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CUSTOMER SATISFACTION
EVALUATION AND
RECOMMENDATIONS FOR A
MARKETING COMMUNICATION
Case: Business-Hotel “Karelia”

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DESCRIPTION

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Abstract The economic which crisis started at the end of 2014 in Russia affected the hospitality industry significantly, the amount of tourists decreased, and issues of customer satisfaction and new customers' attraction have become very important for hotel businesses. The main objectives of this thesis were to evaluate the current level of customer satisfaction and suggest some new ways of communication with the potential customers for the Business-Hotel "Karelia". This hotel, located in Saint-Petersburg made a request for research for a better understanding of the current problems in the service. First of all, the literature review was done for the determination of a theoretical background about customer satisfaction, its aspects and measurement methods. Also marketing communications in the hospitality industry and their planning principles were described in detail. Furthermore, three types of research methods were used: quantitative research was conducted in the hotel and via Internet, two semi-structured interviews were carried out with the managers of the hotel and the hotel restaurant, and finally electronic research was done as a supporting method. Some significant results were produced on the basis of a thorough analysis of the theoretical and empirical data. These results helped to formulate several conclusions about the general level of satisfaction and discovered the reasons of customer dissatisfaction. The main reasons were connected to the quality of the rooms and supplies, quality of the service itself, and some supporting services. Therefore, some recommendations were produced for the improvement of the customer satisfaction level. Moreover, most popular marketing communication channels were identified and suggestions for the marketing communications system development offered.		
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1 INTRODUCTION

Saint Petersburg is one of the biggest tourist centers in the world and the second most popular place in Russia after Moscow. However, since the autumn of 2014 the political and economic situation between Russia, Europe and the USA has become strained, which has resulted into the fall of the Russian currency, economic sanctions and economic crisis in Russia. There is no doubt that the crisis has had a negative impact on the hotel market of St. Petersburg, but taking into account the sharp fall of the ruble, many Russian tourists refused to travel abroad and preferred holidays in Russia, and foreign visitors now see prices for Russian hotels much lower (JLL 2014).

The topic of the thesis is related to the customer satisfaction and marketing communications in the Business-Hotel “Karelia”. It is a modern hotel complex, located in Saint-Petersburg, with 209 rooms which could fit up to 500 guests. The unique feature of the hotel is its design of the building which looks like a suitcase (APPENDIX 1). Although the hotel has three types of services provided (ordinary hotel rooms, apartments for long-term rent, rent of offices); this research is focused only on the main one – hotel service.

This study has two main objectives. The first one is the investigation of the customer satisfaction level of service and providing suggestions for its improvement. The second one is suggesting new ways to communicate with new customers. For finding the best solutions it is required to answer the following research questions:

Q1: How satisfied are the customers with the service?

Q1.1: What are the reasons of the customers' dissatisfaction?

Q1.2: What improvements do the customers expect?

Q2: Which marketing communication could attract new customers?

This research will combine both types of research methods – qualitative and quantitative. The qualitative research is going to be done through personal semi-structured interviews with the management staff for evaluation of the hotel services with an inside view. The quantitative research will be done through the survey distributed among visitors in the hotel and posted on different related web sites. This type of re-

search will help to gather and understand the foundations of the current and potential customers' opinions.

The answers to the mentioned research questions will help to formulate effective recommendations which could be implemented in the hotel for the elimination of customer dissatisfaction. Moreover, no less important outcome from this work will be discovering the most effective marketing communication channel for increasing traffic to the company's website, and as a result, the amount of new visitors.

2 CUSTOMER SATISFACTION

This chapter discusses customer satisfaction and its background. First, the concept will be defined. Then, fundamental aspects of customer satisfaction and service quality are going to be reviewed in detail. Also, the principles of customer satisfaction measurement and popular models will be discussed. Finally, dissatisfaction and the reasons of its appearance will be shown.

2.1 Definition

Understanding customer satisfaction could be considered as the fundamental principle of this research work. The definition of customer satisfaction given by Philip Kotler (Kotler et al 2013) says that it is predetermined by how the expectations of the customer are met. Customer satisfaction is directly connected to customers' needs. The degree to which these needs are fulfilled determines the enjoyment in the case of conformity or disappointment from discrepancy (Hill et al. 2007, 31).

The customer satisfaction in the hospitality and tourism industries is mainly identified by the hotel service and its quality. However, in the hotel industry, satisfaction is not referred to a specific product or service; it is composed by a combination of various features. Most organizations in the tourism industry and especially hotels have regular contact with the customers. Therefore, monitoring and assessing customer satisfaction is the paramount objective of any hotel (Hill & Alexander 2006, 213).

Satisfaction could also be described as a process which starts with the formation of customers' expectations and ends with communication of the obtained experience. However, how a person assess the conducted service is a very subjective thing. Customers' expectations could be significantly impacted by different internal and external factors. The higher the expectations are the more difficult it is for the company to satisfy customers and fulfill their needs (Zeithaml 2010, 187). Krivobokva (2009, 53) shows a customer as a rulemaker, whose behavior and intentions should be always considered by every company targeting at maintaining a high level of the customer flow.

At the heart of any action there is a need or want. Enhancement of the intensity of this need turns into the motive of the person's behavior, which could be understood as a predisposition, willingness and tendency to act in a specific way. In the case of the hospitality industry, tourists do not buy a tourist product but the satisfaction of the motive or solution of their problem (Prideaux et al. 2006, 95). Therefore, hotels must identify the motives of consumers, monitor possible changes in their motivation and provide services, taking into account consumer preferences and values.

What are the advantages of the satisfied customers to the company? First of all, if the customer is satisfied, the probability that he/she will become a regular customer is very high (Hill et al. 2007, 1). Moreover, satisfied customers allow companies to save money on attracting new customers by freely sharing their emotions and impressions of a product or service with their relatives, friends and acquaintances (Campanella 1999).

The formation process of customer satisfaction starts with the purchase goal setting. As a rule, this goal is to meet varying customer needs. After the problem appearance the customer starts to check the information and compares analogues in order to choose the best one (Kotler et al. 2010, 268). After selecting a product, the customer forms his/her expectations for the service that will subsequently be compared with the results of service provided consumption, after which the customer creates his/her perception of the service. Further, an integral image is subsequently measured by the customer. The final evaluation made by the customer could be affected by two groups of factors: external and internal, and the final step is the comparison of expectations with

the result of the consumption. Therefore, the customer is satisfied if the expectations coincide with the outcome (or the result exceeds expectations) or dissatisfied if not (Szwarc 2005, 4).

Nowadays, competition in the hotel industry is very strong and continues enhancing rapidly, which makes service quality and customer satisfaction the key elements of the success (Kandampully et al. 2013, 53). With a great choice of hospitality organizations, from a very cheap hostel (for one night) to fashionable and luxurious 5-star hotels customers don't have a necessity anymore to get back to the place where they have been dissatisfied. Hotels are forced to search for methods of exceeding customers' expectations and providing unique services (Riscinto-Kozub 2008, 40).

To succeed, or simply to survive, companies must learn the new philosophy of hospitality industry. Winning is possible in today's market, if the company is focused on the customer - the highest value should be considered as the fulfillment of the target groups' wishes (Kotler et al. 2013, 253). Companies have to generate customers and not only to provide services.

2.2 Aspects of customer satisfaction

Customer satisfaction is a sophisticated term, which is composed by a huge range of factors (Armstrong 2011, 68). This part defines all these factors which could be reflected in the three main aspects of satisfaction. First of all trust will be discussed. After that the next aspect, loyalty, is going to be considered. Finally factors influencing satisfaction should be revealed as an assessment by consumers of the parameter depends on other parameters, and only a comprehensive measurement of trust, loyalty and all the factors gives a complete picture of customer satisfaction.

2.2.1 Trust

The degree of confidence in the brand could be defined by several criteria, which are the basis for the purchase completion. They include the past experience, history and the company image, adequacy of advertising information and others (Angelova & Zekiri 2011, 234). All these criteria have a different weight in the overall assessment,

so we need to focus on a weighted average, and correlate it with those of the competitors. Typically, trust is composed after the first connection with the company and is based on two or three dominant factors that will determine the likelihood of future purchases.

Building trust to a company requires careful measures and considerable funds. There are three most important stages on the way to trust:

- Customer satisfaction - the ratio between the expectations of consumers and the real results of consumption.
- Predictability - the consumer's belief that his expectations were not deceived, at this stage, the credibility of the product increases dramatically (Chen & Xie 2007, 63).
- Competence of the company - your brand competence with respect to the supply of competitors. At this stage, the consumer comes to the belief that your brand is the best in its segment, at the same moment the loyalty of consumers is more fixed and now it is meaningful.

Trust and customer satisfaction could be predecessors of each other but with the different probabilities (Politis 2009, 11). In most of the cases customer satisfaction appears as a foundation of trust. A customer, satisfied with the service is likely to feel confident in the company's action. Akbar and Parvez (2009, 26) in their article noticed that trust is usually created if one party is convinced with the profitable result of relationships with the other party, and at the same time, the profitable result is a basis of fulfillment of customers' needs, which induces their satisfaction.

2.2.2 Loyalty

Loyalty is a consumer preference for certain goods or services, which is formed as a result of the generalization of feelings, emotions and thoughts regarding this product or service (Hill & Alexander 2006, 15-16). The degree of loyalty could be described as the probability with which the consumer is willing to temporarily accept some unsatisfying conditions because of a positive attitude towards it (Oliver 2014, 425). Generally, loyalty could be formed during many years of cooperation with the company or

consumption of a service, when this experience becomes a part of a person's lifestyle, and it is difficult to change the existing habits.

Talking about the interrelation of loyalty and satisfaction, it could be mentioned that there is a strong correlation between them. Customer satisfaction is one of the principles which results in the prolongation of interaction with the client and the emergence of the loyalty (Zairi 2000, 405). Xerox research results were unexpected (McCarthy 1997, 12; Fecikova 2004, 61): fully satisfied customers were six times more willing to make a repeat purchase than just satisfied. The conclusion was very obvious: customers that are partly satisfied still have a choice, which means that it's not enough to make a customer loyal. It turned out that customers could be called loyal only when they are that completely.

However, the positive relationship between customer satisfaction and customer loyalty in the recent years is increasingly criticized. In particular, it is argued that the customer satisfaction does not guarantee the loyalty; rather, it is the main prerequisite for it (Szwarc 2005, 12). Satisfaction is a necessary condition for the formation of loyalty, but with the development of loyalty, it loses its paramount importance, and other factors start to influence. Nevertheless, the positive impact of customer loyalty on the economic performance of the enterprise was noted in many studies (Kotler & Keller 2011, Peter & Olson 2001).

2.2.3 Factors affecting customer satisfaction

Satisfaction is also determined by the presence of certain qualitative factors when in addition to solving a specific problem the buyer receives the additional value of cooperation with a company or the consumption of a product (Aggarwal 2004, 88). Moreover, the specific characteristics of customers could significantly influence their perception of the service and as a result their satisfaction. The main factors influencing customer satisfaction and characteristics of the hospitality customers are the following:

Specifics of consumers in the hospitality and tourism industry

According to Valarie Zeithaml (2010) choosing a firm in the hospitality and tourism industry, the customer relies heavily on the information from personal sources, like

the past experiences of friends and relatives, internal information from the staff of the hotel and other contacting people. The intangible nature of the services of the hospitality industry makes it impossible to assess them before the consumption (Kotler et al. 2013). Therefore, consumers, taking into account the opinions of their acquaintances, assess the quality of the companies' work on the basis of others' personal experience. Also, buying the services in the firms of the hospitality and tourism industry, the customers consider the price as an indicator of the quality of services.

Quite a big amount of purchases in the hospitality industry are accompanied by the cognitive dissonance (Kotler et al. 2013), which is the discomfort caused by the post-purchase conflict: consumers regret that they bought the service in which there were weaknesses, and didn't buy another in which there were so many virtues.

Quality

According to one of the definitions, customer satisfaction is how consumers are satisfied or dissatisfied with the functional characteristics of the purchased product or service (Hill et al. 2007, 31). Michael Armstrong (2011, 68) defines this factor as the most significant one expressing it as the basis of expectations matching. For services, quality has a broad range of characteristics, and it will be discussed in more details in the following subchapter.

According to Tsiotsou (2006, 208) perceived quality, which forms a view of the consumer about the product, appears as a positive or negative factor for making repeat purchases. Moreover, he showed that the higher the perceived quality of the product is, the higher is the satisfaction of its acquisition and use.

Value for money

When customers are paying some amount of money for the product or service they enclose the specific expectations to these transactions – what do they expect to receive for this certain sum. Customers hope to get at least what they have paid for and for preference more than that (Armstrong 2011, 68). People always expect to have equitable and fair exchange with a seller. If they decided to pay over the stated price, they would expect to receive more (Taylor 2009, 119). Consequently, customers will be satisfied when the perceived value is worth the money they have paid.

Users will benefit from the product if they are satisfied with its value - V (need to purchase it and the set of proposed quality parameters) and the cost - C (Oliver 2014, 200). Companies that do not meet the needs of consumers with regard to V or C will soon discover that they have lost customers and market area towards more professional competitors who better understand the needs of customers. Thus, customer satisfaction CS depends on the value of the product and its cost, and can be represented as: $CS = v / c$ (Hill et al. 2007, 135-136). Therefore, there are three possible situations:

1. $V = C$; $CS = 1$. Neutral situation. In this situation, consumer expectations are matched, and the company received planned profit, in accordance with the implemented quality parameters. This situation, when $CS = 1$ will occur only if the value and cost set will coincide with the expectations of consumer;
2. $V > C$; $CS > 1$. The consumer is satisfied. At the same time a company is interested in obtaining greater profits by increasing the price of the product. However, competition balances the interests of consumers with the interests of the company.
3. $V < C$; $CS < 1$. The consumer is dissatisfied, and in most cases the purchase of a good will not take place and the company starts to lose previously acquired customers.

Perceived value

Customer perceived value is a customer's assessment of all the advantages and disadvantages of the offer based on the real perception of what is given (Zeithaml 1988, 14; Kotler & Armstrong 2010, 37). Also, the most often perceived value is understood as the trade-off between gains and charges (Gronroos 2007). Therefore, customer satisfaction appears when the total customer benefit adequately correlates with the total customer cost (Figure 1).

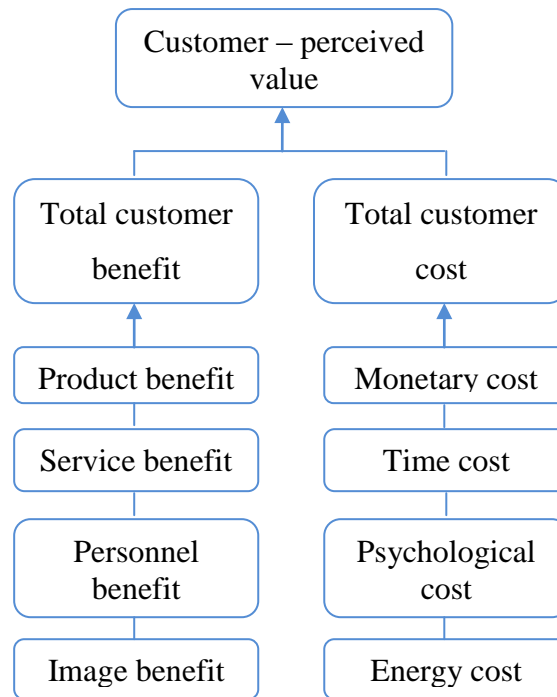


FIGURE 1. Determinants of Customer-Perceived Value (Kotler & Keller 2009, 61)

The value of the service is determined by the degree of its necessity for the consumer; presence of the required characteristics and their values corresponding to the expectations of consumers (Hu et al. 2009, 120).

According to the theory of the perceived value, a company should reduce the costs and increase the value of goods' consumption in the eyes of consumers until its product will have the highest value in comparison with competitors (Kotler & Keller 2009, 61). If the perceived value is lower than those of competitors, the price of the offer should also be lower than that of a competitor. Sometimes researchers try to find out how much customers would pay for each benefit or advantage, added to the offer (Kotler et al. 2013).

One method of determining how much customers are willing to pay involves the use of a selective analysis. Customers are asked how much they would pay for a hotel room with some amenities or without them. This information shows which characteristics give more value than they cost. If a seller sets the price above the level of customer perceived value, the sales will decrease (Kotler et al. 2013). Many companies

overestimate the value of their service, resulting in a lower level of sales. Other companies underestimate their products. In this case, the sales will be high, but will give a smaller amount of income than could be received if the company had raised the prices to the level of the perceived value of its customers.

Other factors

The customer satisfaction in the hotel industry could be affected by some specific factors that couldn't be applied to other services. These factors formulated by Laurie Mullins (2001) and developed by The Cornell School of Hotel Administration (2010) and Information Resources Management Association (2014) because of the progress development are shown in the Table 1.

TABLE 1. Factors influencing customer satisfaction in the hotel industry.

Factor	Description
Location	Customer's perception of the geographic macro and micro location of the hotel activates the first impression in the chain of associations, affecting further assessment
Classification (number of stars)	Belonging to a specific category generates the customer expectations and at the same time determines the level of service that should be maintained, in order not to cause disappointment among consumers
Belonging to the hotel chain	Well-known hotel brands evoke positive associations of consumers, a sense of trust and security
Building and equipment	Architecture, functionality, aesthetics, condition, cleanliness and style of this component of service defines the first impressions received by guests and influences the formation of opinions about the quality
Breadth of the set of services	Options of the set of services offered by the hotel affect the expectations of potential customers
Price	It represents cash consideration paid by the guest for a certain amount of services
Image	This element determines the expectations in respect of the quality
Personnel	Interaction of the staff with the guests influences the development of their potential future relations, as employees are the main representatives of the company in the guests' eyes
Internet connection	The availability of Internet connection and especially the wireless one (Wi-Fi) has become a vital element during the last five years with the spread of IT development.

2.3 Service quality

Service quality is one of the most important factors of success for each service industry, whether retail stores, banks, restaurants, hotels and others. A high level of service quality results in the increase in the number of loyal customers, creates a favorable image of the company that, in turn, leads to the increase in the financial performance. According to the study of the American Management Association (AMA), regular customers that like the quality of the service, provide on average 65% of company's turnover.

There are several types of service quality understanding. First of all, a service quality is understood as a set of properties and features of services that cause consumer satisfaction and as absence of flaws, enhancing the customer satisfaction (Zeithaml et al. 2010, 7). This type of quality increases costs. Consumers should be willing to pay higher costs for additional features and properties, or these features should make consumers more loyal and encourage to purchase.

There are quite many models discussing service quality and one of the most popular belongs to Grönroos (2007, 58) which evaluates the quality of the service from two dimensions: expected quality which is formed by marketing communication, word of mouth and others, and experienced quality based on two important questions – what the customer perceives as a service and how does it. According to Grönroos (2007, 70-72), service is created in the process of interactive marketing, and interactive marketing's main task is to create and maintain high-quality service standards. The main factors in this process are the quality of service and the behavior of the staff providing these services. Therefore, for the possibility of a strategic influence on these factors Grönroos introduces two additional concepts. They are functional and instrumental model of service quality and internal marketing.

A functional and instrumental model of service quality implies that for consumers in the service process it is not only important what they receive (instrumental quality), but also how this process occurs (functional quality). Kotler (2013) also discussed this model in detail. Internal marketing is focused on the functional quality side concentrating on the contact personnel and is intended for the creation of such motivational

and organizational working conditions that actively contribute to the creation of the functional quality of service.

2.4 Customer satisfaction measurement

A customer satisfaction measurement is an assessment of how consumers perceive the offered services. Therefore, it will be a wrong decision to rely on the information created within the company and use it as a guide for the conquest of success with consumers (Hill & Alexander 2006, 2). Information about the level of customer satisfaction is a great exponent of how well a company meets the needs of its customers. It can also show what a company needs to improve in order to fully satisfy the majority of customers. Therefore, it is strategically important to properly understand what consumers say and think.

An assessment of customer satisfaction allows (Self & Roche 2007): measuring overall satisfaction; comparing the representation of the product by the company with the expectations of consumers; identifying priorities affecting the improvement; improving the retention rates of consumers; summarizing the values of consumers, and adhering to the requirements of ISO 9001.

The studies evaluating consumer satisfaction should evaluate the success of organizations in solving the main problem in the market - doing the best what is most important for consumers (Hill et al. 2003, 7-8). Therefore, the design of the study should focus on the solution of two important problems (Grigoroudis & Siskos 2009, 2-3):

1. Provide consumers with the opportunity to identify important criteria for them when choosing a supplier of the services and the criteria to assess the quality, formed in the organization in terms of their importance to consumers;
2. Identify a set of criteria influencing the choice of the supplier of goods. Two steps are distinguished: find out how customers perceive the organization for each criterion, and then, using the same scale, compare the organization's activities and priorities of consumers, which allow seeing if the company is really important for its consumers.

Organizations should plan and implement a process designed for efficient and effective listening of the consumer's voice (Kotler & Keller 2009). Planning this process should define the data-collection methods, including information sources, and frequency of data collection and analysis. However, well established and applied methods, sources and the frequency of data collection will not be useful if the data is analyzed inadequately.

More companies start to understand the importance of a customer satisfaction measurement and fortunately there are plenty of models which could help to assess the level of customer satisfaction in the company and its aspects. The main points of three most popular models are compared in the Table 2.

TABLE 2. Models of customer satisfaction measurement (indices)

<p style="text-align: center;">ACSI</p> <p style="text-align: center;">American Customer Satisfaction Index (Fornell et al. 1996)</p>	<p style="text-align: center;">ECSI</p> <p style="text-align: center;">European Customer Satisfaction Index (1998)</p>	<p style="text-align: center;">SWICS</p> <p style="text-align: center;">Swiss Index of Customer Satisfaction (Bruhn&Grund 2000)</p>
<ul style="list-style-type: none"> • Perceived quality • Customer expectations • Perceived value • Overall customer satisfaction • Customer complaints • Customer loyalty 	<ul style="list-style-type: none"> • Image • Customer expectations • Perceived quality • Perceived value • Customer satisfaction • Customer loyalty 	<ul style="list-style-type: none"> • Customer satisfaction • Customer dialogue • Customer loyalty • Customer benefit • Customer focus

SWICS

The most modern and suitable model for customer satisfaction in tourism is the Swiss Index (Grigoroudis & Siskos 2009, 214). Figure 2 demonstrates the significant links between the elements of the model which will be further discussed.

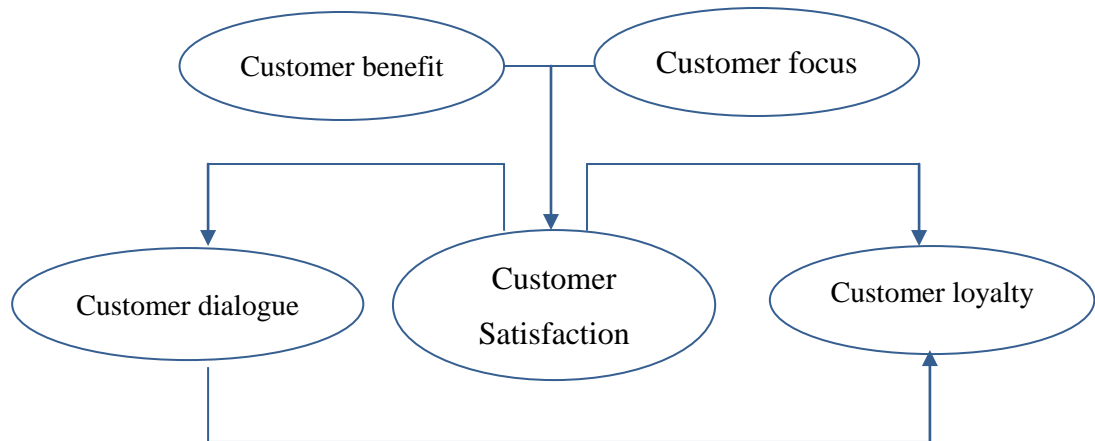


FIGURE 2. Swiss Customer Satisfaction Index. (Grigoroudis & Siskos 2009, 214)

The main element in the Swiss model is the "customer satisfaction", which is understood as the result of a complex psychological process, when the client compares the experience of the consumption of goods and services with the standard. Satisfaction is influenced by two other factors "customer benefit" and "customer focus". The greater the benefit of using the service, the higher is the satisfaction and assessment of the product or service. The same can be said about the customer focus. If the system and the structure of the company are oriented in such a way that they are perceived by customers as appropriate with respect to their expectations, then this position contributes to the emergence of customer satisfaction of the service. The element of the model called "dialogue with the client" shows whether the client is ready to engage in the dialogue with the company, whether the client considers getting in touch easy or difficult, and how is basically satisfied by communication in the framework of the existing economic relations. A satisfied customer is more open to the dialogue in the long term, and the loyalty eventually increases (Angelova & Zekiri 2011, 243). In the final part of the model there is an element "customer loyalty", which is perceived as a complex, multidimensional factor.

Thus, Bruhn and Grund (2000) believe that this research model includes the main criteria by which to judge customer satisfaction. The results of this study will allow suppliers of hotel services to develop long-term relationships with clients based on an established dialogue.

Durovich (2007) was also writing about the importance of a dialogue with the customer. In his research as a source of information for assessing customer satisfaction, he used the information received from these complaints and claims. According to the

study, about 48% of transactions with a firm pose problems for customers, which in fact lead to the dissatisfaction with the services provided. Damage to tourism businesses can be reduced only by the effective response to stated complaints (Bowen & Clarke 2009, 142). The author believes that this element in economic relations can improve customer satisfaction and eliminate the factors that prevent the fulfillment of the needs of consumers.

ACSI

American Customer Satisfaction Index is an extremely important indicator that explains the performance of each company and the industry as a whole, and also indirectly reflects the situation on the market.

The model shown in the figure 3 reflects the cause and effect relationship between the factors and drivers of satisfaction and its consequences. On the left side of the figure, there are the factors of satisfaction (customer expectations, perceived quality and perceived value), and on the right side, there are the effects of these factors (loyalty and complaints). ACSI index is used in practice in the following areas (Anderson & Fornell 2000):

- Determining the best performance:
 - Comparison of competitors' data within a particular industry;
 - Exploration of the results outside the industry.
- Inclusion in the market research
 - Involvement in the market research for small and medium-sized enterprises
 - Usage of conceptual framework for the creation of multi-sectoral index for large enterprises
- Usage of the index in the management model
 - Basis for the development of management decisions and the creation of employee incentive systems

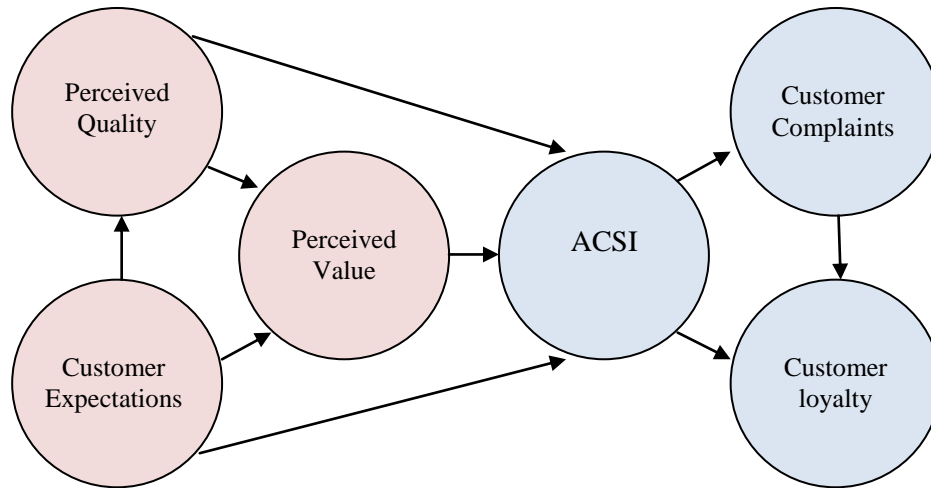


FIGURE 3. American Customer Satisfaction Index (Uysal & Williams 2013, 101-102).

Net promoter score

Companies have always tried to understand what customers feel towards them. Therefore satisfaction measurement was based on the probability of reselection of the company, the willingness to commit repurchase. These indicators were used to measure not only the rational, but also the emotional aspects of customer behavior in relation to the company. The problem was that customers, giving positive responses to the questions about the degree of satisfaction with the products or the company's operations and willingness to choose this company again, in fact, were often showing the opposite behavior and negative economic loyalty (Reichheld & Markey 2011). This problem prompted Frederick Reichheld and his colleagues to explore seriously the question of how emotions relate to real economic behavior. In fact, they had a difficult task to find the only valid question about the emotions of a client, the answer to what would accurately reflect his economic behavior.

After years of research a solution was found and Net Promoter Score model was developed. Net Promoter Score or the index of net support is an indicator that reflects the degree of success in building relationships with customers. This figure is found by asking customers a simple question (Reichheld 2006, 18): *How likely is it that you would recommend our company/product/service to a friend or colleague?* The scale of 0 to 10 is used as the basis. Based on the assessment, customers could be divided into three groups:

Promoters. 9 or 10 points. These loyal customers make repeat purchases and recommend the company.

Passives. 7 or 8 points. They received only what they paid for, they are passively satisfied and can't be considered as loyal. These clients rarely recommend the company and can easily go away to a competitor if their offer is better.

Detractors. 6 points or less. They are not satisfied with the company and always criticize it. Their destructive behavior destroys the motivation of the employees and increases the company's costs.

NPS Index is calculated as the difference between the percentage of promoters in the total number of customers and the percentage of detractors.

2.5 Customer dissatisfaction

Dissatisfaction arises when customers' expectations are deceived as regards to the quality of the service (Kotler et al. 2013). Although most companies nowadays concentrate on the enhancement of customer satisfaction, it could be a wrong strategy. The elimination of dissatisfied customers is a much more important target because, as practice shows, dissatisfied customers are more active in making recommendations than the satisfied ones, for example, one dissatisfied customer statistically spreads the opinion to 9-10 potential clients (Lu et al. 2012, 232). What is the cause of dissatisfaction? According to Hill et al. (2007, 232) customer satisfaction or dissatisfaction are subjective concepts, however some typical causes of dissatisfaction could be marked out. Parasuraman, Zeithalm and Berry (1985, 41-50) developed a model of service quality which reflects the basic requirements for the expected quality of service, the theory of "service gaps", where "the total gap" reproduces the difference between expectations and experience of the user which lead to his dissatisfaction. The root causes of this dissatisfaction could be explained by appearance of five smaller gaps. These gaps may be associated with advertising and marketing messages, activities of organization, the behavior of staff and consumers' perception of the organization. The most modern interpretation of this model was offered by Zeithaml and Bitner (2012, 94 – 110) (Figure 4):

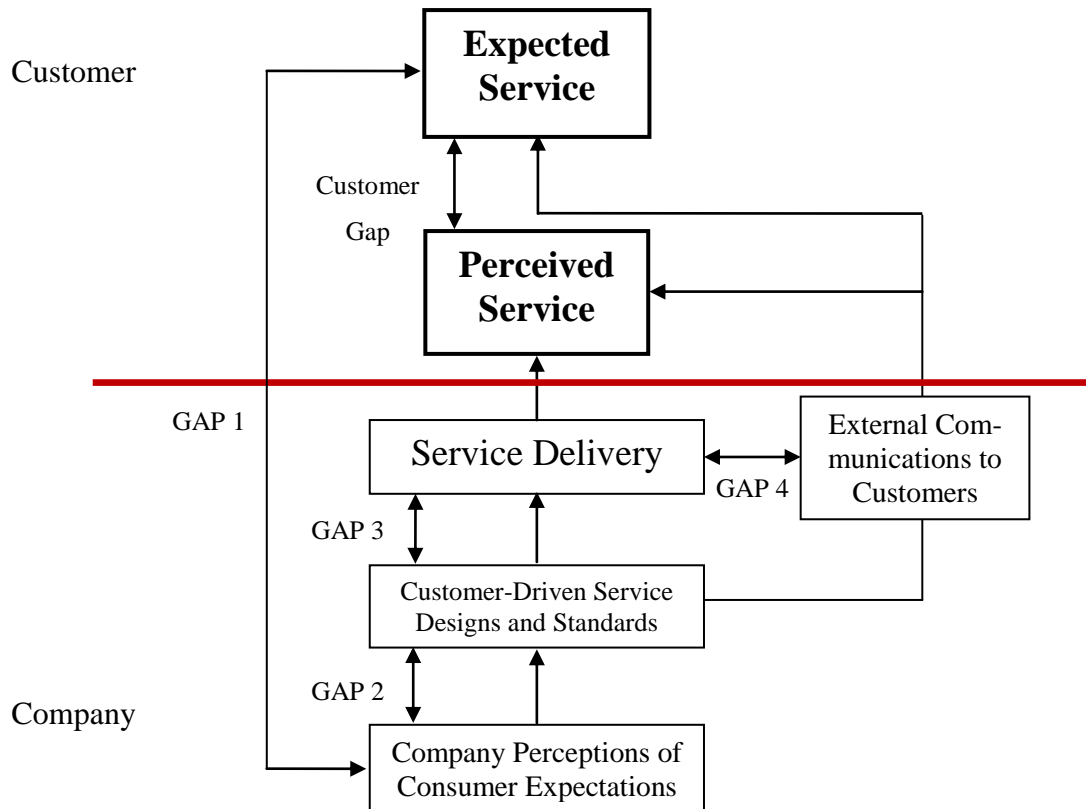


FIGURE 4. Gaps model of service quality. (Zeithaml & Bitner 2012).

Gaps model includes two parts. The first one relates to the internal customer process (customer gap), the second one considers the process between the provider and the customer (gaps 1-4) (Rao 2011, 381).

1. Gap between consumer expectations and their perception by the company's management. The management of a company could understand in a wrong way what consumers want and how they evaluate the components of the service. For example, restaurant administrators may believe that customers judge the quality of service provided by the quality of food, while actually they are more interested in the quality of service.
2. Gap between the perception of management of consumer expectations and the transformation of this perception into the specification of service quality. Service organizations may lack the quality standards of the services provided and their requirements may be vague. Even when these requirements are defined clearly, they may be unrealistic for the execution when management does not take the necessary measures to maintain the appropriate level of quality.

3. The gap between service quality specifications and service quality provided. This gap can be caused by many factors. For example, inadequate training of staff, their work overload, low morale of employees and others. Customer service means not only meeting the expectations but also the financial and economic efficiency of services, which can give rise to some controversy. For example, the management of the operational department will require the speed of customer service, while the marketing department courtesy, warmth and friendliness in relation to each client.
4. Gap between the services provided and the external information. If the promises contained in the advertising sources are not executed, the negative reaction will appear. For example, if the brochure of a hotel depicted magnificent rooms and on arrival a client detects the ugly and dirty room, the cause of dissatisfaction will be the discrepancy between the contents of the brochure and the reality.
5. Customer gap is a gap between consumer expectations and their perception of service quality. Occurs when one or more of the previous gaps appear.

There is a wide range of dissatisfied customers' reactions. Any type of reaction will cause damage for the company anyway, direct that is expressed in the decrease of sales or indirect that is a less favorable consumer attitude. Dissatisfaction is the main cause of what is called the "destruction of the consumers."

3 MARKETING COMMUNICATIONS

This chapter discusses marketing communications and their background. First of all, services marketing in general and marketing communications in detail will be defined. Then, the marketing communications mix and all its tools will be reviewed. After that, the principles of marketing communications planning are going to be shown. Also the important method called target marketing should be discussed.

3.1 Definition of services marketing and marketing communications

Some economists believe that services marketing should not be different from the marketing of tangible products. They claim that there is not such a significant difference between goods and services that should be accounted in the design and implementation of marketing activities. Hoffman and Bateson (2010, 118) believe that marketing plays a much more important role in companies engaged in the production and sale of material products than in those that offer services to its customers.

Other part of researchers believes that the specificity of services is reflected in the marketing system which is used by service organizations. For example, Zeithaml and Bitner (2012, 7) put forward the main reason for the creation of a special complex of marketing communications in the service companies which is the need to show the customer the highest quality of the services that he is going to purchase. Grönroos (2007, 47-48) proposes some other reasons of specificity of services marketing. It primarily includes the involvement of the buyer in the course of providing services, which is no less important than the result. In addition, the inability to store services requires accurate calculations of the company's possibilities in the service sector.

The specifics of the services marketing and customer satisfaction evaluation is first of all based on the features of the service itself. Considering the distinction between services and products, four main characteristics could be defined: intangibility, inseparability, perishability and variability (Kotler et al. 2006). In addition to these main characteristics, some characteristics of the hotel services should also be mentioned: seasonality, supply exceeding demand, interdependence, and high fixed costs. The explanation of each characteristic and their specifics in the hospitality industry are discussed below (Andrews 2007; Kotler et al. 2006; Rao 2011; Bowie & Buttle 2011):

- **Intangibility.** The intangible nature of services means that it is impossible to feel, see, taste or hear the service until the commitment of purchase. For the enhancement of customers' trust and satisfaction, the company that provides services could try to increase the tangibility of their services by promotional activities (brochures, catalogs, Internet sites, etc.), emphasizing the importance of their services and attracting the attention of consumers to the benefits of the purchase.

- **Inseparability.** Service could be provided only if there is a customer. Production and consumption are closely related and can't be divided. Customer doesn't just consume the service, the customer connects to its production process, which means that the provider should take care of what he produces and how. The behavior and professional experience of the seller, and knowledge at the time of consumption determine the likelihood of repeat purchases.
- **Perishability.** The service can't be made beforehand and stored. Therefore the problem of achieving a balance between the supply and demand arises. Such methods as tiered pricing, discounts and pre-orders are used for the even distribution of demand.
- **Variability.** The quality of services varies and depends on the level of professionalism, competence, friendliness, courtesy and communication skills of the provider as well as the individual requirements of each buyer.
- **Seasonality.** The hotel services market is characterized by the fluctuation of demand depending on the time of year (the majority of tourists travel during the summer months), as well as days of the week (business tourists travel during the weekdays), which greatly influences the occupancy rates.
- **Interdependence.** Guests' decision to visit a certain place is usually not based on the presence of the hotel in this particular location and is taken for another reason: the opportunity to have fun, relax, play sports, etc. A person planning a trip firstly chooses a certain place or region or even an entire country. Only then the tourist chooses a suitable hotel or other means of accommodation.
- **Supply exceeding demand.** The hospitality and tourism industry is usually described as one with quite low entry barriers and the market is overcrowded. Even during good economic periods, when the amount of travelling people is growing, the capacity in the tourism sector is bigger.
- **High fixed costs.** The hospitality industry is very labor and capital intensive, and these costs (property and staff) are permanent regardless of the level of demand. This characteristic is directly connected to the problem of seasonality.

Unfortunately, there are still few authors that concentrate on the marketing communications for services in general and hospitality services in detail. However, marketing communications play a key role in the tourism services, especially what is related to

providing the right message to the right people (McCabe 2010, 2). The marketing communications tools for companies of the hotel industry could be divided as follows:

- Communication tools aimed at the formation of sales of service, which include sales promotion, advertising and direct marketing. These communications are aimed at the distribution of information about the services in order to increase sales and attract new customers;
- Communication tools of the corporate image of the company include public relations and publicity, sponsorship, branding and others.

The amount of definitions of marketing communications is as big as the number of people trying to explain this concept (Egan 2014, 3). In most cases it will be determined simply as advertising because it is the most known part of the marketing communication mix. However, this term is much broader and was defined by Philipp Kotler (2012, 766) as “the means by which firms attempt to inform, persuade and remind customers - directly or indirectly - about the brands they market”. According to Smith and Zook (2011, 231) marketing communications could also be determined as a process of product information transferring to the target audience.

Marketing communications are one of the important elements of the marketing mix that is used to describe the tools used for influencing demand (Bowie & Buttle 2011, 31). The first marketing mix model was introduced in 1960 and included such elements as Product, Price, Place and Promotion. However, as we are concentrating on the hospitality industry, it would be more reasonable to focus on the hospitality viewpoint of the marketing mix. This model is shown on the Figure 5.



FIGURE 5. Hospitality marketing mix model (Bowie & Buttle 2011, 32).

In the context of this model, we will, concentrate on the marketing communications, which allow attracting consumer attention, generating knowledge, and creating a need for the acquisition and repeating purchases (The Chartered Institute of Marketing 2009, 5).

3.2 Marketing communications mix

There is a big amount of conceptions of marketing communications mix but the one that will be further discussed is the most accurate one, not too broad and suits the hospitality industry. All the marketing communications could be accumulated in a specific mix which includes four essentials: Advertising and Online Advertising in detail, Sales Promotion, Personal Selling and Direct Marketing (Fill 2009, Kotler & Armstrong 2010, Koekemoer & Bird 2004, Pelsmacker et al. 2013, McCabe 2010; Boweie & Buttle 2011).

Advertising

Advertising is considered to be the most evident type of marketing communications and the most popular answer to the question “What is marketing?” in general (Masterman & Wood 2007, 134). Advertising is any paid form of non-personal communication of ideas on behalf of the well-known sponsor designed to translate the quality

of goods and services into the language of the needs and requirements of customers, and promote products, services or ideas (Koekemoer & Bird 2004, 11).

Advertising is a mean of communication that allows a company to send a message to the potential buyers and create a dialogue where the seller expresses intention through the advertising channel (Smith & Zook 2011, 308). Advertising occupies a special place in the system of marketing communications. Its main goals are the creation and stimulation of demand and sale of goods. Advertising is an effective tool in controlling the behavior of the buyer, attracting attention to goods, services and a creation of a positive image of the company (Green 2011, 6).

The hallmark of modern advertising as an element of marketing is not just a demand creation, but an ability to manage it within a selected group of customers (Pride et al. 2012, 411). It has become possible because the market is a plurality of segments, reflecting the specificity of tastes and needs of consumers. The goal of firms is to maximize the penetration into the chosen segments in order to avoid the fragmentation of efforts across the market. Advertising can help to solve some of the most important problems of businesses, like (Trehan & Trehan 2008, 43):

1. Distribution of information about the company
2. Impact on customers for the purpose of goods consumption
3. Creation of a positive image of the company
4. Overcoming of prejudices to the goods

Any advertising campaign in the tourism industry should take into account the great variety of media channels. For this specific industry channels should be chosen in such a way that they will reach the target audience. The most popular and effective media channels for the hotel industry and their description are shown in the table 3.

TABLE 3. Tourism and hospitality media channels. (McCabe 2010; Bowie & Buttle 2011)

Channel	Description
B2B sales mission/ exhibitions	Communications towards other businesses (travel agencies, tour operators)
Print advertising	Printed media, newspaper and magazine advertising.
Direct mail/CRM	Personalized database marketing (later discussed in direct marketing)
Online advertising/ e-CRM	Advertising using e-mail databases, advertisements posted on the website
Brochures	Help to solve the problem of service intangibility and deliver message to the customer. Represent the features of the hotel.
Agent training programs	Are created to make sales personnel more aware of the service, its characteristics and features.
Broadcast media	Radio, cinema and TV advertising

Online advertising

With the growth of the World Wide Web power, online advertising has become one of the main forces in the marketing communications system. According to British Market Research Bureau, in 2007 “making travel plans” was already in the five of the most popular reasons of the Internet usage, and it could be noted that it continues to grow rapidly.

Online advertising mostly used in the tourism industry could be roughly divided into two types which are search marketing and display advertising. Search marketing is considered to be the most important type of online advertising in the tourism industry and it is understandable, because nowadays most potential visitors are looking for accommodation with the help of Internet and specifically search engines. Search marketing starts when a visitor of any search engine (Google, Yandex and Mail.ru in Russia, Yahoo, Ask, etc.) enters some keywords into the search engine line. Any search will provide a list of sponsored (site owners pay to search engines if they induce users to click on the link) and unsponsored links. This type of marketing is sometimes also called as “keyword marketing”, because companies should understand which keywords could enter their potential customers in the line (McCabe 2010, 266-267).

Display advertising is a type of Internet advertising that uses images, flash, video and other technologies aimed at the spectacular audience perception. The most popular examples of display advertising are banners and “pop-ups” (McCabe 2010, 267). A banner is a graphic advertising image, posted on a web-page or a visual-text block, and when a user clicks on it he is navigated to the advertised site, or to a page containing more detailed information about the advertised product.

Pop-ups have also a lot of types, like pop-overs and pop-unders that all open a new page automatically and contain information about the hotel or special prices and offers. However, this type of advertisement usually receives the biggest amount of negative feedbacks from consumers.

Sales promotion

Sales promotion could be defined as various marketing activities that increase the initial value of the goods or services for a short period of time, and directly stimulate the purchasing activity of consumers, work of distributors and sales staff (Blythe 2006, 237). Sales promotion includes a wide range of tools designed to create a faster and stronger response from the market, increase sales, gain market share, attract new customers, and retain current customers.

Talking about the types of the sales promotion in the hospitality industry it could be simply divided into Business-to-Customer Promotions and Business-to-Business (or Business-to-Employees) Promotions. B2C Promotions are related to any advertising techniques that could contain sales-promotion messages. The most popular examples are the following (McCabe 2010, 241-242):

- Point-of-sale material
- Competitions
- Piggybacking – promotions made in collaborations with other companies – discounted hotel rooms after other products or services purchase; travel supplement offers; money-off vouchers.
- Loyalty schemes (preferred guests memberships) that induce repeat purchases and loyalty
- Price discounts and discounts vouchers.

An application of various discount systems as a method of sales promotion is widely used in the hospitality industry (Nykiel 2011). Companies develop programs and systems of differential pricing for customers' attraction. The most common system of discounts include: discounts for regular customers, discounts for certain groups of travelers, discounts for travel agencies, discounts during certain seasons, etc.

Nowadays sales-promotion activities are mainly targeted on the specific channel purchase, such as an Internet purchase (Kotler et al. 2012). Most of the travelling people book hotel rooms through the hotel websites (B2C) or through the online booking services such as booking.com that creates an importance of collaboration with such services.

B2B promotions cover relationships with the third parties as well as with the people inside the company, mainly sales personnel. Sales promotion among staff is aimed at increasing their motivation which in turn could result in the sales growth. Different incentives could be distributed on the basis of achieved targets or as a prize in staff competitions. These could be some simple giveaways, like pens, calendars, etc. or free accommodation in the hotel as a bonus.

Personal selling

The importance of personal selling increases every year. Personal Selling is a tool of marketing communications, which is used for direct sales during the personal contact of the seller and the buyer (Burnett et al. 2000). A personal selling process is a specific set of actions, which includes an identification of potential buyers, preparation for a contact with them, an establishment of the initial contact, presentation and demonstration, solution of objections, and support of the sales transaction (Koekemoer & Bird 2004, 13).

Personal selling is usually highly effective in the case of complex decision making, which could be found in some tourism services (McCabe 2010, 242), such as wedding planning and honeymoon travelling, coordination of conferences and other business events, gap year trips, etc. In the tourism industry, there are many cases where staff is involved in a selling process. The service essence of the industry reveals a lot of opportunities for the staff to make a sale even if their responsibilities don't include it.

Many tourism workers can “cross-sell” the services while the customer is in service encounter (McCabe 2010, 243).

Moreover, in the hospitality industry, this type of sale is carried out by the hotel directly to customers, without the involvement of intermediaries, when tourists make purchases directly on the reception desk without advance booking (McCabe 2010). The discount for this type of purchase is usually not available. These clients pay for accommodation at the full rate and therefore are valuable clients for the hotel. In big hotels an average annual direct check in is from 8 to 10%, and the share of direct bookings through the sales department of the hotel is from 10 to 15%. Hotels are interested in the development of this channel, since it causes savings on the remuneration of intermediaries. For an activation of the policy of direct sales, many hotels have a contractual relationship with various clubs whose members have discount cards that give them certain discounts during their stay in these hotels. However, purchases without any bookings, either through intermediaries or directly sales department, could be controversial because it is very hard to predict and influence.

Direct marketing

Direct marketing is an interactive marketing system that allows consumers to easily obtain information and conduct purchases through the different distribution channels (Kotler et al. 2012, 839). It could also be defined as direct interaction between sellers and consumers during the sales.

With regard to the definition of a direct marketing strategy, the most important words for understanding direct marketing are "target group" and "direct contact". The target group of the direct marketing may be an ordinary buyer, commercial or industrial enterprise, social and institutional organization. The main thing is that the direct marketing uses the personal appeal to the consumer (Arens et al. 2011). In other words, you study thoroughly their needs, especially habits and problems, guess the reasons for their hesitation during the purchase decision process, and find good convincing arguments in favor of the proposed service. This type of marketing communication is mainly popular among small hospitality businesses (Bowie & Buttle 2011, 216).

The main direct marketing tools that could be effective in the hospitality industry are the following (McCabe 2010, 268):

- Direct response advertising – induces to actions like visiting websites or filling forms or coupons;
- Direct mail – sending materials to customers from the database;
- E-mail – a more convenient and modern version of direct mails using the own database or bought one;
- Inserts in magazines and catalogues, especially about travelling and tourism.

3.3 Marketing communications planning

There is a huge amount of different methods that could be used for marketing communications planning. However, there are some basic elements that should be considered (Smith and Zook 2011, 226). SOSTAC planning system shown in the Table 4 proved in practice that it is the universal, powerful and successful approach. The SOSTAC planning method is essential for the digital marketing, the development of relations with consumers, and professional communications. This model is also good for business planning models because it allows identifying the assets needed to effectively manage the company's reputation and crisis communications. Additionally to this system, three important elements called 3M should be also included. Philip Kotler defined SOSTAC as a system that allows sequentially passing through the stages of a marketing plan creation (Smith & Taylor 2004, 35). This approach will be further discussed in more detail.

TABLE 4. SOSTAC approach (Smith 2011)

Situation analysis	Where are we now?
Objectives	Where do we want to go?
Strategy	How do we get there?
Tactics	The details of strategy
Action	Implementation – putting the plans to work
Control	Measurement, monitoring, reviewing, modifying

Situation analysis

Situation analysis is an analysis of the marketing environment on the basis of a PEST-analysis and SWOT-analysis (Chaffey & Smith 2008, 444). It takes into account the

last aspects of the company in terms of marketing; its strengths and weaknesses; a situation in which the company operates from the perspective of the potential opportunities and threats.

Objectives

Knowing where are we now it is highly important to understand where we want to go by setting objectives. The organization and implementation of this stage should be made with the focus on the main goals of the communication policy (Smith & Zook 2011, 234). The communication goals may include: improving communication links with regular customers; an attraction of new customers through the tools of marketing communications; a creation of a favorable image of the organization, products or services and others. Objectives should be Specific, Measurable, Achievable, Realistic, and carried out according to the Timetable (SMART).

Strategy

This is a generalization of how the objectives above are going to be achieved (Blythe 2006, 42). All strategies are characterized by the following main components:

1. Purpose of communication, defined by the purpose of a particular marketing strategy;
2. Marketing communications mix used within a particular strategy;
3. Specific communications constants (elements of corporate identity, corporate heroes, etc.);
4. Organizational and financial elements like the timing of the responsible managers and executors, budget.

Tactics

Tactics refer to a more detailed description of the chosen strategy. They specify what communication tools should be used, their sequence and time when they should be involved and what are the costs of each of them (Kotler et al. 2012). These tools should be chosen in a such way that they will help to reach a target audience successfully in the right place and in the right time. The Gantt chart is a very useful tool in summarizing the details that helps to make actions according to the stages of the strategy (Chaffey & Smith 2008, 464).

Action

This section tries to answer the following questions: What steps should be taken to use each of the tools listed in the plan? What kind of internal activities must occur to create a communication tool and to use it in time? The answers to these and similar questions lead to the development of mini-projects using every communication tool, which may require an analysis of the critical path of the entire project and more detailed timing diagrams (Smith & Zook 2011, 237). Here tactics should be defined in more detail and much more accuracy for the minimization of the possible risks.

Control

This stage is associated with an analysis of whether you are moving to the target, the strategy is chosen successfully, the actions are done with regards to the plan and the resources are allocated effectively or not. Some forms of monitoring can help you in a timely manner to evaluate the extent to which your plans are performed, allowing you to get the best possible results in specific circumstances (Smith & Taylor 2004). Here various areas of the market research are included. The evaluation of the impact of communication is usually expressed in the share of target audience that is aware of the product, the share that made a purchase and the share that was satisfied or dissatisfied. In addition, evaluation reports about memorability of the distributed message, its individual elements and its evaluation by customers could be prepared.

3M

The 3M model was also suggested by Smith and Zook (2011, 226) as a supplement to the SOSTAC. It includes three important resources:

- Men – attraction and effective allocation of human resources, determination of their responsibilities and source (insourcing or outsourcing).
- Money – budget settlement
- Minutes – development of appropriate timescale and control of compliance with it.

3.4 Target marketing

A target marketing strategy appeared as a result of the increased competition in the industry markets. The increasing number of players has led to an increase in the

supply and a significant expansion of the range, new opportunities of the acquisition of goods have appeared, and markets have become filled with the similar products - substitutes. A target marketing strategy means a development of individual marketing efforts for each segment of the market, a study of the needs of different target groups, and the formation of a special offer for each target market using different advertising messages and ways to promote goods in each segment. The concept of the targeted marketing is also often called differentiated marketing.

Today, companies increasingly often turn to the target marketing, because every company is interested in the maximization of sales, so there is no purpose in putting marketing efforts to the whole market, particularly when it is possible to bring the product to the potential buyer, the most interested in purchasing this product. The target marketing requires three basic actions: segmentation, targeting, and positioning.

Segmentation

Since the needs and requirements of each person are unique, everyone could potentially be a separate market segment, so ideally the seller should develop a separate marketing program for each segment. For example, aircraft manufacturers, such as Boeing, have very few buyers; therefore companies perceive each of them as a separate market. Market segmentation is a split of the market into distinct groups of buyers that may require different goods and/or other parts of the marketing mix, depending on their needs (Kotler & Armstrong 2010, 218).

There is no single method of market segmentation, so marketers need to try out options based on different variables, one or several at once, to find the most useful approach for the consideration of the market structure. There is a very popular statistical approach for a study of the influence of the factors on the result called the factor analysis. With this analysis, it is possible to easily analyze the impact of a factor on the final result and choose only those factors that have the maximum influence on the final result.

To find the best segmentation capabilities in terms of the company a variety, of methods could be used, the most popular segmentation variables are geographic, demo-

graphic, psychographic and behavioral (Kotler 2012; Pelsmacker 2013). These variables and their main elements are presented in the Figure 6.

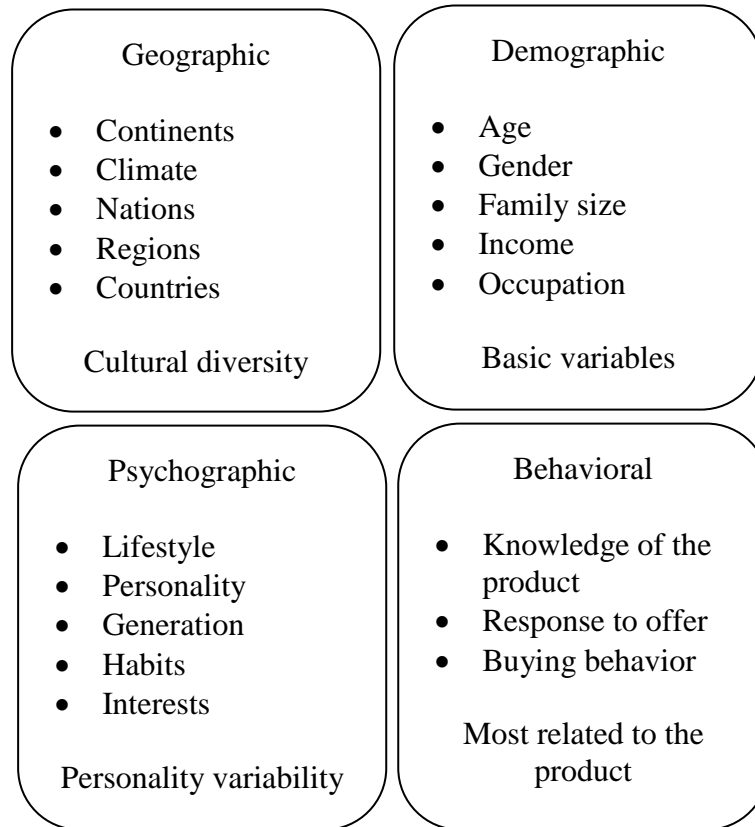


FIGURE 6. Segmentation variables (Kotler 2012; Pelsmacker 2013).

Targeting

Market segmentation reveals the opportunities of different market segments where a company could act. After that, the company should answer two questions: how many segments should be covered, and how to identify the most profitable segments for the company. A structural attractiveness of a market segment is defined by the level of a competition, the ability to replace the product to a new one, the power of buyers and power of suppliers, and the competitiveness of the products in these segments.

A company can use three strategies to reach the market: undifferentiated marketing, differentiated marketing, and concentrated marketing (Pelsmacker et al. 2013, 136).

Undifferentiated Marketing. In this case, a company decides to neglect the differences between segments and appeal to the entire market with the same offer. Therefore, it is

less focused on the difference between the needs of customers and more on the common needs. It develops the product and marketing strategy that will be attractive to as many buyers as possible. It relies on the methods of mass distribution and mass advertising. Undifferentiated marketing is cost effective. The costs of production, distribution and advertising of goods are low.

Differentiated Marketing. In this case, a company decides to act on the majority or even all segments and develops a separate offer for each of them. This strategy is used primarily when it is impossible or hard to identify market segments with different consumer reactions or the segments considered separately are few and not of interest for the commercial development (Fyall & Garrod 2005, 102). The organization focuses more on what is common in the needs of consumers, rather than on how they differ from each other. Marketing programs focus on the mass marketing and mass advertising. Using a mass production system and marketing allows the company to reduce the costs of production, storage and transportation, as well as the expenses for market research and advertising. Thus, due to the cost savings, the company will reduce the price of the goods and win the most price-sensitive consumers.

Concentrated Marketing. Many companies choose a third marketing opportunity, especially attractive for organizations with limited resources (Kotler & Armstrong 2010, 228). Using this strategy the company focuses on one or more segments of the market. Through this strategy, the firm could achieve the cost reduction, which contributes to the expansion of production and allows increasing spending on marketing activities. In addition by taking a leading position in the selected segment, the company reduces the payback period of the investment.

Choosing a strategy of the market coverage, a company should consider the following factors:

1. The resources of the firm. With limited resources, the most rational strategy is concentrated marketing;
2. The degree of homogeneity of the product. Undifferentiated marketing strategy is suitable for uniform products such as wheat and steel. For goods, which may differ from each other in design, such as cameras and vehicles, more suitable strategies are differentiated or concentrated marketing;

3. Stage of the product life cycle;
4. The degree of homogeneity of the market. If the customers have the same tastes, purchase the same quantity of goods in the same periods of time, and react similarly to the same marketing activities, it will be more appropriate to use the undifferentiated marketing strategy;
5. Marketing strategies of competitors. If competitors are engaged in market segmentation, the use of the undifferentiated marketing strategy can be disastrous. If competitors use the undifferentiated marketing, the company may benefit from the use of concentrated or differentiated marketing.

Positioning

After choosing on which segment to act, the firm must decide how to get into this segment. If a segment is already established, so there is a competition. Moreover, competitors have already taken their segment position. Therefore, before the decision of the own positioning, the company must determine the position of all existing competitors.

Positioning is defining a place of a particular product in relation to competitors' products in the minds of consumers (Kotler & Armstrong 2010, 233). It is based on the assessment of the goods' advantages, possibilities of extending the scope of potential consumers, a factor of goods' prestige, highlighting its strengths relative to competitors' products. Positioning determines the perception of the nature of the company by target customers.

Taking into account the positions of the competitors, what place can the company take? It has two possible routes (Pelsmacker et al. 2013, 138-139). The first one is to position themselves next to one of the existing competitors and to fight for the market share. Management can go for it if they feel that:

- A company can make a product, surpassing competitors' ones;
- The market is big enough to contain two competitors;
- The company has greater resources than a competitor;
- Selected position in the best way correlates with the strong business sides of the organization.

The second way is to develop a product which is not yet on the market. The company will attract consumers who are looking for this type of the product as competitors do not offer it (Fyall & Garrod 2005, 104). However, before making this decision the management of the company must be sure that the following resources are available:

- A technical feasibility of establishing this product;
- Economic opportunities for the creation of this product under the planned level of prices;
- A sufficient number of customers who prefer this product.

If all the answers are positive, then the firm has found a gap in the market and should take steps to its completion.

Competitive positioning could be done based on the characteristics of the product, its design, quality, price, etc (Fill 2009). After choosing the positioning strategy, the firm can start a detailed study of the marketing mix. If you decide to position the product in the segment of the high value and high quality, the company must develop the product superior in features and quality indicators of the competitors' products, find retailers that are famous for the high quality of the service, create an advertisement that will attract the attention of wealthy buyers, etc.

Many hospitality companies have a system of marketing planning which is evaluated as a necessary process to ensure the successful operations of the hotel. This reflects the common culture of the enterprise, marketing support and understanding of the management (Zeithaml et al. 2010). Applying the target marketing system we could define some features. In order to differentiate our product, the hotel service in this case, from similar products of other companies, it is necessary to identify the criterion of difference. These could be:

- Physical attributes. For example, Sheraton Palace in San Francisco and Raffles in Singapore differ by splendor of their past, expressed in the classic renovation;
- Type of service. For example, a registration of arriving customers in the room;
- Staff. Careful selection of employees and their high professional training;
- Location;
- Image.

4 INTRODUCTION OF THE CASE COMPANY

This chapter describes the tourism industry in Saint-Petersburg and the position of Business-Hotel Karelia on this market. After that the commissioning company and its marketing communications will be discussed in detail.

4.1 Description of the tourism industry in Saint-Petersburg

St. Petersburg is one of the most expensive tourist destinations in the world. The main share of trip budgets goes to the payment for accommodation: prices in the city are higher than in many European tourist centers by 20-30% and they continue to grow constantly (Federal Tourism Agency 2014). The demand for a high-quality segment of the market exceeds the supply and hotels from this segment are able to maintain a high price level. The demand for the hotels of the high and middle class is formed mainly by visitors from Western countries and the hotels with lower rates are used mainly by the citizens of Russia and The Commonwealth of Independent States (CIS).

According to the statistics on accommodation facilities, tourism dominates among the purposes of trips to Saint-Petersburg (more than 60%) (Petrostat 2015). Hotels in St. Petersburg are in high demand during the mass holidays and celebrations, while the climatic features of the city reduce the peak tourist season to 4-6 weeks in the summer. At the same time over the past five years, the number of trips for tourism purposes has gradually reduced and at the same time the share of trips with business and private purposes has increased. The seasonal hotel occupancy rates fluctuate throughout the year from 35 to 95%. During the traditional White Nights, hotels are overcrowded while during the autumn and winter seasons many hotels are empty. This is one of the reasons for the high prices in hotels during the high seasons to offset the lower income in the low seasons.

Talking about the segmentation of the market by the categories, the economy-class segment dominates the market (Fig. 7.1) and owns 24% of the room stock of the city (see. Fig. 7.2). Hotels of three stars provide exactly half (50%) of the room stock and make up nearly a third of hotels in the city (29%).

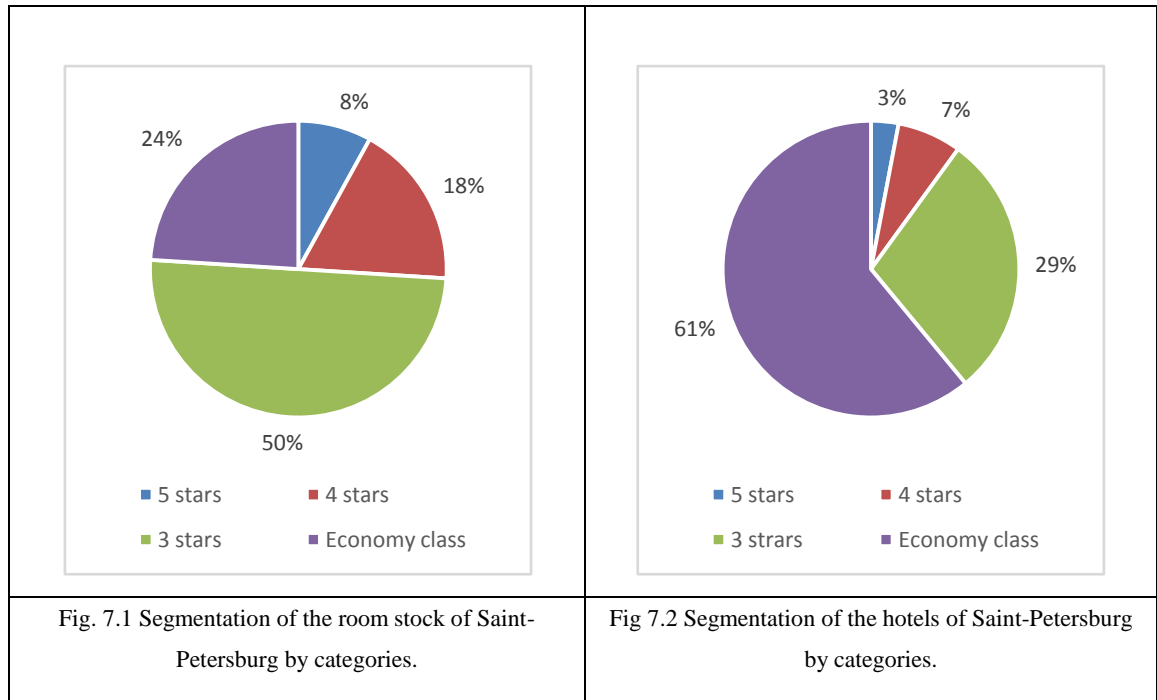


FIGURE 7. Segmentation of the hotel market in Saint-Petersburg. (Government portal 2015).

In the recent years, there has appeared a trend of the position change in the hotel business of St. Petersburg, both in the domestic and international tourism markets. A change is determined by avoiding specialization in serving the tourist demand and the conversion of St. Petersburg in a town of exclusive incentive tourism, wedding trips, business, congress and exhibition of high profile events. As a consequence of this change, a growth of tourists in the low season and relatively stable indicators of occupancy rates are expected.

A market of the business tourism in St. Petersburg is on the early stage of its development and belongs to the fast growing and emerging market, without an established structure and fixed market shares of the main players. Compared to the world market of the business and congress tourism, the market of St. Petersburg is insignificant. However, the market is on the verge of the rapid growth, because there is a tendency of an elimination of the factors constraining the growth. It could lead to an intensive development of the market infrastructure and increase of flow of business travelers.

St. Petersburg has a huge potential for development as a center of a congress and business tourism. This is facilitated by the following characteristics of the city: the geographic proximity to the EU, an opportunity to get into the city from all over the world, the historical and cultural significance of St. Petersburg in the world, and a high level of intellectual, scientific and industrial potential of the region.

4.2 Description of the Business-Hotel “Karelia” and its operations

General information

Business-Hotel “Karelia” was built between 1979 and 1983. Since the start of its operations, it was a part of a big company "Intourist" and was intended for the accommodation of foreign tourists, mainly from the socialist countries, which demonstrates the popularity of the hotel in Europe. Nowadays, the hotel is owned by the holding company "Okhta Group".

The hotel is a complex of three buildings ("A", "B", "C"). The total area of the complex is 24,956 square meters. Blocks "A" and "B" have a height of 16 floors, the block "C" of 2 floors. The facade of the hotel is decorated with the unique wall art design painting "Suitcases", which is listed in the Guinness Book of Records as "The largest three-dimensional picture in the world."

Business-Hotel “Karelia” is a 3-star hotel that offers its guests a high-quality service. The reception is open around the clock. The hotel has 6 fully equipped conference halls. Guests arriving by car can take advantage of a paid private parking or a free public parking. Free Wi-Fi is available in public areas and rooms. There is a restaurant on the first floor of the hotel. Every morning guests could enjoy a breakfast buffet, the European cuisine during the day, and have a glass of wine in the evening. In a stylish bar guests could relax and have an alcoholic or non-alcoholic drink. The friendly staff could help to book tickets for guided tours. Moreover, the hotel has a beauty salon with a solarium. The hotel offers 209 rooms for different types of guests: single, double or twin, suite or two-room family suite, as well as apartments of different categories (Company website).

Business-Hotel “Karelia” is situated in a quiet location of sleeping quarters. The advantages of this location are the favorable ecological conditions, calm environment and the absence of noise. There is a living area around the hotel and Polyustrov Park on the other side of the road. The main drawback is the relative remoteness of the hotel from the subway stations and the city center. However, in the long term (within the period 2018-2025) it is planned to build in relative proximity to the hotel two new subway stations. The nearest station will be located at a distance of about 1 km from the hotel.

The main types of visitors in the descending order according to the percentage are the following:

1. Moscow tourists
2. Tourists from the Russian regions
3. Foreign tourists (mostly from China and South Korea)
4. Groups of students
5. Sport groups
6. Business tourists

Position on the market

There are two levels of the hotel’s positioning on the hotel market in Saint-Petersburg (Figure 8).

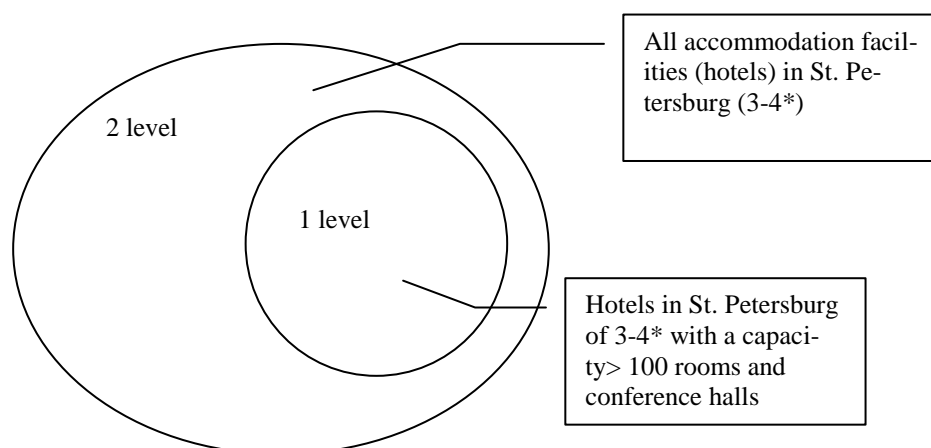


FIGURE 8. Positioning of the Business-Hotel “Karelia” (Company research).

The first level is narrower. These are direct competitors of the hotel with conference facilities and the ability to place large groups of guests. The price range is average.

The second level is more general. The first level is incorporated in the second one (rather than simply crosses) due to the fact that there are no hotels that only work with corporate and individual clients who came for business purposes in St. Petersburg. The shares of the hotel in these levels of the market are: 2 level - 1.5% (209 rooms out of 13 879); 1 level is 2.15% (209 rooms out of 9736).

Marketing communications

Business-Hotel “Karelia” uses the following tools of marketing communications: web, printed advertising, advertising in press, outdoor advertising and radio advertising (Company internal information).

As a web marketing communication tool, the hotel uses its own hotel website: www.karelia.spb.ru. The site of the hotel helps potential customers to get all the necessary information: the services provided the description of the rooms and prices, contact information, special offers and news. Also, there is an online consultation service where you can ask any question and receive the immediate response. Finally, if a person is interested in the hotel, the site has a special form for the booking, through which the visitor can book the room in real time and receive a guaranteed reservation. For the payment, you can use a credit card, electronic cash services or you can pay when you arrive. The hotel uses also social media, especially the popular Russian social network called vk.com, which is an analog of Facebook. The hotel has its own page where important and interesting information is published almost every day.

The hotel actively uses different kinds of print advertising: brochures, calendars and flyers. A logo of the hotel is also used on the surveys distributed among the guests. Periodically the hotel places advertisements in the press media: in the newspaper “Saint-Petersburg Diary” and the magazines “Tourism and Recreation”, “Business Saint-Petersburg”, as well as in catalogs issued by the Russian Hotel Association. The next tool, used by the hotel, is radio. The hotel is advertised on the stations “Russian Radio” and “Autoradio”.

As for the PR-activities, it should be noted that the Business-Hotel “Karelia” does not conduct complex activities aimed at maintaining public relations. Nevertheless, it is

possible to highlight some activities that relate to PR-campaigns. In particular, the hotel is taking part in different competitions and exhibition activities.

For sales promotion the hotel also applies different discount systems, for example, discounts for groups, holiday discounts, discounts to VIP-clients, discounts for newlyweds. Information about discounts and other promotional events is always posted on the website and in the VK group. Quite often the hotel is visited by large groups of sportsmen or students, therefore the hotel widely practices group discounts. This kind of discount ranges from 5 to 20%. The hotel also offers special packages for newlyweds, couples who want to have a romantic night, business tourists, and guests with children under 5 years old.

The hotel pays great attention to the formation of a permanent customer base. Therefore, discounts for the regular customers are usually set at a rate of 5 to 10%. Thus, analyzing the marketing communication activities of Business-Hotel Karelia, we can conclude that at the regional level, the hotel's communication strategies are quite elaborate. The hotel uses a variety of promotional tools and has a system of discounts and special offers for different categories of visitors, and provides a balanced system of communication with regular customers.

Selling system and sales staff

The hotel has several selling channels that are equally important. First of all, the hotel has its own online booking system available on the official website. Customers could check the rooms available on the specific date and book it. Free cancellation of the booking for most of the rooms is also available. Moreover, the customer could call the department of reservation (the call is free in Russia), order the call or contact by e-mail.

The next channel is selling through travel agencies. Agencies receive requests from customers about the reservations, and then confirm these requests on the basis of the hotel exact price and availability, and then at the end of the month, money received by the agencies is transferred to the hotel minus the commission of 10%.

One more important and very popular channel nowadays is online booking systems. The hotel cooperates with booking.com, ostrovok.ru and hotelspb.ru. The essence of these systems lies in the fact that the visitor finds them through the Internet, makes a reservation via Internet, and receives the instant confirmation of the reservation. These systems are postpaid, which means that the guest pays the full amount of the reservation at the reception of the hotel, and at the end of the month the booking system invoice for the commission of 10-15%. Finally, it is possible to book a room directly at the reception desk at the day of the arrival or beforehand.

Talking about the sales staff, first of all it should be mentioned that all the employees are checked thoroughly before the recruitment. Their personal and professional characteristics are tested and previous experience evaluated. Before the first day of work every employee should be familiar with the rules of conduct of the hotel. After reading them, a special statement must be signed, which indicates that the employee is acquainted with the content of these rules. These rules include basic information about the hotel, and what is more important specific regulations of communication with the customers.

Moreover, all the employees participate in different trainings every quarter. A type of training is chosen individually to every employee by the direct supervisor or manager. The choice is made on the basis of assessment conducted every quarter.

5 METHODOLOGY

This chapter discusses the research methods used such as surveys, electronic research and interviews. First of all, their background and reasons of choice are explained. Then, the methods of their analysis are discussed in theory, and after that the conducted data collection and analysis processes are shown.

5.1 Research methods applied

Absolutely any system of marketing research should be based on the thoroughness, accuracy and objectivity. The research process must take into account all possible

factors, and the final conclusions should be concretized only when all the necessary data is collected. The accuracy and efficiency of the results entirely depend on the correctness of the selected research methods. When starting the research it was decided to combine two types of research methods – quantitative and qualitative for the broader information coverage. The most suitable methods for this research are surveys (quantitative method); interviews and review of Internet sources which are the qualitative ones.

A survey was chosen as the main quantitative method that helps to gather statistical data from the real customers of the hotel and understand the current ones. Personal interviews with the hotel managers were selected to receive the internal view on the research problem, understand how the staff perceives the customer satisfaction principle, and find out the differences in the understanding of it by the customers and by the staff. The last method which could be called an electronic research or a review of Internet sources was taken as a supplement to the survey method. All the available customers' feedback available on the Internet websites were found and analyzed. This research is a combination of quantitative and qualitative types as information that was reviewed include numerical grading and open text. This method is really convenient as it helps to collect more customers' feedbacks than were collected during the survey research.

5.2 Research methods in theory

Surveys

A lot of different data collection methods could be called surveys, but this research uses such kinds of surveys that could be described by three main characteristics (Fowler 2013, 1):

- Survey is done to provide statistical information, which is a quantitative expression of population's opinion;
- The data provided by surveys is collected by asking people questions;
- Information is collected from a small part of population called the sample, rather than from the whole population.

Therefore, the survey is a quantitative method of obtaining primary information, based on the oral or written questions to the target population, the content of which is connected with the issue of research. The evaluation and measurement of opinions is a key basis of the modern management that pays great attention to the customer satisfaction (Groves et al. 2011, 4). Only asking the right things from the right people in the right place and at the right time could help to gather really relevant information for the research (Phillips et al. 2013, 19). Surveying includes four important processes: sampling, question design, data collection, and data analysis. The last two processes will be discussed in more detail in further subchapters.

Convenience sampling

Convenience sampling is a method that includes elements that were met at the appropriate time in the location of information collection (Gravetter & Forzano 2015, 147). It is one of the types of random sampling since the selection of samples is carried out in a random manner. It selects the elements that are or appear to be most readily available at the time of selection.

This method is very popular now, especially in the tourism industry as it is very easy and cheap to conduct it (Gravetter & Forzano 2015, 147). Also, this type of sampling helps to gather the most updated information as it is collected usually during or not a long time after the product or service consumption.

Survey and question design

A survey should start with a small text which should explain the topic of the research, motivate potential respondents to participate, and ensure them that their answers are collected either anonymously or confidentially (Sue & Ritter 2011, 61). After that, first few questions should ask some basic information about the respondent for future analysis based on common characteristics (eg. age, gender, marital status, occupation, etc.) (Sue & Ritter 2011, 56). The next questions are made to receive the most valuable information in accordance with the research problem. The questions should be easily understood and composed grammatically right. A questionnaire could include three types of questions:

- Open question in which respondents need to write the answer in their own words (Fowler 2013, 88). This type of question could be categorized as qualit-

ative as answers could be different. However the quantitative technique could be used for the analysis of repeat or similar answers.

- Closed questions are questions with answers prepared in advance, in which respondents just need to choose the most suitable answers. This type of questions could be easily statistically interpreted and analyzed (Fowler 2013, 90). Such questions could include one open option for respondents who couldn't find an appropriate answer for them.
- Measurement scale is a question, in which respondent should evaluate some statements or issues on the basis of their agreement, acceptance, probability to do something or importance of this issue for them (Kaden 2006, 138). Good examples of such questions could be Net Promoter Score, discussed earlier, which asks respondents to evaluate the probability of their recommendation. These questions are also easy to be analyzed and easy to be answered by respondents (Fowler 2013, 88-91). However, it could provide inaccurate result if the scale is inappropriate.

A survey should end with a thanksgiving phrase, making respondents to understand their value for the company (Kaden 2006, 161).

Online surveys

Empirical studies carried out with the help of the Internet have the certain attractiveness for researchers from different scientific fields. This is, of course, due to a number of indisputable advantages over traditional forms. The obvious advantages are the following (Sue & Ritter 2011, 10-12):

1. The economy of resources. Compared to the traditional forms of surveys' online form can significantly save time, money and human resources. In many cases, when conducting an online survey, the researcher is able to gain a greater number of respondents and thus achieve a significantly lower cost level. However, online surveys still require certain costs, such as the creation of technical conditions for the survey like maintenance and operation of the server, provider payment, programmers, etc. Nevertheless, all these costs are one-off, while the marginal cost of attraction one additional respondent is almost zero.

2. The large sample size. The low level of costs per respondent allows, in turn, achieving a significantly larger size of the sample, which reduces the amount of errors.
3. The rapid response capabilities. The online surveys allow to quickly and at no additional cost, change the content of the survey in accordance with new data obtained.
4. The breadth of coverage. The online survey makes it possible to study a wide variety of social groups and communities, overcoming borders and any geographical distance and to carry out transnational research.
5. The organizational flexibility. The respondent chooses the time and place for filling in the survey being in the natural environment.

Review of Internet sources

Electronic research activities are done through the information technologies such as computers and mobile phones (Eriksson & Kovalainen 2011, 97). This kind of research includes the review of literature sources published on the Internet and other existing material. In this thesis, literature was used as a source for the theoretical part and other materials were used for the qualitative analysis.

This type of research could be also defined as a review of secondary data. Because secondary data is the data that already exists and has been already collected by someone else (Eriksson & Kovalainen 2011, 89).

Semi-structured interview

An interview is a conversation that includes questions and answers between two or more participants (Eriksson & Kovalainen 2011, 78). The interview is an essential method in the collection of primary data and also helps in the analysis of people's personal opinion (Eriksson & Kovalainen 2011, 80).

A semi-structured interview is one of the most popular methods in the qualitative research. The main feature of this method is its flexibility for changes. Although the general structure, main topics and possible questions are prepared in advance, researcher could change the structure of the interview or questions, add or delete something during the discussion in accordance with the atmosphere and reaction of the respondent. The semi-structured interview is aimed at the collection of deep and full res-

ponses, which as a result helps in the analysis. Therefore, for the creation of the closer connection with the respondent, the semi-structured interview is usually conducted in the informal style. Most of the questions are open, and some complex and serious topics could be mentioned because of friendly and informal atmosphere (Eriksson & Kovalainen 2011, 82).

Analysis

Mathematical and statistical methods are usually used for a quantitative data analysis to establish relationships between the studied phenomena. Therefore, the frequencies are examined which show the number of times a variable appears. The results processed by these methods allow us to show the quantitative relationship in the form of graphs, charts and tables (Kaden 2006, 192). These methods could be used for the analysis of closed questions in the survey research and quantitative data in the electronic research.

As a method for the analysis of qualitative data the content analysis was chosen, which could be applied for the open questions in the questionnaire, free text information gathered through the electronic research, and semi-structured interview analysis. A content analysis is a qualitative-quantitative method of measuring the facts and trends by the objective and systematic analysis of messages' characteristics (Bryman & Bell 2015, 299).

The content analysis process includes the identification of the categories that could be found during the data analysis (Burnard et al. 2008, 430). This type of analysis concerns the content of the data and frequencies appeared within it rather than the form or structure (Eriksson & Kovalainen 2008, 90). The categorization was made based on the empirical data. The categories identified should:

- Cover the whole data received during the data collection process,
- Be mutually exclusive, which means that the data couldn't be attributed to several different categories
- Be reliable and appropriate for the research

5.3 Data collection and analysis

Survey

As one of the main questions of the research was to identify the current level of satisfaction among the hotel's clients, it was decided to choose surveying as a core research method. This method is suitable when the big amount of participants is needed, and quantitative and statistical information is valuable for the research.

Two forms of questionnaires were chosen for a wider coverage of the respondents. There were papers, distributed in the hotel rooms, and the online one, published on the official page of the hotel in the social networks. All of the questionnaires were done in two languages: Russian, as still the bigger part of the visitors is from the regions of Russia, and English for all the other visitors. Paper survey forms were distributed in eighty hotel rooms and were targeted on the current clients. It was left on the bedside table, so they could fill the survey any time during their stay and put in a special box on the reception desk to ensure in the total anonymity or if they were not so concerned about the anonymity, they could leave the paper in their room. The papers were left in the room in the amount according to the number of the people in the room. The visitors could decide to fill one common questionnaire or fill several papers if their opinions were different. The survey was considered to be not so long to answer and the clients need to spend the maximum of ten minutes on it. After some time it was noticed that the hotel clients were not really willing to fill the surveys and they were also asked to fill the form at the time of the check out.

The paper type of the questionnaire is convenient for the immediate collection of opinions but could be used only in the hotel and distributed only among the customers who currently live in the hotel. Therefore, it was decided to create also the online version of the questionnaire and publish it on the official pages of the hotel in the Russian social network called vk.com and the International one facebook.com. This type of questionnaire is helpful in reaching customers who had already visited the hotel before the start of the research.

The questionnaire was created in such a way that all the questions could be easily understood and answered by respondents. The questionnaire, which is shown in Appen-

dix 2, includes 13 questions and is made in two languages at the same time for the easier distribution process so paper forms were put in the hotel rooms without considering the nationality of the future visitors.

The questionnaire is divided into two parts which are general statistical information and specific research information. The first part includes 5 questions that are asked for the determination of the respondent's belonging to a specific segment. Answers to these questions are suitable for further analysis on the basis of the segmentation identified. Therefore, in the analysis phase it would be easier to distinguish the trends in accordance with specific types of customers. The questions are done so that the relationship between the level of customer satisfaction and the client's background, such as the age group, gender, country of living and their purpose of visit could be found, although in some cases it is also useful for the determination of common trends that don't depend on the customer's personal characteristics.

The following two questions are related to the hotel and are made for the division of respondents into new and repeated groups, and to understand the marketing channels they use. This information is very important for the analysis and further recommendations about the marketing communications tools. The eighth question asks the respondents to evaluate the overall satisfaction of the hotel service. This question is a direct expression of the research problem. Next two questions are open and are targeted on obtaining a deep personal opinion of the respondent.

The eleventh question is a Net Promoter Score (described in Subchapter 2.4) which is the standard question on the assessment of the probability of the company's recommendation to relatives and friends. The question twelve offers 21 statements about the hotel services that clients need to evaluate on the basis of their agreement or disagreement with the statement from 1 to 4. They could also mark "Don't know" if they did not use this service. The statements cover services, some characteristics and special offers of the hotel. This question could help to disclose the answer on the eighth question in more detail and understand the core reasons of the level of the satisfaction. Finally, respondents could leave some comments in the last question.

The online version of the questionnaire was done with the help of surveymonkey.com platform and was totally the same as the paper version.

Forty-one paper form questionnaires were filled by the clients and collected by the hotel staff. Fifty-three respondents were reached through the Internet. After the collection of the responses, both the paper and online versions were analyzed. As a survey-monkey platform provides the basic statistical analysis of responses, it was decided to upload the paper responses on the platform, so all the answers could be analyzed together without the division into online and paper ones. Open text question answers were written out for the content analysis implementation.

First of all, every question was analyzed and some statistics were produced, and after that they were grouped and some consistent patterns were found. There was an aim to determine some trends and understand the main reasons of the customers' dissatisfaction based on the frequencies of the answers among the respondents. Some additional cross-tabulations were produced for better understanding the background of the respondents.

Internet sources

The review of electronic sources was chosen as a complementary method to the survey research for the broader analysis and more complex research. Therefore, several websites with the hotel's page and the customers' feedbacks were found. All of the available feedbacks from the customers, who had visited the hotel no later than one year ago, were collected. Moreover, feedbacks' writers were offered to fill the online version of the questionnaire if the site allowed contacting the respondents.

However, information on some sites could be deliberately false for example as an activity of competitors who want to distort the facts about the company. Therefore, when collecting the information, I wanted to ensure that the information provided is true and fair. It also depends on the policy of websites. Popular ones are concerned about their reputation and try to prevent appearance of any false information on their websites. Therefore, websites were chosen taking into account their popularity and reliability. The list of the chosen websites is shown in Table 5 and a full description of each site can be found in Appendix 3.

TABLE 5. Electronic sources.

Name	Web address
Trip Advisor	www.tripadvisor.com
Booking	www.booking.com
Top Hotels	www.tophotels.com
Ostrovok	www.ostrovok.ru
Travel	www.travel.ru
Hotels in Saint-Petersburg	www.hotelspb.ru
Agoda	www.agoda.com
Hotel look	www.hotellook.com
Expedia	www.expedia.com
Hotels	www.hotels.com

This method is useful in this kind of research as the hospitality industry is extremely dependent on the customers' opinions. Nowadays less people decide to visit a hotel without checking any feedbacks. Therefore, information provided on the advisory websites is very demonstrative because people who write feedbacks are in most cases either satisfied or dissatisfied and want to share their feelings with potential future clients either recommend or warn.

The chosen websites provide the combined type of the data (qualitative and quantitative). The visitors are offered to evaluate the hotel by several parameters and also write an open comment on their visit. Most of the websites have the following feedback system (full description of the feedback systems of every website is shown in Appendix 4):

- The general rating. People are offered to rate their visit in general using the scale from one to five or from one to ten.
- The type of travelers. Participants are divided on "Families", "Couples", "Solo", and "Business".
- The assessment of basic characteristics from one to five – "Sleep Quality", "Location", "Rooms", "Services", "Value", "Cleanliness", "Free Wi-Fi", "Staff", "Facilities", "Comfort", etc.
- Open comment – free text or division into pluses and minuses.

The analysis was made differently according to the content of website. Close questions were analyzed statistically and graphs were produced showing the distribution of respondents by segments and the frequencies of their answers or given points.

In the question where the different characteristics are analyzed by the respondents, similar ones were found on all websites. As a result, 10 common characteristics were identified and the average points among all the websites calculated.

Open text comments were analyzed with the use of the content analysis method using the categorization based on the available empirical data.

Interviews

Two semi-structured interviews were conducted with the hotel manager and the restaurant manager. All the questions were divided into four topics: general information, customer dissatisfaction, marketing communications and plans for future. The examples of the questions for both interviews are shown in Appendix 5.

The time for the interviews was set in advance and agreed during a phone call. Before the interview managers were informed about the research itself and its objectives. Moreover, they were ensured in total confidentiality and were asked about the ability to record the interview with an audio recorder. The hotel manager gave a positive response. Therefore, the first interview was recorded and further transcribed for the easier analysis process. The restaurant administrator didn't give the agreement to record the interview but agreed that the researcher could make some notes.

The semi-structured form of the interview allowed going through the prepared set of questions (Appendix 5) but also in some cases adding some secondary questions for a better disclosure of the interviewees' thoughts. Moreover, during the interviews the focus was put not only on the content of the discussion but also on the interviewees' behavior, such as gestures and other non-verbal signs. For the compliance with the credibility principle, material was sent to both interviewees. The record transcription was sent to the hotel manager and the notes to the restaurant manager. After their confirmation the materials were analyzed.

Both interviews were conducted in one day, the 20th of September, one by one in the managers' offices in the hotel. The first interview took around 30 minutes and the second one around 20 minutes. The interviews were made for receiving the better internal understanding of the current situation in the business and marketing system, the management vision on the customers' dissatisfaction problem, and their plans for the future. The first interview was focused on the hotel activities and problems, while the second interview covered not only the business of the restaurant itself, but what is more important, the relationship between the hotel and the restaurant.

The interview with the hotel's manager was conducted in a very friendly atmosphere because the manager's thesis work that was written 5 years ago was also connected to the Business-Hotel "Karelia". During the interview some of the questions were deleted from the preliminary plan because the manager already mentioned this information in other questions. Moreover, if the question was connected to some statistical information or to something the manager was not sure; the hotel manager checked the information in the hotel's database.

The interview with the hotel's administrator was shorter and he asked not to mention his name in the research. In his answers he was also quite brief and some additional questions were asked to get more deep information.

The received information was further analyzed using the content analysis method for an identification of key opinions, similarities and differences between the opinions of two interviewees.

6 RESEARCH RESULTS

This chapter discusses the results proposed on the basis of the data analysis. First of all, the results of the survey research are shown in the logical order according to the structure of the questionnaire. After that the results of the electronic research are presented. Finally, the findings from two conducted interviews are described.

6.1 Results of the survey

The total number of the respondents that were reached is 94 people. Frequency tables for the questions 1-8 of the survey are shown in the Appendix 8. These tables show full information about the frequency of the received answers. The analysis starts with the demographics. The amount of women is bigger than of men but the difference is small – 54 % of respondents are women and 46% are men.

Talking about the age groups, the majority of the respondents are over 36 years old (58%); 22% of the respondents are 35 years old or younger. The full picture is shown on Figure 9.

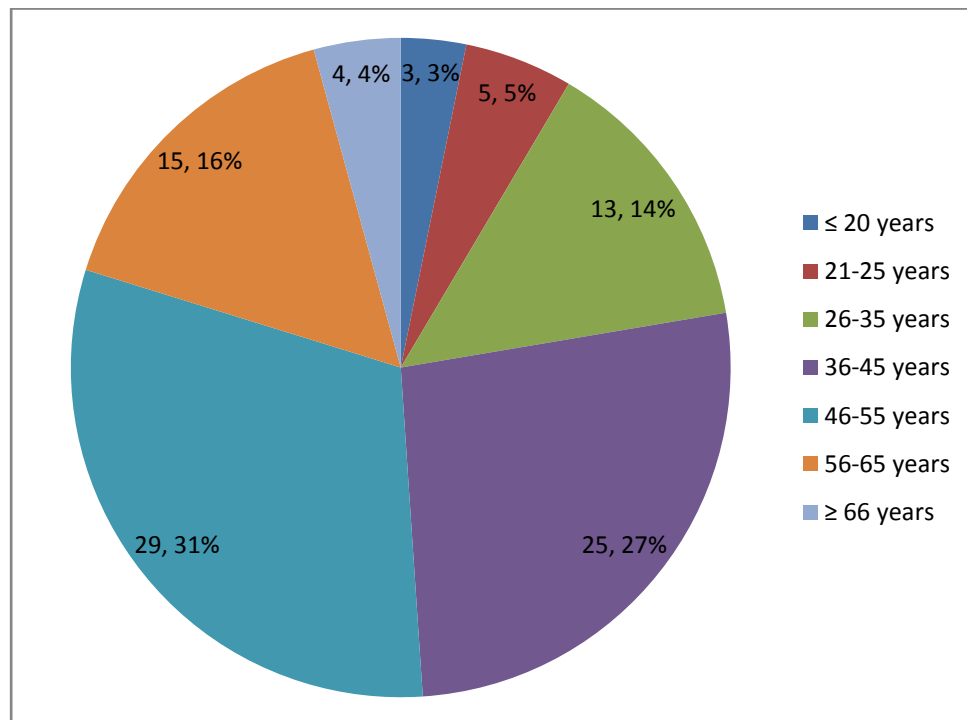


FIGURE 9. Age group distribution of the respondents. N=94

The most popular country where the respondents come from is still Russia. Almost a half of the respondents come from different regions, especially from the North-West. Also, the hotel is demanded among the Asian countries (18% from Vietnam, 12% from China). From the figure 10 it could be also seen that except Russia and the Asian countries, the hotel is also visited by people from the European countries that are located near the western Russian border.

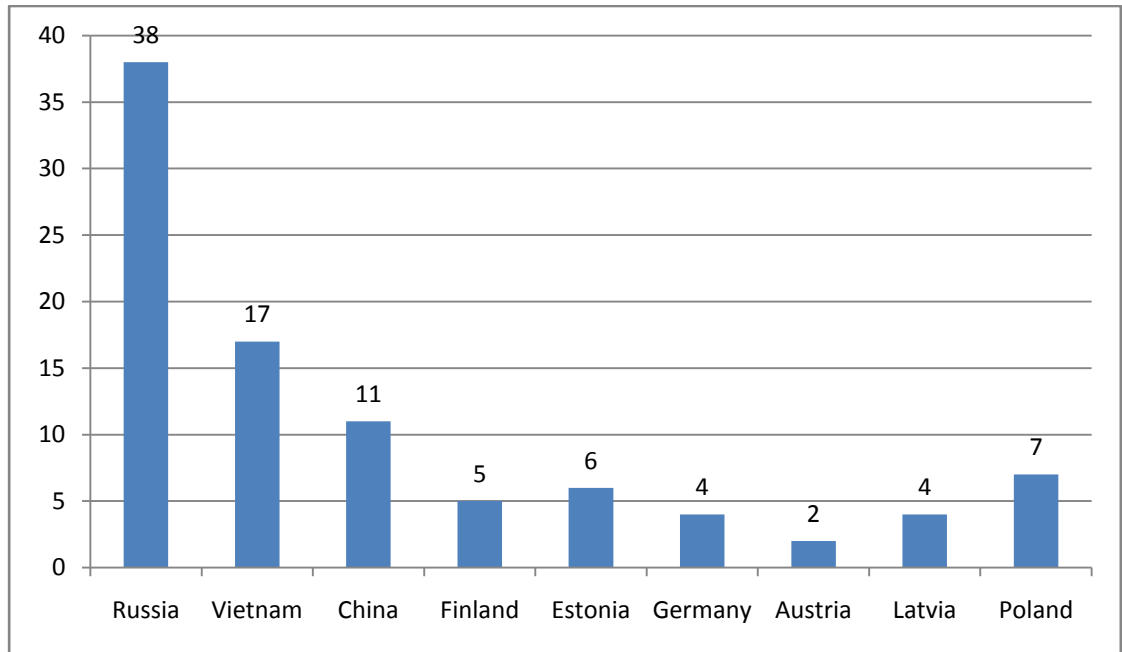


FIGURE 10. Country distribution of the respondents. N=94

As could be seen from the figure 11, more than half of the respondents come to Saint – Petersburg for tourism. The next big group of the respondents come to the city because of business reasons (29%). Finally, 11% of the respondents come for studies and some people also arrive because of some health issues (2%) or to visit friends and relatives (4%).

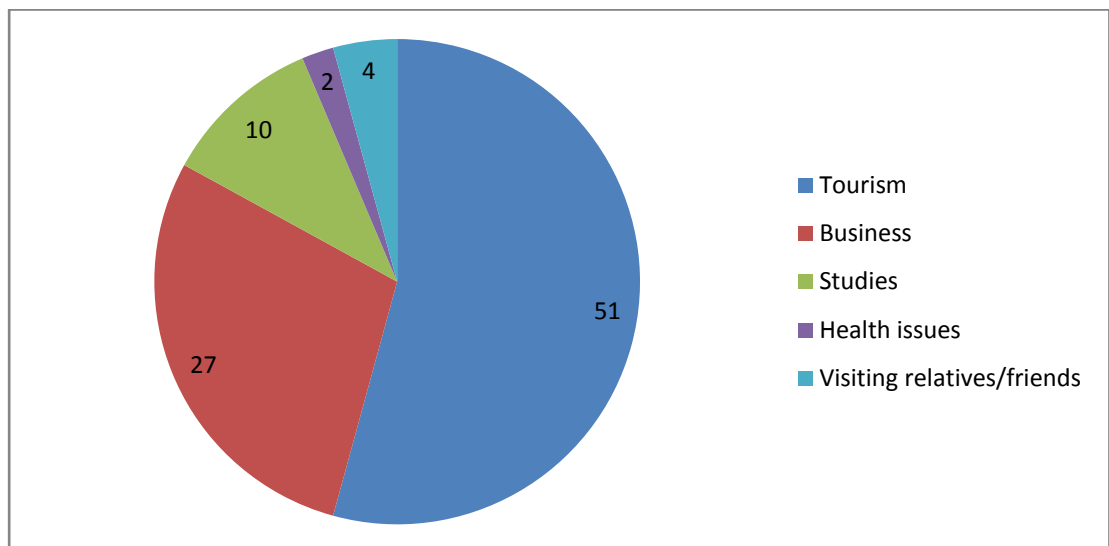


FIGURE 11. Distribution of respondents' purpose of visit. N=94

Evaluating the duration of the respondents' stay, it is clearly visible (Figure 12) that there is quite a big amount of respondents spending only one night in the hotel (22%).

The respondents usually spend at least 2 or 3 days (40%) but at the same time rarely more than 1 week (16%). The cross-tabulation (Appendix 7.1) shows that 57% of people coming for tourism stay in the hotel for two-four days, while most of the respondents coming for business purposes (63%) stay only one night. Almost all the respondents who come for studies (90%) spend more than a week in the hotel. However, reliable conclusions cannot be made about the correlation of the variables because the association between them is not tested.

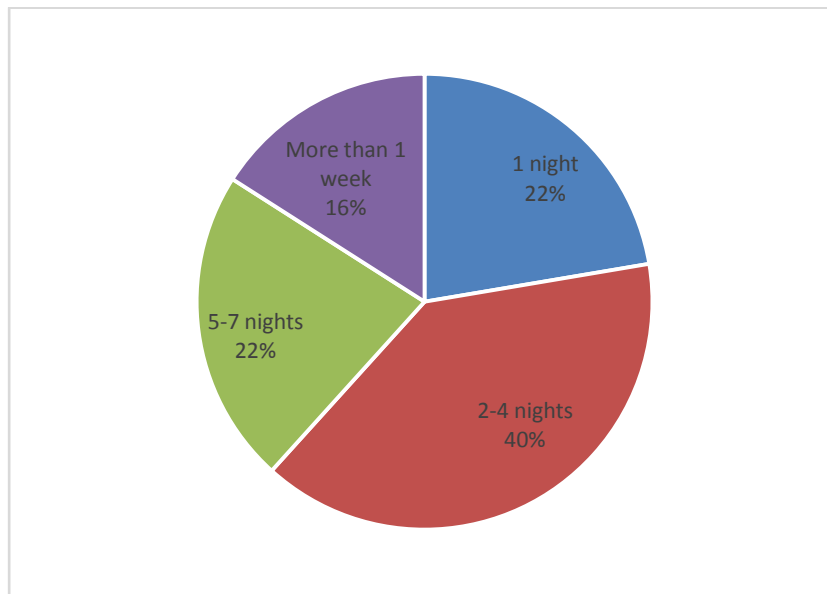


FIGURE 12. Distribution of respondents' duration of stay. N=94

The important question about the source where the respondents found information about the hotel showed that the majority of the respondents were using the Search engines (30%) and specific tourism websites like Booking.com (21%) and TripAdvisor (12%). Also, as it could be seen from the figure 13, quite a big amount of the respondents found information through a travel agency (26%). As could be seen from the cross-tabulation (Appendix 7.2) half or more of the respondents from such European countries as Estonia, Germany, Austria and Latvia usually find the hotel with the help of travel agencies while the Russian respondents mainly use search engines (26%) and booking.com (21%). The respondents from Vietnam also mainly use search engines (53%), while the respondents from China found information through the booking.com (64%). Nevertheless, it should be mentioned that reliable conclusions cannot be made based on these findings because the relationship between the variables is not examined.

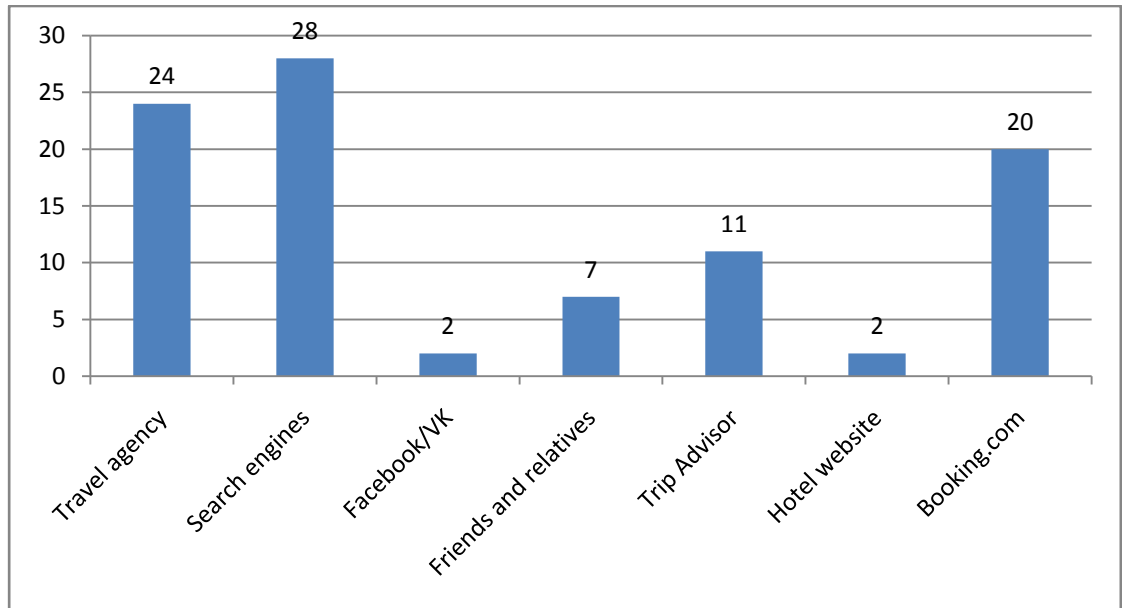


FIGURE 13. Source of information distribution. N=94

The next question was asked to understand whether the respondents visited the hotel for the first time or they had become loyal and they came now for at least the second time. As it was found during the research, mostly, the respondents come for the first time (65%) but still quite a lot of people come already the second or third time (28%). The distribution of the answers could be seen in the figure 14. Although reliable conclusions couldn't be made on the following results, it could be seen from the cross-tabulation (Appendix 7.3) that the majority of the respondents coming for business purposes, visit the hotel at least the second time, while 78% of the respondents coming for tourism visit the hotel for the first time.

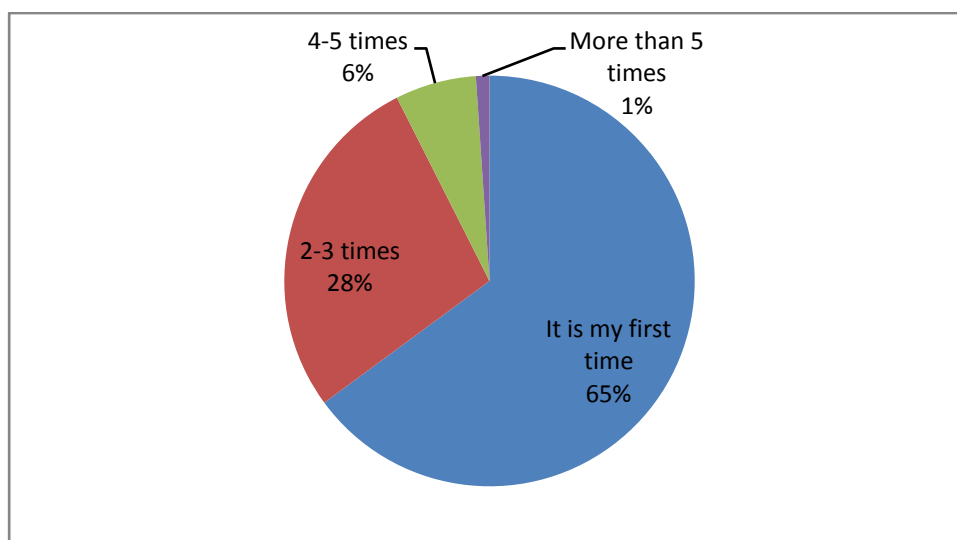


FIGURE 14. Amount of visits distribution. N=94

Evaluating the overall satisfaction most respondents were satisfied to some degree (Figure 15). Their satisfaction fluctuates from 6 to 9 points out of 10. The majority of the respondents (27%) was satisfied to some degree and gave eight points out of ten. 37% of the respondents were also more satisfied than dissatisfied and gave 6 points (18%) and 7 points (19%). There were 10 % of partly dissatisfied respondents. Moreover, only 9% of the respondents were totally satisfied.

For the easier analysis of the results shown in the cross-tabulations (Appendix 7.4-7.6) the respondents were composed into 4 groups: partly dissatisfied (1-5 points); more satisfied than dissatisfied (6-7 points); partly satisfied (8-9 points); totally satisfied (10 points). It could be seen that the female respondents are more likely to be dissatisfied than males. Results show that 60% of the women gave 7 points and above, while only 35% of the men gave below these marks. Regarding the age, it was noted that dissatisfied customers are mostly 36 or more years old, because 80% of the partly dissatisfied respondents are between 36 and 55 years old. While people that are younger this age are likely to rate their satisfaction at least by seven points. 48% of the respondents 35 and younger gave 8 or 9 points and 33% gave the maximum 10 points. Finally, looking at the customers' country of living and their satisfaction, it was found that among the totally satisfied respondents 75% are from the Asian countries (50% Vietnam and 25% China). Half of the totally dissatisfied respondents come from the European countries and half from Russia. Talking about the Russian respondents, the majority of them are more satisfied than dissatisfied: 53% gave 6 or 7 points.

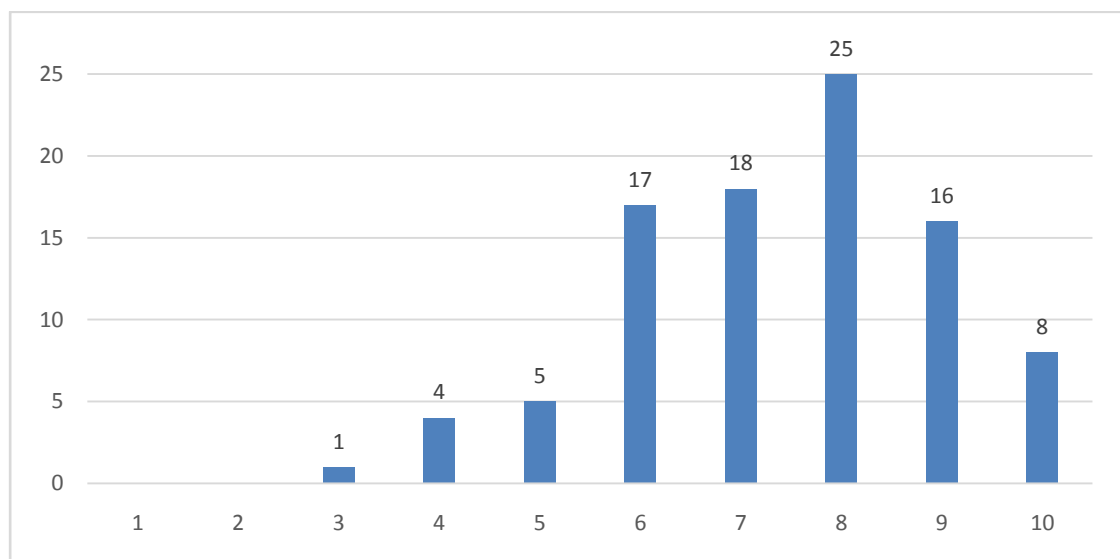


FIGURE 15. Overall satisfaction distribution. N=94

In the open question about the reasons of choosing the hotel, most of the responses were short and included only few words or maximum one sentence. However, the gathered data was enough for the content analysis because 92% of the respondents left some comment. Talking about the reasons to choose the hotel, several categories were identified. These categories and examples of the received answers are shown in the table 6. The first and the most popular reason to visit the hotel (45 % of the respondents gave such or similar answer) was the price and its ratio to the quality. The respondents were sure that the price was cheaper than in other hotels of the same category. Moreover, for this price, the quality is good enough and much better than in some hostels that have the same price. The next reason, which was mentioned by 19%, was a good location, but it should be noted that this was a good point only for travelers with cars, while for others it was one of the reasons of dissatisfaction. Nevertheless some respondents were satisfied with the geographical location of the hotel in the city, they like the nearby area because it is quiet and very green, which is beneficial for visitors with children. Next 15% of the respondents chose the hotel just because they had already been there before and their experience had been good. As mentioned before, the hotel is suitable for car travelers, as it is convenient and fast to go to the city center and also, the hotel provides safe and big car parking. Some of the respondents chose the hotel because of beneficial special offers. Finally, 12% of the respondents chose the hotel because of the good business package and suitability of the hotel for business meetings. Other 9% of respondents mentioned a few other reasons like good special offers and wonderful restaurant.

TABLE 6. Content-analysis categories. Question “What were the main reasons to choose our hotel?”

Category	Examples
Price	<ul style="list-style-type: none"> • <i>Cheap price</i> • <i>Good price-quality ratio</i> • <i>Cheaper than in other hotels nearby</i>
Location	<ul style="list-style-type: none"> • <i>Not far from the city center</i> • <i>Green area</i> • <i>Park nearby</i>
Previous experience	<ul style="list-style-type: none"> • <i>Like this hotel</i> • <i>Have been here before</i>
Car travelling	<ul style="list-style-type: none"> • <i>Car parking</i> • <i>Safe parking</i> • <i>Easy to go anywhere in the city by car from the hotel</i>
Special offers	<ul style="list-style-type: none"> • <i>Very good business package</i> • <i>Good offer for just married</i>
Business	<ul style="list-style-type: none"> • <i>Convenient conference halls</i> • <i>Good place for business meetings</i>

In the question about the things to improve, the respondents disclosed and explained their level of satisfaction shown in the question eight. 94% of the respondents gave some answers to this question and in most cases they mentioned more than one thing. Table 7 shows the list of answers divided into categories. As we could see, one of the reasons of dissatisfaction, which was mentioned by 26% of respondents, is the staff behavior and their ability to communicate with the guests and desire to help. The next very popular reason was connected with the utilities: more than 50 % of the respondents noted that they had problems with water and heating. Moreover, a lot of respondents (43%) were dissatisfied with the condition of the room that were very old and haven't had a renovation for a long time. The next reason of the dissatisfaction is location, so 32% of the respondents didn't like that it is very difficult to go anywhere from the hotel, hotel is quite far from the city center, there is almost no public transport, and a taxi is quite expensive. Some respondents (17%) also faced the bad quality of the room service. Talking about the restaurant, mainly respondents were unhappy with a long waiting time and the service during the breakfast time, 22% of the respondents wanted it to be improved. Finally, a lot of people (39%) were dissatisfied with the Internet connection.

TABLE 7. Content-analysis categories. Question “What would you like to improve in our service?”

Category	Examples
Staff	<ul style="list-style-type: none"> • <i>Staff is rude</i> • <i>Staff members don't explain anything by themselves, need to ask everything</i>
Utilities	<ul style="list-style-type: none"> • <i>No hot water</i> • <i>Problems with water</i> • <i>Very cold in the room</i>
Room	<ul style="list-style-type: none"> • <i>Furniture is very old</i> • <i>Awful beds</i> • <i>Rooms need renovation</i>
Location and outside area	<ul style="list-style-type: none"> • <i>Hard to find the hotel</i> • <i>No place to buy food in the hotel and nearby</i> • <i>Hard to go anywhere in the city without a car or taxi</i> • <i>Far from the city center</i>
Room service	<ul style="list-style-type: none"> • <i>Dirty rooms</i> • <i>No change of towels</i> • <i>No food delivery</i>
Restaurant	<ul style="list-style-type: none"> • <i>Very long queues during the breakfast</i> • <i>Long waiting time in the morning</i> • <i>Food is not tasty</i>
Internet	<ul style="list-style-type: none"> • <i>Very bad Wi-Fi</i> • <i>Wi-Fi doesn't work</i>

The Net Promoter Score (Figure 16) showed that 26% of the respondents could be called promoters that shows their satisfaction and willingness to recommend the hotel in the future. The majority of the respondents (46%) are satisfied but according to the model should be regarded as passives that show their indifference. The bad thing is that there is also some amount of detractors (28%), which is more than the amount of promoters. As Reichheld (2006) proposed, these people are dissatisfied, are going to criticize the service, and leave negative feedback. However, it should be also noted that there were not any totally dissatisfied respondents: nobody gave less than 4 points.

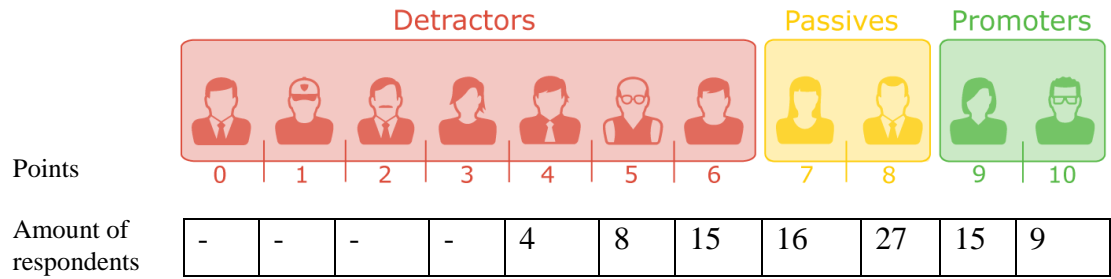


FIGURE 16. Net promoter score. N=94

Some of the hotel's services and their characteristics were evaluated by the respondents on the basis of their agreement or disagreement to some statements. As it could be seen from the table 8, in most questions the respondents were quite unanimous. First of all it would be reasonable to look at the questions where the respondents answered positively and mostly agreed to some degree with the statements. 76% of respondents totally agreed that the processes of customers' registration and moving out were conducted promptly in most cases and without delays. 50% of the respondents were totally satisfied with the availability of needed information on the reception desk. Although 27% of the respondents didn't know what to answer, the other respondents were satisfied with the variety of the restaurant's menu. Talking about the food in the restaurant, 73% of the respondents partly or totally agreed that the food was tasty. However, some totally dissatisfied visitors also exist (9%). More than 78% of the respondents were also satisfied with the quality of room cleaning service, while still some people were totally dissatisfied (10%). Nobody was totally dissatisfied with the availability of required things in the room and 57% were totally satisfied. All of the respondents who ordered transportation during their visit were totally (62%) or partly (38%) satisfied.

Almost all of the respondents that could evaluate the statement about special packages and conference halls that totally agreed that the packages were convenient and beneficial, and the respondents who used the conference halls were very satisfied with the equipment. The vast majority of the respondents (78%) were fully impressed by the design of the building.

There were also some statements that were negatively responded by the respondents. First of all, about 60% were dissatisfied with the responsiveness of the staff. Moreo-

ver, the respondents thought that the hotel was not really suitable for guests with children. The biggest dissatisfaction was discovered with the work of the utilities such as water and electricity because 78% of the respondents thought it did not work properly. The next negative response was received on the convenience of the hotel's location because only 14% of the respondents were totally satisfied with it. The last negative view was found in the quality of the room service: almost 50% were dissatisfied with it.

TABLE 8. Distribution of evaluation marks. N=90

Service	1 = totally disagree 4 = totally agree				
	1	2	3	4	Don't know
Check in and out processes are without any delays	0%	2%	22%	76%	0%
Inside interior is modern	7%	18%	57%	17%	0%
Required information is easily found on the reception desk	0%	7%	43%	50%	0%
Hotel staff is responsive and ready to help	22%	37%	34%	6%	0%
Restaurant menu offers a satisfactory variety of dishes	0%	4%	24%	45%	27%
Restaurant food is tasty	9%	12%	26%	28%	27%
Hotel is suitable for guests with children	27%	21%	11%	4%	37%
Hotel rooms are well-furnished	19%	21%	44%	16%	0%
Room cleaning service is satisfactory	10%	13%	45%	33%	0%
There are all the required accessories in the room (towels, bed linen, soap)	0%	7%	35%	57%	0%
Utilities work properly (water, electricity)	40%	37%	13%	10%	0%
It is easy to order transportation	0%	0%	30%	48%	22%
Hotel location is convenient	37%	28%	21%	14%	0%
Conferences halls have required equipment for business meetings	0%	0%	3%	22%	74%
Conference package is convenient for business travelers	0%	0%	0%	26%	74%
Laundry service is fast	4%	9%	19%	23%	45%
Design of the building is impressive	0%	0%	22%	78%	0%
Room service is of good quality	16%	29%	18%	11%	27%
Special offers (Romantique, Wedding reception) are beneficial	0%	0%	4%	18%	78%
Leisure activities are interesting	2%	10%	16%	48%	24%
Price-quality ratio in the hotel is excellent	6%	11%	29%	54%	0%

6.2 Results of electronic research

As it was mentioned in the chapter 5, ten websites were found and analyzed. The biggest amount of information was found on two most popular websites: TripAdvisor and

Booking. Therefore, examples from these websites are mainly shown for better understanding. The available feedback from all the websites were summarized and divided into a few topics that are further discussed.

General rating

Websites have a mark that is the average of all the received feedbacks. The distribution of the feedbacks given about Business-Hotel “Karelia” on TripAdvisor is shown on the figure 17. It could be seen that 57% of the respondents evaluated the hotel as excellent or very good. However, 17 poor and even terrible feedback also exist.

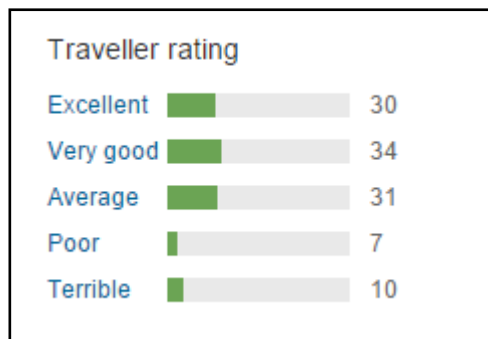


FIGURE 17. Traveller rating tripadvisor.com Business-Hotel “Karelia”

Other websites don’t provide information about the distribution of the feedback. The average marks from each website are shown in the table 9 and the full description can be found in the appendix 6. These marks are shown on all the websites on the page of the hotel and are calculated as the average of all the available feedback. In general, marks are above the average and closer to the maximum mark than to the middle.

TABLE 9. Distribution of evaluation marks.

Name	Mark	Scale
Trip Advisor	3,9	5
Booking	7,7	10
Top Hotels	4,15	5
Travel	7,3	10
Hotels in Saint-Petersburg	8,6	10
Agoda	9,4	10
Hotel look	7,5	10
Expedia	4,1	5
Hotels	3,9	5

Characteristics evaluation

Characteristics from different websites were composed in 10 most important and common. As the scales are different on the taken websites (the maximums are 5 or 10), all the marks were translated into one scale of maximum 5 points and only similar variables were taken. After that arithmetic averages were calculated. The average assessment of these characteristics is shown in the figure 18. As could be seen, the most valuable characteristics are “Service”, “Food” and “Staff”. The lowest mark was given to the quality of Internet connection. Also, the respondents were dissatisfied with the location and condition of the hotel and rooms. In general, all the marks are above the average and close to the 4.

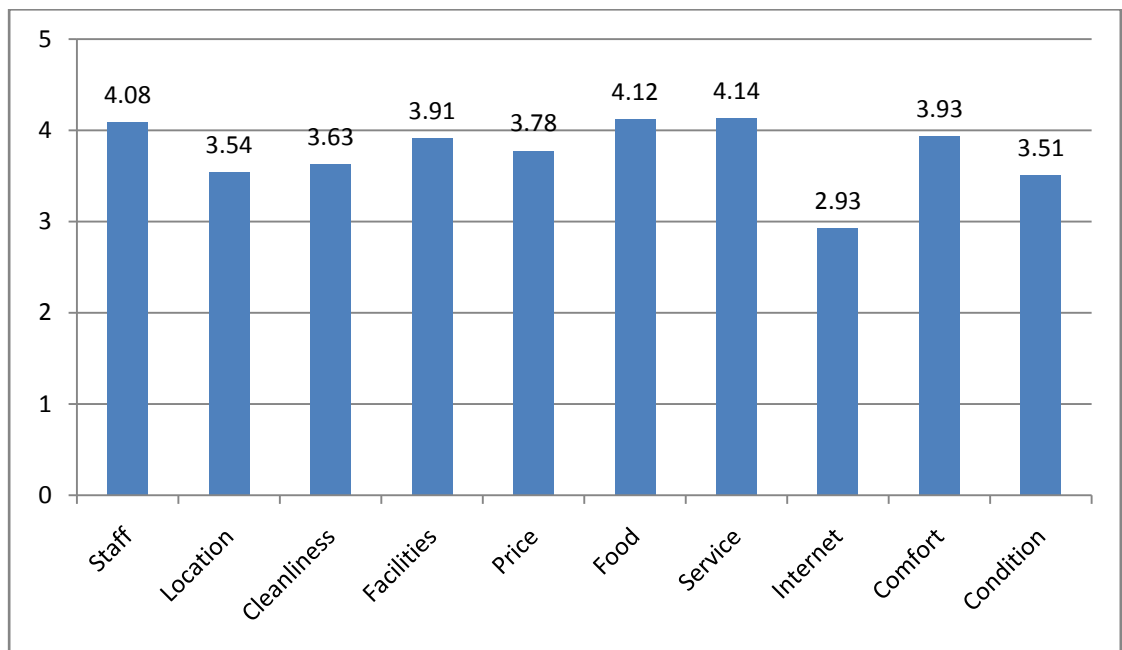


FIGURE 18. Average assessment of characteristics.

Open comments

All the comments were analyzed and divided into two important sections – pluses or things the respondents were satisfied with and minuses or dissatisfactory items. These two groups were further divided into some categories. These categories and examples of answers can be seen in the tables 10 and 11.

Summarizing the received results it could be concluded that they support the result of the surveys. Discussing the positive characteristics mentioned by the visitors of the websites, most of the respondents mentioned the very cozy and quiet atmosphere of

the hotel. Also almost every person was very satisfied with the breakfast, first of all it was included in the price of the room, also there was a huge variety of dishes, food was tasty and finally it was suitable even for small children. Not only breakfasts were valued high, the respondents also liked the variety of the restaurant's menu and the quality of food. A lot of respondents really valued the park right near the hotel and mentioned that the district is very quiet and green. The next important plus is a good price and attractive price-quality ratio. Some respondents mentioned that they were really surprised by the fast speed of check in process. Moreover, a lot of the respondents said that they were given a room even when they came before check in time without any additional charge. Finally, the respondents travelling by car were satisfied with the availability of the safe place for parking.

Talking about negative points that were mentioned, the most popular categories were Room and Utilities. The very big amount of the respondents was dissatisfied with the condition of the room and the furniture. Mainly they argued that the furniture was very old or even broken. The room interior was also quite old and dirty, which also caused bad smell. Moreover, there were a lot of complaints on dirty bed linen and towels or even on the lack of towels. The next popular negative feedback was given on the functioning of hot water and as a result the heating systems. The respondents wrote that very often they didn't have hot water in the morning or evening, and sometimes the water was very dirty ("Water was brown!"; "Water smells awful"). Some negative responses were also given to the quality of room service. The respondents argued that the cleaning service was very late and no cleaning was done – only the change of towels was conducted. A lot of respondents also complained about the Internet access because the Wi-Fi connection was very slow or even didn't work sometimes. As discovered in the survey research, the website feedback also showed that the respondents without cars were dissatisfied with the location of the hotel. It is far from the metro stations and only two buses are going nearby the hotel. Finally, some respondents didn't like the breakfast process, because the restaurant was not able to fit the big amount of people, which as a result caused the long queues and cold food.

TABLE 10. Pluses content-analysis categories.

Category	Examples
Outside and inside interior	<ul style="list-style-type: none"> • <i>Interesting outside design</i> • <i>Very cozy and quiet hotel</i>
Room	<ul style="list-style-type: none"> • <i>Cozy and bright room</i>
Restaurant	<ul style="list-style-type: none"> • <i>Tasty breakfast</i> • <i>Big variety of dishes</i> • <i>Good quality of food</i> • <i>Prices are not too high</i>
Staff	<ul style="list-style-type: none"> • <i>Friendly staff</i>
Room service	<ul style="list-style-type: none"> • <i>Cleaning of good quality</i>
Location	<ul style="list-style-type: none"> • <i>Wonderful park nearby</i>
Price	<ul style="list-style-type: none"> • <i>Very good budget hotel</i> • <i>Very attractive price</i>
Other	<ul style="list-style-type: none"> • <i>Very fast check in process</i> • <i>Immediate check in even before 14.00</i> • <i>Very cheap and fast laundry service</i>
Car parking	<ul style="list-style-type: none"> • <i>Safe parking</i> • <i>There is always parking place</i>

TABLE 11. Minuses content-analysis categories.

Category	Examples
Room	<ul style="list-style-type: none"> • <i>Small room</i> • <i>Bad smell in the room</i> • <i>Not enough towels</i> • <i>Very dirty furniture</i> • <i>Broken furniture</i> • <i>Dirty bed linen</i> • <i>A lot of dust</i>
Utilities	<ul style="list-style-type: none"> • <i>Problems with hot water</i> • <i>Very old shower</i> • <i>No hot water in the evening</i> • <i>Very cold</i>
Room service	<ul style="list-style-type: none"> • <i>Late cleaning – after 15.00</i>
Internet	<ul style="list-style-type: none"> • <i>Very bad Wi-Fi</i> • <i>A lot of interruptions in work of Internet connection</i> • <i>Very slow Internet</i>
Location	<ul style="list-style-type: none"> • <i>Far from the city center</i> • <i>Hard to go anywhere without car</i>
Restaurant	<ul style="list-style-type: none"> • <i>Very long queues</i> • <i>Cold food</i>

6.3 Results of interviews

This chapter shows results of two conducted interviews composed by the discussed topics. The results are divided in some parts on the basis of the themes.

6.3.1 Interview with the hotel administrator

Information about hotel

Looking at the hotel's occupancy in average during the year, it could be concluded that the hotel is quite popular and has a quite high level. However, it should be mentioned that there is a lack of clients during no season time that are autumn and winter, when the occupancy could fall at the level of 50% and less. Nevertheless, this fall is usually compensated by the increase during the summer season.

The hotel has strong relationships with travel agencies and other commercial organizations that provide a constant flow of clients. Also, the hotel has agreements with a few hospitals and medical institutions that offer their clients from other cities to stay in Business-Hotel "Karelia" and have some discount. Mainly, visitors of the hotel are from the Russian regions and some countries near the western Russian border, like Finland, Estonia and Latvia.

The main competitive advantage among other hotels is the price-quality ratio, which is also valued the most by the visitors. However, it was noted by the manager that the price is a bit higher than the price of the main competitors in the district. It could be explained by the fact that only "Karelia" had the repair of common areas last year, while the condition of common halls in other hotels is still dissatisfactory.

The hotel has some special offers that are also very popular among clients that include three special packages, free living for children less than 5 years old and special packages every season. For example, the new autumn package was just created. This package includes special prices for a stay of more than 3 days.

The staff is trained to deal with all types of potential situations that could appear during their work. Their knowledge is assessed during certification sessions that are or-

ganized every quarter. If negative situations appear, they first of all are tried to be solved by the staff that is close to the problem. However, if the employee isn't able to solve the problem the administrator is engaged. In general, all the problems are solved very fast.

Customer dissatisfaction

The level of dissatisfied customers is quite low in the manager's opinion and it could be explained by several understandable problems. Negative feedback was received on a permanent basis but not in very big amounts. The main reasons of the customer dissatisfaction are water problems (yellow or brown water, no hot water, etc.) and the Internet problems (bad Wi-Fi, slow Internet connection). There are also some uncommon examples that in the opinion of the manager couldn't be solved, like "no swimming pool" and "no metro station near the hotel".

All the negative situations that appeared are tried to be solved very operatively and with a great consideration of the customers' interests. Feedback was collected and if it was negative, the respondents were always answered and their problems were solved. Moreover, the feedback appearing in the Internet were also monitored and tried to be mostly answered by the PR manager.

The sales staff and service staff participate in the conflict management trainings every quarter and pass tests after it. Moreover, they make a report every month about all the conflict situations that have appeared during the month.

Marketing communications

The main mean of mass media used by the hotel is the Internet and the main type of the marketing communications is the online advertising. It is conducted through the promotion of the hotel's website. When some new special offers are launched, they are often posted on the street banners near the hotel. The hotel's manager thinks that the most effective media channel nowadays is Internet and therefore, the great impact is made on the site advertising.

As the hotel has a lot of partnering travel agencies and a lot of clients come with the travel packages, it is obvious that quite a lot of visitors find information through the

travel agencies. Still a bigger part of visitors finds the hotel simply using search engines and two most popular websites tripadvisor and booking, the hotel is more focused on the relationships with travel agencies.

Unfortunately, the only method of marketing campaign's assessment is monitoring the traffic to the hotel's website, and the correlations of the site change and the traffic increase or decrease are registered. As was mentioned by the hotel's manager, the hotel is focused on the negative feedback and its improvement, while positive feedback is almost ignored – there is no feedback system in the hotel and mainly only complaints are registered and investigated.

Future plans

As was mentioned by the manager, the hotel doesn't really have any specific long-term plans. However, in the near future they are going to launch a few new special offers. Also there are some plans about change of the pricing system, but they are still under discussion and are being assessed by the financial managers.

Talking about the marketing system, there are also no specific plans but the manager thinks that they will be mostly connected with the development of the hotel's website.

6.3.2 Interview with restaurant administrator

Information about restaurant

First of all it should be mentioned that from the 1st of September the restaurant is totally separated from the hotel and now it is controlled with the individual legal entity. However, the hotel and restaurant are still really connected at least because the breakfast is included in the room price. Moreover, the hotel has a special offer using which visitors get not only breakfast but can also have a lunch or dinner.

For the administrator it was difficult to tell the precise number of visitors per day, but not taking into account the breakfast hours when of course all the hotel visitors come, about the half of the tables are occupied. Although around 80% of visitors live in the hotel, the restaurant is now also focused on the attraction of free comers.

As now the restaurant is separate from the hotel by documents, the administrator mentioned that they also don't perceive themselves as a part of the hotel anymore. Nevertheless, they don't have any difference in the service between the hotel guests and others.

Talking about the quality, it is strictly controlled, all the suppliers of food are checked and the restaurant is working only with reliable ones. All the cooks have the required professional and medical certificates. The waiters pass the examination on the menu knowledge before they start their work and every quarter they pass the examination on the service. All the complaints are thoroughly investigated and if it is discovered that the cook or the waiter is guilty, he or she is fined or even fired in serious cases.

The prices in the restaurant are on the average level in comparison with other restaurants in Saint-Petersburg. However, sometimes inadequate complaints appear. For example, the price of the coffee is 80 rubles (=1 euro) that is a very low price for Saint-Petersburg, but there are some complaints from the people coming from small Russian cities where coffee price is half less.

Customer dissatisfaction

As the restaurant has quite a strict quality controlling system, there are quite a few negative feedback and most of them are about breakfast. There is quite a big amount of people living in the hotel, and the restaurant sometimes is not prepared for a big flow when a lot of customers come at the same time.

If the negative situations appear they are mainly solved by the administrator and not by the sales and serving staff. Mainly the reason of dissatisfaction is investigated, and if it is the fault of the restaurant (bad quality of food, long waiting time, etc.) clients receive apologies and sometimes compensation.

Waiters are trained to provide the service of the best quality, but if some complaints appear they don't really participate in the problem solution. The administrator thinks that the only thing that should be improved is the breakfast preparation and system.

Marketing communications and future plans

The main marketing channel that is used is also Internet and the main place of online advertising is the hotel website. There are also pages of the restaurant on some specific websites that are working as guides in the restaurant market of Saint-Petersburg. It means that on such websites you could find the restaurant on the basis of specific criteria. Moreover, on these websites you could leave your feedback. However, these feedbacks are not monitored.

As was mentioned by the administrator, mainly free comers (people not living in the hotel) are people who work in the offices located in the hotel or people living nearby. Also, the restaurant is quite popular for the organization of some events, like weddings, birthday parties and corporate events. These kinds of visitors usually find information about the restaurant through the Internet.

The restaurant offers a big variety of special offers for different kinds of event like discounts of 10-13% for birthdays, 11-25% for different kinds of wedding anniversaries, 10-15% for weddings and prewedding bride's and groom's parties, etc. Moreover, the restaurant offers a unique cuisine, the self made bakery, and the confectionery.

Now when the hotel and the restaurant are separate the nearest plan of the hotel is to change the name from the "Karelia", which is the same as the hotel's one, to the other name that is not finalized yet. Also the new separate website of the restaurant is being prepared and is going to be launched soon. Therefore, it will be the main channel for the development of the marketing communications.

7 CONCLUSIONS

This chapter finalizes and concludes the whole research process. It includes the discussion and conclusions of the results. Also, these outcomes are further used for a formulation of specific recommendations and suggestions for the case company. Finally, the reliability and quality of the research are evaluated.

7.1 Final outcomes

The research questions stated at the beginning of the research considered the level of customers' satisfaction and types of marketing communications that could attract new customers. The survey results, the outcomes of the electronic research, and the interview's analysis helped to answer these questions and come up with some suggestions as they covered all the important issues connected with the customer satisfaction measurement (Subchapter 2.4).

Q1: How satisfied are the customers with the service?

The term customer satisfaction and its background were thoroughly discussed in the chapter 2, and with the help of the data collected and analyzed the answer to this question could be: partly satisfied or more satisfied than dissatisfied. Interpreting this conclusion according to the theory, it could be stated that the expectations that the customers formed before the service consumption were not fully met (Subchapters 2.1 & 2.2).

For a better understanding why the dissatisfaction appeared, the main reasons of customer dissatisfaction identified through the research should be discussed. Moreover, it should be noted that discovered reasons represent two types of service gaps discussed in the Subchapter 5: gap between the service quality specifications and the service quality provided, and the gap between the services provided and the external information. Also, mainly these problems either relate to the poor instrumental service quality or functional service quality (Subchapter 2.3) and are connected to the main factors influencing customer satisfaction (Subchapter 2.2.3).

As was revealed through the analysis of the respondents' views, the main problem that caused dissatisfaction was condition of the rooms and utilities. The rooms are quite old and haven't had renovation for a long time. Moreover, the furniture in most rooms has already been used for more than 5 years, which means that it is quite dirty, sometimes broken and even unsafe for clients. Another very important problem is the unsatisfactory condition of the water supply system. As was discovered and approved by the hotel's manager, the bad condition of the boiler results in the interruptions with the

water supply, dirty water with the smell. These problems are connected to the quality of the base elements of the service provided and induce the dissatisfaction regardless the quality of the service itself. However, it could be also concluded that customers are tolerant to such kinds of problems because of the price – quality ratio that is perceived by the customers as satisfactory.

The next characteristic that causes dissatisfaction for the customers is the location of the hotel and its accessibility. The location is inconvenient for the tourists whose aim is to visit famous sights in the city centre because the hotel is located far from the city center and there isn't almost any public transport available. Although this problem can't be totally solved because it is impossible to change the location of the hotel, one suggestion will be offered in the next subchapter.

One more quite important factor of the dissatisfaction is the staff unfriendliness and unwillingness to help. It could be explained by the poor staff training and the lack of people in the staff team, which means that there are not enough workers during the season periods. Also because of the recent reduction in the amount of chambermaids some complaints appear when during late evening and night periods there are no chambermaids available.

The next important problem that was discovered in the research is the problem with the Internet connection offered in the hotel. Nevertheless this issue is not so global in the terms of the whole service; the Internet connection has become an essential characteristic in the customers' choice process. Therefore, the company should pay a great attention to this problem.

The important problem was also found in the service of the restaurant. While the general work of the restaurant, such as lunches, dinners and meetings organization, almost doesn't cause any dissatisfaction, the breakfast system induces quite a lot of complaints. Therefore, the breakfast system should be reviewed and reorganized. However, this problem concerns only the functional side of the quality as the complaints appeared only towards the catering system, not the quality of the dishes.

Talking about the other things that in the customers' opinion should be improved, one of the most popular ones is the quality of room service. This problem could be also explained by the lack of the staff members, the amount of which is insufficient for the periods of the high hotel occupancy.

Q2: Which marketing communication could attract new customers?

As was discovered through the research, the main source where customers find information about the hotel is the Internet and especially the Search engines. The hotel has its own website but the main problem that was found is that this website is made only in the Russian language and the translation available is made through the google.translate service, which gives not always correct translation. So, this problem could be a reason of the low popularity of the hotel among foreign visitors, so it would be reasonable to focus on the website translation. Therefore, one of the answers to this research question could be the correctly translated website. The website translation is directly connected to the search marketing (Subchapter 3.2), which is now impossible in the foreign Internet area.

Also, quite a big amount of the customers find the hotel through the travel agencies, both in Russia and in foreign countries. Therefore, different types of sales promotion activities (Subchapter 3.2) could be used in B2B relationships with the travel agencies as well as B2C activities also with the help of the partners.

Finally, there are quite a lot of business travelers visiting the hotel. So, the hotel and especially the conference packages could be promoted on the business conferences that are organized quite often in such a big city as Saint-Petersburg. For example, on such big and famous forums as St. Petersburg International Economic Forum or Gas Expo that are organized quite often and attract very big amount of business visitors.

7.2 Recommendations to Business-Hotel “Karelia”

First of all it should be noted that all the suggestions that will be offered are formulated on the basis of the discovered results and made outcomes. However, these suggestions don't take into account the financial side of the implementation, therefore before inclusion of these recommendations, the financial and investment analysis

should be performed. So, the recommendations are shown in a random order but should be implemented according to their financial profitability.

Customer satisfaction

Rooms' renovation and furniture change

The inside interior should be renovated which means that the change of wallpapers and carpets is needed. The furniture should be repaired or fully replaced by new one.

Change of boiler station

The installation of the own boiler system could solve the water supply problem and save some money in the future, because using their own boiler system will allow to disconnect from the municipal boiler system.

Transfer to the metro station

As there is almost no public transport available near the hotel, it would be reasonable to create a shuttle bus service. Five mini-buses could be rented or bought and the transfer would be organized every hour to two closest metro stations. At the same time these buses could also take people from the metro stations to the hotel every hour. For example, the time table could look like (Table 12):

TABLE 12. Shuttle bus timetable example

To metro "Ladozhskaya"	From metro "Ladozhskaya"	To metro "Lesnaya"	From metro "Lesnaya"
9:00	9:30	9:00	9:30
10:00	10:30	10:00	10:30
11:00	11:30	11:00	11:30 ...

Recruitment of new employees/ retraining

First of all several employees should be recruited in most important departments for working during the night hours for emergency cases. Also, some current employees could be sent to the qualification courses for the acquisition of additional skills, so in some emergency cases people from different departments could substitute each other.

Moreover, the sales staff should participate in the course like “Principles of communication with customers”. The main aim of this course is to increase their communication competence. Finally, the code of communication with customers could be created; this code will include the general rules of behavior during the contacts with customers.

Change of Internet provider

The current Internet provider service is unstable and the Internet connection is slow and works with interruptions. In Saint-Petersburg, the new popular provider called “Yota” has just appeared. It is recommended to join the unlimited package of this company. It is beneficial because of its low cost and fast 4G Internet connection with the big area of coverage.

Change of the breakfast system

Long morning queues induce a lot of complaints that could be avoided with the change of the breakfast serving system. First of all, it is very important to open the second serving table as now queues appear very often because only one serving table is working. Also, to avoid the long waiting time the breakfast timetable could be reorganized, for example, during registration guests are offered to choose the appropriate breakfast time for them, for example, 7.00- 8.30 or 8.30-10.00. This system will help to divide customers into two groups and make it possible to spread the customers throughout the breakfast time.

Marketing communications

Translation of the website

As the website is not translated into other languages, it is impossible to use search marketing in the foreign Internet, which means that entering different keywords in English or other languages the hotel website is not shown or shown only in the Russian language. Therefore, the hotel’s website should be translated in five most popular languages that are English, German, French, Italian and Finnish. Also the Chinese language could be added. This suggestion will change the position of the hotel’s website in the foreign search engines. This activity could help to position the hotel on the new foreign markets (Subchapter 3.4) and reach target customers.

Loyalty programs for travel agencies

Travel agencies are very important partners for the hotel and some loyalty programs could be created. Agencies could be offered some percent share from the sales for the hotel's promotion to their customers. For example, the travel agency will receive 3% from each booked accommodation.

Advertising on business conferences

As was mentioned in the previous subchapter, a lot of different business conferences are organized in St. Petersburg during the year. As a sales promotional activity, different kinds of brochures and leaflets could be distributed in the forum venue. It will increase the awareness of business travelers about the hotel's services and special package offers. This offer is also targeted on the specific segment of business travelers (Subchapter 3.4).

7.3 Reliability and validity of the research

In the conducted research, two types of research methods were used: qualitative and quantitative. These methods were taken for an accurate analysis of the research problem.

Quantitative research

The validity of the questionnaire was approved by the preliminary testing conducted before the start of the research. Several questionnaire forms were given to real hotel's visitors and they were asked to evaluate how understandable the questions were. Moreover, their understanding of the questions' meaning was also checked. The meaning explained by the respondents converged with the meaning conceived by the researcher. What is more, all the questions were created according to the theory and the data collected through the research provided the required information for making conclusions and answering the research questions.

The sample chosen for a survey research was a convenient sample, which means that it doesn't represent the whole population and is not representative enough. This could also distort the data and results (for example mainly dissatisfied customers filled the questionnaire). Therefore the conclusions were done very carefully.

It should also be mentioned that the honesty of the respondents couldn't be checked as this is subjective and depends on the respondent's personality. However, as the questionnaires were filled by the respondents anonymously, they could express their opinions freely.

Finally, the cross tabulations were used for the analysis but the reliable conclusions cannot be made since the association between the variables is not tested. Therefore, the data received was used mainly for the general understanding rather than for making conclusions.

Qualitative research

For a justification of the reliability of the conducted qualitative research, four important principles should be met: credibility, transferability, dependability and confirmability (Eriksson & Kovalainen 2008). However, as this research is a case study the transferability principle is inappropriate for this specific work.

Talking about the credibility, it was increased by the member check, which means that the interviews' results and transcripts or comments were sent to the interviewees for their confirmation. Moreover, the data collection and analysis processes were thoroughly described in detail that helps the reader to track how the results were obtained. In the electronic research only reliable websites were chosen. These websites contain only feedback of real customers and the truthfulness of the feedback is always checked. However, the honesty of the respondents couldn't be checked and they are subjective, so there is a risk that their opinions are not totally true.

As the content analysis was made based on the empirical data, the results could be distorted by the subjectivity of the respondents. Nevertheless, the analysis was made carefully and the researcher tried not to make any generalizations and assumptions.

Talking about the dependability, it is confirmed by the logical structure of the work and a thorough guidance of the reader for a full understanding of material, some information is represented in a graphical way. The last criteria that should be justified is the confirmability that was proved by the data audit, which showed the strong connec-

tion between the analysis, results and outcomes. The validity of the research is justified if conducted measurement confirms what was supposed to be measured.

8 CONCLUDING REMARKS

This research was a logical continuation of the relationships between me and the commissioning company as a year ago I was doing my internship in Business-hotel “Karelia”, so I know the problem from the internal side. Moreover, as I was already involved in the business, from the very beginning of the research I could imagine some possible results. Nevertheless some of the final outcomes were quite surprising for me and for the commissioning company. During the whole research process, which was quite long, a very close contact was maintained with the commissioning company and especially the supervisor of my research in it.

As a result several very important suggestions were produced that could significantly increase the current level of customer satisfaction and decrease the amount of negative feedback. They were already discussed with the supervisor from the hotel and it was decided to present some of them to the managers of the company for the further implementation in case of confirmation and financial expediency.

This work helped me to understand that I am really interested in the hospitality industry and the services marketing in general. Moreover, I could extend my knowledge in two very important fields such as customer satisfaction and marketing communications and their specifics in the tourism sphere. When the research methods were chosen it was decided to take three quite different ones. It helped to collect data from the both sides of the problem and also what was really valuable for me to get the great experience in the research work.

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APPENDICES

APPENDIX 1. Outside view of the hotel



APPENDIX 2. Survey

Dear Guest! We will really appreciate if you spend a few minutes to leave your opinion about our hotel!

Уважаемый гость! Мы будем очень благодарны, если Вы потратите несколько минут, чтобы оставить свое мнение о нашем отеле!

1. Gender/Пол
 - Male/Муж
 - Female/Жен
2. Age/Возраст
 - ≤ 20
 - 21-25
 - 26-35
 - 36-45
 - 46-55
 - 56-65
 - ≥ 66
3. Home country/Страна проживания
 - Russia/Россия
 - Vietnam/Вьетнам
 - Estonia/Эстония
 - Finland/Финляндия
 - China/Китай
 - Other/Другое (_____)
4. Purpose of your last visit/Причина Вашего приезда
 - Tourism/sightseeing/Туризм
 - Business/Бизнес
 - Studies/Учеба
 - Other/Другое (_____)
5. Duration of your last stay/Продолжительность пребывания
 - 1 night/1 ночь
 - 2-4 nights/2-4 ночи
 - 5-7 nights/5-7 ночей
 - More than 1 week/Более недели
6. How have you found information about the Business-Hotel "Karelia"/Откуда Вы узнали о Бизнес-Отеле «Карелия»?
 - Travel agency/Туристическое агентство
 - Trip Advisor
 - Search engines/Поисковые системы в Интернет
 - Hotel website/Вебсайт отеля
 - Facebook/VK
 - Booking.com
 - Friends and/or relatives/От друзей или родственников
 - Other/Другое (_____)
7. How many times have you visited the hotel before?/Сколько раз вы уже посещали отель?
 - It is my first time/Это мой первый раз
 - 2-3 times/2-3 раза
 - 4-5 times/4-5 раз
 - More than 5 times/Более 5 раз
8. How satisfied are you with the overall service? ("1" – totally dissatisfied, "10" – totally satisfied) /Насколько вы удовлетворены сервисом в целом? ("1" – полностью не удовлетворен, "10" – полностью удовлетворен)
 - 1
 - 2
 - 3
 - 4
 - 5
 - 6
 - 7
 - 8
 - 9
 - 10
9. What were the main reasons to choose our hotel?/Какие были основные причины выбрать наш отель?

10. What would you like to improve in our service?/Что Вы бы хотели улучшить в нашем сервисе?

11. What is the probability that you will recommend our hotel to your friends/relatives/colleagues from "0" – Will never recommend to "10" – Will recommend for sure/ Какова вероятность что вы посоветуете наш отель друзьям/родственникам/коллегам "0" – Никогда не посоветую "10" – Точно посоветую
 - 0
 - 1
 - 2
 - 3
 - 4
 - 5
 - 6
 - 7
 - 8
 - 9
 - 10

12. Please, evaluate the following statements about the quality of hotel services/Пожалуйста, оцените следующие высказывания об услугах отеля

Service/Сервис	1 = totally disagree/Полностью не согласен 4 = totally agree/Полностью согласен				
	1	2	3	4	Don't know/ Не знаю
Check in and out processes are without any delays/ Регистрация и выезд происходят без задержек					
Inside interior is modern/ Внутренний интерьер выглядит современно					
Required information is easily found on the reception desk/ Необходимую информацию можно легко Получить на стойке «Reception»					
Hotel staff is responsive and ready to help/ Работники отеля отзывчивы и готовы помочь					
Restaurant menu offers a satisfactory variety of dishes/ Ресторанное меню предлагает удовлетворительный выбор блюд					
Restaurant food is tasty/ Еда в ресторане вкусная					
Hotel is suitable for guests with children/ Отель подходит для посетителей с детьми					
Hotel rooms are well-furnished/ Номера хорошо обставлены					
Room cleaning service is satisfactory/ Уборка номеров удовлетворительная					
There are all the required accessories in the room (towels, bed linen, soap)/ В номере есть все необходимое (полотенца, белье, мыло)					
Utilities work properly (water, electricity)/ Вода и электричество работают должным образом					
It is easy to order transportation/ Транспортные услуги можно легко заказать					
Hotel location is convenient / Расположение отеля удобное					
Conferences halls have required equipment for business meetings Конференц залы имеют необходимое оборудование для бизнес встреч					
Conference package is convenient for business travelers/ Конференц-пакет удобен для бизнес путешественников					
Laundry service is fast/ Услуги прачечной быстрые					
Design of the building is impressive/ Дизайн здания впечатляет					
Room service is of good quality/Обслуживание номеров качественное					
Special offers (Romantique, Wedding reception) are beneficial/ Специальные предложения (Романтика, Свадьба) выгодны					
Leisure activities are interesting/Развлечения интересные					
Price-quality ratio in the hotel is excellent/Соотношение цена-качество превосходное					

13. Comments/Комментарии

*Thank you very much for your help!
Спасибо большое за вашу помощь!*

APPENDIX 3. Description of the researched websites

Name	Web address	Possible actions
Trip Advisor	www.tripadvisor.com	<ul style="list-style-type: none"> • Leave feedback • Read feedbacks • Watch photos • Ask questions
Booking	www.booking.com	<ul style="list-style-type: none"> • Find information about hotel and free rooms • Book room • Leave feedback (only if booked the room before) • Read feedbacks • Compare hotels
Top Hotels	www.tophotels.com	<ul style="list-style-type: none"> • Leave feedback • Read feedbacks • Watch photos • Find a tour to the hotel • Read news
Ostrovok	www.ostrovok.ru	<ul style="list-style-type: none"> • Find information about hotel and free rooms • Book room • Leave feedback • Read feedbacks • Find similar hotels
Travel	www.travel.ru	<ul style="list-style-type: none"> • Find information about hotel and free rooms • Book room • Leave feedback • Read feedbacks • Find air or railway tickets

Hotels in Saint-Petersburg	www.hotelspb.ru	<ul style="list-style-type: none"> • Find information about hotel and free rooms • Book room • Leave feedback • Read feedbacks • Ask questions • Find special offers
Agoda	www.agoda.com	<ul style="list-style-type: none"> • Find information about hotel and free rooms • Book room • Leave feedback • Read feedbacks • Compare hotels • Watch photos
Hotel look	www.hotellook.com	<ul style="list-style-type: none"> • Find prices • Leave feedback • Read feedbacks • Check dynamics of price changes • Find similar hotels
Expedia	www.expedia.com	<ul style="list-style-type: none"> • Find prices and availability of rooms • Find information about hotel • Leave feedback • Read feedbacks
Hotels	www.hotels.com	<ul style="list-style-type: none"> • Find prices • Leave feedback • Read feedbacks • Find similar hotels close to the location • Find information about hotel

APPENDIX 4. Feedback systems on the websites

Web site	Feedback system			
	General rating	Characteristics	Open comment	Types of travellers
Trip Advisor	1-5	<ul style="list-style-type: none"> • Sleep Quality • Location • Rooms • Services • Cleanliness 	Free text	<ul style="list-style-type: none"> • Family • Couple • Solo • Business
Booking	1-10	<ul style="list-style-type: none"> • Cleanliness • Location • Staff • Free Wi-Fi • Comfort • Facilities • Value for money 	Pluses and minuses	<ul style="list-style-type: none"> • Family • Couple • Group of friends • Solo • Business
Top Hotels	1-5	<ul style="list-style-type: none"> • Accomodation • Service • Food 	Free text	<ul style="list-style-type: none"> • Couple • Single • With friends
Ostrovok	-	-	Pluses and minuses	Type of room: <ul style="list-style-type: none"> • Single • Double • Business double • Family apartments • Apartments • Suite
Travel	1-10	<ul style="list-style-type: none"> • Location • Facilities • Cleanliness and comfort 	Pluses and minuses	<ul style="list-style-type: none"> • Single • Couple • With friends • Family with

		<ul style="list-style-type: none"> • Staff • Price 		<ul style="list-style-type: none"> • small children • Family with grown children
Hotels in Saint-Petersburg	1-10	-	Free text	-
Agoda	1-10	-	Pluses and minuses	-
Hotel look	1-10	<ul style="list-style-type: none"> • Food • Service • Hotel • Building • Room • Location • Internet 	Free text	<ul style="list-style-type: none"> • Couple • Family • Solo
Expedia	1-5	<ul style="list-style-type: none"> • Cleanliness • Service & Staff • Comfort • Condition 	Free text	<ul style="list-style-type: none"> • Business • Family • With friends • Personal event • Shopping • Couple • Overnight stay before destination
Hotels	1-5	<ul style="list-style-type: none"> • Cleanliness • Service • Comfort • Condition • Neighbourhood 	Free text	<ul style="list-style-type: none"> • Business • Romance • Family • Friends • Other

APPENDIX 5 (1). Outline of the interview with hotel manager.

Information about hotel	<p>What is the average occupancy of the hotel?</p> <p>Which types of guests are typical for your hotel?</p> <p>How often do customers return to your hotel during their next visit?</p> <p>What do you think are the main benefits of your hotel valued by customers?</p> <p>How and how often the hotel staff is trained?</p> <p>What is the strategy of your hotel in the strong market competition?</p> <p>What is the category of your hotel? How are you different from your competitors?</p> <p>What additional services do you offer?</p> <p>How do you manage the negative situations?</p>
Customer dissatisfaction	<p>What is your opinion about customer dissatisfaction in general?</p> <p>How often do you receive negative feedbacks and complaints?</p> <p>How do you usually respond to customers' complaints?</p> <p>What reasons of customers' dissatisfaction appear the most frequently?</p> <p>What are you doing for improvement of customer satisfaction?</p> <p>How sales staff is trained to react to customers' complaints?</p> <p>Do you control the level of customer satisfaction? If yes, how?</p> <p>What do you think should be improved in the service?</p> <p>Do you monitor the feedbacks appearing in the Internet (hotel website, tripadvisor, booking, etc.)? How do you respond to them?</p> <p>How do you manage the negative situations?</p>
Marketing communications	<p>How the hotel is promoted in the media?</p> <p>Which marketing channels are the most effective for your hotel in your opinion?</p> <p>Which special offers do you have in your hotel?</p> <p>How new customers usually find information about the hotel?</p> <p>Have you ever tried to evaluate the effectiveness of conducted marketing campaigns? How? Traffic to webpages?</p>
Future plans	<p>How do you see your hotel in three years?</p> <p>Do you have any plans of marketing communications system development?</p>

APPENDIX 5 (2). Outline of the interview with restaurant manager.

Information about restaurant	<p>How many clients do you usually have per day? How many of them don't live in the hotel?</p> <p>Do you have any regular customers?</p> <p>What additional services do you offer?</p> <p>Do you perceive your restaurant separately or as a part of the hotel?</p> <p>Do you have any difference in services between hotel clients and free comers?</p> <p>How do you control the quality of food?</p> <p>How do you control the quality of service provided by the waiters?</p> <p>What is the price level in your restaurant?</p>
Customer dissatisfaction	<p>How often do you receive negative feedbacks and complaints?</p> <p>How do you usually react to customers' complaints?</p> <p>What reasons of customers' dissatisfaction appear the most frequently (quality of food, quality of service, waiting time, etc.)?</p> <p>What are you doing for improvement of customer satisfaction?</p> <p>How sales staff is trained to react to customers' complaints?</p> <p>Do you control the level of customer satisfaction? If yes, how?</p> <p>What do you think should be improved in the service?</p>
Marketing communications	<p>How the restaurant is promoted in the media?</p> <p>Which marketing channels are the most effective for your restaurant in your opinion?</p> <p>Which special offers do you have? Do you have some special offers for hotel clients?</p> <p>How clients not living in the hotel usually find information about your restaurant?</p>
Future plans	<p>How do you see your restaurant in three years?</p> <p>Do you have any plans of marketing communications system development?</p>

APPENDIX 6. Characteristic evaluation on the websites

Characteristic	TripAdvisor	Booking	TopHotels	Travel	Hotellook	Expedia	Hotels
Staff		8,1		7,8		4,3	
Location	3,5	7,2		6,9	7,5		3,4
Cleanliness	4	7,5		7,2	4,4	4,3	3,9
Facilities		7,6	4,23	7,4			
Price	4	8		7,7	6,5		
Food			4		8,5		
Service	4		4,23		8,3	4,3	4
Internet		6,7			5		
Comfort	4	7,5		7,2		4,3	4
Condition	3,5				4,5	4,3	4

APPENDIX 7. Cross-tabulations.

	Purpose of visit					Total
	Tourism	Business	Studies	Health issues	Visiting relatives/friends	
1 night	2	17	-	-	2	21
2-4 nights	29	5	-	1	2	37
5-7 nights	15	5	1	-	-	21
More than 1 week	5	-	9	1	-	15
Total	51	27	10	2	4	94

TABLE 1. Purpose of visit cross-tabulation.

	Country									Total
	Russia	Vietnam	China	Finland	Estonia	Germany	Austria	Latvia	Poland	
Travel agency	4	5	2	1	4	2	1	3	2	24
Search engines	10	9	2	1	2	1		1	2	28
Facebook/VK	2									2
Friends and relatives	6			1						7
Trip Advisor	7			1		1	1		1	11
Hotel website	1	1								2
Booking.com	8	2	7	1					2	20
Total	38	17	11	5	6	4	2	4	7	94

TABLE 2. Source of information cross-tabulation.

	Purpose of visit					Total
	Tourism	Business	Studies	Health issues	Visiting relatives/friends	
It is my first time	40	8	5	1	2	56
2-3 times	10	16	3	1	1	31
4-5 times	1	2	2		1	6
More than 5 times		1				1
Total	51	27	10	2	4	94

TABLE 3. Source of information cross-tabulation.

	Gender		Total
	Female	Male	
1-5	8	2	10
6-7	22	13	35
8-9	18	23	41
10	3	5	8
Total	51	43	94

TABLE 4. Gender - Satisfaction cross-tabulation.

	Age group							Total
	≤ 20	21-25	26-35	36-45	46-55	56-65	≥ 66	
1-5			1	5	3	1		10
6-7		1	2	10	11	8	3	35
8-9	2	2	6	10	14	6	1	41
10	1	2	4		1			8
Total	3	5	13	25	29	15	4	94

TABLE 5. Age group - Satisfaction cross-tabulation.

	Country									Total
	Russia	Vietnam	China	Finland	Estonia	Germany	Austria	Latvia	Poland	
1-5	5			2		2	1			10
6-7	20	2	3	2	2	1	1	2	2	35
8-9	12	11	6	1	4	1		2	4	41
10	1	4	2						1	8
Total	38	17	11	5	6	4	2	4	7	94

TABLE 6. Country - Satisfaction cross-tabulation.

APPENDIX 8. Frequency tables.**1. Gender**

	Frequency	Percent	Cumulative percent
Male	43	45,7%	45,7%
Female	51	54,3%	100%
Total	94	100%	

2. Age

	Frequency	Percent	Cumulative percent
≤ 20	3	3,2%	3,2%
21-25	5	5,3%	8,5%
26-35	13	13,8%	22,3%
36-45	25	26,6%	48,9%
46-55	29	30,9%	79,8%
56-65	15	16,0%	95,7%
≥ 66	4	4,3%	100,0%
Total	94	100%	

3. Home country

	Frequency	Percent	Cumulative percent
Russia	38	40,4%	40,4%
Vietnam	17	18,1%	58,5%
China	11	11,7%	70,2%
Finland	5	5,3%	75,5%
Estonia	6	6,4%	81,9%
Germany	4	4,3%	86,2%
Austria	2	2,1%	88,3%
Latvia	4	4,3%	92,6%
Poland	7	7,4%	100,0%
Total	94	100%	

4. Purpose of your last visit

	Frequency	Percent	Cumulative percent
Tourism	51	54,3%	54,3%
Business	27	28,7%	83,0%
Studies	10	10,6%	93,6%
Health issues	2	2,1%	95,7%
Visiting relatives/friends	4	4,3%	100,0%
Total	94	100%	

5. Duration of your last stay

	Frequency	Percent	Cumulative percent
1 night	21	22,3%	22,3%
2-4 nights	37	39,4%	61,7%
5-7 nights	21	22,3%	84,0%
More than 1 week	15	16,0%	100,0%
Total	94	100%	

6. How have you found information about the Business-Hotel "Karelia"

	Frequency	Percent	Cumulative percent
Travel agency	24	25,5%	25,5%
Search engines	28	29,8%	55,3%
Facebook/VK	2	2,1%	57,4%
Friends and relatives	7	7,4%	64,9%
Trip Advisor	11	11,7%	76,6%
Hotel website	2	2,1%	78,7%
Booking.com	20	21,3%	100,0%
Total	94	100%	

7. How many times have you visited the hotel before?

	Frequency	Percent	Cumulative percent
It is my first time	61	64,9%	64,9%
2-3 times	26	27,7%	92,6%
4-5 times	6	6,4%	98,9%
More than 5 times	1	1,1%	100,0%
Total	94	100%	

8. How satisfied are you with the overall service? (“1” – totally dissatisfied, “10” – totally satisfied)

	Frequency	Percent	Cumulative percent
1	0	0,0%	0,0%
2	0	0,0%	0,0%
3	1	1,1%	1,1%
4	4	4,3%	5,3%
5	5	5,3%	10,6%
6	17	18,1%	28,7%
7	18	19,1%	47,9%
8	25	26,6%	74,5%
9	16	17,0%	91,5%
10	8	8,5%	100,0%
Total	94	100%	