender)	Culture, gender and age moderate the relationship between the research constructs. Value has strong influence on satisfaction in china whereas in America service quality and food quality have strong influence on satisfaction.
Chen, Chen and Lee (2013)	Physical environment quality, personal interaction quality, loyalty, satisfaction & behavioral intentions	Taiwan, Hospitality (B&B)	Both physical environment quality and personal interaction quality produce customer satisfaction. However, only personal interaction quality and customer satisfaction can influence loyalty.

Cho, Byun and Shin (2014)	Service quality, satisfaction, revisit & information (WOM) preferences	Korean, Tourism	Service quality, physical infrastructure and tour program affect customer satisfaction. Service quality influences tourists' intentions to revisit and recommend.
Lai (2015)	Service quality, value, satisfaction, commitment & loyalty	Hong Kong, restaurant	Service quality influences perceived value, satisfaction, and loyalty. Perceived value mediates the relationship between service quality and customer satisfaction. Satisfaction influences affective commitment and customer loyalty. Perceived value does not have a significant effect on customer loyalty.

(Source: Compiled from various sources)

Chen and Chen (2010), in like manner, found evidence that perceived value and satisfaction have a significant, direct positive impact on behavioral intention, and that experience quality has an indirect effect on the same construct mediated by both perceived value and customer satisfaction.

Alexandris, Dimitriadis and Markata (2002), in their study on hotel sector found that the majority of service quality dimensions positively influence WOM and repurchase intentions.

On the other hand, Lee, Yoon and Lee (2007) stated that service quality is likely to be a major factor in providing satisfaction even though satisfaction is not exclusively achieved through service quality. Perceived value is another construct that has been found to have a significant relationship with satisfaction, yet the direction of the relationship has induced noticeable controversy (Eggert & Ulaga, 2002). Accordingly, it is argued that value perception is a higher order construct and a more reliable judgment than satisfaction. Conversely, Cronin, Brady and Hult (2000) and Brady et al. (2005) favor the value-satisfaction path and argued that satisfaction

is more strongly related to behavioral intentions. Lastly, the literature converges on the view that satisfaction is a good predictor of behavior like loyalty and WOM recommendation, though other constructs can lead direct to either positive or negative behavior in varying transactional situations.

Moreover, the use of customer/guest profile (socio-demographic characteristics) is a prevalent and generally accepted basis of segmenting the market (Kotler & Armstrong, 1991). It is imperative that marketers and managers of products, including that in services like hotels, understand the socio-demographic profile of their customers, along with their hotels characteristics (star category, location etc.) to judge the market size and spread for their products and/or services.

Kozak (2001), for example, in a cross-cultural study of British and German tourists visiting Mallorca and Turkey examined differences in satisfaction based on respondents' nationality. He found that British tourists were more likely to be satisfied with almost all individual attributes of a destination than German tourists. Similarly, Choi and Chu (2000) investigated Asian and Western travelers' perceptions about the service quality of Hong Kong hotels, and revealed that while overall satisfaction was primarily derived from perceived value for Asian travelers, room quality determined the same for their Western counterparts.

Also, Spinks, Lawley and Richins (2005) investigated the influence of individual visitor characteristics on satisfaction with tourist attractions and revealed that significant differences exist between satisfaction levels being experienced by tourists of differing origins, genders and

age groups. Kumar and Lim (2008), in a mobile service perception study, found significant differences between ‘Generation Y’ and the ‘baby boomers’ in terms of the effect of perceived economic and emotional value on satisfaction. The study further revealed that the effect of emotional value on satisfaction was stronger for ‘Generation Y’ than ‘baby boomers’.

In a nutshell, limited researches have been done that simultaneously capture the relevant variables related to service quality, satisfaction, value and behavioral intentions along with the association of these constructs with the research participants/customers profiles (Tsaur, Lin & Wu, 2008; Wen et al., 2012). Also, research works done in hotels context across different cultural settings like USA, Greece, Taiwan, Portugal, Turkey and Korea, produced varying outcomes (Konstantinos, Nikos & Dimitri, 2002; Michael et al., 2009; Salazar, Costa & Rita, 2009; Kuruuzmu & Koksal, 2010; Cho, Byun & Shin, 2014), which signifies that this research has unique contextual contribution to the existing knowledge.

The above discussion focused on the major findings of literatures in the domain of service quality, customer value, satisfaction and behavioral intentions, however, a chronological summary of research works done in relation to these constructs is annexed (Annex-B) for reference.

2.3 Conceptual Framework and Hypotheses

2.3.1 Conceptual Framework

Theory of Reasoned Action (TRA) proposed by Ajzen (1971) provides the conceptual frame as to how the human behavior might be guided by marketers through effective delivery of service

quality, which can create customer satisfaction and lead to favorable behavioral intentions. Accordingly, consumer behavior is directed by rational thinking, whereby the more reasons they have to behave in a certain manner, the more likely they would be behaving in the same way. Therefore, marketers can influence their customers to exhibit positive behavioral responses to their brand like positive word of mouth, loyalty and repurchase by delivering quality service which satisfies their customers and creates customer value. Another dominant model useful in explaining the link between service quality, customer satisfaction and behavioral intentions is the ‘Cognitive-Affection- Behavioral’ response model, which was originally suggested by Bagozzi (1992) and explains the relationship of customers’ perception (cognitive), emotional satisfaction (affection) and behavioral intentions (action or response).

In line with these theories, a number of scholars attempted to investigate the relationship between service quality, satisfaction, value and behavioral intentions of customers in different industries and countries. Although, the empirical findings suggest differences in the nature and extent of the relationships and the roles played by the variables (as predictor, criterion or moderator), there is agreement that service quality is antecedent to customer value, satisfaction and behavioral intentions (Konstantinos, Nikos & Dimitri, 2002; Chen, 2008; Maria, Lorenzo & Antonio, 2007; Tsaur , Lin & Wu, 2008; Salazar, Costa & Rita, 2010; Kuruuzmu & Koksal 2010; Naik, Gantasala & Prabhakar, 2010; Basheer, 2012; Ravichandran, Bhargavi & Kumar, 2010; Lertwannawit & Gulid, 2011).

On the other hand, Cronin et al. (2000) argue that partial examination of the bi-variate links between service quality and behavioral intentions is more likely to provide ambiguous representation of their relationship, thus using multivariate links by including other relevant

variables, are preferable. Despite this, models representing the relationship between service quality and behavioral intentions are mostly proposed without including relevant variables like perceived value and customer satisfaction (McDougall & Levesque, 2000), inclusion of which can bring about a more comprehensive understanding of the link between service quality and behavioral intentions.

The conceptual framework guiding the formulation of hypotheses, as illustrated in Figure 2.9, was drawn from pertinent findings in the services marketing literature.

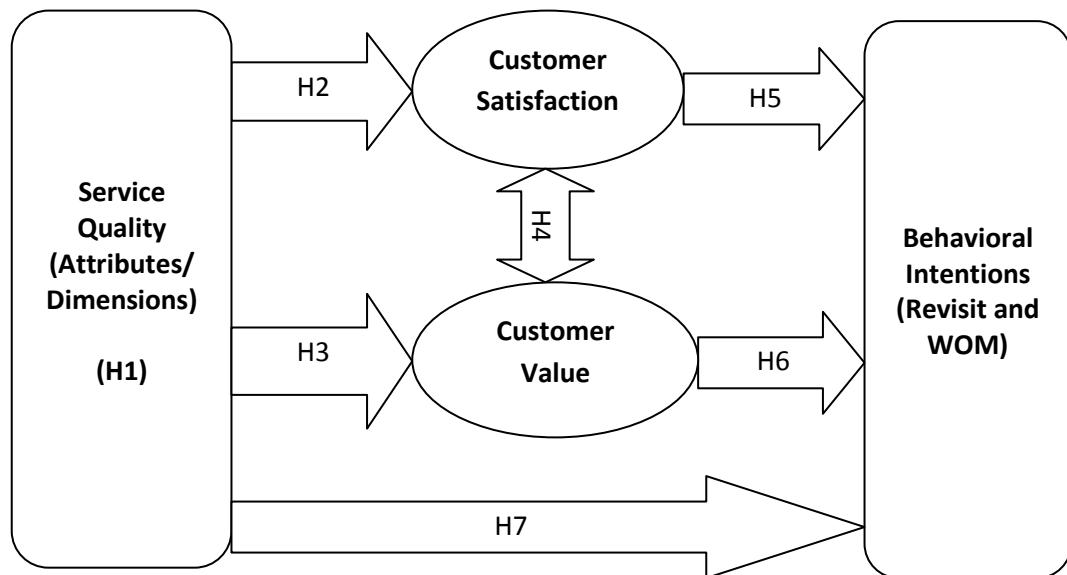


Figure 2.9 Conceptual Framework

(Adapted from Ajzen, 1971; Bagozzi, 1992; Cronin, Bradly & Hult, 2000; Chen, 2008; Festus, Maxwell & Godwin 2006; Michael et al., 2009)

The framework indicates that service quality, perceived value and satisfaction influence customer/guest behavior to revisit and inspire WOM, directly or indirectly (Baker & Crompton,

2000; Cronin, Bradly & Hult; 2000). Moreover, researchers like Michael et al. (2009) and Festus, Maxwell & Godwin (2006) explained that behavioral intentions of customers are affected by service value and customer satisfaction.

Part of the model deals with the mediation effects of customer value and satisfaction towards the relationship between service quality and behavioral intentions. Mediation represents the indirect effect of a predictor variable on a criterion variable where the mediating variable intermediates the influence of the independent variable on a dependent variable (Fairchild & MacKinnon, 2008). Therefore, a mediator variable explains the relationship between an independent variable and a dependent variable by addressing as to how or why the predictor variable accounts for the variance in the criterion variable (Fairchild & MacKinnon, 2008).

Furthermore, hotels play an important part in the tourism industry. Hotels' star category and location attracts visitors with varying backgrounds (socio-demographics) and based on their purpose of visit. Thus, it can be assumed that different customers/guests select different hotels and locations based on their socio-demographic profile and purpose of visit (Choi & Chu, 2000; Salazar, Costa & Rita, 2009). Commonly used socio-demographic variables in services marketing and specific to hotel services include: gender, education level, age, income, occupation, marital status and nationality/origin (representing guest's culture). Such variables are often evaluated in services marketing and hospitality industry to assess consumer perceptions of offerings and associated use/consumption (Spinks, Lawley & Richins, 2005).

In addition, socio-demographic characteristics have also been found to influence guests' perceptions of service quality (Choi & Chu, 2000; Kelley & Turley, 2001; Ganesan-Lim, 2008), value (Kumar and Lim, 2008) and satisfaction (Kozak, 2001; Spinks, Lawley & Richins, 2005), and subsequently behavioral intentions (Tsaur, Lin & Wu, 2008; Wen et al., 2012). However, Reisinger and Turner (2002) found less evidence to recommend that there is a need to segment the tourism market demographically in relation to shopping.

Accordingly, following hypotheses were developed to be empirically tested in the context of Ethiopian hotel sector.

2.3.2 Research Hypotheses

The first hypothesis relates to the performance of quality attributes/dimensions in the hotel sector of Ethiopia. Generally, the service marketing literatures often operationalize quality as the discrepancy gap between consumer expectations and perceptions of performance, particularly after Parasuraman, Zeithaml and Berry (1988). However, strong criticism to such conceptualization inspired the proposition that a more valid measure can be achieved by directly assessing perception of the performance of quality attributes. Accordingly, the discussion leads to the first hypothesis:

H1: Quality is determined by the perceived performance of the service quality attributes/dimensions in the hotel sector of Ethiopia

By considering that service quality, being the global judgments or attributes related to the superiority of service (Parasuraman, Zethaml & Berry, 1988), has positive influence on customer

satisfaction (Marco,2001; Francosis, Jeremilo & Mulki, 2007; Raidh, 2009b; Simon, 2012), the second hypothesis appeared as:

H2: Perceived service quality positively and significantly influences the customer satisfaction in the Ethiopian hotel sector

Customer value is the outcome of the customers' evaluation of the benefit(s) acquired from a product or service with the cost incurred (Zeithaml, 1988). Empirical studies suggest that service quality positively affects customer value (Cronin, Bradly & Hult, 2000; Chen, 2008; Michael et al., 2009; Lertwannawit & Gulid, 2011). In view of this, the third hypothesis presented as:

H3: Perceived service quality positively and significantly influences customer value in the Ethiopian hotel sector

Customer satisfaction and customer value have been considered as crucial variables in service quality research. Studies suggest that value and satisfaction have strong correlation and contribute to positive behavioral intentions (Cronin, Bradly & Hult, 2000; Chen, 2008; Michael et al., 2009; Lertwannawit & Gulid, 2011). Accordingly, the study proposed the following three hypotheses:

H4: Customer satisfaction associates positively and significantly with customer value in the context of Ethiopian hotels

H5: Customer satisfaction mediates the influence of perceived service quality on behavioral intentions of the hotel customers in Ethiopia

H6: Customer value mediates the influence of perceived service quality on behavioral intentions of the Ethiopian hotel customers

Although there is no universal agreement being found, a good number of researchers have identified the contribution of perceived service quality in directly and favorably determining behavioral intentions of repurchase/revisit and WOM (Konstantinos, Nikos & Dimitri, 2002; Maria, Lorenzo & Antonio, 2007; Tsaur, Lin & Wu, 2008; Salazar, Costa & Rita, 2010; Kuruuzum & Koskal, 2010; Ravichandran, Bhargavi & Kumar, 2010; Basheer, 2012). Hence, the seventh hypothesis appeared as:

H7: Service quality has a direct and significant influence on the behavioral intentions of hotels' customers in Ethiopia

2.4 Summary of the Chapter

The chapter presented with a theoretical framework while reviewed the literature related to service quality, customer value, satisfaction and behavioral intentions, both in general and specific to hotel sector. The theoretical foundations of the constructs for service quality, customer value, satisfaction and behavioral intentions have been discussed both from the disconfirmation (gap based) and performance (perception oriented) view points. In addition, the debates on service quality measurements have been presented along with the justifications for using SERVPERF over SERVQUAL by the study.

Furthermore, review of empirical studies has been presented in the area of service marketing in general and specific to the study constructs, in order to identify the knowledge gaps to be filled

by this study and for proposing a conceptual framework presenting the relationships between the specified constructs. Finally, the research hypotheses have been developed in line with the proposed conceptual framework and theoretical foundations drawn from the earlier studies.

The following chapter discusses research design and methodology being used in carrying out this study, by appropriately identifying and developing research paradigms, data collection instrument, approach to data collection and associated analysis, for the purpose of hypotheses testing.

CHAPTER 3

METHODOLOGY

This chapter presents the research approach, methods and design used by the study, while highlighting the population and issues related to sampling technique, sample size determination, and data collection instrument. Besides, the chapter outlines the approach to data collection and analysis for the purpose of hypotheses testing.

3.1 Research Paradigm, Approach and Method

3.1.1 Research Paradigm

According to Sarantakos (1998: 32), “a paradigm is a set of propositions that explains how the world is perceived; it contains a world view, a way of breaking down the complexity of the real world.” Given this, an investigator can make use of a paradigm as a means of what make sense in the world. Additionally, Guba (1990) mentioned that all the paradigms can be conceptualized based on three major elements, which influence the way a researcher thinks about the research process- epistemology, ontology and methodology.

While epistemology is concerned with what constitutes acceptable knowledge in a field of study, ontology raises questions of the assumptions researchers make about the way the world operates and the commitment held to a particular view, and methodology indicates how the researcher attempts to discover knowledge through their epistemological and ontological perspectives (Saunder, Lewis & Thornhill, 2007). Accordingly, there exist two main research paradigms- Positivism and Interpretivism.

Veal (2006) stated positivism as a framework of research in which the researcher sees objects as phenomena to be studied from the outside, with behavior to be explained on the basis of accumulated facts and observations using theories and models developed by the researchers. It focuses on the facts and formulates hypotheses and tests them against empirical evidence. Basically, positivism is associated with scientific research and promotes more objective interpretation of reality, using data from surveys/experiments by using large samples and questionnaires.

On the other hand, interpretive paradigm is concerned with methods that examine people and their social behavior (Altinay & Paraskevas, 2008), whereby reality varies as it is a mental construction by individuals. It views research as an interactive process where the people being researched relate with the researcher and the findings, which are the outcomes of the interaction and highlight the meaning and understanding of the situation or phenomenon being investigated.

Additionally, Saunder, Lewis and Thornhill (2007) identified realism (within a post-positivist worldview) and pragmatism. While, positivist paradigm assumes that reality can be entirely understood and explained; post-positivists, in contrast, postulate that reality can only be approximated when studying behavior and actions of humans (Creswell, 2009). Pragmatism, on the other hand, assumes a more neutral position.

Critical realism, as an epistemological position, is the critical application of realism in producing layers of understanding of the world, and believes that the actual is different from empirical (Saunder, Lewis and Thornhill, 2007). Critical realism emphasizes that the underlying structures,

powers and tendencies of events, experiences, impressions, discourses and states of affair in the world may be observable or unobservable through experience and/or discourse (Patomaki and Wight, 2000) hence, it challenges the ability to know reality with certainty. The use of a mixture of qualitative and quantitative methods is crucial to this philosophy in the investigation of both observable and non-observable causal conditions. Critical realism postulates that the observable behavior of people, object and event is not understandable except if seen in the causal context of non-observable structure, inherent characteristic and interaction in the object/event.

In this study, the researcher's main concern was to adopt the most appropriate epistemological position and methodology. The positivism paradigm adopted by this study allowed the examination of the relationship between research variables (service quality, customer satisfaction, value and behavioral intentions) while scrutinizing the applicability of founded theories and measurement in the research context (Ethiopian hotels). Specifically, as guided by Creswell (2009), the epistemological position adopted by this study is critical realism, which enables the identification of causation and exploration of the mechanism of cause and effect that underlie events.

3.1.2 Research Approach

Saunders, Lewis and Thornhill (2007) posit that the extent of the explicitness of theory at the onset of the research raises a significant question regarding the research design i.e., whether the research should employ inductive or deductive approach/reasoning. Therefore, there exist two research approaches: inductive and deductive (Bryman, 2012).

According to Altinay and Paraskevas (2008), induction is a process where the researcher draws a conclusion from one or more particular pieces of evidence, and usually associates the inquiry into qualitative domain. The power of an inductive argument depends on the weight of support it offers to the conclusions (Walliman, 2011). An inductive argument only offers support for the conclusion rather than providing irrefutable grounds for truth, and can neither be correct nor incorrect (Saunder, Lewis & Thornhill, 2007). This type of research is more effective with small samples, and particularly, in establishing a cause-effect link between variables while using empirical evidences to support reasoning process (Altinay and Paraskevas, 2008).

On the other hand, deductive theorists derive their inferences by rationalizing reason(s) to a given set of assumptions. Often in quantitative research, deductive reasoning employs theory to drive the research from the beginning towards the formulation of hypotheses to determine the type of evidence/data the researcher will gather (Creswell, 2009). The strength of deductive reasoning is based on its logical form, and not particularly on the content of the statements presented (Walliman, 2011).

In essence, while the inductive approach builds on specific phenomenon to generalize, the deductive approach scrutinizes phenomena based on generic theory. In other words, deductive and inductive approaches of reasoning attempt to provide explanation of the truth from different (opposing) directions; the inductive argument seeks the truth from particular to the general and the deductive argument, from general to the particular (Walliman, 2011). However, the risk of the research yielding no useful data patterns and theories is higher with inductive than deductive research (Altinay and Paraskevas, 2008).

Whilst both approaches provide ways to different kinds of research in social science, many studies include elements of both. As data are collected with some explanatory model in mind, there remains an element of deduction in research (Veal, 2006). Conversely, it is not possible to develop hypotheses without information on the subject, so there is also an element of induction. Saunder, Lewis and Thornhill (2007) support that mixing inductive and deductive approach is advantageous.

In order to gain insights into how hotel customers/guests evaluate service quality and its relationship with other study constructs, deductive approach is found useful, as it allowed explaining the causal relationships (Saunder, Lewis & Thornhill, 2007), along with the operationalization of concepts. However, the research design for this study did not entirely lend itself to the deductive reasoning to gain an insight into how customers interpret and evaluate service quality and other associated constructs in the hotel sector. To develop corresponding hypotheses, the researcher reviewed related literature in addition to the preliminary inquiries made with the area experts and tourist websites that report customer experiences, complaints/grievances with hotel services in Ethiopia (see later sections for detail on this). The hypotheses generated therein were then empirically tested based on the data gathered through questionnaire/survey administered with four and five star hotels' customers/guests in Ethiopia.

While at the beginning, the objective of the study was to identify the variables pertaining to research constructs and their associations in theory, later on attempts were made to empirically test the hypothesized relationships in the hotel context. Therefore, this study adopted a mixture

of inductive and deductive approaches to gain the benefits of both at different stages of the research process.

3.1.3 Research Method

Choice of research methods is one of the challenges that any researcher may face when required both qualitative and quantitative data to achieve research objectives. Research method deals with information sources, approach of data gathering and analysis method. It also takes into account the best timing for data collection and the type of data required to undertake the analysis in line with research objectives (Walliman, 2011). Equally important is to consider the tools and techniques required by keeping in mind that different research strategies needed different methods of data collection and analysis. Broadly speaking, there are three main domains of research methods: qualitative, quantitative and mixed research methods (Adams et al., 2010).

While a quantitative method is predominantly employed in testing theory, it can also be utilized for exploring new research areas and developing hypotheses and theory (Blaxter, Hughes & Tight, 2006). Quantitative research is empirical research where the data are in the form of ‘hard’ numbers whilst qualitative research involves primarily the gathering of ‘soft’ non-numeric data. Quantitative research is inclined to involve relatively large-scale and representative sets of data for the purpose of gathering of ‘facts’. The approach relies on numerical evidence to draw conclusions or to test hypotheses using experiments and surveys. The use of quantitative approach is common in service marketing studies in general, and hospitality industry in particular, in the area of satisfaction, quality and value (Zabkar et al., 2010). Quantitative

research adheres to standards of a strict research design developed prior to the actual research and uses statistical analysis; hence applies deductive approach.

Qualitative research, on the other hand, applies non-quantitative data collection and analysis and aims towards the exploration of social phenomena to describe reality as experienced by the respondents hence, applies inductive approach. Qualitative methods take the position that the researcher's communication with the subject and the environment being studied is explicitly part of the knowledge rather than an interfering variable (Saunders, Lewis & Thornhill, 2007) hence, the subjectivity of the researcher and the subjects being studied are an integral part of the research process. In addition, qualitative research methods targets limited cases to explain the condition and sometimes are considered to be inadequate, as generalization from few cases raises the questions regarding the validity and reliability of the results.

However, for many years the advocates of quantitative and qualitative research approaches have been involved in debate about the superiority of one method over the other (Johnson and Onwuegbuzie, 2004). For example Flick (2009) mentions that qualitative research does not necessarily require the quantitative methods in later stages of research but quantitative research needs qualitative means for explaining its findings. Also, it has been argued that there remain some facets of human behavior which are difficult to measure quantitatively, though sole dependence on quantitative methods can lead to neglect some socio-cultural contexts in which the variables being measured exist. In a nutshell, both methods have their limitations but biases in one method could offset the biases in the other. Hence, means for seeking convergence across qualitative and quantitative methods became established (Creswell, 2009).

As a result, the mixed method adopts the combination of qualitative and quantitative methods (Bryman, 2012). Creswell (2009) suggests the use of multi-methods strategy that can be introduced at any stage of the research process- from the initial exploration of the topic or concept(s) through data collection to the analysis stage- to improve the researcher's ability to determine the accuracy of findings in a more convincing manner.

The primary objective of 'mixed methods' is to draw from the strength of each method and minimize the weaknesses of individual approaches (Johnson and Onwuegbuzie, 2004). Creswell (2009) suggests the use of multi-methods strategy, as this would improve the researcher's ability to determine the accuracy of findings as well as convince the audience of that accuracy. The position of the post-positivist, particularly a critical realist, is that all measurements are fallible; hence it becomes important to employ multiple measures and observations and use triangulation to obtain a better representation of reality. Typically, triangulation will involve combining quantitative and qualitative methods to ensure the reliability of a particular research tool and accuracy of the data collected through each method (McNeill and Chapman, 2005). Creswell (2009) suggests triangulating different data sources of information by examining evidence from the sources and using it to build a coherent justification for themes.

On the part of demerits of the mixed-method approach, Devine and Heath (1999) mention that multiple methods are likely to come up with inconsistent findings, which results in the question of what to do with the data (whether to merge all or ignore some of the data). Also, multi-

methods approach can be expensive and produce enormous amounts of data which can be difficult to analyze (Devine and Heath, 1999).

The position of the post-positivist, particularly a critical realist, is that all measurements are fallible hence it becomes important to employ multiple measures and observations and use triangulation to obtain a better representation of reality. However, it has been advised that researchers should carefully consider the reason for choosing individual methods, the study aim and hypotheses and the main philosophy underpinning the investigation (Creswell, 2009).

Furthermore, Creswell (2009) identifies four important factors that influence the design procedure for a mixed methods study: timing, weighting, mixing and theorizing perspectives. The issue of timing relates to whether the gathering of the two types of data (qualitative and quantitative) will be in phases or will run concurrently, and depends on the intent of the researcher or the nature of the study. While in some cases, it may be desirable to collect qualitative and quantitative data concurrently and simultaneously rather at different times, this research explored the topic by collecting qualitative data first and later on, data are collected from a large number of respondents/subjects (see the following sections for details).

The second aspect identified by Creswell (2009) is weighting, which connotes the priority. Based on the nature of the study, the weight might be equal or one method may feature more dominantly over the other. The priority given to any of the two methods will be determined by the research's interest, the subjects of the study, and what the investigator intends to emphasize

in the study (Creswell, 2009). By keeping the aim of the study in mind (to examine the relationships among the given constructs), this study laid more emphasis on the quantitative data.

Mixing of two methods will normally take place in one of three forms: data are combined at one end of the continuum, kept separate at the two ends, or mixed in some way between the two extremes (Creswell, 2009). Thus, mixing involves integrating the qualitative and quantitative data by combining the two. In this study, the focus of the qualitative research was to exhaustively explore the dimensions of the research constructs (service quality, customer value, satisfaction and behavioral intentions), in order to modify the survey instrument by reflecting the basic variables pertinent to the research context.

The qualitative research was used to explore the data pertaining to the conceptualization of the constructs by interviewing hotel managers, consultants and corporate clients of the hotels, review of relevant literatures, and travelers' reviews/experiences posted on the website (www.tripadvisor.com). Whereas the quantitative research method was used to measure the constructs and the extent of influence apparent among them by using the primary data gathered through structured questionnaire. Therefore, the results from the initial qualitative research were used as the basis of developing the research instrument for the next phase to obtain quantitative data, hence connecting the first phase to the second by blending both qualitative and quantitative research.

The fourth aspect, theorizing, is concerned with the theoretical perspective that guides the entire design of the study. Typically, theories used in guiding the research are contained in the sections

detailling framework that shapes the type of questions asked, who participates in the study, how data are gathered, and the implications made from the study (Creswell, 2009). The six types of mixed methods strategies include: Sequential explanatory strategy, Sequential exploratory strategy, Sequential transformative strategy, Concurrent triangulation strategy, Concurrent embedded strategy, and Concurrent transformative strategy (Creswell, 2009).

In this research, a sequential exploratory mixed methods approach was adopted that involved the qualitative data gathering and analysis, in the first phase, followed by quantitative data gathering and analysis based on the results of the initial qualitative data, in the next phase. This strategy is particularly useful when research is modifying an instrument and/or confirming a scale (Creswell, 2009), like the one in this study to determine service quality attributes/dimensions

3.2 Research Design

Research design provides framework for the collection and analysis of data (Bryman, 2012). It specifies the method and procedures to be used to acquire needed information in conducting a research to properly address its objectives (Green, Tull & Albaum, 2005). Accordingly, there are three major research designs adapting different approaches: exploratory, descriptive and causal research designs (Churchill & Iacobucci, 2002; Cooper & Schinedler, 2008).

Exploratory research most commonly uses qualitative approach to gain insight of broader ideas/issues hence, suitable at the preliminary stage of a research and/or in areas where well established theoretical frame work is not present (Burns & Bush, 2000; Churchill & Iacobucci, 2002).

On the other hand, descriptive research usually applies survey method and quantitative approach. It attempts to describe the characteristics of research variables to measure and predict the same. In order to thoroughly explain the relationship between variables the most appropriate approach is to apply co-relational/explanatory research design, which is helpful in analyzing the nature and extent of relationship that might exist between the research variables/dimensions/constructs, by applying various inferential statistical tools (Churchill & Iacobucci, 2002). Finally, causal research design attempts to investigate cause-and-effect relationships by applying experimental approach to test hypotheses on causality of research variables (Kothari, 2004). This study applied a combination of exploratory, descriptive and explanatory research designs at different stages of the research process to thoroughly address the objectives of the study.

By applying the exploratory design, the research aimed to exhaustively observe the variables related to the research constructs and pertinent to the specific context i.e., hotel sector in Ethiopia (which was not empirically studied before). Whereas the descriptive design was adopted to measure and describe the level of perceived service quality, customer value, satisfaction and behavioral intentions; explanatory research design was used to explain how and to what extent the above stated constructs were related (Cronin, Bradly & Hult, 2000; Cooper & Schinedler, 2008).

In a nutshell, the right mix of research paradigms, approaches, methods and designs adopted in this study were applied after carefully examining their features, applications and inherent limitations. As discussed above, the limitations of the research methods and designs were

nullified by adopting a mix of methods and designs in order to capitalize on their respective strengths. Accordingly, by adopting both qualitative and quantitative methods, it remained possible to exhaustively gather qualitative data in the first phase and use it to develop the instrument for second stage of data collection to examine the interrelationships of the study constructs, quantitatively.

Since qualitative data might be subjective, extensive care was taken not to take their limitations on the research output of the study. For instance, the data gathered from website reviews were taken just for identification of service quality issues/concerns and no inference or generalization was made on its basis. Second, participants for FGDs were carefully selected (being well informed, responsible and professionals). Third, information gathered from focus group participants was triangulated from literature review to modify the existing SERVPERF instrument.

Additionally, while quantitative data allow higher level of statistical analysis and hypothesis testing based on established theories, they might have limitations on capturing variables pertinent to unique research contexts (where similar studies have not been taken). Therefore, quantitative data have to be supported by qualitative ones. This study used both qualitative and quantitative data by adopting a mix of research designs. By considering that exploratory study alone would not address alone the research objective of examining the relationship between the study constructs, co-relational/explanatory research design was used in addition. Specifically, the study focused on measuring perceived service quality (the predictor variable), and the extent to which it can influence customer value and satisfaction (being mediating variables) and

behavioral intentions (the criterion/dependent variable) of hotel customers, without making any claim to establish a cause-and-effect relationship (Cronin, Bradly & Hult, 2000; Graziano & Raulin, 2010; Riadh, 2009a; Mosahab, Mohammed & Ramayah, 2010).

3.3 Study Population and Sampling Techniques

3.3.1 Target Population, Unit of Analysis and Sample Frame

The population of the study covered all the guests/customers to the three, four and five star hotels in Ethiopia. The unit of analysis for this research is three, four and five star hotels in Ethiopia. As per MoCT (2010), there were a total of 173 hotels in Ethiopia, rated from one to five stars. After the year 2011, the MoCT suspended, temporarily, the stars rating to the hotels in Ethiopia, as being engaged in developing a more comprehensive star rating guideline. As a result, the hotels started their operations after 2011 were not star rated by the Ministry, rather used their investment licenses to claim that they belong to a specific star category.

Table 3.1: Star category hotels in Ethiopia

Star rating	No. of Hotels	%	No. of Rooms	%
Five	3	2	794	15
Four	16	9	1073	20
Three	30	17.3	1368	25
Two	42	24.3	1527	27
One	82	47.4	695	13
Total	173	100	5457	100

(Source: MoCT, 2010)

Table 3.1 presents the statistics of star (category) rated hotels in Ethiopia, as presented by MoCT (2010). However, the most recent publication pertaining to the sector (MoCT, 2013a) did not

report the number of hotels in their respective star categories, rather claimed that the number of all types of hotels in Ethiopia increased annually by 17% between the year 2010 and 2012.

Therefore, the sample frame was revised (from what was originally proposed) to reflect the annual increase in the number of hotels. Accordingly, it was estimated that around 78 hotels in Ethiopia belong to three and above star categories (more than what is presented in Table 3.1) by the end of 2013, of which, more than 65% were already rated by the ministry before 2011, and the remaining claim the stars rating in the light of their investment licenses. Hence, the revised sample frame for this study was determined to be 78 hotels in Ethiopia, in three, four and five star categories.

Table 3.2: Target population

Issue to consider	Amount/Number	Output/Result
Tourist arrival forecasted for the year 2013	750,000	-
Average tourist flow in the 4 th quarter (Oct. , Nov., Dec.) of 2013 (i.e., the planned survey period)	26% of the annual tourist flow	$750,000*26/100=195,000$
Average number of tourists/ guests staying in any of the star hotels	70%	$195,000*70/100=156,000$
Three, four and five star hotels market share of rooms	60%	$156,000*45/100=93,600$
Average occupancy of the three, four and five star hotels	70%	$93,600*70/100=65,520$
Sample frame for the study (the number of customers/ guests forecasted to be staying in the 3, 4 and 5 star hotels during the survey period)	65,520	Around 9% of the total population

(Source: Computed based on MoCT, 2010)

In order to determine the number of tourists/ guests (target population) visiting and staying in the selected (three, four and five star) hotel categories, MoCT (2010) forecast was used. According

to it, 750,000 tourists were expected to visit Ethiopia in the year 2013(see Table 3.2). This number was assumed to be crude to carry out sampling for this study. Hence, by following Green, Tull and Albaum (2005) and based on the MoCT (2010) forecast, target population was computed to be 65,500 customers/guests who would be staying in the three, four and five star hotels in Ethiopia during the planned survey period (i.e., November, 2013 to January, 2014).

However, the research excluded the hotels below three stars from the unit of analysis for the following major reasons:

- By considering the total number of three, four and five star hotels (unlike most researches focusing on one or two star categories) in the unit of analysis, the study already covered 28% of star hotels that have 60% market share (based on the number of available rooms for the customers). This was considered to be sufficient to represent the Ethiopian hotel sector.
- The customers' profile and service requirements in one and two star hotels differ, significantly, from that in three and above stars. Therefore, inclusion of the hotels below three stars would invite a target group that is beyond the focus of the study (MoCT, 2010).
- The facilities and service delivery provisions in the selected three and above star hotels are appeared to be notably better than the lower star categories hotels (one and two) thus, including the later categories might exaggerate service quality problems being witnessed.

3.3.2 Sample Size

In order to determine the sample size for the quantitative study, usually three criteria are required to be specified: precision level (or sampling error), level of confidence (or risk), and the degree of variability in the attribute being measured (Miaoulis & Michener, 1976). Moreover, there appears to be four standard techniques/strategies to determine the sample size:

- i. using a census for small population;
- ii. using a sample size of a similar study (rule of thumb);
- iii. using published tables (e.g., Krejcie and Morgan, 1970); and
- iv. using formulas to calculate sample size (e.g., Yemane, 1967).

The sample size for the survey was determined based on the sample frame and by using the Krejcie and Morgan (1970) table to determine the sample size with 95% confidence level and 5% confidence interval. In this way, an initial sample size of 382 was determined for the calculated target population of 65,520. By giving 15% allowance for possible low response rate and errors in filling the survey questionnaires, the sample size was increased to 440. The next section on sampling technique shed light on the approach of sampling being used by the study.

3.3.3 Sampling Technique

Proportionately-stratified random sampling technique was applied in order to select the respondents of the study for the purpose of primary data collection by using structured questionnaire. All the hotels in the country were classified into three categories (three, four and five stars) and were approached by the researcher to take part in the study.

The researcher approached a total of 59 hotels located in Addis Ababa (out of the 63), which are grouped into three, four and five star categories. Four hotels were excluded, being under renovation/construction, hence not found receiving customers. Of 59 approached hotels, 32 accepted the invitation by expressing their willingness to take part in the survey, which represents well above 50% of the unit of analysis for Addis Ababa region. However, out of another 30 hotels (three and four stars) being approached in the regions, only 12 hotels found in the cities of Bahir Dar, Hawassa, Dire Dawa, Nazareth and Debrezieth (from South, North, East and Central parts of Ethiopia) accepted the invitation to take part in the study. In this way, the regional participation of the hotels was insured to generalize the study findings across the country. Table 3.3 presents the category-wise participation of the three, four and five star hotels in the study.

Table 3.3: Participating hotels by star category and location

	In Addis Ababa	Regional cities	Total	Percent
Three Star	17	8	25	57
Four Star	11	4	15	34
Five Star	4	0	4	9
Total	32	12	44	100

(Source: Survey data, 2014)

As revealed from Table 3.3, out of the total participating hotels, around 57%, 34% and 9% respectively are three, four and five star hotels. This proportion reflects the approximate composition of the star hotels in Ethiopia, which is about 60%, 32% and 8% for three, four and five star hotels, respectively (MoCT, 2010). Considering the regional distribution of the

participating hotels, large majority (72.7%) of the hotels were from Addis Ababa and the remaining (27.3%) from the Ethiopian regions/state capitals. Also, this distribution of sample gives adequate representation to the star hotels in the regional cities, which were reported to be around 20% (MoCT, 2010).

Therefore, 44 hotels that were found willing to participate in the study were considered to be forming the strata from which the sample of respondents was selected (Cooper & Schinedler, 2008). Accordingly, the computed sample size (440) was first distributed to these 44 participating hotels, in proportion to their rooms (numbers), and then the respondents were selected by applying simple random sampling technique (Churchill & Iacobucci, 2002) from each of the hotels, based on the selected rooms (by using drawings/lottery method following Green, Tull & Albaum, 2005).

The customers/guests staying in that particular hotel room were assumed to be the respondents of the study and provided with the questionnaire to fill, as per their convenience, and returned back to the reception. However, a particular customer/guest was selected based on his/her stay for at least one night in the corresponding hotel, to avoid any biasness or immaturity in their assessment of service performance/delivery.

3.4 Data Collection Procedure

3.4.1 Exploratory Study

As stated earlier, review of travelers comments posted on the website (www.tripadvisor.com), which is considered to be among the popular websites for putting comments, experiences and/or

recommendations on the global hospitality and tourism industry. The reviews were made to understand the service quality appreciations and/or gaps (through their posts to the website) being identified by the visitors/customers to the 44 star category (selected) hotels in Ethiopia. Detail description of exploratory inquiries is given hereunder:

Web Review

In addition to the review of relevant theoretical and empirical literature pertaining to the conceptualization of study constructs and their interrelationships, website review was carried out to obtain service quality perceptions of the hotels' customers/guests, being tourists (both domestic and foreigners). For the purpose, comments posted on the website (www.tripadvisor.com) were reviewed to identify the issues being raised by the visitors (to the hotels) related to service quality, value, satisfaction and behavioral intentions. As an average, 10 posted comments per hotel had been reviewed from the website, making it a total of 460 comments (for all the 46 hotels). Accordingly, the comments were classified (in line with the study constructs), summarized and cross-checked with published literature to gain understanding on the pertinent issues, and to further inquire as questionnaire items. The latest areas of concerns related to service quality and associated satisfaction (pertinent to Ethiopian hotel context) were appeared to be:

- Shuttle /Airport transport service (to and from the hotel)
- Internet network connection (in hotel)
- Breakfast variety and food quality (in hotel restaurants)
- Hotel location
- Entertainment and recreation facilities (in hotel)

However, among the three popular dimensions of behavioral intentions (WOM recommendations, repurchase/revisit and willingness to pay premium price), as stated by Raza et al. (2012), only the first two (WOM recommendations and revisit) were highlighted by the hotel customers/guests through their comments on the website. Since the purpose of this review was to identify the issues pertinent to service quality, perceived-value, satisfaction and behavioral intentions, in the Ethiopian hotel sector, no inference and/or conclusion were made at this stage. Furthermore, all the issues captured in the review were brought forward to three focus group discussions (FGDs), as presented below, for further investigation.

Focus Group Discussions (FGDs)

Three Focus Group Discussions (FGDs) were conducted by the researcher, involving the relevant stakeholders of the study area. Participants of all the three FGDs were selected through judgmental sampling approach. This approach ensures the selection of all relevant and informed participants (key stakeholders). The focus groups were:

- i. ***Hotel Managers:*** Five hotel managers, including one room division director of a five star hotel, two from four star hotels (a general manager and a marketing manager) and two from three star hotels (a general manager and a housekeeping manager), were selected to take part in the first FGD.

Based on the FGD with the hotel managers the market segmentations of the hotels and the key accounts (most important corporate clients) were known. It was also learned that besides being producers of significant revenue for the hotels, these corporate clients have better understanding

of the service quality and satisfaction of their guests (staying in these hotels). Accordingly, the following participants were selected being having valuable inputs for the FGDs.

ii. Hotel Corporate Clients: Six booking agents (of corporate clients) were selected, one each from airline, tour operator, international agency, non-governmental organization (NGO) and business organization domains. These were selected due to their large size of bookings and frequency of relationship with the hotels and their customers, who are staying in the hotels. This made them highly valuable informant for the FGDs.

iii. Hotel Consultants: Five hospitality professionals were selected, who are presumed to be having experience as hotelier and working as consultants (providing trainings and consultancy services) in the hotel sector. These consultants were identified by looking into the hotels they have consulted. Moreover, their rich experience and theoretical understanding of the research variables were considered to bring significant issues, during the FGDs, pertaining to service quality and associated constructs in the hotel sector.

In selecting the participants for FGDs, due care was taken to include informants having operational relationship and practical experience with guests and those possessing theoretical understanding of the study constructs. The researcher took extensive effort by repeatedly visiting the hotels, making observations and informal discussions with the hotel employees. The review of the comments posted on the travelers' website (www.tripadvisor.com) indicated who should be the right person having better information and direct involvement with customer service,

satisfaction and revisit issues. Accordingly, hotel managers were selected from different hotels and operation lines. The selected managers include: general manager, room division director (responsible for front office, housekeeping and guest service), housekeeping manager and marketing manager, who were presumed to be having understanding of hotel services along with the responsibility of securing customer satisfaction and revisits. Because the purpose of the FGDs was to enrich the general understanding on pertinent service quality, customer satisfaction, value and behavioral intentions issues rather than capturing every detail of incidents in the hotels, the involvement of other hotel employees was not considered as relevant.

Besides, all the participants were encouraged to discuss the issues (of service quality, customer satisfaction, value and behavioral intentions) without focusing on particular customer or hotel to give more confidence for discussion and enhance trustworthiness of information. The selection of well informed FGDs' participants having direct responsibility for service quality issues, coupled with the freedom of expression of thoughts, enhanced the trustworthiness of gathering the qualitative data. Furthermore, the FGDs data were triangulated with literature review and comments obtained through travelers' website (www.tripadvisor.com).

Specifically, during each of the FGD, the objectives of the study and purpose of the group discussion were communicated to gain deep understanding by the participants. They were asked to present their experience on the most important service quality variables/items that affect customer satisfaction, perceived-value and possible behavioral (intentional) outcomes of their guests. Specifically, the focus group participants were provided a list of service quality attributes to rank as per their importance to the hotel customers/guests, which may influence the guests'

satisfaction, perceived-value, and behavioral intentions to revisit and provoking positive WOM communications to others.

The FGDs follow the guidelines proposed by Krueger and Casey (2009), in selecting the type and number of participants, conducting the sessions, analyzing and reporting outcomes. The FGDs guidelines are annexed (Annex-D). The issues raised by FGDs participants were recorded and summarized. The findings of the FGDs were triangulated with the literature review and issues being raised by the travelers (through reviews posted on www.tripadvisor.com) to observe study variables peculiar to the hotel context.

Additionally, pertaining to WOM, following groups were found to be the most common to which guests intend to recommend, or comment about, their hotel service experiences:

- i. *Acquaintances (A-WOM)* - those who have close affiliation including family, friends, and colleagues.
- ii. *Booking Contacts (BC-WOM)* - those parties having business relationship and having stake in the booking including own company bookers, travel agents, booking sites, airlines, sponsors (those who pay for the stay).
- iii. *Direct Comments (D-WOM)* - includes comments made directly to the hotel staff and management or on the comment card prepared by the hotel.
- iv. *Electronic Comments (E- WOM)* – these comments and/or recommendations are made on the internet through different types of social media and websites.

These dimensions of WOM were included in the data collection instrument to study the specific targets of hotel guests' WOM recommendations, as presented in the following section.

3.4.2 Data Collection Instrument and Scales

As stated earlier, this research applied survey method to gather the primary data from the respondents by using structured questionnaire. The exploratory study conducted was the major input, along with the literature reviewed, to develop the data collection instrument. The original data collection instrument was adapted mainly from SEVPERF instrument (Cronin and Taylor, 1992). Review of travelers' comments and focus group discussion were found to be helpful in gathering additional focus, related to the research constructs and associated attributes from the Ethiopian perspective. Triangulation of the exploratory study findings, in light of previous research studies, was made to modify the instrument in a more consistent and meaningful manner.

Table 3.4, presents the modified questionnaire scale items, adapted from the researchers stated corresponding to each item. As presented below, questionnaire items used in recent studies were consolidated and adapted. The instrument consisted of 35 items on a five-point (1-Strongly disagree, 2-Disagree, 3-Neutral, 4-Agree and 5-Strongly agree) Likert type scale (Wilkinson & Birmingham, 2003), primarily adapted from SERVPERF model. The questionnaire items are structured in accordance to the respondents' service experience to ease their understanding and increase response rate. The questionnaire was constructed into two sections. In the first section, there remained 35 scale items, out of which 26 were used to measure service quality, 4 for customer value, 3 for customer satisfaction, and the remaining (3) measure behavioral intentions

(including an additional item to identify target audiences of WOM) of the responding customers.

The second section of consisted of items pertaining to customers' socio-demographic profile.

The final version of the questionnaire is annexed (Annex-A) for reference purpose.

Table 3.4: List of items and references for the questionnaire development

S.N	Description of the item	Dimension/ Construct	SERVQUAL/ SERVPERF item	Adapted from
1	The hotel provides reliable (timely) airport transfer service	Reliability	No	FGD
2	The hotel staff welcome guests that creates a comfortable feeling	Assurance	Yes	Nelson and Hailin (2000); Asad and Tim (2010)
3	The hotel staff are always courteous	Assurance	Yes	Parasuraman, Zethaml and Berry (1988); Cronin and Taylor (1992)
4	The hotel staff have good command of English	Assurance	Yes	Parasuraman, Zethaml and Berry (1988); Cronin and Taylor (1992)
5	The check-in and check-out services are quick and easy at the hotel	Responsiveness	Yes	Nelson and Hailin (2000); Asad and Tim (2010)
6	The hotel provides services as being promised (during reservation)	Reliability	Yes	Parasuraman, Zethaml and Berry (1988); Cronin and Taylor (1992)
7	The hotel staff perform services right/correctly at the first time	Reliability	Yes	Nelson and Hailin (2000); Thanika (2004)
8	The hotel staff are willing to provide prompt assistance to guests' requests and problems	Responsiveness	Yes	Nelson and Hailin (2000); Thanika (2004); Asad and Tim (2010); Riadh (2009a)
9	The hotel staff provide service to meet guests' best interest (as per the requirements)	Empathy	Yes	Nelson and Hailin (2000)
10	The hotel staff provide service in a caring fashion being friendly	Empathy	Yes	Parasuraman, Zethaml and Berry (1988); Cronin and Taylor (1992)
11	The hotel staff provide undivided attention to the guest	Empathy	Yes	Nelson and Hailin (2000); Halil and Kashif (2005a); Riadh, (2009a)

12	The hotel staff have neat appearance	Tangibles	Yes	Nelson and Hailin (2000); Thanika (2004); Asad and Tim (2010)
13	I am quite satisfied with the service received from the hotel's staff	Customer Satisfaction	No	Jani and Han (2011)
14	The hotel's rooms are clean and comfortable	Tangibles	Yes	Nelson and Hailin (2000); Thanika (2004)
15	The hotel's rooms have visible (quality) amenities like TV, phone, safe, refrigerator etc.	Tangibles	Yes	Barbara and Pamela (2004); Riadh, (2009a)
16	The hotel rooms are quiet	Tangibles	No	Nelson and Hailin (2000)
17	The bathrooms in the hotel are neat and clean	Tangibles	Yes	Thanika (2004)
18	The hotel rooms are equipped with effective internet connectivity	Tangibles	No	FGD
19	The hotel maintains reasonable room rates to offer high value for money to its customers	Customer Value	No	Nelson and Hailin (2000); Asad and Tim (2010)
20	I am quite satisfied with the appearance of / facilities in the hotel rooms	Customer Satisfaction	No	Jani and Han (2011)
21	The hotel's bar/s and restaurant/s have good ambience	Tangibles	Yes	Thanika (2004); Asad and Tim (2010); Riadh (2009a)
22	The complimentary breakfast at the hotel is of good quality	Tangibles	No	FGD
23	The hotel's restaurant/s offer good quality food	Tangibles	No	Nelson and Hailin (2000); Asad and Tim (2010)
24	The hotel restaurant delivers prompt service to its customers	Responsiveness	Yes	Barbara and Pamela (2004); Asad and Tim (2010)
25	Pricing at the hotel's restaurant is reasonable and dictates value for money to customers	Customer Value	No	Nelson and Hailin (2000); Thanika (2004); Asad and Tim (2010); Halil and Kashif (2005a)
26	I found myself satisfied with the hotel's bar and restaurant service	Customer Satisfaction	No	Jani and Han (2011) ;
27	The hotel provides modern recreation facilities (e.g. Spa, Gym, etc.)	Tangibles	Yes	Nelson and Hailin (2000); Riadh (2009a)

28	The hotel guarantees/ensures reliable reservation services	Reliability	Yes	Nelson and Hailin (2000)
29	The hotel billing and payment systems are free from error	Reliability	Yes	Thanika (2004); Barbara and Pamela (2004); Halil and Kashif (2005a)
30	The hotel location is convenient/for my purpose/	Tangibles	No	FGD
31	The overall service quality of the hotel is acceptable	Over all Service Quality	No	Negi (2010)
32	Overall, the price I paid is reasonable compared to the value of services being received from the hotel	Customer Value	No	Cronin, Bradly and Hult (2000)
33	I am satisfied with the hotel's overall service provisions	Customer Satisfaction	No	Jani and Han (2011); Edward and Sahadev (2011)
34	I will use this hotel services again whenever I get the chance	Behavioral Intentions	No	Edward and Sahadev (2011); Jani and Han (2011)
35	I will recommend this hotel to others (e.g. friends, colleagues, relatives etc.)	Behavioral Intentions	No	Edward and Sahadev (2011); Jani and Han (2011)
36	Please specify to which of the following you are most likely to tell about your hotel experience	Behavioral Intentions	(adapted from FGD)	A) Acquaintances B) Booking contacts C) Directly to the hotel management and staff D) Electronic media, websites

3.4.3 Main Survey

As stated earlier, data collection for the main survey was carried out between November 2013 and January 2014. According to MoCT (2013a), the month of December is considered to be off-season, while January appeared to be the beginning of peak-season in the Ethiopian hotel sector.

As a result, the researcher was convinced that capturing customers' perception across seasons would give better representation of observations for the study.

The researcher approached the hotels with a formal cooperation letter requesting them to participate in the study. In order to take the hotel management into confidence, the purpose of the study was communicated along with the impression that no hotel operations and the guests' convenience will be disturbed during the data collection.

Furthermore, the printed questionnaires were distributed to the customers/guests with randomly selected rooms. For the purpose, front office/reception desk documents/registers were used to identify room occupancy, and room numbers were used to draw the rooms to be sampled from. The questionnaires were then given to the selected room guests at the front desk, by requesting them to bring the completed questionnaire back upon their departure.

A total of 440 questionnaires were distributed to the selected hotels in proportion to the number of their guest rooms. However, caution was taken to avoid over or under representation of hotels with extremely large or small number of rooms (compared to the others in the unit of analysis). Hence, the hotels were classified not only by star categories but also by the respective number of rooms for the purpose of determining the required number of questionnaires distribution. In order to compensate the possibility of having questionnaires not completed in a single attempt, the process was repeated until all the questionnaires assigned to each hotel were completed and returned back by their customers. Afterwards, all completed questionnaires were collected back by the researcher from the front office and used in the final analysis (see Table 3.5).

Table 3.5: Survey respondents

Hotels	In Addis	Regional cities	Total	Percent
Three Star	150	62	212	49
Four Star	120	32	152	35
Five Star	71	0	71	16
Total	341	94	435	100

(Source: Survey data, 2014)

However, due care was taken to avoid inquiring the same guest to fill the questionnaire twice. Since the questionnaire was a self administered, it was accompanied by a heading letter requesting the cooperation from the respondents with well stated research objective/purpose, to avoid any misunderstanding or biasness.

As presented in the Table 3.5, around 78% of the respondents were hotel customers/guests from the Addis Ababa, and remaining (22%) were from the regional hotels (out of Addis). By considering the distribution of respondents among the hotels (star) categories, around 49% of the respondents were stayed in three star hotels, followed by 35% in four star and remaining (16%) in the five star hotels. This further was found to be in line with the market potential, determined by the number of rooms available in each star hotel category, by the MoCT (2010).

3.5 Scale Reliability and Validity

The quality of the research outcome is judged against two criteria: reliability and validity. In other words, reliability and validity are the two pillars of scientific research methods. According to Cooper and Schindler (2008:236), “a measure is reliable to the extent that it supplies

consistent results.” The reliability of the measuring instrument shall be ensured even before considering the validity of the measurement instrument. Similarly, O’Leary (2014: 67) provided a concise definition of reliability as, “the consistency or dependability of a measuring technique.”

Generally, it is believed that reliability tests help to evaluate the quality of the data. In this study, Cronbach alpha coefficient was used to examine the internal consistency of the items. According to Nunnally (1978) and Churchill (1979), the measurement scale would be considered as reliable if the Cronbach alpha (coefficient) value is 0.70 or higher. However, in the context of qualitative research, being used in the first phase of the study, reliability refers to the degree to which another researcher’s work would generate similar results to the given study (Creswell, 2009). Given the nature of qualitative research, the researcher is a potential source of bias in terms of how the data are analyzed and interpreted, in addition to the possible influence on the type of moderation (in focus group setting), questions asked, and the condition under which participants respond to them.

To minimize the risk of FGDs participants’ biasness, Saunder, Lewis and Thornhill (2007) recommend that the moderators need to demonstrate credibility and trustworthiness through explaining the purpose of the discussion and the exact nature of the data required, and use probing questions to explore and/or seek explanation, while projecting an attentive though unbiased image. These guidelines were strictly followed by the researcher during FGDs in this study to ensure the reliability of the qualitative research. As a result, participants for the FGDs were selected based on their understanding of the study area/constructs, assigned responsibility (managerial position) and professional commitment, across a range of portfolios linked with the

hotel sector. Additionally, anonymity of the participants were maintained to ensure trustworthiness of the data gathered, as it arrests the potential bias which might have been caused as a result of specific interests of the participants.

On the other hand, Aaker, Kumar and Day (1998) claim that a measure has validity if it measures what it is supposed to measure. Cooper and Schindler (2008) share the same view and stated validity as the extent to which a test measures what we actually wish to measure. Furthermore, they emphasized that reliability is a necessary contributor to validity but is not a sufficient condition for it. All the necessary precautions were taken to ensure the validity of the data collection instrument. A systematic and exhaustive literature review was conducted to identify the valid measures of the variables involved in the model. The content validity of the data collection instrument was ensured through evaluation of the quality of the reported findings on related measures by using systematic literature review. Besides, three marketing professors (in Addis Ababa University) were requested for their opinion on the relevance, appropriateness, and adequacy of the questionnaire items and structure, thus ensuring face validity.

Face validity should not be confused with content validity because they are distinct. While face validity is a post-hoc claim that the items in the scale measure the construct, content validity is *a priori* evidence that the items are a good representation of the construct (Nunnally, 1978). Though, there is no stringent procedure for establishing face validity and content validity, these are more appropriately determined by the individuals who respond to the survey or experts who are familiar with the research domain (Green, Tull & Albaum, 2005). Therefore, two distinct procedures (expert opinions and pilot testing of questionnaire, given in the next section) were

undertaken to determine the extent to which the scale items were suitable and conclusive in measuring their respective constructs. The feedback obtained from both the approaches was considered as an input to modify the content, layout, and presentation of the questionnaire, to ensure both content validity and face validity.

In addition, construct validity involves providing evidence about the factors that cause the manifestation of the construct. According to Nunnally (1978), in terms of scale development, there are three conditions that must be satisfied for construct validity to be achieved.

- i. The construct has to be clearly defined. In this study, perceived service quality was defined as a formative construct, composed of attributes/dimensions.
- ii. The construct must be well represented by the scale items. Representativeness of scale items requires a strong relationship between items measuring the same construct in order to ensure internal consistency.
- iii. The construct must display a strong relationship with similar constructs. This facilitates the investigation of the relationship between theoretically related variables and the construct under investigation.

Green, Tull and Albaum (2005), state that construct validity is the most complicated type of validity, which can be assessed by convergent and discriminant validity. Convergent validity refers to the extent to which individual measures correlate with associated measures i.e., holding high degree of correlation between related variables. Conversely, the discriminant validity seeks to offer evidence of the extent to which the scale provides a distinct and superior measure. In

other words, while convergent validity relates to the uni-dimensionality, discriminant validity indicates the distinctiveness of the scale from the theoretical unrelated variables. As a result, construct validity was ensured through Exploratory Factor Analysis (EFA), performed on the scale items in the final data set.

3.5.1 Pilot Testing of the Questionnaire

In order to ensure the reliability of the data collection instrument, a pilot test was conducted. To this end five hotels were selected, two each from three and four star categories and one from five star category, and fifty (50) questionnaires were equally distributed to the customers/guests in the hotels by using judgmental sampling technique, by picking those guests who have more/longer experience with the hotel services. Out of the fifty questionnaires, thirty five (35) being duly filled, were returned on time and used for the pilot testing of the questionnaire, to insure the associated scale reliability.

The findings of the pilot study revealed that the instrument was reliable to measure the constructs under investigation with the overall Cronbach alpha of 0.936, which is above the acceptable value of 0.70 (Churchill, 1979). Similarly, all the dimensions scored well above 0.70 as Cronbach alpha coefficient thus, assumed to be reliable with their corresponding items. This guided to retain all the scale items in the final questionnaire. Furthermore, it was found that on the average it takes 7-10 minutes to fill the questionnaire by the study respondents. It was also noted that guests feel uncomfortable to be approached while they were in their rooms to request to fill the questionnaire.

Therefore, based on the feedback of the pilot testing, the necessary corrections were made in the approach of data collection by giving the questionnaire at the front desk/reception when the hotel customers come to pick their keys. Additionally, they were requested to return back the filled questionnaires at the reception on departure.

3.6 Data Analysis Techniques

The gathered data have been screened before being entered for processing to check if all the questionnaires were duly filled and the responses provided are legible. Incomplete questionnaires (5) were discarded from analysis. All eligible questionnaires were numbered, and the respective items were coded before starting the analysis process as directed by Marczyk, Dematteo and Festinger (2005).

For the purpose of analysis, SPSS 20 software was used. The data analysis was designed and conducted to warrant the validity and reliability of the gathered data, by answering the main and specific research questions and testing of the research hypothesis (Cooper & Schinedler, 2008; Graziano & Raulin, 2010). Exploratory Factor Analysis (EFA) was used to test the construct validity (being uni-dimensional) and Cronbach alpha coefficients were computed to test the reliability of construct items by following Green, Tull and Albaum (2005). The mean scores and standard deviations were computed per dimensions and items for descriptive analysis. Bivariate correlations, using Karl-Pierson correlation coefficients, were obtained to analyze the relationship between the constructs of the study.

Further, regression analysis was used to assess the influence of explanatory variables on the dependent variables. Finally, t-test and ANOVA techniques were applied to analyze the differences between and among the response profiles across the participants groups and constructs, respectively, as guided by et al. (2010).

3.7 Ethical Considerations

This research was conducted by giving the utmost respect for ethical behavior. Ethical concerns play important role, while assumed to be the part of the essential consideration, in the design of any research. Consequently, diverse ethical issues were taken into consideration during this research, from administration of the research instrument with respondents to the acknowledgement of all the secondary sources being used. Research participants were given freedom to participate in the study, by filling the questionnaire, and the results of the research were presented as aggregate.

The survey itself was anonymous to the extent that no respondent was asked to write anywhere his/her name and other contact details. Moreover, before starting filling-up of the questionnaire, the purpose of the research was clearly explained to the respondents, in order to improve their understanding and willingness to share the required information.

In general, great care was taken to fulfill all the criteria of ethical research, including:

- Minimizing respondents' and researcher's bias by giving fair chance for research units (participants and hotels) to be selected.

- By using standard instrument for data collection to reduce the researcher's bias while avoiding sensitive and leading questions to be asked, and not to offend the research participants.
- Requesting the voluntary consent of research participants by using covering letter which:
 - Described who the researcher is and for what purpose the research is being conducted;
 - Clearly stated that participation is voluntary and the respondent can decline any time from taking part in the study;
 - Assured that all personal information provided by the respondents will be kept confidential and used only for the purpose of this study;
 - Provided contact information of the researcher if the respondents have any inquiry to make, with how the research findings can be accessed, as recommended by Marczyk, Dematteo and Festinger (2005) and Salkind (2009).
- Confidentiality and anonymity of research participants was given due respect.

Thus, throughout the research process all due care have been taken to comply with ethical standards of the scientific research. The research methodology was carefully designed to arrest researcher's and participants' bias through involving diversifying, more responsible and professional respondents, securing anonymity, and cross checking data through triangulation. Further, for the final survey, participants were selected through random sampling, whereby participating hotels were formally communicated in advance for their willingness to participate. Only voluntary adult guests were contacted to take part in the survey with clear purpose of the study, and maximum care was taken not to interrupt guests' privacy during data collection

process. Most importantly, the study assured that all the materials and literatures referred, consulted and/or quoted are properly acknowledged to avoid any possibility of plagiarism.

3.8 Summary of the Chapter

This chapter presented the research paradigm, approach and methodology used in conducting the study. Following these, the research design, unit of analysis, sample size, sampling techniques and data collection procedures have been discussed.

To abridge, the paradigm adopted by the study is positivism, whereas both inductive and deductive approaches were employed in the study by integrating the qualitative and quantitative research methods. In line with the research objectives, the study adopted exploratory, descriptive and explanatory designs. All the research paradigm, approaches, methods and designs were applied to maximize the quality of the research output while securing methodological harmony.

Moreover, the exploratory study, in the form of website reviews and focus group discussions, and associated data gathering process was discussed along with the presentation of the questionnaire items. The sample frame of the study was well established being three, four and five star hotel customers/guests in Ethiopia. The sample size was computed through a scientific formula and the sampling technique was determined to be proportionately stratified (based on hotel star category).

Additionally, the chapter highlighted data analysis techniques including mean, standard deviations, correlation and regression analysis, t-test and ANNOVA, used for hypotheses testing

and addressing associated research objectives. Finally, the ethical considerations being applied by the study was discussed in detail. The next chapter will discuss empirical findings of the survey data obtained from the hotels' customers/guests by using the analytical/statistical techniques highlighted in this chapter.

CHAPTER 4

DATA ANALYSIS

This chapter outlines the approach to data screening by highlighting the steps to check normality of the data before moving to statistical analysis. As highlighted in the previous chapter, the chosen method of analysis include: descriptive statistics to draw the respondents' profile, and tests for scale reliability (using Cronbach alpha coefficients) and construct validity (Factor analysis with Kaiser-normalization to identify the underlying dimensions). Regression analyses were employed to assess the influence of the service quality on the outcome variables customer value, satisfaction and behavioral intentions.

One-way analysis of variance (ANOVA) and independent samples t-test were employed to identify any significant differences in the visitor perceptions of attributes relating to the study constructs (service quality, customer value, satisfaction and behavioral intentions) and across the hotels' characteristics.

4.1 Data Screening and Test for Normality

4.1.1 Data Screening

As presented in the previous chapter, 440 questionnaires were distributed to the respondents, of which 435 were returned (341 from Addis Ababa and 94 from the regions) as completely filled, and entered into SPSS (Statistical Program for Social Scientists) software for analysis purpose. However, before analysis, quality of the data entered in to SPSS was critically examined by rechecking the dataset for minimum and maximum values associated with the study variables

and accuracy of the data entry. During the data cleaning process, it was ensured that each variable had coded values in line with the questionnaire scales. Hence, the final analysis was carried out with 435 questionnaires.

4.1.2 Test of Normality

According to the central limit theorem, as long as the sample size is 30 or more; the sampling distribution would tend to be normal irrespective of the population distribution (Field, 2009). Fundamentally, the large enough sample size (435) used in this study satisfies the requirement of normality, however, in order to examine the suitability of data for further analysis, two measures of normality- Kurtosis and Skewness were computed.

According to Mardia (1970), when the maximum acceptable level of Skeweness (2) and Kurtosis (6) are violated, it suggests a problem that should be addressed before performing any inferential (statistical) analysis. The result revealed that all the computed values of Skewness and Kurtosis were found within the acceptable limits thus, appeared to be normal (see Annex-E for the values of Skewness and Kurtosis).

4.2 Respondents' Profile

In order to understand the profile of the respondents, in terms of gender, age, nationality, numbers of and purpose of visit to the hotel, and their length of stay in the hotel, data were analyzed by using percentages, as follows.

i. **Gender:** Great majority (72%) of the respondents were male and the remaining (28%), female, as presented in the Figure 4.1. This implied that males are more exposed to staying out as compared to their female counterparts.

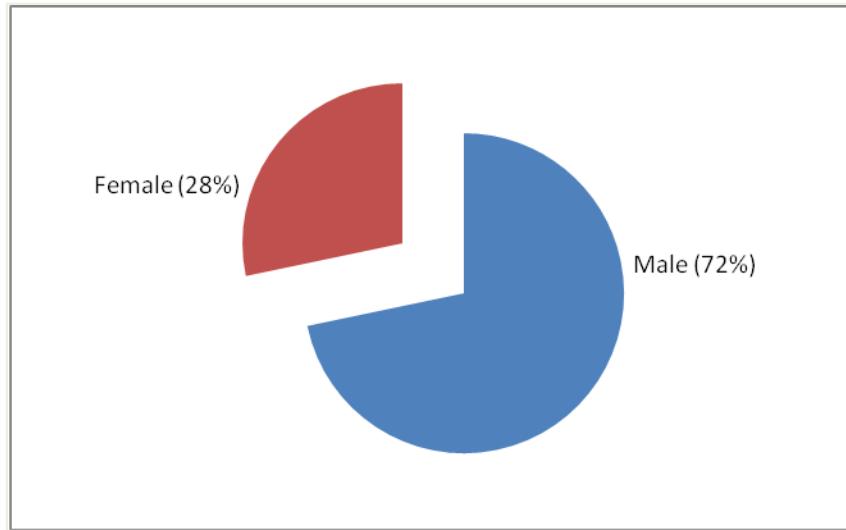


Figure 4.1: Respondents' gender

The gender composition was appeared to be similar to MoCT (2010), whereas it was believed that gender of an individual customer/guest might have an influence on his/her perceptual process, as examined later in this study.

ii. **Age:** The largest number of respondents (45%) were appeared to be in the middle age group (31-45 years), followed by one-fourth (25%) belonging to young age (18-30 years) and little less than one-fourth (24%) under senior age (46-60 years), as presented in Figure 4.2. In this way, about 94% of the respondents were found to be between 18 and 60 years of age. This revealed that a large number of customers

staying in the selected star category hotels belong to middle age, which may be attributed to their professions and earnings to pay for the hotel stay.

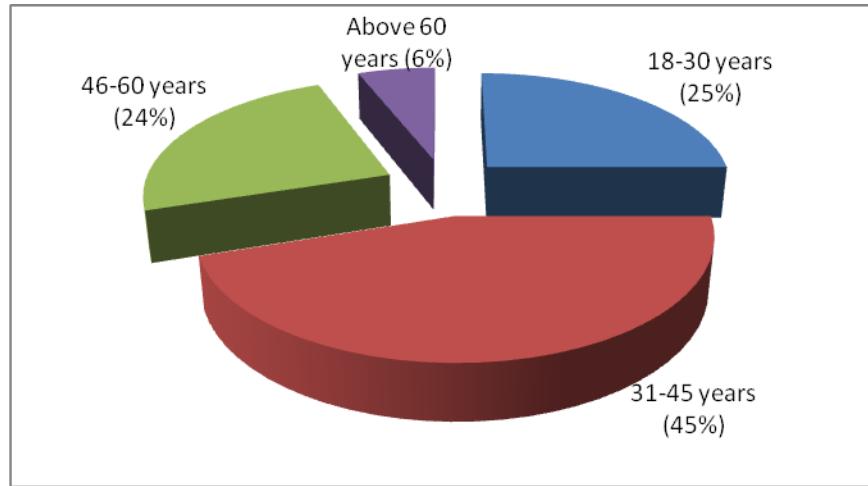


Figure 4.2: Respondents' age

Furthermore, Kotler and Armstrong (2006) stated that age can have an influence on the perception process of individuals, as being assessed in the subsequent sections.

iii. Nationality: Majority (69%) of the respondents were appeared to be foreigners with the remaining (31%) are domestic (Ethiopians) customers to the hotels (Figure 4.3). This may be attributed to the fact that three and above star hotels mainly target foreigners to be their customers/guests.

Moreover, the nationality of an individual would have an influence on his/her perceptual process, value system and behavioral intentions, being guided by different cultural beliefs (Oliver, 1997). This relationship has been examined later by the study.

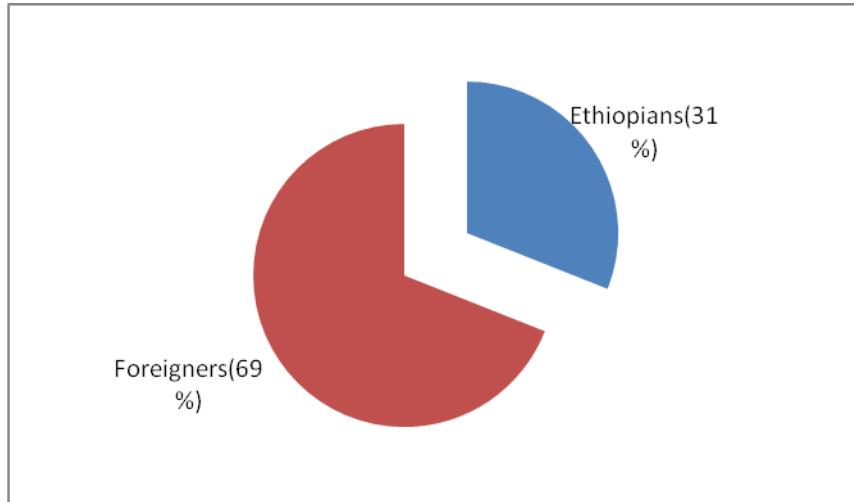


Figure 4.3 Respondents' nationality

iv. Purpose of Visit: Over half (53%) of the respondents were found to be staying in hotels caused by their business, followed by one -fourth (25%) who mentioned other personal reasons for their hotel stay. Leisure travelers (14%) and transit passengers (8%) constitute relatively less for being staying in hotels. This may, once again, be attributed to the profession of the respondents causing them to stay in hotels during their business/official assignments, meetings etc.

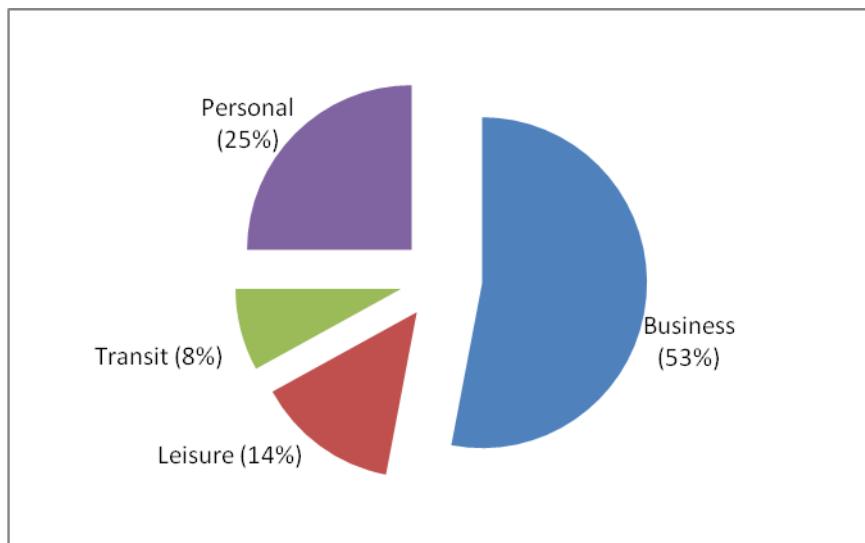


Figure 4.4: Respondents by purpose of visit

The need or desire of a guest might be influenced by the purpose of his/her visit, hence, presents a strategic lens to the hotel management to plan their services more in line with the customers traveling for business purposes. The subsequent sections of this chapter examine the role of guests' purpose of visit in determining their perceptions of service quality and other study constructs.

v. **Length of Stay:** Majority (63%) of the respondents were found to be staying in corresponding hotels for three or more nights, followed by little less than one forth (23%), who claimed to be staying for two nights, and 14% who stayed night long. In this way, all the participants were found to be experiencing various services, at least for a night, before assessing them in the context of this study. However, their average stay in hotels was appeared to be in line with the MoCT's (2010), which reported 2.7 nights (average stay of guests in Ethiopian hotels).

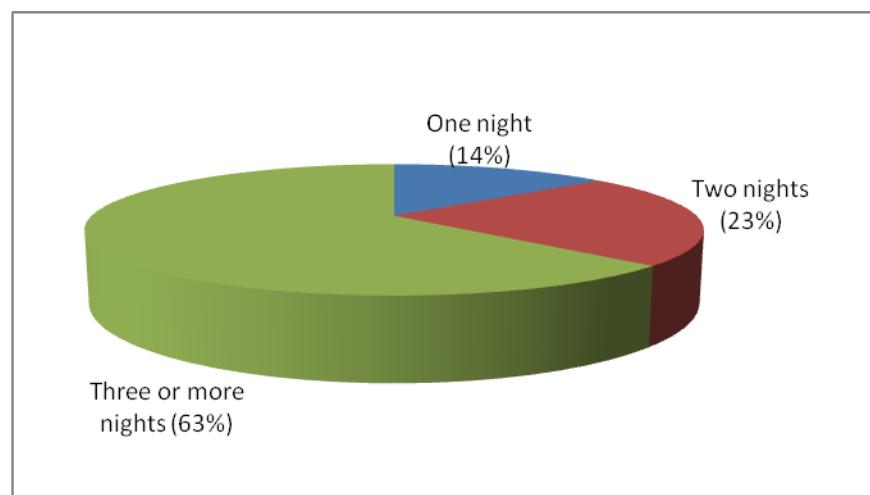


Figure 4.5: Respondents' length of stay in the hotels

Additionally, guests staying for more nights are supposed to have better service experience to assess and comment on the perceived service quality, value, satisfaction and behavioral intentions. The later part of this chapter attempted to examine the influence of respondent's length of stay on the study constructs.

vi. Number of Visits: Over half (53%) of the respondents were found to be repeated customers to the respective hotels, while the remaining (47%) claimed to be the first time visitors/guests. This revealed some sort of loyalty that respondents witnessed for corresponding hotels. Moreover, as many of the respondents stayed in the hotels caused by their business assignments, this repetition may also be attributed to the links that their organizations maintain with these hotels.

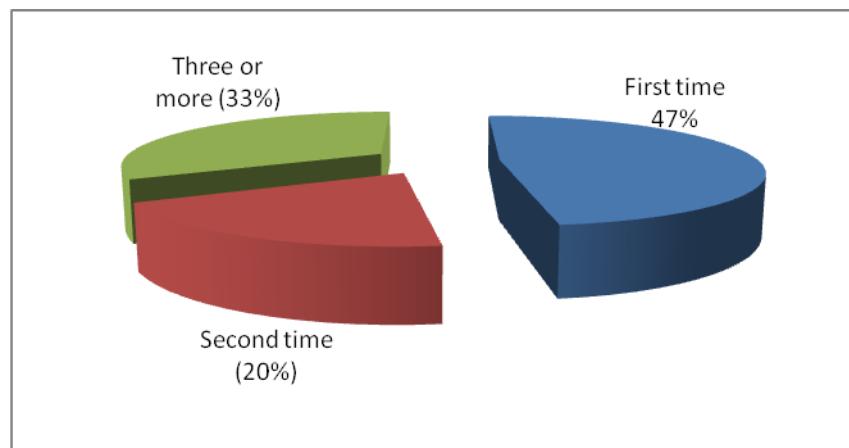


Figure 4.6: Respondents' visit(s) frequency

However, as indicated by Oliver (1997), such revisits of customers can be an indication of better service quality perceptions and satisfaction leading to favorable behavioral intentions (for revisits in future too). The later part of this study attempted

to evaluate whether guest's revisits to a particular hotel has any influence on the other research constructs.

4.3 Exploratory Factor Analysis and Scale Reliability

Validity test determines the extent to which a data collection instrument measures what it intends to measure without accidentally including other factors. There are basically two types of validity tests useful for survey instruments: content validity and construct validity (Cronbach & Meehl, 1955; Gregory, 1992; Drost, 2011). Content validity for the study has been ensured through literature review and experts comments. Construct validity, on the other hand, measures the existence and extent of theoretical relationship of a variable to other variables. It is the extent to which a measure behaves the way that the construct it purports to measure should behave (with regard to the established measures of other constructs).

Exploratory Factor Analysis (EFA) has been applied to measure the construct validity of data collection instrument, as directed by DeVellis (1991). Accordingly, Principal Component Analysis (PCA) approach was used to obtain the factors capable of yielding the most interpretable results, separately for the service quality (independent) and other constructs (dependent) being used in the study. Moreover, the suitability of data for exploratory factor analysis was tested by applying Barlett's test and Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy.

As a rule of thumb, it is considered that a KMO value greater than 0.60 shows acceptable sampling adequacy, greater than 0.70 and 0.80 shows good and very good sampling adequacy

respectively, whereas above 0.90 shows excellent sampling adequacy. Bartlett's test of sphericity examines the existence of relationship between items and follows Chi-square distribution. Larger value of Bartlett's test indicates greater likelihood the correlation matrix is not an identity matrix and null hypothesis would be rejected (Sergeesh, Anusree & Mohapatra, 2014). Therefore, Barlett's test of sphericity was employed to test the inter-correlations, and KMO measure of sampling adequacy was used to ensure that the variables were grouped appropriately.

Table 4.1: KMO and Bartlett's test of Sphericity

Construct	KMO	Degree of Freedom	Bartlett's test of Sphericity (Chi-square)
Service Quality	0.91	231	3525.40
Customer Value	0.78	6	614.29
Customer Satisfaction	0.67	3	239.29
Behavioral Intentions	0.60	1	224.26

(Source: Survey data, 2014)

Table 4.1 presented with the results of the KMO and Barlett's test of sphericity pertaining to the study constructs. Accordingly, the KMO measure for sampling adequacy for service quality items was calculated as 0.91. Since the KMO score was above 0.9, the variables were interrelated and share common factors. Moreover, Barlett's test of sphericity ($\chi^2=3525.40$, $p<0.001$) indicated that correlations between items were large enough to accommodate PCA. In a nutshell, the two tests results revealed that factor analysis was feasible and the data were suitable for factor analysis.

In addition, there appeared to be relatively higher (0.6 and above) KMO values along with significant Barlett's test statistics, which asked to proceed with separate factor analysis for the remaining constructs of perceived value, customer satisfaction and behavioral intentions (see Table 4.1).

4.3.1 Principal Component Analysis- Service Quality Attributes

Principal Components Analysis (PCA) with varimax rotation and Kaiser normalization, was carried out to factor analyzed 25 service quality attributes (see Annex-A), to identify the underlying dimensions that describe the variance in the attributes. In this way, 22 items (out of 25) were found to be loaded in six dimensions (eigenvalues greater than or equal to 1), with above 0.5 factor loadings, while represented 67% of the variance explained (see Table 4.2). Therefore, all the 22 items loaded in to six factors were retained, and the remaining three items pertaining to shuttle service, recreation facility, and convenient hotel location were excluded.

In addition to high loading values, the factors also proved to be highly internally consistent. The reliability of the factors was tested by computing Cronbach (alpha) coefficients, whereby a value of 0.70 was believed to be considering a construct/dimension as reliable (Nunnally, 1978). The overall scale reliability was appeared to be having a value 0.936 (see Table 4.2), while ranging for individual dimensions of service quality from as high as 0.792 (for reliability) to as low as 0.713 (for responsiveness). Furthermore, communality value indicated that all the variables account the variance ranging from as low as 27% to as high as 77.4% in their corresponding factors.

While the items pertaining to the service quality dimensions of assurance, responsiveness, reliability and empathy were found to be loaded into their respective factors, the items for tangibles dimension divided into two: food & beverage (F&B) tangibles and room tangibles. As a result, the six factors identified were named as: Factor 1- Assurance, Factor 2- Responsiveness, Factor 3- Reliability, Factor 4- Empathy, Factor 5- Food & Beverage tangibles, and Factor 6- Room tangibles (see Table 4.2).

Table 4.2: Factor loadings and scale reliabilities for service quality

Factor	Items	Factor loading	Communalities	Reliability (Cronbach alpha)
Factor 1: Assurance	1. Hotel staff welcome guests that creates a comfortable feeling	0.769	0.592	0.775
	2. Hotel staff are always courteous	0.820	0.672	
	3. Hotel staff have good command of English	0.745	0.556	
Factor 2: Responsiveness	1. Hotel's restaurant delivers prompt service to its customers	0.766	0.586	0.713
	2. Hotel staff are willing to provide prompt assistance to guests' requests and problems	0.796	0.633	
	3. Check-in and check-out services are quick and easy at the hotel	0.689	0.475	
Factor 3: Reliability	1. Hotel provides services as being promised (during reservation)	0.771	0.594	0.792
	2. Hotel staff perform services right/correctly at the first time	0.739	0.546	
	3. Hotel guarantees/ensures reliable reservation services	0.703	0.494	
	4. Hotel billing and payment systems are free from error	0.668	0.447	
Factor 4: Empathy	1. Hotel staff provide service to meet guests' best interest	0.823	0.677	0.754
	2. Hotel staff provide service in a caring fashion being friendly	0.808	0.653	

	3. Hotel staff provide undivided attention to the guest	0.826	0.682	
Factor 5: F & B Tangibles	1. Hotel's Bar and Restaurant(s) have good ambience	0.728	0.530	0.735
	2. Complimentary breakfast at the hotel is of good quality	0.815	0.665	
	3. Hotel's restaurant(s) offer good quality food	0.880	0.774	
Factor 6: Room Tangibles	1. Hotel staff have neat appearance	0.629	0.279	0.768
	2. Hotel's rooms are clean and comfortable	0.785	0.616	
	3. Hotel's rooms have visible (quality) amenities like TV, phone etc.	0.705	0.498	
	4. Hotel rooms are quiet	0.636	0.404	
	5. Bathrooms in the hotel are neat and clean	0.816	0.665	
	6. Hotel rooms are equipped with effective internet connectivity	0.601	0.361	
Overall scale reliability				0.936

(Source: Survey data, 2014)

Factor 1 consisted of three items related to assurance: staff welcoming behavior to feel comfortable, courtesy and command over English as a language. All the three items in the assurance dimension were found to be loaded well above 0.7, much higher than the minimum acceptable value of 0.5 (Malhotra, 2004), hence considered to be having acceptable construct validity (see Table 4.2). However, the item related to staff courtesy was appeared to be having the highest factor loading in this dimension of service quality. Also, the dimension was found to be having Cronbach alpha value of 0.775 (Table 4.2), above the 0.70 standard (Nunnally, 1978), hence, considered to be reliable.

Factor 2 was appeared to be having three items pertaining to responsiveness to the service delivery by the hotel. It included the items like hotel's restaurant delivers prompt services, staff

are willing to provide prompt assistance and quick & easy check-in/check-out services. All the items representing responsiveness dimension of service quality were found to be having factor loadings well above 0.6, hence were considered to be the part of given construct. However, the highest factor loading (0.796) was observed for the item related to staff willingness to provide prompt assistance to the guests. Moreover, the dimension was reported with a Cronbach alpha value of 0.713 (Table 4.2), above the 0.70 standard, thus, considered to be reliable.

Factor 3 consisted of four items related to service reliability: hotel provides services as promised, staff performs services correctly at the first time, hotel ensures reliable reservation services, and error free billing and payment system. All the four items representing reliability dimension of service quality were found to be well above 0.6 on factor loadings, whereas the loading of the item related to promise keeping (0.771) was found to be the highest. Additionally, the dimension was found to be having Cronbach alpha value of 0.792 (Table 4.2), much above the 0.70 level, hence, considered to be reliable.

Factor 4 was appeared to be having three items pertaining to empathy, as being witnessed through the staff behavior. The items in this factor include: staff provide service to meet guests' best interest, in caring fashion and undivided attention to be paid to the guests by the staff. All the items in empathy dimension were found to be loaded with 0.8 values, representing strong construct validity, with the item related to paying undivided attention by the staff scored the highest (0.826). Also, the dimension was reported with a Cronbach alpha value of 0.754 (Table 4.2), above the 0.70 standard, therefore, assumed to be reliable.

Factor 5 maintained three items related to food and beverage tangibles. The dimension consisted of items like bar and restaurant ambience, quality of complimentary breakfast and food quality in the hotel restaurants. This appeared to be a new service quality dimension measuring quality perceptions of customers on bar/restaurant services, in the context of hotel sector of Ethiopia. All the items representing this dimension were found to be loaded with values ranging between 0.728 (for bar and restaurant ambience) to 0.880 (restaurants' food quality). The corresponding values were appeared to be much higher to be acceptable the dimension as valid. Moreover, the dimension was found to be having Cronbach alpha value of 0.735 (Table 4.2), above the 0.70 level, hence, considered to be reliable.

Finally, factor 6 consisted of six items determining room tangibles as: staff appears neat, clean and comfortable rooms, rooms have visible amenities like TV, phone etc., quite rooms, clean bathrooms and effective internet connectivity in the hotel rooms. Items loaded in this factor ranged from as low as 0.601 (for internet connectivity) to as high as 0.816 (for bathroom neatness), thus validated as a separate dimension contributing to determine service quality in the hotel sector. Additionally, the dimension was reported to have Cronbach alpha value of 0.768 (Table 4.2), above the 0.70 standard (as per Nunnally, 1978), hence, assumed to be reliable.

4.3.2 Principal Component Analysis- Customer Value, Satisfaction and Behavioral Intentions

Another exploratory factor analysis was conducted with the mediating (customer value and satisfaction) and dependent (behavioral intentions) variables, separately, to identify their underlying factors/constructs (being uni-dimensional). In line to this, by using PCA with varimax

rotation, nine items were analyzed (Table 4.3). Respondents were requested to indicate their level of agreement/disagreement with the nine items on a 5 point Likert-type scale (labelled 1-Strongly Disagree, 2-Disagree, 3-Neutral, 4-Agree, and 5-Strongly Agree).

Table 4.3: Factor loadings and scale reliabilities for customer value, satisfaction and behavioral intentions

Construct Factor	Items	Factor loading	Communalities	Reliability (Cronbach alpha)
Customer Value	1. Hotel maintains reasonable room rates to offer high value for money	0.730	0.532	0.819
	2. Pricing at the hotel's restaurant is reasonable & dictates value for money	0.850	0.722	
	3. Pricing at the hotel's bar is reasonable & dictates value for money	0.826	0.682	
	4. Overall, the price paid is reasonable compared to the value of services being received	0.814	0.663	
Customer Satisfaction	1. I am quite satisfied with the appearance of facilities in the hotel rooms	0.623	0.623	0.708
	2. I am quite satisfied with the service received from the hotel's staff	0.601	0.601	
	3. I am satisfied with the hotel's overall service provisions	0.671	0.671	
Behavioral Intentions	1. I will use this hotel services again whenever I get the chance	0.898	0.807	0.760
	2. I will comment to others about the hotel service	0.898	0.807	

(Source: Survey data, 2014)

These nine items were taken from different sources (as indicated in Chapter 3) to measure customer value, satisfaction and behavioral intentions. All the items loaded, separately, into their respective constructs/factors (three in numbers) by having a loading over 0.6 (Table 4.3). Furthermore, the reliability of the three constructs (i.e., customer value, satisfaction and behavioral intentions) were tested and found to be well above the acceptable range of 0.70

(Nunnally, 1978), from as high as 0.819 for customer value, to as low as 0.708 for customer satisfaction.

In this way, the first factor/dimension appeared to be as ‘customer value’ with four items: reasonable room rates, reasonable price at restaurant(s), reasonable price at hotel bars, and reasonable price dictating value for money. All the four items corresponding to customer value were found to be loaded well above 0.70, much higher than the minimum acceptable value of 0.5 (Malhotra, 2004), hence considered to be having acceptable construct validity. However, the item related to reasonable price of the restaurant(s) was appeared to be having the highest factor loading (0.850) pertaining to the perceived-customer value. Also, the construct was found to be having Cronbach alpha value of 0.819 (Table 4.3), much above the 0.70 standard (as mentioned by Nunnally, 1978), hence, considered to be reliable.

The other factor/construct was found with three items pertaining to ‘customer satisfaction’. It included the items like satisfaction with hotel facilities; service received, and overall service provisions. All the items representing customer satisfaction were found to be having factor loadings well above 0.6. This indicated that the items have desired construct validity to use as a measure of customer satisfaction. However, the highest factor loading (0.671) was observed for the item related to satisfaction with overall service provisions. Moreover, the factor was reported with a Cronbach alpha value of 0.708 (Table 4.3), above the 0.70 standard, thus, considered to be reliable.

Finally, the last factor/construct was appeared to be having two items related to ‘behavioral intentions’. These include: using the hotel services again when get the chance, and commenting to others about hotel service. Both of the items representing behavioral intentions (in terms of revisit and WOM) were found to be with equal factor loadings (0.898), which represented the existence of strong construct validity. Additionally, the factor was found to be having Cronbach alpha value of 0.760 (Table 4.3), surpassing the 0.70 level, hence, assumed to be reliable to use in the study.

4.4 Descriptive Analysis

As highlighted in the previous chapters, the perceived service quality of the hotels was conceptualized as a formative construct rather than reflective construct, commonly found in the early literature of service quality. Therefore, the meaning of the latent construct would be resulting from associated components/dimensions, being each item/indicator uniquely contributed to the conceptual domain of the latent construct (Zabkar et al., 2010). The factor analysis revealed the uni-dimensionality of the study constructs related to service quality, customer value, satisfaction and behavioral intentions. This part presents the descriptive analysis of these constructs by using the measures of central tendency (mean) and dispersion (standard deviation). With respect to the agreement/disagreement scale (5-point Likert-type) used for measuring these constructs/ dimensions, a mean score over 3 interpreted towards ‘agreement’, while below 3 was considered to be ‘disagreement’ with the concerned item as a response. However, a perfect score of 3 was assumed to be a ‘neutral’ response on the corresponding item.

4.4.1 Mean Ratings of Service Quality Items and Dimensions

The analysis of mean values and standard deviations of the service quality scale items, presented in Table 4.4, revealed that all the items scored above average (3 on a five-point scale), which determined the general agreement on the quality service being delivered by the hotels. However, the highest mean score of 4.48 ($SD=0.623$) was obtained for the item ‘hotel staff welcome guests that creates a comfortable feeling’, followed by ‘hotel staff are always courteous’ with 4.27 mean value ($SD=0.718$). Both of these items were from the ‘assurance’ dimension of service quality construct, and presenting relatively less variation in their assessments (as seen from small SD values) by the respondents. Therefore, it can be understood that most of the respondents take the hotels performing well with regard to the ‘assurance’ dimension.

Similar to these, the two other most rated items related to the hotel staff: ‘hotel staffs are willing to provide prompt assistance to guests’ requests and problems’ ($Mean=4.24$, $SD=0.798$) from the dimension of ‘responsiveness’, and ‘hotel staff provide service in a caring fashion being friendly’ ($Mean=4.24$, $SD=0.788$, respectively), from ‘empathy’. This signified that the hotels ensured service quality while feeling responsive and empathetic to their customers, as perceived by them (with little variations in their evaluations).

On the other hand, relatively lower mean score (3.52, $SD=1.207$), though above average (3.0), was observed for the item ‘hotel rooms are equipped with effective internet connectivity’, under the dimension of ‘room tangibles’, with greater variance being noted among the respondents. This revealed the concerns about service quality, as perceived by the respondents, pertaining to

internet connectivity in hotel rooms. However, variations in the responses can be attributed to hotels' star ratings and locations (service may be poor in some locations).

Table 4.4: Descriptive statistics for service quality items

SN	Item	Dimension	Mean	Std. Dev.
1	The hotel staff welcome guests that creates a comfortable feeling	Assurance	4.48	0.623
2	The hotel staff are always courteous	Assurance	4.27	0.718
3	The hotel staff have good command of English	Assurance	3.88	0.883
4	The check-in and check-out services are quick and easy at the hotel	Responsiveness	4.25	0.727
5	The hotel provides services as being promised (during reservation)	Reliability	4.16	0.822
6	The hotel staff perform services right/correctly at the first time	Reliability	4.14	0.789
7	The hotel staff are willing to provide prompt assistance to guests' requests and problems	Responsiveness	4.24	0.796
8	The hotel staff provide service to meet guests' best interest (as per the requirements)	Empathy	4.13	0.806
9	The hotel staff provide service in a caring fashion being friendly	Empathy	4.24	0.788
10	The hotel staff provide undivided attention to the guest	Empathy	4.04	0.869
11	The hotel staff have neat appearance	Room Tangibles	4.19	0.780
12	The hotel's rooms are clean and comfortable	Room Tangibles	4.17	0.841
13	The hotel's rooms have visible (quality) amenities like TV, phone, safe, refrigerator etc.	Room Tangibles	4.00	0.964
14	The hotel rooms are quiet	Room Tangibles	4.05	0.966
15	The bathrooms in the hotel are neat and clean	Room Tangibles	4.16	0.918
16	The hotel rooms are equipped with effective internet connectivity	Room Tangibles	3.52	1.207
17	The hotel's bar(s) and restaurant(s) have good ambience	F&B Tangibles	4.06	0.785
18	The complimentary breakfast at the hotel is of good quality	F&B Tangibles	3.91	0.952
19	The hotel's restaurant(s) offer good quality food	F&B Tangibles	4.03	0.857
20	The hotel restaurant delivers prompt service to its customers	Responsiveness	4.02	0.765
21	The hotel guarantees/ensures reliable reservation services	Reliability	4.03	0.829
22	The hotel billing and payment systems are free from error	Reliability	4.07	0.876

(Source: Survey data, 2014)

The second lowest mean score of 3.88 (SD=0.883), still above average and approaching to the level of agreement (4.0), was observed for the item 'hotel staff have good command of English',

from the service quality dimension of ‘assurance’. Therefore, hotels staffs were observed to be having problems, in general, with communication in English, as perceived by the guest respondents. However, some degree of variation among the respondents can be witnessed, as perhaps, domestic customers were assumed to be well versed with local language(s), and may not be requiring the staff to communicate in English with them.

Similarly, the item ‘complimentary breakfast at the hotel is of good quality’ with a mean score of 3.91 ($SD=0.952$) was found to be approaching towards agreement, though with certain degree of variance. This indicated that the respondents were provided with relatively good quality complimentary breakfast by their hotels. The appeared variance may be attributed to the hotels’ star ratings, and associated expectations of the study participants from them. This was examined in the later part of this chapter, across various service quality dimensions.

Table 4.5 presented with the descriptive statistics for all the service quality dimensions, computed based on the respective items belonging to them. Additionally, overall service quality ($Mean=4.149$, $SD=0.541$), as perceived by the respondents, was computed from a separate item examining their perceptions on the overall acceptability of the hotel(s) services.

Accordingly, the ‘assurance’ dimension of service quality was reported to be with the highest mean score of 4.208 ($SD=0.578$), followed by ‘responsiveness’ ($Mean=4.169$, $SD=0.574$), ‘empathy’ ($Mean=4.137$, $SD=0.673$), ‘reliability’ ($Mean=4.101$, $SD=0.597$), and ‘room tangibles’ ($Mean=4.015$, $SD=0.644$). However, the dimension of ‘F&B tangibles’ ($Mean=4.001$,

$SD=0.701$) was observed to be having the lowest mean value, though responding to a general agreement on the quality issues, addressed by the hotels, pertaining to food and beverages.

Table 4.5: Descriptive statistics for service quality dimensions

	Assurance	Reliability	Responsiveness	Empathy	Room Tangibles	F&B Tangibles	Overall Service Quality
Mean	4.208	4.101	4.169	4.137	4.015	4.001	4.149
S.D	0.578	0.597	0.574	0.673	0.644	0.701	0.541

(Source: Survey data, 2014)

With respect to the specific dimensions, ‘assurance’ consisted of items pertaining to the provision of warm welcome and courtesy to guests, and good command of English language with the staff, respondents were found to be assured on the part of staff competency, as being provided with courteous and welcoming service(s). Additionally, the dimension of ‘responsiveness’ by consisting the items related to service promptness and assistance, reflected that the respondents perceived the hotels with an ability to assist them in a timely manner when requested to do so.

In a similar manner, ‘empathy’, as a dimension of service quality, was perceived by the responding customers in existence with respective hotels while providing attention and remain friendly to their guests, in order to meet their best interest. In this way, the respondents perceived that they were served by the hotels towards meeting their best interest, by paying enough attention and friendliness, in service deliveries. Moreover, the dimension of ‘reliability’ which consisted of the items related to providing the right service, error free billing and keeping the

service promises, was perceived to be existing in the corresponding hotel context. As a result, the respondents were found to be claiming that the hotels remained reliable while proving the error free services, at the first time, and keeping promises with their customers.

While the respondents appreciated the room amenities like TV, phone etc., quietness, comfort and cleanliness, along with that of bathroom facilities, minor gaps have been witnessed with respect to effective internet connectivity in the hotel rooms. This was assumed to be varying from one class of hotel (based on star ratings) to another. Although, the relatively lower mean scores, though above average and towards agreement (Mean=4.001, SD=0.701) were observed for the dimension of F&B tangibles, the respondents in general perceived that the bars and restaurants of corresponding hotels have good ambience, providing good quality foods, including complimentary breakfast. However, as mentioned before, there remained certain degree of variance in the response, which may be attributed to the hotel ratings while considering that higher the hotel class (star rating), better the quality be.

Finally, the overall perceived-service quality was found to be acceptable (above average), being the respondents agreed on the performance of various service quality provisions in the corresponding hotels in Ethiopia. As the sector appeared to be highly demanded, such findings worked as a motivation for the Ethiopian hotels to achieve competitive position in the international market, by improving their service deliveries. In other words, as the basics (dimensions) of service quality were found to be existing in the hotel sector, a further push-up and commitment towards quality improvement (across the dimensions) can determine the excellence/performance of the Ethiopian star category hotels.

4.4.2 Word-of-Mouth (WOM) Recommendations Target Audiences

Respondents were asked to identify to whom they most likely recommend the hotel (being the target groups/audiences). For the purpose, WOM recommendations were categorized into four categories: Acquaintances-WOM (A-WOM), Booking Contacts-WOM (BC-WOM), Direct-WOM (D-WOM) and Electronic-WOM (E-WOM), based on the findings of exploratory study (as presented in the previous chapter). The main purpose of this categorization was to clearly identify the target audiences of respondents' WOM recommendations, to examine the associated implications for the hotel's marketing activities.

Accordingly, as presented in the Figure 4.7, A-WOM was found to be having the largest target audience (39%), in total, for the hotel recommendations to be forwarded to. Among the respondents who agreed (and strongly agreed) to recommend, claimed that they will maintain it with A-WOM (35%) category, which includes friends, family and colleagues.

In general, the findings revealed that large number of the respondents spread WOM about the hotel services to their acquaintances, followed by Direct-WOM (27%), BC-WOM (21%) and E-WOM (13%) in total. This further advised that WOM to the acquaintances has more favorable perspective and implications to the hotel management, as being assumed that their customers were positively/favorably recommended by the close friends, family and colleagues, who had personally experienced the hotel services before.

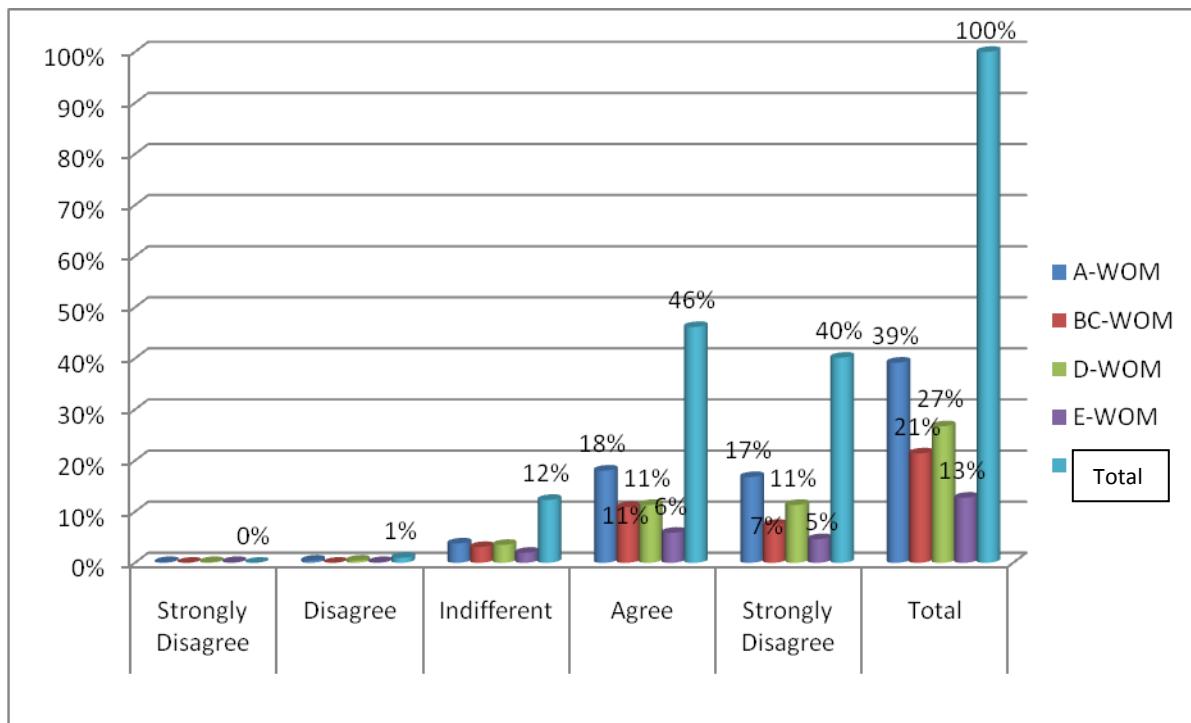


Figure 4.7: Target audiences of respondents' WOM recommendations

Therefore, A-WOM was found to be more trustworthy than other forms of WOM, at least in the context of Ethiopian star category hotels. Additionally, the other proven sources of WOM recommendations were appeared to be D-WOM (including the hotel staff or management) and BC-WOM (including travel agents, airliners, booking sites, and own company bookers). Most managers prefer D-WOM, because it gives them the chance to improve (particularly when there are service gaps) service provisions, by devising different mechanisms (like comment cards, suggestion box, comments/complaints open-lines etc.) to encourage customers to bring their comments directly to them, before they spread at large.

On the other hand, a good number of respondents were found to be recommending the hotels through BC-WOM (18%), who agreed (or strongly agreed) to do so. Though, this particular

group was appeared to be small in size, it would have huge impact in affecting the flow of the guests towards the hotels. As a result, a close attention to BC-WOM, through creating strong relationship with booking contacts and others, by the managers would be considered to bring benefits to their businesses.

The least preferred target audience to forward recommendations was appeared to be under ‘E-WOM’ category, whereby 11% of the respondents were found to be agreed (or strongly agreed) on using emails, websites and other social media to make communications about concerned hotels. Therefore, when the customers/guests were remained satisfied, more positively they write about the hotel services via electronic medium (e.g., e-mails, social media, website etc.). Even though the number of respondents following this approach was appeared to be low, the approach by itself has considerable potential over the remaining three (A-WOM, BC-WOM and D-WOM). The major advantage of this approach can be witnessed through its widespread, covering almost all classes of existing customers and potential (future) buyers of the hotel services. More specifically, this approach has the capability to target public at large using electronic form of communication.

4.5 Analysis of Associations

This section presented with correlation and regression to understand the relationship between the identified constructs of service quality, customer value, satisfaction and behavioral intentions.

4.5.1 Correlation Analysis

Correlation is a bi-variate measure of association (strength) and determines the relationship between two variables. For the purpose, Karl-Pearson's correlation coefficient (r) was adopted, guided by the nature of data (scale). The value for the same varies between 0 (no relationship) and 1 (perfect linear relationship) or -1 (perfect negative linear relationship). The significance level (p-value) is the probability of obtaining results as extreme as the one observed. If the significance level is small (e.g., $p < 0.05$) then the correlation is assumed to be significant and linearly related. Opposite will be true, if the significance level is relatively large (e.g., $p > 0.05$).

The general guidelines for interpreting the correlation values advocate that the relationship would be very weak/negligible when ' r ' ranges 0-0.2, weak/low for 0.2-0.4, moderate for 0.4-0.7, strong/high for 0.7-0.9, and very strong for 0.9-1.0 (Malhotra, 2004). Additionally, before attempting to regression analysis, computation of correlation coefficients between independent and dependant variables is well suggested considering the problem of multicollinearity, which exists when ' r ' is greater than 0.9 or several associations (values) are greater than 0.7 in the correlation matrix (Hair et al., 2010).

Accordingly, an attempt was made to first assess the relationship between service quality dimensions and perceived service quality by computing Karl-Pearson correlation coefficients. All the service quality dimensions were found to be significantly associated with each other and that of perceived-service quality, with varying degrees (see Table 4.6).

Table 4.6: Correlation between perceived service quality and its dimensions

Construct/ Dimensions	Overall Service Quality	Assurance	Reliability	Responsiveness	Empathy	Room Tangibles
Assurance	0.731**					
Reliability	0.796**	0.502 **				
Responsiveness	0.834**	0.575 **	0.629 **			
Empathy	0.826**	0.630 **	0.611 **	0.683 **		
Room Tangible	0.726**	0.420 **	0.491 **	0.469 **	0.458**	
F&B Tangible	0.733**	0.326 **	0.493 **	0.554 **	0.453 **	0.514 **

Note: **Significance at 0.001 level. (Source: Survey data, 2014)

The highest degree of association ($r=0.834$, $p<0.001$) was observed between overall service quality and the responsiveness dimension (Table 4.6). This has indicated that the service quality perceptions were strongly associated with quick check-in/out, prompt assistance and service delivery to the hotel customers/guests. Additionally, the perceived service quality was found to be maintaining significantly strong relationship with the dimension of empathy ($r=0.826$, $p<0.001$), followed by reliability ($r= 0.796$, $p<0.001$), F&B tangibles ($r=0.733$, $p<0.001$), assurance ($r=0.731$, $p<0.001$) and room tangibles ($r=0.726$, $p<0.001$).

The correlation analysis further revealed the existence of positive and significant associations among the six dimensions of perceived service quality (assurance, reliability, responsiveness, empathy, room tangibles and F&B tangibles). Relatively moderate correlation ($r=0.683$, $p<0.001$) was found between the dimensions of empathy and responsiveness (Table 4.6), empathy and assurance ($r=0.630$, $p<0.001$), and reliability and responsiveness ($r=0.629$,

$p<0.001$). The association between the dimensions of assurance and empathy revealed that courteous and welcoming behavior of the staff dictated care and undivided attention to the guests, while delivering service to meet their best interests.

Moreover, the dimension of empathy, in general, was found to be having relatively strong association with other dimensions of service quality, as perceived by the respondents/ guests. These relationships were, both theoretically and logically, acceptable as empathy, in terms of being friendly and providing full attention to meet the guests' best interest, can contribute towards better service perceptions.

Additionally, relatively moderate associations, though remained significant, were found between the dimension of empathy and room tangibles ($r=0.458$, $p<0.001$), and F&B tangibles ($r=0.453$, $p<0.001$). This revealed that the friendly attention given by the service provider to the guests would not strongly influence their perceptions towards the room amenities, cleanliness and comfort, staff appearance, and internet connectivity, along with food and beverage quality (or vice- versa). Similarly, the dimensions of room tangibles and F&B tangibles were found to be moderately and significantly ($r=0.514$, $p<0.001$) correlated with each other (Table 4.6). However, relatively weak association was observed between the dimensions of F&B tangibles and assurance ($r=0.326$, $p<0.001$). This signified the existence of relatively weak, though significant, relationship between food and beverage quality and courteous and friendly service.

Therefore, a courteous service can assumed to be too weak to substitute the quality of food to keep the customer happy, and closely negate a popular proverb, "bright face is better than

delicious food,” related to Ethiopian hospitality. As a result, the lesson learnt may be to consider both assurance and F&B tangibles irreplaceable, in order to reveal higher/better service quality perceptions of the hotel guests. Additionally, no matter how much courteous, friendly and welcoming service the guests received the whole day, they still needed neat, quiet and comfortable rooms for experiencing quality in their stay. One could not substitute the other, since courtesy would not give sleeping quality (perhaps, better determined by room comforts, cleanliness and silence).

By looking into the Table 4.6, it was revealed that all the dimensions of service quality correlate strongly and significantly ($p<0.001$) with the respondents’ overall service quality perceptions /performance .Therefore, an additional attempt was made to correlate the perceived service quality with the remaining constructs of customer value, satisfaction and behavioral intentions. Table 4.7 revealed the association between these constructs, whereby all the constructs were found to be having significant ($p<0.001$) association with each other.

Table 4.7: Correlation between service quality, customer value, satisfaction and behavioral intentions

	Over Service Quality	Customer Value	Satisfaction
Customer Value	0.616**		
Satisfaction	0.759**	0.729**	
Behavioral Intentions	0.636**	0.504**	0.658**

Note: **Significant at 0.001 level. (Source: Survey data, 2014)

The strongest significant association ($r=0.759$, $p<0.001$) was observed to be between overall service quality and satisfaction (Table 4.7). Moreover, in line with the fourth hypothesis, strong positive correlation was observed between customer value and satisfaction ($r=0.729$, $p<0.001$).

Therefore, positive perceptions to value guide higher customer satisfaction and vice-versa. Guided by this, the fourth Hypothesis (H4) was found to be accepted. as:

H4: Customer satisfaction associates, positively and significantly, with customer value in the context of star category hotels of Ethiopia

This finding was supported by the works of other scholars like Salazar, Costa and Rita (2010) and Tsaur, Lin and Wu (2008). By considering that both the constructs appeared to be mediating the relationship between perceived service quality and behavioral intentions, their usage together in regression analysis may lead to the problem of multicollinearity (as discussed earlier). Additionally, strong correlation between perceived service quality and satisfaction revealed that while both contributes to each other, in the same direction, using any one will be suffice in the regression to avoid the problem of multicollinearity, when determining the influence of service quality on behavioral intentions.

Furthermore, relatively moderate, though significant, correlations were obtained between the constructs of satisfaction and behavioral intentions ($r=0.658$, $p<0.001$), perceived service quality and behavioral intentions ($r=0.636$, $p<0.001$), perceived quality of services and customer value ($r=0.616$, $p<0.001$), and customer value and behavioral intentions ($r=0.504$, $p<0.001$).

This, in general, revealed that perceived service quality associate with customer value, satisfaction and behavioral intentions with varying degrees (strongest with satisfaction to moderate with others). However, the uni-dimensional construct of behavioral intentions was found to be highly associated with satisfaction ($r=0.658$, $p<0.001$) than that of service quality and customer value, as perceived by the respondents (see Table 4.7). This, perhaps, revealed that respondents' intentions to revisit and recommending the hotel(s) to others were more strongly related to their own satisfaction and service quality than perceived value.

Researchers like Cronin, Bradly and Hult (2000) and Raza et al. (2012), also indicated that customer value has positive and significant correlation with the behavioral intentions of customers to revisit and recommend. However, the strengths of their association differ in different research contexts. In order to further reveal this relationship, regression analysis was carried out as presented in the following section.

Guided by the individual service quality dimensions and their relationship with perceived performance of hotel service (quality), it can safely be assumed that bringing more aspects of reliability, empathy and responsiveness to the service delivery would improve the intentions to revisit and inspire positive WOM, than others (like assurance, room tangibles and F&B tangibles). The major reason for this could be that customers perceive, in advance, and assure on the room and F&B tangibles quality guided by the hotel (star) category, and would like to enjoy the same at the time of service delivery. These factors may further determine, more strongly and significantly, the associated satisfaction of the customers.

However, food and beverage quality, being experience by the customers, may be having strong contribution in determining their value perceptions, along with the dimensions of reliability and responsiveness. In other words, better than empathy or assurance (being abstract), benefits received or cost incurred against monetary payments can be well witnessed while evaluating tangibles (in F&B and room), as also indicated by Jani and Han (2011).

4.5.2 Regression Analysis

In order to examine the influence of perceived service quality on perceived value, customer satisfaction and behavioral intentions, regression analysis was performed. Additionally, multiple regression models, both standard and hierarchical, were computed to analyze the direct and indirect relationships between the study constructs. While standard multiple regression analysis was carried out to examine the direct effect of independent (predictor) variables on a dependent variable, hierarchical regression was employed to assess the relationship between independent variables and a dependent variable, caused by a mediating variable. Additionally, Sobel statistics was computed to assess the direct and indirect (mediating) effect of the independent variable on the dependent.

However, before performing the regression analysis, as suggested by Sergeesh, Anusree and Mohapatra (2014), assumptions and conditions of normal distribution, linear relationship between the independent and dependent variables, error-free measurement, independence of error, and multicollinearity were examined. As the earlier part of this chapter has already discussed about the testing of normality of data, it was avoided to be repeated here.

Linearity denotes that the mean values of the dependent variable for each increment of independent variable(s) lie along a straight line (Field, 2009), and assumed to be a condition for standard regression to correctly estimate the relationship between a dependent variable and predictor(s). For the purpose, use of theory method (Osborne & Waters, 2002) was adopted, in the light of sufficient empirical evidences (in the literature) that link between service quality, customer value, satisfaction and behavioral intentions (Bolton & Drew, 1991; Cronin, Bradly & Hult, 2000).

For the assumption of error-free measurement of regression, it was considered to be of no concern in the context of this study, as the reliability coefficients (Cronbach alphas) were above the threshold limit of 0.7 (Nunnally, 1978). The assumption of independence of error of prediction was tested by computing Durbin-Watson statistics, whereby the test score can range between 0 and 4. According to Field (2009), the Durbin-Watson test value between 1 and 3 indicates independence of error. All the test statistics were found to be between 1 and 3, as presented in the corresponding regression tables.

Additionally, multicollinearity is known as a condition of high intercorrelation among the independent variables with no complete linear dependency. The correlation matrix was assumed to be useful in detecting the existence of high correlation coefficient (0.7 or above) between independent variables, which can cause the problem of multicollinearity, along with the statistics of tolerance and variance inflation factor (VIF). In general, the tolerance value below 0.1 and VIF statistics above 10 indicate multicollinearity amongst the independent variables (Hair et al., 2009). As the computed values were above 0.1 for tolerance statistics, and VIF ranging within 1-

10 (as indicated along the regression summary in the following section), multiple regressions were assumed to be free from the problem of multicollinearity.

4.5.2.1 Predicting Quality through Perceived Performance of Service Quality Dimensions

As stated earlier, overall service quality was measured on a five-point Likert scale (ranging from 1 being strongly disagree to 5 being strongly agree), with a single item asking the respondents to rate their level of perceptions of overall quality of the services provided by the concern hotel, by revealing their level of agreement with the statement. About all (92%) of the respondents were found to be agreed (69%) and strongly agreed (23%) that the hotels provided acceptable overall service quality. Additionally, in order to investigate the influence of respective service quality dimensions on overall service quality, multiple regression analysis was performed by using six extracted service quality dimensions as independent and overall service quality as dependent variables.

Table 4.8 presented the summary of the regression analysis, which indicated that all the service quality dimensions were having a positive and significant ($p<0.001$) impact on overall service quality. Following Hair et al. (2010), statistics of R^2 was used as a standard for judging prediction models along with regression coefficients (β), as indicators of the relative importance of variables.

Two measures, adjusted R^2 and standardized regression coefficients, were used to determine regression model fitness and relative importance of the service quality dimensions in predicting

overall service quality. An adjusted R² of 0.698 indicated that almost 70% of the overall quality was explained by the six service quality dimensions/factors.

Table 4.8: Regression of overall service quality

R	R ²	Adjusted R ²	Df	F	Sig.	Durbin-Watson
0.838	0.702	0.698	6	167.994	0.000	1.938
Regression Coefficients						
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity statistics
	B	SE	B			Tolerance VIF
Constant	0.372	0.126	-	2.956	0.003	- -
Assurance	0.127	0.034	0.135	3.778	0.000	0.542 1.846
Reliability	0.148	0.034	0.163	4.387	0.000	0.504 1.986
Responsiveness	0.165	0.039	0.175	4.239	0.000	0.407 2.455
Empathy	0.156	0.033	0.194	4.734	0.000	0.416 2.405
Room Tangibles	0.185	0.028	0.220	6.596	0.000	0.627 1.594
F&B Tangibles	0.141	0.022	0.211	6.505	0.000	0.660 1.515
Dependent Variable: Overall Service Quality						

(Source: Survey data, 2014)

The regression equation appeared to be:

Overall Service Quality = 0.372 + 0.135 (Assurance) + 0.163 (Reliability) + 0.175 (Responsiveness) + 0.194 (Empathy) + 0.220 (Room Tangibles) + 0.211 (F&B Tangibles)

These findings were found to be consistent with the literature that associated service quality dimensions with overall customers' perceptions of service quality (Cronin, Bradly & Hult, 2000; Zabkar et al., 2010), and supported the first Hypothesis (H1) as:

H1: Quality is determined by the perceived performance of the service quality attributes/dimensions in the hotel sector of Ethiopia

Further examination of the β coefficients revealed that the dimension of room tangibles ($\beta = 0.220$, $p < 0.001$) and food tangibles ($\beta = 0.211$, $p < 0.001$) exert more influence on perceived overall service quality than the dimensions of empathy ($\beta = 0.194$, $p < 0.001$), responsiveness ($\beta = 0.175$, $p < 0.001$), reliability ($\beta = 0.163$, $p < 0.001$), and assurance ($\beta = 0.135$, $p < 0.001$).

4.5.2.2 Effect of Perceived Service Quality on Customer Satisfaction

In order to investigate the influence of the perceived service quality on customer/guest satisfaction, overall satisfaction was regressed against overall service quality (see Table 4.9). The result of the analysis supported the view that perceived quality influence positively and significantly ($\beta = 0.640$, $p < 0.001$) the customer satisfaction with the hotel service provisions. Adjusted R^2 value of 0.408 indicated that around 41% of the variation in customer satisfaction can be explained by service quality.

Table 4.9: Regression of service quality on customer satisfaction

R	R ²	Adjusted R ²	Df	F	Sig.	Durbin-Watson
0.640	0.409	0.408	1	299.824	0.000	1.863
Regression Coefficients						
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	
	B	SE	β			Tolerance VIF
Constant	1.220	0.168	-	7.258	0.000	- -
Overall Service Quality	0.695	0.040	0.640	17.315	0.000	1.000 1.000
Dependent Variable: Customer Satisfaction						

(Source: Survey data, 2014)

Accordingly, the relationship between service quality (explanatory variable) and customer satisfaction (dependent variable) can be represented as:

$$\text{Customer Satisfaction} = 1.220 + 0.640 \text{ (Overall Service Quality)}$$

This implied that every unit increase in the overall service quality will increase the associated customer satisfaction by 0.64 times and accepted the second Hypothesis (H2) as:

H2: Perceived service quality positively and significantly influences the customer satisfaction in the Ethiopian hotel sector

Therefore, the influence of service quality on customer satisfaction was considered to be strong (Malhotra, 2004), at least in the context of Ethiopian hotel sector, and in line with the findings of other previous studies (e.g., Marco, 2001; Francosis, Jeremilo & Mulki, 2007; Raidh, 2009b; Zabkar et al., 2010; Simon, 2012) suggested that service quality positively influence customer satisfaction. Moreover, the findings support the quality-satisfaction order which, according to Brady et al. (2005), should be obtainable irrespective of research context/setting.

4.5.2.3 Influence of Perceived Service Quality on Customer Value

The influence of service quality (explanatory variable) on perceived-customer value (dependent variable) has been measured by applying simple regression analysis (Table 4.10). The findings revealed that overall service quality has a positive and significant influence on customer value ($\beta = 0.544$, $p < 0.001$). The index of perceived-customer value was computed as the mean score of the value items/variables used in the study. Almost 30% of the customer value, as perceived by the hotel customers/guests, was found to be explained by the overall service quality.

Table 4.10: Regression of service quality on customer value

R	R ²	Adjusted R ²	Df	F	Sig.	Durbin-Watson
0.544	0.296	0.295	1	182.327	0.000	1.908
Regression Coefficients						
Model	Unstandardized Coefficients	Standardized Coefficients	T	Sig.		
	B	SE	β			Tolerance VIF
Constant	0.947	0.221	-	4.283	0.000	- -
Overall Service Quality	0.713	0.053	0.544	13.503	0.000	1.000 1.000
Dependent Variable: Customer Value						

(Source: Survey data, 2014)

Accordingly, the relationship between overall service quality and customer value can be represented as:

$$\text{Customer Value} = 0.947 + 0.544 (\text{Overall Service Quality})$$

This indicated that one unit increase in overall service quality will improve customer value by 0.544 times. Thus, third Hypothesis (H3) was supported as:

H3: Perceived service quality positively and significantly influences customer value in the Ethiopian hotel sector

The result was found consistent with previous research works of Cronin, Bradly and Hult (2000), Chen (2008), and Lertwannawit and Gulid (2011), which suggested that service quality influence customer value, positively. This further suggests that in order to enhance customer value, hotel

managers need to investigate and device the mechanisms of improving overall perception of their service quality.

4.5.2.4 Influence of Perceived Service Quality on Behavioral Intentions through Mediating Effect of Customer Satisfaction

Hypothesis 5 stated that customer satisfaction mediates the influence of perceived service quality on behavioral intentions of the hotel customers in Ethiopia. In order to test this hypothesis, following procedure was adopted.

- i. Test the effect (significance) of independent variable on mediator variable;
- ii. Test the effect of independent variable on dependent variable; and
- iii. Test the mediator variable effect on the dependent variable in the presence of independent variable, in the same model.

If these conditions manifest in the hypothesized direction, then the influence of the independent variable on the dependent should be less in the third (combined) regression equation than that in the second. The perfect mediation exists if the independent variable has no significant influence on the dependent variable, when the mediator variable is controlled. However, partial mediation exists when both the independent and mediating variables significantly influence the dependent in the same (third) regression equation (Baron & Kenny, 1986).

In this way, the direct and indirect (mediated by customer satisfaction) effects of service quality on behavioral intentions of the study respondents were computed (see Figure 4.8). The regression analysis revealed significant ($t=17.315$, $p<0.001$) influence of perceived service

quality on customer satisfaction. Similarly, the effect of service quality on behavioral intentions was observed to be significant ($t=12.199$, $p<0.001$). Additionally, satisfaction was found to be significantly influencing behavioral intentions ($t=12.147$, $p<0.001$) as did service quality ($t=3.079$, $p<0.003$) in the same multiple regression (equation).

Furthermore, the indirect influence of customer satisfaction on service quality-behavioral intentions relationship was also tested by using Sobel's (1982) statistics (explicitly testing the significance of the mediation effect). Accordingly, the computed test value appeared to be 9.972 ($p<0.001$), which showed that customer satisfaction mediated the influence of service quality on behavioral intentions.

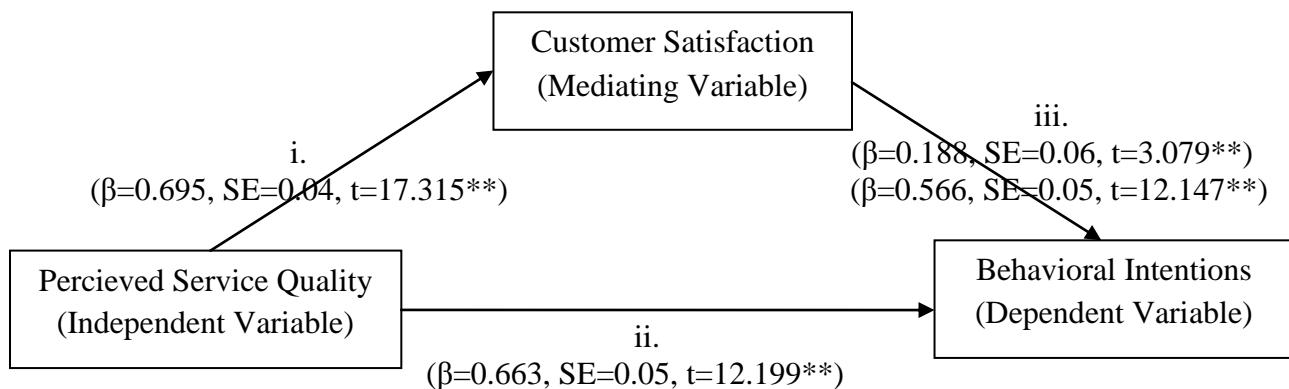


Figure 4.8: Customer satisfaction mediation model (**Significant at 0.01 level)

Therefore, by considering that service quality contributed less (though significantly) to the construct of behavioral intention when combined with customer satisfaction, partial mediation by the later (customer satisfaction) has been signified (Baron & Kenny, 1986). As a result, fifth Hypothesis (H5) was supported as:

H5: Customer satisfaction mediates the influence of perceived service quality on behavioral intentions of the hotel customers in Ethiopia

This finding was observed to be consistent with other studies (Jay & Dwi, 2000; Zabkar et al., 2010; Ravichandran, Bhargavi & Kumar, 2010; Naik, Gantasala & Prabhakar, 2010; Jani & Han, 2011; Basheer, 2012). However, researchers like Oh (1999), Konstantinos, Nikos and Dimitri (2002), Salazar, Costa and Rita (2009), and Kuruzum & Koskal (2010) indicated the effect of customer satisfaction on behavioral intentions as contextual, as guided by their studies in USA, Greece, Portugal and Turkey, respectively.

4.5.2.5 Influence of Perceived Service Quality on Behavioral Intentions through Mediating Effect of Customer Value

Hypothesis 6 stated that customer value mediates the influence of perceived service quality on behavioral intentions of the Ethiopian hotel customers. Accordingly, the mediating effect of customer value was examined by adopting Baron and Kenny's (1986) approach, as discussed earlier. In the regression analysis, behavioral intentions construct was believed to be dependent on perceived service quality and customer value (being independent variables).

The relationship between the independent and dependent variables was presented in Figure 4.9. Significant relationships between the independent and dependent variables were found to be presented in all the three regression equations. Specifically, while the first regression analysis revealed that perceived service quality significantly influencing customer value ($t=13.503$, $p<0.001$), the second regression equation indicated the significant influence ($t=12.199$, $p<0.001$) of service quality on behavioral intentions in the Ethiopian hotel sector.

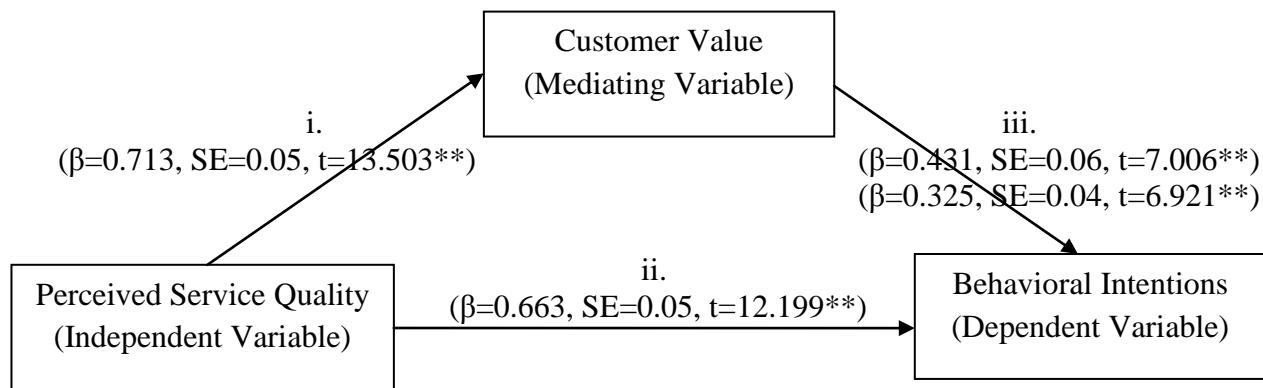


Figure 4.9: Customer value mediation model (**Significant at 0.01 level)

When the construct of value, as perceived by the customers, was added with service quality in the same regression model, the two independent variables were found to be significantly affecting behavioral intentions; perceived service quality ($t=7.006$, $p<0.001$) and perceived value ($t=6.921$, $p<0.001$). These results also indicated partial mediation, being the influence of perceived quality on behavioral intentions became smaller in the third regression equation than in the second (Baron and Kenny 1986).

In addition, the indirect effect of perceived value on service quality-behavioral intentions relationship was tested by using Sobel's (1982) statistics, whereby the computed test value appeared to be 6.150 ($p<0.001$). This revealed that customer-perceived value mediated the influence of service quality on behavioral intentions, though the relationship remained partially, but significantly mediated, and supported the sixth Hypothesis (H6) as:

H6: Customer value mediates the influence of perceived service quality on behavioral intentions of the Ethiopian hotel customers

This empirical finding was found to be in line with other previous researches, who reported that customer value mediates the relationship between service quality and behavioral intentions, across varying settings getContexts (Michael et al., 2009; Naik, Gantasala & Prabhakar, 2010; Lertwannawit & Gulid, 2011).

4.5.2.6 Effect of Service Quality on Behavioral Intentions

In order to examine the effect of overall perceived-service quality on behavioral intentions, four regression models/equations were computed. Tables 4.11 to 4.14 presented the results of the same.

Table 4.11: Regression of service quality on behavioral intentions

R	R ²	Adjusted R ²	Df	F	Sig.	Durbin-Watson
0.506	0.256	0.254	1	148.811	0.000	1.879
Regression Coefficients						
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	SE	β			Tolerance VIF
Constant	1.430	0.227	-	6.290	0.000	- -
Overall Service Quality	0.713	0.054	0.506	12.199	0.000	1.000 1.000
Dependent Variable: Behavioral Intentions						

(Source: Survey data, 2014)

The first regression model was run with perceived overall service quality as the predictor variable against the construct of behavioral intentions (Table 4.11), whereby the perceived service quality was found to be explaining almost 26% of the variation in the behavioral intentions. The result of the β coefficient indicated that a unit increase in overall quality will

improve the behavioral intentions of the respondents by 0.506 folds ($t=12.199$, $p<0.001$). Accordingly, the relationship between overall service quality and behavioral intentions can be represented as:

$$\text{Behavioral Intentions} = 1.430 + 0.506 \text{ (Overall Service Quality)}$$

In addition, the individual dimensions of service quality (being independent variables) were regressed with the construct of behavioral intentions (as dependent). Table 4.12 presented with the results of the same.

Table 4.12: Regression of service quality dimensions on behavioral intentions

R	R ²	Adjusted R ²	Df	F	Sig.	Durbin-Watson
0.641	0.411	0.403	1	49.760	0.000	1.945
Regression Coefficients						
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	
	B	SE	β			Tolerance
Constant	0.443	0.232	-	1.909	0.057	-
Assurance	0.157	0.062	0.128	2.541	0.011	0.542
Reliability	0.318	0.062	0.267	5.116	0.000	0.504
Responsiveness	0.040	0.072	0.032	0.559	0.577	0.407
Empathy	0.201	0.061	0.191	3.319	0.001	0.416
Room Tangibles	0.085	0.052	0.077	1.642	0.101	0.627
F&B Tangibles	0.108	0.040	0.124	2.720	0.007	0.660
Dependent Variable: Behavioral Intentions						

(Source: Survey data, 2014)

Accordingly, all the service quality dimensions were found to be explaining about 40% variation in the behavioral intentions. The analysis of β coefficients indicated varying patterns of

contribution that the construct of behavioral intentions received from different service quality dimensions.

For example, while the dimension of reliability appeared to be the largest significant contributor ($\beta=0.267$, $p<0.001$) to determine favorable behavioral intentions, followed by empathy ($\beta=0.191$, $p<0.002$), assurance ($\beta=0.128$, $p<0.012$) and F&B tangibles ($\beta=0.124$, $p<0.008$), dimensions of responsiveness ($\beta=0.032$) and room tangibles ($\beta=0.077$) were appeared to be insignificant predictors of behavioral intentions (at 95% confidence level), at least in the context of Ethiopian hotel sector. This revealed that a unit increase in reliability, empathy, assurance and F&B tangibles, will be increasing the behavioral intentions of the responding hotels' customers by 0.267, 0.191, 0.128 and 0.124 times, respectively. Moreover, the result was found to be free from the multicollinearity problem, as indicated by the statistics of Tolerance and VIF (see Table 4.12). The other two regression equations were computed to examine the influence of overall service quality on individual items of behavioral intentions (i.e., customer/guest revisits and WOM/recommendations) as presented in Table 4.13 and 4.14.

Table 4.13: Regression of service quality on customer revisits

R	R ²	Adjusted R ²	Df	F	Sig.	Durbin-Watson
0.466	0.217	0.215	1	120.148	0.000	1.905
Regression Coefficients						
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	
	B	SE	β			Tolerance VIF
Constant	1.483	0.253	-	5.870	0.000	- -
Overall Service Quality	0.662	0.060	0.466	10.961	0.000	1.000 1.000
Dependent Variable: Customer Revisits						

(Source: Survey data, 2014)

The regression analysis revealed that the independent variable (overall perceived-service quality) explained 21.5% variance in customer revisits to the hotel. In addition to that, regression coefficient (β) indicated that overall perceived-service quality has significant influence on customer revisits to the hotel. In other words, one unit increase in service quality, as perceived by the customers, will increase their revisits to the hotels by 0.466 times.

Similarly, as presented in the Table 4.14, overall service quality was found to be explaining 19.5% variation in WOM recommendations (positively communicating/recommending the services to others by hotels' customers). Moreover, the result revealed that a unit change in perceived service quality will improve the WOM recommendations by 0.443 folds.

Table 4.14: Regression of service quality on WOM recommendations

R	R ²	Adjusted R ²	Df	F	Sig.	Durbin-Watson
0.443	0.196	0.195	1	105.812	0.000	1.943
Regression Coefficients						
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	
	B	SE	β			Tolerance VIF
Constant	1.377	0.270	-	5.100	0.000	- -
Overall Service Quality	0.664	0.065	0.443	10.286	0.000	1.000 1.000
Dependent Variable: WOM Recommendations						

(Source: Survey data, 2014)

In all the cases, the independent variable of overall perceived-service quality was observed to be significantly contributing, though with varying degrees, to the dependent variables of behavioral

intentions ($\beta= 0.506$, $p<0.001$), customer revisits ($\beta=0.466$, $p<0.001$) and WOM recommendations ($\beta= 0.443$, $p<0.001$). Therefore, seventh Hypothesis (H7) was supported as:

H7: Service quality has a direct and significant influence on the behavioral intentions of hotels' customers in Ethiopia

This result was found consistent with previous research works of Cronin, Bradly and Hult (2000) and Lertwannawit and Gulid (2011). Additionally, Konstantinos, Nikos and Dimitri (2002) found buying intentions and WOM communication being positively influenced by perceived service quality, as revealed in the context of this study.

The results failed to confirm that perceived value has greater impact on behavioral intentions than service quality and customer satisfaction, as found in some earlier researches (e.g., Oh, 1999 and Tam, 2000). Rather, the findings of this study revealed that service quality had a significantly ($p<0.001$) strong influence on behavioral intentions, though the relationship appeared to be partially mediated by customer- perceived value and satisfaction. In a nutshell, it can be inferred that if hotels' customers perceived quality/performance of service offerings, with acceptable levels of value and satisfaction, they would be exerting favorable behavioral intentions (in terms of revisits and positive WOM recommendations).

4.6 Analysis of Differences

An attempt was made to examine the perceived differences across the study constructs of service quality, customer value, satisfaction and behavioral intentions, as guided by the respondents' profiles (in terms of gender, age, nationality etc.) and hotels' characteristics (e.g., star category,

location etc.). This was done in order to examine the way customers/guests' profiles and associated hotel characteristics determine their perceptions of service quality, value, satisfaction and behavioral intentions. For the purpose of analysis, t-test and ANOVA were performed. While, t-test was applied to compare two categories (mean scores), ANOVA was used to compare the mean scores from three or more categories.

4.6.1 t-test

In order to compare the respondents' perceptions on service quality, customer value, satisfaction and behavioral intentions by their gender (male or female), nationality (Ethiopian or Foreigner) and hotel location (in or outside Addis Ababa), the t-test was used. The statistics (t-test) was assumed to be helpful in identifying any significant differences between two groups (of respondents, objects etc.) mean scores, pertaining to the study variables/constructs.

Table 4.15 presents the mean scores and t-test results for the study constructs/dimensions by the gender of the respondents. Accordingly, there appeared to be a significant ($p<0.05$) difference in the overall quality perceptions of the male and female respondents of the study. Specifically, female (Mean=4.243, SD=0.533) respondents were found to be better perceiving the service quality of the corresponding hotel(s) than their male counterparts (Mean=4.112, SD=0.541). Among the six-identified service quality dimensions, only empathy was observed to be having significant difference ($p<0.01$) between the two genders. This revealed the service quality as context specific (Dabholkar, Thorpe & Rents, 1996), in the Ethiopian hotel sector. Further, no statistically significant difference was observed in the perceived-overall value, satisfaction and behavioral intentions of the male and female customers/guests.

Table 4.15: Group statistics and t-test result by the respondents' gender

Dimension/Construct	Gender Mean (Std. Dev.)		t-value	Sig.
	Male (N=312)	Female (N=123)		
Assurance	4.187 (0.587)	4.260 (0.554)	1.189	0.235
Reliability	4.115 (0.591)	4.065 (0.613)	0.791	0.429
Responsiveness	4.147 (0.582)	4.224 (0.547)	1.270	0.205
Empathy	4.083 (0.689)	4.273 (0.609)	2.677	0.008
Room Tangibles	3.977 (0.658)	4.109 (0.598)	1.934	0.054
F & B Tangibles	3.927 (0.830)	4.085 (0.756)	1.825	0.069
Overall Service Quality	4.112 (0.541)	4.243 (0.533)	2.296	0.022
Perceived Value	3.899 (0.719)	3.926 (0.687)	0.367	0.713
Customer Satisfaction	4.097 (0.591)	4.124 (0.582)	0.437	0.662
Behavioral Intentions	4.171 (0.696)	4.199 (0.743)	0.366	0.714

(Source: Survey data, 2014; Df. = 433)

Table 4.16 highlights the differences caused by nationality of the respondents in their perceptions of service quality, perceived-value, customer satisfaction and behavioral intentions (mean scores). In general, the service quality dimensions of assurance, responsiveness and empathy were perceived to be significantly ($p<0.05$) different by the study respondents of the two nationalities: Ethiopians and foreigners.

Foreigners, being the respondents of this study, were found to be having better perceptions across all the service quality dimensions than Ethiopians, though both the groups rated the perceived service quality as above average (with a mean score of over 3). Similarly, the foreigners (Mean=3.957, SD=0.674) perceived corresponding hotel services with higher value than their Ethiopian counterparts (Mean=3.793, SD=0.773), and the difference appeared to be significant ($p<0.05$).

Table 4.16: Group statistics and t-test result by the respondents' nationality

Dimension/Construct	Nationality Mean (Std. Dev.)		t-value	Sig.
	Ethiopians (N=133)	Foreigners (N=302)		
Assurance	4.017 (0.587)	4.291 (0.554)	4.658	0.000
Reliability	4.086 (0.613)	4.107 (0.590)	0.340	0.734
Responsiveness	4.072 (0.609)	4.211 (0.552)	2.345	0.019
Empathy	4.017 (0.759)	4.189 (0.624)	2.476	0.014
Room Tangibles	3.961 (0.729)	4.038 (0.602)	1.157	0.248
F&B Tangibles	3.943 (0.882)	3.985 (0.781)	0.490	0.624
Overall Service Quality	4.082 (0.564)	4.178 (0.529)	1.709	0.088
Perceived Value	3.793 (0.773)	3.957 (0.674)	2.227	0.026
Customer Satisfaction	4.042 (0.642)	4.132 (0.562)	1.468	0.143
Behavioral Intentions	4.067 (0.777)	4.228 (0.672)	2.187	0.029

(Source: Survey data, 2014; Df. = 433)

In addition, significant difference ($p<0.05$) in behavioral intentions of the two responding groups was observed, whereby foreigners (Mean=4.228, SD=0.672) revealed favorable intentions in terms of revisit and WOM recommendations than Ethiopian (Mean=4.067, SD=0.777) customers/guests of the hotels. The finding revealed that foreigners, being the hotel guests, had better perspectives for re-experiencing and appreciating Ethiopian hospitality than Ethiopians (by themselves). This may be attributed to the fact that the foreigners, being study respondents, perceived higher customer value, as associated with service provisions, than their domestic (Ethiopian) counterparts. Though, some qualitative investigation to support this claim would be needed, which appeared to be beyond the scope of this study.

However, no statistically significant difference in the overall service quality and customer satisfaction was obtained between the two groups/nationalities (of respondents). Since the majority of the guests for the three and above star hotels were assumed to be foreigners,

favorable was to learn that they have better perceptions on service quality. Therefore, Ethiopian respondents of the study were observed being more demanding and critical in assessing their perceptions on service quality, value, satisfaction and behavioral intentions.

On the other hand, foreign guests were appeared to be more understanding of Ethiopian conditions/situations. The results indicated that the selected dimensions of service quality, perceived-value and behavioral intentions remained contextual (Oh, 1999; Konstantinos, Nikos & Dimitri, 2002; Tsuar, Lin & Wu, 2008; Micheal et al., 2009; Kuruuzmu & Koksal, 2010), in terms of their assessment by nationality, at least in the Ethiopian hotel sector.

Table 4.17: Group statistics and t-test result by the hotel location

Dimension/Construct	Hotel Location Mean (Std. Dev.)		t-value	Sig.
	Addis Ababa (N=341)	Regional City (N=94)		
Assurance	4.271 (0.563)	3.975 (0.574)	4.499	0.000
Reliability	4.123 (0.604)	4.018 (0.565)	1.516	0.130
Responsiveness	4.194 (0.568)	4.078 (0.585)	1.748	0.081
Empathy	4.172 (0.675)	4.010 (0.649)	2.068	0.039
Room Tangibles	4.049 (0.642)	3.890 (0.637)	2.132	0.034
F&B Tangibles	3.969 (0.797)	3.984 (0.868)	0.157	0.876
Overall Service Quality	4.190 (0.543)	4.000 (0.508)	3.050	0.002
Perceived Value	3.912 (0.688)	3.888 (0.785)	0.287	0.775
Customer Satisfaction	4.132 (0.587)	4.007 (0.584)	1.826	0.069
Behavioral Intentions	4.203 (0.709)	4.090 (0.706)	1.373	0.170

(Source: Survey data, 2014; Df. = 433)

Table 4.17 presented the perceived differences in service quality, customer value, satisfaction and behavioral intentions of the respondents as guided by the hotel location. Accordingly, the

service quality dimensions of assurance, empathy and room tangibles were perceived to be significantly different ($p<0.05$) by the study respondents, based on the hotel location (in Addis Ababa or region). Specifically, the hotels in Addis Ababa command better customer perceptions for the dimensions of assurance (Mean=4.271, SD=0.563), empathy (Mean=4.172, SD=0.675) and room tangibles (Mean=4.409, SD=0.642) than those in the regional cities. This may be attributed to the fact that the hotels in Addis Ababa (being the capital of Ethiopia) maintain relatively more resources than those in the regions, which can be used in delivering better service performance/quality as perceived by the respondents. Additionally, as many three and above star hotels were found to be in Addis Ababa, the observed variation in the dimension of room tangibles would be well expected.

Similarly, the overall service quality, as perceived by the responding customers, was observed to be significantly different ($p<0.01$) between the hotels located in the Addis Ababa and other regional cities. Though, hotel location was found being non-significant ($p>0.05$) in determining the respondents' perceived-value, satisfaction, and behavioral intentions. In a nutshell, perception on service quality was found to be significantly varying with the hotel locations (in and outside Addis Ababa), whereby the hotels in Addis Ababa were perceived with better services than those from the regional cities.

4.6.2 Analysis of Variance (ANOVA)

Analysis of Variance (ANOVA) was used to determine if there exist significant differences among the respondents' perceptions of service quality, customer value, satisfaction and behavioral intentions across their visit purposes, number of nights stay, number of visits, age

groups and hotels' star category. The one-way ANOVA procedure produces a one-way analysis of variance for a quantitative dependent variable by a single factor (independent) variable. Analysis of variance is used to test the hypothesis that several means are equal.

Table 4.18: ANOVA- by the respondents' purpose of visit

Dimension/Construct		Sum of squares	Df.	F	Sig.
Assurance	Between groups	1.099	3	1.096	0.350
	Within groups	144.031	431		
Reliability	Between groups	1.631	3	1.530	0.206
	Within groups	153.169	431		
Responsiveness	Between groups	0.449	3	0.453	0.715
	Within groups	142.298	431		
Empathy	Between groups	0.967	3	0.711	0.546
	Within groups	195.404	431		
Room Tangibles	Between groups	0.949	3	0.761	0.516
	Within groups	179.037	431		
F&B Tangibles	Between groups	7.921	3	4.083	0.007
	Within groups	278.748	431		
Overall Service Quality	Between groups	0.542	3	0.614	0.606
	Within groups	126.745	431		
Perceived Value	Between groups	4.841	3	3.253	0.022
	Within groups	213.764	431		
Satisfaction	Between groups	0.852	3	0.818	0.484
	Within groups	149.576	431		
Behavioral Intentions	Between groups	1.276	3	0.844	0.470
	Within groups	217.238	431		

(Source: Survey data, 2014)

The basic objective, therefore, was to understand whether respondents' perceptions of the study constructs vary across the selected profile variables (for the customers and hotels). Table 4.18

presented the results of ANOVA analysis, whereby significant difference in the perception of F&B tangibles dimension ($F=4.083$, $p<0.008$) has been witnessed, along with that of perceived value ($F=3.253$, $p<0.03$), caused by the respondents' purpose of visit (business, leisure etc.). However, no statistically significant variations in perceived overall-service quality, value, satisfaction and behavioral intentions of the respondents were obtained as guided by their purpose of visit.

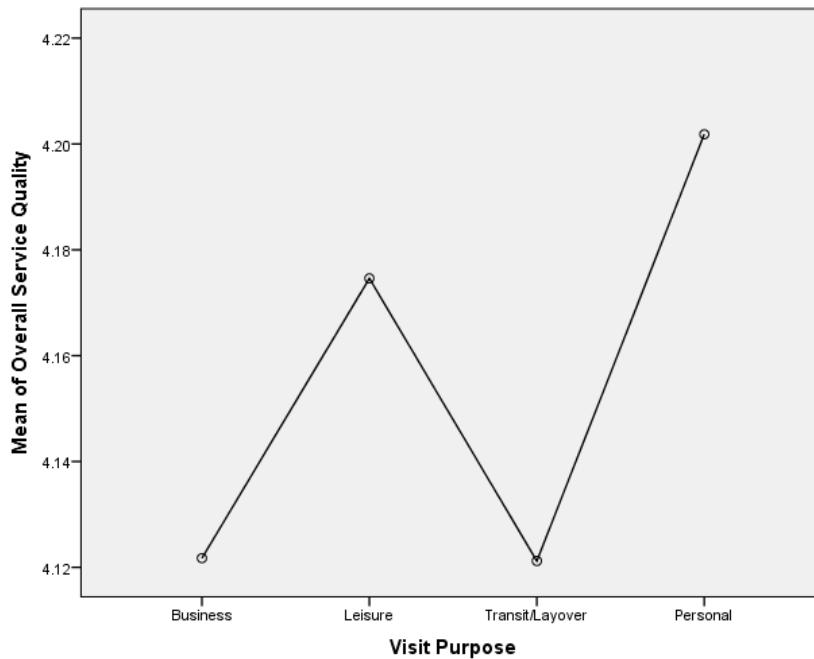


Figure 4.10: Overall service quality by the respondents' purpose of visit

As presented in Figure 4.10, the overall service quality was perceived to be higher by the respondents visiting for personal reasons, followed by leisure customers/guests of the hotels. In addition, those visiting for business purposes and staying as transit customers were found to be perceiving corresponding hotel's service quality as relatively lower (but above average). Though, the variations in perceived service quality remained insignificant (Table 4.18) across the respondents' purpose of visit.

On the other hand, respondents visiting the corresponding hotels for personal reasons perceived relatively higher value than those visiting for other reasons (e.g., leisure, business and transit), while transit customers were appeared to be perceiving the hotel service provisions with lowest value, but above average (Figure 4.11). These differences in the visiting purposes remained significant (Table 4.18) in determining the respondents' perceived value of the service.

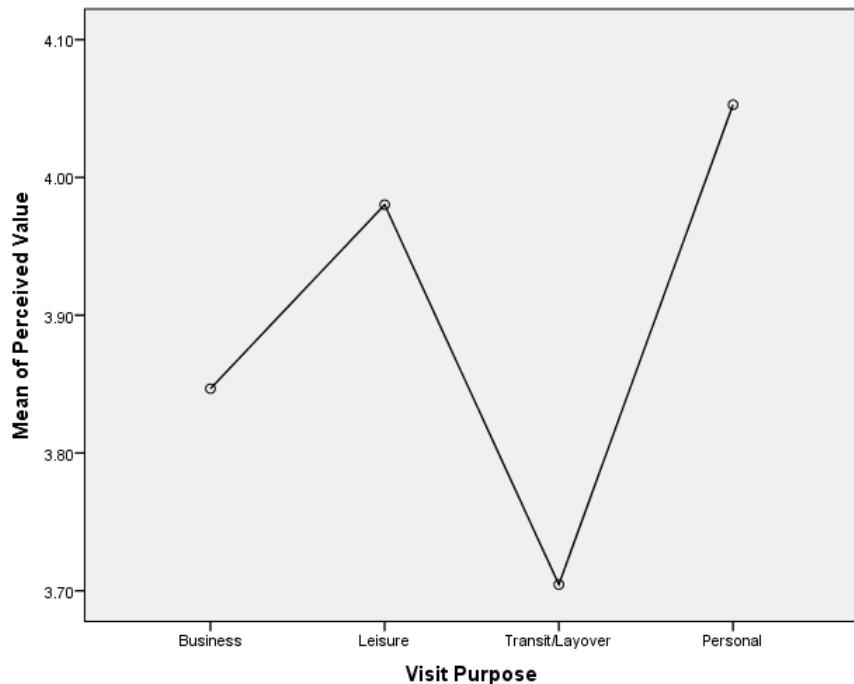


Figure 4.11: Perceived value by the respondents' purpose of visit

In other words, hotels' customers/guests varied in their perceptions of service value based on their purpose of visit. As shown above on Fig. 4.11 guests visiting the hotels for personal and leisure purpose perceived more value for their money than visiting the hotels for business and transit purposes.

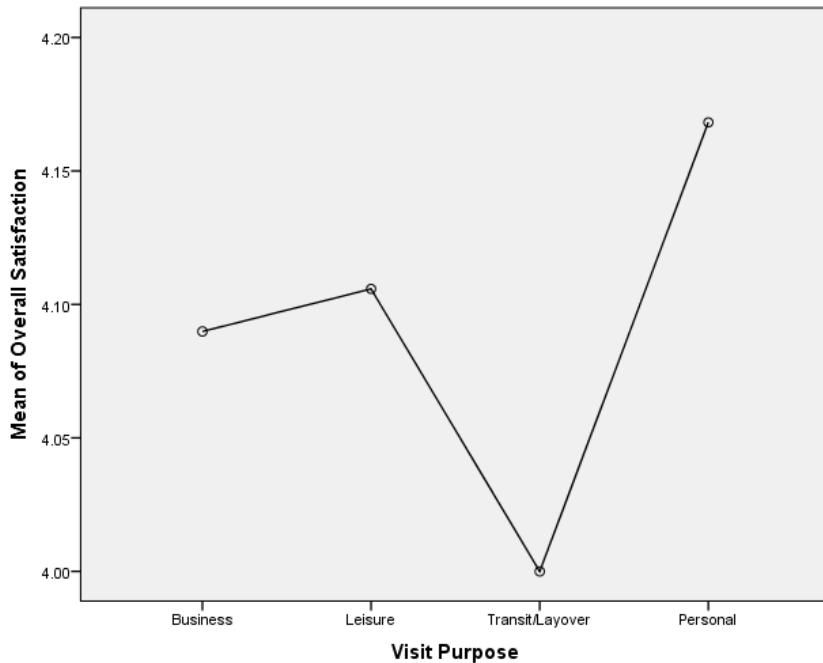


Figure 4.12: Overall satisfaction level by the respondents' purpose of visit

Furthermore, respondents visiting for personal reasons were found to be more satisfied than those visiting for other purposes (Figure 4.12). While relatively lower (but above average) level of satisfaction was noticed with transit/layover respondents, variation in their satisfaction across the visiting purpose remained statistically insignificant. In addition, the respondents visiting the hotel for leisure purpose were found to be holding relatively favorable behavioral intentions, as compared to those visiting for transit, personal and business purposes (Figure 4.13). However, the respondents' visiting purpose was observed to be maintaining no statistically significant difference (Table 4.18) in their behavioral intentions (of revisit and arousing positive WOM).

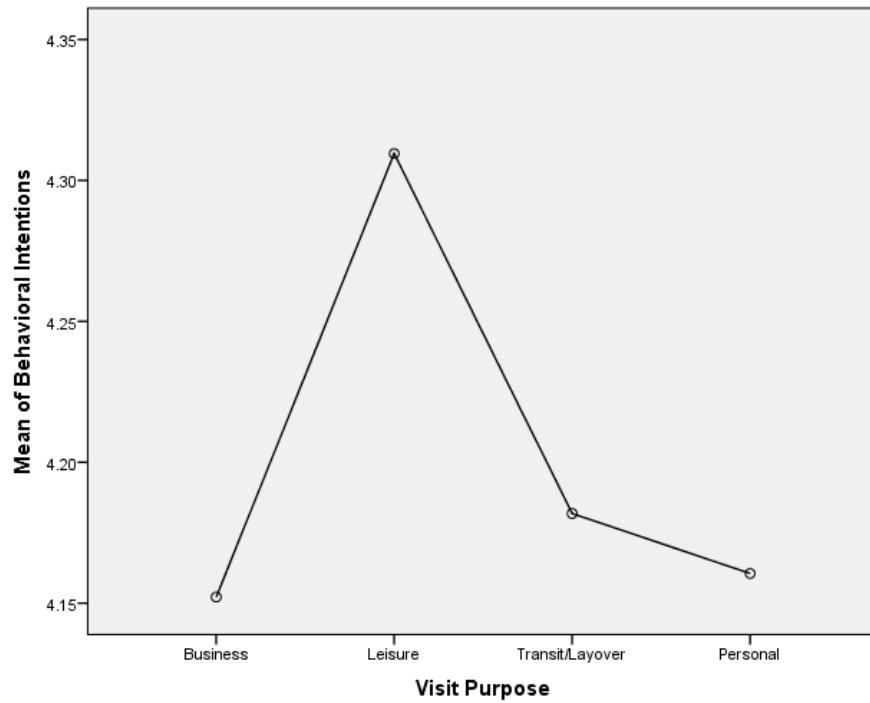


Figure 4.13: Behavioral intentions by the respondents' purpose of visit

Furthermore, Table 4.19 presented the ANOVA analysis based on the length of stay (in number of nights) by the respondents in the corresponding hotel(s). Accordingly, respondents' perceptions on service reliability ($F=3.598$, $p<0.03$), overall service quality ($F=3.494$, $p<0.04$), value ($F=4.541$, $p<0.02$) and satisfaction ($F=4.706$, $p<0.02$) were found to be significantly varying by their length of stay in the hotel. However, the number of nights that respondents stayed in the corresponding hotels was appeared to be insignificant determinant of their perceptions on the remaining dimensions of service quality and behavioral intentions (Table 4.19).

Table 4.19: ANOVA- by respondents' length of stay

Dimension/Construct		Sum of squares	Df.	F	Sig.
Assurance	Between groups	0.958	2	1.435	0.239
	Within groups	144.172	432		
Reliability	Between groups	2.536	2	3.598	0.028
	Within groups	152.263	432		
Responsiveness	Between groups	0.969	2	1.477	0.230
	Within groups	141.778	432		
Empathy	Between groups	2.333	2	2.597	0.076
	Within groups	194.038	432		
Room Tangibles	Between groups	0.346	2	0.416	0.660
	Within groups	179.640	432		
F&B Tangibles	Between groups	0.104	2	0.078	0.925
	Within groups	286.565	432		
Overall Service Quality	Between groups	2.026	2	3.494	0.031
	Within groups	125.261	432		
Perceived Value	Between groups	4.501	2	4.541	0.011
	Within groups	214.103	432		
Satisfaction	Between groups	3.208	2	4.706	0.010
	Within groups	147.220	432		
Behavioral Intentions	Between groups	1.853	2	1.848	0.159
	Within groups	216.660	432		

(Source: Survey data, 2014)

Figure 4.14 presented the comparison of overall service quality mean scores by the respondents'/ guests' length of stay. While, the level of perceived service quality was found to be highest with the respondents who stayed more than 2 nights in the corresponding hotels, the lowest (though above average) level for the same was maintained by those staying for one night. As mentioned

earlier, this difference in the perceived service quality, guided by length of stay , was found to be statistically significant (Table 4.19). In a nutshell, the more the customers/guests stay in hotel, the better would be their perceptions on service quality. This can be attributed to the fact that longer experience with the service incites more confidence in service assessment via repetition/reliability of service provision/performance, which in turn enhances the service experience (or quality perceptions) and associated perceived value and satisfaction (as revealed through Figures 4.15 and 4.16 respectively).

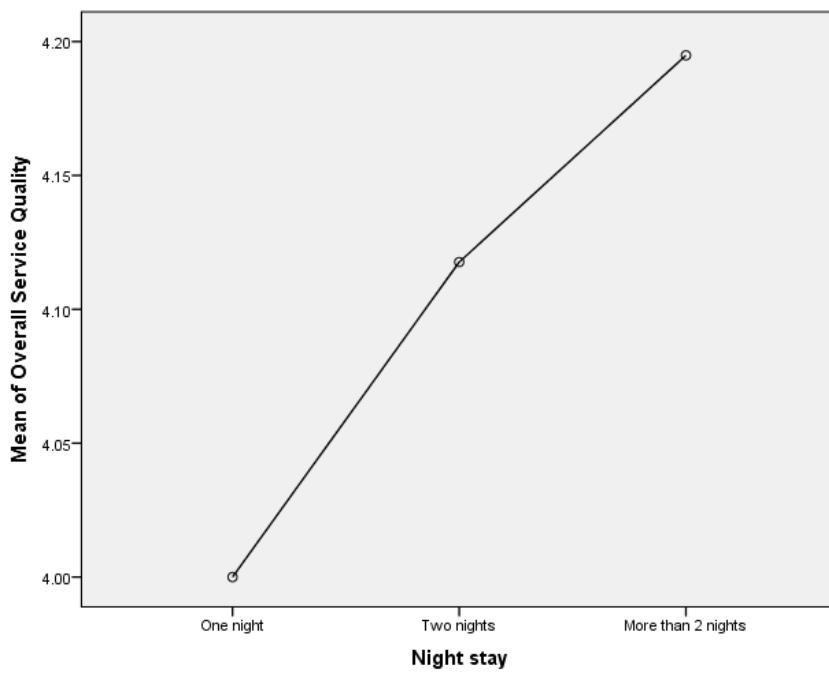


Figure 4.14: Overall service quality by the respondents' length of stay

Accordingly, the perceived value of the services by the study respondents was found to be significantly ($p<0.02$) varying based on the number of nights they stayed in the corresponding hotel, whereby the customers who stayed for relatively longer (more than 2 nights) were observed to be maintaining, relatively, high value perceptions (see Figure 4.15) than those spent less number of nights (two or one).

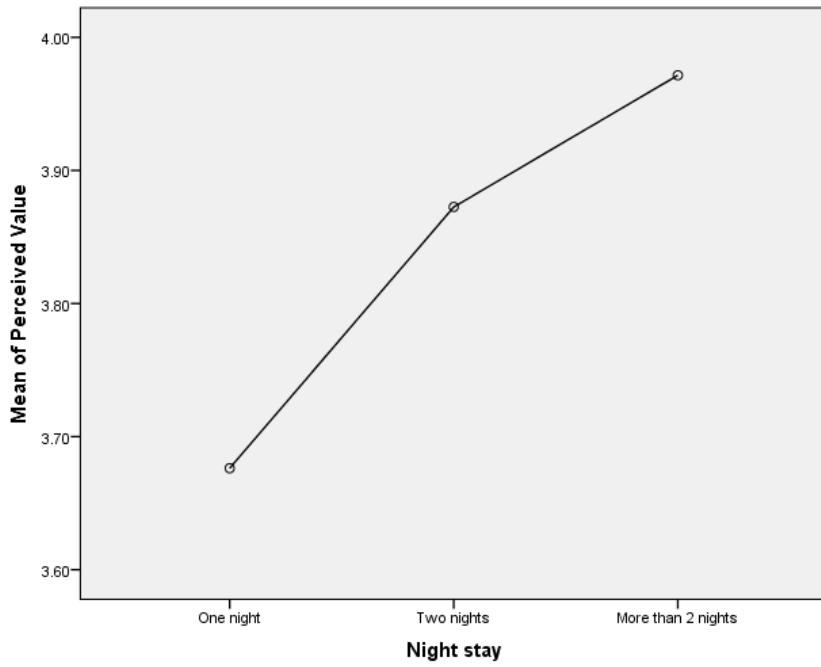


Figure 4.15: Perceived value by respondents' length of stay

The perceived value of the hotel services was experienced to be above average (over 3 mean score) by all the three respondents groups (stayed for 1 night, 2 nights and more than 2 nights).

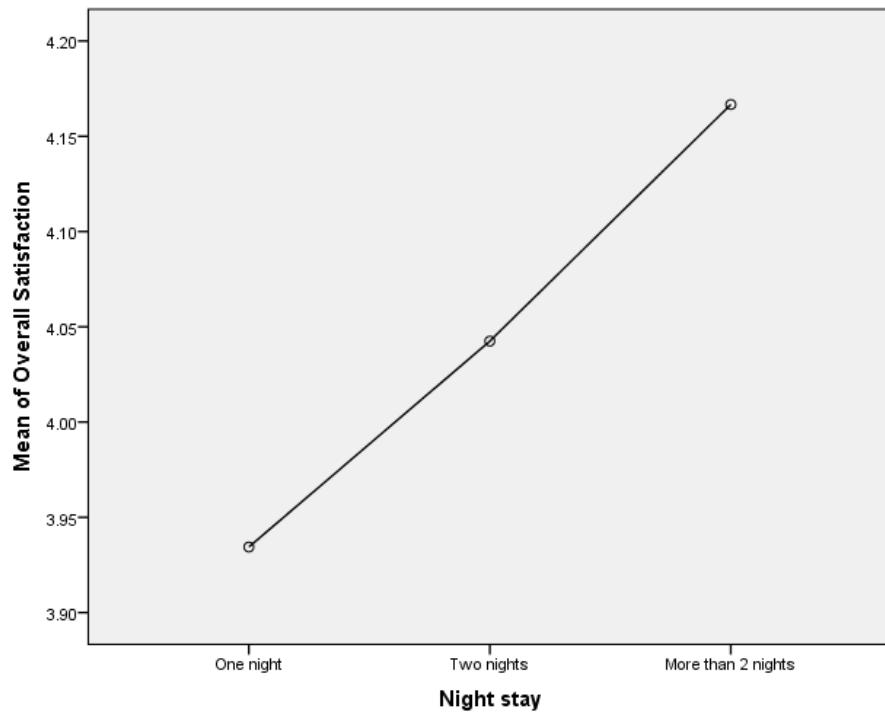


Figure 4.16: Overall satisfaction by respondents' length of stay

In a similar manner, the overall satisfaction level of the respondents with service performance/quality was found to be significantly ($p<0.02$) varying across the number of their night stays, whereby the customers/guests stayed for more than 2 nights in the corresponding hotels were claimed to be more satisfied (Figure 4.16) than those who stayed relatively less (1 or 2 nights). This can also be attributed to the fact that satisfaction increases by experience (if remained positive), which may further motivate a favorable chance to extend the stay (for more nights/days) in the same hotel, as also supported by their value perceptions (being the respondents felt the hotel/service affordable to them).

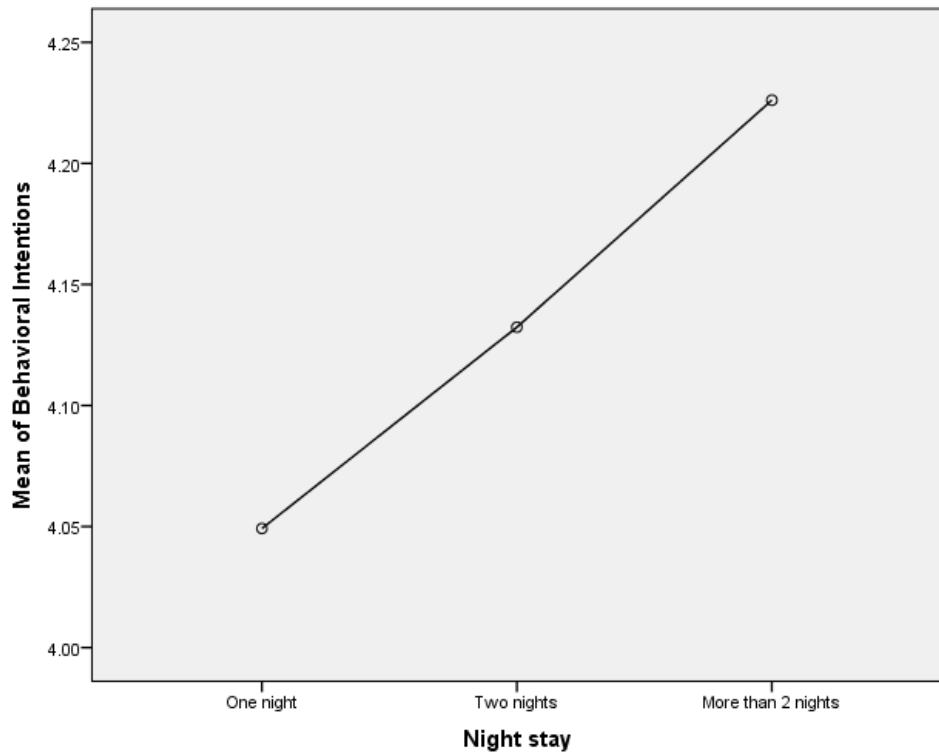


Figure 4.17: Behavioral intentions by the respondents' length of stay

Though, no statistically significant difference has been observed in the behavioral intentions of the respondents as guided by their length of night stay(s) in the corresponding hotels (Table 4.19), still the customers/guests who stayed longer were appeared to be having more favorable

intentions to revisit by themselves and to spread positive WOM to others about the hotel services, as compared to those staying for lesser nights (one or two). In a nutshell, as mentioned earlier, longer stays in hotel increase the service experience and motivate the visitors (of hotels) to repeat the same again and again in future, perhaps, guided by their reliability of service provisions. In other words, with repeated (or relatively) longer service experience, in a more consistent/reliable manner, customers would start enjoying the service delivery/provision, which in turn invite them to experience the same service again and again.

Caused by this, perhaps, the study respondents were found to be maintaining statistically significant differences in their perceptions of service reliability ($F=6.581$, $p<0.003$) and behavioral intentions ($F=5.195$, $p<0.007$) as guided by their number of visits (or revisits) to the hotels. However, based on their number of visits to the corresponding hotels, the respondents perceived overall service quality, customer value and satisfaction insignificantly (Table 4.20).

Table 4.20: ANOVA- by the respondents' number of visits

Dimension/Construct		Sum of squares	Df.	F	Sig.
Assurance	Between groups	0.265	2	0.395	0.674
	Within groups	144.865	432		
Reliability	Between groups	4.577	2	6.581	0.002
	Within groups	150.222	432		
Responsiveness	Between groups	0.678	2	1.030	0.358
	Within groups	142.069	432		
Empathy	Between groups	0.303	2	0.334	0.716
	Within groups	196.068	432		
Room Tangibles	Between groups	0.120	2	0.144	0.866
	Within groups	179.866	432		
F&B Tangibles	Between groups	2.133	2	1.619	0.199
	Within groups	284.536	432		
Overall Service Quality	Between groups	0.346	2	0.588	0.556
	Within groups	126.942	432		
Perceived Value	Between groups	0.856	2	0.849	0.429
	Within groups	217.748	432		
Satisfaction	Between groups	0.444	2	0.640	0.528
	Within groups	149.984	432		
Behavioral Intentions	Between groups	5.132	2	5.195	0.006
	Within groups	213.382	432		

(Source: Survey data, 2014)

Figure 4.18 presented that the respondents visiting twice to the hotel were found to be highest in their overall service quality perceptions, followed by those repeating their service experiences more than two times and first time visitors to the corresponding hotels.

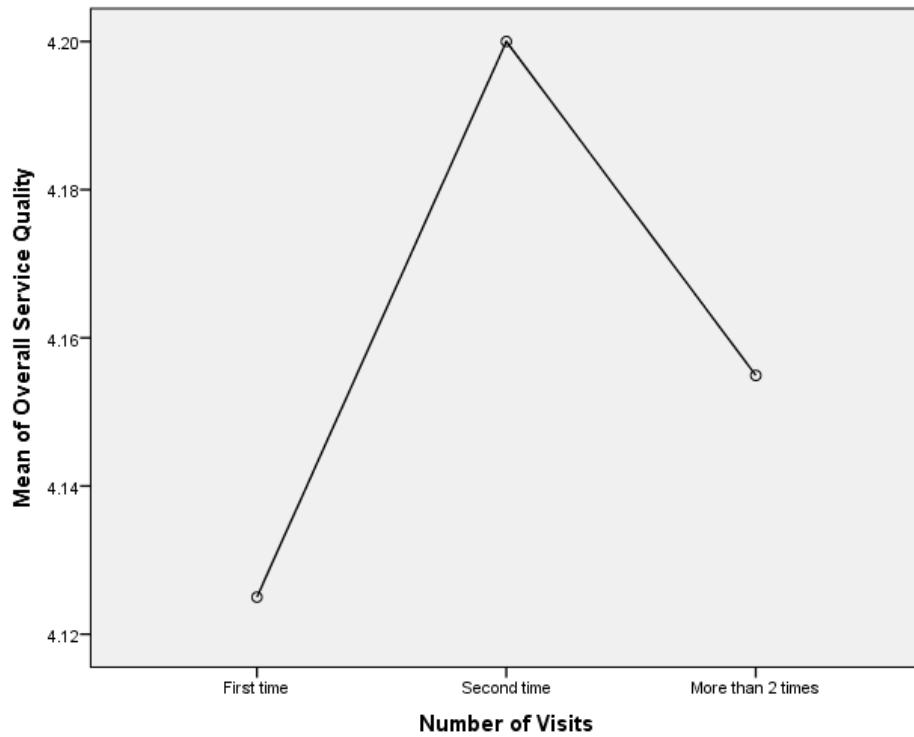


Figure 4.18: Overall service quality by the respondents' number of visits

However, their perceptions on value and associated satisfaction with service provision remained higher with those who revisit the hotel more than 2 times, as compared to others (first and second time guests/visitors), as presented in Figures 4.19 and 4.20. Though, such differences across the constructs of perceived service quality, value and satisfaction remained insignificantly directed by the respondents' revisits to the corresponding hotels (see Table 4.20). In other words, the differences across service quality, perceived value and satisfaction cannot be attributed to the respondents number of visits, rather the later significantly caused varying perceptions in terms of service reliability ($F=6.581$, $p<0.003$).

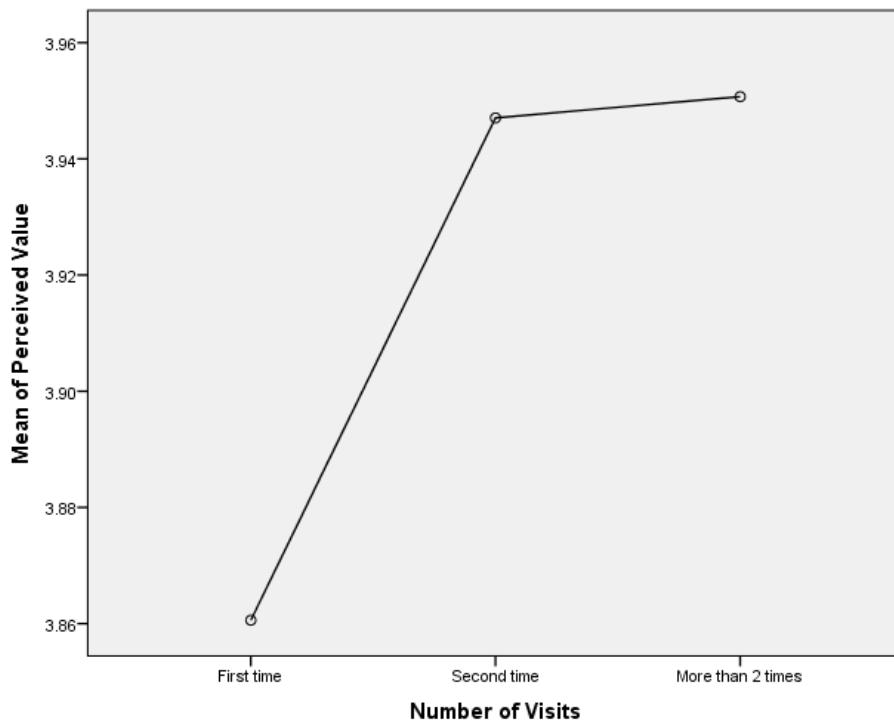


Figure 4.19: Perceived value by the respondents' number of visits

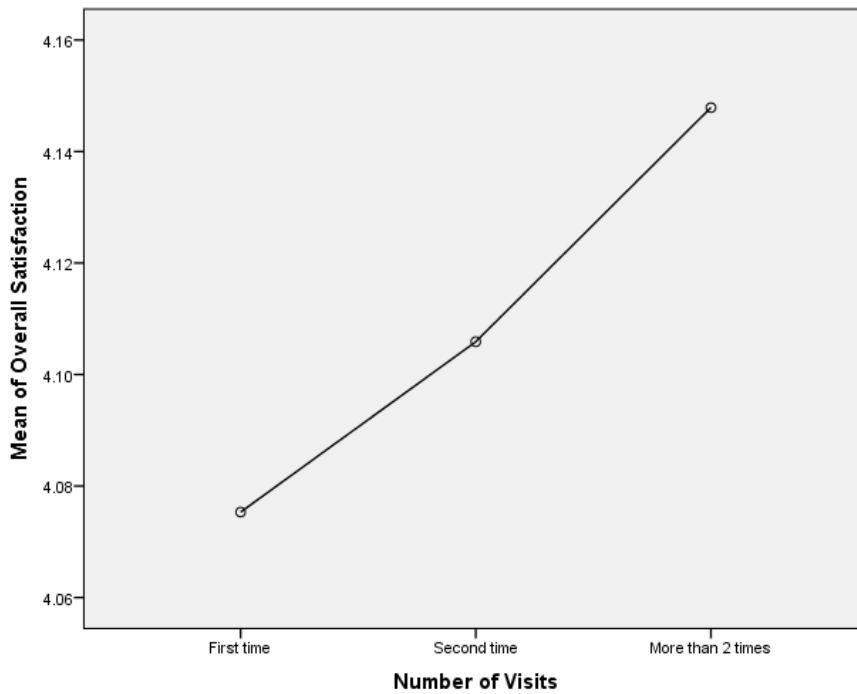


Figure 4.20: Overall satisfaction by number of visits

Similarly, the behavioral intentions of revisit and WOM recommendations by the respondents were observed to be higher for those visited the same hotel for more than 2 times, followed by second time and first time guests to the corresponding hotels, respectively (Figure 4.21). Therefore, the finding revealed that higher the number of revisits to the hotels, favorable would be the behavioral intentions of the hotels' customers/guests. This can be attributed to the fact that customers, in general, acquire better understanding and taste for the service while repeating their experience with it, in order to make, in their eyes, stronger perceptions about the reliability of the service, which in turn, improve their intentions to revisit and positive WOM to others.

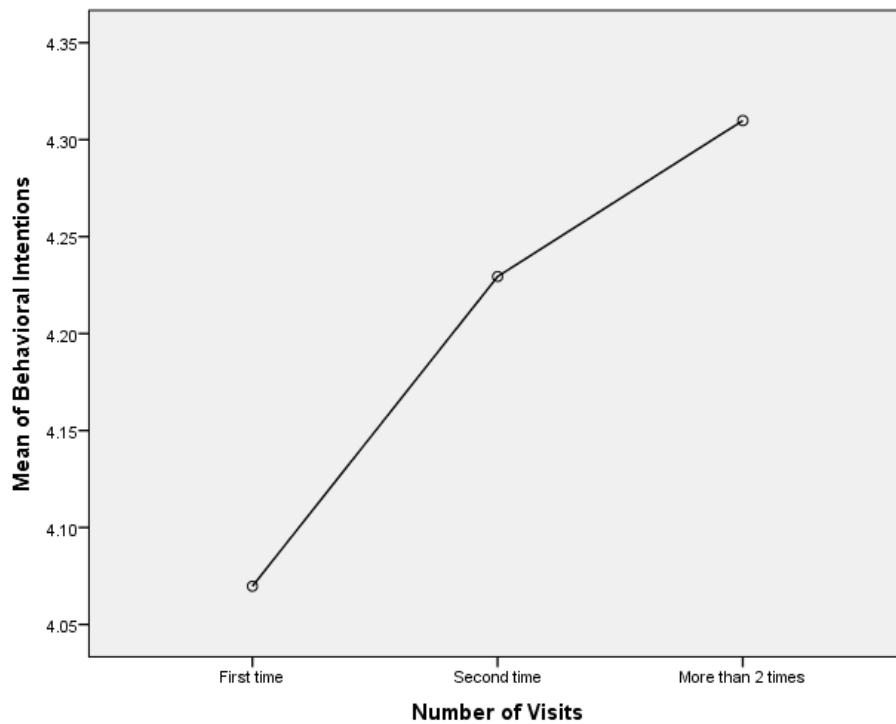


Figure 4.21: Behavioral intentions by number of visits

A further attempt was made to reveal the role of respondents' age in determining their perceptions on service quality, value, satisfaction and behavioral intentions (see Table 4.21).

Accordingly, the respondents' age was found to be a non-significant ($p>0.05$) determinant of service quality, customer value, satisfaction and behavioral intentions, as perceived by the respondents.

Table 4.21: ANOVA- by respondents' age

Dimension/Construct		Sum of squares	Df.	F	Sig.
Assurance	Between groups	1.102	3	1.099	0.349
	Within groups	144.028	431		
Reliability	Between groups	0.255	3	0.237	0.871
	Within groups	154.545	431		
Responsiveness	Between groups	0.194	3	0.195	0.900
	Within groups	142.553	431		
Empathy	Between groups	0.928	3	0.682	0.563
	Within groups	195.443	431		
Room Tangibles	Between groups	0.247	3	0.197	0.898
	Within groups	179.739	431		
F&B Tangibles	Between groups	4.130	3	2.100	0.100
	Within groups	282.539	431		
Overall Service Quality	Between groups	0.943	3	1.072	0.361
	Within groups	126.345	431		
Perceived Value	Between groups	0.904	3	0.597	0.618
	Within groups	217.700	431		
Satisfaction	Between groups	0.857	3	0.823	0.482
	Within groups	149.571	431		
Behavioral Intentions	Between groups	0.351	3	0.231	0.875
	Within groups	218.162	431		

(Source: Survey data, 2014)

This may be attributed to the fact that customers, perhaps, select their hotels and corresponding services more based on their requirements to stay/visit than the age. As a result, while factors like purpose of visit and length of night stays were appeared to be significantly ($p<0.05$) determining respondents' perceptions of service quality, associated value and satisfaction, the number of revisits to the corresponding hotels shaped their behavioral intentions, more significantly.

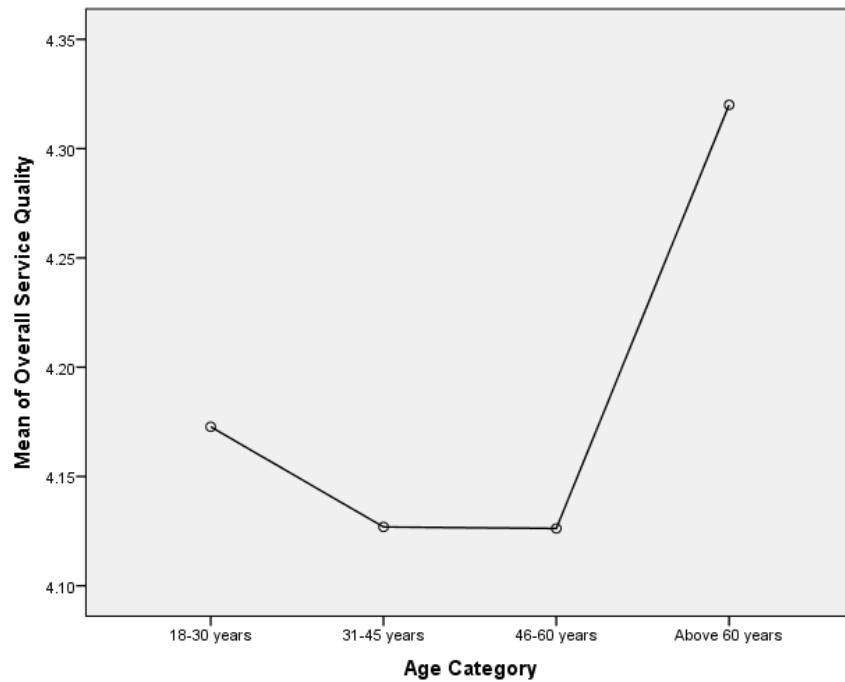


Figure 4.22: Overall service quality by the respondents' age category

However, as depicted in Figure 4.22, respondents varied in terms of their levels of perceived service quality across the age brackets. Accordingly, the senior age respondents (above 60 years) of the hotels were found to be having higher level of overall service quality than those falling in the ages 31-60 years (though remained above average in their perceptions of service quality). Similarly, the level of perceived value was found to be higher with senior age (above 60 years) respondents of the study, as compared to younger (18-30 years), middle aged (31-45 years) and

relatively matured (46-60 years) counterparts (see Figure 4.23). However, these differences in service quality and perceived value were remained insignificant ($p>0.05$) as presented in Table 4.21.

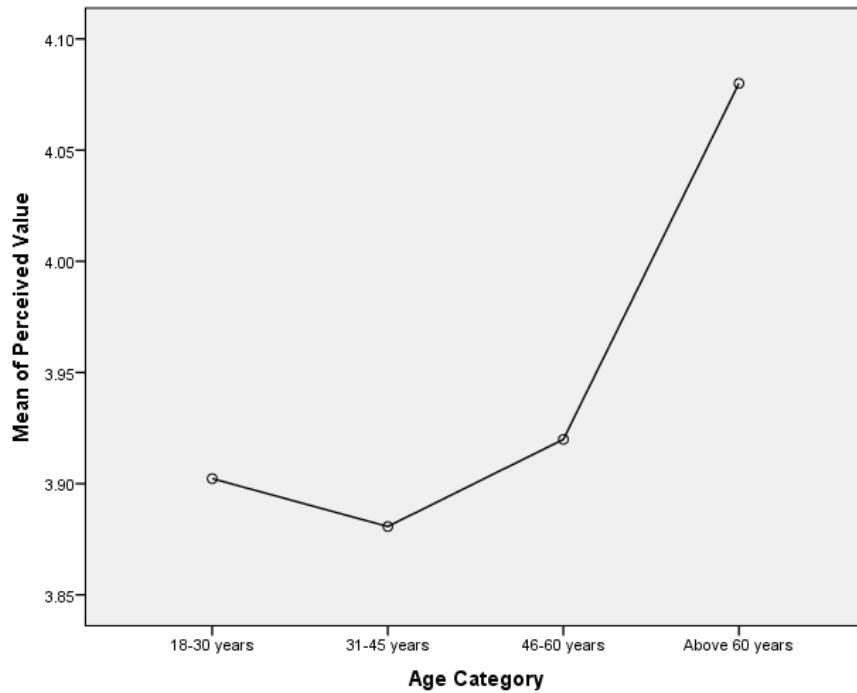


Figure 4.23: Perceived value by the respondents' age category

For the remaining constructs of customer satisfaction (Figure 4.24) and behavioral intentions (Figure 4.25), senior age respondents (above 60 years) were observed to be maintaining higher levels than those appeared to be with relatively younger categories (below 60 years). However, age category was not found to be significantly discriminating the customer satisfaction and behavioral intentions to revisit and positive WOM recommendations to others by the study respondents. As mentioned before, this can be attributed to the fact that customers, while selecting hotels and related service provisions (both tangibles and intangibles), pay more attention to their requirements associated with their purpose of visit and length of stay rather than the age.

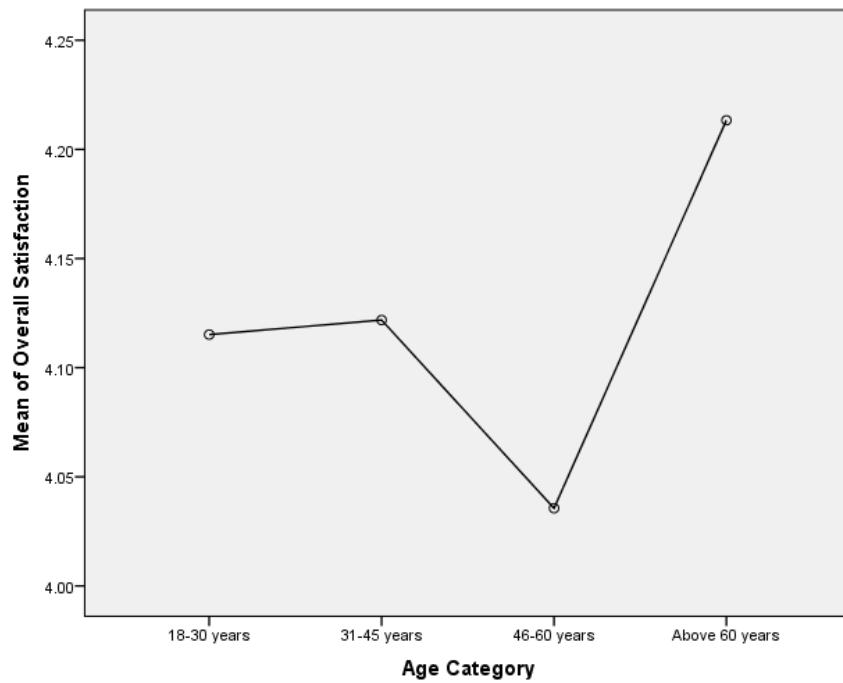


Figure 4.24: Overall satisfaction by the respondents' age category

Moreover, hardly any separate/unique service provision and/or value can be witnessed in line with customers/guests ages, whereby senior citizens were provided with certain advantages (in terms of service delivery, price etc.) over their younger counterparts and vice-versa. Rather all the guests were expected to be served equally by the corresponding hotels, in terms of facilities, respect and staff behavior to them, which may cause age as a non-significant determinant to the respondents' perceptions of service quality, value, satisfaction and behavioral intentions.

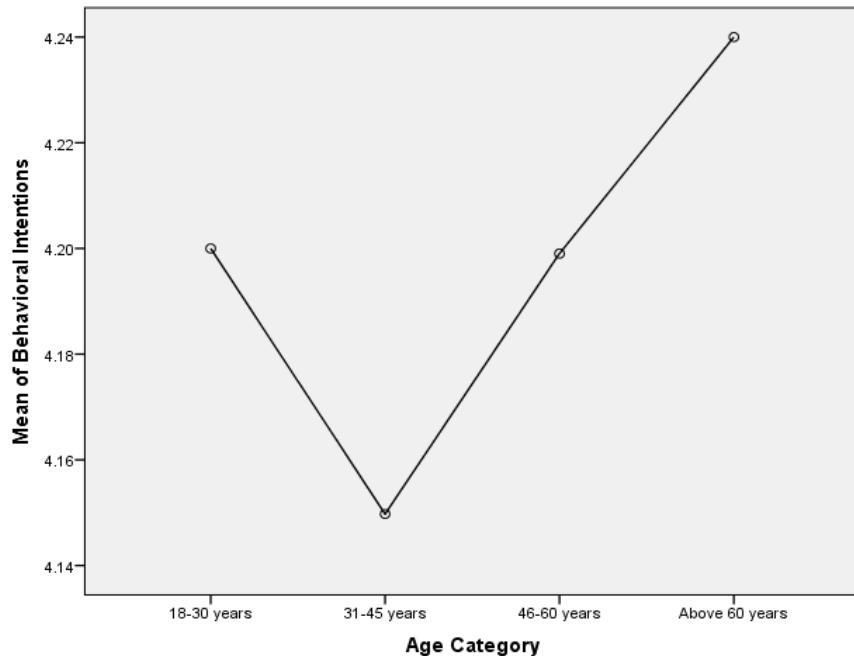


Figure 4.25: Behavioral intentions by the respondents' age category

As a result of the above analysis, one can see that while certain customers/guests' socio-demographic profile variables (like gender, nationality and length of stay) significantly determine their perceptions of overall service quality, their age and purpose of visit failed to have any significant difference in service quality, satisfaction and behavioral intentions. Similarly, gender and number of visits of the guests to the hotels failed to determine their value perceptions and corresponding satisfaction, though length of stay was found determining them more significantly.

Finally, it was assumed that the respondents' perceptions on service quality, value, satisfaction and behavioral intentions vary across the hotel stars, whereby, a five star hotel was considered to be having better service provision/performance than those rated with lower stars (three and four). Accordingly, the ANOVA results presented in the Table 4.22 revealed that hotel star categories maintained significant variations in the respondents' perceptions of overall service quality

($F=6.230$, $p<0.003$), associated satisfaction ($F=3.557$, $p<0.03$) and behavioral intentions ($F=4.219$, $p<0.02$). However, hotel stars remained insignificant in determining perceived value of the services.

This may be attributed to the fact that when customers select a particular star hotel to stay in, they already perceived the service delivery/quality against the charges/payment being made. Therefore, star ratings of the hotels can be assumed as a promise from the service provider to their customers/guests, whereby the service delivery/provisions vary with associated price tags/charges (relatively less for three stars to high for five star hotel categories). The same argument guides the insignificant contribution of hotel star category in determining F&B tangibles perceptions of the respondents, whereby customers order as per their tastes, whether served in three or above stars.

As expected, the overall service quality was perceived to be highest in the context of five-star hotels (Figure 4.26). Moreover, the variations in the overall service quality, as guided by star category of the corresponding hotels in Ethiopia, were appeared to be significant (see Table 4.22).

Table 4.22: ANOVA- by the hotels star category

Dimension/Construct		Sum of squares	Df.	F	Sig.
Assurance	Between groups	8.385	2	13.245	0.000
	Within groups	136.745	432		
Reliability	Between groups	5.855	2	8.492	0.000
	Within groups	148.944	432		
Responsiveness	Between groups	3.649	2	5.667	0.004
	Within groups	139.098	432		
Empathy	Between groups	7.975	2	9.144	0.000
	Within groups	188.396	432		
Room Tangibles	Between groups	2.558	2	3.114	0.045
	Within groups	177.428	432		
F&B Tangibles	Between groups	1.545	2	1.170	0.311
	Within groups	285.124	432		
Overall Service Quality	Between groups	3.568	2	6.230	0.002
	Within groups	123.719	432		
Perceived Value	Between groups	0.992	2	0.985	0.374
	Within groups	217.612	432		
Satisfaction	Between groups	2.437	2	3.557	0.029
	Within groups	147.991	432		
Behavioral Intentions	Between groups	4.187	2	4.219	0.015
	Within groups	214.327	432		

(Source: Survey data, 2014)

The respondents perceived relatively better service performance/quality being offered by three-star than four-star category hotels, selected in the study. This may be attributed to the fact that the responding customers perceived the highest value for three-star hotel services than that for four-star (Figure 4.27).

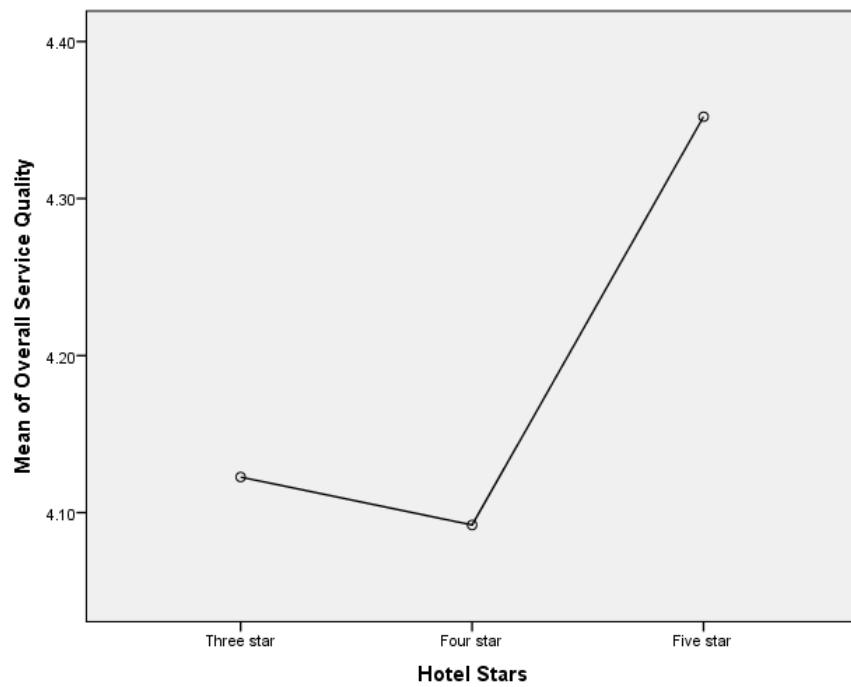


Figure 4.26: Overall service quality by hotel stars category

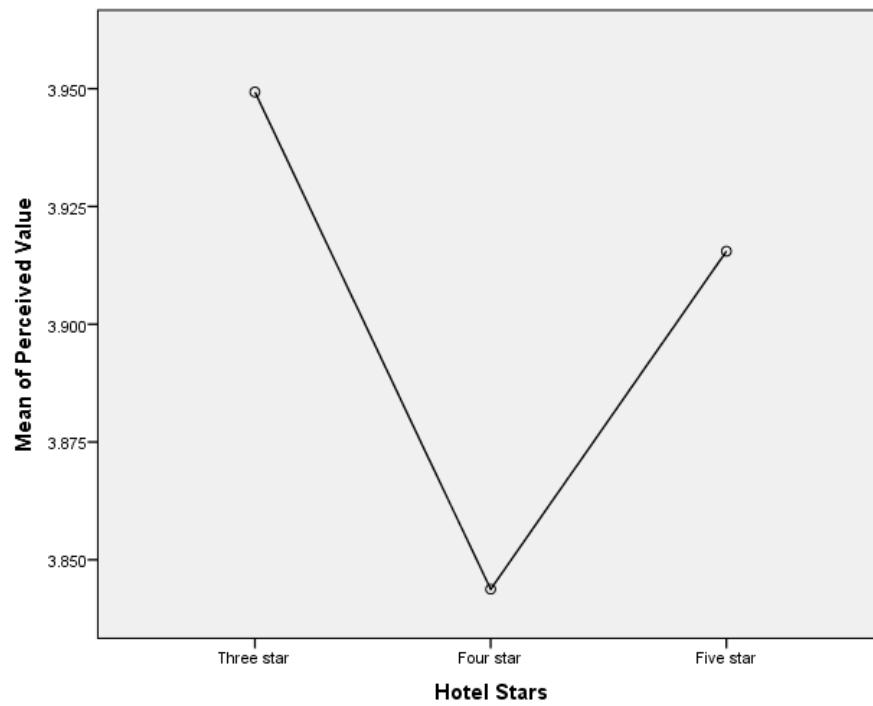


Figure 4.27: Perceived value by hotel stars category

As presented earlier, customers select the star category and corresponding services being guided by their purpose of visit and length of stay among other factors. Therefore, they perceive the associated value accordingly, and would not feel comfortable when they paid for higher class (star category) but obtaining lower class services. Moreover, while selecting a particular star category hotel the guests assume a certain level of service performance (being guided by their prior experience and /or the hotel standard) and would not consider a lower level service provision as acceptable.

As a result, perhaps, significant difference (Table 4.22) in customer satisfaction has been observed across the hotel star categories (Figure 4.28), whereby respondents were found to be more satisfied with the service provision of five-star hotels, followed by three and four stars. Similarly, significant difference in their behavioral intentions was reported being guided by the star categories of the corresponding hotels.

Accordingly, while respondents were found to be favorably intended to revisit five-star hotels, along with spreading positive WOM to others about the hotel services, they were having relatively less intention (though above average) to behave like, in the context of three and four stars hotels. Such findings revealed the significant role that hotel stars (category) can have in determining customers/guests satisfaction and intentions to revisit and WOM communications, perhaps, guided by their service quality perceptions.

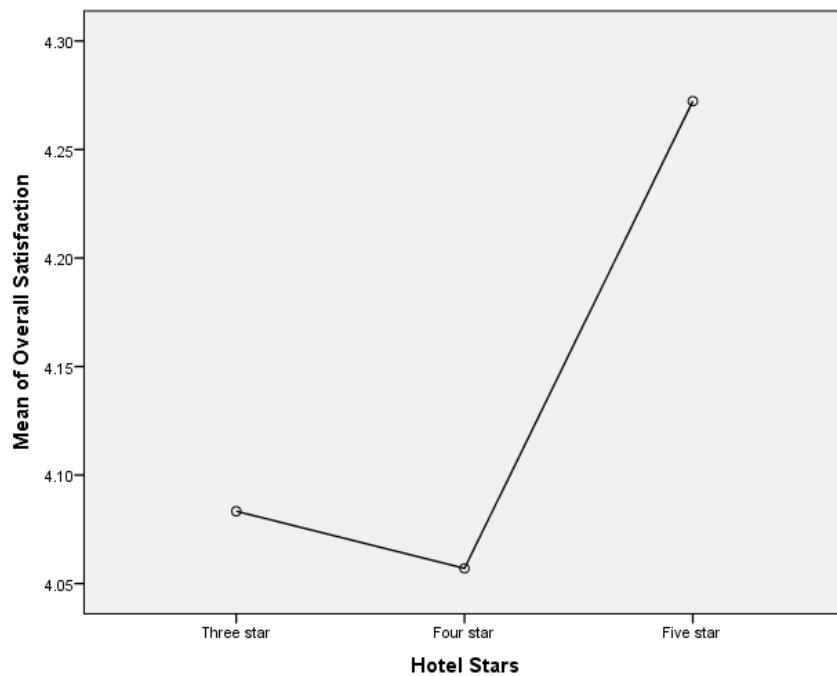


Figure 4.28: Overall satisfaction by hotel stars category

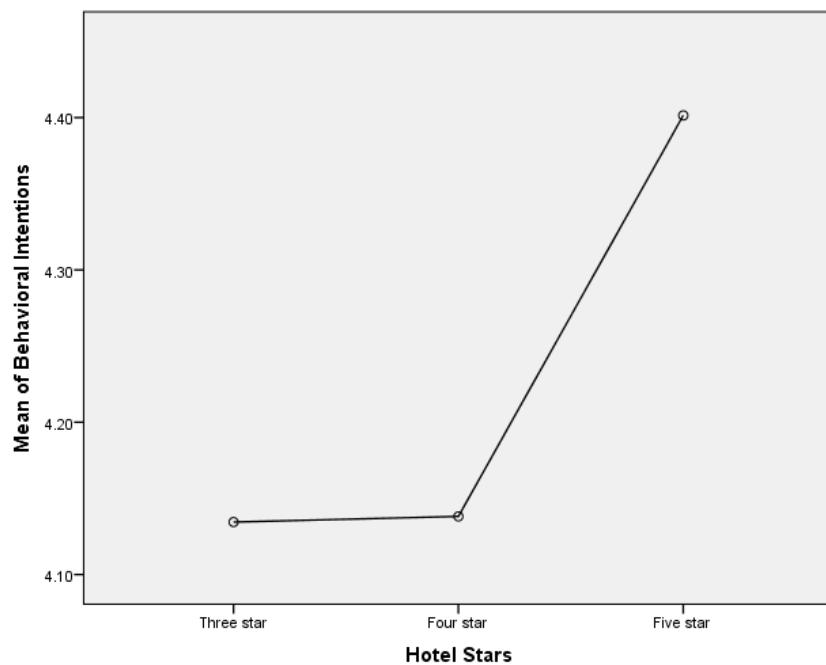


Figure 4.29: Behavioral intentions by the hotels star category

In a nutshell, the findings revealed the contextual nature of the study constructs of service quality, perceived value, satisfaction and behavioral intentions, whereby their values were observed to be influenced by respondents' purpose of visit, length of night stay, number of visits, and hotel star ratings. However, the respondents were not found to be significantly varying across these constructs, guided by their age (an important demographic variable), at least in the context of hotel sector of Ethiopia.

By considering the above, one can see that while both hotels' locations and star categories significantly affect guests' perceptions of overall service quality, these remained insignificant in determining value by the hotels' guests. Though, star category was found to significantly determine customer satisfaction and behavioral intentions.

4.7 Summarizing the Results

The study attempted to examine the relationship between service quality, customer satisfaction, value and behavioral intentions in the Ethiopian hotel sector. In order to measure the service quality, a 35 items data collection instrument has been developed by modifying the basic SERVPERF model to fit within the context of hotel sector in Ethiopia. All the scale items were found to be valid to measure their respective constructs, being having the factor loadings of 0.6 and above (Sergeesh, Anusree & Mohapatra, 2014).

The tangibles dimension of service quality construct was loaded in two factors, hence making the service quality dimensions to be six, namely: Assurance, Empathy, Reliability, Responsiveness, F&B tangibles and Room tangibles, in the context of star hotel category. Hence, the study

proposes the tangibles dimensions of service quality should be separately seen as F&B tangibles (which are directly associated with food & beverage products and facilities) and Room tangibles (which constitutes guest room related tangibles). This is a new addition to the concept of service quality based on empirical findings from the hotel sector. It is also logically sound proposition to distinguish food and related items from room and related items as the quality perceived in one (room) does not necessary reflect the same in the other (food and beverage). Besides, customers might give differing priority to F&B tangibles and Room tangibles based on their apparent need. Hence, having distinct treatment for the two types of tangibles in hotels is essential. Therefore, the traditional five dimensions of service quality (SERVPERF) should be expanded to the six by splitting tangibles dimension into two (F&B tangibles and Room tangibles) in the hotel sector.

Except for the service quality, the remaining constructs of customer satisfaction, perceived value and behavioral intentions were found maintaining uni-dimensionality, thus revealed associated construct validity (Sergeesh, Anusree & Mohapatra, 2014). In addition, the Cronbach alpha coefficients were computed to test the internal consistency of the service quality dimensions and other constructs used in the study. High alpha coefficients (over 0.7) revealed acceptable scale reliabilities (Hair et al., 2010) in total and across the study constructs.

Apart from measuring perceived service quality, customer value, satisfaction and behavioral intentions, an additional item was used to identify customers' WOM by providing options to the respondents to select from A-WOM, BC-WOM, D-WOM and E-WOM. It was targeted to capture and analyze the relevant target audiences of customers' WOM, in order to understand the pattern of WOM recommendations by the hotels' guests. Accordingly, it was found that majority

(39%) of the guests are most likely to recommend the hotel through A-WOM (recommendation to Acquaintances) to their friends and family.

Whereas, significant proportion of the respondents claimed to use BC-WOM (recommend to Business Contacts- 27%) and D-WOM (Direct recommendation to the hotel- 21%) the proportion of the respondents who are most likely to use E-WOM (recommend Electronically) appeared to be relatively lower (13%). Although researchers like Zhao et al (2015) have recently discussed the influence of E-WOM on tourist booking intentions to hotels, other forms of the WOM proposed in this study are new additions to the concept of WOM literature.

Furthermore, service quality was found to be significantly and positively influencing customer value, satisfaction and behavioral intentions, whereby the highest contribution of the perceived service quality was ensured towards behavioral intentions ($\beta=0.640$, $p<0.001$), followed by customer satisfaction ($\beta=0.544$, $p<0.001$) and perceived value ($\beta=0.506$, $p<0.001$), as witnessed through the regression analysis. Moreover, perceived value and satisfaction were found to be partially mediating the influence of service quality on behavioral intentions.

Finally, an attempt was made to reveal the role of guests' profile variables and hotel characteristics in determining perceived service quality, value, satisfaction and behavioral intentions. As revealed through t-test and ANOVA statistics, significant differences across the perceived service quality, customer value, satisfaction and behavioral intentions were observed, being guided by the respondents' profile variables (e.g., gender, nationality, purpose of visit and

their length of night stay) and that of the corresponding hotels' characteristics (e.g., location and star category). Table 4.23 summarizes the results of the proposed research hypotheses.

Table 4.23: Summary of the results of hypothesis testing

Hypothesis	Finding(s)	Test Result
<i>H1: Quality is determined by the perceived performance of the service quality attributes/dimensions in the hotel sector of Ethiopia</i>	Multiple regression analysis indicated that service quality attributes/dimensions had a significantly positive influence on perceived-service quality. The six service quality dimensions were found to be explaining 69.8% variation in the overall service quality.	Supported
<i>H2: Perceived service quality positively and significantly influences the customer satisfaction in the Ethiopian hotel sector</i>	Perceived service quality explained 40.8% variability in customer satisfaction. Additionally, service quality was found to be exerted positive and significant ($\beta=0.640$, $p<0.001$) influence on customer satisfaction.	Supported
<i>H3-Perceived service quality positively and significantly influences customer value in the Ethiopian hotel sector</i>	Overall service quality explained 29.5% variation in perceived customer value. Moreover, perceived service quality was found to be positively and significantly ($\beta=0.544$, $p<0.001$) influencing customer value.	Supported
<i>H4: Customer satisfaction associates, positively and significantly, with customer value in the context of Ethiopian hotels</i>	Correlation analysis revealed a positive and significant association ($r=0.729$, $p<0.001$) between customer satisfaction and customer value.	Supported

<i>H5: Customer satisfaction mediates the influence of perceived service quality on behavioral intentions of the hotel customers in Ethiopia</i>	Mediation analysis, by using Baron and Kenny's (1986) approach, revealed that customer satisfaction partially, though significantly ($p<0.01$), mediated the influence of perceived service quality on behavioral intentions.	Supported
<i>H6: Customer value mediates the influence of perceived service quality on behavioral intentions of the Ethiopian hotel customers</i>	Similarly, customer value partially, though significantly ($p<0.01$), mediated the impact of perceived service quality on behavioral intentions.	Supported
<i>H7: Service quality has a direct and significant influence on the behavioral intentions of hotels' customers in Ethiopia</i>	Regression analysis revealed that overall service quality explained 25.4% variation in behavioral intentions, while remained significant ($p<0.001$) contributor to individual items of revisit ($\beta=0.466$) and WOM ($\beta=0.433$). Overall, a unit change in perceived service quality will improve behavioral intentions by 0.506 times ($\beta=0.506$, $p<0.001$).	Supported

4.8 Summary of the Chapter

In line with the stated research objectives, this chapter presented the data analysis and discussion of the results, based on the hypotheses testing. An early exploration of the data supported the use of exploratory factor analysis (EFA), regression analysis and other parametric statistics (t-test and ANOVA). Principal component analysis (PCA) of the service attributes/quality yielded six

factors/dimensions: Assurance, Reliability, Responsiveness, Empathy, Room tangibles and Food & Beverage (F&B) tangibles. This finding was supported by the existing literature stating service quality as a multi-dimensional construct.

Accordingly, the reliability scores, by using Cronbach alphas, of service quality dimensions and other study constructs of perceived value, satisfaction and behavioral intentions were computed and found to be acceptable. Additionally, descriptive statistics were deployed to present the respondent's profile and service quality perceptions. Regression analysis attempted to examine the significance of the relationships between the constructs (as hypothesized through the conceptual framework). All the seven hypotheses were tested and found to be fully supported. The following chapter presents a discussion on major findings, inline with the stated research questions, to draw the conclusion.

CHAPTER 5

DISCUSSION OF FINDINGS AND CONCLUSION

This chapter discusses the major findings of the study while synthesizing the same with previous literature. More specifically, the chapter presents discussion of findings on service quality and its influence on customer satisfaction, perceived-value, and behavioral intentions, in the context of Ethiopian hotel sector. Additionally, discussions are presented on findings related to the guests' profile and hotel characteristics in association with the study constructs (service quality, satisfaction, value and behavioral intentions). Lastly, conclusions are drawn, based on the findings, in order to address the research questions.

5.1 Service Quality Measurement (Modified SERVPERF)

This research used modified SERVPERF instrument for the purpose of measuring service quality. Multi-stage research designs were applied to develop a modified instrument, considered to be valid and reliable, to measure service quality and associated constructs in the context of Ethiopian hotel sector. Accordingly, exploratory study was conducted to acquire full understanding of the research variables pertinent to the research context. Relevant literature and web reviews, and focus group discussions were performed, which further contributed to the development of (modified) data collection instrument.

In addition to careful selection of well informed and responsible professionals for FGD to enhance the trustworthiness of qualitative data, Exploratory Factor Analysis (EFA) and Cronbach's alpha coefficients were used to test the construct validity and reliability of the scales,

respectively. The EFA and Cronbach's alpha results proved that the instrument developed by modifying the SERVPERF model is a valid and reliable tool to measure service quality and associated constructs of customer satisfaction, value and behavioral intentions in the hotel sector.

With respect to the factors determining guests' perceptions of service quality, the results of PCA revealed that perceived service quality consisted of six determinants/dimensions: Assurance, Responsiveness, Reliability, Empathy, Room Tangibles, and Food & Beverage (F&B) Tangibles. Therefore, this study supported the argument that both tangible and intangible factors of service performance/quality remain important in service quality perceptions of the hotel's guests (Milman, 2009). On the other hand, the empirical findings of the study proposed that the 'tangibles' dimensions of service quality grouped into F&B tangibles and Room tangibles, which appeared to be different from previous researchers (Parasuraman et al., 1985, 1988).

5.2 Relationship between Service Quality, Perceived Value, Customer Satisfaction and Behavioral Intentions

The findings of the study confirm that the constructs of service quality influences customer satisfaction, customer value and behavioral intentions are interrelated. This is inline with other previous studies (e.g., Oh, 1999; Cronin, Bradly & Hult, 2000; Maria, Lorenzo & Antonio, 2007; Sutanto, 2009; Kassim & Abdulah, 2010; Jani & Han, 2011; Malik, 2012). By considering the specific research context of Ethiopian hotel sector, such findings can help to enrich our understanding on the apparent relationships between the stated constructs (service quality, customer satisfaction, value and behavioral intentions).

Moreover, researchers like Thanika (2004) found that the contribution of service quality dimensions to overall service quality varies in different contexts. In line to this, the study identified that all the service quality dimensions were contributing with varying degree to the overall service quality perception in the hotel sector. A number of other researchers also commented that evaluation of service quality is contextual, thus difficult to find exact dimensions that contribute equally to the overall service quality under different research contexts (Cronin, Bradly & Hult, 2000; Konstantinos, Nikos & Dimitri, 2002; Gallazar & Saura, 2006; Maria, Lorenzo & Antonio, 2007; Tsaur, Lin & Wu, 2008; Michael et al., 2009; Kasim & Abdullah 2010; Naik, Gantasala & Prabhakar, 2010; Gounaris, Dimitriadis & Stathakopoulos, 2010; Jani & Han, 2011; Lertwannawit & Gulid, 2011; Basheer, 2012; Simon, 2012).

As per the study findings, three most important contributors to overall service quality (in order of importance) include: responsiveness, empathy and reliability. The dimension of room tangibles maintains least contribution along with the dimensions of assurance and F&B tangibles. This can be considered as an important contribution to understand service quality dimensions in Ethiopian hotel sector; different from the findings of other researches like Oh (1999).

Moreover, customer satisfaction was found significantly contributing to behavioral intentions of revisit and inspiring positive WOM communications by the respondents. This empirical finding confirmed the previous literature while suggesting that customer satisfaction affects behavioral intentions (Jay & Dwi, 2000; Fiju, Frenie & Sid, 2004; Sultano, 2009; Naik, Gantasala & Prabhakar, 2010; Basher, 2012).

Similarly, majority (69%) of the respondents are maintaining relatively good (above average) value perceptions, which ultimately determines behavioral intentions. Also, researchers like Cronin, Bradly and Hult (2000), Shahin and Reza (2010) and Raza et al. (2012) suggested that customer value influences the behavioral intentions of customers.

The study further attempted to examine the direct relationship between service quality dimensions and behavioral intentions, whereby four of the six service quality dimensions were found to be having significant influence on behavioral intentions. These dimensions include: Reliability, Empathy, F&B Tangibles and Assurance in their order of importance. These findings appeared to be in line with the earlier studies by Jay and Dwi (2000), Naik, Gantasala and Prabhakar (2010) and Basher (2012), that report the varying contribution of service quality dimensions in predicting behavioral intentions. Accordingly, this empirical finding is unique, as might not be replicated in other research contexts, and adds knowledge on the peculiar nature of relationships between service quality dimensions and behavioral intentions in the Ethiopian hotel sector.

5.3 Role of Socio-Demographic Profile and Hotel Characteristics

In line with the research objectives, attempts were made to examine the association of guests' socio-demographic profiles and their perceptions of service quality, satisfaction, value and behavioral intentions. Additionally, the associations between hotels' characteristics and guests' perceptions on study constructs were analyzed. Accordingly, customers' gender was found maintaining significant association with the empathy dimension of service quality; female customers perceived more empathy than their male counterpart.

On the other hand, related to customers' nationality and their perceptions on service quality, it was revealed that guests' nationality influence their perceptions of assurance, responsiveness and empathy. The empirical findings revealed that of the two nationality groups of customers (Ethiopian and Foreigners), the Foreigners were found to be having better service quality perceptions (on the above stated dimensions) than Ethiopian guests. However, no significant variations were found with respect to overall service quality and other service quality dimensions between the two groups/nationalities.

This indicated that the hotels remained more responsive, empathetic and effective in providing their foreign guests with welcoming and courteous service than their domestic (Ethiopian) customers. As a result, perhaps, the foreign guests were found to be more appreciating the Ethiopian hospitality than their Ethiopian counterparts (who already have accustomed to it). Nonetheless, since majority of the three and above star hotels' customers/guests were assumed to be foreigners, more favorable it would be for them to get admiration of their service assurance from this group (foreign customers).

Additionally, it was found that foreign guests perceived more value than Ethiopians. Thus the empirical findings revealed that guests' nationality has significant links/association with their value perceptions too, at least in the context of hotel services. This can be attributed to the fact that most of the star category hotel's rooms prices were perceived to be more affordable for the foreigners (who pay in Dollars) than Ethiopians (paying in local currency- Ethiopian Birr) (Note: by now 1 US Dollar = 21 Ethiopian Birr).

Similar to this, foreign guests were claimed with more favorable behavioral intentions towards the hotels than their Ethiopian counterparts. This revealed the existence of relationship between guests' nationality/group and their behavioral intentions, as more foreign nationality guests revealed that they would more likely to revisit and recommend the hotels than the local/Ethiopian guests to the hotels. This may be attributed to the fact that the foreigners, being study respondents, perceived higher customer value, as associated with service provisions, than Ethiopian guests.

Since the majority of the guests for the three and above star hotels were foreigners, favorable was to learn that they have better perceptions on service quality, customer value and behavioral intentions. Therefore, while Ethiopian respondents of the study were observed being more demanding and critical in assessing their perceptions on hotels' service quality, value, satisfaction and corresponding behavioral intentions, foreign guests showcased their understanding of Ethiopian conditions/situations (at least in the hotel sector).

Previous researchers also indicated that the selected dimensions of service quality, perceived-value and behavioral intentions remained contextual (Oh, 1999; Konstantinos, Nikos & Dimitri, 2002; Tsuar, Lin & Wu, 2008; Micheal et al., 2009; Kuruuzmu & Koksal, 2010). Therefore the empirical findings showing significant variation of customers' perceptions on service quality, customer value and behavioral intentions in relation to nationality/group provides better insight to understand the nature of relationship that the research variables maintain in the Ethiopian hotel context.

In addition to the assessments made to assess the role of socio-demographic profiles of hotels' guests and their perceptions on the research variables, further analysis was carried out to identify possible links between hotels characteristics and customers' perceptions. Consequently, based on the hotel location (in Addis Ababa or regional sites), the service quality dimensions of assurance, empathy and room tangibles were perceived significantly different ($p<0.05$) by the responding guests. The empirical findings revealed that guests perceived higher service quality in hotels within Addis Ababa than those in regions, across the dimensions of assurance, empathy and room tangibles. This may be attributed to the fact that the hotels in Addis Ababa (being the capital city) maintain relatively more resources than those in the regions, which can be used to deliver/ensure better service.

Additionally, as many three and above star hotels were found in Addis Ababa, the observed variation in the dimension of room tangibles would be well expected. Similarly, hotels in Addis Ababa were claimed to be with higher overall service level than those from regional cities. Therefore, perceptions on service quality were found varying, significantly, with the hotel locations (in and outside Addis Ababa), whereby the hotels in Addis Ababa were assumed providing better services to their customers/guests than those from the regions. Such findings revealed contextual nature of selected service quality dimensions (Dabholkar, Thorpe & Rents, 1996; Oh, 1999; Konstantinos, Nikos & Dimitri, 2002; Tsuar, Lin & Wu, 2008; Micheal et al., 2009), while determining the role of hotel location in assessing the service provision/performance, at least in the Ethiopian context.

Further to this, analysis of variance (ANOVA) has been conducted to examine the perceptions of customers on the research variables related to the nature of visits and hotels' characteristics. Accordingly, it was found that perceived-value vary, significantly, based on the guests' visit purpose. It was observed that guests visiting the hotels for personal and leisure purpose perceived more value for their money than those who stayed in the hotels for business and transit purposes. This can be attributed to the fact that customers compare the services against what they actually pay for directly (like personal) or indirectly (like business and transit category) in determining the value perceptions. In general, the customers visiting for personal reasons and that for leisure would have more interest for value; paying from their own pockets as compared to others (business and transit guests), who do not pay directly for the service. Thus, relatively higher value perceptions, by those who directly pay for the service, indicate that the hotels were able to satisfy their customers.

The analysis further revealed that there exist significant variations on guests' perception of overall service quality, value and satisfaction based on their length of stay in the hotels. Generally, it was observed that the more nights guests' stay in a hotel, better would be their perceptions of reliability, overall service quality, value and satisfaction.

Additionally, based on the number of visits guests made to the hotel, the analysis revealed significant variation across the guests' perceptions of reliability and behavioral intentions. Accordingly, it was observed that the guests those repeatedly visiting a hotel, perceived more reliability in the service than those coming for the first time. Moreover, returning guests were

likely to revisit and recommend the hotels more than first timers. This is an important finding that indicates reliable service ensures coming-back of the guests.

On the other hand, based on the hotel star category, guests' perceptions of overall service quality, customer satisfaction and behavioral intentions revealed significant variations. Accordingly, hotels with higher star rating were perceived with better overall service quality, providing more satisfaction to their guests, and more likely to create favorable behavioral intentions than those with lesser star rating. Also, hotels with higher star ratings appeared to be better with regard to service quality dimensions of reliability, assurance, empathy, responsiveness and room tangibles. However, no significant variation was found on F&B tangibles between different star category hotels.

These findings are in line with earlier research works of Oh (1999), Tsuar, Lin and Wu (2008), Salazar, Costa and Rita (2009), and Kuruuzmu and Koksal (2010), which reported the domains of service quality, customer value, satisfaction and behavioral intentions being contextual, as varying across the nature of service, country/culture and other profile variables (including socio-demographics). Finally, WOM recommendations from the hotel customers in Ethiopia were found having four potential audience groups: A-WOM, BC-WOM, D-WOM and E-WOM. Though, majority of the customers were found preferring A-WOM to recommend the hotel to their 'Acquaintances', followed by D-WOM (those who prefer to give their comments 'Directly' to the hotel staff and management), BC-WOM (who give comments and recommendations about the hotel to their 'Booking Contacts') and E-WOM (who used 'Electronic media or internet'). Such findings revealed that hotel's guests feel more comfortable to communicate their

experiences and service provisions (they enjoyed) with those close to them (easily/conveniently available), when recommending to others.

5.4 Conclusion

This study was designed to examine the influence of service quality on customer satisfaction, value and behavioral intentions of hotel customers in Ethiopia by specifically focusing on three, four and five star hotels' customers. In general, the aim of the study was to understand as to how hotels' customers/guests evaluate service quality and to examine the relationship between the constructs of perceived quality, customer value, satisfaction and behavioral intentions. As a result, service quality was conceptualized as a formative construct, representing quality attributes/dimensions forming the perceptions about service performance/quality, in line with Zabkar et al. (2010). Accordingly, in the context of hotel sector, the study revealed six underlying dimensions of service quality as: Assurance, Responsiveness, Reliability, Empathy, Room Tangibles, and Food & Beverage (F&B) Tangibles. In addition, the effects of respondents' profile and hotels' characteristics on the perceived service quality, customer value, satisfaction and behavioral intentions were examined.

All the identified quality attributes/dimensions were found, significantly, influencing the overall perception of service performance/quality with varying contribution. For example, the dimension of Room Tangibles was reported being the highest significant contributor to the service quality, followed by F&B Tangibles, Empathy, Responsiveness, Reliability and Assurance. Additionally, significantly strong relationship between service quality and perceived value supported the

conceptualization of perceived quality as a dimension of customer value, as witnessed in the research by Sanchez et al. (2006).

Consistent with the earlier researches in the services domain (Cronin, Bradly & Hult, 2000; Chen & Chen, 2010); findings of this study support that the cognitive responses (service quality and perceived value) guide the emotional (customer satisfaction) and the behavioral (intentions) responses. Also, the study supports Cronin, Bradly and Hult's (2000) argument that the relationship between the service constructs is far more complex than that generally reported in the literature, and that perceived service quality directly affects customer value, satisfaction and behavioral intentions (Petrick & Backman, 2004).

While perceived service quality was found explaining 40.8% variation in the customer satisfaction, variations caused by service quality in perceived-value (29.5%) and behavioral intentions (25.4%) remained significant. In a similar manner, perceived service quality was observed contributing (directly) to the behavioral intentions of revisit and WOM recommendations. These findings were found in line with the research works of Lee, Yoon and Lee (2007) and Chen and Chen (2010).

Another important finding of this study can be assumed as the partial mediation of both perceived value and satisfaction in the service quality-behavioral intentions relationship. Nonetheless, customer satisfaction appeared being better mediating the relationship than that by the perceived value. This result was supported by Tam's (2000) study, which reported that perceived value has an indirect effect on behavioral intentions via customer satisfaction.

Moreover, service quality dimensions of Reliability, Empathy, F&B tangibles, and Assurance were found contributing, significantly, to behavioral intentions in the context of hotel sector in Ethiopia.

The findings, in general, revealed that the study constructs have extensive integration with each other. For example, beyond service quality and customer satisfaction, perceived value should also be considered as important in determining behavioral intentions of revisit and WOM recommendations by the hotel customers/guests. Other researchers like Oh (1999) and Tam (2000) also support this argument.

Additionally, the study attempted to address its objective to examine the role of customers' profile and hotels' characteristics in determining service quality perceptions, customer value, customer satisfaction and behavioral intentions in the Ethiopian hotel sector. The empirical findings revealed that profile variables like gender, nationality, purpose of visit, length of stay, hotel location and star category influence the perceptions of service quality, customer value, satisfaction and behavioral intentions, with varying degree and significance level. This supported the argument that such constructs remained contextual (by nature), and their values differ across the customers' profile and/or service settings (Oh, 1999; Tsuar, Lin & Wu, 2008; Salazar, Costa & Rita, 2009; Kuruuzmu & Koksal, 2010). In general, while a significant difference between male and female appeared with respect to their overall service quality perceptions, nationality was observed differentiating respondent's perceived value and behavioral intentions, more significantly.

While the respondents' perceived value was, significantly, determined by their purpose of visit and length of night stay, associated satisfaction was attributed to the hotel star category and the guests' length of stay. Similarly, the respondents' behavioral intentions were found affected, significantly, by their number of visits and the star category of the hotel. However, respondents' age was not observed commanding their perceptions on service quality, value, satisfaction and behavioral intentions, significantly, at least in the Ethiopian hotel sector. This can be attributed to the fact that there exists, literally, no difference in the hotel service provision(s) for different age-group customers.

In a nutshell, the study contributed to the development of theory by demonstrating the conceptualization of the perceived service quality in the Ethiopian hotel sector. From the theoretical perspective, this study supported the cognitive-affective-behavioral framework, as perceived-value and customer satisfaction partially mediated the relationship between service quality and behavioral intentions. According to Corley and Gioia (2011), a theoretical contribution can be evaluated being incremental or revelatory based on its originality and also based on its utility as being practical and scientific. Accordingly, the empirical findings of this study can be considered as contribution to knowledge, as:

- i) The study synthesized the factors that determine the service quality perceptions in the hotel sector of Ethiopia, by emphasizing the multidimensional nature of service quality across the service contexts/settings. This can be considered as incremental theoretical contribution to the knowledge of service quality having practical utility, particularly, in the hotel sector.

- ii) The study used modified SERVPERF (perceptions only) approach. This adds to the knowledge on the measurement of service quality and provides a scientific tool to measure service quality and its association with customer satisfaction, value and behavioral intentions in specific context (hotel sector).
- iii) The empirical findings also revealed that service quality has a direct influence on perceived value, satisfaction and behavioral intentions of revisit and positive WOM communications (though with varying degrees). This confirms the findings of previous studies and only adds knowledge to understand the specific situation in the study context.
- iv) As revealed in the study, customer satisfaction influence, significantly, the behavioral intentions of hotel customers in Ethiopia; same held true for perceived value. However, the effect of satisfaction on behavioral intention remained higher than that of perceived value.
- v) The findings further suggested customer value should be incorporated in studies attempting to determine the relationship between perceived service quality and behavioral intentions.
- vi) The study revealed that certain profile variables belonging to the customers and hotels (like gender, nationality, purpose of visit, length of night stay, and star ratings of the hotel) were influencing perceived service quality, customer value, satisfaction and behavioral intentions. These account to valuable theoretical contributions since they bring incremental knowledge to understand the pertinent relationships between the research variables and customers' profiles and hotels' characteristics.

vii) Finally, WOM recommendations from the hotel customers in Ethiopia were found having four potential audience groups: A-WOM, BC-WOM, D-WOM and E-WOM; each with varying degree of impact. Accordingly, majority of the customers appeared to prefer A-WOM to recommend the hotel to their ‘Acquaintances’, followed by D-WOM (those who prefer to give their comments ‘Directly’ to the hotel staff and management), BC-WOM (who give comments and recommendations about the hotel to their ‘Booking Contacts’) and E-WOM (who used ‘Electronic media or internet’). The proposition on the dimensions of WOM could be considered as a novel contribution to the understanding of customers’ word-of-mouth.

5.5 Summary of the Chapter

In the first part of this chapter, discussion on the study findings was presented. Accordingly, the chapter discussed the study contribution in the light of findings, specific to the measurement of service quality in the hotel sector- as proposing a valid and reliable instrument. The chapter also discussed that the exploratory factor analysis (EFA) revealed six service quality dimensions, with varying degrees of contributions to determine overall service quality. Additionally, the chapter discussed the role/contribution that service quality has in influencing, directly, the behavioral intentions of the hotels’ guests.

The mediating effects of customer satisfaction and value on the relationship between service quality and behavioral intentions have been discussed, whereby customer satisfaction was observed strongly mediating the service quality-behavioral intentions relationship than perceived-value. In addition, the chapter discussed findings related to the roles that customer’s

socio-demographics (e.g., gender, nationality, visit purpose and length of stay in the hotel) and hotel's characteristics (e.g., star rating and location) play in determining guests' perceptions of service quality, value, satisfaction and behavioral intentions. All the discussions on the study findings were made by synthesizing them with previous researches.

Finally, conclusion was drawn in the light of findings, and contributions of the study were highlighted. Based on the findings and conclusion, the following chapter presents theoretical, policy and managerial implications, along with the limitations of the study and directions for future research.

CHAPTER 6

THEORETICAL, POLICY AND MANAGERIAL IMPLICATIONS

This chapter presents the implications of the study to guide relevant stakeholders in theory and policy formulation, and decision-making by practitioners/managers, pertaining to the domain of service quality, customer value, satisfaction and behavioral intentions. In addition, the chapter highlights the limitations of the study and provides directions for further research.

6.1 Theoretical Implications

The SERVPERF is found to be a valid and reliable approach/model to measure service quality in the hotel sector. This can be considered as an incremental theoretical contribution since it adds-up on the knowledge of measuring service quality in specific service context (Hotel sector). Accordingly, empirical findings of the study revealed service quality construct with six (6) dimensions: Assurance, Responsiveness, Empathy, Reliability, F&B tangibles and Room tangibles. The proposition of this study to separately treat tangibles related to ‘Food and Beverage’ from that of ‘Guest Rooms’ is a new addition to the conceptualization of service quality, and regarded as a theoretical contribution. Hence, researchers conducting studies in the hotel sector can apply these dimensions separately to better understand their relative importance/weight in varying contexts (e.g., Resorts, Motels etc.).

The proposition of the study on dimensions of WOM can also be considered as a novel theoretical contribution; by conceptualizing customers’ WOM recommendations different from traditional and E-WOM ways. Other forms of WOM suggested by this study have not been

discussed by other researchers so far. Therefore, understanding WOM in terms of A-WOM, BC-WOM, D-WOM and E-WOM expands the conceptualization of WOM and gives insight on how different forms of WOM would influence customers' decision making process.

The findings of this study accepting all the seven hypothesized relationships have a theoretical implication being all the hypothesized relationships comply with the results of earlier studies. However, due to the peculiar nature of the Ethiopian hotel sector, the nature of relationships among the research variables were appeared to maintain slight differences. For example, although service quality was found influencing the behavioral intentions of customers like previous studies, the nature and extent of the mediating role of customer satisfaction and value in service quality-behavioral intentions relationship appeared different in the hotel context. Specifically, customer satisfaction mediates the relationship between service quality and behavioral intentions better than that of perceived-value.

Furthermore, findings pertaining to the association of customers' profile variables and hotels' characteristics with their perceptions of service quality, value, satisfaction and behavioral intentions amount to incremental theoretical contribution in the service/tourism marketing, and specific to hotel sector. Accordingly, this study expanded the body of knowledge by adding discussions to show how socio-demographic variables like gender and nationality, influence customers' evaluation of service quality, value, satisfaction and behavioral intentions. Apparently, foreign guests are found maintaining more favorable evaluations of hotels' service quality, perceived-value and behavioral intentions than local (Ethiopian) customers. This may have significant implications, and invites further qualitative investigation.

6.2 Policy Implications

The study developed, and tested for validity and reliability, a standard instrument to measure service quality and its relationship with perceived-value, customer satisfaction and behavioral intentions in the hotel sector. Hence, hotels, MoCT and relevant stakeholders in the sector should enforce the application of such a standard scientific instrument to evaluate the guests' perceptions of hotel service quality and the way it relates with other constructs (like customer satisfaction and behavioral intentions).

The findings of this study revealed that the most significant determinants of service quality in the hotel sector include responsiveness, empathy and reliability. Hence, in developing policies and strategies for the hotel sector, significant attention should be paid to enhance service responsiveness, empathy and reliability dimensions to ensure service quality. These three dimensions, being more related to the human element of service delivery, have important policy implications. As a result, focus should be on attracting qualified/trained hotel employees, enhancing their skills through training and development, and empower them to be more responsive to guests' needs/queries (wherever required) to provide better service experience to them. Even though, all the service quality dimensions were found contributing, significantly, to the overall service quality perceptions, concentrating on human side by the hotel management would be valuable, being difficult to imitate by their competitors (compared to those of tangibles).

In addition, findings revealed that foreign guests perceived more service quality and value to their money (when staying in star category hotels) than Ethiopian guests, thus are more likely to

revisit and recommend the hotel than local/Ethiopian counterparts. This has important policy implication; indicates, from international tourism perspectives, that our hotels provide better/more hospitality to the international guests. Though, the hotel management should look into possible causes of relatively lower perceptions as observed by Ethiopian guests to devise appropriate strategy to bring them at par with foreign guests. One possible reason for lower value perceptions might be the currency (exchange) rate applied for rooms in three, four and five star hotels. Since Ethiopians earn their income in local currency, paying the room rates in Dollars would make it more expensive to them than foreign guests/tourists.

In a nutshell, the empirical findings showing significant associations between the research variables and guests' demographic profiles provide insight to develop segmentation bases for hotel customers. Future studies targeting to socio-demographic variables, would be helpful in developing specific policies for segmentation and targeting hotel customers to offer services in a more customized way/manner. Also, by considering that hotels in Addis Ababa were perceived with better service quality than hotels found in regional cities, MoCT should work hard to formulate policies to help improving the hotel standards in regional cities too.

6.3 Managerial Implications

The study found out that different forms of WOM have varying degrees of importance on customers' recommendations. The majority of the customers use A-WOM to recommend the hotels to their family and friends who seek to obtain trustworthy information from them. This is a good opportunity for hotel managers to capitalize on this unpaid advertising to let their guests be satisfied and recommend them to their acquaintances. The reverse is also true; if we disappoint our customers, they will tell to their friends/relatives not to come to us. Besides this,

customers' using A-WOM would not be communicating their intentions to do so; leaving the management in dark about what is going on in customers' mind. Therefore, attentive attempt should be made to get customers' feedback before they leave our hotel and ensure any corrective actions when needed.

The other important managerial implication is BC-WOM, being second largest group to more likely to spread WOM to 'Booking Contacts'. This being very important decision makers of corporate clients, the nature of information communicated through BC-WOM would make or break the business relationships. Therefore, here again greater care should be taken first to please these corporate clients and then closely follow-up their feedback on the service delivery/quality, and make immediate corrections before they make a potentially destructive BC-WOM.

The findings of the study revealed that four of the six service quality dimensions have significant contribution to influence behavioral intentions of the guests. These can have important managerial implications. Therefore, hotel managers should develop their understanding of reliability, empathy, F&B tangibles and assurance, and put appropriate strategies in place to influence customers' behavioral intentions to revisit and positive-WOM recommendations.

Specifically, management should take necessary steps to enhance service reliability by providing dependable and error free services to its guests. This might take establishing flawless operational process with qualified and motivated employees (equipped with modern service equipments and machineries). Hence, the hotel management should ensure smooth functioning of all the service

components (e.g., software, hardware and humanware) to meet service standards in a more reliable manner.

Furthermore, employees should be trained and motivated to provide a caring/friendly service to the guests, and by giving personal attention to their requests/queries with confidence and professionally. In line to this, routine and surprise checks to these areas would be highly recommended. Also, the management needs to pay due attention to the quality of food and beverage served to their guests. This goes with attracting qualified chef's and cooks, securing quality and reliable source for food preparation (raw) materials and continuously up-dating the food and beverage products to meet guests' needs and tastes.

The dimension of 'F&B tangibles', which includes the ambience of bars and restaurants, food and beverage quality, along with complimentary breakfast, was found to be determining the service quality perceptions of the hotel customers/guests. Hence, the hotel management should improve the ambience of associated bars and restaurants by making contemporary arrangements.

Also, it was noted that guests' purpose of visit to the hotel and their length of stay have significant association with their perceptions of service, quality, value and behavioral intentions. Consequently, guests staying in the hotel for personal reasons and leisure purpose perceived more value than those staying for business and transit purposes. This implies that guests who are directly paying for their rooms are convinced that they are getting more value for money than others (whose bills are usually covered by others like company). Hotel management can make

more assessment to find the reasons behind this and attempt to enhance the value perceptions of business and transit guests.

The findings also indicated that guests staying more nights, usually, perceived higher level of service quality, satisfaction and value than those staying for short. This implies that hotels are giving more attention to their guests who stay longer, or the guests feel more comfortable as they go along with the hotel services, overtime.

As reliability dimension of service quality maintains significant influence on guests' behavioral intentions (of revisit and provoke positive WOM), this implies that even if guests are satisfied, what makes them to come back is the reliability of service. Therefore, hotel managers should give substantial attention to provide error free, dependable service as it makes the customers come back and recommend their hotels.

6.4 Limitations and Directions for Future Research

The absence of up-to-date and complete set of secondary data is perceived as a major limitation of this study. Particularly, data pertaining to exact number of star hotels and their regional distribution are found unavailable with the MoCT. As a result, 2010 data were used to form the sampling base for the survey. However, complete set of information was acquired (in terms of available rooms, services etc.) to draw sample of respondents from the participating hotels.

Apart from service quality, there might be other variables influencing customer satisfaction, perceived value and behavioral intentions, being mediators and moderators, though this study

examined the link between these constructs alone. Though, the methodology and the statistical tools used in the study were meant to serve the research objectives and to test the hypothesized relationships, the usage of Sobel-test can only determine the significance of mediation effect. Future studies can use path modeling for testing mediation (by customer satisfaction and perceived-value) and validating the proposed model.

Service quality was considered as a stand-alone construct in this study, as suggested by Gallarza and Saura (2006). However, further studies could investigate service quality as a part of perceived value, in line with Oh (2000) and Sweeney and Soutar (2001). In addition, future study should expand the scope of this research in terms of the number and type of hotels (beyond three, four and five star categories), including an examination of the external validity of the findings with reference to other types of hotels (below three stars or not falling under any star category), motels and resorts, while making a comparison across service quality, value perceptions, satisfaction and behavioral intentions constructs, even within cities or regions.

Moreover, future research should examine the direct and indirect effect of individual value dimensions on customer satisfaction and behavioral intentions, by conceptualizing perceived value construct made of factors like personal/social value, monetary value and emotional value (Sweeney and Soutar, 2001). Although the study attempted to capture the relevant variables/constructs that have relationship with service quality, the role of consumer demographics and hotel characteristics as moderators, would also be examined in service quality-behavioral intentions relationship by future researches.

6.5 Chapter Summary

This chapter presented the implications forwarded for different stakeholders. Specifically, in the light of study findings, theoretical, policy and managerial implications are forwarded. While certain service quality dimensions like reliability, F&B tangibles and assurance are highlighted to be significant for developing theoretical models and facilitating managerial decisions in hotel sector, star rating and corresponding hotel facilities can have policy implications to the sector. Hotels managers are advised to ensure quality service more through humanware by recruiting and selecting trained/qualified staff with empathetic behavior, along with paying attention to other determinants of service quality. Finally, the chapter presented limitations of the study by highlighting the challenges faced in obtaining secondary data and provided directions to future research.

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Annex-A: Questionnaire

UNIVERSITY OF SOUTH AFRICA (UNISA)
SCHOOL OF BUSINESS LEADERSHIP (SBL)



QUESTIONNAIRE TO BE FILLED BY THE HOTEL GUESTS/CUSTOMERS

Dear Hotel Guest,

My name is Tewodros Mesfin. I am a Doctoral Student at the University of South Africa (UNISA) and I am doing my dissertation under the supervision of Dr. Rakshit Negi. You are requested to participate in the doctoral research in title: "**The Influence of Service Quality on Customer Satisfaction, Customer Value and Behavioral Intentions in the Hotel Sector of Ethiopia**".

This questionnaire is designed to gather data from hotel guests regarding their service experience in the hotel. The aim of this survey is to identify and measure the influence of service quality on the satisfaction, value and behavioral intentions of hotel guests in Ethiopia and suggest viable strategies for improved service quality in hotels.

Your response is highly valuable for the study and there are no identified risks from participation in the survey. The survey is anonymous. Participation in the research is completely voluntarily. It will take you approximately 7-10 minutes to complete filling this questionnaire.

Reports to the survey will only be communicated in aggregate form to protect the identity of the respondents and participating hotels. The findings of the study will be published in academic journals and presented in research conferences. If you wish to get the report on the findings of the study you may contact me on the below email address.

In advance, I thank you for your kind cooperation and precious time. For any further information the researcher may be reached on the following addresses:

Tewodros Mesfin
Cell: 0911633663
Email: tedimesfin@yahoo.com

Note: This questionnaire has two parts. Part one, collects data on personal information for group demographic analysis and part two to collect data on the opinion of hotel guests regarding their service experience, satisfaction value and behavioral intentions.

Part I: Personal Information

1. Purpose of visit:
 - A. Business
 - B. Leisure
 - C. Transit/layover
 - D. Personal
2. How many nights did you stay in this hotel?
 - A. One night
 - B. Two nights
 - C. More than two nights
3. How many times did you stay in this hotel :
 - A. First time
 - B. Second time
 - C. More than two times
4. Gender :
 - A. Male
 - B. Female
5. Age group:
 - A. 18-30
 - B. 31-45
 - C. 46-60
 - D. Above 60
6. Nationality: _____

Part II. Service Quality, Customer value, Satisfaction & Behavioral Intentions

This part of the questionnaire has 36 questions in order to obtain your opinion on the hotel service experience. The first 35 questions have 5 alternative choices (Strongly Agree, Agree, Neutral, Disagree and Strongly Disagree) to respond with. Please put “√” mark in the box that best represents your opinion. For the last question you may select (tick-mark) more than one choice.

S.N	Item	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	The hotel provides reliable (timely) airport transfer service					
2	The hotel staff welcome guests that creates a comfortable feeling					
3	The hotel staff are always courteous					
4	The hotel staff have good command of English					
5	The check-in and check-out services are quick and easy at the hotel					
6	The hotel provides services as being promised (during reservation)					
7	The hotel staff perform services right/correctly at the first time					
8	The hotel staff are willing to provide prompt assistance to guests' requests and problems					
9	The hotel staff provide service to meet guests' best interest (as per the requirements)					
10	The hotel staff provide service in a caring fashion being friendly					
11	The hotel staff provide undivided attention to the guest					
12	The hotel staff have neat appearance					
13	I am quite satisfied with the service received from the hotel's staff					
14	The hotel's rooms are clean and comfortable					
15	The hotel's rooms have visible (quality) amenities like TV, phone, safe, refrigerator etc.					
16	The hotel rooms are quiet					
17	The bathrooms in the hotel are neat and clean					
18	The hotel rooms are equipped with effective internet connectivity					
19	The hotel maintains reasonable room rates to offer high value for money to its customers					
20	I am quite satisfied with the appearance of facilities in the hotel room(s)					
21	The hotel's Bar(s) and Restaurant(s) have good ambience					

22	The complimentary breakfast at the hotel is of good quality					
23	The hotel's restaurant(s) offer good quality food					
24	The hotel restaurant delivers prompt service to its customers					
25	Pricing at the hotel's restaurant is reasonable (dictates value for money to customers)					
26	Pricing at the hotel's bar is reasonable (dictates value for money to customers)					
27	The hotel provides modern recreation facilities (e.g. Spa, Gym, etc.)					
28	The hotel guarantees/ensures reliable reservation services					
29	The hotel billing and payment systems are free from error					
30	The hotel location is convenient (for my purpose of visit)					
31	The overall service quality of the hotel is acceptable					
32	Overall, the price I paid is reasonable compared to the value of services being received from the hotel					
33	I am satisfied with the hotel's overall service provisions					
34	I will use this hotel services again whenever I get the chance					
35	I will recommend to others about the hotel service					
36	Please specify to which of the following you are most likely to tell about the hotel service (you may tick more than one)					
	The hotel management / staff					
	Friends , family and colleagues					
	The parties who booked you in the hotel (ex. Travel agents, booking sites, airliners, your company, sponsors)					
	Post comments on websites (ex. Tripadvisor.com, expedia.com etc)					

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Annex-B: Summary of Reviewed Literature

Author	Title	Country	Nature of the paper	Number of Items assessed	Sample Size	Findings
Asad & Tim, 2010	Customer perceptions of service quality in luxury hotels in New Delhi- an exploratory study	India	Research paper using Modified SERVQUAL	23	271	Service quality is affected by Hotel ambience and staff courtesy, F&B product and service quality, Staff presentation and knowledge, reservation services, and overall value for money in order of importance
Jing & Andrew, 2009	A conceptual framework of hotel experience and customer-based brand equity: Some research questions and implications	Hong Kong	Conceptual paper	-	-	Service performance should be nurtured Service performance demands greater attention to create and maintain hotel brand equity because it relates to quality of experience WOM has also notable effect on brand equity
Riadh, 2009a	Service quality, emotional satisfaction and behavioral intentions: A study in the hotel industry	Canada	Research paper presenting a conceptual model	26	200	Service quality affects through emotional satisfaction and behavioral intentions directly or indirectly.
Riadh, 2009b	A review of 20 years of SERVQUAL research	-	Meta analysis	-	30 Research Papers	Despite criticisms the use of different scores, reliability, validity(convergent, discriminant ,and predictive), emphasis on process, hierarchical construct , reflective scale, the applicability of generic and scale in different setting, the SERVQUAL is useful instrument for service quality researches

Francois, Jaramillo and Mulki, 2007	The validity of the SERVQUAL and SERVPERF scales : A meta analytic view of 17 years of research across 5 continents	-	Meta Analysis	-	42 Research papers	SERVQUAL and SERVPERF are equally valid predictors of overall service quality Adapting SERVQUAL scale to context improves its predictive validity alike SERVPERF
Rayka , Anneke & Ross, 2005	Impediments to improvements in service quality in luxury hotels	Australia	Research paper through semi structured interview	-	22	Budget constraints, Staff attitude, Lack of mentoring and High customer expectations were found as major impediments of service quality
Liana, Rohit & Chekitan, 2005	Service innovation and customer choices in hospitality industry	USA	Research paper using Web based survey	11	1000	Service innovation largely affects customers choice of economy hotels Leisure travelers are greatly influenced by innovative amenities
Halil & Kashif, 2005a	Perception of service quality in North Cyprus hotels	Cyprus	Research paper using SERVPERF	22	320	SERVPERF is sufficient to measure service quality Two dimensions tangibles and intangibles affect service quality
Halil & Kashif, 2005b	Diagnosing the zone of tolerance for hotel sector	Cyprus	Research paper using HOTELZOT	23	50	“Intangibles” created great gap in service quality
Fiju, Frenie & Sid, 2004	Evaluating service quality in UK hotel chain : a case study	UK	Case study	-	6 hotels	Management interaction with guests, employee empowerment and training, establishment of standard service procedures, and free communication on compliments and complaints are suggested important factors to improve service quality.
Thanika, 2004	Exploring international tourists' perception of hotel operation by using modified SERVQUAL approach- a case of Mauritius	Mauritius	Research paper using Modifies SEVQUAL	39	410	“Reliability” factor greatly affects service quality

Barbara & Pamela, 2004	Service failure and recovery : evidence from the hotel industry	UK	Research paper using survey	26	149	The impact of service failure on customers satisfaction is affected by; type of service failure, magnitude of failure, recovery strategy and effectiveness of the strategy
Sanjay & Gupta, 2004	Measuring service quality : SERVQUAL Vs. SERPERF scales	-	Conceptual paper on SERVQUAL and SERVPERF	-	-	SERVQUAL provides more pragmatic diagnosis than SERVPERF. Its diagnostic power makes SERVQUAL preferable for service quality researches meant for managerial intervention. When perception equals expectation SERVQUAL doesn't invite managerial intervention whereas SERVPERF does
Micheal , 2003	Does organizational climate add to service quality hotels?	USA	Conceptual model of organizational culture and climate and performance	-	-	Supportive organizational culture and climate shapes employee commitment and work ethics which contributes for service quality
William, Taylor & Jayawordena, 2003	People and quality: the case of Delta Hotels	Canada	Case analysis on successful hotel	-	-	Customer focus, employee empowerment, team work, continuous improvement and eliminating errors are major contributors for the success of Delta's service quality
Konstantinos, Nikos & Dimitri, 2002	Can perceptions of service quality predict behavioral intentions? An exploratory study in the hotel sector of Greece	Greece	Research paper	Five dimensions of SERVQUAL	205	“ Empathy” and “Assurance” Dimensions were most important to affect customers purchase intension and WOM
Parasuraman , 2002	Service Quality and productivity : a synergetic perspective		Conceptual framework	Two: service quality and productivity	-	Comments that there could be synergy between service quality and productivity if managers keep balance of company's perspective and customers' perspective of productivity as opposed to solely producer's perspective of productivity.

Marco, 2001	Measuring and managing service quality: integrating customer expectations	Spain	Research paper comparing the effectiveness of SERVPERF SERVQUAL SERVPEX	26	1152	SERVPEX provides more predictive value than SERVQUAL in measuring service quality. To reduce service gap strategies are suggested to manage customers expectation including proper positioning and mission statements, communication campaign, service guarantee, pricing strategy and consistently excellent service delivery.
Juan & Zornoza, 2000	Validity and reliability in perceived quality measurement models	Spain	Research paper comparing SERVPERF and EP models	-	-	Suggested that that SERVPERF has greater reliability, greater convergent and discriminant validity, explains variance more completely, and consequently introduces less bias than EP (evaluated performance) model.
Jay & Dwi, 2000	Customer loyalty in the hotel industry : the role of customer satisfaction and image	New Zealand	Research paper through survey	29 items	106 guests	Customer satisfaction and hotel image positively and directly correlates with customer loyalty. Housekeeping service greatly affects customers' evaluation of service quality and their satisfaction.
Nelson & Hailin, 2000	Service quality in China's hotel Industry : a perspective from tourists and hotel managers	China	Research paper using Modified SERVQUAL	35	270	Managers over estimate their service delivery than tourist perception of the same. Delivery gap and internal evaluation gap is major contributor of service shortfalls.
Hokey & Hyesung, 1997	Benchmarking the quality of hotel services: managerial perspectives.	South Korea	Research paper using AHP	14	144	Hotel Ambience and employee courtesy are major factors affecting service quality.
Gavin & Philip, 1997	Improving service quality: lessons and practice from the hotel sector	UK	Paper reviewing recent practice	-	-	Employee empowerment contributes for service quality. Standard and scientific approach shall be used to measure service quality and Customer satisfaction.

Olive & Martin, 1996	SERVQUAL and Northern Ireland hotel service: a Comparative analysis –part I	Ireland	Research paper using SERVQUAL and Management interview	22	10	TQM Program has positive impact on raising service quality.
Francis, 1995	SERVQUAL: review, critique, research agenda	-	Critical review on SERVQUAL literatures	-	-	Discussed criticisms on SERVQUAL including: failure of SERVQUAL to draw on established theories ; lack of universal applicability of the 5 dimensions; focus on process not on outcome; impracticality of P-E gaps, dynamism of customers expectation ; limited number of items to capture service quality dimensions; double administration of instrument creating respondents boredom and confusion; impact of moment of truth on customers' evaluation of service quality ignored; and concludes that the instrument lacks face and construct validity.
Perran, 1995	Dimensions of service quality in Istanbul	Turkey	Research paper Modified SERVQUAL	-	228	Major factors affecting service quality were found to be courtesy and staff competence, communication and transaction , tangibles, customer understanding, accuracy and speedy service, solution to problems and accuracy in hotel reservation.
Zeithaml & Bitner, 2001	The nature of determinants of customer expectations of service	-	Theoretical model	-	-	A theoretical model discusses a gap between desired service and adequate service(within expected service) as zone of tolerance and presents 17 propositions about service expectations.

Shahin & Reza, 2010	Correlation Analysis of Service Quality Gaps in a Four-Star Hotel in Iran	Iran	Correlation analysis using SERVQUAL	29 items & 12 dimensions	38	Almost all of the service quality gaps are positive and “price” as a service quality dimension has the highest positive value. Communication also has the highest correlation with other service quality dimensions.
Jani & Han, 2011	Investigating the key factors affecting behavioral intentions Evidence from a full-service restaurant setting	USA	Research paper using structural equation modeling	24 items & 7 dimensions	-	Affect is noted to be a major contributor to both customer satisfaction and behavioral intentions. Customer satisfaction is a direct antecedent to trust but indirect to commitment.
Malik, 2012	Customer Satisfaction, Perceived Service Quality and Mediating Role of Perceived Value	Pakistan	Research paper using quantitative approach	42 items	-	Results suggested that perceived value is an important factor in customers' evaluation of satisfaction.
Edward & Sahadev, 2011	Role of switching costs in the service quality, perceived value, customer satisfaction and customer retention linkage	India	Research paper using conceptual model and survey	16 items & 5 dimensions	220	The findings suggest that service firms may benefit from pursuing a combined strategy of increasing customer satisfaction and switching costs both independently and in tandem, depending upon the product-market characteristics.
Sutanto, 2009	Dimension of quality of service influence , customer satisfaction in the hotel	Indonesia	Case study on the examination of transaction model in service industry	-	130	Customer satisfaction was influenced most by dimension quality of service (e.g. technical or outcome dimension, functional or process related dimension, corporate image)
Daniel & Berinyuy, 2010	Using the SERVQUAL Model to assess Service Quality and Customer Satisfaction	USA	Empirical study using SERVQUAL	-	-	the SERVQUAL model was not a good instrument to measure service quality because some of the items under the dimensions overlapped and regrouped under different dimensions from the factor analysis carried out

Annex-C: Identified Literature Gaps in the Study Context

Author	Variables	Relationship	Mediating variable	Context	Remark	Gap
Simon, 2012	Quality, Satisfaction, Behavioral intentions	Service quality affects Behavioral intentions through Customer satisfaction.	Customer satisfaction	Telecom (Ghana)	New Service quality dimensions are proposed: Customer relations, reputational image quality, real network in addition to tangibles	Dimensions of behavioral intentions not specified; Customer value not captured
Basheer, 2012	Quality, Satisfaction, Behavioral intentions	Service quality affects satisfaction and behavioral intentions.	None	Spa (Malaysia)	Tangible and empathy dimension has strong impact but assurance no impact on service quality	Only revisit is considered as behavioral intentions dimension Customer value not captured
Jani & Han, 2011	Service encounter performance (SEP), Perceived price, Affect, Satisfaction, Trust, Commitment, Behavioral intentions	Affect is noted to be a major contributor to both customer satisfaction and behavioral intentions. Customer satisfaction is a direct antecedent to trust but indirect to commitment. Service encounter performance has direct impact on customer Satisfaction.	Affect, perceived price moderate between SEP and Satisfaction; Trust & commitment moderate between Satisfaction and Behavioral Intentions	Restaurant (S. Korea)	Trust & commitment captured as moderating variables between Customer Satisfaction & Behavioral Intentions	Dimensions of behavioral intentions specified differently
Lertwannawit & Gulid, 2011	Service quality, Value , Satisfaction, Brand trust, Behavioral loyalty	Service quality directly affects Satisfaction, Value and Brand trust which in turn affect Behavioral Loyalty	Value, Satisfaction, Brand Trust	Medical tourism (Thailand)	Nationality had no impact on the constructs The Five SERVQUAL dimensions captured	

Kuruuzum & Koskal, 2010	Service quality, Behavioral intentions	Service Quality affects Behavioral intentions (strong impact on pay more and loyalty dimensions)	None	Hotel (Turkey)	Five SEVQUAL and five Behavioral intentions dimensions captured	Customer satisfaction and customer value not captured
Naik, Gantasala & Prabhakar, 2010	Service quality, Satisfaction, Behavioral intentions	Service quality both directly and indirectly (through satisfaction) affects behavioral intentions	Satisfaction	Retail (India)	Identified 3 service quality dimensions: tangible, responsiveness and recovery & knowledge (not in SERVQUAL)	Behavioral intentions dimensions not well specified; customer value not captured
Ravichandran , Bhargavi & Kumar, 2010	Service quality, Behavioral intentions	Service quality affects Behavioral intentions	None	Bank (India)	Tangible, empathy, responsiveness dimensions have strong impact on behavioral intentions	Satisfaction and value not captured, dimensions of behavioral intentions are not exhaustively captured
Gounaris, Dimitriadis & Stathakopoulos (2010)	Service quality, e-satisfaction, Behavioral intentions	Service quality affects behavioral intentions through e- satisfaction	e-satisfaction	E-commerce (Greece)	Three behavioral intentions dimensions (WOM, Revisit & Repurchase) captured and Four e- service quality driver identified	Customer value not captured
Kasim & Abdullah, 2010	Service Quality, Customer satisfaction, Trust and Loyalty	Service quality has direct impact on customer satisfaction; and customer satisfaction affects trust; satisfaction and trust influence WOM which affects loyalty	Trust and WOM	E-shopping (Malaysia & Qatar)	The two cultures happened to be similar having no significant difference on findings	Customer value is not captured

Žabkar et al., 2010	Perceived quality, Satisfaction, Behavioral intentions	Service quality influences both customer satisfaction and behavioral intentions	Satisfaction	Tourist destination (Slovenia)	Destination attribute considered to be service quality dimension	Dimensions of behavioral intentions not fully captured; Value not captured
Salazar, Costa & Rita, 2010	Service quality, Behavioral intentions	Service quality affects behavioral intentions (strong effect on recommend and moderate effect on revisit dimensions)	None	Hotel (Portugal)	Among the five service quality dimensions tangible influenced more customers' evaluation; behavioral intentions dimensions captured	Customer satisfaction and customer value not captured;
Micheal et al., 2009	Service quality, Value, Image, Satisfaction, Behavioral intentions	Service quality affects customer satisfaction through Value ; Service quality affects behavioral intentions through image and customer satisfaction	Value, Satisfaction and Image	Hotel (Tiawan)	3 primary and 12 sub-dimensions of service quality identified; Nature of travel and occupation affect perceived value	Behavioral intentions dimensions not exhaustively captured
Hutchinson & Wang, 2008	Quality, Value, Satisfaction, Equity , Behavioral intentions	Service quality does not directly influence value , satisfaction or behavioral intentions but it affects Equity; Equity affects Value and Satisfaction which impacts Behavioral intentions	Equity	Golf travel (USA)	Divergent outcome on the relationship of the constructs found; Revisit and WOM dimensions of behavioral intentions were strongly affected by satisfaction and value	
Tsaur & Wu, 2008	Culture, Service quality, Behavioral intentions	Culture affects perceived service quality; behavioral intentions dimensions of pay more, loyalty and external response were affected by culture, whereas internal response and switch were not affected	None	Hotels From different countries	The impact of cultural difference on service quality and behavioral intentions were emphasized ; five dimensions of behavioral intentions captured	Customer satisfaction and customer value not captured

Chen, 2008	Perceived performance (service), perceived value, satisfaction, behavioral intentions	There chain of impact i.e., Perceived Performance-Perceived Value-Satisfaction-Behavioral intentions, respectively affecting the next construct; Both perceived value and satisfaction affect behavioral intentions (the effect of value is stronger)	Satisfaction and Perceived Value	Transport (Taiwan)	Comparison of effects between value and satisfaction constructs was made	Behavioral intentions dimensions not exhaustively captured
Maria, Lorenzo & Antonio, 2007	Service quality, Customer satisfaction, Behavioral intentions	Service quality and customer satisfaction affect Behavioral intentions	None	Spa (Spain)	Simultaneous influence of service quality and customer satisfaction was observed	Behavioral intentions dimensions not exhaustively captured
Gallazar & Saura, 2006	Value, Satisfaction, Loyalty	Value affects Satisfaction which influences loyalty	Satisfaction	Travel (Spain)	Service quality was captured as one of eight items affecting value	Behavioral intentions dimensions not exhaustively captured
Konstantinos, Nikos & Dimitri, 2002	Service quality behavioral intentions	Service quality affects Behavioral intentions	None	Hotel (Greece)	Service quality dimensions explained a very high proportion of variance in WOM communications and purchase intentions	Behavioral intentions dimensions not exhaustively captured
Cronin, Bradly & Hult, 2000	Quality, Value, Customer Satisfaction, Behavioral Intentions	Service quality affects satisfaction and value which influence Behavioral intentions	Satisfaction and Value	6 industries	Sacrifice was measured as variable affecting service value	Behavioral intentions dimensions not exhaustively captured

Oh, 1999	Perceived service quality, perceived customer value, customer satisfaction, Behavioral intentions	Perceived Service quality affects perceived customer value and satisfaction which affect behavioral intentions (repurchase intentions and WOM)	Perception, Customer satisfaction and Customer value	Hotel (USA)	The influence of perception on the constructs was emphasized	Used single-item overall measures for most variables; Service quality dimensions not captured; few behavioral intentions dimensions captured
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Annex-D: Focus Group Discussion Guideline

Introduction

- Thank you for your willingness to participate in this focus group discussion
- The aim of this session is to gather info. on major issue related to service quality, customer satisfaction, value and behavioral intentions of hotel customers in Ethiopia
- This focus group discussion is conducted as part of exploratory data gathering for a Doctoral thesis under the topic “ The influence of Service quality on the customer satisfaction, value and behavioral intentions in the hotel sector of Ethiopia”
- Your contributions are highly valuable to identify those service quality and behavioral intentions variables pertinent and unique to Ethiopian hotel
- Please be assured that your contributions are anonymous and you will be communicated about the findings of the research in future

General Guideline

- A focus group will have 5-7 members
- The sessions will be recorded
- Group members shall be from same category / hotel managers, experts, clients/
- Each session shall take 30-45 minutes
- There shall be free discussion no one shall be interrupting, disagreeing, disregarding others' idea
- Only open guides will be there to make the group contribute more
- Finally the ideas shall be summarized and presented to make sure no idea is missed
- The group will be given a list of service quality and behavioral intentions issues to prioritize

Discussion topics

1. In your opinion what are the variables related to service quality/ What constitutes quality hotel services
2. If you have to prioritize which one do you think are the most important to customers
3. How do you think service quality can be related to customers' behavioral intentions

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4. What are the most common customers' behavioral intentions you have observed
 5. Which behavioral intentions you prefer most as a hotel manager
 6. What must be the focus of the hotel to improve service quality
 7. Can you mention the typical behavioral intentions of satisfied customers
 8. Please refer the table and prioritize service quality , and behavioral intentions items

Please rank the below items/ issues/ related to service quality and customers' behavioral intentions based on their importance, commonness and preference by the hotel.

Rank Most Important	Service quality items	Remark (you may comment the item is relevant or not)
	Warm welcome at front desk	
	Staff courtesy	
	Staff professional service	
	Check in check out promptness	
	Keeping service promises	
	Staff delivering service right the first time	
	Staff readiness/ willingness to help guests	
	The hotel staff provide service to meet guests best interest	
	Staff friendliness	
	The hotel staff provide undivided attention to the guest	
	The hotel staff having neat appearance	
	Guest room cleanliness and comfort	
	Guest room amenities / TV, phone, safe, iron, refrigerator etc/	
	Guest rooms quietness	
	Bath rooms cleanliness and comfort	
	Sleep quality	
	Prompt room service	
	Bar/s and Restaurant/s ambience	
	Quality of food	
	Restaurant service	
	Breakfast quality & variety	
	Hotel modern facilities (recreation, compound, business center etc)	
	Hotel guarantees reliable service	
	Hotel billing and payment systems are error free	

<i>Other</i>		
<i>Other</i>		
Most Common	<i>Behavioral intention items</i>	<i>Most preferable</i>
	Do nothing	
	Revisiting the hotel	
	Recommending the hotel family, friends	
	Willingness to pay price premium/ higher rates/	
	Posting comments on websites / triadvisor.com, expedia.com/	
	Reporting to the corporate client (booker, sponsor)	
	Reporting to the hotel management	
<i>Other</i>		

Annex-E: Kurtosis and Skewness values of the scale items

Item	Mean	Std. Deviation	Skewness	Kurtosis
The hotel staff welcome guests that creates a comfortable feeling	4.48	.623	0.999	1.42
The hotel staff are always courteous	4.27	.718	0.487	0.807
The hotel staff have good command of English	3.88	.883	0.465	0.367
The check-in and check-out services are quick and easy at the hotel	4.25	.727	0.785	0.679
The hotel provides services as being promised (during reservation)	4.16	.822	0.735	0.071
The hotel staff perform services right/correctly at the first time	4.14	.789	0.734	0.363
The hotel staff are willing to provide prompt assistance to guests' requests and problems	4.24	.796	1.006	1.199
The hotel staff provide service to meet guests' best interest (as per the requirements)	4.13	.806	0.723	0.355
The hotel staff provide service in a caring fashion being friendly	4.24	.788	0.994	1.085
The hotel staff provide undivided attention to the guest	4.04	.869	0.771	0.466
The hotel staff have neat appearance	4.19	.780	0.777	0.581
I am quite satisfied with the service received from the hotel's staff	4.26	.723	0.690	0.083
The hotel's rooms are clean and comfortable	4.17	.841	0.947	0.802
The hotel's rooms have visible (quality) amenities like TV, phone, safe, refrigerator etc.	4.00	.964	0.818	0.112
The hotel rooms are quiet	4.05	.966	0.580	0.586
The bathrooms in the hotel are neat and clean	4.16	.918	0.638	0.102
The hotel rooms are equipped with effective internet connectivity	3.52	1.207	0.692	0.666
The hotel maintains reasonable room rates to offer high value for money to its customers	3.90	.900	0.704	0.800
I am quite satisfied with the appearance of facilities in the hotel rooms	4.03	.766	0.769	0.387
The hotel's bar(s) and restaurant(s) have good ambience	4.06	.785	1.063	0.929
The complimentary breakfast at the hotel is of good quality	3.91	.952	1.246	1.651
The hotel's restaurant(s) offer good quality food	4.03	.857	0.751	0.610
The hotel restaurant delivers prompt service to its customers	4.02	.765	0.528	0.236
Pricing at the hotel's restaurant is reasonable and dictates value for money to customers	3.90	.887	0.577	0.023

Pricing at the hotel's bar is reasonable and dictates value for money to customers	3.80	.906	0.449	0.104
The hotel guarantees/ensures reliable reservation services	4.03	.829	0.625	0.269
The hotel billing and payment systems are free from error	4.07	.876	0.915	0.934
The overall service quality of the hotel is acceptable	4.15	.541	0.070	0.549
Overall, the price I paid is reasonable compared to the value of services being received from the hotel	4.03	.834	0.732	0.288
I am satisfied with the hotel's overall service provisions	4.15	.761	0.920	1.549
I will use this hotel services again whenever I get the chance	4.23	.769	0.781	0.522
I will comment to others about the hotel service	4.13	.811	0.816	0.747

Source: Survey data, 2014

Annex-F: t-test Tables

1. Differences by Respondents' Gender (Male vs. Female)

Independent Samples Test										
	Levene's Test for Equality of Variances		t-test for Equality of Means							
	F	Sig.	t	Df	Sig. (2- tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference		
								Lower	Upper	
Assurance	Equal variances assumed	.386	.535	-1.189	433	.235	-.07320	.06154	-.19415	.04775
	Equal variances not assumed			-1.220	235.793	.224	-.07320	.06001	-.19141	.04502
Reliability	Equal variances assumed	.297	.586	.791	433	.429	.05034	.06361	-.07468	.17537
	Equal variances not assumed			.779	216.455	.437	.05034	.06462	-.07703	.17772
Responsiveness	Equal variances assumed	.026	.871	-1.270	433	.205	-.07750	.06102	-.19742	.04243
	Equal variances not assumed			-1.305	236.883	.193	-.07750	.05937	-.19446	.03947
Empathy	Equal variances assumed	.275	.600	-2.677	433	.008	-.19038	.07111	-.33015	.05061
	Equal variances not assumed			-2.824	251.017	.005	-.19038	.06742	-.32315	.05760
Room Tangibles	Equal variances assumed	.697	.404	-1.934	433	.054	-.13219	.06835	-.26653	.00214
	Equal variances not assumed			-2.015	244.057	.045	-.13219	.06561	-.26143	.00296
Food Tangibles	Equal variances assumed	.109	.741	-1.825	433	.069	-.15748	.08630	-.32710	.01213
	Equal variances not assumed			-1.900	243.885	.059	-.15748	.08287	-.32071	.00575
Overall Service Quality	Equal variances assumed	3.892	.049	-2.296	433	.022	-.13172	.05738	-.24449	.01895
	Equal variances not assumed			-2.311	226.550	.022	-.13172	.05701	-.24406	.01939

	Equal variances assumed	.002	.968	-.367	433	.713	-.02779	.07564	-.17645	.12087
Perceived value	Equal variances not assumed			-.375	233.157	.708	-.02779	.07414	-.17386	.11828
	Equal variances assumed	.022	.883	-.437	433	.662	-.02744	.06274	-.15075	.09587
Satisfaction	Equal variances not assumed			-.440	226.712	.660	-.02744	.06231	-.15023	.09535
	Equal variances assumed	2.224	.137	-.366	433	.714	-.02771	.07562	-.17634	.12092
Behavioral Intentions	Equal variances not assumed			-.356	211.322	.722	-.02771	.07776	-.18100	.12557

(Source: Survey data, 2014)

2. Differences by Respondents' Nationality (Ethiopian vs. Foreigners)

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2- tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Assurance	Equal variances assumed	.731	.393	-4.658	433	.000	-.27385	.05879	-.38940	-.15829
	Equal variances not assumed			-4.553	239.593	.000	-.27385	.06014	-.39233	-.15537
Reliability	Equal variances assumed	.149	.700	-.340	433	.734	-.02115	.06222	-.14343	.10113
	Equal variances not assumed			-.335	243.769	.738	-.02115	.06316	-.14556	.10326
Responsiveness	Equal variances assumed	.501	.479	-2.345	433	.019	-.13924	.05938	-.25594	-.02254
	Equal variances not assumed			-2.258	231.789	.025	-.13924	.06165	-.26071	-.01777
Empathy	Equal variances assumed	2.901	.089	-2.476	433	.014	-.17230	.06959	-.30908	-.03552
	Equal variances not assumed			-2.297	214.187	.023	-.17230	.07501	-.32015	-.02445
Room Tangibles	Equal variances assumed	6.333	.012	-1.157	433	.248	-.07748	.06699	-.20915	.05419
	Equal variances not assumed			-1.074	214.613	.284	-.07748	.07214	-.21966	.06471
Food Tangibles	Equal variances assumed	4.311	.038	-.490	433	.624	-.04149	.08465	-.20787	.12489
	Equal variances not assumed			-.467	226.944	.641	-.04149	.08876	-.21638	.13340
Overall Service Quality	Equal variances assumed	.400	.528	-1.709	433	.088	-.09610	.05623	-.20663	.01443
	Equal variances not assumed			-1.667	238.291	.097	-.09610	.05767	-.20970	.01750

	Equal variances assumed	5.455	.020	-2.227	433	.026	-.16372	.07352	-.30823	-.01921
	Equal variances not assumed			-2.112	224.168	.036	-.16372	.07753	-.31651	-.01093
	Equal variances assumed	2.068	.151	-1.468	433	.143	-.08984	.06119	-.21010	.03042
	Equal variances not assumed			-1.394	224.750	.165	-.08984	.06444	-.21684	.03715
	Equal variances assumed	1.811	.179	-2.187	433	.029	-.16081	.07352	-.30531	-.01630
Perceived value	Equal variances not assumed			-2.068	222.671	.040	-.16081	.07778	-.31408	-.00753
Satisfaction										
Behavioral Intentions										

(Source: Survey data, 2014)

3. Differences by Hotel Locations (Addis Ababa vs. Regional Cities)

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Assurance	Equal variances assumed	.057	.811	4.499	433	.000	.29657	.06592	.16701	.42614
	Equal variances not assumed			4.448	145.997	.000	.29657	.06667	.16481	.42834
Reliability	Equal variances assumed	2.729	.099	1.516	433	.130	.10528	.06947	-.03126	.24182
	Equal variances not assumed			1.573	156.457	.118	.10528	.06692	-.02689	.23746
Responsiveness	Equal variances assumed	.271	.603	1.748	433	.081	.11651	.06665	-.01449	.24751
	Equal variances not assumed			1.719	144.952	.088	.11651	.06778	-.01744	.25047
Empathy	Equal variances assumed	1.279	.259	2.068	433	.039	.16140	.07807	.00797	.31484
	Equal variances not assumed			2.115	153.080	.036	.16140	.07632	.01063	.31218
Room Tangibles	Equal variances assumed	.000	.997	2.132	433	.034	.15929	.07472	.01244	.30614
	Equal variances not assumed			2.141	149.133	.034	.15929	.07440	.01228	.30630
Food Tangibles	Equal variances assumed	1.969	.161	-.157	433	.876	-.01483	.09478	-.20113	.17146
	Equal variances not assumed			-.149	139.188	.882	-.01483	.09950	-.21156	.18189
Overall Service Quality	Equal variances assumed	19.339	.000	3.050	433	.002	.19062	.06249	.06779	.31344
	Equal variances not assumed			3.171	156.799	.002	.19062	.06011	.07189	.30934

	Equal variances assumed	1.551	.214	.287	433	.775	.02373	.08277	-.13895	.18640
Perceived value	Equal variances not assumed			.266	134.967	.791	.02373	.08915	-.15259	.20004
Satisfaction	Equal variances assumed	1.132	.288	1.826	433	.069	.12487	.06840	-.00957	.25931
	Equal variances not assumed			1.832	148.931	.069	.12487	.06818	-.00985	.25959
Behavioral Intentions	Equal variances assumed	.385	.535	1.373	433	.170	.11339	.08258	-.04891	.27569
	Equal variances not assumed			1.376	148.652	.171	.11339	.08242	-.04947	.27625

(Source: Survey data, 2014)

Annex-G: ANOVA Tables

1. By Respondents' Purpose of Visit

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Assurance	Between Groups	1.099	3	.366	1.096	.350
	Within Groups	144.031	431	.334		
	Total	145.130	434			
Reliability	Between Groups	1.631	3	.544	1.530	.206
	Within Groups	153.169	431	.355		
	Total	154.799	434			
Responsiveness	Between Groups	.449	3	.150	.453	.715
	Within Groups	142.298	431	.330		
	Total	142.747	434			
Empathy	Between Groups	.967	3	.322	.711	.546
	Within Groups	195.404	431	.453		
	Total	196.371	434			
Room Tangibles	Between Groups	.949	3	.316	.761	.516
	Within Groups	179.037	431	.415		
	Total	179.986	434			
Food Tangibles	Between Groups	7.921	3	2.640	4.083	.007
	Within Groups	278.748	431	.647		
	Total	286.669	434			
Overall Service Quality	Between Groups	.542	3	.181	.614	.606
	Within Groups	126.745	431	.294		
	Total	127.287	434			
Perceived value	Between Groups	4.841	3	1.614	3.253	.022
	Within Groups	213.764	431	.496		
	Total	218.604	434			
Satisfaction	Between Groups	.852	3	.284	.818	.484
	Within Groups	149.576	431	.347		
	Total	150.428	434			
Behavioral Intentions	Between Groups	1.276	3	.425	.844	.470
	Within Groups	217.238	431	.504		
	Total	218.514	434			

(Source: Survey data, 2014)

2. By Respondents' Night Stay

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Assurance	Between Groups	.958	2	.479	1.435	.239
	Within Groups	144.172	432	.334		
	Total	145.130	434			
Reliability	Between Groups	2.536	2	1.268	3.598	.028
	Within Groups	152.263	432	.352		
	Total	154.799	434			
Responsiveness	Between Groups	.969	2	.485	1.477	.230
	Within Groups	141.778	432	.328		
	Total	142.747	434			
Empathy	Between Groups	2.333	2	1.167	2.597	.076
	Within Groups	194.038	432	.449		
	Total	196.371	434			
Room Tangibles	Between Groups	.346	2	.173	.416	.660
	Within Groups	179.640	432	.416		
	Total	179.986	434			
Food Tangibles	Between Groups	.104	2	.052	.078	.925
	Within Groups	286.565	432	.663		
	Total	286.669	434			
Overall Service Quality	Between Groups	2.026	2	1.013	3.494	.031
	Within Groups	125.261	432	.290		
	Total	127.287	434			
Perceived value	Between Groups	4.501	2	2.251	4.541	.011
	Within Groups	214.103	432	.496		
	Total	218.604	434			
Satisfaction	Between Groups	3.208	2	1.604	4.706	.010
	Within Groups	147.220	432	.341		
	Total	150.428	434			
Behavioral Intentions	Between Groups	1.853	2	.927	1.848	.159
	Within Groups	216.660	432	.502		
	Total	218.514	434			

(Source: Survey data, 2014)

3. By Respondents' Number of Visits

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Assurance	Between Groups	.265	2	.133	.395	.674
	Within Groups	144.865	432	.335		
	Total	145.130	434			
Reliability	Between Groups	4.577	2	2.289	6.581	.002
	Within Groups	150.222	432	.348		
	Total	154.799	434			
Responsiveness	Between Groups	.678	2	.339	1.030	.358
	Within Groups	142.069	432	.329		
	Total	142.747	434			
Empathy	Between Groups	.303	2	.152	.334	.716
	Within Groups	196.068	432	.454		
	Total	196.371	434			
Room Tangibles	Between Groups	.120	2	.060	.144	.866
	Within Groups	179.866	432	.416		
	Total	179.986	434			
Food Tangibles	Between Groups	2.133	2	1.066	1.619	.199
	Within Groups	284.536	432	.659		
	Total	286.669	434			
Overall Service Quality	Between Groups	.346	2	.173	.588	.556
	Within Groups	126.942	432	.294		
	Total	127.287	434			
Perceived value	Between Groups	.856	2	.428	.849	.429
	Within Groups	217.748	432	.504		
	Total	218.604	434			
Satisfaction	Between Groups	.444	2	.222	.640	.528
	Within Groups	149.984	432	.347		
	Total	150.428	434			
Behavioral Intentions	Between Groups	5.132	2	2.566	5.195	.006
	Within Groups	213.382	432	.494		
	Total	218.514	434			

(Source: Survey data, 2014)

4. By Respondents' Age Category

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Assurance	Between Groups	1.102	3	.367	1.099	.349
	Within Groups	144.028	431	.334		
	Total	145.130	434			
Reliability	Between Groups	.255	3	.085	.237	.871
	Within Groups	154.545	431	.359		
	Total	154.799	434			
Responsiveness	Between Groups	.194	3	.065	.195	.900
	Within Groups	142.553	431	.331		
	Total	142.747	434			
Empathy	Between Groups	.928	3	.309	.682	.563
	Within Groups	195.443	431	.453		
	Total	196.371	434			
Room Tangibles	Between Groups	.247	3	.082	.197	.898
	Within Groups	179.739	431	.417		
	Total	179.986	434			
Food Tangibles	Between Groups	4.130	3	1.377	2.100	.100
	Within Groups	282.539	431	.656		
	Total	286.669	434			
Overall Service Quality	Between Groups	.943	3	.314	1.072	.361
	Within Groups	126.345	431	.293		
	Total	127.287	434			
Perceived value	Between Groups	.904	3	.301	.597	.618
	Within Groups	217.700	431	.505		
	Total	218.604	434			
Satisfaction	Between Groups	.857	3	.286	.823	.482
	Within Groups	149.571	431	.347		
	Total	150.428	434			
Behavioral Intentions	Between Groups	.351	3	.117	.231	.875
	Within Groups	218.162	431	.506		
	Total	218.514	434			

(Source: Survey data, 2014)

5. By Hotel Star Category

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Assurance	Between Groups	8.385	2	4.193	13.245	.000
	Within Groups	136.745	432	.317		
	Total	145.130	434			
Reliability	Between Groups	5.855	2	2.928	8.492	.000
	Within Groups	148.944	432	.345		
	Total	154.799	434			
Responsiveness	Between Groups	3.649	2	1.825	5.667	.004
	Within Groups	139.098	432	.322		
	Total	142.747	434			
Empathy	Between Groups	7.975	2	3.988	9.144	.000
	Within Groups	188.396	432	.436		
	Total	196.371	434			
Room Tangibles	Between Groups	2.558	2	1.279	3.114	.045
	Within Groups	177.428	432	.411		
	Total	179.986	434			
Food Tangibles	Between Groups	1.545	2	.772	1.170	.311
	Within Groups	285.124	432	.660		
	Total	286.669	434			
Overall Service Quality	Between Groups	3.568	2	1.784	6.230	.002
	Within Groups	123.719	432	.286		
	Total	127.287	434			
Perceived value	Between Groups	.992	2	.496	.985	.374
	Within Groups	217.612	432	.504		
	Total	218.604	434			
Satisfaction	Between Groups	2.437	2	1.218	3.557	.029
	Within Groups	147.991	432	.343		
	Total	150.428	434			
Behavioral Intentions	Between Groups	4.187	2	2.093	4.219	.015
	Within Groups	214.327	432	.496		
	Total	218.514	434			

(Source: Survey data, 2014)