LEVEL COMMUNICATION AND CUSTOMER PERCEPTION OF SERVICE QUALITY IN THE HOTEL INDUSTRY IN GHANA

BY

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A THESIS SUBMITTED TO THE UNIVERSITY OF GHANA, LEGON, IN PARTIAL FULFILMENT FOR THE REQUIREMENT FOR THE AWARD OF MBA DEGREE IN MARKETING
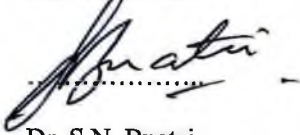
JUNE 2002

DECLARATION

I hereby declare that, apart from references to other people's work which has been duly acknowledged, this thesis is the result of my own research work done under supervision, and has never been presented either in whole or in part for any degree in this University or elsewhere.
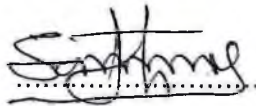
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DEDICATION

I dedicate this piece of work to my sweet wife Janet, and to my lively and lovely son, Danen. I also dedicate this work to my loving and caring mother Hawa, and to the everlasting memory of my late father Braimah Soznorr.

ACKNOWLEDGEMENTS

I wish to thank the Lord God Almighty for his abundant grace that has given me health, strength and ability to go through this study.

My appreciation goes to my supervisors Dr. Buatsi and Dr. Buame for their insightful and intelligent comments and contributions that has undoubtedly enriched my work and increased my own understanding and experience. This study would not have been possible without their assistance.

I also thank the various lecturers of the School of Administration who imparted knowledge to me during the course of my study programme in the University of Ghana. Again, I wish to thank my employers, Masai Developers Ltd., for granting me the opportunity to undertake this programme.

My thanks also go to my secretary, Rosebud, who assisted in typing and printing this document. I also appreciate the efforts of Alberta, Esther and Sylvia who assisted me to administer the questionnaires. My thanks again go to my family, who had to put up with my absence from home for long hours without complains. And to Uncle Peter, Prince, Sammy, Shamir and Sam, I say thank you for your encouragement, support and assistance.

Finally, I wish to thank my dear wife Janet, for the support and encouragement she gave me through out the programme. Janet, this would not have been possible without your support. May the good Lord richly bless you.

The world has become a global village and more and more firms are now competing for the attention and action of the same customer. This exposes the customer to hundreds of promotions a day. To survive and grow in this hostile business environment, firms attempt to capture the attention of potential customers through their marketing communication efforts. Service firms use a variety of promotional tools including servicescapes to reach potential consumers. As a result of the variety of promotional tools being used and the sheer volume of information being sent out, it becomes difficult for service firms to effectively integrate and coordinate these messages. This results in conflicting images and promises. Sometimes, they (Service Firms) over promise or exaggerate their services to win customers. The study was therefore designed to determine how firm level communication influence service quality perceptions, and the impact that inconsistencies between firm level communication and service delivery have on service quality perceptions. In a survey, three sets of questionnaires were designed and administered on a sample of customers, management and front line staff of various hotels in Accra. It was established in the study that customer perception of service quality is shaped to a large extent by customer expectations, which itself is influenced by firm level communication. Several hotels are making conscious efforts to integrate and coordinate all aspects of their firm level communication ensuring that their messages are both believable and deliverable. Service encounter emerged as the most important factor that influenced customer perception of service quality in a given service experience. Given the increasingly hostile nature of the business environment, the importance of service quality as a means of differentiating one service firm from another cannot be over emphasized. However, because service quality perception is a subjective cognitive activity, influenced by firm level communication and customer expectations, it is important that firms integrate and coordinate their promotional efforts and make only claims and promises that they can adequately fulfill.

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CHAPTER ONE

1.0   INTRODUCTION

1.1   BACKGROUND

Service forms a significant component of the Gross Domestic Product (GDP) of several Countries in the world today. For example, according to the South African Reserve Bank, in 1995 services (Transport and communication, private and government services, finance, utilities and trade) contributed 59% to GDP. In the Philippines, services contributed about 45% to GDP according to the National Statistical Co-ordination Board, and in Hong Kong, services contributed about 84% to GDP in 1996.

Dahringer and Muhlbacher (1991) contend that service accounts for between 20 to 30 percent of world trade, with an estimated growth rate of about 20 percent per year. This illustrates the growing importance of the service sector to the economies of various nations.

In Ghana, the service sector is the fastest growing sector as demonstrated in Table 1.1 below.

Table 1.1   Growth rate of various sectors of the Ghanaian economy

	2000	2001
Services	5.4%	5.1%
Agriculture	2.1%	4.0%
Industry	3.8%	2.9%

Source: Adapted from Ghana Government Financial Policy and Budget
         Statement- 2002

The increased significance of the service sector to the global economy has led to a heightened concern by practitioners as well as consumers regarding the quality of service being offered.   Not surprisingly, the concept of quality and its relationship with the service industries has become a major pre-occupation of many within this sector.

The delivery of service quality is a critical success factor for contemporary service firms. It is conceptually and empirically linked to customer satisfaction. This makes it the core marketing instrument for service companies, and the "single most researched area in services marketing to date" (Fisk, Brown, and Bitner 1995). According to Anderson and Fornell (1992) and Rust, Zahorik, and Keiningham (1995), research is now showing a positive link between service quality and profitability.

Service quality is the means by which new customers are attracted and existing customers retained.   Service quality is one of the few means for service differentiation and gaining competitive advantage, which attracts new customers and contributes to the market share. Also, service quality is regarded as an important means for customer retention.   It has been argued that high service quality enhances customers' inclination to buy again, to

buy other services, to become less price sensitive and to spread good word of mouth (Anderson, Fornell, and Lehmann 1994; Rust, Zahorik, and Keiningham 1995). Zeithaml, Berry and Parasuraman (1996), found that service quality influences different intentions, such as giving recommendations, doing more business and willingness to pay more. According to them, one can view behavioural intentions as indicators that signal whether customers will remain with or defect form the company.

The concept of quality is even more important in the hotel business, which is part of a larger sector, the hospitality industry. According to Tom Powers (1995) the word "Hospitality" is derived from the term "hospice". Hospice refers to a medieval house of rest, which also served as what could be called a nursing home in modern society. People expect hotels to render service "with liberality and good will" (ibid.) This expectation has serious quality implications for the industry.

Hotels now have to serve an increasingly discerning public, who are more eager than ever to complain and transfer their allegiances to perceived providers of quality services. This fact, coupled with the increasingly hostile nature of the business environment has forced many within this sector to invest in the delivery of higher levels of service quality as a means of achieving competitive differentiation (http://www.ernesto.emeraldinsight.com/ Accessed on 09/10/01)

The management of customer perceptions of service quality has been proposed as an effective means of securing a competitive advantage

(http://www.anzmac99.unsw.edu.au/   Accessed on 09/10/01).   There is increasing support for the argument that improved service quality perception lead to higher levels of customer retention and eventually higher profits for the organisation.

According to Abby Ghobadian et al (1994), in a survey, "quality",   "customer satisfaction" and " identification of what constituted value to the customer" were identified by the respondent companies as either important or very important.   This response illustrates the importance placed on quality and customer satisfaction by firms.

The empirical analysis of the Profit Impact of Marketing Strategy (PIMS) database demonstrates a positive relationship between perceived quality and a firm's financial performance.   Companies with perceived high quality goods and services had higher market share, higher return on investment and assets turnover, than companies with perceive low quality (http://www.alidoro.emeraldinsight.com/   Accessed on 21/09/01). This led to the conclusion that in the long term, the most important factor affecting business performance is the quality of goods and services offered by the organisation, relative to it's competitors.

Service quality is considered a critical determinant of competitiveness.   Attention to service quality can help a firm differentiate itself from other firms and through it gain a lasting competitive advantage.   High quality of service is considered an essential determinant of the long-term profitability.   Superior service quality is a key to improved profitability (ibid.)

Service quality therefore affects the purchase and re-purchase intentions of existing and potential customers. Marketing research has shown that customers dissatisfied with a service will divulge their experiences to more than three other people. Thus, it is reasonable to conclude that perceived poor service would reduce the potential customer base.

According to the Technical Assistance Research Project (TARP), it costs about four times more to attract new customers. Their research indicates that six times more people hear about a negative customer service experience than hear about the positive experience. Positive word of mouth can be a very powerful tool for attracting new customers. Negative word of mouth can have a devastating impact on the credibility and effectiveness of a hotel's efforts to attract new customers (ibid.)

The customer's perception of what constitutes quality may not be the same as what the hotel considers to be quality service. The customers' perception of the quality of the service being delivered will therefore determine whether they are satisfied with that service and whether they will want to continue to patronise the services of that hotel.

Thus, the relative perceived quality, based on the customer's judgements, can be the single most important factor in affecting the long run performance of a business. Customers' service expectations are constantly rising, while their tolerance for poor service is declining. As a result customers are increasingly likely to migrate to competitors with a perceived higher service quality.

According to Zeithaml and Bitner (2000), a major cause of poorly perceived service is the difference between what a firm promises about a service and what it actually delivers. There are several key factors (such as word-of-mouth communication, customer experiences with other service providers, and customer needs) that influence customer expectations that are largely uncontrollable.

Zeithaml and Bitner (2000) argue further that company advertising, personal selling, and the promises made by service personnel are controllable variables that influence the expectations that customers hold for a service. Accurate, co-ordinated and appropriate company communication that do not misrepresent or over promise is critical to delivering services that customers perceive as high in quality.

Service customers today are exposed to marketing communication from a wide variety of sources including online sources, servicescapes, and everyday service encounter interactions with employees, televisions and newspapers (ibid.). Any hotel that communicates through different channels needs to integrate them so that the customer receives unified messages and promises about its offerings.

Firm level communications about service promises what people do. However, human behaviour is unpredictable and cannot therefore be standardised. Consequently, the potential for a mismatch between customers' expectation and their perceptions of service delivery is high. Furthermore, if the messages conflict, confused company images and

promises can occur, resulting in a gap between what customers expect based on the messages and what they receive in service delivery.

By regulating and co-ordinating communication within and outside the firm, ensuring that interactive messages are consistent both among themselves and with those sent through external communication, a hotel could reduce the level and propensity of a mismatch between service promises and delivery.

1.2   THE PROBLEM STATEMENT

Marketing communication has changed over the years. In the past, customers received information about various products (both goods and services) from mass marketing sources such as television and newspapers. It was therefore not too difficult to convey a uniform image and to co-ordinate claims made in marketing communication.

Today, however, consumers of both goods and services receive information from a richer variety of sources. In addition to information from mass marketing sources, customers also receive information from on-line sources and a host of other promotional tools.

Service customers receive information from an even much richer sources including the servicescape and everyday service encounter with employees. According to Philip Kotler (2000), consumers are exposed to over 1,500 adverts a day, ranging from television advertisement to billboard and product packages. These sources add to the variety, volume and complexity of information received (Zeithaml and Bitner 2000).

Firms therefore use a variety of communication tools to send their messages in an effort to capture the attention of prospective customers. Consequently, firms:

- Exaggerate or over promise their service in order to attract customers, thereby unnecessarily elevating customer expectation.

- Fail to co-ordinate marketing communication with internal operations, resulting in promises that cannot be fulfilled.

- Do not integrate the messages from various promotional tools, resulting in conflicting promises.

These influence customer expectations and eventually impacts on how the customer perceives the quality of the service provided.

1.3 PURPOSE OF THE STUDY

The purpose of the study is to explore the concept of service quality and how the various tools of marketing communication affect expectation and influence perception of service quality. The study would also high light strategies that can be used to effectively manage customer expectations in an effort to improve customer perception of service quality.

1.4   OBJECTIVES OF THE STUDY

The objectives of the study are to:

- Explore how firm level communication influences customer perception of service quality.

- Establish the extent to which the degree of integration of firm level communication is related to the degree of influence on customer perception of service quality.

- Determine the most significant factor(s) that influence customer perception of service quality in the hotel industry in Ghana.

1.5   SIGNIFICANCE OF THE STUDY

The study would enable people to appreciate the factors underlining a customer's perception of any particular service encounter.   The study would demonstrate the importance of integrating various elements of the promotional mix in the hotel industry. Managers of service firms will find the study a useful material in aiding them to plan and execute effective strategies to improve customer perception of the service they render.

Also, the study would serve as a reference material for both the academia and the general public. Particularly for the academia, it will be a very useful contribution to knowledge, upon which further research work can be conducted into the relationship between service quality perceptions and service marketing communication.

1.6   RESEARCH QUESTIONS

The study, which is descriptive in nature, is designed to answer the following research questions.

Q1   What will customer perception of service quality be when firm level communication claims more than the hotel can deliver?

Q2   When firm level communication is integrated to present a consistent and unified front, how will it affect customer perception of service quality?

Q3   Will inadequate internal communication lead to a poor perception of service quality?

Q4   What is the most important factor that influences service quality perception?

1.7   ORGANISATION OF THE STUDY

The study is divided into 6 chapters.   Each chapter is designed to capture specific subject matter as detailed below.

Chapter one: Introduction

The chapter captures the background to the study, the problem statement, purpose, objectives, and significance of the study.   It also contains the research questions and operational definitions.

Chapter two: An overview of the hotel industry

This Chapter offers an overview of the hotel business.   It takes a look at the performance of the industry in the past decade, and what the future holds for the industry.   It also

analysis the impact of the September 11th, 2001 tragedy on the industry. The chapter also takes a look at the structure of the industry in Ghana.

Chapter three: Theoretical background

This chapter discusses service quality and service quality dimensions. It also discusses customer perception of service quality. The chapter takes a look at customer expectation and how it influences customer perception of service quality. Finally, it reviews communication theories and describes marketing communication variables that influence customer expectation and perception of service quality.

Chapter four: Research methodology

This chapter outlines the sampling techniques that have been applied and how the research is designed. The data collection methods and instruments used are also described, as well as how the collected data is analysed.

Chapter five: Presentation and analysis

The data that has been gathered from the field is presented and analysed using various statistical tools and tables in this chapter.

Chapter six: Conclusion and recommendation

This chapter draws conclusions from data gathered in the survey, and makes recommendations for the management of service firms and for probable future research themes.

1.8   OPERATIONAL DEFINITION

Firm Level Communication: In this study, firm level communication refers to a firm's external marketing communication, internal and interactive marketing.   External marketing communication includes such variables as advertising, sales promotion, publicity and public relations, direct marketing and pricing.

Vertical and horizontal communications in the firm constitutes internal marketing. Interactive marketing on the other hand comprises activities such as personal selling, customer service centres, service encounters and servicescapes.   It also includes on-line or Internet based communication such as web site.

High quality service: This refers to a customer's assessment of a service experience as having met or exceeded his expectations.

Poor quality service: This refers to a customer's assessment of a service experience as having fallen short of his expectations.

The masculine pronoun: These pronouns, he, him and his and the term "man" are used to represent both the male and female genders.

Executive Management: Executive management describes the senior management bracket in each hotel.   This typically includes Financial Controllers, General Managers,

Directors, Chief Executives and Managing Directors, or such other names as may be applicable to managers in this category.

Front line staff: These are service employees who come into direct contact with customers during the delivery of the service.

Backstage staff: These are service employees who do not come into direct contact with customers during the delivery of the service, but rather support the front line staff in meeting the needs of the clients.

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CHAPTER TWO

2.0   OVERVIEW OF THE HOTEL INDUSTRY

2.1   INTRODUCTION

The hotel industry is a dynamic service sector that accounted for about 14% of total GDP in Europe in 1999. (http://www.hotelbenchmark.com/ accessed on April 05, 2002). The fortunes of the industry keep fluctuating. According to the Real Estate Finance Journal, (1994) the American Market experienced a decline in demand between 1980 and 1983, and in 1991. Thereafter, demand increased every other year.

While layout, facility design, condition of property and quality of management affect a particular hotel, external factors such as global recession and activities of various militant activist affect the fortunes of the industry globally. This makes the prediction of the future direction of the industry difficult.

This chapter therefore gives an overview of the hotel industry in an attempt to provide an accurate estimate of the size of the global hotel industry, assess its recent performance, and identify current and future hospitality trends and their impact on hotels.

The Chapter will also take a look at a number of core issues facing the industry, the impact of the September 11, 2001 terrorist attack on the USA, and the structure of the hotel industry in Ghana.

2.1.1   Structure of the Chapter

This chapter is made up of six sections and draws on material from a "White Paper on the Global Hospitality Industry" presented by the International Hotel and Restaurant Association.   Materials from the HVS International Journal, The Ghana Tourist Board Directory and several other articles have also been incorporated in this chapter.

The various sections of the Chapter is as follows:

- A statistical analysis of the scale of the industry globally

- A review of the global hotel industry in the late 80s and the 90s.

- A projection of the variables that will drive change in the industry in the coming years.

- An exploration of some of the issues that are of key significance to the hospitality industry globally.

- An assessment of the impact of the September 11, 2001 tragedy.

- The structure, current and future supply of hotel rooms in Ghana.

2.2   THE SCALE OF THE GLOBAL HOTEL INDUSTRY

The International Hotel Association (IHA) White Paper on the Global Hospitality Industry revealed that the hotel industry the world over generated over USS$247 billion

in revenues in 1994. They observe that the highest concentration of hotels is in Europe and North America. There is however a considerable growth in the emerging markets.

IHA estimated that there are about 307,683 hotels worldwide with a total number of 11,333,199 hotel rooms. They also estimated that "hotel room requires from as little as $15,000 to as much as $30,000 to build". They therefore concluded form these estimates that the total assets value for the industry range from about $170 billion to $128 trillion.

IHA further stated that there is about one employee for every hotel room in the world. Hotels employ more than 11,194,418 people the world over. This constitutes about 5% of the world's total workforce in travel and tourism. About 36% of these are employed in the Americas.

The industry is an essential and dynamic sector of the world's travel and tourism industry. The hotel industry covers a variety of accommodations; full service luxury hotels, bed and breakfast inns, resorts, limited service and economy properties and so on. They are owned and / or managed by independent operators, multinational chains, pension funds, government and a host of other investors.

Hotels represent a sizable capital investment and as noted earlier, employ hundreds of people. They purchase a variety of products and services from the community they are located thereby improving the local economy. They also contribute significantly to the tax revenue of the nations in which they operate.

According to IHA, each dollar spent in a hotel generates additional revenue and jobs. "In the United States, for example, every dollar spent by a hotel guest creates about one additional revenue dollar in the local community across a wide range of businesses" (http://www.ih-ra.com/ accessed on 14/04/02)

With the expansion and consolidation of free market economics and democracy in Africa, South America, Asia and the Middle East, the political risk associated with investment declines. There are therefore significant growth opportunities ahead in the markets, and the prospects for hotel development are encouraging.

2.3 INDUSTRY PERFORMANCE IN THE LATE 80s AND THE 90s

The successful performance of individual firms within the industry depends on how well firms identify the threats and opportunities that exist in its business environment and how it Marshalls and allocates resources to maximise the opportunities and avoid the threats. Within the past two decades or so the industry was characterised by a series of major global changes. Many of these changes were influenced by the fall of communism and the shift to a free market economy among emerging markets. Various opportunities arose for investment. This included the acquisition of prime real estate for developments in services, prompting an escalation of real estate prices worldwide and a surge of investor interest in the hotel business.

In 1985, for example, the hotel industry was rapidly developing an oversupply problem. At the end of December 1985, the value of the US dollar had fallen drastically against

other major currencies. This made investment in real estate in the US even more attractive to overseas investors, which further fueled the building of more hotels in the industry (http://www.ih-ra.com/, http://www.hvsinternational.com/ accessed on 14/04/02)

According to the IHA White Paper, the recession and the Gulf War in the early 1990 impacted heavily on the industry. Real estate values plunged by as much as 50% and many big global players like the Japanese stopped all hotel development activity. At the same time, hotels were downsizing as a result of businesses evaluating costs more closely and consequently cutting back significantly on travel expenses.

The decade saw the emerging and unprecedented development and growth of the information age. According to IHA there have been a "major socio-cultural shifts on travel patterns, such as the growing dominance of women in the workforce, the growth of the middle class in the developing world and the labour shortage experienced by both developing and developed nations". These developments put enormous pressure on the hotel industry.

However, despite the collapse of real estate values and the accompanying inflationary spiral, multinational hotels rose to the challenges with a variety of competitive strategies. The IHA observes that between 1985 and 1990 hotels adopted "new marketing approaches including loyalty programmes, alliances and computerised reservation systems, and the expansion of brands to address specific market segment".

They also adopted practices such as niche marketing, price discounting, service quality concepts, and short stay/ weekend break products. Cruise business, the rise of budget chains, and the growing recognition of the importance of the travel agent, were some of the practices adopted to meet the challenges of the times.

With hotel room supply exceeding demand, and the labour shortage taking its toll, the emerging new technology became an attractive solution to the hotel industry's problems. Hotels made maximum use of computers in their operations: from reservation systems to customer databases.

The 90s were a hostile business environment for the industry. Many hotels defaulted, nearly half of the all hotels were thought to be in financial distress, and up to 70% of the global inventory of hotel rooms was estimated to be in need of refurbishment (Ibid.).

The industry was however saved from the brink of disaster, as hoteliers and investors adopted various schemes to save their properties. They brought in asset managers, merged and consolidated, laid off people and stepped up revenue yield maximisation programmes and services. A number of hotels were successful and had good cash reserves. They were able to do some renovations or take advantage of good deals on distressed hotels. (Ibid.)

The industry had to refine their earlier initiatives in service, employee development, travel agent programmes, quality management and business traveller services. Strategic

alliances expanded and performance improved. There was a surge in global growth with joint ventures, master franchising and management contracts. (Ibid.) However, the anticipated consolidation of the industry into a handful of major hotels failed to materialise.

The IHA white paper on the global hospitality industry concludes by confirming "the value of strategic thinking in the decade to come and the likelihood that, in future, the multinational hotel industry will create links between resource allocation, competitive methods and more productive performance. The turbulence of the last decade may have subsided but, the Paper argues, today's hotel leaders must acknowledge the importance of better forecasting and long term strategic management if they want their companies to survive into the new millennium".

2.4   VARIABLES INFLUENCING THE FUTURE OF THE HOTEL INDUSTRY

The IHA convened four "Visioning the Future" workshops in Amsterdam, Hong Kong, Sydney and Mexico City. Representatives of multinational hotel companies, telecommunication firms, investment banks, travel distributors, national hotel associations, academia, consultants and supplier companies were invited to share their visions of the future for the hotel industry.

They identified 5 factors, which they believed would drive change and shape the hotel industry over the next decade:

Capacity Control: The information superhighway is increasingly exerting its influence on how the inventories of hotel rooms, airline seats, car rentals and so on are sold. Eventually, the hospitality industry will lose control of the sale of its inventory. Information technology will therefore have a telling effect on how the industry will sell it services.

Safety and Security: Today's traveller is increasingly confronted with potential dangers to personal safety and health. This stems from the potential risks of contracting AIDS and the uncertain yet devastating nature of terrorism, which is changing day in day out. The industry will therefore have to do more in order to reassure guests as well as investors seeking to protect themselves from asset losses. The attempt to respond appropriately to these challenges will have a bearing on the future of the industry.

Assets and Capital: Because of the global shift to a market economy many experts, according to the IHA white paper predicts that it will ultimately result in a shortage of capital to meet existing development needs in the hotel industry. Available funds will go to those industries that can generate high returns and stay ahead of trends. The extent to which the hotel industry is able to generate a competitive return on investment will determine how much capital will be invested in the industry. The amount of capital available to the industry globally will definitely affect the trend and development of the industry.

Technology: Technology is becoming the most important competitive advantage hotels can have in the coming years and beyond. The White Paper asserts that a lot of transactions are negotiated in the channels of the information super highway. Hotel operation must therefore comprehend and appreciate the new technology. They must learn to navigate this emerging medium to successfully market their products and services. The way and manner hotel managers and owners embraze information technology will shape the future direction of the industry.

New Management: The global hotel industry is changing fast. The role of the hotel manager has therefore become very strategic. This calls for hospitality leaders who can effectively manage the speed of change in the industry. They must be able to efficiently share their time between internal operations and scanning the environment. This will enable them incorporate significant trends into their day to day operations.

The IHA White Paper emphasises the need to adopt a new paradigm shift and take a new approach. It cautions that these factors will shape the future of the industry sooner than later. "For hotel companies to survive, they must be willing to incorporate this vision into their long-term business strategies".

2.5   ISSUES OF STRATEGIC IMPORTANCE TO THE HOTEL INDUSTRY

The following issues were articulated by the International Hotel Association's White Paper on the global hospitality industry. These issues are strategic to the development,

growth and profitability of the hotel industry all over the world. It would help boost growth in the hotel industry if the relevant bodies attend to these issues.

Copyrights

The hotel industry is a major contributor to the fees paid on copyrights. Copyrights fee therefore represents a substantial cost item to the industry. The IHA believes that copyrights fee should be determined by market forces and opposes the control of copyrights fee by Government. The industry will benefit from higher profits when cost centres such as copyrights fee are kept at the lowest levels possible.

Flexibility of Working Conditions

The hotel business lends itself to a fluctuating supply of work. The emergence of new technologies and international competition makes the maintenance of a flexible working condition for the industry a necessity. The IHA advocates for an increased flexibility of labour conditions. This, they believe will encourage job creation, enhance customer satisfaction and profitability and accommodate the varied preferences of employees in the industry.

General Agreement on Trade in Service (GATS)

GATS advocates for the liberalisation of trade in service. The IHA strongly supports this position, arguing that tourism accounts for more than 33% of the world's service exports. The free flow of people and services is therefore an essential ingredient for the global

hotel industry. They hold the conviction that existing barriers to international travel (passport, visa and so on) must be abolished to enhance international travels.

Industry Statistics

Though the hotel industry contributes so much to the global economy, it does not receive the public recognition at the level commensurate with its contribution. According to IHA, this is because of the lack of accurate and reliable data on the scale and value of the industry. They therefore suggest that a way around this problem is to develop data and statistics on tourism within a common framework.

Smoking in Public Places

Another area of concern to the IHA is the legislation restricting smoking in public places. They argue that the interest of the industry is best served by accommodating the diverse interest and preferences of various guests. This interest is limited by the said legislation. To curtail the growing trend of such legislation, IHA suggests that the hotel and restaurant industry adopt programmes such as "The courtesy of choice" to pre-empt the imposition of legal restrictions.

Sustainable Tourism and the Environment

IHA believes that the conservation of the natural environment is essential to ensure a sustainable growth of the hotel industry. The industry should practice self-regulation, which they argue has the unique potential to achieve environmentally compatible growth.

Taxation of the Hotel Industry

There is a proliferation of fees and taxes imposed on the tourism industry and the international traveller. Such taxes and fees include sales tax, airport tax, VAT, hotel occupancy tax, and so on. This, IHA claims, has shown to impede industry growth and distort competition. IHA therefore calls for the lowest level of taxes to be levied on the industry to boost their competitive edge and to enhance their job creating capacity.

Traveller Safety and Security

Hotels globally are increasingly becoming susceptible to crime. There is also a growing concern among hotel guest with respect to safety and health issues. IHA recommends that the main way to combat organised crime is for the public and private sectors to foster a greater co-operation and intensify their international efforts. These measures they believe will help restore the confidence of the hotel guest and boost industry activities.

2.6 THE IMPACT OF THE SEPTEMBER 11, 2001 TRAGEDY

The global economy and particularly the United States of America's (USA) economy have been affected by the tragic events of the September 11, 2001. The attack helped accelerate the US economy, which was already slowing down, into a recession. The impact on the airline industry is tremendous, and so is the impact on the hospitality industry. According to the HVS International Journal (October 2001), "the income levels experienced by virtually all hotels in the US have been adversely affected by the terrorist attack".

Following the attack, most bookings for September and October, especially in the USA especially were cancelled. Indeed, some markets had reported 60% to 70% decreases in occupancy in the week following the incident (ibid.).

The HVS International Journal (October 2001) however believes that the downturn in demand is only temporary. Writing on the US market, the Journal confirms that after a series of cancellation of hotel bookings in September and October, November and December bookings were held firm. Cancelled trips were re-booked in late 2001 and early 2002. The said Journal confirms that reports are circulating which indicates a rebound in travel. Markets that had reported up to 70% decrease in occupancy in the week following the events of September 11 have since seen some occupancy recovery. The larger question however is what the future holds for the industry in respect of hotel revenues.

According to the above mentioned Journal, there is a heightened perception of the risk associated with the hotel industry, which makes obtaining funding for new construction of hotels very difficult.

The said Journal concedes that even before the events of September 11th, supply growth had decelerated markedly due to the over building of hotels that had occurred in the preceding 5 years. Consequently, supply growth is expected to decrease dramatically in the years following.

The Gulf War of the early 90s coupled with the recession at that time affected hotel values. For instance, the uncertainties of war and recessions forced hotel values down about 10% in 1990; it further fell by 28%. Values stabilized in 1992 and since then (up to the year 2001) had been rising.

In general, it is expected that the same pattern of decline, stability and growth is expected to emerge in the coming years, though hotel values are not anticipated to fall as dramatically as it was in 1991 during that recession and the Gulf War (Anne R. Lloyd-Jones, HVS International Journal, October 2001).

Hotel values were expected to fall in the near term. In the long term however, hotel values are expected to increase to levels at or above those achieved in the last three years (ibid.)

2.7   THE STRUCTURE OF THE HOTEL INDUSTRY IN GHANA

The Hotel Industry in Ghana is a vibrant business sector. The sector has experienced unprecedented growth rates averaging 6.5% over the past five years. Growth in the Hotel sector is in tandem with the growth pattern over the past decade in tourism arrivals to Ghana. Tourism, currently the third largest foreign exchange earner is gaining prominence and recognition in Ghana.

The growth in tourism in Ghana is attributable to the development and improvement of tourism infrastructure, improved communications, and prudent government policies. The stable political environment in Ghana has further bolstered growth.

Ghana's hotel industry is characterised by a pyramid made up of:

- "Large Size" hotels (4-5 star) managed by international chains and have 100 rooms or above.

- "Medium Size" (below 100 rooms) hotels. These are basically the 3-star hotels.

- "Small Size" hotels (1-2 star, guest house) have an average of 15 rooms. These hotels are managed by owners. The Ghana Tourist Board has classified guest houses as hotels with less than 10 rooms.

- Budget hotels are owned and managed by local entrepreneurs, and offer services below 1 star requirements.

- Tourist Homes are registered "homes lodging scheme" where families rent out rooms to clients especially, tourist.
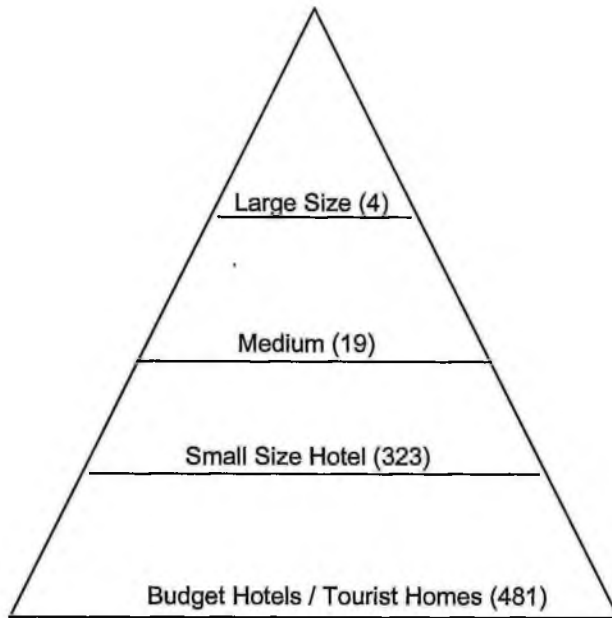
Figure 2.1 Structure of the hotel industry in Ghana.

Source: Adapted from Ghana Tourist Board

2.7.1 Current hotel supply

Based on the Ghana Tourist Board's local classification and rating system, a total of 747 hotels with a national stock of 10,886 rooms were licensed and rated in 2000. The ratings and distribution of the hotels in Ghana is provided in Table 2.1. Table 2.2 captures the distribution of hotel rooms in Ghana.

Table 2.1 National Distribution of Licensed Hotels (2000)- Courtesy: Ghana Tourist Board

egion	5 Star	4 Star	3 Star	2 Star	1 Star	Guest House	Budget	Homes	Total
shanti	-	-	3	11	13	11	88	-	126
rong hafo	-	-	-	1	2	1	44		48
entral	-	-	2	7	18	3	29	-	59
astern	-	-	1	3	6	2	32	-	44
ireater .ccra	2	2	10	29	41	46	198	3	331
lorthern	-	-	-	3	2	3	9	-	17
Jpper East	-	-	-	-	-	-	9	-	9
J. West	-	-	-	1	1	1	10	-	13
/olta	-	-	-	2	6	-	32	-	40
Western		-	3	8	15	7	27		60
TOTAL	2	2	19	65	104	74	478	3	747

Table 2.2 Distribution of Hotel Rooms (2000)- Courtesy: Ghana Tourist Board

Region	5 Star	4 Star	3 Star	2 Star	1 Star	Guest House	Budget	Homes	Total
Ashanti	-	-	66	403	264	63	1076	-	1872
Brong hafo				40	26	6	458		530
Central	-	-	129	124	189	22	341	-	805
Eastern	-	-	35	38	101	15	347	-	536
ireater .ccra	224	414	406	575	710	316	2324	11	4980
lorthern	-	-	-	54	40	56	138	-	288
/pper East	-	-	-	-	-	-	155	-	155
. West	-	-	-	40	18	4	105	-	167
olta	-	-	-	84	175	-	326	-	585
/estern	-	-	100	136	300	43	389		968
TOTAL	224	414	736	1494	1823	525	5659	11	10886

31

An Analysis of Table 2.1 and 2.2 provides the following summary of ratings for hotels and room supply in Ghana.

Table 2.3 Summary of ratings for hotels and room supply- 2000

Star rating	Number Of hotels	Room Supply
5 star	2	224
4 star	2	414
3 star	19	736
2 star	65	1,494
1 star	104	1,823
Guest house	74	525
Budget hotels	478	5,659
Homes	3	11

Source: Adapted from Ghana Tourist Board

The bulk of Ghana's hotel room is therefore, in the "small size" and "budget" categories noted above. Over 45% of the nation's stock of hotel rooms is concentrated in the capital city, Accra. Accra also has the entire stock of room licensed in the four and five star category. Besides Elimina and Accra, no hotel facility in Ghana offer a minimum size of 100 rooms.

2.7.2 Projected Hotel Supply

There are various investment activities currently going on in the country that will significantly increase the hotel supply in Ghana over the next decade. However, the most significant developments are in Accra.

Accra's current supply of 1,044 rooms in the 3-5 star categories is estimated to increase by additional 2280 rooms over the next five years period ending 2006. The projected increase is over 200% in room capacity.

It is clear from the data presented and analysed here that with investor friendly policies and, stable political and micro-economic variables, the hotel industry in Ghana is set to grow despite the tragedy in the Middle East and the USA. Data from the Ghana Tourist Board Directory (2000) indicates that international tourist arrivals have been growing over the years. For instance, in 1990, international arrivals was 145,780, while in 1996, it increased to 304,860. They estimate that by 2010, international arrivals would be 1,062,000.

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CHAPTER THREE

3.0   THEORETICAL BACKGROUND

3.1   CONCEPTUAL FRAMEWORK

Quality service delivery is a critical element for the continued survival and growth of service firms. This is especially so as the business environment is becoming increasingly competitive. Assessment of service quality is however a subjective judgement that is influenced by the perception of the customer. Perception is in turn influenced by the expectation of the customer of the customer prior to his experience of the service. Meanwhile, customer expectation itself is shaped by the marketing communication that the customer is exposed to.

In this respect, the chapter will review relevant concepts and theories on the key dimensions of the study. These include,

- Service Quality
- Customer Perception
- Customer Expectation
- Marketing Communication Variables

The study will also explore the relationships between these key dimensions.

Essentially, the study will attempt to define and analyse the concept of service quality. It will indicate the various service quality dimensions and how they are used to measure service quality. Relevant customer perception concepts will also be explored. Of particular interest is how customers' sense external stimuli, how they select various sources of stimuli, and how they interpret and give meaning to the external stimuli so selected. The interpretation of external stimuli is important to the service marketer as it impacts on the customer's eventual assessment of the quality of service.

Customer expectations, the controllable and uncontrollable factors influencing customer expectation, and the role expectation plays in service quality perceptions will be explored. The study is however focused on the controllable factors, which mainly consist of the marketing communication variables.

Consequently, the study will review relevant theories and concepts in respect of marketing communication variables. The study will also attempt to analyse the various elements of interactive, internal and external marketing communication variables, and how they combine to influence the service customer's expectations. To appreciate how marketing communication variables affect customer expectations and perceptions of service quality, it is important to also review theories and concepts in communication and response processes.

3.2   WHAT IS SERVICE QUALITY

Service quality is a major determinant of competitiveness. This is especially so in an increasingly hostile business environment where service firms have to serve an increasingly discerning public who would readily complain and transfer their allegiances to perceived providers of quality service. However, despite the importance of quality, different experts and writers on quality have defined it variously.

Quality Digest (2000) defined quality as the measure to which products, processes, services and relationships are free from defects, constraints and elements that do not add value for the benefit of the customer. Quality can also be seen as the totality of features and characteristics of a product or service that bear on the particular product or service's ability to satisfy stated or implied needs of a customer.

Where there is a perceive congruence between a customer's expectation of a service and what has been received, or where perception of service quality is higher then expected, then a high quality is said to have occurred. Alternatively, a low service quality occurs when perception of actual service is lower than expected. Quality is therefore a maximisation of perceived value.

According to Quality Digest (2000) quality can be objective or subjective. Objective quality refers to the degree to which a process or its outcome complies with a determined set of criteria, which are presumed essential to the ultimate value it provides. Subjective quality on the other hand refers to the level of perceived value experienced by a customer

who has benefited from a process or its outcome. Quality can therefore be said to be the perception of a customer of the value he has received for the price he has paid for the attributes of a product or service as they relate to it's fit, function and form.

3.2.1 Classification of Quality Definitions

According to Abby Ghobadian et al (1994), quality definitions can be classified into five broad categories depending on the main thrust of the definition. He termed them as Transcendent, Product led, Process or Supply led, Customer led and Value led definitions.

Transcendent Definitions

This group of definitions sees quality as an innate excellence. A product or service has unique and unequalled properties that contain an inherent ability to satisfy the needs of a customer.

Product Led Definitions

Definitions that emphasise product see quality as units of goodness packed into a product or service that a customer can benefit from. A higher service quality therefore contains more units of goodness than a lower service quality. This definition assumes that the units of goodness or service attributes can be quantified. In practice however, it is difficult to clearly identify and quantify service attributes. Furthermore, goodness is not absolute but relative to a particular customer and circumstance.

Process or Supply Led Definitions

Quality can again be defined as conformance to requirements. The focus of these definitions is internal and they lay emphasis on the importance of the management and control of supply side quality. This definition is relevant to organisations that provide standard products or services, or where organisations perceive their quality problems as lying within the engineering or transformation process. This is partly because, "process" play a critical role in determining the quality of the outcome.

Customer Led Definitions

The focus of customer led definitions is external. Quality is seen as satisfying customer requirements. This approach relies on the capacity of the organisation to determine and meet customer requirements. Customer led definition encompass the process approach. Though customer requirements are build into the service at the design stage, it is during the transformation stage that the level of conformance is determined. This category of definitions is most relevant to such organisations that offer services that have high contact, labour intensive and skill-knowledge-based. Hotels, health care, law and accountancy are good examples.

Value Led Definitions

Value led definitions are also externally focused. Quality is defined in terms of the cost of a product or service to the producer and the price to the customer. It is also seen as satisfying the customer's requirements in respect of quality, price and availability.

3.2.2 Types of Service Quality

Researchers in service quality have demonstrated that though a satisfactory outcome is a prerequisite for good perceived quality, because of the simultaneous production and consumption nature of service, perception of the process is also important for the total quality of a service experience to be perceived as satisfactory.

Drawing on the work of Gummesson (1977) which dealt with aspects of the quality of services, and on Bettman's work (1979) on perspectives from cognitive psychology, Dr. Christian Gronroos (1998) developed the concept of perceived service quality. He argued that service quality is a multidimensional phenomenon that comprised three dimensions, as depicted in the diagram below, namely, Technical quality, Functional quality and, Corporate image.
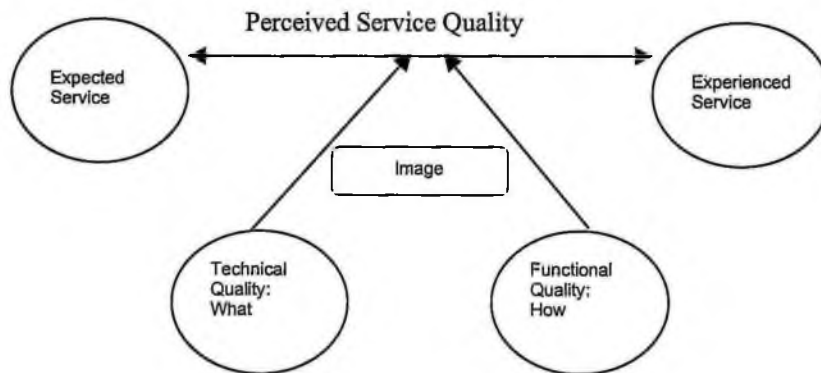
Figure 3.1   Perceived Service Quality

Source: Adapted from Journal of Business & Industrial Marketing, Vol. 13 No. 4/5 1998

Technical Quality:

Dr. Gronroos argued that the ultimate outcome of any service experience is referred to as the technical quality, and can be measured objectively by a customer. For instance, the delivery of a parcel by DHL. Technical quality is essential in quality perceptions of service that are high in experience quality.

Functional Quality:

Dr. Gronroos maintained that the functional quality dimension refers to the encounter between the customer and the service provider. That is, how the service process functions. The assessment of this quality dimension is subjective. Functional quality is a critical factor in quality perception of services that are high in credence quality.

Corporate Image:

Dr. Christian Gronroos in his article "The Perceived Service Quality Concept a Mistake?" Published in the Journal, Managing Service Quality, volume II, issue 3, argues that corporate image is an important quality dimension which is concerned with consumers' perception of the service provider. The corporate image is influence by the technical and functional quality, price, external communication, physical evidence, competence and behaviour of service employees. Corporate image is also important in quality perception of services high in credence quality.

Lehtinen and Lehtinen (1992) also argued that service quality has three dimensions. These dimensions include physical, corporate and interactive quality. Physical quality

referred to the present conditions of physical items such as building and enabling equipment. The service provider's image and profile is called corporate quality, while interactive quality refers to the interaction between service employees and customers, as well as interactions between customers themselves.

3.2.3 Measuring Service Quality

Service quality is a measure of the degree to which the service delivered meets the customer's expectation. Service quality is said to be ideal, satisfactory or unacceptable where service quality is perceived to be higher than customer's expectation, exactly as expected or lower than customer expectation respectively.

Various researches suggest that customers do not perceive service quality as a uni-dimensional concept, but as a multiplicity of factors. Parasuraman et al (1993) suggested that customers assess quality for all goods and services on the basis of the following eight factors: Performance, Features, Reliability, Conformance, Durability, Serviceability, Aesthetics, and Perceived quality.

Other researchers have argued that customers apply different dimensions in different product categories to determine their satisfaction levels with services delivered. For example, research on perceptions of quality in automobiles has shown that customers assess quality on six dimensions; Reliability, Serviceability, Prestige, Durability, Functionality and Ease of use. (Brucks and Zeitham 1991) However, researches on food products suggest that rich full flavour, natural taste, fresh taste, good aroma and

appetizing looks determined perceptions of quality in thirty-three food categories. (Bonner and Nelson, 1985)

Research within service quality and the related domain of satisfaction was initially pioneered through the conceptral framework of European researchers such as Dr. Gronroos (1983) and Oliver (1980). However, the foundation for much of the more recent conceptual development can be attributed to three North American academics, Parasuraman, Berry and Zeithaml. Parasuraman et al (1985) proposed a conceptual framework that comprised ten components that customers use to evaluate service quality. These components include **Reliability, Responsiveness, Tangibility, Competence, Courtesy, Credibility, Security, Access, Communication, and Understanding/ Knowing the customer.**

When a firm is able to fulfil a promised service dependably, accurately and on time, that firm is said to be reliable. Even though reliability is not the sole determinant of service quality evaluations, it appears to be the most important. Parasuraman et al, contend that since 1983, they have systematically investigated the topic of service quality through a series of studies. According to them, empirical evidence from their research consistently shows that reliability is the foremost criterion customers consider in evaluating a company's quality of service.

The ability and willingness to help, provide prompt service and effectively deal with complains is an indication of a firm's level of responsiveness. The appearance of

physical facilities, equipment, personnel, and printed and visual communication materials constitute tangibility.

Competence means the service employee has the necessary skill, knowledge and information to effectively deliver the service required. Courtesy on the other hand refers to the employee being polite, respectful, considerate and friendly. Credibility is a quality dimension that relates to the corporate image, personal traits of front-line staff, and customer perception as to whether the service employee is honest and can be trusted. Security, access and communication are also quality dimensions customers use to assess service quality. Security refers to a customer's feeling of freedom from danger, risk and doubt, and includes physical safety, financial security and confidentiality. Access on the other hand refers to the ease of approachability and contact. This could for example, involve convenient opening hours, convenient location and getting through on the phone easily. Communication involves listening to customers, acknowledging their comments and keeping them informed in a language they can understand. Understanding and or knowing the customer is the final quality dimension and involve firms making an effort to understand the customers needs and specific requirements, and providing individualised attention.

However, Abby Ghobadian et al (1994) in their article "Service Quality" Concepts and Models, published in the International Journal of Quality and Reliability Management, vol. II, issue 9, introduced an eleventh quality dimension which they called customisation. They argued that customers' perception of the quality of service is also

influenced by the degree to which a service provider is willing and able to adjust the service to meet the needs of the customer. This would mean for example that in the case of a gourmet restaurant, willingness to provide an item that is not in the menu.

In 1988, Parasuraman et al specifically identified five distinct components of service quality: Reliability, Responsiveness, Tangibles, Assurance and Empathy. They maintained that customers used these dimensions to compare their prior expectations of what service should be provided with their post experience perceptual reality. These quality dimensions were later formed into a multiple item scale entitled SERVQUAL for measuring consumer perceptions of service quality. In essence, these five components of service quality contain all the original ten dimensions for evaluating service quality. Table 3.2 below clearly depicts the relationship between the original ten quality dimensions and the five quality dimensions later identified.

Table 3.2   Correspondence between the ten original quality dimensions and SERVQUAL dimensions.

SERVQUAL DIMENSIONS	ORIGINAL TEN QUALITY DIMENSIONS
Reliability	Reliability
Responsiveness	Responsiveness
Tangibles	Tangibles
Assurance	Competence, Courtesy, Credibility, Security
Empathy	Access, Communication Understanding/ Knowing the customer

Source: Adapted from www.arl.org/libqual/events/
Date of access: October 15, 2001

3.3   CUSTOMER PERCEPTION

We live in a modern world where the consumer is exposed to thousands of stimuli a day. According to Philip Kotler (1996) the average consumer is exposed to over 1,500 adverts a day, ranging from television advertisements to billboards and product packages.

Consumers may perceive the same stimuli under the same conditions differently. They would therefore act and re-act on the basis of their perception of what is reality, which may differ from the objective reality. Reality is therefore a personal phenomenon, based on the consumers' needs, want, values and personal experience. (Schiffman and Kanuk 1978)

Consumers act on the basis of their perceptions, so it is important that marketers understand the concept of perception to readily appreciate what influence consumer decisions. Information is the primary raw material the marketer works with in influencing consumers. Therefore, the understanding of perception is critical in guiding marketing strategy (Hawkins, Best and Koney 1992). A customer's perception of a firm's communication would influence his expectation and final judgement of the service encounter. Belch and Belch (1995) argue that marketers should particularly be interested in how consumers sense external information, how they select the various sources of stimuli, and how this information is interpreted and given meaning.

3.3.1 Perception Defined

Perception can be define as the process by which "an individual selects, organises, and interprets stimuli into a meaningful and coherent picture of the world" (Shiffman and Kanuk 1978, Philip Kotler et al 1996). Sensory inputs or stimuli such as advertisements are received by sensory receptors, (eyes, ears, nose, mouth and skin) which respond to the stimuli through a process known as sensation. The sensation so experienced by a customer could either be absolute or differential threshold.

Absolute threshold refers to the minimum amount of stimulation that can be detected on a sensory channel (Michael R. Solomon 1992). It is the lowest level at which an individual can experience sensation. According to Michael R. Solomon (1992) the differential threshold on the other hand refers to the ability of a sensory system to detect changes or difference between stimuli. Ernst Weber, a nineteenth-century German scientist argues that, the differential threshold also known as the just noticeable difference (j.n.d.) is not an absolute amount, but an amount relative to the first stimulus, (Schiffman and Kanuk 1978). He (Ernst Weber) contends in what has become known as Weber's law that the stronger the initial stimulus, the greater the additional intensity needed for the second stimulus to be perceived as different.

There are basically two levels of perceptions- supraliminal and subliminal perception. supraliminal perception refers to the perception of stimuli above the level of conscious awareness. On the other hand, subliminal perception according to Schiffman and Kanuk (1978) refers to a situation where the stimuli are too weak or brief to be consciously seen

or heard, but may nevertheless be strong enough to be perceived by one or more receptor cells. This is perception of stimuli below the level of conscious awareness. There is however considerable controversy as to the effectiveness or otherwise of subliminal perception.

3.3.2 Selective Perception

Michael Etzel et al (1997) maintains that consumers are exposed to an enormous amount of marketing stimuli everyday. However, through a process of selective perception, they are able to deal with the huge number of marketing stimuli in the commercial environment. According to Philip Kolter et al (1996), and Michael Etzel et al (1997), the process of selective perception comprises selective attention, selective distortion and selective retention.

However, according to Belch and Belch (1995), selective perception beings with selective exposure. This according to them, is the situation where a consumer decides whether or not to expose himself to information. For example, a consumer may decide to flip channels when an advertisement is being aired on a channel he is watching a television programme on.

Customers pay attention by exception (Michael Etzel el al 1997). They try to screen out most of the information they are exposed to, while concentrating on a selected few. Therefore, only those marketing stimuli that have the power to capture and hold the attention of the consumer have the potential of being perceived. This phenomenon is

called selective attention (Philip Kotler et al 1996, Belch and Belch 1995, Schiffman and Kanuk 1978).

Another component of selective perception is selective distortion. Belch and Belch (1995) refer to this process as selective comprehension. Marketing stimuli that may arrest the attention of a consumer may not necessarily be interpreted as the sender intended. Consumers fit incoming information into an existing mind-set and adapt the information to personal meanings. They interpret information based on their own attitudes, believe, motives and experiences. If the incoming information is inconsistent with the consumer's frame of reference the information may be distorted to conform to the established believes. (Belch and Belch, 1995, Philip Kotler et al 1996, Michael Etzel et al 1997).

Selective retention is the third and final element of Selective Perception. After attending to and comprehending stimuli, consumers do not remember all the information they have seen, heard or read. They tend to retain information that support or reinforces their believes, attitudes and experiences (op.).

External stimuli (advertising, sales promotion, publicity and so on) and internal stimuli-(motives, expectations, beliefs, mood and learning) - interact to give an individual his or her unique perception of the world (Belch and Belch 1995). A customer's perception of various marketing stimuli about a service would therefore influence his expectation about the service and his assessment of the quality of the service after an encounter.

3.4   CUSTOMER EXPECTATIONS

Customer expectations about service delivery, are beliefs that customers hold that serve as a standard reference point against which they compare their perceptions of performance. They hold different levels of expectations about service and these include desired service, adequate service and a zone of tolerance (Zeithaml and Bitner 2000).

Desired Service is the level of service the customer hopes to receive. It is a blend of what customers believe the level of service performance can be and should be. However, the "wish for level" of performance is not always possible.   As a result, customers hold a lower level expectation for the threshold of acceptable service. This lower expectation is termed adequate service. It is the bottom level of performance that a customer would accept. It represents the minimum tolerable expectation.

Services are heterogeneous. Consequently, the extent to which customers recognise and are willing to accept this variation is termed the zone of tolerance, as depicted below. It is the difference between desired and adequate service.

Figure 3.2   Zone of tolerance
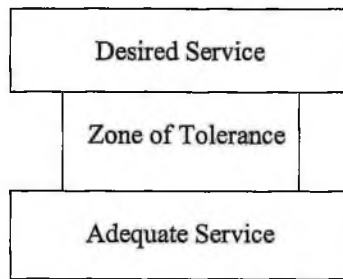

```
┌─────────────────────────────┐
│      Desired Service        │
│   ┌─────────────────────┐   │
│   │  Zone of Tolerance  │   │
│ ┌─┴─────────────────────┴─┐ │
│ │    Adequate Service     │ │
│ └─────────────────────────┘ │
└─────────────────────────────┘
```

Source: Adapted from Zeithaml and Bitner, Services Marketing,
Integrating Customer Focus Across the Firm, 2000, page 51

The zone of tolerance is the range within which customers do not particularly notice service performance. When Service performance exceeds the desired service level, customer is delighted. Customer perception of service quality will be low when service performance falls below the adequate service level.

The tolerance zone can expand and contract within the same customer for the same service at difference times. For example, a hotel customer will be less tolerant with a service employee at the checkout counter when the said customer is running late for his flight. The same customer will be more tolerant when he is checking out of the hotel in good time – a couple of hours before his flight.

The zone of tolerance also varies for different service dimensions. The more important the factor, the smaller the zone of tolerance is likely to be, and the higher the desired and adequate service levels. Reliability is the most commonly cited service quality dimension. Customers are therefore likely to have a higher desired and adequate level of

service for reliability than other attributes, thereby narrowing the zone of tolerance for reliability, (Zeithaml and Bitner 2000).

3.4.1 Foundations of Customer Expectation

Expectations play a critical role in customer evaluation of service quality. A customer's perception of the quality of a service is shaped by his expectations prior to the service encounter. It is therefore essential for marketers to understand and control the factors that shape these expectations. There are two broad categories of variables that shape customer expectations. These are uncontrollable and controllable factors.

3.4.2 Uncontrollable Factors Influencing Customer Expectations

Uncontrollable variables that influence customer expectations include word of mouth communication, personal needs, past experience, situational factors, enduring and transitional service intensifiers, perceived service alternatives and self-perceived service role.

Conditions that are necessary for the physical, functional, social or psychological well being of a customer are critical in shaping a customer's expectations. Such personal needs affect the level of desired service. Also, what Zeithaml and Bitner (2000) called "enduring service intensifiers" (factors that are unique to a customer that influences his sensitivity to service) can influence customer expectation. An individual or a group of persons can drive a customer's expectation. This is known as derived expectation, an example of an enduring service intensifier. For instance, a protocol officer's choice of a

hotel for a firm's foreign partners would be influenced by his perception of the partner's expectation of the lodging and boarding facilities. The other form of an enduring service intensifier is what is termed personal service philosophy (ibid.). A former restaurant waiter is likely to have a high expectation of service in any restaurant he patronises because of his personal attitude to and understanding of the meaning of service and what constitute a proper service conduct.

Transitory service intensifiers are a group of uncontrollable factors that also influence customer expectation. They are temporary and short-term individual factors that make an individual aware of the need for a service. Customer's expectation of a service is further influenced by the ready availability of other alternatives, or his ability to satisfy his service need by himself. The degree to which a customer perceives the importance of his role in a service delivery process also affects his level of expectation. When a customer perceives he has not effectively played the role expected of him, his expectation would be low and the zone of tolerance would expand. Again, customer expectation will be low when customers perceive the situational factors (service performance conditions) to be beyond the control of the service provider.

Word of mouth communication and customer's past experience are two of the most important uncontrollable variables that influence customer's expectation. Word of mouth communication is personal and non-personal claims made by parties other than the service-providing firm. Word of mouth communication is perceived to be unbiased and therefore plays a critical role in shaping customer expectations. According to PR Smith

(1993), word of mouth communication is the most potent element of the marketing communication mix in one-to-one situations. Friends, family, colleagues and experts including consumer reports are all sources of word of mouth communication. Word of mouth communication tends to be very critical in services that are high in experience and credence qualities.

A Customer's past exposure to services also influences his expectation for a current service being patronised. According to Zeithaml and Bitner, (2000) past experience may incorporate previous experiences with the particular service being patronised, the last brand purchased, or even the performance of a top selling brand or favourite brand. A customer's expectation can also be shaped by the average performance he believes represent a similar category of product.

3.4.3   Controllable Factors Influencing Customer Expectations

Controllable factors that influence customer expectations lie within the controllable reach of the service firm. These are the marketing communication elements and include external marketing communication, interactive marketing and internal marketing. As a necessary background to reviewing literature on these concepts, the researcher will also take a look at some theories in communication, communication processes and response processes.

3.5 MARKETING COMMUNICATION

As noted above, communication is a major source of influence on customer expectation. Various writers and experts on communication have defined communications in different

ways. While some see communication as the passing of information, others see it as the exchange of ideas (Wilbur Schram, 1995). According to Churchill and Paul Peter (1995), communication is the element of the marketing mix that involves communicating with target markets to inform them about a product, service or idea and influence them to buy it. Sommers et al (1989) states that the word Communication is derived from "Communis", a Latin word which means "Commonness".

Thus in a communication situation, the initiator of the message seeks to achieve a "commonness" with the recipient through the use of various verbal and non-verbal symbols. Marketing communication therefore consist of every form of communication relevant to marketing (Tom Jerkins 1990). According to Dr. S. N. Buatsi (2000), marketing communication involves marketer-initiated techniques, which are directed at target markets in an attempt to influence attitude and behaviour.

Marketers use to plan and manage various promotional functions separately, sometimes with different goals and objectives. In the 1990s, however, many firms have begun to adopt the concept of Integrated Marketing Communication (IMC).

Integrating Marketing Communication involves co-ordinating the promotion mix elements along with other marketing activities that communicate with a firm's customers. According to Belch and Belch (1995), these elements include advertising, direct marketing, sales promotion, publicity, public relations and personal selling. The

elements are either interactive marketing variables or external marketing communicating variables.

The American Marketing Association defined Integrated Marketing Communication as a "Concept of marketing communications planning that recognises the added value of comprehensive plan that evaluates the strategic roles of a variety of communication disciplines – for example, general advertising, direct response, sales promotion and public relations – and combines these disciplines to provide clarity, consistency and maximum communication impact"

P. Griffith Lindel observed in his article " You Need Integrated Attitude to Develop IMC", published in May 1997 in Marketing News that, IMC means that a firm's public relations material say the same thing as the direct mail campaign, and advertising has the same look and feel as the web site. "Integrated Marketing Communication seeks to have all of a company's marketing and promotional activities, project a consistent, unified image to the market place" (Belch and Belch, 1995).

Over the years, there has been a gradual shift from using advertising as the main promotional tool to using more of and integrating the other promotional mix tools. Marketers have come to realise that by strategically integrating and co-ordinating the various communication functions, they can take advantage of the synergy among the various communication tools to develop effective and efficient promotional programmes. Proponents of Integrated Marketing Communications have argued that it is the easiest

way of maximising return on investment in promotion (ibid.) The fragmentation of media markets, the changing media buying habits of companies who now take media buying in-house and the expensive nature of traditional advertising has served to increase interest in Integrated Marketing Communication (ibid.)

Marketing communication has changed over the years. In the past, customers received information about various products (both goods and services) from mass marketing sources such as television and newspapers. Zeithaml and Bitner (2000) maintain that customers of both goods and services receive information from a richer variety of sources including on-line sources and a host of other promotional tools. It has therefore become necessary to integrate and co-ordinate all these sources of information. Customers of services receive information from an even much richer sources including the servicescape and everyday service encounter with employees. To ensure that these messages are consistent among themselves and also with those sent through external marketing communication, there is the need for a third marketing communication variable- internal marketing. Zeithaml and Bitner (2000) called this Integrated Service Marketing Communication.

3.6   THE COMMUNICATION PROCESS

Due to the complex nature of the communication process, success in communication often depend on the nature of the communication, the channel used to transmit the message, the environment within which the message is received and how the receiver interpret such a message.

Over the years, various models have been developed in an effort to capture the various elements of the communication process. Each model provides an idea about the element of the process the particular researcher finds important. There is therefore no single model that all communication scholars agree on.

David Berlo developed a model (SMCR model) which captured six elements (source, encoder, message, channel, decoder and receiver) that constitute the communication process. This model however does not recognise the importance of getting a response and feedback on the message sent. Likewise, it is silent on the effect of environment on the communication process. These elements were however incorporated into Wilbur Schram's model, developed in 1955.
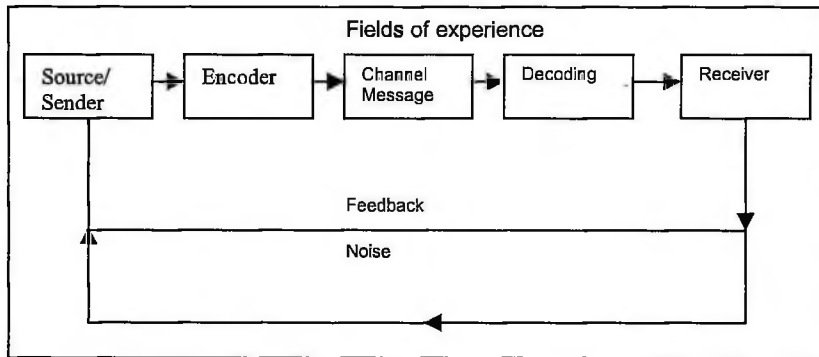
Figure 3.3 Wilbur Schram's model of the communication process

Source: Adapted from Belch and Belch, Introduction to Advertising & Promotion, An Integrated Marketing Communications Perspective, 1995, Page 154.

The third model for the purpose of this presentation is the 5-Ws model of communications (Harrold D. Lasswell 1948, pp 37-51). This model developed by

Lasswell contains the major elements that Wilbur Schram model captured, that is, source, message, channel, receiver and feedback. According to Lasswell, a communication process must answer five fundamental questions as to who (source) says what (message), in what way (channel) to whom (receiver) and with what effect (feedback).
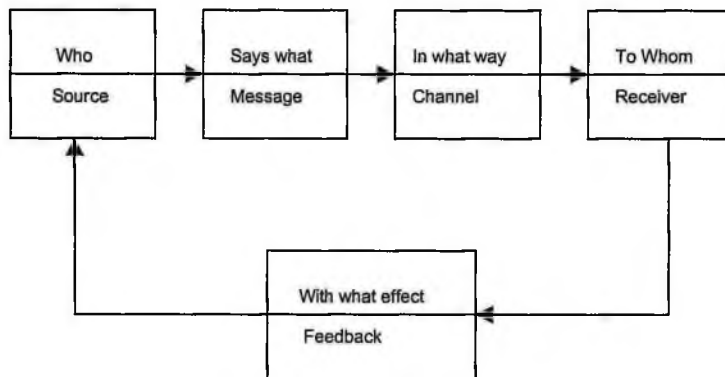
Figure 3.4 Lasswell's 5 – Ws Model of communication
Source: Adapted from S. N. Buatsi, Proceedings of the 7th International Conference on Marketing and Development, January 2000, Page 269

3.6.1 Elements of the Communication Process

The communication process consists of the initiator or source of the message, the process of encoding, the message itself and the response.

Source or Sender

The source or sender refers to the person or organisation that is involved in communicating a marketing message, directly or indirectly. A direct source is where a spokesperson endorsers or delivers a message about a product or service. Where

however, the spokesperson only draws attention to the product or enhances the advert, it is an indirect source.

The receiver's perception of the characteristics of the source influences how the communication is received. Sources must therefore be credible, attractive and should have power (Herbert Kelman, 1961). They must have the relevant knowledge, skills, experience and be likeable (Belch and Belch 1995).

Encoding

Encoding is the process of putting thoughts, ideas or information into symbolic form. The words, signs, symbols, and pictures used must have a universal appeal, in order to be understood by the recipient.

Messages

The message is what is encoded and contains the meaning the source hopes to convey to the recipient. The message could be verbal, non-verbal, oral, written, unwritten or symbolic. It is important that messages are put into a transmittable form that is appropriate for the channel of communication being used. Marketers should consider not only the content of the messages but also how these messages would be structured for presentation and the message appeal to be used.

3.6.2   The Response Process

In developing a marketing communication programme, it is imperative that marketers understand the response process that receivers go through in arriving at a specific

behaviour. Marketers use promotional programmers to achieve various objectives at different times. In one instance, a marketer may seek to change receivers attitude and knowledge about a product or service, while at another time he may only want to create awareness about a product, brand or even company or idea (Belch and Belch, 1995).

Several models have been developed to illustrate the various stages receivers pass through to arrive at specific decisions. Figure 3.7 illustrates the Traditional Hierarchy Response Models, which though similar, were developed for different reasons.

	AIDA MODEL	HIEARARCHY OF EFFECTS MODEL	INNOVATION ADOPTION MODEL	INFORMATION PROCESSING MODEL
CONGNITIVE STAGE	ATTENTION ↓	AWARENESS ↓ KNOWLEDGE ↓	AWARENESS ↓	PRESENTATION ↓ ATTENTION ↓ COMPREHENSION ↓
AFFECTIVE STAGE	INTEREST ↓ DESIRE ↓	LIKING ↓ PREFERENCE ↓ CONVICTION	INTEREST ↓ EVALUATION ↓	YIELDING ↓ RETENTION
BEHAVIOUR STAGE	↓ ACTION	↓ PURCHASE	TRIAL ↓ ADOPTION	↓ BEHAVIOUR

Figure 3.5 Models of the response process

Source: Belch and Belch, Introduction to Advertising & Promotion, An
Integrated Marketing Communications Perspective 1995 page 164

The above response models view the response process as a movement through three basic stages- the cognitive, the affective and the behavioural stages. What a customer knows or perceives about a product or service is represented by the cognitive stage. The affective stage refers to the consumers' feelings of like, dislike, preference, desire and conviction. The next stage, behavioural stage, refers to the customer's action of trial, purchase,

adoption or rejection. These models therefore delineate the series of steps a potential customer must be taken through, from a state of unawareness of the product or service to when he develops affection for it and subsequently buys the product or patronises the service (Belch and Belch 1995).

3.6.3 Alternative Response Hierarchy

Over the past three decades, however, research in marketing, social psychology and communication has led to the questioning of the cognitive, affective, behavioural sequence of response. Michael Ray (1973) identified three different orderings of the traditional response hierarchies The standard learning hierarchy, the dissonance/ attribution hierarchy and the low involvement hierarchy.

Michael ray concluded that customers do go through the process depicted by the traditional response models. These stages correspond to learn, feel and do sequence which he termed the Standard Learning Model. He suggested that this model is applicable in situations where consumers are highly involved in the purchase process.

The dissonance / attribution hierarchy, or what he called, the do, feel and learn sequence of response, is the situation where customers would first purchase a product or service, then try to reduce any post purchase dissonance. They achieve this by attempting to develop positive attitude to the product or service, or develop a negative attitude to the rejected brands.

He suggested that where consumer's involvement in the purchase process is low, the receiver might be depicted as moving from cognition to behaviour and to attitude change.

Topical Involvement		
	High	Low
Perceived Product Differentiation **High**	**Standard learning Model** Cognitive ↓ Affective ↓ Conative	**Low involvement Model** Cognitive ↓ Conative
Perceived Product Differentiation **Low**	**Dissonance/ attribution model** Conative ↓ Affective ↓ Cognitive	↓ Affective
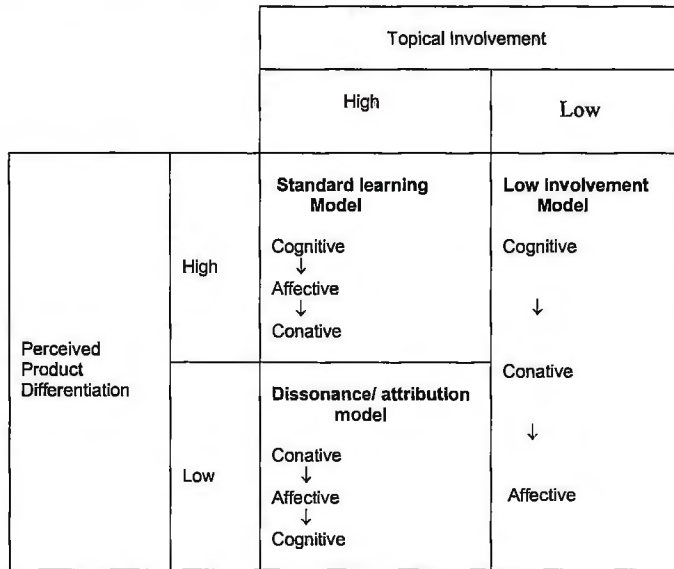
Figure 3.6 Alternative response model.

Source: Belch and Belch, Introduction to Advertising & Promotion, An Integrated Marketing Communications Perspective, 1995 pp 168

Advertising and consumer researchers have recognised that neither the traditional nor alternative response hierarchies can explain all response patterns and behaviours (Belch and Belch 1995). In this light, Robert Smith and William Swinyard (1982) developed a revised interpretation of the advertising response sequence, which they called Integrated Information Response Model. This model integrated concepts from the traditional and low-involvement response hierarchy arguments. They incorporated the effects of direct

experience, arguing that advertisement and personal experience with a product or service resulted in different levels of belief strength.

They maintained that the sequence of response in a low involvement purchase might be cognition, trial and effect. In a high involvement purchase, however, the sequence of response would be similar to the traditional response hierarchy of cognition, affect, before commitment.

3.6.4   Cognitive Processing of Information

The hierarchical response process has been criticised on various fronts including it "black box nature". Since the models do not explain what might be causing those responses. (Jerry C. Olson et al 1978).

Researchers have therefore developed several approaches to examine and understand the nature of cognitive reactions to persuasive messages. According to Belch and Belch (1995), one of the most widely used methods is the Cognitive Response Approach (Anthony A. Greenwald 1968, Peter L. Wright 1973). This approach is used to examine receivers' cognitive response. That is, the thoughts that occur to them while they read, view, or hear a communication.

According to the Belch and Belch (1995), researchers have identified three basic categories of cognitive responses. These are the product/ message thoughts, source-oriented thoughts, and adverts execution thoughts.
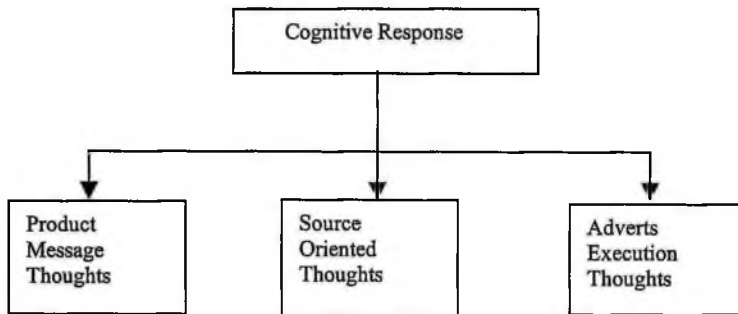
Figure 3.7   Cognitive response approach

Receivers thought are first directed at the product or service and the claims being made about them. If the receiver believes these claims, the message would generate support arguments, otherwise it would generate counter arguments. Negative thoughts (source derogation) or positive thoughts (source bolster) about the source of a message would influence the degree of acceptance or otherwise of that message.

Finally, this model suggests that the receivers' thoughts have, when exposed to a piece of marketing communication may not concern the source or the claims about a product or service. They may rather be more interested in the advertisement itself and how it is being executed. Communicators are interested in receiver's reaction because affective reactions are important in determining advertising effectiveness. Ronald Alsop (1986)

argued that people who enjoyed a commercial are twice as likely as those who are neutral toward the commercial to be convince that the brand is the best.

3.7 MARKETING COMMUNICATION VARIABLES

The elements of marketing communication lie within the controllable reach of service firms to use to shape customer expectation. As illustrated in figure 3.10 below, the customer of service can be reached through the application of various variables of external marketing communication and interactive marketing communication.
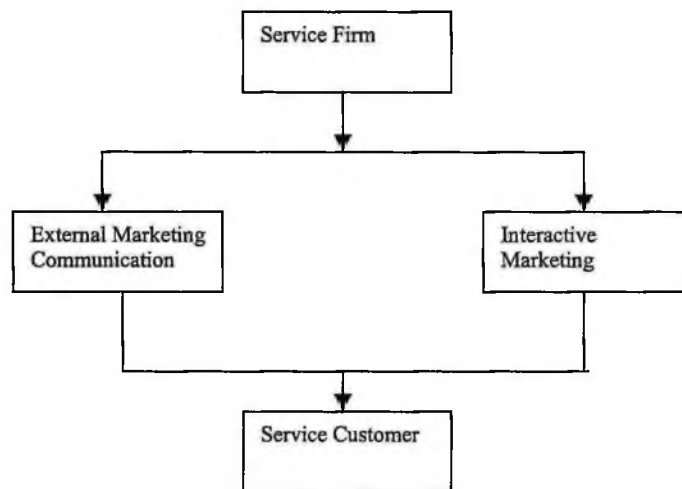
Figure 3.8   Reaching the service customer

With external communication, information flows from the service firm to the customer, and includes such traditional channels as advertising, sales promotion and direct marketing. Interactive marketing communication involves the messages that service employees give to customers as they interact during the production and consumption of the service, and it includes personal selling, service encounters and servicescapes. However, to enable the service employee to effectively interact with the customers,

communication from the company to the service employees must be accurate, complete and consistent with what the customer is hearing or seeing. This is internal marketing (see figure 2.11 below) and is made up of both vertical and horizontal communication (Zeithaml and Bitner 2000).
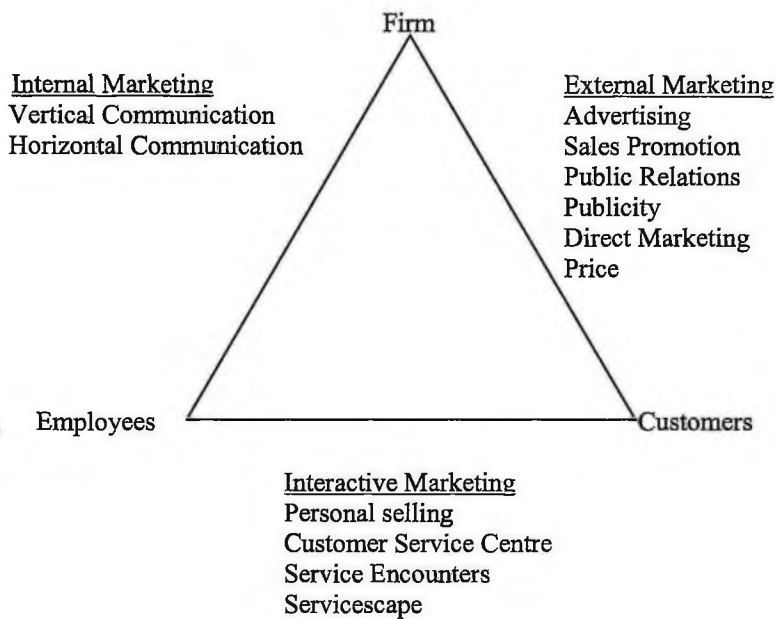
Figure: 3.9 Marketing communications variables

Source: Adapted from Zeithaml and Bitner, Services Marketing,
        Integrating Customer Focus Across the Firm, 2000, page 403

3.7.1   External Marketing Communication Variables

According to Philip Kotler (1991), external Marketing refers to the company's efforts at preparing, pricing, distributing and promoting the service to customers, using a variety of

promotional tools. Through external marketing activities, a firm is able to make promises to its customers in respect of what to expect and how it will be delivered. These include advertising, sales promotion, public relations and publicity, direct marketing and price.

Advertising

Advertising is defined as any paid form of non-personal communication about an organisation, product, service or idea (Ralph S. Alexander, 1965). Philip Kotler, et al (1996) defines advertising as any form of non-personal presentation and promotion of ideas, goods or services through mass media by an identified sponsor. The critical point of these definitions is that advertisement must be sponsored. An identified body or person must pay for it. It is non-personal, and therefore gives no opportunity for an immediate feedback.

Advertising uses the mass media - radio, television - to reach a larger audience and so is cost effective. It is usually designed to accomplish a specific task with a specific target audience during a specific period of time. Philip Kotler et al (1996) argue that there are four main types of advertisement designed to achieve various objectives. Advertisements could either be persuasive, that is, building a selective demand for a particular product or service, or informative, designed to build primary demand. Advertisement could also be designed to compare various products and services (comparison advertisement) or designed to keep customers thinking about a product or service- a reminder advertisement.

Sales Promotion

Belch and Belch (1995) defines sales promotion as "those marketing activities that provide extra value or incentives to the sales force, distributors, or the ultimate consumer and can stimulate immediate sales". Sales promotion is therefore a mass-communication technique that offers short-term incentives to encourage purchase or sales of a product or service (Philip Kotler et al 1996).

Philip Kotler et al (1996) argues that sales promotion has become popular because of stiff competition and the fact that consumers are becoming more and more deal oriented. Sales promotion could either be consumer or trade oriented. Such promotional tools as sampling, premiums, rebates, contests, sweepstakes and various points of purchase materials (Belch and Belch, 1995) are used to entice consumers to try new products, lure customers away from competitors, hold and reward loyal customers or get customers to load up on mature products. (Philip Kotler et al 1996)

A second type of sales promotion is the trade oriented sales promotion. Promotional shows, merchandising allowances, price deals, sales contest, trade shows and buy back guarantees are some of the promotional tools used to encourage marketing intermediaries such as wholesalers, distributors and retailers to stock-up. (Belch and Belch 1995, Kotler et al 1996).

Public Relations

According to H. Frazier Moore and Bertrand R. Canfield (1997), public relations is "the management function which evaluates public attitudes, identifies the policies and procedures of an individual or organisation with the public interest and executes a programme of action to earn public understanding and acceptance". Public relations tries to obtain favourable publicity, build up a good corporate image and handle or head off unfavourable rumours, stories and events in an effort to build good relations with the company's various publics. (Philip Kotler et al, 1996). Public relations use a variety of tools such as publicity, publications, sponsorship of special events, fund raising, speeches, web sites and advertising to manage an organisation's image. Traditionally, public relations are considered a supportive tool, rather than a primary part of the marketing communication process. However, Belch and Belch (1995) argue that many firms are now making public relations an integral part of their planned promotional strategies.

Publicity

Publicity has often been confused with public relations and advertising. However, as Belch and Belch (1995) observed, publicity is a "non-personal communication regarding an organisation, product service or idea that is not directly paid for or run under identified sponsorship". Unlike publicity, advertising must be directly paid for by an identified sponsor. Again unlike publicity, public relations attempt to manage the kind of publicity a company gets. Publicity on the other hand is mainly concern with getting the media to cover a favourable story of a product, service, cause or event, to affect awareness,

knowledge, opinion and behaviour or attitude change. Companies use techniques such as press releases and conferences, feature articles, photographs, films and videotapes to gain publicity.

Publicity is cost effective and enjoys higher credibility than other forms of promotion, as the source is seen to be neutral and therefore unbiased. The biggest danger according to Belch and Belch (1995) is that publicity is not always under management's control. As such, a negative or unfavourable story about a company and/or its product can be very damaging.

Direct Marketing

Direct Marketing according to Belch and Belch (1995) traditionally has not been part of the promotional unit. According to Mailrite, (www.mailrite.com/) a web based publication accessed on the 16th of February 2002 "in an age of increased competition, when people are inundated with thousands of different marketing messages everyday, traditional means of advertising have lost much of their impact". Consequently companies have turned to direct marketing as an effective means of reaching their target markets. It has therefore become part of their integrated marketing communication programmes.

According to a survey carried out in Japan for the 1999 fiscal year, and published in a web site (www.Jadma.org/) the direct market industry in Japan recorded an estimated turnover of 2.27 trillion Yen. This represented an increase of 4.1% over the 1998

performance of 2.18 trillion Yen. This illustrates the growing importance of direct marketing.

In directing marketing, firms communicate directly with target customers to generate a response and or a transaction. Direct marketing is determining exactly who your target market is and applying focused marketing strategies there. (Belch and Belch 1995, www.Marketersnet.com/ Accessed on date 16/02/02). The use of such tools as direct selling, telemarketing, direct response adverts through direct mail and Internet sales allows direct marketing to be cost effective, efficient, targeted and fully tractable.

Though direct marketing is personalised and cost effective, customers re-act negatively to constant bombardment of sales information they are not interested in.

Pricing

Price goes with different names depending on the service being provided. For instance, consumers pay "Fare" for transport service, "Rent" for accommodation, "Fees" for tuition, "Rate" for utilities and "Income Tax" for the privilege of making money (Philip Kotler, 1991). Price, according to Philip Kolter et al (1996) is the amount of money charged for a product or service. It includes all the values that consumers sacrifice for the benefit of having or using the product or service.

According to Zeithaml and Bitner (2000), non-monetary costs may sometimes be more important concerns than monetary price in the demand of a service. The time a customer

spends in trying to patronise a service, the effort invested in identifying and selecting a service, and the inconvenience involved in using a particular service provider are all non-monetary price customers pay for service. In addition to time, search and convenience cost, consumers may also suffer some anxiety or psychic cost in receiving some services. For example, the fear of not understanding an insurance policy or the uncertainty of having ones application for a bank loan rejected.

Service customers usually have limited knowledge about the prices of services. Because services are intangible and heterogeneous, firms can offer an infinite variety of combinations of services leading to a complex pricing structure. Also, service providers are sometimes unable and /or unwilling to estimate prices in advance as they might not know themselves what the services would involve.

Furthermore, unlike retail shops for products for example, services cannot be displayed together at a common point to enable prices to be compared. These, coupled with the fact that customer needs vary, and the prices of some services such as financial services are not visible, make it difficult for customers to have an internal reference price for services. (Zeithamal and Bitner 2000).

Firms use pricing to achieve various objectives. For instance, pricing could be used to maximise profits and to achieve a target return on investments, (profit oriented goals), or to attempt to increase sales volume and maintain or increase market share (sales-oriented

goals). Pricing could also be used to maintain the status quo or meet the prevailing market price, (Michael Etzel et al, 1997).

The Relevance of Pricing

Irrespective of the objectives that a firm may seek to achieve with its pricing policy and strategy, price remains one of the most important elements that communicates to customers. It is the customer who decides whether the price of a product or service is right. Philip Kotler et al 1996, cautions that when prices are being determined, firms must consider consumer perceptions of price, and how these perceptions affect consumers' buying decisions.

According to Zeithaml and Bitner (2000), price is an indicator of both costs and quality of service. When service cues to quality are readily available, such as brand name, company marketing communication and customers' past experience, consumers might use them as indicators of quality. However, when such cues to quality are not readily available, or when it is the customer's first experience, or quality is hard to detect, or quality and price vary a great deal within a class of services, consumers may consider price as the best indicator of quality.

In high-risk situations, many of which may involve services that are high in credence qualities, consumers consider price as a quality indicator because of the risk associated with the service purchase. Price therefore acts as a potent force in shaping customer expectation.

It is of critical importance that the prices of service are consistent with the value that customers perceive in the service. When monetary price is the most important determinant of value to a customer, a service firm should focus on price. Discounting, odd pricing, penetration and synchro pricing are some of the techniques that can be used to determine price.

According to Zeithaml and Bitner (2000), some services may possess desirable intrinsic attributes to a customer. A firm can therefore give such a service a premium price in an attempt to reflect the customer's perception of value.

Market segmentation pricing and value pricing are varieties of pricing techniques used when customers perceive that the quality they get is directly related to the monetary price they pay. Zeithaml and Bitner (2000) argues further that such pricing strategies as price framing, price bundling, complementary pricing and results based pricing are various techniques used when a customer perceives that "value is all that I get for all that I give". That is, the totality of monetary and non-monetary cost a customer sacrifices for what he perceives to be the entire benefits he receives from a service encounter.

Various external and internal factors influence pricing decisions. Marketing objectives, marketing mix strategies, and service costs are internal factors that impinge on pricing decisions. External variables such as the nature of the market, demand, competition and the economy also affect pricing decisions. (Philip Kolter et al 1996, Etzel et al 1997).

According to Philip Kotler et al (1996), and Zeithaml and Bitner (2000), there are basically three main approaches to pricing. Pricing could be driven by competitive considerations, demand considerations, or based on service cost.

Irrespective of what pricing policy, strategy or approach a firm adopts, and no matter what the external and internal influences may be, or the objectives the firm seeks to achieve, price remains an important element in shaping customer expectation. Thus, customers use price as a quality indicator. Service prices must therefore be carefully determined and chosen to convey the appropriate quality signal. This is especially so as services are dominated by experience and credence qualities.

3.7.2 Interactive Marketing Variables

While external marketing is concerned with making promises, interactive marketing ensures that those promises made are kept. Interactive marketing is the most critical from the customer's point of view. Perceived service quality is influenced by the quality of the seller – buyer interaction (Philip Kotler et al 1996).

According to Zeithaml and Bitner (2000), interactive marketing occurs when the customer interacts with the organisation, and the services are produced and consumed. It is this time that the customer perceives the organisation to have fulfilled or broken their promise made through the external marketing communication. Firms interact with their

customers through such channels as personal selling, customer service interaction, service encounters and servicescapes.

Personal Selling

Belch and Belch (1995) defined personal selling as "a form of person-to-person communication in which a seller attempts to assist and/or persuade prospective buyers to purchase the company product or service or to act on an idea". Philip Kotler et al (1996) view personal selling as an oral presentation that is made with one or more prospective customers for the purpose of making a sale. This is made through a face to face contact, or through a form of telecommunication. Personal selling is the most effective tool in building up customers' preferences, convictions and actions (ibid.).

According to Belch and Belch (1995) personal selling allows the seller to target specific markets and customer types, obtain immediate and precise feedback, modify the sales message in response to the potential buyers reaction, and to tailor the message to the customers specific needs or situation. Personal selling is however very expensive. Maintaining a sales force require a longer-term commitment. According to Philip Kotler et al (1996) personal selling is the most expensive promotion tool.

Customer Service Centres

Customer service centres are another means by which customers interact with service providers. Customer service centres as used in this study refer to points that are purposely set up by service providers to handle specific customer related issues. Such

centres may handle issues ranging from making enquiries, reporting service failure, settling bills, to receiving activity or transaction statements and making new orders.

Every encounter at the service centre is a communication process and provides an opportunity for customers to evaluate service quality. It is therefore essential that communication procedures are clearly set out, processes are customer friendly, and employees are committed to customer service (Dirk Zeller, 2002, ACA Group 2002). According to Dirk Zeller (2002) most customers equate consistency of communication with customer service.

Service Encounters

"From the customers point of view, the most vivid impression of service occur in the service encounter or the moment of truth when the customer interacts with the service firm" (Zeithaml and Bitner 2000) Service encounters have therefore been termed the building blocks of satisfaction and service quality.

A customer experiences several moments of truth from the first contact with the service employee (for instance, checking in at a hotel) to the last moment, (checking out of the hotel). Zeithalm and Bitner (2000) observe that one could think of the linking of "these moments of truth" as a service encounter cascade.

Each moment of truth is an opportunity for a firm to prove it's potential as a service provider. Many positive encounters add up to a composite image of high quality. Many

negative experiences will however have a negative effect on customers' perception of service quality. Not all encounters are equally important in building up an image of service quality. For every firm, certain encounters will be key to (contribute more towards) a customer's satisfaction than others. Zeithaml and Bitner (2000) argues that some momentous encounters that go wrong could drive away customers irrespective of what positive encounters occurred in the past.

There are three (3) types of service encounters, (Zeithaml and Bitner 2000). Service encounter can occur without direct human contact, such as withdrawing money through an ATM. This is referred to as remote encounter. Tangible evidence of the service and the quality of the technical process and system influence service quality perceptions.

Service encounters through the use of phone or phone encounters are the second type. A third type, face-to-face encounters are the encounters that occur between a service employee and a customer in a direct contact. Tangible cues, verbal and non-verbal behaviours are important determinants of service quality in face to face encounters. The customers own behaviour during the interaction also plays a role in creating quality service.

Servicescapes

Servicescape is one of the critical components of interactive marketing. Because of the intangibility of services, customers often rely on tangible cues to evaluate the service before, during and after consumption. Servicescapes according to Zeithaml and Bitneer

(2000) "is the environment in which the service is delivered and where the firm and the customer interacts". Elements of the servicescapes include the exterior and interior designs, equipment, layout, landscape, surrounding environment, signage, parking, and such ambient conditions as temperature, colour, noise and air quality. (Zeithaml and Bitner 2000, Donna J. Hill, 2000). Business cards, stationery, billing statements, uniforms and employee dress, reports, brochures and internet web-sites are other tangibles that also communicate with customers. These other tangibles together with the servicescape make up physical evidence, an important aspect of service marketing communication and service marketing. Elements of servicescape communicate about and facilitate performance of service.

The use that the servicescape is going to be put, and how complex the service delivery environment would be, will influence the type of servicescape to adopt. According to Zeithaml and Bitner (2000), servicescapes may be designed to suit self-service situations where customers perform most of the activities and few employees if any are involved. An example is ATM and Internet services. Servicescapes could also be designed to suit employees only, especially in cases of remote services. However, in Banks, hospitals, hotels, and the like, servicescapes would be designed to enhance employee customer interaction.

Some service delivery situations may require very few elements and equipment, for instance ATM. In such lean service environments, design decisions are relatively

straightforward. However, in hospitals and hotels where service is delivered in quite an elaborate environment, servicescape designs would be much more detailed and complex.

Roles of Servicescape

Servicescape, like the packaging of a tangible product, serves as a visual metaphor and conveys an external image of the service to consumers. The outward appearance of contact personnel also has an impact on the packaging role of servciescape. Zeithaml and Bitner (2000) maintain that a well designed and functional facility should serve as a facilitator in aiding the performance and interactions of both employees and customers.

Servicescape aids in socialisation by helping to convey expected roles, behaviours, and relationships. They also differentiate one service provider from another and thereby give an indication of the market segment the services are intended for. In hotels for example, the design of the physical setting is used to differentiate one area of a service from another, (dinner room differentiated from conference room) or different sizes of rooms with different levels of amenities attracting different prices.

The perceived servicescape according to Zeithaml and Bitner (2000) can influence a person's belief about a place, and the products and people in that place. It can directly elicit emotional responses that in turn influence behaviours.

There are three environmental dimensions that affect people's beliefs, emotions and physical responses. Zeithaml and Bitner (2000) identified them as ambient conditions, which include the background characteristics of the environment such as lighting, noise, music, scent and colour that affect the five senses. Spatial layout and functionality is the second dimension. It refers to the size, shape and arrangement of machinery, equipment and furnishing, and the ability of these items to facilitate the accomplishment of both customer and employee objectives. Signs, symbols and artefacts also serve as implicit or explicit signals that communicate about the place and it's users and affect behaviour. They are particularly important in forming first impressions, communicating new service concepts, repositioning and differentiating service.

When physical evidence is well researched, planned and implemented, critical problems such as miscommunication or over-promising that lead to poor service quality can be avoided.

3.7.3   Internal Marketing Variables

The third variable of marketing communication is the internal marketing, which is concern with enabling promises to be fulfilled (Zeithaml and Bitner 2000). To enable service systems to deliver as promised, service employees must be equipped with the necessary tools, skills and abilities, and motivated to deliver.

According to Zeithaml and Bitner (2000), internal marketing works on the assumption that customer and employee satisfaction is inextricably linked. Internal marketing must

be managed such that communications flowing from the company to service employees are accurate, complete and consistent with what customers might have been exposed to in both the external and interactive marketing.

Internal marketing communications is both Vertical and Horizontal. Vertical communications are either downward, that is, information flowing from management to employees, or upward, information flowing to management from employees. Vertical communication is normally seen as formal communication. Downward communication includes directives, policies, procedures, rules and regulations and queries. Reports, complaints, responses and request are some of the types of information that are contained in upward communication.

Horizontal communications are communications that go across functional boundaries in an organisation. Horizontal communication does not follow a chain of command. It is essentially the flow of information between colleagues and peers.

An effective co-ordination and communication between various departments such as the advertising, marketing, operations, sales and human resource departments are critical in delivering services that meet customer expectations.

3.8 CONCLUSION

From the foregoing literature review, service quality assessment has been demonstrated to be a personal phenomenon, which differ from one customer to another. Customer judgment (perception) of the quality of a service encounter depends largely on what the

customer expected to experience from the said encounter. His perception of quality is therefore depended on his prior expectations. Expectation serves as the background against which the customer judges the entire service experience. The way the customer perceives the service encounter will determine how the said customer will assess the quality of the service he has experienced.

Figure 3.10 below clearly depicts the relationship between the key dimensions captured in the conceptual framework and literature review.
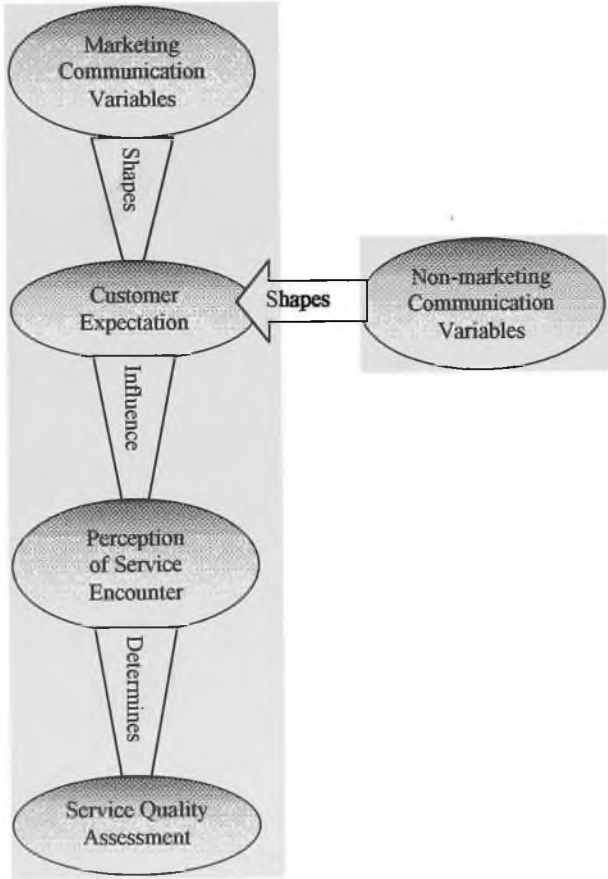
Figure 3.10   Linkages Between The Key Dimensions

Customer expectation is influenced by marketing communication variables. Marketing communication variables lie within the controllable reach of the service firm, and can be used to shape customer expectation.

It must be noted however that there is a second set of variables (non-marketing communication variables) which lie outside the controllable reach of the service firm that also influence customer expectation. They include, word of mouth communication, personal needs and past experience. The service firm cannot however easily influence these variables to achieve its objectives.

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CHAPTER 4

4.0   METHODOLOGY

4.1   SAMPLING DESIGN

Due to the nature of the research topic and research questions, the researcher incorporated a mixture of open and close-ended questions in 3 sets of questionnaires. The population for the study included Executive Management, Service Employees and Clients of the hotel industry in Ghana. The questionnaires were therefore administered in a survey to various stakeholders in the industry, namely, management, service employees and clients.

The sample for the study included Executive Management, Front-line Staff and Customers of all 4 and 5 star rated hotels, and a number of 2 and 3 star rated hotels within the Greater Accra Region of Ghana. The Executive Management, relevant Front-line Staff and Customers of these hotels were sampled. A total number of 318 customers were interviewed. One executive manager and two front-line staff of each of these hotels were also interviewed. However, only one front line staff each responded in two of the hotels.

The Executive Management group was selected to throw light on company policy and practice of marketing communication. The customers were the focus of the study. However, the Front-line Staff were also sampled to enable the researcher determine how

the firms marketing communication policies operated in practice, the difficulties service employees experienced and it's impact on customers.

The 3 to 5 star categories of hotels were chosen (only two of the 2 star rated hotels were sampled) because they serve the upper end of the market. Consequently, due to competition and customer demands these hotels have one form of marketing communication policy or another. Out of 23 (3 to 5 star) hotels operating in Ghana currently, 14 (60%) operate in the Greater Accra Region alone. This informed the researcher's decision to choose the Greater Accra Region as the sample population area.

4.2   RESEARCH DESIGN

The study made use of both primary and secondary data. Secondary data sources are mainly published material, that is, books, magazines and material on the World Wide Web. A thorough review of services marketing literature in respect of service quality, perception and customer expectations were done. Marketing communication theories were also reviewed. These helped the researcher to develop a practical and theoretical framework based on which survey questionnaires were designed. The researcher reviewed a lot of material from Belch and Belch (1995) and Zeithaml and Bitner (2000) which he found very useful. Extensive use was made of material from the net, which had current and relevant material on the research topic.

Primary data consisted basically of data gathered from the field. Questionnaires were designed to conduct a survey on target groups. The customer group was selected on the

basis of convenience. Three types of questionnaires were administered. The Executive Management of the hotels included in the survey had one set of questionnaires developed exclusively for their use. Another set was developed for the front-line staff of those hotels, while a different set was administered on customers.

4.3   DATA COLLECTION

Three field Officers that the researcher had worked with before in various capacities were selected and trained for an hour before being despatched to administer the questionnaires to the customer group. The researcher himself handled the front-line staff and the executive management group.

The researcher interviewed the executive management group and completed the questionnaires with answers provided by the respondents as the interview progressed. However, some executive managers preferred to answer the questionnaire by themselves and submitted them later. This was conducted through face-to-face contacts, as indeed was the case with the questionnaires for the Front-line Staff.

Prior appointments were made with the Management of each hotel before the interview with an executive management staff was conducted. Front-line staff were however contacted individually and given the questionnaires to complete by themselves. The researcher collected them back after a week. The researcher delivered these questionnaires in person to each individual respondent.

The questionnaires, which contained both open-ended and close-ended questions, were administered to a minimum of (15) customers per hotel. 18 hotels were targeted. Without prior arrangement with management, the field Officers visited the various hotels and interviewed customers who were willing to respond. Respondents were selected on the basis of convenience, a non-probability sample.

No reward in kind or monetary value was given to anybody or solicited by any person from any of the targets groups. They all appreciated a polite thank you.

The fieldwork lasted three (4) weeks in all.

4.4   DATA ANALYSIS

The questionnaires were first of all checked for incomplete responses, and then collated and coded. The data was organised and summarised in a manner that will make it easy to analyse and interpret the results. The study made use of graphs, tables and pie chart to analyse the data. This will help readers get a vivid picture of the results of the study.

The researcher explored the confirmation- disconfirmation paradigm and therefore adapted questions from the SERVQUAL measuring instrument. This enabled the researcher to analyse the relationship between customer pre-purchase expectations and their perception of service performance.

By the use of various graphs, charts and tables, the researcher was able to effectively analyse the collected data in the light of the stated research questions and objectives. Conclusions were drawn and recommendation made on the strength of the data collected from the field.

4.5   LIMITATIONS OF THE STUDY

Due to time and financial constraint, the study covered mainly hotels rated three, four, and five stars in the Greater Accra Region of Ghana. This was not representative enough as it did not cover all categories of hotels, and did not represent all the regions of Ghana.

Respondents were selected on the basis of convenience, a non-probability sampling technique.   This could have affected the data collected since the sample was not representative.

The hotel industry in Ghana has a large customer base. Therefore, the sample size of 318 used is small. The margin of error could therefore be high.

The field of experience and individuality of the researcher himself could also impact on how the data is analysed and interpreted.

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CHAPTER FIVE

5.0   DATA PRESENTATION AND ANALYSIS

5.1   INTRODUCTION

With the aid of tables, graphs and charts, the researcher will present and analyse the data gathered from the field. These techniques of description statistics will help readers get a vivid picture of the results from the study. The data will be analysed in the light of the research questions and objectives of the study as stated in chapter one, and will be discussed under the following headings.

- The influence of firm level communication on customer expectations.

- The effect of customer expectations on perception of service quality

- The integration of firm level communication and its influence on customer perception of service quality

- Over promising or exaggerating service and it's impact on quality perceptions

- The most important factor that influence customer expectation in any service encounter.

5.2   BACKGROUND OF SAMPLE STUDIED

All 5 star and 4 star rated hotels and a number of 3 star and 2 star rated hotels in Accra were selected to participate in the study. A total of 18 hotels were targeted and 14 hotels responded. All 5 star and 4 star rated hotels responded.

Table 5.1   Composition of hotels interviewed

Hotel rating	Number of hotels interviewed	Percentage composition of hotels interviewed
5 star	2	14.29%
4 star	2	14.29%
3 star	8	57.13%
2 star	2	14.29%

Questionnaires were distributed to 28 front line staff of these hotels out of which 26 responded. Questionnaires were also distributed to 400 customers and 318 people completed the questionnaires. Respondents were selected on the basis of convenience, a non-probability sample. In all cases, respondents took the questionnaires, completed and returned them to the interviewers. However, with some executive management staff, the researcher conducted the interview and completed the questionnaire himself as the interview progressed. This was at the request of management.

Table 5.2   Response rate to questionnaires

Category of respondents	Targeted respondents	Responses received	Percentage (%)
Hotel management	18	14	77.78%
Front line staff	28	26	92.86%
Customers	400	318	79.50%

The response rate of the questionnaires was high.

5.3 THE INFLUENCE OF FIRM LEVEL COMMUNICATION ON CUSTOMER EXPECTATION

As observed in chapter three, customer expectation of service quality is influenced by the messages that the said customer has been exposed to. In the study, 318 people were asked to indicate if they had any prior expectations before using the services of the hotel, and 246 (77.36%) people indicated they did. 73.59% had very high or high expectation, while only 3.77% had low expectation. See table 5/3 below.

Table 5.3   Levels of expectations

Level of Expectation	Number of Response	Percentage (%)
Very high	132	41.51%
High	102	32.08%
Low	12	3.77%
No expectation	72	22.64%

In an attempt to determine what influenced their expectation the 246 respondents were asked to indicate those factors that were responsible in building up their expectations. They were asked to choose as many factors as was applicable to them as indicated in table 5.4 below

Table 5.4 Factors influencing customer expectation.

Variables influencing customer expectation	Number of Response	Response in percentages
Personal needs	66	13.20%
Prior contact with Staff	24	4.80%
Prior contact with friends, family, colleagues (word of mouth)	42	8.40%
Promotions	66	13.20%
Image of Hotel	146	29.20%
Hotel charges (price)	144	28.80%
Other source	12	2.40%

As illustrated in table 5.4 above, 29.20% of responses indicated that the image of the hotel was the primary factor that built up their expectations. This was followed by price and promotions, which had a response rate of 28.80% and 13.20% respectively. In respect of the first objective of this study it can be concluded from the foregoing analysis that firm level communication directly influences customer expectations.

However, it is worthy to note that as Zeithaml and Bitner (2000) observed, there are uncontrollable factors that also influence customer expectation. From Table 5.4 above, it can be observed that personal needs had the same responses (13.20%) as promotions. Word of mouth and prior interactions with staff together also had 13.20% responses. Both of these factors (word of mouth and personal needs) are beyond the controllable reach of the firm.

5.4 THE EFFECT OF EXPECTATIONS ON CUSTOMER PERCEPTION OF SERVICE QUALITY

As stated in chapter three, customer expectation about service, are beliefs they hold that serve as a standard reference point against which they compare their perceptions of

performance. (Zeithaml and Bitner, 2000). Customers assess the quality of any service encounter based on certain quality dimensions. The service marketing literature identified ten service quality dimensions that were later consolidated into five dimensions. In the study, sixteen variables were developed based on these service quality dimensions and respondents asked to indicate, as many as was applicable, whether the service encounter met, exceeded or fell short of their expectations.

Table 5.5 Service quality dimensions and customer perception.

Variables	Exceeded Expectations	Met Expectations	Fell short of expectations	Ranking-expectation score
Attractive and convenience of physical facilities.	72	216	30	2.1321
Staff appropriately dressed	54	246	18	2.1132
Polite, pleasant and considerate staff	108	162	6	2.0566
Demonstrate understanding and concern for your needs	84	186	18	2.0189
Staff willingness to answer questions	72	198	18	1.9811
Staff communicating in an easy to understand language	78	186	18	1.9623
Staff know what they are about	72	192	18	1.9434
Service performed right first time	24	252	18	1.8679
On time delivery	54	180	66	1.8491
Convenient location of service access points	72	168	36	1.8491
Exact specs.	54	180	54	1.8113
Flexibility in accommodating your needs	66	168	42	1.8113
Personal security	102	120	24	1.7925
Quick responds to your demand	30	198	72	1.7547
Ease in reaching the appropriate staff	48	180	36	1.6981
Confidentiality of records	72	132	12	1.5472
TOTAL RESPONSES	1,062	2,964	486	
PERCENTAGE RESPONSES	23.54%	65.69%	10.77%	

The attractiveness and convenience of the physical facility was ranked highest with a score of 2.1321. This was followed closely by how appropriately the staff dressed and how polite, pleasant and considerate they (staff) were. These variables had a score of 2.1132 and 2.0566 respectively. The ease with which the appropriate staff was reached and how confidential records were kept had the lowest ranking with a score of 1.6981 and 1.5472 respectively.

It is worthy of note from Table 5.5 above that, the physical appearance of the hotel and the staff, as well as how the staff interacts with the service customer had the highest score. It could be deduced therefore that since over 73% were satisfied with the service experience (see Table 5.6 below), these factors contributed significantly to the customer perception of service quality. Similarly, confidentiality of records, ease in reaching the appropriate staff, quick response to demands and personal security had the lowest score, and therefore did not contribute very much to service quality perception.

Management of service firms should therefore ensure that there are no discrepancies between what is communicated to the customer and what he experiences in a service encounter. This is especially so for those variables that impacts heavily on customer perception of service quality. Though personal security did not have a high expectation score, in other parts of the world, especially the USA and Western Europe, personal security may score very high. This is because of the experiences of September 11, 2001 tragedy in the USA, and "terrorist" attacks in other parts of the world such as Spain and Northern Ireland.

Respondents were asked to judge the quality of service in the light of their experience, and level of satisfaction in respect of the above service quality dimensions. 26.41% judged the service quality to be very high, 47.17% assessed the service quality as high, 24.52% as average performance, and 1.9% as poor quality service.

It is interesting to note from Table 5.6 below that, only 1.9% of the respondents thought the quality of service was poor, though as much as 10.77% (see table 5.5 above) indicated that the service experience fell short of expectations. Similarly, 26.41% of respondents assessed the service quality to be very high, even though only 23.41% of responses indicated that their expectations were exceeded. This points to the fact that there are intervening variables that are largely uncontrollable and that come to play when customers are assessing service quality.

Table 5.6 Degrees of Service Quality.

Level of Quality	Responses
Very high	26.41%
High	47.17%
Average	24.52%
Low	1.90%

5.5 THE INTEGRATION OF FIRM LEVEL COMMUNICATION AND IT'S INFLUENCE ON CUSTOMER PERCEPTION OF SERVICE QUALITY:

It was noted earlier in chapter one that customers of services today are exposed to messages coming from a wide range of sources. Consequently there is a potential for messages from various promotional tools to conflict. Messages may also conflict with

internal operating procedures, and various departments of the same service provider may operate at cross-purpose if there is no effective internal marketing.

5.5.1 Integrating Firm Level Communication

In the study, the management of 14 hotels was asked to confirm whether all their promotions made the same claims and whether there were any official policies to ensure this was so.

Though all 14 respondents indicated that all their promotional efforts were integrated, only 10 hotels (71.42%) confirmed that there was official policy framework to ensure that all promotional efforts were coordinated. However, even those hotels that claim not to have any policy framework do in fact make conscious efforts at coordinating their promotional activities. For instance, one hotel noted that "though we do not have any specific policy document, all our promotional activities are consciously geared towards making common claims".

The 10 hotels mentioned in the preceding paragraph indicated that the integration of their marketing communication efforts has had positive effects on customer perception of service quality. However, when they were asked to indicate whether or not they have had instances where customers complained about conflicting promises and claims made through various communications channels, two hotels confirmed they had had such experiences. Both hotels also confirmed that such experiences had a negative effect on the quality perception of their service to such customers.

5.5.2   Coordinating Internal Marketing

Management Perspective

The management of the hotels included in the survey were asked to confirm how efficiently they handled their internal marketing. They were to indicate whether marketing, service employees, or backstage staff had ever complained about not understanding or being in the know of what the other department was doing. The table below demonstrates the results obtained from the study.

Table 5.7   Coordinating internal marketing

Questions	Yes (Number of responses)	Yes (%)	No (Number of responses)	No (%)
Backstage staff fully aware of promises and claims marketing makes	10	71.43%	4	28.57%
Backstage staff fully understand the promises and claims marketing makes	12	85.71%	2	14.29%
Backstage staff fully aware of front line staff expectations on them	12	85.71%	2	14.29%

To a very large measure (71% and 85%) the departments coordinated their efforts. In instances that internal marketing was not properly coordinated it affected service quality adversely. However, 50% of respondents said this had no effect on service quality perceptions because the problems that arose were quickly resolved. It is significant to

note however that all respondents accepted that this situation did not have any positive impact on service quality either.

Furthermore 28.57% of respondents confirmed that they received complaints from front line staff who claimed they were not in the full know of the promises marketing makes. They also received complaints from backstage staff who claimed they did not know in good time what was expected of them. Respondents were unanimous (100%) that such situations had negative effects on the quality perception of their services. This confirmed our third research questions as stated in chapter one which sought to know whether inadequate internal marketing will lead to a poor perception of service quality.

Staff Perspective

From the perspective of the front line staff, service quality can be adversely affected when service employees are not adequately briefed, do not understand claims made, or are all together not in the know of the promises and claims the hotel makes.

For instance, in the study, 26 front-line staffs were asked whether they are always in the know of claims and promises the hotel made. Out of 26 respondents, 30.77% confirmed they were not always aware of claims and promises the hotel makes. They were further requested to indicate the following as illustrated in table 5.8 below.

Table 5.8   Customer complains

Questions	Yes responses	No responses
Have customers ever confronted you about claims and promises you did not know about.	8 (30.77%)	18 (69.23%)
Have customers ever confronted you about claims and promises you were not adequately briefed about	16 (61.54%)	10 (38.46%)

These complains have a negative effect on service quality perception as indicated by 53.85% of respondents and confirms the third research question.

Customer Perspective

The views of the 318 consumers in the study were sought as to whether they had noticed inconsistencies in messages they had received from the various promotional tools. 11.54% answered yes out of 312 people who responded. 36.54% also confirmed that they had noticed inconsistencies between some claims and promises and the services they experienced on the ground.

37% indicated that such inconsistencies negatively affected their perception of the service quality. However, 51.85% confirmed that, the service failure was immediately recovered and so had no effect (adversely or otherwise) on service quality. The results confirm that, when firm level communication is not integrated to present a consistent and unified front it will adversely affect customer perception of service quality.

5.6 OVER PROMISING THE SERVICES OF A FIRM AND ITS IMPACT ON SERVICE QUALITY PERCEPTIONS.

Over promising the services of a hotel adversely affects service quality perceptions. Unfortunately however, in a bid to attract customers to patronise their services, firms exaggerate what they can deliver.

Management Perspective

The management of 14 hotels was asked to indicate whether they had made claims that they knew could not be met. Only two hotels confirmed this. Again, only two hotels agreed that they had made claims that when clients attempted to access the said claims the hotel was not ready to provide it.

They were further asked to indicate whether customers complained about services that could not be met, and or services that were not available at a particular time as promised. Eight hotels confirmed the former, while two hotels confirmed the later. Two hotels further indicated that their front line staff members had also complained to them about promises made but were not available at the time promised. 50% of the hotels agreed that these complaints had a negative impact on the perception of the quality of their service.

Customer Perspective

Customers were asked to indicate whether their experience of the following variables were the same as promised in the hotel's marketing communications or not.

Table 5.9   Comparing the promise and actual experience of selected variables

VARIABLES	There are discrepancies	There are no discrepancies
Procedures and regulations	30%	70%
Services available	26%	74%
Service flexibility	22%	78%.
Speed of delivery	25%	75%
Staff understanding of your needs	28%	72%

An average of about 74% confirmed that there were no discrepancies between what they had experienced and what they had learnt through the hotel's marketing communication. 67.92% agreed that the hotels kept their promises; and 59.57% agreed that the hotels keeping their promises had positively influenced their perception of the service quality.

About 32% of respondents thought the hotels did not keep their promises, about 26% thought the hotels promised more than they delivered, and 23.4% confirmed this adversely affected their service quality perceptions.

As was postulated in the first research question in chapter one, it has been demonstrated in the foregoing discussions that the more a customer perceives the hotel to be meeting its promises, the higher the service quality would be for the said customer.

5.7   THE MOST CRITICAL FACTOR THAT INFLUENCES CUSTOMER PERCEPTION OF SERVICE QUALITY IN A SERVICE ENCOUNTER

In chapter 3, it was observed that though a satisfactory final outcome is essential for a service experience to be judged as high quality, perception of the process also plays a

major role. Dr. Christian Gronroos (1998) argues that service quality is multi-dimensional and comprises three dimensions, technical quality, functional quality and corporate image.

In the study, respondents were required to indicate which one of 5 factors most influenced their perception of the quality of service they experienced at the hotel. As illustrated in the pie chart blow, about 50% indicated that service encounter (functional quality) influenced their perception of service quality. Physical evidence scored about 23%. Only about 8% saw the final outcome (technical quality) as the most critical factor that influenced their judgment of service quality. Price had 17%.

Figure 5.1   Most important factor influencing service quality perception
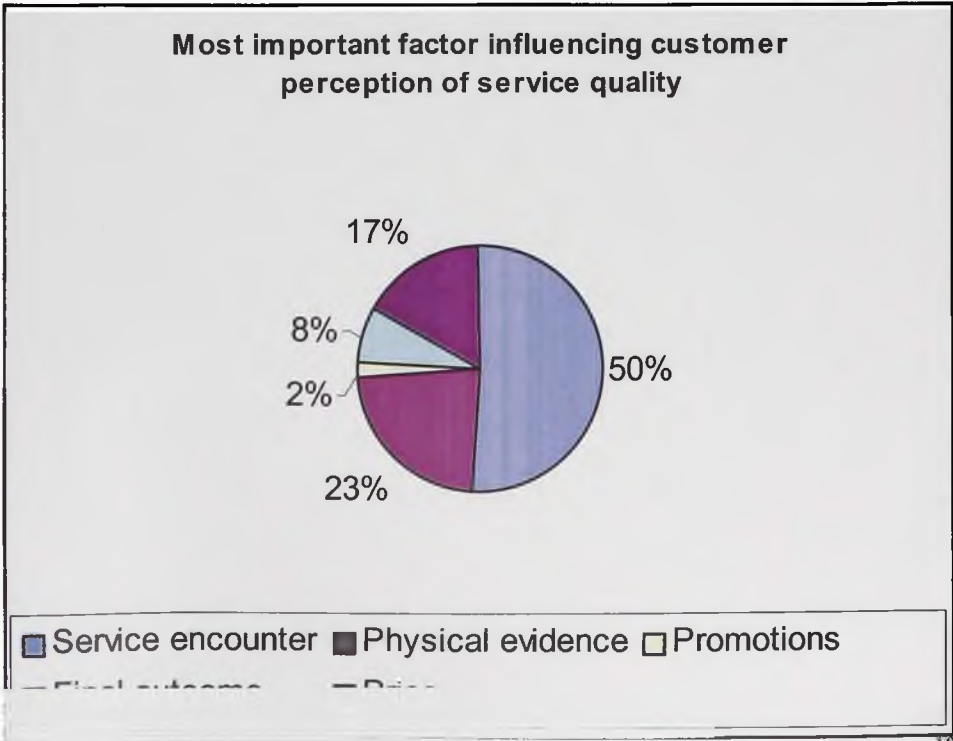
In respect of the third objective and fourth research question, the above pie chart demonstrates that service encounter is the most important factor in the assessment of service quality in service experience.

Hotels must therefore ensure that every service encounter is satisfactory to the customer in order to improve the level of quality perception of the entire service experience.

5.8   SUMMARY

Respondents were finally asked to give an assessment of their perception of the quality of service they experienced. 26.41% rated the service as very high, 28.3% as high. 37.74% rated their experience as average and 7.55% as poor. Nobody however rated his experience as very poor.

Figure 5.2   Levels of service quality perceptions: absolute responses.

Service quality perceptions

Figure 5.3   Levels of service quality perceptions- percentage responses.

Service quality perceptions

A bar chart titled "Service quality perceptions" with y-axis labeled "Number of respondents" ranging from 0 to 40, and x-axis labeled "Service quality" with categories: Very high (26.41), High (28.3), Average (37.74), Poor (7.66), Very poor (0).
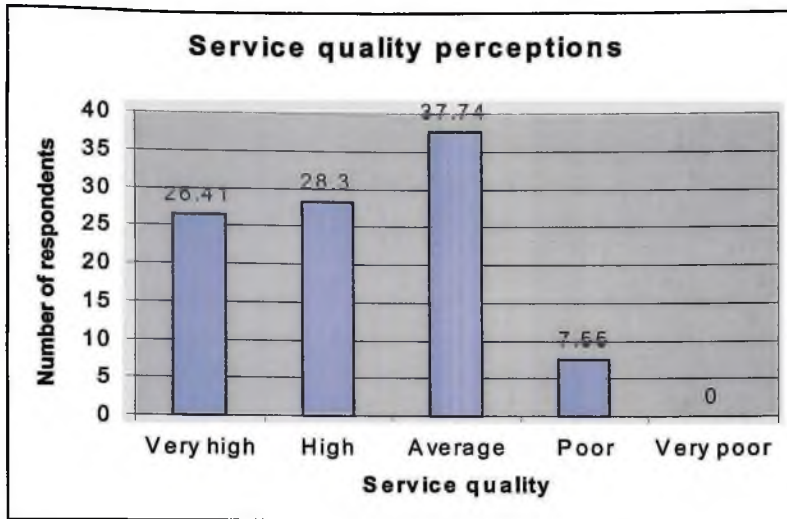
73.58% respondents had either very high or high expectation, 71.70% said their expectations were met, and 54.72% indicated that their service experience were either high or very high. These data confirm the assertion made earlier in chapters one and three that there are other uncontrollable elements that also influence customer perception of service quality. Though expectations may be met, other variables such as personal circumstances or needs may influence a customer to perceive the quality of a particular service encounter as average performance.

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CHAPTER SIX

6.0   CONCLUSIONS AND RECOMMENDATIONS

6.1   CONCLUSIONS

Service quality is a critical factor in service delivery. However, a customer's assessment of service quality is a subjective judgment, which is dependent on the customer's perception of the particular service experience. The following conclusions can be drawn from the preceding discussions on service marketing literature and data gathered from the survey.

- It was demonstrated that a customer's perception of service quality is very much influenced by the expectations the said customer had prior to the service experience. Generally, when a customer's expectations are met in a service encounter, his perception of the service quality would be high.

- Firm level communication has a major impact on customer expectations. What a firm says and how it says it influence customer expectation. Less explicit communications such as the image and physical appearance of the hotel, the dressing and appearance of the service employees and the price the hotel charges for it's services, also communicates with the customer and sets the stage for the customer to develop a certain level of expectation.

- Internal marketing has a major influence on customer perception of service quality. Service quality perceptions is positively influenced when internal marketing is so managed that communications from the company to employees are accurate, complete and consistent with what the customer is exposed to by way of communication.

- Also, when marketing communication from various promotional tools are integrated, they present common and consistent promises and claims. The gap between what customers expect based on the messages and what they receive in service delivery, would therefore be bridged. This would enhance the probability of a service encounter being perceived as high.

- Furthermore, when service firms make promises that cannot be delivered, or exaggerate their capabilities, it adversely affects service quality perceptions. When customers cannot access a service at a particular point in time or place as promised, or the service cannot be delivered in the manner the firm claims, service quality of such an encounter will be low.

- Finally, the study demonstrated that the price of a service experience is not a major deciding factor in the assessment of the quality of service. The technical quality is also not as important as the convenience, comfort, safety and the attraction of the physical setting. Besides physical evidence, service encounter was shown to be the most critical factor in influencing a customer's judgment of the quality of service.

Over 50% of all respondents indicated that functional quality was the single most important factor that influenced how a particular service experience was rated.

6.2   RECOMMENDATIONS FOR MANAGEMENT OF SERVICE FIRMS

From service marketing literature and the preceding discussions, it has been amply demonstrated that firm level communication shapes expectations which influences service quality perceptions. In order to improve the perception of service quality, service firms would have to match their firm level communication with their delivery capabilities. In this light, it is recommended that management of service firms adopt the following strategies to match firm level communication with service delivery.

- Service firms should only make promises that are capable of being fulfilled. Firms should not attempt to make service appear more attractive than they really are.

- Firm level communication about service delivery must closely reflect what customers will receive in an actual service encounter.

- External marketing communication, internal and interactive marketing must be integrated to ensure that what the customer hears and sees conforms to what he experiences in an actual service encounter.

- Service employees must be adequately informed of everything that is communicated to the customer through external marketing.

- Communication between the various functional units must be encouraged and effectively coordinated to reduce the gap between customer expectations and actual service delivery.

6.3 RECOMMENDATION FOR FUTURE RESEARCH STUDIES

- Data gathered in the study indicated that over 50% of respondents considered "Service encounter" (as against promotion, physical evidence, price and final out come of service) as the primary factor that influenced their perception of service quality during the service experience. The study however focused on customers of 3, 4 and 5 star rated hotels. For a broader industry picture, it is suggested that future studies investigate whether the results would hold true for 1 star, 2 star, budget hotels and guesthouses.

- In this study, customer expectation was shown to have an influence on customer perception of service quality. However, as Zeithhaml and Bitner (2000) observed, meeting customer expectation is not enough, firms must exceed expectations in order to retain customers. In future studies, it is suggested that researchers investigate the effect that exceeding a customer's expectation will have on the future expectations of that same customer.

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APPENDIX 1

QUESTIONNAIRE FOR FRONT LINE STAFF

Dear Sir/ Madam,

Please spare me a moment of your time and take a look at this questionnaire.

I am a final year student of the School of Administration, University of Ghana, Legon. I am undertaking a Masters Degree Programme in Business Administration, specialising in Marketing. As part of the requirement towards the award of the Masters Degree, I am required to present a thesis on the effect of "Firm Level Communication on Customer Perception of Service Quality in the Hotel Industry in Ghana".

In this respect, I have designed a questionnaire to capture relevant information as part of the research towards the writing of my thesis. Your hotel is one of the few hotels I have chosen to include in the study. I would therefore be very grateful if you could give me your valued opinion on a number of subjects by completing the attached questionnaire.

Please be assured that the information you provide will be kept strictly confidential. A copy of the completed work will be made available to you on request.

Thank you in advance for accepting to be part of this excise despite your busy schedule. Your contribution is very much appreciated.

Yours faithfully

Mahama Braimah
Student

SECTION A (Please tick as appropriate)

1. Does your Hotel carry out any form of promotion?

   ☐ Yes   ☐ No

2. **What forms of promotion does your hotel carry out? Choose as many as applicable.**

   ☐ Advertising

   ☐ Sales promotion

   ☐ Personal selling

   ☐ Publicity and Public relations

   ☐ Directly contacting clients

   ☐ Others ....

3. Do customers sometimes confront you about promises and claims the hotel makes that you are not aware of?

   ☐ Yes   ☐ No

4. Do customers sometimes complain about promises and claims the hotel makes that you are not adequately briefed about?

   ☐ Yes   ☐ No

5. Are you always in the know of claims and promises the hotel makes?

   ☐ Yes   ☐ No

6. Does the hotel complain about your not meeting the expectations of the customers?

   ☐ Yes   ☐ No

7. How often does the hotel complain?

   ☐ Always   ☐ Quite often   ☐ Occasional   ☐ Once

8. What specifically does the hotel complained about?

....

....

....

....

....

9. Could the hotel's complaints indicated in Item 8 above have been avoided?

☐ Yes ☐ No

10. How could these complaints indicated in Item 8 above have been avoided?

....

....

....

....

....

SECTION B

For the purposes of the study we define backstage staff as the employees who do not handle customers directly, but provide support service that enables you to provide services to your customers.

11. Do backstage staff always know of what you expect of them?

☐ Yes ☐ No

12. Do backstage staff complain about your demands on them?

☐ Yes ☐ No

13. How often do backstage staff complain about your demands on them?

☐ Always ☐ Quite often ☐ Occasional ☐ Once

14. What specifically does the backstage staff complain about?

....

....

....

15. Could the backstage staff's complaints about your demands on them have been avoided?

[ ] Yes   [ ] No

16. How could these complaints indicated in item 14 above have been avoided?

....
....
....
....
....

17. How do these complaints you have indicated in items 8 and 14 above affect the quality of service you provide?

[ ] Positively   [ ] Negatively   [ ] No effect

18. Please explain your answer

....
....
....
....
....

SECTION C (Optional)

19. What is the name of your hotel? ....

20. What is your name? ....

21. What is your gender?

[ ] Female   [ ] Male

22. What is your marital status?

[ ] Married   [ ] Cohabiting   [ ] Separated

[ ] Single   [ ] Divorced   [ ] Widowed

23. What is your position / rank / title? ....

24. What duties do you perform?

....
....

APPENDIX 2

QUESTIONNAIRE FOR EXECUTIVE MANAGEMENT

Dear Sir/ Madam,

Please spare me a moment of your time and take a look at this questionnaire.

I am a final year student of the School of Administration, University of Ghana, Legon. I am undertaking a Masters Degree Programme in Business Administration, Marketing option. As part of the requirement towards the award of the Masters Degree, I am required to present a thesis on the effect of "Firm Level Communication on Customer Perception of Service Quality in the Hotel Industry in Ghana".

In this respect, I have designed a questionnaire to capture relevant information as part of the research towards the writing of my thesis. Your hotel is one of the few hotels I have chosen to include in the study. I would therefore be very grateful if you could give me your valued opinion on a number of subjects by completing the attached questionnaire.

Please be assured that the information you provide will be kept strictly confidential. A copy of the completed work will be made available to you on request.

Thank you in advance for accepting to be part of this exercise despite your busy schedule. Your contribution is very much appreciated.

Yours faithfully

Mahama Braimah
Student

SECTION A   (Please tick as appropriate)

1. Do you carry out any form of promotions for your services?

   ☐ Yes   ☐ No

2. By what means do you promote your services?

   ☐ Advertising   ☐ Public relations/publicity

   ☐ Sales Promotion   ☐ Direct contact of clients

   ☐ Personnel selling   ☐ Internet

3. Besides promotion, what other means do you adopt to let the public know about your services?

   ....
   ....
   ....
   ....
   ....

4. Do all your promotions make the same claims?

   ☐ Yes   ☐ No

5. Please explain the reason(s) behind your answer

   ....
   ....
   ....
   ....
   ....

6. Is there any company policy aimed at ensuring that all messages from all your promotional tools make common claims?

   ☐ Yes   ☐ No

7. What motivated management to adopt or not to adopt such a policy?

   ....
   ....
   ....

8.   How have these affected the perception of your service quality?

☐ Positive   ☐ Negative   ☐ No effect

9.   Please explain your answer

....

....

....

....

....

10. Do you have a Web Site?

☐ Yes   ☐ No

11. Are there any conflicting claims or presentations you make on the net and other forms of communication?

☐ Yes   ☐ No

12. Please state the differences as in **Item 11** above

....

....

....

....

....

13. What claims do your promotions make?

....

....

....

....

14. Do you make claims such as indicate in item 13 above that you know cannot be met?

☐ Yes   ☐ No

15   Have you made claims before that when clients attempted accessing them, the hotel was not ready to provide it?

☐ Yes   ☐ No

16.　Do backstage staff always know the promises marketing makes?

☐　Yes　　　　☐　No

17.　Do backstage staff always know what the front line staff expect of them?

☐　Yes　　　　☐　No

18.　Do front line staff always know and understand the claims made by marketing?

☐　Yes　　　　☐　No

19.　Have you ever received complaints from customers about:
i)　　Services promised but not met.

☐　Yes　　　　☐　No

ii)　.　Claims made but were not available at the time as promised.

☐　Yes　　　　☐　No

iii)　Conflicting promises and claims the hotel has made through various communication channels.

☐　Yes　　　　☐　No

iv)　Other complaints
....
....
....

20.　In your view, how did these complaints affect the perception of your services?

☐　Positively　☐　Negatively　☐　No effect

21.　Please explain your answer
....
....
....

22.　Have you ever received complaints from employees in respect of:

i)　　Front line Staff not knowing the claims and promises marketing is making

☐　Yes　　　　☐　No

ii)　　Claims made but were not available at the time promised

☐　Yes　　　　☐　No

iii)   Backstage staff not cooperating with front line staff because they (back stage staff) did not know in good time what was expected of them?

[ ] Yes   [ ] No

iv)   Other complaints

....

....

....

23.   In your opinion, did these have any negatively effect on your service quality?

[ ] Yes   [ ] No

24.   Please explain your answer.

....

....

....

SECTION B   (Optional)

25.   What is the name of this hotel? ....

26.   What is your name? ....

27.   What is your gender?   [ ] Female   [ ] Male

28.   What is your marital status?
[ ] Married   [ ] Single   [ ] Divorced   [ ] Widowed

[ ] Cohabiting   [ ] Separated

29.   What is your position /rank / title? ....

30.   What duties do you perform?

....

....

APPENDIX 3

QUESTIONNAIRE FOR CUSTOMERS.

Dear Sir/ Madam,

Please spare me a moment of your time and take a look at this questionnaire.

I am a final year student of the School of Administration, University of Ghana, Legon. I am undertaking a Masters Degree Programme in Business Administration, Marketing option. As part of the requirement towards the award of the Masters Degree, I am required to present a thesis on the effect of "Firm Level Communication on Customer Perception of Service Quality in the Hotel Industry in Ghana".

In this respect, I have designed a questionnaire to capture relevant information as part of the research towards the writing of my thesis. This hotel is one of the few hotels I have chosen to include in the study. I would therefore be very grateful if you could give me your valued opinion on a number of subjects by completing the attached questionnaire.

Please be assured that the information you provide will be kept strictly confidential.

Thank you in advance for accepting to be part of this exercise despite your busy schedule. Your contribution is very much appreciated.

Yours faithfully

Mahama Braimah
Student

SECTION A (Please tick as appropriate)

1. How often do you use the services of this hotel?

   ☐ Regularly   ☐ Occasional   ☐ First time-visit

2. What service do you mostly patronise? **Tick as many as applicable**

   ☐ Restaurant / bar   ☐ Recreation (Swimming/ tennis/ etc.)

   ☐ Lodging and boarding   ☐ Social Interactions

   ☐ Conference/ Seminars/ etc.   ☐ Other purposes ....

3. Did you have any prior expectations of the services of the hotel?

   ☐ Yes   ☐ No

4. If yes, what were your expectations like?

   ☐ Very high   ☐ Low

   ☐ High

5. What influenced your expectations?

   ☐ Personal needs   ☐ Prior interactions with staff

   ☐ Promotions   ☐ Image of the hotel

   ☐ Hotel charges/price

   ☐ Prior interactions with friends, family, colleague, etc.

   ☐ Other sources ....

SECTION B (Tick as many as applicable)

In respect of your experience, please indicate whether the following items exceeded, met or fell short of your expectations

Item No.	Variables	Exceeded Expectations	Met Expectation	Fell Short of Expectation
6.	Are physical facilities attractive and Convenient?			
7.	Are staff dressed appropriately			
8.	Are your exact specifications Followed?			
9.	Do they deliver on time			
10.	Is Service performed right the first Time?			
11.	Do they respond quickly to your Demands?			
12.	Are staff willing to answer your Questions?			
13.	Do staff appear to know what they Are about?			
14.	Are staff polite, pleasant and Considerate?			
15.	Do you feel safe?			
16.	Are your records kept safe And confidential?			
17.	Are service access points conveniently located?			
18.	How easy is it to reach the Appropriate staff?			
19.	Do staff communicate in an easy To understand language?			
20.	Do staff listen and demonstrate Understanding and concern to your Needs.			
21.	Are service providers flexible Enough to accommodate your Needs.			

22.   How will you rate the quality of service of this hotel, in respect of the above

☐ Very high ☐ High ☐ Average ☐ Poor ☐ Very Poor

SECTION C (Please tick as appropriate)

23. From what official sources did you hear or see a message about this hotel.
     (Tick as many as applicable)

| | Television | | Radio | | Internet |

| | Newspaper | | Magazine |

| | During social/public activities | | Members of staff |

| | Other source   ....
     ....

24. Have you noticed any inconsistencies between the messages from the various
     sources?

| | Yes | | No |

25. If yes, what were those discrepancies?

....

....

....

....

26. Have you noticed any discrepancies between some of the messages and the
     service you have experienced?

| | Yes | | No |

27. If yes, please state those discrepancies?

....

....

....

....

28. How has these discrepancies affected your rating of the service quality of the
     hotel?

| | Positively | | Negatively | | No effect |

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SECTION D

Indicate whether or note, there are differences between what you have learnt about this hotel and what you have experienced;

Tick **Yes,** if there are discrepancies, and **No**, if there are no discrepancies.

29. Procedures and Regulations ☐ Yes ☐ No

30. Services available ☐ Yes ☐ No

31. Service flexibility ☐ Yes ☐ No

32. Speed of delivery of service ☐ Yes ☐ No

33. Employee understanding of your requirements ☐ Yes ☐ No

34. Has these influenced your perception of the hotel? ☐ Yes ☐ No

35. How have you been influenced?

☐ Positively ☐ Negatively ☐ No influence

36. In your opinion does the hotel meet its promises? ☐ Yes ☐ No

37. Give reasons for your answer in **item 36**, above

....
....
....
....
....

38. In summary, did your experience with this hotel meet your expectation?

☐ Yes ☐ No

39. In what way was your expectation met?

☐ Expectations exceeded ☐ Expectations met

40. How would you judge the quality of service here?

☐ Very high ☐ High ☐ Average ☐ Poor ☐ Very Poor

41. Indicate which of the following factors most affected your assessment of the quality of service you experienced in the hotel.

a) Service encounter ☐

b) Physical evidence ☐

c) Price ☐

d) Promotion ☐

e) Final outcome of the Service encounter ☐

42. What other comments will you like to make in respect of your expectations and your assessment of the quality of service you have received?

....
....
....
....
....

SECTION E (Optional)

43. What is your name? ....

44. What is your gender? ☐ Female ☐ Male

45. What is your age? ....

46. What is your marital status?

☐ Married ☐ Single ☐ Divorce ☐ Widowed

☐ Cohabiting

47. What is your occupation?

☐	Lawyer	☐	Marketer
☐	Doctor	☐	Farmer
☐	Entrepreneur/Investor	☐	Hotelier
☐	Student	☐	Banker
☐	Driver	☐	Politician
☐	Public /Civil servant	☐	Engineer
☐	Business Executive	☐	Unemployed
☐	Educationist	☐	Accountant
☐	Other		

48. What is your Nationality?

☐ Ghanaian   ☐ African   ☐ European

☐ Asia   ☐ Oceania   ☐ North American

☐ South American