Customer Satisfaction Research: a Case Study of Original Sokos Hotel Olympia Garden

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<thead>
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<th>2016</th>
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</table>

This thesis research was carried out at Original Sokos Hotel Olympia Garden in summer 2016. The case company is one of three Sokos Hotels located in St. Petersburg, Russia. The hotel aims to deliver a “Cosy living, smart working” environment to all the guests.

The thesis project examines customer satisfaction with different service aspects provided at Original Sokos Hotel Olympia Garden and the customers’ willingness to recommend the hotel to others. The thesis also analyzes the factors having an impact on customer satisfaction. Recommendations on improving service quality and making hotel guests more satisfied are ultimately proposed to Original Sokos Hotel Olympia Garden.

The theoretical background chapter reviews studies on customer satisfaction in the hotel industry. Various models that have been widely used to measure guest satisfaction level are discussed. Best practices to increase customer satisfaction at other hotels are summarized to give a basis for subsequent recommendations.

Case study and survey strategies were employed in the thesis research. Questionnaires were delivered to hotel guests in a self-administered manner or through structured interviews. The questionnaire provided quantitative and qualitative data, which were analyzed with respective methods.

The research results show that there was no statistically significant influence of gender, age, and purpose of the trip on customer satisfaction. Nevertheless, the findings reveal strong and very strong, positive correlations between several service aspects and customer overall satisfaction, customer satisfaction with the value of the price and their willingness to recommend the hotel.

The thesis also suggests several ways to improve customer satisfaction level at Original Sokos Hotel Olympia Garden based on the findings and reviewed best practices of other hotels. They are staff training, cleanliness, more interactions with guests, complaint management system and participating in international accreditation schemes.

Keywords: Customer satisfaction, Service quality, Hotel industry
# Table of Contents

1 Introduction .................................................................................................................. 6
  1.1 Situation discussion ................................................................................................. 6
  1.2 Purpose of the thesis ............................................................................................... 7
  1.3 Research problem .................................................................................................... 7
  1.4 Research approach .................................................................................................. 8
  1.5 Theoretical approach ............................................................................................... 8
  1.6 Framework of the thesis .......................................................................................... 8

2 Theoretical background ................................................................................................. 9
  2.1 Customer satisfaction .............................................................................................. 9
  2.2 The relationship between customer satisfaction and service quality ............... 10
  2.3 Service quality ......................................................................................................... 11
    2.3.1 SERVQUAL ...................................................................................................... 12
    2.3.2 SERVPERF ....................................................................................................... 15
    2.3.3 HOLSERV ......................................................................................................... 16
    2.3.4 LODGING QUALITY INDEX ............................................................................ 17
  2.4 Ways and methods to increase customer satisfaction in the hotel industry ... 19

3 Research approach ....................................................................................................... 21
  3.1 Research strategies .................................................................................................. 22
    3.1.1 Survey ................................................................................................................ 22
    3.1.2 Case study ......................................................................................................... 22
  3.2 Research models ...................................................................................................... 23
  3.3 Data sources ............................................................................................................. 24
  3.4 Data collection techniques ....................................................................................... 24
  3.5 Methodology ............................................................................................................. 25
  3.6 Reliability and validity ............................................................................................ 26
    3.6.1 Reliability .......................................................................................................... 26
    3.6.2 Validity .............................................................................................................. 27

4 Empirical study ............................................................................................................ 27
  4.1 Sokos Hotels and Original Sokos Hotel Olympia Garden ........................................ 27
    4.1.1 Sokos Hotels ...................................................................................................... 27
    4.1.2 Original Sokos Hotel Olympia Garden ............................................................... 29
  4.2 SWOT analysis of Original Sokos Olympia Garden ................................................ 31
  4.3 Research result analysis ........................................................................................... 34
    4.3.1 Demography ....................................................................................................... 34
    4.3.2 Hotel .................................................................................................................. 34
    4.3.3 Front desk / Reception ...................................................................................... 35
    4.3.4 Guest room ....................................................................................................... 36
4.3.5 Restaurant and bar ........................................... 36
4.3.6 Service quality ................................................... 37
4.3.7 Guest satisfaction .............................................. 38
4.3.8 Guest recommendations ....................................... 38
4.3.9 Data analysis ..................................................... 39
5 Conclusion and recommendations ................................ 42
  5.1 Recommendations ............................................... 42
  5.2 Conclusion .......................................................... 43
References .................................................................. 44
Figures .................................................................... 48
Tables ..................................................................... 49
Appendices ................................................................. 50
1 Introduction

1.1 Situation discussion

The thesis was conducted at a time when Russia was struggling to overcome the economic crisis caused by sanctions imposed by the US and EU as well as the depreciation of oil price in the world market. The Russian ruble had lost half of its value against the world’s major currencies, specifically US dollar and euro. The Russian economy in 2015 saw a decline of 3.5% in GDP in comparison with 2014, which was the worst performance among developed and developing countries. In early 2016, the unemployment rate began to climb when widespread layoffs were noticed in both private sector firms and government bodies (Stupachenko 2016). However, the operations of Original Sokos Hotel Olympia Garden saw a remarkable increase in key financial metrics notably in the months of July and August in comparison to those in the same period of the year 2015. It could be partly explained by the costs of travel to Russia was then cheaper for foreign visitors.

Russian tourism industry is under its capacity and potential. Currently its portfolio contains more than 12 thousand hotels, 477 historic cities, over 144 thousand historical and cultural monuments, 108 museums and 142 national parks (Tarasova 2013). Despite its rich resources, Russia accounts for approximately 2.8% of the global tourist arrivals. Russian Federation welcomed more than 32 million inbound tourists in 2014, which was far below the capacity of 70 million estimated by the World Tourism Organization (Tarasova 2013, The World Bank Group n.d.).

The Russian tourism sectors have seen rapid development in recent years. There have been an increase in small hotel construction as well as investment applications from international hotel chains, primarily in Moscow, St. Petersburg and other major cities. However, according to Tarasova (2013), Russia as a tourist destination still has several competitive weaknesses. The first thing is underdeveloped infrastructure in most parts of the country and a shortage of hotel accommodation with modern comfort facilities. Secondly, the lack of readily investment areas, bureaucracy and unfavorable terms of land lease are obstacles to attracting investors in tourism infrastructure. Thirdly, the supply of skilled labor is far lower than the demand, which constitute to low service quality in all sectors of the tourism industry. Last but not least, negative stereotypes of Russia and unnecessarily complicated visa application and registration procedures are also barriers preventing tourists coming to the country.

As to St. Petersburg where Original Sokos Hotel Olympia Garden, the case company, is located, the hospitality industry of the city experienced an annual growth rate of 26.3% in
2015. During the January holidays 2016 from January 1 to 11, St. Petersburg hotels were occupied 95-97%. An explanation for this phenomenon is Russian economic crisis and decreased income of Russian households, which boosted them to shift to domestic travel. The city has also become a popular destination of visitors from European countries, China, Iran and India (Stupachenko 2016). The room capacity of St. Petersburg is up to more than 30 thousand, varying from unclassified or one-star hotels to five-star hotels. The hotel market has the existence of internationally big chains including Starwood, Belmond, Four Seasons, IHG, Sokos Hotels, Marriott, Kempinski, and Accor (Saint Petersburg City Government Committee for Tourism Development 2015). The city’s hotel capacity by 2015 is statistically reported in the Table 1.

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>AMOUNT</th>
<th>HOTEL ROOM CAPACITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Five-star</td>
<td>17</td>
<td>2,687</td>
</tr>
<tr>
<td>Four-star</td>
<td>51</td>
<td>9,034</td>
</tr>
<tr>
<td>Three-star and two-star</td>
<td>100</td>
<td>9,895</td>
</tr>
<tr>
<td>One-star and unclassified</td>
<td>549</td>
<td>8,922</td>
</tr>
<tr>
<td>TOTAL</td>
<td>717</td>
<td>30,538</td>
</tr>
</tbody>
</table>

Table 1: Hotel infrastructure of St. Petersburg

1.2 Purpose of the thesis

The purpose of the thesis is to explore factors that play an important role in making guests satisfied in the hotel industry. The thesis also aims to find out how satisfied guests are with different service aspects provided by Original Sokos Hotel Olympia Garden in St. Petersburg. Recommendations on improving customer satisfaction will then be proposed to Original Sokos Hotel Olympia Garden based on guests’ responses and common practices in other hotels not only in Russia or St. Petersburg but also all over the world.

1.3 Research problem

The following three research questions have been established to fulfill the aforementioned thesis purpose. They are as follows:

- What factors influence customer satisfaction in the hotel industry and how to measure them?
- How are guests satisfied with different areas at Original Sokos Hotel Olympia Garden? Are they willing to choose the hotel for the next stay and/or recommend it to others?
- What are solutions for increasing customer satisfaction at the case company?
1.4 Research approach

The research combines deductive and inductive approaches. Case study and survey are chosen as the research strategy. Quantitative and qualitative models are employed. However, quantitative data are analyzed quantitatively and qualitative data are analyzed qualitatively. Data are collected from primary sources by questionnaire in the forms of deliver and collection, and structured interview.

1.5 Theoretical approach

The research is supported by various theories. Firstly, customer satisfaction is defined and explained. Secondly, studies on the link between customer satisfaction and service quality is reviewed and summarized. Thirdly, service quality and different models to measure it including SERVQUAL, SERVPERF, HOLSERV, and LODGING QUALITY INDEX are discussed. Finally, ways and methods to increase customer satisfaction in the hotel industry are examined in order to make recommendations to the case company, Original Sokos Hotel Olympia Garden.

1.6 Framework of the thesis

Figure 1: Framework of the thesis

The thesis is composed of five chapters. The first chapter is the introduction of the situation in which the thesis took place, the purpose of the thesis, the research problem and questions, the research approach, the theoretical approach and the thesis framework.

The second chapter is the theoretical background. It reviews studies on factors affecting customer satisfaction in the hotel industry and different models to measure it. This chapter
helps to answer the first research question. In addition, practices employed by other hotels to increase customer satisfaction will be discussed. This partially contribute to solving the third research question.

The third chapter is the research approach, which describes research design and implementation. It consists of a review on elements of research including data collection and analysis. The understanding is then applied into the research case. Reliability and validity of the research will also be assessed.

The fourth chapter is empirical study. It is to present the case company structure in detail, SWOT analysis of the company and research analysis results. This chapter shows the current guest satisfaction level at Original Sokos Hotel Olympia Garden and their willingness to choose the hotel for the next stay and/or recommend it to others, which belong to the second research question. It also summarizes guests' opinions on improving their satisfaction, which partially constitute the answer of the third research question.

The last chapter includes conclusion and recommendations. Based on the information collected in the chapters two and four, various solutions on how to increase customer satisfaction at Original Sokos Hotel Olympia Garden will be proposed. The objective of the third research question will be fulfilled in this chapter. The conclusion summarizes the thesis process, the research result, limitations of the thesis and suggestions on further research.

2 Theoretical background

2.1 Customer satisfaction

Customer satisfaction has long been studied and defined by researchers. However, a consensus on its definition seems to have not been reached (Giese & Cote 2000). Customer satisfaction was called by Howard and Sheth (1969) as the reward over the sacrifice made during the process of purchasing goods or service. Gundersen, Heide and Olsson (1996) described customer satisfaction as a positive post-purchase evaluation of a particular product or service. This is an overall judgment done by customers (Vanacore & Erto 2002) concerning not only the product or service itself, but also the consumption experience (Cardozo 1965; Cronin & Taylor 1992). The evaluation process involves comparing customer’s product or service expectations with the performance perception during and after the consumption experience (Oliver 1980).

According to the expectancy disconfirmation theory developed by Oliver (1980), satisfaction level is decided by the contrast between the expected and perceived performance. Customers tend to form an expectation of what they are going receive from the product or service
performance. During and after the purchase, customers constantly assess the real performance and match it with their pre-purchase expectation. When the perceived performance is equal or greater than expected, it is called positive disconfirmation, which means customers are satisfied with the product or service. In contrast, the result is negative disconfirmation or dissatisfied customers. Le (2010) added the satisfaction level varies from consumer to consumer as their personal needs, demands and experiences are different.

Customer satisfaction has been proven to have direct and indirect effects on business (Forozia, Zadeh & Gilani 2013). Yeung, Ging and Ennew (2002) identified that business profitability is proportional to the customer satisfaction. Studies conducted Söderlund (1998), Faullant, Matzler and Füller (2008) agreed that greater customer satisfaction results in first-time guests becoming loyal clients, growth in repurchase revenue and positive word-of-mouth recommendations from satisfied customers. Gerson (1993) found out a connection among customer satisfaction, sales and profit. Happy patrons are likely to spend more, which creates higher sales and greater profit to the business consequently. In addition to larger volume purchased by satisfied clients, the cost of serving them is much lower than of new customer acquisition. Reichheld and Earl Sasser (1990) realized that a customer defection cut by 5% could pushed profits by 25% to 95%.

In the hotel industry, a large number of studies have been carried out to investigate which elements are considered by guests to have primary influences on their satisfaction (Agbor 2011). Atkinson (1988) concluded that security, cleanliness, value for money, and courtesy of staff play a major role in making clients satisfied. Knutson (1988) summarized room cleanliness and comfort, convenience of location, prompt service, safety and security, and friendliness of employees as main attributes to guest happiness. Barsky and Labagh (1992) emphasized the importance of employee attitude, location and rooms whereas according to Akan (1995), behavior of employees, cleanliness and timeliness determine the satisfaction level. Choi and Chu (2001) stated that hotel guest satisfaction is affected mainly by staff quality, room quality and value.

2.2 The relationship between customer satisfaction and service quality

Parasuraman, Zeithaml, & Berry (1985) summarized that customer satisfaction is proportional to the service quality perceived by the customers. The higher service quality is, the more satisfied guests are. Saravana and Rao (2007) agreed that the level of service quality determines whether customers are pleasant. Cronin and Taylor (1992) explained that client satisfaction is influenced by service quality because customer satisfaction comes from their experience of the service, of which quality is its outcome. Oliver (1993) also claimed that service quality would be the cause of customer satisfaction in both cumulative and transaction-specific service consumption.
A strong link among guest satisfaction, perceived service quality and loyalty was reported by Magi and Julander (2009). The researchers came to a conclusion that better perceived service quality would lead to higher customer satisfaction and consequently turn guests to be loyal. They also noted that happy clients do not necessarily lead to loyalty.

Although customer satisfaction and service quality are closely connected, to be precise, they are measured differently. Service quality is determined by five service dimensions of Parasuraman, Zeithaml, & Berry (1988) including reliability, responsiveness, assurance, empathy and tangibles. Customer satisfaction is a wider concept in comparison to service quality. Service quality is only an attribute in customer satisfaction together with product quality, price, situational factor and personal factor (Wilson, Zeithaml, Bitner and Gremler 2008).

![Figure 2: Customer perception of quality and customer satisfaction (Wilson et al. 2008)](image)

2.3 Service quality

Parasuraman et al. (1988) described service quality as a difference between customer expectation and perception of the actual service they receive. Customer expectation is the basis for their judgment primarily because when the performance meets or exceeds the expectation, the quality is high, otherwise the outcome is low quality (Asubonteng, McCleary & Swan 1996). Customer perception is affected by several elements including age, gender, occupation, global competition and technological changes (Deoskar 2011). Lewis and Boom (1983)
argued that service quality is a tool to measure how well the delivered service meets the customer expectations. In the hotel management, quality is defined that products and guest services are consistently provided in accordance with the expected standards (Hayes, Ninemeier & Miller 2011).

Service quality plays a vital role in a firm’s success differentiation from its competitors in the market (Ladhari 2008). Service quality is seen as a key factor in the decision-making process of consumers and their loyalty to the business (Henning-Thurau, Langer & Hansen 2001). Understanding client needs, companies will be able to offer higher-quality services which presumably leads to greater customer satisfaction (Ghylin, Green, Drury, Chen, Schultz, Uggarala, Abraham & Lawson 2006). Hoteliers therefore regularly carry out self-assessment to find out and solve existing issues in the quality delivery. A thorough analysis of the evaluation results can bring many benefits to the business, such as identifying the degree of guest needs and expectations and contrasting it with the perceived quality, providing a basis for strategic planning, spotting improvement areas (Kapiki 2012), and controlling quality competitiveness together with the help of benchmarking (Soteriades 2006).

2.3.1 SERVQUAL

SERVQUAL is agreed to be the first (Marques da Silva 2014) and the most common (Le 2010) instrument for measuring service quality. SERVQUAL was suggested by Parasuraman et al. (1985) to tackle the service quality gap (gap 5) in the gap model, which was also one of their achievements. The gap model explains five steps in the service delivery process that can have impacts on the quality assessment of service users. According to the gap model, service providers must always make efforts to close the gaps.

The five gaps and their names are shown below (Parasuraman et al. 1985, Lovelock and Wirtz, 2011).

- **Gap 1: Customer expectation - Management perceptions gap**, the knowledge gap. Service providers may not always interpret exactly what their clients expect in a high-quality service. This gap occurs in enterprises where there are many management levels, poor upward communication or lack of customer research because their expectation is constantly changed.
- **Gap 2: Management perception - Service quality specification gap**, the policy gap. The gap exists when the management understands customer expectations but is not able to create services and system to deliver them. Some of the reasons are that managers are insufficiently committed to service quality, do not perceive the feasibility of handling customer expectations, do not have enough task standardization especially in the hospitality sector.
- Gap 3: Service quality specification - Service delivery gap, the delivery gap. The gap is caused by personnel who are unable or unwilling to deliver the service. Poor work conditions, inadequate tools to perform the tasks, employee’s incompetence and no good leader are among reasons for it.

- Gap 4: Service delivery - External communication gap, the communication gap. Customer expectations and perceptions of service quality are impacted by the firm’s external communication through marketing and sales departments. Examples of external communication are public relations, advertising, pricing messages and personal selling. The gap appears when the organization promises higher than its capabilities to deliver the service to patrons. Therefore, good understanding of both marketing and sales process and operational process are a must for managers.

- Gap 5: Expected service - Perceived service gap, the service quality gap. This is the difference between what consumers expect to receive from the service provider and what they perceive having actually received. An increase or decrease in this gap has a negative or positive change in service quality and consequently guest satisfaction.

Figure 3: The gap model (Parasuraman et al. 1985)

Originally Parasuraman et al. (1985) proposed 97 aspects that were regarded to influence service quality. These determinants were classified into ten dimensions including reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding/knowing the customer, and tangibles. Subsequently, Parasuraman et al. (1988) con-
solidated attributes which have high degree of correlation and shortened the number of service quality dimensions to five. The new dimensions are tangibles, reliability, responsiveness, assurance and empathy.

- Tangibles are measured by physical appearance, equipment, and appearance of personnel.
- Reliability is achieved when the promised service is performed dependably and accurately.
- Responsiveness is reflected in the willingness to help customers and provide prompt service.
- Assurance is composed of courtesy, knowledge, and ability of employees to inspire trust and confidence.
- Empathy is described as caring and individualized attention the company brings to its customers.

The updated SERVQUAL instrument which has five dimensions consists of 22 items. Each item has two statements, one to measure customer expectations and the other to assess their perceptions. All the statements are presented in a seven-point Likert scale so that respondents can rate each statement from one - strongly disagree to seven - strongly agree. The difference between expectation (E) and perception (P) is then the quality (Q) score, which is equivalent to the service quality gap (gap 5). The impact of SERVQUAL dimensions on the gap 5 is illustrated in the Figure 4.

![Figure 4: Measuring service quality using SERVQUAL model (Kumar, Kee & Manshor 2009)](image-url)
In spite of being used widely in the service sector, SERVQUAL still contains several drawbacks from conceptual and operational points of view. Firstly, SERVQUAL’s focus is on the service delivery process rather than the outcome of service experience. Secondly, SERVQUAL cannot measure the absolute expectation of service quality. Thirdly, as SERVQUAL is based on the moment of truth, customer perception of service quality fluctuates at different moments of truth. Fourthly, the fact that half of SERVQUAL’s items are worded positively and the other half negatively makes it ambiguous for respondents. Last but not least, its long questionnaire format is hard guests to complete (Buttle 1996).

2.3.2 SERVPERF

Cronin and Taylor (1992) claimed that service quality is measured merely by the service performance as it is a form of consumer attitude instead of the gap between expectation and perception as in the gap model. The two researchers also stated that service providers should satisfy their customers with the service performance rather than with a positive comparison between expected and perceived quality. As a result, they proposed a performance-based instrument called SERVPERF to measure service quality. With respect to the initial conceptualization and measurement of service quality of SERVQUAL, SERVPERF keeps 22 items categorized into five dimensions, which are tangibles, reliability, responsiveness, assurance and empathy. SERVPERF is explained in the forms of equation and diagram below.

$$SQ_i = \sum_{j=1}^{k} P_{ij}$$

Where
- $SQ_i =$ perceived service quality of individual ‘i’.
- $k =$ Number of attributes / items.
- $P_{ij} =$ Perception of individual ‘i’ with respect to performance of a service firm on attribute ‘j’.

Figure 5: SERVPERF equation (Adil, Ghaswyneh & Albkour 2013)

Figure 6: SERVPERF model (Martinez & Martinez 2010, cited in Adil et al. 2013)
2.3.3 HOLSERV

HOLSERV scale was developed by Wong Ooi Mei, Dean and White (1999) specifically for the hospitality industry. HOLSERV measures the difference between customer expectations and perceptions of service quality they receive. In spite of being based on SERVQUAL, HOLSERV is presented in a one-column format, which is simpler for respondents to answer. An example of such format is shown below.

<table>
<thead>
<tr>
<th>Completely failed to meet expected service level</th>
<th>Far exceeded my expected service level</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 When Hotel XYZ promises to provide a service, it does so</td>
<td>1 2 3 4 5 6 7</td>
</tr>
</tbody>
</table>

Figure 7: One-column format questionnaire (Wong Ooi Mei et al. 1999)

In the development process of HOLSERV model, six new attributes were added to the SERVQUAL scale, two items modified and three items removed. The complete HOLSERV model comprises 27 attributes classified in five dimensions of service quality as in SERVQUAL (Wong Ooi Mei et al. 1999). Detailed description of HOLSERV items are displayed in the Figure 8.

Even though HOLSERV has been proven to be a reliable and robust instrument for service quality measurement in the hospitality sector, the suggested items should be utilized appropriately depending on a particular case. In the research, since Wong Ooi Mei et al. (1999) catered the questionnaire to three to five star hotels, some statements about restaurant, lobby, television and sofa were therefore included. In reality, hoteliers customize the HOLSERV model according to their own situation.

Wong Ooi Mei et al. (1999) also recommends hotel managers not to look at the aggregated result the HOLSERV scale generates. Instead, the scores must be analyzed in detail to the dimension level or even item level in some circumstances. This information is very useful for hoteliers to identify rooms for improvement, to make appropriate decisions as well as to take strategic actions.

HOLSERV should be considered as only a starting point in the service quality self-evaluation and improvement. In order to unveil the root of key issues in service quality, hotel managers should also use qualitative research, e.g. in-depth interviews or focus group discussions, in addition to HOLSERV (Wong Ooi Mei et al. 1999).
LODGING QUALITY INDEX

The lodging quality index (LQI) was first proposed by J. Getty and R. Getty (2003). LQI is a multidimensional scale built on the foundation of the SERVQUAL model. The LQI scale started to be composed of ten dimensions of service quality initially presented in the first version of SERVQUAL by Parasuraman et al. (1985). A pool of 63 items were compiled through literature review and in-depth interviews with involved parties, which are hospitality service users and providers (students enrolled in hospitality management program, hospitality management faculty personnel, frequent business travelers, and hotel executives).

After many items eliminated during a process of purification and validation, only 26 items corresponding to five dimensions remained in the final version of LQI. The five dimensions are described below.
• Tangibility is to measure the functionality and appearance of the lodging property. The eight items involve the front office, restaurant, shops, hotel’s interior and exterior, hotel’s brightness and cleanliness, and the surrounding areas.

• Reliability contains the original “reliability” and “credibility” dimensions. It reflects efficiency of reservation handling, as well as guestroom and included facilities as promised.

• Responsiveness is seen in the willingness of hotel staff to answer and solve guests’ problems promptly.

• Confidence contains the original “competence”, “courtesy”, “security” and “access” dimensions.

• Communication contains the original “communication” and “understanding” dimensions (J. Getty & R. Getty 2003; Ladhari 2012).

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Scale Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangibility</td>
<td>The front desk was visually appealing</td>
</tr>
<tr>
<td></td>
<td>The employees had clean, neat uniforms</td>
</tr>
<tr>
<td></td>
<td>The restaurant’s atmosphere was inviting</td>
</tr>
<tr>
<td></td>
<td>The shops were pleasant and attractive</td>
</tr>
<tr>
<td></td>
<td>The outdoor surroundings were visually attractive</td>
</tr>
<tr>
<td></td>
<td>The hotel was bright and well lighted</td>
</tr>
<tr>
<td></td>
<td>The hotel’s interior and exterior were well maintained</td>
</tr>
<tr>
<td></td>
<td>The hotel was clean</td>
</tr>
<tr>
<td>Reliability (includes original reliability and credibility dimensions)</td>
<td>My reservation was handled efficiently</td>
</tr>
<tr>
<td></td>
<td>My guestroom was ready as promised</td>
</tr>
<tr>
<td></td>
<td>TV, radio, A/C, lights, and other mechanical equipment worked properly</td>
</tr>
<tr>
<td></td>
<td>I got what I paid for</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>Employees responded promptly to my requests</td>
</tr>
<tr>
<td></td>
<td>Informative literature about the hotel was provided</td>
</tr>
<tr>
<td></td>
<td>Employees were willing to answer my questions</td>
</tr>
<tr>
<td></td>
<td>Employees responded quickly to solve my problems</td>
</tr>
<tr>
<td></td>
<td>Room service was prompt</td>
</tr>
<tr>
<td>Confidence (includes original competence, courtesy, security, and access dimensions)</td>
<td>Employees knew about local places of interest</td>
</tr>
<tr>
<td></td>
<td>Employees treated me with respect</td>
</tr>
<tr>
<td></td>
<td>Employees were polite when answering my questions</td>
</tr>
<tr>
<td></td>
<td>The hotel provided a safe environment</td>
</tr>
<tr>
<td></td>
<td>The facilities were conveniently located</td>
</tr>
<tr>
<td>Communication (includes original communication and understanding dimensions)</td>
<td>Charges on my account were clearly explained</td>
</tr>
<tr>
<td></td>
<td>I received undivided attention at the front desk</td>
</tr>
<tr>
<td></td>
<td>Reservationists tried to find out my particular needs</td>
</tr>
<tr>
<td></td>
<td>Employees anticipated my needs</td>
</tr>
</tbody>
</table>

Figure 9: The lodging quality index with 26 items (J. Getty & R. Getty 2003)
LQI is a useful tool for hotel managers in many ways. LQI can be utilized for comparison among properties owned by the same organization. Discrepancies in overall quality and/or specific service quality dimensions can reveal the relative performance of each property. Insight into the root of the problem can be identified through examination of items that constitute dimensions with poor performance. Likewise, LOI can be an instrument for benchmarking customers’ quality perceptions of competitors’ properties. Such comparisons can uncover which dimensions the property is currently perceived to be superior and which ones need to be improved (J. Getty & R. Getty 2003).

2.4 Ways and methods to increase customer satisfaction in the hotel industry

This part discusses multiple ways and methods suggested by other authors to increase customer satisfaction in hotel management.

Knowing and understanding customers play an important role in maintaining top-rated satisfaction. Guests from different do not necessarily have similar expectations. Carev (2008) proposes that service should be customized to the target segments. For example, separate beds are provided for group tourists, top-notch communication technology for business travelers, and large wardrobe with sufficient hangers for leisure guests. Furthermore, the same customers have different expectations when they stay at a beach resort or in a convention hotel. Good hotel managers and personnel should be able to identify their customer needs and provide not only the expected service but also offer extra options that guests may not think about (Martins 2013).

The idea of providing service that are greater than guest expectations resulting in an increase in customer satisfaction is also agreed by Craig (2014, cited in Watkins 2014). He states that service exceeding their expectations will keep guests coming back and recommending the hotel to others. Failing to meet the expectations will drive dissatisfied guests away and even those who have not visited the hotel but have been warned by them. Tourists experiencing service that just meets their expectations are neutral, which means their reviews are lukewarm. They might come back as well as recommend the hotel or might not.

Gnanapala (2014) has found out a mismatch between the actual hotel performance and guest expectations when they book through intermediaries such as tour operators and travel agencies. The intermediaries promise high-class facilities and charge expensive prices while their agreements with the hotels are made on lower standards. Guests are consequently disappointed when they stay at the hotels. In order to prevent such practice, Gnanapala (2014) recommends involved parties including the hotels and intermediaries should be transparent and honest for a long-term partnership, and customer satisfaction and loyalty as a result.
Kapiki (2012) emphasizes the importance of employment, periodic training and empowerment of service-oriented staff in hotel management, which is a labor-intensive sector. The statement is supported by Martins (2013). Well-trained staff will be dedicated to the benefits and satisfaction of hotel guests. They will be able to handle customers’ matters in the same way they would with their own ones. They will create “an environment that draws people in and leaves them with a lasting good impression”.

Another thing to consider is to respond to complaints quickly. For instance, when asking for an extra item such as a pillow, or call for the room service, guests expects their orders to be handled in a quick manner. Waiting for an hour or even more will lead to a negative review for poor service or not caring (Martins 2013). According to Watkins (2014), Craig highlights answering customer feedback not only shows that the hotels are listening and caring about guests but is an opportunity to keep unhappy ones from turning around. The response should “show appreciation for the review, reinforce the positive aspects of the guest’s stay, apologize for any issues, show care and specify actions the hotelier will take to follow up, offer to contact the guest directly and invite them to return to the hotel”. The response should be written personally by the hotel General Manager.

In the digital era, online tools can be used effectively to bring greater satisfaction to hotel guests. Craig (2014, cited in Watkins 2014) concludes that user-generated materials from pages such as TripAdvisor and Booking.com are the most powerful in gaining customer insights. Many useful reviews can be taken into account to make decisions on all aspects of the hotels, from recruitment and training to sales and marketing, or investments in facilities upgrade or new services. Social media including Facebook, Instagram, and Twitter are good channels to interact with guests, hear their voices as well as provide customer service. More importantly, the hotels’ websites should paid great attention to as they are the first impression and make potential guests satisfied at the initial phase when searching for a hotel. Websites that are user-friendly and well explain the policies and amenities offered deliver better customer experience and therefore achieve greater satisfaction (Martins 2013).

Several other methods are utilized by hoteliers to make guests more satisfied. They are continuous benchmarking practices at hotels that gain high satisfaction from customers. Achieving international and national quality accreditation increases not only the hotels’ service quality but also customer satisfaction as a result. Some renowned schemes are ISO, eco-labels, the star classification system and TripAdvisor (Kapiki 2012).
3 Research approach

According to Saunders, Lewis and Thornhill (2009), two primary research approaches are deduction and induction. Deduction is regarded as regular scientific research. It is referred as testing theory because a theory and hypothesis are developed and tested by the research. Data are collected mainly but not always quantitatively. The result will then either confirms the theory or signify the need for modification.

In contrast, induction is to build a new theory. Qualitative data are gathered and analyzed so that a theory would be formulated. As inductive research likely concerns the context in which events are taking place, the study of a small sample of subjects is more feasible than the one using a deductive approach. Researchers with an inductive approach face less pressure of generalizing conclusions (Saunders et al. 2009). A comparison between the two approaches is presented in the Table 2.

<table>
<thead>
<tr>
<th>Deductive research approach</th>
<th>Inductive research approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>• scientific principles</td>
<td>• gaining an understanding of the meanings humans attach to events</td>
</tr>
<tr>
<td>• moving from theory to data</td>
<td>• a close understanding of the research context</td>
</tr>
<tr>
<td>• the need to explain causal relationships between variables</td>
<td>• the collection of qualitative data</td>
</tr>
<tr>
<td>• the collection of quantitative data</td>
<td>• a more flexible structure to permit changes of research emphasis as the research progresses</td>
</tr>
<tr>
<td>• the application of controls to ensure validity of data</td>
<td>• a realization that the researcher is part of the research process</td>
</tr>
<tr>
<td>• the operationalization of concepts to ensure clarity of definition</td>
<td>• less concern with the need to generalize</td>
</tr>
<tr>
<td>• a highly structured approach</td>
<td></td>
</tr>
<tr>
<td>• researcher independence of what is being researched</td>
<td></td>
</tr>
<tr>
<td>• the necessity to select samples of sufficient size in order to generalize conclusions</td>
<td></td>
</tr>
</tbody>
</table>

Table 2: Deductive and inductive approaches (Saunders et al. 2009)

In this thesis, the research combines both deductive and inductive research approaches. The research design is based on previous studies but does not aim to test them. Instead, the research is to gain an understanding of the current customer satisfaction level at Original Sokos Hotel Olympia Garden and guests’ recommendations on how to make them more content. The
research is highly structured with a predetermined questionnaire but does not require the conclusions to be generalized to other cases.

3.1 Research strategies

Saunders et al. (2009) proposes various research strategies that can be used for exploratory, descriptive and explanatory studies. They are experiment, survey, case study, action research, grounded theory, ethnography, and archival research. Amongst them, only survey and case study are described below since they were used in designing research.

3.1.1 Survey

The survey strategy is popular in business and management studies to answer questions of who, what, where, how much and how many. An advantage of survey is that a big amount of data can be collected from a large population in an economical manner. Surveys are known for handling quantitative data that can be analyzed by descriptive and inferential statistics. Questionnaires are the most common data collection technique for researchers employing the survey strategy. However, it is not the only one. Structured observation and structured interviews are also utilized in this strategy (Saunders et al. 2009).

3.1.2 Case study

Case study is a strategy for empirical research that investigates a particular contemporary event in its real life context. Case study involves multiple sources of evidence collected by numerous data collection techniques (Robson 2002). The importance of the context of a case study is emphasized by Yin (2003). He says the boundaries between the phenomenon studied and its context are not clearly evident. According to Eriksson & Kovalainen (2016), case study is popular in business research as its capability to present complex issues in a practical and accessible format.

Yin (2003) proposes that case studies can be categorized into four types on the basis of single or multiple case designs, and on single or multiple units of analysis. A single case study is chosen when it is a critical, extreme or unique case. On the other hand, due to the need to generalize the findings of the first case, researchers can utilize multiple case study. In the second dimension, holistic and embedded cases are distinguished in terms of the unit of analysis. The case study is called holistic when an entire program or an organization is analyzed as a whole. Conversely when the study is done on more than one unit of analysis such as individual elements of a program or sub-units within an organization, it is an embedded case. The classification of case study is summarized in the Table 3.
The chosen research strategies are case study and survey. It is considered as a single, holistic case study because it studies particularly one unit of analysis, customer satisfaction, at one company, Original Sokos Hotel Olympia Garden, which is a unique case. The survey strategy is used together with case study to answer how much satisfied guests are with various departments at the hotel.

<table>
<thead>
<tr>
<th>Single case designs</th>
<th>Multiple case designs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holistic (single unit of analysis)</td>
<td>Type 1 Single/Holistic Type 3 Multiple/Holistic</td>
</tr>
<tr>
<td>Embedded (multiple units of analysis)</td>
<td>Type 2 Single/Embedded Type 4 Multiple/Embedded</td>
</tr>
</tbody>
</table>

Table 3: Types of case study

3.2 Research models

Quantitative research deals with techniques that collect numerical data. Questionnaire is the most popular method to generate data input for this type of research. Quantitative data are processed through one or a few data analysis procedures to deliver results in forms of graphs or statistics. Involving mathematical and statistical calculations, quantitative data analysis can be done with the help of computer software such as SPSS and/or Microsoft Excel (Saunders et al. 2009).

Qualitative research, on the other hand, involves data collection techniques that gather non-numerical data or those that have not been quantified. Qualitative data are not limited to words but also pictures and video clips. Interviews are a typical technique to generate qualitative data. The collected qualitative data are input to data analysis procedures to be summarized, categorized and structured. The outcome of qualitative research is to understand the respondent’s point of view (Saunders et al. 2009).

It is worth pointing out that quantitative research and qualitative research not only are used separately but can also be combined or mixed in order to better answer research questions (Saunders et al. 2009).

The research of this thesis is designed with mixed methods. In other words, quantitative and qualitative models are employed. However, quantitative data are analyzed quantitatively and qualitative data are analyzed qualitatively.
3.3 Data sources

Researchers have to decide which data sources the research will be based on and findings confirmed. They can either choose between primary and secondary sources or use both of them, which is called triangulation or dual methodology. Primary data are “collected specifically for the research project being undertaken”. Amongst those are data gathered from interview, observation, action research, case studies and questionnaires. On the other hand, secondary data are those used for the research in question “but have been collected for some other purpose”. Secondary data can be found in previous research, official statistics, diaries, letters, and government reports (Saunders et al. 2009). In this research, data are gathered from primary sources.

3.4 Data collection techniques

There are multiple techniques employed by researchers to collect data. It is at their discretion to select one or several techniques after consideration other research aspects including research questions, research approach, research models. In this part, questionnaire technique is mentioned in detail as it was used in the study.

Questionnaires comprise any data collection techniques in which respondents are asked the same set of questions in a predetermined order (De Vaus 2002). They are applied in descriptive and explanatory research rather than exploratory one, which requires large numbers of open questions (Saunders et al. 2009). Questionnaires are broadly used for studies in different areas because of the following advantages. They are such an economical way in terms of time and money. Data are collected quickly from a large population. People can answer the questionnaire at a time and place that are suitable for them. Responses to closed questions can be analyzed fast and simply. Last but not least, since the set of questions has been planned in advance, interviewer bias can be controlled when conducting the questionnaire (Gillham 2000, cited in Gray 2009).

On the basis of interaction between respondents and interviewers, questionnaires are either self-administered or interviewer-administered. In the self-administration, questionnaires are delivered to respondent electronically in the form of online questionnaires, by post for postal questionnaires, or handed to and collected directly from respondents, which is called delivery and collection questionnaires. As to interviewer-administered questionnaires, responses are recorded simultaneously when a person is answering over phone or in a structured interview (Gray 2009). Questionnaire classification is displayed in the Figure 10.
On the basis of questionnaire theory, delivery and collection questionnaire and structured interview techniques are utilized in the research.

3.5 Methodology

A questionnaire is built to measure the satisfaction level of guests with quality of services provided at Original Sokos Hotel Olympia Garden. The questionnaire is compiled on the basis of SERVQUAL, SERVPERF, HOLSERV, and LODGING QUALITY INDEX models reviewed in the theoretical background together with a questionnaire used by Carev (2008).

The questionnaire has three sections. The first one collecting data for quantitative research. It includes 23 statements measuring guest satisfaction with six dimensions, which are hotel, front desk/reception, guest room, restaurant and bar, service quality compared with other four-star hotels, and their overall satisfaction. Each statement is rated on a five-point Likert. To be more specific, 1 is very dissatisfied, 2 is dissatisfied, 3 is neutral, 4 is satisfied, and 5 is very satisfied. The second part is to collect qualitative data. It has an open question asking respondents on their recommendations to improve service quality at the hotel to make more satisfied. The last section initially contained four questions about the respondent’s information. However, as many research participants omitted the question of nationality, only three items remain on the questionnaire. They are gender, age, and purpose of the trip.

The research was conducted during the period of 15 to 26 August 2016. Questionnaire forms were delivered and collected in a self-administered manner by placing on tables in the hotel main lobby, which was mostly occupied in the morning when guests were waiting for breakfast, check-out or being picked up by tour leaders. In addition, guests were approached individually for an interview that had been structured in the form of questionnaire.

The answers on customer satisfaction are analyzed quantitatively with the help of Microsoft Excel. In other words, they are examined and presented in forms of graphs and statistics. Cross-tabulation, chi-square test and Spearman’s rank-order correlation are quantitative data
analysis techniques used in the research. Guests’ recommendations, on the other hand, are analyzed through qualitative analysis processes including summarizing, categorizing, and structuring.

3.6 Reliability and validity

3.6.1 Reliability

Reliability is the extent to which data collection techniques and data analysis procedures create consistent outcomes under the same conditions (Saunders et al. 2009). This means the instrument is claimed to be reliable when the result of the measuring process is reproducible (Adams, Khan & Raeside 2014). There are four types of reliability. Inter-rater or inter-observer reliability explains the degree to which different researchers draw consistent conclusions about the same phenomenon. Test-retest reliability assesses the consistency of a measure at different times. Parallel-form reliability evaluates the consistency of the results of the two studies conducted under the same conditions. Internal consistency reliability shows the consistency of results among items within a test (Trochim 2006).

Among the four types of reliability, only internal consistency needs to be verified in this research. The research was conducted by one researcher, so measuring inter-rater or inter-observer reliability is unnecessary. The test-retest reliability was not applicable for this research. The research did not compare the results of two studies and therefore parallel-form reliability measurement is eliminated.

Cronbach’s alpha is a widely used to measure internal consistency. It shows the average of the correlation coefficient of an item with one another (Cronbach & Meehl 1955). Bryman & Bell (2011) says that internal reliability is met when Cronbach’s alpha is over 0.80. However, according to Marques da Silva (2014), internal reliable is excellent when Cronbach’s alpha is greater than 0.90, good between 0.80 and 0.90, acceptable between 0.70 and 0.80, questionable between 0.60 and 0.70. Any scores below 0.50 are explained by a limited number of items, poor correlation among items, or heterogeneous constructs.

In the Table 4, an item is a service aspect within a construct, with which respondents rate their satisfaction. For instance, the hotel construct has four items, which are hotel’s location, hotel atmosphere, interior design, and exterior appearance. The item details can be referred to the questionnaire in the Appendix 1.

According to the Table 4, four constructs have excellent internal reliability. The guest room construct has good internal reliability. The internal reliability of the service quality construct, however, cannot be measured as it has only one item.
<table>
<thead>
<tr>
<th>CONSTRUCTS</th>
<th>NUMBER OF ITEMS</th>
<th>CRONBACH’S ALPHA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel</td>
<td>4</td>
<td>0.95</td>
</tr>
<tr>
<td>Front desk/reception</td>
<td>5</td>
<td>0.96</td>
</tr>
<tr>
<td>Guest room</td>
<td>5</td>
<td>0.88</td>
</tr>
<tr>
<td>Restaurant and bar</td>
<td>5</td>
<td>0.94</td>
</tr>
<tr>
<td>Service quality</td>
<td>1</td>
<td>N/A (too few item)</td>
</tr>
<tr>
<td>Guest satisfaction</td>
<td>3</td>
<td>0.96</td>
</tr>
</tbody>
</table>

Table 4: Internal reliability analysis of constructs

3.6.2 Validity

Validity is the degree to which data collection techniques and analysis procedures measure exactly what they were planned to measure (Saunders et al. 2009). There are seven types of validity, which are internal, external, criterion, construct, content, predictive, and statistical validity. Internal validity refers to correlation matters and to the degree to which cause and effect connections can be concluded. External validity describes the possibility to generalize from the data to a larger population or research setting. Criterion validity is concluded when a new measure generates results that are highly correlated to those produced by existing, widely accepted measures. Construct validity is used when abstract concepts and traits, e.g. ability, attitude, are measures. They have to be well defined before the test. Content validity is to evaluate if the content of a test or examination is valid. Predictive validity presents how well the research can forecast a future characteristic. Statistical validity means that a study is designed with appropriate statistical methods so that it will be able to detect the effects that are present (Gray 2009). The validity of the questionnaire is achieved as it is compiled based on various models, of which validity has been confirmed by many researchers.

4 Empirical study

4.1 Sokos Hotels and Original Sokos Hotel Olympia Garden

4.1.1 Sokos Hotels

Sokos Hotels is the largest Finnish hotel chain with a selection of over 50 hotels in Finland, Tallinn and St. Petersburg. It is part of S Group (Sokos Hotels n.d.).

Sokos Hotels has created three completely new and different hotel types, which are Original, Break and Solo. An Original hotel is easy to relate to because it understands the Finnish mindset: it regards guests as a human being, not a reservation number. Finnish to the core, it serves guests and takes good care of them (Sokos Hotels n.d.).
A Break hotel is joy, time, and energy. It offers coming guests exercise and relaxation, both physical and mental. It wants to inspire them and help them break their normal routine, making everyday life whole and worth living. Its primary mission is to recharge their inner battery - whether they are a business or leisure traveler, they will always leave a Break hotel feeling more energized than when they arrived (Sokos Hotels n.d.).

A Solo hotel either is or will be a classic. It is much more than a building and an address; it is a place with a unique character and personality. Adding to the customized hotel experience in a Solo Hotel, the service is always warm and laced with local ingredients (Sokos Hotels n.d.).

Figure 11: Sokos Hotels’ marketing positioning (Sokos Hotels St. Petersburg 2016)
In terms of market positioning, Sokos Hotels target customers between upscale and mid-market. The strategy is illustrated in the Figure 11.

4.1.2 Original Sokos Hotel Olympia Garden

Original Sokos Hotel Olympia Garden is one of the three Sokos Hotels in the heart of St. Petersburg, the city that was named to be the best destination in Europe by World Travel Awards 2015. The other Sokos Hotels are Solo Sokos Hotel Palace Bridge and Solo Sokos Hotel Vasilievsky.

Figure 12: Original Sokos Hotel Olympia Garden to the airport, station and center

Original Sokos Hotel Olympia Garden is a four-star hotel that has been dedicated to the concept of “Cosy living, Smart working”. The hotel is located on Moskovsky Avenue which connects the airport and the city center. Surrounded by a green park, the hotel is a perfect choice for business and leisure travelers to get refreshed by energizing walks and morning runs.
Original Sokos Hotel Olympia Garden has a capacity of 348 rooms, among which are 248 standard rooms, 67 superior rooms, 21 junior suites and 12 suites. Room size varies from 16 to 44 square meters. Room amenities are composed of phone, satellite television, wireless internet, shower or bathtub, hairdryer, air-conditioning, iron and ironing board, and safe deposit box. The hotel also provides concierge service for transfer, excursion and ticket issues, laundry, business center, underground parking lot for 12 cars, ATM machine, and especially free gym and sauna.

Fransmanni restaurant serves a wide range of Provencal cuisine with fresh ingredients, generous portions, rich and tasty meals, best wine and freshly baked bread. The restaurant brings a cozy, relaxed atmosphere equipped with warm and rustic décor and a fireplace. Nevertheless, the best of Russian traditional cuisine can also be selected from the menu. It is capable of handling up to 220 guests at the same time.

In addition to the restaurant, also located inside Original Sokos Hotel Olympia Garden is Sports’ Bar 84. It is named after the year in which the most renowned football team of the city, Zenit Saint Petersburg, won the Soviet League title for the first time. Sports’ Bar 84 brings live games with stadium-like atmosphere accompanied by cool refreshing drinks and delicious meals to sports lovers. This is also a favorable gathering place for Finns to enjoy ice hockey games.

Figure 13: Conference rooms layout at Original Sokos Hotel Olympia Garden

Original Sokos Hotel Olympia Garden has 14 multi-functional meeting rooms that can accommodate up to 400 people and that can easily be transformed depending on the needs of the event, which vary from conferences, meetings, training sessions to functions and corporate
anniversary parties. Standard room setups are theater, classroom, U-shape, banqueting and diplomat. Conference rooms are named after cities that have held Olympic Games. All the rooms are equipped with video projector and screen, DVD-video, sound system, flip chart, pens and notepads, and free broadband wireless connection. Coffee breaks can be served either in the meeting lounge or in the rooms when particularly ordered by customers. All the rooms are situated on the same mezzanine floor and visualized in the Figure 13.

Original Sokos Hotel Olympia Garden is leaded by the General Manager. Under his direct supervision are Front Office Manager, Food & Beverage Manager, Meetings & Events Manager, Housekeeping Manager, Executive Chef, and Chief Engineer. The management structure at Original Sokos Hotel Olympia Garden is displayed in the Figure 14. The operations of IT department, sales and marketing department, and sales service center are shared among the three Sokos Hotels in St. Petersburg. The shared services enable them to lower operating costs and be more competitive in the market. Furthermore, accounting and payrolls, HR administration, legal affairs, security and real estate maintenance are taken care by S Group in Russia together with its other subsidiaries such as Prisma.

![Management Structure at Original Sokos Hotel Olympia Garden](image1)

Figure 14: Management structure at Original Sokos Hotel Olympia Garden

4.2 SWOT analysis of Original Sokos Olympia Garden

Original Sokos Hotel Olympia Garden have many strengths to grow. First of all, it is a Finnish hotel with a close connection to the headquarters in Finland. All the services therefore have to comply with the group's standards, of which sauna is a part. Guests are able to enjoy the Finnish culture right in the heart of St. Petersburg. Secondly, existing together with two other Sokos Hotels and several subsidiaries of S Group, Original Sokos Hotel Olympia Garden benefits from the shared operations of many departments such as HR, legal affairs, sales and marketing. Its competitive advantage and cost saving can be enhanced as a result. Thirdly, as a member of the largest hotel chain in Finland, Original Sokos Hotel Olympia Garden of their regional market understanding and experience for further growth. The fourth thing is its location on the main historical land of St. Petersburg, which allows guests to go to and from the airport at night and in the early morning without drawing bridge issues. Fifth, it is very convenient to commute to attractions from the hotel thanks to its proximity to Tekhnologicheskii Institut subway station, which is only two stations away from the city center. The hotel gives
visitors easy transportation access to Expoforum exhibition center and Moskovsky railway station as well. Finally, it is surrounded by a green park with the same name Olympia Garden, which is suitable for those who would like to do morning exercises and enjoy fresh air in their rooms.

However, Original Sokos Hotel Olympia Garden still contains weaknesses. It is neither within walking distance of the center nor by a canal or river, for which St. Petersburg is famous. Another thing to consider is that there is no stair alternative to elevators except in case of emergency. Many guests have asked for using them when elevators are full or they simply would like to have an exercise. A major weakness of not only the hotel itself but also the Russian service sector is that the personnel attitude toward guests is considered not professional and friendly enough to meet customer expectations, notably non-Russian ones. It should also be pointed out that complaints are handled inefficiently. It takes a long time to process them and make compensation consequently.

Situated in St. Petersburg, Original Sokos Hotel Olympia Garden enjoys numerous opportunities from the city itself. St. Petersburg has long been a worldwide famous destination attracting a huge number of tourists annually. As the home of 37 UNESCO world heritages, the sleepless city offers full of events from culture to music and sports. It is worth noting that Russia in general and St. Petersburg in particular are going to held world-class sports events in the upcoming year such as FIFA World Cup, which are expected to draw many fans to the hotel and its sports bar. The 72-hour visa-free policy for cruise passengers has brought many Finns, who tend to support Finnish brands like Sokos, to St. Petersburg. The city as a major domestic and international transportation hub provides guests to visit easily. Another point to consider is that the tourist industry in Russia is not yet well developed. The large spreading country with cultural and natural diversity owns enormous potential to be exploited. With a proper plan, this would be a good time to invest in Russia as the costs are much lower than a few years ago due to the depreciation of Russian ruble.

Last but not least, there are several threats to the growth of Original Sokos Hotel Olympia Garden. The Russian economy has been turbulent since the sanction imposed by the US and EU. The Russian ruble has depreciated in comparison to major world currencies, particularly euro in which reports of the Sokos Hotels group are denominated. Depending the political relationship between Russia and Western nations, there is also a threat that inaccurate information about Russian security on Western media prevents tourists to visit the country. Bureaucracy is also an issue to be taken into account. Amongst them are long visa processing time, migration card that must be kept carefully by incoming guests during the stay in Russia, and guest registration issue. Nevertheless, as presented above, the Russian tourism market is
still potential. The competition in the future is expected to be more intense when big international players in the hospitality industry are planning to open more hotels in the upcoming years.

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Standards complying with the Finnish Sokos Hotels Group</td>
<td>• Not within walking distance of the center</td>
</tr>
<tr>
<td>• Shared service with other Sokos Hotels and S Group’s subsidiaries in St. Petersburg</td>
<td>• No stair alternative apart from elevators, except in case of emergency</td>
</tr>
<tr>
<td>• Regional market understanding and experience of Sokos Hotels Group</td>
<td>• Personnel attitude toward guests is not professional and friendly enough</td>
</tr>
<tr>
<td>• Location on the main historical land of St. Petersburg, consequently no drawing bridge issues at night</td>
<td>• Inefficient complaint management</td>
</tr>
<tr>
<td>• Easy transportation access to main attractions in the center, Expoforum exhibition center and Moskovsky railway station</td>
<td></td>
</tr>
<tr>
<td>• Surrounding park suitable for morning exercises and fresh air coming into the rooms</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPPORTUNITIES</th>
<th>THREATS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• St. Petersburg is a famous destination which draw a huge number of tourists annually</td>
<td>• Turbulent Russian economic situation</td>
</tr>
<tr>
<td>• World sports events will be held in the upcoming years in Russia in general and St. Petersburg in particular</td>
<td>• Inaccurate information about Russian security on Western media</td>
</tr>
<tr>
<td>• 72-hour visa-free policy has attracted many Finns, who tend to choose Sokos hotels, including Sokos Olympia Garden</td>
<td>• Bureaucracy</td>
</tr>
<tr>
<td>• Major transportation hub with domestic and international connection</td>
<td>• Future competition with worldwide hotel chains expected to be more intense</td>
</tr>
<tr>
<td>• Enormous potential for higher development in the tourism industry</td>
<td></td>
</tr>
<tr>
<td>• Lower investment costs due to the depreciation of Russian ruble</td>
<td></td>
</tr>
</tbody>
</table>

Table 5: SWOT analysis of Original Sokos Hotel Olympia Garden
SWOT analysis of Original Sokos Hotel Olympia Garden is summarized in the Table 5.

4.3 Research result analysis

4.3.1 Demography

Conducted from 15 to 26 August 2016, the research collected 21 responses. As regards respondent demography, eleven were male, and ten female, which are 52% and 48% respectively. 76% of the people who responded to the research stayed at the hotel on the leisure purpose, 14% on business trip and 10% came for both leisure and business.

The majority of those participating in the research were 30 years old or less, constituting 29%. People from 61-70 account for 24% of the respondents and 19% from 51-60. The numbers of research participants between 31 and 40, and between 41 and 50 share the same position of 14%. Not any person from 71 or older answered the questionnaire.

Figure 15: Respondents’ demography

4.3.2 Hotel

Among the four attributes in the hotel dimension, the hotel’s location gained highest satisfaction with 15 respondents and lowest dissatisfaction with two negative answers. Four of them were neutral about the hotel’s location. In regard to the hotel atmosphere, satisfaction could be seen in 14 respondents. Three participants in the survey expressed their dissatisfaction about this attribute and four were neutral. The interior design also satisfied 14 respondents but was, on the other hand, an aspect which obtained most dissatisfaction in this dimension. The hotel’s exterior appearance received lowest satisfaction among the four features, with 13 out of 21 respondents. Three people dissatisfied and five stayed neutral.
4.3.3 Front desk / Reception

In the dimension of front desk, the physical appearance of the reception area was praised highest, gaining 16 answers out of 21. All the other four criteria obtained 14 satisfied opinions. However, there were a discrepancy in the negative feedback. To be more specific, the courtesy and friendliness of the front desk personnel was rated most negatively with six re-
spondents showing dissatisfaction. Coming behind with one vote lower were the other two criteria about the reception personnel, which their quickness and efficiency. Both of them had five dissatisfied responses. The physical appearance of the reception area collected least negative feedback in this dimension, which was three, whereas four was the number of dissatisfaction about the ambience of the reception area.

4.3.4 Guest room

In the guest room dimension, the criterion of room amenities made 17 respondents content. This was the highest not only within its dimension but also among all the aspects in the research. The room design was praised by 16 people, while Wi-Fi connection was rated as strong and stable by 15 research participants. Both room comfort and room cleanliness share the last position in the dimension, with 14 positive responses each. Nevertheless, it is worth noting that room cleanliness made guests most disappointed in all dimensions, together with the courtesy and friendliness of the front office personnel. Wi-Fi signal is a feature that four respondents were unhappy about. Room amenities dissatisfied three guests whereas room design and room comfort had two dislikes each.

![Figure 18: Results of the guest room dimension](image)

4.3.5 Restaurant and bar

As to the restaurant and bar, the highest customer satisfaction can be seen in the ambience of food and beverages, which was voted positively by 16 out of 21 respondents. On the other hand, quality of food and beverages had 13 customers saying satisfied. Each of the other three attributes in this dimension got 14 happy guests. As similar as in the front office dimension, it can be pointed out that the courtesy and friendliness of restaurant staff dissatisfied
the participants most. To be more precise, five respondents were unhappy about this aspect while 4 dislikes in quickness of personnel and efficiency of personnel, 3 negative answers in quality of food and beverages, and ambience of food and beverages.

Figure 19: Results of the restaurant and bar dimension

4.3.6 Service quality

Figure 20: Results of the service quality dimension
In terms of the service quality provided by Original Sokos Hotel Olympia Garden in comparison with other four-star hotels that they had experienced, a little bit more than half of the respondents were satisfied. Five among them showed dissatisfaction and four customers were neutral.

4.3.7 Guest satisfaction

13 respondents expressed their overall satisfaction with the hotel, and four dissatisfied. As to the satisfaction with the value of the price they paid, 15 customers agreed and four disagreed. In the research, 14 guests said they would happily recommend the hotel to their family, friends and acquaintances while the number of no answers was 5.

![Guest satisfaction graph](image)

**Figure 21**: Results of guest satisfaction dimension

4.3.8 Guest recommendations

Out of 21, ten respondents gave their thoughts on an improvement in service quality at Original Sokos Hotel Olympia Garden that makes them more satisfied. Half of the opinions concerned the room cleanliness. This number of answers remarkably outweighs those in other opinion categories, which were commented by only one to two guests.

Gaining two comments is staff training. The respondents expected the hotel personnel to be “really friendly and helpful”. The last three suggestions that had one respondent each but is still important to consider are more choices for lunch and better Wi-Fi connection, separate bed sheets and quilts for more comfort, and Spanish-speaking personnel.
### Data analysis

<table>
<thead>
<tr>
<th></th>
<th>Gender</th>
<th>Age</th>
<th>Purpose of the trip</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$X^2$</td>
<td>$p$</td>
<td>$X^2$</td>
</tr>
<tr>
<td><strong>HOTEL</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hotel’s location</td>
<td>3.03</td>
<td>0.22</td>
<td>7.6</td>
</tr>
<tr>
<td>Hotel atmosphere</td>
<td>1.29</td>
<td>0.53</td>
<td>7.31</td>
</tr>
<tr>
<td>Interior design</td>
<td>0.57</td>
<td>0.75</td>
<td>4.89</td>
</tr>
<tr>
<td>Exterior appearance</td>
<td>2.17</td>
<td>0.34</td>
<td>14.22</td>
</tr>
<tr>
<td><strong>FRONT DESK / RECEPTION</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Courtesy and friendliness of personnel</td>
<td>0.95</td>
<td>0.62</td>
<td>10.08</td>
</tr>
<tr>
<td>Quickness of personnel</td>
<td>0.15</td>
<td>0.93</td>
<td>9.33</td>
</tr>
<tr>
<td>Efficiency of personnel</td>
<td>0.15</td>
<td>0.93</td>
<td>9.33</td>
</tr>
<tr>
<td>Physical appearance of the reception area</td>
<td>0.54</td>
<td>0.76</td>
<td>8.53</td>
</tr>
<tr>
<td>Ambiance of the reception area</td>
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<td>0.87</td>
<td>7.02</td>
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<tr>
<td><strong>GUEST ROOM</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Room design</td>
<td>3.96</td>
<td>0.14</td>
<td>7.42</td>
</tr>
<tr>
<td>The room amenities</td>
<td>1.82</td>
<td>0.40</td>
<td>9.61</td>
</tr>
<tr>
<td>The room comfort</td>
<td>0.44</td>
<td>0.80</td>
<td>11.09</td>
</tr>
<tr>
<td>Room cleanliness</td>
<td>1.91</td>
<td>0.38</td>
<td>6.92</td>
</tr>
<tr>
<td>Strong and stable Wi-Fi connection</td>
<td>1.56</td>
<td>0.46</td>
<td>9.38</td>
</tr>
<tr>
<td><strong>RESTAURANT AND BAR</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Courtesy and friendliness of personnel</td>
<td>2.44</td>
<td>0.29</td>
<td>7.78</td>
</tr>
<tr>
<td>Quickness of personnel</td>
<td>0.57</td>
<td>0.75</td>
<td>4.89</td>
</tr>
<tr>
<td>Efficiency of personnel</td>
<td>0.57</td>
<td>0.75</td>
<td>4.89</td>
</tr>
<tr>
<td>Quality of food and beverages</td>
<td>4.84</td>
<td>0.09</td>
<td>11.49</td>
</tr>
<tr>
<td>Ambiance of the food and beverage area</td>
<td>2.29</td>
<td>0.32</td>
<td>9.52</td>
</tr>
<tr>
<td><strong>SERVICE QUALITY</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service quality compared to 4-star other hotels</td>
<td>0.15</td>
<td>0.93</td>
<td>11.23</td>
</tr>
<tr>
<td><strong>GUEST SATISFACTION</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall satisfaction with the hotel</td>
<td>2.03</td>
<td>0.36</td>
<td>6.06</td>
</tr>
<tr>
<td>Satisfaction with the value of the price paid</td>
<td>1.56</td>
<td>0.46</td>
<td>9.65</td>
</tr>
<tr>
<td>You would highly recommend the hotel to your family, friends and acquaintances</td>
<td>0.44</td>
<td>0.80</td>
<td>10.38</td>
</tr>
</tbody>
</table>

Table 6: Chi-square values ($X^2$) and probabilities ($p$) in the chi-square test
Customer satisfaction results are cross-tabulated and analyzed by using the chi-square test. The test aims to examine whether various factors such as gender, age and purpose of the trip have an effect on guest satisfaction with different areas at Original Sokos Hotel Olympia Garden and their likeliness to recommend the hotel to family, friends and acquaintances. The chi-square values and probabilities are displayed in the Table 6.

The chi-square values are then compared with chi-square critical values when \( \alpha = 0.05 \). The chi-square critical values change when alpha (\( \alpha \)) and/or degree of freedom change. The chi-square critical values and degrees of freedom used in this analysis are shown in the Table 7.

<table>
<thead>
<tr>
<th>Chi-square critical values</th>
<th>Gender</th>
<th>Age</th>
<th>Purpose of the trip</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5.99</td>
<td>15.51</td>
<td>9.49</td>
</tr>
<tr>
<td>Degree of freedom (df)</td>
<td>2</td>
<td>8</td>
<td>4</td>
</tr>
</tbody>
</table>

Table 7: Chi-square critical values and degree of freedom

The analysis shows that none of the chi-square values exceed their respective chi-square critical values and the probabilities are greater than 0.05. As a result, gender, age and purpose of the trip do not cause a statistically significant difference in customer satisfaction among the respondents. In other words, the satisfaction is not affected by these three factors.

The research also analyzes Spearman’s rank-order correlation to assess whether customer overall satisfaction with the hotel, satisfaction with the value of the price they paid, and the likeliness that they would highly recommend the hotel to family, friends and acquaintances are dependent on their satisfaction with individual service aspect at Original Sokos Olympia Garden. The Spearman’s rank-order correlation coefficients are summarized in the Table 8.

The critical value of Spearman’s rank-order correlation is 0.437 at the alpha level of 0.05, degree of freedom of 19 and the number of subjects of 21. The comparisons between the calculated coefficients and the critical value show that all service quality aspects have a statistically significant relationships with customer overall satisfaction, customer satisfaction with the value of the price they paid, and their likeliness to recommend the hotel to others (\( p<0.05 \)), except there is no significant relationship between the room amenities and customer satisfaction with the value of the price (\( p>0.05 \)).

To analyze the strength of the correlation, the calculated coefficients that result in a statistically significant correlation are categorized into three groups. A very strong correlation, which has a coefficient greater than 0.80, is marked with (++) to show the highest focus. A strong correlation, which has a coefficient from 0.60 to less than 0.80, is marked with (+). A
A moderate correlation, of which the coefficient is from 0.437 to less than 0.60, is marked with (+). The purpose of this classification is to highlight the service quality factors that Original Sokos Hotel Olympia Garden should focus on to increase the guest overall satisfaction, customer satisfaction with the value of the price, and their tendency to highly recommend the hotel. The correlation strength is displayed in the Table 8.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Overall satisfaction</th>
<th>Satisfaction with the value</th>
<th>Recommendation likeliness</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HOTEL</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hotel's location</td>
<td>0.72 (++)</td>
<td>0.69 (++)</td>
<td>0.72 (++)</td>
</tr>
<tr>
<td>Hotel atmosphere</td>
<td>0.93 (+++)</td>
<td>0.85 (+++)</td>
<td>0.91 (+++)</td>
</tr>
<tr>
<td>Interior design</td>
<td>0.86 (+++)</td>
<td>0.69 (+)</td>
<td>0.83 (+++)</td>
</tr>
<tr>
<td>Exterior appearance</td>
<td>0.82 (+++)</td>
<td>0.79 (+)</td>
<td>0.80 (+++)</td>
</tr>
<tr>
<td><strong>FRONT DESK / RECEPTION</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Courtesy and friendliness of personnel</td>
<td>0.66 (+)</td>
<td>0.65 (+)</td>
<td>0.66 (+)</td>
</tr>
<tr>
<td>Quickness of personnel</td>
<td>0.68 (+)</td>
<td>0.65 (+)</td>
<td>0.71 (+)</td>
</tr>
<tr>
<td>Efficiency of personnel</td>
<td>0.68 (+)</td>
<td>0.65 (+)</td>
<td>0.71 (+)</td>
</tr>
<tr>
<td>Physical appearance of the reception area</td>
<td>0.84 (+++)</td>
<td>0.83 (+++)</td>
<td>0.85 (+++)</td>
</tr>
<tr>
<td>Ambiance of the reception area</td>
<td>0.85 (+++)</td>
<td>0.82 (+++)</td>
<td>0.82 (+++)</td>
</tr>
<tr>
<td><strong>GUEST ROOM</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Room design</td>
<td>0.68 (+)</td>
<td>0.63 (+)</td>
<td>0.68 (+)</td>
</tr>
<tr>
<td>The room amenities</td>
<td>0.53 (+)</td>
<td>0.42 (N/A)</td>
<td>0.48 (+)</td>
</tr>
<tr>
<td>The room comfort</td>
<td>0.75 (+++)</td>
<td>0.75 (+)</td>
<td>0.71 (+)</td>
</tr>
<tr>
<td>Room cleanliness</td>
<td>0.72 (+++)</td>
<td>0.76 (+)</td>
<td>0.74 (+)</td>
</tr>
<tr>
<td>Strong and stable Wi-Fi connection</td>
<td>0.56 (+)</td>
<td>0.63 (+)</td>
<td>0.59 (+)</td>
</tr>
<tr>
<td><strong>RESTAURANT AND BAR</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Courtesy and friendliness of personnel</td>
<td>0.69 (+)</td>
<td>0.58 (+)</td>
<td>0.69 (+)</td>
</tr>
<tr>
<td>Quickness of personnel</td>
<td>0.67 (+++)</td>
<td>0.61 (+)</td>
<td>0.72 (+)</td>
</tr>
<tr>
<td>Efficiency of personnel</td>
<td>0.67 (+++)</td>
<td>0.61 (+)</td>
<td>0.72 (+)</td>
</tr>
<tr>
<td>Quality of food and beverages</td>
<td>0.92 (+++)</td>
<td>0.88 (+++)</td>
<td>0.88 (+++)</td>
</tr>
<tr>
<td>Ambiance of the food and beverage area</td>
<td>0.84 (+++)</td>
<td>0.69 (+)</td>
<td>0.81 (+++)</td>
</tr>
<tr>
<td><strong>SERVICE QUALITY</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service quality compared to 4-star other hotels</td>
<td>0.72 (+)</td>
<td>0.60 (+)</td>
<td>0.72 (+)</td>
</tr>
</tbody>
</table>

Where (+++) is a very strong correlation, (++) a strong correlation, (+) a moderate correlation.
5 Conclusion and recommendations

5.1 Recommendations

A key point in achieving high customer satisfaction in the hotel industry is to listen to guests’ opinions and act accordingly. The research data analysis highlights that the personnel aspects should be paid more attention to. Not only did they gain high scores of dissatisfaction but also staff training issues were emphasized by guests in the interviews. Original Sokos Hotel Olympia Garden could organize periodic training sessions with instructors from the Finnish parent group and third-party companies to increase the customer-oriented level of personnel. The friendlier and more helpful the staff are, the greater competitive advantage Original Sokos Hotel Olympia Garden can have over other hotels in St. Petersburg because the general attitude of Russian workers in the service sector toward customers is not well rated.

It is worth noting that the room cleanliness is a factor that gained most dissatisfaction in the questionnaire. Furthermore, half of the guests who made recommendations agreed that the room cleanliness should be taken care of better. Currently, Original Sokos Hotel Olympia Garden outsources the housekeeping service. There are five housekeepers in the daytime and one at night. On average, a maid is responsible for cleaning up to 70 rooms per day. This big workload, to a certain extent, has an impact on their productivity and consequently on the room cleanliness level. In order to tackle this issue, Original Sokos Hotel Olympia Garden could consider to work with the current cleaning service provider to clearly define the cleanliness standards or even cooperate with a new partner. The service costs versus the efficiency, of course, should be taken into account.

The research found out that guest overall satisfaction, guest satisfaction with the value of the price they paid, and their willingness to recommend the hotel to others are influenced by their satisfaction with individual service quality aspects. To be more specific, when guests are satisfied with the hotel atmosphere, interior design, physical appearance of the reception area, ambiance of the reception area, quality of food and beverages, and ambiance of food and beverages, they are very likely to be happy about the hotel’s service in general, the value of the price, and to highly recommend the hotel. Therefore, higher customer satisfaction would be achieved if Original Sokos Hotel Olympia Garden offered higher quality in these aspects to guests.

Beyond the research, suggestions on how to increase customer satisfaction at Original Sokos Hotel Olympia Garden are given based on best practices at other hotels. The hotel should be able to interact with guests, provide them with multiple channels to express opinions and...
make complaints. They vary from social media including Facebook, Twitter, Instagram and VK, a Russian social site, to pages such as TripAdvisor and Booking.com. This way helps the hotel know what customers are talking about them, what makes them satisfied and dissatisfied. The managers of Original Sokos Hotel Olympia Garden are then able to recognize weaknesses and strengthen them properly. Responding to complaints quickly is a key point to prevent guests from stopping booking their stay at the hotel. Achieving international accreditation schemes on hospitality service quality is another thing for Original Sokos Hotel Olympia Garden to consider. Compliance with the world standards would allow the hotel to be outstanding in the harsh competition in St. Petersburg and Russia, where the service quality is evaluated to be lower than in developed economies.

5.2 Conclusion

The research has answered the research problem and questions. The results show that customer satisfaction is not affected by gender, age, and the trip purpose. The majority of the respondents were satisfied with service quality at Original Sokos Hotel Olympia Garden in general and in particular with individual service aspects. They would highly recommend the hotel to their family, friends, and acquaintances as well. Nevertheless, a certain number of the questionnaire participants were dissatisfied. This issue has been taken into consideration to propose solutions to the hotel. The correlations between satisfaction with single service units and overall satisfaction, satisfaction with the value of the price, and likeliness to recommend the hotel have been examined. Elements playing a very strong or strong role have been highlighted. Finally, the thesis has made an effort to suggest various ways to increase customer satisfaction at Original Sokos Hotel Olympia Garden.

However, the thesis still has a few limitations. The first obstacle is the limited time. The questionnaire was carried out during only two weeks. The sample was therefore rather small and the effect of gender, age and trip purpose of hotel guests on customer satisfaction might be examined in greater detail if the sample were bigger. Another limitation is the language barrier. Only English-speaking guests participated in the questionnaire while most of the hotel customers were groups from China, Iran, Italy and Latin America. The respondents did not represent the guest population at the hotel. The sample would have been more representative if questionnaires in multiple languages had been delivered. Research on customer satisfaction should be conducted regularly as their expectations change when the time goes by. Further studies could be undertaken in a longer time span and target guests from the hotel’s major source markets.
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Figures

Figure 1: Framework of the thesis ................................................................. 8
Figure 2: Customer perception of quality and customer satisfaction (Wilson et al. 2008) . 11
Figure 3: The gap model (Parasuraman et al. 1985) ........................................... 13
Figure 4: Measuring service quality using SERVQUAL model (Kumar, Kee & Manshor 2009) 14
Figure 5: SERVPERF equation (Adil, Ghaswyneh & Albkour 2013) .......................... 15
Figure 6: SERVPERF model (Martinez & Martinez 2010, cited in Adil et al. 2013) ........ 15
Figure 7: One-column format questionnaire (Wong Ooi Mei et al. 1999) ..................... 16
Figure 8: HOLSERV model (Wong Ooi Mei et al. 1999) ........................................ 17
Figure 9: The lodging quality index with 26 items (J. Getty & R. Getty 2003) ............... 18
Figure 10: Types of questionnaires (Saunders et al. 2009) ......................................... 25
Figure 11: Sokos Hotels’ marketing positioning (Sokos Hotels St. Petersburg 2016) ....... 28
Figure 12: Original Sokos Hotel Olympia Garden to the airport, station and center ...... 29
Figure 13: Conference rooms layout at Original Sokos Hotel Olympia Garden ............. 30
Figure 14: Management structure at Original Sokos Hotel Olympia Garden ................ 31
Figure 15: Respondents’ demography ................................................................... 34
Figure 16: Results of the hotel dimension ............................................................. 35
Figure 17: Results of the front desk dimension ....................................................... 35
Figure 18: Results of the guest room dimension ...................................................... 36
Figure 19: Results of the restaurant and bar dimension .......................................... 37
Figure 20: Results of the service quality dimension ................................................ 37
Figure 21: Results of guest satisfaction dimension ................................................. 38
Tables

Table 1: Hotel infrastructure of St. Petersburg ................................................................. 7
Table 2: Deductive and inductive approaches (Saunders et al. 2009) .............................. 21
Table 3: Types of case study .............................................................................................. 23
Table 4: Internal reliability analysis of constructs ............................................................ 27
Table 5: SWOT analysis of Original Sokos Hotel Olympia Garden ................................. 33
Table 6: Chi-square values ($X^2$) and probabilities (p) in the chi-square test ............... 39
Table 7: Chi-square critical values and degree of freedom ............................................. 40
Table 8: Spearman’s rank-order correlation coefficient .................................................... 42
Appendices

Appendix 1: Customer satisfaction questionnaire

51
## CUSTOMER SATISFACTION SURVEY

Please rate the following statements on the scale from 1 (Very Dissatisfied - 1) to 5 (Very Satisfied - 5)

### HOTEL
- Hotel’s location
- Hotel atmosphere
- Interior design
- Exterior appearance

### FRONT DESK / RECEPTION
- Courtesy and friendliness of personnel
- Quickness of personnel
- Efficiency of personnel
- Physical appearance of the reception area
- Ambiance of the reception area

### GUEST ROOM
- Room design
- The room amenities (e.g. TV, lamp, phone, mini-bar, etc.)
- The room comfort
- Room cleanliness
- Strong and stable Wi-Fi connection

### RESTAURANT AND BAR
- Courtesy and friendliness of personnel
- Quickness of personnel
- Efficiency of personnel
- Quality of food and beverages
- Ambiance of the food and beverage area

### SERVICE QUALITY
- Service quality compared to other hotels at the same level (4 stars)

### GUEST SATISFACTION
- Your overall satisfaction with the hotel
- Your satisfaction with the value of the price you paid
- You would highly recommend the hotel to your family, friends and acquaintances

### YOUR RECOMMENDATION
What would be an improvement in service quality at Sokos Hotel Olympia Garden that makes you more satisfied?

### YOUR INFORMATION
- **Gender:** Male ☐ Female ☐
- **Age:**
  - 30 or less ☐ 31-40 ☐ 41-50 ☐
  - 51-60 ☐ 61-70 ☐ 71 or more ☐
- **Nationality:**
- **Purpose of the trip:** Business ☐ Leisure ☐ Both ☐

**THANK YOU FOR YOUR RESPONSE!**