RELATIONSHIP BETWEEN QUALITY DEVELOPMENT AND GUEST SATISFACTION IN HUNGARIAN WELLNESS HOTELS

(PHD) DOCTORAL THESIS

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1. ANTECEDENTS AND TARGETS OF THE DISSERTATION

1.1 The importance of the topic

The present time has created the conscious consumers who are not satisfied with the average products/services, but they are influenced by several components of quality, such as reliability, material conditions, image, communication and other circumstances. Based on Haksever (et al. 2000) quality can reduce costs of companies, increase market share and ROI, intensify loyalty from consumers and employees as well and also strengthen market position. So quality products and services are in the best interest of companies. Those companies which are not able to produce high quality have competitive disadvantage (Hunt, 1993). Quality improvement has become a strategic issue that is no longer an advantage, but a must-have for survival in the competition for satisfying conscious consumers’ needs (Juran Institute, 1994).

In terms of services understanding quality is especially difficult, due to the heterogeneity, intangibility of services (Kotler, 1998), complexity, and the fact that they are generally based on interpersonal interactions. While for products there are objective indicators, services can only subjectively perceived by the user. This is the reason why we should explore the attributes perceived by the consumer, how these attributes influence satisfaction and what development opportunities service providers have to increase satisfaction and quality.

1.2 Importance of quality in hotel industry, actuality of the topic

The topic of this dissertation connects to the market of tourism¹, and focuses on the hospitality industry. Tourism has been a key sector since 1996 as it produces 9-10% of the GDP². Majority of domestic and international tourists’ spending is related to accommodation. This complex service plays a huge role in creating satisfaction, broadly speaking in creating and forming Hungary’s touristic image. So speaking of quality is inevitable and has a major importance in this field.

Quality approach has changed when the international hotel chains (InterContinental – 1969, Hilton – 1977) have arrived to Hungary. Since the 1980s there is a significant and continuous capacity expansion which led to the increase in the fierceness of the service providers’ competition. The global economic crisis starting in 2007 has influenced the volume and quality of hotel capacity, which brought a decrease in number of guests, average room rate and occupancy. Besides the costs were increasing, the financial sources decreased, the developments and maintenance was delayed which led to a decrease in competitiveness and quality.

Since 1979 there have been central regulation regarding to the classification of hotels, but these policies had been changed. The latest one was 54/2003 (VIII.29.) by GKM which created 5 categories indicated by stars (1-5*), and the classification was free of charge and obligatory. In 2009 this policy was discarded, and with this the obligatory classification had been cancelled in Hungary.

¹ Tourism includes “I” national economy Accommodation Service and Hospitality (55th and 56th sector), and “N” Mediation, organization of travels, other reservation (79th sector).
² http://www.vg.hu/vallalatok/turizmus/a-gdp-9-10-szazalekat-adj-a-turizmus-magyarorszagon-413355
1.3 Raising questions

The negative effects of economic crisis made such a situation which outcasted the quality awareness and consciousness of the hotels. Due to the decreasing incomes, the increasing costs and the growing bank credit, the financial sources of the quality improvement disappeared. The strategic thinking have been replaced by the daily struggle of surviving. The legal background of hotel classification was repealed at that time (2009).

The agreement (on 12th June, 2012) of the Ministry of National Economy and the Hungarian Hotels and Restaurants Association attempted to fill the space three years later, in order to differentiate the hotel standards by using the HotelStars harmonized European qualification system. Hotels must apply for the hotel stars trademark, and only those who constantly meet the quality requirements and pay the audit fee every four years can use the stars.

By November, 2012, there were 481 registered and 283 qualified hotel (of nearly thousand), which covers only the 30% of the Hungarian hotels, and 40% of the room capacity. (Hotelstars, 9th November, 2012). Do the other 70% not think that categorization is important, or are they not able to meet the requirements? 109 hotels (11%) appears in the Hungarian Central Statistical Office registration as ‘non-categorized’. (KSH, 2012) Hotels have more possibilities to improve and certify their quality. But is it worth all these efforts? Does the quality mark orient the potential guests to choose the specified hotel? Does it affect the guests’ quality perception and their willingness to return?

Tourists and guests have their customer behaviour radically changed due to the last five years’ fast technical improvements. For choosing the hotel, there are more information sources, the offered services and prices can be easily compared. Because of the crisis, the discretionary income decreased and the price sensitivity increased on a lot of households. Responding to this, coupon and review sites have been created on the internet. Can Hungarian hotel guests be made satisfied and loyal by quality improvement also in this economic situation or only by price reductions?

According to these facts, the following questions arise:

- What are the quality attributes and how we can measure the quality of wellness hotels?
- Have the quality dimensions the same importance from the guests’ and hotels’ point of view?
- How satisfied are the Hungarian guests with the services of domestic spa hotels?
- Does the quality – satisfaction – loyalty relationship work similarly even in Hungary (within guests of Hungarian wellness hotels)?
- How can prices influence this relationship?
- Are Hungarian wellness hotels and guests quality-conscious?
- Is it possible to designate the strategic direction for wellness hotels’ quality improvements?
- How can the level of hotel quality be communicated and which role does the hotel’s quality (signed with stars) fill in the consumption procedure?

1.4 The goals

Analyzing the questions in the next four intentions (C):
To investigate the satisfaction and quality-awareness of Hungarian wellness hotels’ guests’.

To investigate the quality perception and quality-awareness of Hungarian wellness hotels.

To discover the connection between hotels’ quality improvements and the guests’ satisfaction on the market of Hungarian wellness hotels.

To systematize the hotel quality signals and examine its effects on the Hungarian wellness hotels and guests.

2. METHODOLOGY

2.1 Applied research methods

The structure of the applied primary and secondary research methods are shown in Table 1.

<table>
<thead>
<tr>
<th>Research method</th>
<th>Research time</th>
<th>Research purpose</th>
<th>Pattern</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secondary research</td>
<td>2003-2014.</td>
<td>conceptual clarification, understanding by examples, conceptualization</td>
<td>literature review</td>
</tr>
<tr>
<td>Personal in-depth interview</td>
<td>2007. October-November; 2011. August; 2013. August-September</td>
<td>hotels’ quality awareness, quality improvement activities, the methods of measuring guests’ satisfaction, the quality attitude and problems in the Hungarian hotel industry</td>
<td>5 hotel director; HAH President of Quality control section hotel management</td>
</tr>
<tr>
<td>Observation</td>
<td>2009-2011.</td>
<td>independent hotel owners’ improvement attitude, hotel guest and staff satisfaction, the method and consequences of handling complaints, hotel guest surveys’ methodical investigation</td>
<td>2 independent hotels</td>
</tr>
<tr>
<td>Focus group investigation</td>
<td>2008. January; 2010. July; 2011. February</td>
<td>the importance of guest satisfaction measuring the expectation of guests; hotel staff expectations</td>
<td>6 people - BGF research team; 7 people – hotel guests; 9 people – staff</td>
</tr>
<tr>
<td>Year</td>
<td>Month</td>
<td>Description</td>
<td>Sample Size &amp; Notes</td>
</tr>
<tr>
<td>-----------</td>
<td>-------------</td>
<td>-------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>2012</td>
<td>July</td>
<td>hotel experiences, the dimensions of quality in a hotel, hotel quality composition, the possibilities of quality improvement, satisfaction and loyalty, methods of measuring satisfaction</td>
<td>8 people – stratified sample with hotel experience 9 people – tourism and hotel experts (members of HSM Szakmai Baráti Kör)</td>
</tr>
<tr>
<td>2012</td>
<td>August</td>
<td></td>
<td></td>
</tr>
<tr>
<td>September</td>
<td>Survey</td>
<td>testing the surveys, the importance of hotel quality components, perception, rating, quality improvement, satisfaction,</td>
<td>130 people – BGF undergraduates, 834 people – with hotel experience, 46 hungarian wellness hotels,</td>
</tr>
<tr>
<td>September-October</td>
<td>Survey</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>August-September</td>
<td>hotel quality improvement possibilities and attitude, the effects of quality improvement, the effect of market changes on quality awareness, hotel quality signals.</td>
<td>hotel management 3 people – in person, 11 people – in writing</td>
</tr>
<tr>
<td></td>
<td>Interview</td>
<td></td>
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</tbody>
</table>

Quantitative data procession and statistic analysing was made with the help of SPSS 21 and Excel software.

### 2.2 The hypotheses

The following hypotheses have been phrased for the four objectives:

**C1: The investigation of satisfaction and quality-awareness of the guests of the Hungarian wellness hotels.**

The main objective of this topic is to find out whether the connection between the quality and the satisfaction is observable also within the guests of Hungarian wellness hotels.

- **H1**: Evaluation of the hotel quality is based on the disconfirmation paradigm.
- **H2**: The guest-rated hotel quality attributes have different priorities.
- **H3**: The perceived higher hotel quality leads to higher guest satisfaction.
- **H4**: The connection between quality and satisfaction is highly moderated by the price paid for the service.
- **H5**: The satisfaction leads to loyalty.
  - **H5.1**: The satisfaction leads to higher willingness to return.
  - **H5.2**: The satisfaction increases positive Word of Mouth.
  - **H5.3**: Satisfaction decreases price-sensitivity.
- **H6**: Hungarian wellness hotel guests are not equally quality-conscious.

**C2: The investigation of Hungarian wellness hotels’ quality perception and quality-awareness.**

The goal is to survey if the Hungarian wellness hotels realized the importance of quality, which dimensions are important in order to reach the desired quality, and how they rate the quality of their own services.

- **H7**: The hotel quality dimensions are differently rated by the guests and hotels.
The Hungarian wellness hotels overestimate their quality of services compared to the guests.

The Hungarian wellness hotels aren’t equally quality-conscious.

C3: Discover the connection between hotel quality improvements and guests’ satisfaction in Hungarian wellness hotels.

The main goal is to establish if the quality improvement efforts by the hotels influence the guests’ satisfaction and the hotels’ performance. With the help of Gap-model, it is possible to demonstrate the gaps during the service providing, so the satisfaction can be increasable after closing those gaps.

H10: The quality improvement has a positive effect on the perceived hotel quality.
H11: The quality improvement has a positive effect on the hotel performance.
H12: The quality improvement has a positive effect on the guest satisfaction.
H13: The reason of quality-failure is the GAP1, namely the hotels are not aware of guest expectations.

C4: Systematization of the hotel quality signals and examination of its effects on the Hungarian wellness hotels and guests.

Considering the basics of signalling theory, this subject studies how hotels can communicate their quality and how Hungarian wellness hotels’ guests inform about the hotels’ quality. The focus is on hotel classification system (the number of stars).

H14: The hotels’ classification (*) is the most obvious quality sign for the guests.
H15: The hotels’ classification shows significant connection with the consumers’ behaviour.
H15.1: The classification plays an important role in choosing a hotel.
H15.2: The classification has meaningful impact on the guest expectations.
H15.3: The classification has an effect to the perceived quality.
H15.4: The classification affects the consumer value.
H15.5: The classification is connected to satisfaction.
H15.6: The classification has an effect on loyalty.

2.3 The model

The composition of the surveys, the information gathering and systematization is based on the logic of Gap-model (Parasuraman et al, 1985). (Figure 1.)
Knowing the expectations of guests is essential for the hotel quality improvement, because it’s the only way to reach the guests’ satisfaction. Establishing the quality is the task of the hotels, while evaluation of it is based on the guests’ subjective judgement. The reason for using Gap-model is because in this model constructs hotels and guests appear at the same time. The results based on these connections show the guests’ satisfaction in different dimensions of service, and the gaps serve as a guidance to hotel quality improvement.

3. RESULTS

The results are listed following the logical order of the hypotheses.

**H1: The evaluation of hotel quality is based on the disconfirmation paradigm.**

In the literature, a lot of researchers investigated the point of service quality and they all agreed that quality and satisfaction is the component of the same construction. One of the two differing opinions says, that the consumers are comparing their expectations with the actual service they received. Satisfaction occurs when the perceived performance reaches or exceeds the expectation. (Oliver, 1980; Grönroos, 1982; Churchill és Surprenant, 1982; Homburg and Rudolph, 1995; Parasuraman et al. 1985; Cadotte et al. 1987; Brogowitz et al, 1990; Gardini, 1999; Robledo, 2001). According to the other approach the service quality is an evaluating attitude (Cronin and Taylor, 1992; Boulding et al. 1993; McAlexander et al. 1994; Caruana et al, 2000; Suuroja, 2003), so satisfaction is independent of the expectations.
Usually an extensive information gathering period characterizes the selection of the hotel service in case of Hungarian leisure guest segments. The majority of Hungarian travellers are preparing for the journey for a long time, gathering the necessary money, which is a high amount of their incomes. The preparation time is slightly reduced by the existence of discount and coupon offers, in case of which the prices are lower not requiring a long time to hesitate. While in case of a bank or a car repair service, consumers don’t “dream” about using the service, in case of leisure journey it is typical. The respondents of the survey and the members of focus groups are clearly referring that they create a previous image (consciously 4,13, subconsciously 4,39) and they state concrete expectations.

**H2: The quality dimensions perceived by guests have different importance.**

It came out of the scientific literature that there are a lot of service dimensions which are able to characterize the quality. The basic theory was invented by Grönroos (1982) which is called technical and functional dimensions. These dimensions were broadened with general or service-specific features in the last thirty years’ literature. In the research focusing on hotels (Atkinson, 1988; Tunstall, 1989; Weaver és McCleary, 1991; Ananth et al, 1992, Saleh és Ryan, 1992; Mattila, 2000; Ekinci és Riley, 2001; Soliman és Arzaid, 2002; Lockyer, 2005, Wu, 2009; Wilkins, 2010) appears a great deal of dimensions, due to the variety of hotel types and segments. Researchers agreed that these dimensions are not equally important. I would like to test this statement, and to expand it with a new scientific result, which is related to the hotels’ guests. The five dimensions declared by Parasuraman and other authors (1985) gave a good base to the measurement, but – increasing the number of statements from 22 to 26 – I added some hotel specific questions. The attributes showed that the guests weigh differently the parameters of service quality. The safety came out (4,8) to the first place in the ranking, so this is the strongest expectation, then the reliability (4,7), responsiveness (4,6), empathy (4,4) and tangibles (4,4). Expectations made up by their own word showed that the facilities, the food and beverages and the wellness service are the most mentioned, but the cleanliness, the staff and the reliability is also worth mentioning.

**H3: The perceived higher hotel quality leads to higher guest satisfaction.**

If we accept that the satisfaction can be measured by the evaluation of the service quality (Veres, 1998), than we can assume that the satisfaction depends on the quality. Some researches show that this relation is strong, but not imperiously determined. It was important to clarify the role of quality to enhance guest satisfaction. The results show that in the investigated sample the quality and the satisfaction is closely related. The higher the guests perceive the quality of service, the more satisfied they will be. Going into details it is discovered that people living in small towns and having an average income are the most satisfied with the quality of wellness hotels.

**H4: The connection between quality and satisfaction is highly moderated by the price paid for the service.**

Some researchers (Howard, 1977; Churchill and Surprenant, 1982; Teas and Agarwal, 1997, Woodruff, 1997; Oh, 1999) said that the price paid for the service has direct and indirect role in the perception of quality. It became apparent from my survey that the domestic market conditions (such as economic crisis, oversupply of hotels, new sales forms, coupons) have redesigned the clientele of wellness hotels. The increasing price sensitivity forced the hotels (mainly the high quality and wellness) to decrease their prices. It is clarified that there is connection between quality-price-value-satisfaction. It is obvious that the more the quality increases, the more the prices are perceived proportional by guests. There is a similar strong relation between satisfaction and price-value ratio. The satisfied guests find the price...
harmonic to the quality, while the unsatisfied find it high. As the survey is based on ex-post evaluation, this correlation can be stated. Supplementing this relation with the expectations, we can’t say that (only) the low prices make the guests satisfied.

**H5: Satisfaction leads to loyalty.**

In this current competitive market it is not enough to have “simply satisfied” guests (Deming, 1986), it is a must to retain and make guests loyal. According to Toepfer (2000) satisfaction is important but not sufficient condition of long-term customer relationship, as also the most satisfied guests may leave the service providers (Reichheld and Teal, 1996) however, the unsatisfied guests can be loyal (Vollmer et al, 2000). All the three variations can be recognised in case of hotels. Business segment is often connected to a certain hotel with contracts, so the motivation of their return is not the satisfaction. In case of leisure tourists satisfaction does not stop them from trying out other hotels. Based on the results of the survey the willingness to return does not reach 100% in case of satisfied guests either. It was also proven that satisfaction is a necessary criteria for loyalty. I analysed the manifestations of loyalty in separate sub-hypotheses.

**H5.1: Satisfaction leads to higher willingness to return.**

It is statistically proven that by increasing the satisfaction the willingness to return will increase as well. The inverted aspect seems also proper: the unsatisfied guests will not return.

**H5.2: Satisfaction leads to positive Word of Mouth (WOM).**

Concerning the survey the Hungarian guests share their experiences only with a few people. They use the online social media platforms mainly for collecting information and not for evaluation. The positive WOM can be observed among satisfied guests only and is commensurate to their satisfaction.

**H5.3: Satisfaction decreases price sensitivity.**

Loyalty has two dimensions: behavioral and attitude. Scientific literature says that loyal guests have lower price sensitivity (Fornell 1992, Muffatto and Panizzolo 1995, Sharma et al. 1995, Zeithaml 2000). Based on this statement satisfied guests are loyal to a service provider and the price increase will not influence this attitude. This sub-hypothesis could not be proven, as the satisfied Hungarian guests are easily seduced with a small discount by the competitors. Price sensitivity can be seen among mainly the guests with average and low income. So the original statement seems more accurate like this: Satisfied, loyal and rich segments tolerate price increase much more than the unsatisfied guests with lower income.

**H6: Hungarian guests of wellness hotels have different quality awareness.**

Scientific literature refers to the strong influence of the guests’ socio-demographic, lifestyle, and other personal characteristics on the consumers’ assessment of services. My investigation shows a difference concerning the residence, income and education. It seems an important aspect to analyse to what extent the quality-oriented attitude influences the choice of hotel. This aspect was supported by the principal component analysis. I defined five clusters:

- **40% – quality oriented mass**: 77% women with average income, quality is important aspect when choosing a hotel
- **20% – rich quality oriented**: highly educated individuals who are living in Budapest, consciously looking for quality with high income (30% entrepreneur) – they cannot be seduced by discounts
14% – **looking-for-pleasure**: looking for the hotels reaching their expectations with the best value for money – with lower income

14% – **discount hunters**: relatively young employees with average income, living in the countryside – they are price sensitive

12% – **braggarts**: quality is not important at all, they have low expectations, with prestigious motivation – majority of pensioners – with the lowest income and the lowest ratio of women, living in Budapest

**H7**: The hotel quality dimensions are differently rated by the guests and hotels.
In the survey the importance of the five service quality dimensions (Parasuraman et al.) was asked from the hotels - similarly to the guests - to find out if there is a difference. The survey showed an unexpected result, because the ranking of the quality dimensions was the same for both parties: the assurance was the most important, then reliability, responsiveness, empathy, and tangible was the order. Open questions showed a controversial result, because tangible played a bigger role in guests’ expectations. In my opinion the survey, based on the five dimension, brought latent expectations to the surface. Although the dimensions of the SERVQUAL model was ranked into the same order by hotels and guests, but the importance of those was taken into account with different values.

**H8**: The Hungarian wellness hotels overestimate the quality of services compared to the guests.
Observation made by Peiro et al. (2006) – that the hotel staff overestimate the quality of their services – was measured among Hungarian wellness hotels as well. The guests were satisfied with the tangibles, and they gave a higher value for this dimension than the hotels themselves. The other four quality attributes were overestimated by hotels, responsiveness and empathy in particular.

**H9**: The Hungarian wellness hotels have different quality-consciousness.
My own experiences and interviews proved that Hungarian hotels have realized that the high quality is the only chance for a long-term survival, and they made a lot of improvements. With the help of principal component analysis hotels can be divided into three clusters. It is also clear that all hotel chains have more experience in quality improvements.

- 6% – **quality-conscious**: their operation is generally based on standards, they established positions only for managing quality, they follow the TQM policy and also they spend a lot of energy AND financial resources on quality improvements.
- 87% – **value-oriented**: the majority of them belongs to hotel chains, they spend energy OR financial efforts on improvements – to increase customer value they differentiate the prices very intensively and dynamically.
- 7% – **quality short-sighters**: they have not recognized the importance of service quality, generally independent, small, lower-category hotels, they need to broaden their quality approach.

**H10**: Quality improvement has a positive influence on perceived hotel quality.
Analysing the relationship between quality improvement and perceived quality was extremely difficult as the guests were not evaluating the surveyed hotels. Guests did not have any information about the hotels’ quality improvement efforts. Loyal clientele has the chance to notice the changes in their favourite hotels but I did not have any information about that.
**H11:** Quality improvement has a positive effect on hotels’ performance.  
I tried to quantify the hotels’ performance with indicators such as occupancy (%), average duration (nights spent), spending per night. It can be seen that in the period of 2007-2012 there is a correlation between the money spent on quality improvement and the indicators of performance.

**H12:** Quality improvements have a positive effect on guest satisfaction.  
The satisfaction can be increased with a higher service quality (Cronin és Taylor 1992, Dabholkar et al, 2000). The main focus of this hypothesis is to examine this relationship in the Hungarian market in the period of the crisis (2007-2012). Results show that in those hotels where emphasis was placed on quality improvement, there the guest satisfaction and the ratio of quality clientele increased. A small increase in the ratio of regulars and a small decrease in the number of complaints was observable.

**H13:** The main reason of quality defects is that hotels do not know the guests’ expectations.  
Although domestic visitors are generally satisfied with the quality of Hungarian wellness hotels (GAP5), not completely (difference: -0,3). The gap analysis helped to find the gaps in the service delivery process. I used the Gap model and the modified SERVQUAL questionnaire (Parasuraman et al. 1985, 1988) in the survey. Since the interpretation of expectations in the marketing literature is very ductile, I assumed that the biggest problem in Hungarian wellness hotels is that the management is not aware of the guest expectations (GAP1). The research confirmed this hypothesis (Table 2), however, it turned out that there is an even more significant difference for the rest of the gaps.

**Table 1.: Summary of the Gap analysis /Own compilation/**

<table>
<thead>
<tr>
<th>Content of GAP</th>
<th>Average of the answers</th>
<th>Difference from 5’</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAP1 – knowing the guest expectations</td>
<td>4,07</td>
<td>- 0,93</td>
</tr>
<tr>
<td>GAP2 – establishing service quality standards</td>
<td>3,35</td>
<td>- 1,65</td>
</tr>
<tr>
<td>GAP3 – service delivery</td>
<td>3,52</td>
<td>- 1,48</td>
</tr>
<tr>
<td>GAP4 – communication</td>
<td>3,23</td>
<td>- 1,77</td>
</tr>
</tbody>
</table>

Hotels see a grave problem in the staff’s changing preparedness (suitability, abilities) during the service delivery (GAP3), besides they started to neglect quality assurance which should drive them to elaborate necessary measures by creating standards (GAP2). The credibility of marketing communication towards guests (GAP4) is the most important problem based on both the hotels’ and the guests’ answers.

**H14:** The classification of hotels (*) is the clearest quality sign for guests.  
According to theoretic research, information about the quality of the product/service has a huge role in purchasing. Based on the informational asymmetry theory (Akerlof 1970, Spence 1973, Stiglitz 2001) providers should send signals to the consumers which can help them deduct the quality. There were a lot of empiric research on signals and possible combinations (Alba és Hutchinson 1987, Wernerfelt 1988, Rao és Monroe 1988, Dawar és Parker 1994, Jones és Hudson 1996, Kirmani 1997, Erevelles et al. 2001, Geraud és Livat 2007). In this research I collected those which can be used by hotels, such as brand name, classification, price, promotional activities, and quality certifications. The survey aimed to reveal which signals let potential Hungarian guests know the informations about quality. It has been proven that potential guests look for these keys to reduce risk. Before choosing a wellness hotel – based on the results – classification got the highest score (3,71), before prices (3,22), quality
It is important to bear in mind that Hungarian guests listen to others’ and their own experience when forming expectations.

**H15:** Classification of hotels shows a significant correlation with consumer behaviour. To analyse consumer behaviour I used the phases of quality assessment process (Parasuraman et al. 1985, Simon és Homburg 1995, Hofmeister-Tóth et al. 2003). The classic process starts with forming the expectations before which I inserted the moment of choosing the business. It is followed by the perception of quality, consumer value, satisfaction and loyalty. Their relationship is shown in the following sub-hypotheses.

**H15.1** Classification plays a huge role in hotel selection. My first assumption was that classification of hotels has an impact on choosing the accommodation. I could not prove that exactly. However, my research supports that classification is an important quality signal, but choosing the hotel has other aspects as well (so nobody says “let’s go to a three-star hotel”). The type, location, provided service and prices of the hotel play a much more important role. In case of choosing the business there is a correlation between stars and prestige. So the original statement seems more accurate like this: Classification plays a huge role in choosing the hotel concerning guests with prestigious motivation. Based on H14 classification is important during obtaining information before choosing a hotel.

**H15.2** Classification has a meaningful impact on the guest expectations. Based on the confirmation/disconfirmation theory the first step of quality assessment is establishing expectations. Results show that the potential guests, who were considering classification during the establishment of expectation, chose a hotel from higher category. This means that the higher the number of the stars the higher the expectations of the guests. So we can say that there is a strong connection between classification and expectations.

**H15.3** Classification has an effect on perceived quality. I supposed that the guests, who based their expectations on the classification, tend to compare the services to their criteria. This would mean that the guests would only perceive quality as acceptable if the criteria of classification had been satisfied. This let me think that in an objective scale the increasing the number of stars would increase the guests’ perception of quality. This had not been proven during the empiric research so I had to discard this hypothesis. However, in H15.5 this hypothesis had been indirectly supported.

**H15.4** Classification affects customer value. Customer value has several interpretation (Shanker, 2012). Value gained by guests compared to spending (Parasuraman, 1997) can mean that the guest bought the service for a lower price or the guest could buy a higher quality service for their money. In my theory classification has an impact on perceived customer value. In the survey I asked this from the guests directly and indirectly as well, and it turned out that there is actually a relationship between these two factors. In case of higher category hotels more guests feel that the received services are in line with the prices. Although during this period there was a price decrease in case of these high category hotels there still was a huge gap between high and low category. To sum up: in higher category hotels the guests’ expectations are higher, but by getting special treatment they feel that these higher prices are realistic.

**H15.5** Classification is related to satisfaction.
The relationship between classification and satisfaction could easily be measured, the results of the survey is easy to interpret. Answers show a strong correlation between these two factors: the higher the number of stars the higher the guest satisfaction (H15.3 can be supported with this statement). If guests compared quality to classification, then all the guests would be equally satisfied with every category, if the hotel meets the requirements. Indirectly H15.3 is proven because with higher number of stars guests perceive higher quality, because that will lead to higher satisfaction.

**H15.6 Classification has an impact on loyalty.**
Loyalty is a characteristic of satisfied guests, turns out of the wellness hotel survey. This hypothesis confirms that satisfaction is a prerequisite for loyalty, but it is not the only one to influence guest behaviour. There is a weak relationship between classification and satisfaction. It can be seen that the higher the category the fewer the least loyal guests. It is not sure that a Hungarian five-star hotel’s guests would be more loyal than a three- or four-star hotel’s.

### 3.1 New scientific results

Service quality has a wide academic background, but there are only a few research about hotel services. Researchers focused mainly on banks, education, retail, food industry and public service. I am extremely proud that this is the first document about Hungarian hotel industry, therefore in this sense this dissertation plays a pioneering role. For the first time the definition of hotel quality has been created, and I could give a full picture about the hotels’ quality approach (for the 2007-2012 period), which can contribute to the scientific literature. The main scientific results of this dissertation are the following (Ú):

**Ú1:** The ranking of hotel service quality components has been created from both the hotels’ and guests’ aspect. It can be seen that the ranking order is the same (H7). Assurance came to the first place for both parties due to the determinative role of cleanliness.

**Ú2:** It has been proven that price has a significant moderating role in the relationship between quality and satisfaction. The aim of the guests is maximizing their gained value. This shows that low prices do not guarantee satisfaction, and besides the high prices guests can still be satisfied (H4). As the provided/perceived quality has bigger impact on perceived value, increasing the quality influences satisfaction and willingness to return. With price discounts hotels gain clientele with low income who are not loyal.

**Ú3:** The wellness hotel guests were grouped in terms of quality orientation, which has not yet appeared in the hotel research as segmentation criterion. It can help hotels in segmentation and targeting. Five cluster were identified from the point of view of wellness hotels’ guests’ quality awareness. Only 25% of the guests are less susceptible to quality, while for three-quarters it is important to get the best possible quality of services available. Based on the wellness hotels’ clustering it was found that international hotel chains and groups are much more advanced in quality development, while the Hungarian independent hotels tend less to quality conscious approach. The results of the two clustering (hotels and guests) include such information which may support service providers’ marketing and quality improvement activity.

**Ú4:** Although SERVQUAL is widely used for examining service quality, but the complete Gap-model rarely appears in research literature. Some gaps were investigated internationally
but in Hungary this is the first dissertation which reveals the shortcomings of wellness hotels with the help of his method. The GAP2 and GAP4 are the most critical points in spa hotels’ service delivery. Narrowing these gaps concretely mean to implement credible outside communication and improve the quality of human resources with motivation and trainings.

Some less significant results (E) are also highlighted, which are not considered as a scientific novelty, nonetheless containing new information:

**E1:** This is the first time to establish the definition of hotel quality, and I could give the whole picture about Hungarian hotels’ quality approach (for the period of 2007-2012), which can contribute to the scientific literature about hotels.

**E2:** Strong positive relationship between quality improvements has been demonstrated directly and indirectly with the following variables: guest satisfaction, ratio of regular guests, number of complaints and ratio of clientele with higher incomes. Less close connection was found to room occupancy, the length of stay and the average spendings (H10, H11, H12).

**E3:** A table was compiled giving useful guidance for hotel professionals on quality signals.(see in: 4.3.6 chapter). It is proved that during the selection process of spa hotels the “star rating” plays an important orientating role in potential guests’ mind, therefore the use of this trademark is advisable on the Hungarian market.

**E4:** It was tested among Hungarian wellness hotel guests wether the hotel classification (number of stars) shows any correlation with their consumer behaviour. It turned out that hotel rating has a significant impact on forming expectations and assessing price-value ratio.

4. CONCLUSION AND RECOMMENDATIONS

The main aim of this research was to investigate the relationship between the quality improvement activities of Hungarian wellness hotels and guest satisfaction. The primary objective was to find the scientific basis of those suggestions (J) that may be useful to hotel management.

**J1:** The investigation proved that guest when choosing and consuming hotel services have expectations, which is the base of quality evaluation. Hotel management should place emphasis on sufficient information about the guest expectation. This is a more difficult task than measuring guest satisfaction, but it’s worth the effort. All step of quality improvement must be based on it.

**J2:** It can be concluded that Hungarian guests are generally satisfied with the quality of the services offered by spa hotels. Nonetheless they should focus on quality increase. Inspite of the obvious costs, quality improvements ensure financial benefits and higher satisfaction.

**J3:** Results show that guests are willing to pay more for the high-quality services. Consequently, the continous price reduction is not the only way to increase the number of guests in Hungarian wellness hotels. The more satisfied the guests are the higher the customer value they perceive, and this is more strongly influences the willingness to return. The high prices refer to the high quality of service, but the visitors want ot maximize the value received. Analyzing the guest satisfaction greater emphasis must be put on the value for
money indicators. As the service quality has stronger impact on perceived value, so quality plays major role in competitiveness of a hotel.

**J4:** Hungarian guests are still not express their critics widely, hotel managers can find a plenty of comments from international travellers on the internet. These user generated contents (UGC) provide valuable market informations and continuous research opportunities for tourism organisations. Comments can help hotel managers to study the various preferences in respect of internal and external quality attributes, so monitoring of them is strongly recommended for all hotel types.

**J5:** Edvardsson (et al. 2000) called the attention to the difference between deserved and purchased loyalty. If satisfaction is achieved by providing excellent quality, guests more likely will return. If hotels want to obtain more guests with discounts, then customers will take advantage of cheaper services but wouldn’t return. If they find a cheaper provider, then immediately switch. It has been proven that discounts attract less loyal segments with lower income, while with quality improvements hotels can retain their loyal guests with higher solvency. All hotels might benefit from a proactively developed loyalty program, which increase the perceived value with additional services and not only with discounts.

**J6:** The cluster analysis revealed that two-third of the visitors are quality-oriented, just 2 clusters (26%) are not interested in quality aspects. This kind of clustering can be useful for hotel managers in strategical decision making. If they targeting to the price-sensitive segments, less emphasis should be invested in quality. If hotels focus on the quality-oriented segments, that is likely to require additional costs and investments, but this can be compensated with higher prices. The latter strategy is recommended for the long-term survival.

**J7:** Research showed that ‘assurance’ is the most important quality attribute for Hungarian guests, thanks to ‘cleanliness’. Hotels should put emphasis on establishing and communicating security factors eg. cleanliness, hygiene, guarded parking, fenced garden, reliable and professional staff.

**J8:** Hotel managers must strive to reduce the overevaluation of the quality of service they provide. They should recognize guest reviews and present it to staff as well. Managers can modify employees’ attitude with the implementation of new bonus or incentive or motivation system. The opinion of hotel guests can be influenced by involving them to the process of service delivery, the problems, so familiarize them with the difficulties and the success of the hotel. With the help of online platforms (blogs, websites, social media) let the guests have an insight to the background to get a picture about the diligence of staff and efforts of management to enhance the quality and satisfaction.

**J9:** If hotels targeting for the less quality-conscious guest segments, they can be made satisfied with average level of quality and low prices. If hotels are willing to invest in quality taking expectations into account, they surely will gain new guests also on higher prices. The only requirement is to be consistent: let position themselves on the proper way and correctly inform their potential guests with a credible communication.

**J10:** It’s a daring attempt to give an approximate ratio how much should a hotel spend on quality. Based on the sample tested, it appears around 1.5% of revenue when positive impact
of development efforts could be observed by objective indicators as well. Hotel management should keep this in mind when preparing business plans or yearly budget.

**J11:** As the relationship of service quality – guest satisfaction – loyalty was accepted, it has become clear that investment to quality is positively perceived and evaluated by guests. This is an indispensable prerequisite of satisfaction and loyalty. The focus group interviews showed that these developments shouldn’t necessarily be huge investment into tangibles. Small steps towards cleanliness and reliability or unexpected innovative surprises can increase the guest satisfaction, too.

**J12:** The needs of different guest segments may vary considerably. If the hotel put an emphasis on the improvement of those quality components, which don’t occupy a significant position on the guests’ preference list, then guests will not necessarily feel the quality increase (Strandvik, 1994). Those ‘unnecessary’ expenses can be avoided with more accurate measurement of expectations and satisfaction. It is highly recommended to establish more detailed guest satisfaction surveys, questionnaires or encourage front staff to ask guests about their expectations. Particular attention should be paid to frequent guests who perceive the quality improvement process, and due to the regular contact more willing to informal conversations.

**J13:** All moments of service delivery process should be monitored, the guest interactions and background process alike. Standardization may contribute to the reliability of those, reducing the number of mistakes. Introducing a well-managed quality assurance system (TQM, Hotelstars) may bring competitive advantage as it allows hotels to enhance the quality, while reducing waste and the cost of incorrect service.

**J14:** Hotel management is responsible for the standards which help the organisation in reaching the quality vision. Since the hotel staff is a key component of the service quality, they must be provided with all the necessary information to meet the quality objectives. The most effective way of enhancing their skills is to organise regular education and training, moreover motivate the staff for outstanding achievement with rewards. The quality-conscious and well-trained staff is able to enhance the guest satisfaction and also work more cost-effectively. The senior management should make them committed to quality and improve their personal excellence. However, staff should be empowered to self-solve problems, to be able to handling specific complaints.

**J15:** An important task of hotels to clearly communicate their quality towards potential guests, which may reduce the risk of purchasing decision process. If hotels draw a better picture about themselves, the expectations will be higher, and guests will be disappointed with the actual service. If hotels paint a worse image, more potential guests will choose from the competitors. Therefore it is recommended to be honest in communication. Using guest comments is useful as they are considered authentic, and often refer to value for money aspects, too.

**J16:** The Gap-analysis showed that Hungarian spa hotels (the sample) have a lot to do with the standardisation (GAP2), that should be based on the guests’ needs. They should implement quality assurance and quality control actions. It became obvious that guest satisfaction can be achieved only with credible external communication (GAP4), which means authentic visual information (realistic pictures about tangibles) and correct price details to judge the real value for money relations.
Despite the fact that Hungarian guests are not fully aware of – neither the former nor the actual – classification requirements, the number of stars show them a clear scale for assessing the quality of hotels. It is recommended hotels to apply this trademark and indicate it in all marketing channels and promotions. My observations show that experienced travellers of western countries more rely on OTA’s evaluations, while Hungarians prefer the number of stars.

To sum up the results and conclusion, here is table 3 to give you a full picture about the hypotheses analysis.

Table 2.: Structuring hypotheses /Own compilation/

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: The assessment of hotel quality is based on the confirmation/disconfirmation paradigm.</td>
<td>accepted</td>
</tr>
<tr>
<td>H2: The hotel quality dimensions rated by guests have different importance.</td>
<td>accepted</td>
</tr>
<tr>
<td>H3: The perceived higher hotel quality leads to higher guest satisfaction.</td>
<td>accepted</td>
</tr>
<tr>
<td>H4: The relationship between hotel quality and guest satisfaction is strongly moderated by the price paid for the service.</td>
<td>accepted</td>
</tr>
<tr>
<td>H5: Guest satisfaction leads to loyalty.</td>
<td>accepted</td>
</tr>
<tr>
<td>H5.1: The satisfaction induces higher willingness to return.</td>
<td>accepted</td>
</tr>
<tr>
<td>H5.2: The satisfaction increases the positive word of mouth.</td>
<td>accepted</td>
</tr>
<tr>
<td>H5.3: The satisfaction reduces the price sensitivity.</td>
<td>accepted</td>
</tr>
<tr>
<td>Satisfied, regular guests with higher income tolerate more price increases than lower income or dissatisfied segments.</td>
<td>accepted</td>
</tr>
<tr>
<td>H6: Hungarian wellness hotel guests are not equally quality conscious.</td>
<td>accepted</td>
</tr>
<tr>
<td>H7: The importance of hotel quality attributes is different from the guests’ and hotels’ point of view.</td>
<td>accepted</td>
</tr>
<tr>
<td>H8: Hungarian wellness hotels overestimate the quality of their services compared to guests. With the exception of tangible criteria Hungarian wellness hotels overestimate their service quality compared to guests.</td>
<td>partially accepted</td>
</tr>
<tr>
<td>H9: Hungarian wellness hotels are not equally quality conscious.</td>
<td>accepted</td>
</tr>
<tr>
<td>H10: Hotel quality improvement has a positive impact on the perceived quality.</td>
<td>indirectly confirmed</td>
</tr>
<tr>
<td>H11: Hotel quality improvement has a positive impact on hotel performance.</td>
<td>accepted</td>
</tr>
<tr>
<td>H12: Hotel quality improvement has a positive impact on guest satisfaction.</td>
<td>accepted</td>
</tr>
<tr>
<td>H13: The reason of quality defect is that wellness hotels are not familiar with the expectations of their guests.</td>
<td>accepted with additions</td>
</tr>
<tr>
<td>The reason of quality defect is that wellness hotels are not familiar with the expectations of their guests, services are not sufficiently standardized, there is also not enough stress on staff trainings and the external communication is not credible.</td>
<td>accepted with additions</td>
</tr>
<tr>
<td>H14: The hotel star rating system is the clearest quality indicator/signal for Hungarian guests.</td>
<td>accepted</td>
</tr>
<tr>
<td>H15: The hotel classification shows significant correlation with consumer behavior.</td>
<td>partially accepted with additions</td>
</tr>
<tr>
<td>H15.1: The hotel classification plays an important role in choosing a hotel. The hotel classification plays an important role in choosing a hotel in case of segments with prestigious motivation.</td>
<td>accepted</td>
</tr>
<tr>
<td>H15.2: The hotel classification has a significant impact on guest expectations.</td>
<td>accepted</td>
</tr>
<tr>
<td>H15.3: The hotel classification affects the perceived quality.</td>
<td>accepted</td>
</tr>
<tr>
<td>H15.4: The hotel classification affects consumer/guest value.</td>
<td>accepted</td>
</tr>
<tr>
<td>H15.5: The hotel classification is related to guest satisfaction.</td>
<td>accepted</td>
</tr>
<tr>
<td>H15.6: The hotel classification affects guest loyalty.</td>
<td>rejected</td>
</tr>
<tr>
<td>There is a weak relation between hotel classification and guest loyalty.</td>
<td>rejected</td>
</tr>
</tbody>
</table>
In this dissertation it is scientifically presented and proved that in the case of (wellness) hotel services the parties’ quality perception is based on different criteria. It is the hotels’ responsibility to provide and develop objectively measurable quality service, while its evaluation is up to the guests’ subjective perceptions. That makes these transactions complicated and complex. As satisfaction cannot be achieved without improving quality, credible communication and commensurate prices, the tasks Hungarian wellness hotels are facing are clear. Constant quality is an obvious, necessary and indispensable factor for their success. The maintenance of a high level of quality is not possible without the use of quality management tools and techniques. The importance of guest satisfaction is growing as the competition is getting more intense on the hotel market. Actions made based on the measurement of guest satisfaction are essential components of development plans and long-term strategies of each hotel, regardless of its size, location, operation and category.

Hopefully I could provide marketing researchers a solid body of research and also useful guidelines for hotels for their quality improvement activities.
5. PUBLICATIONS OF THE AUTHOR RELATED TO THE THESIS

Peer-reviewed scientific articles in English


Peer-reviewed scientific articles in Hungarian


Scientific conference presentations released in conference proceedings

In English

KARAKASNÉ MORVAY K.-KATONA M.-MAGYAR M. (2006.): Measuring service quality and guest satisfaction (in the hospitality industry), MendelNet 2006, Mendelova

In Hungarian


Conference presentations

In English


In Hungarian


Other printed publications

Studies, R&D

Catering Manager Programme (2000): Module structure of Hotel management subjects - Application for EFAH Accreditation. Budapest College of Business Studies, Faculty of Commerce, Catering and Tourism, Budapest, Hungary


