

T.C.
DOKUZ EYLÜL ÜNİVERSİTESİ
SOSYAL BİLİMLER ENSTİTÜSÜ
İNGİLİZCE İŞLETME ANABİLİM DALI
İNGİLİZCE İŞLETME YÖNETİMİ PROGRAMI
YÜKSEK LİSANS TEZİ

**ANALYTICAL APPROACH IN CREATING VALUE
FOR FOREIGN CUSTOMERS OF TURKISH FIVE STAR
HOTEL SERVICES: QUALITY FUNCTION
DEPLOYMENT (QFD) MODEL**

Cristalina DANII

Danışman
Doç. Dr. Ayşe Gül BAYRAKTAROĞLU

2011

YÜKSEK LİSANS
TEZ/ PROJE ONAY SAYFASI

2007801864

Üniversite : Dokuz Eylül Üniversitesi
Enstitü : Sosyal Bilimler Enstitüsü
Adı ve Soyadı : Cristalina DANİİ
Tez Başlığı : Analytical Approach in Creating Value For Foreign Customers of Turkish Five Star Hotel Services: Quality Function Deployment (QFD) Model
Savunma Tarihi : 16.03.2011
Danışmanı : Doç.Dr.Ayşe Gül BAYRAKTAROĞLU

JÜRİ ÜYELERİ

Ünvanı, Adı, Soyadı

Üniversitesi

İmza

Doç.Dr.Ayşe Gül
BAYRAKTAROĞLU

DOKUZ EYLÜL ÜNİVERSİTESİ

Prof.Dr.Mustafa TANYERİ

DOKUZ EYLÜL ÜNİVERSİTESİ

Yrd.Doç.Dr.Gürhan AKTAŞ

DOKUZ EYLÜL ÜNİVERSİTESİ

Oybirliği (X)

Oy Çokluğu ()

Cristalina DANİİ tarafından hazırlanmış ve sunulmuş "Analytical Approach in Creating Value For Foreign Customers of Turkish Five Star Hotel Services: Quality Function Deployment (QFD) Model" başlıklı Tezi () / Projesi () kabul edilmiştir.

Prof.Dr. Utku UTKULU
Enstitü Müdürü

Yemin Metni

Yüksek Lisans Tezi olarak sunduğum “**Analytical Approach in Creating Value for Foreign Customers of Turkish Five Stars Hotel Services: Quality Function Deployment (QFD) Model**” adlı çalışmanın, tarafımdan, bilimsel ahlak ve geleneklere aykırı düşecek bir yardıma başvurmaksızın yazıldığını ve yararlandığım eserlerin kaynakçada gösterilenlerden oluştuğunu, bunlara atıf yapılarak yararlanılmış olduğunu belirtir ve bunu onurumla doğrularım.

Tarih

..../..../.....

Cristalina DANII

İmza

ÖZET

Yüksek Lisans Tezi

**Beş Yıldızlı Türk Otel Hizmetlerinin Yabancı Müşterilerine Değer
Yaratmasında Analitik bir Yaklaşım: Kalite Fonksiyon Göçerimi (KFG)**

Yöntemi

Cristalina DANII

**Dokuz Eylül Üniversitesi
Sosyal Bilimler Enstitüsü
İngilizce İşletme Anabilim Dalı
Tezli Yüksek Lisans Programı**

Günümüzde küreselleşme sonucunda işletmeler artan rekabetle karşı karşıyadırlar. Bu koşullarda işletmelerin hayatta kalabilmek için ürettikleri ürünleri ya da sundukları hizmetleri müşterilerinin istek, ihtiyaç ve beklentilerini karşılayacak şekilde planlamaları ve tasarımları gerekmektedir. Kalite Fonksiyon Göçerimi (KFG), firmaların müşterilerini tanımalarına yardım eden, onların ihtiyaç ve beklentilerine en kısa sürede cevap verebilen bir yöntemdir. Yöntemin temeli, Müşterilerin Sesini dinlemeye dayanmaktadır. Bu özellik onu, standart kalite yöntemlerinden ayırmaktadır.

Bu çalışmanın amacı Kalite Fonksiyon Göçeriminin turizm otel hizmetlerinde uygulamasını ortaya koymaktır. Bu amaç doğrultusunda Antalya'daki otelcilik sektörünün öncü kuruluşlarından beş yıldızlı bir işletme seçilmiştir. Seçilen işletmede KFG süreci uygulanmaya çalışılmış ve bu şekilde KFG sürecinin seçilen işletmedeki uygulanması incelenmiştir. Bu çalışmada kullanılan bilgiler, anket ve odak grup çalışması yoluyla otel müşterilerinden alınmıştır. Aynı zamanda otel yöneticilerinden bir KFG takımı oluşturulmuştur. Uygulamaya sırasıyla Ne, Nasıl, Ne ve Nasıl arasındaki ilişkiler, Ne Kadar kısımlarının oluşturulmasıyla başlanmış ve sonuçta otelin Kalite Evi ortaya çıkarılmıştır.

Anahtar Kelimeler: Hizmet, Hizmet Kalitesi, Kalite Fonksiyon Göçerimi, Otelcilik Sektörü, Kalite Evi

ABSTRACT

Master Thesis

Analytical Approach in Creating Value for Foreign Customers of Turkish Five Stars Hotel Services: Quality Function Deployment (QFD) Model

Cristalina DANII

**Dokuz Eylül University
Institute of Social Sciences
Department of Business Administration
Master Program (with Thesis)**

Nowadays, companies are encountered with a strict competition, mainly due to globalization. Therefore, in order to survive, companies have to plan and design their products or services according to their customers' requirements and expectations. Quality Function Deployment (QFD) is the key instrument to help companies understand their customers and offers the best solutions to fulfill customers' needs. The distinguishing element of the QFD model is to listen to the Voice of Customers. Thus, it differs from other, standardized quality measurement methods.

The purpose of this study is to reveal the importance of the QFD model in the tourism service sector. One of the major five star hotels in Antalya was chosen in order to analyze the application of the QFD process. The information used in this study has been derived from questionnaires and focus group studies with hotel guests. In addition, a QFD team was formed including hotel managers. The practical implementation of the QFD model started with specifying features of What, How, What and How Relationships and How Much inputs and, as a result, a House of Quality for the Case Hotel was built.

Key words: Service, Service Quality, Quality Function Deployment, Hospitality Industry, House of Quality

CONTENTS

TEZ ONAY SAYFASI	ii
YEMİN METNİ.....	ii
ÖZET.....	iv
ABSTRACT	v
CONTENTS	vi
ABBREVIATIONS	x
TABLES	xi
FIGURES	xiii
APPENDIXES	xiv
INTRODUCTION	1

CHAPTER I SERVICES

1.1. IMPORTANCE AND DEFINITION OF SERVICES	8
1.2. CHARACTERISTICS OF SERVICES	12
1.2.1. Intangibility	12
1.2.2. Inseparability.....	13
1.2.3. Variability	14
1.2.4. Perishability	15
1.2.5. Ownership	15
1.3. SERVICES VERSUS PHYSICAL PRODUCTS	16
1.4. MARKETING MIX OF SERVICES	18
1.4.1. Product	19
1.4.2. Physical Evidence	19
1.4.3. Price	20
1.4.4. Place	20
1.4.5. People.....	20
1.4.6. Promotion.....	20

1.4.7. Process	21
1.5. DEVELOPMENT OF SERVICES IN WORLD ECONOMIES	21
1.6. INTERNATIONAL TRADE IN SERVICES	24
1.7. GENERAL OVERVIEW ON SERVICE SECTOR IN TURKEY.....	27
1.7.1. Turkish Trade in Services and Its FDI Stocks to Other Countries.....	27
1.7.2. Turkish Tourism Industry as Substantial Part of Service Sector	29

CHAPTER II

QUALITY AND SERVICES

2.1. DEFINITION OF QUALITY	33
2.2. TOTAL QUALITY MANAGEMENT	36
2.3. ISO QUALITY STANDARDS.....	39
2.4. THE CONCEPT OF SERVICE QUALITY	42
2.5. SERVICE COMPONENTS INFLUENCING PERCEIVED SERVICE QUALITY	46
2.6. CUSTOMER EXPECTATIONS	47
2.7. RELATIONSHIP BETWEEN CUSTOMER EXPECTATIONS, PERCEPTIONS AND SATISFACTION	50
2.8. SERVICE QUALITY MEASUREMENT METHODS.....	52
2.8.1. SERVQUAL	52
2.8.2. LODGSERV	53
2.8.3. LODQUAL, HOLSERV AND HOTELQUAL.....	53
2.8.4. SERVPERF	54
2.8.5. DINESERV	54
2.8.6. QUALITY FUNCTION DEPLOYMENT (QFD).....	54

CHAPTER III

QUALITY FUNCTION DEPLOYMENT

3.1. REASONS FOR AND BENEFITS OF USING QFD	56
3.2. SOME IMPORTANT OBJECTIVES OF QFD.....	58

3.3. QUALITY DIMENSION DEVELOPMENT	59
3.4. QFD METHODOLOGY	61
3.4.1. Customer Requirements	63
3.4.2. Customer Importance Ratings	64
3.4.3. Customer Market Competitive Evaluations	64
3.4.4. Technical Specifications	64
3.4.5. Relationship Matrix	64
3.4.6. Correlation Matrix	65
3.4.7. Performance Goals	65
3.4.8. Technical Difficulty Assessment	65
3.4.9. Technical Competitive Evaluation	65
3.4.10. Overall Importance Ratings	66
3.5. STRENGTHS AND WEAKNESSES OF QFD	66
3.5.1. Strengths	66
3.5.2. Weaknesses	68
3.6. STUDIES ON QFD	69

CHAPTER IV METHODOLOGY

4.1. RESEARCH ENVIRONMENT	74
4.2. RESEARCH METHODOLOGY	76
4.2.1. Research Objectives	76
4.2.2. Research Hypotheses	77
4.2.3. Research Design	77
4.2.3.1. Voice of Customers	78
4.2.3.1.1. Determination of Customer Requirements	78
4.2.3.1.2. Questionnaire Design	82
4.2.3.1.3. The Sample	82
4.2.3.1.4. Data Analysis Procedure	83
4.2.3.2. The Activity of QFD Team	84
4.2.3.2.1. Technical Specifications	84

4.2.3.2.2. Relationship Matrix.....	84
4.2.3.2.3. Competitor Analysis	86
4.2.3.2.4. Performance Goals	86
4.2.3.2.5. Point of Sales	86
4.2.3.2.6. Improvement Ratio	87
4.2.3.2.7. Raw Importance Weight	87
4.2.3.2.8. Normalized Raw Importance Weight.....	87
4.3. FINDINGS	87
4.3.1. Demographic Profiles of Respondents.....	87
4.3.2. Reliability Test	91
4.3.3. Importance Degrees of Guest Requirements.....	91
4.3.3.1. Analysis of Variance for Importance Degrees	96
4.3.3.2. Weighted Importance Degrees.....	97
4.3.4. Performance Levels of the Case Hotel.....	99
4.3.4.1. Analysis of Variance for Performance Levels	103
4.3.4.2. Weighted Performance Levels	104
4.3.5. Planning Matrix.....	106
4.4. HOUSE OF QUALITY ANALYSIS.....	108
4.5. CONCLUSIONS.....	114
4.6. LIMITATIONS OF THE STUDY AND RECOMMENDATIONS FOR FURTHER STUDIES ON QFD	116
4.7. RECOMMENDATIONS TO THE CASE HOTEL.....	118
REFERENCES.....	119
APPENDIX	136

ABBREVIATIONS

ANOVA	: Analysis of Variance
ATM	: Automated Teller Machine
CR	: Customer Requirements
FDI	: Foreign Direct Investment
GATS	: General Agreement on Trade in Services
GDP	: Gross Domestic Product
HoQ	: House of Quality
IBM	: International Business Machines
ISO	: International Organization for Standardization
POS	: Point of Sales
QFD	: Quality Function Deployment
SPSS	: Statistical Package for the Social Sciences
STQM	: Strategic Total Quality Management
SWOT	: Strengths, Weaknesses, Opportunities and Threats
TQM	: Total Quality Management
TÜROFED	: Turkish Hoteliers Federation
TÜYED	: Turkish Tourism Journalists and Writers Associations
UAI	: Ultra All Inclusive
UK	: United Kingdom
US	: United States
USD	: United States Dollar
VoC	: Voice of Customers
WTO	: World Trade Organization

TABLES

	Page
Table 1.1.: List of Countries by Service Output in 2009	26
Table 1.2.: FDI Stocks in Turkey's Service Sector in 2000	28
Table 1.3.: Number of Turkish Travel Agencies between Years 1973-2009	30
Table 1.4.: Number of Turkish Accommodation Facilities between 1983-2008	31
Table 4.1.: The Average of Guests Staying in the Hotel (January-December)	75
Table 4.2.: Initial List of Customer Requirements	80
Table 4.3.: Final List of Customer Requirements	81
Table 4.4.: Technical Specifications	85
Table 4.5.: Numerical Values Chosen to Show the Relationship Degree	85
Table 4.6.: Distribution of Guests According Their Country of Origin	88
Table 4.7.: Gender Distribution of Guests	88
Table 4.8.: Age Distribution of Guests	89
Table 4.9.: Profession Distribution of Guests	89
Table 4.10.: Education Level Distribution of Guests	90
Table 4.11.: Distribution of Guests Considering Number of Times They Visited Hotel	91
Table 4.12.: Computation Model of Importance Degrees of Guest Requirements	93
Table 4.13: Importance Degrees of Guest Requirements Given by Different Guest Groups	95
Table 4.14.: ANOVA for Importance Degrees With Regard to Nationalities of Guests	96
Table 4.15.: Weighted Importance Degrees of Guest Requirements	98
Table 4.16.: Computation Model of Performance Levels With Regard to Nationalities of Guests	99
Table 4.17.: Case Hotel's Performance Levels Given by Different Guest Groups	102

Table 4.18.: ANOVA for Performance Levels With Regard to Nationalities of Guests	103
Table 4.19.: Weighted Performance Levels of Guest Requirements	105
Table 4.20.: Case Hotel's Planning Matrix	107
Table 4.21.: Case Hotel's House of Quality	112

FIGURES

	Page
Figure 3.1.: Schematic View of HoQ	62
Figure 3.2.: HoQ for Improvement of a Pizza	63

APPENDIXES

Page

APPENDIX I: Questionnaire

137

INTRODUCTION

Considering the fact that technologies are developing faster and faster from year to year, the customer expectations are also increasing. It is very important when marketers are able to guess all of these expectations in order to gain competitive advantage. The competitiveness today does not rely only on the technology utilized, but also on how successful the company is in integrating technology with managerial capabilities. For getting a better result in this process, proposed products or services must correspond to the customers' wishes.

Especially in the industrialized nations, over the past three decades, the service sector started to be the most dominant element of the economy. Also, since a lot of studies specified that service quality is an important detail for success and survival in actual competitive environment, the interest in service quality increased impressively (Ghobadian et al., 1994). Despite the increasing importance of the service sector and of the quality as a significant competitive factor, service quality concepts are not well developed (Ghobadian et al., 1994). As service quality is a vague concept, there are a lot of debates in literature related to this topic, about how to conceptualize this phenomenon in a better way. Generally, definitions of service quality proposed by researches concentrate on the idea that it is the outcome of the comparison customers make between their expectations about a service and their perceptions of the way the service has been performed (Booms and Lewis, 1983; Grönroos, 1984; Parasuraman et al., 1988). These remarks bring to the conclusion that service quality must be defined from the customer's point of view. Thus, a lot of studies concentrate on the question of how service quality is perceived by customers and which is the way perceived service quality can be measured (Stauss and Weinlich, 1997).

Service quality leads to customer loyalty and attraction of new customers, positive word-of-mouth, employee satisfaction and commitment, agreeable corporative image, reduced costs, and increasing in business performance (Berry et al., 1989). Gryna and Juran (1993), has concluded that companies with perceived

high quality goods and services had higher market share, higher return on investment and asset turnover than companies with perceived low quality. Thus, the most important factor influencing the business performance is the quality of goods and services offered by an organization, relative to its competitors.

As it was already specified, increasing economic pressures from competition, governments and very fast developing technologies, forced companies to pay more attention to quality of services they deliver. These perspectives conduct to some alternative frameworks: SERVQUAL (Parasuraman et al., 1985; Zeithaml et al., 1988) and SERVPERF (Cronin and Taylor, 1992). Even if these two models are used a lot in quality measurement of services, some researchers consider that they are not generic and several changes should be introduced in each of them (Carman, 1990; Dabholkar et al., 2000; Finn and Lamb, 1991; Zhao et al., 2002). There are also other alternatives in literature, like some modified versions of SERVQUAL and the importance-performance paradigm suggested by James and Martilla (1997). Traditional approaches to assure service quality often focus on work standards, automation to eliminate people, or, in more developed organizations, Quality Improvement Teams (QuITs) to empower employees to solve appeared problems (Love, 1986).

Quality Function Deployment (QFD) model is quite different from traditional quality systems, which aim to minimize the negative quality (such as poor service or inconsistency). With those systems, the best that can be achieved is *nothing wrong*, which is not enough in case all the players in the market are good. In addition, to eliminate poor service, features like fun or luxury must conduct to maximizing positive quality, because this creates value (Mazur, 1993).

Stuart and Tax (1996) argued that the features and assumptions of QFD are extremely relevant to services and can effectively meet the needs of service design. They accentuated several principles to support this idea:

- QFD provides a common focus for marketing, human resource management and service operations in the organization and encourages the unified approach which is very important in service design and delivery. A clearer understanding of the service logic inside the organization is likely, with everybody more conscious of the impact of their decision and actions on the attributes of the service.
- QFD recognizes that service design and process management must be customer led and that the attributes of the service must conform to customer needs and wants. The causes of Gap 1 in the SERVQUAL model would be addressed by QFD process and the service concept would be sensitive to market factors.
- QFD accentuates the importance of the service encounter and moments of truth. It specifies also the need to analyze each interaction in the service process.
- The overview provided by QFD enables the “trade-offs” between features to be studied and evaluated. For example, improving access to a site and enhancing its amenities by attracting visitors who then impact on its perceptual capacity and quality; or adding to the features of an airline service with the risk to making more mistakes or standardizing, or speeding up the delivery of a service but with the danger of making it less personal.

Mazur (1993) mentioned that QFD in services is based on a three-phase process:

- Service planning (design requirements)
- Element planning (service process elements and service delivery development)
- Operations planning (process control)

Thus, QFD has three important objectives for being applied in practice:

- It identifies the customers.
- It identifies the customers' needs and wants.
- It identifies how to meet the customer requirements.

The purpose of this thesis is to show the importance of service quality in the hospitality industry by using QFD method for providing better service to hotel's guests, based on guests' points of view. The benefits of offering higher service quality have influence on both: hotel sector and its customers. Competitive advantages, management leadership, productivity improvement, work development, reduced costs, increased economic profits, employees' satisfaction and increased working value, staff empowerment, customer satisfaction and customer loyalty are some of the main points which can be reached by QFD elements used during this research.

The hospitality industry, hotels included, will be not an exception in implementing QFD model. This area employs thousands of people and generates high revenues annually in value-added services. According to the fact that general attributes are only an abstract overview and does not cover all industries completely, Parasuraman et al. (1985) argue that in the hospitality industry, there are other attributes that are of importance for service quality development. Many factors of service quality are not standardized, some quality aspects such as "helpfulness", "friendliness" and "politeness" are likely to be interpreted differently depending on each guest and therefore assessed subjectively. Another important aspect to be considered is the seasonal factor of the hospitality industry where it is commonly clustered around peak periods of the day or year, such as checkout time or holiday season. These peaks make it more difficult to measure a consistent service quality (Olsen, Sasser and Wyckoff, 1978).

According to von Friedrichs Grangsjø (2001), there are at least five factors that describe and influence the tourism product:

- Tourism is dominated by services; this means that consumption occurs in interaction with the suppliers of those services.
- Demand for tourism is significantly influenced by seasonal variations, including climatic seasons and the time of vacations; a consequence of this is that many staff members are hired for only short periods.
- The tourism industry consists of a mixture of private sector businesses and public sector organizations; as a result, the industry operates within two systems that have different requirements, rules, and form of control.
- The tourism industry is fragmented. It consists of many small companies working in various business areas-including lodging, travel, food and leisure.
- Tourism consists of a number of ingredients experienced over time and it is seldom the case than one actor has control over all components.

These factors mean that “tourism quality” is a complex concept. Hazlett and Philip (1997) likened it to a puzzle that has many parts that must fit together perfectly to satisfy the tourist. Nevertheless, despite the difficulties, satisfying the tourism customer is important, not only because it leads to positive word-of-mouth recommendation and repeat customers, but also because a lack of satisfaction leads to complaints, and dealing with such complaints can be expensive, time consuming and injurious to a destination’s reputation.

The term “experience” has become increasingly popular within tourism as entertainment options have increased rapidly in number and variety. Bitner (1992) and Mossberg (2003) have both related “experiences” to service quality. Bitner (1992) used the expression “servicescape” to describe the customer’s overall perception of services on offer, and Kumra (2008) developed this specific reference to tourism in discussing so-called “experience areas”. According to Kumra (2008), these “experience areas” can include several destinations over extended geographical distances and quite long periods of time.

Quality is judged subjectively by consumers and therefore it is a difficult concept to assess and measure. It is even more complicated in tourism experiences, because “quality” in this setting includes many interactions with a variety of providers. The hospitality industry has witnessed increasing competition for high service quality and customer satisfaction. This is because customer retention through service quality and satisfaction has become vital in such saturated markets as the lodging industry. Today, the majority of hospitality firms are implementing one or two corporate-wide quality management programs designed to improve service offerings and market retention. For example Ritz-Carlton’s Total Quality Management program has been widely recognized as a quality winner (Oliver and Rust, 1994), while Sheraton initiated the Guest Satisfaction System to enhance customers’ lodging experience and boost return rates. It is also notable that, as a central part of these industry wide efforts, a number of research paradigms such as SERVQUAL, the expectancy-disconfirmation model, and LODGQUAL have been introduced into the hospitality industry (Parasuraman et al., 1985). When today’s market conditions as well as increasingly diversifying customer preferences are considered, the importance of service quality and customer satisfaction is expected to grow further.

Despite these increased customer-oriented marketing efforts in the hospitality industry, relatively little attention has been given to the process of service design. Although most research programs have focused on measuring customers’ perceptions of service quality and satisfaction, few have provided company-specific guidelines for how to design services to meet the quality standards expected by customers. That means, the extant service quality and satisfaction programs were developed primarily as a tool to diagnose a company’s service performance and to understand consumer purchase behavior, but they have not considered actively the intra-organizational service development processes that can support the marketing initiatives of hospitality firms.

With the help of QFD implementation, service design or development processes should be emphasized in every service quality and satisfaction program in hotel industry. Although the ongoing quality improvement programs can provide

hospitality managers with useful information about the company's performance and its customers, improvement in service quality and customer satisfaction cannot occur unless the obtained information is successfully incorporated into subsequent service deliveries.

The present study is composed by four chapters. The first chapter represents a theoretical view of the service concept with its definitions given and its main characteristics being analyzed. Marketing mix of services, the development of service sector in the world and an overview of the service industry's situation in Turkey occupies also an important place of this chapter.

As quality of services represents an important point to be achieved when offering services, the importance and definition of quality, ISO quality standards, the concept of Total Quality Management and a brief analysis of some service quality measurement methods have been highlighted in the second chapter.

The third chapter concentrates on explaining the Quality Function Deployment Model as one of the most productive instruments in measuring the quality of services. Methodology, results, and conclusions of the study are presented in the last chapter.

CHAPTER I

SERVICES

1.1. IMPORTANCE AND DEFINITION OF SERVICES

Nowadays, the service sector occupies a very important position in the economies of most countries. As incomes continue to rise, people's needs become less material and they begin to demand more services – in health, education, entertainment, and many other areas. The traditional services that once represented lodging, meal preparation, housecleaning and barber shops, have been impressively supplemented by modern banking, insurance, computing, communication and business services.

Johnston and Clark (2001) remark that every person, everyday, comes several times in contact with different service operations. Day after day, more services are produced and consumed. According to Brown and Swartz (1989), highly developed economies can be characterized by an over proportional and strong growth of the service sector. Evidence to this statement can be noticed by looking at the statistics of different countries. In the recent years, there has been an increase in demand for the services in technical, banking, tourism, medical and a lot of other industries. At the same time, the manner in which services are made available to the final consumer is changing. While private sector service companies are increasing their competitive advantage, a further group of public services are beginning to experience the realities of competitive markets for the first time.

One way to understand the structure of an economy is to compare the country's total output and employment with respect to its three main sectors: agriculture, industry and services. Because of the fact that the service sector produces intangible goods, producing services tends to require relatively less natural capital and more human capital than producing agricultural or industrial goods. As a result, all over the world the demand for most educated workers has grown imposing countries to invest more in education – an overall benefit to their people. Another

benefit of the growing service sector is that by using fewer natural resources than agriculture or industry, it puts less pressure on the local, regional and global environment. According to Berry (1980), in formerly planned economies the service sector was previously developed because governments controlled supply and failed to respond to growing demand for services. In addition, many modern services which play an important role in market economies (financial, business and real estate services) were not needed under socialism. During the countries' transition to market economies, the service sectors have grown rapidly to meet previously unfulfilled demand and needs. Growth of services in transition economies is particularly important because it gives the permission to these economies to employ a share of the educated labor force.

Service producers have to be absolutely sure that they are producing the right services at the right places at the right time for the right price. In other words, marketing within the service sector is more important than it has ever been. Catts et al. (2006) specified some principal points about the importance of services in the world:

- They contribute to the domestic growth (in 2003 contributed an average of 68 % of the global Gross Domestic Product - GDP).
- They are supporting the entire process of goods production by providing value added inputs for competitive industrial development.
- They contribute to job creation (service activities have become important creators of new jobs, for over 90 % new jobs globally).
- They contribute effectively to the process of poverty elimination.

Early economists paid little attention to services, considering them to be totally unproductive, adding nothing valuable to an economy. Adam Smith (1777), writing in the eighteenth century, distinguished between production that had a

tangible output – (such as manufacture or agriculture) and production for which there was no tangible output. This remained the dominant attitude towards services until the later part of the nineteenth century, when Alfred Marshall cited in Palmer (1994) argued that a person providing a service was just as capable of giving utility to the recipient as someone producing a tangible product. Indeed, Marshall recognized that tangible products may not exist at all, without some special services performed in order to produce them and to make them available to consumers.

Today, despite some old beliefs that the service sector is an insubstantial and relatively inferior sector of the economy, considerable attention is paid to its direct and indirect economic consequences. For organizations such as airlines, trains, universities, car rental, health or government agencies, service forms the important part of what they have to offer.

In 1981, Berry noted that from the beginning of goods marketing, services established an area with specific needs and characteristics which demand a lot of consideration. Services researchers always emphasized that services are not less important than usual products and that they are central to marketing theory (Grönroos, 1991; Lovelock, 1983).

There is argument about the extent to which services should be considered a distinctive area of study in marketing. On the one hand, some have argued that a service contains many important elements common to goods which make services marketing no longer in use as a separate discipline. Thus, Levitt (1972:41) observed: “there is no such thing as service industries. There are only industries where service components are greater or less than those of other industries”.

On the other hand, many have pointed to the limitations of traditional marketing principles when applied to the marketing of services. Berry (1980), Grönroos (1978), Lovelock (1981), Rathmell (1974) and Shostack (1977) are among the critics who have argued that the differences that exist between goods and services

mean that the marketing tools used for goods marketing cannot easily be translated to services marketing.

Johnston and Clark (2001:92) noted that the word “service” has a great richness and diversity of meaning. Levitt, (1981:25) specified that a service is “the intangible equivalent of an economic good”. Kotler and Keller (2006:402), refers to services as “any act of performance that one part can offer to another, that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product”. A similar definition was stated by Collins and Payne (1991:32), they insisted that “services are any primary or complementary activity that does not directly produce a physical product – that is the non-goods part of the transaction between customer and provider”. The definition of service used by Palmer (1994:3) is “the production of an essentially intangible benefit, either in its own right or as a significant element of a tangible product, which through some form of exchange satisfies an identified consumer need”. This definition recognizes that, in addition to the products which are a combination of goods and services, some marketing activities do not easily fit on this scale at all.

Sower et al. (1999:54) visions considering the service definition could be presented as follows: “a service is a set of singular and perishable benefits

- Delivered from the accountable service provider, mostly in close co-action with his service suppliers;
- Generated by functions of technical systems and/or by distinct activities of individuals, respectively;
- Commissioned according to the needs of his service consumers by the service customer from the accountable service provider;
- Rendered individually to an authorized service consumer at his/her dedicated trigger;
- Finally, consumed and utilized by the triggering service consumer for executing his/her upcoming business or private activity”.

There has however, been no consistent definition of what constitutes a service. In his study of the United States (US) service economy, Fuchs (1968), for example, excluded transportation and communication arguing that they formed an integral part of goods, while nowadays these are ones of important areas of service industry. Stanton (1981) included activities such as entertainment and tourism, but excluded delivery services and credit facilities, where these are essentially attached to a tangible good offered for sale, while today these are considered the most necessary and effective services all over the world.

1.2. CHARACTERISTICS OF SERVICES

“Pure” services have a number of distinctive characteristics which differentiate them from goods and have implications for the manner in which they are marketed. These can be described as intangibility, inseparability, variability, perishability and the inability to own a service.

1.2.1. Intangibility

A pure service can not be assessed using any of the physical senses; it is an abstraction which can not be directly examined before it is purchased. A prospective purchaser of most goods is able to study them for physical integrity, aesthetic appearance, taste, smell, etc. Many advertising claims relating to these tangible properties can be verified by inspection prior to purchase. On the other hand, pure services have no tangible properties which can be used by consumers to verify advertising claims before the purchase is made. The intangible process characteristics which define services, such as reliability, personal care, attentiveness of staff, their friendliness, etc. can only be verified once a service has been purchased and consumed.

Intangibility has a number of important marketing implications. The lack of physical evidence that intangibility implies increases the level or uncertainty which a consumer faces when choosing between competing services. An important part of

service marketing program will therefore involve reducing consumer uncertainty by such means as adding physical evidence and the development of strong brands. Pure goods and pure services tend to move in opposite directions in terms of their general approach to the issue of tangibility. While service marketers seek to add tangible evidence to their product, pure goods marketers often seek to augment their products by adding intangible elements, such as after-sales service and improved distribution.

1.2.2. Inseparability

The production and consumption of a tangible good are two discrete activities. Companies usually produce goods in one central location and then transport them to the place where customers most want to buy them. In this way, manufacturing companies can achieve economies of scale through centralized production and have centralized quality-control checks. The manufacturer is also able to make goods at a time which is convenient to itself, and then make them available to customers at times which are convenient for them. Production and consumption are said to be separable. On the other hand, the consumption of a service is said to be inseparable from its means of production. Producer and consumer must normally interact in order for the benefits of the service to be realized (Zeithaml, 1981). Both must meet at a time and a place which is mutually convenient in order that the producer can directly pass on service benefits. In the extreme case of personal care services, the customer must be present during the entire production process: a doctor cannot provide a service without the involvement of a patient. For services, marketing becomes a means of facilitating complex producer-consumer interaction, rather than being merely an exchange medium.

Inseparability occurs whether the producer is human, as in health-care services, or a machine, as in the case of a bank Automated Teller Machine (ATM). The service of the ATM machine can only be realized if the producer and consumer interact. In some cases, it has been possible to separate service production and consumption, especially where there is little need for personal contact.

Inseparability has a number of important marketing implications for services. First, whereas goods are generally first produced, then offered for sale and finally sold and consumed, inseparability causes this process to be modified for services. These are generally sold first, then produced and consumed simultaneously. Second, while the method of goods production has little importance to the consumer, production processes are critical to the enjoyment of services.

In the case of goods, the consumer is not a part of the process of production and, in general, as long as the product of which they take delivery meets their expectations, they are satisfied (although there are exceptions, for example, where the ethics of production methods cause concern, or where quality can only be assessed with a knowledge of production stages that are hidden from the consumers' view). With services, the active participation of the customer in the production process makes this as important as defining the end-benefit. In some cases, an apparently slight change in service production may totally destroy the value of the service being provided. A person buying a ticket for a concert by Whitney Houston may derive no benefit at all if it is subsequently by Britney Spears instead.

1.2.3. Variability

For services, variability impacts upon customers in terms not just of outcomes but also of processes of production. It is the latter point that causes variability to pose a much greater problem for services, compared to goods. Because customers are usually involved in the production processes for a service at the same time as they consume it, it can be difficult to carry out monitoring and control to insure standards. The opportunity for pre-delivery inspection and rejection which is opened to the goods manufacturer is not normally possible with services. The service must normally be produced in the presence of the customer without the possibility of involving the quality control. Particular problems can occur where personnel are involved in providing services on a one-to-one basis, such as hairdressing, where no easy method of monitoring and control is possible.

The variability of service output can pose problems for brand building in services compared to tangible goods, for the latter it is usually relatively easy to incorporate monitoring and quality control procedures into production processes in order to insure that a brand stands for a consistency of output. The service sectors attempt to reduce variability concentrate on methods used to select, train, motivate and control personnel. In some cases, service offers have been simplified, jobs have been “de-skilled” and personnel replaced with machines in order to reduce human variability.

1.2.4. Perishability

Services differ from goods in that they cannot be stored. A producer of cars which is unable to sell all its output in the current period can carry forward stocks to sell in a subsequent one. The only significant costs are storage, financing and the possibility of loss through obsolescence. In contrast, the producer of a service which cannot sell all its output produced in the current period has no chance to carry it forward for sale in a subsequent one. An airline which offers seats on a 10:00 a.m. flight from Istanbul to Strasbourg cannot sell any empty seats once the aircraft has left. The service offer disappears and spare seats cannot be stored to meet a surge in demand which may occur at, say, 11:00 a.m.

The perishability of services results in greater attention having to be paid to the management of demand and in scheduling service production to follow this pattern as much as possible.

1.2.5. Ownership

The inability to own a service is related to its intangibility and perishability. In purchasing goods, buyers generally acquire title to the goods in question and can subsequently do as they want with these goods. On the other hand, when a service is performed, no ownership is transferred from the seller to the buyer. The buyer is merely buying the right to a service process such as the use of a car park or a

solicitors' time. A distinction should be drawn between the inability to own the service act and the rights that a buyer may acquire to have a service carried out at some time in the future. For example, a theater ticket gift vouchers.

The inability to own a service has implications for the design of distribution channels; a wholesaler or retailer cannot take title, as in the case with goods. Instead, direct distribution methods are more common and where intermediaries are used, they generally act as a co producer of the service.

1.3. SERVICES VERSUS PHYSICAL PRODUCTS

In practice, it can be very difficult to distinguish services from goods, for when a good is purchased there is usually an element of service included. Similarly, a service is frequently augmented by a tangible product attached to the service. In this way, a car may be considered to be a good rather than a service, yet cars are usually sold with the benefit of considerable intangible service elements, such as a warranty or a financing facility. On the other hand, a seemingly intangible service as a package holiday includes tangible elements in the purchase – use of an aircraft, a transfer coach and a hotel room, for example. In between is a wide range of outputs that are a combination of tangible goods (the food and physical surroundings) and intangible service (the preparation and delivery of the food, reservation service, etc.). In fact, all productive activities can be placed on a scale somewhere between being a pure service (no tangible output) and a pure good (no intangible service added to the tangible good). In practice, most products fall between the two extremes by being a combination of goods and services.

Oliver and Rust (1994) mentioned that all services actually are products and gave the example of salt. People do not buy salt because it has any intrinsic value, but because of the fact that it performs a service by altering the taste of food. Despite some well established facts in service marketing literature, some researchers argued that there is a difference between services and a generic concept of product marketing (Brown and Swartz, 1989). Scholars proposed that consumers make

expenditures not for goods and/or for services but, instead, for value satisfactions they believe in, and that products have varying degree of tangibility-intangibility, that is why services are also associated with physical goods. The fighters of this view considered that goods-type and service-type products are not necessarily mutually exclusive (Enis and Roering, 1981; Levitt, 1981).

Anyway, to find the product and service distinction, it is helpful to consider the relationship between goods and services. In 1974, Rathmell proposed to define a good as a thing and a service as an act, the first being an object and the last being a performance or an effort. In this situation, economic goods were to be analyzed as lying between a good-service continuum with pure goods at one extreme and pure services at the other extreme, but with most of them falling between these two extremes. Some will be considered as goods with service support, while some others will be seen as primarily service with goods support.

Shostack (1982) presented a refreshed version of the goods-services relationship. The important point of this goods-service continuum is that the ability to see, touch, smell or taste increase or decrease from one situation to another. For example, tangible entities are in evidence such as equipment used by a nurse, but in general, they can not be used or possessed like salt or dog food.

In other words, while a good can be defined, at least partially as a physical object having tangible attributes which buyers purchase to satisfy specific needs, features like intangibility, simultaneity of production and consumption, inseparability and non standardization belong to services. As Palmer specified (1994), the quality of goods is homogeneous. Once a good is produced, the quality is uniform across all line of products. At the same time, products can be separated from the seller or provider and they do not depend on the source for its delivery to the purchaser. From the other part, services are inseparable from the service provider and their quality is heterogeneous. Each time the service is offered it may vary in quality, output, and delivery. It cannot be controlled and is dependent on the human effort in achieving that quality. Another important key distinction is perishability of services and the non

perishability of goods. Goods have a long storage life and are generally non perishable. Whereas services are delivered at that moment, they do not have a long life, cannot be stored for repeat use. With the production and consumption taking place simultaneously in services, it differs from goods on simultaneity and the provisions for quality control in the process (Zeithaml, 1981). As a result of these conceptualizations, marketing researchers has pointed to the existence of an intrinsic division between marketing offerings of goods and services (Bateson, 1977; Lovelock, 1983). Contrary to goods, many services typically involve costs which can not be fully determined by the consumer before the purchase decision. For virtually all nonservice market offerings, price is established before the act of buying and consumption; for services, however, this is not every time possible, as many services are associated with variable time of implementation (Murray and Schlacter, 1990).

According to their types, services have been associated with high degrees of intangibility, simultaneity of production and consumption, direct provider-consumer contact, and nonstandartization (Zeithaml, 1981). While there is necessary some degree of risk to be involved in the buying process, it is predicted than more risk is associated with services than with goods (Guseman, 1981; Lewis, 1976; Zeithaml, 1981). In this context, service marketers have to adopt special strategies for decreasing the degree of perceived risk while offering a service. This approach is consistent with Young (1981) who insisted that consumers find post-purchase evaluation more essential with services than with goods, since services possess experience qualities which can not be evaluated in advance of purchase.

1.4. MARKETING MIX OF SERVICES

Service features add a lot of changes in the market place over the goods marketing. The traditional marketing mix can be implemented also in services, but usually that is not enough, because generally adopted marketing labels cannot resolve problems associated with the marketing of services. Marketing researchers identified the limitations and insufficiencies of the traditional marketing mix if

applied to services. Booms and Bitner (1981) suggested a seven P's marketing model for service using process. According to them, the marketing mix for service organizations is:

- Product
- Physical evidence
- Price
- Place
- People
- Promotion
- Process

1.4.1. Product

As service is an intangible product, it consists of a various number of features and benefits which can be related to specific target markets. That is there is a high level of flexibility and opportunity to be introduced in designing a product offer.

1.4.2. Physical Evidence

As most services cannot be offered without the support of tangibles, customers cannot see the service; they can only perceive the associations with something tangible. After examining these associations, customers form an idea about the service provider. So, a passenger transport organization's promise of a safe, comfortable and timely journey from one destination to another will be analyzed by condition of transporting vehicle, seating facilities, the personality of the driver or the way in which personnel behave to customers (Carman, 1990). All these physical features are used by consumer as evidence to find out the performance of the service provider.

1.4.3. Price

The pricing decision is critical in services too, as this component determines the revenue of the firm. Consumer sensitivity to price will be higher according to services than according to goods (Guseman, 1981). Thus, the pricing strategies for services depend on value perceptions of various segments of people targeted by a service organization.

1.4.4. Place

As services are intangible and inseparable, service firms cannot use the same channel alternatives as in case of goods marketing. Due to the intangible character of service, traditional wholesalers and retailers cannot be used. As services cannot be stored or separated from their producers, retailing cannot be developed as a separated activity in service marketing. Production, distribution and consumption will be used as simultaneous activities in services.

1.4.5. People

Service organizations are people-oriented (Armstrong, 1991). Every employee of the service organization is a marketing person involved in a marketing activity. Whatever if an employee has a direct contact with the consumer or not, if he was visible for consumer at least once, his behavior, activities and performance will have a direct influence on consumer.

1.4.6. Promotion

Logically, consumers are co-producers in the service business. The quality of service depends not only on the performance of the service provider, but also on the performance of the consumer (Berry, Parasuraman and Zeithaml, 1990). Service organizations have the responsibility to educate customers in order to make them use a service efficiently. Thus, a very good prepared promotional program will help

service organizations to inform, persuade and train customers to improve their experiences.

1.4.7. Process

Process is a functional activity to guarantee service availability and quality. According to Minor et al. (2004), if the physical settings and all their functions are well programmed, the efficiency of service process will increase. The management process is to control the service encounters (interaction between personnel and customers, customers and service environment, systems and other facilities) efficiently. Grönroos (1991:10) has commented process as “interactive marketing where moments of truth occur and the demand of process management is to improve this moment of truth”.

The main objective of seven P’s in the service marketing is to achieve seven distinctive goals. They have the mission to establish the relationship between consumer needs and wants, consumer quality expectations, consumer perception, consumer satisfaction, customer relationships, etc. Thus, service firms appear to achieve a lot of success only when they organize the marketing mix in a dynamic way and adaptable to varieties in the marketing environment.

1.5. DEVELOPMENT OF SERVICES IN WORLD ECONOMIES

With manufacturing slipping to less than 20% of GDP and the role of services rising to more than 70% in some world countries, services are seen as playing a principal role in economies. There is a considerable variation across world economies in the extent to which they have experienced rapid development of high-growth service industries. This has been influenced by major differences in underlying policy conditions.

In the United States, there has been extensive restructuring of existing firms which have reorganised their activities around their core competencies and

outsourced a wide range of service-related activities. Strong growth in Internet related service providers has contributed to the rapid growth of an increasingly sophisticated range of innovative service products. These developments have been brought to a number of interrelated factors, including lightly regulated product markets, efficient markets for corporate control, strong supply of venture capital and a climate that is conducive to risk-taking and entrepreneurship. Strong growth in services has also occurred in Canada and Australia, two countries with open economies and relatively few regulatory barriers. In contrast, growth in services has been slower in countries like Japan and Korea, where the business environment has been less favourable to entry of newcomers (Palmer, 1994).

Services play a key role in world economies and are fast developing, accounting for over 60% of total economic activity in most countries, and for more than 70% in countries like Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany and Greece (Johnston and Clark, 2001). The same authors specify that the most rapidly growing sectors in countries like Japan, Korea, Mexico, Netherlands, Turkey, Switzerland, Italy, Spain and Portugal are finance, insurance and real estate, business and tourism services. The relative importance of transport and communication services in total services, on the other hand, has generally fallen over the world, as has the share of the distribution sector. The declines reflect saturated demand for some of these services, while relatively rapid productivity growth in sectors such as communications has contributed to changes in relative prices and reduced the share of these sectors in total output and employment.

Strategic business services – which include computer software and information processing services, research and development and technical services, marketing services, business organisation services and human resource development services – have shown rapid growth and strong employment generation in recent years in European countries. Total turnover in these services is estimated to have exceeded 1.1 trillion USD for European countries in 1995 (Sower et al., 1999). More recent data from countries indicate that strong growth has continued since 1995,

thereby increasing the importance of these activities in world economies (Cattaneo et al., 2010).

One of the key development and innovations has been in the field of electronic commerce (e-commerce), which is providing new ways to conduct business that will have beneficial effects on economic growth, productivity and efficiency, jobs and consumer choice. According to Kotler and Keller (2006) it has already affected the communications, finance and retail trade sectors of United States and European countries (comprising together about 30% of GDP), but it also holds promise in areas such as education, health and government (about 20% of GDP).

The diversity and continuous development of services is reflected in the character of the labour force, which, as in manufacturing, ranges from relatively low-skilled workers to highly skilled specialists. An analysis of employment growth by skill level during the 1990s in Belgium, Australia, Greece, Canada, Denmark, Germany and France shows that the growth rate for highly skilled white-collar workers was higher than for other categories in all but one of the countries examined, while growth in jobs for highly skilled blue-collar workers, on the other hand, was generally relatively weak (Gale and Wood, 1994).

Trade in services has also a serious impact on development of service industries worldwide. It has been increasing in recent years, driven partly by the globalisation of industry. Technological advances are also key to expanded trade, as they have enhanced the ability of service providers to interface with foreign clients in a time-sensitive, highly cost-effective manner. Development of a greater variety of discrete “service-oriented” products (such as software and interactive databases that can be easily accessed) has also been key as it has created an effective medium for packaging and distributing storable knowledge and information (Kandampully, 2001).

1.6. INTERNATIONAL TRADE IN SERVICES

The scope of services presented in General Agreement on Trade in Services (GATS) of the World Trade Organization (WTO) was represented by Cattaneo et al. (2010) like:

- Business services
- Communication services
- Construction services
- Distribution services
- Educational services
- Environmental services
- Financial services
- Health-related and social services
- Tourism and travel related services
- Recreational, sporting and cultural services
- Transport services
- Other services not elsewhere included

The service sector is a key to economic growth, export competitiveness and poverty reduction (Gershuny, 1978). Kandampully (2001) mentioned that from the beginning of agreement with the WTO, US cross border services exports have grown impressively, from \$186 billion in 1994 to \$338 billion in 2004. The US considered, the world's largest service exporter, exporting twice the value of commercial services as the next big exporter, the United Kingdom (UK). As a share of world commercial services exports in 2004, the US represented 15.2% and the UK 8.1%. Other major service exporters include China (2.8% of the world total), Hong Kong (2.6%), Canada (2.2%) and Korea (1.9%).

Considering Asian continent, since the early 1990s, the world has witnessed the spectacular growth of the economies of China and India (averaging 10.2 and 6.2 % annually from 1992 to 2005, respectively). Associated with this growth has been

the dramatic development of the service sectors in the two big Asian countries. In India, the service sector has become the dominant contributor to the Indian economy, accounting for 54.2 % of GDP in 2004. In China, however, the service sector has live behind the manufacturing sector, though its role in the economy improved slightly in the last 15 years. From 1990 to 2004, the service sector as a proportion of China's GDP increased modestly from 34.3 % in 1990 to 40.7 % in 2004 (Catts, 2006).

Generally, it is considered that trade in services is an opportunity used only in developed or developing countries, while less developed countries have nothing to do with the service trading process. Oakland (2000) demonstrated that the development level of a country has nothing to do with the trade of services and every country, including the least developed one, can become a member of service trade exporters and benefit from increased market opening.

The trade in services has grown faster than the trade in goods, and the share of the trade in services in overall trade increased a lot in the last thirty years. In their research, Cattaneo et al. (2010) specify that European Union together with United States account for over 60 % of service exports in the world. The business service exports of Brazil, China and India increased with 10 % every year in the last decade. Within the trade in services, commercial services like communication services, financial services, business or professional services are also widely and continuously developing. According to the same source, nowadays, the service industry constitutes 72 % of the gross domestic product (GDP) in high-income countries, 53 % in middle-income countries and 46 % in low-income countries. Table 1.1., represents a list of countries by service output in 2009. It shows that European Union countries occupies the leading place in delivering services by an output of 11,973,605 million US dollars (USD), followed by United States with 10,963,075 million USD and Japan with an output of 3,877,605 million, respectively. Countries like Brazil and Spain seem to be less productive on this topic, followed by Canada which occupies the last position in the presented list, with a service output of 952,972 million USD. While being not developed, but still a developing country, Turkey is not included yet in presented list, but it improves its economic performance impressively from year to

year and the growth of the service sector in Turkey is a normal part of this country's development process.

Table 1.1.: List of Countries by Service Output in 2009

Rank	Country	Output (million USD)
1	 European Union	11,973,605
2	 United States	10,963,075
3	 Japan	3,877,065
4	 Germany	2,424,032
5	 France	2,111,325
6	 China	2,091,226
7	 United Kingdom	1,637,705
8	 Italy	1,548,451
9	 Brazil	1,078,217
10	 Spain	1,024,828
11	 Canada	952,872

Source: Carvalho et al. (2010), p. 72.

The trade in services can be considered an important attribute in the economy of majority of countries all over the world. It represents more than 50 % of GDP in 18 countries among 59 according to the WTO data in 2005 (Kumra, 2008).

1.7. GENERAL OVERVIEW ON SERVICE SECTOR IN TURKEY

1.7.1. Turkish Trade in Services and Its FDI Stocks to Other Countries

The service sector is becoming one of the most important contributors to the GDP in the majority of countries all over the world. Anyway, the general level of productivity in European or Asian countries cannot be compared with the high level of productivity in US service industry. Minor et al. (2004) suggest that it is important for all countries to focus on productivity improvement in the service sector in order to get better results in developing their economic statement.

Turkey improves its economic performance impressively from year to year. As the growth of the service sector is a normal part of a country's development process, Turkey does not represent an exception. The reasons for this trend are not hard to define. As people's income grows, they tend to spend a lower proportion on food and clothing and a higher proportion on items provided by the service industry, such as better housing, medical care, travel and amusements. Telecommunications, transportations, finance and especially tourism seem to represent one of the most important and developing services in Turkey.

During 2006-2007 foreign direct investment (FDI) flows increased, and Turkey's real GDP which represented 6.1 % in 2005, performed the growth rate of 7.4 % in 2006. Value added in services sector also increased by 6.1 % and this sector was leading in the real GDP growth (Akbaba, 2006). In terms of industrial subsector allocations, a majority of FDI inflows to Turkey are oriented to the service sector. Huekman and Togan, (2005) noticed that by the end of 2000 over 57 % of total FDI stocks in Turkey were directed to services, including three of the top five subsectors: transport and communications, banking and other financial services, trade and repairs. Table 1.2. illustrates the statistic data on FDI stocks in Turkey's service sector by year 2000. It can be observed that at this period services like transports, storage and communications occupied the leading position in the countries service industry, followed by finance and, trade and repair services. Anyway, hotels and

restaurants, and construction industries, which occupied only the fifth and, respectively the seventh position in the economy of the country in 2000, began to increase impressively by year 2006 (Cattaneo, 2010).

Table 1.2.: FDI Stocks in Turkey's Service Sector in 2000

Service Sector	Total 57, 2 (%)
Construction	0,8 %
Trade and repairs	8,1 %
Hotels and restaurants	4,4 %
Transports, storage and communication	17,0 %
Finance	16,6 %
Real estate and business activities	-
Education	-
Health and social services	7,5 %
Other services	2,8 %

Source: Huekman and Togan, 2005, p. 268

At the same time, Turkey has been impressively increasing its contact with other countries at the service industry level (Marinova, 2003). Since 1992, Russia has become the best market for Turkish construction services. Also in Russia, by year 2002, 48 % of Turkey's FDI was invested in financial service sector. For instance, Efes Beverage Group is one of the biggest Turkish investors in Russia, while since 1997 Koç opened ten big supermarkets in Moscow. In 2003, Turkey invested also its 23 % of FDI in tourism sector and 20 %, respectively, in financial service sector of Kazakhstan. Also the biggest hotels of this country were constructed and are being operated by Turkish firms. Banking service sector is efficiently developing in countries like Rumania and Bulgaria, also with Turkish support and implementations.

Over the last two decades, Turkey has made considerable investments on its infrastructure. This also includes transport infrastructure such as improvement, modernization of airports and air terminals as well as construction of new ones. In addition to the international airports in the main cities and resort destinations, Turkey has domestic flights to all major cities and tourist centers. The highways crisscrossing the entire country; regular comfortable bus services and coach tours make travelling in Turkey easy and enjoyable. The transport infrastructure and the efficiency of services as well as advanced communication network system meet all necessary requirements.

1.7.2. Turkish Tourism Industry as Substantial Part of Service Sector

Tourism and the accommodation industry at present, including a range of facilities from the top quality, super modern deluxe category hotels and holiday complexes, boutique hotels to the affordable ones, represents one of the most developed service subsectors in Turkey. Although city hotels, summer resort hotels and holiday resorts constitute the greater part of the accommodation industry, there are numerous ski, winter resort and spa hotels in various parts of the country. Most high standard hotels and holiday resorts have a variety of recreation and entertainment facilities. There are also a number of golf clubs in international standards in various parts of the country.

Turkey has been recognized by WTO as a country of international reputation for hosting the most important meetings and conventions of the world (Huekman and Togan, 2005). World famous Turkish cuisine as well as international ones, restaurants, bars, entertainment life, cultural activities can appeal to tourists from all over the world.

Tourists are flocking to Turkey in increasing numbers. Records have been increasing from day to day. There is a consensus depending on research findings that the Turkish tourism will continue to grow at a higher rate than the European and the world average. The future prospects in the long term seem also to be very bright.

Table 1.3., shows the increasing number of Turkish travel agencies between years 1973 to 2009. At the same time, Table 1.4., presents the increasing numbers in the Turkish accommodation facilities between years 1983-2008. Starting with 1973 a number of 118 travel agencies was registered in the country, growing to 1737 only in 10 years and attending the figure of 5751 by year 2009. On the other side, 611 accommodation facilities were licensed by the Ministry of Tourism in 1983, with their increasing number of 2240 after 20 years and finally, 2566 accommodation facilities with 567,470 representing the total number of beds being licensed in 2008.

Table 1.3.: Number of Turkish Travel Agencies between Years 1973-2009

YEARS	NUMBER OF TRAVEL AGENCIES
1973	118
1983	379
1993	1737
1998	4200
1999	4350
2002	4472
2003	4495
2004	4493
2005	4478
2006	5165
2007	5184
2008	5672
2009	5751

Source: Akbaba, 2006, p. 174

Table 1.4.: Number of Turkish Accommodation Facilities between Years 1983-2008

YEARS	BEDS	ESTABLISHMENTS
1983	65,934	611
1993	235,238	1581
1997	313,298	1933
1998	314,215	1954
2001	364,779	1980
2003	420,697	2240
2004	454,290	2357
2005	483,330	2412
2006	508,632	2475
2007	532,262	2514
2008	567,470	2566

Source: Akbaba, 2006, p. 176

After achieving moderate growth in 2009, the Turkish tourism sector is poised to see more impressive figures due to the range of travel options it offers, especially its all-inclusive holiday packages, which have become a popular tourism trend because of the economic slowdown. The global crisis influenced tourism sector a lot in 2009, year in which traveling for pleasure was regarded as a luxury, not a necessity. However, Turkey succeeded in increasing the number of tourists visiting the country during such a critical year. Data from the Ministry of Culture and Tourism show that some 25.9 million tourists visited Turkey in the first 11 months of 2009, representing a 2.4 % increase compared to the same period of 2008. The number of tourists traveling to Turkey rose by 10.71 % in November 2009 over the same month of the preceding year, reaching 1.4 million. This trend is expected to continue throughout 2010 and 2011.

Tourism Journalists and Writers Association (TÜYED) Chairman Kerem Köfteođlu (“Zaman”, January 03rd 2010), attributed this upward trend to the high number of all-inclusive holiday packages Turkey offers, which attract families with children because of their affordable prices.

Ahmet Barut, the chairman of the Turkish Hoteliers Federation (TÜROFED), according to the publication specified above, is seeing the performance of the sector in the face of the crisis in year 2009 as pleasing, attributed this decline not to the sector, but to financial problems in other countries. He insists that these rates should be considered reasonable during times of crisis and the tourism sector had to decrease its prices in 2009 due to the recession and tourists acting cautiously when spending money. However, he states that the damage the tourism sector faced was very low when compared to other sectors and that the Turkish tourism sector expects to see 3 % growth in 2011.

CHAPTER II

QUALITY AND SERVICES

2.1. DEFINITION OF QUALITY

The “quality” concept is not new. From the very ancient times, people were always interested in quality (Kandampully et al., 2001). People are preoccupied about the food they eat, the quality of shelter they have, the quality of their relationships and generally about the quality of their life. Gitlow et al. (1995) pointed that the history of quality dates to the year 2000 BC. Discussions about quality were initiated by Socrates, Plato, Aristotle, and other Greek philosophers (Kuei, 1995). Nowadays, quality is an important tool through which an organization can achieve the highest degree of competitive advantage (Madu, 2004). Quality approaches helped leading firms like IBM, Xerox or Harley Davidson to survive in their competitive environment. A big number of executives argue that the improvement of service and product quality is the most critical challenge facing global businesses (Zeithaml, 1990).

In today’s economy, competition is bigger than ever. These fact forces companies to become more customer focused in their offerings. Every day, the importance of quality increases more and more. Hence, quality wins over quantity.

The importance of quality in business and industry increases in a fast way due to factors like competition, growing demand from customers for better quality, increasing number of laws related to quality and the global economy. At the same time, the cost of quality control accounts forms around 7-10 % of the total sales revenues of manufacturers. Nowadays, the main objective of the companies is to reduce this amount and to improve the quality of products and services (Deming, 1993).

Tuchman (1980: 38), argued that “quality means investment of the best skill and effort possible to produce the finest and most admirable results possible.... You

do it well or you do it half-well". From an other point of view, Feigenbaum (1982:22) sustained that the notion of "value" had to be included in any quality definition.

Crosby (1980:43) defines quality as "conformance to requirements"; Juran defines it as "fitness to use" (1988:62); while Demings (1993:51) insisted that it is "a predictable degree of uniformity and dependability at low cost and suited to market". Quality has been described also as "the single most important force leading to the economic growth of companies in international markets" (Feigenbaum, 1982:23); also defined as "conformance to specifications" (Gilmore, 1974:32; Levitt, 1981:43), "loss avoidance" (Taguchi, cited in Ross, 1989:77), and "meeting and/or exceeding customers' expectations" (Grönroos, 1984:38; Parasuraman and Zeithaml, 1985:44).

By the 1950s, the role of product quality began to appear in economic theory. Abbott (1955) argued that by focusing on price competition, economists ignored a critical component of consumers' decision on quality process. Both, price and quality had to be considered in a competitive market. Abbot, as well as Feigenbaum suggested that differentiation in levels of both, quality and price, or value, is important in consumers' decisions. Researchers Cronin and Taylor (1992) have advanced the notion that purchasing decisions may be influenced by convenience, availability, or price, as well as by judgments of quality.

Lovelock and Wirtz (2007) identifies five perspectives on quality:

- *The transaction view of quality* is synonymous with innate excellence which is a mark of uncompromising standards and high achievement. This viewpoint is often applied to the performance of visual arts. It is argued that people learn to recognize quality only through the experience gained from repeated exposure and managers or customers will also know quality when they see it is not very helpful.

- *The product-based approach* sees quality as a precise and measurable variable. Differences in quality, it is argued, reflect differences in the amount of an ingredient or attribute possessed by the product or service. Because this view is totally objective, it fails to account for differences in the tests, needs, and preferences of individual customers or even entire market segments.
- *User based* definitions starts with the premise that quality lies in the eyes of the beholder. These definitions equate quality with maximum satisfaction. This subjective, demand oriented perspective recognizes that different customers have different wants and needs.
- *The manufacturing based* approach is supply based and is concerned primarily with engineering and manufacturing practices, quality is also operation driven.
- *Value based* definitions define quality in terms of value and price. By considering the tradeoff between perception and price, quality comes to be defined as “affordable”.

The most common definition of quality remains the extent to which a product or service meets and/or exceeds a customer’s expectations (Buzzell and Gale, 1987; Grönroos, 1991; Zeithaml et al., 1990). This definition comes out from the services marketing literature (Lovell, 1981; Normann, 1984; Shostack, 1977; Zeithaml, 1981), where researchers argued that a conformance to specifications definition of quality failed to address the unique characteristics of services.

Regardless of the time period or context in which quality is examined, the concept had multiple and often some vague definitions and has been used to describe a large diversity of phenomenons.

2.2. TOTAL QUALITY MANAGEMENT

The majority of quality problems have their origins not in the manufacturing or operations areas of a company, but in the marketing, service, finance, personnel and administration functions. That is why; quality must be involved in all of the organization's departments and accepted by all of its employees. Total Quality Management (TQM) is "a way of managing to improve the effectiveness, efficiency, flexibility and competitiveness of a business as a whole" (Oakland, 2000:72). It involves the whole company getting organized and becoming committed to quality with each department, each activity and each person, at each level. TQM recognizes that for an organization to be truly effective, each of its parts must work smoothly with the other parts, because every person and every activity affects and in turn is affected by others. The techniques of TQM can be applied throughout a company, so that people from different departments, with different priorities and abilities, communicate and help each other.

W. Edwards Deming is considered the father of TQM. While his earlier definitions regarded quality from the statistical point of view, later in his researches he viewed quality from both, statistical and managerial perspectives (Emmanuel and Kroll, 1998). He insisted that quality should be an organizational-wide effort and it is the responsibility of everyone, with management playing the most important role. TQM is "an organizational-wide quality program to continuously improve products and services delivered to customers by developing supportive organizational culture and implementing statistical and managerial tools" (Deming, 1993:17). This new focus on quality can be differentiated from the classical analysis of quality concept, where the responsibility for quality is supported by inspectors. With TQM, every employee is an inspector of his or her own work. A more detailed view on this topic was provided by Kuei (1995), who introduced Strategic Total Quality Management (STQM) as reflection of the overall performance of a firm.

Deming (1986) adapted 14 principals for management in implementation of TQM:

- *Create constancy of purpose to achieve continuous improvement of products and services and survival of the firm.* This point accentuates the importance of the leadership.
- *Adopt a new management philosophy where management must respond to challenge and lead through change.* This philosophy insists on understanding of a better way to manage people and processes.
- *Cease dependence on inspection and build quality into the product.* This point argues that dependence on inspection support the production of low quality, which conducts to the situation when the quantity is more important than the quality.
- *Cease the practice of awarding business contracts on the basis of price tag alone.* Often, a lower cost does not offer the best quality. Cost should be related to value and quality of work.
- *Continuously improve the system of production and service to improve quality and productivity.* There is a common goal or mission in the organization and this cannot be achieved if every unit works by itself like a separated island. The action of each unity or process affects quality.
- *Institute training on the job.* Employees need to be trained in order to know how to use statistical charts, the skills needed to improve their work and to understand their role in the process of improving quality within organization.
- *Leadership of management and production workers to help people and machines to do a better job.* Leaders should participate and support quality improvement, teamwork and reward innovation.
- *Drive out fear to improve effectiveness.* Every employee can participate actively in finding problems and solutions without having fear.
- *Breakdown barriers between departments and encourage teamwork.* This point refers to the fact that usually organizational problems come from internal competition between different departments.

- *Eliminate slogans, exhortations and targets from the workforce.* It may lead to emotional issues and may create other work-related problems.
- *Eliminate work standards, management by objectives and numerical goals.* The use of numerical goals supports quantity rather than quality.
- *Remove barriers that rob the hourly worker, people in management and engineering their right to pride in workmanship.* Later the term “pride” was replaced with term “joy” (Gitlow et al., 1995).
- *Institute educational and self-improvement programs.* The workforce should be open to changes in their working process through education and training.
- *Act to accomplish the transformation.* Top management must lead the quality movement. When top management concentrates on quality, employees notice that and adapt to this new style of management.

Juran’s (1988) approach to the total quality movement is almost similar to Deming’s one. Juran’s contribution to this topic concentrates on two central areas:

- *Cost of quality.* In order to attract top managers’ interest to quality, they should be communicated the language they understand – money.
- *Quality trilogy.* According to the author, quality management forms a trilogy which consists of quality planning, quality control and quality improvement.
 - Quality planning – concentrates on need to recognize and understand the customer group (including internal and external customers). Their needs must be recognized in order to improve quality.
 - Quality control – sustains that a statistical control process should be used to monitor the process in order to detect risk.
 - Quality improvement – while quality control will only lead to maintain a stable process, quality improvement will help organization to break down the frontiers and to assess new levels of quality.

Crosby (1980) recommended a more radical approach to managing quality. He argued that managers must support zero defects and insisted on the fact that quality is free, because savings from quality improvement will already represent the investments on quality. He rationalized quality as satisfying customers' needs and he was against the use of statistical control. However, in his work "Management Maturity Grids" (1980:44) he presents a five-stage process which can help managers to achieve better quality:

- *Uncertainty.* There is no information about the cost of quality and the reasons of the poor quality cannot be clearly defined.
- *Awakening.* Teams may be formed in order to fight with some major problems in a short period of time.
- *Enlightenment.* An organized approach to solve quality problems is developed with regular corrective action
- *Wisdom.* Management is more involved and actively participating in quality activities. A preventive approach to quality problems is adopted.
- *Certainty.* Management sees quality as a part of the daily work program. Quality is now necessary for corporate survival and growth.

2.3. ISO QUALITY STANDARDS

A list of quality standards has been introduced by the International Organization for Standardization (ISO) based in Geneva, Switzerland. The big majority of these quality standards are globally accepted. Such quality standards as ISO 9000 and ISO 14 000 series gained a universal recognition. Standardization helps guide economic policies worldwide and especially in newly industrializing and developing countries. Standardization is important for businesses as it motivates healthy competition, support innovations, brings world markets and needs uniformity.

After standards like BS-5750 and CSA-Z299 which were widely used especially in UK and Canada; by year 1986, the first editions of ISO 9000 standards, that include ISO 9000, 9001, 9002, 9003 and 9004 were completed (Oakland, 2000). In the early part of 1987, these standards were published and were adopted by ISO. These series of standards establishes guidelines and principles to assess quality in business processes. ISO 9000 is perhaps one of the most widely recognized standards of quality. According to Palmer (1994), after ISO 9000 series were introduced, they have been adopted by more than 100 countries as the international standards for quality and tens of thousands of companies implemented these standards and are certified according to them.

As Madu (2004) specifies, already in 1992 at least 51 countries adopted ISO 9000 without change (France, Germany, Italy, Portugal, Greece, Netherlands, Finland, Sweden, US, Japan, etc.). Increasing numbers of companies are interested in registration through ISO 9000. There is an increased interest in ISO 9000 as an advantage to do business in integrated European markets.

Aquilano and Chase (2006) noticed that there are five parts of ISO 9000 standards:

- *ISO 9001* – considered being the most highest level, it is the model for quality assurance when there is need to conform to specified requirements in design, procurement, production, installation and servicing.
- *ISO 9002* – has fewer requirements than ISO 9001, it expects for conformance to specified requirements only when the interest is in the stages of procurement to production.
- *ISO 9003* – deals only with conformance to specified requirements during producing process.
- *ISO 9000 and 9004* – deal with guidelines for use.

ISO 9000 standards are not static and pretend to be reviewed every 5 years in order to be revised. Nowadays, a lot of major firms are ISO 9000 certificated. Stelzer et al. (1996) illustrated some benefits from ISO 9000 registration:

- *Customer/supplier partnering relationship* – ISO 9000 standards help to improve competitiveness, as customers become more receptive to the company.
- *Prevention pays* – ISO 9000 standards help to cut quality cost.
- *Documentation* – documentation of quality program can serve as evidence to customers of the firm's quality progress.
- *Training* – employees gain better knowledge of the job and the quality system.
- *Customer focus* – focus on customers' needs increases.
- *Competitiveness* – ISO 9001 helps all the countries with trade barriers.
- *Reduction in customer audits* – reduction in number of costly and time-consuming customer audits.
- *Objective evidence of compliance* – this ensures customers that an effective quality program is in place.
- *Reduction in inspection* – time and money are saved as the number of incoming inspections conducted by customers is reduced.
- *Enhanced marketability* – recognizing of logos and certificate numbers.

Hoyle (2005) insists that an important part in implementing ISO 9000 is the SWOT analysis. A firm should find out and recognize its strengths, weaknesses, opportunities and threats and how these affect the implementation of quality standards. In this context, one of the most current strengths may arrive from the existence of Total Quality Management programs which help to develop an organizational culture that is supportive of quality and continuous improvement.

2.4. THE CONCEPT OF SERVICE QUALITY

According to Parasuraman et al. (1991), companies can get their competitive advantage by using the technology for the purpose of enhancing service quality and gathering market demand. Quality can have different meanings to different people and generally, it deals with a person's expectations and perceptions about how all of these expectations are satisfied (Madu, 2004). For example, a customer at a bank may have different expectations of the quality he/she receives. If the bank employee behaves in a nice way and seems to be friendly, the customer may overlook such factors like the time it took to provide the service and the errors that the employee maybe committed while offering that service. And vice versa, if the employee offered the service quickly but was unfriendly, the customer may not be happy with the quality of service. This example shows the difficulty to achieve quality in a service, because aspects of quality in service sector are intangible, indirect and difficult to measure.

Considering tangible items or products, quality can be measured differently. Garvin (1988) identified the product quality items which are presented bellow:

- *Performance* – deals with operational characteristics of the product or service
- *Features* – secondary characteristics
- *Reliability* – deals with consistency of performance over time
- *Conformance* – control if product meets its design specifications
- *Durability* – concerns the useful life of a product
- *Serviceability* – responsible for ease of repair or obtain service when needed
- *Aesthetics* – deals with sensory attributes of a product such as feel, sound, look
- *Perceived quality* – deals with customers' perception of quality

For decades, many researchers have developed a service perspective of quality (Foutz and Thompson, 1998; Zeithaml et al., 1990). Chang (2008:314) describes that the concept of service quality “should be generally approached from

the customers' point of view because they may have different values, different ground of assessment, and different circumstances". Berry, Parasuraman and Zeithaml (1994:5) mention that service quality is "an extrinsically perceived attribution based on the customer's experience about the service that the customer perceived through the service encounter". According to the work of Kumra (2008:426), service quality is not only involved in the final product and service, but also involved in the production and delivery process, thus employee involvement in process redesign and commitment is important to produce final tourism products or services.

Another research study on service quality is presented by Grönroos (2007) who focuses on a model that represents a comparison between customer expectations from a service and their experience of the service they have received before. This model is named "total perceived service quality". As he emphasizes on what customer is really looking for and what they evaluate, the service quality concept is based on two dimensions. The first dimension is the "technical quality" and this dimension refers to the outcome, what is delivered or what the customer gets from the service. The next dimension is the "functional quality" which refers to the manner in which the service is delivered or how it is delivered. Both dimensions affect the corporate image and the perception of quality in various ways. According to total perceived service quality model, perceived quality of a service is not only affected by the experiences of the quality dimensions that the consumer used for evaluating whether quality is perceived as good, neutral, or bad. It is also affected by the perceived quality of given service as well as the outcome of the evaluation process.

Grönroos (1984:38) gives different definitions and one of them is "service quality is conformance to specifications". Services are performances and often they are performed in the presence of the customer. Services have a nature of varying from one firm to another and from one situation to another. It is also possible to make a distinction between technical and functional service quality, technical quality is connected to what is delivered and functional quality is connected to how it is

delivered. Another example is Kennedy and Young (1989:88) who describe service quality in terms of “process quality” and “output quality”. Process quality is evaluated during the service delivery and output quality is evaluated after the service delivery.

In the study conducted by Grönroos (1984), 10 determinants of service quality were identified:

- *Reliability*. That is connected to the consistency of performance and dependability. Here it is determined if the company give the service in the right way the first time and keeps to its promises.
- *Responsiveness*. This factor concerns to what extent the employees are prepared to provide service. This involves factors such as mailing a transaction slip immediately, calling a customer back in short time and giving prompt service.
- *Competence*. Competence is connected the knowledge and skills of contact personnel, operational support personnel (and also research capability) that are needed for delivering the service.
- *Access*. This factor is connected to the approachability which means for example if the operating hours are convenient, the location of the facilities are convenient, the waiting times are short and also easy access by telephone.
- *Courtesy*. This factor involves politeness, respect, consideration, friendliness of contact personnel (including receptionists, telephone operators and so on).
- *Communication*. This is about keeping the customer informed in a language they can understand and also listen to the customer. The company may have to make some adjustments in order to include foreign customers.
- *Credibility*. Factors such as trustworthiness, believability and honesty are included. It means to the level the company has the customer’s best interest at heart. Factors that affect the credibility are the company name, reputation, personal characteristics and the degree to which the hard sell is connected to interactions with customers.

- *Security*. Security means freedom from danger, risk or doubt. Factors included are: physical safety, financial security and confidentiality.
- *Understanding the customer*. This is about making an effort to understand the customer which involves learning about specific requirements, providing individualized attention and recognizing also the regular customer.
- *Tangibles*. They include physical aspects of the service such as physical facilities, appearance of personnel, tools or equipment that is used to provide the service, physical representations or other customers in the service facility.

Grönroos (1984) mentioned that service quality is determined by the customer's perceptions which result from comparing expectations that the customer have before receiving the service and the actual experience that the customer gets from the service delivery. If the expectations are met, the service quality is described as satisfactory. They can also be exceeded and then they are considered as more than satisfactory. The evaluation depends on the service process and also the service outcome. It is described that there exists two types of service quality: quality at the level where the regular service is delivered and the quality level where expectations or problems are handled.

While Chang (2008) supports the earlier line of thinking by Grönroos; Parasuraman, Zeithaml, and Berry (1988) developed "The Gap Analysis Model", which is a well known model of service quality. This model shows an integrated view of the consumer-company relationship. The main idea of the model is focused on the premise that service quality is dependent on the size and direction of the five gaps that can exist in the service delivery process:

- *Gap 1*: the gap between customer expectations and those perceived by management to be the customer's expectations
- *Gap 2*: the gap between management's perception of consumer expectations and the firm's service quality specifications
- *Gap 3*: the gap between service quality specifications and service delivery

- *Gap 4*: the service delivery, external communication gap
- *Gap 5*: the perceived service quality gap, the difference between expected and perceived service (Parasuraman et al., 1990)

The first four gaps are identified as functions of the way in which service is delivered from the service provider to the customer, while gap number five is connected to the customer and as such is considered to be the truth of service quality.

Lovelock and Wirtz (2007) describe that researchers argue that the nature of service quality requires a distinctive approach to identify and measure it. The intangible, multifaceted nature of many services makes it harder to evaluate the quality of a service compared to products. Because customers are often involved in service production, a distinction needs to be drawn between the process of service delivery and the actual output of the service which is called technical quality. Other researchers suggest that the quality of service is the result of an evaluation process in which customers compare their perceptions of service delivery with the expected outcome.

2.5. SERVICE COMPONENTS INFLUENCING PERCEIVED SERVICE QUALITY

Fiore and Kim (2007) present a conceptual framework that concerns the influences on the consumption experience by environmental variables such as physical elements of the service environment, individual variables, individual attributes and person-environment variables or situations. The physical environment has the possibility to provide ideas about the influence of customer perceptions on the brand image. Bitner and Zeithaml (2000) argue that customers do perceive quality in more than one way and they also have perceptions about multiple factors when quality is assessed.

Baker et al. (2002) describe three components that influence the service encounter elements. The first component is physical environment and includes for example music, lighting and external and internal environmental design. The second one is customer interactions with intangible and tangible elements in the service environment and the periods when customers interact with physical facilities and other tangible elements in the service environment. This second component is connected to the relationship between the service employee and the customer and behavior is a key determinant of how the service will be appreciated. The third component is about how customers are influenced from the appearance, perceptions and behavior of other customers. Baker and Cameron (1996), discusses that the behavior of other customers affect perceptions and that makes it important for service providers to be careful about the interaction between customers.

Lovelock and Wirtz (2007), analyze the concept of a service encounter by explaining that it is a period of time during which the customer interacts directly with the service provider. Some of these encounters are very brief and consist of just a few steps. If you use a service that requires the customer to make a reservation this first step might have been taken days or even weeks before the customer arrives at the service facility. Service processes usually consist of a series of encounters, such as your experience with a flight that consist of steps from making reservation to checking in, taking the flight, and retrieving customer's bags on arrival. Knowledge of role and script theories can help people understand, design, and manage both customer behavior and employee behavior during those encounters and to improve efficiently the service quality.

2.6. CUSTOMER EXPECTATIONS

Ekinci (2002) argues that the term expectation in service quality literature has different meanings for different authors. According to Tam (2005), it is important for success in process of influencing customer satisfaction to understand how customer expectations develop and analyze how they update, even if the term expectation is vague and difficult to define. Kandampully et al. (2001) noticed that the management

of customer expectations is also an imperative concept in firms and companies for further products and services designed to match and exceed those expectations.

Grönroos (2009) suggested that in order to increase long term quality, the customer expectations should be focused, revealed, and calibrated. Also, the same author developed the dynamic model of expectation describing that the quality of professional services develops in a customer relationship over time. He classifies the expectations into three distinguishable types which can be characterized in the following way:

- *Fuzzy expectations (vague expectations)*. Exist when customers expect a service provider to solve a problem but do not have a clear understanding of what should be done. For example, if thinking a hotel resort where the customer spends its holiday, when the sand is hot and the customer intentions to pass through from its sun bed in order to enter the sea, he becomes nervous because of the sand which is burning his feet. He expects the hotel management to solve this question and to decrease the temperature of the sand under the sun, but he has no idea about how to do it.
- *Explicit expectations (dominant expectations)*. They are clear in the customer's mind in advance of the service process. They can be divided into realistic and unrealistic expectations. For example, when being very nervous and acting in a very angry way, the customer is expecting the employees of an organization to be calm, patient and to react appropriately in order to solve the problem in the benefit of the customer.
- *Implicit expectations (recessive expectations)*. Refer to element of a service which is so obvious to customers that they do not consciously think about them but take them for granted. Continuing the hotel resort topic, an example of explicit expectations can be the fact that when arriving at the holiday destination, customer expects to find a comfortable and clean room, a mini bar in the room which is daily refilled with beverages, delicious food offered three times per day and some other features which are considered like "normal" and "should be" in the customer's mind.

The author stated that an explicit service provider should understand fuzzy expectations because these expectations still have impact on customer satisfaction about quality and customers will be disappointed in case the service provider does not fulfill it. The characteristics in fuzzy expectations are: “customers may feel that there is a need for understanding what would fulfill this need or change their current state in general, but they do not have a clear understanding of what would fulfill this need or change in the current situation”. Grönroos, (2009:72) also states that customers expect something more in addition to be done but they do not know exactly what and how it should be done.

Concerning explicit expectations, Grönroos mentions that customers normally presume that explicit expectations will be met and unrealistic expectations might be exciting. Service providers have to help customers adjust these unrealistic expectations into more realistic ones to ensure that a service delivery will meet customer expectations. In this stage, service providers should be aware of the more vague promise or “implied-in-fact” promise because it can form unrealistic explicit expectations that lead customers to believe that services offered will include features that in fact are not included. Beside explicit expectations, implicit expectations also have to be fulfilled because they are apparent that customers are clearly expressed. Such implicit services will become explicit if they are not fulfilled.

According to Lovelock and Wirtz (2007), understanding the expectations of customers means to understand the process when customers evaluate service; when customers compare their expectations with what they received from the supplier. In case when expectations are met or even exceeded, customers believe that the service has a high quality. Customer expectations vary depending on what kind of business the service is connected to. Expectations also vary depending on different positioning strategies of different service providers. Thirdly, the expectations are influenced by previous experiences of the service provider, competing services in the same industry or related services in different industries. If customers do not have any previous experience they are more likely to base their expectations on word of mouth, news stories or the marketing efforts of the company. One more thing to consider is that

customer expectations vary over time because they are influenced by advertising, new technologies, service innovation, social trends, etc. (Kandampully et. al, 2001).

2.7. RELATIONSHIP BETWEEN CUSTOMER EXPECTATIONS, PERCEPTIONS AND SATISFACTION

Baker et al. (2002); Bitner (1992); Minor et al. (2004) put forward that the environment influences customer satisfaction. Lovelock and Wirtz (2007) discuss how confirmation or disconfirmation of expectations is related to satisfaction and delight. The terms “quality” and “satisfaction” are sometimes used interchangeably. Some researchers believe, however, that perceived service quality is just one component of customer satisfaction, which also reflects price/quality trade- offs, and personal and situational factors.

Oliver (1997:56) mentions that customer satisfaction has a big research tradition of more than three decades. He also gives a definition about customer satisfaction: “a judgment that a product or service feature, or the product or service itself, provides pleasurable consumption related fulfillment. Another definition from Oliver (1997:58) is that customer satisfaction is “an overall emotional response to an entire service experience for a specific service encounter after purchasing and consumption”. In an earlier article, the same author discusses that satisfaction can be understood as the discrepancy between expectations and perceptions. Differences are to be expected between importance attributes but also segments. Ellis and Pizam (1999:328) explain that customer satisfaction can be described as “a comparison between performance and expectations”.

Oliver and Rust (1994:44) expand the definition and mention that customer satisfaction is “an affective term” and they identify five different types of satisfaction which are pleasure, relief, novelty and surprise. There are many definitions but according to White and Yu (2005:415) one consensus that can be found is that the construct includes either cognitive or affective responses and customer satisfaction can be either product or service focused.

Ghobadian et al. (1994) confirmed once again in their studies the well known fact that satisfied customers become repeat purchasers of a product or service and provide positive word of mouth. That means that it is important to understand what factors influence customer satisfaction in order to create good products or services. Bitner and Zeithmal (2000) expands this discussion and describes that there is an overwhelming interest in service quality and the reason for that is both, practitioners' and researchers' believe that quality is crucial for the success of any business organization. The construct has great impact on customer satisfaction, repeat purchase behavior and in the long run, also the profitability of the organization. Bitner (1992) also mentions that if the service is affective, it has a direct and immediate affect on the customer satisfaction.

Zhao et al. (2002) argue that customer satisfaction has become a major contributor for enhancing a service company such as long term profitability, customer loyalty, and customer retention. Thus, it is important to encourage the staff to deliver the right service to the right people in reasonable time and showing good manner. Satisfied customers may also give positive word of mouth and for that reason attract new customers and create long term business profit.

Crosby (1980) suggests that in order to create customer satisfaction it is important for the company managers to identify which product or service attributes that can enhance customer satisfaction or delightfulness, than the performance can be improved and it will also be possible to find out which attributes that are expected by the customers (expected attributes can create dissatisfaction by their absence). Many researchers argue that customer satisfaction has big impact on customer intentions to repurchase (Brady and Cronin, 2000). The same researchers also confirmed that satisfaction is an indicator of intentions to return to the supplier.

2.8. SERVICE QUALITY MEASUREMENT METHODS

The service sector fights with an incredible competition in order to meet profitable ways which are influenced by privatization and globalization. Thus, for attending of great success in businesses, companies should offer a high quality of services (Brown and Swartz, 1989). Researchers mentioned above explained the importance level of quality to firms activating in the service industry and demonstrated its strong relationship with profits, increased market share, return on investment, customer satisfaction and future purchase intention, etc.

The improvement of service sector and quality measurement has been perceived differently and has been based on diverse conceptualizations (Buzzell and Gale, 1989). Various methods appeared and have been investigated for service quality measurement.

2.8.1. SERVQUAL

Berry, Parasuraman and Zeithaml (1988) developed a multi-item scale for measuring service quality called SERVQUAL. It is an instrument used for measurement of perceived service quality between consumers' perceptions and expectations. These researchers also concluded that there are five dimensions in measurement of service quality:

- *Tangibles*: physical facilities, equipment, and appearance of employees.
- *Reliability*: ability to perform the promised service accurately.
- *Responsiveness*: willingness to help customers and providing of services in a rapid way.
- *Assurance*: knowledge and courtesy of employees and their ability to inspire confidence.
- *Empathy*: individualized attention the firm provides to its customers.

2.8.2. LODGSERV

Knuston, Patton, Wullaert and Yokoyama (1990) designed LODGSERV model to improve and measure service quality in lodging properties especially. Among the five dimensions specified previously in the SERVQUAL model, reliability was found to represent the most important point for consumers of lodging industry, followed by assurance, responsiveness, tangibles and empathy.

In 1992, Knuston, Patton, Stevens and Thompson analyzed consumers' expectations for service quality in economy, mid-price and, respectively, luxury hotels. Across these three hotel types researchers found out that the five dimensions maintained the same classification specified above and that the higher the price category, the higher the consumer expectations of service quality. As a following step to this, Knutson, Patton and Stevens (1994) translated the LODGSERV in foreign languages and implemented the model across five different cultures. The result worked equally well and maintained its level of high validity.

2.8.3. LODQUAL, HOLSERV AND HOTELQUAL

Getty and Thompspon (1994) adapted SERVQUAL to develop the LODQUAL model. This instrument is based only on three dimensions: tangibles, reliability and contact. Dean et al. (1999) conducted a study in Australian hotel industry and proposed the HOLSERV scale. In conclusion of this, it has been demonstrated that employees, tangibles and reliability are the leading dimensions of service quality, with "employees" as the best predictor. Becerra Grande et al. (1999) designed a model called HOTELQUAL to examine customers' perceptions of hotel and specified three important factors in achieving high quality: hotel facilities, appraisal of the staff, followed by functioning and organization of services.

2.8.4. SERVPERF

As Catts et al. (2000) sustained, SERVPERF is the performance component of the service quality scale (SERVQUAL). This method suggests that the five dimensions (tangibles, reliability, responsiveness, assurance and empathy) can be treated as five different stages of service quality, rather than as five qualitatively different dimensions.

2.8.5. DINESERV

DINESERV was adapted and reformed from SERVQUAL and LODGSERV as an instrument for measuring service quality in the restaurant business, including the airport food service (Heung et al. 2000). Similarly to LODGSERV, DINESERV was found to have a high degree of reliability. It is composed from 29 statements on 7-point response scale. Usually it is used to undertake periodical surveys and to determine changes in perception as the result of changes in normative expectations and of service quality delivered.

2.8.6. QUALITY FUNCTION DEPLOYMENT (QFD)

Quality Functions Deployment (QFD) is a quality measurement instrument created by Japanese researchers. QFD model is quite different from traditional quality systems, which aim to minimize the negative quality (such as poor service or inconsistency). With those systems, the best that can be get is *nothing wrong*, which is not enough in case all the players in the market are good. In addition to eliminate poor service, features like fun or luxury must conduct to maximizing positive quality, because this creates value (Mazur, 1993). QFD is the only one comprehensive system which aims specifically to satisfy the customer. It is "...an overall concept that provides a means of translating customer requirements into the appropriate technical requirements for each stage of product development and production (i.e., marketing strategies, planning, product design and engineering, prototype evaluation, production process development, production, sales)..."(Sullivan, 1986:92). The QFD

model concentrates on maximizing customer satisfaction. It focuses on delivering value by seeking out both, spoken and unspoken needs, translating these into actionable services, and communicating these through the organization. Then, QFD gives the permission to customers to prioritize requirements they have, to explain the firm which is its current situation comparative to its competitors and to direct firms optimize those aspects of their services that will bring greatest competitive advantage.

CHAPTER III

QUALITY FUNCTION DEPLOYMENT

3.1. REASONS FOR AND BENEFITS OF USING QFD

QFD is “a method for structured product planning and development that enables a development team to specify clearly the customer’s wants and needs, and then to evaluate each proposed product or service capability systematically in terms of its impact on meeting those needs” (Cohen, 1995:21).

QFD has several names. In Japan, the original name for QFD is “hin shitsu, ki nou, ten kai” (Emmanuel and Kroll, 1998). There are different translations of these words, like “features mechanization evolution”, “quality function diffusion”, “quality function deployment”. Other popular words which are used while meaning QFD are “policy deployment”, “voice of the customer”, “house of quality”, “customer-driven engineering”, “matrix product planning”.

The origins of QFD can be considered parallel to Mitsubishi’s Heavy Industries Kobe shipyard in Japan in late 1960s, where QFD was used to facilitate cross-functional product development process (Foutz and Thompson, 1998). A 1986 survey by the Japanese Union of Scientists and Engineers showed that more than half of the companies surveyed were using QFD. Toyota Motor Company and its suppliers are also among the big companies which largely applied QFD model (Akao, 1997).

The increased competition in global market focused the attention of international businesses on QFD. For example, QFD reached the US during the quality revolution in 1980. Japanese companies gained competitive advantage in businesses dominated once by US manufacturers (Emmanuel and Krol, 1998). Thus, there was a big interest for top management to understand Japanese management practices, especially in the area where these practices are related to quality of a

product. QFD became one of the important tools which helped managers understand customers and integrate their requirements in production of goods and services.

Hales (1995) noted that product failures can be damaging for a company and decrease its financial and human resources at the same time. They affirmed that some companies which analyzed and were attentive to their customers' needs have achieved high profits; such as "light Coke", "dry beer" or "smokeless cigarettes". Thus, in achieving success by implementing QFD, it is necessary not only to collect information about customers' requirements, but also to analyze this information and translate its results to the design and manufacture of customer-driven products. Services or products that customers do not want represent themselves in terms like functionality, practicality, quality, cost, timing, etc. Authors insist on the fact that use of QFD with target costing has strong relationship with the company's customer-focus level. QFD supports the fact that a product can be designed and produced to meet the customers' requirements. However, costs should be taken into consideration in order to determine what the market is able to offer.

QFD has a lot of important benefits, especially in case of companies which are interested in gaining competitive advantage, increasing market share and improving productivity. Firms which adopted QFD assisted also to significant cost reductions (Gale and Wood, 1994). Mazur (1993) specifies some important advantages caused by QFD using are presented below:

- Reduction in cycle time is achieved. The product is introduced faster to the market. Start-up costs are lower. Quality is improved.
- Products are produced at a lower cost because there are reductions in the operational cost.
- QFD is applied in a cross-functional team context. All departments are fighting for the same purpose.
- Information gathering is an ongoing process of QFD.
- Design and production efficiency is achieved by using QFD.

- Organizational harmony improves through formation of cross-functional teams.
- Problems are easier to identify due to the data related to voice of customers.
- Market information gained by using QFD can be also used to determine product price, quality and functionality.
- Increased competitiveness.
- Improved efficiency.
- Improved the employees' psychological statement and their motivation.

3.2. SOME IMPORTANT OBJECTIVES OF QFD

As specified previously, QFD seems to be different from other traditional quality measurement instruments and being preferred to use by a major number of services organizations. Researchers mention continuously the advantages of this model and underline its important objectives for being applied.

- To drive long-term improvements in the way new products are developed in order to create value for customers (Raghunathan and Vonderembse, 1997)
- Identify the customer; determine what the customer wants; provide a way to meet the customers' desires (Motwani and Kathawala, 1994).
- Definition of the products characteristics, which meet the real needs of the customers; gathering all of necessary information to set up the design of a product or a service, without neglecting any point of view; supplying a support to competitive benchmarking; preservation of coherence between the planning and manufacturing processes of a product; provision of an audit trail from the manufacturing floor back to customer demands; auto documenting the project during its evolution (Zairi, 1995).
- Identify current performance measures that are closely linked to CR; identify current performance measures that are redundant; identify new customer oriented performance measures that are required; identify conflicts associated with different performance measures; identify target values for customer oriented performance measures; assess the degree of difficulty of achieving the target value (s) for specific performance measures (Jagdev et al., 1997).

3.3. QUALITY DIMENSION DEVELOPMENT

“Quality dimension” has the same meaning with “customer requirements” (Day, 1993). Customer requirements represent “the attributes or features of a product or service that the customers consider important in order to achieve satisfaction” (Evans and Lindsey, 1999:56). Actually, the customer can perceive a lot of different features or attributes and these can be diversified from a product to another and from a service to another. However, certain sectors have similar attributes. For example, in auto industry or medical sector, safety attribute will always be important for the customers. In the service sector, Kennedy and Young (1989) found out four common attributes or quality dimensions as availability, responsiveness, convenience and timeliness. Researchers of SERVQUAL model presented five attributes of service quality as tangibles, reliability, responsiveness, assurance and empathy (Berry, Parasuraman and Zeithaml, 1990). Anyway, these quality dimensions seem to be specific to service organizations.

Madu (2004) argues that quality dimension relies on the cross-functional teams and gives the following example in order to clarify the inter-departmental work inside an organization by analyzing how needs of customers are satisfied. Thus, if supposed manufacture process of a car, a sample of customers’ requirements features may consist from:

- *Operational* – the ease of opening the car’s door; the length of time between scheduled services
- *Aesthetics* – the size or shape of the car
- *Availability of support* – the availability of mechanical services
- *Responsiveness* – the time it takes to perform scheduled services

After organizing the features above, the cross-functional team can work with specific quality dimensions which cover a list of customer requirements.

While talking about customer requirements, it is important to specify some of the most important methods for collecting this data. According to Cohen (1995) there are two basic types of this process:

- *Reactive data* can be found as customer complaints, compliments, feedback, hotline data, product returns and/or warranty claims. This data is usually negative and however difficult to hear, it typically represents significant improvement opportunities. For example, it is likely that a customer complaint occurs after the person experiences a product or service dissatisfaction multiple times. Other unsatisfied customers may not announce a complaint and just immediately switch to a competitor. *Proactive data*, can be collected from customer interviews, surveys, focus groups, observations, etc. :

➤ Interviews

A traditional collection method of customer requirements. This technique is used to provide a specific customer point-of-view regarding product or service issues, attributes and performance measures. It can be performed by the organization directly to one customer or to a group of customers, such as within a single customer segment.

➤ Surveys

This collection technique is used to measure the performance of a product, service or attribute across an entire customer segment or group of segments. It is recommended to have a minimum of 100 answered questions per data subgroup to minimize the margin of error. When developing the survey, it is important to determine the measurement scale for answers, test the individual questions against the survey objectives, and validate the questions through a pilot before launching it. These steps will significantly improve the data collection success (Day, 1993).

➤ Focus Groups

This is where a group of 8 to 12 potential customers within the demographic groups that the company wants to target meet in a room

together and are asked to share their perceptions, beliefs and opinions about a product or service. Typically the group participants are free to openly talk with one another. This data collection method is used to gain insights into the customers' prioritization of needs and/or to test concepts and get feedback. Focus groups are sometimes used in addition to interviews and surveys as the last step to further investigate and understand the Voice of the Customer for each of the company's touch points.

➤ Going to the GEMBA

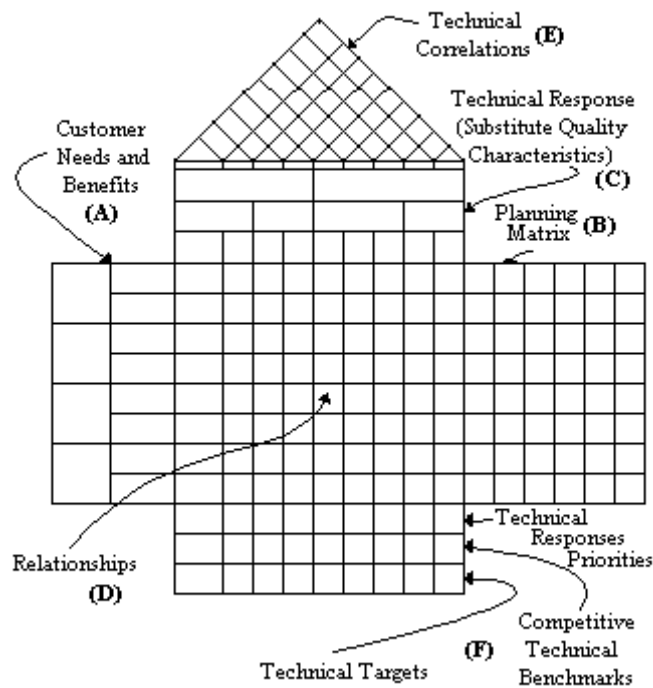
This is an alternative customer research method focusing on discovering customer needs or problems. This method relies more on observation of customer behavior and direct interviewing of the customers. The outcome of such research is an understanding of customer needs and problems, which can feed into the earliest phases of the product/feature development process.

3.4. QFD METHODOLOGY

The QFD method includes building one or more matrices known as “quality tables”. The first matrix is named as the “House of Quality” (HoQ). It exhibits the customer's needs on the left hand side, and the technical response to meeting those needs along the top. The figure bellow shows each of the sections contained in the HoQ. Every section holds important data, specific to a part of the QFD analysis. The matrix is usually completed by a specially formed team, who follow the logical sequence suggested by the letters A to F, but the process is flexible and the order in which the HoQ is completed depends on the team. Figure 3.1., illustrates a schematic view of HoQ. Section A has a list of customer needs; Section B contains market data, strategic goal setting for the new product and computations for prioritizing the customer needs; Section C includes information to translate the customer needs into the organization's technical language; Section D contains the relationship between each customer need and each technical response; Section E (the “roof”) assesses the interrelationships between elements of the technical response; Section F contains the

prioritization of the technical responses, information on the competitors and technical targets. Moving on from the HoQ, QFD comprises the building of other matrices that help to make detailed decisions throughout the product development process, however in practice they are rarely used (Cohen, 1995). The main reason for this is that the integration of people required to build the subsequent matrices, will use 80 % of a company's employees (Amos, 1997).

Figure 3.1.: Schematic View of HoQ

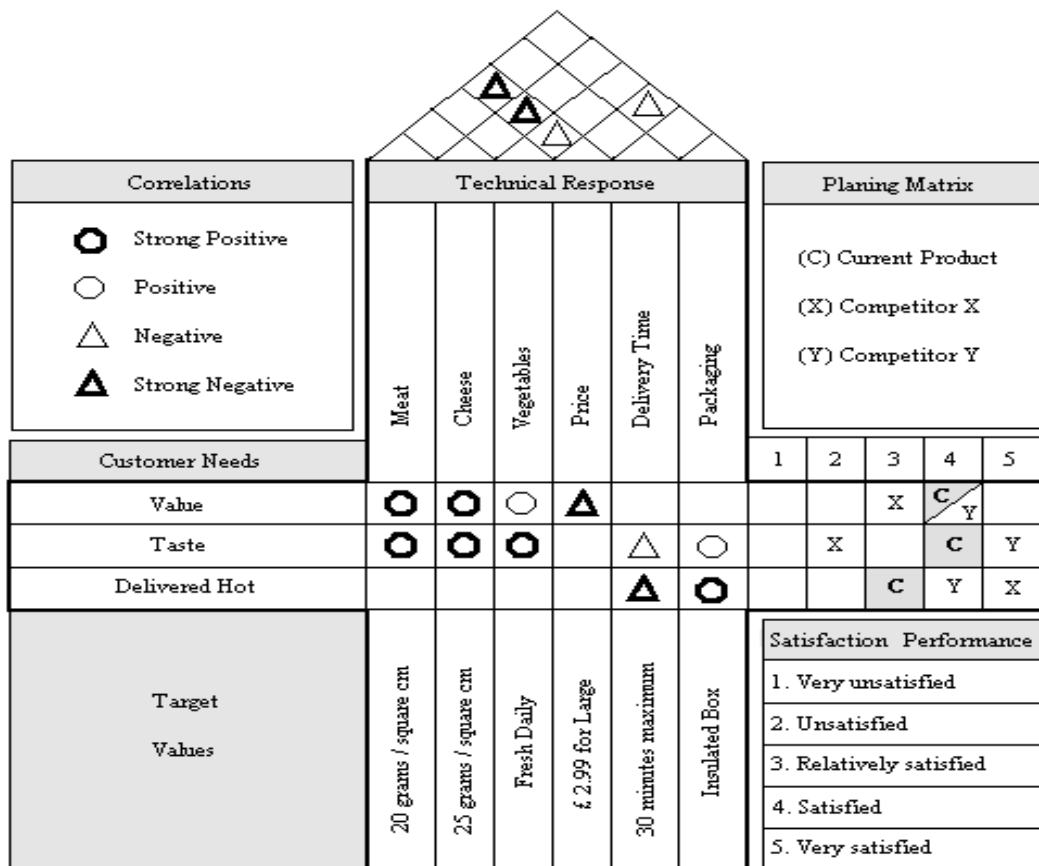


Source: Aspinwall and Delgado (2003), p.3

In order to better understand the structure of the HoQ, a brief example is presented in Figure 3.2. It concerns the improvement of a pizza (Sower et al., 1999); its HoQ is shown in the following figure. As can be seen, the customers want value, taste and the pizzas delivered hot. The current product is superior to competitor X on two of the three customer requirements, but ranks equal to or below competitor Y on all three requirements. The purpose of this product redesign project is to make the current product superior to both competitors on all three counts. There is a strong positive correlation between the design requirements of meat and cheese and the

customer requirement of value. That means that the more meat and cheese on the pizza, the higher the value to the customer. The roof shows that there is a strong negative correlation between meat and cheese and price, which means that there is a trade-off to be considered. A way to provide a meaty, cheesy pizza at a low price must be found. The bottom of the HoQ shows the target values that the design team has determined must be met to meet the technical responses. These are the specifications for the pizza that will put the current product ahead of its two competitors.

Figure 3.2.: HoQ for Improvement of a Pizza



Source: Sower et al. (1999), p. 76

3.4.1. Customer Requirements

The HoQ can be built in many shapes and forms. The general purpose of QFD model includes the Customer Requirements (CR) also known as Voice of

Customers (VoC). They are the “whats” the customers want from the product to be developed or service to be offered. They contain customer wishes, expectations and requirements (Shahin, 2004).

3.4.2. Customer Importance Ratings

Once these “whats” are in place, the customer needs to provide numerical ratings to these “whats” items in terms of their importance to the customer. A numerical rating of 1 to 5 is often used, in which the number 5 represents the most important and 1 the least important one.

3.4.3. Customer Market Competitive Evaluations

In this block, a comparison is made by the customer between a company’s product/service and similar competitive products/services on the market. The comparison results will help the developer position the product on the market as well as finding out how the customer is satisfied now. For each product, the customer gives 1 to 5 ratings against each CR, 5 being best satisfied and 1 the worst.

3.4.4. Technical Specifications

Technical specifications are to be built in a product/service with the intention to satisfy CR. They are sometimes referred as “hows” because they are the answers to CR: how can the requirements be addressed or satisfied. They are the engineers’ understanding in technical terms what customers really want. The technical specifications must be quantifiable or measurable so that they can be used for design.

3.4.5. Relationship Matrix

Relationship matrix is used to maintain the relationship between CR and design requirements. In other words, the matrix corresponds to the “whats” vs. “hows”. It is the center part of HoQ and must be completed by technical team. A

weight of 1-3-9 or 1-3-5 is often used for internal representation of relationship, 1 being the weak and the biggest number showing the strong relationship.

3.4.6. Correlation Matrix

Correlation matrix is the triangular part in the HoQ – the “roof”. The correlation matrix is used to identify which “hows” items support one another and which are in conflict. Positive correlation helps identify “hows” items that are closely related and avoid duplication of efforts. Negative correlation represents conditions that will probably require trade-offs. The positive and negative ratings are usually quantified using 2, 1, (-)1, and (-)2 ratings, with 2 being the two “hows” items strongly supportive to each other and (-) 2 being conflictive ones. Sometimes only 1 and (-) 1 are used.

3.4.7. Performance Goals

Completed by technical team, these are the “how muchs” of the technical “hows” items. They provide designers with specific technical guidance for what have to be achieved as well as objectively measuring the progress. The goals have to be quantified in order to be specific and measurable.

3.4.8. Technical Difficulty Assessment

Technical team conducts the assessment. It helps to establish the feasibility and realization of each “hows” item. 1 to 5 ratings are used to quantify technical difficulty with 5 being the most difficult and 1 being the easiest one.

3.4.9. Technical Competitive Evaluation

The technical competitive evaluation is used for comparing the new product with competitor’s products to find out if these technical requirements are better or

worse than competitors' ones. Again, 1 to 5 rating are used, with 5 being fully realized each particular "hows" item and 1 being the worst realized.

3.4.10. Overall Importance Ratings

This is the final step for finishing the HoQ in its first phase. For each column, sum all the row numbers each of which is equal to the production of relationship rating and customer's important rating. The results help identify critical product requirements and assist in the trade-off decision making process.

3.5. STRENGTHS AND WEAKNESSES OF QFD

3.5.1. Strengths

The QFD process, when adopted carefully, offers numerous direct and indirect benefits. Some of the salient benefits will be analyzed below. First, it systematically interfaces external customer needs with a firm's service generation efforts. This point is particularly important in that many other service quality and customer satisfaction programs concentrate mainly on the external market demand. In this context, the QFD process can be an excellent tool to close simultaneously all the "five service gaps" proposed in service quality model by Parasuraman et al. (1985) and Zeithaml et al. (1988) (i.e., the Gaps Model). For example, service gaps occur when management misperceives customer needs (Gap 1); when services are misspecified (Gap 2); when services are misdelivered (Gap 3); when services are miscommunicated (Gap 4); and when service performances do not meet the customers' expectations (Gap 5). Customer-defined importance of need attributes in the beginning of QFD process minimizes Gap 1. Active participation and strong cooperation required of functional managers in constructing the relationship matrix contributes to the elimination of Gaps 2-4. Then, the closing of Gap 5 is one of the ultimate goals of the whole QFD process in the long run.

Second, the QFD model offers a realistic opportunity to advance the previously proposed models to remedy service problems. As a result of more than a decade-long research program, Berry et al. (1994) found that delivering quality service was in part a design challenge. They proposed “service mapping” as one of the ways to improve service system design. Similarly, Shostack (1982) earlier introduced “service blueprints” as a way to diagnose service delivery problems.

Nevertheless, these proposals did not include a specific instrumental method for doing so. When added to service mapping and blueprinting techniques, the QFD process is expected to provide management with more actions-oriented guidelines for service design as well as a more holistic view of the service delivery and design process.

Third, QFD also provides a structured method for proactively designing quality into a process (Murgatroyd, 1993). Few research paradigms have suggested specific guidelines for translating market demand into a service company’s production process. This is particularly critical for service organizations with limited resources. Therefore, an accurate translation of customer needs into company-specific quality or service function deployment strategies is the first step for a company seeking to maximize the output of limited resources. QFD assists management in improving the process of service design with limited resources.

Fourth, the QFD process promotes not only effective communication but also close cooperation among functional managers and business units. Strong team work was emphasized by Berry et al. (1994) for service excellence. Because group consensus on the assignments of numerical values throughout the house of quality is essential, QFD participants are required to communicate extensively about both customers’ needs and management requirements. This process is likely to help in enhancing cross-functional relationships within a service organization, which is essential for maintaining a healthy organization.

Another unique feature of QFD is its capability to deal with several key competitors simultaneously. Assessments of key competitors with regard to the capabilities of the company as well as the market demand may provide the company with valuable strategic visions.

The QFD process also affords a great deal of flexibility in its application. Although the QFD process may look complicated, companies need not attempt to construct a house of quality for the entire organization from the beginning. QFD can be applied to one or two focal functional areas first and companies may expand the house by including other functional areas later. In the same way, a few strategic customer needs may be a good starting point for building a house of quality and then, additional needs can be incorporated periodically. In this way, management reserves full control over the QFD process based on the company's strategic intent.

3.5.2. Weaknesses

Despite the strong potential of QFD, several potential limitations must be considered with future applications. First of all, QFD relies heavily on data obtained from the customers through market research and from functional managers through formal and informal discussions. Thus, inaccurate input data due to such reasons as response bias, wrong research methods may provide unreliable guidelines for service management.

Secondly, the entire QFD process may be a cumbersome procedure, demanding excessive involvement from various functional units. Once established, however, QFD becomes a baseline process; subsequent revisions and updates can be done easily thereafter. In particular, when the house of quality is prepared with spreadsheet programs, revisions and extensions are an easy task.

Finally, another limitation might be that the chart may quickly become too large to handle. This problem may be solved by reducing the number of service attributes

and service design/management requirements to a smaller set of key items (Jeong and Oh, 1998).

3.6. STUDIES ON QFD

Considering review of literature on quality, it has been found that the earliest researches related to quality definitions and measurements were conducted in the manufacturing sector. While systematic studies on quality started in the manufacturing sector in the 1920s, researches on quality in services began to grow in the late 1970s worldwide (Gummesson, 1991).

Zeithaml et al. (1990) sustain that service quality cannot be objectively measured as can physical goods. The evaluation of quality for services is more complicated than for products because of services' characteristics of heterogeneity, inseparability of production and consumption, perishability and intangibility (Frochot and Hughes, 2000). These distinguishing features of services make difficult to define and measure service quality.

The QFD model concentrates on maximizing customer satisfaction. It focuses on delivering value by seeking out both, spoken and unspoken needs, translating these into actionable services, and communicating these through the organization. Then, QFD gives the permission to customers to prioritize requirements they have, to explain the firm which is its current situation comparative to its competitors and to direct firms optimize those aspects of their services that will bring greatest competitive advantage.

Since being introduced by Shigeru Mizuno and Yoji Akao of the Tokio Institute of Technology in the 1960s, QFD was analyzed and improved in a wide variety of countries all over the world, like Japan, US, Australia, Belgium, Brazil, Germany, Finland, China, Korea, Netherlands, Slovenia, Sweden, etc. Turkish researchers also presented a big interest in analyzing the QFD process. A lot of

studies in various areas are conducted more or less in the majority of Turkey's institutes and universities.

The first two reported applications of QFD were in shipbuilding (Nishimura, 1972) and electronics (Akao, 1972) industries. The early applications of QFD were concentrated on such industries as automobiles (Anderson, 1993; Dika, 1995), electronics (Haavind, 1989; Williams, 1994) and software (Barnett and Raja, 1995). Nowadays it will be hard to find an area of service industry in which QFD remains not applied. As Chan and Wu (2002) specifies along its history, QFD model was implemented in service domains like transportation and communication (Hendersson, 1994; Hales, 1995), accounting (Booth, 1995), banking (Ko and Lee, 2000), engineering services (Pun et al. 2000), food distribution (Hines and Samuel, 1999), hotels (Dube et al. 1999), retail (Nagendra and Osborne, 2000), technical library and information services (Chin et al. 2001), wholesale (Keenan, 1996).

More than forty years have passed since Japanese academics and industrialists began to formalize the QFD process due to its effectiveness in product development and quality management. Starting with that period, many QFD process applications and studies have been reported. Despite adaptations of the original process to services, service applications of the QFD method remain limited. In Japan, there are more than 1000 documented case studies on QFD model (Akao, 1997), while Mazur (1997) reports only 136 documented applications worldwide for implementation of QFD in services.

Yenginol (2000) conducted a doctoral thesis considering the importance of QFD in frame of the TQM process. The author analyzed the general areas of QFD implementation and the most important phases to pass through when applying this model. The QFD instrument was used related to statistic courses at the Business Faculty of Dokuz Eylül University and as conclusion of the study, the most important points in the process of planning statistics courses were been specified.

Öter and Tütüncü (2001) analyzed QFD from a general point of view, while being applying to the tourism sector. During their study, the authors focused especially on the advantages and disadvantages of the model.

Kağnıcıoğlu (2002) presented an article related to the practical implementation of QFD in product planning process. Points like what the marketing advantages are for firms when using QFD and how important the customer requirements are during product planning process were underlined during this study.

Güllü and Ulçay (2002) analyzed what the most important QFD mechanisms are while talking about the product development process and presented a practical implementation of the model inside a cable producing firm with explanation of the interpretation of QFD results.

Akbaba's research (2003) is related to using of QFD in the tourism sector with all detailed description of the model. Researcher specified also historical facts of the model and described how QFD was implemented in practice during different periods of time. By the end of the study the author presented some important points to be taken in consideration when using QFD inside the hospitality industry, with specifying how to improve the hotel quality of services and the customers' satisfaction through the application of the model.

The literature regarding the application of the QFD process in hotels, particularly, or the hospitality industry, generally, is limited. The majority of studies are limited to only a general description of how the QFD process must be implemented. Despite of that, some studies on topic in question deserve to be taken in consideration when analyzing the QFD model:

QFD method for customers requesting a hotel room was the essential topic for Galanty and Kirk's study in 1994. The framework of this study uses several methodologies. QFD is extensively used in order to support the most important phase of the framework. Kano's model of customer requirements has been integrated in the

QFD structure by means of an original method developed by authors. Requirements related to hygiene and comfort rooms are founded among the most important ones when requesting the hotel's accommodation. Delivery of such unexpected quality in service or product, as "exciting quality", could certainly catch the customer's attention. But for it to be effective, the baseline "expected quality" must be fulfilled. This means rooms cleaned promptly, bathroom restocked, laundry returned on time, and so forth – the tasks that are typically performed by the hotel's housekeeping. From other part, this study's limitation is that it does not have the intention to describe the service design and management totally. It focuses a lot on the transfer of industrial methods and techniques to the service sector.

Stuart and Tax (1996) identified the potential of QFD process through the House of Quality as an effective tool, both for the strategic service positioning level and for the service quality delivery planning process at the tactical level. During all their study, authors analyzed the adoption of QFD model while service design process and presented case studies to gain additional insights into design challenges. It was established also that adding more tangibility in the service encounter of a hotel will reduce the risk of creation of a big gap between customer expectations and perceptions.

In 1998, Haemoon and Miyoung developed a hypothetical QFD implementation in the lodging industry in order to illustrate future applications in this area. Authors demonstrated that QFD has more advantages and benefits when compared with other, traditional service quality measurement approaches. Anyway, they presented also the weaknesses of the model, some of them being the difficulty to control all of the customer requirements when introducing data to be analyzed or the difficulty to handle all the phases of building the House of Quality, while becoming big enough, this instrument it is not so easy to be controlled.

Dube, Johnson and Renaghan (1999) analyzed a modified QFD approach for extended-service transactions and empirical demonstration with luxury business hotels. Researchers adapted the QFD model generally in context of the service

design process. Authors reported intangible benefits such as reduction in loneliness and monotony, increased job enrichment and teamwork, better communication between team members and between guests and team members, and stronger customer-supplier relationship between housekeeping and laundry as being important in providing better quality services.

Oke et al. (2008) showed the combined application of QFD and Pareto Analysis to hotel services through a hotel case-study. The Pareto Analysis is applied as a prioritization tool for the purpose of financial investment decision. This paper is considered new and appears to be the first application of the Pareto related to QFD principles in hotel services, and a new way of prioritization and quality improvement in hotels systems. As a conclusion of this study, researchers specify that the implementation of Pareto analysis results into increased customer patronage and improved hotel profit margin.

CHAPTER IV

METHODOLOGY

4.1. RESEARCH ENVIRONMENT

This study has been conducted in a five star hotel in Antalya*. The hotel is situated at the Lara Beach; 15 km to downtown Antalya and 11 km to the international airport. It has its own, private, 230 m long sand beach. The Case Hotel is a part of a resort which includes already four hotels in it and a project for building a fifth hotel is implemented nowadays by this resort's owners.

Case Hotel has 462 rooms in the main building, each of which has either a sea or a mountain view. It has 385 standard rooms, 58 duplex family rooms, 11 standard family rooms, 2 rooms for handicap persons and 6 suits. All types of rooms have a mini bar (refilled daily with soft drinks), direct telephone, information and music channels, satellite TV channels, central air conditioning, toilet and bathroom, hairdryer, safe, balcony, wireless internet, slippers and bathrobes. The hotel has one main restaurant for breakfast, lunch and dinner with a capacity of 650 indoor and 155 outdoor seats, also 8 A la Carte Restaurants which offer Turkish, French, Mexican, Japanese, Chinese, Italian foods, and a fish cuisine. There are 11 bars on the territory, with a Turkish Topaz Teahouse included, where everybody can enjoy Turkish tea, coffee or a water pipe.

The Case Hotel has three outdoor and one indoor swimming pool. A holiday in this hotel can also be enjoyable by using the volleyball, basketball or three tennis courts. There is also a SPA centre with a lot of procedures offered (aromatic, Thai and peeling soap massages, facemasks, body masks, face peeling, etc.), two saunas and a Turkish bath. Two fitness centers are also opened to guests who are interested in. Animation works daily around the pool and evenings at the amphitheatre. Children can be involved in different daily and evening activities at the Mini Club. The payment acceptable in the hotel is cash, Visa, Master or Euro Cards.

* Since the hotel management wanted its name not to be revealed, in this thesis, the hotel name is given as "Case Hotel".

The Case Hotel activates according to an Ultra All Inclusive (UAI) system. Accommodations and services included in UAI are: welcome with champagne, fruits in the room, open breakfast, late breakfast, lunch, diner buffets and midnight snacks, brunch with champagne on Sundays, ice-cream, toasts, hot-dog, A la Carte Restaurants, alcoholic, non-alcoholic and local/imported drinks, pressed fresh juices, digital safes in the rooms, tennis courts, Turkish bath, sauna, fitness, jakuzzi, water slides, water sports activities without engine, sun beds, beach towels, room service, wireless internet, water pipe and Luna Park .

Services that are not included in the UAI: phone calls, fax, water sports activities with engine, internet café, laundry, beauty saloon and hairdresser, tennis lessons, massage, diving school, doctor, shopping street and some very special import drinks (like very select sorts of French champagne, Italian wines or Irish whiskey).

The hotel is opened for its customers twelve months a year. The average of fulfillment of the hotel per each month is presented in Table 4.1. During special occasions, Turkish religious feasts or some important international holidays, the general average of the guests staying in the hotel is always more than 85 %.

Table 4.1.: The Average of Guests Staying in the Hotel (January-December)

Month	Average (%)
January	70
February	65
March	53
April	62
May	80
June	94
July	95
August	93
September	92
October	86
November	72
December	68

Hotel customers' nationalities are generally like 61 % German, 12 % Dutch, 11 % Russian, 5.6 % English, 4.8 % Turkish and 5.4 % people coming from countries like France, Swiss, Austria, USA, Serbia, Rumania, Moldova, Scandinavian Countries, etc.

Hotel possesses already an ISO 9000 certificate. At the moment when this research was conducted there were 202 employees working in the hotel, including the general manager and ten department managers.

4.2. RESEARCH METHODOLOGY

The research methodology to be used in this study in order to answer the research questions was quantitative in nature. Elements of qualitative research like observation, and focus group studies, were also implemented for accomplishment of this work. According to Ghauri et al. (2002), three types of research can be identified; these are: descriptive, exploratory and causal. Since this study aims at exploring the foreign customers' expectations from Turkish five star hotels and as long as a concrete hotel case study is analyzed, a combination of exploratory and descriptive researches was employed.

4.2.1. Research Objectives

The main objective of this research is to identify the most important foreign customers' expectations from a five star Turkish hotel. Besides that, the technical specifications to be implemented in order to complete the customers' needs, the actual hotel performance, the situation of the hotel considering one of its main competitors, and the changes in hotel's point of sales are to be found out by the end of this study. Considering some other studies conducted in the hospitality industry, the QFD model will be implemented in accomplishment of this research as one of the most important tools which helps managers understand customers and integrate their requirements in service design.

4.2.2. Research Hypotheses

Besides the implementation of the QFD model, two hypotheses will be formulated. Since needs and requirements of customers may be shaped by their cultures, the study proposes that hotel guests coming from different countries might have different requirements or perceptions/evaluations of the hotel performance. Therefore, besides implementing QFD methodology, this study aims to find out whether the importance degrees of requirements and hotel performance evaluations differ with regard to different nationalities. Hence, the bellow hypotheses are formed:

H1: There is a difference in importance degrees of requirements between different nationalities.

H2: There is a difference in evaluations of hotel performance between different nationalities.

4.2.3. Research Design

The research design applied in accomplishment of this study is composed of two sections. Section one represents the gathering of customer requirements and focuses on the application of a questionnaire technique, while the second part is related to a practical implementation of the QFD model. For the second phase of the study a QFD team was formed in order to have a well-built QFD instrument. The QFD team included ten employees of the hotel: General Manager, Front Office Manager, House Keeping Manager, Food and Beverage Manager, Chief Cook, Security Manager, Guest Relations Manager, Technical Services Manager, Sales Manager and Human Resources Manager. The QFD meetings took place in a conference room inside the hotel during four months.

4.2.3.1. Voice of Customers

4.2.3.1.1. Determination of Customer Requirements

Determination of customer requirements is an important step in the practical application of the QFD model. Methods like interviews, observations, focus groups and going to the GEMBA were used to identify the most important customer requirements. While going to the GEMBA method (which represents a major part in accomplishment of this study), nine different focus groups were organized, each of them with nine representatives of the same nationality: German, Dutch, English, Turkish, Russian, Rumanian, French, Swiss and Serbian. The decision to organize nine different focus groups was due to the fact that people are expressing better opinions by using their native language. At the same time, since the purpose of this study is to determine the expectations of foreign tourists from Turkey's five star hotels, the Turkish focus group, was composed by Turkish people who was born, educated, and actually live abroad. People invited to take part in the focus groups were of different age, gender, marital status, profession, etc. – in order to understand the needs of every segment when identifying requirements. The guests were asked to explain and to discuss points like:

- Why they chose Turkey as a holiday destination
- What comes in their mind when they are thinking about UAI system
- What would they change in the hotel if they had this opportunity
- Which things are absolutely bad or negative in the hotel
- Which factors can motivate them to come back to the hotel
- Which factors can demotivate them to come back to the hotel
- What other things/services can be included in hotels offering UAI system in order to satisfy guests more

Besides focus groups, the files of guests' complaints collected by the Guest Relations Department during the whole season have been analyzed and results from this phase have been compared with the guests' responses and reactions resulted from focus group discussions. Generally, both were nearly the same. The results

from these phases are presented in Table 4.2. The table illustrates the initial list of 30 most underlined customer requirements.

As some of the requirements seemed to be similar to other requirements, another group of nine guests, from different origins, speaking English fluently (as a common language), was invited to categorize requirements. Each customer requirement was written one by one on separate sheets of paper. The group members discussed the similarities between presented requirements and grouped them. During this process, the initial list of customer requirements has been reduced due to the fact that some of the requirements were seen having the same meaning and related to the same topic. For example, “hotel rooms should be absolutely clean” and “hotel territory should be absolutely clean”, were evaluated as the overall cleanliness in the hotel. Similarly, “food and beverages should be delicious and diversified” has been added to the “food and beverages should be hygienic and high quality”. “All the technical equipment should be clean and good working” has been associated to “all the technical equipment should be new”, while “staff should know foreign languages” has been seen as a part of “staff should be professional and experienced”. At the same time, “guests should always find the competent person for solving a problem” has been mixed with “services should be offered immediately and at the right time”, accordingly, “children should feel safe in the Mini Club” has been seen as a part of already existing “guests should feel safe in the hotel area” item. Another common point has been found between “there should be no discrimination according to guests’ origins” and “every procedure and service should be adapted in conformity with different cultures”. The final list of customer requirements which have been reduced to 23 is given in Table 4.3.

Table 4.2.: Initial List of Customer Requirements

No	Customer Requirements
1	Hotel should have a nice outlook, design, furniture and overall a positive atmosphere
2	Hotel rooms should be absolutely clean
3	Hotel should have enough swimming pools, bars, restaurants, elevators for all the guests
4	Hotel rooms should be comfortable
5	Food and beverages should be delicious and diversified
6	Food and beverages should be hygienic and high quality
7	Offered room products should be new and enough for everybody
8	Hotel territory should be absolutely clean
9	All the technical equipment (air conditioners, coffee machines, etc.) should be clean and god working
10	All the technical equipment (air conditioners, coffee machines, etc.) should be new
11	Services should always be offered immediately
12	Guests should always find the competent person for solving a problem
13	Staff should always smile and reflect their satisfaction with the job they are doing
14	Staff should be professional and experienced
15	Staff should know foreign languages
16	Staff's uniform should always be clean and good looking
17	Hotel should have enough staff in every department
18	Reservations should be done correctly
19	Sport activities should be diversified
20	Animation should be various
21	Guests should feel safe in the hotel area
22	Management should be sensitive to guest wishes or complaints
23	There should be a Mini Club in the hotel
24	Children should feel safe in the Mini Club
25	There should be special offers (special VIP price lists, free SPA, free hairdressing, etc.) for repeat guests
26	Hotel prices should stay constant
27	There should be a good sound isolation in the rooms and in the hotel area
28	Every procedure and service should be adapted in conformity with different cultures
29	There should be no discrimination according to guests' origins
30	There should be a dress code in the hotel, especially at dinner

Table 4.3.: Final List of Customer Requirements

No	Customer Requirements
1	Hotel should have a nice outlook, design, furniture and overall a positive atmosphere
2	Hotel should have enough swimming pools, bars, restaurants, elevators for the total amount of the guests
3	Hotel rooms and hotel territory should be absolutely clean
4	Hotel rooms should be comfortable
5	All the technical equipment (air conditioners, coffee machines, refrigerators, etc.) used in the hotel should be new, good working and clean
6	Offered room products (soaps, towels, etc.) should be new and have an amount well enough for every person using that room
7	Food and beverages should be hygienic, delicious, high quality and diversified
8	Services should always be offered immediately and at the right time
9	Staff should always smile and reflect their satisfaction with the job they are doing
10	Staff should be professional and experienced
11	Staff's uniforms should always be clean and good looking
12	Hotel should have enough staff in every department
13	Reservations should be done correctly
14	Guests should feel safe in the hotel area
15	Management should be sensitive to guest wishes or complaints
16	Animation should be various
17	Sport activities should be diversified
18	There should be a Mini Club in the hotel
19	Hotel prices should stay constant
20	There should be special offers (special VIP price lists, free SPA, free hairdressing, etc.) for repeat guests
21	There should be a dress code in the hotel, especially at dinner
22	There should be a good sound isolation in the rooms and in the hotel area
23	Every procedure and service should be adapted in conformity with different cultures

4.2.3.1.2. Questionnaire Design

All of the customer requirements from the list illustrated in Table 4.3., were introduced in the questionnaire form, presented to guests, as the questionnaire technique was utilized and data were collected via questionnaires in accomplishment of this study. The questionnaire used in this study was composed of two parts. Part one presented questions considering information about country of origin, gender, age, profession and education of respondents. In part two, participants were asked to specify the importance degrees of the presented customer requirements. In addition, the respondents were requested to mark the performance level of these requirements in the hotel. In order to measure these, a 5-point Likert scale was used, 1-representing “very unimportant” and 5-representing “very important”, for specifying the importance degrees; 1-representing “very low” and 5-representing “very high” for identification of the performance levels. The questionnaires were distributed in English, German, Turkish and Russian languages. Dutch, Rumanian and Serbian guests completed the questionnaires in English, while French and Swiss guests answered at the German questionnaires due to the fact that their knowledge of German language was specified by the guests their selves as being good. The procedure was applied starting from October 2010 to mid January 2011.

4.2.3.1.3. The Sample

The population was comprised by people who come usually, to spend their holiday in five star Turkish hotels. Convenience sample technique was applied for this research as the selection of the sampling units was decided by the interviewer. Convenience sampling is mostly used for researches for generating ideas, insights and hypothesis. Also, this technique is considered least expensive and time consuming technique (Malhotra, 2004:321). Since the guests to participate in the questionnaire presented in this thesis were selected by the interviewer and due to the fact that two hypotheses were formulated in order to answer some research questions, this sampling technique was found appropriate for the accomplishment of this study.

Despite the fact that all types of guests seem to be important when implementing a QFD model in the lodging industry (Stuart and Tax, 1996), the matrices would be very extensive and difficult to handle when analyzing all of the guests' categories. Thus, in order to avoid that, guests which spent at least one night in the Case Hotel and have been already at their check out point, were chosen as a main customer segment to be analyzed.

In line with the previous studies, a sample size of approximately 250 respondents was determined in advance. The main reasons for determining this sample size was based on several qualitative factors: the nature of the research, number of variables, and the sample sizes used in similar studies. Since the nature of this study is exploratory with descriptive elements, the sample size is typically small to large (Malhotra, 2004:318). Average size of samples used in similar studies is 200 minimum, thus a sample size of 250 for this research was considered satisfactory. The total capacity of the hotel at the moment when this research was conducted represented 71 %.

From the total number of 250 questionnaires, 37 were not returned and 62 were not totally completed, which made them unusable for the research. In the end, 151 samples were obtained that were later used for the study.

4.2.3.1.4. Data Analysis Procedure

In order to achieve the purpose of this research, the customer requirements were established while using methods like going to the GEMBA and focus group studies. SPSS 16.0 version was used to help analyze the collected data after the implementation of the questionnaire technique. The Cronbach's alpha was used for reliability analysis, while analysis of variance (ANOVA) was applied to asses the difference across certain groups of respondents considering the importance degrees of requirements and their performance levels in the hotel.

4.2.3.2. The Activity of QFD Team

Members of QFD team established technical specifications, relation degrees between technical specification and customer requirements, and completed the planning matrix, which represents an important part of a House of Quality. The four months activity of the QFD team composed in order to conduct this research is described in following parts of this chapter.

4.2.3.2.1. Technical Specifications

Technical specifications are to be built in order to satisfy the customer requirements. Thus, every single guest requirement presented in the questionnaire form was deeply analyzed by members of the QFD team, and for every customer requirement, an improvement solution was found during the QFD meetings. The list of established technical specifications is illustrated in Table 4.4.

4.2.3.2.2. Relationship Matrix

Relationship matrix is used to maintain the relationship between “whats” and “hows”, or in other words between customer requirements and technical specifications. As specified above, during QFD meetings every single customer requirement was underlined and solutions for it were identified. In this way, the influence of every technical specification on every customer requirement can be highlighted.

In the relationship matrix, every cell was completed with special symbols in order to show the relationship between a special customer requirement and a technical requirement corresponding to it. The symbols chosen to be used in this research are presented in Table 4.5.

Table 4.4.: Technical Specifications

Employees' competence
Product quality
Optimal quantity of the staff
Hygiene
Social facilities
Security services
Empathy
Exceptions from rules
Management's ability to solve problems
Animation
Comfort and design
Territory's outlook
Optimum capacity of the service unit
Preventive and regulative maintenance
Uniform
Effective use of time
Easy booking
Dress code implementation

Table 4.5.: Numerical Values Chosen to Show the Relationship Degree

Relationship Degree	Numerical Value
Strong Relationship	5
Moderate Relationship	3
Weak Relationship	1
No Relationship	The cell will be left empty

4.2.3.2.3. Competitor Analysis

Every guest requirement was analyzed from the point of view of a competitor hotel's activity. This mission has been also completed by members of the QFD team. They chose a five star hotel activating in the same region, with approximately the same room capacity and offering nearly the same UAI concept as Case Hotel, which is considered the nearest competitor. These data have been presented in the "Competitor" column inside the planning matrix. From understandable reasons, the name of the competitor hotel was also not revealed.

4.2.3.2.4. Performance Goals

Members of QFD team also specified the major performance goals of the organization according to every guest requirement. These results have been presented in "Performance Goals" column inside the planning matrix. Finding this data has a big importance for the relationship between points like employees, hardware and financial resources of the organization. In other words, hotel managers decided at what level they want to meet the requirements of the customers.

4.2.3.2.5. Point of Sales

The point of sales (POS) data was presented considering the fact that if there is an improvement in the implementation or performance of a guest requirement, than an improvement in sales will also occur. Results were established according to hotel's budget by QFD team and were also introduced in the planning matrix. The points given for point of sales establishment were used as follows (Öter and Tütüncü, 2001):

- 1.50. A characteristic which influences the POS a lot.
- 1.20. A characteristic whose importance is moderate for the POS process.
- 1.00 A characteristic which has no influence on POS.

4.2.3.2.6. Improvement Ratio

Data in the “Improvement Ratio” column were computed by dividing performance goals found for every guest requirement by the “Case Hotel Performance” values. The improvement ratio is considered to have a big importance when performing customers’ wishes and needs because it gives a quantitative information on effort required to improve, but is relative to current performance level (Akbaba, 2006).

4.2.3.2.7. Raw Importance Weight

Raw importance weight represents the relative importance of each need and it was calculated during the QFD meetings by multiplying given importance ratings specified by guests with improvement ratios and with POS values.

4.2.3.2.8. Normalized Raw Importance Weight

“Normalized raw weight gives an organizational importance to meet a need that reflects sales and market priorities” (Chang, 2008:313). Data included in this column of the planning matrix were presented in a percentage form and were computed by the QFD team while dividing the raw importance weight for every guest requirement to the total numerical value of the raw importance weight.

4.3. FINDINGS

4.3.1. Demographic Profiles of Respondents

Table 4.6., illustrates the gender distribution of respondents. When analyzing these data a big majority of 58.9 % German guests can be observed, this is similar also to the general nationality profile of hotel guests.

Table 4.6.: Distribution of Guests According Their Country of Origin

Nationality	Frequency	Percentage (%)
German	89	58.9
Dutch	19	12.6
English	13	8.6
Russian	5	3.3
Turkish	5	3.3
Other (French, Austria, Swiss, etc.)	20	13.2
Total	151	100.0

Table 4.7., illustrates the gender distribution of the participants. As can be observed, 43.7 % of them are male, while 56.3 % are female, respectively.

Table 4.7.: Gender Distribution of Guests

Gender	Frequency	Percentage (%)
Male	66	43.7
Female	85	56.3
Total	151	100.0

In Table 4.8., the age distribution of participants is presented. 30.5 % of respondents are 55 years and older, 21.9 % represents the 45-54 year group, while 21.2 % are between 35-44 years old. This illustrates that the sample is mostly composed of older respondents; this is parallel to the age profile of the hotel guests in winter season.

Table 4.8.: Age Distribution of Guests

Age	Frequency	Percentage (%)
18-24	10	6.6
25-34	30	19.9
35-44	32	21.2
45-54	33	21.9
55 and more	46	30.5
Total	151	100.0

Table 4.9., illustrates the profession distribution of participants. 27.8 % of them being retired, 23.2 % - workers, 15.9 % people having their own business and 15.2 % occupying management positions. The majority of the sample is represented by retired people; this fact supports the data from the previous table.

Table 4.9: Profession Distribution of Guests

Profession	Frequency	Percentage (%)
Manager	23	15.2
Worker	35	23.2
Retired	42	27.8
Own business	24	15.9
Student	2	1.3
No working	5	3.3
Other	5	3.3
Total	151	100.0

Table 4.10 presents distribution of participants according their education level. The majority is represented by the group of respondents who have accomplished their high school studies – 43.0 %. They are followed by 27.8 % of people who have a university degree. The smallest number inside the table is 4.0 % - representing people who have only the elementary school level of education. Hence, the sample is generally composed of medium level of educated people.

Table 4.10: Education Level Distribution of Guests

Education Level	Frequency	Percentage (%)
Elementary School	6	4.0
High School	65	43.0
University	42	27.8
Master Degree	15	9.9
Doctorate	0	0.0
Other	23	15.3
Total	151	100.0

Finally, Table 4.11., shows how often respondents spend their holiday in the hotel. By analyzing the data from this table, it can be observed that 47.7 % of the respondents spend their holiday in the hotel more than once in a year, while 40.4 % of respondents visit the hotel at least once in a year. Thus, almost half of the sample is made up of loyal and frequent guests who visit the hotel more than once in a year.

Table 4.11.: Distribution of Guests Considering Number of Times They Visited Hotel

Visits	Frequency	Percentage (%)
Less often than once in 2-3 years	0	0.0
Once in few years	18	11.9
Once in a year	61	40.4
More than once in a year	72	47.7
Total	151	100.0

4.3.2. Reliability Test

As it was mentioned previously, the Cronbach's alpha was used for reliability analysis. That is, reliability is measured in terms of the ratio of true score variance to observed score variance. For social sciences studies, a reliability higher than 0.7 ($\alpha > 0.7$) is considered acceptable (George and Mallery, 2003:231).

At this stage, 2 alpha values were computed; one for the items in case of importance degrees, and another for items in case of performance levels. The alpha values of importance degrees and performance levels are equal to 0.873 and 0.880, respectively, which are both satisfactory ($\alpha > 0.7$).

4.3.3. Importance Degrees of Guest Requirements

The importance degree of every listed requirement, for every single guest, inside every guest group (specified in Table 4.6.), was found out during the analysis of the answers given to the questionnaires and was calculated according to the model presented in Table 4.12.

X_{ij} data and indexes used in the table are considered as follows:

i : Guest requirement:

$i = 1$: Hotel should have a nice outlook, design, furniture and overall a positive atmosphere;

$i = 2$: Hotel should have enough swimming, pools, bars, restaurants, elevators for the total amount of the guests;

.
.

.

$i = 23$: Every procedure and service should be adapted in conformity with different cultures.

j : Points:

for 5, $j = 1$

for 4, $j = 2$

for 3, $j = 3$

for 2, $j = 4$

for 1, $j = 5$

X_{ij} = amount of guests giving a “j” point to an “i” requirement.

According to these, for every guest group, the importance degrees given for every requirement was calculated as follows:

$$X_1 = 5 \times X_{11} + 4 \times X_{12} + 3 \times X_{13} + 2 \times X_{14} + 1 \times X_{15}$$

$$X_2 = 5 \times X_{21} + 4 \times X_{22} + 3 \times X_{23} + 2 \times X_{24} + 1 \times X_{25}$$

.
.

.

$$X_{23} = 5 \times X_{231} + 4 \times X_{232} + 3 \times X_{233} + 4 \times X_{234} + 5 \times X_{235}$$

$$X_T = X_1 + X_2 + X_3 + X_4 + \dots + X_{22} + X_{23}$$

The average P_i is calculated as:

$$P_i = X_i / \text{amount of guests inside the group}$$

Table 4.12.: Computation Model of Importance Degrees of Guest Requirements

	Very Important	Important	Neither Important Nor Unimportant	Unimportant	Very Unimportant		
Guest Requirements	5	4	3	2	1	Total	Average
1	X11	X12	X13	X14	X15	X1	P1
2	X21	X22	X23	X24	X25	X2	P2
3	.	.	.	.	.	.	.
4	.	.	.	.	.	.	.
5	.	.	.	.	.	.	.
6	.	.	.	.	.	.	.
7	.	.	.	.	.	.	.
8	.	.	.	.	.	.	.
9	.	.	.	.	.	.	.
10	.	.	.	.	.	.	.
11	.	.	.	.	.	.	.
12	.	.	.	.	.	.	.
13	.	.	.	.	.	.	.
14	.	.	.	.	.	.	.
15	.	.	.	.	.	.	.
16	.	.	.	.	.	.	.
17	.	.	.	.	.	.	.
18	.	.	.	.	.	.	.
19	.	.	.	.	.	.	.
20	.	.	.	.	.	.	.
21	.	.	.	.	.	.	.
22	X221	X222	X223	X224	X225	X22	P22
23	X231	X232	X233	X234	X235	X23	P23
Total						XT	

The importance degrees given for every single requirement, inside every guest group were computed according to formulas presented in the model above. Results are illustrated in Table 4.13. The most important items are showed inside every column with underlined bold, and the most unimportant ones, with underlined italic characters. It can be observed that the highest items are given by Turkish guests. Thus, their expectations from a five star hotel can be evaluated as very high and exigent, while English guests are not so critical considering their expectations. Items like “hotel rooms should be comfortable”, “guests should feel safe in the hotel area”, “food and beverages should be hygienic, delicious, high quality and diversified”, “hotel rooms and hotel territory should be absolutely clean” seem to be very important for all the nationalities. Requirements like the implementation of a dress code by dinner, the accomplishment of correct reservations process, the satisfaction of the staff with the job they are doing is found to be very important for Turkish, Russian, Dutch and guests of other nationalities, while English people seem to be not so preoccupied about these topics. The Mini Club, animation and sport activities seem to be less important for German and English guests, while Dutch, Turkish and other nationalities found these requirements as being relatively important. Also, all the guest groups seemed to be very pretentious considering the guest origins topic by given a high rating to the “every procedure and service should be adapted in conformity with different cultures” requirement. The general atmosphere and the hotel design presented a moderate importance degree for all the guest categories.

Table 4.13.: Importance Degrees of Guest Requirements Given by Different Guest Groups

No	Guest Requirements	Nationality					
		German	Dutch	English	Russian	Turkish	Other
1	Hotel should have a nice outlook, design, furniture and overall a positive atmosphere	<u>3.83</u>	<u>4.16</u>	<u>3.69</u>	4.40	4.80	<u>4.15</u>
2	Hotel should have enough swimming pools, bars, restaurants, elevators for the total amount of the guests	4.26	4.32	3.92	4.80	4.80	<u>4.15</u>
3	Hotel rooms and hotel territory should be absolutely clean	4.55	4.63	4.31	4.80	5.00	4.45
4	Hotel rooms should be comfortable	4.36	4.47	4.15	4.80	5.00	4.15
5	All the technical equipment (air conditioners, coffee machines, refrigerators, etc.) used in the hotel should be new, good working and clean	4.06	4.21	<u>3.77</u>	4.60	5.00	4.00
6	Offered room products (soaps, towels, etc.) should be new and have an amount well enough for every person using that room	4.21	4.32	4.08	4.40	4.80	4.30
7	Food and beverages should be hygienic, delicious, high quality and diversified	4.56	4.58	4.38	4.80	4.80	4.35
8	Services should always be offered immediately and at the right time	4.33	4.32	3.85	<u>4.20</u>	4.80	4.25
9	Staff should always smile and reflect their satisfaction with the job they are doing	4.37	4.16	3.92	<u>4.20</u>	5.00	4.35
10	Staff should be professional and experienced	4.26	4.32	4.08	4.60	4.40	<u>4.05</u>
11	Staff's uniforms should always be clean and good looking	4.27	4.21	4.15	<u>4.00</u>	4.80	4.25
12	Hotel should have enough staff in every department	4.26	4.26	<u>3.77</u>	<u>3.80</u>	5.00	4.20
13	Reservations should be done correctly	4.38	<u>3.95</u>	3.85	4.60	4.60	<u>4.05</u>
14	Guests should feel safe in the hotel area	4.61	4.47	4.69	4.80	5.00	4.45
15	Management should be sensitive to guest wishes or complaints	4.43	4.32	4.08	5.00	5.00	4.20
16	Animation should be various	<u>3.84</u>	4.42	<u>3.77</u>	4.60	4.60	4.50
17	Sport activities should be diversified	<u>3.72</u>	4.37	3.85	4.20	<u>4.00</u>	4.35

18	There should be a Mini Club in the hotel	<u>3.49</u>	<u>4.11</u>	3.54	<u>3.40</u>	<u>3.40</u>	4.30
19	Hotel prices should stay constant	4.31	<u>4.11</u>	4.00	4.60	4.80	4.20
20	There should be special offers (special VIP price lists, free SPA, free hairdressing, etc.) for repeat guests	4.07	<u>4.00</u>	<u>3.77</u>	4.60	4.80	4.20
21	There should be a dress code in the hotel, especially at dinner	<u>3.46</u>	<u>4.11</u>	<u>2.92</u>	<u>4.00</u>	<u>3.40</u>	4.25
22	There should be a good sound isolation in the rooms and in the hotel area	4.08	4.21	<u>3.77</u>	4.60	4.80	4.20
23	Every procedure and service should be adapted in conformity with different cultures	4.24	<u>4.58</u>	<u>4.54</u>	<u>4.60</u>	<u>4.80</u>	<u>4.35</u>

4.3.3.1. Analysis of Variance for Importance Degrees

In order to find out if there are differences in guest requirements' importance degrees with regard to different nationalities, the ANOVA method was used. Results are presented in the following table.

Table 4.14: ANOVA for Importance Degrees With Regard to Nationalities of Guests

Variation Source	Sum of Squares	Degrees of Freedom	Mean Square	Test Statistic	P Value
Between Groups	6.103378	5	1.220676	10.66304	0.000
Error Within Groups	15.111000	132	0.114477		
Total	21.214380	137			

P value is equal to 0.000, ($P < 0.05$). It demonstrates that, from a statistical point of view there is a considerable difference between given point for importance degrees of 6 different nationalities participating in the accomplishment of this study.

That means, the importance ratings of each nationality differs significantly. Thus, H₁ will be supported.

4.3.3.2. Weighted Importance Degrees

Complementary calculations will be effectuated in order to find the value of P (the average point), or in other words, to find the values expressing the average of weighted importance degrees specified by all the guests. These data will be calculated considering the examples bellow:

P₁ – Hotel should have a nice outlook, design, furniture, and overall a positive atmosphere –

$P_1 = 3.83 \times 0.58 + 4.16 \times 0.13 + 3.69 \times 0.09 + 4.40 \times 0.03 + 4.80 \times 0.03 + 4.15 \times 0.13 = 3.95$. The given point for a requirement in a guest group is multiplied with the deviations' result between the total number of guests inside that group and the total number of guests participating in questionnaire.

The same calculations will be made for the remaining 22 items and will be introduced in the planning matrix. The final results are presented in Table 4.15. The most important items are illustrated with underlined bold, while the most unimportant ones with underlined italic characters. It can be observed that the most important and expected requirements of absolutely all the guests are related to safety in the hotel area, to the cleanliness and hygiene, to the high quality of food and beverage products, to management's sensitivity considering guest complaints and to the comfort of the rooms. The less important requirements include the existence of a dress code by dinner, the animation and sport activities, and the outlook and hotel design.

Table 4.15: Weighted Importance Degrees of Guest Requirements

No	Guest Requirements	Weighted Importance Rating Average
1	Guests should feel safe in the hotel area	<u>4.59</u>
2	Hotel rooms and hotel territory should be absolutely clean	<u>4.55</u>
3	Food and beverages should be hygienic, delicious, high quality and diversified	<u>4.53</u>
4	Management should be sensitive to guest wishes or complaints	<u>4.39</u>
5	Hotel rooms should be comfortable	<u>4.36</u>
6	Every procedure and service should be adapted in conformity with different cultures	4.35
7	Staff should always smile and reflect their satisfaction with the job they are doing	4.31
8	Services should always be offered immediately and at the right time	4.28
9	Hotel prices should stay constant	4.27
10	Staff's uniforms should always be clean and good looking	4.26
11	Hotel should have enough swimming pools, bars, restaurants, elevators for the total amount of the guests	4.25
12	Offered room products (soaps, towels, etc.) should be new and have an amount well enough for every person using that room	4.25
13	Reservations should be done correctly	4.25
14	Staff should be professional and experienced	4.24
15	Hotel should have enough staff in every department	4.22
16	All the technical equipment (air conditioners, coffee machines, refrigerators, etc.) used in the hotel should be new, good working and clean	4.09
17	There should be special offers (special VIP price lists, free SPA, free hairdressing, etc.) for repeat guests	4.09
18	There should be a good sound isolation in the rooms and in the hotel area	4.07
19	Animation should be various	<u>4.04</u>
20	Hotel should have a nice outlook, design, furniture and overall a positive atmosphere	<u>3.95</u>
21	Sport activities should be diversified	<u>3.92</u>
22	There should be a Mini Club in the hotel	<u>3.68</u>
23	There should be a dress code in the hotel, especially at dinner	<u>3.61</u>

4.3.4. Performance Levels of the Case Hotel

The performance level of every listed requirement, for every single guest, inside every guest group (specified in Table 4.6.) was found out during the analysis of the answers given to the questionnaires and was calculated according to the model presented in Table 4.16.

Table 4.16.: Computation Model of Performance Levels of Guest Requirements

	Very High	High	Moderate	Low	Very Low		
Guest Requirements	5	4	3	2	1	Total	Average
1	X11	X12	X13	X14	X15	X1	P1
2	X21	X22	X23	X24	X25	X2	P2
3	.	.	.	.	.	.	.
4	.	.	.	.	.	.	.
5	.	.	.	.	.	.	.
6	.	.	.	.	.	.	.
7	.	.	.	.	.	.	.
8	.	.	.	.	.	.	.
9	.	.	.	.	.	.	.
10	.	.	.	.	.	.	.
11	.	.	.	.	.	.	.
12	.	.	.	.	.	.	.
13	.	.	.	.	.	.	.
14	.	.	.	.	.	.	.
15	.	.	.	.	.	.	.
16	.	.	.	.	.	.	.
17	.	.	.	.	.	.	.
18	.	.	.	.	.	.	.
19	.	.	.	.	.	.	.
20	.	.	.	.	.	.	.
21	.	.	.	.	.	.	.
22	X221	X222	X223	X224	X225	X22	P22
23	X231	X232	X233	X234	X235	X23	P23
Total						XT	

X_{ij} data and indexes used in the table are considered as follows:

i : Guest requirement:

$i = 1$: Hotel should have a nice outlook, design, furniture and overall a positive atmosphere;

$i = 2$: Hotel should have enough swimming, pools, bars, restaurants, elevators for the total amount of the guests;

.
.

$i = 23$: Every procedure and service should be adapted in conformity with different cultures.

j : Points:

for 5, $j = 1$

for 4, $j = 2$

for 3, $j = 3$

for 2, $j = 4$

for 1, $j = 5$

X_{ij} = amount of guests giving a “j” point to an “i” requirement.

According to these, for every guest group, the performance level given for every requirement was calculated as follows:

$$X_1 = 5 \times X_{11} + 4 \times X_{12} + 3 \times X_{13} + 2 \times X_{14} + 1 \times X_{15}$$

$$X_2 = 5 \times X_{21} + 4 \times X_{22} + 3 \times X_{23} + 2 \times X_{24} + 1 \times X_{25}$$

.
.

$$X_{23} = 5 \times X_{231} + 4 \times X_{232} + 3 \times X_{233} + 4 \times X_{234} + 5 \times X_{235}$$

$$X_T = X_1 + X_2 + X_3 + X_4 + \dots + X_{22} + X_{23}$$

The average P_i is calculated as:

$$P_i = X_i / \text{amount of guests inside the group}$$

The performance levels given for every single requirement, inside every guest group were calculated according to formulas presented above. Results are illustrated in Table 4.17. As being done previously, the most performed items inside every column are illustrated with underlined bold, while the less performed ones are showed using italic characters. It can be observed that generally, considering the Case Hotel's performance levels, the most satisfied are Russian and Turkish people, because their ratings represents the higher ratings in the table. At the same time, one of the most unsatisfied groups is represented by people from Serbia, France, Swiss, and Rumania. Their ratings seem to have the lower numerical values. All the groups found the safety in the hotel area and the hotel's cleanliness being performed well. From other part, the implementation of the dress code, and the hotel's outlook and design were found as having a low performance level by nearly all the guests. While German and Russians found the management sensitivity considering guest complaints as having a high performance level, Dutch guests considered this requirement not well enough performed. Also, Dutch and English guests marked the technical equipment used in the Case Hotel as being not totally new, clean and good working, while Russian found the same item as being covered at a necessary level.

Table 4.17: Case Hotel's Performance Levels Given by Different Guest Groups

No	Guest Requirements	Nationality					
		German	Dutch	English	Russian	Turkish	Other
1	Hotel should have a nice outlook, design, furniture and overall a positive atmosphere	<u>3.61</u>	3.79	<u>3.38</u>	<u>3.40</u>	4.40	3.50
2	Hotel should have enough swimming pools, bars, restaurants, elevators for the total amount of the guests	<u>3.62</u>	3.79	<u>3.08</u>	3.80	4.40	3.60
3	Hotel rooms and hotel territory should be absolutely clean	3.89	4.05	3.85	4.00	4.60	4.15
4	Hotel rooms should be comfortable	3.87	3.74	3.77	4.00	4.40	3.55
5	All the technical equipment (air conditioners, coffee machines, refrigerators, etc.) used in the hotel should be new, good working and clean	3.96	<u>3.68</u>	<u>3.08</u>	4.40	4.40	3.85
6	Offered room products (soaps, towels, etc.) should be new and have an amount well enough for every person using that room	3.93	4.11	3.62	<u>3.60</u>	4.60	3.50
7	Food and beverages should be hygienic, delicious, high quality and diversified	3.98	4.16	3.77	4.00	5.00	3.90
8	Services should always be offered immediately and at the right time	3.99	3.89	3.69	<u>3.20</u>	<u>4.00</u>	3.70
9	Staff should always smile and reflect their satisfaction with the job they are doing	3.96	<u>3.74</u>	3.62	3.80	4.80	3.75
10	Staff should be professional and experienced	4.03	3.79	4.00	3.40	4.60	<u>3.20</u>
11	Staff's uniforms should always be clean and good looking	4.01	4.05	3.92	3.80	4.60	3.95
12	Hotel should have enough staff in every department	4.03	3.89	3.46	4.00	4.20	3.65
13	Reservations should be done correctly	4.12	3.79	3.62	4.20	5.00	<u>3.55</u>
14	Guests should feel safe in the hotel area	4.24	4.21	4.00	4.20	5.00	<u>3.55</u>
15	Management should be sensitive to guest wishes or complaints	4.15	<u>3.63</u>	3.77	4.40	4.40	3.85
16	Animation should be various	3.82	4.00	3.54	4.20	4.20	3.70
17	Sport activities should be diversified	<u>3.65</u>	3.89	3.69	4.00	<u>3.80</u>	3.65
18	There should be a Mini Club in the hotel	<u>3.21</u>	3.42	<u>3.31</u>	<u>3.20</u>	<u>3.00</u>	<u>3.25</u>
19	Hotel prices should stay constant	4.08	3.89	3.85	3.40	4.60	3.65
20	There should be special offers (special VIP price lists, free SPA, free hairdressing, etc.) for repeat guests	3.89	<u>3.63</u>	3.62	4.00	4.40	3.60
21	There should be a dress code in the hotel, especially at dinner	<u>2.89</u>	<u>3.05</u>	<u>2.77</u>	<u>3.20</u>	<u>3.00</u>	<u>2.95</u>
22	There should be a good sound isolation in the rooms and in the hotel area	4.01	4.11	3.69	4.20	4.60	3.95
23	Every procedure and service should be adapted in conformity with different cultures	3.83	3.84	3.85	4.00	<u>4.00</u>	3.75

4.3.4.1. Analysis of Variance for Performance Levels

Similarly to the case of importance degrees, a one way analysis of variance will be used in order to find out if there are some considerable differences between points given to the implementation level of guest requirements in the hotel, by guests from different origins. Results are illustrated in Table 4.18.

Table 4.18.: ANOVA for Performance Levels With Regard to Nationalities of Guests

Variation Source	Sum of Squares	Degrees of Freedom	Mean Square	Test Statistic	P Value
Between Groups	7.959602	5	1.59192	12.78073	0.000
Error Within Groups	16.44144	132	0.12455		
Total	24.40104	137			

P value is equal to 0.000, ($P < 0.05$). It demonstrates that, from a statistical point of view there is a considerable difference between given point for performance levels of 6 different nationalities. Thus, H_2 will be supported. That means, the performance ratings of each nationality differs significantly.

4.3.4.2. Weighted Performance Levels

Complementary calculations will be effectuated in order to find P's value (the average point), or the average of weighted performance levels among all the guest nationalities:

P₁ – Hotel should have a nice outlook, design, furniture, and overall a positive atmosphere –

$$P_1 = 3.61 \times 0.58 + 3.79 \times 0.13 + 3.38 \times 0.09 + 3.40 \times 0.03 + 4.40 \times 0.03 + 3.50 \times 0.13$$

= 3.61. The given point for a requirement in a guest group is multiplied with the deviations' result between the total number of guests inside the group and the total number of guests participating in questionnaires. The same calculations will be effectuated for the remaining 22 items and will be introduced in the planning matrix. The final results are presented in Table 4.19. The most performed requirements are illustrated with underlined bold, while the less covered ones are showed by use of italic characters. While analyzing the table's results it can be noticed that requirements like "guests should feel safe in the hotel area", "hotel rooms and hotel territory should be absolutely clean", "food and beverages should be hygienic, delicious, high quality and diversified", "management should be sensitive to guest wishes or complaints", are among the most well performed items in the Case Hotel according to guests of all origins. Requirements considering the implementation of a dress code by dinner, the existence of a Mini Club, the variety of animation programs and sport activities and the hotel's outlook and design are among the items to be improved in the Case Hotel.

Table 4.19.: Weighted Performance Levels of Guest Requirements

No	Guest Requirements	Weighted Performance Rating Average
1	Guests should feel safe in the hotel area	<u>4.18</u>
2	Hotel rooms and hotel territory should be absolutely clean	3.96
3	Food and beverages should be hygienic, delicious, high quality and diversified	<u>4.00</u>
4	Management should be sensitive to guest wishes or complaints	<u>4.02</u>
5	Hotel rooms should be comfortable	3.82
6	Every procedure and service should be adapted in conformity with different cultures	3.83
7	Staff should always smile and reflect their satisfaction with the job they are doing	3.89
8	Services should always be offered immediately and at the right time	3.89
9	Hotel prices should stay constant	3.97
10	Staff's uniforms should always be clean and good looking	<u>4.01</u>
11	Hotel should have enough swimming pools, bars, restaurants, elevators for the total amount of the guests	<u>3.62</u>
12	Offered room products (soaps, towels, etc.) should be new and have an amount well enough for every person using that room	3.88
13	Reservations should be done correctly	3.99
14	Staff should be professional and experienced	3.89
15	Hotel should have enough staff in every department	3.92
16	All the technical equipment (air conditioners, coffee machines, refrigerators, etc.) used in the hotel should be new, good working and clean	3.85
17	There should be special offers (special VIP price lists, free SPA, free hairdressing, etc.) for repeat guests	3.81
18	There should be a good sound isolation in the rooms and in the hotel area	<u>4.01</u>
19	Animation should be various	3.83
20	Hotel should have a nice outlook, design, furniture and overall a positive atmosphere	<u>3.61</u>
21	Sport activities should be diversified	<u>3.70</u>
22	There should be a Mini Club in the hotel	<u>3.25</u>
23	There should be a dress code in the hotel, especially at dinner	<u>2.83</u>

4.3.5. Planning Matrix

With the help of Case Hotel's guests and their active participation, the importance degrees of guest requirements and their performance levels in the hotel were identified. In addition, the members of the QFD team calculated values of the hotel's performance goals, improvement ratio, point of sales, situation of the competitor, and the raw importance weight for every guest requirement. All of these rates were introduced in the planning matrix. Results of this entire process can be analyzed in Table 4.20. The detailed description of the most important numerical values, their meanings and relationships between them will be given while analyzing the whole House of Quality.

Table 4.20.: Case Hotel’s Planning Matrix

Guest Requirements	Weighted Importance Rating	Case Hotel Weighted Performance	Competitor	Performance Goal	Improvement Ratio	Point of Sales	Raw Importance Weight	Normalized Raw Importance Weight
Guests should feel safe in the hotel area	4.59	4.18	4.50	5.00	1.20	1.50	8.24	6.26
Hotel rooms and hotel territory should be absolutely clean	4.55	3.96	5.00	5.00	1.26	1.20	6.88	5.23
Food and beverages should be hygienic, delicious, high quality and diversified	4.53	4.00	4.50	5.00	1.25	1.00	5.66	4.31
Management should be sensitive to guest wishes or complaints	4.39	4.02	4.50	4.50	1.12	1.50	7.36	5.06
Hotel rooms should be comfortable	4.36	3.82	4.50	4.50	1.18	1.50	7.71	5.86
Every procedure and service should be adapted in conformity with different cultures	4.35	3.83	4.00	4.50	1.17	1.00	5.11	3.88
Staff should always smile and reflect their satisfaction with the job they are doing	4.31	3.89	4.00	4.50	1.16	1.20	5.99	4.54
Services should always be offered immediately and at the right time	4.28	3.89	4.50	4.50	1.16	1.20	5.95	4.52
Hotel prices should stay constant	4.27	3.97	4.50	4.50	1.13	1.20	5.80	4.41
Staff’s uniforms should always be clean and good looking	4.26	4.01	4.50	4.50	1.12	1.00	4.77	3.63
Hotel should have enough swimming pools, bars, restaurants, elevators for the total amount of the guests	4.25	3.62	4.00	4.50	1.24	1.20	6.35	4.83
Offered room products (soaps, towels, etc.) should be new and have an amount well enough for every person using that room	4.25	3.88	4.50	4.50	1.16	1.00	4.93	3.75
Reservations should be done correctly	4.25	3.99	4.50	4.50	1.13	1.00	4.79	3.64
Staff should be professional and experienced	4.24	3.89	4.50	4.50	1.16	1.00	4.90	3.73
Hotel should have enough staff in every department	4.22	3.92	4.50	4.50	1.15	1.00	4.84	3.68
All the technical equipment (air conditioners, coffee machines, refrigerators, etc.) used in the hotel should be new, good working and clean	4.09	3.85	4.50	4.50	1.17	1.00	4.77	3.63
There should be special offers (special VIP price lists, free SPA, free hairdressing, etc.) for repeat guests	4.09	3.81	4.00	4.50	1.18	1.20	5.79	4.40
There should be a good sound isolation in the rooms and in the hotel area	4.07	4.01	4.50	4.50	1.12	1.00	4.57	3.47
Animation should be various	4.04	3.83	4.50	4.50	1.18	1.50	7.13	5.42
Hotel should have a nice outlook, design, furniture and overall a positive atmosphere	3.95	3.61	4.00	4.00	1.11	1.20	5.24	3.99
Sport activities should be diversified	3.92	3.70	4.00	4.00	1.08	1.20	5.08	3.87
There should be a Mini Club in the hotel	3.68	3.25	4.00	4.00	1.23	1.00	4.53	3.44
There should be a dress code in the hotel, especially at dinner	3.61	2.83	4.00	4.00	1.41	1.00	5.11	3.88

4.4. HOUSE OF QUALITY ANALYSIS

In analyzing the HoQ, it is logical to start with its first phase completed – customer requirements. Since this study was conducted in the frame of hospitality industry the term “customer” was often replaced with the term “guest”. While looking at the importance ratings of guest requirements inside the planning matrix it is possible to understand which of the listed requirements are more important for hotel guests. In this Case Hotel situation, it has been observed that “guests should feel safe in the hotel area”, “hotel rooms and hotel territory should be absolutely clean” and “food and beverages should be hygienic, delicious, high quality and diversified” are among the most requested needs of this hotel guests. At the same time the ability of “management to be sensitive to guest wishes or complaints” and the comfort of hotel rooms were seen as being also very important for people who decide to spend a holiday at Case Hotel. Also, when looking at the results of the Case Hotel performance, it can be understood that the safety of the guests in the hotel area, the ability of hotel’s managers to be sensitive to guest wishes or complaints, the cleanliness of the staff’s uniform and the high level of rooms and territory’s sound isolation are among the well performed and good implemented requirements in the hotel’s activity. From other part, when analyzing the same column, it can be specified which guest requirements are not completely fulfilled or just partially covered by the hotel. In this case, a dress code during the dinner time, the Mini Club and generally, the animation and sport activities present the necessity to be improved.

The competitor analysis gives the possibility to understand which details are to be improved in the hotel’s activity. Also it gives the permission to establish the hotel’s new performance goals. In Case Hotel, “staff should always smile and reflect their satisfaction with the job they are doing”, “services should always be offered immediately and at the right time”, “hotel’s prices should stay constant”, “hotel should have a nice look, design, furniture and overall a positive atmosphere” are some of the requirements to be better planned and met in the future.

Data from the “Point of Sales” column give the possibility to observe which guest requirements are influencing the increase of sales more, while the data from the “Normalized Raw Importance Weight” illustrates which guest wishes and needs are more important in providing customer satisfaction considering competitors and sales concern. At this point, meeting of requirements like “guests should feel safe in the hotel area”, “hotel rooms and hotel territory should be absolutely clean”, “management should be sensitive to guest wishes or complaints”, “hotel rooms should be comfortable”, “animation should be various”, are found to provide more satisfaction considering the hotel guests. The general analysis of guest requirements and the planning matrix offers the possibility to point out which are the wishes and needs to be improved during the development of hotel’s business activity in order to gain competitive advantage. The evaluation process of the most important requirements, with regard to normalized raw importance weight, emphasizes which changes are to be made in the future activity of the hotel, having as basis the available human resources and budget requests. At this topic, the example of dress code implementation in the Case Hotel could be presented as a requirement whose improvement ratio was calculated as being high, equal to 1.41, while the weighted importance degree given by guests for the same requirement has been evaluated very low (3.61), thus the normalized raw importance weight of this item was found as being also relatively low (3.88). At the same time, the Mini Club activity in the Case Hotel was found as being unimportant considering importance degrees, POS, raw importance weight and normalized importance weight numerical values. It happened also in the case of item related to sound isolation in the hotel area. Vice versa, specifications as safety, management’s sensitiveness to guest wishes or complaints, comfort and animation were evaluated as influencing a lot, especially the POS activity. Due to similar examples, the hotel management has the opportunity to plan its resources in a more productive way, while understanding exactly what the guest necessities are and which of requirements are unimportant for hotel visitors.

Technical specifications represent also an important point to be analyzed inside the HoQ. Every technical specification was found out according to listed guest requirements in order to meet the hotel customers’ expectations better. When

examining technical specifications it is possible to underline which ones are more important in providing satisfaction of guests. “Employees’ competence”, and at the same time, “product quality”, “optimal quantity of the staff”, “hygiene” and “social facilities” are to be found as representing the leading positions in achieving satisfaction of hotel guests. This analysis offers the possibility for the QFD team to underline the critical factors among technical specifications and to focus on these while planning its future activity.

The relationship among guest requirements and technical specifications highlights also an idea about how to increase the hotel’s performance in the achievement of guest expectations. In presented case, a strong relationship was established between the requirement “hotel should have a nice outlook, design, furniture and overall a positive atmosphere” and the technical specification “territory’s outlook”; the requirement “hotel should have enough swimming pools, bars, restaurants, elevators for the total amount of guests” and technical specification “optimum capacity of the service unit”; requirement “hotel rooms should be comfortable” and technical specification “comfort and design”; requirements like “hotel rooms and hotel territory should be absolutely clean”, “food and beverages should be hygienic, delicious, high-quality and diversified” and technical specification “hygiene”; the technical specification “product quality” was found as totally covering requirements like “hotel rooms should be comfortable”, “all the technical equipment used in the hotel should be new, good working and clean”, “food and beverages should be hygienic, delicious, high-quality and diversified”, while the technical specification “employees’ competence” was found as being in strong relationship with requirements like “hotel rooms and hotel territory should be absolutely clean”, “food and beverages should be hygienic, delicious, high-quality and diversified”, “services should always be offered immediately and at the right time”, “staff should be professional and experienced”. A moderate relationship was established between requirements like “hotel rooms and hotel territory should be absolutely clean”, “services should always offered immediately and at the right time” and the technical specification “optimal quantity of the staff”, while the same technical specification was found in a weak relationship with requirements like

“reservations should be done correctly”, “staff should always smile and reflect their satisfaction with the job they are doing” and “there should be special offers for repeat guests”.

Table 4.21.: The Case Hotel's House of Quality

Guest Requirements	Territory's outlook	Optimum capacity of the service unit	Comfort and design	Hygiene	Preventive and regenerative maintenance	Product quality	Uniform	Optimal quantity of the staff	Effective use of time	Easy booking	Employees' competence	Exceptions from rules	Management's ability to solve problems	Security services	Empathy	Animation	Social facilities	Dress code	Weighted Importance Rating	Case Hotel Weighted Performance	Competitor	Performance Goal	Improvement Ratio	Point of Sales	Raw Importance Weight	Normalized Raw Importance Weight
Guests should feel safe in the hotel area														5					<u>4.59</u>	<u>4.18</u>	4.50	<u>5.00</u>	1.20	<u>1.50</u>	<u>8.24</u>	<u>6.26</u>
Hotel rooms and hotel territory should be absolutely clean				5			3				5								<u>4.55</u>	<u>3.96</u>	<u>5.00</u>	<u>5.00</u>	1.20	1.20	6.88	5.23
Food and beverages should be hygienic, delicious, high quality and diversified			5	5		5					5								<u>4.53</u>	4.00	4.50	<u>5.00</u>	1.00	1.00	5.66	4.31
Management should be sensitive to guest wishes or complaints												5	5		3				4.39	<u>4.02</u>	4.50	4.50	1.12	<u>1.50</u>	<u>7.36</u>	5.06
Hotel rooms should be comfortable			5			5					3			1					4.36	3.82	4.50	4.50	1.18	<u>1.50</u>	<u>7.71</u>	<u>5.86</u>
Every procedure and service should be adapted in conformity with different cultures											5				5				4.35	3.83	4.00	4.50	1.17	1.00	5.11	3.88
Staff should always smile and look satisfied with the job they are doing								1			5								4.31	3.89	4.00	4.50	1.16	1.20	5.99	4.54
Services should always be offered immediately							3	5	5		5								4.28	3.89	4.50	4.50	1.16	1.20	5.95	4.52
Hotel prices should stay constant										1		5							4.27	3.97	4.50	4.50	1.13	1.20	5.80	4.41
Staff's uniforms should always be clean and good looking						5													4.26	<u>4.01</u>	4.50	4.50	1.12	1.00	<u>4.77</u>	<u>3.63</u>

Guest Requirements	Territory's outlook	Optimum capacity of the service unit	Comfort and design	Hygiene	Preventive and regulative maintenance	Product quality	Uniform	Optimal quantity of the staff	Effective use of time	Easy booking	Employees'	Exceptions from	Management's ability to solve	Security services	Empathy	Animation	Social facilities	Dress code	Implementation	Weighted Importance Rating	Case Hotel Performance	Competitor	Performance Goal	Improvement Ratio	Point of Sales	Raw Importance	Normalized Raw Importance Weight
Hotel should have enough swimming pools, bars, restaurants, elevators for the total amount of the guests		5															3			4.25	3.62	4.00	4.50	<u>1.24</u>	1.20	6.35	4.83
Offered room products should be new and enough for every person using that room			1								5									4.25	3.88	4.50	4.50	1.16	1.00	4.93	3.75
Reservations should be done correctly								1		5	5									4.25	3.99	4.50	4.50	1.13	1.00	4.79	3.64
Staff should be professional and experienced											5									4.24	3.89	4.50	4.50	1.16	1.00	4.90	3.73
Hotel should have enough staff in every department								5			1									4.22	3.92	4.50	4.50	1.15	1.00	4.84	3.68
All the technical equipment used in the hotel should be new, good working and clean				5	5	5					1									4.09	3.85	4.50	4.50	1.17	1.00	4.77	3.63
There should be special offers for repeat guests												5	3							4.09	3.81	4.00	4.50	1.18	1.20	5.79	4.40
There should be a good sound isolation in the hotel			3		5															4.07	4.01	4.50	4.50	<u>1.12</u>	<u>1.00</u>	4.57	3.47
Animation should be various																5				4.04	3.83	4.50	4.50	1.18	1.50	7.13	5.42
Hotel should have a nice outlook and positive atmosphere	5																			3.95	3.67	4.00	4.00	<u>1.11</u>	1.20	5.24	3.99
Sport activities should be diversified																5	5			3.92	3.70	4.00	4.00	<u>1.08</u>	1.20	5.08	3.87
There should be a Mini Club																5				3.68	3.25	4.00	4.00	1.23	<u>1.00</u>	4.53	3.44
There should be a dress code																		5		3.67	2.83	4.00	4.00	<u>1.41</u>	1.00	5.11	3.88

4.5. CONCLUSIONS

Managing service quality has always been a target for most hospitality organizations because it results in customer satisfaction that every organization intends to accomplish. The more influence an organization has over its service quality, the better it will have control over its customer satisfaction (Grönroos, 2009:82).

QFD is an instrument which has the characteristics to converse all functional components inside an organization providing a product of service. It is carried out by a large team in order to meet the most important customer wishes and needs. Although QFD model is very detailed and structured, but at the same time flexible and easy to be understood, it influences the organizational development a lot.

With the practical implementation of the QFD method, the customer requirements can be understood better. It offers the possibility to listen to the Voice of Customers and according to this to find new solutions in covering customer needs and respectively, gain competitive advantage. With the right understanding of customer needs, a customer-focused decision-making process can be planned in a more productive way. A multi-functional team-work can design some problems which can be prevented before they occur more. The QFD model offers also the possibility to use time more efficiently. It influences the process of providing high quality services, increasing the customer satisfaction, establishing a higher organization's image and influences sales in a positive way.

This study was undertaken to analyze the expectations of foreign tourists from a five star hotel in Turkey. The purposes of this exploratory-descriptive research were (a) to identify the most underlined requirements of guests of different origins which come to spend their holiday in Turkish five star hotel; (b) to analyze a concrete hotel in order to find out the importance degrees of presented requirements established by this hotel guests; (c) to identify the performance levels of presented requirements in the Case Hotel; (d) to implement the QFD model and to build a QFD

team in order to find out the most important technical specifications to be established in order to meet the guest needs and which is the actual situation of the Case Hotel considering one of its main competitors; (e) to identify new performance goals for the organization and to calculate the improvement ratio, point of sales, raw importance weights and normalized importance weights in order to provide a better quality of services and to gain competitive advantage.

This study was conducted in a five star hotel in Antalya. Through methods like going to the GEMBA, focus groups, observations, a list of customer requirements was formulated in order to specify the importance degrees of these requirements for the hotel guests and the performance levels of these requirements in the hotel. A questionnaire technique was implemented.

The most important guest requirements were classified as “guests should feel safe in the hotel area”, “hotel rooms and hotel territory should be absolutely clean”, “food and beverages should be hygienic, delicious, high quality and diversified” and “management should be sensitive to guest wishes or complaints. From other hand, requirements like “there should be a dress code in the hotel, especially by dinner” and “there should be a Mini Club in the hotel” were identify as less important for hotel’s guests.

It was found that importance degrees and performance levels evaluations of the customer requirements differ significantly with regard to nationality of the guests. Turkish guests were found as being more exigent in their expectations considering a five star hotel, while English guests seemed to be not so critical in their wishes and needs. Also, Russian and Turkish guests have been observed to be more satisfied with the performance levels of listed customer requirements in the Case Hotel, while guests of other origins, like Serbian, Rumanian, French, Swiss, etc. evaluated the majority of customer requirements as being not enough performed.

Since a QFD team was formed, some technical requirements were specified in order to cover the guest wishes and needs. After a four months working process of

the QFD team, “comfort and design”, “employees’ competence”, “product quality”, and “optimal quantity of the staff” were identified as most important technical specifications. Results presented in the HoQ, illustrate that the technical specification related to the hotel employees’ competence seem to have a strong relationship with a lot of customer requirements. It means that the hotel management and the Human Resources Department especially, should be more attentive and exigent while acquiring people and future hotel employees. Also, some points to be focused on are the hygiene and the quality of products used, items which can also improve a lot the hotel’s future activity.

During the accomplishment of this study, it was also found out that customers generally consider the way how the service employee or service provider performs recovery efforts, how adaptable the service employee or service provider is, how good the spontaneity is and how good the service employee or service provider is in solving customer’s problems.

There were also some difficulties to be passed through while working on the creation of the HoQ. It is not so easy to understand the guest requirements and to establish the right technical specifications for them, that is why it caused long discussions and debates inside the QFD team before coming to a common result. It was also difficult to concentrate on the entire planning matrix and to manage it since the number of columns began to grow.

4.6. LIMITATIONS OF THE STUDY AND RECOMMENDATIONS FOR FURTHER STUDIES ON QFD

During this study many factors may have affected the results of this work. First, this study was conducted at the end of the season, factor which can influence a lot the results of the established hotel performance ratings. Since one of the hotel’s strategies is to reduce the number of employees starting with October and until April every year, it is logical that this fact influences the quality of offered services a lot and affects generally the hotel’s performance level. At the same time, some small

construction works were held in some of the hotel areas and outside it, at the time when this study was performed. This could influence respondents in their evaluations.

Another limiting factor is the risk that respondents may not accurately answer to the questionnaire or they may avoid giving information about their personal data, or expressing their true positive or negative opinion, and instead giving neutral responses. Respondents may also misunderstand some questions and thus give answers that do not reflect their true opinion. In the same context, from the total amount of 250 questionnaires offered to guests, an amount of 151 questionnaires to be correctly fulfilled and analyzed can be considered a disadvantage.

The establishment of technical specifications and the process of identifying the relationships between technical specifications and given guest requirements are not an easy mission. It can often conduct to long discussions and serious debates inside the QFD team, which can be also considered as being a limiting detail in accomplishment of this study.

Finally, at the time when this research was conducted, the hotel management was concentrated a lot on other project, including the building of a fifth hotel in their resort, so logically, all the resources and budget were planned according to this. It influenced a lot the establishment of performance goals of Case Hotel. This fact, impede also the implementation of a more wide QFD model. That is why it can be recommended for the further similar studies on QFD to analyze more extensive the technical specifications and customers overall satisfaction, with establishment of a Pareto diagram and with the computation of raw importance weight and normalized raw importance weight for every single technical specification given in the planning matrix. At the same time, establishment of a correlation matrix in the HoQ can be recommended for further studies, as it could change or influence the final results.

4.7. RECOMMENDATIONS TO THE CASE HOTEL

As main recommendations to be specified, adding more tangibility in the service encounter of the hotel will minimize the risk of having a big gap between customer expectation and perception. Cultural aspect is another point that will influence the performance of a quality service offered in Case Hotel. Also, having detailed service blueprint for every service operation will help Case Hotel have more control over service encounters and ensure service excellence. In the same context, some changes should be introduced in the organizational culture in order to motivate all Case Hotel's departments to work as a well-built team in achievement of a common goal and in accomplishment of a common mission. At the same time, the Case Hotel's Human Resources Department should be exigent enough in acquiring experienced and professional employees. The Case Hotel management should be attentive to the number of employees working in the hotel, while a right and optimum capacity of the staff in the hotel area influence a lot the quality of offered services. It would be also agreeable if there would be some activities performed for the hotel employees' in order to improve their work motivation. Finally, several kinds of trainings will be also necessary for employees, such as: multicultural training programs, language training programs and so on.

REFERENCES

Abbott, L. (1955), *Quality and Competition*. New York: Columbia University Press.

Akao, Y. (1972). New Product Development and Quality Assurance Deployment System in Japan. *Standardization and Quality Control*, 25, pp. 243-246.

Akao, Y. (1997). QFD: Past, Present and Future. *Transactions of the Third International Symposium on Quality Function Deployment*, 1, pp. 14-23.

Akbaba, A. (2003). Quality Function Deployment in the Hospitality Industry. *Doctorate Thesis*, Dokuz Eylül University, Institute of Social Sciences (unpublished).

Akbaba, A. (2006). Measuring Service Quality in the Hotel Industry: A Study in a Business Hotel in Turkey. *International Journal of Hospitality Management*, 25, pp.170-192.

Amos, L. (1997). QFD in Theory and Practice. *Unpublished Undergraduate Research Project*, University of Birmingham, UK.

Anderson, E. W., Fornell, C. and Lehmann, D. R. (1994). Customer Satisfaction, Market Share and Profitability: Findings from Sweden. *Journal of Marketing*, 58(3), pp. 53-66.

Anderson, R.E. (1993). QFD's Role in Concurrent Engineering. *Training and Development*, 47(6), pp. 49-54.

Aquilano, N. and Chase, R. (2006), *Operations Management for Competitive Advantage*. Boston, Massachusetts: McGraw-Hill.

Armstrong, G. and Kotler, P. (1991), *Principles of Marketing*. 5th edition, New Jersey: Prentice-Hall.

Aspinwall, E.M. and Delgado, D.J. (2003). QFD Methodology and Practical Applications – A Review. *Ninth Annual Postgraduate Research Symposium*, School of Engineering, University of Birmingham, pp.1-5.

Baker, M.J. and Cameron, E. (1996), Critical Success Factors in Destination Marketing. *Tourism and Hospitality Research*, 8, pp. 79-97.

Baker, M.J., Parasuraman, A., Grewal, D. and Voss, G.B. (2002). The Influence of Multiple Store Environment Cues on Perceived Merchandise Value and Patronage Intentions. *Journal of Marketing*, 66(2), pp. 120-141.

Barnett, W.D. and Raja, M.K. (1995). Application of QFD to the Software Development Process. *International Journal of Quality and Reliability Management*, 12(6), pp.24–42.

Bateson, J.E.G. (1977). Do We Need Service Marketing? *Marketing Consumer Services: New Insights*, Report 77-115, Marketing Science Institute, Boston, MA.

Becerra Grande, A., Brinol Turnes, P., Falces Delgado, C. and Sierra Diez, B. (1999). HOTELQUAL: An Approach of Service Quality Measurement in the Lodging Industry. *Studies on Tourism*, 139, pp. 93-108.

Bednar, D.A. and Reeves, C.A. (1994). Defining Quality: Alternatives and Implications. *The Academy of Management Review*, 19(3), pp. 419-445.

Berry, L.L. (1980). Services Marketing is Different. *Journal of Business*, May-June, 30(3), pp. 24-9.

Berry, L.L., Bennet, D.R. and Brown, C.V. (1989), *Service Quality: A Profit Strategy for Financial Institutions*. Homewood, IL: Dow-Jones-Irwin.

Berry, L.L., Parasuraman, A. and Zeithaml, V.A. (1990), *Delivering Quality Services*. New York: Free Press.

Berry, L.L., Parasuraman, A. and Zeithaml, V.A. (1994). The Nature and Determinants of Customer Expectations of Service. *Journal of the Academy of Marketing Service*, 12, pp. 1-12.

Bitner, M.J and Booms, B.H. (1981). Marketing Strategies and Organization Structures for Service Firms. *Marketing of Services*, pp. 47-51.

Bitner, M.J. (1992). Evaluating Service Encounters: The Effects of Physical Surroundings and Employee Responses. *Journal of Marketing*, 51, April, pp.69-82.

Bitner, M.J. and Zeithaml, V.A. (2000), *Services Marketing: Integrating Customer Focus across the Firm*. New York: McGraw Hill.

Bitner, M.J., Booms, B.H., Tetreault, M.S. (1990). The Service Encounter: Diagnosing Favorable and Unfavorable Incidents. *Journal of Marketing*, 54, January, pp. 71-84.

Booms, B.H. and Lewis, R.C. (1983). The Marketing Aspects of Service Quality. *Marketing of Services*, pp. 99-107.

Booth, R. (1995). Hitting the Target. *Management Accounting*, 73(1), p. 42.

Brady, M. and Cronin, J. (2000). Some New Thoughts on Conceptualizing Perceived Service Quality: a Hierarchical Approach. *Journal of Marketing*, 65, pp. 34-49.

Brown, S. W. and Swartz, T. A. (1989). A Gap Analysis of Professional Service Quality. *Journal of Marketing*, 53, April, pp. 92-98.

Buzzell, R. D. and Gale, B. T. (1987), *The PIMS Principles*. New York: The Free Press.

Carman, J. M. (1990). Consumer Perceptions of Service Quality: An Assessment of the SERVQUAL Dimensions". *Journal of Retailing*, 66(1), pp. 33-35.

Carman, J.M. (1990). Consumer Perceptions of Service Quality: An Assessment of the SERVQUAL Dimensions. *Journal of Retailing*, 66(1), pp. 33-55.

Carvalho, C., Brito, C. and Cabral, J.S. (2010). Towards a Conceptual Model for Assessing the Quality of Public Services. *International Review of Public Non Profit Marketing*, pp. 69-86.

Cattaneo, O., Gereffi, G. and Staritz, C. (2010). Global Value Chains in a Post-Crisis World. *World Bank*, pp. 33-54.

Catts, R., Fogarty, G. and Forlin, C. (2006). Identifying Shortcomings in the Measurement of Service Quality. *Journal of Outcome Measurement*, 4(1), pp. 425-447.

Chan, L.K. and Wu, M.L. (2002). Quality Function Deployment: A literature Review. *European Journal of Operational Research*, 143, pp. 463-497.

Chang, C.H. (2008). Quality Function Deployment Processes in an Integrated Quality Information System. *Computers and Industrial Engineering*, 17, pp. 311-316.

Chin, K.S., Pun, K.F., Leung, W.M., Lau, H. (2001). A Quality Function Deployment Approach for Improving Technical, Library and Information Services: A Case Study. *European Journal of Operational Research*, 138, pp. 324-343.

Cohen, L. (1995), *Quality Function Deployment: How to Make QFD Work for You*. Addison-Wesley Reading, MA.

Collins, B. and Payne, A. (1991). Internal Marketing: A New Perspective for HRM. *European Management Journal*, 9(3), pp. 261-270.

Cronin, J. and Taylor, S. (1992). Measuring Service Quality: a Reexamination and Extension. *Journal of Marketing*, 56(3), pp. 55-68.

Crosby, P.B. (1980), *Quality is Free*. New York: Penguin Books.

Dabholkar, P.A., Sheperd, C.D. and Thorpe, D.I. (2000). A Comprehensive Framework for Service Quality: An Investigation of Critical Conceptual and Measurement Issues. *Journal of Retailing*, 76(2), pp. 139-173.

Day, R.G. (1993), *Quality Function Deployment*. Cambridge, MA: Productivity Press.

Dean, A. M., Mei, A.W. O. and White, C. J. (1999). Analyzing Service Quality in the Hospitality Industry. *Managing Service Quality*, 9(2), pp. 136-143.

Deming, W.E. (1986), *Out of the Crisis*. Cambridge: Massachusetts Institute of Technology.

Deming, W.E. (1993), *Quality, Productivity and Competitive Position*. Cambridge: Massachusetts Institute of Technology.

Dika, R.J. (1995). QFD implementation at Chrysler: The First Seven Years. *Quality Up, Costs Down: A Managers' Guide to Taguchi Methods and QFD*, pp. 123–163

Dube, L., Johnson, M.D. and Renaghan, L.M. (1999). Adapting the QFD Approach to Extended Service Transactions. *Production and Operations Management*, 8(3), pp. 301-317.

Ekinci, Y. (2002). A Review of Theoretical Debates on the Measurement of Service Quality: Implications for Hospitality Research. *Journal of Hospitality and Tourism Research*, 26(3), pp. 199-216.

Ellis, T. and Pizam, A. (1990). Customer Satisfaction and its Measurement in Hospitality Enterprises. *International Journal of Contemporary Hospitality Management*, 11(7), pp. 326-339.

Emmanuel, J.T. and Kroll, D.E. (1998), *Handbook of Total Quality Management*. Boston, MA: Kluwer Academic Publishers.

Enis, B.M and Roering, K.J. (1981). Problems and Strategies in Service Marketing. *Journal of Marketing*, 49(2), pp. 33-46.

Erto, P. and Vanacore, A. (2002). A Probabilistic Approach to Measure Hotel Service Quality. *Total Quality Management*, 13(2), pp. 165-174.

Evans, J.R. and Lindsey, W.M. (1999), *The Management and Control of Quality*. 4th edition, Cincinnati, OH: South-Western Publishing.

Feigenbaum, A.V. (1982). Quality and Business Growth Today. *Quality Progress*, 15, pp. 22-25.

Finn, D.V. and Lamb, C.W. (1991). An Evaluation of the SERVQUAL Scale in a Retailing Setting. *Association for Consumer Research Provo*, 18, pp. 480-493.

Fiore, A.M. and Kim, J. (2007). An Integrative Framework Capturing Experiential and Utilitarian Shopping Experience. *International Journal of Retail and Distribution Management*, 35(6), pp. 421-442.

Foutz, T. and Thompson, S. (1998). Customer Focused Approach to Design: New Methodologies Consider Environmental Impact of Product Development. *Engineering and Technology for a Sustainable World*, pp.7-12.

Franceschini, F. and Rossetto, S. (1997). QFD: the Problem of Comparing Technical/ Engineering Design Requirements. *Research in Engineering Design*, 7(4), pp.270-278.

Frochot, I. and Hughes, H. (2000). Histoqual: Development of a Historic Houses Assessment Scale. *Journal of Tourism Management*, 21, pp. 157-167.

Fuchs, V. (1968), *The Service Economy*. New York: National Bureau of Economic Research, Columbia University Press.

Galanty, A.F. and Kirk, J.N. (1994). The Ritz-Carlton Housekeeping System: Service QFD Applications. *Sixth Symposium on QFD*, Novi, Michigan.

Gale, B.T. and Wood, R.C. (1994), *Managing Customer Value-Creating Quality and Service that Customer Can See*. New York: The Free Press.

Garvin, D.A. (1988), *Managing Quality: The Strategic and Competitive Edge*. New York: Free Press.

Gershuny, J. (1978), *After Industrial Society? The Emerging Self-Service Economy*. London: MacMillan.

- Getty, J. M. and Thompson, K. N. (1994). The Relationship Between Quality Satisfaction and Recommending Behavior in Lodging Decisions. *Journal of Hospitality and Leisure Marketing*, 2(3), pp. 3-22.
- Ghauri, P., Gronhaug, K. and Kristianslund, I. (2002). *Research Methods in Business – A Practical Guide.*, London: Prentice Hall.
- Ghobadian, A., Speller, S. and Jones, M. (1994). Service Quality: Concepts and Models. *International Journal of Quality and Reliability Management*, 11(9), pp. 43-66.
- Gitlow, H., Oppenheim, A. and Oppenheim, R. (1995), *Quality Management: Tools and Methods for Improvement*. Burr Ridge, IL: Irwin.
- Grönroos, C. (1978). A Service Orientated Approach to the Marketing of Services. *European Journal of Marketing*, 12(8), pp. 588-601.
- Grönroos, C. (1984). A Service Quality Model and its Marketing Implications. *European Journal of Marketing*, 18(4), pp. 36-43.
- Grönroos, C. (1991). The Marketing Strategy Continuum: Towards a Marketing Concept for the 1990s. *Management Decision*, 29(1), pp. 7-13.
- Grönroos, C. (2009). The Perceived Service Quality Concept – A Mistake? *Managing Service Quality*, 11(3), pp. 72-85.
- Gryna, F.M and Juran, J.M. (1993), *Quality Control Handbook*. New York: McGraw-Hill.
- Güllü, E. and Ulcay, Y. (2002). Quality Function Deployment and a Practical Implementation of the Model. Uludağ University, *Journal of Faculty of Architecture and Engineering*, 7(1), pp. 71-80.

- Gummesson, E. (1991). Marketing-Orientation Revisited: The Crucial Role of the Part-Time Marketer. *European Journal of Marketing*, 25(2), pp. 60-75.
- Guseman, D.S. (1981). Risk Perception and Risk Reduction in Consumer Services. *Marketing of Services*, American Marketing Association, pp. 200-204.
- Haavind, R. (1989). Hewlett-Packard Unravels the Mysteries of Quality. *Electronic Business*, 15(20), pp. 101–105.
- Haemoon, O. and Miyoung, J. (1998). Quality Function Deployment: An Extended Framework for Service Quality and Customer Satisfaction in the Hospitality Industry. *International Journal of Hospitality Management*, 17, pp. 375-390.
- Hales, R. (1995). Using QFD to Adapt QFD to Your Culture. *Journal for Quality and Participation*, 18(6), pp. 10–13.
- Hazlett, S. and Philip, G. (1997). The Measurement of Service Quality: A New P-C-P Attributes Model. *International Journal of Quality and Reliability Management*, 14(3), pp. 260-286.
- Henderson, D. (1994). Customer Satisfaction Through Excellence. *Transportation and Distribution*, 35(10), p. 90.
- Heung, V., Qu, H. and Wong, M.Y. (2000). Airport Foodservice in Hong Kong: A Study of Tourists' Perceptions, Satisfactions, and Likelihood of their Recommendations to Others. *Proceedings of the Fifth Annual Graduate Education and Graduate Students Research Conference in Hospitality & Tourism*, pp.19-30.
- Hines, P. and Samuel, D. (1999). Designing a Supply Chain Change Process: A Food Distribution Case. *International Journal of Retail and Distribution Management*, 27(10), pp. 409-420.

Hoekman, B.M. and Togan, S. (2005), *Turkey: Economic Reforms and Accession to the European Union*. Washington: International Bank for Reconstruction and Development.

Hoyle, D. (2005), *ISO 9000 Quality Systems Handbook*. Bodenhamy: Butford Technical Publishing.

Jagdev, H., Bradley, P. and Molloy, O. (1997). A QFD Based Performance Measurement Tool. *Computers in Industry*, 33, pp. 357-366.

James, J.C. and Martilla, J.A. (1997). Importance-Performance Analysis. *Journal of Marketing*, 24, pp. 77-79.

Jeong, M. and Oh, H. (1998). Quality Function Deployment: An Extended Framework for Service Quality and Customer Satisfaction in the Hospitality Industry. *International Journal of Hospitality Management*, 17, pp. 375-390.

Johnston, R. and Clark, G. (2001), *Service Operations Management*. Harlo: Prentice-Hall.

Juran, J.M. (1988), *Juran on Planning for Quality*. New York: The Free Press.

Kağnıcıoğlu, H.C. (2002). Quality Function Deployment in Product Planning Process. Uludağ University, *Journal of Faculty of Economics*, 12(1), pp. 177-188.

Kandampully, J. (2001). The Impact of Demand Fluctuation on the Quality of Service: A Tourism Industry Example. *Managing Service Quality*, 10(1), pp. 10-18.

Kapucugil, A. and Masoudi, A. (2008). A QFD and SERVQUAL Approach to Hotel Service Design. *Business Faculty Journal*, 9(1), pp. 17-31.

Keenan, T. (1996). At What Price PPM? *Ward's Auto World*, 32(4), p. 55.

Kennedy, D.A. and Young, B.J. (1989). Managing Quality in Staff Areas. *Quality Progress*, 22(10), pp. 87-91.

Knuston, B., Patton, M. and Stevens, P. (1994). Internationalizing LODGSERV as a Measurement Tool: A Pilot Study. *Journal of Hospitality and Leisure Marketing*, 2(2), pp. 39-55.

Knutson, B., Patton, M., Thompson, C. and Yokoyama, F. (1990). Service Expectation Index: A Comparison of Confirmatory Analysis and Factor Analysis as Methods of Index Testing and Refinement. *Hospitality Research Journal*, 14(2), pp. 413-420.

Knutson, B., Stevens, P. and Patton, M. (1995). DINESERV: Measuring Service Quality in Quick Service, Casual/Theme, and Fine Dining Restaurants. *Journal of Hospitality and Leisure Marketing*, 3(2), pp. 35-44.

Ko, A.S.O. and Lee, S.F. (2000). Implementing The Strategic Formulation Framework For The Banking Industry of Hong Kong. *Managerial Auditing Journal*, 15(9), pp. 469-477.

Kotler, P. and Keller, K.L. (2006), *A Framework of Marketing Management*. Pearson Education Inc.

Kuei, J.H. (1995), *Strategic Total Quality Management*. Westport, CT: Quorum Books.

Kumra, R. (2008). Service Quality in Rural Tourism: A Perspective Approach. *Conference on Tourism in India-Challenges Ahead, India*, pp. 424-431.

Levitt, T. (1972). Production Line Approach to Service. *Harvard Business Review*, September-October, pp. 41-52.

Levitt, T. (1981). Marketing Intangible Products and Product Tangibles. *Harvard Business Review*, 59, May-June, pp. 95-102.

Lewis, R. (1976). Uses and Abuses of Hospitality Research. *The Cornell Hotel and Restaurant Administration Quarterly*, 29(3), pp. 11-12.

Love, J.F. (1986), *McDonald's: Behind the Arches*, Toronto: Bantam Books.

Lovelock, C.H. (1981). Why Marketing Needs to be Different for Services. *Marketing of Services*, 13, pp. 36-52.

Lovelock, C.H. (1983). Classifying Services to Gain Strategic Marketing Insight. *Journal of Marketing*, 47, Summer, pp. 9-20.

Lovelock, C.H. and Wirtz, J. (2007), *Service Marketing: People, Technology, Strategy*. Pearson Prentice Hall.

Madu, C.N. (2004), *Competing on Quality and Environment*. Chi Publishers.

Malhotra, N.R. (2004). *Marketing Research: An Applied Orientation*. Pearson Education International.

Marinova, S. T. (2003), *Foreign Direct Investment in Central and Eastern Europe*. Hampshire: Ashgate Publishing Limited.

Mazur, G. H. (1993). QFD for Service Industries From Voice of Customer to Task Deployment. *The Fifth Symposium on QFD*, Novi, Michigan, June.

Mazur, G. H. (1997). Service QFD: State of the Art. *Proceedings of the Third Annual International QFD Symposium*, Linkoping University, Sweden.

- Minor, M.S., Wagner, T., Brewerton, F.J. and Hausman, A. (2004). Rock on! An Elementary Model of Customer Satisfaction with Musical Performance. *Journal of Services Marketing*, 18(1), pp. 7-18.
- Motwani, J. and Kathawala, Y. (1994). Implementing Quality Function Deployment – A System Approach. *The TQM Magazine*, 6(6), pp. 31-37.
- Murgatroyd, S. (1993). The House of Quality: Using QFD for Instructional Design in Distance Education. *The American Journal of Distance Education*, 7(2), pp. 34-48.
- Murray, K.B. and Schlacter, J.L. (1990). The Impact of Services versus Goods on Consumers' Assessment of Perceived Risk and Variability of Perceive Risk, Self-Confidence and Information Sources. *Proceedings of the Fourth Annual Convention of the Association for Consumer Research*, pp. 406-416.
- Nagendra, P.B. and Osborne, S.W. (2000). Professional Services Marketing: A House of Quality Approach. *Journal of Professional Services Marketing*, 21(1), pp. 23-27.
- Nishimura, H. (1972). Ship Design and Quality Table. *Quality Control*, 23, May, pp. 16-20.
- Norman, R. (1984), *Service Management*. New York: John Wiley.
- Oakland, J.S. (2000), *Total Quality Management: Text with Cases*. Oxford: Butterworth-Heinemann.
- Oke, S.A., Ofiabulu, C.E., Banjo, A.A., Akanbi, O.G., Oyawale F.A. (2008). The Combined Application of Quality Function Deployment and Pareto Analysis for Hotel Services Improvement. *International Journal of Productivity and Quality Management*, 3(2), pp.241-262.

Oliver, R.L. (1997). What is Customer Satisfaction? *Wharton Magazine*, 5. pp. 45-58.

Oliver, R.L. and Rust, R.T. (1994), *Service Quality: New Directions in Theory and Practice*. London: Sage Publications.

Olsen, R.P., Sasser, W.E. and Wyckoff, D.D. (1978), *Management of Service Operations: Texts, Cases, Readings*. Boston: Allyn and Bacon.

Öter, A. and Tütüncü, Ö. (2001). Quality Function Deployment in Travel Organizations. Dokuz Eylül University, *Journal of Institute of Social Sciences*, 2(3), pp. 95-117.

Palmer, A. (1994), *Principles of Services Marketing*. McGraw-Hill International.

Parasuraman, A. (1991), *Marketing Research*. Addison-Wesley Reading, MA.

Parasuraman, A., Zeithaml, V.A. and Berry, L. L. (1988). SERVQUAL: A Multiple Item Scale for Measuring Consumer Perceptions of Service Quality. *Journal of Retailing*, 64, pp.1-9.

Parasuraman, A., Zeithaml, V.A. and Berry, L.L. (1985). A Conceptual Model of Service Quality and its Implications for Future Research. *Journal of Marketing*, 49, Fall, pp. 41-50.

Pun, K.F., Chin, K.S. and Lau, H. (2000). A QFD/Hoshin Approach for Service Quality Deployment: A Case Study. *Managing Service Quality*, 10(3), pp. 156–170.

Raghunathan, T.S. and Vonderembse, M.A. (1997). Quality Function Deployment's Impact on Product Development. *International Journal of Quality Science*, 2(4), pp. 253-271.

Ramsaran-Fowdar, R.R. (2007). Developing a Service Quality Questionnaire for the Hotel Industry in Mauritius. *Journal of Vacation Marketing*, 13(1), pp.17-19.

Rathmell, J.M. (1974), *Marketing in the Service Sector*. Cambridge: Winthrop Publishers Inc.

Ross, P.J. (1989), *Taguchi Techniques for Quality Engineering*. New-York: McGraw-Hill.

Schvaneveldt, S.J., Enkawa, T. and Miyakawa, M. (1991). Consumer Evaluation Perspectives of Service Quality: Evaluation Factors and Two-Way Model of Quality. *Total Quality Management*, 2(2), pp. 149-161.

Shahin, A., (2004). SERVQUAL and Model of Service Quality Gaps: A Framework for Determining and Prioritizing Critical Factors in Delivering Quality Services. *Service Quality – An Introduction*, Partha Sarathy, 1st edition, ICFAI University Press, pp. 117-131.

Shostack, G.L. (1977). Breaking Free from Product Marketing. *Journal of Marketing*, 41, April, pp. 35-43.

Shostack, G.L. (1982). Designing Services that Deliver. *Harvard Business Review*, January-February, pp. 133-9.

Smith, A. (1977), *The Wealth of Nations*. Harmondsworth: Penguin.

Sower, V.E., Savoie, M.J. and Renick, S. (1999), *An Introduction to Quality Management and Engineering*. Prentice Hall.

Stanton, W.J. (1981), *Fundamentals of Marketing*. New York: McGraw-Hill.

Stauss, B. and Weinlich, B. (1997). Process-Oriented Measurement of Service Quality. *European Journal of Marketing*, pp. 33-55.

Stelzer, D., Mellis, W. and Herzwurm, G. (1996). A Critical Look at ISO 9000 for Software Quality Management. *Software Quality Journal*, 6, pp. 65-69.

Stuart, F.I. and Tax, S.S. (1996). Planning for Service Quality: An Integrative Approach. *International Journal of Service Industry Management*, 7(4), pp. 58-77.

Sullivan, L.P. (1996). Quality Function Deployment: A System to Assure that Customer Needs Drive the Product Design and Production Process. *Quality Progress*, June, pp. 92-105.

Tam, J.A.M. (2005). Examining the Dynamics of Consumer Expectations in a Chinese Context. *Journal of Business Research*, 58, pp. 777-786.

Teas, R.K. (1997). Expectations as a Comparison Standard in Measuring Service Quality: An Assessment of a Reassessment. *Journal of Marketing*, 58(1), pp. 132-139.

Today's Zaman Paper, Article on Tourism, from 03 January 2010, available at <http://www.todayszaman.com/news-197382-tourism-sector-looks-forward-to-popular-trends-in-2010.html>

Tuchman, B.W. (1980). The Decline of Quality. *New York Times Magazine*, November, pp. 38-41.

von Friedrichs Grangsjö (2001). Power in Destination Branding. *Annals of Tourism Research*, 36(2), pp. 247-267.

White, C. and Yu, Y.T. (2005). Satisfaction Emotions and Consumer Behavioral Intentions. *Journal of Services Marketing*, 19(6), pp. 411-421.

Williams, R.A. (1994). Delivering The Promise. *World Class Design to Manufacture*, 1(1), pp. 33–38.

Yenginol, F. (2000). Quality Function Deployment in Product Development Process: Technical Characteristics of Customers' Requirements and Needs. *Doctorate Thesis*, Dokuz Eylül University, *Institute of Social Sciences* (unpublished).

Young, B.J. (1981). Managing Quality in Staff Areas. *Quality Progress*, 22(10), pp. 87-91.

Zairi, M. (1995). Quality Function Deployment – A Main Pillar for Successful Total Quality Management and Product Development. *International Journal of Quality and Reliability Management*, 12(6), pp. 9-23.

Zeithaml, V. A. (1981). How Consumers' Evaluation Processes Differ Between Goods and Services. *Marketing of Services*, American Marketing Association, pp. 186-90.

Zeithaml, V. A., Parasuraman, A. and Berry, L.L. (1990), *Delivering Quality Service*. New York: Free Press.

Zeithaml, V.A., Parasuraman, A. and Berry, L.L. (1988). SERVQUAL: A Multiple-Item Scale for Measuring Consumer Perceptions of Service Quality. *Journal of Retailing*, 64, pp.1-9.

Zhao, X., Bai, C. and Hui, Y. (2002). An empirical Assessment and application of SERVQUAL in a Mainland Chinese Department Store. *Total Quality Management*, pp. 241-254.

APPENDIXES

APPENDIX I: Questionnaire

Dear Guests,

Nowadays, the increasing service quality in the hospitality industry is very important. Through this questionnaire the real and the most important guest wishes and expectations considering our hotel could be specified and serve as a basis for a research considering this area. The main goal of this study can be reached only with your help and involvement. All of personal information presented in this questionnaire will remain confidential. The data collected and the results of this questionnaire will be introduced in a master degree thesis research performed at the MBA Faculty.

Thank you for participation.

Cristalina DANII

Dokuz Eylül University, Faculty of Business Administration

PART 1

1. Where do you come from?

.....

2. Your Gender

Male

Female

3. Your Age

18-24

25-34

35-44

45-54

54 and more

4. Your Profession

- Manager
- Worker
- Retired
- Own business
- Student
- No working
- Other

5. Your Education

- Elementary School
- High school
- University
- Master Degree
- Doctorate
- Other

6. How often do you spend your holiday in our hotel?

- Less often than once in 2-3 years
- Once in few years
- Once in a year
- More than once in a year

PART 2

Guest requirements expected from a hotel resort are presented bellow. Please, while reading and analyzing all of these requirements, specify the importance degree of these requirements for you and, respectively, the level of their performance in our hotel, by circling the related and appropriate numerical value.

GUEST REQUIREMENTS	IMPORTANCE DEGREE					PERFORMANCE LEVEL				
	Very Unimportant	Unimportant	Neither Important Nor Unimportant	Important	Very Important	Very Low	Low	Moderate	High	Very High
Hotel should have a nice outlook, design, furniture and overall a positive atmosphere	1	2	3	4	5	1	2	3	4	5
Hotel should have enough swimming pools, bars, restaurants, elevators for the total amount of the guests	1	2	3	4	5	1	2	3	4	5
Hotel rooms and hotel territory should be absolutely clean	1	2	3	4	5	1	2	3	4	5
Hotel rooms should be comfortable	1	2	3	4	5	1	2	3	4	5
All the technical equipment (air conditioners, refrigerators, etc.) used in the hotel should be new, good working and clean	1	2	3	4	5	1	2	3	4	5

GUEST REQUIREMENTS	IMPORTANCE DEGREE					PERFORMANCE LEVEL				
	Very Unimportant	Unimportant	Neither Important Nor Unimportant	Important	Very Important	Very Low	Low	Moderate	High	Very High
Offered room products (soaps, towels, etc.) should be new and have an amount well enough for every person using that room	1	2	3	4	5	1	2	3	4	5
Food and beverages should be hygienic, delicious, high quality and diversified	1	2	3	4	5	1	2	3	4	5
Services should always be offered immediately and at the right time	1	2	3	4	5	1	2	3	4	5
Staff should always smile and reflect their satisfaction with the job they are doing	1	2	3	4	5	1	2	3	4	5
Staff should be professional and experienced	1	2	3	4	5	1	2	3	4	5
Staff's uniforms should always be clean and good looking	1	2	3	4	5	1	2	3	4	5
Hotel should have enough staff in every department	1	2	3	4	5	1	2	3	4	5
Reservations should be done correctly	1	2	3	4	5	1	2	3	4	5
Guests should feel safe in the hotel area	1	2	3	4	5	1	2	3	4	5

GUEST REQUIREMENTS	IMPORTANCE DEGREE					PERFORMANCE LEVEL				
	Very Unimportant	Unimportant	Neither Important Nor Unimportant	Important	Very Important	Very Low	Low	Moderate	High	Very High
Management should be sensitive to guest wishes and complaints	1	2	3	4	5	1	2	3	4	5
Animation should be various	1	2	3	4	5	1	2	3	4	5
Sport activities should be diversified	1	2	3	4	5	1	2	3	4	5
There should be a Mini Club in the hotel	1	2	3	4	5	1	2	3	4	5
Hotel prices should stay constant	1	2	3	4	5	1	2	3	4	5
There should be special offers (special VIP price lists, free SPA, free hairdressing, etc.) for repeat guests	1	2	3	4	5	1	2	3	4	5
There should be a dress code in the hotel, especially at dinner	1	2	3	4	5	1	2	3	4	5
There should be a good sound isolation in the rooms and in the hotel area	1	2	3	4	5	1	2	3	4	5
Every procedure and service should be adapted in conformity with different cultures	1	2	3	4	5	1	2	3	4	5