

**Challenges of service marketing practices:
The case of Kuriftu resort and Hotel Tommy
International at Bishoftu town**

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Table of contents

Acknowledgements.....	I
List of tables.....	II
Abstract.....	III

CHAPTER ONE

1. Introduction.....	1
1.1. Background of the study.....	1
1.2. Rational of the study.....	2
1.3. Statement of the problem.....	3
1.4. Objective of the study.....	5
1.5. Scope of the study.....	5
1.6. Limitation of the study.....	6
1.7. Expected contribution from the study.....	6
1.9. Organization of the study.....	6

CHAPTER TWO

2. Review of Related Literature	7
2.1. What is service.....	7
2.2. Hotel industry.....	8
2.3. Service challenge.....	8
2. 4. Service quality.....	9
2.5. Characteristics of service.....	11
2.6. The Marketing Mix.....	13
<i>Extra extended mix (Psychological factors).....</i>	<i>21</i>
2.7. Customer satisfaction.....	21

CHAPTER THREE

3. Research Methodology.....	23
3.1. Research design	23
3.2. Population and sampling	23
3.3. Data collection instruments.....	24
3.4. Approach to data analysis	25
3.5. Research methods	26

CHAPTER FOUR

4. Data Analysis and Findings	27
4.1. Demographic profile of the respondent.....	27
4.2. Data analysis and presentation.....	29
4.3. Findings	42

CHAPTER FIVE

5. Conclusion and Recommendations.....	45
5.1. Conclusion.....	45
5.2. Recommendations.....	51
REFERENCES.....	IV
Appendix (A)	V
Appendix (B).....	VI

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LIST OF TABLES

1. The demographic profile of the respondents.....28

2. Service aspects on offer by the resort/hotel.....29

3. Pricing.....31

4. Promotional activities.....32

5. Placement/distribution of service.....33

6. People/Staff related factors.....34

7. Process component.....36

8. Physical Evidence.....37

9. Psychological factors.....38

10.Customer satisfaction.....40

Abstract

Every service businesses particularly, resort/hotel must try to improve their service quality and understood their customer requirements; in order to make customers satisfied with their services. Once customers' requirements are clearly identified and understood, resorts/hotels are more likely predict and fulfill the customer's needs and wants. In turn the satisfied customers will likely come again or extend their stay at resort/hotel. The major objective of this study was to identify challenges facing service sector, determine the level of service quality and customer satisfaction; specific to Kuriftu resort and Hotel Tommy International. For undertaking this research descriptive research (which do not test specific relationships between variables) was used; Further more, the research have chosen to use both qualitative (which is suitable to measure and compare the responses from a larger number of people) and quantitative (in which the gathered data's would be statistically be analyzed) research methods. To analyze the data; the information were grouped into qualitative data (for which presentation and was made) and quantitative data (which is organized and summarize in to percentage, frequency and tables). The finding revealed that one of the extended mixes (process) particularly check-in and check-out and providing the service at the time promised are major challenges associated with service delivery, In-room technologies for communication and entertainment, facilities for children are also the things that the organizations are not doing well about. Moreover, the study provided new insights into the evolution of the marketing mixes theory by posing brand new mix that is psychological factor which is the extra extended mix that is like resort/hotel attention, interest, understanding and recognition towards customers and feelings the customers have while they get in to the place where the service was provided, which is of course need further research and less performed by the stated resort/hotel. To help resort/hotel owners/managers tackle their challenges, improve their service quality and level of customer satisfaction: Marketing mix has to be reviewed constantly in order to meet the changing requirements of the customers, the resort/hotel staffs need to be trained and have good communication skill and the resort/hotels need to understand the customer's psychology- how customer's think, feel and motivate.

CHAPTER ONE

Introduction

This chapter provides the background of the study, statement of the problem, study objectives and scope and limitations of the study. Finally, the outline of the paper is presented.

1.1. Background of the study

Service giving organizations represent the tertiary sector of the economy. These are involved in supplying intangible goods to consumers. Service is usually consumed at the time when they are bought, for example: stay in a hotel (Simon and Adams, 1993). People require service to satisfy their needs and wants. This is why it said to be an integral part of the business activities which is found everywhere in the universe. Kotler (2005) in his book *'Principles of Marketing'* state that "...one of the major world trends in recent year has been the dramatic growth of the service industry. Because of the affluence, more leisure time and growing complexity of product that require services. In fact, the service industry account for well over 60 percent of the economy in developed countries." Service industries are one of the primary engines of growth in all economies, and its contribution for the development of the country as a whole is important. The hotel industry is one of the largest, most dynamic industries in the world and it is one of the largest employers of all industries and continues to increase along with any increase in the local economy, tourism and business travel (Gilmore, 2003).

Recently in Ethiopia, the service sector contributes 45.1 percent to Ethiopia's Gross Domestic Production (GDP) for the fiscal year ended June 2009. (<http://buymyiou.com>) Even if the world book of Encyclopedia (2005) says "most economists believe that the growth of service industries represent an advanced stage of national economy". Service sector especially hotel industry become increasing expanding, in our country too. Particularly, the millennium renaissance goal could be one of the root reasons for such activities.

On the other hand, Tommy international hotel and Kuriftu resort are the two hotels that are found in Bishoftu /Debre-Zeit/ town which is 45 Km far from Addis Ababa. Regarding Tommy international hotel, its attractive and modern architectural design makes it an emblem for the town Bishoftu. On the other hand, Kuriftu resort traditional cottage architect and the Kuriftu lake gives it a grace and to be attractive to tourists. This study concentrate on challenges of service sector, particularly two hotels of Bishoftu town namely, Tommy international hotel and Kuriftu resort.

1.2. Rational of the study

It is obvious that the number of hotels is growing rapidly not only in the capital city but also in regional towns. The suitable encouragement provided by the government for both Diaspora and local investors could be the main reason for this. Such practices do have a direct link with the service sector development in the country; this in turn play major role for economic development. In a highly competitive hotel industry, hotel owners or managers must find ways to make their products and services stand out among the others. They have to find a way to make their services and products different from the others. To achieve this; they must understand their customers' needs and wants and then set their services in a way to meet these needs or goes beyond their needs. Sigauw and Enz (1999) pointed out that customers demand value for the money they are spending for their stay in a hotel. They do expect appropriate price and quality services from the staff of the hotel. They can compare the price and quality of different hotels. In order for a hotel to gain market share and success, hotel corporations need to review the way they are currently offering their services. They need to enhance profitability and guest satisfaction, through implementing strategies that aim to gather the right information, share and use it throughout the entire organization for creating personalized, unique guest experiences.

Hotels in Bishoftu town specially; Tommy international hotel and Kuriftu resort do have great opportunity in providing service to both foreign and local tourists who come to spend their leisure time as well as, one who travel via the town while

they are going to eastern or southern part of the country. As the Tommy international hotel and Kuriftu resort are relatively big hotels, these welcome a large number of customers, and therefore, it cannot be an easy task to operate in such a business setting. There are often aspects that can be improved to become more profitable, and examine the possibilities for improvement, and come up with suggestions on how these can be implemented.

Challenges which are related to problems that one may face while providing service to consumers do have a direct impact on the success of the service organization. Therefore, this study is undertaken to know the general and specific challenges that the two hotels of Bishoftu face.

1.3. Statement of the problem

The economy which exist in our country is market economy in which the survival of an organization determined by the market. Therefore, the organization should try to provide service effectively and efficiently; Doing this require effective utilization of all resources and providing what the customers need at minimum possible cost and selling it at reasonable price. Therefore, service must be flexible and capable of adoption to the changing need of the customer (Hailey, 2003). The key to sustainable competitive advantage in today's competitive environment lies in delivering high-quality service which results in satisfied customers (Shemwell et al., 1998). Poor service could be the number one reason for switching to the competitor other than high percent listed price as a reason for switching. It is easier and cheaper to keep an existing customer than to recruit a new one. So that, taking part and be successful in hotel industry requires providing consistent, quality and reasonably priced service which able to satisfy the customers.

Service providers face challenges selling services that goods-sellers rarely face. Services are not tangible, making it difficult for potential customers to understand what they will receive and what value it will hold for them. Due to the fact that services cannot be readily displayed or easily communicated to customers, it is difficult for consumers to access the quality of the service.

The simultaneous production and consumption nature of service could be other main reason for this. Zeithaml et al. (2006) further argued that the quality of a service will be dependent on what happens in "real time" with regards to employee action and interaction between customers. They also stressed on the fact that the 'Perishability' nature of services makes it difficult to return a service. Because service businesses are intangible and non-standardized, buyers tend to face greater difficulty in evaluating service. The inability to depend on consistent service performance and quality may lead service buyers to experience more perceived risk (Hutt, 1981).

Hotels and resorts must focus on providing quality services and products to their customers in order to keep them satisfied and perhaps make them repeat clients. Foster (1992) pointed out that the dining experience and image of a restaurant may be enhanced through a friendly welcome and devotion to the slightest of customers' needs. Regardless of restaurant type, promptness and courtesy should be offered to customers. Employees need to have had emotional connection to the products and services provided (Mitchell, 2002). Without that connection employees do not fully understand what is offered to the customer and that can result in disbelief and misunderstanding from the employee's point of view. Because of this, the relation toward the customer and the service offered can be damaged.

The service providers need to do a lot to have qualified employees for providing the right service. Additionally, hotel industry is experiencing increased globalization, competition, higher customer turnover, growing customer acquisition costs and rising customer expectations, meaning that hotels' performance and competitiveness is significantly dependent on their ability to satisfy customers efficiently and effectively (Gilmore and Pine, 1997). As a result, a hotel has to meet every single customer's needs and expectations.

The overall image of the organization and its attractiveness, whether service provides the appropriate technical attribute i.e. what the users receive, the material content of the service and how the service is rendered, that is the way in which the service is provided are factors necessary for providing the right service.

Fulfilling these factors exactly is a difficult task due to many reasons. However, this study makes an attempt to identify the challenges associated with the two service providers in Bishoftu town (Tommy international hotel and Kuriftu resort), and how these organizations perform better in their businesses. The study draws upon the following questions:

- a. What are the challenges facing Tommy international hotel and Kuriftu resort?
- b. Do they maintain satisfied customers?
- c. What is the level of their service quality?
- d. What role service quality plays in determining customer satisfaction with both of the organizations?

1.4. Objectives of the study

The **general objective** of this study is to critically identify and explore various challenges facing service sector and specific to Tommy international hotel and Kuriftu resort.

Specific objectives include:

- i. To determine the level of service quality at Tommy international hotel and Kuriftu resort
- ii. To examine the extent of customer satisfaction with services delivered
- iii. To describe the relative impact of the challenges faced in determining the overall level of service quality and associated customer satisfaction.

1.5. Scope of the study

The service sector is vast and it would be very difficult for the researcher to undertake the research in a way that covers all aspects of service. Therefore, the focus of the study was maintained to the relevant aspects of service quality, customer satisfaction and challenges faced by the hotel industry, particular to the two hotels. That is, even if there exist verity of hotels in the town, the study is limited to identify and analyze the challenges faced by the two hotels, and to see whether they have reached their potential within this area.

1.6. Limitations of the study

Since the researcher took particularly two hotels to deal with this research, the findings could not be generalized to the entire hotel industry in the town or national context. Additionally, the following could be the limitation of the research work: Lack of reference books about hotel service.

1.7. Expected contribution from the study

The outcome of this research study is expected to contribute to the following:

- It helps the owners/managers in designing and formulating an effective and efficient marketing strategy for the improvement of their organizations.
- It will serve as the basis for the hotels and resorts in attaining their organizational goals and objectives by using effective marketing strategies. It also shows the possibilities to maximize their profitability.
- It may help the two stated hotels and their management to recognize the respective strengths and weaknesses, making them competitive or challenges faced.
- It may further contribute to both theory and practice of service marketing, specifically in hotel industry.

1.8. Organization of the study

The study follows some logical procedures, i.e. while the first chapter begins with the introductory information about hotel services, and describing the needs and objectives of the study along with its scope and limitations, the second chapter makes an attempt to review the related literature. Furthermore, chapter three deals with research methodology followed by data analysis process and interpretation of the findings by using tabulation and percentage in the fourth chapter. Finally, chapter five contains the conclusion drawn from the study, and forwards certain recommendations in the light of study's findings.

CHAPTER TWO

Review of Related Literature

This chapter reviews the literature associated with service industry, and by drawing attention to hotel industry from the perspective of challenges associated with service quality and customer satisfaction. Additionally, an attempt has been made to understand the service characteristics and the elements of service marketing-mix.

2.1. What is Service?

Services are distinguished from the general characteristics of the physical products in many ways. The American Marketing Association (AMA) took a lead in defining service as, "...activities, benefits or satisfactions which are offered for sale, or are provided in connection with the sale of goods." (AMA, 1960). Of course, it does not say anything about service characteristics and do not see it as separable element as a product. Stanton (1981) also provides another concept as '...services are those separately identifiable, essentially intangible activities, which provide wants, satisfaction and are not necessarily tied to the sale of a product or another service.' He critically mentions service as independent entity like product and no ownership characteristics too. Therefore, to produce a service, may or may not require the use of tangible goods. However, when such use is required, there is no transfer of title to these tangible goods. Additionally, Fitzsimmons and Fitzsimmons (2004) report that a service is a time-perishable, intangible experience performed for customer acting in the role of co-producer. They consider the perishable and inseparable characteristics of service. However, Kotler et al. (2005) mention the intangible and no ownership characteristics associated with services, and defined service as "...any activity or benefit that one party can offer to another which is essentially intangible and does not result in the ownership of anything." A service is the intangible equivalent of an economic good (product). It is an economic activity where the buyer does not generally take exclusive ownership of the thing purchased. A service is a set of perishable benefits; delivered from the service provider, mostly as co producer with his service suppliers and, finally, consumed and utilized by the service consumer.

2.2. Hotel industry

Different authors define hotel in more or less similar way. Ethiopian Tourism commission (1995) for example define it as "...an establishment offering lodging, food and beverage and as may be necessary, recreational facilities to the public and therefore, judged by including or paying attention to physical evidence". Lawson (1996) mentions "...in most countries a hotel is defined as a public establishment offering travelers and temporary visitors, two basic services; accommodation and meal against payment." However, Buttle (1998) provides some generic idea about the term hotel while mentioning "...hotel covers boarding-houses, guest houses, bed and breakfast establishments unclassified hotels, 1, 2,3,4,5 star hotels, based on location (coastal, countryside, small towns, large towns, cities), based on demand (business or holiday), based on size (4 bedrooms to several hundred bedrooms), based on standard (unclassified to 5 star), ownership (independent, franchised or group operated) and atmosphere (busy/efficient or related/homely)." Mohammed (2002) gives a comprehensive definition as "...hotel is a place where prospective guests can be provided with the following: accommodation-place to stay, food and beverage-something to eat and drink, entertainment-to view and enjoy service-intangible elements." According to Million and Fasika (2002) hotel is a place that serves to provide food, drink, bar, and room at separate place but in one organization; they typically focus on the basic service that any service provider offers. Therefore, a hotel can be seen as a commercial establishment providing lodging, meals, and other guest services. In general, to be called a hotel, an establishment must have a minimum of six letting bedrooms, at least three of which must have attached private bathroom facilities. Although hotels are classified into 'Star' categories (1-Star to 5-Star), there is no standard method of assigning these ratings, and compliance with customary requirements is voluntary (www.businessdictionary.com).

2.3. Service challenges

Service sector may face challenges in one or more of the following ways, as can be seen from earlier literature by Tuli, Kohli and Bharadwaj (2007); companies acknowledge about importance of service; gaining profit through delivering

complex solutions has also shown to be quite a challenge. According to Papazoglou (2008); the following are service challenges which the service sector faces; like mergers and acquisitions, outsourcing possibilities, rapid growth and intense competitive pressures are overtaking existing traditional business processes, slowing innovation. Services are subject to constant change and variation. He typically focused on business related challenges. According to him such challenges require changes at the enterprise level and thus lead to a continuous business process redesign and improvement effort. Since they make things difficult for an enterprise to pursue and reach its business strategies and objectives. The hotel industry remains a cyclical business, and economic and geopolitical tensions cause; many travelers to cancel, postpone or shorten trips. Here they took the whether, politics and economic condition as challenge for service.

(www.innovativetravelmarketing.com)

Accenture, a global management consulting, technology services and outsourcing company survey finding from US and UK customers reveal that poor service could be one of the service challenge. For the question provided to the customers; what frustrates them the most when contacting a company for service, they indicated that they are not at all shy about switching providers because of a poor service experience. Poor service is not just bother customers rather keep them far from it. It actually can have a significant impact on a company's business by creating hard feelings among customers and at worst driving customers into the waiting arms of competitors. They also found that poor customer experience often is the "tipping point" that causes a customer to switch providers, and two of the most frustrating aspects of customer service are agents not having the answers customers need and agents who are not friendly (www.accenture.com).

2.4. Service quality

Quality in many respects is derived from the successful management of the other key products and services (Jones and Pizam, 1993) and the two broad strategies for success in the hospitality industry can be quality control and quality assurance. McCarthy and Perreault (1990) describe quality as the ability of a

product/service to satisfy customers' needs. To upgrade the quality of services marketing, as a whole is still in need of enterprise management innovation thinking fundamentally establish customer-oriented way of thinking. According to them what is very important is satisfying needs irrespective of what is provided that is no matter what the service provider is served, how it served are not vital rather what is very important is need satisfaction. Christopher (1977) define service quality as "...the means by which the firms sustains its position among competing offers overtime and quality is both the act of making the offer different and its evaluation by customers." He links quality with competitive edge, which makes a service provider different among competitors. Peter and Donnelly (1991) stated that service quality is paramount for all service providers.

In recent years, more than forty percent of all customers surveyed listed poor service as the number one reason for switching to the competition while only eight percent listed price as a reason for switching. It is easier and five times cheaper to keep an existing customer than to recruit a new one. One special marketing challenge facing most service businesses is to find ways of keeping their current customers and to make their offerings more tangible to potential customers. In other way which does mean excellent service quality could be the number one reason for customers to stay to their current service provider. Hotels and resorts must focus on providing quality services and products to their customers in order to keep them satisfied and perhaps make them repeat clients.

According to Zeithamel and Bitner (2004), many companies give 'lip service', a verbal expression which is unsupported by real assurance or action to customer focus and service quality but they fail to provide the training, compensation, and support needed to actually deliver the quality service. Delivering consistent, high quality service is not easy, yet many companies promise it. Kotler (2002) and Zeithaml and Bitner (2002) list reliability, responsiveness, assurance, empathy, tangibles as the factors related to service quality, and reported reliability as the most important among these.

A service is an experience, perishable and cannot be inventoried for future use. Whether the company adopts a standardized or localized marketing strategy the

services and products offered must be at their highest quality. So service and product quality are paramount for all service providers and organizations that want to survive (www.aabri.com).

2.5. Characteristics of service

Services have numerous unique characteristics that differentiate them from goods and have implication for the manner they are offered to the market. These characteristics include: intangibility, Inseparability, No Ownership, Perishability, and Variability/ Heterogeneity.

1. Intangibility

We can find several literatures regarding what intangibility in service mean; the literature highlights intangibility as one of the key characteristics of services. According to Zeithaml, Parasuraman and Berry (1985) the most frequently cited characteristics of service were intangibility (mentioned by all authors). From those, Kotler (2003) stated "...unlike physical goods, services cannot be seen, tasted, heard, felt, or smelled before purchase." Pride and Ferrell (2003) adds "...a service is not physical and therefore cannot be touched or physically possessed." Kerin (2003) reports that services cannot be held touched or seen before the purchase decision, and are thus more difficult to evaluate. From the above points we can infer that we almost cannot use our sense organs for service. This in turn, creates increased uncertainty and perception of risk. From the firm's perspective, service intangibility can make services difficult to promote, control quality, and set price.

2. Inseparability

Different authors say different things about inseparability element of service like that of intangibility. Czepiel and Surprenant (1985) see "...inseparability of production and consumption is linked to the concepts of interaction and the service encounter. Simultaneity of production and consumption is a distinctive characteristic for inseparable services." A simultaneous production and consumption process involving such factors as the presence of the customer, the customer's role as co-producer, customer-to-employee and customer-to-customer

interactions is readily observable in many service environments, and can form a critical distinguishing property between goods and many types of services. Lovelock and Yip (1996) describe "...services require the customer's presence while the service is being provided." Typically such services are directed or applied to people and so their presence is mandatory. Lovelock, Vandermerwe and Lewis (1996) adds "...inseparability is to use, enjoy and buy services, and customers must be prepared to spend time co-operating with the service operation."

3. Perishability

Services cannot be saved, stored for re-use at a later date, resold, or returned (Zeithaml and Bitner, 2003). Also, Pride and Ferrell (2003, p. 325) state "...the unused service capacity of one time period cannot be stored for future use." Kimes (2003) on the other hand, raise something which does not support this idea. According to him, in services, certain industries explicitly calculate their future productive capacity for specific dates and even times of day, and then identify their inventory of defined units of service production, categorized by nature of output (room nights by type of accommodation). Which almost mean; there are some services providers who are making solution for uncertainty perhaps Perishability since it seems they are definite about the demand for their service offer. Lovelock (1984) explores the concept of perishable capacity for products that cannot be stored, as a powerful one with major implications for productivity. If demand is low, unused capacity is wasted. If demand exceeds capacity, it goes unfulfilled and business may be lost. Bringing demand and supply into balance requires management of both demand levels and available capacity.

4. No Ownership

Customer has access to but not ownership of service activity or facility. Right of ownership is not taken to the service, since customers simply experience it. For example, an electrician may solve our home electronic problems, but we do not own the service, the electrician or his equipment. We cannot sell it on once it has been consumed, and do not take ownership of it. We cannot own and store a

service like a product. Services are used or hired for a period of time. For example when buying a ticket to Cinema the service lasts maybe 2 hours of view, but consumers want and expect excellent service for that time. Because we can measure the duration of the service consumers become more demanding of it (www.learnmarketing.net).

5. Variability/ Heterogeneity

Each service is unique. It is one-time generated, rendered and consumed and can never be exactly repeated as the point in time, location, circumstances, conditions, current configurations and/or assigned resources are different for the next delivery, even if the same service consumer requests the same service. Many services are regarded as heterogeneous or lacking homogeneity and are typically modified for each service consumer or each new situation. "This is a particular problem for services with high labor content, as the service performance is delivered by different people and the performance of people can vary from day to day (Zeithaml, 1985; Onkvisit and Shaw, 1991). For example, the taxi service which transports the service consumer from his home to the university is different from the taxi service which transports the same service consumer from the university to his home - another point in time, the other direction, maybe another way, probably another taxi driver and cab. The human involvement of service provision means that no two services will be completely identical.

2.6. The Marketing Mix

Marketing mix are elements an organization control to satisfy or communicate with customers (Ismael, 2002). In order for firms to be competitive and remain in business, their products, prices, distribution and promotional activities must be satisfactory and offer as good a value as most rivals and industry leaders (Mujtaba and McFarlane, 2007). That is; to satisfy or communicate with customers, marketing mix elements need to be integrated and effectively controlled by organizations. For service marketing in addition to the traditional marketing mixes (product, price, place & promotion), process, people, and physical evidence should be monitored. (Kotler, 2002). Furthermore, Zeithame

and Bitner (2004) define the marketing mix as "...the set of tools available to an organization to shape the nature of its offer to customers." The mix is not based on any theory, but on the need for marketing managers to breakdown their decision making into a number of identifiable and actionable headings. The marketing mix variables can be used to differentiate a firms offering from its competitors and to build competitive advantage to declare good corporate image towards service quality.

1. Product:

Product may be an idea, a physical entity/good, service or any combination of the three. It exists for the purpose of exchange in the satisfaction of individual and organization objectives (Evans, 1997). Kotler (2005) states that a product is anything that can be offered to a market for attention, acquisition, use or consumption, and that might satisfy a want or need. It includes physical objects, services, persons, places, organizations and ideas. EtZel et al. (1997) define "product is a set of tangible and intangible attribute which may include packaging, color, price, quality and brand plus seller's service and reputation." In real meaning customers are buying much more than a set of attributes when they buy a product. They are buying want satisfaction in a form of the benefits they expect to receive from the product. The hospitality industry (service sector) is identified by its output of product which satisfies the demand for accommodation, food and beverage away from home. The infinite variations are which hospitality marketers combine these core products to meet the demand of customers. This implies that consumers seek more than the practical satisfaction of a comfortable bed and full stomach (Ismail, 2002). Additionally, Buttle (1996) identifies the components of hotel product as facilities including bedrooms, restaurants, bars, meeting rooms and recreation facilities such as tennis court, swimming pools represent a list of facilities for the size of its customers, and these may be differentiated in type, size and ways.

2. Price

According to Evans and Berman (1997), "...price represents the value of a good or service for both the seller and the buyer." It also expresses the value given by the hotel through its location, facilities, service and image and the satisfaction delivered by its users from these elements of hotel concepts. Price is the summation of all sacrifices made by a consumer in order to experience the benefits of a product (Ismail, 2002). The most common rationale for the importance of price is that price is the only element in the marketing mix that generates revenue, all other elements are associated with costs, such costs are necessarily included in creating value via product development, promotion, and distribution. Pagoso and Cruz (2000) also agreed that price is a very important factor in the operational market because this is the only element among the four P's of marketing mix that generates income.

In addition to the role of price as a revenue generating marketing mix element, it has other characteristics such as: Compared to the rest of the marketing mix elements, price can be modified relatively quickly, Competitive reaction to price variation both in terms of speed and intensity tend to be more severe than competitive reaction to changes in other elements (Baker, 2000).

Pricing allows the firm to recover the cost of the value added, it can influence a product's acceptance in market place because it determines in part the value buyers put on that nature competition in an industry (Keagan et al., 1992). While setting price, managers/owners should see it that; prices are reasonably affordable, fair, and competitive. According to McCarty and Perreault (1990), "...price is what is charged for a firm's products or services since a business transaction can be an exchange of money, which represents the price." According to O'Hara (1995), pricing plays a major role in any business establishment. He suggested that the determination of prices involves three primary considerations such as cost, competition and customers. The right price is one which the customers will be willing to pay and at the same time it allows a reasonable margin of profit. Prices of service can be changed from time to time due to fluctuation or an economic recession. Prices influence the market share,

competition, profit, product quality and the entire marketing program. An example of pricing can include what a resort or hotel charges for a room per night.

In the hotel industry, however, there are two major components of room rates as mentioned by Vallen (1985); room rates must be large enough to cover costs and a fair return on invested capital; and secondly, it must be reasonable enough to attract and retain the customers to whom the operation is being marketed. Price could be the clue for customers regarding what to expect since higher price tend to convey higher quality. However, extremely high price may be viewed by consumers as rip-off/overcharge. In reverse lower prices tend to convey lower quality but for some services and some consumers this is acceptable (Clow and kurtz, 2003). Buttle (1996) reports that the art of successful pricing is to establish a price level which is sufficiently low that an exchange represents good value to buyers, yet is high enough to allow a service provider to achieve its financial objectives. Therefore, pricing is an art and its main goals are to optimize profit, reduce losses, and maintain market share for the organization and the industry (www.aabri.com).

3. Promotion:

The promotion mix is the set of communication tools which a marketing manager can use in his attempt to influence demand (Kotler, 2002). Hotels must continually advertise in order to remain top of mind and maximize business prospects. Promotion represents the third element in the marketing mix. The promotional element comprises a mix of tools available for the marketers called the promotional mix; which consist of advertising, personal selling, sales promotion and publicity. All of those elements can be used to inform prospective buyers about the benefit of the product, persuade them to try it, and remind them later about the benefits they enjoyed by using the product (Kerin, 1992). According to him, all different ways in which an organization makes an impression, every form of communication that contributes to the company's image and that of its product is a form of marketing communication. It includes

every element in the marketing mix that establishes meaning and communicates values to an organizational customers and stake holders even the firm's letter heads, its sign, & its shopping bags (Keegan et.al, 1992). Promotion is any communication used to inform persuade and/or remind people about an organizations or individual's goods, services, image, ideas, community involvement or impact on society (Evans and Berman, 1997).

Communications occurs through brands names, packaging, company marquees/tent and displays, personal selling, customer service, trade shows, sweep takers, and massage in mass media (news paper, television, radios, direct mail, billboards, magazines and transit), it can be company sponsored or controlled by independent media massage may emphasize information, persuasion, fear, sociability, product performance, humor and /or comparison with competitors (Evans, 1997). Promotion is a way of informing people about the services and products of an organization. It is an important tool in business to persuade more and more prospective customers in order to be successful in the industry. Promotion is a technique that is designed and utilized by companies as a way of enhancing their brand perception as well as to encourage customers to use their products and services.

As mentioned by Strong (1977), promotion can be improved through: (1) analysis of spending and establishing objectives, (2) better selection of appropriate promotional techniques, (3) pre-testing, (4) evaluation, (5) focusing on the long-term, and (6) the development of more detailed information on the effect of promotion. The ultimate goal of all promotion is to obtain level of demand which is favorable to the promoter. Zeithaml and Bitner (2004) identify the promotional need of service derived from the distinguishing characteristics of service. The intangible nature of the service offer often results in consumers perceiving a high level of risk in the buying process, which promotion must seek to overcome. A number of methods are commonly used to remedy this, including the development of strong brands, encouragement of word of mouth recommendation, promotion of trial usage of a service and the use of credible message source in promotion (specially through public relation activity).

Visible service process, especially service personnel, become an important element of the promotion effort where service production processes are inseparable from their consumption, new opportunities are provided for promotion a service. Front line staff can became sale people for an organization. The service outlet can become a billboard which people see as they pass by.

4. Placement/ Distribution

Distribution is defined as an operation or series of operations which physically bring goods manufactured or produced by any particular manufacturer in to the hands of the final consumers or users (Davar, 1996). It is a systematic decision making regarding the physical movement of goods and services from producer to consumer, as well as the related transfer of ownership of them. It encompasses such diverse functions as transportation, inventory management, and customer satisfaction. The organizations or people are known as channel members and may include manufacturers, service providers, wholesalers, retailers, marketing specialist and/or consumers (Evans, 1997). Kerin (1992) reports "...distribution or simply marketing channel, which consists of individuals and firms involved in the process of making a product or service available for use or consumption by consumers or industrial users. It makes the possible flow of goods from a producer, through intermediaries to a buyer." According to Buttle (1996), location, places the hotel geographically in or near a particular city, town or village with a given area location denotes accessibility and convenience, attractiveness of surrounding, freedom from noise and other trouble. Place makes the product (service) physically available, there are two areas: channels and physical distribution including channel strategy, intermediate systems, outlet, warehouse and factory location (Kotler, 2002). Place decision refers to the ease of access which potential customers come to service, for service it is more appropriated to talk about accessibility as a mix element, rather than place (Clow and kurtz, 2003).

According to Zeithmal and Bitner (2004), basic list of 4Ps fails to recognize a number of key factors which marketing managers in the service sector use to

design their service output; while putting the following problems related to 4ps (traditional) they reason out the need for extended marketing mix in addition to the traditional 4ps which includes:

a. People

For most services, people are vital elements of the marketing mix it can be almost a line to say that, for some businesses the employee are the business. If these are taken away the organization is left with very few assets is which it can seek to gain competitive advantage in meeting customers needs (Baker, 2003). All the human actors, customers and staff who participate in the service delivery process influence each customer perception and satisfaction with the service; including, the firm's personnel, the customer and other customers in the service environment. They provide cue to the customer regarding the nature of the service itself. How these people are dressed, their personal appearance and their attitude and behaviors all influence the customer's perceptions of the service. Because of the inseparability issue, front of house staff must interact continuously with their customers. To satisfy these customers' staff must process appropriate technical and interpersonal skills. It is often challenging to recruit staff with one of these sets of skills, and it may often be a considerable challenge to find staff comfortable and competent in both areas. According to Czinkota et al. (1996), staff members delivering the service, rather than the service itself, communicated the spirit, value, and attitudes of the service organization.

People buy from people that they like, so the attitude, skills and appearance of all staff need to be first class. Here are some ways in which people add value to an experience, as part of the marketing mix - training, personal selling and customer service. Having a knowledgeable, helpful representative is even more important than speed—whether speed of response or speed in solving the customer's problem. Since people are an essential element in the production and delivery of services, the quality of the service is largely determined by the quality and behavior of the company's staff. This is particularly true in respect of those whose jobs involve high levels of customer contact. (<https://dspace.lib.cranfield.ac.uk>)

b. Process

The process is all the steps, procedures, mechanisms, and activities by which the service is delivered. It is the heart of the delivery and operating systems. Process is an element of service that sees the customer experiencing an organization's offering. It may best be viewed as something that your customer participates in at different points in time. Here is the example to build a picture of marketing process, from the customer's point of view. The procedures, routines and policies, which influence how a service is created and delivered to customers, can clearly be instrumental in determining how 'customer friendly' the company is perceived to be (<https://dspace.lib.cranfield.ac.uk>).

The process mix represents the actual procedures, mechanisms and flow of activities by which the service is delivered; the service delivery and operating systems. The actual delivery steps the customer experiences or the operational flow of the service also give customers evidence on which to judge the service. Production processes are usually of little concern to consumers of manufactured goods, but can be of critical concern to consumers of high contact service. Where the consumer can be seen as the co-producer of the service a customer of a restaurant is deeply affected by the manner in which staff serves them and the amount of waiting which involve during the production process.

c. Physical Evidence

The physical evidence referred to as the environment in which the service is performed, where all customers, staff and company interactivity occurs. It is the material part of a service. The importance of both people and physical evidence other than process: the dining experience and image of a restaurant may be enhanced through a friendly welcome and devotion to the slightest of customers' needs. Regardless of restaurant type, promptness and courtesy should be offered to customers (<http://www.sfsu.edu>). Bennett (1996) suggested that as services were experiential, customers were uncertain of the finished result until the service was delivered. So, the reputation of the service provider played an

overwhelming role in the customers' choice: images of trust, respectability, reliability, and immaculate professional integrity. It also represents the environment in which the service is delivered and where the firm and customer interact and any tangible components that facilitate performance or communication of the service. When consumers have little on which to judge the actual quality of service they will rely on these cues, just as they rely on the cues provided by the people of the service process. Physical evidence cues provide excellent opportunities for the firm to send consistent and strong messages regarding the organization purpose, the intended market segments of the nature of the service (Ismail, 2002).

d. Extra extended mix (Psychological factors)

As the extended mixes (3ps) added on the traditional marketing mixes (4ps), because the traditional mixes fail to recognize the different key factors which the marketing managers must use while designing their service output, once again the extra extended mix (psychological factor) found to be important for service business. Psychology refers to the application of such knowledge to various spheres of human activity, including problems of individuals' daily lives; it is primarily concerned with the interaction of mental processes and behavior on a systemic level, as opposed to studying the biological or neural processes themselves it further describe social interaction. These psychological factors; include customers feeling, interest, attention; and resort or hotel's recognition, understanding of customers.

2.7. Customer satisfaction

Satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance, or outcome in relation to his/her expectations (Kotler, 2002). A key objective of a successful service marketing programs is to build a meaningful relationship with the customer or prospect. The term meaningful is emphasized because this is in great part what drives success. A relationship needs to be meaningful to the customer, not perceived to

be meaningful to the retailer. Consumers tune out any marketing that is not quickly deemed to be meaningful to them. Unfortunately for most dealerships and light repair centers, this is a challenging task

(<http://www.automotivedigest.com>).

Some people took zero complaints as customer satisfaction considering service quality is defined by the customer; assuming that if no one were complaining, then customers must be satisfied. However, according to the research undertaken only 4-20 percent of the customer who dissatisfied complains about; in turn the organization doesn't know whether they are satisfied or not

(<http://www.changeagents.info>).

Satisfaction may be physiological, economic, social or psychological (Reich, 2003). Satisfaction in hotel service may expressed in physiological satisfaction full stomach, quenched thirst, comfortable bed, warm and quiet environment, Economic satisfaction: good value for money, rapid service, convenient location and credit felicities, Social satisfaction: enjoyable company, attentive services and sound advice on wines, Psychological satisfaction: enhancement of self esteem, status and security. Poor service quality in the hotels where the tourists stay is identified as one main reason contributing to customer dissatisfaction in the tourism sector (Hickey, 2006).

The above chapter reviews the related literature associated with service sector specifically hotel industry, service challenges, service quality, service characteristics, service marketing-mix and customer satisfaction.

CHAPTER THREE

Research Methodology

This chapter includes the research design, population and sampling, data collection instrument, approach to data analysis used by the study in order to accomplish the stated research objectives.

3.1. Research design

Descriptive research design was used for this study: to identify challenges of service marketing, the level of service quality and customer's satisfaction towards service offered specific to the Kuriftu resort and Hotel Tommy international. The questionnaire used in this study is having three parts in two pages, total of 76 questions were asked to identify challenges of service marketing: The first part 5 questions (Q1-Q5) was designed to collect respondents' demographic data including nationality (Q1), gender (Q2), age (Q3), education (Q4), and occupation (Q5). The second part consists 56 questions (Q1- Q56) was designed to gather respondents' response pertaining to service quality which include: the product, price, promotion, placement, people, process, physical evidence and psychological factors (the 8ps). The third part of the questionnaire 15 questions (Q1 – Q15), respondents were asked to rate the extent of their satisfaction towards service offered.

3.2. Population and sampling

The total population available for this survey consisted of any customers who are in the resort/hotel at time of data administration. The researcher selected the customers who had been spending their time at the KR and HTI by a convenience sampling technique because it allow for a relatively easy sample selection and data collection, which is more efficient in terms of time and money. Miles and Huberman (1994) consider sampling as crucial in order to manage the analysis of a study. They claim that as much as the researchers might want to, it is not possible to study everyone, everywhere, doing everything. According to Bryman and Bell (2003), it is important to provide a representative sample of a population in order to be able to generalize the findings. Sample from

the target population are selected using convenience sampling technique: The sample size for this particular research included two hotels, their owner (2), manager /marketing manager if any (2) and customers (50 each) only the customers who checked-in to the hotel and resort during the data gathering period comprised the study respondents. Overall sample is divided equally between the two organizations.

3.3. Data collection Instruments

Both primary and secondary data sources are used in this study; the questionnaires are distributed to the customers who agree to participate in the study. Pertaining to **primary data** the major sources of info will be collected through questionnaire, and interview. Primary data consists of information collected for the specific purpose at hand (Kotler *et al.* 2005); it can also be conducted through observation.

The questionnaire consisted of 3 parts; the first part contained demographic profile which included nationality, gender, age, education and occupation, The second parts included the service quality which later divided in two 8ps(the traditional 4ps, the extended mixes and the extra extended mix-psychological factors). The questionnaire was distributed to 100 customers in their rooms, coffee break (for those who held conference), and they are asked to return it during the stay or at the end of their stay at the resort/hotel reception desk while they check-out from the resort/hotel. In addition to this the interview was held with the owners and managers of the resort/hotel. The interview questions raise such questions like whether they have marketing department to promote hotel related activities, what kind of services are on offer, quality of service, factors determine quality service in hotel business, challenges facing the resort/hotel and manager there in, factors/areas of service customers complain about, promotions they use to attract customers to the offering, the price for the service offered comparing other service providers, the biggest challenge to the resort/hotel business.

Regarding **secondary data** Secondary data is data that is already collected to serve another purpose, by other persons. This form of collecting data is much less expensive than primary data collection, and is easy and readily available (Gripsrud *et al.* 2004). To explore theoretical issues is based on service marketing books, brochures, publications, search engine, journal articles, and credible service web portals.

Interview: Interviews first carried out to get an insight of how the company operates within the chosen area. Open-ended questions were used, which facilitates a deeper discussion. In order to be able to answer the questions at statement of the problem, the researcher conducted interview with manager or owner of two different resort/hotels in the Bishoftu town. By getting information from both the company and from their customers, it is also easier to establish and analyze ways in which Kuriftu resort and hotel Tommy international can improve in the future. The interviews took place on the respondents' work place, which enabled them to feel more comfortable and gave researcher the opportunity to visit the resort/hotels. Thereby researcher gets first hand impressions of their locations and the physical evidence.

Questionnaire: A questionnaire will be used to elicit information from the clients as to how service marketing's are practiced by the two resort/hotels' and waiter, waitress, receptionist etc. Since the researcher wanted a fairly large sample, handing out questionnaires was a suitable course of action.

3.4. Approach to data Analysis

Statistical tools the researcher used in this study were frequency, percentages, and tabulation. The statistical tools allowed the researcher to draw conclusions concerning the objectives of the study. In other ward Data analysis for this study was applied descriptive statistics (frequency, percentage and tabulation) to gain an understanding of the nature of responses. Therefore, meaningful interpretation of the result will be made so as to draw conclusion and recommendation.

3.5. Research Methods

There are two kinds of research methods, qualitative research and quantitative research, in the empirical part of this thesis; both of the research methods are used. Quantitative research was done by sending questionnaires to the customers of KR and HTI; and qualitative research personal interviews with the owner and managers.

3.5.1 Quantitative Research

Quantitative research is based on statistics, its important when the respondents are large number. With the help of quantitative research method, it is easy to have a clear and scientific view on the opinions by having them on questionnaires.

3.5.2 Qualitative Research

Qualitative Research focuses on developing an initial understanding out of the research, and it is not based on statistics. Qualitative can be used alone or to support quantitative research. For this thesis, in order to get a better understanding the situation interview was used to support the quantitative research.

CHAPTER FOUR

Data Analysis and Findings

This chapter deals with data analysis and presentation of findings based on the data collected from the two hotels in Bishoftu/Debre Zeit town; namely Kuriftu resort and Hotel Tommy international.

The data are obtained by two means i.e. questionnaire and interview. To achieve associated research objectives, a total of 130 questionnaires were distributed to the customers (selected based on simple random sampling) of above stated hotels, however, 100 completely filled were returned and retained for analysis purpose. For comparison purpose, the total collected questionnaires were divided as 50-50 (making a total of 100 being used in the study) for both of the firms. Considering most of the items in the questionnaire were close-ended, tabulation and descriptive statistics methods were used for analysis and presentation purposes. Additionally, interviews were carried out with 2 managers (one out of which is the marketing manager) in Kuriftu resort, and owners of each of the resort and hotel, to cross examine the customer respondents' claims of service quality and customer satisfaction.

4.1 Demographic profile of the respondents

This section presents the personal data of 100 customers who stayed at the Kuriftu Resort (KR) and Hotel Tommy International (HTI); the profile covers the customer's nationality, gender, age, educational background and occupation as presented in Table 1. Accordingly, the findings showed that out of the total number of respondent; there were more foreign customers at KR (70%) from whom Danish and USA dominate the number 7 and 6 respectively, Saudi 2, British 2, Senegalese, Sudanese, Kenyan, Swedish, Belgian, French, Seychelles, West African, Norwegian, Italian, Ugandan, Colombian, Jamaican, Guinean 1 each and 4 of those do not specify their respective country; the remaining (30%) customers were Ethiopians. In the contrary there were less foreign customers at HTI (26%) from whom USA (4), UAE (2), Rwandan, French, Germany, Japanese, England 1 each; the remaining 2 do not specify their respective country; Ethiopians were (74%).

Table 1. The demographic profile of the respondents

No	Items	Kuriftu Resort (%)	Hotel Tommy International (%)
1	Nationality	Ethiopians	74%
		Other	26%
2	Gender	Male	70%
		Female	30%
3	Age (in years)	Below 20	-
		20-30	50%
		30-40	28%
		40-50	14%
		Over 50	8%
4	Education	Certificate	-
		Diploma	30%
		Degree	42%
		Master and above	28%
5	Occupation	Student	2%
		Business man	12%
		GO employee	28%
		NGO employee	58%
		Retired	-
		Other	-

Source: Questionnaire: 2011

Regarding gender majority of the customers were male in each institutions; KR (62%), HTI (70%). The largest (46%) age group in KR was between 30 and 40 years of age; on the other hand, the dominant (50%) age group in HTI was 20-30. The majority of KR customers had Master and above educational back ground (76%) while the majority of HTI customers had Degree (42%). Finally, large number of both institutions respondents were non governmental employees (82%) and (58%); KR and HTI respectively.

4.2. Data analysis and presentation

A. Service quality

Marketing-mixes

As can be seen from Table 2, majority (92%) of KR customers do agreed that facilities like swimming pool, sauna bath, gym etc are available; on the other hand, most (44%) of HTI customers disagreed about the availability of such facilities. (48%) of KR customers preferred to be neutral regarding the availability of different restaurants offering national and international cuisines, in addition, not a simple number (22%) of the respondents disagreed with this idea, on the other hand, more than half (54%) of HTI respondent disagreed that the restaurant offer both national and international cuisines.

Table 2: Service aspects on offer by the resort/hotel

No	Items	Frequency and percentage					
		Kuriftu Resort			Hotel Tommy International		
		Agree	Neutral	Disagree	Agree	Neutral	Disagree
1	Availability of other facilities (e.g. swimming pool, sauna bath, gym etc.)	92%	8%	-	28%	28%	44%
2	Availability of different restaurants (offering national and international cuisines)	30%	48%	22%	16%	30%	54%
3	Variety of recreational facilities/ services	86%	10%	4%	70%	22%	8%
4	Availability of basic products/services (e.g. tooth paste, soap, towels, laundry, restaurant, bar etc.)	56%	30%	14%	60%	32%	8%
5	Food quality in restaurant	86%	6%	8%	84%	16%	-
6	Comfortable, clean and attractive mattress, pillow, bed sheet and bed covers	98%	2%	-	84%	16%	-
7	Quietness of rooms	76%	10%	14%	76%	16%	8%

Source: Questionnaire: 2011

Both KR and HTI customers agreed that the resort or hotel have variety of recreational facilities with overwhelming majority (86%) and great majority (70%), basic products/services like tooth paste, soap, towel, laundry, restaurant, bar etc are reported to be available by over half (56%) and majority (60%) of the

respondents respectively. Furthermore, overwhelming majorities (86%) and (84%) of the respondents from the two organizations respectively, reported with their agreement with restaurants' food quality, and mattress, pillow, bed sheet and bed cover are comfortable, clean and attractive (98% and 84% respectively), with quiet/silent rooms as being reported by great majority of the respondents (76%) with each of the resort and hotel. Since, customers seek more than satisfaction of comfortable bed and full stomach service providers; must think about what customers really need or want than just providing service. The service attributes include its price, quality, brand, and seller's reputation so that, the provider need to focus on the combined effort of such factors to be effective. Generally, from the above data we can infer that Kuriftu Resort and Hotel Tommy International provide product/service well than any traditional mixes that will follow on. However, they are expected to do more in offering both local and international cuisine in their restaurant in which their customers are not satisfied with since they have a big probability to host both local and foreign customers.

According to the interview held with the manager and owner of each resort and hotel the following are the service that are on offer in KR; Accommodation: food and beverage /bar and restaurant/, room: bed, conference hall, spa service: massage, sauna, steam, pedicure, manicure, beauty salon, Sport: gym, swimming pool, kayak, entertainments: movie theatre, shop, HTI: Accommodation: food; European and cultural dish, and beverage /bar and restaurant/, children play ground, cafe, room: bed, spa service: sauna, steam, beauty salon both for men and woman.

On the pricing aspect, as provided in Table 3: majority of KR and HTI respondents agreed that they got the resort and hotel accurate in pricing and billing (68%), (88%), reasonable restaurant/bar price (56%), (60%), get what they paid for (62%), (80%) happy with the quality of service/food they receive comparing the price (80%) and (88%) respectively. while majority (44%) of KR respondents are neutral; on the other hand, majority (66%) of HTI customers agreed that the hotel set reasonable room price; even if the KR customers thought they got what they paid for most of the customers (42%) agree that the price for

service provided are too expensive, while majority (36%) of HTI respondents preferred to be neutral whether the price sated was too expensive.

Table 3: Pricing

No	Items	Frequency and percentage					
		Kuriftu Resort			Hotel Tommy International		
		Agree	Neutral	Disagree	Agree	Neutral	Disagree
1	Accuracy in pricing and billing	68%	30%	2%	88%	12%	-
2	Reasonable restaurant/bar price	56%	30%	14%	60%	36%	4%
3	In the resort I get what I paid for	62%	34%	4%	80%	16%	4%
4	Overall, am happy with quality of services/food items comparing their price	80%	18%	2%	88%	10%	4%
5	Reasonable pricing/room rates	38%	44%	18%	66%	32%	2%
6	The price for services offered are too expensive	42%	34%	24%	32%	36%	32%
7	The amount of the service/food I receive is too small against payment made	26%	24%	50%	26%	38%	36%

Source: Questionnaire: 2011

Besides majority (50%) of the KR customers disagreed that the amount of service/food they receive is too small against payment made; in the contrary majority (38%) of HTI respondents are neutral with the above statement while almost similar numbers (36%) of HTI customer disagreed.

The resort or hotel must be careful, while setting service price since, competitive reaction to price variation both in terms of speed and intensity tend to be more severe than competitive reaction to changes in other elements; furthermore; the right price is one which the customers will be willing to pay. From the above table it's possible to conclude that both Kuriftu Resort and Hotel Tommy International are doing well pertaining to price of service on offer and customers are happy with the quality of service/food comparing its price; even if, they thought the price set for service offered was too expensive. Moreover, price must be reasonable enough to attract and retain the customers to whom the operation is

being marketed. It could also be the clue for customers regarding what to expect since higher price tend to convey higher quality and in the contrary, lower price tend to convey lower quality most of the time.

The managers and owner of resort and hotel gave response for question in the interview pertaining to the price for service comparing to other service providers; accordingly both KR and HTI managers and owners believes that the price for service offered are not expensive perhaps, it is cheap (KR resort owner says the price is reasonable).

Furthermore, in terms of promotional activities (Table 4), majority of both resort/hotels customers agreed that they got advanced and accurate information about service on offer (62%), (38%); accurate information/communication about hotel offering (60%), (86%); excellent/good image of the resort or hotel (96%), (64%), KR and HTI respectively.

Table: 4 Promotional activities

No	Items	Frequency and percentage					
		Kuriftu Resort			Hotel Tommy International		
		Agree	Neutral	Disagree	Agree	Neutral	Disagree
1	Advanced and accurate information about services on offer	62%	26%	12%	78%	18%	4%
2	Accurate information/communication about hotel offerings	60%	32%	8%	86%	12%	2%
3	Over all excellent/ good image of the hotel/resort	96%	4%	-	64%	36%	-
4	Complimentary items/ gift vouchers	20%	38%	42%	30%	34%	36%
5	Offering of customer loyalty program	38%	56%	6%	8%	30%	62%

Source: Questionnaire: 2011

Majority (42%) and (36%) sample respondents of both KR and HTI respectively gave negative response about the complimentary items/gift vouchers provided to them, regarding loyalty program offer in the resort/hotel majority of the KR respondent (56%) are neutral, pertaining to HTI majority (62%) of the customers disagreed that the hotel not offer loyalty program for customers. In the absence of

communication, consumers may not be aware of the service and its potential to satisfy their needs and desires. Therefore, the sellers need to care about promotional activities since it could influence demand and used as mechanism to inform, persuade and remind the prospect or customers. Based on the data obtained about promotional activities at the resort and hotel it is possible to conclude that both KR and HTI are doing not bad. However, this mix is found to be less performed mix of the traditional mixes in each resort and hotels so that, both resort and hotel better need to do more including activities like complimentary items, gifts, loyalty program etc which are of course part of sales promotion to make the customers loyal and keep inform them about their offers. According to the interview conducted with the manager and owner of KR and HTI about the promotional activities they undertake to attract customers to the offer: KR uses; its own website, flight magazines/ *Selamta*/, other magazines like *Rose*, *Hilim*, *what's up*, electronic media: Radio/most of the time, TV, the owner stress on word of mouth communication. Regarding HTI they use newspaper, electronic media: radio, TV ads, brochures, graduation bullet.

Next, with regard to service placement, the same number (82%) of KR and HTI respondents agreed that the resort and hotel provide timely housekeeping service, there is easy staff availability to offer service in both hotel/resort (92%) and (86%) of KR and HTI respectively.

Table 5: Placement/distribution of service

No	Items	Frequency and percentage					
		Kuriftu Resort			Hotel Tommy International		
		Agree	Neutral	Disagree	Agree	Neutral	Disagree
1	Timely housekeeping service	82%	12%	6%	82%	16%	2%
2	Easy staff availability to offer service	92%	2%	6%	86%	14%	-
3	Availability of transport (shuttle) facilities for pick-up and dropping to various places (e.g. airport etc)	36%	62%	2%	40%	16%	44%
4	Convenient resort/hotel location	14%	64%	22%	92%	8%	-
5	Availability of room service	28%	68%	4%	24%	74%	2%

Source: Questionnaire: 2011

Dominant number (62%) of KR customers preferred to be neutral regarding the availability of transport (shuttle) facilities for pick-up and dropping to various places, in the contrary majority (44%) of HTI respondents disagreed with this statement; customers were asked whether the resort and hotel is in the convenient location accordingly (68%) of KR preferred to be neutral and (92%) of HTI agreed that the hotel is in a convenient location; Majority (68%) and (74%) of the KR and HTI; respondents respectively preferred to be neutral up on availability of room service. From the above table one can deduct that both KR and HTI are doing well regarding placement/distribution and it's found to be the second best performed traditional mix preceded by product/service.

Finally, with regard to extended marketing mixes to the service/hotel sector, both resort and hotel staffs are: neat and professionally appealing (96%), (88%), perform service right at the first time (86%), (88%), have willingness to extend the help promptly (90%), (80%); excellent and friendly with the customers (92%), (86%); courteous staff members (94%), (84%); have the ability to instill confidence about the resort service and offerings (84%), (76%); of KR and HTI respectively.

Table 6: People/Staff related factors

No	Items	Frequency and percentage					
		Kuriftu Resort			Hotel Tommy International		
		Agree	Neutral	Disagree	Agree	Neutral	Disagree
1	Neat and professionally appealing staff	96%	4%	-	88%	6%	6%
2	Service performance of the staff right at the first time	86%	10%	4%	88%	12%	-
3	Willingness of staff to extend the help promptly	90%	8%	2%	80%	18%	2%
4	Excellent staff friendliness	92%	8%	-	86%	10%	4%
5	Courteous staff member	94%	6%	-	84%	14%	2%
6	Staff ability to instill confidence about services	84%	16%	-	76%	22%	2%
7	Well-trained and experienced staff	10%	86%	4%	16%	6%	78%
8	Staff with good communication skill	36%	16%	48%	70%	28%	2%
9	Knowledgeable staff to answer customer queries	22%	74%	4%	50%	50%	-
10	Effective problem solving ability of the staff	6%	60%	34%	78%	2%	20%

Source: Questionnaire: 2011

Besides majority (86%) of the KR respondents preferred to be neutral regarding well trained and experienced staff; while (78%) of HTI customers are disagreed; moreover, majority (48%) of the KR customers disagreed that resort have no staff with good communication skill; the reason for such disagreement at the resort may be because majority of resort customers are foreigners; in the contrary majority (70%) of HTI customers agreed that the hotel staff's have good communication skill; regarding staff knowledge to answer customer queries in item 10 of the same table majority (74%), (50%) of KR and HTI respondents respectively preferred to be neutral; pertaining to staff problem solving ability majority (60%) of KR once again preferred to be neutral and (78%) of HTI respondents agreed that the staff have effective problem solving ability.

The people employed in the organization will determine the quality of service the customers receive; happy, skilled and motivated staffs make happy customers. Furthermore, nobody denies the importance of first impression accordingly Front line staff can became sale people for the resort or hotels. Staff members delivering the service, rather than the service itself, communicated the spirit, value, and attitudes of the service organization. From the above data we can say that the resort and hotel have neat, prompt, friendly and courteous staff. Nevertheless, the staff's are not well trained, experienced, have good communication skill either. Even if, it is often challenging to recruit staff with the sets of skills, and it may often be a considerable challenge to find staff comfortable and competent in both areas; the organizations are expected to do more since; people are vital elements of the marketing mix and able to influence each customer perception and satisfaction with the service.

Related to process component of service marketing-mix, the respondents gave their response regarding processes in the resort and hotel accordingly, majority (36%) of KR respondent preferred to be neutral about resort online reservation, international calling facilities, hotel website, acceptance of payment cards/high-tech hotel/ while, (40%) of HTI customers disagreed with this statement. Majority (66%) of KR respondent disagreed that the resort gave quick check-in and check-out whereas, majority (82%) of HTI customers preferred to be neutral.

Furthermore, majority (70%), (88%) of KR and HTI customers gave negative response about the staff who perform the service at the time they promised/stated, the final item in table 7 deals about service promptness related to room/lounge delivery of item, accordingly majority of both resort and hotel agreed that the resort/hotel provide prompt service to rooms/lounge items; (76%), (68%) and listen customers complains carefully (72%), (84%);KR and HTI respectively.

Table 7: Process component

No	Items	Frequency and percentage					
		Kuriftu Resort			Hotel Tommy International		
		Agree	Neutral	Disagree	Agree	Neutral	Disagree
1	High-tech hotel (e.g. online reservation, international calling facilities, hotel website, acceptance of payment cards etc.)	30%	36%	34%	26%	34%	40%
2	Quick check-in and check-out processes	20%	14%	66%	18%	82%	-
3	Staff performing the service at the time they promised/ stated	8%	22%	70%	12%	-	88%
4	Prompt service to room/ lounge delivery of item	76%	20%	4%	68%	30%	2%
5	Listening carefully to customer's complaints	72%	22%	6%	84%	14%	2%

Source: Questionnaire: 2011

The process; involved in delivering service to the customer like keep promise to the customers; have an impact on the way in which the customers perceive the resort or hotel. From the above data we can infer that both resort and hotels are poor in undertaking service processes and this extended mix /process/ is found to be list performed than any of the remaining mixes.

Additionally, with respect to physical evidence; majority of both resort and hotels agreed that there are comfortable and good looking furniture/bedding (94%), (94%), appealing interior/exterior hotel décor (98%), (96%), attractive lobby (82%), (98%), clean rooms (100%), (100%), Spaciousness of rooms (100%), (92%), hygienic bath rooms/toilets (98%), (88%), availability of room items like air conditioner, light bulb (62%), (68%), provision of entertainment/recreation (60%)

and (62%), high room/luggage security (72%), 68%) in KR and HTI respectively. Majority of KR (46%) of the respondents gave negative response about the availability and workability of in-room technologies like telephone, voice mail, on demand video, television, internet as per HTI majority (50%) of the respondents preferred to be neutral.

Table 8: Physical Evidence

No	Items	Frequency and percentage					
		Kuriftu Resort			Hotel Tommy International		
		Agree	Neutral	Disagree	Agree	Neutral	Disagree
1	Comfortable and good looking furniture/bedding	94%	4%	2%	96%	4%	-
2	Appealing interior/exterior hotel décor	98%	-	2%	94%	4%	2%
3	Attractive lobby	82%	18%	-	98%	2%	-
4	Cleanliness of rooms	100%	-	-	100%	-	-
5	Spaciousness of rooms	100%	-	-	92%	8%	-
6	Hygienic bath rooms/toilets	98%	2%	-	88%	10%	2%
7	Room items in working condition (e.g. air conditioner, light bulb etc.)	62%	22%	16%	68%	28%	4%
8	Provision of entertainment/ recreation	60%	38%	2%	62%	30%	8%
9	High room/luggage security	72%	24%	4%	68%	30%	2%
10	In-room technologies for communication and entertainment (e.g. telephone, voice mail, on demand video, television, internet etc.)	34%	20%	46%	28%	50%	22%
11	Provision of facilities for children (play ground, swimming pool etc.)	26%	32%	42%	28%	56%	16%

Source: Questionnaire: 2011

Finally, majority (42%) of KR customers disagreed about provision facilities for children like play ground, swimming pool etc, regarding HTI majority (56%) of the respondents preferred to be neutral.

The image that the resort or hotel show through its physical presence: like the appearance of its staff, vehicle, its surrounding are the main things that the customers likely to assess next to the service offered. All members of the family

(husband, wife, and children) were greatly involved in all three decision stages (problem recognition, search for information and final selection) Szybillo and Sosanie (1977); moreover, Kids today are customers, buyers, spenders, shoppers, consumers (McNeal 1992); So that, the resort/hotel must inculcate child while thinking to offer service. Based on the above data it's possible to conclude that both resort and hotels did well and this mix/people is performed well except in-room technologies and facilities for children which is poorly performed. This time Lack of Facilities for children could be a great disadvantage since parents are becoming child conscious due to media effect and some other reasons so that both resort and hotel must give a solution soon.

Specific to psychological factors, majority of both resort and hotels disagreed that the resort and hotel provide special attention to the customers (84%), (82%), have customer best interest at heart (70%), (74%), understanding their requirement (64%), (82%) of KR and HTI respectively.

Table 9: Psychological factors

No	Items	Frequency and percentage					
		Kuriftu Resort			Hotel Tommy International		
		Agree	Neutral	Disagree	Agree	Neutral	Disagree
1	Resort provide special attention to the customers	4%	12%	84%	8%	10%	82%
2	Resort/ hotel to have customers' best interest at heart	28%	2%	70%	4%	22%	74%
3	Understanding the customers' requirement	6%	30%	64%	18%	-	82%
4	Easy recognition of the (regular) customers	36%	60%	4%	82%	18%	-
5	Comfortable, relaxed and welcome feeling	90%	8%	2%	88%	12%	-

Source: Questionnaire: 2011

Regarding easy recognition of regular customers majority (60%) of KR respondent are neutral that the resort easily recognize (regular) customers; in the contrary majority (82%) of HTI customers agreed that the hotel easily recognize regular customers; according to the final item 5 of the same table the majority of both resort/hotel respondents agreed that the resort/hotel are comfortable, relaxed

and welcoming (90%), (88%); KR and HTI respectively. Since such psychological factors like feeling, recognition, understanding, interest, attention; are difficult to identify the resort or hotel should try its all best to identify and satisfy the customers. From the above information we can deduct that both the resort and hotel are not doing well so that they needs to do a lot regarding such psychological considerations or factors and they need to take in account while delivering the service.

B. Customer Satisfaction

Table 10, as given below reveals the level of satisfaction that the customers of both of the firms are maintaining with respect to various areas addressing hotel services. Majority of both resort and hotels satisfied with Sanitation and cleanliness of the resort and its surroundings (98%), (98%), Availability of parking space (52%), (84%), Ventilation (60%), Arrangement of dinning/ restaurant facilities (94%), (78%), Security and safety (76%), (98%), Cleanliness and comfort with mattress/pillow/bed sheet and covers (94%), (94%), Choice of menus/ buffet/ beverage and wines in the restaurant and bar (76%), (70%), Staff service (90%), (92%), Variety of service on offer (80%), (78%), Over all quality of service (88%), (92%), Quality of food and beverage (82%), (90%), Resort's physical appearance (98%), (90%) of KR and HTI respectively; on the other hand, majority (48%) KR customers dissatisfied with the resort high-tech environment and facilities whereas, majority of HTI respondents preferred to be neutral about it; majority of resort respondent dissatisfied that there is a good customer information service, in the contrary, HTI respondents satisfied that the hotel have customer information service. regarding service charge of the resort and hotel comparing other service providers majority (40%) of the KR customers dissatisfied with the service charges when compared to competitors, while, HTI respondents satisfied with the service charges.

Table 10: Customer satisfaction

No	Items	Frequency and percentage					
		Kuriftu Resort			Hotel Tommy International		
		S	N	DS	S	N	DS
1	Sanitation and cleanliness of the resort and its surroundings	98 %	2%	-	98%	2%	-
2	Availability of parking space	52 %	38 %	10 %	84%	10%	6%
3	Ventilation	60 %	20 %	20 %	84%	12%	4%
4	Arrangement of dinning/ restaurant facilities	94 %	6%	-	78%	20%	2%
5	Security and safety at the resort/hotel	76 %	24 %	-	98%	2%	-
6	Cleanliness and comfort with mattress/pillow/bed sheet and covers	94 %	4%	2%	94%	6%	-
7	Choice of menus/ buffet/ beverage and wines in the restaurant and bar	76 %	14 %	10 %	70%	28%	2%
8	Staff service	90 %	8%	2%	92%	8%	-
9	Variety of service on offer	80 %	20 %	-	78%	18%	4%
10	Over all quality of service	88 %	12 %	-	92%	8%	-
11	Quality of food and beverage	82 %	10 %	8%	90%	10%	-
12	Resort's physical appearance	98 %	-	2%	90%	10%	-
13	High-tech environment and facilities	30 %	22 %	48 %	34%	54%	12%
14	Customer information service	4%	32 %	64 %	82%	16%	2%
15	Service charge comparing others resort/hotel	26 %	34 %	40 %	78%	22%	-
16	Overall, I am satisfied with the service offerings of the resort/hotel	94 %	4%	2%	90%	10%	-

Source: Questionnaire: 2011

Note: S=Satisfied; N=Neutral; DS=Dissatisfied

The final item of the table deals with customers overall satisfaction of service offers accordingly; majority of both resort and hotel are satisfied (94%), (90%) respectively. Since, customer satisfaction is important means for the resort or

hotel in creating competitive advantage and customer loyalty the organization have to be careful while providing service to keep satisfying the customers. From the above table we can infer that the customers of both resort and hotels are satisfied with the service offerings. Though, the resort and hotel need to improve the technological facilities, the information service and service price as well in which the customers are not satisfied with.

D. Responses obtained through interviews (conducted with the managers and owners)

Here are the detail of the interview conducted with the owner and manager of both the resort and hotel. Accordingly, KR has the marketing department having its own salesman, strategy, and budget. Regarding HTI has no marketing department to promote hotel related activities; regarding the quality of service delivery KR provide best quality service (marketing manager) and excellent service (the owner). According to HTI they offer very good service especially, their roasted chicken; grasps so many customer from every corner of the country.

According to the owner and manager of the KR and HTI the following are factors that determine quality service in the resort or hotel business KR: it depends on the accurate performance of every staffs in the resort starting from security to top management and also depends on knowing or understanding what the customers need or want (according to marketing manager); educated manpower in the field, anticipating what the customer want, having young staff member, ready before customer ask (according to owner); regarding HTI supply, educated manpower in the area, water and 24/7 water and electric presence.

Following are reported as the challenges facing the resort and/or hotel and management therein; KR competition, employee's turnover (owner); bad internet connection, lack of educated manpower (marketing manager); HTI lack of educated manpower. Internet services are the main factor that KR customers mostly complain about (according to the marketing manager); limited number of rooms, road while constructed (owner); HTI lack of water in rooms.

The biggest challenge to the resort and hotel according to KR: inadequate promotional activities in the country, number of tourists are not as expected (according to the marketing manager); finding out what the customer want/really demand, meeting the customers expectation, proofing the resort is there for them (owner); HTI see treating all human personalities as a challenge, when some accidental damages appear the customers may not want to pay full or half of the damage.

4.3 Findings

In this section the researcher lists the findings of the study associated with the Kuriftu Resort and Hotel Tommy International located in Debre Zeit/Bishoftu town. The general objective of the study was to find out the challenges of service marketing practices the case of Kuriftu Resort and Hotel Tommy International. Since similar research were not conducted before regarding the topic in Ethiopian context this study is believed to be very important and it paved the way to undertake further research in this area.

➤ Variety of recreational facilities/ services, basic products/services like tooth paste, soap, towels, laundry, restaurant, bar, quality food in the restaurant are available, mattress, pillow, bed sheet and bed covers are Comfortable, clean and attractive, and the rooms are quite. The customers do think the resort/hotel do not provide the international cuisine well, moreover, the price for the service offered is too expensive. According to the interview "Aside from the above mentioned services resort/hotels have other facilities: Accommodation: food and beverage /bar and restaurant/, room: bed, conference hall, spa service: massage, sauna, steam, pedicure, manicure, beauty salon, Sport: gym, swimming pool, kayak, entertainments: movie theatre, shop, European and cultural dish, cafe, beauty salon both for men and woman.

➤ Resort/hotel are Accuracy in pricing and billing, restaurant/bar price is Reasonable, most customers thought they get what I paid for, almost all customers are happy with quality of services/food items comparing its price, customers believe the price for service offered is too expensive, the amount of the

service/food customers receive is not too small against payment made. According to the interview in addition to the above mentioned findings: the price for service offered is not expensive perhaps, it is cheap and reasonable.

➤ Resort/hotel provide advanced and accurate information/communication about services on offer, have excellent/ good image. On the other hand resort/hotel does not provide Complimentary items/ gift vouchers and customer loyalty program. According to the interview the promotional activities the resort/hotel undertake to attract customers to the offer include own website, flight magazines/ Selamta/, other magazines like Rose, Hilim, what's out, electronic media: Radio, TV; word of mouth communication, brochures, and graduation bullet.

➤ The resort/hotel provides timely housekeeping and room service, staffs are easily availability to offer service, and resort/hotel location is convenient. Transport (shuttle) facilities for pick-up and dropping to various places are not available; however, shuttle service as the researcher personally observe.

➤ Resort/hotel staff are Courteous, Neat and professionally appealing, perform Service right at the first time, Willing to extend the help promptly, friendly with the customer, instil confidence in customers about the resort /hotel services and offerings, Knowledgeable to answer customer queries, solve problem effectively. However, Staff are not well trained, experienced and have no good communication skill.

➤ Resort/hotel provides Prompt service to room/ lounge delivery and Listening carefully to customer's complaints. What ever, the reason may be the resort/hotel are not High-tech, customers do not get Quick check-in and check-out service and Staff do not perform the service at the time they promised/ stated.

➤ Resort/hotel have comfortable and good looking furniture/bedding, appealing interior/exterior decor, attractive lobby, clean and spacious of rooms, hygienic bath rooms/toilets, room items in working condition like air conditioner, light bulb, Provide entertainment/ recreation, high room/luggage security. On

the other hand In-room technologies for communication and entertainment, facilities for children are not available.

- Resort/hotel easily recognition regular customers and make customers feel relaxed Comfortable, relaxed and welcomed. In the contrary the resort/hotel do not provide special attention to the customers, have no customers' best interest at heart, do not understand the customers' requirement.
- Customers are satisfied with the resort/hotel Sanitation and cleanliness, its surroundings, availability of parking space, ventilation, arrangement of dinning/ restaurant facilities, security and safety, cleanliness and comfort with mattress/pillow/bed sheet and covers, choice of menus/ buffet/ beverage and wines in the restaurant and bar, staff service, variety of service on offer, over all quality of service, quality of food and beverage, physical appearance, and overall, service offerings.
- The resort/hotel provides best quality, excellent and good service. Accurate performance of every staffs starting from security to top management, knowing or understanding what the customers need or want, educated manpower in the field, anticipating what the customer want /ready before customer ask/, having young staff member, supply, and 24/7 water and electric presence are factors that determine quality service in the resort/hotel business.
- Competition, employee's turnover, bad internet connection and lack of educated manpower are challenges facing the resort/hotel and managers there in.
- Internet services, accidental absence of water in rooms and limited number of rooms are the main factor that customers mostly complain about.
- Inadequate promotional activities in the country, unexpected number of tourists, finding out what the customer want/really demand, meeting the customers expectation, proofing the resort/hotel is there for them, treating all human personalities and unwillingness of customers to pay full or half of the damage when some accidental damages appear in room are the biggest challenge to the resort and hotel.

CHAPTER FIVE

Conclusion and Recommendations

This chapter presents the conclusion drawn from the study in the light of stated research objectives, and forwards some recommendations for various stakeholders.

5.1 Conclusion

Service businesses have been growing rapidly in recent decades; at the same time customer demand for high quality service is increasing hence, satisfying them became difficult. In the service sector of increasing competition, technological development, flexible customers need and globalization, service marketing is increasingly complex. Therefore, Continuous improvement and best practice in service sector is increasingly difficult for companies to achieve. However, to stay competitive and became profitable the resort/hotel needs to identify the challenges facing the service, the level of service they offered and extent of customer's satisfaction. In this paper data collected by using questionnaire and interview sessions were aimed to identify the challenges facing the (hotel) service marketing, level of service quality and extent of customer satisfaction specific to Kuriftu resort and Hotel Tommy International.

The section below provides conclusion related to the general challenges facing the organizations specifically to develop an effective marketing-mix and maintaining their customers satisfied. Finally, attempt has been made to see the findings in the context of stated research objectives.

➤ **Product/service**

The resort/hotel provide varieties of service to the customers; that is, customers are provided with different facilities (sauna bath, gym)/ recreational facilities/ services, basic products (soap, restaurant and bar), comfortable bedding with quite room; other than food and something to drink. Further more, they got quality food in the restaurant. Both local and foreign customers who want to be served international cuisine do not get what they want in the resort/hotel. This mix service/product offered (67%) is found to be the second best performed mix preceded by physical evidence.

➤ **Price**

The resort/hotel are accurate in pricing and billing services and the customers get what they paid for, the service/food they receive wasn't small against payment made as result, restaurant and bar price are reasonable. The price tag is acceptable With respect to quality of service/food items however, customers have no full confidence about the price is not too expensive. This result showed that although acceptance of customers towards price of service offered was reasonable, they still thought the price was too expensive; it seems they are in need of relatively equal service with the same quality but reasonable price.

➤ **Promotion**

In The service marketplace there are large numbers of service suppliers trying to reach a variety of both local and foreign tourist. They do target the tourists directly; develop positive messages about their service/product through promotion channels. In the resort/hotel Customer got accurate and advanced information about service on offer hence the resort/hotel have good/excellent image; however, the resort/hotel are do not provide customers gift vouchers or complimentary items and loyalty program which are part of sales promotion as a result this mix was the list performing mix than any of the traditional mixes. The resort/hotel less probably retains and satisfies customers since they do not provide loyalty program. The goal of loyalty programs (enhanced services or price discounts) is to establish a higher level of customer retention in profitable segments by providing increased satisfaction and value to certain customers; as a result, the resort/hotel loss the chance to create long-term positive relationship with the customer.

➤ **Placement**

The resort/hotel provides timely housekeeping service, and staffs are easily available to offer service; the customers are not aware of whether the shuttle/transportation service and room service was available or not. Resort/hotel Location is a critical consideration because it is important that the location be visible, accessible, convenient and attractive to customers. Regarding

the resort/hotel it is in the convenience place. Customers see the lodging facility and surrounding area Access and visibility, next to the quality of the facility, services, facilities, and nearby attractions. Transportation to the place where most guests originate may be particularly important for resort hotels. Since it provides the essential link between tourist/local visitors and destination areas and, facilitates the movement the resort/hotel customers.

➤ **People**

Resort/hotel staffs are neat, professionally appealing, provide help promptly, friendly with customers, polite, built confidence about the resort/hotel services, knowledgeable to answer customer quires, and have effective problem solving ability. However, they are not well trained/experienced and have no good communication skill.

➤ **Process**

The resort/hotel provides prompt room delivery and listen complaints carefully; nevertheless, Customer do not believe that the resort/hotel are high tech; the contribution of information technology in resort/hotel service is prominent. It enables any one from anywhere to have an easy access to the resort/hotel service providers; a visitor/customer can access an information about the kind of resort/hotels at the destination, their ranges of product, the price and other relevant information sitting on his/her office chair. They are also need to relax with the videos and television entertainment programs, which nowadays are part of resort/hotel services. They have boring check-in and check-out process and the staffs do not offer the service at the time they promised. Hence, the process is found to be the list performed extended mix in the resort/hotel.

➤ **Physical evidence**

The resort/hotel have good looking/comfortable furniture/bedding, appealing interior/exterior décor, attractive lobby, spacious room, hygienic bath room/toilet, room with air conditioning, light bulb, recreation facility, room/luggage security. In the contrary the resort/hotel are not equipped with in-room technologies for entertainment and communication which are fundamental

expectation of guests/customer visiting almost any star resort/hotel. While the customers are in the resort/hotel they could get information about their personal business, family or other information. They are also needs to relax with the videos and television entertainment programs. Moreover, they gave less emphasis for children by providing no facilities for children; who greatly involved in all three decision stages (problem recognition, search for information and final selection) along with their parents. In addition, Kids today are customers, buyers, spenders, shoppers, consumers The results revealed that this extended mix is done well (75.5%) by the resort/hotel as a result it's found to be the first best mix than any of the marketing mixes.

➤ **Psychological factors**

The resort/hotel does recognize the regular customers easily, and create relaxed, welcome and comfortable feeling on the customers. However, they do not provide special attention to the customers, have no customer best interest at heart and do not understand the customer requirements. This will probably create chance for the competitors to theft customers and customers to be dissatisfied.

➤ **Customer satisfaction**

Customers are satisfied with the overall service offering of the resort except high tech environment and customer information system. Since satisfied customers probably recommend the service they get from the resort/hotel it result in an increase in number of customers. Customers experiencing poor service are likely to tell other people about their experience which a bad advertisement for the resort/hotel.

However, with respect to the stated research objectives, following can be concluded:

Objective 1: Identify various challenges facing service sector, specific to Kuriftu resort and Tommy international hotel:

- *Challenge relate to the product/service offered:* Customers are demanding both local/international cuisines; however, the resort/hotel does not provide the international cuisine.

- *Challenge related to pricing service:* Price falling above the upper limit can cause the service to be judge as being too expensive. As a result, the resort/hotel price judged as being too expensive not fair or reasonably by the customers.
- *Challenges related to promotion:* Regular customers probably expect enhanced services or price discounts (Loyalty program) which became an easy way to retains and satisfies customers and Complimentary items/ gift vouchers. However, the resort/hotel does not provide it. The resort/hotel do not inform the customers that; their is a transportation/shuttle facility as a result most (39%) the respondents reply that their is no transport service.
- *Challenge related to placement:* Ever customers do not have its own vehicle to move from home to resort/hotel and visa versa. Nevertheless, the resort/hotel customers know that such transport (shuttle) facilities for pick-up and dropping to various places is not available.
- *Challenges related to people:* Providing quality service need trained staff who can effectively communicate the offering to the customer. Yet staff are not well trained, experienced and have no good communication skill; as a result they cannot provide the service well and have good interaction with the customers.
- *Challenges related to process:* The customers are eager about technological environment in the resort/hotel for different purpose; though, the resort/hotels are not High-tech. Customers do not west time while they check-in and check-out; however, the resort/hotel took long for such activity. Everyone needs timely service; in the contrary resort/hotel staffs do not perform the service at the time they promised.
- *Challenges related to physical evidence:* Customers increasingly need telephone, voice mail, on demand video, television, internet In-room technologies in general for communication and entertainment which the resort/hotel do not offer satisfactorily. Children's became influencing parents decision making and parents became child conscious nevertheless, the resort/hotel do not provide enough space or play ground for children's.

- *Challenges related to psychological factors:* Psychological factors are internal or cannot easily identify like providing special attention to customers and have best interest of them at heart this create great challenge for the service providers.

Objective 2: Determine the level of service quality.

The resort/hotel provide quality service KR (54.6%) HTI (56.6%), according to the responses obtained from the customers; however, the services are reported to be excellent by the resort/hotel-staff.

Objective 3: Examine the extent of customer satisfaction with services delivered. Customers are satisfied by the service offered as can be judged by their responses (75.5%), in both the cases.

Objective 4: Describe the relative impact of the challenges faced in determining the overall level of service quality and associated customer satisfaction.

The service challenges have relatively less impact on the service quality and customer satisfaction, since the respondents agreed that they are pretty satisfied with services being offered.

5.2. Recommendations

The purpose of this study was to identify the challenges facing service marketing, level of service quality and extent of customer satisfaction; to help resort/hotel owners/managers tackle their challenges, improve their service quality and level of customer satisfaction. Therefore, keeping the findings in mind and overall conclusion drawn from the study, following recommendations can be forwarded to different stakeholders.

*** Marketing mix has to be reviewed constantly in order to meet the changing requirements of the customers:**

The marketing manager/general manager is required to constantly assess the every mixes applicability and conditions of the market, and make necessary changes in on them according to changes in the conditions and nature of the resort/hotel market.

*** The intangible service need to transform to tangible benefit to make customers easily evaluate the service**

In order to eliminate their challenge or weakness both resort/hotel must be able to transform the intangible service in to concrete benefit to make this: employees should be good in interaction, acquire knowledge of the service and the customers; the company should be equipped with the latest equipment that help the employees to provide speedy and quality service and customers enjoy their stay; hence, the customers will get satisfied.

*** There should be research and development department at the resort/hotel to cope up with ever changing service environment**

There should be research and development department to find out the service challenges which are of course differ their characteristics through time and for tackling service challenges and for the over all enrichment of the resort/hotel business.

*** The resort/hotel staffs need to be trained and have good communication skills**

The resort/hotel is constantly challenged with the need for delivering high-quality customer service for its guests. A key element in this challenge lies in the quality of employees. As a result, resort/hotel should train their employees to increase guest satisfaction. They need to evaluate the level of their employee's performance to improve and develop training program for staff so that, they can give better service to guests. In other ward the resort/hotel should invest time to train their employees in order to decrease turnover costs and motivate their employees. Further more, the resort/Hotels should train staffs with fluent foreign languages skills to effectively communicate with customers.

*** The price for service offered should be reasonably fair and affordable**

Since both the price below the lower limit can make the service to be judge as being less quality and price above the upper limit in the contrary can cause the service to be judge as being too expensive, the resort/hotel must set the price which is fair and affordable. In addition; a collection of benefit or service, superior location, status of property influence customers satisfaction of value than price the resort/hotel managers need to set the price which the service buyer is willing to pay.

*** As service establishment the resort/hotel have to provide both local and international cuisines for either of foreign or local customers**

It is important to know the needs and wants of customers to best satisfy them before offering service. Since the resort/hotel probability to host foreign tourists who never try or want to try local cuisines is high besides to satisfy those local tourists who to try foreign cuisine the resort/hotel must offer international cuisine.

*** The check-in and check-out process must be quick enough or on time for customers**

The waiting time for the customer to check-in and check-out must be acceptable not boring and the staffs should offer the service at the time they promised.

*** The resort/hotels need to understand the customer's psychology**

The service providers have to know the psychology of how customer's think, feel, motivate, and select between different service alternative, how the customer are influenced by his/her environment before they develop or provide their offer.

*** The resort/hotel need to have had the facilities for children**

As a member of the family children do involve in decisions like: problem recognition, search for information and final selecting. In addition, Kids today are customers, buyers, spenders, shoppers, consumers. So that the resort/hotel must inculcate children's facility or play ground; while thinking to offer service or develop a service offer.

Finally, certain recommendations also are forwarded from the context of further research studies to be undertaken to check and apply the results of this study by including other resort/ hotels in different town. As a result, research in resort/hotel business would contribute to overall improvement of service sector in our country. In other words, it is recommended that further studies are to be conducted using a more representative sample so that the findings can be generalized to the entire Ethiopian service sector. The findings in this study only indicate trends in the discussion on two resort/hotel service marketing challenges –hence there is a need for more representative studies.

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Appendix (A)

Questionnaire for the customers to evaluate service quality and satisfaction

Dear respondent,

My name is Henok Abera, MA (Marketing Management) graduating student of Addis Ababa University. The purpose of this questionnaire is to know the service quality and customer satisfaction associated with the resort. Your responses will be kept in strict confidentiality. And, I thank you very much in advance.

Please Note: Kindly put 'X' on the option that best describes you.

Section I: Demographic profile.

Nationality: *Ethiopian* ☐ *Other (pl. specify)* _____

Gender: Male ☐ Female ☐

Age (in years): below 20 ☐ 20-30 ☐ 30-40 ☐ 40-50 ☐ over 50 ☐

Education: Certificate ☐ Diploma ☐ Degree ☐ Masters & above ☐

Occupation: *Student* ☐ *Businessman* ☐ *Government Employee* ☐

Non-governmental worker ☐ *tired* ☐ *her* _____

Section II: Service Quality. Kindly express your level of agreement with the following parameters of service quality in the context of resort/hotel (by placing 'X' mark).

Variables	Agree	Neutral	Disagree
Comfortable and good looking furniture/bedding			
Appealing interior/exterior hotel décor			
Attractive lobby			
Cleanliness of rooms			
Spaciousness of rooms			
Hygienic bathrooms/toilets			
Convenient resort/hotel location			
Neat and professionally appearing staff			
Availability of other facilities (e.g. swimming pool, sauna bath, gym etc.)			
Complimentary items/gift vouchers			
Availability of different restaurants (offering national & international cuisines)			
Overall excellent/good image of the hotel			
Service performance of the staff right at the first time			
Staff performing the services at the time they promised/stated			
Well-trained and Experienced staff			
Staff with good communication skills			
Accuracy in pricing and billing			
Advanced and Accurate information about services on offer			

Section III: Customer Satisfaction. Kindly mark as to how much satisfied are you with the following (by placing 'X' mark).

Items	Satisfied	Neutral	Dissatisfied
Sanitation and cleanliness of the resort and its surroundings			
Availability of parking space			
Ventilation			
Customer information service			
Arrangement of dining/restaurant facilities			
Security and safety at the resort			
Cleanliness and comfort with mattress/pillow/bed sheet and covers			
Choice of menus/buffet/beverage and wines in the restaurant and bar			
Staff service			
Variety of service on offer			
Overall quality of service			
Quality of food and beverages			
Service charges comparing others resorts			
High-tech environment and facilities			
Resort's physical appearance			

Appendix (B)

Addis Ababa University, Department of Business Education

Interview prepared for the Owner/Marketing Manager of the resort/hotel

The aim of this interview is to know the challenges facing marketers in the hotel industry.
In advance, I Thank you very much.

1. How do you define/see your service in the context of competitive hotel industry?
2. Do you have a marketing department/unit to promote hotel related activities?
3. What kinds of services are on offer through your resort?
4. How do you think about the quality of service delivery in the resort?
5. What are the factors do you think determine quality service in hotel business?
6. What are the challenges facing the resorts and the managers therein?
7. Usually, what are the factors/areas of service delivery customers complain about?
8. What kind(s) of promotion(s) the hotel/resort use to attract customers to the offerings?
9. How do you see your price for the services on offer in comparison with others?
10. Finally, what do you think is the biggest challenge to your (resort/hotel) business?

Any other comments:

Declaration

I, Henok Abera declare that this research in titled "*Challenges of service marketing practices: The case of Kuriftu resort and Hotel Tommy International in Bishoftu town*" is the result of my own effort and all data used have been acknowledged. I have done it independently except the guidance and suggestion of the research advisor. This study has not submitted for any degree in this or any other universities.

By: Henok Abera (GSR/1200/02)

Signature:  _____

Date: 27/05/2011