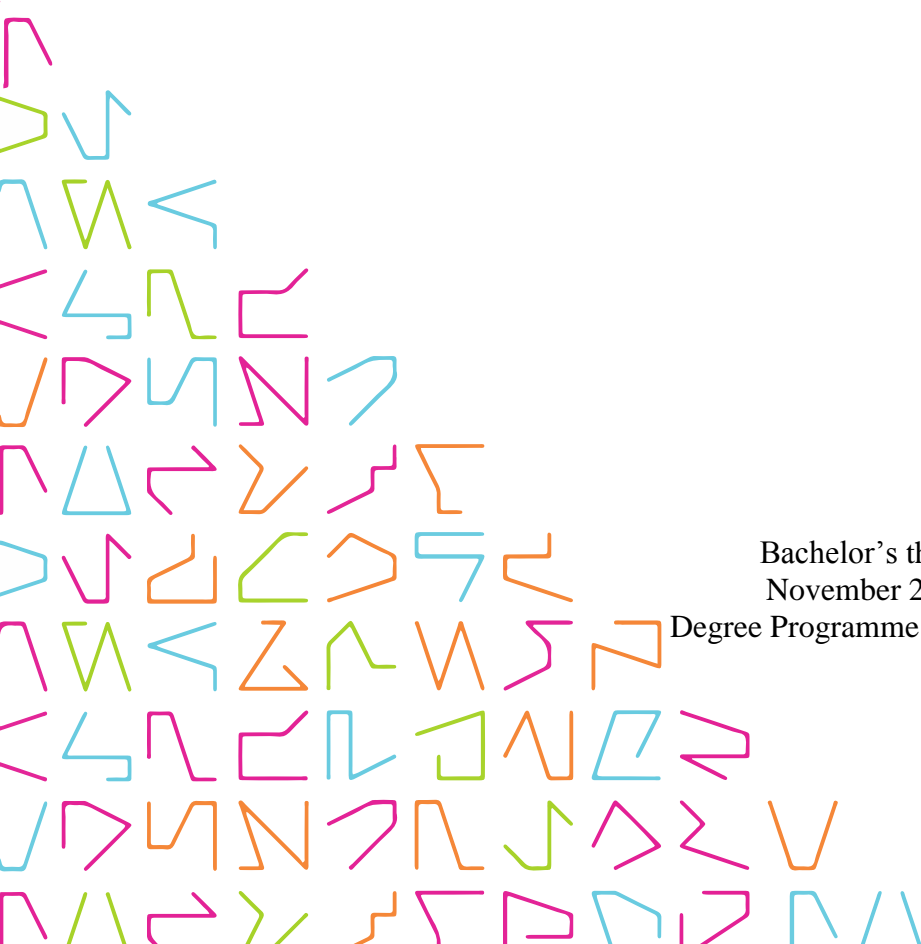


THE IMPACT OF CUSTOMER SERVICE QUALITY ON CUSTOMER SATISFACTION IN TOURISM SECTOR

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Bachelor's thesis
November 2015
Degree Programme in Tourism

ABSTRACT

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Bachelor's thesis 52 pages, appendix 1 page
November 2015

Customer satisfaction with a company's products or services is often considered as the key factor to the company's success and competitiveness focused on a long-term period. According to a common opinion, customer satisfaction determines customer retention in the relationship marketing context allowing the generation of larger profit. The overall purpose of this thesis was to study the general correlation between the quality of services in tourism, namely in accommodation sector, and the level of customer satisfaction, by applying personal experience and gained knowledge, based on statistical data and examples of the case company.

This paper involves a critical examination of the relation between service quality and service satisfaction and an analysis of the research. The study utilized both quantitative and qualitative research methods. In terms of quantitative method, a questionnaire was used as a tool for collecting data from tourists who were using accommodation services. For qualitative analysis, users' feedback and company's performance analysis were utilized along with individual experience. The theoretical framework explores conceptual models and techniques for a better understanding of service quality characteristics and customer satisfaction.

Key results of the research indicated the positive correlation between customer service quality and customer satisfaction. The results revealed that customers tend to have various expectations regarding the potential service experience and it is important to be thoughtful towards the clients in order to succeed and benefit in the market through implementation of various marketing and operational techniques.

Key words: service quality, customer satisfaction, expectations

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1 INTRODUCTION

Recently tourism has become a significant phenomenon in the economic sector due to its growth. It is a highly profitable industry and in terms of efficiency it can be compared with oil and gas processing industries and it plays an important role in the formation of GDP, providing employment, attracting investors in various regions, establishing foreign economic relations and trading process; it influences the development of infrastructure, namely construction of highways, social objects affecting socio-economic development and production of goods and services. The development of tourism is caused by a variety of factors: geographic location, natural diversity, economic status, both external and internal, social factors, historical heritage, religion and politics. Obviously tourism is a source of cash flow - it enables expansion and establishment of international contacts. Moreover free trade policies from the WTO, APEC, and ASEAN mean increasing tourism investment as well as competition at every level; developing new destinations make tourism a key driver of socio-economic progress worldwide.

The relevance of this study shows that in the modern world with high competition and instable economy, companies and businesses which are involved in the field of tourism are forced to approach the customers more thoroughly and carefully using efficient marketing techniques aimed at the clientele. Intensive competition prompts service businesses to look for new methods to differentiate themselves. Preferences of consumers are constantly changing both in the prices and quality of services due to permanently growing, dynamic market. Thus every touristic enterprise should be able to explore the consumer market in order to ascertain and identify the relevance with current terms and requirements of clients. There are many factors influencing the development of tourism industry which determine the overall performance and success of related businesses, one of them is the quality level of customer service. Hence, it is crucial to satisfy every consumer by meeting his/her needs through explicit and detailed analysis of customer satisfaction and its correlation with the quality of service. Examination of the following reveals hidden interrelations, thus, enabling businesses to improve their management policies and service maintenance which results in better financial outcome. Measurement of service quality reflects how well the delivered service could match customers' expectations while the quality of delivered service refers to meeting and satisfying customers'

expectations consistently and positively. Therefore, this research tested whether there was a positive relationship between service quality and customer satisfaction level.

The survey was conducted in order to reflect real and actual customers' opinions regarding the situation in accommodation sector, namely their attitude towards service quality in tourism sector. The questionnaire was created based on the multiple choice, scale and open questions. All questions were related to the personal service quality assessment which was done totally anonymously and voluntarily. There were 64 respondents from different countries and cities depicting approximate overview of service quality within the framework of survey. In order to give a more accurate evaluation and outlook of service quality and customer satisfaction relation, an analysis of customer feedback was carried out as exemplified by the study case company "Apartime". An analysis included acquisition of related data from the company's web page and processing it with the subsequent interpretation. Another qualitative method consisted of personal experience implementation within theoretical framework meaning that individual knowledge of the author was utilized in order to reflect the practical operationalization of the theory described in this paper.

Theoretical background used includes such concepts as SERVQUAL (Service-quality model), customer satisfaction, customer loyalty, Expectation-Confirmation/Disconfirmation theory and related statistical data. The following theoretical framework enables to get a deeper insight into the correlation between service quality and customer satisfaction, to discover the initial sources and factors influencing consumers' decisions, to examine the nature and determinants of customer expectations of service, to understand and compare confirmation, positive disconfirmation and negative disconfirmation through customers' evaluation of services. Therefore, the hypotheses of this study can be formulated as following:

Hypothesis 1: The experience of service quality in accommodation sector in tourism affects the level of customer satisfaction

Hypothesis 2: The satisfaction with the quality of service affects the customer loyalty

Hypothesis 3: The presence of negative disconfirmation regarding the service does not have direct impact on the overall customer's satisfaction with it

2 BACKGROUND INFORMATION

2.1. Tourism in figures

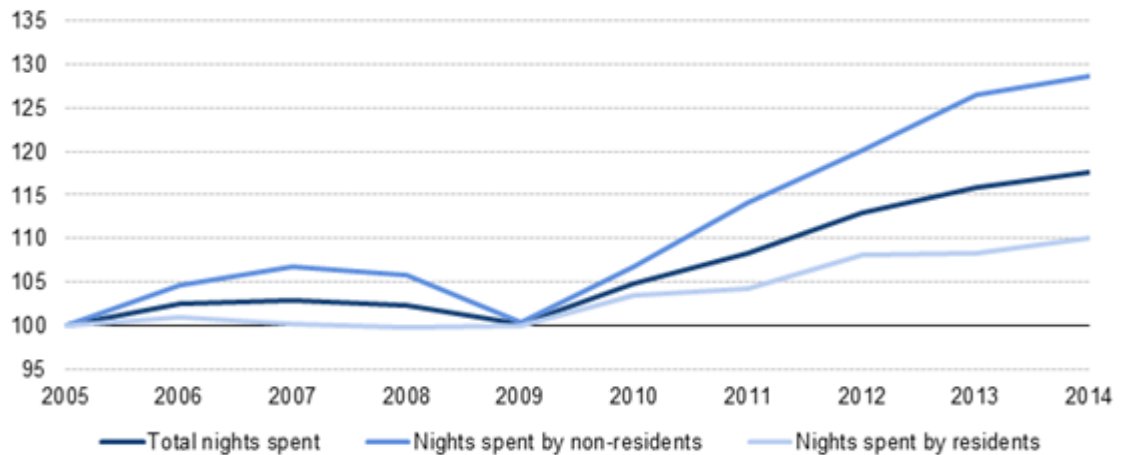
Tourism has become one of the largest and fastest-growing sectors of economy and it has grown and expanded over the past six decades. Despite occasional shocks, tourism has shown virtually uninterrupted growth. International tourist arrivals have increased from 25 million globally in 1950, to 278 million in 1980, 527 million in 1995, and 1133 million in 2014. Likewise, international tourism receipts earned by destinations worldwide have surged from US\$ 2 billion in 1950 to US\$ 104 billion in 1980, US\$ 415 billion in 1995 and US\$ 1245 billion in 2014 (UNWTO Tourism Highlights 2015 Edition, June 2015). International tourist arrivals worldwide are expected to increase by 3.3% a year between 2010 and 2030 to reach 1.8 billion by 2030, according to UNWTO's long term forecast Tourism towards 2030. Between 2010 and 2030, arrivals in emerging destinations (+4.4% a year) are expected to increase at twice the rate of those in advanced economies (+2.2% a year). The market share of emerging economies increased from 30% in 1980 to 45% in 2014, and is expected to reach 57% by 2030, equivalent to over 1 billion international tourist arrivals.

The amount of overnight visitors reached its peak of 1133 million worldwide in 2014, up from 1087 million in 2013. Despite many factors affecting tourism growth such as geopolitics or economics, the demand for destinations continued to be robust. With more than 46 million tourists travelling around the world (+4.3%), 2014 marked the fifth consecutive year of strong increase above the long-term average (+3.3% a year) since the financial crisis of Europe has attracted more than 15 million international tourists (+3%) in 2014, reaching 582 million arrivals in total. In 2015 growth is expected to be stable of 3% to 4% worldwide. By UNWTO region, the strongest prospects for 2015 are for Asia and the Pacific and the Americas (both +4% to +5%), followed by Europe (+3% to +4%). In Africa (+3% to +5%) and the Middle East (+2% to +5%), prospects are positive but more uncertain and volatile (UNWTO Tourism Highlights, 2015 Edition, June 2015).

More than a half of international tourist arrivals (53% or 598 million) were accounted for recreational, holiday and leisure travel in 2014. Thus 14% of international tourists

reported travelling for business and professional purposes, and another 27% travelled for other reasons such as visiting friends and relatives (VFR), religious reasons and pilgrimages, health treatment, etc. The purpose of visit for the remaining 6% of arrivals was not specified.

Increasing by 2.4 % in 2013, the number of nights spent in tourist accommodation in the EU continued to grow in 2014, by 1.6 %, reaching 2.7 billion nights (figure 1).



Note: EU-28 aggregate including estimated values for missing data.

FIGURE 1. Trends in nights spent at EU-28 tourist accommodation establishments, EU-28, 2005-2014

According to the distribution by type of accommodation, hotels and similar accommodation were the most popular (64 %), followed by holiday and other short-stay accommodation such as rented apartments (22 %) and camping grounds, recreational vehicle parks and trailer parks (14 %). All three types of tourist accommodation showed increases for 2014. The number of nights spent in hotels increased by 1.7 %. Nights spent in holiday and other short-stay accommodation and nights spent at campsites increased by 1.7 % and 0.8 % respectively (Eurostat). According to European statistics (Eurostat, table 1), the majority of tourists travelling to EU choose hotels, hostels etc.- 64,4%, other 21,9% prefer holiday and other short-stay accommodation, and the rest 13,6% use camping grounds, vehicle parks and trailer park. As the case study is based on the Spanish-located company, the results represented by Spain are the following: nights spent in tourism accommodation establishments - 403 963 thousands, divided into 73, 1% - hotels and similar accommodation, 18,9% - holiday and other short-stay accommodation and 8% the rest.

TABLE 1. Nights spent at tourist accommodation establishments, 2014

	Nights spent in tourist accommodation establishments (Thousand)	Share in total tourist accommodation (%)		
		Hotels and similar accommodation	Holiday and other short-stay accommodation	Camping grounds, recreational vehicle parks and trailer parks
EU-28(*)	2 690 109	64.4	21.9	13.6
Belgium(*)	31 448	57.7	34.1	8.2
Bulgaria	21 698	92.1	7.8	0.1
Czech Republic	42 947	73.8	21.1	5.1
Denmark	29 647	46.5	15.8	37.7
Germany	366 527	71.8	20.6	7.6
Estonia	5 809	82.7	17.3	0.0
Ireland	29 166	81.5	14.9	3.6
Greece(**)	95 810	77.2	:	1.5
Spain	403 963	73.1	18.9	8.0
France	402 315	50.2	22.5	27.3
Croatia	66 125	31.8	43.3	25.0
Italy	378 176	67.5	18.5	14.0
Cyprus	13 715	99.8	0.0	0.2
Latvia	4 158	79.5	14.6	5.8
Lithuania	6 465	54.8	44.1	1.1
Luxembourg	2 868	59.2	8.2	32.6
Hungary	26 054	77.0	16.7	6.3
Malta	8 781	97.2	2.8	0.0
Netherlands	99 752	40.0	38.5	21.5
Austria	110 441	77.2	18.1	4.6
Poland	66 580	53.5	45.2	1.3
Portugal	54 979	86.3	3.4	10.3
Romania	20 230	85.6	13.6	0.8
Slovenia	9 470	65.9	21.2	12.9
Slovakia	10 781	67.8	30.5	1.7
Finland	19 786	80.7	9.3	10.0
Sweden	52 280	59.4	11.8	28.8
United Kingdom(*)	310 136	56.1	26.2	17.6
Iceland(*)	4 281	66.2	21.6	12.2
Liechtenstein	132	83.1	15.7	1.2
Norway(*)	29 310	67.5	9.4	23.1
Switzerland(**)(*)	38 488	92.6	:	7.4
FYR of Macedonia	1 519	71.3	24.8	3.8
Serbia	5 954	64.8	34.6	0.6

(*) EU-28 aggregate estimated for the purpose of this publication.

(*) 2013 data

(*) 2013 data for holiday and other short-stay accommodation (NACE I55.2).

(*) 2012 data.

(*) Not including holiday and other short-stay accommodation (NACE I55.2).

Note: Due to rounding, deviations can occur between total and subtotals.

“-” - Data not available.

2.2. “Apartime”

“Apartime” is a Spanish company based in Barcelona city center offering fully equipped apartments for short term and for monthly rent. From their offices located in Barcelona they monitor and manage the entire process of the booking from the reservation, through the check in process, to client attention 365 days of the year 24/7. “Apartime” was created as a family-run business in 2003 and the company has rapidly expanded within 12 years. The company consists of 8 full-time employees and some constantly altering amount of interns and cleaning team. There are more than 60 apartments under its guidance situated in the central districts of Barcelona.

All the apartments can be directly booked through the company's website as well as through such booking platforms as Booking.com, Airbnb, Wimdu, House trip, Holiday lettings and many others. These online services allow to expand the range of potential clients and enable full-scale marketing as nowadays the majority of tourists prefer using booking platforms as they collect information and select suitable accommodation and through this automatically help people to organize and compound their trip. All the services provided by the company are accommodation-related. The services do not include any guided tours, organization of trips or routes planning. The primary aim of "Apartime" is to guarantee proper quality of service through implementation of appropriate maintenance techniques. It organizes booking operations followed by reservation of apartments and subsequent check-in processes. A usual check-in process includes arriving in Barcelona with the preceding email receipt which includes information regarding the stay. The guests should give a call to the check-in team in advance, preferably upon arrival. Check-in executive is responsible for meeting guests at the apartment address and accompanying them. After signing the contracts tenants receive the keys and instructions concerning their stay.

The maintenance is delivered through different channels - check-in manager supervises the condition of every apartment, gives tasks to the cleaning team dividing it according to the apartments which need to be prepared for the guests. There is also a worker whose responsibility is to sustain premises in proper condition by inspecting and examining them.

The clientele of "Apartime" varies from young teenagers to elderly people from all over the world. In order to ease the whole procedure from booking to check-in, the company language is English, however, everyone speaks Spanish and other languages as well. Its premises can accommodate from 1 up to 8 people depending on the apartment type. The services are carried out in a non-stop mode. Guests have access to the check-in phone 24/7 in case of any emergency - the experience has shown that it is important to have it as there are all sorts of problems that may arise. As there is no reception point at the locations, the head office is located close to all of the apartments and is always available to contact.

3 SERVICE QUALITY, CUSTOMER SATISFACTION AND CUSTOMER LOYALTY

Every person faces consumption of goods and services unconsciously on daily basis and is involved in this process, which makes us consumers. During consumption a person tends to evaluate those goods and services; in the main the opinion is developed after the process of consumption or throughout it. There are various factors affecting clients' choice which should be taken into consideration by all kinds of companies. By examining principles influencing the decision making process companies can use it for a better understanding of customer behavior.

Prior to travelling to different destinations customers already form certain expectations regarding the level of service depending on the type of accommodation booked. The quality of service significantly affects tourists' choice; nowadays touristic market is full of supply and people tend to have high expectations which creates obstacles for businesses to sustain decent level of service and to offer reasonable prices in order to satisfy customers' needs.

3.1. Service quality

Unlike quality of goods, which can be measured objectively by such indicators as durability and number of defects (Crosby 1979; Garvin 1983), service quality is an abstract and elusive construct because of three features unique to services: intangibility, heterogeneity, and inseparability of production and consumption (Parasuraman, Zeithaml, and Berry 1985, 140). Since there are no objective measures for estimating the quality of service, customers' perception of quality approach can be applied.

Service quality is considered as a standard used to assess the effectiveness of a particular leisure service agency, including the tourism service sector (Godbey 1997), and therefore the quality of service involved with tourism plays an important role in the process of delivery (Wyllie 2000). Service quality is defined as what the customer gets out and is willing to pay for rather than what the supplier puts in (Drucker 1991). The quality of service of the host environment determines the demand, thereby sustaining quality in tourism destinations can be described as seeking to maintain a destination's reputation (Keane 1996). Service standards are more demanding because customers are be-

coming increasingly sensitive to quality. The focus has moved from efficiently “manufactured” service items toward a more flexible model of responding more to quality. (Marcjanna Augustyn & Samuel K.Ho 1998).

The chief of tourism services quality of the World Tourism Organisation, Henryk Handzuh (1995), advocated the basic factors for quality in tourism services. He stressed an integrated or total approach to tourism services in travel, at tourist sites, and at destinations that suggests that work to improve their quality must necessarily take into consideration their infrastructure and basic quality factors, such as safety and security, hygiene, sanitation, condition of natural environment, consumer protection, and accessibility.

Quality processes are directly related to value. The value-added approach can be either explicit or implicit. Explicit value can be measured and can be clearly defined or visible. Implicit value is not easily converted to currency and is related to perceived performance or image. At the consumer level, there have been growing indications of dissatisfaction with the treatment of customers and clients in banking, transportation, and health-care services, as well as in other sectors (Ho 1995). Many organizations work hard to design quality into their operations and to think through delivery barriers. For example, “Apartime” builds quality into its operations by allocating major resources to service recovery. It is an average size company which is not well marketed and uses only several booking channels, hence customer loyalty is quite important in terms of profitability. It is obvious that if the company makes errors or creates uncomfortable atmosphere, its customers won’t come back. Thus the main purpose is to keep the clientele satisfied by compensating the expenses that may occur on their own authority. This creates positive attitude towards a company and unconditionally increases the level of customer loyalty.

Suggesting that quality is an evaluation or appraisal of attribute performance (Johnson & Fornell 1991) and that satisfaction reflects the impact of the performance on people's feeling state (Rosenberg 1960), then quality can be used to predict customers' satisfaction feelings or buying behavior. This perspective corresponds with the most commonly used expectancy-value models within attitude research (Eagly and Chaiken 1993), suggesting that attitudes can be predicted from beliefs (e.g., Fishbein and Ajzen 1975).

3.1.1 Service quality in accommodation sector

There has been a drastic growth in an accommodation sector in the field of tourism. It has proved to be one of the most successful and profitable businesses nowadays due to the endless tourist flow. Nowadays accommodation sector has divided into two big categories - hotels (including hostels) and private accommodation. Undoubtedly hotel industries have usually been profitable and have attracted the majority of travellers due to the wide expansion. Recently the image has slightly changed as the whole concept of traveling has transformed. It is no longer “one time holiday journey” thoroughly planned and well-prepared, causing a lot of expenses and requiring to spend a lot of time for preparation. It is sometimes spontaneous, long or quick trip, when a tourist is flexible and extremely mobile with time, location and prices. Not mentioning the Internet which enables an easy and fast access to information regarding travelling and accommodation sector all over the world. This growth in use of the Internet caused an intensive growth of such platforms as Booking.com, Airbnb, Trivago etc. These online services allow users to search any type of accommodation within any price level thus helping travellers to organize trips according to their needs and abilities. Being able to save money on booking more affordable accommodation, makes tourists to travel with no excessive costs. It has certainly served as a cause of expansion of private accommodation sector and still affects its constant growth. Profitability of this business is quite high considering an avoidance of unnecessary expenses such as construction costs (if a person owns a flat and rents it), service and maintenance costs (no staff needed). Moreover, personal attitude attracts more potential guests as the whole concept of tourism is based on emotional aspect - customer satisfaction.

3.1.2 Customer satisfaction

Customers tend to expect certain things and they become dissatisfied if the company does not meet these expectations. In order to operate on a high level and be efficient, an enterprise should maintain satisfaction of its customers. Parasuraman, Zeithaml, and Berry (1990) describe the problem as “the extent of discrepancy between customers’ expectations or desires, and their perceptions of the quality of the service” (Journal of

Travel Research, Vol. 37, August 1998, 72). Customer satisfaction is the result of perception of the obtained value compared to the expected value of service quality in a relationship between consumer and service provider.

Customers' expectations are determined by several factors:

- personal needs
- personal experience
- word-of-mouth communication
- other external communications

An emergence of dissatisfaction may be caused by various reasons, in most cases by the discrepancy between expectations and perceptions of the provided services. Le Boeuf (1987) had examined the reasons why customers quit a relationship with a particular supplier:

- 3% move away giving no reasons,
- 5% develop other supplier relationships,
- 9% leave for competitive reasons,
- 14% are dissatisfied with the product, and
- 68% quit because of an attitude of indifference toward the customer by the owner, manager, or some employees. (Journal of Travel Research, Vol. 37, August 1998, 72).

It is well known that businesses spend six times more money to obtain new clients than to keep old ones. On average, customer loyalty is worth 10 times the price of a single purchase. There is an old saying in service industries that if customers like the service, they will tell 3 persons and if they do not like the service, they will tell 11 persons. It illustrates the different "speed rates" of spreading good and bad news about the company. Some research findings reveal that about half of the dissatisfied customers just go away. Thus it is significant for touristic enterprises to analyse the causes of decreasing amount of customers. At the same time, it is of great importance not only to conduct the interview, when the consumer refuses to cooperate for the first time, but also to organize monitoring of failures. If the failure rate increases, then the firm is unable to meet consumers' needs. There is also a highly recognized connection between customer satisfaction and profitability. Sales volume of companies that provide services is determined by the level of customer satisfaction as it largely affects revenues. Logically it is the consumers who decide which service to use, thus the more the company makes advances and meets customer needs the greater economic benefit is received. The key to success

of the product/service in the market is satisfied clientele who is committed to the company. It is very important to monitor customer satisfaction and to maintain customer loyalty.

In order to make effective decisions on improvement it is crucial to estimate accurately the degree of customer satisfaction. Naturally, the higher the level of customer satisfaction in terms of service, the higher the possibility of future appeal by the same clients. Nowadays organizations are investing a lot of money in the programs and strategies aimed at keeping customers, which generate and increase companies' profit. An organization needs to find out thoroughly the needs of its clients in order to operate and develop successfully. By measuring the level of customer satisfaction, an enterprise can identify areas of customer service that require performance improvement which will lead to greater income in the future. Therefore a company enhances its competitive position, monitors and controls the quality standards of the provided services and achieves maximum economic benefits.

Customer satisfaction is determined by each particular customer's perception of goods/services and extent to which goods/services are in line with personal expectations. Thus it is a very relative subject as tastes differ from one person to another. Quality of service is estimated according to individual preferences of an individual customer making demands with respect to it, although the attributes of those services stay permanently the same. Hence the differences in the evaluation may occur, changing the level of customer satisfaction. There are various methods of evaluating customer satisfaction with tourist services, a common element of which is a "dialogue with the customer." It is the key element and it includes such an important point in communication process as response to customers' complaints. With the help of new technologies it is possible to carry out the research via the Internet, where people are more willing to talk about their complaints, preferences, claims and wishes. Customer satisfaction is an empirical subject and is subjective to a high extent. Every consumer is endowed with specific character traits, personal and life-oriented. Good customer service expectations can vary greatly. Two different consumers can report the same high level of satisfaction for different reasons. Some are easy to satisfy and they stay contented in most cases while it is difficult to please others. But there is a pitfall for service providers when customers make completely unfounded claims as they realize that the company will do everything possible to satisfy the client.

Customer satisfaction has been known as a very important assessment in terms of a customer service quality which outstands of all the rest outcomes representing the whole image and result of the business success. The quality of service is the fundamental factor affecting the whole perceptive aspect. An effective indicator of customer satisfaction in a tourism market is the attitude of consumers to a certain company. By creating a positive image a company attracts a lot of customers who evaluate the service provider according to the following factors:

- Competence - a company has the required skills and knowledge to provide the service;
- Reliability - a company is stable, always providing the required level of service, obligations are met;
- Responsiveness - employees tend always to respond clients' requests quickly, the system does not fail with the usual inquiries;
- Accessibility - both physical and psychological - contacts with staff should be easy and enjoyable;
- Understanding - company seeks to better understand customer special needs and to adapt to them;
- Communication - company informs customers about the offered services in the language they understand adapted to the characteristics of the target group;
- Credibility - is determined by the reputation of the company, its honesty, its guarantees of serious attitude towards customers;
- Security - customers are protected from financial, moral and physical risks;
- Courtesy - politeness, courtesy, respect, attentiveness and friendliness of the staff;
- Tangibility - tangible confirmation of services - facilities, staff, etc.

According to Pope (1979), when a company's customers are happy with the service and product, and find enthusiastic and knowledgeable personnel who are anxious to help, chances are that the company will continue to enjoy the lucrative patronage of those customers for a long, long time. Therefore an improvement of customer service leads to an increase in customer loyalty allowing travel suppliers to develop long-term relationships with clients, based on an established dialogue.

Satisfied customers are profitable for companies from all positions because first of all they are more likely to become loyal which contributes to savings on attracting new clients. Secondly, they are willing to pay certain mark-up as they ascertained the quality of products and services provided by the organization. Thus, they become less sensitive

towards pricing level. Furthermore, they will recommend a certain product they are sure of. It is advantageous to have such “recommender” clients as an enterprise does not spend money on their acquisition and also those people tend to be good customers, like the existing loyal ones. Customer satisfaction is directly related to the quality of service and serves as a starting point in establishing long-term oriented relationship. The quality of this relationship significantly affects customer loyalty in a positive way and creates a positive image of a touristic corporation. By using online travel and tourism websites’ services people form certain perceptions about the standards. They also compare their actual perceptions with their initial expectations and develop a specific level of satisfaction or dissatisfaction as a result, deciding to use the same website in future and to recommend it to other potential users. (A. Serenko & A. Stach 2009.)

In the book “Focusing on Your Customer” published by Harvard Business School, the principle of “three Rs” is described in details. It is based on retention, related sales and referrals. “An ongoing relationship with a customer creates a steady stream of revenue over time as the customer continues to buy products. The costs associated with marketing decline. In many cases, so do the costs of actually serving the customer, because he or she has become familiar with the company, its product lines and its procedures”. According to James. L. Heskett, “various estimates place the cost to attract new customers at five more times the cost of retaining existing ones”. “The key to customer retention is customer satisfaction” (Kotler 1994, 20). Loyal customers also generate related sales of new products and services to existing customers. The forward-thinking develops new products by listening to the loyal customers. (Focusing on Your Customer 2013, 5). It is less costly to sell to “old” clients as it requires less time and less marketing. Positive customer referrals are a smart marketing tool which is free and vital for business growth and profit. Various researches and practices have shown that when customers are asked to provide a referral, most of them become more loyal.

3.1.3 Customer loyalty

Customer loyalty is both an attitude and behavioral tendency to favor one brand over all others, whether due to satisfaction with the product or service, its convenience or performance, or simply familiarity and comfort with the brand (<http://prloyaltymarketing.com/customer-loyalty/what-is-customer-loyalty/>). Loyalty determines the success of a certain business, it is a good foundation for stable sales. It is

shown by the consumer when one product or service is preferred to another over a long period of time without asking for similar solutions from the competitors. Loyalty means a commitment by an existing customer towards a certain brand, store or service provider when there is an access to other comparative variants, by establishing favourable attitudes which lead to repetition of purchases over time. Such behavior is described by a strong link between the forming and developing value for customers' loyalty and firm's profits. In other words, customer loyalty fosters business systems' cycles, by increasing market shares and revenues.

Customer loyalty is based on a positive experience after the acquisition of a product of interest. Various surveys have shown that people who are satisfied with their purchase are more likely to be well-disposed to the other goods and services provided by the same enterprise, especially to the fundamentally new ones. It is seen as a sense of honour of having a product that has never been previously manufactured. In order to be successful in the market, it is important to concentrate on retaining existing customers by implementing proactive policies aimed at customer satisfaction and loyalty in terms of management approach. It is important to remember that customer loyalty is not absolute as it is a relative subject. Loyalty should be observed regarding the way a buyer treated the company yesterday and how he/she treats the company today. If these perceptions happen to be the same, then it will cause greater buyer's loyalty towards a certain organization, brand or service.

It is well known that acquiring new customers is more expensive than retaining old ones and the most effective way to attract customer loyalty and satisfaction is customer experience management. Loyal customers help to ensure and enlarge sales as well as to reduce the costs for consumer marketing and education. However so called "commodity-money" relations should not be considered as the only way to increase loyalty. This is one of the main mistakes of the companies which work with regular clients - they should be aware of the existence of various competitors ready to offer comparable or even lower priced product. Practice shows that the customer is willing to pay a bigger amount of money if the satisfaction of a certain product has reached a subjective level - there is an emotional attachment. In this case an unconstrained, nonintrusive and smart dialogue with the potential customer might be a decisive factor for the future purchase.

3.2. Questionnaire analysis and results

In order to represent a visual example of service quality evaluation and its impacts, a questionnaire was composed. It included 22 questions of various types e.g. multiple choice, scale, open answer and it was posted online through Google Drive. A research was conveyed through social networks, hence, the questionnaire was published in two languages: Russian and English respectively. This helped to assure an impartial investigation which broadened the group of respondents. Questions utilized were formed based on the empirical evaluation of accommodation services in tourism. Moreover, the questionnaire was divided into two parts where the first part was devoted to general accommodational service experience and the second part devoted to the latest trip and stay. The respondents were offered to answer the questions without revealing their personality and country, thus, to make a generalization of collected data easier.

Questions presented were the following:

Part 1.

- 1) Do you use accommodation services?
- 2) How do you usually book accommodation?
- 3) What is preferable for you while choosing accommodation?
- 4) Do you usually contact accommodation provider in advance to receive information regarding your stay?
- 5) Do you usually leave feedback regarding your stay?
- 6) Have you ever had any problems related to your stay? If yes, please state them.
- 7) If the service is good, will you tell other people about it?
- 8) If the service is poor, will you tell other people about it?

Part 2.

- 1) Purpose of latest trip
- 2) Did the provided service meet your expectations?
- 3) How did the provided service correspond with the description?
- 4) How responsive was the service provider? (was it easy to contact the company?, how fast did you get the response?)
- 5) Was the staff and service professional?
- 6) Was it easy to leave feedback? (complaints, thanks, suggestions)
- 7) Did the quality of service affect your stay in general?

- 8) How would you evaluate the overall quality of provided service?
- 9) Would you use the same service provider next time?
- 10) Would you recommend others to use this service provider?
- 11) Would you suggest any improvements of the service? (if yes then please state them below)
- 12) Your gender
- 13) Your age
- 14) Your occupation

These questions were aimed at revealing customers' thoughts and expectations regarding the quality of provided services based on their general and latest experience. After the answers were received, a thorough and accurate analytical process enabled the creation of pie charts and graphs reflecting the current situation in service accommodation sector within the questionnaire scale.

The analysis revealed factors influencing the expectations of the service quality and the level of satisfaction in service quality, based on the following criteria: service ability, trust ability, customer empathy/loyalty, and responsiveness. Out of 64 respondents there were 39 women, who constitute the main group of respondents which generally coincides with the current trends in tourism, and 25 men. The amount of women, who travel alone or with friends increases. This also leads to the conclusion that it is time to consider women as a big target group in tourism industry.

Figure 2 shows that young people aged 18-24 years old composed the primary age group out of all respondents - 73%. It is the age of young and active people having an opportunity to travel freely and effortlessly because of rapid modernization and internationalization of the society. Nowadays educated young people, so called "yuppies"- young urban professionals - compose a large group of travellers. Due to the high mobility, presence of free time and material resources, tourism market has shown growth in this sector. The second biggest group was formed by young adults aged 24-35 years - 20%. The rest 7% were divided between age groups of 35-44 and 55+ respectively. (The results of the category 45-54 years were not represented as there was no data in the questionnaire).

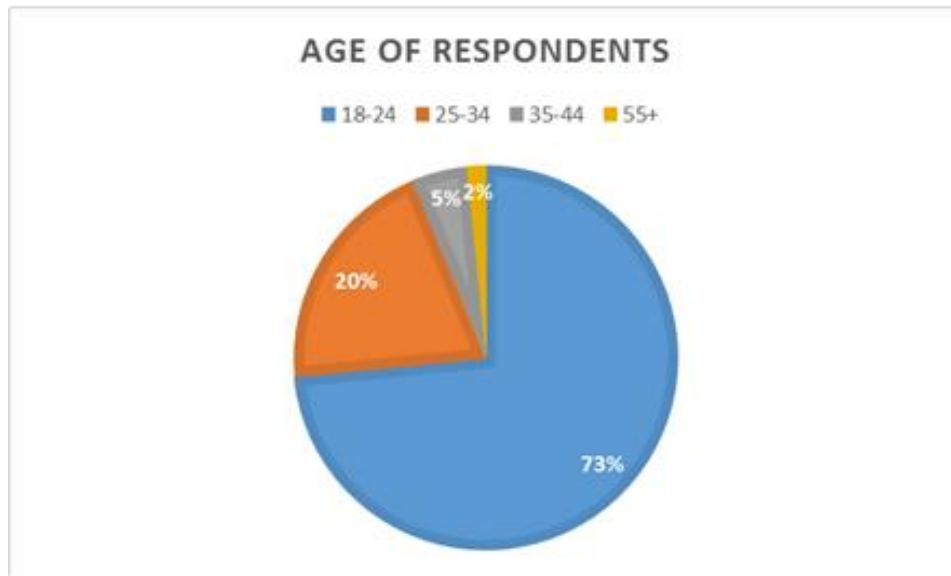
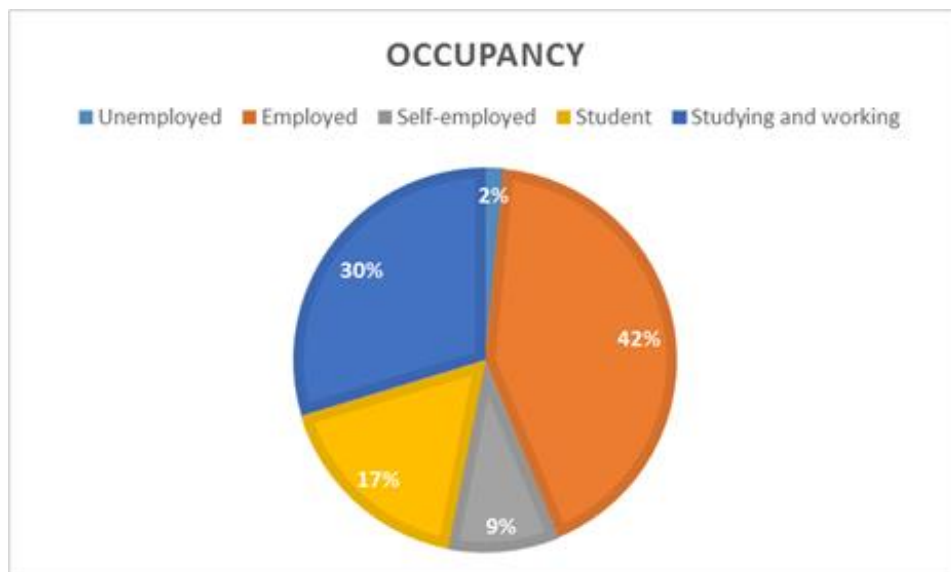


FIGURE 2. Age of respondents

Figure 3 represents groups of respondents according to their occupancy. Main 3 groups included those people who are employed, those, who study only and those, who study and work simultaneously. The whole picture given by the respondents shows that the majority of travellers in this study can be described as young and active people who work and study, thus, it corresponds with the previous chart (figure 2) reflecting the main age group of the respondents. Young age and existence of job creates high opportunities for travelling, which obviously fosters and nourishes touristic market.

FIGURE 3. Occupancy



The graph “Average satisfaction by age” (figure 4) shows that the respondents of 35-44 years old marked the highest level of service satisfaction according to their experience.

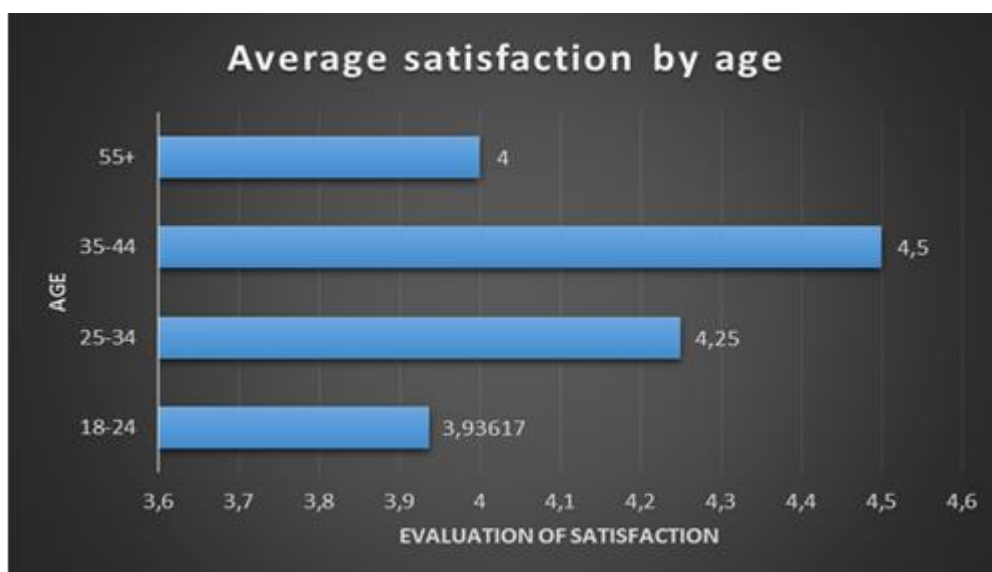


FIGURE 4. Average satisfaction by age

The respondents were asked to evaluate the quality of provided service in general during their latest stay. The scale for evaluation started with 1 - representing the lowest service quality, and finished with 5 - representing the highest service quality respectively. After calculating the average amount of points regarding the service given by each age group, the results showed that the most “satisfied” group of respondents in this survey was group of people 35-44 years old - 4,5 point out of 5. Second group of age 25-34 represented 4,25 points on average, then the category of young people 18-24 years old scored 3,93 points and 4 points was scored by the age group of 55+ (The results from the category 45-54 years were not represented as there was no data in the questionnaire).

Speaking about the key priority in terms of accommodation choice, the majority of respondents put price on the first place (67%), second was the quality of service (14%), then the location, the mixture of all priorities given, and the mixture of the quality and the price (12%, 5% and 2% respectively) (figure 5). Price for these respondents was the primary factor determining the choice of accommodation. This survey showed that these respondents were ready to tolerate the lack of service quality while the price is moderate according to their expectations. The further analysis of negative disconfirmation describes this phenomenon. This puts the quality of service on the second place among these respondents decreasing its impact on customers’ decisions concerning this survey.



FIGURE 5. Key priority while choosing accommodation

Another index representing the level of satisfaction with the services is a degree of customer loyalty (figure 6). The respondents were asked the question “Will you use the services of the same company next time?” related to their latest stay in order to ascertain an extent of loyalty among the respondents. The results were divided into 3 parts where 43% are represented by those people who would definitely use the same services next time. Almost the same amount of people stated the probability of usage of such services - 41%, and 16% denied using them in the future. It is clear that those respondents forming the group of those who are willing to continue to cooperate with the same service provider were satisfied with the previous services. It resulted in the appearance or evanescence of their loyalty towards a certain company.

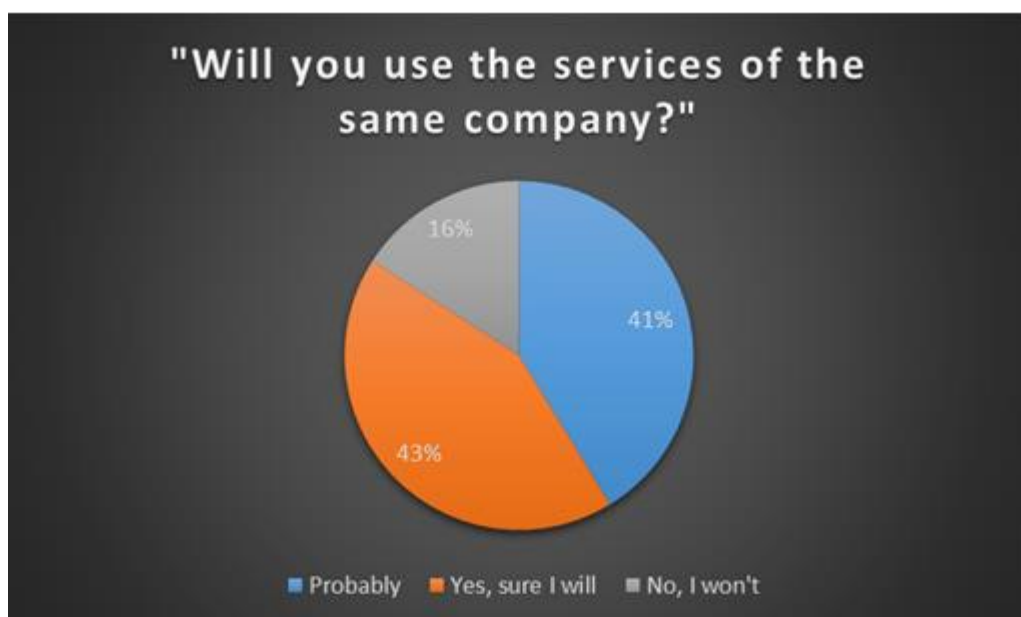


FIGURE 6. “Will you use the services of the same company?”

As it was mentioned in figure 6, the customer loyalty appears when a high level of satisfaction with certain service/product is shown coupled with positive emotions which are an empirical component of experience evaluation. The willingness for further usage of the services of the same company represents a high level of loyalty among the respondents, which can be used in detailed research of a particular business in order to have an ability to retain the clientele.

The level of satisfaction forms customers' empathy and it has a high influence on the tourists' recommendations to others, which is indicated in the figure 7: "Will you recommend this service provider to others?" 44% of respondents answered positively to this question regarding their latest stay. Answers "Probably" and "No, I won't" were presented by 40% and 16% proportionally. According to this pie chart, the estimation showed that almost the same amount of respondents - 43% (figure 6) and 44% (figure 7) gave positive opinions regarding their latest stay. Those respondents who plan to use the same service provider are willing to recommend it to other potential clients because the level of satisfaction is high. Companies can benefit a lot by obtaining new customers through already existing loyal ones. Those companies have probably increased the level of emotional attachment between respondents and themselves which resulted into high loyalty degree.



FIGURE 7. "Will you recommend this service provider to others?"

In accordance with the received material, it can be claimed that customer loyalty conduces to the positive feedback and engagement of potentially new clientele whose primary expectations of the quality of certain service are affirmative and based on the

opinions of the recommenders. By influencing the existing customers and showing proper attitude, companies obtain a possibility to perform beneficially and fairly.

The questionnaire was compiled in order to conduct the practical part of the thesis and to support the statistical and theoretical information. The results revealed that the major group of modern tourists in this survey consisted of young people aged 18-34 years old, who have graduated and work, still studying or combining both studies and work. The tendency for choosing price over quality of service describes respondents as tolerant and economical.

The research proved the presence of direct correlation between satisfaction with the quality of service in accommodation sector and customer loyalty. As it was mentioned in the part covering the concept of customer loyalty, the contented customers tend to return to the same service/product providers due to the emotional attachment. It plays an important role when it comes to referrals; as demonstrated in the graphs of the survey results, respondents showed a positive attitude, claiming that they were willing to address the same service provider next time they book accommodation.

This questionnaire survey can be used by any company whose intention is to elicit the level of its performance in terms of customer service. It serves as a great tool for evaluating the degree of customer satisfaction and clientele's contentment with particular service provider's policies and techniques. Through the data processing businesses obtain an ability to monitor their performance in the market, their success in the dialogue with the clients and subsequent implementation of necessary methods for improvement of the customer quality service.

4 SERVQUAL

4.1. SERVQUAL concept

Service quality is an approach that has aroused significant debates and interest due to the difficulty of estimating and defining it. There are various definitions describing service quality; one of them which is more frequently used defines service quality as the extent to which a service meets customers' needs or expectations (Lewis and Mitchell 1990; Dotchin and Oakland 1994a; Asubonteng et al. 1996; Wisniewski and Donnelly 1996). There is a difference between service expectations and perceived service -“if expectations are greater than performance, then perceived quality is less than satisfactory and hence customer dissatisfaction occurs (Parasuraman et al. 1985; Lewis and Mitchell 1990). Quality is a twofold concept meaning that it can be either perceived or objective. Perceived quality is the consumer's judgment about an entity's overall excellence or superiority (Zeithaml 1987), while objective quality is based on the attitude: comparison between perceptions of performance and expectations. According to Olshavsky (1985), quality is a form of overall evaluation of a product, similar in many ways to attitude. Quality defines the potential customer's satisfaction level with the provided service. Satisfaction is a determinant factor representing the extent to which the client is contented with the offered service. Oliver (1981) describes satisfaction as “a summary psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the consumer's prior feelings about the consumption experience”.

There has been developed a so called “SERVQUAL model” (Parasuraman A., Zeithaml Valarie A., and Berry Leonard L. 1985; 1988) which is based on factors influencing customers' expectations and perceptions of a service. It summarizes 10 dimensions related to service and quality estimation and investigates discrepancies or gaps (figure 8) between the supplier and the consumer in order to point areas which might be improved:

1. Tangibles: physical evidence.
2. Reliability: getting it right first time, honouring promises.
3. Responsiveness: willingness, readiness to provide service.
4. Communication: keeping customers informed in a language

they can understand.

5. Creditability: honesty, trustworthiness.

6. Security: physical, financial, and confidentiality.

7. Competence: possession of required skills and knowledge of all employees.

8. Courtesy: politeness, respect, friendliness.

9. Understanding: knowing customers, their needs, and their requirements.

10. Access: ease of approach and contact (Marcjanna Augustyn & Samuel K.Ho 1998)

ServQual

Source: Zeithaml, Parasuraman & Berry, Delivering Quality Service

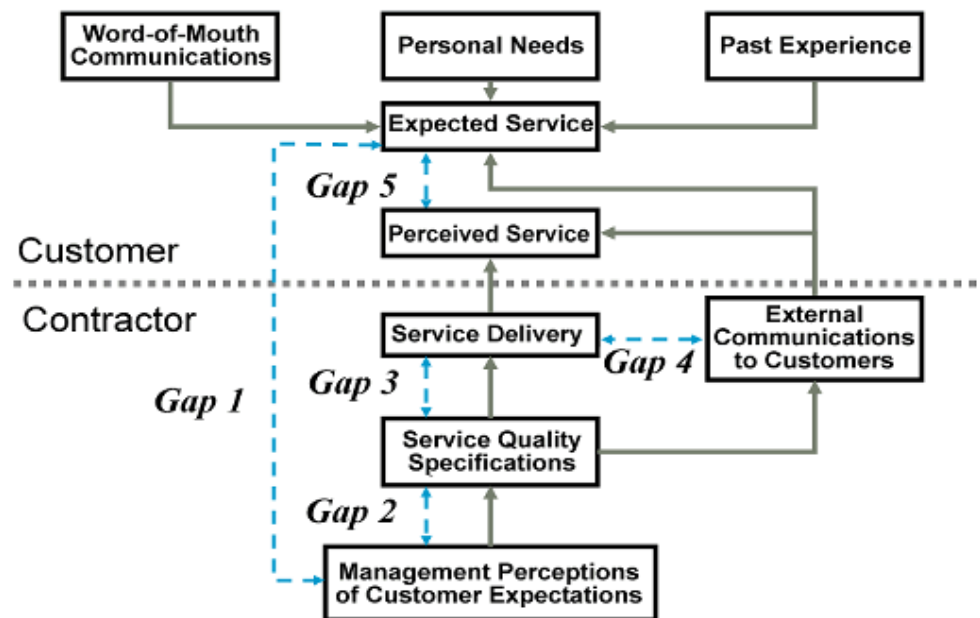


FIGURE 8. SERVQUAL: A Conceptual Model of Service Quality

These dimensions allow measuring tangible and intangible elements of service. Some of these criteria are known in advance while most of them can be estimated only during or after consumption. Some of them are almost impossible to measure even after the purchase is done due to experience peculiarities.

4.2. SERVQUAL gaps

Gap 1: Between Customers' Expectations and Management's Perceptions of Customers' Expectations

The problem of businesses operating in the sphere of tourism is that due to the lack of research, they are not always aware of what customers' expectations are. Quite often companies are wrong or scarcely have an idea about the needs of their potential clientele, hence they are not ready to provide them with full information about the service. For example, in case of "Apartime" there are frequent calls and emails from customers who come to Barcelona and book a cruise trip willing to travel later to another place. For this reason they ask an agency for the detailed directions on how to get to the port from their accommodation. Practice has shown that this kind of simple questions may be difficult to answer for the booking agent which results into a negative customers' experience.

Gap 2: Between Management's Perceptions of Customers' Expectations and Service Quality Specifications

Companies are aware that clients have various needs and expectations but they do not know which market groups to be aimed at in terms of preferences or demographics. Therefore, "travel agencies produce general and uniform service-quality specifications. Internal service-quality specifications relate mainly to the physical environment standards of travel agencies and the competence of the sales consultants. External service-quality specifications include general statements, such as the "highest standards of service" or "value for money". These external service-quality specifications are focused on the protection of businesses rather than clients. Expressions such as "the holidays are best suited to those who are flexible" or "specific facilities and special needs can never be guaranteed" that are used in external service-quality specifications by some of the top travel agencies illustrate this preventative approach of tourism companies and their lack of genuine interest in customer satisfaction." (Marcjanna Augustyn & Samuel K. Ho 1998). This creates a tendency of deviating and avoiding responsibility related to the customer service. For example, "Apartime" works with such platforms as Booking.com and Airbnb.com which serve as intermediaries between users and service providers (in this case "Apartime"). In case the client does not show up at the check-in, refuses to pay or decides to leave the accommodation, other stakeholders than "Apartime" are responsible for that respectively. This creates many problems due to the interest of a service provider in receiving the profit right away while the procedure of cancelling a booking

takes a lot of time. Moreover, clients rarely read terms and conditions of their bookings which results in misunderstanding between three parties: user, intermediary and service provider; despite that, customers still put the strongest demand on the third party due to the lack of information.

Gap 3: Between Service Quality Specifications and Service Delivery

This gap shows the discrepancy between the quality of the service promised to the customer and the quality of the tourism product delivered. It is mostly related to the way the service is described creating certain expectations among customers and the actual received service. This problem arises due to various factors: incompetent sales agents, intermediaries presenting false information, service providers conducting poor maintenance or delivering low quality service. Quality standards are often revealed to the customer after the purchase has been done when the travel agencies, for example, reduce their responsibility. To a certain extent it is understandable because they only control the first part of service-delivery chain but in order to keep the customer satisfied, hence, raise the level of customer loyalty, it is important to monitor the whole process to ascertain that the service has been delivered in an appropriate way. For this reason, all of the stakeholders should interact and cooperate to avoid any problems that may occur (Parasuraman et al. 1988). “Apartime” has shown a negative side of service-delivery chain in terms of the final stage. When clients arrive at an accommodation they have booked through an agency, most of the time they expect a different interior, as pictures of flats represented on the websites are not reflecting the reality. This may be due to the time factor - photos were taken five or more years ago and apartments just become threadbare because of constant usage or simply Photoshop. This is an example of the most common subject for complaints in terms of incongruity between expectations and received service.

Gap 4: Between Service Delivery and External Communications to Customers

The image of the company is created through its performance, marketing channels, word-of-mouth and other activities. The overall picture influences customers' expectations concerning the service delivery quality. The more convincing and persuasive the advertising of an agency is, the higher the expectations are. Customers tend to show high demand concerning necessary and detailed information about promised service, thus, if an agency is not able to live up to customers' expectations, the gap will occur. In order to decrease the gap and minimize it, an establishment of two way informal and formal feedback system can be undertaken. It will serve as a communication tool between a client and a service provider meeting more customer needs (Parasuraman et al.

1988). The only feedback system in the company “Apartime” is a possibility to leave comments on Booking.com or Airbnb concerning the stay. The feedback received is essential because it directly affects the quality level of the company - the more “points” “Apartime” scores, the more guests, the higher the ranking gets and as a result the more people are willing to book apartments. Comments from the guests play a very important role in forming customers’ expectations; potential guests are able to read a description of any apartment and leave comments about it. This makes it quite an equitable way of informing and communicating with company’s clientele, strongly influencing their expectations and views.

Gap 5: Between Customers’ Expectations and Perceived Service

There are many factors influencing the perception of service. Some of them cannot be controlled by the agencies because there are external factors causing the emergence of this gap. Therefore expectations which client had before receiving certain service and expectations which were received during the purchasing process may vary a lot. It can be due to the simple personal problems or changes in the mood. Moreover, service specifications cannot be adjusted according to each individual client, which puts all operations and activities in a tourist cycle in need for improvement (Parasuraman et al. 1988). As an example, some of apartments owned by “Apartime” such as “Las Ramblas Suites” are located in the middle of the city centre which makes it one of the most crowded and noisy spots in Barcelona. Some clients simply do not check the location accurately as the only factor influencing their choice is walking distance to all the famous touristic sights. It results into high dissatisfaction between tenants due to the constant buzz and noise leading to inability to sleep or simply to have rest. In this case there is nothing “Apartime” can do about it because it is an uncontrollable external determinant.

Nowadays tourism market is constantly developing and growing, forcing touristic companies to learn how to quickly adjust to changes in order to keep up with pace. Globalization and high mobility level create more opportunities both for businesses and clients. Due to rapidly changing scenario of the tourism industry, tourists’ expectations are rising respectively. The SERVQUAL model coupled with the tools of measuring perceived service quality represents gap analysis which shows a correlation between customers’ expectations and provided service. It illustrates the possibilities for improvement of service quality in touristic sector.

5 EXPECTATIONS

Expectations are usually explained as predictions made by customers about what is likely to happen during an impending transaction or exchange. According to Oliver (1981b, 33), "It is generally agreed that expectations are consumer-defined probabilities of the occurrence of positive and negative events if the consumer engages in some behavior." Expectations can be divided into several phases according to customers' attitude. Miller (1997) claimed that there are "ideal expectations" which represent the desirable level of performance of customers. Swan and Trawick (1980) described these expectations as "the level at which the customer wanted the product to perform". It is devoted to the performance of the product or service aimed at satisfying the customers by fulfilling their primary needs and wants. Expectations differ from pre-purchase predictions as they are placed on different levels; expectations are most of the time higher than the real received service or product while predictions are actual service image in customers' minds. Expectations are closely connected with wishes and wants that stand over simple satisfactory level, they are beliefs in better performance but still expected. Miller (1977) also proposed "minimum tolerable expectations", defined as the lower level of performance acceptable to the consumer, and "deserved expectations", reflecting the consumers' subjective evaluation of their own product investment. According to this, there are two levels of expectations where pre-purchase predictions mean tolerable level of service or product quality which is reasonable and adequate, not exceeding the normal conditions.

Expectations may vary due to the nature of services and products - intangible goods and services are different from tangible in the sense of context. Moreover, they also depend on the type of the customer - whether it is a business or fellow customer. Presence of previous experiences influences expectations because customers can already be familiar with the service or product or be not familiar at all. Values and education are also subject to affect the formation of expectations.

5.1. Nature and determinants of customer expectations in service model

The following model (figure 9) represents the nature and determinants of customer expectations of service (Parasuraman, A, Valarie Zeithaml, & Leonard Berry, 1993). In the center of this scheme are placed expectations, so called “expected service” which is framed by desired service and adequate service. Desired service is based on the hopes of customers to receive it while adequate service is the lowest accepted level of provided service. Customers are aware of their desires and they know that sometimes they do not correspond with the reality that is why adequate service expectations occur. Furthermore, it is true that expectations do not change unlike tolerance, which changes within the acceptance level. This leads to the proposal that evaluation of service quality among consumers is based on two standards: what they desire and what they consider acceptable. Amid those two standards is located the “zone of tolerance” which represents the distinction between the level of service which is considered to be adequate and desired service. Services are naturally heterogeneous as the performance can differ depending on providers, employees and types of services. Thus the zone of tolerance is formed according to the ability and willingness of customers to embrace such heterogeneity.

Moreover, the zone of tolerance is a quite flexible and variable concept which is related to individual customers’ peculiarities. Some customers had a small zone of tolerance, meaning that they kept on requiring a limited level of service while other customers tolerated a wider range of service from providers. Every individual customer's zone of tolerance increases or decreases due to a number of indicative factors, such as price or quality. An increase in price does not necessarily enhance expectations, it can also influence the level of tolerance by making it less flexible. People tend to have higher expectations when they pay upfront as they are sure that the affair is obligatory to happen based on some legal agreement. The customer's zone of tolerance may also vary for different service attributes. Parasuraman, Zeithaml, and Berry (1988) found that customer evaluation of service quality is represented within five dimensions: reliability, responsiveness, assurance, empathy, and tangibles. It leads to the fact that customers have narrower zones of tolerance for some dimensions than for others, for example, when service happened to be unreliable – nonfulfillment of promises, incompetence in implementation. On the contrary, the zone of tolerance might be equal to zero which means that individual customer’s adequate and desired services will be of the same value.

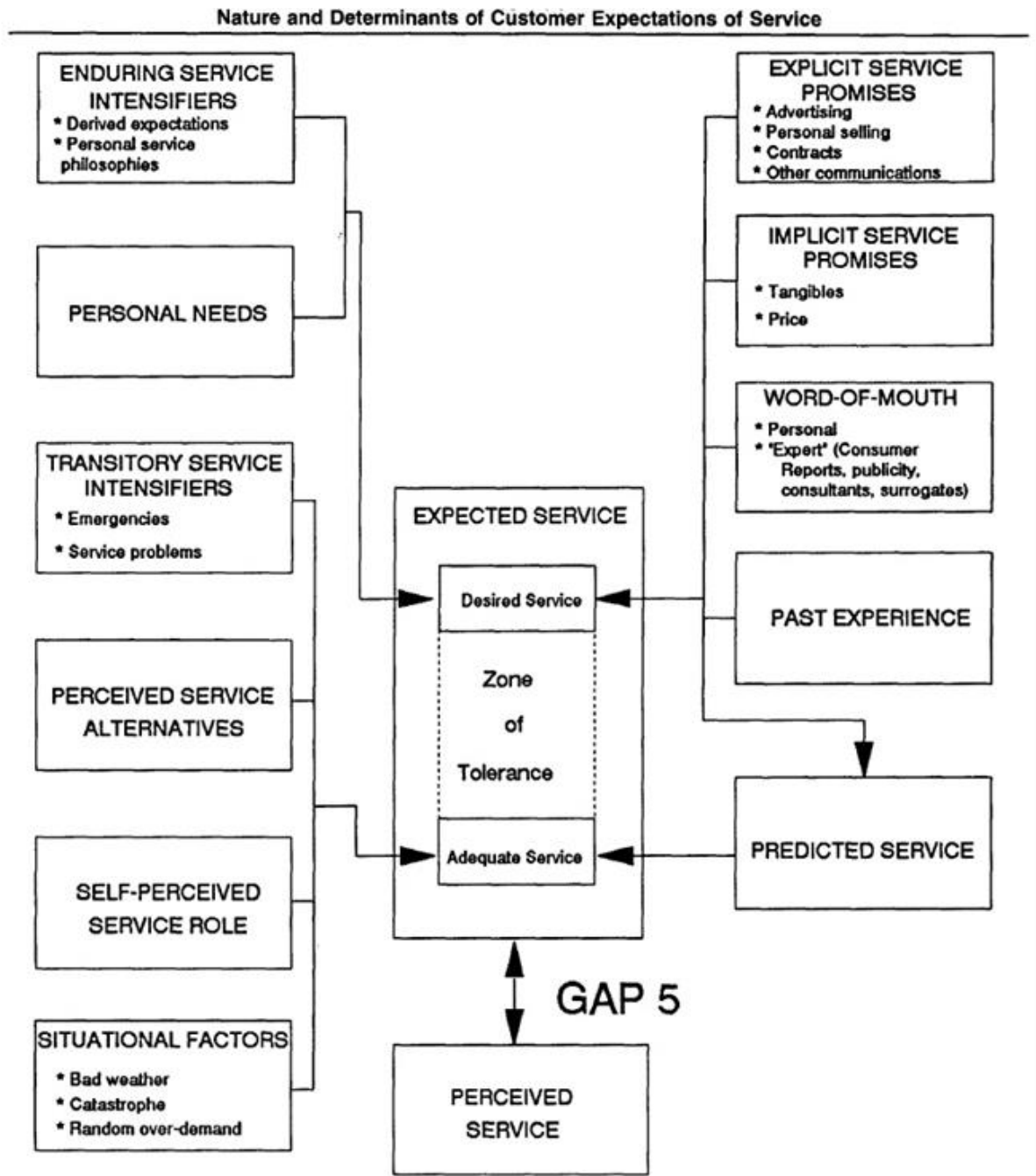


FIGURE 9. Nature and determinants of customer expectations of service

The variations in the customer's personal zone of tolerance occur mostly due to the changes in adequate service level as desired service is a more constant and stable dimension. Desired level is compiled based on the accumulated experiences which enables a person to have a certain notion of expectations while adequacy is quite a fluctuant concept influenced by various circumstances.

The level of desired and adequate service is based on several antecedents which influence predicted service. Enduring service intensifiers and personal needs affect the desired service degree. Enduring service intensifiers are personal, consistent factors that make the customer to be highly sensible to service. One of those factors is derived service expectations, when the customer's formation of expectations depends on another exterior party. A good example of that is "Apartime's" cleaning scheme: cleaners are put under a lot of pressure from arriving clients, who expect them to clean apartment perfectly on time but cleaners also depend on the laundry supplier, if the laundry does not arrive on time, there will be no possibility to prepare an apartment for the guests' arrival. Another enduring service intensifier is individual service vision - the way the customers see how the service should be properly conducted and their general attitude towards it. Most of the time people expect to be treated the way they treat others, thus, the view on the service implementation intensifies and raises the level of desired service. Personal needs are another factor that frame desired service state. They are crucial drivers of socio-physical well-being of the customer. It can be illustrated by the check-in executive in "Apartime" who is in charge of meeting and allocating guests in their accommodation. Tourists usually expect check-in managers not only to give some information regarding the stay but also to provide some tips about places to visit and other sights in Barcelona.

The customer's level of adequate service is compiled based on five factors: transitory service intensifiers, perceived service alternatives, customer self-perceived service roles, situational factors, and predicted service. Transitory service intensifiers are personal, temporary factors that make the customer highly sensible to service. An example of that can be individual emergency situations when the customer is being in strong need of service and assumes that the company should be able to respond in a proper way. In other words, the nature of customers' problems influences their expectations, hence increasing the level of adequate service, particularly the level of responsiveness which is considered to be appropriate. In case of "Apartime" there is a 24h check in phone which serves as an emergency number. Guests usually expect check-in executive to be standby and ready to come any minute if such problems as lost key or robbery occur. Moreover, problems that arise with the primary service increase the level of expectations with subsequent service. In terms of transitory service intensifiers, the higher the level of adequate service is, the narrower the zone of tolerance is.

Perceived service alternatives are perceptions of consumers regarding an extent to which they can receive better service from providers that vary from the focal company. When consumers have a choice of different service providers, or when they can provide the services for themselves (e.g. booking an apartment online avoiding travel agencies) their levels of adequate service can be higher than those of consumers who suppose that there is no possibility to find adequately better service anywhere else. For example, when clients book accommodation for the first time from “Apartime” through Booking.com not knowing that they can avoid any additional costs by reserving accommodation directly from “Apartime’s” website. Hence, the consumer's perception of service alternatives existence increases the level of adequate service and makes the zone of tolerance narrower. A third factor that influences the level of adequate service is the self-perceived service role of consumer. It can be defined as customers’ involvement with a certain service; it is their perceptions of an extent to which they are able to affect the received service. There are many factors that influence the way a customer is treated, including the way how customer deals with the service provider. It can be illustrated by the simple example on how “Apartime” deals with the clients who arrive late. If the clients are calling to report that they are late and it will take longer time for them to arrive to the apartment, check-in team will be flexible and will meet them according to the changes, but if the clients do not inform check-in manager about different arrival time as agreed in advance, calling from the doors showing irritation with the check-in delay, the company will treat these clients accordingly. The zone of tolerance enhances when clients realize that they do not fulfil their functions. Thus, high level of a self-perceived service role of a customer increases the level of adequate service.

The levels of adequate service are also influenced by situational factors, which are defined as service-performance contingencies that are perceived by consumers and are not controlled by the service provider. For example, during the high season in summer “Apartime” is burdened with a lot of demand meaning that the company works at full capacity and the quality of services may slightly decrease. Sometimes employees are occupied with solving clients’ problems and cannot be available to other tenants due to the tight schedule. Customers become understandable and realize that these contingencies are not the fault of the company and accept lower levels of adequate service based on that. Situational factors can possibly decrease the level of adequate service for a certain period of time, enlarging the zone of tolerance. Another factor influencing adequate service is predicted service which is the level of service customers suppose they are

likely to receive. Thus, based on the feedback left by the former clients of “Apartime” potential customers are able to receive information regarding the overall service, including pros and cons.

Figure 10 represents the comparison between customer evaluation of perceived quality and satisfaction based on the various comparative standards used by consumers in the creation of following assessments. According to customer satisfaction theory, when perceived service and predicted service are compared, satisfaction/dissatisfaction occurs. Furthermore, service quality assessment is based on a comparison between perceived service and desired service. According to Parasuraman, Zeithaml, and Berry (1985) this comparison is stated as Gap 5 in their model of service quality (SERVQUAL). It is the gap between client’s perceptions and expectations and it can be utilized to represent both desired and adequate service as comparative standards. The correlation between desired service and perceived service, which is called perceived service quality (PSQ 5A) is the perceived service superiority gap; and the correlation between adequate service and perceived service is called PSQ 5B - perceived service adequacy gap. If the gap between desired service and perceived service is small, then the perceived service superiority of the company is high. If the gap between adequate service and perceived service is small, the perceived service adequacy of the company is high. These two service quality evaluations (of perceived service superiority and perceived service adequacy) in their turn substitute the Gap 5 in the SERVQUAL model.

Comparison between Customer Evaluation of Perceived Quality and Satisfaction

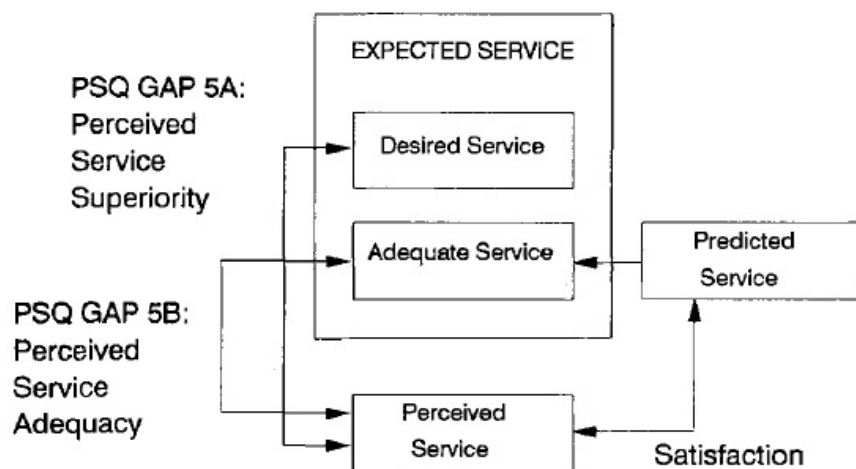


FIGURE 10: Comparison between customer evaluation of perceived quality and satisfaction

5.2. Expectation- confirmation theory

Expectation-confirmation theory (ECT) originates from the field of marketing and it has become quite popular and applicable in other scholarly areas. A process by which consumers reach repurchase intentions in an ECT framework is as follows (Oliver 1980). First, consumers form an initial expectation of a specific product or service prior to purchase. Second, they accept and use that product or service. Following a period of initial consumption, they form perceptions about its performance. Third, they assess its perceived performance vis-a-vis their original expectation and determine the extent to which their expectation is confirmed. Fourth, they form a satisfaction, or affect, based on their confirmation level and expectation on which that confirmation was based. Finally, satisfied consumers form a repurchase intention, while dissatisfied users discontinue its subsequent use. The expectation-confirmation model (figure 11) consists of 5 components: expectation, perceived performance, confirmation, satisfaction and repurchase intention. Consumers form reasonable perceptions of a certain service performance when they actually utilize it. The extent of positive or negative disconfirmation is constituted when pre-and post-purchase expectations are compared that in turn influences overall satisfaction of a product or service.

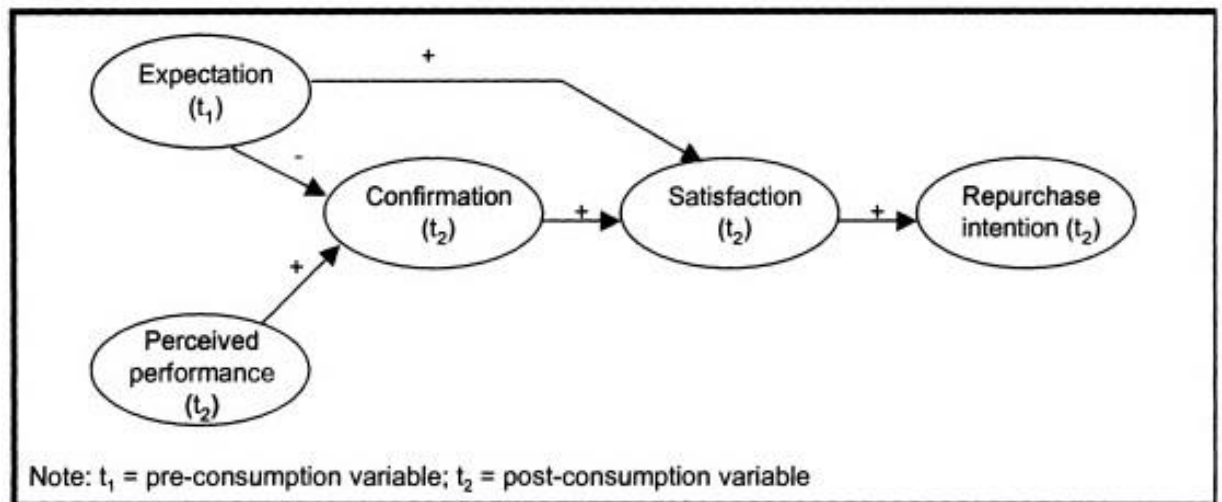


FIGURE 11: Expectation - confirmation model

Satisfaction is a key factor for building and sustaining loyalty of potentially long-term customers: "Investing in customer satisfaction is like taking out an insurance policy. If some temporary hardship befalls the firm, customers will be more likely to remain loyal" (Anderson & Sullivan 1993). According to ECT model, consumers' satisfaction with

prior purchase of a good or a product determines their intention to repurchase a certain product or to continue using a service. In general, satisfaction is a positive emotional state caused by appraisal of one's job. Regarding consumption context, satisfaction is based on the psychological state compiled from emotions derived from consumer's prior feelings about the consumption experience and disconfirmed expectations. If expectations are lower and performance is higher, confirmation is greater, which results in a positive influence on customers' satisfaction and "continuance intention". On the contrary, high expectations and low performance leads to dissatisfaction, disconfirmation and "discontinuance intention". Thus, an inverse relation between confirmation and expectation can be seen as well as a direct relation between confirmation and perceived performance (figure 11).

Moreover, expectations influence on the pre-purchase judgements and evaluations of products and services they are focused on. However, ECT has been the subject of several disagreements due to the fact that it ignores potential changes in consumers' expectations, based on their experience and the impact of these changes on the overall consequent cognitive processes. Consumers' expectations are formed according to the primary experience, thus, their post-purchase expectations can be different from their pre-purchase expectations. Any post-purchase expectation may be improved if a person finds out benefits of a new product or service beyond preliminary expectations, or become deteriorated if the product or service happened to be less useful. Furthermore, people tend to observe other people's behavior and acquire new information based on that. This leads to continually adjusted perceptions causing consequent changes in attitudes. Thus, adjusted, post-consumption expectations, which were modified, replace primary pre-consumption expectations in consumers' cognitive memory serving as foundation for developing subsequent processes of decision-making. Low expectations do not necessarily mean negative experience with the product; a person can be pleased and positive about the product or a service consumed while it is still below the first-hand expectations. Moreover, according to ECT, consumers are satisfied (dissatisfied) when they meet (do not meet) their initial expectations, however, this may not necessarily happen regarding every consumption situation. Some clients may show satisfaction with certain service depending on the situation even if the performance is not highly estimated according to their predictive expectations but above the minimum tolerable level.

5.3. Expectation-disconfirmation paradigm

According to the EDP, before consumers purchase goods and services, they acquire certain expectations about anticipated performance. Thus, it brings expectation level to standard according to which the product is judged. Customers' initial expectations or desires regarding certain outcome are related to the pre-consumption period when they expect a specific performance like quality of services or products. In contrast, post-consumption period is determined by perceived performance and experience received by consumers after getting involved into actual consumption process of a certain service or product. During and after the consumption, the evaluation of outcome is being formed. This means that when the service or product has been utilized, output is compared with expectations. If the outcome matches the expectations, it causes emergence of confirmation. Disconfirmation appears when there is a difference between expectations and outcomes. As a result, depending on positive or negative difference between perceptions and expectations, customers become either satisfied or dissatisfied. Hence, when service performance is better than primary expectations, there is a positive disconfirmation between expectations and performance that leads to satisfaction. When service performance is confirmed as expected, a confirmation between expectations and perceptions occurs, causing satisfaction. On the contrary, when service performance is not as good as expected, the negative disconfirmation between perceptions and expectations appears, leading to dissatisfaction.

The scheme "The disconfirmation paradigm" (figure 12) represents the concept of disconfirmation; its prerequisites as well as the consequences and results. The antecedents of disconfirmation/confirmation are perceived performance and expectations that are compared by consumers according to the received product or service. Expectations can be based on several factors such as product/service itself, prior experience, and any possible information from referents and various marketing activities.

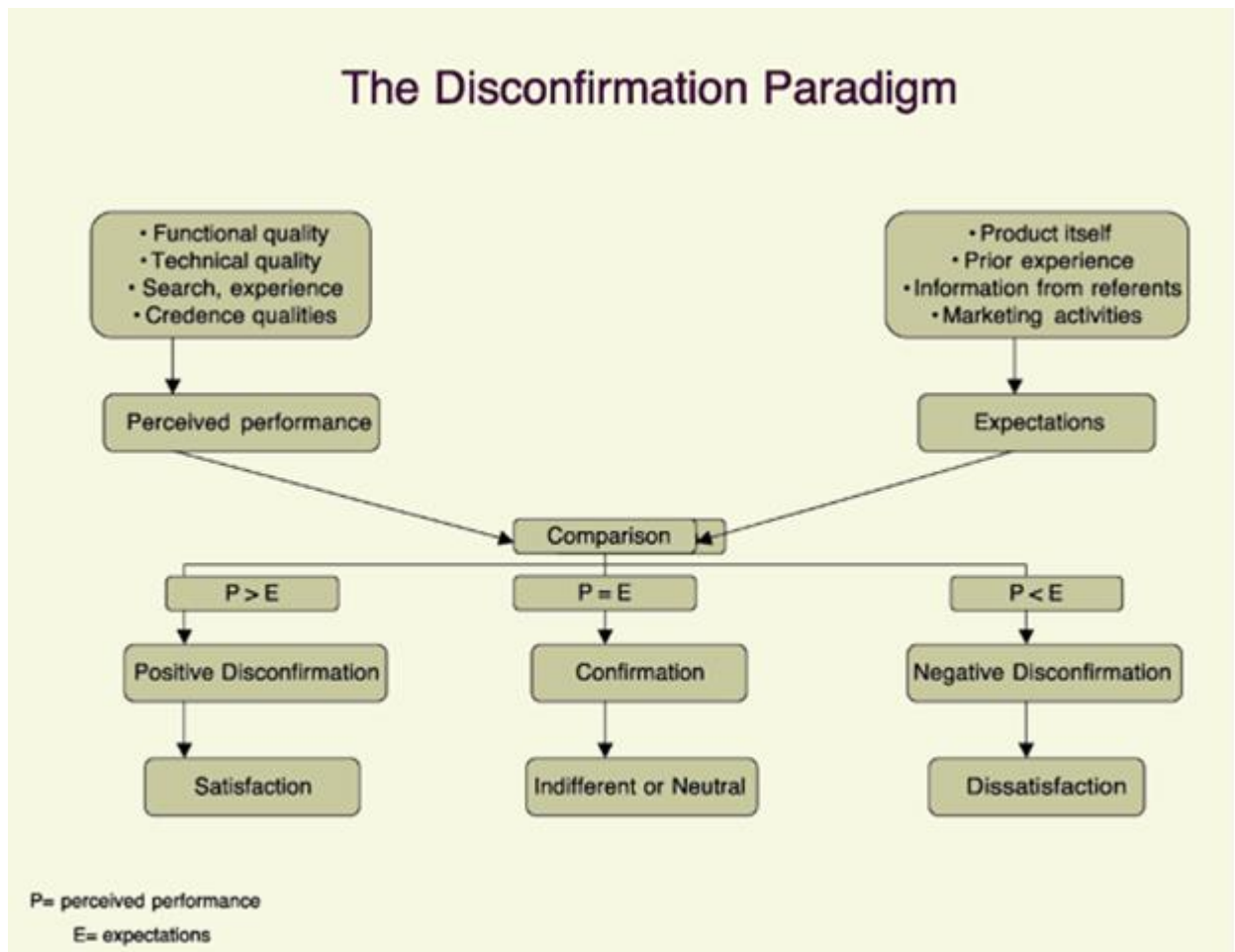


FIGURE 12. The disconfirmation paradigm

Perceived performance, in its turn, is compiled according to the outcome influenced by such factors as functional quality, technical quality, experience and search, and credence qualities. Perceived performance enables customers to examine the quality of service or product, and to evaluate the received attributes. In order to describe the output of personal experience, it is essential to compare both expectations and perceived performance. It allows to determine the result caused by confirmation, positive disconfirmation or negative disconfirmation. If performance corresponds with initial expectations, it leads to confirmation, meaning that the customer is satisfied with the services, totally fulfilling his/her anticipations. As a result, customer stays rather indifferent or neutral due to the relevant and valid correspondence between both. When the outcome is better than expected, it causes positive disconfirmation which means that the client has received promised service or product and even more, for example, additional discount. It leads to unexpected positive emotions and as a consequence - satisfaction with certain service or product. The third option describes the situation when perceived performance is worse than primary expectations. The reason of it is that the client's expectations are

not met and he/she is probably lacking something regarding the provided service or product. It brings experience to a negative level, causing negative disconfirmation.

The extent of usage and application of EDP concept in hospitality and tourism satisfaction studies have shown that the EDP is quite valid in terms of reliability and it can be used to evaluate customer satisfaction with hospitality and tourism services. However, the logic of the EDP, which states that everyone has firm expectations of all attributes prior to service experiences, might be less meaningful in situations where customers do not know what to expect until they experience the service. Unlike tangible goods, with which search attributes are dominant, tourism and hospitality services are experiential in nature and contain high percentages of experience and credence properties (Reisinger & Waryszak 1996).

There are more limitations referring to the fact that the EDP cannot provide the dynamic nature of expectations. Consumers' primary expectations of a product or service can totally differ from their expectations which have been estimated after experiencing a certain service that faces several obstacles, as in the case of hospitality and tourism services. When consumers use retroactive expectations aimed at past while post-evaluating their purchase, then the reliability of proposing the emergence of a positive or negative confirmation/disconfirmation of primarily estimated expectations is arguable. Other limitation is that there are alternative products which influence the judgements of the focal product or service through customers' perceptions. This means that various external factors play an important role in forming customers' perceptions and evaluations of a certain product or service.

Generally, those services which are mostly based on credence, experience and trust attributes, such as hospitality and tourism services, can become complex in terms of evaluation and prediction. Those customers with little or no brand experience of products and services compile a special category where EDP is not fully applicable; when there is a lack of information about the potential service, customers are unable to form robust expectations. In terms of "Apartime", the clients' dissatisfaction occurred permanently due to the absence of relevant information or to the unwillingness of clients to read the description of services properly. The more the client is aware of the service, the more accurate are his/her expectations about the service.

5.4. Apartime analysis

In order to demonstrate the concept of paradigm in reality, the feedback on the “Apartime’s” performance was examined and analysed. Data was taken from the website Booking.com, from the company’s profile. In the “reviews” section all clients are able to leave comments regarding their stay which helps the company to analyze and improve the quality of its services and at the same time it allows customers to receive veracious information and impartially choose appropriate accommodation.

To demonstrate a positive disconfirmation, there are several examples of feedback given on one of the apartments for rent in the center of Barcelona in one of the busiest streets named Carrer Ferran on September 21st, 2014: “We had an apartment on the front with a view of La Rambla below, The apartment was clean, had just about everything we needed. There is a lift which is good as we were on the 4th floor. The air-con is so useful for the warm weather. People have reviewed about loud noise, but you're right in the thick of it so it's what you expect! It is okay if you close the doors at night time, stick the air-con on for a bit if it's warm! Also, I saw reviews about the smell of fast-food, but we didn't notice that either. It really is in a perfect location, a supermarket up the road, close to a Metro stop and near-by parking is ample in the city, you can book online before you arrive for most of those too”. Another comment was left on September 29th, 2015: “Excellent location, metres from Las Ramblas and its cafes, restaurants, market and Carrefour supermarket. Walking distance to the Port, Gothic area and other local attractions. The street was part of the route for the Fiesta de Merce so we had a birds’ eye view of the papier mache figures and bands. Metro was very close so easy to travel around including a day tour to Montserrat by train (recommended.) Entrance to the Gaudi Cathedral is a bit expensive but probably value for money and shouldn't be missed. Apartment was relatively large and modern with good facilities including the kitchen and bathroom areas and comfortable bed”. These two messages demonstrate perfect examples of positive disconfirmation and satisfaction with the provided services. According to the customers, all the necessities were satisfied and expectations were met. The first user stressed out the fact that he/she was aware of the fact that location is noisy based on previous reviews, meaning that their pre-consumption expectations included this information about the possible smell of fast-food, which led to positive disconfirmation, was their attitude and experience, exceeding their expectations. After receiving

positive emotions and good service, affirmative factors prevailed causing dissonance between initial expectations and final performance. Second case represents the same situation - clients were delighted with the apartment and location, moreover, they had a chance to be situated partly on the route for the Fiesta de la Merce, which is a very famous celebration in Spain. This unexpected opportunity played an important role in forming further opinion on the apartment and turned to be a pleasant surprise over general satisfaction with accommodation services.

Negative disconfirmation occurs when the initial expectations are not met and the outcome performance is lower than expected. “Unexpected charge of €25 for check-in due to holidays!?! Well all properties do check you in on holiday season none has this charge. Old couch. Few lights in the living room and bathroom were not working”. “The washing machine does NOT work!!!!!! We even called them up the day we got there to ask if they can come fix it and they told us they would come the next morning but they never showed up!!!!!! We also had to pay 50€ for a cleaning fee which we were NOT informed of before!!! The noise at night if u want to sleep any time after midnight was really bad!” According to these messages, the clients didn’t expect few things to happen and became frustrated about their stay in general. The negative experience caused dissatisfaction and appropriate feedback from the clients. Negative disconfirmation was received due to the negative impact of low quality service provided by the company: broken light bulbs and washing machine, old furniture which looked differently from the photos etc. Expectations were not clearly fulfilled, thus causing overall adverse service experience and subsequent dissatisfaction.

Nowadays it is facile to have access to the web page of service/product provider and check feedback or opinions of other users in order to make the right choice. People tend to have certain beliefs and standards according to which they select appropriate variant. A study by Mittal and Kamakura (2001) found that in some cases, when the response bias is high, satisfaction does not completely correlate with repurchase behavior. Moreover, it was also found that the functional form connecting satisfaction to repurchase intent is different from the one connecting it to repurchase behavior.

Information received which is based on the scheme represented in figure 12 coupled with the analysis of feedback regarding the accommodation services provided by the company “ Apartime” gives an overview of a completely negative affect that negative

disconfirmation has on the service/product evaluation. On the one hand it obviously depicts a negative image of a company as the displeased clients leave comments concerning their stay, creating anti-advertisement which can lead to the loss of profit. On the other hand, almost every company has both negative and positive feedback as clients are quite demanding and it is impossible to meet everyone's needs. In order to see if there is a direct impact of negative disconfirmation on the overall service evaluation, the feedback regarding accommodation services guaranteed by "Apartime" were statistically analyzed. In order to ascertain whether the hypothesis is veracious, corresponding data was collected regarding the evaluation of accommodation services of company "Apartime". There were two locations involved in order to confirm the assumptions about the negative disconfirmation impact.

Firstly, the page of "Las Ramblas Suites" (figure 13) was checked and the feedback was gathered and put into two tables divided according to positive and negative evaluation. In the first "positive" table left column indicates the number of comments (15) where positive feedback prevails and right column indicates evaluation of the service by each particular client who left a comment. At the bottom of the table there is an average number representing summary of positive evaluation of the service in total (8,446666667) (table 2). Second table represents the number of comments left where negative feedback prevails (15), showing the average result of 6,826666667. It looks exactly the same as the first one in order to be noticeable and clear (table 3).

The screenshot shows the Booking.com interface for 'Las Ramblas Suites'. The main content area displays the property name, address (Ferrer, 2, Ciutat Vella, 08001 Barcelona, Spain), and a 'Best Price Guaranteed' badge. A large blue box shows a rating of 7.8 based on 140 reviews. Below this, there is a table of category ratings:

Category	Rating
Cleanliness	7.8
Comfort	7.7
Location	8
Facilities	7.5
Staff	7.3
Value for money	7.3
Free WiFi	7.8

Below the ratings, there is a section for 'Show reviews from: All reviews (140)'. A review from 'Janndler' is visible, dated 4 October 2016, with a rating of 7.5 and the text: "Great location in the centre of the tourist hub in central Barcelona".

FIGURE 13. "Las Ramblas Suites" page on Booking.com

TABLE 2. “Positive” feedback of “Las Ramblas Suites”

Number of comments	Evaluation
1	8,3
2	9,20
3	8,3
4	8,3
5	10
6	9,2
7	9,2
8	7,5
9	4,6
10	8,3
11	10
12	7,9
13	7,9
14	8,8
15	9,2
Total average:	8,446666667

TABLE 3. “Negative” feedback of “Las Ramblas Suites”

Number of comments	Evaluation
1	7,5
2	5,4
3	3,5
4	6,7
5	9,2
6	4,6
7	5,8
8	6,7
9	7,9
10	8,3
11	6,3
12	6,7
13	7,9
14	6,7
15	9,2
Total average:	6,826666667

Second pair of tables was composed based on the data collected from the page of “AG Apartments” (figure 14) which is another accommodation that belongs to “Apartime”. Information was picked and analyzed in the same way as previously including creation of two similar tables representing the results of feedback where positive comments prevail (table 4) and comments with negative evaluation prevailing (table 5).

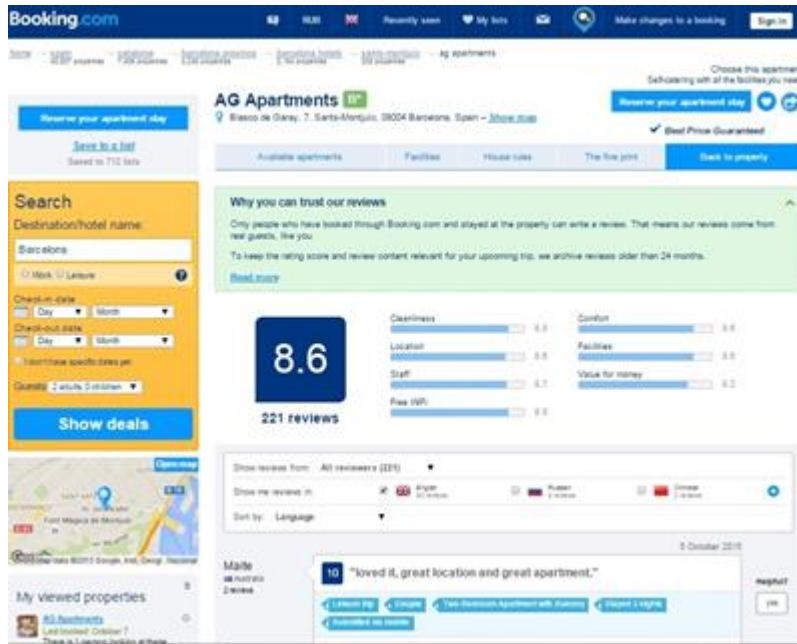


FIGURE 14. “AG Apartments” page on Booking.com

TABLE 4. “Positive” feedback of “AG Apartments”

Number of comments	Evaluation
1	10
2	7,5
3	10
4	9,6
5	10
6	9,6
7	9,6
8	8,8
9	9,2
10	6,3
11	9,6
12	8,8
13	10
14	10
15	10
16	10
17	8,8
18	10
19	9,6
20	10
21	9,6
22	9,6
23	9,6
Total average:	9,4

TABLE 5. “Negative” feedback of “AG Apartments”

Number of comments	Evaluation	
	1	8,8
	2	7,9
	3	7,1
	4	7,9
	5	8,3
	6	7,9
	7	9,6
Total average:		8,214285714

As a result, the total positive evaluation on average of the location “Las Ramblas Suites” scored 8,4 points while the total negative evaluation scored 6,8 points. The outcome of “AG Apartments” was the following: “positive” evaluation- 9,4, “negative”- 8,2 points respectively. It is noticeable that the results between both evaluations do not differ a lot meaning that negative disconfirmation in accommodation services does not entirely influence customers’ satisfaction as they still stay contented regardless the unsatisfactory and insufficient experience, which is proved by the amount of positive feedback and total scored points that have been processed and analyzed from the company’s webpage. The effect of negative disconfirmation only fosters the occurrence of adverse comments and complaints about the service. It represents a very interesting phenomenon as people tend to be unsatisfied with service and at the same giving decent and good evaluations even when the negative part prevails. In the first case with “Las Ramblas Suites” comments were divided into two equal parts and perfectly represented a gap in evaluation results: 8,4 versus 6,8 points. In the second case of “AG Apartments” there was a smaller gap between 8,2 and 9,4 of total score. In order to represent the overall outcome, the summarized amount of both “positive” and “negative” feedback was transferred into a pie chart showing the percentage ratio (figure 15). The opinions have divided into two parts while the second, “negative” opinion part showed the following evaluation results: 46% representing those clients who appraised the provided service in the comments on the website and 54% representing those clients who left unsatisfactory feedback. Negative disconfirmation caused incongruity between the comments and evaluations left on the “Apartime’s” page. The customers who were dissatisfied with the received service were not entirely negatively set against the service providers of services and still evaluated the service as decent and good.

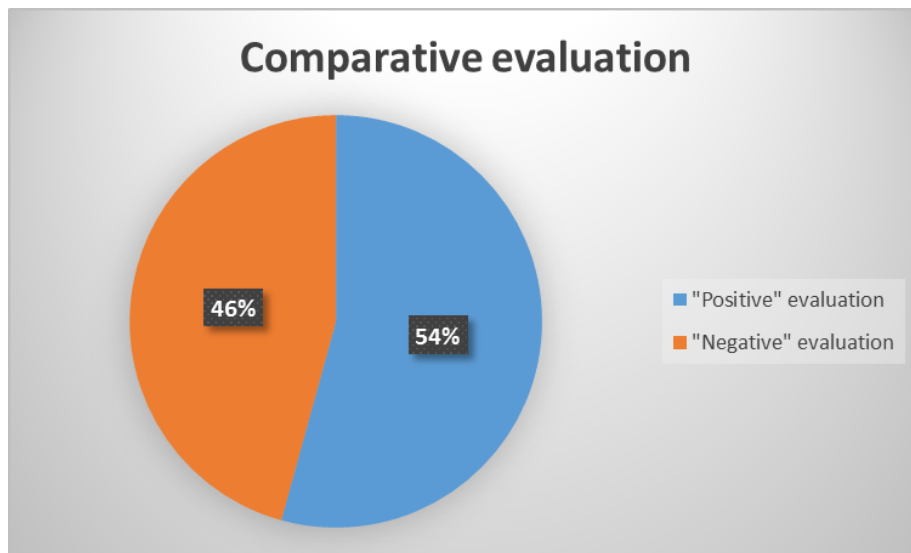


FIGURE 15. Comparative evaluation of feedback of “Apartime’s” accommodation services (“Las Ramblas Suites” and “AG Apartments”)

6 CONCLUSION

The purpose of this thesis was to give an insight on the correlation between the quality of services and customer satisfaction in accommodation sector in tourism. Theoretical material utilized in this paper involved literature regarding the service quality, customer satisfaction, customer loyalty, expectation-disconfirmation relations and latest statistics of the current tourism market. It enabled preparation and composition of related data used as a foundation for further research.

At the very beginning in the introduction part there were stated 3 hypotheses which were developed and proved in this paper. The 1st and 2nd hypotheses were the following: “the experience of service quality in accommodation sector in tourism affects the level of customer satisfaction”, “the satisfaction with the quality of service affects the customer loyalty”. They were proved and discussed through the analysis of questionnaire which can be found in appendices. It was composed in order to monitor the relation between service quality received and customers’ final perceptions of it leading to subsequent satisfaction/dissatisfaction. Furthermore, it has demonstrated that customer satisfaction indispensably leads to the post-purchase positive evaluation and causes customer loyalty. In their turn, loyal customers (respondents) have showed a tendency to make referrals regarding the service providers if satisfaction or positive disconfirmation occurs.

“The presence of negative disconfirmation regarding the service does not have direct impact on the overall customer’s satisfaction with it”- the 3rd hypothesis was related to the Expectation-Disconfirmation Paradigm. The analysis of “Apartime’s” feedback posted on reservation platforms revealed that the negative disconfirmation with certain services do not necessarily impact on the general assessment of them. The examination of data revealed that when it came to evaluation of the quality of services, the respondents of this survey did not put it on the first place forming their opinion on company’s performance. This corresponds with the statement that the key factor of accommodation choice was the price, not the service quality for the respondents in this survey. Hence, adequate pricing and development of general awareness about the level of potentially received services formed the zone of tolerance which can serve as a field of adjusting to customers’ expectations and consequent impact on satisfaction with the services. As

long as the quality of provided services is sustained and is in accordance with the customer's expectations, the outcome is positive causing satisfaction among clients.

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APPENDIX

Appendix 1. Service quality in accommodation services questionnaire

https://docs.google.com/forms/d/1H8XD5hRSOwlohI1i69xCqC7HmtqrWL2cxKerwJKQ0_I/viewform (English version)

<https://docs.google.com/forms/d/19IU5vzATnq4j00bBTolxQeI7EwRczmSz0SBBqMTI9yQ/edit> (Russian version)