CUSTOMER SATISFACTION AT LA NDOU GUESTHOUSE - A CASE STUDY

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ABSTRACT

The study focuses on measuring customer satisfaction at the La Ndou Guesthouse by means of a structured questionnaire. A total of 450 questionnaires have been distributed and an excellent response rate of 77% realised. The results showed that the demographic profile of the guests at La Ndou Guesthouse are mostly married, equally distributed between male and female, between 35 and 45 years old (46%), have an education of a university B-degree and come from either the government departments Education or Health. The customer satisfaction measurement revealed mediocre to fair levels of satisfaction. No service areas recorded satisfaction levels above 0.75. The CSI values concluded that the service areas Facilities and Loyalty (both 0.69), Hospitality and Ambiance (both 0.72), Timeliness (0.71) and satisfaction (0.68) are all in the range of providing a level of satisfactory service (between 0.60 and 0.75). Regarding marketing, the majority of customers have heard about the guest house via word-of-mouth (72%) which makes it the most important marketing tool for the guest house.

To those who bring delight to my life:

- My wife: Jacqueline who was there for support
- My children: Fhatuwani and Nyadzani who were there for the whole game
- La Ndou Guesthouse Manager: Patricia Mothopeng who helped with the distribution of the questionaires
- Prof C.A Bisschoff: A Transformational Leader who wins peoples' souls and understands that leading is not an end in itself - it triggers a chain of results.
- Antoinette Bisschoff who was there at the final whistle.

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CHAPTER 1

INTRODUCTION

1.1 BACKGROUND TO THE PROBLEM

South Africa's tourist industry is booming with the number of arrivals to the country growing faster than anywhere else in the world, says Tourism Minister, Marthinus van Schalkwyk. Speaking in Utrecht, Holland, earlier in 2007 at the opening of a tourism and leisure exhibition, he said that the latest figures showed a more than 15% increase in tourism arrivals.

"*Our arrivals growth rates far outstrip the rest of the world, which averaged around 4.5% over a similar period,*" he said. In his address, Van Schalkwyk also referred to South Africa's tourism preparations for the 2010 Soccer World Cup, saying visitors to the event would be spoilt for choice when it came to accommodation. In previous tournaments only hotels were contracted to accommodate people. However, South Africa is delivering on its promise to ensure that visitors to the 2010 World Cup will be treated to a uniquely South African experience. "*For the first time in World Cup history, non-hotel accommodation such as national park accommodation, lodges, guest houses and bed & breakfasts will also be contracted*", he said (Van Schalkwyk, 2007).

Van Schalkwyk told the fifth anniversary of the Tourism Grading Council of SA in Cape Town that South Africa had learnt from the mistakes of other World Cup host countries that spent vast amounts of money on infrastructures such as hotels and stadiums which now lay idle. The Minister said initial indications were that there would be a shortfall of between 160 000 and 180 000 beds to accommodate those who would be attending matches around the country in 2010. Van Schalkwyk also

stressed that preparing for 2010 was not an end goal in itself; he said "*It is only one important milestone in building a tourism industry. After 2010, we want a growing industry – we want people who come here for that 2010 event to come back to this country*" (Anon, 2006).

La Ndou Guesthouse is researching customer service as part of its information management strategy to assist in crafting La Ndou Guesthouse`s vision and to position itself in the tourism industry in South Africa. Researchers have shown that a 5% increase in customer loyalty can produce a profit increase of 25% to 85% (Reichheld, 2001). The increasing sophistication of customer demands coupled with the increasing market competition has posed a new challenge to hospitality managers.

As with any business, La Ndou Guesthouse is focused on making improvements in its market share in the tourism industry. La Ndou Guesthouse managers are seeking ways to understand the most influential factors in customer loyalty. This knowledge may assist La Ndou guesthouse managers to implement strategies which will ensure that the guesthouse will receive loyalty from both existing and prospective customers.

The concept of "customer satisfaction" has drawn the interest of academics and practitioners for decades and the fact that customers are the primary source of most companies' revenue. Customer satisfaction is a necessary precondition for customer loyalty which is in turn, a key driver of profit, growth and performance (Blem, 1995). Bisschoff (2000) defines customer satisfaction as an outcome of purchase and use resulting from the buyer's comparison of the rewards and costs of the purchase in relation to the anticipatable consequences. It was also viewed as an emotional state that occurs in response to the evaluation of a service. Consistent with this view, customer satisfaction is defined as an emotional response that results from a cognitive process of evaluating the service received against the costs of obtaining the service (Rust & Oliver, 1994).

Defining perceived service quality: The actual quality of service is difficult to define and measure (Parasuraman, Zeithaml & Berry, 1988a). However, researches have reached a consensus that service quality should be defined and measured from the customers' perspective. The most widely accepted definition of perceived service quality is that it represents the discrepancy between customer expectations and their perceptions of the service performance (Grönroos, 1984). There is acceptance amongst researches that service quality can be tied to perceptions of service performance (Bisschoff, 2000).

The definitions of perceived value generally involve a trade off between what customers receive and what they give up to acquire the service. Perceived value can be enhanced by either adding benefits to the service or by reducing the outlays associated with the purchase and the use of the service. Price is often used as a key measure to represent what customers have to sacrifice to obtain the service.

It is recognized that merely satisfying customers is not sufficient to secure loyalty. Studies have shown that satisfied customers also express a tendency to switch to competitors (Woodruff, 1997). He further believes that customer value is a source of competitive advantage, and that customer value is an strategic driver that differentiates a organisation's offering from that of its competitors in the crowded market place.

The obvious need for satisfying the guesthouse's customers is to expand the business to gain a higher market share and to acquire repeat and referral business, all of which leads to improved profitability (Barsky in Kivela, Inbakaran, & Reece, 1999). Studies conducted by Cronin and Taylor (1992) in service sectors such as banking, pest control, dry cleaning and fast food, found that customer satisfaction has a significant effect on purchase intentions in all four sectors; similarly, in the health care sector. McAlexander, Kaldenberg & Koenig (1994) found that patient satisfaction and service quality have a significant effect on future choice of medical

supplier. Getty and Thompson (1994) studied relationships between quality of lodging, satisfaction, and the resulting effects on customer's intentions to recommend the lodging to prospective customers. Their finding suggests that customers' intentions to recommend are a function of their perceptions formed by their level of satisfaction and the actual service quality with the lodging experience. Hence it can be concluded that there is a positive relationship between customer satisfaction and customer loyalty.

1.2   RESEARCH PROBLEM

The research problem is to identify some of the root causes of customers' satisfaction and dissatisfaction at the La Ndou Guesthouse. The main focus of the study is to evaluate customer service at the La Ndou Guesthouse using customer satisfaction, quality and perceived value as marketing constructs to grow the business. This means investing a small amount of money by implementing customer satisfaction surveys.

1.3   RESEARCH METHODOLOGY

Information is acquired from both secondary sources and primary sources. Secondary information provided useful information and was obtained from various publications such as:
- Textbooks
- Journals
- Tour and travel magazines
- Hospitality reports
- Web internet sites
- Previous studies on the subject
- Newspaper reports.

However, the primary sources of information were obtained from customers through the use of questionnaires at the target group. Data were gathered by means of an empirical study. Respondents were requested to complete a questionnaire. The questionnaire was formulated according to the model established during the literature study. This was not a "smile survey". Such surveys are essentially looking for confirmation, they don't want bad news and they don't want to be confused by unanswered wants or new information. That is a closed loop process. *"Tell us how we are doing on the issues"*. To avoid such myopia, one of the first reality checks was to allow groups of customers to critique the questions of the survey.

1.4 OBJECTIVES

The objectives of the research are to:
- Determine the levels of customer service and satisfaction at La Ndou Guesthouse across a number of service criteria;
- Evaluate the customer service levels at La Ndou Guesthouse against standards acquired from the literature research; and to
- Make recommendations to management in order to implement managerial interventions.

1.5. RESEARCH DESIGN

It was hypothesised that in service consumption, if customers perceive that a service they receive is of high quality, then satisfaction results. On the other hand, if consumers perceive that the service received is of low quality, then dissatisfaction results. With the above objectives in mind, the research is to test the following hypothesis:

H_0: Customers are satisfied with the level of customer service received at La Ndou Guesthouse.

H_1: Customers are not satisfied with the level of customer service received at La Ndou Guesthouse.

FIGURE 1.1: INTEGRATIVE MODEL OF THE RELATIONSHIPS AT LA NDOU GUESTHOUSE
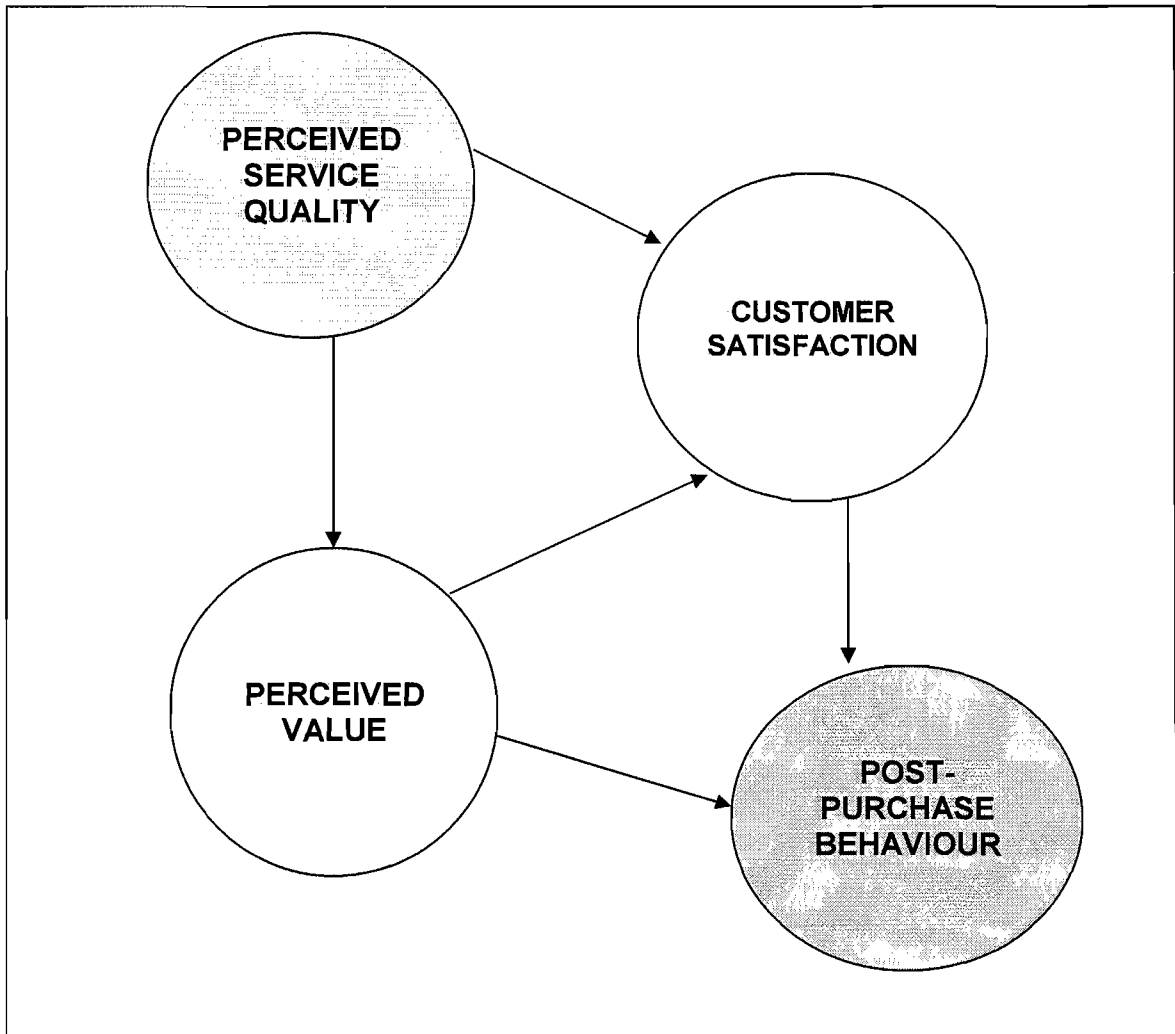
1.6 QUESTIONNAIRE DESIGN

The questions were formulated according to the model established during the literature study. The questionnaire included items entailed to measure perceived service quality, customer satisfaction, perceived value and intended post purchase behaviour.

1.	**Perceived Service Quality**:	- Facilities questions
2.	**Customer Satisfactions**:	- Satisfaction questions
		- Hospitality questions
		- Ambience questions
3.	**Perceived Value**:	- Value questions
		- Timeliness questions
4.	**Post-Purchase Behavior**	- Loyalty questions
		- Guesthouse change intentions questions

The methodology which was followed included obtaining a random sample of 450 guests to complete the questionnaire. The sample was randomly selected from the customers visiting La Ndou Guesthouse during August and September of 2007.

1.7 IMPORTANCE, LIMITATIONS AND ASSUMPTIONS

One of the greatest challenges facing hospitality organisations today is the ever growing volume and pace of competition. Competition has had major implications for the customer, providing:

- Increased choice
- Greater value for money

- Augmented levels of service

Competitors that are prospering in the economy recognize that customer satisfaction is the key to success. Only by doing so can they keep the customers they have and understand how to better attract new customers. Customer satisfaction data obtained by a customer survey is a strategic weapon once applied by management, and can result in increased market share and increased profits.

Perceived service quality, perceived value, customer satisfaction and post-purchase behaviour was measured using a 5-point Likert-type scale where: 1 = "Strongly disagree", 2 = "Disagree", 3 = "Neutral", 4 = "Agree" and 5 = "Strongly agree". To collect data, questionnaires accompanied by covering letters and a chocolate bar incentive were distributed to 450 guests at La Ndou Guesthouse. The questionnaires were delivered by the reception desk to the guest checking in during the collection period.

It was not the researcher's intention to establish every single possible source of satisfaction or dissatisfaction with the service at La Ndou Guesthouse. Rather, it is an attempt to shed some light on underlying causes of satisfaction and dissatisfaction and in particular to La Ndou Guesthouse's customer service.

The key assumptions were that the respondents to the questionnaires given to the selected guests are representative of La Ndou Guesthouse customers. The questionnaire proved to be an appropriate measuring tool to determine customer satisfaction and dissatisfaction amongst guests of La Ndou Guesthouse.

1.8 STRUCTURE OF THE STUDY

The study is divided up into four chapters:

Chapter 1: Introduces the research problem, giving some background and describing the overall objectives. It further states the research hypothesis and the methodology employed to research the problem and goes on to state the importance, limitations and assumptions.

Chapter 2: Discusses the background literature that forms the basis of the research.

Chapter 3: Discusses the research methodology that was followed in sampling the respondent guests, while it also presents the results of the research.

Chapter 4: Concludes the study and provides a summary of the investigation. Thereafter based on findings are the conclusions and resulting recommendations.

CHAPTER 2

CUSTOMER SERVICE

2.1   INTRODUCTION

This chapter discusses the relevant theory base used to develop and support the findings of this research report. The literature research relevant to this particular study consists of defining what customer service is, the different measures that can be applied to determine the service levels, and then the reason for quality customer service, namely the effect of service quality on the business such as La Ndou Guesthouse.

2.2   CUSTOMER SERVICE DEFINED

Customer service stems originally from the general marketing theory and has often been expressed as the focused need to pursue a competitive advantage in business. As service marketing emerged from the post product and production eras (where product quality and the ability to supply were sufficient to provide a competitive advantage to companies), the focus of quality services became evident in the strive for market share and competitive business. Hunt, Money and Ray (1981) formularized the following propositions which capture this paradigm:

- Competitors consist of the constant struggle of organisations to develop, maintain or increase their differential advantages over other organisations.
- Competition of differential advantage is the primary force for innovation in marketing.
- The basis of differential advantages are :
  - o   marketing segmentation;
  - o   selection of appeals;

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- o product improvement;
- o process improvement;
- o service quality; and
- o product innovation.

- Through time competitors will attempt to neutralise the differential advantage of an entrant.

- The existence of a differential advantage gives the organisation a position in the marketplace known as an ecological edge.

- Quality service delivery is one such competitive edge.

The philosopher Von Bertalanffy describes in his philosophy of *"The Dynamic System Theory"*, that customer service is the core dynamics of *Input, Feedback* and *Reality* (Moreo, 1996:7). Other scientists describe customer service levels to be a function of expectations of the customers as driving force of the level of actual service required, thus a demand orientated origin of service levels (Lovelock, 1996:86). In addition, later research has shown that customer satisfaction also depends not only on the demand side, but also on the supply side of the economic theory, namely what level of service was expected (demand) and then the actual level of service that was received (supply) (Pitt & Nel, 2003:197-201).

As a result of these developments, the focus then turned to the concept of customer satisfaction and the management of satisfaction as competitive edge in the organisation.

2.2.1 Customer satisfaction

Churchill and Surprenant (in Sekajja, 2006) define customer satisfaction as an outcome of the purchase and use that result from the buyer's comparison of the rewards and costs of the purchase in relation to the anticipated consequences. It has also been viewed as an emotional state that occurs in response to the evaluation of service. Consistent with this view, customer satisfaction is also defined

as an emotional response, which results from a cognitive process of evaluating the service received against the costs of obtaining the service (Rust & Oliver, 1994).

Most of the research on consumer satisfaction has focused on the model of consumer satisfaction proposed by Oliver (Rust & Oliver, 1994). He argues that satisfaction is a function of both performance expectations and degree of disconfirmation (i.e. the degree to which actual performance departs from expectations). Another important aspect identified by Oliver is that emotions and perceptions are part and parcel of the evaluation of the service, and this brings into play the concept of perceived quality.

2.2.2 Perceived service quality

Researchers have reached a consensus that service quality should be defined and measured from the customer's perspective. The actual quality of service is difficult to define and measure (Parasuraman et al., 1988a). Parasuraman et al. (1988b) asserts that the expectation measures can assist management in identifying those areas which require immediate attention. Evaluation of the quality of a product is, although not fully, an objective evaluation.

Products could be adhered to technical tests, visual inspections, performance tests and other means of objective evaluations before the actual purchase. As a result, the buyer is more informed about the product quality that he/she receives when they exchange their hard-earned money for the product in the purchasing transaction. Therefore, fewer dissatisfaction results from the purchasing of a product. On the other hand, a service can not be examined before-hand (Tam, 2004). Customers must rely only on the reports from previous similar experiences by themselves or others (word-of-mouth). This is a result of one of the core differences between products and services, namely intangibility (Shiffman & Kanuk, 2004:190). Intangibility is one of the key drivers of service quality measurements in the

renowned *Servqual* model by Parasuraman et al. (Pitt & Nel, 2003:202; Shiffman & Kanuk, 2004:191-193).

The most widely accepted definitions of "perceived service quality" are that it represents the discrepancy between "customer expectations" and their perceptions of the service performance (Grönroos 1984; Parasuraman et al., 1988a).

Evidently any customer service measurement employs quality as a perception of what was received and not factual quality received. Factual quality received remains unimportant because for the customer, perception signifies reality and fact, and the customer acts upon his or her beliefs or perceptions and not facts (Shiffman & Kanuk, 2004:179).

2.2.3 Customer perceived value

Value creation has been popular in consumer and industrial marketing research and the interest is equally extensive in academia and industry. Academic research has built on defining the value construct as well as on linking it to other constructs such as loyalty, satisfaction and repurchase behaviour.

Customer perceived value has been given many definitions in marketing literature (Woodruff, 1997) and following one of the more traditional perspectives, perceived value has been defined as *"the consumer's overall assessment of the utility of a product is based on perceptions and on what is relevant and what is given"*.

It has been suggested that customer perceived value is formed of the trade-off between benefit and sacrifice. Perceived service quality has been defined as a function of what the customer gets out of the service, i.e. a technical dimension, and how the service is delivered to them, i.e. a functional dimension (Grönroos, 1984).

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2.3 MEASURING CUSTOMER SERVICE

2.3.1 The Servqual model

A review of the relevant literature would not be complete without consulting the research done in the area of services marketing. While there have been efforts to study service quality, there has been no general agreement on the measurement of the concept. The majority of the work to date has attempted to use the *Servqual* methodology in an effort to measure service quality (Pitt & Nell, 2003).

Service quality is a concept that has aroused considerable interest and debate in the research literature because of the difficulties in both defining it and measuring it with no overall consensus emerging on either (Wisniewski, 2001). There are a number of different "definitions" as to what is meant by service quality. One that is commonly used defines service quality as the extent to which a service meets customers' needs or expectations (Lewis & Mitchell, 1990). Service quality can thus be defined as the difference between customer expectations of service and perceived service. If expectations are greater than performance, then perceived quality is less than satisfactory and hence customer dissatisfaction occurs (Parasuraman et al., 1988b; Lewis & Mitchell, 1990).

There always exists an important question: why should service quality be measured? Measurement allows for comparison before and after changes, for the location of quality related problems and for the establishment of clear standards for service delivery. Edvardsen, Tomasson & Ovretveit. (1994) state that, in their experience, the starting point in developing quality in services is analysis and measurement. Parasuraman et al. (1988a) in their view perceived service quality as a global judgement, or attitude, relating to the superiority of the service, whereas satisfaction is related to a specific transaction.

Tam (2004) utilize a gap analysis approach to explore the concept of professional services quality and its evaluation from both the provider and customer perspectives. There are seven major gaps in the service quality concept. The model is an extension of the original *Servqual* model by Parasuraman et al. (1988b). Luk & Layton (2002) identified the three important gaps, which are more associated with the external customers, as Gap 1, Gap 5 and Gap 6; since they have a direct relationship with customers. The Gaps are explained as:

- **Gap 1:** Customers' expectations versus management perceptions: as a result of the lack of a marketing research orientation, inadequate upward communication and too many layers of management.

- **Gap 2:** Management perceptions versus service specifications: as a result of inadequate commitment to service quality, a perception of unfeasibility, inadequate task standardisation and an absence of goal setting.

- **Gap 3:** Service specifications versus service delivery: as a result of role ambiguity and conflict, poor employee-job fit and poor technology-job fit, inappropriate supervisory control systems, lack of perceived control and lack of teamwork.

- **Gap 4:** Service delivery versus external communication: as a result of inadequate horizontal communications and propensity to over-promise.

- **Gap 5:** The discrepancy between customer expectations and their perceptions of the service delivered: as a result of the influences exerted from the customer side and the shortfalls (gaps) on the part of the service provider. In this case, customer expectations are influenced by the extent of personal needs, word of mouth recommendation and past service experiences.

- **Gap 6:** The discrepancy between customer expectations and employees' perceptions: as a result of the differences in the understanding of customer expectations by front-line service providers.

- **Gap 7:** The discrepancy between employee's perceptions and management perceptions: as a result of the differences in the understanding of customer expectations between managers and service providers.

"The gap model is one of the best received and most heuristically valuable contributions to the services literature" (Parasuraman, 1988b). The model identifies seven key discrepancies or gaps relating to managerial perceptions of service quality, and tasks associated with service delivery to customers. The first six gaps (Gap 1, Gap 2, Gap 3, Gap 4, Gap 6 and Gap 7) are identified as functions of the way in which service is delivered, whereas Gap 5 pertains to the customer and as such is considered to be the true measure of service quality. The Gap on which the *Servqual* methodology has influence is Gap 5.

FIGURE 2.1: MODEL OF SERVICE QUALITY GAPS
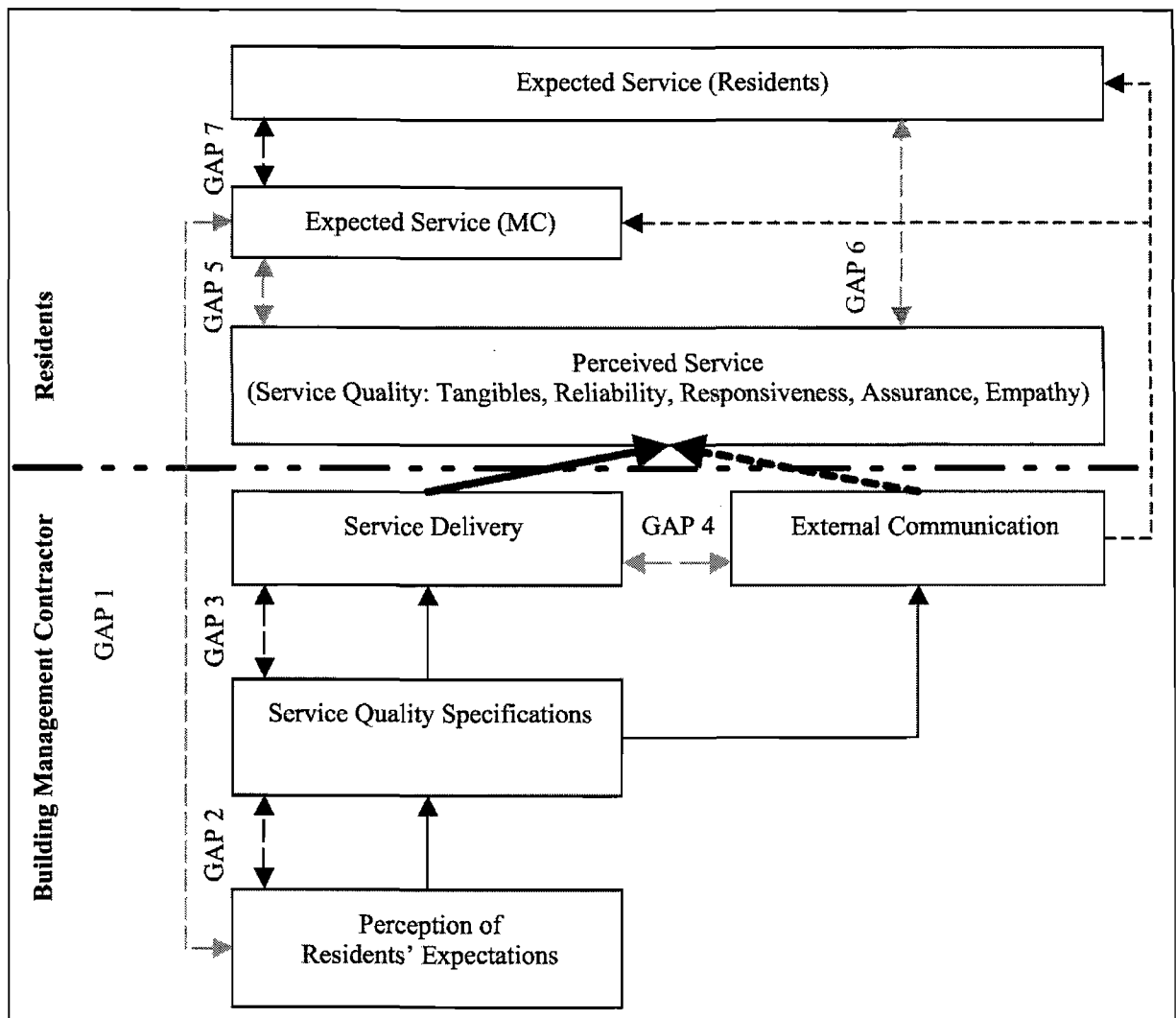
Source: Luk and Layton (2002)

2.3.2 Index values or mean model

It is also an acceptable practice to use a measuring instrument on a rating scale (Likert) ranging from 1 - either 3 or up to 10, depending on the refinement of the scale (McDaniel & Gates, 1999). In the application of this type of data, it is customary to calculate the mean score of each statement. This is similar to the methodology employed by the *Servqual* model before indices are calculated (Pitt & Nel, 2003:204-205). In addition, the standard deviation of each statement is calculated to supplement the mean scores and to ensure that no out-of-the-ordinary differences occur (Bisschoff & Hough, 1995).

The Likert scale can also be converted to percentage format to enhance understanding of the results. For example, a 5-point Likert can be adapted to reflect perceptions more accurately as suggested by Bisschoff (2000). Table 2.1 shows the conversion table. (Note that a different scale would result in a different conversion table.)

TABLE 2.1: CONVERSION OF LIKERT SCALE VALUES

LIKERT SCALE	CONVERTED
1	0%
2	25%
3	50%
4	75%
5	100%

The mean values from either the Likert scale or the conversion table are then employed to interpret the results. Mean values from the Likert scale would result in a score which signifies the level of satisfaction. It is, however, customary to adapt the scores into an index value (a value between 0 and 1) or a percentage value to enhance interpretation (i.e. 60% or 0.6 is easier interpretable than 3 on a 5-point Likert

scale, for example). This study makes use of calculated index values on a 5-point Likert scale.

2.3.3 Other methods

Although various other methods of determining customer satisfaction exist, this study does not make use of them. Methods such as observation (either in personal or recorded format), group discussions, organised forums or derivatives such as return visits to the business could be employed to assess customer satisfaction qualitatively. These methods, however, fall outside the scope of this study and therefore a brief reference should suffice for this literature discussion.

2.4 SIGNIFICANCE OF CUSTOMER SERVICE

Customer satisfaction, as a result of focused management towards customer service levels, could provide companies with a significant competitive advantage in the market. This advantage could be applied in defending the organisation's market from attacks on the market share (thus defensively) or as surgical attack tool in the war for market share. However, irrespective of the purpose of application, customer satisfaction has a significant influence on the customer base of the organisation, namely in:

- Customer loyalty;
- Customer retention;
- Switching costs to the organisation;
- Service place and time;
- Relationship marketing;
- Loyalty programmes; and
- Bottom line success.

2.4.1 Customer loyalty

Loyalty is essentially an emotional concept, like relationships, and yet many organisations seem not to understand and appreciate the concept (Sekajja, 2007). There is a great tendency in business to measure or define loyalty entirely in behaviour terms – number of risks, frequency of risks, total spent, share of category spend, number of years as a customer. There is a tendency to confuse loyalty with retentions – two concepts are related, but certainly not the same thing.

Loyalty defined behaviourally is a much easier concept to understand without having to get into consumer psychology. Customer retention may have little or nothing to do with loyalty. Customers may come back again and again because they perceive no alternative, or they may feel that it is simply too much trouble to switch, or that the competition is no better. Or, there may simply be the fact of customer inertia – they never get around to changing or they feel switching is just not worth the effort (Shiffman & Kanuk, 2004).

Some researchers have suggested that mere satisfaction is not enough to keep customers loyal in highly competitive markets (Jones, Sasser & Earl 1995). The relationships between customer satisfaction and loyalty may vary according to the degree of competition in the market. Customers who are satisfied with the service will also switch suppliers if they see that there is a better alternative elsewhere. On the other hand, where there is no other choice, customers will continue purchasing from the same supplier even though they are dissatisfied with the service.

Sällberg (2004) indicated that there are different concepts positively related to why customers continue to purchase a certain brand or from a certain organisation. She introduced four concepts, which are behavioural loyalty, attitudinal loyalty, customer satisfaction and switching costs.

- **Behavioural loyalty**

  Behavioural loyalty focuses on the value of the brand to the customer and it is a customer's repeat patronage behaviour, developed relationship overtime. For any companies, customer loyalty becomes more meaningful only when it translates into purchase behaviour. Purchase behaviour generates direct and tangible returns to the organisation as compared to the effects of pure attitudinal loyalty where commitment and trust that do not translate directly into actual purchase behaviour. Therefore, it is important for a organisation to build behavioural loyalty.

- **Attitudinal loyalty**

  Pure attitudinal loyalty of a customer without behavioural loyalty may provide only limited or no tangible returns to the organisation. Customer attitudes have been known to influence customer behaviour (Ajzen & Fishbein, 1980). However, customers exhibiting a positive attitude may not translate that into purchase behaviour due to a relatively more favourable attitude toward another brand. The positive attitude strength of a customer needs to be complemented by high attitude differentiation (compared to other brands) in order for the organisation to expect sustained purchase behaviour from the customers in the long run. Baloglu (2002) suggested that customer loyalty should be studied on a two-dimensional scale as behavioural (repeat patronage) and attitudinal (commitment) loyalty.

- **Customer satisfaction**

  See section 2.2.1.

- **Switching Costs**

  Switching cost is defined by Porter (1980) as "onetime" cost, as opposed to the ongoing cost associated with using a product or provider once a repeat purchase relationship is established. Switching cost as the onetime costs that

customers associate with the process of switching from one provider to another. Furthermore, switching costs is not only "economic" cost, but also "non economic cost" such as search costs, transaction costs, learning costs, loyal customer discount, customer habit, emotional cost, and cognitive effort, coupled with financial, social, and psychological risk on the part of the buyer. According to Dick and Basu (1994), switching costs can lead businesses to falsely assume that all repeat purchase customers are loyal to the organisation when many are less that satisfied but perceive the cost of switching to an alternative supplier to be too high.

In addition, latent or low loyalty levels may also be prevalent.

- **Customers with latent loyalty and low patronage levels**

  Although these customers hold a strong attitudinal commitment to the organisation, their low patronage may occur because they do not have enough resources to increase their patronage or because of the price, accessibility, or distribution strategy may not encourage them to become repeat customers. Customers with spurious loyalty make frequent purchases, even though they are not emotionally attached to the brand or the organisation. The high patronage levels of spuriously loyal customers can be explained by factors such as habitual buying, financial incentives, convenience, and lack of alternatives, as well as factors relating to the individual customer's situation Horner & Swarbrooke, 1996).

- **Low loyalty**

  This group shows low levels of both attitudinal attachment and repeats patronage. It can be said that spurious and low loyalty groups are highly volatile and susceptible to incursions from competitors.

Applied literature: Customer Loyalty in Hotel Industry

Customer loyalty is particularly important to the hotel industry, because hotel-industry segments are mature and competition is strong. Often there is little differentiation among products on the same segment.

Marketing customer loyalty through a customer relationship approach has become a significant marketing strategy given most of services which hotels offer, are intangible. It is difficult to differentiate themselves from other competitors because of this, hotels have been making an effort to succeed on the industry by improving service quality and the service itself in order to maximize the customer satisfaction and ensure guest become "loyal guests".

However, it is important to recognize the difference between customer satisfaction and customer loyalty. Customer satisfaction assesses how much the transactions exceeded customer's expectations whereas customer loyalty assesses how possible it is that the customer will return to the hotel (Baloglu, 2002).

Dills (2000) mentioned that the full loyalty is difficult to measure as a service matter for hotels, as it can make it difficult to reward loyalty since the value of loyalty is established by both qualitative and quantitative phases. However, this problem can bee seen as a challenge and hotels could overcome the matter, then the hotel could differentiate itself from other hotels.

Finally, in conclusion of the discussion of loyalty, many organisations are putting a lot of effort into improving customer satisfaction since it is believed that customer satisfaction generates superior economic returns. Anon (2007) stated that high customer satisfaction increases loyalty for current customers, reduces price elasticity, protects current customers from competitive efforts, lowers the cost of future transactions, reduces failure costs, reduces the need to attract new customers, and enhances the reputation of an organisation. According to the research on the relationship between quality and customer satisfaction and

economic benefits, conducted by Anderson, Fornell and Mazvancheryl (2004), even though economic returns from improving customer satisfaction are not immediately realized, with a long run perspective, increasing customer satisfaction is extremely important because it affects future cash flows and market share increases. Anderson, et al. (1994) also stated that customer satisfaction is generally seen as having a simple effect on loyalty.

From the study of relationships between customer satisfaction and loyalty, done by Jones et al. (1995), highly satisfied customers become highly loyal customers. They found the link between satisfaction and loyalty in markets where customers have choices as a simple, linear relationship: as satisfaction goes up so does loyalty. This finding can be applied to the hospitality industry given that customers have a number of choices. Therefore customer satisfaction is especially important in order to improve loyalty.

2.4.2 Service place and time (environment)

The service environment is often included in service delivery, such as distance between the service provider and the customer accessibility and availability of service outlets (Grönroos, 1984; Lovelock, 1996).

It has also been suggested that the service environment influences service evaluations (Rust & Oliver, 1994). Lehtinin (2001) argued that the physical resources of the service delivery system influence the service production process. The quality of the physical environment involved three sub-dimensions: ambient conditions, design and social factors.

Time and location are acknowledged in service delivery. Temporal access is frequently related to time allocations; and time orientation; opening hours; punctuality; and speed of delivery.

2.4.3 Customer retentions.

Extensive research has been undertaken in the area of managing existing customers, given that it is universally accepted that it is more efficient to keep existing customers than acquire new ones (Reichheld, 2001).

The true meaning of customer retention is the subject of some controversy: Does it mean repurchase? Intention to repurchase? A referral, or does it simply mean a feeling of loyalty to the brand? (Stevens, 2007).

However, we decided to define retention, the essential objective of retention marketing is to avoid re-acquisition. Instead of continually acquiring and losing customers, which incurs additional expense, we seek to get a customer, please the customer, and keep the customer. Reichheld (2001) demonstrated that, depending on the industry, 95 percentage point reduction in defections can lift per customer profit by 35% to 95%.

A slavish pursuit of customer retention can lead to misconception that it is worth retaining all customers. As Reichheil demonstrated, a certain increase in retention drives a certain increase in profit, and then retention should drive more profits, logically. But not all customers are created equal. You should only retain customers who you expected to deliver a profit. Optimization of the customer asset means a willingness to let go of customers if you cannot serve them profitably. A goal of 100% retention is undesirable (Stevens, 2007).

2.4.4 Relationship marketing

The concept of relationship marketing needs some explanation in the literature discussion of customer service as it does not usually form part of such a discussion. However, in this case, the market of the La Ndou Guesthouse is significantly weighted in the public sector, and especially the government departments of Health

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and Education (see also Section 3.3.2). As a result close ties and relationship marketing come into play to service these markets. Therefore, the literature discussion includes a brief reference to the concept of relationship marketing.

Relationship Marketing grew out of widespread recognition both in theoretical and practical circles that the traditional and widely accepted transactions approach to marketing (where all marketing decisions are based around the marketing mix – place, products, promotion and price) was inadequate for an increasing amount of products in an increasing amount of markets.

The marketing mix approach is suitable when the product was a simple standard product, or consumer good and had a large mass market of anonymous customers. However, over time, more and more organisations began realizing that increasingly, customers no longer wished to remain anonymous, mass markets were fragmented and competition was becoming more intense and global simply manipulating customers into making a transaction was no longer adequate (Grönroos, 1984).

It was with this in mind that various terms such as lifetime value, service quality and mass customization entered popular marketing vernacular. Under this new way of thinking, which some even deemed to be the new marketing paradigms, keeping a customer became as important as making the sale. Especially for industries involved in services, learning about the customer and tailoring the service to their needs was even more important.

Relationship marketing theory stems from two independent schools of thought. The first being the *Nordic approach* that developed in the early 1980's (Gummesson, Lehtinien & Grönroos, 1997) whose relationships are understood from a service point of view. Understanding how to create customer value or ensure customer satisfaction levels is the key to understanding relationship marketing and relationship management. The Nordic School also recognizes the importance and extra value for both buyer and seller of relationship-based interaction as opposed to the transaction

based interaction in terms of *"Life Time Value"* of the customer to the organisation and *"Customer Value"* of a personalized product to the customer.

The second, namely the *Network approach* to relationship marketing, highlights mutual interest and the uniqueness of each individual relationship. By working together a relationship can be profitable for both parties and can obtain outcomes that would have been impossible to achieve without the relationship creating a state of mutualism (Horne & Worthington, 1996).

The two schools are by no means contradictory, more so looking at relationship from a different angle. According to Halinen (1996), these two schools of thought suggest that relationship marketing helps two cornerstones:

- Relationships are temporal, in that it occurs over a period of time and that over its lifecycle the nature of the relationship will change and;
- Relationships are dyadic, in that a relationship involves two or more parties with different motivations and reasons for participation in the relationship.

Relationship marketing is important to implement because Relationship Management can increase profitability through customer retention. According to Reichheld (2001), losing customers to a service based organisation is what the "scrap heap" is to a good-based organisation – a defective product.

Creating zero defections required that all employees understands the lifetime value of a customer, thus persuading the customer not to simply make a purchase, but to make another one sometime in the future. To build successful relationships, business must concentrate on earning trust to both parties involved in the relationship. According to Gounaris (2005) the more the client trusts the service provider, the more affectively committed to the provider the customer becomes. This trust appears to be directly linked to quality of service offered and how the party consults and bonds with the other party.

Halinen (1996) stats that because "*relationships characterized by trust are so highly valued that parties will desire to commit themselves to such relationships, but because commitment brings with it vulnerability parties must trust each other prior to their committing*".

Commitment comes from the will of a party to continue with and invest into a given relationship, (Gounaris, 2005). Commitment may not be as strong on both sides on an activity (Leek, Naude & Turnbull, 2002) for example suppliers may be more concerned about gaining the commitment of their customer in the relationship than vice versa. He further found that affectively committed customers are much more likely to trust the supplier, than calculative commitment customers, which means they are much more likely to continue in the relationship than those that are simply there for calculative reasons, not only will they be more willing to remain in the relationship but also invest or actively contribute to the partnership.

2.4.5 Customer loyalty programs

"*Loyalty programs are structured marketing efforts which reward, and therefore encourage loyal behaviour, behaviour which is hopefully of benefit to the firm*"

Sharp and Sharp (1997:474)

A customer loyalty program is a scheme where customers are rewarded for repeat patronages (O'Malley, 1998). Johnson (1998) stated a loyalty program as any marketing program is designed to increase the lifetime value of current customers through a long term interactive relationship. Sharp and Sharp (1997) mentioned that loyalty programs, which provide customers with loyalty incentives, are back in the marketing spotlight. The airlines' frequent flyer schemes were amongst the first in this new wave of very large scale consumer oriented programs. Now there are programs offered by hotels, supermarkets, financial institutions and all sorts of retailers. Today many companies have internal and external partners in order to

bring a wide range of rewards, which appeal to customers' tastes and desire. The difference between sales promotion and loyalty promotion is the length of term. Usually customers that companies obtained through a promotion will leave when the promotion ends since there is nothing to stop them from going back to their former patterns. However loyalty promotion will keep the customers over a longer term. Smith (2000) distinguished between six types of loyalty programs. These are:

- **Service programmes** provide special services as their point of differentiation, such as VIP services.
- **Information and advice program** to enhance a product experience.
- A **discount program** provides members discount.
- A **community program** evolve around getting customers interact with one another.
- An **access program** provides customers with an avenue to exclusive events.
- A **point program** is where customers receive points when they purchase products or services, and they achieve a reward when they have collected a certain number of points.

Gillies, Kitamura & Yokota-Landou (2002) pointed out it is important to understand the financial issue regarding the program. One of the main reasons for a program to be terminated is that a hotel failed to control the cost. For that reason the program should meet customers' expectation and at the same time, should be cost efficient for the hotels. Jones and O'Brien (1995) said that the combination of the five elements determines the value of a loyalty program for customers. Those elements are summarised below:

- The cash value of redemption reward.
- The range of choice of rewards.
- The aspiration value of the rewards.
- The subjective likelihood of achieving rewards.
- The scheme's ease of use.

2.4.6 Exceeding customers expectations for bottom-line success

The ultimate goal of any organisation is maximizing its shareholders' wealth, and as such, to service the bottom line of the income statement. Profits are a key denominator of success, and companies who walk the walk of customer service as competitive advantage, do so to ultimately service these financial goals.

Unfortunately customers' perceptions can be absolutely inaccurate, a great source of frustration for managers. Take for example *Chrysler Laser* and *Mitsubishi Eclipse* who were virtually identical automobiles in all, but with some superficial variations in trim. They were actually manufactured at the same plant. However, customers consistently rated the quality of the Chrysler version lower. On a dealer-by-dealer basis, the *Eclipse* outsold the *Laser* by ratio of 8 to 1 (Keiningham & Vavra, 2001:21).

Recent studies show there are thresholds of satisfaction beyond which little benefit is obtained (see figure 2.2).

FIGURE 2.2: **IMPACT OF SATISFACTION AND DELIGHT**
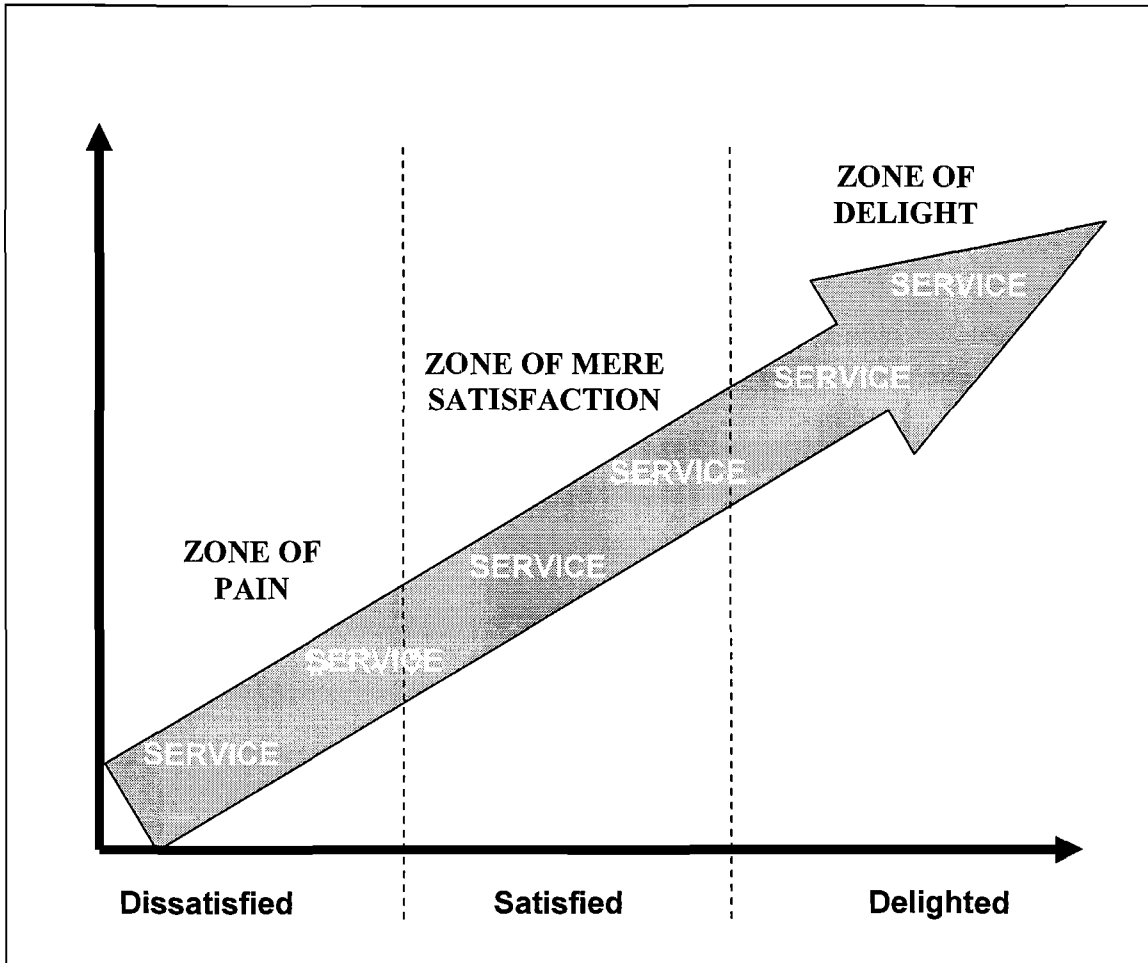
Source: Adapted from Rust & Keiningham (1996:33)

Keiningham and Vavra (2001) said that most organisations provide the necessities customers require of them. If they didn't, they would not be in business (or remaining in business for long). Instead, most businesses have customers who can be classified as satisfied with their overall experience with the business.

Unfortunately, moving customers along the *"merely satisfied"* septum of the satisfaction continuum rarely provides a positive impact. It is in this *Zone of Mere Satisfaction* that the relationship between customer satisfaction and customer behaviour appears to break down. Therefore, improvements in satisfaction levels tend to be unprofitable.

The following key notes were identified by Keiningham and Vavra (2001):

- While many organisations have adapted a goal of 100 % satisfaction, merely satisfying customers is no guarantee of success.
- Failure of organisations to achieve financial results from their satisfaction, initiatives has caused many to question the value of such efforts.
- Failure is largely caused by the lack of understanding of the nature of relationship between satisfaction and customer behaviour. In particular these are different thresholds of satisfaction, which is referred to as the *Zone of Pain,* the *Zone of Mere Satisfaction* and the *Zone of Delight.*
- Success comes when customers are moved out of the *Mere Satisfaction* and into the *Zone of Delight.*
- Satisfaction - main starring attributes are those attributes of a product or service that are expected and can only cause a problem when they are performed in a substandard way or are missing altogether. Management must maintain these attributes at their current levels, or at a level, no less as good as the competitions.
- Delight creating attributes are attributes of a product or service that are not expected and may not be in common service. Experiencing them creates delight in the customer. Management must strive to discover or create such attributes and offer them when economically feasible to high-value, targeted customers.

2.5 SUMMARY

Chapter 2 provided the literature research as foundation to the empirical study. The chapter deals with three major components, namely the concept of customer service, how it is measured and then the significance of customer satisfaction to the organisation. The concept of competitive advantage is addressed throughout the discussions. The next chapter provides the research methodology and results of the empirical research.

CHAPTER 3

RESEARCH METHODOLOGY AND RESULTS

3.1 INTRODUCTION

In this chapter the methodology used to determine customer satisfaction in La Ndou Guesthouse consumers is discussed.

The methodology employed included the following sequential states:
- Pre-testing of questionnaire; and
- Drawing a sample from La Ndou Guesthouse consumers.

3.2 RESEARCH METHODOLOGY

3.2.1 Research instrument

The questionnaire was pre-tested on twenty La Ndou Guesthouse consumers to test for any difficulty in understanding what was requested of the respondent. Adapting the approach outlined by Struwig & Steaol (2004) a letter was sent to each person in the sample asking for their willingness to participate in the survey. The letter can be found in Appendix 1 and the questionnaire in Appendix 2. The questionnaire included items intended to measure customer satisfaction, perceived service quality, perceived value and post-purchase behaviour.

3.2.2 Data collection and analysis

Data was collected by means of a consumer survey. The consumers at La Ndou Guesthouse were used as population from which to draw a random sample. This population of the research study consist of the residents and tourist in South Africa.

The sample frame consists of visitors who visited La Ndou Guesthouse during August and September 2007. The respondents for the research were selected by using simple random sampling techniques. The consumers were informed about the purpose of the research, and were invited to take part in the study, and were invited to take part in the study. Customers were selected randomly and were given the questionnaire as well as an envelope, and a covering letter requesting them to complete and return the questionnaire before they leave the Guesthouse. A gift was used to stimulate customer participation.

The research was conducted by means of a structured questionnaire. The questionnaire was distributed to guests who stayed at the guesthouse. A total of 450 questionnaires were distributed and 346 were received back, representing a favourable response rate of 76.9%. All of these questionnaires were usable, although some of them were partially completed.

A 5-point Likert scale was used to capture the views of the respondents. The data set was subjected to Cronbach's Coefficient Alpha (α) to ensure that the data was reliable (Boshoff & Hoole, 1998:77; McDaniel & Gates, 1999) and none of the variables were rejected. The data set returned an α-value of 0.888, showing that all of the variables that were used, maintained acceptable internal stability levels. In addition, all of the variables also showed individual α-values to be higher that 0.90, which means that none of the individual criteria had to be eliminated from the research due to reliability or stability issues.

The research also calculated the mean value of each statement, computed the mean the category valued factors had to decide on the statement presented. The mean for each category was also computed, and eventually a Grand mean was calculated. This Grand mean represents a single index value that provides an overall measure of the customer service levels as the respondents experienced it at La Ndou Guesthouse.

Regarding the interpretation of the results, the guidelines formulated by the research by Bisschoff & Hough (1995:11) is followed:

- Under 0.60: Unacceptable/Unimportant;
- 0.60 and < 0.75: Acceptable/Important,
- 0.75 and higher: Excellent/Very important

3.3 RESEARCH RESULTS

3.3.1 Introduction

The results of the research consist of an analysis of the demographic profile of the respondents who participated in the research as well as the marketing effort that increased awareness of La Ndou guest house. In addition, the results are also analysed and the Customer Service Index is (CSI) calculated.

3.3.2 Demographic profile

The demographic profile of the respondents consists of an analysis of gender, age, education level, marital status and employment, while some marketing information is also disclosed.

- Gender

Distribution of the sexes is fairly equal with 50% being male and 45% being female. Interesting is the fact that 5% opted not to disclose their sex (see Figure 3.1).

FIGURE 3.1: GENDER OF RESPONDENTS
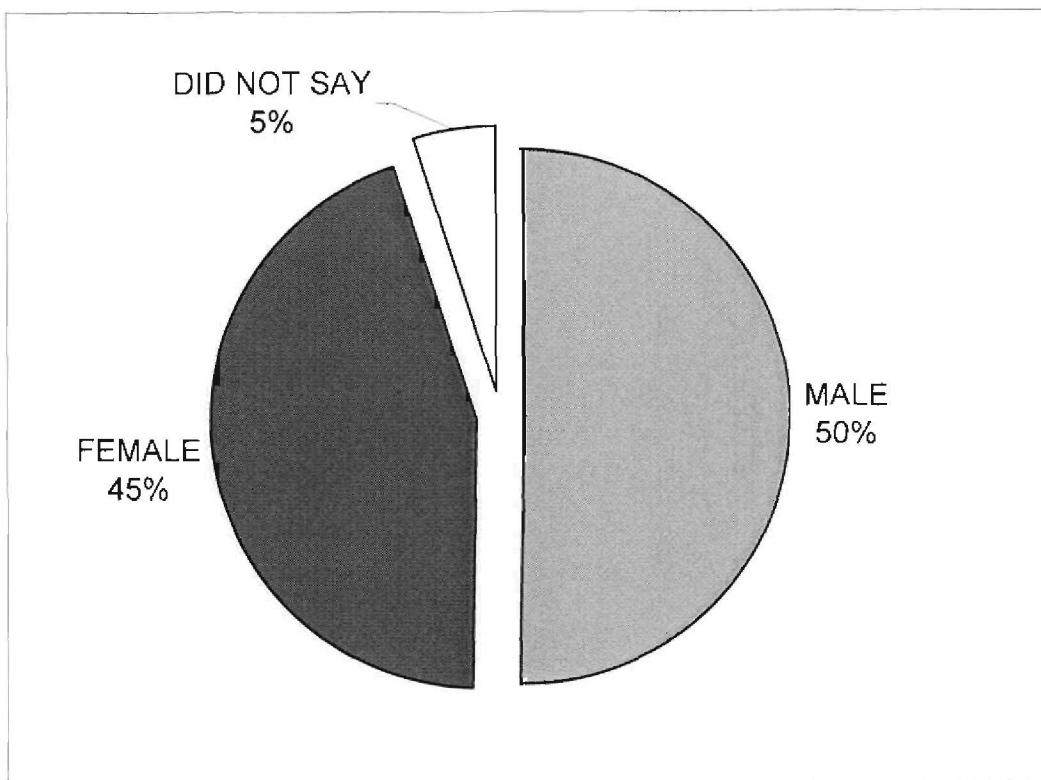
- Age distribution

The age distribution is shown in Figure 3.2. From the figure it is clear that the majority of the respondents are between 35 and 45 years old (46%) while the age group 26 to 34 also represents a large segment of the respondents (23%). None of the respondents exceeded the age of 65 years old (0%).

FIGURE 3.2:   **AGE DISTRIBUTION**
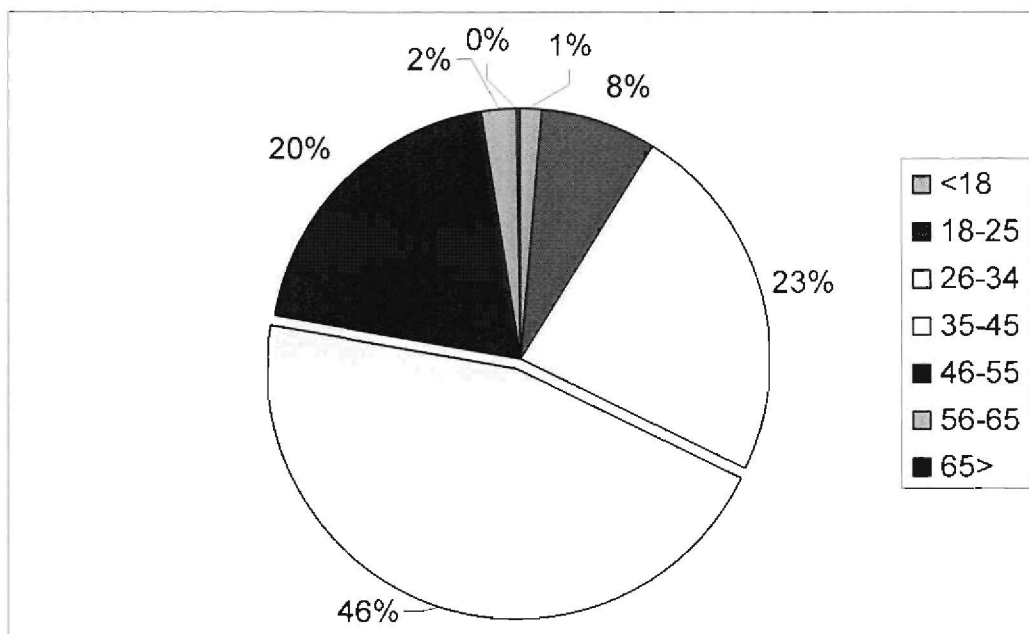
- Education level

A large portion of the sample of the respondents (as shown in Figure 3.3) have bachelor degrees (51%), or masters degrees (10%) and PhD (5%). Only 6% of the respondents did not go to high school while 19% have been to high school and 9% to trade school. As a generalization, the sample can be seen as a highly educated group of people-knowledge guests.

FIGURE 3.3:   **LEVEL OF EDUCATION**
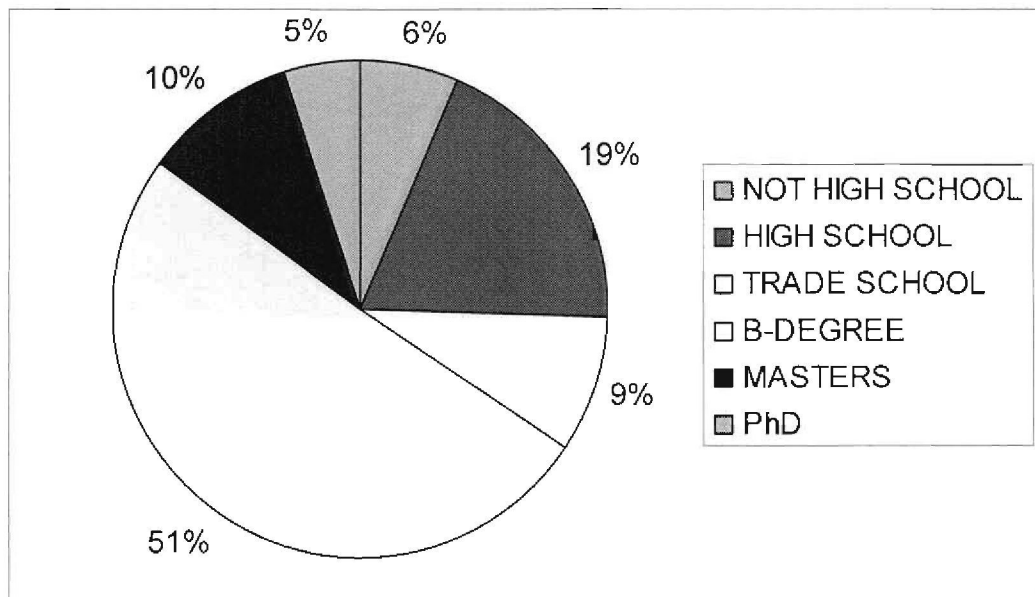
- Employment

Almost 90% of the respondents are employed in the formal sector while 4.4% (see the reference to "Other" in Figure 3.4) are self employed. Furthermore, it is evident that La Ndou Guesthouse has a very strong public sector client base (approximately 95%). Figure 3.4 shows the distribution of employment in the public sector between the different departments. It is clear that Education and Health are the two biggest contributors to the client base. The reference to "Government" in the figure represents all other government departments cumulatively that are not specified in the figure.

FIGURE 3.4:   EMPLOYMENT
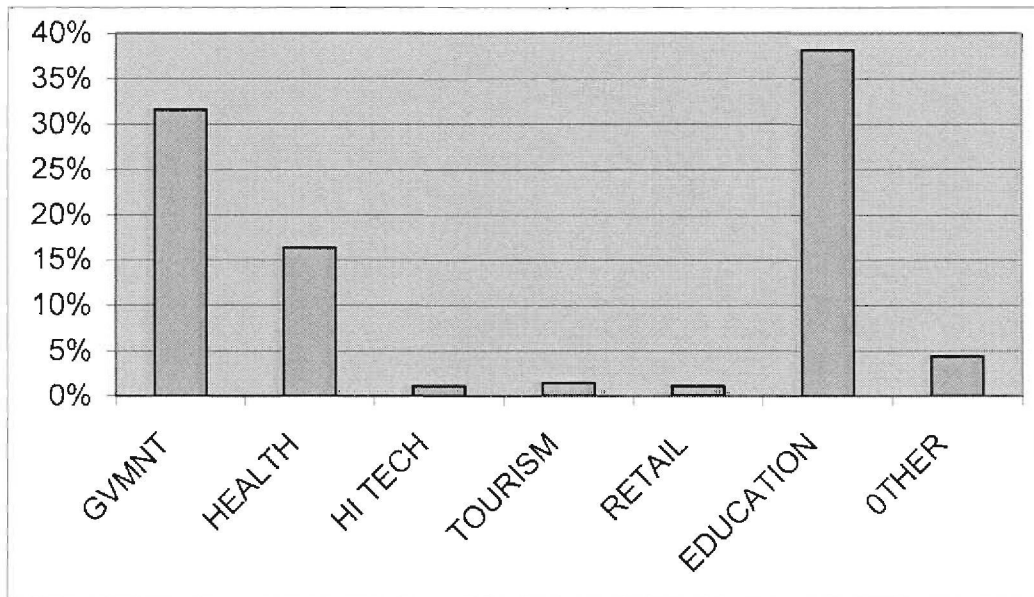
- Marital status

The majority of the respondents were married (56%), followed by being single (36%), 5% is divorced and 3% is widowed, respectively.

FIGURE 3.5: **MARITAL STATUS**
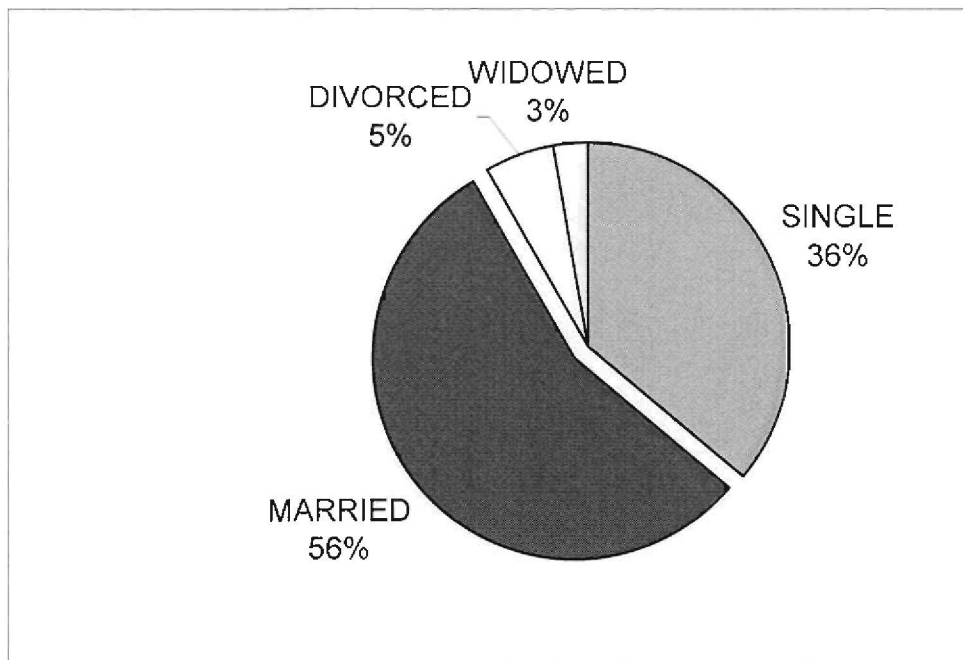
- Marketing information

Most of the respondents in the survey (Figure 3.6 below) indicated that they heard about La Ndou Guesthouse through word of mouth (72%), while 28% was informed by the Internet (8%). Other sources are: Newspaper (6%), TV (4%), Radio (4%), Magazine (3%) and Circular (3%). From the results it is clear that La Ndou Guesthouse mostly uses word-of-mouth marketing.

FIGURE 3.6:   **MARKETING INFORMATION**
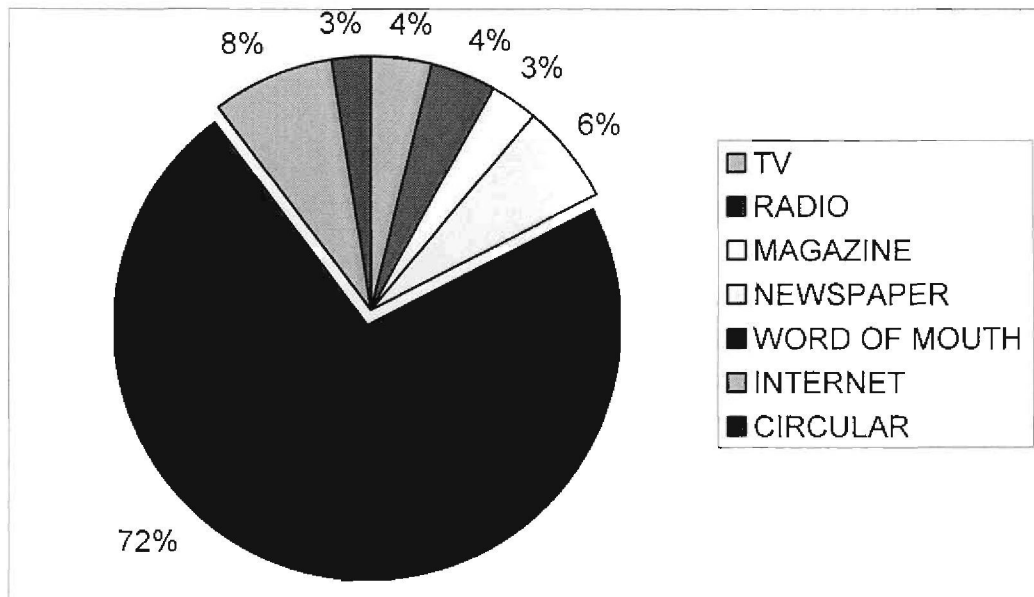
3.3.3 Customer service indices (CSI)

The Customer Service Index (CSI) is shown in Tables 3.1 to 3.8 below. The reference and numbering of the variables/criteria in the table corresponds directly with the numbers of the questionnaire. In addition, the mean CSI value of each category is shown. The number of responses to each question also appears under the column labelled "N="

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TABLE 3.1: FACILITIES' CSI VALUES FOR LA NDOU GUESTHOUSE

FACILITIES		0.69	
NR	**CRITERIA**	**CSI**	**N=**
1	The guesthouse has great facilities	0.70	331
2	This guesthouse has good recreational and leisure facilities.	0.67	328
3	This guesthouse offers fine conference facilities	0.74	335
4	This guesthouse offers fine wedding facilities	0.72	309
5	This guesthouse has an appropriate restaurant to suit my needs	0.67	320
6	This guesthouse has high quality conference and meeting rooms available	0.71	330
7	This guesthouse has great in-room facilities such as tea, coffee maker, mini-refrigerator, hair dryer for my daily conveniences	0.72	320
8	This guesthouse has good security for guests and cars.	0.74	330
9	This guesthouse has good signage in town	0.67	322
10	Good facilities for disabled customers	0.62	309
11	This guesthouse has enough parking facilities	0.67	329

TABLE 3.2: HOSPITALITY CSI VALUES FOR LA NDOU GUESTHOUSE

HOSPITALITY		0.72	
NR	**CRITERIA**	**CSI**	**N=**
1	The employees here meet all my needs without having to ask them	0.69	301
2	The employees at this guesthouse greet me with courtesy and smile at all times	0.73	332
3	The employees here are friendly, cheerful, polite and responsive	0.76	329
4	The guesthouse provides me with all my needs without having to ask for them	0.69	329
5	The employees here communicate well and are good listeners	0.74	328
6	The employees at this guesthouse can anticipate my unmet needs	0.70	324
7	The employees here are positive towards customers and never say negative things, such as "We can't do such and such"	0.75	326
8	At this guesthouse the staff creates a special mood of comfort and relaxation	0.72	313
9	At this guesthouse I feel as if I am treated like a queen/king	0.69	311
10	Security check at the gate – excellent	0.75	311
11	Staff helpfulness on checkout is excellent	0.74	301

TABLE 3.3: AMBIANCE CSI VALUES FOR LA NDOU GUESTHOUSE

AMBIANCE		0.72	
NR	CRITERIA	CSI	N=
1	This guesthouse gives me a feeling that I am staying at a high-class luxury guesthouse	0.68	308
2	This guesthouse has beautiful accommodations	0.75	309
3	This guesthouse has a fantastic and unique ambience	0.71	310
4	I am very impressed with the architectural design, interior decorating, accessory selections, artwork, and overall colour and décor of the guesthouse	0.75	313
5	There is an ambience of genuine friendliness and warmth at this guesthouse	0.73	303
6	The ambience offers me the lifetime setting of elegance at this guesthouse	0.71	306
7	The atmosphere here makes me feel welcome, comfortable and at ease	0.74	309

TABLE 3.4: VALUE CSI VALUES FOR LA NDOU GUESTHOUSE

VALUE		0.69	
NR	CRITERIA	CSI	N=
1	I have a huge saving from staying at this guesthouse	0.69	270
2	This guesthouse has the best value for great services	0.69	283
3	I got the best room rate than at any other guesthouse in the area	0.66	273
4	This guesthouse is conveniently located for me to take advantage of local attractions: Kruger National Park, Lake Fundudzi, Big Tree, Mapungubwe transfrontier Park, and Tshipise (the hot water mineral baths)	0.66	281
5	This is a first-class guesthouse at best rate possible	0.66	274
6	I value the discount rate at this guesthouse	0.68	261
7	The quality of the food is excellent in this guesthouse	0.75	281

TABLE 3.5: TIMELINESS CSI VALUES FOR LA NDOU GUESTHOUSE

TIMELINESS		0.71	
NR	CRITERIA	CSI	N=
1	I do not have to stand in a long line for room registration at this guesthouse	0.66	299
2	The front desk at this guesthouse gives me prompt service	0.70	295
3	The employees at this guesthouse answer my questions readily without delay	0.72	298
4	The room reservation process at this guesthouse is fast and simple	0.69	291
5	Quotations for conferences or wedding functions are fast and simple	0.71	278
6	Service here is prompt and instantaneous	0.71	287
7	The employees here respond to customers immediately	0.72	298
8	The employees here never gab on the telephone about personal matters while making customers wait	0.72	292
9	Tea breaks and lunches during conferences are not delayed in this guesthouse	0.80	298

TABLE 3.6: LOYALTY CSI VALUES FOR LA NDOU GUESTHOUSE

LOYALTY			0.69
NR	**CRITERIA**	**CSI**	**N=**
1	I would love to come back to this guesthouse	0.73	307
2	I am loyal to this guesthouse	0.73	301
3	I identify myself with this guesthouse	0.70	298
4	I will tell all my friends and relatives to come to this guesthouse	0.70	296
5	I will not go to any other guesthouse but this one	0.65	298
6	My loyalty is deeply rooted in this guesthouse	0.64	297
7	My values and those of this guesthouse are very similar	0.66	293

TABLE 3.7: SATISFACTION CSI VALUES FOR LA NDOU GUESTHOUSE

SATISFACTION			0.68
NR	**CRITERIA**	**CSI**	**N=**
1	I am really glad that I came here	0.74	308
2	Everything seems so great in this guesthouse	0.69	308
3	The guesthouse meets all my needs and more	0.67	307
4	I am totally satisfied with the guesthouse	0.67	302
5	I am so contented with everything here	0.67	303
6	I am so pleased with the employees and everything in the guesthouse	0.69	303
7	This guesthouse gives the highest satisfaction among all guesthouses of this type	0.65	303

TABLE 3.8: CHANGE INTENTIONS CSI VALUES FOR LA NDOU GUESTHOUSE

CHANGE INTENTIONS		0.57	
NR	CRITERIA	CSI	N=
1	I might not consider returning to this guesthouse	0.55	298
2	I don't want to encourage my friends and relatives to come to this guesthouse	0.53	294
3	I have reservations about this guesthouse	0.57	287
4	I do not believe this to be the right guesthouse for my future stays	0.54	294
5	The next time I come to this area, I will consider staying at another hotel	0.55	295
6	I would recommend this guesthouse to others	0.65	284
7	I have some complaints and concerns about this guesthouse	0.57	289

3.3 SUMMARY

In summary of the research methodology and results, it is fair to mention that the results show a fairly satisfactory CSI and a Grand Mean of 0.69. Although, as suggested by Bisschoff & Hough (1995:11), none of the service indices exceeds 0.75 (being areas of excellent service). The majority of the CSI indices are above the 0.60 level (which is regarded to be unsatisfactory). However, it remains worrisome that intentions to change from the guesthouse and not to return next time, portrays an unsatisfactory index of 0.57. This area needs to be analysed urgently to determine why the guests are not so keen to return, especially if seen in the light that word-of-mouth is the most important marketing tool! The summary of the mean indices are shown in Figure 3.7.

FIGURE 3.7: MEAN INDICES OF LA NDOU GUESTHOUSE CSI
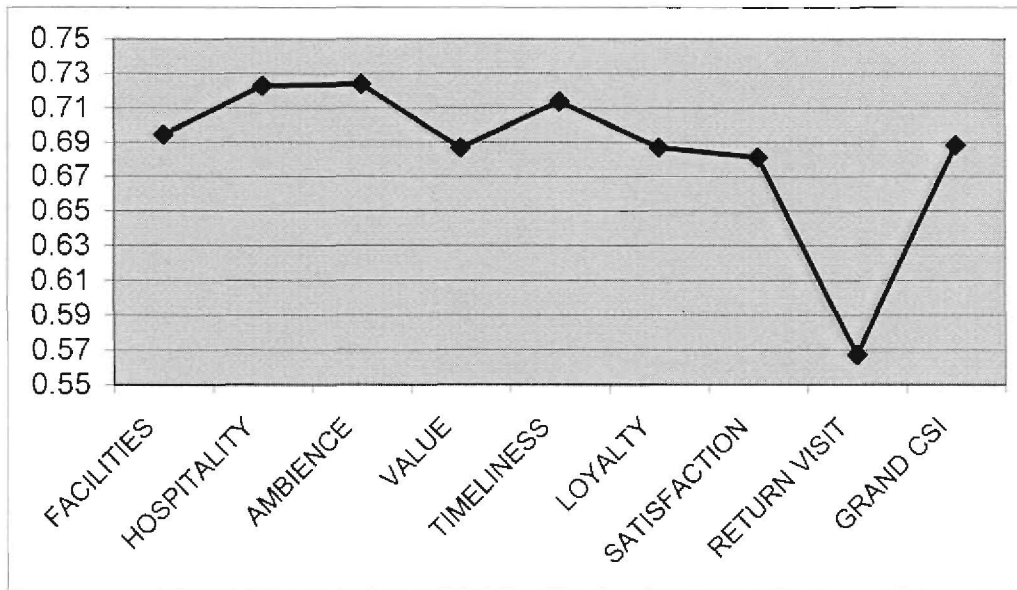
Finally, chapter three dealt with the empirical research and analysis of La Ndou Guesthouse. The next chapter is the fourth and final chapter of the research, It, therefore, presents the conclusions that have been drawn from the research and offers some recommendations to management in order to improve the CSI where required.

CHAPTER 4

CONCLUSIONS AND RECOMMENDATIONS

4.1   INTRODUCTION

This is the final chapter of the study. It draws conclusions from the empirical results and sets the scene for some recommendations.   As a result the chapter deals specifically with managerial issues that could assist the management of La Ndou to improve their service levels and as such, their customer satisfaction levels. The chapter finally highlights some limitations and areas for further research.

4.2   CONCLUSIONS AND RECOMMENDATIONS

The conclusions and recommendations are presented in relation with one another. Thus, for example, *Recommendation 1* would address issues from *Conclusion 1.* The conclusions and recommendations of the research are:

CONCLUSION 1:
The research methodology proves to be successful as a highly favourable response rate has been documented (77%). Neither the measuring instrument nor the method of data collection seems to be detrimental to acquiring data scientifically.

RECOMMENDATION 1:
The research should be repeated to compare the results from this study to similar studies in the future. The same measuring instrument can be used while the successful method or data collection can be used as well.

CONCLUSION 2:

A number of the questionnaires were partially completed. This could be a result of either non-comprehension or due to the length of the questionnaire.

RECOMMENDATION 2:

It is recommended that the reception desk offers help (if required) when they hand the questionnaire to the customer. In addition, when they receive it back, a quick glance would reveal the completeness thereof, and reception can thus urge or offer help with regard to incomplete sections. As such this should have a positive influence on the quality of data received back.

CONCLUSION 3:

The demographic profile shows that most of the guests at La Ndou guesthouse are married, equally distributed between male and female, between 35 and 45 years old (46%), have an education of a university B-degree and comes from either the government departments Education or Health.

RECOMMENDATION 3:

It is recommended that the marketing effort be focused on this demographic profile, especially at the source of employment, namely government. The current market of the departments' Health and Education should be secured while the other state departments could be developed. It is further recommended that the government market be expanded rather than to develop the private sector since the guest house is already well known in the public sector market of Limpopo.

CONCLUSION 4:

Marketing information comes largely from word-of-mouth (72%) which makes it the most important marketing tool for the guest house.

RECOMMENDATION 4:

La Ndou guesthouse should very seriously locate the reasons why an unfavourable 0.57 index exists for plans to return to the guest house. La Ndou is not the guesthouse of choice on return visits. Bearing in mind that word-of-mouth is the major source of marketing, management should concentrate on bettering the index value for return visits. An additional recommendation is that additional research should be conducted to pinpoint the source of the non-returning customer in order to empower management to focus on the problem areas directly.

CONCLUSION 5:

Concerning the CSI values it is concluded that Facilities and Loyalty (both 0.69), Hospitality and Ambiance(both 0.72), Timeliness (0.71) and satisfaction (0.68) are all in the range of providing a level of satisfactory service (between 0.60 and 0.75 according to Bisschoff & Hough, (1995)).

RECOMMENDATION 5:

It is recommended that these service areas be managed for maintenance and improvement in service levels so that the CSI indices improve towards the 0.75 level while some of them even move into excellent areas of service delivery. These areas should not be neglected in management's efforts to better the lower scoring areas of service levels.

CONCLUSION 6:

The CSI for post-purchase behaviour (intentions to change guesthouse) are below the 0.60 cut-off service quality level (0.57). However, although all criteria score an unsatisfactory index below 0.60, customers are still willing to recommend La Ndou (0.65). This signifies that although La Ndou is not the preferred choice on return visits, guests do not have a unsatisfactory experience all together, and the guesthouse must be doing some aspects right to earn the recommendations.

RECOMMENDATION 6:

Refer to Recommendation 4, especially the additional research to solve the mystery of guests not wanting to return, but still willing to recommend the guesthouse to their friends and colleagues.

CONCLUSION 7:

The grand index for La Ndou is 0.69 which signifies a satisfactory, but just that, service experience. None of the individual values showed service delight. This in itself spells mediocrity and an eventual decline in market share.

RECOMMENDATION 7:

La Ndou guesthouse should seriously consider managerial interventions to rise from the levels of mediocre service delivery. Examples of such interventions are general as well as focused customer service training supplied by accredited trainers, or aligned commitment of the personnel to the service culture of La Ndou.

4.3   ACCEPTANCE OR REJECTION OF HYPOTHESES

The research hypotheses are accepted or rejected below.

H_O:
Customers are satisfied with the level of customer service received at La Ndou Guesthouse.

The results show a fairly satisfactory CSI and a Grand Index of 0.69. Although, as suggested by Bisschoff & Hough (1995:11), none of the service indices exceeds 0.75 (being areas of excellent service), the majority of the CSI indices are above the 0.60 level which is regarded to be satisfactory. But intentions to change from the guesthouse and not to return next time, portrays an unsatisfactory index of 0.57. The hypothesis is thus ACCEPTED except for the service area of post-purchase behaviour.

H_1:

Customers are satisfied with the level of customer service received at La Ndou Guesthouse.

As discussed within H_0 above, all service areas scored above 0.60 while post-purchase behaviour scored 0.57. The hypothesis H_1 is thus REJECTED, except in the case of post-purchase behaviour.

4.4   LIMITATION AND SUGGESTION FOR FUTURE RESEARCH

Since this research has been conducted in La Ndou Guesthouse only, the results pertain specifically to La Ndou only. However, the measuring instrument is generic and could be applied to other guesthouses. As a result the research could be duplicated in other guesthouses and results compared. The study was conducted in the context of the hospitality industry; hence generalisations of the findings beyond the hospitality industry and the study population should be made with caution. As recommended above, it will be worthwhile in future to survey why intentions to change from the La Ndou Guesthouse and not to return next time, portrays an unsatisfactory index of 0.57.

4.5   SUMMARY

The study consists of four chapters. The first chapter served as introduction to the research that consists of a literature review and empirical research. Chapter two presented the literature review while chapter three presented the research methodology and the results from the empirical research. The final chapter presents the conclusions drawn from the research as well as the recommendations made. The chapter also identifies a few limitations to the research as well as some areas where the research could be extended to in the future.

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APPENDIX 1: INITIAL LETTER OF REQUEST

Landou Guesthouse

P.O. Box 4234

LOUIS TRICHARDT

0920

08 April, 2007

Dear Guest,

We are conducting research to determine the profile of our guests and evaluate the quality of customer service as perceived by our guests. Building on our existing commitment to guarantee high standards, we always rely on our guest's experience.

We will appreciate if you could complete the attached questionnaire as honestly as possible and return it to the receptionist before you leave.

We look forward to welcome you again soon.

Dr. A.T. MAVHUNGU (Researcher)

Prof. CHRISTO BISSCHOFF (Supervisor).

APPENDIX 2: SURVEY QUESTIONNAIRE

Dear Guest,

Thank you for choosing La Ndou Guesthouse. This survey is conducted by the Department of Marketing and PBS at NWU to ensure that La Ndou guesthouse satisfies your needs. We will appreciate if you could find a little spare time and share your opinion for the services offered by the Guesthouse. There are no right or wrong choices. Please base your choices on your experience with the guesthouse.1 for strongly disagree; 2 for disagree; 3 for to some extent; 4 for agree and 5 for strongly agree;

SECTION A

A1.	FACILITIES:	Strongly Disagree			Strongly Agree	
		1	2	3	4	5
1	**How do you feel about the facilities Here?** This guesthouse has great facilities.					
2	This guesthouse has good recreational and leisure facilities.					
3	This guesthouse offers fine conference facilities.					
4	This guesthouse offers fine wedding facilities.					
5	This guesthouse has an appropriate restaurant to suit my needs.					
6	This guesthouse has high quality conference and meeting rooms available.					
7	This guesthouse has great in-room facilities such as tea, coffee maker, mini-refrigerator, hair dryer for my daily conveniences.					
8	This guesthouse has good security for guests and cars.					
9	This guesthouse has good signage in town.					
10	Good facilities for disabled customers.					
11	This guesthouse has enough parking facilities.					

A2	HOSPITALITY:	Strongly Disagree			Strongly Agree	
		1	**2**	**3**	**4**	**5**
	How hospitable are the employees of this guesthouse?					
1	The employees here meet all my needs without having to ask them.					
2	The employees at this guesthouse greet me with courtesy and smile at all times.					
3	The employees here are friendly, cheerful, polite and responsive.					
4	The guesthouse provides me with all my needs without having to ask for them.					
5	The employees here communicate well and are good listeners.					
6	The employees at this guesthouse can anticipate my unmet needs.					
7	The employees here are positive towards customers and never say negative things, such as "We cant do such and such".					
8	At this guesthouse the staff creates a special mood of comfort and relaxation.					
9	At this guesthouse I feel as if I am treated like a queen/king.					
10	Security check at the gate – excellent.					
11	Staff helpfulness on checkout is excellent.					

A3	AMBIANCE:	Strongly Disagree			Strongly Agree	
		1	**2**	**3**	**4**	**5**
	What is the atmosphere at this guesthouse?					
1	This guesthouse gives me a feeling that I am staying at a high-class luxury guesthouse.					
2	This guesthouse has beautiful accommodations.					
3	This guesthouse has a fantastic and unique ambience.					
4	I am very impressed with the architectural design, interior decorating, accessory selections, artwork, and overall colour and décor of the guesthouse.					
5	There is an ambience of genuine friendliness and warmth at this guesthouse.					
6	The ambience offers me the lifetime setting of elegance at this guesthouse.					
7	The atmosphere here makes me feel welcome, comfortable and at ease.					

A4	VALUE:	Strongly Disagree			Strongly Agree	
		1	**2**	**3**	**4**	**5**
	(Is this guesthouse worth the value you get?)					
1	I have a huge saving from staying at this guesthouse.					
2	This guesthouse has the best value for great services.					
3	I got the best room rate than any other guesthouse in the area.					
4	This guesthouse is conveniently located for me to take advantage of local attractions, Kruger National Park, Lake Fundudzi, Big Tree, Mapungubwe transfrontier Park, and Tshipise (the hot water mineral baths).					
5	This is a first-class guesthouse at best rate possible.					
6	I value the discount rate at this guesthouse.					
7	The quality of the food is excellent in this guesthouse.					

A5	TIMELINESS:	Strongly Disagree			Strongly Agree	
		1	2	3	4	5
	(How does this guesthouse rate on timeliness?).					
1	I do not have to stand in a long line for room registration at this guesthouse.					
2	The front desk at this guesthouse gives me prompt service.					
3	The employees at this guesthouse answer my questions readily without delay.					
4	Room reservation process at this guesthouse is fast and simple.					
5	Quotations for conferences or wedding functions are fast and simple.					
6	Service here is prompt and instantaneous.					
7	The employees here respond to customers immediately.					
8	The employees here never gab on the telephone about personal matters while making customers wait.					
9	Tea breaks and lunches during conferences are not delayed in this guesthouse.					

A6	LOYALTY:	Strongly Disagree			Strongly Agree	
		1	2	3	4	5
	(How loyal are you to this guesthouse?).					
1	I would love to come back to this guesthouse.					
2	I am loyal to this guesthouse.					
3	I identify myself with this guesthouse.					
4	I will tell all my friends and relatives to come to this guesthouse.					
5	I will not go to any other guesthouse but this one.					
6	My loyalty is deeply rooted in this guesthouse.					
7	My values and those of this guesthouse are very similar.					

A7	SATISFACTION:	Strongly Disagree			Strongly Agree	
		1	2	3	4	5
	(How satisfied are you with this guesthouse?)					
1	I am really glad that I came here.					
2	Everything seems so great in this guesthouse.					
3	The guesthouse meets all my needs and more.					
4	I am totally satisfied with the guesthouse.					
5	I am so contented with everything here.					
6	I am so pleased with the employees and everything in the guesthouse.					
7	This guesthouse gives the highest satisfaction among all guesthouses of this type.					

A8	GUESTHOUSE CHANGE INTENTIONS:	Strongly Disagree			Strongly Agree	
		1	2	3	4	5
	(How likely are you to switch to another hotel?)					
1	I might not consider returning to this guesthouse.					
2	I don't want to encourage my friends and relatives to come to this guesthouse.					
3	I have reservations about this guesthouse.					
4	I do not believe this to be the right guesthouse for my future stays.					
5	The next time I come to this area, I will consider staying at another hotel.					
6	I would recommend this guesthouse to others.					
7	I have some complaints and concerns about this guesthouse.					

SECTION B

B	What are you looking for when you select this guesthouse?	Very Important	Important	Neutral	Not Important	Very Important
1	Hotel rate at the best value.					
2	Service.					
3	Right atmosphere.					
4	Convenient to nearby vicinities.					
5	Hotel facilities.					

SECTION C

C.   GENERAL LIFESTYLE:

1. **GENDER:**   Male [ ]   Female [ ]   I prefer not to say [ ]

2. **MARITAL STATUS:** Single [ ]   Married [ ]   Divorced [ ]

   Widowed [ ]

3. **AGE:**

   Under 18 [ ]   18 – 25 [ ]   26-34 [ ]   35-45 [ ]

   46-55 [ ]   56-65 [ ]   65 + [ ]

4. **EMPLOYMENT OR SELF-EMPLOYED OR NOT EMPLOYED.**

   Not employed Self [ ]   employed [ ]

   Employed [ ]

   Other [ ]   [   ]

IF YOUR ANSWER IN THE ABOVE QUESTION IS 2 OR 3, WHAT IS THE AREA OF YOUR EMPLOYMENT?

1. Government ☐   2. Healthcare ☐   3. High-tech ☐

4. Tourism, Hotels or restaurants ☐   5. Retailers ☐

6. Education ☐

Other ☐ _____

HIGHEST LEVEL OF EDUCATION:

1. Did not finish high school. ☐

2. High school ☐

3. Trade school. ☐

4. Bachelor degree. ☐

5. Masters degree. ☐

6. Doctorate. ☐

HOW DID YOU KNOW ABOUT LA NDOU GUESTHOUSE?

TV. ☐   Radio ☐   Magazine ☐   Newspaper ☐

Word of mouth ☐   Internet ☐