



UNIVERSIDADE CATÓLICA PORTUGUESA

**INTEGRATIVE FRAMEWORK OF SERVICE QUALITY
EVALUATION IN SERVICES INDUSTRY: A TWO STAGE MODEL –
APPLICATION TO ÁGUAHOTELS GROUP**

Inês Filipa Terras Coelho

152114191

Dissertation submitted in partial fulfillment of the requirements for the degree of MSc in

Management at Católica-Lisbon School of Business & Economics

Thesis written under the supervision of Professor Rita Coelho do Vale

29th December 2015

Abstract

Title: Integrative Framework of Service Quality Evaluation in Services Industry: A Two Stage Model – Application to ÁguaHotels Group

Author: Inês Filipa Terras Coelho

This dissertation aims to offer an integrative framework of the service quality analysis in services industry in which a two stage analysis model applied to ÁguaHotels Group is used. This method allows for the simultaneous analysis of the customers' perspective about the service experienced (guests' assessment) and the company's internal assessment of the service provided (company employees' assessment). The two stage model focus on the following models: (1) the Servqual model and (2) the Gaps Model of Service Quality. This dissertation aims to answer four research questions: (1) How can companies assess customer expectations and perceptions of service quality? (2) What are the critical service quality dimensions identified by the customers? (3) How can companies assess their internal service provider Gaps? (4) What are the critical service quality areas in the hotel? Previous research stated that the service quality performed by a company is one of the most important issues in service management. And, due to the high level of customer contact, the hospitality industry is characterized for being particularly sensitive to this issue. Two surveys were conducted to answer to the research questions. The findings from the present research provide ÁguaHotels Vale da Lapa with critical information regarding the customers' expectations, the perceptions of service quality and also the critical performance measures that need to be addressed. A set of recommendations is provided.

Abstract (Portuguese)

Esta dissertação tem como objetivo oferecer um quadro integrador de análise da qualidade do serviço no setor dos serviços onde um modelo de análise composto por duas fases aplicado ao Grupo ÁguaHotels é usado. Este método permite a análise simultânea da perspectiva dos clientes sobre o serviço experienciado (avaliação dos hóspedes) e a avaliação interna da empresa do serviço prestado (avaliação dos funcionários da empresa). O modelo de análise foca-se nos seguintes modelos: (1) Modelo Servqual e (2) Gaps Model of Service Quality. Esta dissertação tem como objetivo responder a quatro perguntas de investigação: (1) Como as empresas podem avaliar as expectativas e percepções dos clientes relativamente à qualidade do serviço? (2) Quais são as dimensões críticas de qualidade do serviço identificadas pelos clientes? (3) Como as empresas podem avaliar as suas falhas internas como prestador de serviços? (4) Quais são as áreas críticas de qualidade do serviço do hotel? Estudos anteriores indicam que a qualidade do serviço realizado por uma empresa é uma das questões mais importantes na gestão de serviços. E, devido ao elevado nível de contato com o cliente, a indústria hoteleira é caracterizada por ser particularmente sensível a esta questão. Dois inquéritos foram realizados para responder às questões de investigação. Com os resultados da presente pesquisa obtiveram-se informações críticas relativamente às expectativas e percepções de qualidade do serviço dos clientes do ÁguaHotels Vale da Lapa bem como as medidas de desempenho críticas que necessitam de ser abordadas. Um conjunto de recomendações é fornecido.

Acknowledgements

Foremost, I would like to express my sincere gratitude to my advisor Professor Rita Coelho do Vale for the continuous support during my master thesis, for her patience, motivation, enthusiasm, and immense knowledge. Also, for the useful comments, remarks and engagement through the learning process of this master thesis. Her guidance helped me in all the time of writing of this thesis. Sincerely, I can not imagine having a better advisor for my master thesis.

My sincere thanks also go to Dr. Paulo Lourenço and Dr. Carlos Umbelino, for giving me the opportunity to develop my master thesis based on a hotel belonging to the ÁguaHotels Group, and to all the staff of the ÁguaHotels Group, in particular to the staff of ÁguaHotels Vale da Lapa, for the support given during the surveys.

Also, I would like to thank to all the participants in my surveys, who have willingly shared their time during the process of answering to the survey.

I thank my friends at the Católica-Lisbon School of Business and Economics: Marcela Miguel, Anish Anil and Ana Castro Guimarães, for all the support and feedback given during my master thesis development. Also, I would like to thank to Dr. Domingos Vaz for all the support given.

Last but not the least, I would like to thank my loved ones who have encouraged me throughout the entire process: my parents Águeda Coelho and Luís Coelho, for supporting me in all the steps throughout my life; my brother Rodrigo Coelho and my boyfriend Fábio Clemente for being there for me, unconditionally, during this process and for all the patience and comprehension demonstrated.

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1. INTRODUCTION

1.1. Topic Presentation

The present thesis aims to study an integrative framework of a service quality analysis in the services industry. A two stage analysis model applied to ÁguaHotels Group will be used, providing a set of recommendations that will help the company to successfully offer a higher quality service to their customers.

During a Summer Internship at ÁguaHotels Group, the author identified several weaknesses in the hotel performance. In other words, there were some failures in the service delivered to the customers which needed to be identified and analyzed. According to Vijayadurai (2008), in order to successfully operate a hotel that gives customer a satisfactory experience, hotel managers need to understand what customers want and also how they assess the service quality of the hotel. For the hotel industry, a good service quality is vital (Yilmaz 2009). However, in the hospitality industry, it is difficult to maintain a repeat customer profile because numerous organizations have similar offerings (Douglas and Connor 2003). According to these authors, if an organization stresses on service quality and good relationship with consumers, it may create a loyal repeat customer base and eliminate the threat of both profitability and long term survival of the company. Also, hospitality managers are becoming more conscious about the quality and value of the services being provided by their companies and also desired by possible consumers (Douglas and Connor 2003). Thus, throughout this dissertation the author aims to offer an integrative perspective of the type of challenges often faced by the hospitality industry, taking into account both the customers and the company's perspective.

The ÁguaHotels Group is a hospitality company composed by four and five-star hotels. Four of them are located in Portugal and one in Cape Verde. ÁguaHotels Sal Vila Verde is the first hotel of the group outside the national boundaries. A four-star hotel, it is located in Cape Verde, more precisely in Ilha do Sal. The Group also has two hotels located in the north of Portugal: ÁguaHotels Mondim de Basto (four-star) and, ÁguaHotels Douro Scala (five-star). Finally, the Group has more two hotels located in the Algarve, ÁguaHotels Riverside in

Ferragudo and ÁguaHotels Vale da Lapa in Carvoeiro, four and five stars, respectively. This research will focus exclusively on hotel ÁguaHotels Vale da Lapa located in the Algarve region.

1.2. Scope of Analysis

This dissertation focuses on the analysis of the hotel performance in a specific context: ÁguaHotels Vale da Lapa.

1.3. Managerial and Academic Relevance

In academic terms, this research on hotel industry will follow an integrative perspective of the most relevant players of the industry under study: the customers' perspective and the company's perspective. Although several previous studies have been made in the hotel performance analysis area in several hospitality environments, few have focused on offering an integrated perspective that encompasses both a customer-oriented approach and also an internal performance analysis. Thus, this research will offer a framework of analysis that can later on be replicated in other contexts, more specifically in the other four hotels of the group being studied.

Regarding the managerial relevance, this research is indubitable useful in the way that the main findings will provide the Group with critical information on how well they understand customer expectations and perceptions and also on to what extent the hotel understands their service performance and capabilities. In addition to this critical information, a set of recommendations related to the managerial reality of the hotel, which contribute to its success, will also be provided.

1.4. Problem Statement

The purpose of this research is to develop a two stage service quality model, which simultaneously analyzes the customers' perspective about the service experienced and the company's internal assessment of the service provided. This model will later be applied to the hotel under analysis, developing a set of recommendations that will help the company to successfully offer a higher quality service.

1.5. Research Questions

In order to address the above mentioned problem, the following research questions need to be answered:

Research Question 1: How can companies assess customer expectations and perceptions of service quality?

The purpose of this question is to understand how companies can assess expectations and perceptions regarding service. The search for an answer will be based on an appropriate literature review.

Research Question 2: What are the critical service quality dimensions identified by the customers?

The main aim of this question is to realize if the customer expectations and perceptions of service quality are being assessed by the hotel. This will be answered by using the Servqual methodology which involves the analysis of tangible items, the company's reliability, responsiveness, assurance and empathy (Parasuraman, Berry and Zeithaml 1985). Through this method, the author will study the customer expectations in relation to services and their perceptions of the service delivery by the hotel. Next, the author will identify the specific critical service quality dimensions that customers recognize in the hotel, ranking them in terms of their importance to the customers' overall quality assessment.

Research Question 3: How can companies assess their internal service provider Gaps?

The goal of this question is to understand how companies can assess their internal Gaps regarding service provided based on an appropriate literature review.

Research Question 4: What are the critical service quality areas in the hotel?

The purpose of this question is to find out if hotels develop their service with effectiveness. This will be measured by using the Gaps Model of Service Quality, which involves the analysis of the four provider gaps where each one can contribute for a company's failure to meet customer expectations.

1.6. Methodology

Firstly, the desk research took place, focusing on analyzing the literature associated with the research topic. Secondly, a field research was carried out in the hotel. In the field research, the author developed two different questionnaires in order to collect the necessary data, one for customers and one for the employees of the hotel.

1.7. Thesis Organization

This thesis is composed by five chapters. The second chapter presents the literature review, where the theoretical concepts about the research topic will be covered. The following chapter provides an overview of the methodology used throughout this research in order to develop the data collection. The data collected is analyzed in chapter four, in which results are presented and carefully analyzed. In the last chapter, the main conclusions are presented and there is also a set of managerial recommendations, as well as recommendations for future research.

2. LITERATURE REVIEW

This chapter presents a review of the literature regarding several theoretical concepts directly related to the research topic: service quality evaluation in the services industries. The chapter has four main sections: Main Concepts Introduction; Service Quality Importance; Customers' Expectations and Perceptions and, last Company Internal Diagnosis. The first section provides a general explanation of the basic concepts. The Service Quality Importance section is divided into three sub-sections: Service Quality Characteristics; Critical Service Quality Dimensions and, at last, Hotel industry and Service Quality. The third section is divided into: Expectations; Perceptions and Framework of Analysis – The Servqual Model. The last section focuses on providing a detailed review of the Gaps Model of Service Quality.

2.1. Main Concepts Introduction

First of all, it is necessary to understand what *quality* is. Marinescu and Ispas (2012) argue that quality is an objective which must mobilize all the elements of the service organization and also that quality shows the direction towards which the action must be oriented. So, it becomes also necessary to define *service*. According to Srivastava and Rai (2014), service is defined as “a process consisting of a series of more or less intangible activities that normally, but not necessarily always, take place in interactions between the customer and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems”.

Service is a special type of product which is characterized for being physically intangible and entirely different from the conventional and touchable products (Prince and Khaleq 2013). Furthermore, in the process of purchasing a service, there are few tangible signals, and the ones that exist are usually limited to the service provider's physical facilities, equipment, and staff (Parasuraman et al. 1985). Importantly, Vijayadurai (2008) stated that the service sector plays an important role in modern economics, a role that is constantly increasing.

Another essential point about services industries is related to the *services' four distinctive characteristics*: intangibility, heterogeneity, perishability and inseparability (Prince and Khaleq 2013). Prince and Khaleq (2013) explain these characteristics stressing that

intangibility refers to the fact that is impossible to see, smell, taste, touch, or even store a service, as the service lacks physical existence. Moreover, the same authors highlight that heterogeneity results from the variation from one service to another or the variation in the same service from one day to the next one or even from customer to customer. Regarding perishability, they suggest that services cannot be produced and stored before consumption and that it exists only at the time of production. Inseparability is related to the production and consumption process which refers that a service is produced simultaneously with purchase and the service providers are often present and visible to the consumer (Oberoi and Hales 1990).

According to Parasuraman and colleagues (1985), due to service intangibility, companies may find it more difficult to be aware of how consumers perceive services and consequently, their quality. Due to this characteristic, the seven Ps' of the service marketing mix become necessary (Bose and Gupta 2013). So, in addition to the existing four Ps' of the marketing mix, three additional ones, that work together with the other four to enhance the image of the brand, have been created. Bose and Gupta (2013) explain that the first one is *People*, who are involved in the process of production and consumption of services, such as service staff. The second one is *Physical evidence*, which includes tangible signals for the quality of the service which may be essential to the service being bought and, which also has an impact on expectations and perceptions of service quality. Lastly, *Process* which refers to the service delivery systems, directly associated with the analysis of if these are poor (Lewis 1991).

A hotel represents a unique service industry offering individual services for tourists (Prince and Khaleq 2013), playing an important role as it contributes to the improvement of the tourism sector and allows for the development of certain regions (Marinescu and Ispas 2012). In the highly competitive hotel industry, when it comes to obtaining a sustainable competitive advantage, service becomes one of the most critical elements (Marković and Raspor 2010).

2.2. Service Quality Importance

An important aspect in studying service quality is the comprehension of the most important characteristics of it and how it is defined. Also, the identification of the critical dimensions when assessing service quality is crucial, as well as, the understanding of service quality in the hotel industry context since it is the industry under study.

2.2.1. Service Quality Characteristics

Throughout the years, the concept of service quality has been gaining popularity (Antony, Antony and Ghosh 2004). Service quality is considered as one of the most important issues in service management (Panda and Das 2014) and also the key success factor (Chen and Lin 2014). Parasuraman and colleagues (1985) defined service quality as the discrepancy between consumers' perceptions of services offered by a company and their expectations about companies offering such services. Concerning service quality, it is also necessary to highlight that to customers who are evaluating it, what matters is their perception and not what the service provider thinks it to be (Lakshmi and Santhi 2015). Thus, it becomes crucial that companies inside the service sector understand the concept of service quality from the viewpoint of the customer rather than from the viewpoint of the company (Lakshmi and Santhi 2015).

Nowadays, service quality represents a necessary condition for market success, while some decades ago, it could be considered as a source of competitive advantage (Calabrese and Scoglio 2012). Nevertheless, Chen and Lin (2014) consider service quality as an instrument to increase competitiveness arguing that global business environments are changing from manufacturing-orientation to service-orientation and that companies should continuously promote service quality to preserve their competitive advantages.

The intangible and heterogeneous nature of services (Calabrese and Scoglio 2012) make it difficult to provide, evaluate and maintain their quality (Marković and Raspor 2010). Hereupon, the quality of services is more difficult to evaluate than the quality of goods, due to the fact that the majority of the services contain few search properties and by contrast are high in experience. Therefore, knowledge about goods quality is not sufficient to understand service quality (Parasuraman et al. 1985). According to these authors, it is also necessary to take into account the additional characteristics of services to get a completely understanding of service quality: intangibility, heterogeneity and, inseparability. Thereby, these characteristics are the critical determinants that influence the service quality perceived by the final consumer (Douglas and Connor 2003). One more aspect regarding service quality is that it is influenced by the consumer's expectation, personal needs, past experience, word-of-mouth and service provider's communications (Parasuraman et al. 1985).

Service quality has been considered as a key variable in strategic planning (Lewis 1991) and it is characterized for bringing to the company strategic profits on market share and return

on investment (Chen and Lin 2014). According to these authors, it could also reduce the production costs and effectively strengthen organizational performance. In addition to what has been referred, the benefits related to service quality are also the customer satisfaction, customer loyalty, attraction of new customers, lower staff turnover, increased productivity and also profitability (Lewis 1991). However, if service quality is not met there are costs associated with the lack of responsiveness to the customer, dissatisfied customers and employees, complaints and negative word-of-mouth communication (Lewis 1991). Thus, companies that learn how to match service quality as an operational approach with their competitive methods can create a tremendous and sustainable competitive advantage (Uran 2010).

2.2.2. Critical Service Quality Dimensions

Parasuraman and colleagues (1985) refer three quality dimensions: physical quality, corporate quality and interactive quality. The first involves the physical aspects of the service as the equipment or building, the second covers the company's image or profile and the last arises from the interaction between contact personnel and customers, as well as, between some customers and other customers. These authors also refer other different dimensions: technical, functional and image. Thus, a technical dimension involves what the customer is actually receiving from the service. Moreover, the same authors highlight that a functional dimension involves the manner in which the service is provided and is also concerned with the psychological interaction between the buyer and seller, including aspects such as the attitudes and behavior of employees (Lewis 1991). Finally, the image dimension is associated with the corporate image of the company which results from how consumers really perceive the firm (Lewis 1991).

Parasuraman and colleagues (1985) propose another set of dimensions of service quality which consumers use in forming expectations about and perceptions of service: tangibles, reliability, responsiveness, communication, credibility, security, competence, courtesy, understanding the customer, and access. According to these authors, tangibles involve the physical evidence of the service; in other words, the physical facilities, staff appearance, equipment used to provide the service, physical representations of the service, and also other customers in the service facility. Reliability includes the consistency of performance and dependability, which means that the firm performs the service right the first time and that the firm honors its promises. In turn, responsiveness concerns the willingness of employees to help the consumers and to provide prompt service. Communication involves keeping customers

informed in a way that they can understand and listening to them. These authors also emphasize that credibility includes trustworthiness, believability and honesty. Security is associated with the freedom from danger, risk or feelings of doubt. Competence, in turn, involves the possession of the required skills and knowledge to perform the service and, courtesy is associated with politeness, respect, and friendliness of contact staff. Understanding the customer concerns making the endeavor to understand the customer's needs by learning the customer's specific requirements, providing individualized attention and recognizing the regular customer. Lastly, access involves the approachability and ease of contact the company. Later, these ten dimensions were collapsed into five dimensions of service quality: tangibles, reliability, responsiveness, assurance, and empathy (Parasuraman, Zeithaml and Berry 1988). Assurance is a combination of communication, credibility, security, competence and courtesy (Saleh and Ryan 1991) and, it is defined as the knowledge, competence and courtesy of service employees and their ability to transmit trust and confidence (Lakshmi and Santhi 2015). Empathy is a combination of understanding the customer and accessibility (Saleh and Ryan 1991) and, it is defined as the caring individualized attention the firm provides to its customers (Lakshmi and Santhi 2015).

Lewis (1991) refers other critical dimensions of service quality based on previous research. For example, this author mentioned that the dimensions that affect service quality are mostly the levels of material, facilities and personnel. He also states that the dimensions contributing to service quality are the corporate image, internal organization, physical support of the service producing system, staff/consumer interaction, and the degree of customer satisfaction.

In general, with the knowledge of the internal service quality dimensions, each service company is able to judge how well the organization or employees perform on each dimension, which will allow managers to identify the company's weaknesses in order to make the necessary improvements (Shahin 2006).

2.2.3. Hotel Industry and Service Quality

The hospitality industry is characterized for being challenging and highly competitive (Amin et al. 2013). Thus, every company inside this industry is forced to perform its business in the most effective and efficient way possible (Amin et al. 2013) in order to improve its market share and profitability (Yilmaz 2009); in other words, to improve the company's economic

performance (Chand 2010). Moreover, Radojević and colleagues (2014) found that the success and profits of any hotel are substantially associated with customer satisfaction, which in turn is considered as one of the major preconditions to create customer loyalty and one of the leading indicators of successful performance in the hotel industry. When it comes to the tourism sector, it is important to bear in mind that “measuring customer satisfaction should be carefully approached since tourists’ satisfaction often represents a blend of tourists’ expectations prior to undertaking travel, as well as, their overall experience formed during travel and after the completed journey” (Truong and King 2009). With this and in accordance with Cheng and Rashid (2013), hotel managers must regularly try to find out the most significant factors in customer satisfaction inside the hotel industry. These authors also mention that this learning will allow hotel managers to implement effective strategies in order to ensure loyalty from both existing and eventual future customers while, at the same time, getting ahead of their competitors.

In hotels, another aspect that is important to refer is that attracting new customers alone is viewed as insufficient, as the management must concentrate on preventing “customers-exit”, as it is known that the cost of attracting new customers is higher than the cost of retaining the existing ones (Vijayadurai 2008). Therefore, and in accordance with this author, the pivotal to customers’ retention is customer satisfaction and customer loyalty which is broadly related to the quality of the service offered by these companies.

In the specific industry in study, perceptions of service quality are associated with the degree to which hotel’s customers find various hotel attributes important in enhancing their satisfaction with the hotel stay (Marković and Raspor 2010). These perceptions are formed when guests experience feelings and attitudes during their stay (Cheng and Rashid 2013). In general, the evaluation of the customers’ perception and satisfaction regarding service quality is widely acknowledged as being an effective strategy to raise profitability in hotel industry (Cheng and Rashid 2013).

The hospitality industry is also characterized for being especially sensitive to service quality because of the high level of customer contact (Cheng and Rashid 2013). Thus, service quality is considered to be vital for the hotel industry (Yilmaz 2009). Hereupon, as service quality is the responsibility of everyone in the hotel, human resources have an important role in the hotel industry and, each attitude, skill and tangible, such as the uniform of the employee, is of considerable importance and represents the culture and the values of the company (Madar

2014). When it comes to good quality in this industry, the idea that a good quality hotel is only the five-star one is outdated. “Quality is not defined by category, but by the capability to deliver products and services that have distinct characteristics, and are designed in a way to please the guests and fulfil their needs” (Uran 2010). A specific factor to acknowledge in the hotel industry is that managing service quality means that a hotel manager has to match the service performance with the perceived service for customer satisfaction to be achieved (Cheng and Rashid 2013).

Moreover, it is crucial that hotel managers fully acknowledge which service attributes are most likely to influence the choice intentions of customers (Radojević et al. 2014). Several studies examined hotel attributes that customers may consider important when evaluating the performed service quality inside this specific industry, such as the hospitality (Marković and Raspor 2010). These authors summarized some of the most critical attributes based on previous research: cleanliness, security and safety, employees’ empathy and competence, convenient location, value for money, physical facilities, variety of facilities and typical service quality for hotel category. Vijayadurai (2008) proposes a set of service quality factors: service delivery, tangibles, reliability, assurance, responsiveness, empathy, service product and social responsibility. Lastly, Amin and colleagues (2013) identify another set of service quality dimensions based on previous studies concerning the hotel industry: hotel ambience and staff courtesy, food and beverage product and service quality, staff presentation and knowledge, reservation services, and overall value for money.

2.3. Customers’ Expectations and Perceptions

Another important aspect in services quality that is an object of interest for researchers is the expectations and perceptions of customers regarding service. In order to assess the service quality based on the customers’ expectations and perceptions, a framework of analysis called Servqual Model is usually used (Parasuraman et al. 1985; 1988).

2.3.1. Expectations

Customer expectations are the beliefs about a service that serve as standards against which service performance is judged (Lakshmi and Santhi 2015). According to Lewis (1991), expectations are formed based on previous experience with a company, its competitors and marketing mix inputs. Furthermore, Brown and Swartz (1989) state that expectations may be

based, in part or in total, on relevant past experiences, but may also be based on word-of-mouth communications and personals' needs (Parasuraman et al. 1985). Other two important facts regarding expectations are found in a study developed by Parasuraman, Berry and Zeithaml (1991): one is that the content of customers' expectations is basic, but the structure is complex and the other is that understanding customer expectations is a prerequisite for delivering a superior service.

Lewis (1991) argues that, commonly, expectations relate to the elements of the service marketing mix: Physical evidence, Process, and People. Another perspective is shown in a study developed by Parasuraman and colleagues (1991) in which customer service expectations can be categorized into five dimensions characterized for being the five elements of the Servqual: reliability, tangibles, responsiveness, assurance and empathy. These authors also state that although reliability is the most important dimension in meeting the customer's expectations, the tangibles, responsiveness, assurance and empathy dimensions are more important in exceeding these expectations.

Expected service is considered as a critical component of perceived service quality (Parasuraman et al. 1985). And, according to Lewis (1991), the consumers' expectations of quality are increasing and they are becoming more critical for the quality of service they experience. Therefore, one way for the company to keep customers' expectations from rising is to perform the service correctly the first time it is delivered (Parasuraman et al. 1991).

Another important consideration about expectations is associated with the fact that the customer's expectations are also characterized by both desired and adequate service levels that seem to change in response to a variety of factors (Parasuraman et al. 1991). According to these authors, desired service level is defined as the service the customer hopes to receive, while the adequate service level is the one which the customer finds acceptable. Thus, the zone between the two is called the zone of tolerance, a zone in which the performance of the service is being assessed as satisfactory (Parasuraman, Zeithaml and Berry 1994). Accordingly, if the perceived performance of the service is better than the ideal, or desired level of expectation, the consumer will experience pleasure (Souca 2012). Also, if the perceived performance is less than the adequate, or minimum acceptable level of expectation, the emotional response will be displeasure (Souca 2012). It is also important to acknowledge that the zone of tolerance may vary from customer to customer and, potentially, from one situation to the next for the same customer (Parasuraman et al. 1991). This variation is due to the fact that the zone of tolerance

is individual and it is also relevant to determined contexts (Souca 2012). According to Parasuraman and colleagues (1991), the desired and adequate service levels and, consequently the zone of tolerance are likely to differ in each dimension. Hereupon, as customers view reliability as the “service core”, they tend to have higher expectations regarding it. This leads to customers that are less willing to relax expectations related to reliability (Parasuraman et al. 1991).

2.3.2. Perceptions

Service quality perceptions are an outcome of a comparison of the consumer expectations with the actual service performance (Parasuraman et al. 1985). Thus, perceived quality “is described as the global customer’s value judgment on the overall excellence/superiority of an entity” (Marinković et al. 2013). When it comes to understanding perceived service quality, it is possible to state that the customers’ expectations, service delivery process and service outcome have an impact on it (Marković and Raspor 2010).

According to Marković and Raspor (2010), perceptions are based on the customer’s experience with the service delivered. This is how customers determine the perceived service. Perceptions are formed during the production, delivery and consumption process (Edvardsson 2005). Consequently, the favorable and unfavorable customers’ experiences, as well as their positive and negative emotions may have an important impact on the perception of service quality (Edvardsson 2005). Similarly to the customers’ expectations, the customers’ perceptions of service quality may, to a large extent, be influenced by their prior experience with a specific service (O’Neill and Palmer 2003).

2.3.3. Framework of Analysis – The Servqual Model

Yilmaz (2009) argued that Parasuraman and colleagues (1985; 1988; 1994) have developed and, later, refined a tool called Servqual, which measures service quality in companies belonging to the service sector. When it comes to measuring service quality in a general service sector or particularly in the hotel industry (Yilmaz 2009), the best-known model that has been used for many studies is that model (Bitner, Zeithaml and Gremler 2010). However, in most of the researches, the tool has been modified to suit the features of a specific service (Marković and Raspor 2010). These modifications include the addition or deletion of some items or dimensions in order to adequately capture the domain of the service under study

(Asubonteng, McCleary and Swan 1996). In spite of the fact that Servqual model has many applications, the most important use of it is to keep track of the changes happening in the service quality provided by a company. This can be done, for example, through a regular survey of the customers (Marinescu and Ispas 2012).

When created, the Servqual model was based on ten dimensions of service quality. Later, these dimensions were collapsed into five: tangibles, reliability, responsiveness, assurance, and empathy (Parasuraman et al. 1988). In general, these five dimensions focus on the human aspects of service delivery (responsiveness, reliability, assurance, and empathy) and the tangibles of service (Prince and Khaleq 2013). These dimensions are characterized for being related to the three additional Ps' of marketing mix in the service sector (Bose and Gupta 2013) and also for being an important antecedent to the generation of satisfaction (Marinković et al. 2013).

Through the Servqual model, service quality can be measured by identifying gaps between the customers' service expectations and their perceptions of the actual performance of the service providers about the five dimensions (Yilmaz 2009). This model contains twenty-two service attributes for assessing the customer's perceptions and expectations concerning service quality (Marković and Raspor 2010). With this and in accordance with Prince and Khaleq (2013), this model allows for the precise measurement of the consumer's perception of the service quality. It depends on the size of the gap between expected service and perceived service which, in turn, depends on the gaps under the control of the service provider. Therefore, if the customers' expectations of service are met or exceeded, then service quality is perceived to be satisfactory (Yilmaz 2009).

Marinescu and Ispas (2012) state that the Servqual model provides, due to its five elements, a detailed description of the customers' needs, perceptions and expectations. The information provided by Servqual is being used in order to adapt the services to the customers' priorities (Marinescu and Ispas 2012). Besides, the information provided to companies by the model can be used in quality management and consequently, service companies will be able to control and maintain the quality of its service (Shahin 2006). Also, being able to measure service quality is a skill that can benefit industry professionals both in quantitative and qualitative ways. Overall, the assessment of service quality and the superior understanding on how the several dimensions have an effect on overall service quality will allow companies to

efficiently design the service delivery process, through the strengths and weaknesses' identification relating to the dimensions of service quality organizations (Shahin 2006).

When it comes to the Servqual being applied in hotel industry, this model is an important tool to obtain an advantage over the competing hotels. Using this model, hotel management can perform periodic evaluations on customer satisfaction and quality improvement (Marinescu and Ispas 2012). According to these authors, this will allow the hotel managers to provide their customers with quality services and, properly, meet their expectations.

Despite the Servqual's value and popularity among the service sector, it has also received some criticisms (Yilmaz 2009). A substantial number of criticisms focus on the use of expectations as a comparison standard in the measurement of service quality (Yilmaz 2009), which for Parasuraman and colleagues (1985; 1991) is one of the most widely used. However, many researchers emphasize that the measure of expectations is considered problematic and does not provide additional information in measuring service quality (Yilmaz 2009). This author points out several examples illustrating this situation, such as the consideration of the treatment of expectations as a major shortcoming of the Servqual. Additionally, and notwithstanding the importance of expectations, their usage is characterized for being vague. Focusing in another criticism, it "is possible to arise problems linked to the uniform application of this measurement tool across multiple service sectors because the five dimensions are not universal" (Marinescu and Ispas 2012). These authors also state that in the context of many companies in the hospitality industry, the Servqual model application may cause several problems, because "it involves a profound transformation of the organization that there is inevitable the emergence of a strong resistance".

2.4. Company Internal Diagnosis

This section will cover one more important feature when studying service quality: Gaps Model of Service Quality. This, allows a company to understand the service provided to customers.

2.4.1. Gaps Model of Service Quality

During the last decades, competition has increased and customer retention or customer satisfaction strategies are becoming more important (Matzler, Kurt and Hans 1998). Throughout the years, the scientific research has developed numerous models for the

assessment of the quality in services. Among them, the Gaps Model, created by Parasuraman and colleagues (1985), has enjoyed special appreciation (Lucian 2008). According to Parasuraman and colleagues (1985), the Gaps Model of Service Quality operationalizes service quality as the gap between the expectation and performance perception of the customer. In general, the Gaps Model of Service Quality provides a general framework for appreciating the quality of the services from the point of view of both clients and firm (Lucian 2008). When studying this model, it is possible to notice a major hallmark, which is related with its anchoring on the customer and integration of the customer throughout all the gaps within the model (Bitner et al. 2010).

The Gaps Model of Service Quality identifies five major gaps (Prince and Khaleq 2013). Bitner and colleagues (2010) explain these five gaps stressing that the *Customer Gap* is defined as the gap between customer expectations and perceptions of the service as it is actually delivered, and is characterized for being the focal point of the Gaps Model. The model suggests that closing the Customer Gap by matching or exceeding customer expectations will result in the achievement of service quality from the customer's perspective. Focusing on the other four gaps, the ones within the control of an organization (Douglas and Connor 2003) are known as the *Provider Gaps*. These authors argue that each one represents a potential reason behind a company's failure to meet the expectations of the customers. The first provider gap is *The Listening Gap*, the difference between customer expectations of service and company understanding of those expectations. The first reason in many companies for not meeting customers' expectations is that the company lacks precise understanding of exactly what those expectations are. The second provider gap is *The Service Design and Standards Gap*, the difference between company understanding of customer expectations and development of customer-driven service designs and standards. These authors also referred that it is crucial the presence of service designs and performance standards that reflect the accurate customers' expectations. The third gap called *The Service Performance Gap* is defined as the discrepancy between the development of customer-driven service design and standards and the actual service performance by company's employees. Even in the case of the existence of guidelines for performing service well and treating customers appropriately, a high quality service performance is not a certainty. Lastly, the fourth provider gap is *The Communication Gap*, which focuses on the difference between service delivery and what is communicated externally to customers through advertising, pricing, and other forms of communications.

The Gaps Model has been developed to identify problems in service delivery, which defines quality service through customer satisfaction (Uran 2010). Hereupon, this model aims to identify problems and mistakes through recognizing gaps in the model and trying to avoid them (Uran 2010). This author also states that hotel management can influence service delivery by narrowing providers gaps and, consequently, by improving service quality and customer satisfaction. This model assumes that the difference between the service that the customers expect and the service that is actually deliver is due to organizational gaps (Uran 2010). In other words, the logic of the model suggests that the customer gap is a function of any individual gap or of all the four provider gaps together (Bitner et al. 2010).

The gap analysis is considered a straightforward and appropriate way to identify discrepancies between the provider and customer perceptions of service performance (Brown and Swartz 1989). These authors also refer that “addressing these gaps seems to be a logical basis for formulating strategies and tactics to ensure consistent expectations and experiences, thus increasing the likelihood of satisfaction and a positive quality evaluation”.

The literature review presented above allowed for the identification of the main concepts regarding service quality evaluation in the service industries, such as the service, its characteristics and, quality. Then, an explanation of the main characteristics of the service quality and its critical dimensions was presented. Also, there was an overview of service quality in the hospitality industry in order to allow for the understanding of what is service quality in this specific context. In the following section, the concepts related to the customers’ expectations and perceptions were presented and there was also a detailed presentation of the framework of analysis used on this study – The Servqual Model. In the last section, a clarification of the Gaps Model of Service Quality was presented in order to ease the comprehension of that specific model. Also, throughout the presented literature review, the answers to research questions 1 and 3 was given in order to fulfill the aims of this study.

3. METHODOLOGY AND DATA COLLECTION

The purpose of this study is to examine the expectations and perceptions regarding the service experienced by the guests of the hotel in study, while, also, evaluating the company's internal assessment of the service provided to the customers.

The objectives of this chapter are (1) to describe the research methodology of this study, (2) to present the two studies developed and, (3) to describe the procedures and measures.

3.1. Research Methodology

The first questionnaire was a presential questionnaire presented to a sample of guests from ÁguaHotels Vale da Lapa. The second one was an online questionnaire delivered to a sample of employees of that hotel. The questionnaire is a popular and essential tool for acquiring information on knowledge and perception (Bird 2009). Furthermore, and in accordance with that author, this tool also allows for the “acquisition of information on the participant's social characteristics, present and past behavior, standards of behavior or attitudes and their beliefs and reasons for action with respect to the topic under investigation”. A further aspect is that questionnaires allow for the collection of primary data. The main advantage of it is the fact that the data collected is consistent with the research questions (Curtis 2008). Nevertheless and according to the same author, it is a time-consuming method.

An important point to highlight when it comes to data collection is that the way data is collected has a large impact on how the research is performed (Wilcox et al. 2012). However, and according to these authors, no data collection method is perfect and each has its own advantages and disadvantages. In this study, in spite of applying two different implementation approaches, both questionnaires were distributed in an online basis. Hereupon, Curtis (2008) refers the advantages and disadvantages of the questionnaires distributed on an online basis. Two main advantages are mentioned: the speed and the fact that they are less expensive (Curtis 2008). In turn, according to that author a disadvantage is directly related to the fact that some participants may be skeptical about providing sensitive information over the Internet.

3.2. Study 1 – Guests’ Assessment

This study aims to assess the hotel guests’ expectations and perceptions of the service experienced. For this purpose a questionnaire was developed on the basis of a literature review and it was adapted to match the specific characteristics of a hotel environment. Hereupon, the Servqual Model was the one used as a basis for the questionnaire development.

The target population of the guests’ assessment questionnaire were the guests staying in ÁguaHotels Vale da Lapa during the following period: 6th to 9th of November, 2015. The questionnaires were administered to guests during their hotel stay. More precisely, guests were approached in the lobby of the hotel and asked to sit in a private area to fill in the questionnaire using a qualtrics interface. The questionnaire was offered both in Portuguese and in English, depending on the guests’ nationality. First, the aim of the questionnaire was explained to guests. Then, the guests were informed that the questionnaire was composed of three parts and each one was explained. While they were filling in the questionnaire coffee, tea or water were offered.

As it is possible to observe in table 1 and 2, some original items were modified and others were added. Some items identified by the literature review were added in order to measure specific critical attributes to the hotel setting: convenient location; cleanliness; staff courtesy; typical service quality for hotel category and variety of facilities. Another important aspect to highlight is that in the questionnaire all the sentences were verbalized in a positive way unlike the original Servqual questionnaire (e.g., “You do not receive prompt service from XYZ’s employees” was modified to “ÁguaHotels Vale da Lapa’s employees provide prompt service”). Lastly, the modification resulted in the inclusion of four new items (e.g., “Hotels should have a convenient location”) adding up to a total of twenty-six hotel attributes.

These attributes together represent the five original Servqual dimensions, bearing in mind that some items were added and others modified. The questionnaire was divided in three main parts (see appendix 1). Part 1 tries to find data related to the participants’ traveling characteristics, such as: purpose of visit, duration of the stay, type of room, if they are travelling alone or accompanied and if they have children with them. Following the proposed Servqual methodology, Part 2 assesses the guests’ expectations and perceptions of the hotel attributes using a modified Servqual model. In this part, service quality expectations and perceptions were evaluated on a seven-point Likert-type scale ranging from 1 (strongly disagree) to 7 (strongly

agree). In turn, Part 3 seeks the participants' demographic data, including: age, gender, country of residence, profession and level of education.

Dimensions	Servqual original item	Adapted version for Hotel Industry
Tangibles	They should have up-to-date equipment.	My ideal 5* hotel should have modern-looking equipment.
	Their physical facilities should be visually appealing.	My ideal 5* hotel's physical facilities should be visually appealing.
	Their employees should be well dressed and appear neat.	My ideal 5* hotel's employees should be well dressed and neat-appearing.
	The appearance of the physical facilities of hotels should be in keeping with the type of services provided.	The appearance of the physical facilities of my ideal 5* hotel should be aligned with the type of services offered by the hotel.
	Created items	My ideal 5* hotel should be clean. My ideal 5* hotel should have a convenient location. My ideal 5* hotel should have a variety of facilities (restaurant, spa, pool, etc.).
Reliability	When these firms promise to do something by a certain time, they should do so.	My ideal 5* hotel should perform service in the promised time.
	When customers have problems, these firms should be sympathetic and reassuring.	My ideal 5* hotel's employees should always be interested in solving guest's problems with a sympathetic and reassuring attitude.
	These firms should be dependable.	My ideal 5* hotel should perform services right the first time.
	They should provide their services at the time they promise to do so.	My ideal 5* hotel should perform service without delays.
	They should keep their records accurately.	My ideal 5* hotel should insist on error-free service records.
	Created Item	My ideal 5* hotel should perform the typical service quality for its correspondent hotel category.
Responsiveness	They shouldn't be expected to tell customers exactly when services will be performed.	My ideal 5* hotel should be expected to tell guests exactly when services will be performed.
	It is not realistic for customers to expect prompt service from employees of these firms.	My ideal 5* hotel's employees should provide prompt service.
	Their employees don't always have to be willing to help customers.	My ideal 5* hotel's employees should always be willing to help guests.
	It is okay if they are too busy to respond to customer requests promptly.	My ideal 5* hotel's employees should always have time to answer guests' questions and requests.

Assurance	Customers should be able to trust employees of these firms.	My ideal 5* hotel's employees should be trustworthy.
	Customers should be able to feel safe in their transactions with these firms' employees.	Guests should be able to feel safe and secure in their interactions with my ideal 5* hotel's employees.
	Their employees should be polite.	My ideal 5* hotel's employees should be polite and courteous.
	Their employees should get adequate support from these firms to do their jobs well.	My ideal 5* hotel's employees should have sufficient knowledge to answer guests' questions, in order to do their jobs well.
Empathy	These firms should not be expected to give customers individual attention.	My ideal 5* hotel should provide guests with individual attention.
	Employees of these firms cannot be expected to give customers personal attention.	My ideal 5* hotel's employees should give guests personal attention.
	It is unrealistic to expect employees to know what the needs of their customers are.	My ideal 5* hotel's employees should understand guests' specific needs.
	It is unrealistic to expect these firms to have their customers' best interests at heart.	My ideal 5* hotel should have their guests' best interests at heart.
	They shouldn't be expected to have operating hours convenient to all their customers.	My ideal 5* hotel should have operating hours convenient to all guests.

Table 1: Study 1 - Items used to assess expectations

Dimensions	Servqual original item	Adapted version for Hotel Industry
Tangibles	XYZ has up-to-date equipment.	ÁguaHotels Vale da Lapa has modern-looking equipment.
	XYZ's physical facilities are visually appealing.	ÁguaHotels Vale da Lapa's physical facilities are visually appealing.
	XYZ's employees are well dressed and appear neat.	ÁguaHotels Vale da Lapa's employees are well dressed and neat-appearing.
	The appearance of the physical facilities of XYZ is in keeping with the type of services provided.	The appearance of the physical facilities of ÁguaHotels Vale da Lapa is aligned with the type of services offered by this hotel.
	Created items	ÁguaHotels Vale da Lapa is clean. ÁguaHotels Vale da Lapa has a convenient location. ÁguaHotels Vale da Lapa has a variety of facilities (restaurant, spa, pool, etc.).

Reliability	When XYZ promises to do something by a certain time, it does so.	ÁguaHotels Vale da Lapa performs service in the promised time.
	When you have problems, XYZ is sympathetic and reassuring.	ÁguaHotels Vale da Lapa's employees are always interested in solving guest's problems with a sympathetic and reassuring attitude.
	XYZ is dependable.	ÁguaHotels Vale da Lapa performs services right the first time.
	XYZ provides its services at the time it promises to do so.	ÁguaHotels Vale da Lapa performs service without delays.
	XYZ keeps its records accurately.	ÁguaHotels Vale da Lapa insists on error-free service records.
	Created item	ÁguaHotels Vale da Lapa performs the typical service quality for its correspondent hotel category.
Responsiveness	XYZ does not tell customers exactly when services will be performed.	ÁguaHotels Vale da Lapa tell guests exactly when services will be performed.
	You do not receive prompt service from XYZ's employees.	ÁguaHotels Vale da Lapa's employees provide prompt service.
	Employees of XYZ are not always willing to help customers.	ÁguaHotels Vale da Lapa's employees are always willing to help guests.
	Employees of XYZ are too busy to respond to customer requests promptly.	ÁguaHotels Vale da Lapa's employees always have time to answer guests' questions and requests.
Assurance	You can trust employees of XYZ.	ÁguaHotels Vale da Lapa's employees are trustworthy.
	You feel safe in your transactions with XYZ's employees.	Guests feel safe and secure in their interactions with ÁguaHotels Vale da Lapa's employees.
	Employees of XYZ are polite.	ÁguaHotels Vale da Lapa's employees are polite and courteous.
	Employees get adequate support from XYZ to do their jobs well.	ÁguaHotels Vale da Lapa's employees have sufficient knowledge to answer guests' questions.
Empathy	XYZ does not give you individual attention.	ÁguaHotels Vale da Lapa gives guests individual attention.
	Employees of XYZ do not give you personal attention.	ÁguaHotels Vale da Lapa's employees give guests personal attention.
	Employees of XYZ do not know what your needs are.	ÁguaHotels Vale da Lapa's employees understand guests' specific needs.
	XYZ does not have your best interests at heart.	ÁguaHotels Vale da Lapa has their guests' best interests at heart.
	XYZ does not have operating hours convenient to all their customers	ÁguaHotels Vale da Lapa has operating hours convenient to all guests.

Table 2: Study 1 - Items used to assess perceptions

3.3. Study 2 – Company Employees’ Assessment

The second study aims to diagnose the company’s internal assessment of the service provided to customers. For this objective, a questionnaire was developed on the basis of a literature review and it was built to match the specific characteristics of the hotel setting. Hereupon, the Gaps Model of Service Quality was the one used as a basis for the questionnaire development.

The target population of the company employee’s assessment questionnaire were the employees of ÁguaHotels Vale da Lapa performing different functions and belonging to different departments. This questionnaire was administered during the following period: 6th to 9th of November, 2015. The Human Resources department of the hotel was responsible for the questionnaire distribution via e-mail to their employees. This questionnaire was offered only in Portuguese due to the employees’ nationality and it was based on a qualtrics interface.

The Customer Gap and the four provider’s gaps represent the composition of the Gaps Model of Service Quality. However, this questionnaire is focused only on the provider’s gaps. The questionnaire is divided in two main parts (see appendix 2). Following the proposed Gaps Model of Service Quality methodology, Part 1 diagnoses the company internal assessment of the service being provided, using the model mentioned above. In this part, several factors in each gap are evaluated on a scale ranging from 1 (Poor) to 10 (Excellent). In turn, Part 2 aims to find out some participants’ demographic data, including: age, gender and level of education.

Questions
GAP 1 – Listening Gap
Marketing Research Orientation
Does ÁguaHotels Vale da Lapa carry adequate marketing research in order to assess guests’ expectations?
How well is ÁguaHotels Vale da Lapa taking advantage of social networks and online travel agencies to track guests’ expectations and service perceptions?
To what extent is ÁguaHotels Vale da Lapa involved in the marketing research process?
How often is the marketing research collected?
Upward Communication
How deep is the relationship established between managers and ÁguaHotels Vale da Lapa’s guests in order for them to better understand guests’ expectations?
How effectively first line employees obtain information about guests’ expectations and communicate it to managers?

To what extent does ÁguaHotels Vale da Lapa analyze carefully the data obtained through marketing research and incorporate it in the decision making processes of ÁguaHotels Vale da Lapa?
How well are employees informed about marketing research results?
To what extent do employees adjust their behavior according to marketing research results?
Relationship Focus
To what extent is the feedback provided by guests at the heart of the decision making process?
How effectively loyalty programs and special attention are designed to create a lasting relationship with guests?
To what extent does ÁguaHotels Vale da Lapa focus on relationships with guests rather than transactions?
Is ÁguaHotels Vale da Lapa more concerned on the relationship with existing guests rather than attracting new ones?
GAP 2 –The Service Design and Standards Gap
Systematic Service Design
How important are service guidelines to first line employees?
To what extent do service guidelines consider every possible situation (E.g., If a guest tries to get a discount in a meal because he thinks the meal has a bad taste?)?
How well informed are employees about the service they are supposed to provide?
How well are new services defined for employees and guests?
Presence of Customer-Defined Standards
To what extent are the standards of services designed with the main objective to satisfy guests' expectations?
How well are guests informed about the service standards ÁguaHotels Vale da Lapa has?
How effectively can ÁguaHotels Vale da Lapa assess the service quality and if it is being properly implemented?
How well are ÁguaHotels Vale da Lapa's services standards defined?
Appropriate Physical Evidence and Servicescape
How accurately are ÁguaHotels Vale da Lapa's design and physical features set to correspond guests' expectations?
How attractive and effective are the physical aspects regarding the type of service ÁguaHotels Vale da Lapa aims to provide?
GAP 3 –The Service Performance Gap
Effective Human Resource Policies
How important are soft skills when hiring employees?
How important is the first line employees training since they are the employees who have the initial contact with guests?
To what extent are employees recognized for their work?
How important is the monetary compensation for employees?
When evaluating employees' performance, how important is customer orientation?
How effectively are ÁguaHotels Vale da Lapa's values applied in the interactions with guests?
To what extent are employees empowered to make their own decisions when dealing with an issue regarding a guest?
Effective Role Fulfillment by Customers

To what extent guests understand their role and responsibilities?
Does ÁguaHotels Vale da Lapa manage guests to fulfil their role (Ex: If ÁguaHotels Vale da Lapa contact its guests in order to obtain any information that is needed and is missing.)?
Alignment of Demand and Capacity
How effective are the mechanisms designed to respond to fluctuations in demand?
To what extent can ÁguaHotels Vale da Lapa assure that service quality is not affected by fluctuations in demand?
Service Recovery
How important is for ÁguaHotels Vale da Lapa to address and solve guests' complaints?
To what extent are ÁguaHotels Vale da Lapa involved in the complaint's process?
How well does ÁguaHotels Vale da Lapa plan for service failures (E.g., ÁguaHotels Vale da Lapa has a well-defined complaint handling procedure, if a guest is dissatisfied with a certain service and decide to make a complaint)?
How accurate are the mechanisms developed in order to identify unsatisfied guests?
GAP 4 – The Communication Gap
Integrated Services Marketing Communications
How effectively are internal communication channels implemented in ÁguaHotels Vale da Lapa?
How well ÁguaHotels Vale da Lapa communicate to guests about service provided (E.g., If employees communicate to guests which are the main aspects of their service.)?
How well do all company communications express the same message and level of service quality?
Overpromising
Does ÁguaHotels Vale da Lapa offer the services that are advertised?
Does ÁguaHotels Vale da Lapa avoid to overpromise in order to sell needless services for their guests?
Horizontal Communications
How well do different parts of ÁguaHotels Vale da Lapa communicate with each other so that the service quality equals what is promised?
Does ÁguaHotels Vale da Lapa has an implemented system that facilitates horizontal communication between people and departments?
Pricing
Does ÁguaHotels Vale da Lapa price its services in conformity with guests' perceptions of value?
To what extent are ÁguaHotels Vale da Lapa concerned with not price above guests' expectations?

Table 3: Items used to measure company employees' assessment of the service provided

3.4. Procedure and Measures Description

3.4.1. Study 1 – Guests' Assessment

In study 1, the guests' expectations and perceptions were measured through five main constructs: Tangibles, Reliability, Responsiveness, Assurance and Empathy. When guests were

asked about their expectations, they answered regarding their ideal five-star hotel, while when asked about their perceptions, they answered having in mind ÁguaHotels Vale da Lapa. All items were answered on a seven-point scale.

The first construct is *tangibles* and, in order to measure the expectations and perceptions about hotel tangibles, guests were asked to indicate to what extent they agreed with each statement regarding this construct (e.g., “My ideal 5* hotel’s should be clean” or “ÁguaHotels Vale da Lapa has modern-looking equipment”).

The second construct is *reliability*. In order to measure the expectations and perceptions of guests concerning this construct, they were asked to indicate to what extent they agreed with the twelve statements presented (e.g., “My ideal 5* hotel should perform services right the first time” or “ÁguaHotels Vale da Lapa performs service without delays”).

The third construct, *responsiveness* was evaluated through several statements, where guests were asked to indicate to what extent they agree with each one of the statements (e.g., “My ideal 5* hotel’s employees should provide prompt service” or “ÁguaHotels Vale da Lapa’s employees are always willing to help guests”).

Assurance is a construct which was measured through eight statements in total, four of them to measure the guests’ expectations and the other four to measure their perceptions (e.g., “My ideal 5* hotel’s employees should be trustworthy” or “ÁguaHotels Vale da Lapa’s employees are polite and courteous”).

Last construct is *empathy*. In order to measure the expectations and perceptions of the guests concerning this construct, they were asked to indicate to what extent they agreed with each one of the statements (e.g., “My ideal 5* hotel should give guests individual attention” or “ÁguaHotels Vale da Lapa has operating hours convenient to all guests”).

3.4.2. Study 2 - Company Employee’s Assessment

In study 2, the company internal assessment on the service provided was measured through four main Gaps: The Listening Gap, The Service Design and Standards Gap, The Service Performance Gap, The Communication Gap. All items were answered on a ten-point scale.

First and in order to measure the effectiveness of the ÁguaHotels Vale da Lapa regarding the *listening gap*, three sub-gaps were evaluated, namely, Marketing Research Orientation, Upward Communication and Relationship Focus.

The *service design and standards gap* is another gap. In order to measure the effectiveness of the factors that compose this gap, three sub-gaps were studied: Systematic Service Design, Presence of Customer-Defined Standards and Appropriate Service Evidence and Servicescape.

One more gap, the *service performance gap* was evaluate through four sub-gaps, namely, Effective Humane Resources Policies, Effective Role Fulfillment by Customers, Alignment of Demand and Capacity and Service Recovery.

The last gap is the *communication gap*. In order to evaluate the effectiveness of ÁguaHotels Vale da Lapa in this gap, four sub-gaps were taken into account: Integrated Services Marketing Communications, Overpromising, Horizontal Communications and Pricing.

4. RESULT'S ANALYSIS

In order to achieve the goals of the study, reliability analysis, descriptive analysis and frequencies analysis were performed. The results are presented as follows.

4.1. Study 1 – Guests' Assessment

The statistical analysis was conducted on fifty-one valid questionnaires.

The demographic profile and the traveling characteristics of the participants are presented in table 4 and 5, respectively. The sample included domestic (28,3%) and international guests (71,7%). There were slightly more females (52,8%) than males (47,2%), and most of the respondents (56,7%) were older than forty-three. Also, the majority of the guests (77,4%) had a university education and around 55% of them were working professionals. About 88,7% of the participants indicated that the main purpose of their visit was holidays, leisure and recreation. Regarding the duration of the stay, the majority of the guests stayed for five or more nights at the hotel (74,6%). When it comes to number of people traveling with the participants, 43,4% of them were traveling with only one person and the majority (73,6%) were traveling without children. Lastly, 60,4% of the participants stayed at a Family Suite.

Items	Percentage
Gender	
Male	47.2
Female	52.8
Age	
Less or equal than 18	5.7
19-24	3.8
25-30	1.9
31-36	17
37-42	15.1
43-48	18.9
49-54	5.7
Above 54	32.1
Profession	
Student	7.5
Working Professional	54.7
Self-employed	11.3
Retired	24.5
Other	1.9

Items	Percentage
Country of Residence	
Portugal	28.3
Spain	0
England	5.7
Germany	1.9
France	5.7
Other	58.50
Level of Education	
Less than Secondary School	0
Secondary School	22.6
Bachelor or equivalent	43.4
Master or equivalent	28.3
Doctoral or equivalent	5.7

Table 4: Participant's demographic profile

Items	Percentage	Items	Percentage
Duration of the stay		Number of people traveling with	
Less or equal to 2 nights	20.8	0	7.5
3-4 nights	5.7	1	43.4
5-6 nights	24.5	2	26.4
More than 7 nights	49.1	3	11.3
Type of room		More than 4	11.3
Family Suite	60.4	Children traveling with	
Deluxe Suite	17	Yes	26.4
One-Bedroom Apartment	15.1	No	73.6
Three-bedroom Villa with Private Pool	7.5	Purpose of visit	
Purpose of visit		Holiday, Leisure and Recreation	88.7
Holiday, Leisure and Recreation	88.7	Visiting friends and relatives	3.8
Visiting friends and relatives	3.8	Business and Professional	7.5
Business and Professional	7.5		

Table 5: Participant's traveling characteristics

Cronbach's alpha is used to measure the internal consistency of the questionnaire. The results of the reliability analysis showed that Cronbach's alpha coefficients of the extracted factors ranged from 0,732 to 0,954. These values are above the minimum value of 0,7 which is considered acceptable as an indication of scale reliability. Thus, these values suggest good internal consistency of the factors under study and also a high reliability.

Dimensions	Cronbach's Alpha of Expectations	Cronbach's Alpha of Perceptions
Tangibles	0,817	0,919
Reliability	0,889	0,954
Responsiveness	0,853	0,919
Assurance	0,732	0,940
Empathy	0,848	0,953

Table 6: Cronbach's Alpha scores for expectations and perceptions by dimensions

In order to address research question 2 where the author proposed to identify the critical service quality dimensions, it is relevant to understand the differences between the guests' expectations of their ideal five-star hotel and their real perceptions of the ÁguaHotels Vale da Lapa. With this, it is also possible to realize the position of the hotel in guests' mind related to service quality (see table 7).

When studying service quality dimensions, it is critical to identify which dimensions guests assess as the most important ones in their ideal five-star hotel. This, could be tracked with the guests' expectations scores. Additionally, it is also important to identify which dimensions guests assess as the best by ÁguaHotels Vale da Lapa. This was also assessed through the guests' perceptions scores. The differences between the scores of the guests' expectations and the perceptions of the service quality dimension are presented in table 7. In an overall assessment, a fact stands out. There is an evident difference between the dimensions that guests evaluate as the most important regarding service quality and the ones better performed by the ÁguaHotels Vale da Lapa. Also, the difference between the perceptions and expectations is negative in all items. It is, than, possible to conclude that the overall service quality is not reaching the guests expectations, so guests are probably not totally satisfied with the service quality provided by the ÁguaHotels Vale da Lapa.

Dimensions	Items	Guests ideal 5* hotel's Average (Expectations)	ÁguaHotels Vale da Lapa's Average (Perceptions)	Perceptions - Expectations	Overall Average of Discrepancy
Tangibles	Modern-looking equipment	6,00	5,51	-0,49	-0,58
	Visually appealing physical facilities	6,19	5,68	-0,51	
	Well dressed and neat-appearing employees	6,32	5,81	-0,51	
	Appearance of the physical facilities aligned with the type of services offered by the hotel	6,21	5,70	-0,51	
	Clean hotel	6,83	6,04	-0,79	
	Convenient location	6,17	5,57	-0,60	
	Offering a variety of facilities (restaurant, spa, pool, etc.)	6,47	5,83	-0,64	
Reliability	Performing service in the promised time	6,51	5,62	-0,89	-0,89
	Interest in solving guest's problems with a sympathetic and reassuring attitude	6,72	5,83	-0,89	
	Performing services right the first time	6,36	5,45	-0,91	
	Performing service without delays	6,40	5,60	-0,80	
	Error-free service records	6,26	5,32	-0,94	
	Performing the typical service quality for its correspondent hotel category	6,57	5,66	-0,91	
Responsiveness	Employees know exactly when services will be performed and tell customers	6,26	5,40	-0,86	-0,77
	Employees provide prompt service	6,43	5,53	-0,90	
	Willingness to help guests	6,70	6,02	-0,68	
	Employees have time to answer guests' questions and requests	6,57	5,94	-0,63	
Assurance	Trustworthy employees	6,79	5,91	-0,88	-0,71
	Guests feeling safe and secure in their interactions with employees	6,79	6,13	-0,66	
	Polite and courteous employees	6,62	6,11	-0,51	
	Employees have sufficient knowledge to answer guests' questions, in order to do their jobs well	6,55	5,77	-0,78	

Empathy	Providing individual attention	5,87	5,55	-0,32	-0,54
	Giving personal attention	5,89	5,45	-0,44	
	Understanding guests' specific needs	6,21	5,47	-0,74	
	Guests' best interests at heart	6,47	5,72	-0,75	
	Operating hours convenient to all guests	6,21	5,74	-0,47	
Overall Average	6,40	5,71	-0,69		

Table 7: Scores of the items used to assess guests' expectations and perceptions

Thus, the dimensions considered as the most important by the guests when evaluating their ideal five-star hotel are not the ones better performed by ÁguaHotels Vale da Lapa, with the exception of Assurance. Assurance is the only dimension where there is a greater consistency, that is, it is considered as the most important dimension by the guests when they evaluated service quality in the guests' ideal five-star hotel and it is also the best in the hotel under study. Despite there is difference of 0,71, this can be considered as a positive aspect for ÁguaHotels Vale da Lapa.

Regarding the other four dimensions, it is important to highlight that Responsiveness and Reliability are the dimensions presenting a higher difference (respectively, $\Delta = 0,77$ and $\Delta = 0,89$). Consequently, they are identified as the most critical service quality dimensions. This is due to the fact that they are recognized as the second and third most important dimensions by guests. However, when it comes to their performance by the hotel, they are not so well performed. As they belong to the top 3 of the most important service quality dimensions to guests, it is required that special attention is paid to this issue in order to provide a higher service quality. Particularly, an attention to Reliability is essential as it is the worst in the rank, scoring only 5,58 in the guests' perceptions. To address this issue, the hotel should take into account some important points mentioned by the guests. For example, the inexistence of employees in the spa reception, which cause delays in the service performance; the Jacuzzi, the pool, the air conditioning and the room telephone do not work correctly which for guests mean that the hotel is not matching the typical service quality of its correspondent category.

Finally, Tangibles and Empathy are the less important service quality dimensions to guests and also the ones presenting a lower difference (respectively, $\Delta = 0,58$ and $\Delta = 0,54$). Consequently, they are identified as the less critical service quality dimensions.

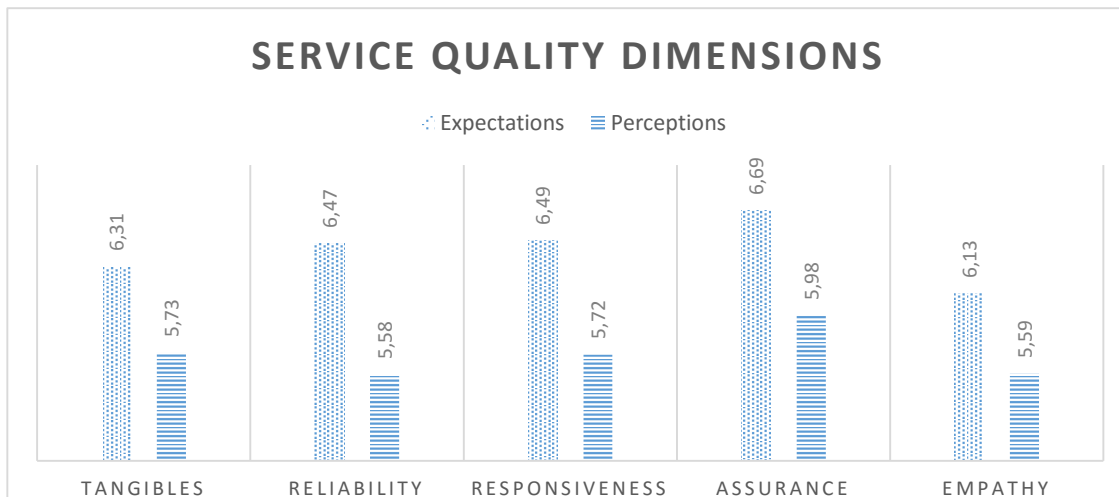


Figure 1: Expectations and perceptions' scores by service quality dimension

4.2. Study 2 – Company Employees' Assessment

The statistical analysis was conducted on thirty-one valid questionnaires.

The demographic characteristics of the participants are presented in table 8. The sample include slightly more males (58,1%) than females (41,9%), and most of the participants (45,2%) had ages between nineteen and twenty-four. Also, the majority of the participants (51,6%) had a university education.

Items	Percentage
Gender	
Male	58.1
Female	41.9
Age	
Less or equal than 18	6.5
19-24	45.2
25-30	9.7
31-36	19.4
37-42	3.2
43-48	9.7
49-54	6.5
Above 54	0
Level of Education	
Less than Secondary School	3.2
Secondary School	45.2
Bachelor or equivalent	51.6
Master or equivalent	0
Doctoral or equivalent	0

Table 8: Participants' demographic profile

The results of reliability analysis showed that Cronbach's alpha coefficients of the extracted factors ranged from 0.832 to 0.953. The values suggest good internal consistency of the factors under study, and consequently indicate high reliability of the questionnaire, since they are above 0,7.

GAP 1 – Listening Gap	Cronbach's Alpha
Sub-Gaps	
Marketing Research Orientation	0,926
Upward Communication	0,877
Relationship Focus	0,895
GAP 2 – Services and Standards Gap	Cronbach's Alpha
Sub-Gaps	
Systematic Service Design	0,866
Presence of Customer-Defined Standards	0,953
Appropriate Physical Evidence and Servicescape	0,916
GAP 3 – Service Performance Gap	Cronbach's Alpha
Sub-Gaps	
Effective Human Resources Policies	0,881
Effective Role Fulfillment by Customers	0,869
Alignment of Demand and Capacity	0,893
Service Recovery	0,869
GAP 4 – Communication Gap	Cronbach's Alpha
Sub-Gaps	
Integrated Service Marketing Communication	0,914
Overpromising	0,832
Horizontal Communications	0,952
Pricing	0,945

Table 9: Cronbach's Alpha scores by sub-gap

In order to address research question 4 where the author proposed to identify the critical service quality areas in ÁguaHotels Vale da Lapa, it is important to find out if the hotel is performing service with effectiveness in each one of the four areas under analysis. In figure 2, it is possible to conclude that ÁguaHotels Vale da Lapa is perceived by its employees as a medium quality services' provider. More precisely, the four provider gaps are quite open, since none of them has closeness above 65%. So, it is possible to conclude that all of them have a significant contribution for the ÁguaHotels Vale da Lapa failures to meet the guests' expectations and, consequently, there is some room for service improvement in each one of them. The major service gap is the Listening Gap, followed by the Communication Gap. Additionally, the most closed gap is the Service and Standards Gap (see more in appendix 6). Thus, there are two service quality areas that need special attention.

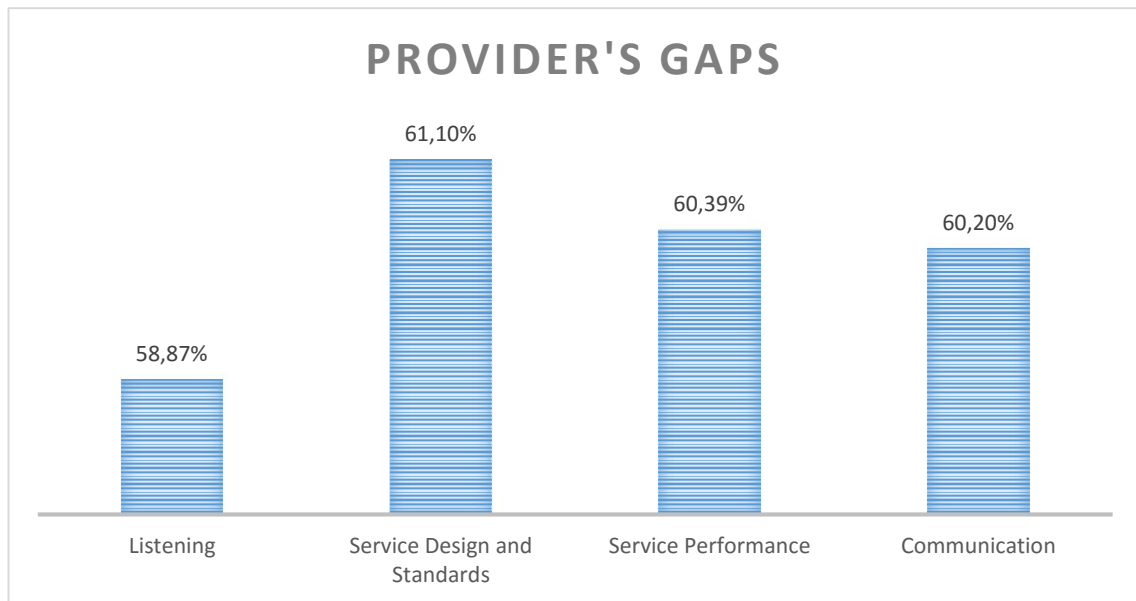


Figure 2: Closeness of the Provider's Gaps

Listening Gap (58,87% closeness)

Regarding the most open gap, the Listening Gap, with a closeness of 58,87%, ÁguaHotels Vale da Lapa is not so effective in listening to the guests' expectations. However, in order to satisfy its guests, the hotel needs to find out what they expect. Hereupon, inside this gap, there is a sub-gap that need a major attention, the Upward Communication, since it is the gap contributing more negatively to this openness, with a closeness of only 56,70%. This is mainly due to the fact that ÁguaHotels Vale da Lapa's managers do not communicate sufficiently with their employees. This may imply that crucial information may not be transmitted properly among them. By analyzing the results of the questionnaire, the author noticed that some employees highlight the fact that the interaction between managers and employees of the various departments is low and when it exists, it is mainly between the managers and the reception department. Another failure is related to the fact that the information obtained from marketing research studies is not shared among the employees of different departments and, consequently employees do not adjust their behavior according to the results.

When it comes to the Marketing Research Orientation sub-gap, presenting a closeness of 58,85%, room for some improvements is identified once it is crucial to appropriately apply marketing research techniques to learn more about the guests' expectations and experiences.

Finally, in the Relationship Focus sub-gap, with a closeness of 61,60%, it is relevant to highlight that ÁguaHotels Group provides a client card to its guests in order to improve their loyalty with the Group.

Recommendations: The Listening Gap is considered as the service quality area worst performed in ÁguaHotels Vale da Lapa. It is the most critical when it comes to perform service with effectiveness, so recommendations are strongly necessary. With the purpose of addressing the ineffective upward communication, the author recommends that ÁguaHotels Vale da Lapa starts doing brief daily meetings inside each operational team and, then, the person responsible for each operational team should have a meeting with the ones who are responsible for the others operational areas. The objective of these meetings is related to the development and encouragement of the sharing of observations and opinions made by the guests in order to allow for this valuable information to reach the person responsible for that service area and, consequently allow for improvements for that area. This will also guarantee that first line employees will transmit valuable information to top management, since each person responsible for each operational team will communicate critical information provided by their first line employees to managers in the weekly meetings. Then, it is also suggested some tips resulting from the marketing research studies should be put in a newsletter to be available monthly to all employees (“Vale da Lapa key takeaways”). These tips will allow for the improvement of the service quality and should be provided in a very comprehensible way. Consequently, this would result in an opportunity for all the employees to adjust their behavior according to the results of these studies. The staff lunch area is considered as a good location to have the newsletters, since this is a place where all the employees go every day to eat.

In order to address the lack of marketing research orientation, the author recommends ÁguaHotels Vale da Lapa to develop a questionnaire to collect valuable information about the guest’s expectations regarding stays in five-star hotels. Then, the hotel should hire a specialized company to administered the questionnaire to a sample of the population and finally provide the results to the hotel. With this, the hotel could obtain specific and critical information to improve its service quality and adjust its service to meet the guests’ expectations. The data should be collect twice a year in order for the hotel to constantly satisfy the guests’ expectations.

Thinking now in a more long-term recommendation to help the focus on the relationship with the guests, the author proposes the implementation of a CRM system which studies guests individually to develop profiles of their individual needs and behaviors. It will allow the hotel

to get a very close relationship with their guests and to tailor services exclusively to each guest. Consequently, the creation of a lasting relationship with the guests is facilitated since it incorporates crucial information, obtained with this system, in the decision making process. For example, if a customer usually asks for oranges, this information could be stored in the system, and every time that the guest asks for fruit, the employee would immediately bring oranges instead of other kinds of fruit. Although it is known that the implementation of the CRM system carries heavy costs, it could really be a valuable tool for ÁguaHotels Vale da Lapa, as well as for the rest of the ÁguaHotels Group. Actually, if ÁguaHotels Group decides to implement the system in all of their units, the information will be even more valuable, leading to an effective integrated customer approach strategy.

GAP 1 – Listening Gap	Interviewees’ Average	Standard Deviation	Percentage of closeness
Sub-Gaps			
Marketing Research Orientation	5,885	2,04	58,85%
Upward Communication	5,67	2,69	56,70%
Relationship Focus	6,16	2,21	61,60%
Gap’s Total	5,887		58,87%

Table 10: Listening Gap’s scores

Communication Gap (60,20% closeness)

Concerning the Communication Gap, which has a closeness of 60,20%, it is related to the hotel’s ability to communicate effectively ensuring that the service delivery matches the promised. Inside this gap, there is a sub-gap that needs major attention, the Horizontal Communications, with a closeness of only 56,65%. This is due to the fact that ÁguaHotels Vale da Lapa does not communicate sufficiently and adequately among the different departments. Then, the Integrated Services Marketing Communications sub-gap has a closeness of 59,47%.

When it comes to pricing (closeness of 60,20%), ÁguaHotels Vale da Lapa really needs to find out what is the guests’ expected service price and try to adjust to meet this value. In this sub-gap, it is important to highlight that according to employees, the pricing decision is not based, in its totality, on the expectations and perceptions of value of the guests, being more based on the alignment of market prices and of the neighboring competitor.

Finally, the Overpromising sub-gap, with a closeness of 64,85%, is a very important one since overpromising and overselling could have a negative impact in the guests’ perceptions. In general, the majority of the time, ÁguaHotels Vale da Lapa performs the service that promises to the guests.

Recommendations: In order to improve the horizontal communications sub-gap, the author recommends the enforcement of weekly meetings among the various people responsible for each operational area, as it has already been mentioned, so that everyone is aware of exactly what is happening in each operational area. In addition to the weekly meetings, ÁguaHotels Vale da Lapa should create an intranet system where employees of different departments and also the managers fill in specific data. For example, if a guest complains about the room-breakfast in the reception resulting in a lunch voucher being given to the guest, the reception's employee should only need to fill in that information to the intranet system to avoid that an inconsistency occurs when the client arrives to the restaurant to enjoy its offer.

In order to help closing the Integrated Services Marketing Communications sub-gap, weekly meetings should be enforced in order to maintain the similarity in all the company communications done by each department so that the message, the service provided and level of quality reaching the employees is consistent throughout the entire organization.

When it comes to Pricing, the hotel can find out relevant information from guests by asking them indirectly in a customer satisfaction questionnaire delivered at the end of their stay (better explained later). The following questions should be included at the end of the questionnaire: “Do you think that ÁguaHotels Vale da Lapa’s pricing is in conformity with the service provided?” and “If ÁguaHotels Vale da Lapa priced your stay in more 15€/per night, would you maintain your reservation?”.

In order to avoid some temptation to sell needless services to their guests or to not provide the announced service, the hotel should have a brochure in the entrance of the hotel where all available services are listed and explained in detail. Thus, when guests want a specific service, they know exactly what to expect from it. Also, all the brochures should have information coherent with the information provided on online platforms in order to offer the service previously announced to guests.

GAP 4 –Communication Gap	Interviewees’ Average	Standard Deviation	Percentage of closeness
Sub-Gaps			
Integrated Service Marketing Communication	5,947	2,24	59,47%
Overpromising	6,485	2,57	64,85%
Horizontal Communications	5,665	2,56	56,65%
Pricing	6,02	2,34	60,20%
Gap’s Total	6,02		60,20%

Table 11: Communication Gap’s scores

Service Performance Gap (60,39% closeness)

The Service Performance Gap has a gap closeness of 60,39%, which is related to the question if the service performance meets the standards. The major issue in this gap is the Effective Human Resources Policies sub-gap, which has a closeness of 59,26%, meaning that ÁguaHotels da Lapa's employees feel that topics regarding their training, empowerment and recognition should be improved. The Effective Role Fulfillment by Customers sub-gap has a closeness of 59,70%.

When it comes to the Alignment of Demand and Capacity, with a closeness of 60,80%, an effective mechanism to respond to fluctuations in demand is performed since the hotel has some low-season promotions in order to increase the occupation rates.

Finally, in the Service Recovery sub-gap (closeness of 62,53%), it is possible to conclude that the employees of the hotel under study recognize that an effort is done to recover the service in case of failure. However, an improvement is necessary when it comes to recognizing the unsatisfied guests and how the hotel plans for service failures. In addition, the ability to listen to guests' complaints and solve to them can be critical to increase their satisfaction. Some employees referred in their questionnaires that the analysis of customer satisfaction is not updated very often which makes it difficult to identify unsatisfied guests.

Recommendations: In order to address the ineffective human resources policies, the hotel should enforce more intensive training for employees in order to allow them to enhance their performance skills and to become capable of making their own decisions when dealing with the guests' issues. For example, the hotel should offer to the new employees a training session aiming to provide them with crucial information to deliver a high service quality and also to strength the organizational culture, including the explanation of the hotel's values and mission, thus creating a strong sense of belonging among all the employees, the procedures and systems used, etc. Also, throughout the year, other proper training sessions should be implemented in order to keep employees updated with relevant information and to address some service delivery problems that could occur. The author also recommends the introduction of a monetary compensation for "The Employee of the Month" in order for them to feel more recognized for their work. The selection of the employee of the month may be carried out as follows: each employee is entitled to one vote, each operational team's responsible is entitled to five votes and each manager is entitled to seven votes. With this, they will feel recognized in

two different ways, in a non-cash and in a cash reward. This initiative will also encourage employees to work harder as they have more to gain.

In order to help guests understand their roles and responsibilities, employees should inform the guests since the beginning of the reservation process about of which type of information they need to provide to the hotel in order to avoid lack of information during their stay. For example, the employees could ask to guests the estimated time of arrival or if they are allergic to any product or food. The hotel can do this by delivering a short questionnaire by e-mail 2-3 days before the stay, avoiding misunderstandings and failures.

To address the recovery of the service, it is recommended that a customer satisfaction questionnaire be provided at the end of the hotel stay to all guests in order to identify major causes of service failures and unsatisfied guests. Thus, an analysis of the results should be done monthly by ÁguaHotels Vale da Lapa. With the collection of this information, it would be possible for managers to create a complete complaint handling procedure that will help employees to act in each situation in case of failure. As mentioned earlier, two questions about pricing will be also asked in order to collect the highest amount of critical information, allowing for the improvement of service quality. Another suggestion is to list all the complaints received in a pre-designed document, where the complaint should be summarized as follows: guests' name, exact days of the stay, guests' contacts and details of the situation/incident. Then, the hotel should answer by e-mail or by phone to each one of them, trying to compensate the guest in some way or just explain why that situation has occurred. Thus, guests will understand that ÁguaHotels Vale da Lapa cares about them and, consequently their satisfaction will increase.

No special recommendations are suggested to the alignment of demand and capacity sub-gap.

GAP 3 – Service Performance Gap	Interviewees' Average	Standard Deviation	Percentage of closeness
Sub-Gaps			
Effective Human Resources Policies	5,926	2,86	59,26%
Effective Role Fulfillment by Customers	5,97	2,15	59,70%
Alignment of Demand and Capacity	6,08	1,92	60,80%
Service Recovery	6,253	2,44	62,53%
Gap's Total	6,039		60,39%

Table 12: Service Performance Gap's scores

Service Design and Standards Gap (61,10% closeness)

The most closed gap and consequently, the most effective one, is the Service Design and Standards Gap, with a closeness of 61,10%, showing that ÁguaHotels Vale da Lapa is doing better in establishing the right service quality standards. However, the Presence of Customer-Defined Standards has a closeness of only 58,58%. Then, when it comes to the Systematic Service Design, which have a closeness of 62,73%, it is important that all employees are thoroughly aware of the services being provided by ÁguaHotels Vale da Lapa. Finally, the Appropriate Physical Evidence and Servicescape has a closeness of 62,90%.

Recommendations: No special recommendations are suggested to the sub-gaps belonging to this gap, since it is the most effective service quality area in ÁguaHotels Vale da Lapa.

However, in order to prevent a failure in systematic service design, newsletters containing information about existing promotions and monthly activities on the different services provided by the hotel could be made available to all employees. This newsletter will be the same that will contain information about the results of the marketing research explained previously. Another suggestion is the constant improvement of the service standard guidelines. The service guidelines must cover all possible situations which can occur in a daily activity of a hotel, so employees are more empowered to make decisions. To do this it is suggested that every time something new and relevant happens, ÁguaHotels Vale da Lapa updates the service standards guidelines.

GAP 2 – Service Design and Standards Gap	Interviewees’ Average	Standard Deviation	Percentage of closeness
Sub-Gaps			
Systematic Service Design	6,273	2,68	62,73%
Presence of Customer-Defined Standards	5,858	2,42	58,58%
Appropriate Physical Evidence and Servicescape	6,29	2,47	62,90%
Gap’s Total	6,110		61,10%

Table 13: Service Design and Standards Gap’s scores

5. MAIN CONCLUSIONS AND FUTURE RESEARCH

This final chapter aims to relate the results presented in the previous section with the knowledge acquired on the research topic throughout the Literature Review. In addition, a judgment on the suitability of the methodology and data collection, together with their limitations, will also be provided, as well as a summary of the main findings and main conclusions. Also, an answer to the Research Questions studied through the dissertation will be provided. Finally, recommendations for future research will be presented.

5.1. Service Quality

Firstly, in accordance to the Literature Review, analyzing the level of service quality performed by a company is one of the most important issues in service management since service quality represents a necessary condition for market success. Furthermore, due to the high level of customer contact, the hospitality industry is characterized for being especially sensitive to service quality. Consequently, the level of service quality should be assessed constantly in order to keep customer satisfaction in high standards. If the update of the information is not done properly, the level of customer satisfaction could gradually decrease to low levels.

5.2. Customers' Expectations and Perceptions

Secondly, the analysis of guests' expectations and perceptions provide crucial information about the critical service quality dimensions in ÁguaHotels Vale da Lapa and the hotel position in the guests' mind regarding service quality. This assessment is possible using the Servqual model. This framework of analysis allowed the comprehension that ÁguaHotels Vale da Lapa in spite of performing a service with a significant level of service quality, is not performing the level of service quality expected by the guests when considering a stay at a five-star hotel. This fact is due to the differences that were identified between customers' expectations of the service and their perceptions of the actual performance in all of the five service quality dimensions under study in this model.

5.3. Company Internal Diagnosis

Thirdly, the Gaps Model of Service Quality is a powerful tool that allowed the evaluation of the internal service quality provided by ÁguaHotels Vale da Lapa, since it enabled the assessment of the level of service that the hotel is able to provide to the guests. Thus, with the diagnosis of the service effectiveness provided to guests, the identification of the service quality areas with the worst performance is possible. That is, the areas that show problems in service delivery and that need special attention, according to ÁguaHotels Vale da Lapa's employees, are identified.

5.4. Methodology and Data Collection

Two surveys were conducted. The first one was used to analyze the guests' expectations and perceptions and it was conducted in a hotel environment through sampling the guests. As a direct consequence of the methodology applied, the survey encountered limitations, which need to be considered. The main limitation is related to the fact that guests are not always willing to respond to the survey, despite the offer of something to drink. However, a representative sample of fifty-one valid questionnaires was collected.

The second survey aimed to diagnose the company internal evaluation of the service provided to customers and it was conducted among the ÁguaHotels Vale da Lapa's employees. A representative sample of thirty-one valid questionnaires, corresponding to 91% of the hotel's employees, was collected.

An important aspect to refer is associated with the results' robustness. With the aim of providing a complete analysis of the results of both questionnaires, the author decided to test possible differences among groups based on demographics by using the Chi-Squares test. Thus, it is possible to verify if there is any significant difference among different groups in each item/factor studied. To do this, demographics variables were split into different groups in accordance to the participants' demographics presented in each questionnaire: Young and Old; Basic, Medium and High Education; Male and Female, National and International and, lastly Workers and Not-workers. When testing the Chi-Squares between each item/factor and each demographic variable, it is shown that almost all the p-values were greater than 0.05 (see appendix 7 and 8). So, there is no relationship between almost all the items/factors and the demographic variables. Hereupon, a robustness of the results is demonstrated because regardless of the demographic variables such as age, education or gender, the results are

transversal. When it comes to the guests' assessment questionnaire and while testing the different demographic variables, only eleven items in a total of fifty-two show a relationship with the demographic under test. In the company employees' assessment questionnaire, only one factor, in a total of forty-seven, shows a relationship with the demographics under test. Thus, it is possible to conclude that the differences among the different groups were considered as insignificants due to the low number of items/factors where a significant relationship was found. This is the reason why the author has decided to analyze the data aggregated throughout this dissertation.

A limitation that is common to both surveys and needs to be considered it is the size of the sample. The size of the sample may have made it difficult for the Chi-Square tests to turn a significant value and to provide a more complete analysis.

5.5. Main findings and main conclusions

According to the first survey, ÁguaHotels Vale da Lapa's guests show considerable high perceptions regarding the service quality performed by the hotel under study (all dimensions are scored above 5,58 at least). However, by applying the questionnaire to a representative sample of the guests and with the comparison between expectations and perceptions, the author is able to recognize major points that contribute to the ÁguaHotels Vale Lapa's overall quality not meet guests' expectations. Despite the fact that all the service quality dimensions under analysis show a significant difference between expectations and perceptions, ÁguaHotels Vale da Lapa could benefit from improving the performance of two particular service quality dimensions: Reliability and Responsiveness. This special attention is needed due to the higher differences identified (respectively, $\Delta = 0,89$ and $\Delta = 0,77$) and due to the fact that they are in the top 3 of the most important service quality dimensions to guests, but are ranked in worst positions when it comes to their performance. Thus, the hotel management has now the necessary information regarding the weak points of the service the hotel provides according to the guests.

Concerning the second survey, ÁguaHotels Vale da Lapa's employees consider that they provide guests with a medium service quality (none of the gaps is closed above 65%). By applying the questionnaire to almost all the employees, the author was able to identify the critical service quality areas that could be improved in the specific case of ÁguaHotels Vale da Lapa and to provide a set of recommendations. In addition to the fact that all the service quality areas under analysis show a significant openness, ÁguaHotels Vale da Lapa could benefit from

improving the performance of two particular areas: Listening Gap and Communication Gap (58,87% and 60,20%, respectively). With the implementation of the recommendations suggested (see table 14), which are totally related to the managerial reality of the hotel, the author strongly believes that ÁguaHotels Vale da Lapa will be able to completely fulfill the guests' expectations and, consequently provide a higher service quality.

Short-Term Recommendations		
Problem identified	Gap	Recommendation
1. Managers do not communicate sufficiently with their employees	1	Briefly daily meetings inside each operational team; Daily meetings between the person responsible for each operational team and the ones responsible for the other operational areas; Weekly meetings between the person responsible for each operational team and the managers
2. Lack of marketing research techniques to learn more about guests' expectations and experiences	1	Development of a specific questionnaire to collect information about the guest's expectations regarding stays in five-star hotels. A specialized company should be hired to administer the questionnaire to a sample of the population and provide the results to the hotel
3. ÁguaHotels Vale da Lapa does not communicate sufficiently and adequately among the different departments	4	Enforcement of the weekly meetings among the various people who are responsible for each operational area
4. Insufficient similarity in the communications done by each department	4	
5. Lack of information about the guests' expected service price	4	Asking guests two questions about pricing in a customer satisfaction questionnaire deliver at the end of their hotel stay
6. Lack of guests' understanding of their roles and responsibilities leads to the lack of important information during their stay	3	Delivery of a short questionnaire by e-mail 2-3 days before the stay
7. Lack of identification of unsatisfied guests	3	Providing all guests with a customer satisfaction questionnaire at the end of their hotel stay
8. Insufficient involvement of the ÁguaHotels Vale da Lapa in the complaint's process	3	Listing all the complaints received in a pre-designed document and trying to compensate guests for each incident
9. Insufficient concern of the ÁguaHotels Vale da Lapa in addressing and solving guests' complaints	3	
Medium and Long-Term Recommendations		
Problem identified	Gap	Recommendation
10. Information obtained from marketing research studies is not shared among employees of different departments	1	Creation of the "Vale da Lapa key takeaways" newsletter which should incorporate some tips resulting from the marketing research studies
11. Employees do not adjust their behavior according to the marketing research studies results	1	
12. Insufficient focus on the relationship with guests	1	Implementation of a CRM system
13. ÁguaHotels Vale da Lapa does not communicate sufficiently and adequately among the different departments	4	Implementation of an intranet system
14. Negative impact of overpromising and overselling	4	Creation of a brochure where all available services are listed and explained in detail. The brochure should be also coherent with the information provided on online platforms
15. Insufficient employees' training and lack of a strong organization culture	3	Offering a training session to the new employees
16. Insufficient employees' training and insufficient empowerment	3	Offering of other proper training sessions throughout the year
17. Insufficient employees' recognition	3	Introduction of a monetary compensation for "The Employee of the Month"
18. Lack of planning for service failures	3	Creation of a complete complaint handling procedure

19. Insufficient employees' awareness of the services being provided by ÁguaHotels Vale da Lapa	2	Creation of the "Vale da Lapa key takeaways" newsletter which should contain, in addition to what has been referred, information about existing promotions and monthly activities of the different services
20. Lack of complete and updated service standards guidelines	2	Updating the service standards guidelines every time something new and relevant happens

Table 14: Recommendations' summary

5.6. Answer to the Research Questions

The answers to the Research Questions provided by this dissertation's studies are:

How can companies assess customer expectations and perceptions of service quality?

In accordance with the Literature Review, companies can assess customers' expectations and perceptions of service quality by using the following model: Servqual model. The Servqual model measures the customers' expectations and perceptions in the five dimensions considered critical to the service quality evaluation. In this model, the service quality is measured by identifying gaps between the customers' expectations of the service and their perceptions of the actual performance of the service in each dimension.

What are the critical service quality dimensions identified by the customers?

According to the survey, the service quality dimensions are ranked in the following order in terms of their importance to guests: (1) Assurance, (2) Responsiveness, (3) Reliability, (4) Tangibles and (5) Empathy. When it comes to the performance by ÁguaHotels Vale da Lapa, the ranking of the service quality dimensions changes: (1) Assurance, (2) Tangibles, (3) Responsiveness, (4) Empathy and (5) Reliability. Based on these findings, ÁguaHotels Vale da Lapa should provide special attention to the dimensions that are the most important for the guests but are not so well performed in the hotel under study, that is, the most critical service quality dimensions: Responsiveness and Reliability.

How can companies assess their internal service provider Gaps?

Confirming to the Literature Review, companies can assess the internal service provider gaps regarding the service provided to their guests by using the Gaps Model of Service Quality. This model was developed in order to identify problems and mistakes in the service delivered to guests. The identification of the problems in service delivery is done by the company's employees through the identification of the gaps' closeness.

What are the critical service quality areas in the hotel?

According to the survey, the service quality areas are ranked in the following order in terms of performance: (1) Service Design and Standards Gap, (2) Service Performance Gap, (3) Communication Gap and (4) Listening Gap. Based on these findings, ÁguaHotels Vale da Lapa should provide special attention to the most critical service quality areas: Communication Gap and Listening Gap.

5.7. Future research

It is strongly recommended that a future study covering a bigger sample of the ÁguaHotels Vale da Lapa's guests is carried out in order to provide a more complete study. With this, the Chi-Square tests would become significant which would allow for the segmentation of the guests which, in turn, would be very useful to enhance organizational performance.

During the Literature Review several service quality attributes related to the hospitality industry were presented. Another suggestion for future research is associated with the addition of a new construct to the existent framework of analysis (Servqual model) when studying the hospitality industry, in order to provide a more complete and precise analysis. The addition of a new dimension: *Social Responsibility* is suggested, due to the importance that this issue has gained in recent years.

6. APPENDICES

6.1. Appendix 1: Guests' Assessment Questionnaire

This questionnaire is an important part of a research that I am developing for my Master Program at Católica-Lisbon School of Business & Economics, which aims to understand the guests' expectations and perceptions about services in the Hotel Industry.

First of all, I would like to thank you for taking your time answering this questionnaire. Your feedback is important to me so I can further improve ÁguaHotels Vale da Lapa's services. The questionnaire should take about 10 minutes of your time and your answers will be completely anonymous.

This questionnaire is composed by three parts. Part 1 has the intention to catch participants' traveling characteristics. Second part assess guests' expectations about their ideal five stars' hotel and then, guests' perceptions about ÁguaHotels Vale da Lapa. In turn, Part 3 aims to catch participants' demographics.

Part 1:

In this first part I would like you to answer the questions presented below.

Purpose of visit:

_____ Holiday, Leisure and Recreation

_____ Visiting friends and relatives

_____ Business and Professional

Duration of the stay:

_____ Less or equal to 2 nights

_____ 3-4 nights

_____ 5-6 nights

_____ More than 6 nights

In which type of room are you staying?

_____ Family Suite

_____ Deluxe Suite

_____ One-Bedroom Apartment

_____ Three-Bedroom Villa with Private Pool

How many people are travelling with you?

_____ 0

_____ 1

_____ 2

_____ 3

_____ More than 4

Do you have children travelling with you?

_____ Yes

_____ No

Part 2:

Now this part of the questionnaire aims to understand your opinions about **your ideal five stars' hotel**. Please show the extent to which you think **your ideal five stars' hotel** should possess the features described by each statement presented below. You can do this by selecting a number between 1 (strongly disagree) and 7 (strongly agree) to each statement. If you strongly agree that **your ideal five stars' hotels** should possess a feature, select number 7. By contrast, if you strongly disagree that **your ideal five stars' hotel** should possess a feature, select number 1. Lastly, if your feelings are not strong about a statement, please select other numbers between 1 and 7. In this questionnaire there are no right or wrong answers. My interest is only on a number that best shows your expectations about **your ideal five stars' hotel**.

In this section I would like you to answer to some questions related to the physical characteristics of your ideal five stars hotel.

_____ **My ideal 5* hotel** should have modern-looking equipment.

_____ **My ideal 5* hotel's** physical facilities should be visually appealing.

_____ **My ideal 5* hotel's** employees should be well dressed and neat-appearing.

_____ The appearance of the physical facilities of **my ideal 5* hotel** should be aligned with the type of services offered by the hotel.

_____ **My ideal 5* hotel** should be clean.

_____ **My ideal 5* hotel** should have a convenient location.

_____ **My ideal 5* hotel** should have a variety of facilities (restaurant, spa, pool, etc.).

In this section I would like you to answer to some questions related to the services execution in your ideal five stars hotel.

_____ **My ideal 5* hotel** should perform service in the promised time.

_____ **My ideal 5* hotel's** employees should always be interested in solving guest's problems with a sympathetic and reassuring attitude.

_____ **My ideal 5* hotel** should perform services right the first time.

_____ **My ideal 5* hotel** should perform service without delays.

_____ **My ideal 5* hotel** should insist on error-free service records.

_____ **My ideal 5* hotel** should perform the typical service quality for its correspondent hotel category.

In this section I would like you to answer to some questions related to the prompt service delivery in your ideal five stars hotel.

_____ **My ideal 5* hotel** should be expected to tell guests exactly when services will be performed.

_____ **My ideal 5* hotel's** employees should provide prompt service.

_____ **My ideal 5* hotel's** employees should always be willing to help guests.

_____ **My ideal 5* hotel's** employees should always have time to answer guests' questions and requests.

In this section I would like you to answer to some questions related to services' quality and assurance in your ideal five stars hotel.

_____ **My ideal 5* hotel's** employees should be trustworthy.

_____ Guests should be able to feel safe and secure in their interactions with **my ideal 5* hotel's** employees.

_____ **My ideal 5* hotel's** employees should be polite and courteous.

_____ **My ideal 5* hotel's** employees should have sufficient knowledge to answer guests' questions, in order to perform their jobs well.

In this section I would like you to answer to some questions related to sympathy in your ideal five stars hotel.

_____ **My ideal 5* hotel** should provide guests with individual attention.

_____ **My ideal 5* hotel's** employees should give guests personal attention.

_____ **My ideal 5* hotel's** employees should understand guests' specific needs.

_____ **My ideal 5* hotel** should have their guests' best interests at heart.

_____ **My ideal 5* hotel** should have operating hours convenient to all guests.

Now, the following set of statements relate to your perceptions about **ÁguaHotels Vale da Lapa**. For each statement, please show the extent to which you believe **ÁguaHotels Vale da Lapa** has the feature described by the statement. Once again, please select 7 if you strongly agree that **ÁguaHotels Vale da Lapa** has that feature, and select 1 if you strongly disagree. There are no right or wrong answers. My interest is only on a number that best shows your perceptions about **ÁguaHotels Vale da Lapa**.

In this section I would like you to answer to some questions related to the physical characteristics of ÁguaHotels Vale da Lapa.

_____ **ÁguaHotels Vale da Lapa** has modern-looking equipment.

_____ **ÁguaHotels Vale da Lapa's** physical facilities are visually appealing.

_____ **ÁguaHotels Vale da Lapa's** employees are well dressed and neat-appearing.

_____ The appearance of the physical facilities of **ÁguaHotels Vale da Lapa** is aligned with the type of services offered by this hotel.

_____ **ÁguaHotels Vale da Lapa** is clean.

_____ **ÁguaHotels Vale da Lapa** has a convenient location.

_____ **ÁguaHotels Vale da Lapa** has a variety of facilities (restaurant, spa, pool, etc.).

In this section I would like you to answer to some questions related to the services execution in ÁguaHotels Vale da Lapa.

_____ **ÁguaHotels Vale da Lapa** performs service in the promised time.

_____ **ÁguaHotels Vale da Lapa's** employees are always interested in solving guest's problems with a sympathetic and reassuring attitude.

_____ **ÁguaHotels Vale da Lapa** performs services right the first time.

_____ **ÁguaHotels Vale da Lapa** performs service without delays.

_____ **ÁguaHotels Vale da Lapa** insists on error-free service records.

_____ **ÁguaHotels Vale da Lapa** performs the typical service quality for its correspondent hotel category.

In this section I would like you to answer to some questions related to the prompt service delivery in ÁguaHotels Vale da Lapa.

_____ **ÁguaHotels Vale da Lapa** tell guests exactly when services will be performed.

_____ **ÁguaHotels Vale da Lapa's** employees provide prompt service.

_____ **ÁguaHotels Vale da Lapa's** employees are always willing to help guests.

_____ **ÁguaHotels Vale da Lapa's** employees always have time to answer guests' questions and requests.

In this section I would like you to answer to some questions related to services' quality and assurance in ÁguaHotels Vale da Lapa.

_____ **ÁguaHotels Vale da Lapa's** employees are trustworthy.

_____ Guests feel safe and secure in their interactions with **ÁguaHotels Vale da Lapa's** employees.

_____ **ÁguaHotels Vale da Lapa's** employees are polite and courteous.

_____ **ÁguaHotels Vale da Lapa's** employees have sufficient knowledge to answer guests' questions.

In this section I would like you to answer to some questions related to sympathy in ÁguaHotels Vale da Lapa.

_____ **ÁguaHotels Vale da Lapa** provides guests with individual attention.

_____ **ÁguaHotels Vale da Lapa's** employees give guests personal attention.

_____ **ÁguaHotels Vale da Lapa's** employees understand guests' specific needs.

_____ **ÁguaHotels Vale da Lapa** has their guests' best interests at heart.

_____ **ÁguaHotels Vale da Lapa** has operating hours convenient to all guests.

Open-end question: Please give your suggestions and/or recommendations regarding the topics covered in the statements presented above.

Part 3:

Focusing now on your personal details, please select one option presented below.

Age:

_____ Less than or equal to 18

_____ 19-24

_____ 25-30

_____ 31-36

_____ 37-42

_____ 43-48

_____ 49-54

_____ Above 54

Gender:

_____ Male

_____ Female

Country of residence:

_____ Portugal

_____ Spain

_____ England

_____ Germany

_____ France

_____ Other

Level of education:

_____ Less than Secondary School

_____ Secondary Education

_____ Bachelor or equivalent

_____ Master or equivalent

_____ Doctoral or equivalent

Profession:

_____ Student

_____ Working professional

_____ Self-employed

_____ Retired

_____ Other

6.2. Appendix 2: Company Employees' Assessment Questionnaire

This questionnaire is an important part of a research that I am developing for my Master Program at Católica-Lisbon School of Business & Economics, which aims to assess the ÁguaHotels Vale da Lapa's service quality gaps.

First of all, I would like to thank you for taking your time answering this questionnaire. Your feedback is important to me so I can further improve ÁguaHotels Vale da Lapa's services. The questionnaire should take about 10 minutes of your time and your answers will be completely anonymous.

This questionnaire is composed by two parts. Part 1 aims to diagnose the company internal assessment of the service provided. Second part aims to catch participants' demographics.

Part 1:

As previously explained, this part of the questionnaire aims to diagnose the ÁguaHotels Vale da Lapa internal evaluation of the service provided. Please for each of the following factors in the gaps, indicate the effectiveness of the ÁguaHotels Vale da Lapa on that factor. You can do this by using a scale between 1 (Poor) and 10 (Excellent). In this questionnaire there are no right or wrong answers. When considered appropriate, we may ask for further details or commentaries. My interest is only on a number that best shows your opinion about the service provided by ÁguaHotels Vale da Lapa.

Now I would like you to evaluate the capacity of ÁguaHotels Vale da Lapa to develop adequate marketing research	
Does ÁguaHotels Vale da Lapa carry adequate marketing research in order to assess guests' expectations?	1 – Poor 10 – Excellent
How well is ÁguaHotels Vale da Lapa taking advantage of social networks and online travel agencies to track guests' expectations and service perceptions?	1 – Poor 10 – Excellent
To what extent is ÁguaHotels Vale da Lapa involved in the marketing research process?	1 – Poor 10 – Excellent
How often is the marketing research collected?	1 – Poor 10 – Excellent
Now I would like you to evaluate how ÁguaHotels Vale da Lapa's employees communicate with their managers	

How deep is the relationship established between managers and ÁguaHotels Vale da Lapa's guests in order for them to better understand guests' expectations?	1 – Poor 10 – Excellent
How effectively first line employees obtain information about guests' expectations and communicate it to managers?	1 – Poor 10 – Excellent
To what extent does ÁguaHotels Vale da Lapa analyze carefully the data obtained through marketing research and incorporate it in the decision making processes of ÁguaHotels Vale da Lapa?	1 – Poor 10 – Excellent
How well are employees informed about marketing research results?	1 – Poor 10 – Excellent
To what extent do employees adjust their behavior according to marketing research results?	1 – Poor 10 – Excellent
Now I would like you to evaluate the extent to which ÁguaHotels Vale da Lapa focuses on relationship with their guests	
To what extent is the feedback provided by guests at the heart of the decision making process?	1 – Poor 10 – Excellent
How effectively loyalty programs and special attention are designed to create a lasting relationship with guests?	1 – Poor 10 – Excellent
To what extent does ÁguaHotels Vale da Lapa focus on relationships with guests rather than transactions?	1 – Poor 10 – Excellent
Is ÁguaHotels Vale da Lapa more concerned on the relationship with existing guests rather than attracting new ones?	1 – Poor 10 – Excellent
Please share some details about the statements previously presented if you think is necessary.	
Now I would like you to evaluate ÁguaHotels Vale da Lapa regarding the systematic service design	
How important are service guidelines to first line employees?	1 – Poor 10 – Excellent
To what extent do service guidelines consider every possible situation (E.g., If a guest tries to get a discount in a meal because he thinks the meal has a bad taste)?	1 – Poor 10 – Excellent
How well informed are employees about the service they are supposed to provide?	1 – Poor 10 – Excellent
How well are new services defined for employees and guests?	1 – Poor 10 – Excellent
Now I would like you to evaluate ÁguaHotels Vale da Lapa regarding the presence of customer-defined standards	
To what extent are the standards of services designed with the main objective to satisfy guests' expectations?	1 – Poor 10 – Excellent
How well are guests informed about the service standards ÁguaHotels Vale da Lapa has?	1 – Poor 10 – Excellent
How effectively can ÁguaHotels Vale da Lapa assess the service quality and if it is being properly implemented?	1 – Poor 10 – Excellent
How well are ÁguaHotels Vale da Lapa's services standards defined?	1 – Poor 10 – Excellent

Now I would like you to evaluate ÁguaHotels Vale da Lapa regarding the appropriate physical evidence and servicescape	
How accurately are ÁguaHotels Vale da Lapa's design and physical features set to correspond guests' expectations?	1 – Poor 10 – Excellent
How attractive and effective are the physical aspects regarding the type of service ÁguaHotels Vale da Lapa aims to provide?	1 – Poor 10 – Excellent
Please share some details about the statements previously presented if you think is necessary.	
Now I would like you to evaluate ÁguaHotels Vale da Lapa regarding its human resource policies	
How important are soft skills when hiring employees?	1 – Poor 10 – Excellent
How important is the first line employees training since they are the employees who have the initial contact with guests?	1 – Poor 10 – Excellent
To what extent are employees recognized for their work?	1 – Poor 10 – Excellent
How important is the monetary compensation for employees?	1 – Poor 10 – Excellent
When evaluating employees' performance, how important is customer orientation?	1 – Poor 10 – Excellent
How effectively are ÁguaHotels Vale da Lapa's values applied in the interactions with guests?	1 – Poor 10 – Excellent
To what extent are employees empowered to make their own decisions when dealing with an issue regarding a guest?	1 – Poor 10 – Excellent
Now I would like you to evaluate the capacity of ÁguaHotels Vale da Lapa in making their guests fulfil their role effectively	
To what extent guests understand their role and responsibilities?	1 – Poor 10 – Excellent
Does ÁguaHotels Vale da Lapa manage guests to fulfil their role (Ex: If ÁguaHotels Vale da Lapa contact its guests in order to obtain any information that is needed and is missing.)?	1 – Poor 10 – Excellent
Now I would like you to evaluate the capacity of ÁguaHotels Vale da Lapa in the alignment of the demand and the capacity of their services	
How effective are the mechanisms designed to respond to fluctuations in demand?	1 – Poor 10 – Excellent
To what extent can ÁguaHotels Vale da Lapa assure that service quality is not affected by fluctuations in demand?	1 – Poor 10 – Excellent
Now I would like you to evaluate the capacity of ÁguaHotels Vale da Lapa regarding service recovery in case of failure	
How important is for ÁguaHotels Vale da Lapa to address and solve guests' complaints?	1 – Poor 10 – Excellent
To what extent is ÁguaHotels Vale da Lapa involved in the complaint's process?	1 – Poor 10 – Excellent

How well does ÁguaHotels Vale da Lapa plan for service failures (E.g., ÁguaHotels Vale da Lapa has a well-defined complaint handling procedure, if a guest is dissatisfied with a certain service and decide to make a complaint?)?	1 – Poor 10 – Excellent
How accurate are the mechanisms developed in order to identify unsatisfied guests?	1 – Poor 10 – Excellent
Please share some details about the statements previously presented if you think is necessary.	
Now I would like you to evaluate ÁguaHotels Vale da Lapa regarding its service marketing communications	
How effectively are internal communication channels implemented in ÁguaHotels Vale da Lapa?	1 – Poor 10 – Excellent
How well ÁguaHotels Vale da Lapa communicate to guests about service provided (E.g., If employees communicate to guests which are the main aspects of their service.)?	1 – Poor 10 – Excellent
How well do all company communications express the same message and level of service quality?	1 – Poor 10 – Excellent
Now I would like you to evaluate ÁguaHotels Vale da Lapa regarding its promises to guests	
Does ÁguaHotels Vale da Lapa offer the services that are advertised?	1 – Poor 10 – Excellent
Does ÁguaHotels Vale da Lapa avoid to overpromise in order to sell needless services for their guests?	1 – Poor 10 – Excellent
Now I would like you to evaluate ÁguaHotels Vale da Lapa regarding their horizontal communications' mechanisms	
How well do different parts of ÁguaHotels Vale da Lapa communicate with each other so that the service quality equals what is promised?	1 – Poor 10 – Excellent
Does ÁguaHotels Vale da Lapa has an implemented system that facilitates horizontal communication between people and departments?	1 – Poor 10 – Excellent
Now I would like you to evaluate ÁguaHotels Vale da Lapa regarding its price policies decisions	
Does ÁguaHotels Vale da Lapa price its services in conformity with guests' perceptions of value?	1 – Poor 10 – Excellent
To what extent are ÁguaHotels Vale da Lapa concerned with not price above guests' expectations?	1 – Poor 10 – Excellent
Please share some details about the statements previously presented if you think is necessary.	

Part 2:

Focusing now on your personal details, please select one option in each question.

Age:

Less than or equal to 18

19-24

25-30

31-36

37-42

43-48

49-54

Above 54

Gender:

Masculine

Feminine

Level of education:

Less than Secondary School

Secondary Education

Bachelor or equivalent

Master equivalent

Doctoral or equivalent

6.3. Appendix 3: Expectations' average by dimensions

Tangibles	Items	Average
	Modern-looking equipment	6,00
	Visually appealing physical facilities	6,19
	Well dressed and neat-appearing employees	6,32
	Appearance of the physical facilities aligned with the type of services offered by the hotel	6,21
	Clean hotel	6,83
	Convenient location	6,17
	Offering a variety of facilities (restaurant, spa, pool, etc.)	6,47
Overall Average	6,31	

Reliability	Items	Average
	Performing service in the promised time	6,51
	Interest in solving guest's problems with a sympathetic and reassuring attitude	6,72
	Performing services right the first time	6,36
	Performing service without delays	6,40
	Error-free service records	6,26
	Performing the typical service quality for its correspondent hotel category	6,57
Overall Average	6,47	

Responsiveness	Items	Average
	Know exactly when services will be performed	6,26
	Employees provide prompt service	6,43
	Willingness to help guests	6,70
	Employees have time to answer guests' questions and requests	6,57
Overall Average	6,49	

Assurance	Items	Average
	Trustworthy employees	6,79
	Guests feeling safe and secure in their interactions with employees	6,79
	Polite and courteous employees	6,62
	Employees have sufficient knowledge to answer guests' questions, in order to do their jobs well	6,55
Overall Average	6,69	

Empathy	Items	Average
	Providing individual attention	5,87
	Giving personal attention	5,89
	Understanding guests' specific needs	6,21
	Guests' best interests at heart	6,47
	Operating hours convenient to all guests	6,21
Overall Average		6,13

6.4. Appendix 4: Perceptions' average by dimensions

Tangibles	Items	Average
	Modern-looking equipment	5,51
	Visually appealing physical facilities	5,68
	Well dressed and neat-appearing employees	5,81
	Appearance of the physical facilities aligned with the type of services offered by the hotel	5,70
	Clean hotel	6,04
	Convenient location	5,57
	Offering a variety of facilities (restaurant, spa, pool, etc.)	5,83
Overall Average		5,73

Reliability	Items	Average
	Performing service in the promised time	5,62
	Interest in solving guest's problems with a sympathetic and reassuring attitude	5,83
	Performing services right the first time	5,45
	Performing service without delays	5,60
	Error-free service records	5,32
	Performing the typical service quality for its correspondent hotel category	5,66
Overall Average		5,58

Responsiveness	Items	Average
	Know exactly when services will be performed	5,40
	Employees provide prompt service	5,53
	Willingness to help guests	6,02
	Employees have time to answer guests' questions and requests	5,94
Overall Average		5,72

	Items	Average
Assurance	Trustworthy employees	5,91
	Guests feeling safe and secure in their interactions with employees	6,13
	Polite and courteous employees	6,11
	Employees have sufficient knowledge to answer guests' questions, in order to do their jobs well	5,77
Overall Average		5,98

	Items	Average
Empathy	Providing individual attention	5,55
	Giving personal attention	5,45
	Understanding guests' specific needs	5,47
	Guests' best interests at heart	5,72
	Operating hours convenient to all guests	5,74
Overall Average		5,59

6.5. Appendix 5: Guests' opinions regarding service quality assessment

The ÁguaHotels Vale da Lapa is a good hotel but has some deficiencies in its services such as the inexistence of permanent staff in the SPA.
We are extremely satisfied with our stay in the hotel and will come back. Only remarks are that you preferably need to rent a car, and rain was coming inside the house through the roof window.
It was a very nice stay. The rooms are very spacy and luxury. The rooms were daily clean. Personnel very friendly and helpful. Location is not ideal for visit other cities and the beach without a car. It's a 5 star recommendations!
ÁguaHotels Vale da Lapa is a great hotel.
A little bit more variety in the breakfast would be welcome. It would be nice to have sun seats at the family villa.
Very good vacation but the beds and pillows are too hard.
Very well organized, however it is a bit difficult when a large group of people all at the same time want to have lunch or dinner. Very nice villa and very clean. Keep up the good work.
Excellent hotel, extremely friendly and helpful staff. Very happy.
Personally we preferred softer beds and pillows. Beds now used are very hard to sleep on, so comfort is very poor! For the rest we had no complaints whatsoever. We had a very nice stay in the hotel.
The Jacuzzi was only working on the first day.
We had a nice time staying in this hotel. Nice location and nice staff. We hope to come again.
All was very good, very friendly and polite, was a very good week, will be back.
I think that justifies an investment in the improvement of equipment and infrastructure of the club house, the equipment further away from a five star.
Initial impressions tend to suggest that it is of superior quality with the attendant standards such would provide.
My first impressions are very positive.
In this hotel, Jacuzzi and inside pool do not work correctly. The room telephone and air conditioning do not work also. It was a not so good experience.
Important to fulfil the guests request and if not possible give this information to the guest.
The stay was excellent, loved the service from the restaurant and bar. I enjoyed the special attention that was paid in the days I was staying, especially on the day of arriving.
I recommend common facilities improvement.

The classification of five star hotels requires the provision of services and excellent human resources, this is what is happening in this hotel. The favorable geographical location as well as the diversity of offers available to customers are an asset and also a differentiating factor in the quality of services provided.

6.6. Appendix 6: Company Employees' Assessment Questionnaire Results

Gap 1 – Listening Gap	Interviewees' Average	Interviewees' Comments
Questions		
Marketing Research Orientation		
Does ÁguaHotels Vale da Lapa carry adequate marketing research in order to assess guests' expectations?	5,74	
How well is ÁguaHotels Vale da Lapa taking advantage of social networks and online travel agencies to track guests' expectations and service perceptions?	6,03	
To what extent is ÁguaHotels Vale da Lapa involved in the marketing research process?	6,19	
How often is the marketing research collected?	5,58	
Sub-Gap's Total: 5,885		
Sub-Gap's Closeness: 58,85%		

Upward Communication		
How deep is the relationship established between managers and ÁguaHotels Vale da Lapa's guests in order for them to better understand guests' expectations?	5,48	"There is little interaction between hotel managers and the various departments of the hotel: interaction is most frequent probably between managers and the reception department due to the fact that this is the department which has most contact with the guests. However, the other departments should be better inspected." "Communication between managers and staff is always insufficient and also the reverse, despite the improvements that have occurred recently. Investing more in this aspect, it will be easier to obtain even better results, despite the seasonality of the Algarve."
How effectively first line employees obtain information about guests' expectations and communicate it to managers?	6,71	
To what extent does ÁguaHotels Vale da Lapa analyze carefully the data obtained through marketing research and incorporate it in the decision making processes of ÁguaHotels Vale da Lapa?	5,58	
How well are employees informed about marketing research results?	4,35	
To what extent do employees adjust their behavior according to marketing research results?	6,23	
Sub-Gap's Total: 5,67		
Sub-Gap's Closeness: 56,70%		

Relationship Focus		
To what extent is the feedback provided by guests at the heart of the decision making process?	6,58	"The ÁguaHotels Vale da Lapa has a client card in order to improve the loyalty of their customers."
How effectively loyalty programs and special attention are designed to create a lasting relationship with guests?	6,74	
To what extent does ÁguaHotels Vale da Lapa focus on relationships with guests rather than transactions?	6,06	
Is ÁguaHotels Vale da Lapa more concerned on the relationship with existing guests rather than attracting new ones?	5,26	
Sub-Gap's Total: 6,16		
Sub-Gap's Closeness: 61,60%		

Gaps's Total: 5,887
Gaps's Closeness: 58,87%

Gap 2 – Service Design and Standards Gap	Interviewees' Average	Interviewees' Comments
Questions		
Systematic Service Design		
How important are service guidelines to first line employees?	6,74	
To what extent do service guidelines consider every possible situation (E.g., If a guest tries to get a discount in a meal because he thinks the meal has a bad taste?)?	6,03	
How well informed are employees about the service they are supposed to provide?	6,26	
How well are new services defined for employees and guests?	6,06	
Sub-Gap's Total: 6,273		
Sub-Gap's Closeness: 62,73%		

Presence of Customer-Defined Standards		
To what extent are the standards of services designed with the main objective to satisfy guests' expectations?	5,84	
How well are guests informed about the service standards ÁguaHotels Vale da Lapa has?	5,94	
How effectively can ÁguaHotels Vale da Lapa assess the service quality and if it is being properly implemented?	5,84	
How well are ÁguaHotels Vale da Lapa's services standards defined?	5,81	
Sub-Gap's Total: 5,858		
Sub-Gap's Closeness: 58,58%		

Appropriate Physical Evidence and Servicescape		
How accurately are ÁguaHotels Vale da Lapa's design and physical features set to correspond guests' expectations?	6,19	"The dwellings are more attractive than the common spaces. The dwellings are also better designed to meet guests' expectations than the common spaces."
How attractive and effective are the physical aspects regarding the type of service ÁguaHotels Vale da Lapa aims to provide?	6,39	
Sub-Gap's Total: 6,29		
Sub-Gap's Closeness: 62,90%		

Gaps's Total: 6,11
Gaps's Closeness: 61,10%

Gap 3 – Service Performance Gap	Interviewees' Average	Interviewees' Comments
Questions		
Effective Human Resources Policies		
How important are soft skills when hiring employees?	4,81	
How important is the first line employees training since they are the employees who have the initial contact with guests?	6,32	
To what extent are employees recognized for their work?	4,16	
How important is the monetary compensation for employees?	6,29	
When evaluating employees' performance, how important is customer orientation?	7,45	
How effectively are ÁguaHotels Vale da Lapa's values applied in the interactions with guests?	6,61	
To what extent are employees empowered to make their own decisions when dealing with an issue regarding a guest?	5,84	
Sub-Gap's Total: 5,926		
Sub-Gap's Closeness: 59,26%		

Effective Role Fulfillment by Customers		
To what extent guests understand their role and responsibilities?	5,94	
Does ÁguaHotels Vale da Lapa manage guests to fulfil their role (Ex: If ÁguaHotels Vale da Lapa contact its guests in order to obtain any information that is needed and is missing.)?	6,00	
Sub-Gap's Total: 5,97		
Sub-Gap's Closeness: 59,70%		

Alignment of Demand and Capacity		
How effective are the mechanisms designed to respond to fluctuations in demand?	6,03	
To what extent can ÁguaHotels Vale da Lapa assure that service quality is not affected by fluctuations in demand?	6,13	
Sub-Gap's Total: 6,08		
Sub-Gap's Closeness: 60,80%		

Service Recovery		
How important is for ÁguaHotels Vale da Lapa to address and solve guests' complaints?	6,97	"The analysis of customer satisfaction is not updated very often, which makes it difficult to identify unsatisfied guests." "There is no guidelines in case of service failure. For example, in the case of a crack in the hotel pool, the solution was to put sandbags to plug the crack until the end of the bathing season and only then, make the necessary work. Apparently the good image of the hotel is most important than the well-being of the guests. The only guideline that exists is the classic one: emergency exits in case of fire."
To what extent are ÁguaHotels Vale da Lapa involved in the complaint's process?	6,94	
How well does ÁguaHotels Vale da Lapa plan for service failures (E.g., ÁguaHotels Vale da Lapa has a well-defined complaint handling procedure, if a guest is dissatisfied with a certain service and decide to make a complaint?)?	5,29	
How accurate are the mechanisms developed in order to identify unsatisfied guests?	5,81	
Sub-Gap's Total: 6,253 Sub-Gap's Closeness: 62,53%		

Gaps's Total: 6,039
Gaps's Closeness: 60,39%

Gap 4 – Communication Gap		Interviewees' Average	Interviewees' Comments
Questions			
Integrated Service Marketing Communications			
How effectively are internal communication channels implemented in ÁguaHotels Vale da Lapa?	5,87		
How well ÁguaHotels Vale da Lapa communicate to guests about service provided (E.g., If employees communicate to guests which are the main aspects of their service.)?	6,13		
How well do all company communications express the same message and level of service quality?	5,84		
Sub-Gap's Total: 5,947 Sub-Gap's Closeness: 59,47%			

Overpromising		
Does ÁguaHotels Vale da Lapa offer the services that are advertised?	6,81	
Does ÁguaHotels Vale da Lapa avoid to overpromise in order to sell needless services for their guests?	6,16	
Sub-Gap's Total: 6,485% Sub-Gap's Closeness: 64,85%		

Horizontal Communications		
How well do different parts of ÁguaHotels Vale da Lapa communicate with each other so that the service quality equals what is promised?	5,52	
Does ÁguaHotels Vale da Lapa has an implemented system that facilitates horizontal communication between people and departments?	5,81	
Sub-Gap's Total: 5,665 Sub-Gap's Closeness: 56,65%		

Pricing		
Does ÁguaHotels Vale da Lapa price its services in conformity with guests' perceptions of value?	6,10	"The pricing decisions are based on the alignment of market prices and of the neighboring competitor. So the pricing decisions are not decided in order to achieve the expectations and perceptions of value guests."
To what extent are ÁguaHotels Vale da Lapa concerned with not price above guests' expectations?	5,94	
Sub-Gap's Total: 6,02 Sub-Gap's Closeness: 60,20%		

Gaps's Total: 6,02
Gaps's Closeness: 60,20%

6.7. Appendix 7: Chi-Square Tests – Guests' Assessment Questionnaire

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	10,493 ^a	4	,033
Likelihood Ratio	9,551	4	,049
Linear-by-Linear Association	5,069	1	,024
N of Valid Cases	53		

a. 6 cells (60,0%) have expected count less than 5. The minimum expected count is, 85.

ÁguaHotels Vale da Lapa's has their guests' best interest at heart.* Age

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	17,329 ^a	8	,027
Likelihood Ratio	17,489	8	,025
Linear-by-Linear Association	,037	1	,848
N of Valid Cases	53		

a. 11 cells (73,3%) have expected count less than 5. The minimum expected count is, 23.

My ideal 5* hotel's physical facilities should be visually appealing.* Education

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	17,644 ^a	8	,024
Likelihood Ratio	21,057	8	,007
Linear-by-Linear Association	,001	1	,970
N of Valid Cases	53		

a. 12 cells (80,0%) have expected count less than 5. The minimum expected count is, 91.

ÁguaHotels Vale da Lapa's employees give guests personal attention.* Education

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	7,917 ^a	3	,048
Likelihood Ratio	8,824	3	,032
Linear-by-Linear Association	7,530	1	,006
N of Valid Cases	53		

a. 4 cells (50,0%) have expected count less than 5. The minimum expected count is, 94.

My ideal 5* hotel should perform service without delays.* Gender

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	6,291 ^a	2	,043
Likelihood Ratio	7,112	2	,029
Linear-by-Linear Association	6,138	1	,013
N of Valid Cases	53		

a. 2 cells (33,3%) have expected count less than 5. The minimum expected count is, 94.

My ideal 5* hotel should perform the typical service quality for its correspondent hotel category.* Gender

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	6,106 ^a	2	,047
Likelihood Ratio	7,005	2	,030
Linear-by-Linear Association	,548	1	,459
N of Valid Cases	53		

a. 2 cells (33,3%) have expected count less than 5. The minimum expected count is, 94.

My ideal 5* hotel's employees should always be willing to help guests.* Gender

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	9,687 ^a	3	,021
Likelihood Ratio	11,631	3	,009
Linear-by-Linear Association	4,563	1	,033
N of Valid Cases	53		

a. 3 cells (37,5%) have expected count less than 5. The minimum expected count is, 57.

The appearance of the physical facilities of my ideal 5* hotel should be aligned with the type of services offered by the hotel.* Country of residence

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	11,354 ^a	5	,045
Likelihood Ratio	12,641	5	,027
Linear-by-Linear Association	,760	1	,383
N of Valid Cases	53		

a. 8 cells (66,7%) have expected count less than 5. The minimum expected count is, 28.

The appearance of the physical facilities of ÁguaHotels Vale da Lapa is aligned with the type of services offered by this hotel.* Country of residence

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	10,188 ^a	4	.037
Likelihood Ratio	10,712	4	.030
Linear-by-Linear Association	6,796	1	.009
N of Valid Cases	53		

a. 6 cells (60,0%) have expected count less than 5. The minimum expected count is, 34.

My ideal 5* hotel's employees should be well dressed and neat-appearing.*Profession

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	11,895 ^a	5	.036
Likelihood Ratio	13,692	5	.018
Linear-by-Linear Association	2,331	1	.127
N of Valid Cases	53		

a. 7 cells (58,3%) have expected count less than 5. The minimum expected count is, 34.

ÁguaHotels Vale da Lapa has a variety of facilities (restaurant, spa, pool, etc.).*Profession

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	16,460 ^a	6	.011
Likelihood Ratio	19,729	6	.003
Linear-by-Linear Association	.001	1	.977
N of Valid Cases	53		

a. 10 cells (71,4%) have expected count less than 5. The minimum expected count is, 34.

ÁguaHotels Vale da Lapa performs services right the first time.*Profession

6.8. Appendix 8: Chi-Square Tests – Company Employees' Assessment Questionnaire

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	15,599 ^a	8	.048
Likelihood Ratio	20,664	8	.008
Linear-by-Linear Association	1,194	1	.274
N of Valid Cases	31		

a. 18 cells (100,0%) have expected count less than 5. The minimum expected count is, 42.

To what extent are employees empowered to make their own decisions when dealing with an issue regarding a guest? *Gender

7. REFERENCE LIST

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