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# SERVICE QUALITY AND CUSTOMER SATISFACTION ON HOTELS IN GONDER

Customer's role in hotel development

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The service sector is the tertiary sector that is found to be progressive in a country's economy, it has the ability to generate job opportunities especially in developing countries. Due to rapid technological change, nowadays the demand in the hospitality sector is increasing. An organization that offers a service or a product, big or small cannot exist without a customer. The thesis is written on the significance of service quality and value of customers in the hotel business and service sector.

The theory part of the thesis addresses service quality, corporate culture, customer measurement and customer satisfaction. A survey based on the satisfaction level and quality of service was conducted on the customers of the case hotels. These hotels are Goha Hotel, Florida International hotel, Haile Resort hotel, and Inn of the Four sisters' hotel located in Ethiopia's most touristic city Gondar. Gondar is a city situated in the northern part of Ethiopia. The research was based on practical research. A quantitative research method was implemented. A close ended questionnaire was distributed to the customers of the case hotels. The data conclusion was written according to the results. More data was collected from trip advisor.com and booking.com as a supplementary. The findings will highlight the reasons behind customer satisfaction and dissatisfaction, suggestions on better strategic customer approach and communication.

#### **Key words**

Customer Satisfaction, Hotel, Marketing, Organization Standards, Service Quality.

# **ABSTRACT CONTENTS**

| 1 INTRODUCTION   | 1  |
|--|----|
| 2 SERVICE QUALITY AND CORPORATE CULTURE  | 3  |
| 2.1 Service Quality  |    |
| 2.2 The elements of a high-quality service                                       |    |
| 2.3 Service Gap  |    |
| 2.4 Dimensions of Service Quality  |    |
| 3 THE HOTEL INDUSTRY AND CUSTOMER SATISFACTION                                   | Q  |
| 3.1 Customer Satisfaction  |    |
| 3.2 Importance of Customer Satisfaction  |    |
| 3.3 Customer Expectation and Satisfaction  |    |
| 3.4 Customer Dissatisfaction   |    |
| 3.4.1 Customer Satisfaction Measurement  |    |
| 3.4.2 Methods to measure customer satisfaction                                   |    |
| 3.4.3 Advantages and disadvantages of customer satisfaction measurement programs |    |
| 3.4.4 Improving Customer satisfaction  |    |
| 3.4.5 Restraints in Measuring Customer Satisfaction                              |    |
| 3.4.6 Customer loyalty and Customer Perception                                   |    |
| of no customer logarty and customer references                                   | 10 |
| 4 RESEARCH APPROACH AND METHODS  | 17 |
| 4.1 Validity and Reliability   |    |
| 4.2 Limitation of the study  |    |
| 4.3 The Commissioner   |    |
| 5 HOTEL DESCRIPTION  | 20 |
| 5 HOTEL DESCRIPTION  |    |
| 5.1 Goha Hotel   |    |
| 5.2 Haile Resort Hotel   |    |
| 5.3 Florida international Hotel  |    |
| 5.4 IIII of the four sisters   | 41 |
| 6 RESEARCH RESULTS AND DATA ANALYSIS   | 23 |
| 6.1 Results and Interpretation   | 23 |
| 6.2 Results from Online Feedbacks  |    |
| 6.3 Analysing the level of customer satisfaction                                 | 31 |
| 6.4 Recommendation   | 32 |
|  |    |
| 7 CONCLUSION   | 34 |
| DEFEDENCES   | 25 |
| REFERENCES   | 35 |
| APPENDICES   |    |
| FIGURES  |    |
| FIGURE 1. Quality of service and dimension                                       | 5  |
| FIGURE 2. Customer gap   |    |
| FIGURE 3. SERVQUAL model   |    |
| FIGURE 4. ACSI Customer Satisfaction index Model                                 |    |

| FIGURE 5. Managing customer expectation                            | 11 |
|--|----|
| FIGURE 6. Dissatisfied customers complaint behavior                | 12 |
| FIGURE 7. Respondent's gender                                      |    |
| FIGURE 8. Respondent's age   |    |
| FIGURE 9. Respondent's nationality                                 |    |
| FIGURE 10. Reason of traveling                                     |    |
| FIGURE 11. Respondent's hotel preference                           |    |
| FIGURE 12. How respondents know about the hotel                    |    |
| FIGURE 13. How many visits they respondents had                    |    |
| FIGURE 14. Customer satisfaction                                   |    |
| FIGURE 15. Respondents' willingness to return                      |    |
| FIGURE 16. Consumers response for the service, facility, and hotel |    |
|  |    |
|  |    |

#### 1 INTRODUCTION

The hospitality industry is part of a service sector that is growing and developing rapidly throughout the years. Nowadays, many countries are mainly focused on the service sector, which is advantageous because these sectors are known to be more progressive in an economy compared to an industrial or agricultural industry. The industry has a vast classification in its domains and units, it comprises parks, hotels, different types of lodging and units as human resources, directors, and employees within the tourism industry. There are thousands of hotels worldwide striving to deliver the best customer experience and they primarily deal with customers and fulfilling their demands.

Over the past decades the focus of organizations has been on customer satisfaction and service quality. The hotel sector primarily deals with customers and fulfilling their demands but due to a competitive market and customer's increased requirements it has been a challenge to achieve this. To maintain a far-reaching bond with customers today and provide them with the best service, organizations now have an understanding about the value of customer satisfaction measurements and the quality of their service.

The aim of this thesis is to understand different customer groups in four hotels located in Gondar, Ethiopia. The hotels selected for this research are: Goha hotel, Inn of the four sisters, Florida international hotel and Haile resort hotel. These hotels were selected randomly but through valuable resources and information on website. The study will outline the correlation with customer satisfaction in the hotel business and recognize the reasons that affect service quality and customer satisfaction. The main objective of the thesis is to identify the reasons behind customer dissatisfaction, what marketing approach increases revenue, and build a better new strategy that can help bond service providers with customers and result in improvement.

The theoretical part of this study was constructed on the structure and culture of an organization and the relation between service quality and customer satisfaction. There are two theoretical chapters on this thesis. The first chapter is on corporate culture, service quality, the determinants of service quality, and the service gap. The second chapter is focused on the hotel industry and customer satisfaction, importance of customer satisfaction, customer expectation, customer Satisfaction measurement, advantage, and disadvantages of measurement programs, restraints in measuring customer satisfaction,

and customer loyalty and perception. The theoretical part of this thesis is based upon research from articles, journals, books, and different related websites.

The empirical section of this thesis is on the quality of service delivered from the hotels and the customer's experience. A quantitative research method was implemented. A correct data collecting system was used according to the research, which is the primary and secondary sources. As primary data, questionnaires were handed out to random customers of the case hotels, and the questionnaire consists of ten close-ended questions and one open-ended question. The answers to these research questions were gathered and analyzed, the result will help understand the current opinions of customers and avoid customer dissatisfaction in the long run.

The commissioner of this thesis is Teklemariam Kebede, and he is the manager of a construction business in Ethiopia. His company specializes in building material shops like ceramics and tiles in the capital city of Ethiopia, Addis Ababa. Investing in the hotel sector has been in his interest. Currently, a three-star hotel is being constructed in the northern part of Ethiopia and Mekéle, the capital city of Tigray. His company's mission is to create an outstanding organization that remains in the marketplace by investing and improving quality of goods and reaching the expectation level of a customer.

#### 2 SERVICE QUALITY AND CORPORATE CULTURE

Corporate culture is what makes a company stand out, it is a set of principles and manner that assists in regulating how a company's employees and management work together. Culture guides organizations in building high profile with its complex ability to keep customers and understand employees. The value an organization gives to its employees and its recruitment strategies will out show itself in the long run on the overall culture and brand image. That is why increasing a culture in an organization is highly important because it can affect every segment of the business. (Tarver 2021.)

An organization structure is a framework for the culture to be executed, and a well-defined structure helps determine how role, accountabilities, and flow of communication are distributed and controlled. The objective of its presence aims to expand the organization's vision, build up employees' inspiration, and increase the economic competence. On the other hand, the organization culture defines how the specific tasks are managed with in the business to reach the common goals. Service quality is part of the structure and a foundation for organizational success. (Hill & Jones 2001.)

Cultures exist in every organization, but this does not signify that it is a healthy culture. There are unhealthy cultures that develop in an organization and they greatly affect employee's commitment and efficiency, which later subsidizes business failure. Whereas a healthy culture will have a team of employees that work together, support each other, and see themselves as part of the company, and thus the business is successful. Therefore, a healthy culture should be adopted in every organization because it creates strong relationships with its employees and establishes quality in its products and services. (Inc 2020.)

#### 2.1 Service Quality

For a while now, quality has been an essential and powerful engine that assists organizations to find their way through the increasingly competitive market. Service quality determines how the service provided meets the set requirement and by doing so shapes the consumers expectation. An organization that is always striving to find new and improved measures to upgrade the quality of their service and product can be able to create quality. This will significantly assure customers that the organizations meet their set standard. However, they would expect to receive the same quality of customer service as

the other organizations, and this will create satisfaction or dissatisfaction with the given product and services which are provided to them as they have high expectation. (Covin & Slevin 1988.)

According to Philip Kotler, a service is an intangible "action engaged between two or three interested groups or individuals". In the hotel industry, service is an ongoing interactive process between the customer, hotel employees, and managers. Services are created on more high-quality actions, performance, and an effort to satisfy a customer's demand. While engaging with one group or more, it is a possibility that problems could arise, and providing effective solutions for any customer issues should be every organization's primary responsibility. (Kotler, Wong, Saunders & Armstrong 2008.)

Some key factors that have been highlighted in most businesses today in defining excellent service quality are training, empowerment, and rewards. Training is mainly concerned with the personnel of the company; many studies have proven that a trained employee will enhance the overall quality of service. Empowerment is another factor of encouraging employees with their tasks and also boosting teamwork. Rewards should be given to motivative service employees with their work. In that way, an employee is aligned and involved with the target setting process of the organization. This factor is reliant on employees and their work performance, and then it will help determine the quality of the service delivery. (ISS 2020.)

It is not an easy process to resolve conflicts with a service matter, and a customer is susceptible and delicate. Which is why it is necessary to handle this type of matter with professionalism and an efficient manner. A service provider should be more involved with their employees by empowering them and motivating them, so they feel the appreciation. This can create a positive work environment, then employees will have a guarantee and assurance that they are being cared for. (Wu & Liang 2009.)

There are two distinctive dimensions in service quality. These dimensions are the main determinants for quality of service. Technical quality is what is received throughout the service delivery process then the reaction after the service or product has been obtained. These can be the meal served in the hotel or the WIFI used by the customer. Whereas functional quality, on the other hand, is the behavioral interaction during the process between the provider and the customer. (Grönroos 2000.)

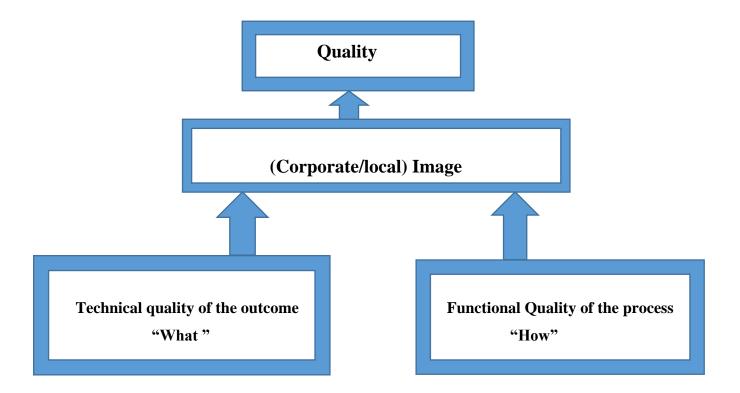


FIGURE 1. Quality of service and dimension (Grönroos 2000)

When we say, these two are the determinants for service quality, it is because only one of the dimensions is not enough to determine that satisfaction has been achieved. It is imperative to consider both of the dimensions. What has been provided by the company is not adequate without knowing how it has been delivered. (Grönroos 2000.)

#### 2.2 The elements of a high-quality service

A service is representative of most nation's economic development, and an economy is a blend of goods and services. A service does not exist without a provider and receiver, and they are the determinants for its presence. Moreover, every service organization is offering a range of services because of the evolution in marketing. Therefore, a service should have some standards, as the intangibility of its form makes it difficult to understand and yet it is very important to differentiate one organization from another to attract consumers. (Jashaliya 2020.)

Many factors make delivering a good service very challenging. Despite that, a good service contains four elements that are effective in any customer-oriented business. These elements are service package, service culture, providing service, and service quality, indicating that service is a package that is

offered to a customer from the perception of a good quality. An organization that has rooted its system in this element can create a positive and proactive work environment. (Isoviita & lahtinen 1994, 111.)

#### 2.3 Service Gap

For a while now, it has been a challenge for many companies to understand the service gap. Whether it is a service or product-related business, the main objective of any company is to have their customers satisfied. The service gap is also referred to as customer gap is the variation that is created between the desired service and what is perceived. The difficulty most companies face nowadays is knowing how to close this gap. Due to the impact of customer satisfaction, their main focus has shifted to the value of service measurement. This is where five service dimensions were recognized, and the so-called SERVQUAL model was developed. A SERVQUAL model identifies and compares these gaps then provides further solutions accordingly. It measures five service features which are: reliability, empathy, assurance, tangibles, and responsiveness. (Parasuraman, Zeithaml & Berry 1985.)

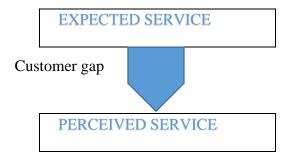


FIGURE 2. Customer gap (Zeithaml, Bitner & Gremler 2013)

Since the gap cannot be measured directly, recognizing these dimensions can help detect the areas which need improvement and refine customer service. On the other hand, evaluating service will build a relationship of reliability of customers with the company. (Parasuraman, Zeithaml & Berry 1985.)

#### 2.4 Dimensions of Service Quality

According to the researchers Zeithaml, Parasuraman and Berry customers put five dimensions on a high regard. These dimensions are assurance, reliability, empathy, responsiveness, and tangibles. Assurance is when companies build confidence and reputation by the knowledge of the staffs that are well equipped of what they are doing. Reliability is about being consistent and the capability of presenting what is required from the supplier. It is about delivering on time, ensuring every service you

promised to give on your website or logo is provided in the best manner. Empathy is about employees being concerned, caring and helpful at the time of customer's need. Customer assess service quality very carefully. For example - a porter is cleaning one of the restaurants tables after use. However, while cleaning, does not smile or ask if there is anything else, they can help. In this case we cannot say the service was fully executed. It is essential to educate employees in proper ways to interact with customers, so that it does not affect the quality of the service. Responsiveness is about answering straightaway. Making sure there is a customer service available to respond in person, through phone calls or email, and provide solutions for any issues, problems, or complaints the customer may have. Tangibles are one of the dimensions which are considered to be the least influential compared to the other dimensions. Tangibles is about the physical look like stuffs apparel, cleanliness of the equipment's and the hotel's overall appearance, which is as relevant. (Parasuraman, Zeithaml, & Berry 1985.)

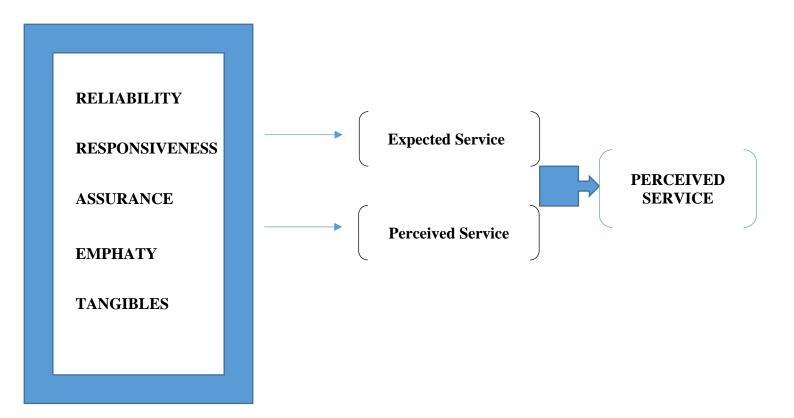


FIGURE 3. SERVQUAL model (Parasuraman, Zeithaml & Berry 1985)

#### 3 THE HOTEL INDUSTRY AND CUSTOMER SATISFACTION

The hospitality industry is part of a service sector that is expanding rapidly. Consumers in today's world live their daily lives with the help and security of their smart phones, they are well-informed about companies, brands, and today's market in general. Social media and the internet play a fundamental role in keeping them informed and knowledgeable. These not only help consumers but also companies in understanding their competition by keeping them up to date. (Loke, Taiwo, Salim, Downe & Petronas 2011.)

Throughout the years, the hotel business has further improved with their technologies that can help them meet the demand of their customers, all industries within this specific sector has placed their targets on customers and their primary objective is to meet their need. This is now the main reason for an increased demand for good service, and the focus has shifted from just receiving a service to the quality of the service they receive. (Loke et al. 2011.)

The hotel industry is mainly focused on the accommodation service for a short period. When we say the hotel industry, it includes motels, inns, resorts, hostels, guest houses, etc. According to their price range, the service they offer, and the size of their property, they differ from one another. Depending on that if the hotel has a higher price, it could be because of the location and its accessibility for the guest, or the hotel may contain several facilities with every amenity which can make it more appealing. Nonetheless, it is not the size or location that matters most for the guests. Customer's satisfaction is defined on the value, experience, quality of the service, and how they were treated by the employees. Unique and exclusive experiences are what can reward a loyal customer. (Trilyo 2018.)

#### 3.1 Customer Satisfaction

A customer is a crucial factor for any business to exist, and they play a vital role in the success or failure of any customer-oriented organization. It is important for every business to be competitive with other companies in attracting, understanding, and thriving to meet and exceed customers' needs by their products and services. Some business has found ways to understand customer's motive, behavior, and choices, which all may help develop the best marketing approach and amending their inventory to attract and maintain the most customers. (Kotler 2001.)

Customer satisfaction is highlighted under many business organizations today. To maintain a farreaching bond with customers, organizations are in a haste of creating the best strategies that are applicable plus meaningful regarding understanding their expectation and wishes. It is important to know where the service is failing or where it needs improvement, so the level of customer satisfaction needs to be measured. By measuring customer satisfaction, the service provider will have an idea of the customer's liking, opinion, and expectation. (Grigoroudis & Siskos 2010.)

Different academics have articulated an idea and definition of customer satisfaction from their own angle, however, in general, a customer satisfaction is an attitude and a response to the before assessing the service, and after receiving a service. It is a reaction of a customer whether their expectation is met or not. The main objective of a hotel or any service providing organization must be to clearly understand the preference from a general customer group point of view. The key for any business to persist in being fruitful is to guarantee a positive customer experience. Nowadays, the market is hectic in presenting the same or parallel service, particularly in the hotel sector. What separates them from one another is customer service, which is why it is the root of competition in most firms. (Allen & Rao 2000.)

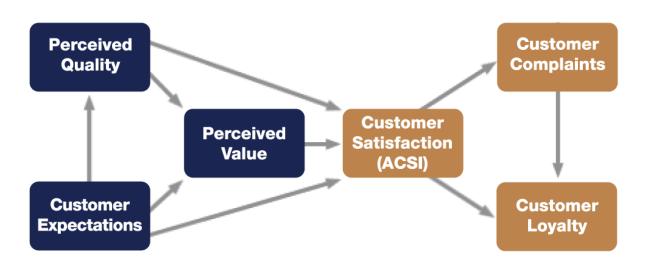


FIGURE 4. ACSI Customer Satisfaction Index Model. (Fornell, Johnson, Anderson, Cha & Bryant 1996)

The ACSI index, also known as the Satisfaction index model, calculates and summarizes the overall customer experience through the descriptive characteristics of perceived value, customer expectation, customer complaints, perceived quality, and customer loyalty. Even though several organizations are

using the index model to understand consumers widely in the U.S, presently, it is being used among different companies across the world. (Fornell, Johnson, Anderson, Cha & Bryant 1996.)

#### 3.2 Importance of Customer Satisfaction

Gaining new customers is very challenging for every organization. It takes a lot of capital, the organization needs to plan new marketing strategies, there will be a requirement for more resource and time. Therefore, customer retention is very significant as it can lead to a substantial profit. A happy customer is loyal; they are more likely to trust the service the organization offers and rely on the brand. Therefore, they are an essential advocate of the organization of services. As positive experience stays with people, Loyal customers are the ones to buy products that are not on sale and even be willing to recommend to a third party like a friend or family that needs the service. Thus, customer satisfaction will always enhance the market value and facilitate a positive "Word of mouth." (Zairi 2000.)

#### 3.3 Customer Expectation and Satisfaction

A company is set to have a high performance when they understand the customers' expectations, what is needed from their service and how to deliver them. The hotel industry experiences different customers with different demands every day, therefore, it is important in the hotel industry to know what customers really mandate because they often think those certain desires, they may have will be offered to them. As much as easy this sounds sometimes, they fail to meet the demand of customers. Instead of studying these essential points, companies incline to the easier way which is to meet an assumed expectation that they might think is needed. What makes a customer's degree of satisfaction mostly reliant on the expectation is with that particular requirement, a customer has, they bestow trust in the company for their need to be delivered to them with the best level of service. Therefore, expectation and satisfaction are closely associated, and it is important to know what the preference in service quality ought to be; otherwise, this may prove to be critical for a company's failure. (Cardozo 1965.)



FIGURE 5. Managing customer expectation (McGovern 2017)

There are five helpful strategies in managing customer expectations. Managing their expectation is important to set long-term satisfaction. These strategies are being transparent, giving clear timelines, covering more solutions, being optimistic and lastly following up. We will go through the meaning of each of these strategies. Firstly, being transparent is when a company sets a clear understanding of their plan, cost, and the overall idea of delivering service quality in a direct way to their customers. It assures them that they can trust the company. Giving clear timeline is when a customer calls or emails for some issue they encountered and they had to be in que to get a reply or get there problem solved, it is the companies responsibility to make sure that they give them the right reasons for their wait because despite their trouble customers will understand and appreciate the honesty. Covering more solutions is one of the company's strategies to provide an educated and prepared front line employee who can provide quick solutions with the customers' requirements even when it seems unmanageable. Be optimistic is a strategy that is focused on giving a reliable and quick positive response; this will build customer's confidence in a company's service. Lastly, we have the follow-up, this strategy is about finding a way to check on or connect with customers either on their private platform or phone call after the service has been provided. This will enable the company to evaluate their experience. (McGovern 2017.)

#### 3.4 Customer Dissatisfaction

A customer is said to be dissatisfied when they have high hopes for a product or a service, which ends up failing to meet their expectations. An organization may strive to build the best service however, it is not guaranteed always to deliver an undeviating positive experience. Factors like quality, pricing, poor customer service, and usability are the common reasons for customer dissatisfaction. By designing ac-

tionable strategies, an organization should intensely follow up and observe their customers to understand and identify why they may feel dissatisfied as it has a considerable outcome on a business shortcoming. (Freeman & Glazer 2012.)

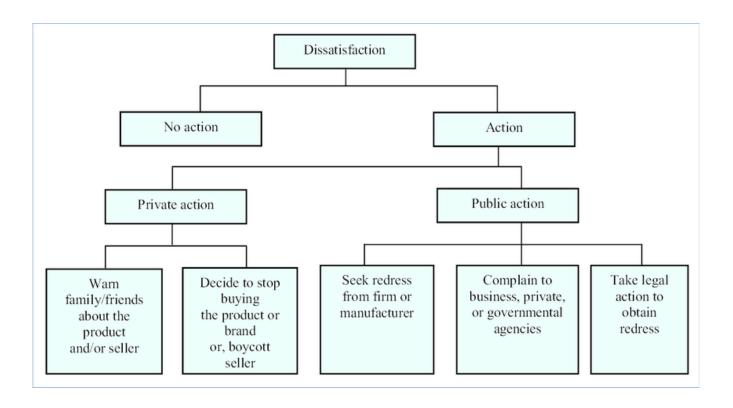


FIGURE 6. Dissatisfied customer's complaint behavior (Day & Landon 1977)

A customer's dissatisfaction can have two outcomes. One is taking no action, which means avoiding interaction with that company's product, and services and the other is private and public actions. Both private and public action has a significant impact on a company's development. Private action is the customers personal decision in cautioning others not to use the brand or service of the company. Public action refers to addressing the issue or complaint straight to the service provider by taking lawful steps. (Day & Landon 1997.)

#### 3.4.1 Customer Satisfaction Measurement

Customer satisfaction measurement is an important and influential program that builds a bridge with the total consumer market. An organization ought to identify if the service they offer meets the customers' expectations. If they realize their plan of action is not working as it should on the market, the organization must effective immediately act with new measures. (Hill & Alexander 2006.)

The customers are the ones to help distinguish the pros and cons of the organization, which helps understand the internal metrics and helps incorporate Customer's assessment and information. The research has indicated that quality is relevant to customers and delivering a high-quality service is a critical factor in the hotel industry. (Hill & Alexander 2006.)

#### 3.4.2 Methods to measure customer satisfaction

For the past decade, measuring customer satisfaction has proven to be difficult because the process is not as straightforward. However, there are some approaches developed that have proven to be useful in measuring the level of satisfaction in business today. Primarily we have surveys. It is a method of gathering information by providing different types of questions to certain customer groups and understand the level of satisfaction. Net promoter Score is the most common way of asking if a customer will recommend the product or service to a friend or family using a scale between different numbers. Customer satisfaction score is another method of collecting data through a happy or not emoji tool, and you might have noticed this tool after leaving a supermarket or after using any customer service. Even though this method is very straight forward the results might not always be accurate because it is mostly based on mood and reaction. Checking through social media is also another method of collecting feedbacks. Nowadays social media has a broader impact on millions of people worldwide. A business can follow up the opinions of customers directly from these platforms therefore, it is highly beneficial. These are only some of the methods that are being applied more effectively in several businesses today and have proven to be useful. (Pascal 2016.)

#### 3.4.3 Advantages and disadvantages of customer satisfaction measurement programs

A customer satisfaction program could be a survey, research, and feedback that is carried out and gathered by an organization to identify real and direct opinions of customers. By measuring customer satisfaction, the service provider can easily verify weaknesses and get up-to-date feedback on their business. These measurement programs are effective and suitable to reach customer's opinions. Companies that do not follow these measurement programs will only provide services that are not beneficial to the customer. (Evangelos & Yannis 2005.)

Some of the advantages of customer satisfaction measurement programs are, firstly, it is cost-effective because attracting new customers is costly, it requires a large budget, time, and resources. Therefore, a company should focus more on keeping its customers happy. These will help avoid spending too much money on marketing and programs to retain new customers. Another advantage is to gain loyalty which means today's business environment is highly competitive, and customer loyalty is one of the key factors for the success of a business. A company that works on a better customer experience will have a brand that will stand out despite the similarity in the market. Lastly, encouraging positive word of mouth, ever been so happy with a product that you wanted to share with your friend, colleague, or family. It is well known that satisfied consumers will always like to recommend. That is a free advert highly beneficial for the company. (DeFranzo 2020.)

The disadvantage of measurement programs are sometimes companies tend to send too many surveys and ask for feedbacks constantly through email or in person. Although these can be advantageous in the company's side because it assists them in providing outstanding product and service. Nonetheless, it can also form weariness to customers, and this can instead create low satisfaction scores. Customer must be assured of their privacy as they are helping by providing their private information, they should not be skeptical by releasing it. (DeFranzo 2020.)

#### 3.4.4 Improving Customer satisfaction

A customer is a core determinant for a business, and understanding the cause of customers dissatisfaction, and the level of service is as essential for a successful business. There are several ways to improve customer satisfaction. We have reviewed the value of measuring customer satisfaction. Now we will see other service tips that are relevant to boost the level of customer satisfaction. One of the best ways is when dealing with a customer in person or other platforms, recognizing them by their names

throughout the interaction creates the unsurpassed experience and a friendly connection. Rewarding customers after doing business is also found to be valuable. Some companies acknowledge their customers by sending out cards on holidays, magazines just to let them know that they are part of their journey and make them feel they are appreciated. (Gerson & Machosky 1993.)

Chatbot is widely used nowadays, since bots are always active it engages with replying to customers' questions and their enquiries. This type of tools that provide artificial or visual assistance is widely used nowadays and highly beneficial to improve a customer's experience. They provide solution in just few steps, by being available to solve any customer issues and guide when a customer needs assistance for instance in a purchase. As customers' demands are growing, the determination also to improve the satisfaction level will increase, by using these approaches can help an organization of any business will help in delivering the paramount experience. (Morgan 2020.)

#### 3.4.5 Restraints in Measuring Customer Satisfaction

There are some precautions to be considered when measuring customer satisfaction. Every customer has their own way of defining a good performance, it cannot be the same with every individual which is why the ratings differ significantly, these makes customer satisfaction assessment challenging to interpret. Companies need to recognize that it could be easy to satisfy one customer and difficult to satisfy the other customer given the same service. Manipulating customer satisfaction is quite common. Managers or employees may present sound principles to customers just before a survey is taken, and it is also usual to exclude unhappy customers from being included in a survey. Sometimes customers may give false complaints just for their benefit of receiving a discount or more concern. (Kotler, Bowen & Makens 2003.)

#### 3.4.6 Customer loyalty and Customer Perception

Loyalty is what comes after a customer uses one product and they had a good experience with them. After a good experience, they will likely come back for the same brand because of the familiarity. There are many organizations which product line or brand is entirely focused on customer loyalty. Reflect back to the time you wanted to buy a phone. If you are a Samsung user, it is highly likely that you will go for the same brand. Reason for it is because you have used this brand before, you were satisfied and had a good experience with it. That is how loyalty works. Organizations that are working hard to

develop their customer loyalty will have likability to their brand and success to their business. (Rampton 2015.)

Perception is a customer's attitude or familiarity with a product. Due to the fast development in technology customers are well aware of a company's product beforehand, which will build a perception of a product or service. A recommendation is also another instance where a perception can be influenced by, when a friend or a family suggests a product, or we read online, it immediately changes our perspective. Any business that is unwilling to invest in the brand or quality of their service has a higher possibility of shortcoming. (Wang & Yang 2004.)

Different researchers have suggested that to ensure customer loyalty and improve perception, it is important for a business to focus on human interaction, like giving customers value by understanding them in a deeper level. If they feel like their emotions and motivation are being acknowledged by the company, it will construct customer relationships and maximize customer value. Consistency is also another way of improving customer perception, and it is important to design a marketing strategy before the interaction with the brand or service and also in interacting after the procurement or consumption. Therefore, it is a crucial element that should be implemented across every business. (Yahong 2019.)

Unhappy customers will share their experience online or offline and immediately develop a negative perception, which will greatly affect their buying decision and loyalty. Knowing that Loyalty is highly dependent on the perception of the customer, every organization must put a lot of effort into building positive customer perception that will guide them to stand out over the competitors. This will make customers keep coming back and buy the same product or use the same service. (Yahong 2019.)

#### 4 RESEARCH APPROACH AND METHODS

Research methodology is a technique in which the study's researcher portrays their methods of approach, data collection and evaluating the data. This approach will assist readers to identify the reliability of the research. Most of the time research is carried out when an organization or a commissioner in this case need more information or support in designing strategies that are effective and help in guiding them. Based on the study's aim and objective the researcher identifies and selects the best method of research suitable. (Walliman 2011.)

The techniques used will be discussed in this chapter as follows. This research instigated by primarily providing the readers some theoretical knowledge regarding the study under the topic service quality and customer satisfaction. The theoretical analysis of the study is mainly on a literature review, and the technical analysis is based on the practical technique which is going to be applied to the data analysis and empirical section of the research. The hotels selected for this research are Goha hotel, Inn of the Four sisters, Florida International hotel, and Haile Resort hotel. These hotels were selected randomly but through valuable resources and comprehensive information through a website.

Primary and secondary sources draw facts that are credible for data. A primary source can be both quantitative or qualitative research, and it is directly collected by the researcher, such as interviews and empirical studies. A secondary source is a second-hand evidence from researchers or the primary source. A research has two wide categories, which are qualitative research and quantitative research. A qualitative research method focuses on non- statistical data, a natural approach, and direct personal observation. Quantitative data, on the other hand is data that defines quantity, it is associated with numbers. This method is much more organized in measuring a larger sample. (Denzin & Lincoln 1994, 2.)

Primary and secondary source of data were used for this research. As a primary data collecting, a quantitative research method was applied, and the secondary data was gathered from sources like Trip Advisor, Booking.com, and articles. A survey method was implemented to collect the data with eleven questions that are found suitable for this research. I provided the guests with the understanding that their point of view and speculation is essential in the future especially in the areas were service needs improvement. In addition, it was found proper and fitting to implement the data collection system on the hotel premises. The most convenient time was while the guests were resting in the recreation areas like lounge or sitting room and while checking out of the hotel.

#### 4.1 Validity and Reliability

If a research is quantitative, it is important to take reliability and validity into account. These methods are used to determine the quality of a research and understanding the approaches is fundamental. If research is said to have high validity, it means the technique used to measure were accurate and effective, and the results show what is intended to disclose. When we come to reliability, if one product is measured many times on the same exact condition, the weigh scale will show the same weight every time, then the result is said to be consistent. Therefore, reliability is the precision of the study and the researcher's capability to gather and document the report. (Saunders, Lewis & Thornhill 2009, 156.)

As stated earlier, the research aims to understand customer satisfaction and service quality, find best marketing strategies and find out which service needs improvement. To guarantee that this research is valid, the survey questionnaire was implemented carefully to connect with the research question. Each of the questions were theoretically related with the fundamental of this research. For the research to be reliable, all the data here was gathered directly from the customers. Thus, the customers have shared their private information and honest opinion. Therefore, the research is both valid and reliable because the data that was gathered was from reliable attainment theoretically and also empirically.

#### 4.2 Limitation of the study

This research had some limitations. One of the limitations was getting more customers to participate in the survey. It took a longer timer to gather the survey than intended because of this reason. Most customers were not willing to share their private information. In addition to that, the survey was implemented in the hotel premises, and it was not always possible to enter, the manager had to give a specific time which has also contributed to an extended period. It took about a month and one week (6th of March to 15<sup>th</sup> of April). I also believe that the number of respondents could have been higher but because of the global pandemic and restrictions on every border worldwide, many tourists have refused to travel at this time. This has greatly affected the hospitality industry market and led to some inconvenience in the data collection.

#### 4.3 The Commissioner

The commissioner of this thesis is Teklemariam Kebede, and he is the manager (CEO) of construction material business in Ethiopia. His company was established in 1999, it is family-owned and specializes in building material shops like ceramics, admixtures, and flooring in the capital city Addis Ababa. Teklemariam building material shops mainly deal with retail, and mostly the customers are constructers. His son Abel Teklemariam was the contact person for this thesis, and he is the one who is currently running his father's business. Abel Teklemariam has graduated from Addis Ababa University with an electrical engineering degree.

Investing in the hotel sector has been his companies' interest, and currently, a three-star hotel is being constructed in the northern capital city of Tigray "Mekéle". But currently, due to Ethiopia's political instability, there have been delays in the construction of this hotel. His company's mission is to create an outstanding organization that remains in the marketplace by investing and improving quality of goods and reach the expectation level of a customer.

Since the company has been dealing with mainly customers interested in building and now that the company is enlarging to a wider sector which is the hotel industry, they are facing new challenges because the hotel sector has variety of customers with different needs and demands. Nonetheless, what a customer, after all need is the quality in the service and products. Therefore, they should be able to achieve their mission.

Due to the competitive market environment its now challenging to gain success in the service sector. To achieve the vision of the company in being outstanding, the commissioner needs to understand which marketing communication attracts new customers, identify the reasons for customer dissatisfaction, and be able to find innovative ways to communicate with new customers. The company has stated some challenges in building a customer relationship therefore, by distinguishing these points, the research can help the management achieve the service they want to provide.

#### **5 HOTEL DESCRIPTION**

Ethiopia is a multilingual nation located in the horn of Africa. Nowadays the country is mainly focused on expanding investments in the service sector for a fast-growing economy. The hotel industry is increasing compared to five or a decade year back. Gondar was the capital city of Ethiopia in the 17<sup>th</sup> and 18<sup>th</sup> century, it is in the northern part of Ethiopia. The city is a popular touristic destination because it is found in the ancient period situated on the north of Lake Tana and southwest of Semen mountains. It is surrounded by many natural resources and very rich land. (The world bank 2018.)

Four random hotels located in Gondar; Ethiopia were selected for the research. This section covers descriptions of the hotels.

#### 5.1 Goha Hotel

Goha hotel is a three-star business-friendly hotel found on the hills of the city, it is a few miles away from the famous touristic sites of Fasil Ghebbi and Debre Birhan Selassie church which gives it more value for tourists. When it comes to services, the hotel offers 82 rooms and in addition offers several services like restaurants, bar, wireless internet, complimentary airport shuttle service and so on. (Goha Hotel 2019.)

Their website gives detailed information about the specific properties, Activities, features, and seasonality, making it more appealing to any traveler interested. Trip Advisor is essential because it shows reviews and feedback of people who have previously visited and used the hotel service. Goha hotel is rated 3.8, which is very good, and it has four hundred and nighty reviews, and most of their feedback was found positive. (Trip advisor; Goha Hotel 2019.)

#### **5.2 Haile Resort Hotel**

Haile resort Hotels are very well known because of their several branches located in different cities in Ethiopia. Haile resort Gondar hotel is a four-star hotel that is found in the city center. It is five miles away from the nearby airport and almost four miles away from the famous Adian-Seghed Iyasus castle. (Haile resort hotel 2020.)

The hotel provides accommodations with 56 guestrooms, 24-hour health club and swimming pool, some of the services offered in this property. The hotel is rated 3.5 in trip advisor and Expedia. which is very good nonetheless, it has 19 reviews so far which are relatively low considering the price being a fair amount for the stay, but as with this number, it is hard to predict as to why it is low, but the researcher will go through the cause and rationale. (Trip advisor; Haile resort hotel.)

#### 5.3 Florida international Hotel

Florida international hotel is a four-star business-friendly hotel in Gondar, and it is less than five miles away from famous touristic destinations and nearby the University of Gondar. The hotel offers 60 exclusively decorated rooms and other essential services like a conference hall, outdoor pool, coffee shops, sauna, and others. Their website is very versatile, and it is up to date, which means it gives current information on discounts and package deals. (Florida international hotel 2018.)

Travelers can book the hotel on several websites like trip.com, hotel.com, and trivago.com. These sites are most used and have proven to be beneficial for many customers. The hotel has a review of 137, and it is rated 3.5, which is very good. It is important to see previous guests' feedback and it has some positive and more negative feedbacks which will be comprised on the analysis section of the research. (Trip advisor; Florida international hotel 2018.)

#### **5.4** Inn of the four sisters

Inn of the four sisters is a property owned by four sisters. Among other services, it offers lodging, restaurant, free airport shuttle service, and Wi-Fi. It is less than one mile from Gondar's noble enclosures. This hotel has been ranked as the most popular hotel in Gondar. It has 34 reviews on trip advisor and rated five on most sites, which is the highest so far. Their website is user-friendly, and most of their feedback was positive and in addition, the location, amenities and features of this hotel were given high remarks. (Inn of the Four Sisters; Trip advisor)

Generally, travelers all around the world pay a lot of attention to details, and most times, they require their need to be recognized earlier. There are different customer groups like business and leisure. The customers in one group may not have similar requirements and preferences with the other group regarding to the services offered. Business travelers mostly focus on the fast internet connection, the accessibility of conference halls, and a good room with the necessities. Even though leisure travelers also require the same amount of courtesy, their focus is on the city, sites, Menu, the distance between the transportation centers and cozy rooms. Despite their slight differences, a customer, in general expects the best service, an experience worth the money they paid for. (Pesonen 2017.)

#### 6 RESEARCH RESULTS AND DATA ANALYSIS

The following part will highlight the findings through figures and explain the survey that was carried out in the case hotels. This research was taken in the hotel's properties during the period from 6th of march to 15<sup>th</sup> of April in 2021. A total of 37 guests answered the questionnaire thoroughly, and the research will also go through feedbacks from trip advisor and booking.com. The results are going to help the hotels in the areas which need to be improved and give a clear understanding of the current level of customer service.

#### **6.1 Results and Interpretation**

This section will show figures and an explanation of the survey. To understand the aim and objective, the research will start with the demographics and continue with services and satisfaction.

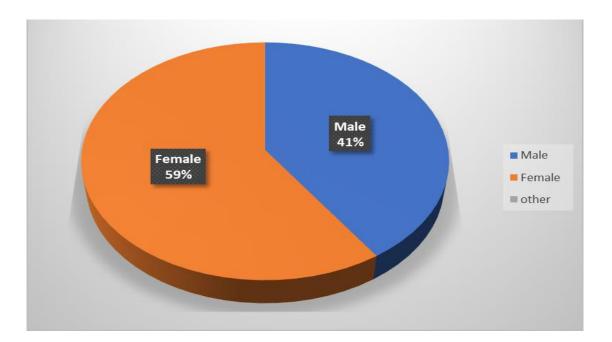


FIGURE 7. Respondent's Gender

Figure 7 shows from the thirty-seven responses collected the highest number of respondents to the customer satisfaction survey were females with 59% and male respondents were 41%. Even though the difference is not that big, it only shows that females were more helpful in sharing their experience in partaking on the survey.

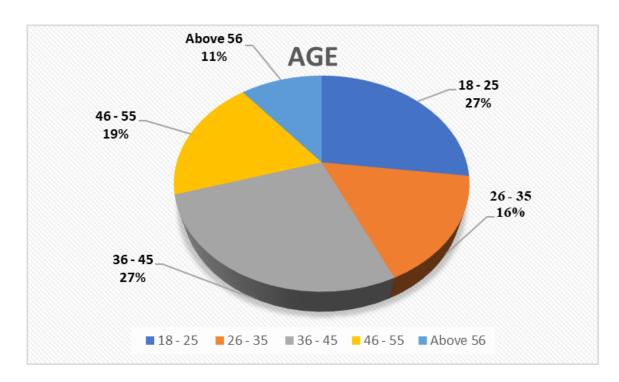


FIGURE 8. Respondent's age

Figure 8 indicates that large number of the respondents were between the age group of 18-25 and 36-45 with 27%, customers between the age 46-55 were 19% and the age group of 26-35 had 16%, lastly above age 56 had 15%.

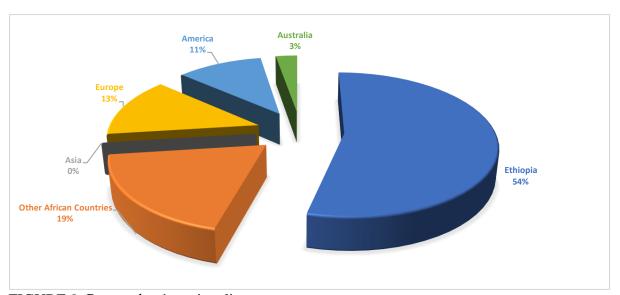


FIGURE 9. Respondent's nationality

As seen in figure 9, the majority number of respondents which is 54% were from Ethiopia, this result could have been affected by the global pandemic COVID 19. The number of respondents from other countries were relatively low due to restrictions. Other African countries were 19%. Europe and America accounted for 13% and 11% respectively were Australia had 3%.

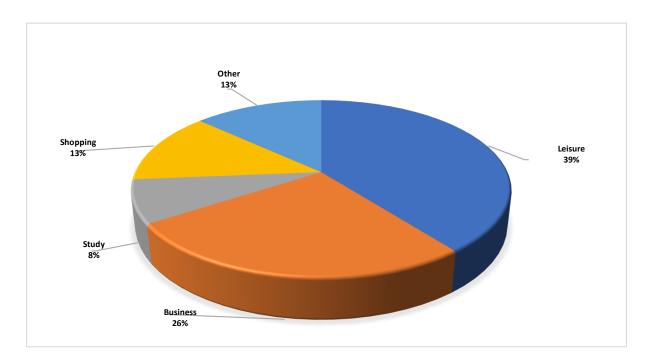


FIGURE 10. Reason of traveling

The larger group of respondents had travelled for leisure and recreation purposes with 39%. From this data we can cross tabulate that most of the respondents in this group were from Ethiopia then Europe, their age group is between 26-35 and 18-25 respectively. The other 26% responded as to have travelled for business- and work-related matters, most respondents in this group were from the age group of 46-55 and above 56. Most business travelers were from other African countries and some from America. For shopping purposes had 13%, this group mainly consisted of the age 36-45 and from 18-25. The country of the respondents was from Ethiopia, America and also other African countries. The smallest group travelled for study purposes which is 8%. This group's age was between 18-25 and 36 – 45. These groups' respondents were mainly from Ethiopia. The other 13% responded for other reasons which were not stated.

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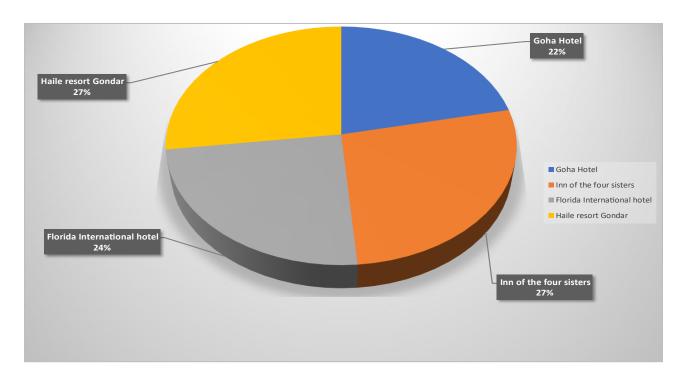


FIGURE 11. Respondent's hotel preference

Factors like location and good pricing can affect the guest's preference in choosing a hotel. According to figure 11 the number of respondents in Haile resort and Inn of the four sisters were 27%, whereas Florida international hotel and Goha hotel had 24% and 22% of respondents, respectively.

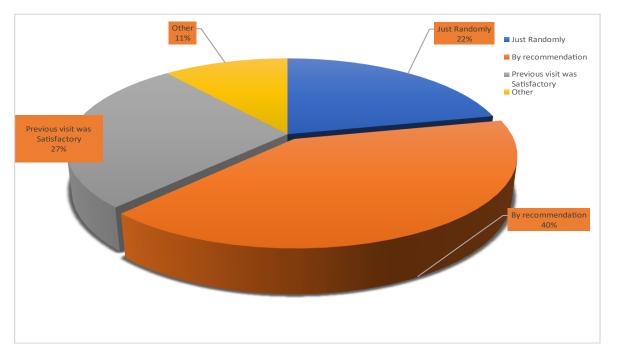


FIGURE 12. How respondents know about the hotel

As seen from the figure above 40% of the customers were recommended to this hotel from friends or family and so on. Whereas 22% chose the hotel randomly, 27% were due to satisfaction of the previous visit and the other 11% reason for choosing the hotel was not enclosed. This data also shows that a customer satisfied can go a long way by recommending the service to a third party.

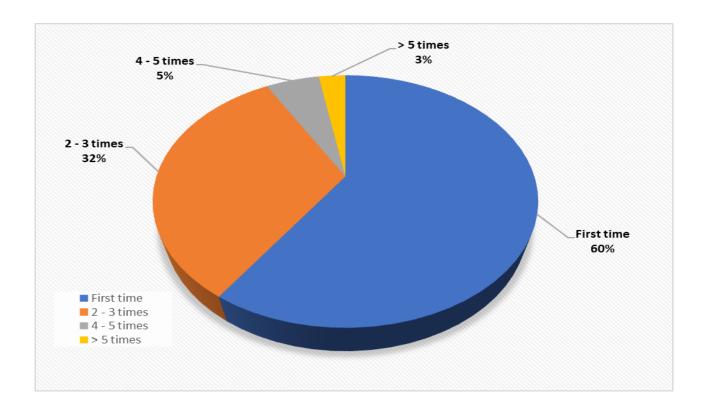


FIGURE 13. How many visits the respondents had

Figure 13 displays that large number of respondents were first-time visitors to the hotel with 60%, customers who has visited 2-3 times were 32%, whereas 5% has visited 4-5 times and 3% has visited more than five times.

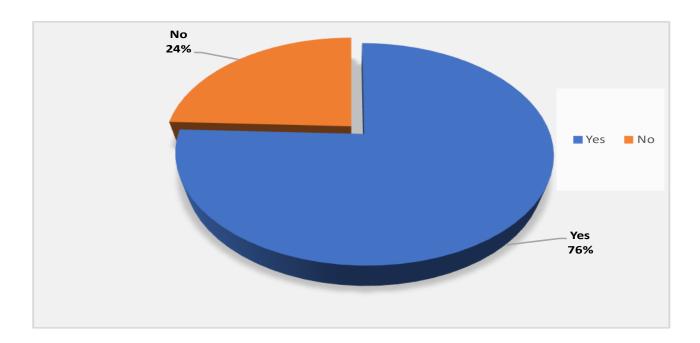


FIGURE 14. Customer satisfaction

Figure 14 clearly indicates that most customers were highly satisfied with the service provided to them, 76% of customers' expectations were met. Whereas 24% of the customer's expectation were not met. The dissatisfied customers' expectation was not approved and therefore some areas of service need improvement.

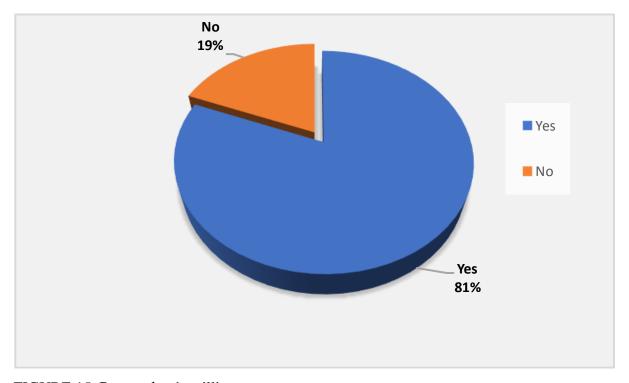


FIGURE 15. Respondent's willingness to return

From the figure above we will see the respondent's willingness to return to the same hotel if they visited Gondar again and 81% of the respondents are willing to return to the same hotel and 19% gave no for an answer. This indicates that most respondents were satisfied with the service offered.

This figure 16, illustrates customers' perception towards the given service. I made remarks on the variety of services and the customers were to mark if the received service is very bad, satisfactory, good, very good or excellent. This type of question was implemented so that it gives a better insight on each customer's over all experience and judgement of the given service.

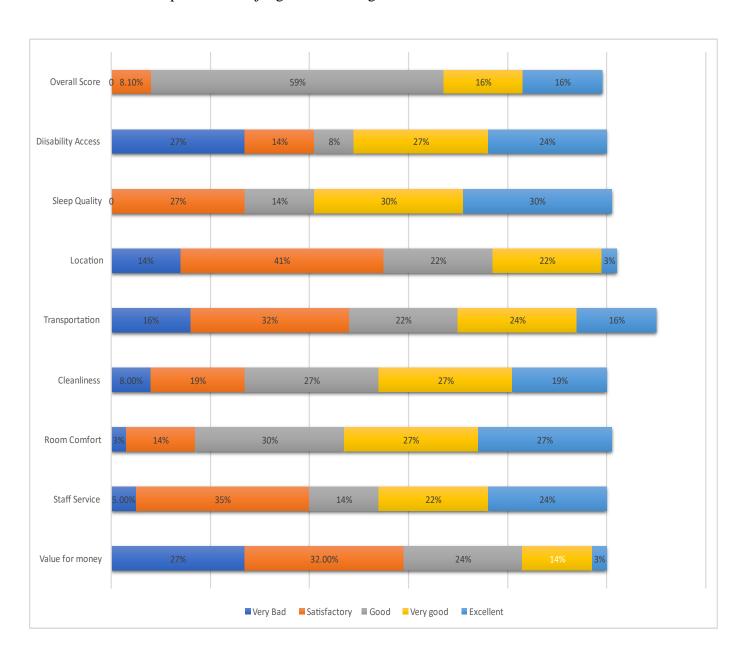


FIGURE 16. Consumer's response for the service, facility, and hotel.

Figure 16 highlights that the level of satisfaction was very bad in some services like the value of money, the lack of disability access, location, and transportation. According to the table, it was 27% for value for money and disability accesses. Location and lack of transportation were 14 and 16% respectively. The sleep quality of the respondents, as we can see from the figure, is very good, no customer had a complaint. In addition to that the staff service, cleanliness, room comfort was also appreciated by the respondents, very few had a problem with these services compared to the other services.

This a relevant finding for the hotels. They can have insight on which of the services they need to improve. The services that have received low level of satisfaction which are mentioned above like disability access for instance, are essential in determining the customer's experience. Therefore, it is important for hoteliers to put efforts into those areas and improve customer satisfaction.

The final question was an open-ended question where customers were asked about their general assessment to know the areas which need improvement, even though most of the respondents has left this area open and not complete, but those who have answered this question have stated some of the services that left them dissatisfied and some suggestions as well. Some of the comments were about the food served not being up to the hotel's standard, uncleaned pool and dirty rooms which need to be given attention. Few customers suggested that the hotel should work on the interior design. Managers should spend more money on the generator if needed because they had experienced electricity cut during their stay.

#### 6.2 Results from Online Feedbacks

The research feedbacks and reviews on the case hotels were collected on the 17<sup>th</sup> of April from sources like trip advisor and booking.com. The hotels were generally accessed according to the staff service, cleanliness, location, room quality, sleep, and most importantly, the value for money.

Goha hotel had 498 comments. Most of the comments made on Goha hotel were mainly that the place had a great interior design, the best location, view and its familiar to the locals. But the downside of this hotel was that it had no fans on most room and the furniture was quite tired and used. (Trip advisor; Goha Hotel.)

Florida international hotel had received 137 reviews from trip advisor that were mostly complaints concerning hotel rooms, and pools in need of a repair. The staff had a language barrier and most of them did not know how to speak in English, the lack of training among the employees and a good manager has also been mentioned. The positive reviews that were found were that the location of the hotel is good, and it is fairly priced. (Trip advisor; Florida international hotel.)

Inn of the Four Sisters had interesting feedbacks, this hotel had 34 reviews on trip advisor, and the rating for this hotel was excellent. Most of the customer's reviews were that it was a clean and cozy place, the staff were friendly, and it had the best location and no negative feedback to this hotel so far. (Trip advisor; Inn of the four sisters.)

Last was Haile resort hotel, this hotel has received 19 comments on trip advisor. Some of the comments mentioned were that the appearance of this hotel and the service were not as equivalent. The rooms are big but not clean enough, it was also mentioned that they should provide them with some protective net on the windows that could help keep them safe from the mosquitos, the Wi-Fi was also weak. Aside from this the hotel had good reviews it was mentioned that the staff are very welcoming, breakfast was exceptional, and all the other services were on point. (Trip advisor; Haile resort hotel.)

#### 6.3 Analysing the level of customer satisfaction

The number of respondents for this research was thirty-seven. More respondents to the research were not needed as the number could not have influenced the accuracy of the study. On the survey, respondents were asked to give free comments and opinions of the offered hotel service. Most of the comments were positive feedback, which signifies the overall customer satisfaction was high. But there were few negative comments, problems that have occurred during the guest's stay, which required to be considered.

Some of the matters which raised concern were the employees of the hotels, and few customers were not pleased with how the staff handled their issues. Several customers have complained about a lack of air conditioner in their room, and even though some rooms do have automatic air conditioner, it's essential to provide the guests with how to access and be able to use it. In addition, the washrooms have received few complaints, and it was left unattended for days which was very unpleasant for the guests.

Even though most of the customers were first timers to the hotel when asked if they could come back to the same hotel and if the hotel has met their expectation, the majority of them have replied yes for answer. Therefore, it is possible to conclude that since the rate and service provided in general were very good the level of customer satisfaction has backed the loyalty of the customers. In addition, the findings also give insight into the connection between service quality and customer satisfaction in bettering a customer experience.

#### 6.4 Recommendation

Organization in recent years have shifted their focus on customer satisfaction and service quality, and these two are the factual prominent indicators for potential sales. The objective of any business, big or small, is to increase revenue and decrease expense, and customers play a vital role in increasing profits; they are the core determinants for success and failure of a business. Throughout the years, the marketing approaches have changed significantly. Companies understand the relevance of customer satisfaction and the competitive market, which is why their focus is not just only on delivering a service but the quality of the service. Thus, it is essential to stand out in the marketplace and to do that organizations are in a haste to create the best strategic planning that will enable them to understand the level of service quality in their service and aim in building customer relationships. In addition to that, problems may arise in the marketing process, therefore there will always be a need to access the customer satisfaction before and after service have been provided.

Based on the findings of this research and the literature, the researcher has suggested that the commissioner design a website that is going will be easily accessed and user friendly. Internet has a wide contribution to a business; therefore, having a user-friendly website can create a positive reaction towards your brands and give them an idea that there need to be solved easily. If they can simply find what they are looking for in an instance on your website, they will have no need to search elsewhere.

Nowadays, social media plays a vital role in the competitive market. In the hotel industry, it is essential for the hotels to operate more on their social media marketing. It will enable them to promote and reach more consumers. Therefore, it is important to have customer service always available to answer and resolve issues on this platform, it can help build a better customer experience. In addition to that, it is necessary to engage with customers on these platforms. This will make them feel appreciated and that they are part of the goal-mission of the company.

The commissioner should consider training and educating employees. Customers have diverse demands and having employees who know how to treat them will help the company achieve their vision. Improvised employees who do not understand the goal and mission of the organization will be the cause for the failure of the business.

Since it is possible to have a multi-cultural environment in a service sector, the commissioner should assess if there is a lack of proficiency in an international language such as English since it is widely spoken across the world. From the manager down, it is significant to effectively communicate in a customer-oriented organization; therefore, understanding a common language that has an ever- increasing popularity is advantageous.

Customer satisfaction measurement programs are very important. Regarding this, it is advised to execute measurement programs to understand the current level of customer satisfaction, areas that need improvement and the level of service. Surveys are one of the helpful tools as we have seen on this research and therefore should be implemented more, so the hotel or organization can understand their own customer service and quality.

#### 7 CONCLUSION

The city Gondar also spelled as Gonder, is not just a city with beautiful heritages like castles and rock-hewn churches, but it was also a home for the emperor and princesses. Now part of the world's UNESCO heritage, Gondar is a popular touristic destination. Ethiopia is a country whose largest sector is on agriculture; however, to keep up with the population development, the country is striving to create many jobs. The service sector does not require a large outlay of investment, but it has the ability to provide employments for many people in a country, which is why the main focus in Ethiopia now is developing the service sector. (e-Visa 2020.)

The hotels chosen for this research are Goha hotel, Inn of the Four Sisters, Florida International hotel, and Haile Resort hotel. I selected these hotels randomly. The aim and objective of this research is to define customer satisfaction and explain how customer satisfaction and service quality are associated with each other and what value a quality has to customers. The design of this research has given interesting findings and results.

Currently, the hotel industry is the fastest growing industry in the world. The competitive market has made organizations explore and look for an advantage in standing out and being prominent in the market. Customers are core elements that determine the success and failure of a business. In order to have a strong relationship, it is highly recommended to understand their expectations, the market, and putting effort to gain more customers.

The process of the study was very enlightening and educative. I decided to write about this thesis to help the commissioner of this thesis in understanding the importance of customer relationship, satisfaction, customer service, and service quality. In addition, it also assists the commissioner to identify ways to design the best strategies in order to reach out to new customers and also in retaining customers. To achieve this process the research carried out a survey questionnaire in four hotels located in Gondar, Ethiopia. A total number of 37 responses were gathered from customers of this hotels and the respondents of this survey contributed to the research's success.

Service quality and customer satisfaction are two imperative subjects in an organization. Good service quality will continually deliver the best customer experience, which then leads to customer satisfaction. It is impossible to follow through the whole process of service delivery, but it is in the hands of organizations today to study their level of service and value their customers.

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# APPENDIX 1/1

# QUESTIONNAIRE

OEurope

O America

O Australia

| Quantitative survey (Questionnaire for customers of the case hotels in Gondar, Ethiopia).             |  |  |
|---|--|--|
| The main aim of this research is to find out the level of Customer satisfaction in the hotel service. |  |  |
|   |  |  |
| 1. GENDER   |  |  |
| O Men   |  |  |
| O Female  |  |  |
| Other Other   |  |  |
| 2. AGE  |  |  |
| O 18 – 25   |  |  |
| O 26 - 35   |  |  |
| O 36-45   |  |  |
| O 46 – 55   |  |  |
| O Above 56  |  |  |
| 3. WHERE ARE YOU FROM?  |  |  |
| O Ethiopia  |  |  |
| Other African countries   |  |  |
| O Asia  |  |  |

### **APPENDIX 1/2**

| 4. | WHAT IS THE REASON FOR YOUR TRAVEL?         |
|----|---|
|    | O Leisure                                   |
|    | O Business                                  |
|    | O Study                                     |
|    | O Shopping                                  |
|    | O Other                                     |
| 5. | WHICH HOTEL ARE YOU STAYING AT?             |
|    | O Goha hotel                                |
|    | O Inn of the four sisters                   |
|    | O Florida international hotel               |
|    | O Haile resort Gondar                       |
| 6. | WHY DID YOU CHOOSE THIS HOTEL?              |
|    | O Just Randomly                             |
|    | O By recommendation                         |
|    | O Previous visit was satisfactory           |
|    | O Other. What?                              |
| 7. | HOW MANY TIMES HAVE YOU BEEN IN THIS HOTEL? |
|    | O It's my first-time                        |
|    | O 2-3 times                                 |

# O 4-5 times O More than 5 times 8. DID THE HOTEL MEET YOUR EXPECTATION? O Yes O No. why? 9. PLEASE MARK THE BEST ATENATIVE FOR YOU, IN A SCALE OF 1 TO 5 (Only Current Stay). 1 stands for "very bad", 2 is "Satisfactory", 3 stands for "good", 4 stands for "very good "and 5 is "excellent". a. Value for money $\Box$ 1 $\Box$ 2 $\Box$ 3 $\Box$ 4 $\Box$ 5 b. Staff service $\Box$ 1 $\Box$ 2 $\Box$ 3 $\Box$ 4 $\Box$ 5 c. Room comfort $\Box$ 1 $\Box$ 2 $\Box$ 3 $\Box$ 4 $\Box$ 5 d. Cleanliness $\Box$ 1 $\Box$ 2 $\Box$ 3 $\Box$ 4 $\Box$ 5 e. Transportiton $\Box$ 1 $\Box$ 2 $\Box$ 3 $\Box$ 4 $\Box$ 5 f. Location $\Box$ 1 $\Box$ 2 $\Box$ 3 $\Box$ 4 $\Box$ 5 g. Sleep quality $\Box$ 1 $\Box$ 2 $\Box$ 3 $\Box$ 4 $\Box$ 5 h. Disability Access $\Box$ 1 $\Box$ 2 $\Box$ 3 $\Box$ 4 $\Box$ 5

i. Overall score  $\Box$  1  $\Box$  2  $\Box$  3  $\Box$  4  $\Box$  5

**APPENDIX 1/3** 

### **APPENDIX 1/4**

| 10. WILL YOU STAY AT THE SAME HOTEL IF YOU VISIT GONDAR AGAIN?          |       |            |  |
|---|-------|------------|--|
|   | □ Yes | □ No. why? |  |
|   |       |            |  |
| 11. WHAT IN YOUR OPINION SHOULD BE CHANGED OR DEVELOPED IN THE HOTEL IN |       |            |  |
| ORDER TO FULLY MEET YOUR EXPECTATIONS?                                  |       |            |  |
|   |       |            |  |
|   |       |            |  |
|   |       |            |  |