Tampere University of Applied Sciences

Competitive Advantage in Services of the Hospitality Industry

Case Holiday Club Tampere Spa

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BACHELOR'S THESIS
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Bachelor of Business Administration
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ABSTRACT

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The purpose of this thesis was to discover the competitive advantage of the case company in hospitality services. This was also formulated as the main research question, which the thesis aims to answer. Additionally, a survey was conducted to the visitors of the spa of the case company. This survey aimed to determine the reasons and motives, customers visit the spa.

The research was conducted through the abovementioned survey and the use of secondary data. Secondary data was gathered through the existing websites of the chosen hotels. This data was put into a table and thus the results of the data collection were compared.

The results of this thesis show that the spa area is a competitive advantage for the case company. The majority of the hotel guests in the research chose the specific hotel because of the existence of the spa. In addition, the results of the survey show that a majority of the spa visitors are over the age of 55 and the most responded reasons for visit were "just for fun", "water aerobics" and "relaxation".

The results from this research will certainly be beneficial to the case company. Through the results of the survey, the hotel now knows which factors customers value in the spa and knows to put emphasis on these in the future. The author believes that the case company can really use the results i.e. in their marketing for the spa, as they can focus certain services to specific customers, based on the segmentation done.

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Key words: competitive advantage, hospitality services, hotel business

CONTENTS

1 INTRODUCTION

The following chapter will introduce the topic of this thesis, as well as the objective and purpose of it. Lastly the used data collection methods will be clarified and the reader will be provided an overview of the structure of the thesis.

1.1 Thesis topic

The topic of this thesis is a competitor analysis. This thesis aims to find out what are the competing factors in the hotel service industry and how these can be taken advantage of in the situation of the case company. The main focus will be in finding out the strengths and the weaknesses of the case company through gathering secondary data and through a quantitative research method. The results will then be compared with the offerings of a few other hotels in the area, which will eventually turn the research into a competitor analysis.

This particular topic was chosen, because the case company has a quite new resort manager, who was interested in finding out what makes guests choose their hotel. What makes this topic especially significant, is the fact that the hotel selection in Tampere is constantly growing. Thus, it is even more important to conduct a competitor analysis in hopes of finding out what the strengths of the case company are and how these can be used and emphasized to make them stand out.

According to Bergström & Leppänen (2015, 148), the main task of marketing for customers is to provide them better value than the competitors do. The marketer should find out what the needs of the customer are and for this, the ways of competing in the markets are planned. (Bergström & Leppänen 2015, 148.)

Keeping these key factors in mind, the author will create a sufficient competitor analysis for the case company based on the data collected from the survey as well as secondary data.

1.2   Thesis objective, purpose and research questions

The objective of this thesis is to find the competitive advantage for the case company, with a focal point at the services provided. To help this, the strengths of the case company in comparison to its competitors, will be discovered. The objective can be formulated into a research question as follows:

"What is the competitive advantage in services for the case company?"

The sub-questions that help in specifying the research question are:

"What kind of services are provided in the hospitality industry?"

"How is competitive advantage developed?"

These questions will be used as a guideline throughout the whole research process. The purpose of the thesis is to help the case company find out what their real strengths are from customer point-of-view and how these can be emphasized to their advantage.

1.3   Working methods and data

Both primary and secondary data will be used in this thesis. The primary data will be collected through a survey. Thus, the quantitative research method will be used. The author will conduct a survey for both the overnight guests of the hotel and day visitors. The survey will be presented at the spa counter. Lastly, the author will also research secondary data from the competitors' websites, which will be analysed and used to create a comparison between the services provided by the case company and its competitors.

Quantitative research method is often described as statistical research. It uses numbers and percentages in the process of data analysis. The most common data collection method for a quantitative research is a survey. In order to get proper quantitative data, the questions in surveys often have the response options ready and less open questions. (Heikkilä 2014, 15-16.) This technique will also be used in the survey created for this thesis. Only closed questions will be used, for the author to be able to analyse the main opinions or common thoughts of the respondents.

As the primary data consists of quantitative data, it will be analysed i.e. through cross-tabulation in order to categorize answers for example based on a specific target group.

1.4   Thesis process

This chapter explains the reader about the structure of the thesis. The first chapter introduces the topic of the thesis, as well as the objective and purpose of it. Lastly the used data collection methods will be clarified. Chapter two describes the essential theoretical framework used in the thesis. The third chapter will introduce the case company and chosen competitors in more detail from the parts necessary, whereas chapter four will start with showing the results of the secondary data collection and survey and analysing them. Chapter five will then conclude the thesis.

2 THEORETICAL FRAMEWORK

This chapter will introduce the main topics that are relevant to this research process. These topics will create the theoretical framework for this thesis. The theoretical topics explained in this chapter will provide the reader with better understanding of the subject as a whole and will prepare the reader to comprehend which factors to be taken into account when creating a competitor analysis with a focal point at services in the hospitality industry.

2.1 Services in hospitality

"Services are performances or events that are produced by individuals, with or without the aid of machines or technology. While some automated services are performances produced entirely by machines, most services require some kind of interaction between employees and customers." (Mittal & Baker 2002, 52.) This applies to hotel services as well, since one of the most vital parts of a hotel service is how it is delivered. According to Kandampully, Keating, Kim, Mattila & Solnet (2014, 289) the accommodation services have been regarded as the key subindustry of hospitality. It is helpful, if the accommodation product is good, but often times half the service provided is the actual interaction situation, where this happens. (Kandampully et al. 2014, 289.)

The services and products provided by a hotel have developed enormously from the early days of innkeeping, when the only thing provided was a bed, and guests had to even bring their own food. Today, a typical hotel provides not only accommodation but also restaurant services and often also other facilities, which makes them available for day visitors as well. (Medlik & Ingram 2000, 15.)

The primary services of hotels are accommodation and food services and these usually generate most of the hotel revenue and account for most of the employees in the hotel. However, in addition to these, other services such as laundry services or a small shop at the reception, are also often expected by a guest. (Medlik & Ingram 2000, 102-103.)

When thinking about a hotel as an example of hospitality industry, its services consist of both tangible and intangible elements. Thus, a service environment of a hotel can be divided into two: inner service environment and physical facilities. Inner service environment consists mainly of the hotel staff and their professionalism, whereas physical facilities can be for example reception, conference centre or the restaurant. (Rautiainen & Siiskonen 2015, 83-84.) These are factors that also affect the entire service experience of the customer.

Hospitality service industry differs from other industries with three specific qualities: intangibility, inseparability and perishability. Hospitality services can have tangible elements, such as food or a hotel room, but more often intangible elements are what create the extra value to the service. These intangible elements could be recommending a specific dish or assuring a great first impression at the hotel by upgrading the room. Inseparability means that the service is provided and used at the same place and cannot be stored until the service is demanded. Lastly, perishability is a term used to describe that the time for providing the service is limited. If the service is not purchased at the time of providing, it will also not be purchased later. (Langviniene & Daunoraviciute 2015, 906.)

The data collection and analysis in this thesis focuses mainly on concrete services provided by a hotel. In addition to accommodation and food services these can be i.e. conference services, sauna, gym, car rental or laundry services (Grönqvist & Kyrö 2014, 11).

2.2   Competitor analysis

Competition can happen in many levels between different kind of companies. In the hospitality industry, there are four different competitive situations that can be identified. First, a company is competing in offering its core services. This is a very typical situation in the hotel industry as well. Here every service provider with similar kinds of services for similar target groups competes with each other. Second, a company is competing with providing services that are different but belong to the same service group. In this case the customer segments vary but they share a similarity in basic needs, i.e. a hotel is competing with a camping area, as they share the same basic service. Third, a company is competing in offering

full hospitality services. Here the competitive factor is providing complete hospitality experiences for different types of customers. Fourth, a company is competing over the overall choices customers make. These can be for example deciding between a holiday at a hotel or buying a new computer. This kind of situation is vital for a hospitality company to be able to have an influence on. (Albanese & Boedeker 2002, 51-52.)

To create competitive advantage, a company needs to consider many competitive factors. Murphy (2008, 39-40) states five of these:

1. *The entry of new competitors*
2. *The threat of substitutes*
3. *The bargaining power of buyers*
4. *The bargaining power of suppliers*
5. *The rivalry between existing competitors*

The collective strength of these five factors is said to determine the success of a company. Strategic management of a company can also have a positive impact on this strength. (Murphy 2008, 40.)

In order to build up competitive advantage over competitors, a company also needs to know the strengths and actions of its competitors (Hooley et al. 2012, 106). These can be found out through a competitor analysis. Porter (2004, 47) defines competitor analysis as follows:

> *"The objective of a competitor analysis is to develop a profile of the nature and success of the likely strategy changes each competitor might make, each competitor's probable response to the range of feasible strategic moves other firms could initiate, and each competitor's probable reaction to the array of industry changes and broader environmental shifts that might occur."*

This definition can further be opened up by presenting the four components of a competitor analysis, which will help in creating the mentioned profile: future goals, current strategy, assumptions and capabilities. (Porter 2004, 47-48.) These four components will be further used as a help in this thesis in i.e. creating the survey questions.

When assessing the future goals of a company, there are three questions that can be asked to help in the process:

1. *What are they trying to achieve?*
2. *Why are they trying to achieve it?*
3. *Are they satisfied with their achievement?* (Hooley et al. 2012, 111.)

Finding out the competitor's goals for the future will give information on the level of satisfaction they are with their position and how likely it is for them to change the strategy. Understanding the goals of competitors will also help in predicting how they are likely to react to possible strategic changes. (Porter 2004, 50.) In addition, goals can indicate the direction a company is headed towards. Thus, understanding this fact of a competitor, can give another company a head start in developing their competitive advantage over others. (Hooley et al. 2012, 110-111.)

There are another set of three questions that should be presented when evaluating a competitor's current strategy. First, what have they selected as their target market. Second, what is their strategic focus – the way in which they operate in the chosen target market. Third, what marketing mix are they using. (Hooley et al. 2012, 112-113.)
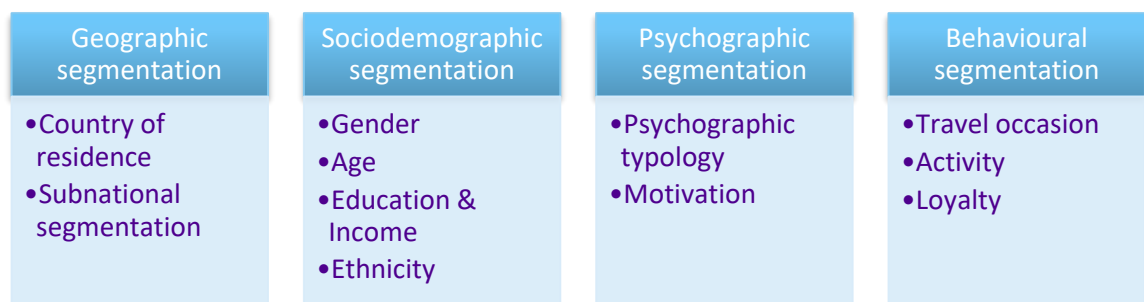
Competitor's assumptions can be divided into two categories: assumptions about themselves as well as about the industry. A company can for example see themselves as a low-cost producer or maybe as a socially conscious company. However, these assumptions may not always be true, which can in turn cause a competitive advantage for a competitor, if they have realized the real status in time. The same applies to a company's assumptions about the industry, every company has them, but again they may or may not turn out to be true. So called "blind spots" can also occur when studying assumptions. These are situations where a competitor does not realize the importance of i.e. a strategic move and can thus be pushed aside by another competitor who does. Self-evidently, these "blind spots" should be minimized. (Porter 2004, 58-59.)

Lastly, resolving the capabilities of a competitor is vital in a competitor analysis. Capabilities can cover concrete areas such as marketing capabilities, financial resources, production capabilities and overall strengths and weaknesses.

(Hooley et al. 2012, 117-118.) In addition to these, less concrete capabilities like ability to grow, capability to respond quickly and ability to adapt to change can be considered important to understand (Porter 2004, 63-68).

2.3 Customer segmentation and consumer behaviour

When segmenting the tourist markets, usually four different segmentation methods are used. These methods provide the marketer an overview of different types of customer and have been further explained in Figure 1. Some of these four segmentation methods will also be applied in practice, in the research process of this thesis when analysing the results of the survey.

Geographic segmentation	Sociodemographic segmentation	Psychographic segmentation	Behavioural segmentation
•Country of residence •Subnational segmentation	•Gender •Age •Education & Income •Ethnicity	•Psychographic typology •Motivation	•Travel occasion •Activity •Loyalty

Figure 1 (adapted from Weaver & Lawton 2014).

Geographic segmentation is the oldest method of segmentation but has kept its position as new segmentation methods have been created. It is used to segment customers based on their nationality or country of residence and further based on the more specific geographical position, which is called subnational segmentation. When this method is used, there is a clear need to specify the more exact place of residency of a customer, as it brings additional value to the marketer. For example, more tourists travel from Australia to the west coast of the United Stated than the eastern parts, purely based on its proximity to their own country. (Weaver & Lawton 2014, 164-165.)

Another very popular segmentation method has for a long time been sociodemographic segmentation. Gender and age are basic segmentation variables and are of value to many different markets. Also in the tourism industry, for example age groups are often used in marketing and targeting certain services to specific

groups. Education, income and ethnicity have also been widely used among researchers for a simple reason; they are easy to measure and can be directly used to target i.e. marketing towards a certain type of media platform. (Hooley, Piercy & Nicoulaud 2012, 190-192.)

Psychographic segmentation is not as widely used, due to the difficulty in identifying and measuring characteristics such as motivation, attitudes and personality types. Another difficulty with this method is that psychological characteristics can change over time through various situations. In order to be able to put a customer into a certain psychographic segment, a complex survey and interpretation of a researcher is needed. (Weaver & Lawton 2014, 172-176.)

Lastly, behavioural segmentation uses the outcomes of previous purchasing decisions as its basis for segmentation. One of the basic criteria for this type of segmentation is travel occasion, i.e. anniversaries, birthdays etc. These can be used to target specific marketing at these times and visit for example a particular tourism spot. Activities are often part of behavioural segmentation and describe literally the activities completed for example during traveling. These can include transportation and accommodation types as well as sights visited. The main goal for this criteria is to investigate if the customers are interested in a specific activity in itself or a specific destination and choose only the activities that are available in that location. (Weaver & Lawton 2014, 176-178.) Another criterion worth mentioning is loyalty. Through this, the customers can be divided into smaller target groups based on their loyalty to a specific product or service. Often loyalty is defined by repeated purchase, which means by how often the customers consume the same product or service. (Hooley et al. 2012, 198.)

In addition to customer segmentation, consumer behaviour is also very important in designing business strategies. The key question in consumer behaviour is, how do the customers react to different marketing stimuli, such as price and advertising. When a company truly understands their customers' behaviour in consuming the products or services, they have a massive advantage over the competitors. Since this is of such great importance, companies are constantly researching their consumers and how they respond to the stimuli given – their consumer behaviour. (Kotler et al. 2010, 150-151.)

3 THE CASE COMPANY AND CHOSEN COMPETITORS

This chapter briefly describes the case company Holiday Club Tampere Spa as well as the chosen competitor hotels. The competitors were chosen based on three principles: the amount of rooms, additional services and chain. All of the three hotels have approximately the same amount of rooms and all of them offer a fair number of different services. Lastly, they all represent a different hotel chain, which provides the analysis with some variety.

3.1 Holiday Club Tampere Spa

Holiday Club Tampere Spa is one of the seven spa hotels of the chain in Finland. It is located ca. 2 kilometres from the city center of Tampere, in Lapinniemi, right along the lake Näsijärvi. It is not only known as a spa hotel but also as a conference hotel in Tampere. Holiday Club Tampere Spa is partially built in an old cotton factory, thus remains of this cotton legacy can be still found in the premises – i.e. the restaurant Cotton. (Holiday Club Resorts, 2019.)

For accommodation, Holiday Club Tampere Spa offers both hotel rooms in a separate, renovated building as well as properly equipped apartments right at the premises of the old cotton factory. The hotel building contains 92 rooms, in 6 different room categories; standard, standard lake view, superior, superior lake view, suite and suite lake view. For the apartments, on the other hand, there are three different room categories; studios, small suites and luxury suites, all totalling up to 98 apartments.

In addition to the accommodation, Holiday Club Tampere Spa offers its guests food services (restaurants Cotton and Classic Pizza), conference centre facilities, gym (an outside provider, Powerhouse gym), Harmony Spa treatments and the Spa services. The spa area includes two Jacuzzis, one mineral water pool, kid's pool, the ice cold pool and the regular, bigger pool. For saunas there are options of a regular sauna and a steam sauna to choose from. (Holiday Club Resorts, 2019.)

All in all, Holiday Club Tampere Spa hotel offers a vast variety of services and facilities, which makes the guests of the hotel everything from families to business travellers and from young couples to elderly people.

3.2   Radisson Blu Grand Hotel Tammer

Radisson Blu Grand Hotel Tammer is one of the eight Radisson Blu hotels in Finland. In addition, it is one of the oldest hotels in Tampere and located near the Tammerkoski rapids in the city centre. It is part of the widely spread hotel chain, Radisson Blu, since 2016. Grand Hotel Tammer has been renovated during time but respectfully towards its historic past. One of the reasons people come back to it, is its history and how this can be seen in the design still today. (Radisson Blu, 2019.)

The Grand Hotel Tammer offers 82 rooms in four different room categories; standard, superior, family and suite. In addition to accommodation, the hotel provides services such as restaurant, bars, conference rooms and sauna facilities. Though a wide variety of services, the most common guests of the hotel seem to be couples and business travellers. (Radisson Blu, 2019.)

3.3   Original Sokos Hotel Villa

Where Holiday Club Tampere Spa was built into an old cotton factory, Original Sokos Hotel Villa is built into an old granary. One can feel the presence of unique design and handicrafts all around the hotel. The Sokos Hotel chain is very large and nationwide, thus solely in Tampere it has three different locations, all in the city centre. Sokos Hotel Villa is the second oldest of those three. The hotel was completely renovated in 2011 and reopened with a new, modern, yet respective of history, look. (Sokos Hotels, 2019.)

For accommodation, Sokos Hotel Villa offers 99 rooms, with six different room categories: standard single, standard twin, superior twin, standard queen, suite and junior suite. Many of the services at Sokos Hotel Villa are provided by the hotel next door; Sokos Hotel Torni. The hotel itself offers services such as sauna facilities and a café but shares services such as restaurants, gym and conference

centre, with the neighbouring hotel. All in all, it seems that the majority of the guests of this hotel are business travellers, mainly due to the quite narrow selection of services and the closeness of conference centres such as Tamperetalo. (Sokos Hotels, 2019.)

4   DATA COLLECTION AND ANALYSIS

This chapter describes the research objectives as well as the design and conducting of the research. The results of the collection of secondary data from the websites of the three hotels as well as the collection of primary data through a survey will also be explained. The secondary data will be used to compare and analyse the services provided, whereas the primary data will be used to analyse the visitors of the Holiday Club Tampere Spa.

4.1   Research objectives

As the topic of this thesis is finding a competitive advantage with a focus on hospitality services, the objective of the research was to find out what kind of services the chosen hotels offer and how do they compare both with each other as well as with the case company. In advance, there was a knowledge that the case company is the only one providing spa and swimming services, which is why the survey was created to focus on that area. The objective of the survey was to find out the reasons and motives customers visit the spa area. Thus, the case company could then put emphasis on those factors and strengthen their competitive advantage. For the survey there were two presumptions made by the author after working at the spa counter: the majority of the day visitors would be over the age of 55 and the visitors to the water aerobics would be of the older age groups for the most part.

The author wanted to also know how often customers visited the spa, with whom they were there and if the existence of the spa affected their choice of hotel. The latter question was especially important, as the results of that could then be tied together with the content analysis of the secondary data in the conclusion chapter.

4.2   Designing & conducting the research

When planning the research process, the author decided that using secondary data and conducting a survey would be the most suitable option for the research. The choice of using quantitative research method was justified by the fact that

numerical data was wanted: how many guests used the service. Also survey as a method was the best way to reach as many guests as possible and from as many different age and visitor groups as possible, which is why it was chosen.

The main research question for this thesis was: "What is the competitive advantage in services for the case company?" As stated above, there was a knowledge that no other of the chosen hotels would have swimming opportunities than the case company. However, this research question was used to further strengthen the knowledge and to study the competitive advantage of the case company through the survey conducted. As sub-questions the following were used: "What kind of services are provided in the hospitality industry?" and "How is competitive advantage developed?" The first question was strongly in mind when gathering secondary data from the websites of the chosen hotels, whereas the second was explained in chapter 2.2 and used as a basis in the analysis.

The survey was conducted in the form of paper and put in display at the spa counter of the case company. This specific place was chosen, because it made the variety of respondents possible, as both hotel guests and day visitors would pass by that place. The time period for collecting survey replies was 7 days. The survey was designed to be short in purpose, as there was a hypothesis, that the passers-by would not have much time to stop and fill it in. The questions for the survey can be found in the appendices.

4.3   Website data collection and analysis

The websites of Holiday Club Tampere Spa, Radisson Blu Grand Hotel Tammer and Original Sokos Hotel Villa were used to collect data of the services these hotels offer. The reliability of these sources is quite good, however, it should be noted that some offerings could be offered but not displayed in the websites. After collection, the offerings were put into a table in order to better compare and explain the differences they have. The offerings used as factors in the tables were chosen based on their repetition in hotel descriptions, in general.

	Holiday Club	Tammer	Villa
Accommodation	x	x	x
Restaurant	x	x	(x)
Bar/cafe	x	x	x
Conference centre	x	x	(x)
Sauna	x	x	x
Swimming pool	x		
Gym	x		(x)
24h reception	x	x	x
Luggage storage	x		
Free wifi	x	x	x
Laundry services		x	

Table 1. Services provided by chosen hotels.

Eleven factors were taken into account when comparing the services provided at the three chosen hotels. Holiday Club Tampere Spa as the case company has all but one of them to offer. Radisson Blu Grand Hotel Tammer can also offer most of the services listed in the Table 1. However, most noteworthy is, that the swimming pool and gym are factors which were not shown in their services offered. It can be said that the existence of these services provides a competitive advantage to the case company, in comparison to Radisson Blu Grand Hotel Tammer. Yet hotel Tammer provides laundry services, which the other two do not. As laundry services can be seen as additional service, it cannot be said for sure if this could be seen as a competitive advantage for hotel Tammer.

Original Sokos Hotel Villa shares some of the services with its neighbouring hotel of the same chain, which is why some of the x's in Table 1 are in brackets. It is studied that quite often hotel services – other than accommodation – can be provided to the guest by other operators than the same hotel itself (Medlik & Ingram 2000, 102-103). Hotel Villa does not i.e. have its own restaurant nor conference centre. It was said in the feedback given to the Original Sokos Hotel Villa, that having to move to a different building for breakfast brings a downside to the stay (Sokos Hotels 2019).

Based on the information collected in Table 1 and the analysis made of it, it can be said that Holiday Club Tampere Spa has a competitive advantage to these

two competitors with its spa services. This proves the preceding knowledge to be strongly true.

4.4 Survey data analysis

The survey had 94 respondents in total. The data analysis in this context will be solely based on these responses. All of the questions in the survey were close-ended questions, which is why a statistical approach was used in the representation of the results. This allows the results to be shown as clearly as possible.

First question aimed to categorize the respondents into hotel guests and day visitors, in order to present them separate questions later on in the survey. As can be seen in Figure 2, the majority of the respondents were day visitors, which on hindsight could be due to the fact that not all hotel guests have to stop at the counter, as they may get directly in with their room keys. Day visitors, on the other hand, have to stop by to pay for the visit. However, the responses of the survey can still create value for the case company, considering their competitive advantage.

N=96

32 %

68 %

■ Hotel guest
■ Day visitor
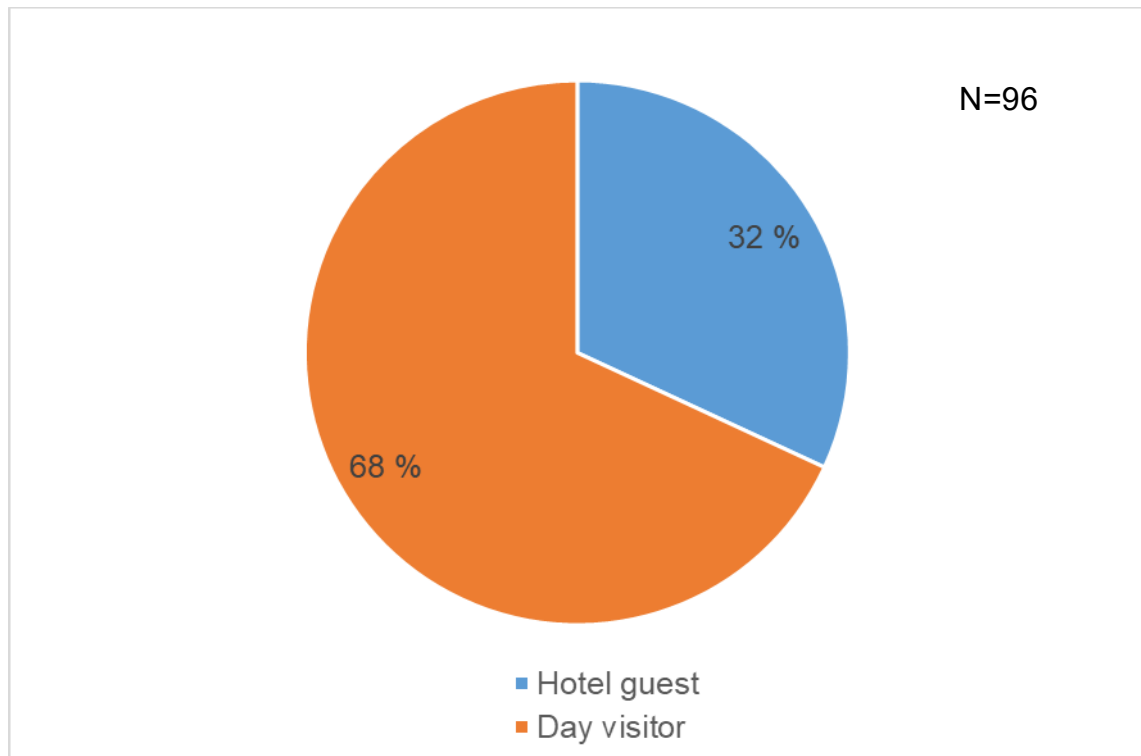
Figure 2. Are you visiting the spa as a… (Appendix 1, question 1)

An important question was also to find out in which company the guests visited the spa. Almost half of the respondents (47%) visited the spa with their family, whereas 35% visited with a friend and 18% alone, as shown in Figure 3. Eventually these results were quite even, which could be interpreted as the spa being versatile and offering something for every kind of group. This in turn could be seen as the competitive advantage of the case company in comparison to its competitors, as stated earlier in chapter 2.2.
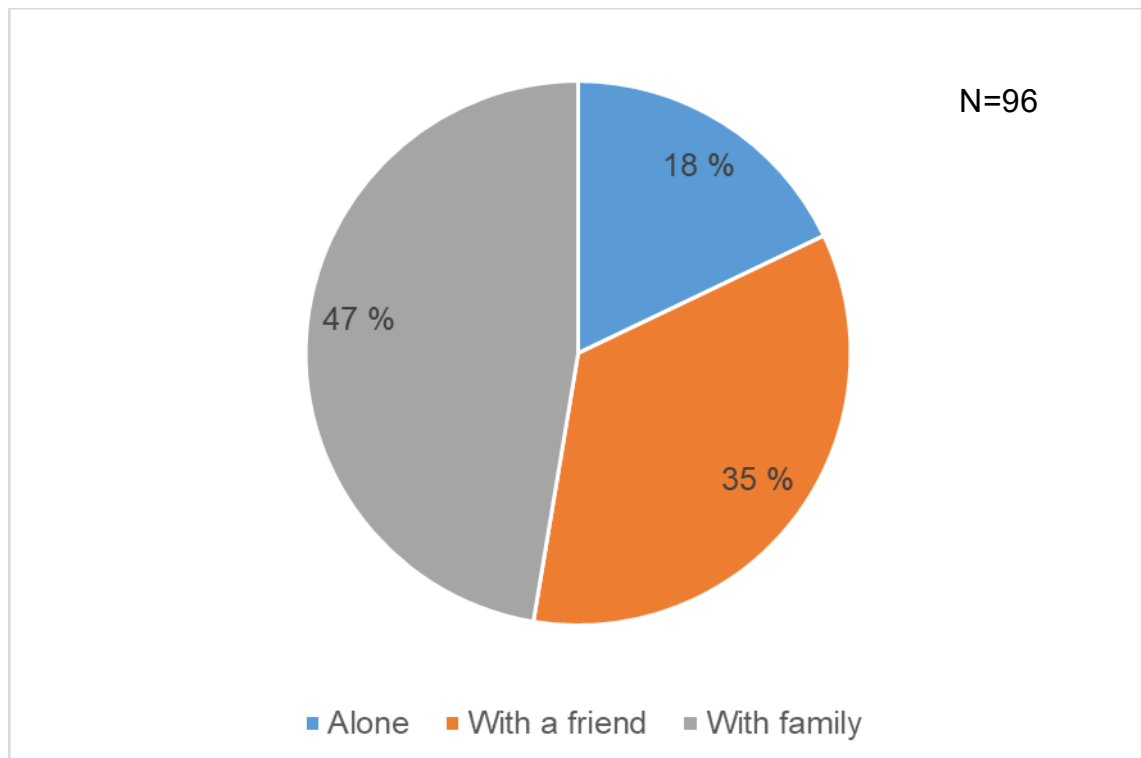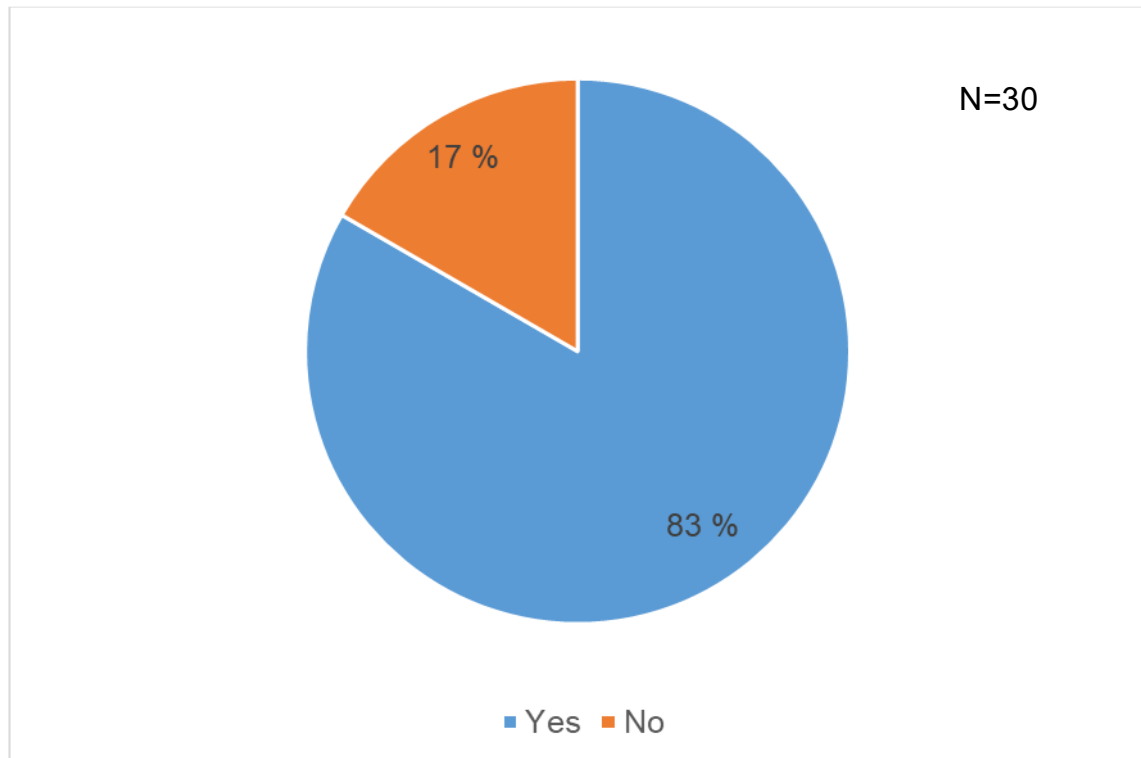

Figure 3. Do you visit the spa… (Appendix 1, question 2)

Extremely interesting from the perspective of the competitor analysis, was to find out if the existence of the spa had an effect on the choice of hotel for the guests. The results of this can be seen in Figure 4. As anticipated, a clear majority of hotel guests (83%) said that it affected their choice, thus it can be confirmed to be a competitive advantage for the case company, in comparison with the other two hotels handled in this thesis. Out of the 17% who said it did not have an effect, 80% were travelling alone, possibly on business.

It has been researched that business travellers often work more hours when they are travelling, than at the office. This could have an effect on the traveller's ability to enjoy the stay at the hotel. (Radojevic, Stanisic, Stanic & Davidson, 2018.) Thus, there is a possibility these 80%, who were travelling alone and did not put

emphasis on the existence of the spa, had much work and no extra time for extra services.

Figure 4. Did the existence of the spa affect the choice of hotel? (Appendix 1, question 3)

The fourth question was presented to find out why the day visitors use the spa. The respondents were given a possibility to choose multiple options. This question aimed to possibly categorize the respondents based on their chosen activity, thus the behavioural segmentation, discussed in chapter 2.3.

Figure 5 shows, that three major reasons for spa visits were water aerobics (26%), relaxation (26%) and just for fun (30%). This clearly indicates that the water aerobics and the spa comfort in general are highly valued by the visitors and thus, are the strengths of the case company. As it was known it advance, the case company is the only one with a spa in comparison to the other two hotels used in this thesis. In connection to that, this result gives the case company information on what to emphasize in the future to keep their advantage in appreciation.

N=64

■ Water aerobics ■ Rehabilitation ■ Relaxation ■ Exercise ■ Just for fun
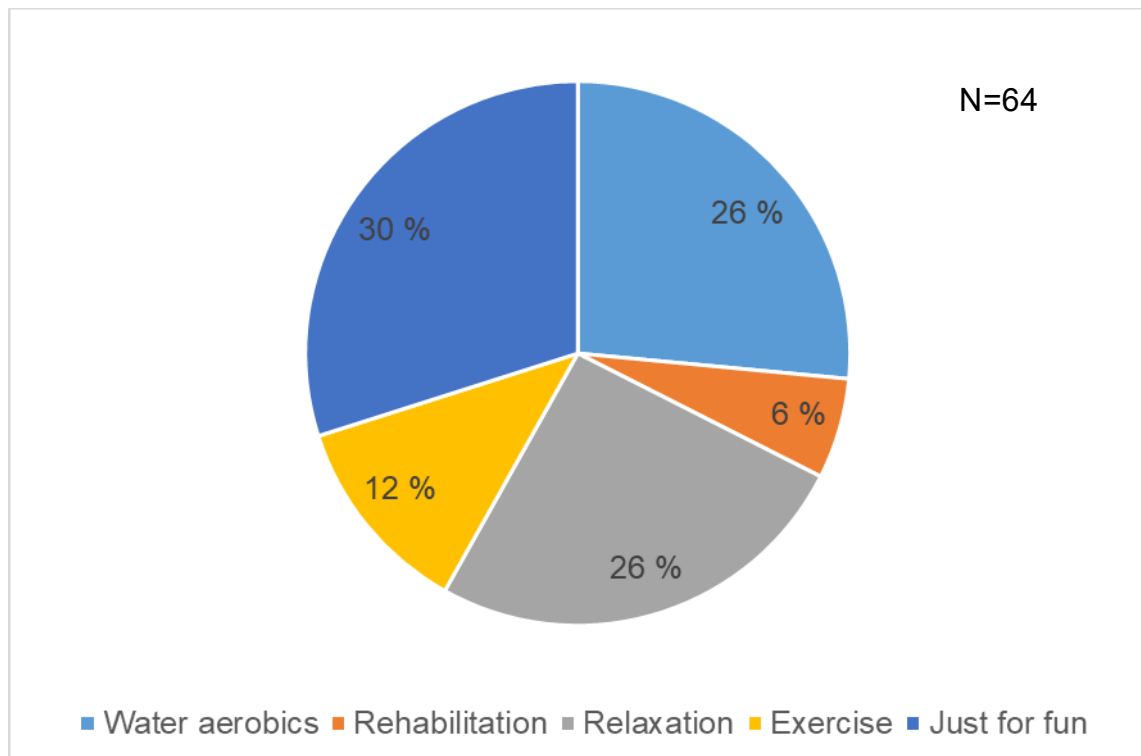
Figure 5. What are the reasons you visit the spa? (Appendix 1, question 4)

The last main question of the survey asked about the frequency of customer visits to the spa. As stated in Figure 6, the majority (39%) of the respondents visited the spa once a week and 15% even more than once a week. This indicates that over a half of the day visitors use the spa at least once a week. These results can be interpreted as being quite loyal spa visitors. As mentioned in chapter 2.3, customers can be divided into smaller target groups based on their loyalty to a service.

N=64
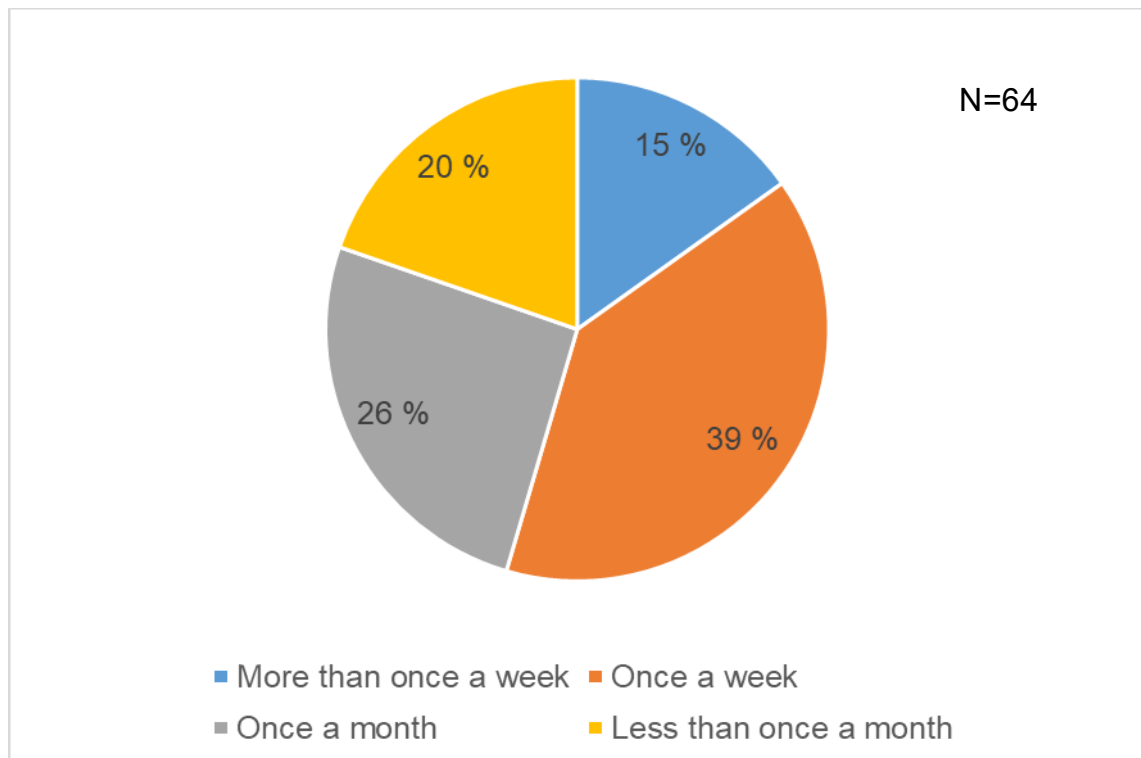
Figure 6. How often do you visit the spa? (Appendix 1, question 5)

Lastly, as a background information, the respondents were asked for their age. This was done especially since there was a presumption that the majority of day visitors would be pensioners. In addition, age was needed to be able to categorize the respondents with the help of sociodemographic segmentation. This will be used later in this thesis in cross-tabulation. As can be seen from Figure 7, almost half of the visitors (44%) were over 55 years of age. 25% were between 26-40 and 22% between 41-55. The proves the presumption to be accurate.
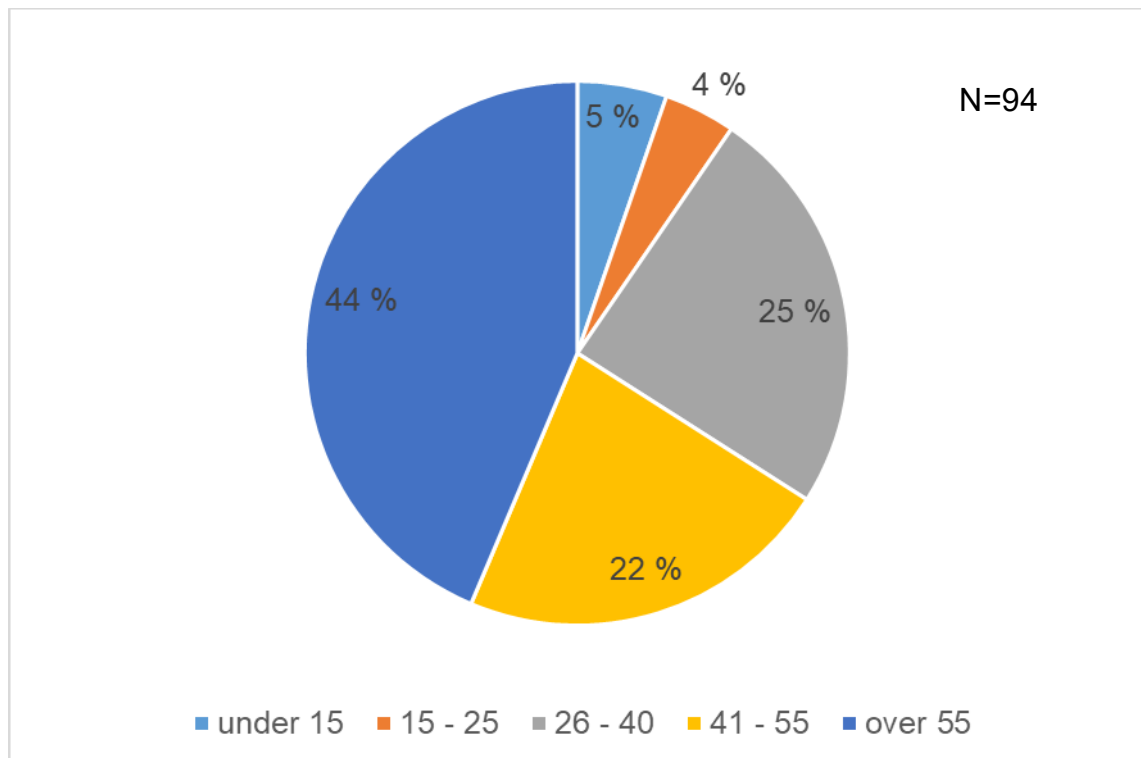
Figure 7. How old are you? (Appendix 1, question 6)

4.4.1 Cross-tabulation

Since "just for fun" and water aerobics were the most common reasons to visit the spa, these two were taken into a closer examination, using the method of cross-tabulation. Cross-tabulation is a method where two variables are represented in a matrix, i.e. age and visiting the spa for water aerobics (Altinay & Paraskevas, 2008). Sociodemographic segmentation was chosen to be used as the main method for categorization, thus the age of the guest was used as the opposing factor.

Over a half (51%) of the 30% who visited the spa just for fun, were over 55 years of age (Figure 8). 20% were between the ages of 41-55. This indicates that the majority of customers visiting the spa just for fun, were over the age of 41 and younger age groups had other purposes for the visit.

For water aerobics visitors, there was a presumption, that they would be more of the oldest age group. However, this turned out to be not entirely true as the majority of water aerobics visitors (55%) were other than over 55 years (Figure 9).

This is an indication that water aerobics at the case company is suitable for everyone and has been able to attract customers of most age groups. Thus, this is definitely a strength and should be maintained and perhaps developed even further.
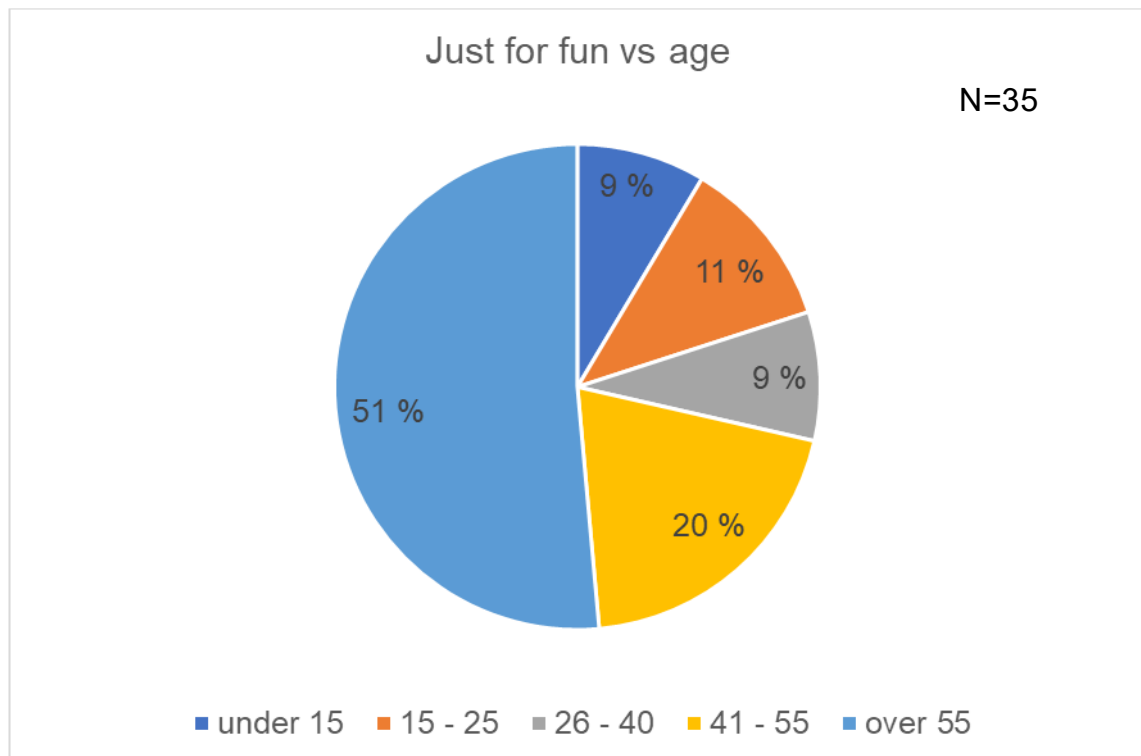
Figure 8. Visitors "just for fun" by age.
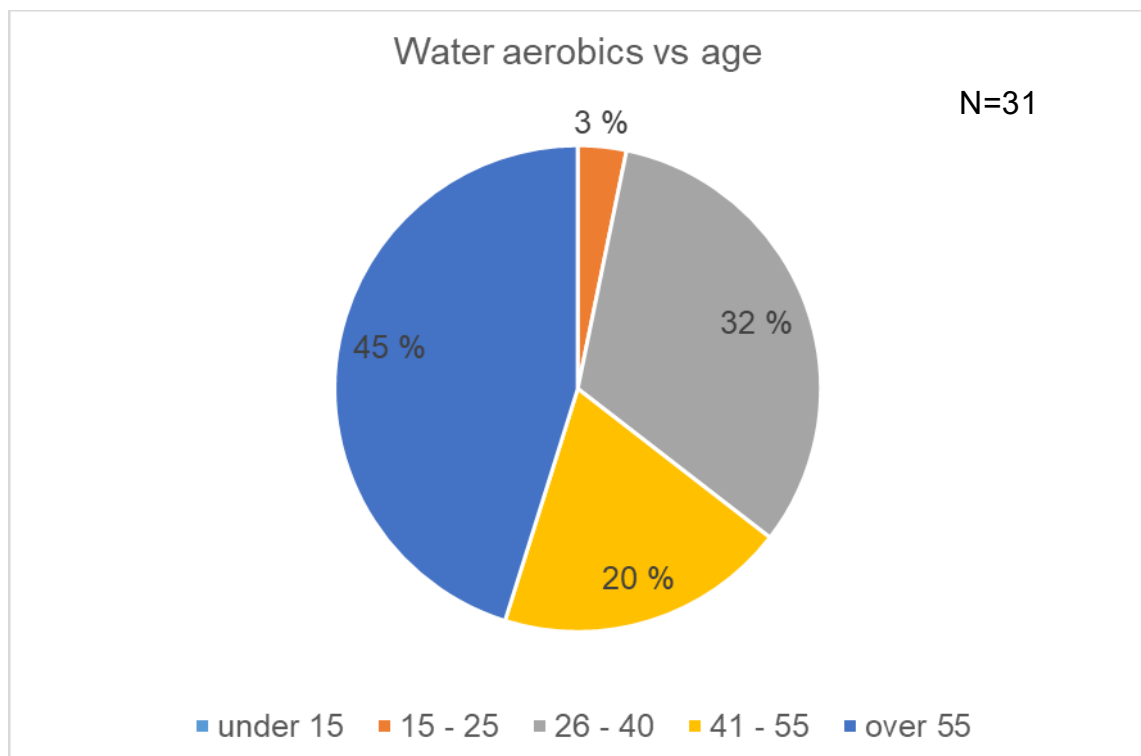
Figure 9. Visitors for water aerobics by age.

5 RECOMMENDATIONS

Based on the research done for this thesis, the author would like to give some recommendations for the case company to concentrate on in the future. These recommendations could then be used for example in the marketing and developing of new or existing services.

As it has been stated earlier, gym and swimming opportunities were the two factors that made the case company stand out from the other two hotels. As seen in Figure 4, 83% of the hotel guests, who responded to the survey, said that the existence of the spa had an effect on their choice of hotel. This is clearly a competitive advantage for the case company and should be emphasized. It is also one of the reasons why a more thorough survey was conducted for the users of the spa. The author wanted to find out, what in the spa is the factor(s), that attract visitors.

As it turned out, water aerobics and general relaxation were the most common reasons for a spa visit. More surprisingly, water aerobics was an attraction for visitors of many ages. Thus, this is definitely something to focus on in the future. The author suggests, water aerobics could be developed for example by adding more variation to the content of it. Nowadays there are such a vast amount of group classes in the gyms, that perhaps these could be the influence for a new water aerobics class. The author could see for example a BodyCombat class taking place in the water. An effective way of sports could be created as the water would bring a whole new kind of resistance to all of the kicking and punching, of which BodyCombat is known for. This would also increase the versatility of the spa (i.e. something for every age), though this was already at a good level in the research conducted.

The author would like to suggest that the case company would conduct a new survey to its customers and find out what the customers value specifically in water aerobics or in general relaxation (i.e. the instructor, content, Jacuzzis etc.). This way they would get valuable insight on what to develop. General relaxation could be improved for example by adding some sun beds or similar to the area, where customers could relax in their bathrobes in between swims. Of course, improving

the overall look of the spa are would surely add the comfort of guests, but would most likely require a bigger renovation. However, this could also be worth thinking about for the case company, to keep their competitive advantage in good shape.

When thinking about possible developments for the spa area and its facilities, it should be kept in mind that almost half (44%) of the visitors to the spa were over the age of 55, as shown in Figure 7. Thus, this age group may have different kind of preferences than families with children for example. While this age group was a great user of water aerobics, they could also have more interest in rehabilitation and relaxation in the spa. The case company should definitely take this into consideration when planning future developments for the spa.

As this research showed, over half of the day visitors of the spa, use the spa at least once a week. Figure 6 states that 26% of the respondents even use it more than once a week. This is most definitely proof for the case company, that people use the spa. The frequency of visits is quite high for many, thus the effort in maintaining the spa are would be certainly appreciated and would add extra value both to customers as well as to the case company themselves.

The research done for this thesis focused more detailed on the use of spa and the motivations behind it. However, when considering the competitive advantage in services of the case company, the author would suggest to research also other services of the hotel in more detail in the future. It has now been stated that the existence of the spa and gym are a competitive advantage for the case company, but the author sees other services reaching this status too. Even though other hotels also have for example restaurants, the restaurants of the case company could come up with something so unique that it would make them stand out and provide a competitive advantage as well. The author would recommend the case company to listen and collect its customers' opinions and consider this development possibility in the future.

To sum up, both physical and mental wellbeing are very much in, at the moment, and these are aspects that could benefit from a spa visit. A relaxing visit to the spa, attending the water aerobics and then spending some time in the Jacuzzi for example, would definitely be something for both body and mind of a customer.

Nowadays people are willing to spend money and time on their own wellbeing, thus this should be noted and emphasized for example in the marketing of the case company. Perhaps the case company could create a campaign where they provide the customer with not only a spa visit but a comprehensive relaxation experience.

6 CONCLUSION

The objective of the thesis was to find out the competitive advantage of the case company. The objective for the research conducted was to discover what kind of services the chosen hotels offer and how do they compare both with each other as well as with the case company. Lastly, the objective for the survey was to find out the reasons and motives customers visit the spa area. The author gathered theoretical framework and other information both from academic publications and books as well as from the websites of the chosen hotels.

The main research question of the thesis was *"What is the competitive advantage in services for the case company?"* The answer for this was explained in chapters 4.3 and 4.4. The sub-questions: *"What kind of services are provided in the hospitality industry?"* and *"How is competitive advantage developed?"* were answered in chapter 2.1 and chapter 2.2, based on the information gathered from previous research.

This thesis will benefit the case company, as it confirmed that the spa is their competitive advantage. Majority of hotel guests who responded to the survey, said that the existence of the spa affected their choice of hotel. Through the results of the survey, the hotel now knows which factors customers value in the spa and knows to put emphasis on these in the future. The author believes that the case company can really use the results i.e. in their marketing for the spa, as they can focus certain services to specific customers, based on the segmentation done.

With the resources available, the author was able to conduct a sufficient research about the subject. The most positive surprise was the amount of replies to the survey within the given timeline of 7 days. Thus, for a research of this extent, the validity of the results was adequate. Critically reviewing the setup for the survey could have been better. If the survey would have been placed in another location, there could have been a chance to get more answers from hotel guests as well.

In terms of other limitations of the study, the author noticed, there could have been a possibility for the respondents to leave free comments to the survey. Now some of the respondents used the survey paper to leave general feedback as well. If there would have been a designated space for this, it would have made it easier for the customers answering the survey. In hindsight, the author also noticed it would have been useful if the survey had an open-ended question for customer thoughts on what exactly could be developed in the spa area. This would have then been of help in creating the recommendations for the case company. However, as the original purpose of this survey was to find out the reasons behind visits to the spa, the used method and close-ended questions were the most suitable option.

As mentioned already in chapter 5, as a future research a new survey could be conducted. It would be important for the case company to listen to their customers and find what the customers would like to develop in the spa services in the future. In addition, as spa is only one of the services that the case company offers, a future research could also be done about its other services (such as restaurants and treatments) in comparison with similar services provided by other hotels for example.

All in all, the author is happy with the work done for this thesis. In the beginning, there were some difficulties with time management and getting the process moving. However, as it progressed, the author found the drive to write. As an employee at the hotel, the author gained a deeper understanding of the different services provided at the hospitality industry, which will surely be of help in the future.

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APPENDICES

Appendix 1. Survey

Kiitos, että osallistut kyselyyn ja avustat vastaanottotyöntekijän lopputyön valmistumisessa ☺

KYLPYLÄKÄYNNIT (ympyröi sopiva vaihtoehto)

1. Oletko tulossa kylpylään
    a. Hotellin vieraana
    b. Päiväkävijänä

2. Käytkö kylpylässä
    a. Yksin
    b. Ystävän kanssa
    c. Perheen kanssa

3. Mikäli olet hotellin vieraana, vaikuttiko kylpylän olemassaolo hotellin valintaan?
    a. Kyllä
    b. Ei
    c. En ole hotellin vieraana

4. Mikäli olet päiväkävijä, mistä syystä käyt kylpylässä (voit ympyröidä useamman vaihtoehdon)
    a. Vesijumppa
    b. Kuntoutus
    c. Rentoutuminen
    d. Kuntoilu
    e. Omaksi iloksi
    f. En ole päiväkävijä

5. Mikäli olet päiväkävijä, kuinka usein käyt kylpylässä
    a. Useamman kerran viikossa
    b. Kerran viikossa
    c. Kerran kuukaudessa
    d. Harvemmin kuin kerran kuukaudessa
    e. En ole päiväkävijä

TAUSTATIEDOT

6. Ikäsi
    a. Alle 15
    b. 15-25
    c. 26-40
    d. 41-55
    e. yli 55
7. Mikäli haluat osallistua kylpylälippujen arvontaan, jätäthän alle yhteystietosi. Tietoja ei käytetä muuhun kuin arvontaan.
    Nimi: _____

    Puhelinnumero: _____