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**SERVICE QUALITY AND CUSTOMER  
SATISFACTION  
CASE: RESTEL HOTELS IN IMATRA AND  
LAPPEENRANTA**

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## **ABSTRACT**

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This study is about service quality and Russian customers' satisfaction at Restel hotel's chain which is a partner of the study. The research was carried out at the hotels. The research is based on quantitative approach, but it also includes study based on qualitative approach. Three hundred questionnaire forms were delivered to the customers at the check-in time and returned by hotel guests to the hotel's reception at check-out time. For better understanding of customers' motivations and desires face-to-face interviewing was held. The theoretical part of the study consisted of related literature reviewing; hospitality industry related articles and magazines as well as information from Finnish Tourism Board, World Tourism Organization and Russian Tourism Board, and the analysing of Internet sources providing information and customers' feedbacks of the hotels mentioned above.

The research was carried out in order to understand Russian customers' perceptions and level of satisfaction. The study will help hotels management in improving service quality and fulfilling better customers' expectations. The questionnaires were delivered to the hotels' customers for collecting data from 8 April to 31 April 2010 and interviewing was held from 31 April to 07 May 2010. The study is considering all the services provided in the hotels, including restaurant services. The data was analysed with the help of SPSS programme and Excel.

Key words: Service quality, customer satisfaction, Russian tourists' profile, hotel business.

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## **1. INTRODUCTION**

Tourism in Imatra region started in 1772 when Ekaterina the Great visited the place for the first time, and by the 1900's there were 14 trains plying between Saint-Petersburg and Imatra daily. The growing number of foreign visitors created a demand for developing lodging industry in the region. Nowadays when borders between Russian Federation and Finland are more open, a greater number of tourists is arriving to the area. (Lintunen, 2010)

According to Finnish Tourism Board report (2010), South Karelia is the second region of Finland, after Helsinki region, with the greatest overnight stay number of Russian Tourists; therefore customer satisfaction surveys are significant for the hotels located in the region.

The main purpose of hotel system is to satisfy customers' needs and to delight customers. The main objective of the study is to understand how satisfied Russian customers are with the services provided in Restel Oy hotel chain. The importance of customers' satisfaction cannot be underestimated; in the world of global industry customers have multiple-choices. A delighted customer will be willing to visit the hotel more often and will also share pleasant experience with his/her friends and relatives. Customers' satisfaction is critical for a hotel's success. Service quality and customer satisfaction in fact have a cycle-system since service quality proportionally affects customers' satisfaction. On the other hand, customer satisfaction indicates service quality. (Williams & Buswell 2003, 69).

Knowledge of customers' attitudes and perceptions allows lodging companies to improve services provides which leads to the growth of customers' satisfaction. Companies with accurate information about customers' attitudes may determine how well the business process is going, and also how to know where to make changes to create improvements as well as determine whether changes lead to improvements. (Hayes 1998, 2).

Customer satisfaction is defined as a result from confirmation or disconfirmation of individual expectations. It is also a highly personal assessment.

Customer satisfaction can be presented as a formula:

Satisfaction = perception (perceived value how happy a customer was with the service) – expectations (one's attitude about the service before receiving it).

Customer satisfaction researches have a long history backing to early 1960s, anyhow in hotel industry it is necessary to carry out customer satisfaction surveys often enough to get most the up-to-date information. (Reh 2010)

The research in question was designed for the case hotels: Rantasipi Imatran Valtionhotelli, Cumulus Imatra hotel and Cumulus Lappeenranta hotel, belonging to the Restel chain. The research was designed to examine the satisfaction level of Russian customers, using the services provided by the hotels mentioned above, to analyze main factors affecting the level of satisfaction and the way of making the hotels more attractive for the segment. South Karelia region is an attractive destination for the tourists and the Russian segment of customers in Restel Oy is very important. According to the obtained information 30% of customers of Rantasipi Imatran Valtion hotel are Russians, meaning that the segment has a significant influence on the chain's revenues. (Turunen, 2010, briefing) Imatra and Lappeenranta cities are easily accessible for Russians due to the location next to the Russian border; that is why these regions are gaining more and more popularity among tourists. The research provided necessary information on how Russian customers are choosing hotels in the region. The case has been studied before but it is in the need of regular research because consumer behaviour is fast changing.

The main objective was to find out the level how service quality affects Russian customers' satisfaction. For that reason accomplishing research question were chosen: "who are Russian customers?", "what is customer satisfaction?" and "service quality affection on customers' satisfaction?".

The research method is quantitative, including a questionnaire, and qualitative including face-to-face interviewing. There are questions about all the services and departments of the hotels listed in the questionnaire and respondents are

required to score them according to perception. Data received from the questionnaires was analyzed through statistical analysis with the help of SPSS and Excel; face-to-face interviews' outcomes were analyzed manually by using qualitative analysis methods.

This thesis has 7 chapters and 2 appendices. The context of the thesis includes knowledge of service quality meaning and customer satisfaction as well as presentation of Restel hotels, partner of the study, and research results. In chapter 1 is explained the purpose of the research and its necessity. Chapter 2 includes description of Russian customers in general, their needs and overall attitudes of tourism destinations. The chapter is based on theoretical materials and also on the results of qualitative research, and the research of Internet blogs, and customer feedback systems. Chapter 3 is about service quality and presents appropriate service quality model. The chapter explains the necessity of measuring customer satisfaction and overall characteristics of customer satisfaction. Chapter 4 presents the partner of the study, the used research methods and limitation of the study. Chapter 5 presents the obtained results and the analysis of questions presented in questionnaire form, and also shows the level of respondents' satisfaction with all the presented services in the hotels. Chapter 6 is the conclusion. References are presented in chapter 7. Appendix 1 is an example of quantitative research form (questionnaire), appendix 2 is an example of qualitative research form (interview) and appendix 3 is presenting comments given by respondents.

## **2. RUSSIAN TOURISTS' PROFILE**

### **2.1 Travel preferences of Russians and expectations of the region**

The demise of communism and the rise of market economy in Russia have led to a noticeable increase of Russian outbound tourists. Middle class has become wealthier and tourism is used as a way of improving status in their own community. (Swarbrooke & Horner, 2007, p.209). Russian outbound travel

market has a great potential in future due to the fact that in a country with a population of 200 million people, only a fraction is currently travelling. For Finland as tourism destination Russian tourists are becoming a vitally important market segment. According to Imatran Kehitysyhtiö (2010) research in 2009 97427 Russian tourists stayed overnight in Imatra and 39286 in Lappeenranta. Russian outbound tourism market is huge and still it is growing yearly, leading lodging companies to the necessity of carrying out customer satisfaction surveys in order to better meet clients' requirements and gain competitive advantage.

According to quantitative interviews carried out during the study, a general description of a Russian tourist was build. What can we say about the tourist attraction of the country and where the modern Russians prefer to relax? According to the received polls, most Russians believe that only rich people have the opportunity to visit a spa or have a sightseeing tour (FOMa1, 2008).

Holidays in the perception of Russians associated with a stay at resorts and holidays abroad are mostly seen as sightseeing tours. So, if the respondent had the opportunity to choose between a sightseeing tour of Russia and any foreign country, 44% would prefer to go abroad, and 31% travel to Russia. If, however, respondents would have to choose between domestic and foreign resorts, 40% would choose a Russian, and 30% a foreign resort. Among Russian tourists there is an idea that travelling abroad is an "opportunity to see the world" and it has a high impact on an individual's status in the community. According to FOMa1 (2008) Russians believe that conditions for sightseeing and educational tours in their home country are worse than abroad.

## 2.2 Content analysis of Russian tourist

Based on qualitative analysis made during this research, Russian travel feedback systems and Internet sources, the image of a modern Russian tourist,

its characteristics and preferences as well as basic needs on vacations is created, highlighting the key points of important features for individual Russian tourists and group tourists, and identifying main social differences.

The main characteristics, describing Russian male tourists according to the obtained information, are that male tourists are looking for tranquillity and relaxation. In respondents' opinion there is nothing more important in Finland than nature: possibility for fishing and hunting. Russian male tourists are not eager to rely on guide books; they are keen on exploring everything by themselves. The existence of a group is not required, they appreciate travelling within family or closest friends. Careful selection of the destination and lounging facilities is one of the most important characteristics, because price-quality relationships are highly valued. Male representatives of Russian tourists are seeing positive aspects in everything, even in the most absurd and deplorable situations. They are not that interested in travelling far away from home town, "the closer the better". Respondents have also mentioned the importance of easy accessibility to the destination by their own car and possibility to pay with cash (credit cards are not well-spread among Russian tourists yet).

Russian female travellers, apart from males, are a more shopping-oriented type of tourists. Tradition of bringing souvenirs from the travel destination for family members, friends and colleagues is still very strong in Russian culture. Farsightedness is an importance characteristic as well, in fact females are planning everything in advance, and not that spontaneous as men. Respondents mentioned that good shopping malls and shops located in the travel destination play the same role as monuments and historical places. For female tourists it is highly important to plan everything so that everyone within a group will find suitable entertainment.

While travelling with family or with spouse, Russian tourists adapt more quickly to any situation and they find a way of solving problems easier than an individual traveller. Crowds of people and big cities are not seen attractive and not appreciated; mostly Russian couples prefer visiting a quite, secluded town.



Simplicity is highly respected: nice looking small buildings, old houses and small hotels. These tourists are interested in historical monuments and they are willing to compare the real-life of a foreign country's local people and their own expectations about them.

The most important and valuable characteristics for choosing tourism destination are:

- Financial component (the ratio of price and quality of acquired services, choosing the most economic options in matter of accommodation, meals, entertainments)
- The level of hotel, staff work
- Mentality of local people
- Freedom to choose routes and forms of entertainment
- Good company (model of vacation varies a lot depending on this factor)
- Lack of mass gatherings – a quiet, relaxing vacation for soul attracts Russian tourists nowadays (big city life they see daily in Russia)

The characteristics described above are suitable for both wealthy and middle-class Russian tourists. The only difference between the two social groups is that middle-class Russian tourists are having short money and time, due to this they try to choose the closest destination and search for the cheapest accommodation and entertainments. On the other hand, wealthy Russian tourists prefer to stay at the most expensive hotels and use the most luxurious services at the place.

Kosonen, Paajanen and Reittu (2005) have lighted up three major types of Russian tourists visiting Finland. Russian tourists for whom Finland is the main destination: 18% of respondents find Finland an attractive tourism destination, particularly for vacationing and visiting friends; 40% of them were using accommodation services in Finland. These tourists travel independently or within a small group. The second type of Russian tourists is "Gateway tourists"; 50% of respondents, predominantly from Saint-Petersburg and Moscow areas. Such travellers think of Finland as an interesting destination, but they prefer to

visit other Nordic countries within a ready-made package tour. Only one fifth of such tourists is using accommodation services and the trip lasts about 1-3 days. And the last but not the least group is “transit tourists”: 32% of respondents, predominantly from Saint-Petersburg. In their case Finland is only a transit country to a final destination. Only 10% of these tourists use accommodation services. Mostly transit travellers stay in Finland only for a couple of hours to change airplanes. (Kosonen, Paajanen, Reittu, 2005).

### **3. SERVICE QUALITY AND CUSTOMER SATISFACTION**

Minazzi (2008) highlighted that customer satisfaction is the result of comparison between customers’ expectations and customers’ perceptions. In other words customer satisfaction is seen as difference between expected quality of service and customers’ experience or perceptions after receiving the service. Customer satisfaction depends on such dimensions as reliability, responsiveness, assurance, empathy and tangibles and on additional elements like price, personal and situational factors that may occur during the service supply. (Bateson, Hoffman. 2000)

Without doubt, service quality is an important factor of customer satisfaction. However, in lodging industry measuring of service quality is complicated, because service itself is an intangible product which can be evaluated differently by each individual. According to Erto and Vanacore (2002, 166) the customer is actively participating in service process, and furthermore he is seen as a consumer of a service as well as an evaluator of service received. The most important goal of hotel industry is to analyse future customers’ requirements and attitudes and after identifying them it is needed to translate them into hotel service elements. Services are often “invisible” and thus difficult for supplier to explain and for customer to access. Created expectations by marketing affect the customers’ perceptions of the outcome. Monitoring quality is significant for a hotel’s success. Customer behaviour, everything that seems logical and valuable in customers’ opinion must be taken into account.

Gerson (1993, 7) mentioned that perception of customer is crucial for quality. Whatever the customer receives as quality is defined as quality. It is impossible to control the whole process in which the service is produced; however, it is necessary to create the best possible prerequisites for a good customer outcome. Erto and Vanacore (2002, 166) highlighted that customer is the recipient and judge of the service in terms of added value and quality. Furthermore, the customer's total perception of a certain service is based on his perception of the outcome and process. In case the quality is constantly improved this, in turn, will have affection on customers' loyalty and satisfaction. In many cases the company's profile or image acts as a "filter", meaning that if a company has a positive image, for the customer is it much easier to overlook small mistakes and it will not have a huge effect on company's images in the eyes of the customer, and the customer may simply regard mistakes as temporary disturbances. Townsend and Gebhart (1986) speak of "quality in fact" and "quality in perception". The general conception of quality in fact is that established specifications have been met. On the other hand, quality in perception stands for customer's feeling of receiving the quality he expected. Consequently, if quality in perception is not achieved, it does not suffice to attain quality in fact.

Gummesson and Gronroos (1988 a,b, 1991) have launched the term "relation quality" which is characterizing the whole hotel system as one. Service companies are not selling service itself; they are selling prerequisites for the service. A hotel is a big system where all the departments are co-operating and influencing one another. On the other hand, all the services provided by different hotel departments could be sold separately. The reputation of the hotel is a puzzle which contains different small pieces; if one piece is missing, the whole hotel reputation will be influenced. Service failure stands for not meeting customers' expectations and it is crucial for a lodging company's image.

Brand's or company image's reputation has been defined as a perception of quality associated with the name (Aaker and Keller, 1990). On the company level, image has been defined as: "... *perceptions of an organization reflected in the associations held in consumer memory*" (Keller, 1993). Gone are the days

when a company could determine its own quality and service, now business is more customer-oriented, and even in hotel industry one-time clients are tried to be converted into long-term clients. (Kandampully, 1998, 186)

Long-term customers, in a way, could be seen as loyal customers. People are willing to buy trustworthy product or service, which has met their expectations earlier; therefore it is important to establish long-lasting relationships with the customer. Having loyal customers leads a company to better predictions of revenues, require minimal marketing effort and loyal customers are less sensitive to the marketing efforts of other companies.

Reichheld (1996) launched four main benefits of customer loyalty:

- The costs of serving loyal customers are less
- Loyal customers are less price sensitive
- Loyal customers spend more time with the company
- Loyal customers pass on positive recommendations about their favourite brands or suppliers.

A company does not sell services, but opportunities for services which are generated in partially unique customer processes with partly different customer outcomes. However, if in the eyes of the customer, the service is associated with added value and quality, it is seen as a positive outcome. Naturally, all this has to be achieved with some profitability for the company, good impression on the customer and reasonable satisfaction of the employees.

### 3.1 SERVQUAL model

The SERVQUAL model was first introduced by Parasuraman and colleagues in 1985 in the United States. Presented by scientists model, it identifies the reasons for differences between customers' perceptions and expectations. Originally the model considered 10 aspects of service quality: responsiveness, competence, access, courtesy, communication, reliability, credibility, security,

understanding or knowing the customer and tangibles. It measures the gap between customer expectations and experience. (Wikipedia.org, 2010) The model has become the most popular tool for measuring customers' satisfaction level in past decades. Parasuraman, Zeitham and Berry (1988) argue that service a supplier needs to know exactly what a customer expects, set proper quality standards, support employees in delivering quality service and never over-promise.

The simplified version, RATER, presented in 1992 by Zeitham and colleagues (Wikipedia.org, 2010), however, is simple and useful for qualitatively assessing customer's service experience and it has been widely used by service delivery organizations. The RATER model is efficient for organizations in bridging the gap between expected and perceived service. This model considers five aspects of service quality: Reliability, assurance, tangibles, empathy and responsiveness. (The RATER Model – Service Quality Dimensions, 2010). These dimensions are supporting 22 questions which are designed within the SERVQUAL satisfaction measuring tool. The aim is to test the key aspects of organizations' skills, capabilities and resources.

The SERVQUAL model as a measuring tool “remains the most complete attempt to conceptualize and measure service quality”. (Nyeck, Morales, Ladhari, Pons, 2002, 102) The ability of researchers to examine numerous service industries, such as banking, healthcare, financial services and education remains the best benefit of the model.

Parasuraman stresses that the model is more useful when used with other service quality models. The model also defines many differences between system components and perceptions, creating a framework for active management of service quality. SERVQUAL model is also know as a GAP 5 model; the gap model defines many differences between system components and perceptions, it also creates a framework for active management of service quality (Parasuraman, Zeithaml, Berry, 1985)

### 3.2 Reasons for measuring a customers' satisfaction

Knowing of a customers' requirements is essential because it provides the service provider with better understanding of the way customers define the quality of the service and product. If the company understands customers' requirements it is easier for service providers to satisfy them. Knowing of customers' satisfaction level and their requirements will also help in finding out the best direction in which company needs to go on. (Hayes, 2008, 8) Customers' requirements have increased rapidly in the last few decades and their level of satisfaction, in fact, affects a hotel's success. (Pizam & Ellis, 1999) It is widely accepted that it is easier to sell to an existing customer than to find a new one; that is why customer satisfaction level is a very important issue. A delighted customer is more likely to purchase service once again and this customer is sharing positive experience with the closest one. So having one delighted customer may lead to extending the customers segment rapidly.

Simon and Homburg (1998) claim that a customer accordingly is a means to increase the profit of the company. A customer is the person who decides whether to purchase service or goods or not, so their perception is important for the corporate. Lodging industry is using customer-oriented management system, so the company is thereby given a chance to adjust what it is offering to the expectations and perceptions of the customer. By receiving reliable feedback from customer it is possible to guide the action towards establishing and assuring long-term relationships. (Raab, Alhami, Gargeya, 2008)

Customers' satisfaction is difficult to measure due to the fact that customers are not always honest while filling out customer satisfaction surveys. In addition to this, delighted customers feel no need to contact the company and share the experience. On the other hand, dissatisfaction of the consumer increases the rumours about the company and negative feedbacks. It is a serious matter to the lodging company that a dissatisfied consumer will more likely purchase the service elsewhere in future. (Prideaux, Moscardo & Laws 2006, 5) Customers are sharing their positive experiences, but they also share their negative experiences, which may ruin a company's reputation. Requirements for

satisfaction are unique for each individual and they are dependent on many aspects, such as customer's mood, perceptions and expectation. Simpson (2010) highlighted that if the company is able to set standardized employees' conduction where interaction with customer is concerned, it will be certainly easier to implement procedures and guidelines by this to ensure customers satisfaction.

The importance of loyal customers is obvious due to the fact that they are nine percent less price sensitive, they are ready to pay a bit more in case of price increase to get the service they are used to, as well as they buy more often and they are buying a bigger range of products. Delighted customers provide the company with free advertising (among friends and relatives) and there is no need to advertise to them as actively as to others. (Leadership factor Ltd., 2010). Satisfied customers are purchasing at least five times more; it is more profitable to sell to an existing customer than to try to find a new one. Additionally is important to keep in mind than the difference between satisfied customers and very satisfied customers is big enough, these customers repeat their visits more often and this affects company's profitability. (Crandall, 2010)

## **4. PRESENTATION OF THE CLIENT**

### **4.1 Presentation of the client**

The partner of the study was Restel Oy. The research was carried out in hotels belonging to this chain: Rantasipi Imatran Valtionhotelli, Cumulus Imatra and Cumulus Lappeenranta. The hotels' management will benefit from the outcomes of the study.

Restel Oy is a big Finnish organization, to which belong not only domestic hotel and restaurant chains but also international ones. Domestic chains are presented by Cumulus and Rantasipi chains, and international chains are

Holiday Inn, Crown Plaza and Ramada chains. The chains include 47 hotels and 260 restaurants; Restel's customer capacity is exceeding 82,000 people. (Restel Oy, 2010) The chain's hotels are offering a wide range of room categories and in the chain's restaurants customer may try different types of cuisine. The main activities of the group are to provide customers with accommodation and restaurants. The final goal of the company is to provide good quality vacation for everybody. Of course each hotel is varying a lot from another, but there are campaigns which are held at all hotels and restaurants belonging to the chain, and the bonus systems are the same in each and every hotel. The headquarters of the company are located in Helsinki. Two hotels participating in this research are located in Imatra: Imatran Valtionhotelli and Cumulus Imatra, the third one is located in Lappeenranta. These hotels were chosen due to their location.

Rantasipi Imatran valtionhotelli is well-known among tourists, because it is considered to be a historical monument. The hotel is located in the cultural landscape of river Vuoksi, and Imatra Rapids show attracts a big number of tourists to the area. The hotel was renovated in the year 2009; now the castle hotel side has 54 superior rooms in Art Nouveau style, four mini-suites, three suites and the famous tower suite. In Spa side of the hotel there are 83 rooms: 49 superior rooms, 31 standard rooms, and three mini-suites. Additionally the hotel features three conference rooms, one restaurant and one cafeteria, and entertainment facilities. The room facilities include TV, radio, minibar, pay-tv. (Hemmottelukylpylä Rantasipi Imatran Valtionhotelli, 2010).

Imatran Cumulus is located on a pedestrian street in the heart of Imatra town; it is surrounded by main stores and shops in the town. It is important that all the entertainments are organized right next to the hotel, such as: Summer Theater, Big Band festival, Rapids Show. In total the hotel has 68 rooms: 14 single rooms, 44 double rooms, three triple rooms and two four-bed rooms. The room facilities are presented by TV (four channels), hair dryer, modem socket, minibar in 46 rooms and free hotel highway ADSL connection. Cumulus Imatra has one conference room (for 30 persons), sauna, restaurant and bar. (Cumulus Imatra, 2010).



Cumulus Lappeenranta, as well as the other hotels, has a good location in the city centre and provides easy access to all important facilities. The hotel has 95 rooms, out of which 22 are single rooms, 73 double rooms. All rooms have a possibility for an extra bed. Some rooms are specified for disabled, or non-smokers. The room facilities are presented by TV (8 channels), hair dryer, modem socket, minibar and free hotel highway ADSL connection. Cumulus Lappeenranta has one conference room (for 30 persons), two saunas, swimming pool, restaurant and bar. (Cumulus Lappeenranta, 2010).

The hotels' management is interested in the research result because the information provided can be used in order to improve service quality and to satisfy customers in a better way.

#### 4.2 Research methods

In the past many companies were concentrating on income statements and balance sheets, but nowadays it became obvious that in the growing service industry it is very important to satisfy customers and earn their loyalty. In the new era of global economy companies started to recognize that things have changed forever. Crowded markets with little product differentiation, globalization process, increased competition, and years of continual sales growth have indicated that service companies' focus must change. (Capioppo, 2010)

The whole concept of customer satisfaction is relatively new, that is why it is important to be clear on exactly what to analyze and which tools to choose. Customer satisfaction is the state of mind that a consumer has about the service provider after the purchase has been made, and customers' expectations were either met or exceeded, or not. Since service is intangible it can be accepted and understood differently by each individual customer or different social layers. Satisfaction itself refers to a number of spectrums of the relationship with the customer, for example:

- with the quality of a single product or service
- with a business relationship
- with the price-performance ratio
- Satisfaction because a product/service met or exceeded the customer's expectations (Capioppo, 2010)

For gathering descriptive information, the most suitable approach is survey, which can be structured or unstructured. A structured survey is conducted using questionnaire forms and is called structured because all the respondents are asked in the same way. An unstructured survey is presented by interview, because respondents are possibly asked in different ways (Kotler, Bower & Makens, 2005, 168).

In hospitality industry customers are more willing to fill in questionnaire forms, due to easiness and absence of long open-questions. (Brace, 2004) The form of questionnaire, questions asked from respondent and structure may affect customers' answers, so for collecting accurate data it is highly important to think out exactly what questions should be asked. (Brotherson, 2008)

In order to collect accurate and appropriate information from the customers, two research tools were used: face-to-face interviewing and questionnaire forms delivered to the customers of the hotel chain. The questionnaire consisted of close-ended and open-ended questions. Close-questions are gender, age, city of arrival, partner in travelling, purpose of the trip, booking type, the hotel of stay, and reason for choosing this hotel. While filling in the list of questions concerning reception, hotel rooms, restaurant, signs, lobby, breakfast, and other facilities, respondents were asked to rate them from 1 (very bad) to 4 (very good). Also the respondents had a chance to choose "do not know" variant, meaning that the customer might not have an experience of this feature. The scale used in the quantitative research form was made on the bases of Likert scale, which has five levels: from strongly disagree to strongly agree, including answer 'neither agree nor disagree'. (Changing Minds org., 2010) In this research the scale from 1 (very bad) to 4 (very good) seemed to be more appropriate and more accurate in order to simplify the understanding of

questions for the respondents. Open-ended question was presented by feedback if there is something in need of change in the hotels.

The target respondent group was Russian leisure tourists coming to South Karelia region. Such tourists are mainly travelling in small family groups, but they are also purchasing trips from travel agencies, when everything is organized in advance. It is important to realize who Russian tourists are and what they want, what attracts them and what affects their satisfaction. In order to collect information concerning Russian tourists' preferences and attitudes, face-to-face interviews were held. Consisting of open-questions about expectations and perceptions of the tourists, face-to-face interviewing is seen as an appropriate tool for the research. Twenty-two Russian families were interviewed and on these bases Russian customers' content analysis was based.

#### 4.3 Limitations of the study

This study has some limitations which are: first, respondents only among Russian customers of Restel chain, and because Russian customers are an important segment for the company. Mainly leisure tourists were filling in this questionnaire, due to the fact that there are not that many Russian business tourists staying at the hotels. During the discussion with the partner of the study it was decided that every department of the hotels have to be analysed during the study, so all the hotels chosen for the study were analysed fully, but there are only the main points affecting customers' satisfaction, presented in the report. Questionnaire forms were delivered to the customers during the period from 4<sup>th</sup> of April to 31<sup>st</sup> of April 2010, which is the beginning of the high season. Russian tourists have vacations in this period of time which is why this particular time period was chosen.

## 5. RESULTS

Altogether 146 questionnaire forms from three hotels, out of 300 forms (100 per each hotel handed out), were returned to the hotels' receptions. It indicates that almost 50 % of the forms were filled in. The biggest number of answers was received from Cumulus Lappeenranta – 56 replies, the second biggest was Imatran Valtionhotelli – 46 responses and 44 were received from Imatran Cumulus hotel. Questions "Age", "arriving with" and "gender" are giving a possibility to build up a demographic profile of customers. (see figures 4.1 and 4.2) The question "Arrival from" indicates geographic profile. Ninety-four percent of all respondents were coming from Saint-Petersburg. (see figure 4.3)

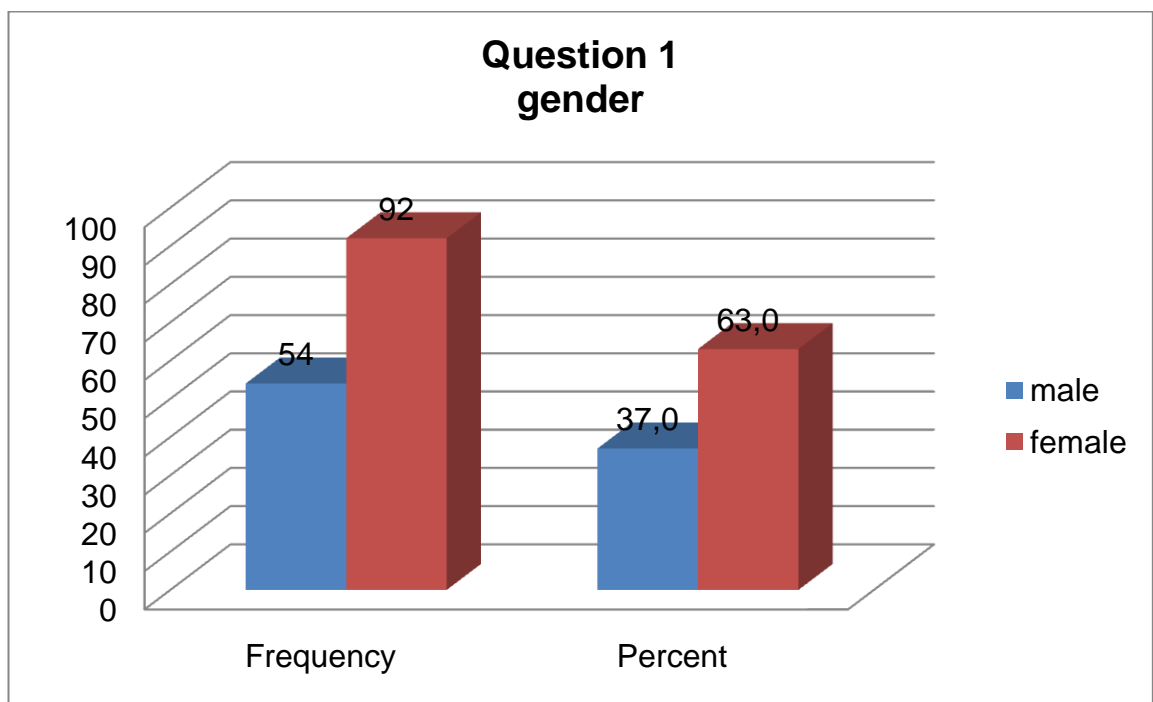


Figure 4.1 Gender of the respondents (percentage and frequency)

Ninety-two of all the respondents were females, and 54 males, which makes it 63% female respondents and 37% males. Anyhow, it is not possible to say that more females are visiting Finland, but this shows that they are more willing to participate in customer satisfaction surveys. Question 2 was about the age of the respondent; middle-aged people were dominating among other age groups. Thirty-two point two (32.2) percent of respondents were in the mid-thirties, and

forties, age group 35-44. This segment of travellers is economically stable, has savings and while travelling ready to spend money (see figure 4.2)

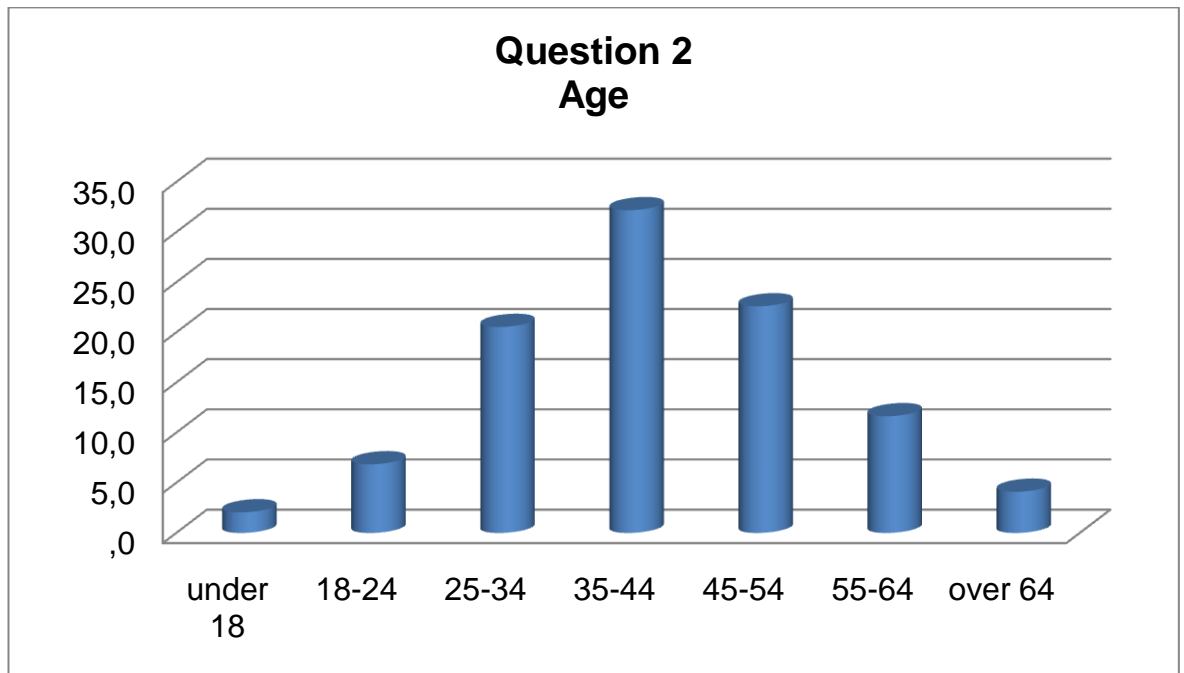


Figure 4.2 Age

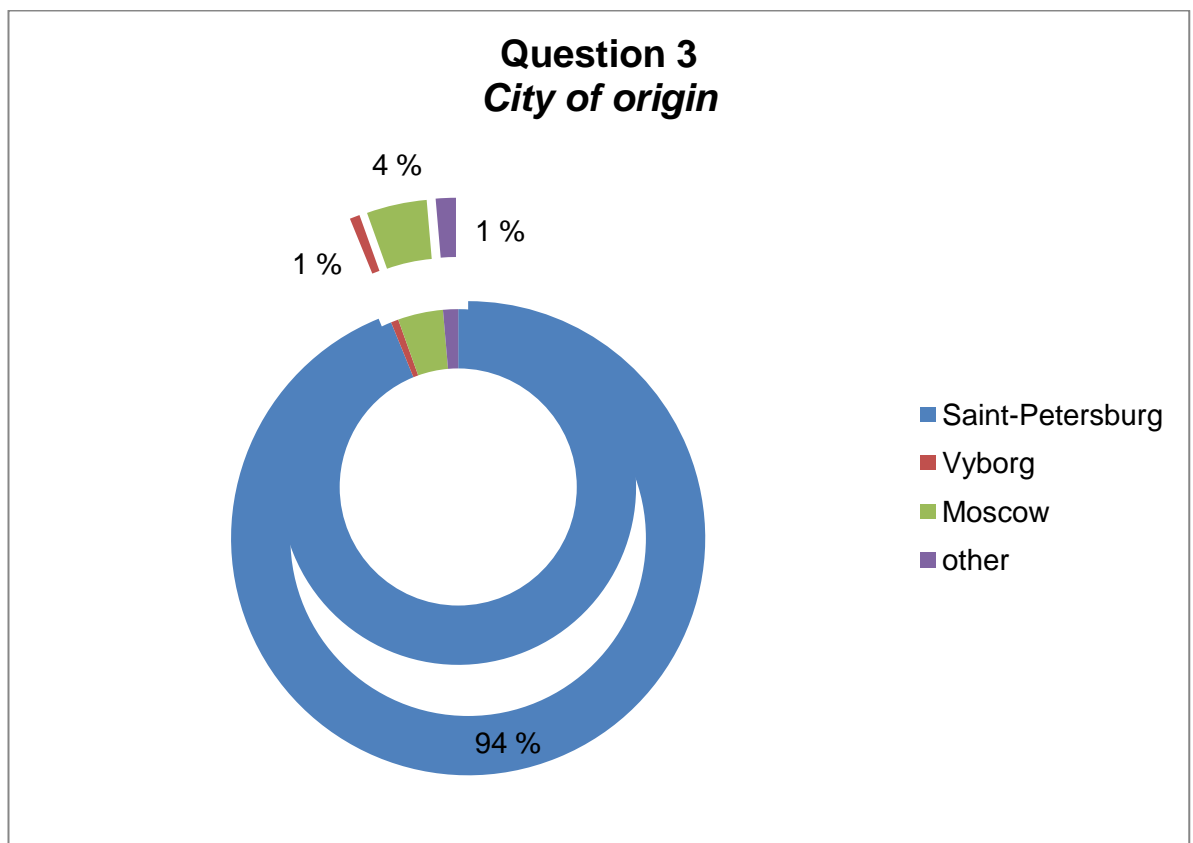


Figure 4.3 City of origin

Ninety-four percent of respondents were coming from Saint-Petersburg, because Finland, particularly South Karelia region is an attractive and easy accessible destination for them. Four percent comes from Moscow, 1% from Vyborg and from other destinations 1%. Tourists from Vyborg, if coming with shopping purpose, are not interested in lodging industry because it is a short trip, around one hour from Imatra to Vyborg. For people coming from Moscow it is not that easy. Figure 4.3 clearly shows that Saint-Petersburg has a great marketing potential and it is necessary to advertise in the area.

Fifty-two point one (52.1) percent of all the respondents were on vacation with their wife and children, 18.5% with their spouse. Twenty-one point nine (21.9) percent has answered "other"; some of the answers for this answer's option were: colleague, friend. Seven point five (7.5) percent were travelling with parents. According to these results it is necessary to take into consideration that services provided have to be interesting for family travellers, and more important that customers will be provided with all necessary services for every family member. (see figure 4.5)

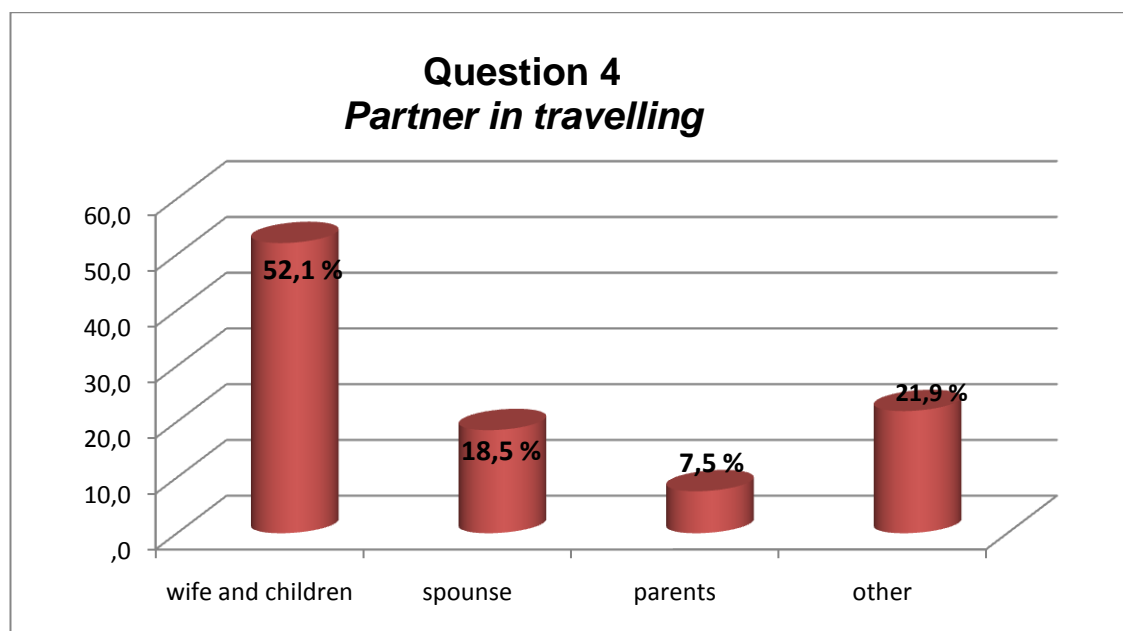


Figure 4.4 Partner in travelling

Figure 4.5 shows that 82% of all the respondents have arrived in South Karelia for leisure purpose, in other words, for vacation. Fourteen (14) percent came for shopping in particular, but it is important to keep in mind that people were mainly marking the most suitable answer, so there exists a possibility that some percent of leisure customers was coming for shopping as well. Only three percent of all respondents came to Finland for business purpose. None have answered “hobby” and only one percent answered “for other” purpose. Obviously, the main customer segment for the hotels is Russian leisure tourists.

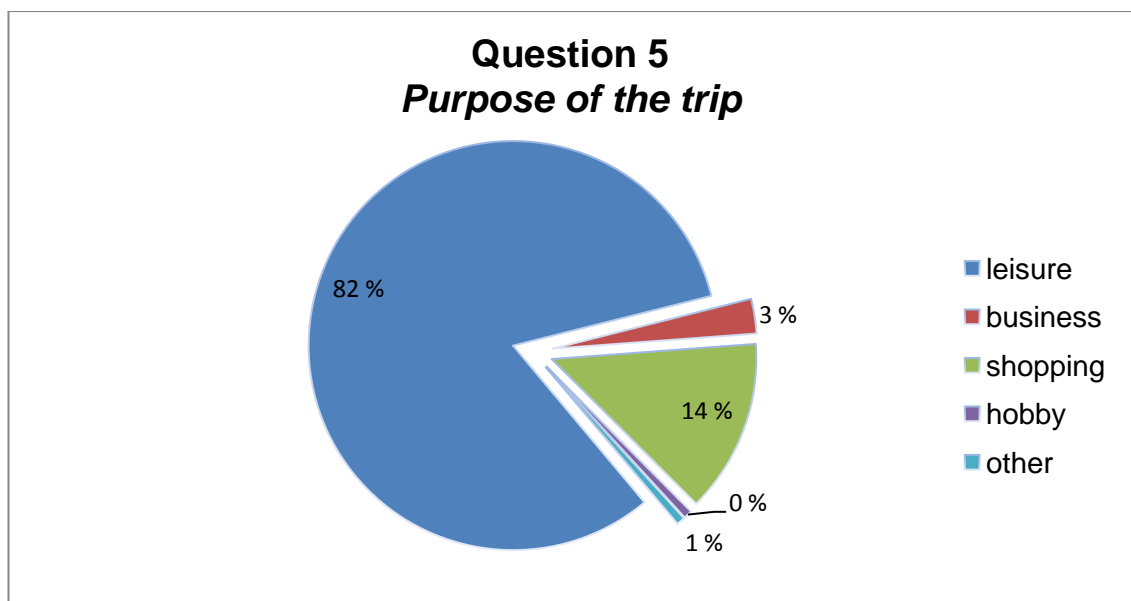


Figure 4.5 Purpose of the trip

As it could be seen, most of Russian customers are coming for their holidays, in comparison with Finnish customers who are mainly coming for business trips, (Turunen, 2010, briefing) Russian customers are more likely to stay for two or more nights. People who are coming to Finland with shopping purpose are usually buying one-day trips to Imatra from Russian travel agencies, for instance, so they are not very interested in getting accommodation for the night.

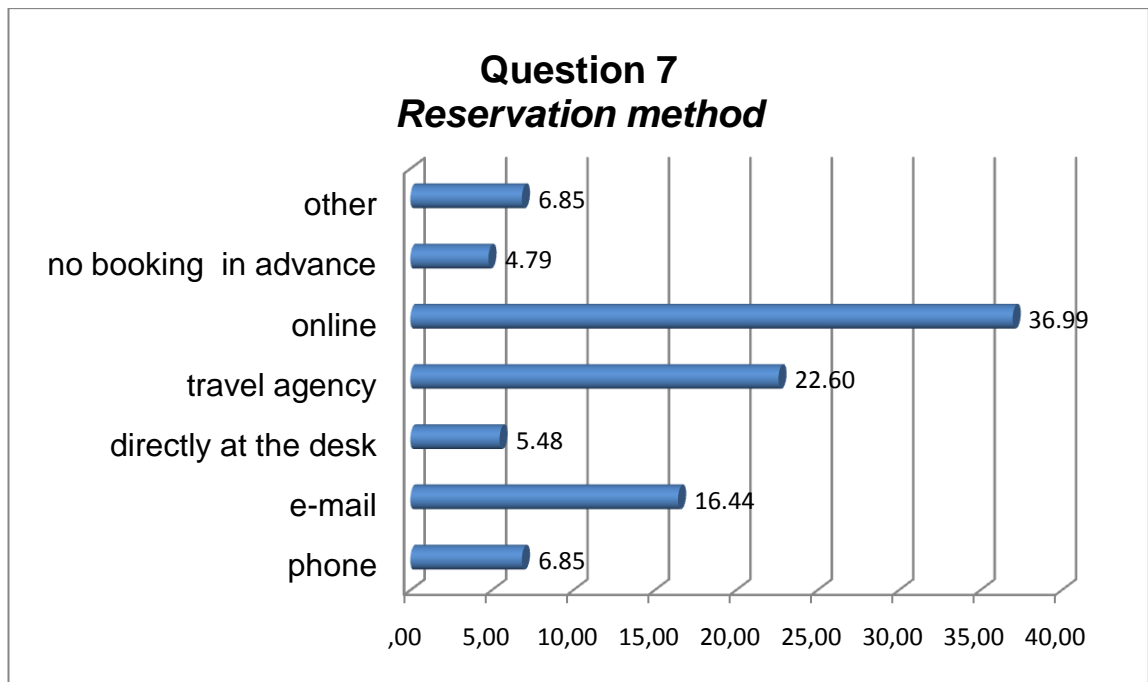


Figure 4.6 Reservation method

Because of lack of ability to speak English, most Russian customers prefer to use e-booking systems where there is no need to communicate in foreign language. According to figure 4.6, 36.99% of Russian tourists have made a reservation of the hotel through online reservation channels, which are easily accessible and comfortable. In case of Restel's own web-page there is no need to pay extra fee to the company owning the reservation channel. The best way to reserve hotel rooms in hotels which belong to Restel chain is [www.hotellimaailma.fi](http://www.hotellimaailma.fi), because if a customer is booking a room through this page none of the two parties are losing. This page is owned by Restel, so hotels are not paying commission, and customers are not paying anything extra but the real price of the room. Mainly Russians are booking hotels abroad by using services of travel agencies, 22.60 % of all respondents, but in this case the hotel will be able to pay commission to the agency or provide lower room rates according to the agreement. Booking by means of e-mail system is also popular; 16.44 % of respondents.



## Question 8

### *Reasons for choosing the hotel*

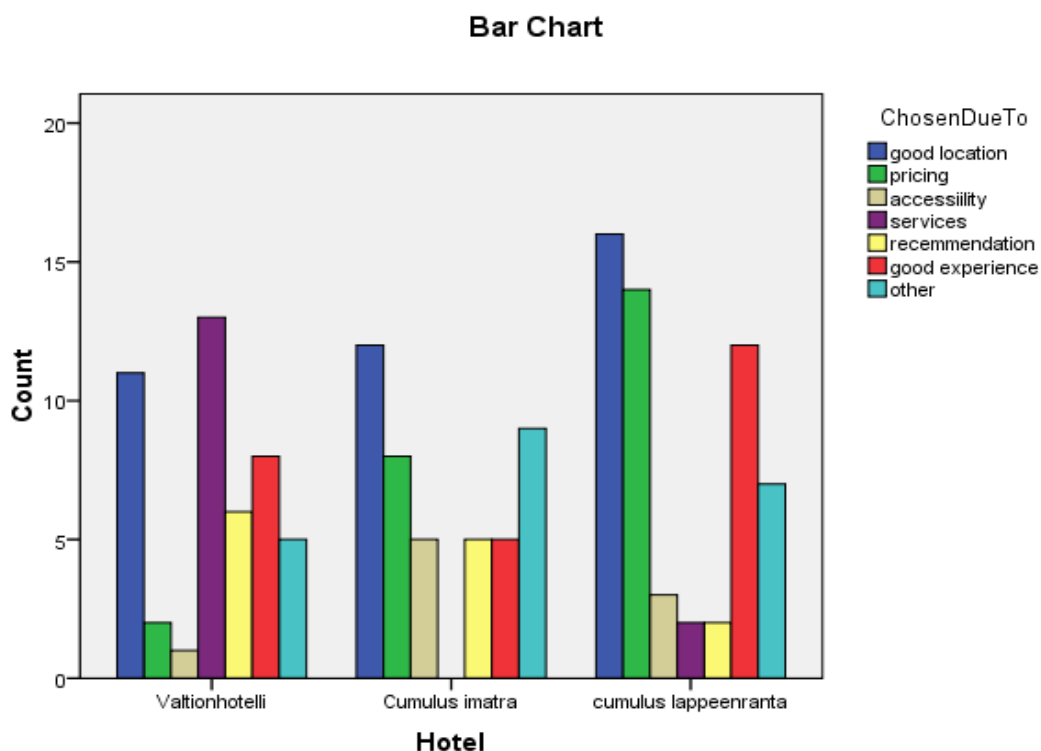


Figure 4.7 Reason for choosing the hotel

Table 4.1 Reason for choosing the hotel

Hotel	Location	pricing	accessibility	services	recommend.	experience	other
Valtionhotelli	23.9 %	4.3 %	2.2 %	28.3 %	13.0 %	17.4 %	10.9 %
Cumulus imatra	27.3 %	18.2 %	11.4 %	0.0 %	11.4 %	11.4 %	20.5 %
Cumulus lappeenranta	28,6 %	25,0 %	5,4 %	3,6 %	3,6 %	21,4 %	12,5 %

Table 4.1 shows percentages referencing to the reasons of choosing the hotel. The same table presents all three hotels of Restel chain and reasons for staying at them, mentioned by the respondents. According to figure 4.7 and table 4.1, the reasons for choosing the hotel varies from the hotel itself, for instance in case of Valtionhotelli, the main factor was services (28.3% of respondents)

provided and only in the second position was location (23.9%). On the other hand, Cumulus Imatra and Cumulus Lappeenranta were chosen mainly due to good location (27.3% Cumulus Imatra and 28.6% Cumulus Lappeenranta) and then due to good pricing. In every hotel “experience” had more than 10% of answers, showing that enjoyment of previous stay and word of mouth (recommendation of friends) are also playing an important role in the buying decision. If the customer was satisfied previously, he will probably mention his experience to his closest and this means that relatives or friends of the person will also prefer to stay at the same hotel, because they will know what to expect.

### Question 9 *Price-quality relationships*

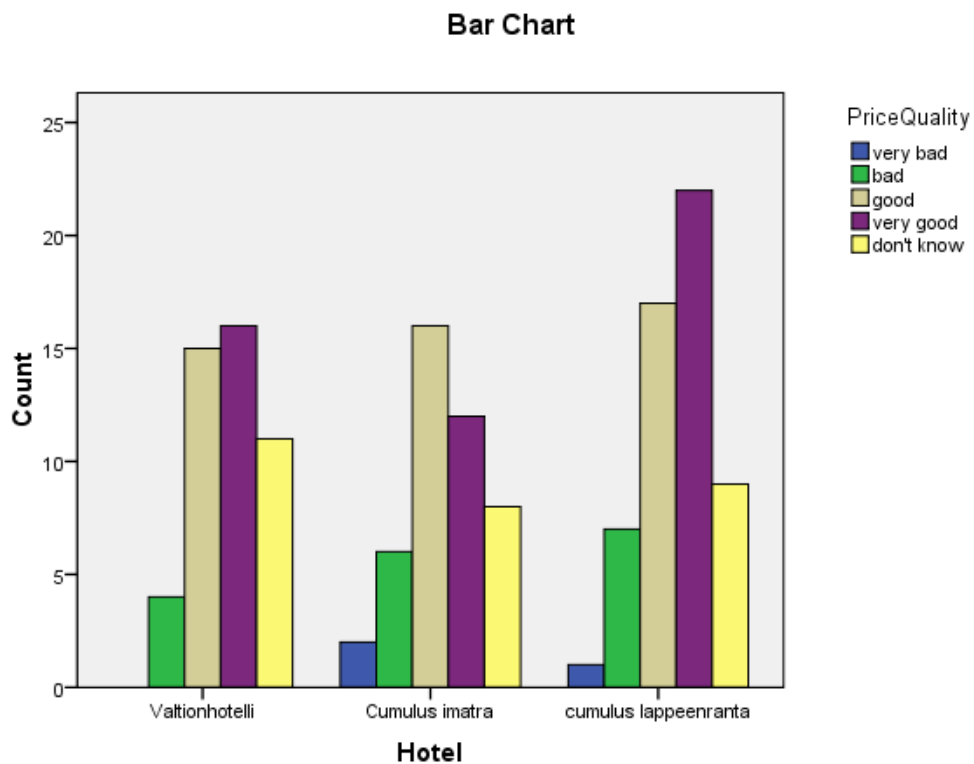


Figure 4.8 Price-quality relationships

Table 4.2 Price-quality relationships

Hotel	Very bad	Bad	Good	Very good	do not know
Valtionhotelli	0.0 %	8.7 %	32.6 %	34.8 %	23.9 %
Cumulus Imatra	4.5 %	13.6 %	36.4 %	27.3 %	18.2 %
Cumulus Lappeenranta	1.8 %	12.5 %	30.4 %	39.3 %	16.1 %

Table 4.2 and figure 4.8 highlight that mainly Russian customers think that prices are fair for the services provided. Cumulus Lappeenranta has the highest result of 39.3%, meaning that customers find price - quality relationships on a very good level.

### Question 9

#### *Skills of reception's personnel*

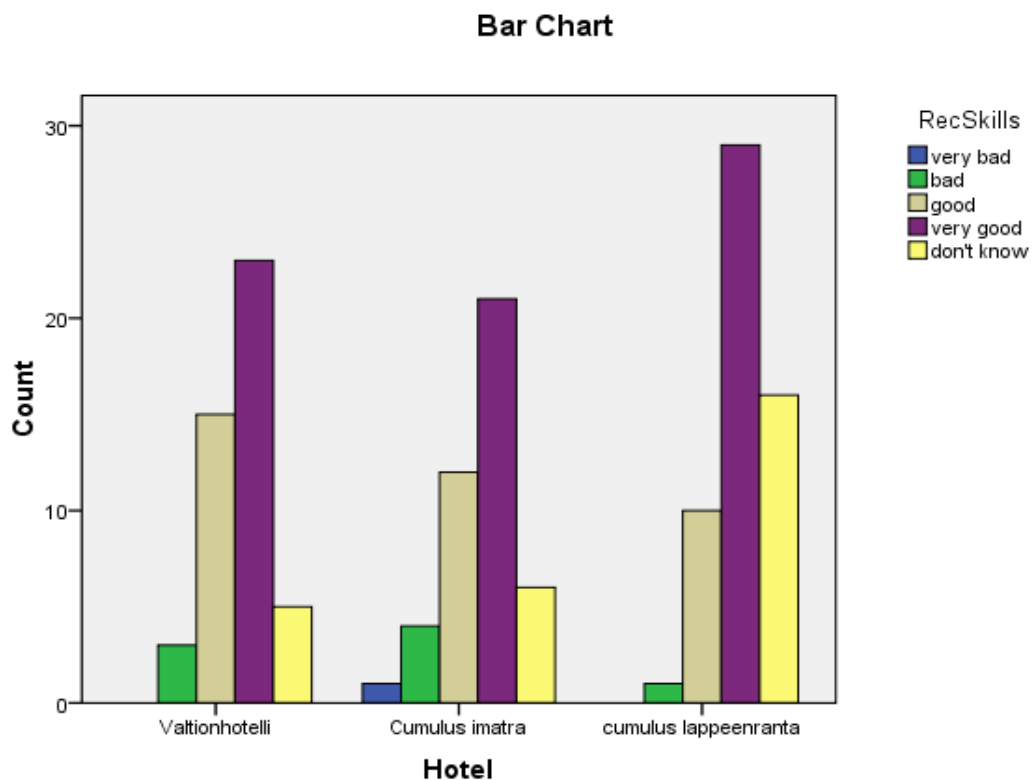


Figure 4.9 Skills of reception's personnel

Table 4.3 Reception skills

		Reception Skills				
		very bad	bad	good	very good	don't know
<b>Valtionhotelli</b>	Count	0	3	15	23	5
	% Hotel	.0%	6.5%	32.6%	50.0%	10.9%
	% Three hotels	.0%	37.5%	40.5%	31.5%	18.5%
<b>Cumulus imatra</b>	Count	1	4	12	21	6
	% Hotel	2.3%	9.1%	27.3%	47.7%	13.6%
	% Three hotels	100.0%	50.0%	32.4%	28.8%	22.2%
<b>cumulus lappeenranta</b>	Count	0	1	10	29	16
	% Hotel	.0%	1.8%	17.9%	51.8%	28.6%
	% Three hotels	.0%	12.5%	27.0%	39.7%	59.3%

Table 4.3 presents data within each hotel separately as well as comparison of three hotels. The reception is the first spot which a customer visits, that is why it is vitally important that reception personnel owns necessary skills and knowledge to provide customer with the required information. Fifty (50) percent of respondents said that skills of reception personnel in Valtionhotelli is very good, but among three hotels the best score belongs to Cumulus Lappeenranta, which gained 39.7 %. Precisely, every hotel's reception satisfied customers, but Cumulus Imatra turned to be the only one gaining negative feedback about reception's work – 2.3 % was dissatisfied.

The Figure 4.10 and table 4.4 characterize how satisfied respondents are with the service provided by the reception.

Table 4.4 Reception Service Level

		Reception Service level				
		very bad	bad	good	very good	don't know
<b>Valtionhotelli</b>	Count	1	0	16	27	2
	% Hotel	2.2%	.0%	34.8%	58.7%	4.3%
	% Three hotels	50.0%	.0%	34.0%	32.5%	18.2%
<b>Cumulus imatra</b>	Count	1	3	13	24	3
	% Hotel	2.3%	6.8%	29.5%	54.5%	6.8%
	% Three hotels	50.0%	100.0%	27.7%	28.9%	27.3%
<b>Cumulus lappeenranta</b>	Count	0	0	18	32	6
	% Hotel	.0%	.0%	32.1%	57.1%	10.7%
	% Three hotels	.0%	.0%	38.3%	38.6%	54.5%

**Question 9 a**  
**Reception Service Level**

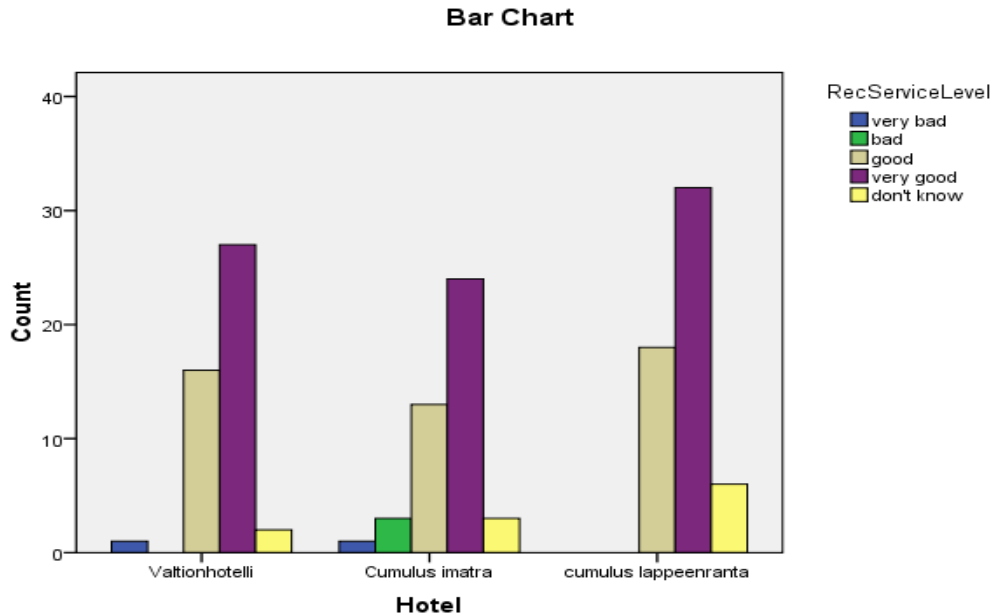


Figure 4.10 Reception Service Level

All hotels gained the average of 55 % about the Reception service level. Customers of Valtionhotelli are very satisfied with the services provided by the reception personnel 58.7%; Cumulus Lappeenranta achieved the figure 57.1% and Cumulus Imatra has 54.5%. In general all the customers were satisfied with the work of the reception. It is important to remember that in absolute numbers the results may change, due to the fact that a bigger number of respondents have filled in the questionnaire form, for in instance in Cumulus Lappeenranta.

Table 4.5 and Figure 4.11 describe how satisfied customers were with the rooms of the hotels and shows whether tourists' expectations were met.

Table 4.5 Room expectations

hotel	very bad	bad	good	very good	don't know
<b>Valtionhotelli</b>	0.0 %	6.5 %	30.4 %	54.3 %	8.7 %
<b>Cumulus Imatra</b>	2.3 %	18.2 %	40.9 %	34.1 %	4.5 %
<b>cumulus lappeenranta</b>	0.0 %	12.5 %	42.9 %	39.3 %	5.4 %

**Question 9 b**  
**Room expectations**

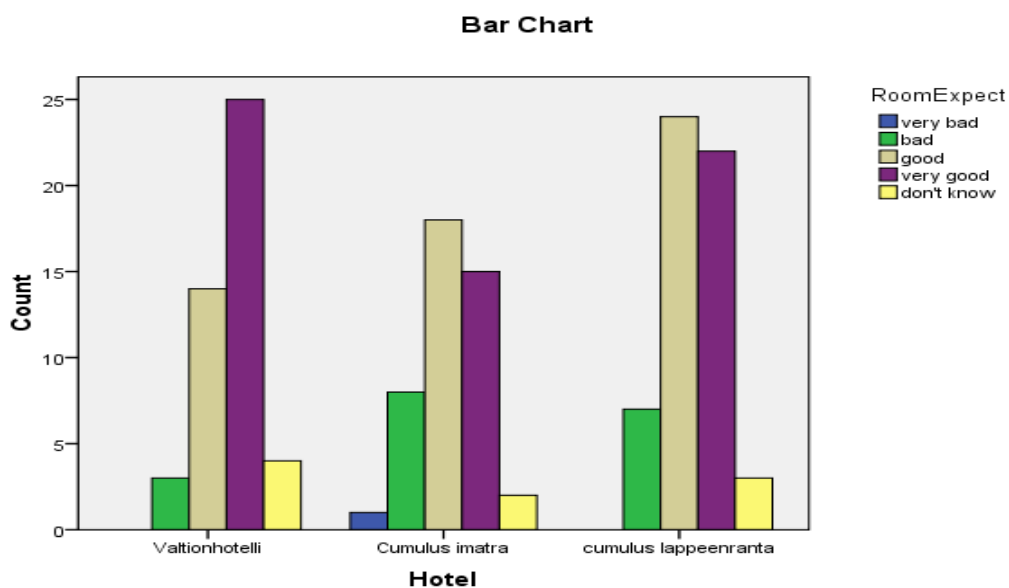


Figure 4.11 Meeting of customers' room expectations

In Imatran Valtionhotelli 54.3% of the respondents was very satisfied and 30.4% satisfied. None of the respondents staying in Valtionhotelli said that they are dissatisfied with the rooms. Cumulus Lappeenranta has 39.3% high satisfaction level and also 0.0% of dissatisfied customers. According to table 4.5, 2.3 % of respondents said that rooms' level was lower than they expected. On the other hand, 40.9 % are finding rooms' level satisfactory and 34.1% was very satisfied.

**Question 10**  
***Expectations approved***

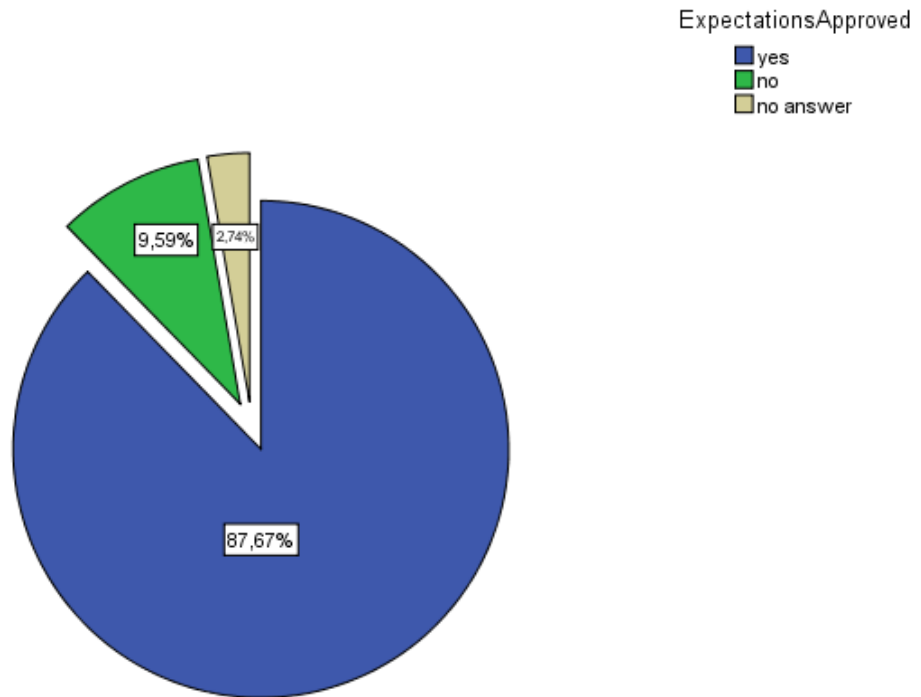


Figure 4.12 Expectations approved

In general out of 146 respondents 87.67% were satisfied with the services provided by Restel hotels, but 9.59% said that their expectations were not met. One of the respondents marked 'no' because the announced check in time in the hotel is 2 pm, but when he arrived at 4 pm his room was not ready yet (Male, 35-44, Saint-Petersburg, Valtionhotelli). Two point seventy-four (2.74) percent have not answered, meaning that either they just have not noticed the question or did have complexities with answering this question.

Figure 4.13 shows the level of customers' satisfaction in each hotel in particular.

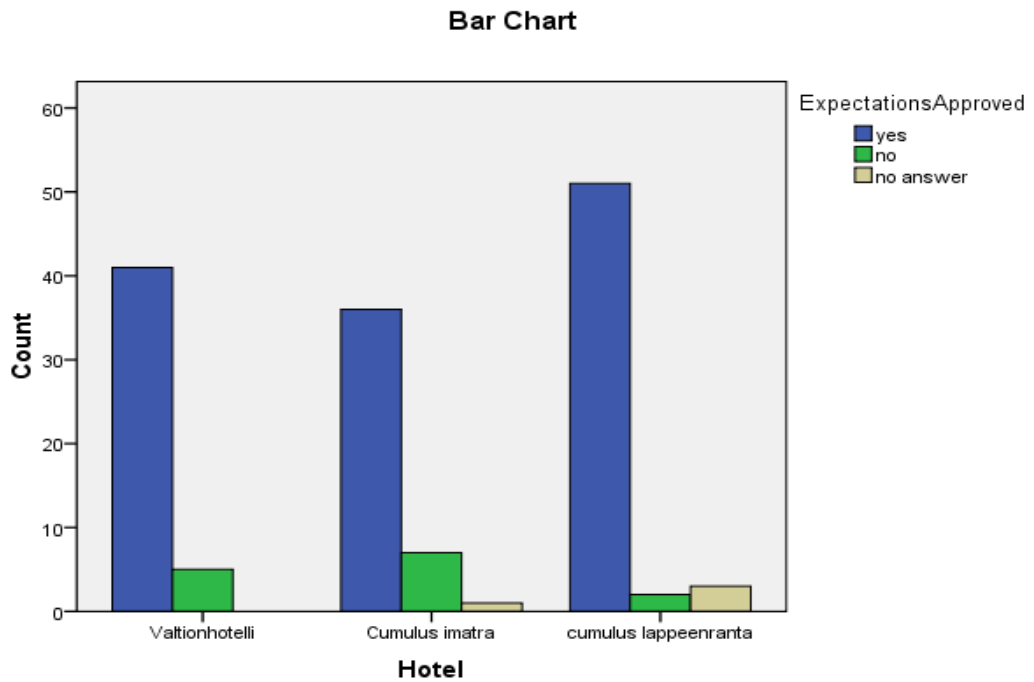


Figure 4.13 Expectations approved (by the hotel)

Table 4.6 Expectations approved (by the hotel)

	Yes	No	No answer
<b>Valtionhotelli</b>	89.1%	10.9%	0.0%
<b>Cumulus Imatra</b>	81.8%	15.9%	2.3%
<b>Cumulus Lappeenranta</b>	91.1%	3.6%	5.4%

As seen from table 4.6, the majority of customers were satisfied with their stay in the hotel and their expectations were approved; 89.1% of satisfied customers comparing to 10.9% dissatisfied in Valtionhotelli; 81.8% to 15.9% in case of Cumulus Imatra, and 91.1% comparing to 3.6% in Cumulus Lappeenranta.



## 5.1 Other relevant findings and customers' comments

There were a lot of interesting findings in the four questionnaire forms returned in Cumulus Imatra. It was mentioned that the hotel rooms are in need of renovations. Eleven respondents mentioned that absence of Russian TV channels in the hotel is a big minus and also four respondents mentioned that there is need for Russian speaking personnel on the reception.

Comments received from respondents from Imatran Valtionhotelli were a bit different. For instance, five (5) respondents mentioned that the restaurant is not working properly and waiting time exceeded two hours. In two forms it was mentioned that services provided in spa-centre have to be translated into Russian and provided to the customers at the check-in at the reception. Three respondents mentioned about Russian speaking personnel.

Cumulus Lappeenranta also received comments concerning renovations (four respondents) and about Russian speaking personnel (two persons). The main important comment was that there is need for extending parking; 10 respondents mentioned that there are not enough parking lots.

## 6. CONCLUSIONS

South Karelia region is a very attractive destination for the tourists, and the Russian segment of customers in Restel Oy is very important. Imatra and Lappeenranta cities are easily accessible for Russians because of the location next to Russian borders and that is why these regions gain more and more popularity among tourists. There is a number of activities available in Lappeenranta and Imatra available, for instance fishing, skiing, snowboarding, shopping, and Imatrankoski performances during summer time. All these possibilities are interesting for the Russian clientele.

According to Finnish Tourism board report (2010) there are 769 325 registered over-night Russian tourists in all accommodation facilities in Finland from January to September 2009, and approximately 121 854 tourists in South Karelia region. According to Russian tourism information portal the number of shopping tourists in Lappeenranta has increased by 45% in comparison with last year. Because of the economic crisis it became easier for Russian people to purchase a number of products of good quality in Finland rather than in Russian Federation, because of VAT refunding. However time used for travelling is approximately four hours; this makes people search for accommodation in the region they are visiting.

There are three hotels which belong to Restel chain presented in the Lappeenranta-Imatra area: Rantasipi Imatran Valtionhotelli, Cumulus Imatra and Cumulus Lappeenranta. That is why exactly these hotels were chosen for the research. The main idea of the research was to analyze how satisfied Russian customers are with the services provided by Restel chain's hotels, in the area of South-Karelia.

The fact that nowadays lodging industry is one of the main growing industries makes companies search for possibilities how to gain competitive advantage on the market. Indeed, customer satisfaction survey is the best suitable tool for this purpose. Building long-lasting relationships with the customers have to be the most important target for the hotels. In the year 2011 the huge complex of Saimaa Gardens in Rauha area will be opening. It will, without doubt, affect returns of the nearby standing hotels, such as Imatran Valtionhotelli and Cumulus Imatra. Russian tourists are always willing to find something new and try new destinations, that is why it is highly recommended to put efforts to attract more Russian customers at this point and try to keep record of their attendances.

The Russian respondents were chosen for this research due to the fact that it is a big and still growing market sector. Even though customer satisfaction

surveys are held on regular basis, it is still vitally important to have it under control and update information as regularly as possible.

The average score, in all of the analysed facilities provided by the hotels, was four among all the hotels. It means that in general, Restel chain is providing their customers with a good service and keeping service quality on a good level. Despite of good feedback, each particular hotel has problems, which were influencing customers' satisfaction.

During this research respondents were giving free comments concerning accommodation services and other (restaurant, treatments) services provided by the hotels. Few respondents gave comments including praises and problems. Comments with praises show that the customer was delighted and he will be willing to come back again or that the problem occurred was solved immediately and did not affect the overall level of satisfaction. One respondent (male, 45-54 years old, Saint-Petersburg) mentioned that the hotel of Imatran Valtionhotelli not only met his expectations, but even exceeded them. In the case of Cumulus Lappeenranta 11 respondents mentioned the same problem concerning parking space. That many people feel the same about the problem shows that there is a problem. Many customers giving the same comments about one point, indicates that there is a problem in the service provided.

The objective of this research was to find out the level of satisfaction of Russian customers with the services, provided by Restel chain's hotels, which was met. The level of customer satisfaction was studied out and the results show that it is high. Out of this could be concluded that the level of service quality in Restel chain is good, but there are customers' comments needed to be taken into consideration. The research process went smoothly and the respondent rate is quite high. There could be an influence on the result accuracy, due to a small sample; only Russian customers were interviewed and asked to fill in questionnaire forms. The accuracy could also be affected because of the respondents' origin, 94 % of all the respondents were visitors from Saint-Petersburg. The period of delivering questionnaire forms should be longer to

reach a necessary number of respondents. All the results are reliable and are provided to the partner of the study.

Information about all the facilities of each hotel was collected and analysed, but in this research only the main points of accommodation services were presented. An additional report, containing survey results, was sent to the partner.

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## APPENDIX 1

1 (7)

Dear respondent

I am studying at Saimaa University of Applied Sciences and the estimated time of graduation is May 2010. At the moment I am doing my thesis work which is part of my studies. I carry out a customer satisfaction inquiry at hotels belonging to Restel chain, among those Rantasipi Imatran Valtionhotelli, Imatra Cumulus hotel and Lappeenranta Cumulus.

According to the responses of the customers the hotels' staff would have an opportunity to improve the service quality provided in order to meet your expectations in a better way. Filling in this questionnaire form takes only a couple of minutes and all the respondents remain anonymous.

I kindly ask you to answer the questions and leave the form afterwards at the hotel reception. Thank you very much for your answers.

Best regards

Ekaterina Makeeva

[Ekaterina.makeeva@suomi24.fi](mailto:Ekaterina.makeeva@suomi24.fi)

APPENDIX 1

2 (7)

Please answer the following questions by choosing the best alternative for you (only one).

**1. Gender**

- Male  Female

**2. Age**

- under 18  45-54  
 18-24  55-64  
 25-34  older than 64  
 35-44

**3. Coming from**

- Saint-Petersburg  Moscow  
 Vyborg  Karelia  
 somewhere else, what?  
\_\_\_\_\_

**4. Partner in travelling**

- wife and children  
 girlfriend/boyfriend  
 parents  
 somebody else, who?  
\_\_\_\_\_

**5. Purpose of the trip**

- holiday  
 business  
 shopping  
 hobby  
 something else, what?  
\_\_\_\_\_

**6. I usually book a room**

- by phone  
 by email  
 directly from hotel (at the front desk)  
 from travel agency/tour operator  
 by online reservation system  
([www.hotelworld.fi](http://www.hotelworld.fi))  
 I do not book in advance  
 something else, what?  
\_\_\_\_\_

APPENDIX 1

3 (7)

**7. I am now staying at**

- Rantasipi Imatran Valtionhotelli  
 Imatran Cumulus hotel  
 Lappeenranta Cumulus hotel

**8. I have chosen this hotel due to**

- good location  
 room prices  
 closeness to main city facilities  
 additional services provided (sauna, treatments, other)  
 someone recommended hotel to me  
 you had good experiences from this hotel  
 something else, what?
- 

**9. Please mark the best alternative for you on the scale (only one).**

*1 stands for "very bad", 2 is "satisfactory", 3 stands for "good", 4 is "very good".*

Please underline the phrase "Do not know" if you do not have a certain opinion about the service

- Hotel room has met my expectations                      1   2   3   4   Do not know  
 - Hotel's price-quality ratio satisfies my expectations    1   2   3   4   Do not know

A) Reception

- staff friendliness    1   2   3   4   Do not know  
     staff appearance    1   2   3   4   Do not know  
     staff skills    1   2   3   4   Do not know  
         staff language skills                                      1   2   3   4   Do not know  
     service quality     1   2   3   4   Do not know  
     tidiness of reception                                        1   2   3   4   Do not know

B) Hotel room

- tidiness    1   2   3   4   Do not know  
     atmosphere, interior                                        1   2   3   4   Do not know  
     equipment level    1   2   3   4   Do not know  
     tidiness of bathroom                                        1   2   3   4   Do not know  
     content of minibar in the room                            1   2   3   4   Do not know  
     extra bed quality (if was used)                         1   2   3   4   Do not know

APPENDIX 1

4 (7)

C) Lobby					
tidiness	1	2	3	4	Do not know
interior decoration	1	2	3	4	Do not know
D) Signs					
visibility	1	2	3	4	Do not know
position	1	2	3	4	Do not know
informative	1	2	3	4	Do not know
E) Breakfast					
diversity of dishes presented	1	2	3	4	Do not know
quality of food presented	1	2	3	4	Do not know
location of buffet restaurant	1	2	3	4	Do not know
F) Restaurant (if used)					
diversity of dishes presented	1	2	3	4	Do not know
quality of food presented	1	2	3	4	Do not know
location of buffet restaurant	1	2	3	4	Do not know
quality of service	1	2	3	4	Do not know
clearness of menu	1	2	3	4	Do not know
waitresses' appearance	1	2	3	4	Do not know
pricing decision	1	2	3	4	Do not know
<b>Please answer the following questions only if you have used services.</b>					
G) Elevator					
tidiness	1	2	3	4	Do not know
functionality	1	2	3	4	Do not know
H) Sauna					
tidiness	1	2	3	4	Do not know
equipment level	1	2	3	4	Do not know
I) Parking					
signals	1	2	3	4	Do not know
functionality	1	2	3	4	Do not know
number of parking lots	1	2	3	4	Do not know
J) Treatments					
pricing decisions	1	2	3	4	Do not know
quality of services provided	1	2	3	4	Do not know

APPENDIX 1

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K) Internet connection (Sonera HomeRun Wi-Fi or Hotel Highway ADSL)

speed of connection

1 2 3 4 Do not know

accessibility

1 2 3 4 Do not know

**5. Did the hotel meet your expectations?**

yes

no

If Not, why?

**6. What in your opinion should be changed or developed in the hotel in order to fully meet your expectations?**

Respondent #1

*Age:*

*Gender:*

*Duration of stay:*

Questions to be asked

1. Is it your first visit to the hotel?
2. What were the factors which affected your choice of the hotel?
3. What do you think of the hotel? Why?
4. What do you think about the hotel's rooms? Why?
5. What in your opinion should be improved or corrected? Why?
6. Did you visit the hotel's restaurant, if yes, what can you say about it?  
Why?
7. What attracts you in Finland?
8. Why have you chosen exactly South-Karelia region?
9. What is the most important for you on the vacation?
10. What affects your level of satisfaction?
11. How do you choose your travel destination?