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**ADDIS ABABA UNIVERSITY
COLLEGE OF DEVELOPMENT STUDIES
CENTER FOR ENVIRONMENT AND DEVELOPMENT
TOURISM DEVELOPMENT AND MANAGEMENT PROGRAM**

**CHALLENGES OF LOCALIZING ETHIOPIAN HOTELS DURING
GLOBAL CRISIS OF COVID-19: LOCAL CUSTOMERS' PERCEPTION ON
ACCESSIBILITY AND AFFORDABILITY**

**A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY COLLEGE OF
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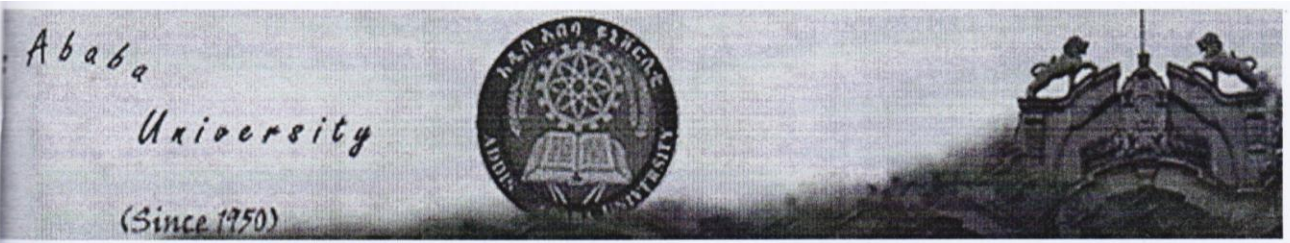
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This is to certify that the thesis conducted by Local customers' perception on Affordability and Accessibility of Four and Five star-rated hotel services. In Submitted in partial fulfillment of the requirements for the Degree of Masters of Arts in Tourism Development and Management fulfills with the regulation of the University

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Abstract

The tourism industry is extensive and growing; among those hospitality sector is the one and leading the world economy. Despite the fact that the hotel sector plays a significant role in economic growth as well as development, it also faces challenges and shortage of customers during crisis periods. To minimize the crisis the hoteliers must have alternative strategies like preparing services which are afforded by local customers and increase them. In the context of Ethiopia, studies are not conducted to examine the nexus between local customers' affordability and accessibility towards three, four and five star-rated hotels and hotel industry development. Therefore, this research was aimed to assess the perception of local customers' on accessibility and affordability towards four and five star-rated hotels during Covid-19 related crisis in Addis Ababa by using descriptive survey research design. Primary quantitative and qualitative data was collected through questionnaires; interview and observation and non-probability (Purposive) and convenience sampling method were applied. Qualitative data were analyzed through descriptive statistics, whereas quantitative data were analyzed via thematic analysis. Finding indicates that three, four and five star-rated hotels business in Addis Ababa are one sided; focused on international tourists; hoteliers lost international tourists due to Covid-19 crisis; local customers are not hoteliers' target; local customers' accessibility is highly influenced by perception, price and protocol unaffordability; most of three, four and five star-rated hotels' services are not affordable to local customers. However, unaffordable services of three, four and five star-rated hotel; local customers low level of income and perception; lack of government support to hoteliers; absence of hotels' and government regulation were the critical barriers to lack of local customers' accessibility and affordability of hotel services. Therefore, using local customers as alternative market for star-rated hotels in Addis Ababa are still at the infant stage. Five, four and three star-rated hotels tried to invite few local customers temporarily during covid-19 crisis but not as sustainable alternative. Finally, recommendations were provided for hotel managers and owners, government, and other concerned bodies to enhance local customers' perception, accessibility and affordability of four and five star rated hotels.

Key word: accessibility, affordability, challenges, hotel sector, local customer, perception

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Acronyms

AAA- American Automobile Association

AD- Anno Domini

AU- Africa Union

CD- Compact Disk

COVID-19- Corona Virus Infection Disease of 2019

MERS- Middle East Respiratory Syndrome

Mo CT- Ministry of Culture and Tourism

SARS- Sevier Acute Respiratory Syndrome

TV- Television

VCR– Video Cassette Recorder

WTO- World Tourism Organization

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the study

In many developing countries including Ethiopia, tourism is mainly focused on attracting international tourists rather than local customers, perhaps attributed to generating foreign currency, price affordability, image building and other factors. According to Forbes *et al.*, (2014) international tourism is highly influenced by global trends like economic crisis, political conditions and global pandemics diseases like the present day Covid-19 global crises. In this regard, Maria et al stated that “the COVID-19 crisis has led to international distortions for the hospitality industry”(Maria *et al.*, 2020: 234).The COVID-19 has resulted in unexpected restrictions on international flights and reduced the number of international tourists’ globally including Ethiopia. This current pandemic has alarmed all concerned bodies that tourism activities solely based on international tourists may not always be sustainable. Especially Ethiopian hoteliers that there business is mainly linked with the arrival of international tourists. This necessitates for the need to look for alternatives. One best option is to shift towards attracting local customers and use them as another alternative that helps the survival and sustainability of hotels industry.

Nonetheless, local customers may find it difficult to access three, four and five star-rated hotels due to reasons related to cost affordability. Besides, the little attention given to local customers’ food and beverage interests may minimize the accessibility of star-rated hotels local customers to get services in them. The increased number of supplier services accessible to local customers helped the ensure profitability of the supplier (hoteliers) which in turn help them to be competitive in the growing tourism market world. Hence, it is the crucial means of success for the hospitality industry.

According to Mukhles (2017), tourist’s selection of a hotel is based on quality service, price, security and other variables. As one of criteria for the choice of a hotel by local customers, balancing three, four and five star-rated hotels’ service price could change local customers’ perception and increase their affordability and accessibility in hotels. The service types should

also consider the interests of local customers' as most of three, four and five star-rated hotels services and protocols are designed to meet the needs of international tourists'. Tourists' perception of service quality is, explained by the degree and direction of discrepancy between tourists' service perception and expectation (Mukhles, 2017). The understanding of local customers' perception enables hoteliers to give the service expected by the local customers. This enables them to generate better benefits and income. These benefits and incomes were achieved on a continuous basis through increasing the satisfactions of local customers, enhancing business image, creating local customers' loyalty, and changing the attitude of local customers' about three, four and five star-rated hotels. However, missing the needs of local customers' with respect to price; demand for foods and drinks leads to dissatisfaction. This in turn affects the accessibility of local customers' of three, four and five star-rated and may lead to have a negative perception which highly affects the sector.

As the result of this pandemic crisis, three, four and five star-rated hotels faced shortage of customers as international flights and meetings have been cancelled and hence they are challenging with financial crises. The solution to survive through this difficult time is changing the perception of local customers by increase their affordability and accessibility through balancing service prices. If local customers get service more than their expectation in three, four and five star-rated hotels with fair price, the local customers become more satisfied and loyal to the hotel. The accessibility of these three, four and five star-rated hotels makes the perception of local customers being positive in the hotels. However; lack of attention, high service price, information gap (poor marketing) and absence of local services (food and beverages) contributed to unaffordability of three- five star-rated hotels and in turn dissatisfy local customers. Upgrading the local customers' perception through improved affordability and accessibility enables to revive the hotel sector service.

1.2. Statement of the problem

One of the most significant challenges facing tourism suppliers in difficult situations (e.g. COVID-19 pandemic) is providing services to customers as the globally occurring pandemic disease (such as Covid-19 brought various complications which spans from economic, social and political dimensions. The most important impact of this pandemic is its economic influence as countries economic growth is predicted to freeze due to the various restriction measures taken

by governments with direct and indirect impact on the economic activities to contain the spread of the virus. This economic impact is significant primarily in countries whose economic activity is hugely dependent on tourism and import of goods from foreign countries like Ethiopia. Following the spread of the virus throughout the world, countries including Ethiopia have closed their boundaries and hence international flights have been cancelled.

Ethiopia is one of the richest countries in Africa with respect to natural, cultural and historical resources that have huge potential for tourism despite development activities to promote and exploit the potential of the resources is very limited. Recently attempts have been made by the government to furnish the tourism industry so as to enjoy all the benefits of tourism by formulating policies that give attention to the sector; establishing ministry with a mandate of protecting, promoting and utilizing various resources of tourism found in the country; grading various hotels found in the cities and towns of the country in to various level based on their level of quality; promoting infrastructure development in different parts of the country and promoting the sector's potential through different medias'. The country is a diplomatic seat of many countries, different United Nation Organizations, and Addis Ababa is the capital city of Africa where various international and continental conferences and meetings are held. This nature of the country opens the door for ensuring enhanced tourism development as long as attentions have been given by the government and other stakeholders.

However, due to the global pandemic of Covid-19, all international flights made either for visiting or attending meetings and conferences in Ethiopia have been cancelled which left different service giving organizations especially the hotel industry in the country vacant and in turn affect their economy. Most of the three, four and five star-rated hotels in the country in general and Addis Ababa in particular are not studied with respect to the service quality given and price affordability for local customers. However, the delivery of consistently accessible and affordable service is arguably the most vital factors that contribute to the establishment of credibility and reputation of the organizations in the eyes of the public. In addition, accurate and accessible information about the access characteristics of four and five star-rated hotels are lacking.

There are various studies made in hospitality industries for diverse purposes reminiscent of academic fulfillment, governmental and non-governmental office researches, project monitoring

and evaluation and etc. However, all of them have abandoned the subject matter of affordability and accessibility of three, four and five star hotels on the perception of local customers.

Previous research works which have been conducted in Addis Ababa and Ethiopia are documented in (Andargie, 2013; G/Egziabher, 2015 and Shimekitkelkay *et al.*, 2016). These studies focused on international tourists' perception and satisfaction of hotels. However; proven information's with respect to the perception of local customers' to services delivered by the star rated hotel are scanty. G/egziabher (2015) examined the service quality and customers' satisfaction of international tourists in three-star hotels in Addis Ababa, and reported that good service quality has significant and positive effect on customer satisfaction. However, Andargie (2013) and Shimekit Kelkay *et al.* (2016) reported that international tourists are not satisfied by the services offered by star-rated hotels found in Addis Ababa and Nekemete, Oromia region, Ethiopia despite the fact that providing top quality services enhances profitability, improves productivity, spreading positive word-of mouth, increases market share and reduces costs (Sachdev, 2004). Alelign (2013) and Bezuye (2010) also assessed that hotel related services in Ethiopia, but lack deep investigation and research analysis of local customer perception on accessibility and affordability.

Therefore; it is imperative to investigate the perception, affordability and accessibility of local customers' to three, four and five star-rated hotels in Addis Ababa city. The main purposes of this research was to investigate the degree of local customers' perception, accessibility and affordability towards the general service offered by three, four and five star-rated hotels; the feedbacks of local customers' following the services they received and the possible ways of improving the accessibility and affordability of star-rated hotels for local customers thereby their benefits were maximized to the highest levels. As a result, information on how much perception and lack of affordability of service price affect local customers' accessibility, hoteliers profitability, socio-economic benefits of the city and the tourism sector will be gathered which all serves as an information ground to various policy and decision makers to make an informed decision so as to develop the tourism sector.

This study stress the perception of local tourists/customers on accessibility and affordability of three, four and five star-rated hotels to maximize profit and retain good acceptance by the domestic/local tourists so as to ensure sustainable growth in the hotel industry. The higher the

affordable and accessible these star-rated hotels are, the more local tourists are satisfied and hence planned to come back to the hotel and or recommend the hotel to other local tourists who have a plan to visit. Let alone recommending the hotel to other local visitors, affordability and accessibility are also important to extend the duration of stay which is important to maximize profit. Therefore, this study is designed to evaluate the perception of local tourists on accessibility and affordability of three, four and five star-rated hotels in Addis Ababa that could serve as baseline information for generating knowledge by integrating customer service delivery as well as customer satisfaction by using quantitative and qualitative data.

1.3. Research Questions

The study aimed to answer the following questions

- How customers perceive the services offered by three, four and five star-rated hotels?
- Does affordability affect the perception of local customers to get services in three, four and five star-rated hotels in Addis Ababa?
- Does accessibility affects the perception of local customers to use star rated hotels in Addis Ababa?

1.4. Objectives of the Study

1.4.1. General Objective

The general objective of the study was to assess the perception of local customers' on accessibility and affordability of three, four and five star-rated hotel services in Addis Ababa, Ethiopia

1.4.2. Specific Objectives

- To evaluate the perception of local customers towards star-rated hotels' services.
- To examine how affordability affects local customers to get services in three, four and five star rated hotels in Addis Ababa.
- To identify major factors affecting local customers' accessibility to three, four and five star-rated hotels in Addis Ababa.

1.5. Significance of the Study

The study enhanced community's understanding of the value of improving local customers' accessibility and affordability for the survival and sustainability of hotel service industry; sustainable beneficiary of the society and tourism sector. Up grading affordability of local customers increase their accessibility, change their perception and enabled which hotels can profitable and sustain. It alert hoteliers to think two times that one dimensional (international tourist oriented) hotel business is not sustainable and providing local customers included service is necessary. Due to those reasons the local community, the city as well as the country will be directly and indirectly benefited from it.

It serves as a source of reference material for policy developers, researchers who are interested to involve in educational and other related issues. It assists the higher educational centers of governmental and privet universities to understand their role and give more emphasis for local customers by higher institution and introducing new ways of management knowledge for the problem in order to seed good perception by local and national tourists. The paper gives information to the hotness of the issue and serves as initial point for other studies in the area.

In the management aspect the study will give clue for tourism policy makers and other government agencies about the perception of local customers on the general aspect of services they happened to enjoy in the city, thereby they will be able to pinpoint the specific problems that tourism industry and its ways of management solutions to solve the problem. The study inspires government agencies and other organizations to begin necessary measures towards the local customers' accessibility and affordability enhancement. It also creates awareness about how to create collaborative management among the community, privet, non-governmental organizations and all government agencies. It assists tourism management and development sector so as to minimize the impact of low attention to local customers' perception on hotel and tourism industry in general.

1.6. Scope of the Study

Geographically the coverage of the study area focuses on Addis Ababa city which is the capital city of Ethiopia. Addis Ababa city is surrounded by the Oromia Regional State. It consist many star-rated hotels as well as historical and religious tourist attractions.

Based on the issue, the main theme of the paper is restricted on local customers' perception on affordability and accessibility towards the services offered by star-rated hotels in Addis Ababa city. The paper gives attention to assess the services, its impact on local customers' perception, affordability and accessibility, the role of local customers' to survival and sustainability of the hotel sector during Covid-19 pandemic, roles of government bodies and possible management solutions. In this study, the hoteliers at different segment of managerial positions were considered as units of observation and hence are the participant of the research, thereby all the necessary data were collected. They serve as a primary source of data for the study.

1.7. Limitations of the study

This study has various natural limitations. However customers' perceptions are very wide, the researcher uses the only indicators of major variables. But it is believed that the studied variables give good understandings of local customers' perception in Addis Ababa hotels. The future research can add the hotels practices and any variable from operational practices which are not included in this research as comprehensive as possible. Geographically the study is conducted only in those hotels which are found in Addis Ababa and hence lacks a general perception of local customers to the services offered by the star rated hotels found throughout the country. Additionally, the study is conducted on high star-rated hotels (three, four and five) and it is a bit difficult to generalize the result and comparing with other lower rated hotels is unlikely. In this case, to get a comprehensive result it is recommended to undertake further study to generalize local customers, perception in all hotels. Though it is not considered as limitation, in nature, this research is a cross-sectional. So, longitudinal research is also suggested to observe the change of local customers' perception, factors, reasons and barriers on customers and in hotels over a long period.

1.8. Organization of the Thesis

The thesis is organized into six chapters. The first chapter contains the background of the study, statement of the problem, objectives of the study, significance of the study, the scope of the study, limitation of the study and organization of the study. The second chapter presents with the review of related literature. The third chapter addresses about the methodology of the study. The fourth chapter deals with the analysis, presentation of data and interpretation of findings. The fifth chapter of the thesis is comprised by discussion of the main findings and the last chapter, chapter six is the conclusion and recommendations of the study. References and Annexes are also attached at the end part of this study.

1.9. Operational Definition

Local customers: are domestic people who use in a hotel continuously. Local customer's similar terms are domestic customer, national customer and customers who live nearby.

Perception: it is the attitude, understanding or awareness of individual or a group about something. In this context perception indicates the attitude of local customers about hotels' service price affordability and their accessibility to the hotel.

Affordability: is the ability of service price to pay by a person or group. Affordability refers to customers' ability of paying hotel services like beverage, food, bedroom and other prices with happiness and satisfaction. It is one of a factor which limited the accessibility of local customers to the hotel.

Accessibility: it refers user-friendliness in the hotel to get services. In this context accessibility indicates frequent usage and loyalty of local customers' to hotels' services.

Hospitality Sector: it is the combination of the accommodations, services; and food and beverage groupings, which collectively making up the largest segment of the tourism industry. The hospitality is an industry that depends on the availability of leisure time and disposable income.

Tourism Industry: it is the set of industries which facilitate by providing infrastructure and products and services and make possible travelling for different purposes and travelling to places of leisure and business interests; it is all about providing necessary means to assist tourists throughout their travelling.

CHAPTER TWO

2. LITERATURE REVIEW

2.1. Basic Concepts and terminologies

2.1.1. Tourism

When travellers voluntarily travel out of their usual environment and working place to visit another environment or destination is known as tourist. These individuals usually engage in various activities in the new environment, the destinations, regardless of how close or how far this environment (Hall, 2008). Hence, these travellers are visitors, and what they do although visiting another place is considered as tourism.

Tourism defined by different Scholars and institutions in many ways according to their interest, background, and opinions. There is no global agreement on the definition of tourism yet. McIntosh and Goeldner (1986) say that "tourism can be defined as the science, art and business of attracting and transporting visitors, accommodating them, and graciously catering to their needs and wants". They also introduced the notion that tourism is interactive. These authors again defined tourism as "The sum of the phenomena and relationships arising from the interaction of tourists, business suppliers, host governments and host communities in the process of attracting and host in these tourists and other visitors". WTO (1991) defined tourism as "Tourism comprises the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited." Tourism contains the whole activities involved by travellers and the services provided for travellers during travel to destination, at the destination and from the destination. The definitions provided above indicate tourism has various components and elements. Camilleri (2018) identified four basic components of tourism sector: attraction, accommodation, transportation, and ancillary services sales and distribution. The focus of this study is also on the accommodation sector .While studying tourism it is must to insight in to the accommodation sector; as it is the integral part of tourism industry in the destinations (Atul, 2008). The sector of accommodation is a highly disintegrated by its nature. It contains different forms of hospitality

facilities which can be categorized into service (where catering is included) or self-catering establishments; service accommodation includes hotels, bed and breakfasts travel inns, and the like, and self-catering accommodation may include; campsites, caravans and holiday rentals of villas, apartments and chalets, among others (Camilleri, 2018; Walmsley, 2011). Accommodation is also referred as the hospitality sector; it is simply to mean the business of helping people to feel welcome and relaxed and to enjoy themselves. Hospitality sector is the combination of the accommodations, services; and food and beverage groupings, which collectively making up the largest segment of the industry.

2.1.2. Hotel

Hotels are the most dominant and widely recognized service providers for overnight tourists and business travellers (Camilleri, 2018). Hotels categorized based on different variables like size, location, by function, target market, amenities, service level, and form of ownership and industry standards. According to the book entitled “*Ethiopian Hotels Rating Requirement and Classification*” Ethiopian MoCT(2014) hotel is defined as “a commercial establishment which provides rooms in which people can stay, especially travellers and sometimes to permanent residents, and which provides foods, lodging and other services for paying guests, including the general public”(P.2). Furthermore, literally, in Ethiopia hotel is a place where one can afford food, drink and bed, and a place where one takes rest and utilizes a leisure time in payment. Therefore, this study depends on the principle of tourism industry which affirms the hotel sector as integrated part of tourism. In the case of Addis Ababa tourism destination various category of star-rated hotels are available. However, the study limited to mainly the high rated hotels of Addis Ababa.

2.1.3 Hospitality industry and sustainability

The term sustainable development for the first time appeared after the United Nation’s Stockholm Conference on the Human Environment in 1972 (Hsieh & Jeon, 2010). In the context of sustainability, the concept of sustainability performance is an operation and management of resources in manner that leads to the maximization of the economic, social, and environmental benefits (Sloan, Legrand and Chen, 2013). The cordiality business includes numerous view points from hotel and nourishment administration to other tourism sectors. According to

Goeldner (2007), the hospitality industry characterized as the procedures and exercise to give services, also, results customer satisfaction. The buildup hospitality industry needs the cooperation of numerous variables and sectors like hotels, tour and travel agencies and other governmental and non- governmental tourism institutions. The closest people for hotels, lodges and restaurants are more accessible to get services. Hotels can simply attract these local customers and gain profits from them. But customer attraction and satisfaction is always related to excellent hospitality of hotels.

2.2. Classification of Hotels

Studies have shown that the main purpose of hotel grading is protecting consumers through regulatory framework. In the recent years, the focus of the classification system has changed a little bit from protecting to in-forming the customers. Binkley (2004) stated that hotel rating improves service quality through the hotels standardizing their properties in order to compete in local and international markets. Gee (1994) define hotel grading as “an assignment of hotels to a categorical rating according to the type of property, facilities, and amenities offered. The classification system was brought into the hotel industry at a time when it was only a few establishments that strived to provide safe and reliable lodging and food to travelers. Additionally, the system is now being used to market the hotel establishment and also to standardize the industry by various local, state and national governments (Brody, 2009).

According to Su and Sun (2007), hotel rating is needed in order to demonstrate the quality of service that they provide, through certification and rankings. However, the existence of more than 100 official hotel rating systems worldwide confuses customers’ decisions, arising from the reliability and dependability or otherwise of these ratings. Apart from these rankings, online tour operators and travel agencies have their own hotel rating systems on their websites, for facilitating the choice of accommodation by their customers (WTO & IH&RA, 2004). In doing so, they may have negated the hotel standards set by countries and hotels (Del Chiappa, 2013). Confusion is also inevitable if a country has more than one rating system and if the same hotel is rated differently by different rating systems (Daily, 2004). Several attempts were made in many countries, inter-alia, the UK, to find hotel rating systems” which represent the correct indicator of good quality service (Callan, 1992). However, due to varying details on the rating systems this did not take place, making hotel comparisons a futile exercise (Callan, 1992). Hotels essentially

offer a service function, which is only experienced by customers during their stay at the hotel, and this makes the assessment of quality difficult (Ramanathan and Ramanathan, 2013). In order to guide potential guests on the nature of the facilities and services that can be expected from the hotels, different kinds of ratings are generally used, which ratings vary between one and five. In general, the higher the rating, the higher the expected level of service and facilities from the hotel (Khan and Fasih, 2014). Due to the heterogeneity of the hotel industry, it is difficult to have a unified classification system, as different classification exists in different countries. Among the most popular and well respected trademark classification systems in the global hotel and travelling industry are the stars and the diamond rating systems.

2.2.1. Diamond Rating System

The American Automobile Association (AAA) was among the first authorities to approve designations for hotels and restaurants. The criteria for its rating is based on a combination of the overall quality, the range of facilities available as well as the level of services offered by the hotel. Additionally, the rating also represents the type of experience which the travelers should expect from the hotel unit. AAA ratings range from 1 to 5 diamonds of which each of the diamonds has its unique or distinctive characteristics. Hotels with one diamond rating are the ones that provide essential accommodation service with no-frills, they usually meet up with basic comfort, cleanliness and hospitality and they usually appeal to budget minded travelers. In a two diamond hotel, the customers can expect affordable rooms where physical attributes, design and amenities have been enhanced as compared to one diamond hotel. Meanwhile, a three diamond hotel is somewhere between providing basic 19 amenities to providing luxury. It usually has multifaceted accommodations with distinguished style, physical attributes, amenities and guest comfort. In a four diamond hotel, the customer can expect to see refined and stylish rooms with upscale physical attributes that reflect enhanced quality throughout. One of the distinctive characteristics between a four diamond hotel and the other lower diamonds is that properties designated with the four diamonds often have extensive amenities with a high degree of hospitality and services. The five diamond hotels have the highest level of luxury with extraordinary physical attributes, meticulous personalized service, extensive amenities and impeccable standards of excellence (AAA, 2015.)

2.2.2 Star Rating System

The star rating system is everywhere across the globe, most travelers and hotel guests prefer making inquiries about hotels in relation to their stars despite the fact that the criteria for the star rating of hotels varies from one country to another. Star rating is useful in hotel industry for many reasons; at the national level it provides the customers the opportunity of finding a hotel that really conforms to their desired standard. Additionally, hotel management also benefit from the rating because it helps to improve the quality of the product being offered to the guests (Brody, 2009). Just like the diamond ratings, each of the stars has its distinctive characteristics. According to Ministry of Culture and Tourism, there are 525 hotels in Ethiopia. The primary differences between star hotels are:

No Category Hotels:

These hotels include motels, cottages, bungalows and others with limited services. However, these hotels represent 73% of the total hotel in Ethiopia.

One Star Hotel:

Low budget hotels; inexpensive; may not have maid service or room service, this hotels contribute to 4.19% of the total hotel in Ethiopia, customers can expect a small hotel which is often operated by the owner with a personal atmosphere and basic accommodation services which do not include restaurant service but it is usually within a walking distance. One star hotel is usually located near public transportation and major intersections.

Two Star Hotel:

Budget hotels; slightly more expensive; usually has maid service daily, this hotels contribute to 5.7% of the total hotel in Ethiopia whereas, a two star hotel is often part of a hotel chain that offers consistent quality and limited amenities. A Customer can expect a small or medium room size which is furnished with phone and AAA. Although a two star hotel may not have the convenience of room service, customers can still expect a small restaurant onsite.

Three Star Hotel:

Middle class hotels; moderately priced; has daily maid service, room service, and may have dry cleaning and internet access, this hotels contribute to 9.9% of the total hotel in Ethiopia in which they are mostly located near a major expressway, business center and/or shop-ping area. They offer nice, spacious rooms and decorative lobbies. On-site restaurants may be average in size but will offer breakfast, lunch and dinner. Valet and room service, a small fitness center and a pool are often available in this category of hotels.

Four star hotels:

In this type of hotels the customer can expect a formal, large hotel, with topnotch service. It is not uncommon to see a four star hotel located in places where there are other hotels of the same caliber clustered nearby. Four stars hotels are strategically located close to shopping malls and places full of entertainment. At the same time, the customers can expect beautifully furnished rooms, restaurants, valet parking, fitness center, and concierge and service room service which is above average, furthermore Four Star Hotel's expectations at this level include a degree of luxury as well as quality in the furnishings, decor and equipment, in every area of the hotel. Bedrooms will also usually offer more space than at the lower star levels, and well designed, coordinated furnishings and decor. The en-suite bathrooms will have both bath and fixed shower. There will be a high enough ratio of qualified staff to guests to provide services like porter age, 24-hour room service, laundry and dry-cleaning. The restaurant will demonstrate a high level of technical skill, producing dishes to the highest international standards; this hotel contributes to 6% of the total hotel in Ethiopia.

Five star hotels:

In this kind of hotels customers can expect a luxurious hotel offering the highest degree of personal service with so much elegance and style rooms equipped with quality linens, VCR, CD 21 stereo, Jacuzzi tub and in-room video. There can also be multiple restaurants on site with extensive, gourmet menus, and room-service which is available 24/7. Additionally, customers can also expect a fitness center; valet parking and concierge service. The five-star ratings used to be the highest in the hotel ratings system. However, in the recent years, there has been emergence of the first six-star hotel built in Dubai, United Arab Emirates and some other

countries claimed to have seven-star hotels. Due to the controversy regarding the criteria for a six or seven stars hotel, the researcher will like to adopt the five stars as the highest rating of the hotel in this research work.

2.3. Introduction and development of the Hotel industry in Ethiopia

History has proved that, the development of hotel industry is connected with traveling and hence the evolution and development of hotels in Ethiopia is also connected with the increasing number of travelers both domestic and international. Development in Ethiopia's foreign relations, particularly during the reign of Menilik II had relatively speaking marks the beginning of modern hotels due to the fact that opening of the society in to the western world paved the way for exchange of cultural and economic features. The establishment of modern hotels in Ethiopia traces back to the 19th century; during the reign of emperor Menilik and the first hotel established was Itegue Taitu hotel, named after an Ethiopian empress and the wife of emperor Menilik II.

The next generations of Hotels were opened during the five years of Italian occupation and were called "ALBERGO" whereas the third generation Hotels were built during the establishments of African Union and Economic Commission of Africa. The fourth generation hotels then came after the 1974 revolution where all private Hotels were nationalized and consequently operated by the Government, except the Hilton Hotel. Finally, the fifth generations were established after 1991 following the disclosure of the principles of free market economy that led to the establishment of independent and chain Hotels (Gobena and Gudeta, 2013). Addis Ababa being a business center and a capital city to Ethiopia and Africa host annual conferences for African Union annual summit, UN branches, Pan-African business organizations and special interest groups that have been attracting a growing number of delegates to the country each year. As the political and the economic significance of the country at large and the city in particular have been increasing, the demand for accommodation at an international standard has been expected to increase. This scenario is expected to increase in the future given that the importance of Ethiopia in Africa has been growing and hence the capacity in terms of personnel and resources of different international organizations has been continuously strengthening (Gobena and Gudeta, 2013). Conference tourism has great potential to grow and is poised to gain greater

significance due to the development of several top hotels in Addis Ababa to meet the demand (Gobena and Gudeta, 2013).

In Ethiopia, the hotel industry is showing a steady growth in the last two decades, but it is not without challenges, the main being the quality of service in the majority of the hotels (Kifle, 2012). There are only four internationally branded and managed hotels with a total of 1012 available rooms, and the majority of the “rated” hotels are situated in the capital city Addis Ababa (Hailesilasse, 2013). Hotels with less than 100 rooms which are rated by online travel agents are scattered throughout major towns and historical tourist destinations in the country. The government owned hotels have not been adequately maintained, and not all have been privatized (Tomaselli, 2012), and no objective rating has been done of all hotels for several years. Until June 2015, the hotels rated themselves generously without benchmarking against “international” standards (Gobena and Gudeta, 2013), and the non-adherence to rating standards by the hotels affects customers, as it creates wrong service expectations (Madaniet *al.*, 2012). Several researchers concur that the satisfaction of customers is a result of their perceived service quality (Dedeogluet *al.*, 2015; Wu *et al.*, 2014; Kim-Soon *et al.*, 2014). Furthermore, the higher the perceived service quality, the more satisfied customers are, which in turn creates loyalty, and this may result in customers returning to the hotel and/or recommending it to others (Keith and Simmers, 2013; Gbenga and Osotimehin, 2015).

The Ethiopian hotel rating system is still less than two years old, and little is known about its relationship with and/or effects on service quality, customer satisfaction and loyalty (Hailesilasse, 2013). In addition these small numbers of hotels found in Ethiopia have been subjected to less standards relatively comparing to the number of international standard. Moreover, limited studies explored the relationship among the hotel rating systems, service quality, customer satisfaction and loyalty generally.

2.4. Customer behavior and customer service

Different authors state that the understanding of customer behavior is important for companies in order to create a demand (Djeriet *al.*, 2007; Hsu *et al.*, 2009; Van Vuuren and Slabbert, 2011; Decropand kozak, 2014; Blascoet *al.*, 2016). Customer behavior is a difficult research topic, particularly in the tourism field, where emotional factors are significant (Swarbrooke and

Horner, 2007). A customer's attitude, decisions, activities, ideas or experiences in using, purchasing, evaluating and searching of products and services that satisfy the needs is described as the customer behavior (Van Vuuren and Slabbert, 2011; Schiffman *et al.*, 2014; Cohen *et al.*, 2014). Customer behavior concentrates on how people formulate decisions to spend their accessible assets (time, money, effort) on buying things. Many researchers acknowledge that the customer's decision process is a very complex, multi-faceted course that includes different interrelated stages or sub-decisions, elements and concepts (Hsu *et al.*, 2009; Smallman and Moore, 2010; Cohen *et al.*, 2014). Van Vuuren and Slabbert, (2011) state that customer's behavior is the direct result of the interactions between certain personal and environmental variables on a continuous basis.

Decision-making is the procedure of recognizing and choosing from among available solutions of a problem according to the demands of the circumstance (Al-Tarawneh, 2012). Commonly, decision-making is divided into five stages: problem recognition, alternative information search, alternative evaluation and selection (choice), selection and purchase, and post purchase process (Hawkins *et al.*, 1995; Sirakaya and Woodside, 2005). Tourists are exposed to the vast amount of information that they have to analyze and, consequently, customers choose a destination they need (Crompton, 1992). The process of tourist decision-making when selecting a destination is influenced by different changeable factors like attractiveness of the hotel, including tangible resources, and customers' perceptions and expectations (Hsu *et al.*, 2009). Kotler *et al.* (2006) reported that the considerations of factors affecting customers' behavior are helpful to identify what products and services on which situations are consumed by individuals. These factors are either: Social factors such as groups, family, roles and status; personal factors such as age and life-cycle, occupation, economic situations, lifestyle and personality; and psychological factors such as motivation, perception, learning, beliefs and attitudes. Customers with a high level of satisfaction may recommend a certain destination to friends, visit again and leave positive feedback about the experience. However, dissatisfied customers, apart from being displeased with the choice and not recommending it to others, may also criticize it (Chen and Chen, 2010)

2.5. The impact of price, service quality and affordability on customers' perception

According to the study which prepared by the Ethiopian MoCT, Ethiopian Hotels Rating Requirement and Classification (2014), hotel is a business institution that offers rooms in which people can stay, mainly visitors and travelers which get the availability of food, room, beverage and other services with payment. The services which provided by these hotels are different one from others due to their strategies and status. Most of Star-rated hotels services and pricing status are foreign based rather than considering local customers. In addition, according to Rosa and

Lunkes (2012), to enhancing sustainable development in hotels, it is prominent to have strategies that satisfy the interests of customers, efficiency or economic capacity and develop responsible situations. It means hotels always consider price affordability and perceptions of customers.

Price is a decision by which customers' judge the value of an offering service and it strongly impact on brand selections among competing alternatives (Avlontis and Indounas, 2007). This means price affordability paves the way for customers to access the service and leads to the development of positive perception which in turn helps to develop and maintain reputation by customers of different background. Supporting this, pricing highly influenced the accessibility and affordability of local customers in Zimbabwe (Forbes, 2014). In most third world countries tourism is mainly focusing on international tourists excluding the needs of local customers as the service providing institutions are designed in way that meets the needs of the foreigners. This problem is further exacerbated by the nature of pricing as it is aggressively conducted, sophisticated and opportunistically decided (Christie and Crompton, 2001).

According to Mebratu (1998), one of the main concern of sustainability concept is that the living of humankind in agreement with society. Which means to be sustainable considering, local community interest and efficiency is crucial. Usually the word sustainability has the meaning of long term, durable, sound and systematic, among others (Filho, 2000). In this study, sustainability is considered as a continuous, long term profitable and locally acceptable action. The Ethiopian tourism and hotels operation system is one sided which is foreign based and short term profit not considered and manipulate local society's contribution and capacity to the sector. Inability to afford hotels service price and not considering local customers' price affordability of hotel owners and managers are seriously impacted the perception and accessibility of local

customers and their contribution for the sustainability of the hotel sector, especially at the time of international tourism crisis globally.

According to Gebregziabher, (2015), lack of service quality, poor customer satisfaction and infrastructure problem are the main features of Ethiopian hotels. It is also characterized by costly service price. The above two features (poor service quality with low customer satisfaction) and (costly service price) are opposite and create negative perception. Getting services in hotels, especially in star-rated hotels assumed as treasury rather than normal life in Ethiopia related to high service price and seriously impacted the affordability and accessibility of local customers.

2.6. The impact of global pandemics on economy and tourism

The global economy and tourism is influenced many times by economic crisis and pandemics like Spanish Flu, the Severe Acute Respiratory Syndrome (SARS), the Middle East Respiratory Syndrome (MERS), Ebola, Zika, Bird Flu and Global Economic Crisis of 2008/9 but none of them severely affected the tourism industry like COVID-19 since Second World War; which means international tourism is highly vulnerable to pandemic crisis (Gosslinet *al.*, 2020).

Severe Acute Respiratory Syndrome (SARS) resulted 100 billion US dollar or - 0.4 % crisis internationally and 48 billion US dollar in China (McKercher and Chon, 2004). Ebola created negative perception on international tourists' about African destinations (Maphanga and Henama, 2009). Global economic crisis of 2008/9 negatively impacted the economic sector by 4 % (Gosslinet *al.*, 2020).

According to Taubenberger & Merons (2006), travel and tourism also extensively contribute for the spread of global pandemics. Spanish flu is the first “modern” pandemic which was spread through international transports. Due to this case global flights are immediately lockdown to stop the spread of pandemics and international travel lockdowns also directly influence the international tourism industry. The same scenario is expected due to the global pandemics of Corona virus as the manufacturing and the tourism industry along with service providing institutions are hugely affected. In addition to that, international flights throughout the world have been closed so that countries especially landlocked countries like Ethiopia are extremely affected also scientific investigation on the economic impact of Covid-19 in Ethiopia have not

been conducted, the IMF and the World bank estimated the country's annual economic growth at 4% while the government estimate the growth of the national economy at 6%.

2.7. Local customers and Hotels' Sustainability (The nexus)

Sustainability indicates long term and continuous use of a resource. In this context local customers are resources and hoteliers have to use this resource continuously, appropriately and without exploiting them, as their means of business components. If the service prices of hotels are balanced with local customers' capacity, the perception will be changed and their accessibility is increased. Due to this, hoteliers' customer flow becomes sustainable as well as their business because service industry always related with customers accessibility and satisfaction.

According to Forbes *et al.* (2014) foreign customer based tourism is vulnerable to global crisis that may result very low visitor numbers. The aftermath of the outbreak of crisis is not merely simple and followed negative impacts on many countries as well as sectors at different times. As the result of Covid-19 pandemic outbreak, quite numbers of international flights have been cancelled and hence hotels faced shortage of foreign customers. Consequently the profitability and sustainability of the hotel industry is hugely affected.

Secondly a service which focused on international tourist is challenged by seasonality of customers but contrary local customers focused hotel business is free from this problem and also fill the gap of international customers' seasonality. But still it needs preparing local standard, affordable and inclusive hotel services. If hotels designed this type of services the demands of local customers can be satisfied.

Thirdly there is serious of competitions among nations for international tourists globally, mainly which have similar attractions and located in similar geographical region. Enhancing local customer based hotel service help to deal with competitions and makes the business stable in the face of fluctuating numbers of customers. Mazimhaka, (2007) noted that considering local customers "creates a more sustainable path and base for hotel and tourism development; creating jobs and stability in the employment sector, can create a more consistent market demanding consistent service".

In addition local based hotel service is easy as the result of the existence of a common currency; absence of the outflow of foreign currency; absence of language barrier and absence of documentation barriers ordinarily required for foreign travel. But Ethiopian four and five star-rated hotels service are targeted international customers related to foreign currency, price affordability and related factors. Local customer based hotel service is simple to manage, had vast customer accessibility and cheap cost to prepare services

2.8. Conceptual Framework

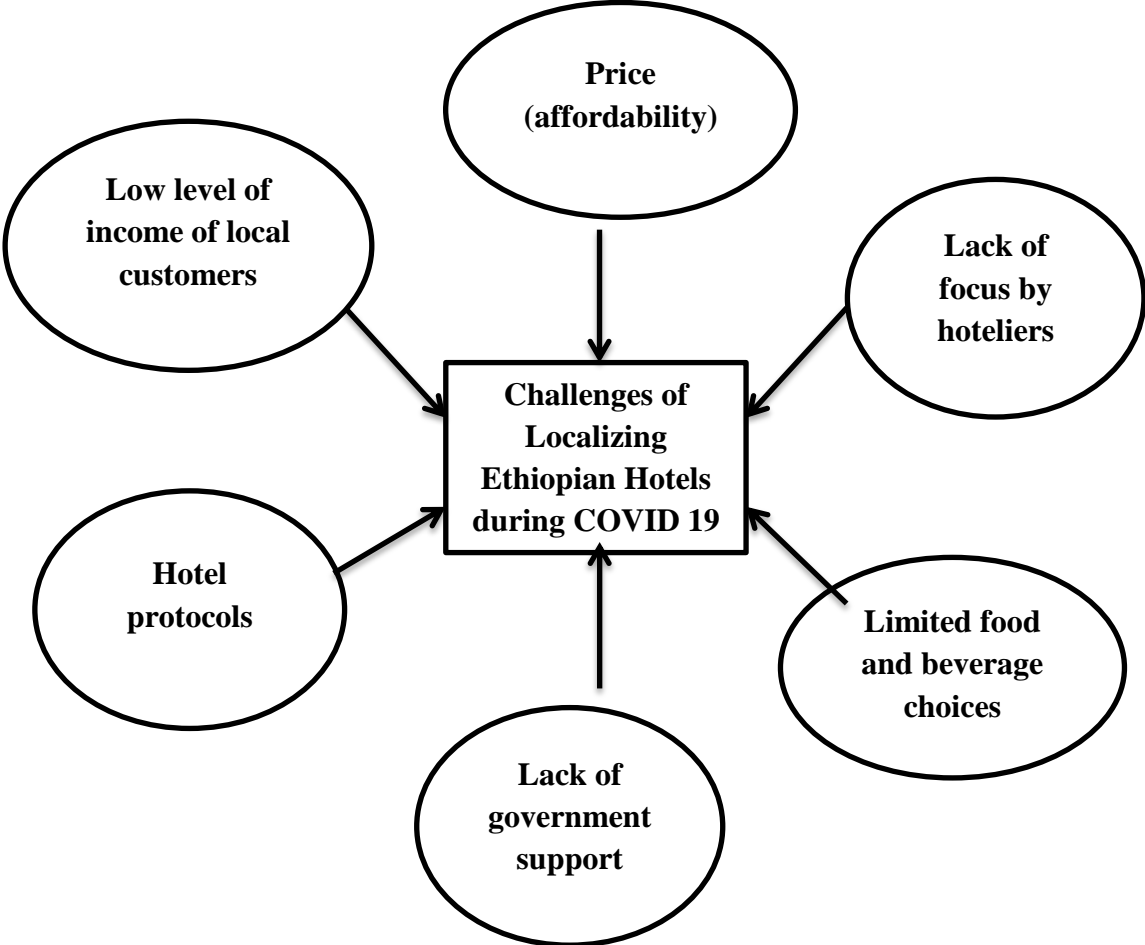
“Conceptual framework guides the paths of a research and offer the foundation for establishing its credibility” (Dickson, 2018). According to (Peshkin, 1993) as cited by (Dickson 2018) conceptual framework related with the concepts, empirical research and important theories used in promoting and systemizing the knowledge adopted by the researcher. It is the researcher’s explanation of how the research problem would be explored. The conceptual framework presents an integrated way of looking at a problem under study (Liehr& Smith, 1999)

The development of hotel and hospitality industry is directly related with tourism development. Local customers’ have prominent role for the development and sustainability of the hotels industry. Enhancing affordability and accessibility of local customers’ enables to achieve hotels’ profitability and sustainability. In this conceptual framework the researcher tried to show the relations of factors which negatively impacted local customers’ accessibility and affordability of star-rated hotels with its’ challenges on localizing Ethiopian hotels’, hotels survival, hotels profitability and sustainable tourism development.

Low economic income of local customers, price unaffordability, hotels’ protocols, lack of local type food and beverages and lack of attentions to local customers negatively impacted the accessibility and perception of local customers’. It has their own impact on hotel and tourism development like Economic, Socio-cultural, Environmental and Political. Low Job opportunity, income, and tax revenue (Economic), followed dependent thinking (foreign based) tourism development (Socio-cultural), limited quality hotels’ infrastructure development and absence of sustainability thinking among the society (Environmental) are the impacts of factors which affect local customers’ affordability and accessibility of star-rated hotels on tourism sustainable development.

In general the overall interrelation of factors challenged the development of star-rated hotels' economic, environmental and socio-cultural power as well as the development of sustainable tourism.

Fig 1: Conceptual Framework Developed by the Researcher



CHAPTER THREE

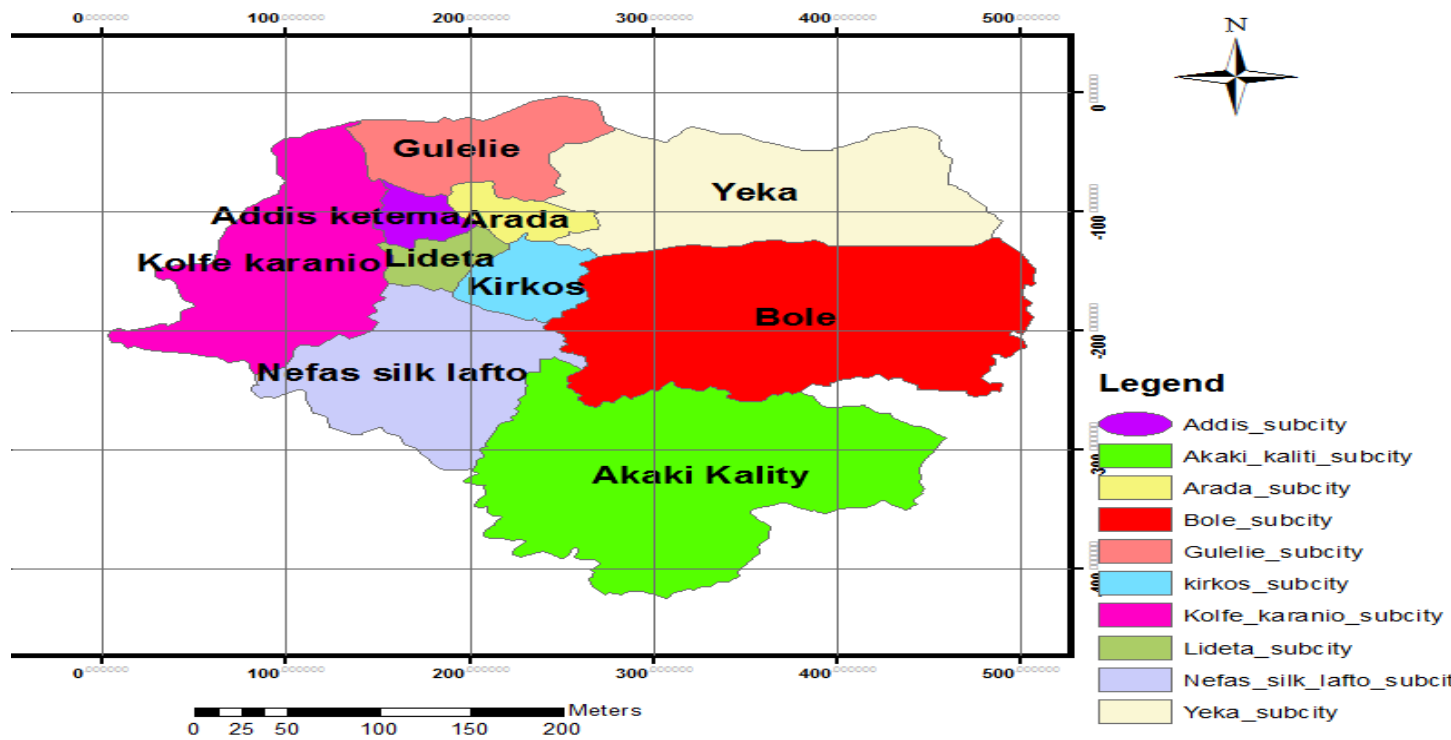
3. RESEARCH DESIGN AND METHODOLOGY

3.1 Description of the Study Area

Addis Ababa is the capital City of Federal Government of Ethiopia, the head quarter for Africa Union (AU) and has more than 100 diplomatic embassies. It is also serving as a center for many international organizations and institutions. The city lies at 9°1'48"N latitude and 38°44'24"E longitude (Bahiru Zewudie, 2017).

According to Bahiru Zewudie (2017), Addis Ababa is founded during Emperor Menilik II in 1886 as a fourth permanent capital city followed to Axum, Lalibela and Gondar in Ethiopian political history and serving up to know. Taytu hotel the historical hotel is the first modern service provider in Ethiopian hotel sector is located in Addis Ababa. During the Italian occupation, the number of hotels increase and the services were growing up but it was with Italians' racial superiority. The city has several historical and religious tourist attractions like historical monuments, churches and palaces. The building of Addis Ababa-Djibouti rail way facilitated the city's permanent capital city of the country, center for the business and foreigners arrival. Addis Ababa is serving as both of the political and commercial center of the country. It enabled the city to have many hotels than of regional states. Due to this reason, it is the main destination of international tourists and local customers. As one of the main tourism destination, Air (Bole international airport) and Bus transports are accessible for international tourists and local customers.

Map of Addis Ababa



Projected Coordinate System: Adindan_UTM_Zone_37N
Projection: Transverse_Mercator
False_Easting: 500000.00000000
False_Northing: 0.00000000
Central_Meridian: 39.00000000
Scale_Factor: 0.99960000
Latitude_Of_Origin: 0.00000000
Linear Unit: Meter

Fig 2: Map of Addis Ababa (Source: Google Earth)

3.2. Research Methods

3.2.1. Research Design

This study employed a descriptive survey design in order to accomplish the research objectives successfully. This design involves description, recording, analyzing and interpreting of data concerning the topic. Moreover, among the different types of research approaches, mixed research approach was used for the purpose of this study because it enables researchers to thoroughly examine the views of local customers and the hotel managers about the perception of local customers' on affordability and accessibility of star-rated hotels in detail. A cross-sectional design was used to gather information as the local customers were approached for questioner and interview only for one time.

3.2.2. Themes of the Study

This study examines the opinions of hotel managers about the perception of local customers on their star-rated hotels and the perception of local customers in three, four and five Star-rated hotels in Addis Ababa. Hence, the major themes of this study are local customers while considerable attention has been given for the hotels managers too.

3.2.3. Sample size and sampling techniques

Fifteen different three, four and five star rated hotels were surveyed for the purpose of this study using a purposive sampling technique. The purposive sampling techniques were employed to select the hotels (geographical location and distance from the airport) and convenience sampling technique was employed to select 85 local customers (customers who were available in selected star-rated hotels). These hotels were considered in this study for the following four reasons. These hotels currently faced shortage of customers as the result of movement restrictions due to the outbreak of Covid-19. In order to assess the perception of local customers towards using hotel services in Addis Ababa, the researcher purposely selected 15 star rated hotels, i.e., 6 three star, 5 four star, 4 five star hotels.

3.2.4. Data gathering tools and procedures

Data from the local customers were collected through questionnaires, key informant interviews and observations. Due to their direct relation to the theme, available local customers in these star-rated hotels' were considered as the main sources of quantitative and qualitative data. The respondent of the study (local customers) were then selected by availability sampling technique and acts as the main agent by giving all appropriate information about their perception on accessibility and affordability of star-rated hotels in Addis Ababa and plays a significant role to the success of the research objectives. In addition to the local customers, managers of the surveyed hotels were interviewed to give their verdict about the perception of local customers on star rated hotels and factors that affect their perception.

3.2.5. Data Types and Sources

Quantitative and qualitative data from hotel managers and available local customers in three, four and five star rated hotels were collected. The data to investigate the problem were collected from different sources. Both primary and secondary data were used in the study. Primary data were collected through using questionnaires, interviewing key informants and observation; whereas the secondary data was collected from different published as well as unpublished reports of concerned sources. For the survey purposive (to select hotels based on their geographical advantage like distance from airport) purposive sampling technique was used. Finally, data collected from interview and observation was processed and tabulated, and further analyzed by using appropriate qualitative techniques.

3.3. Methods of Data Collection

The necessary quantitative and qualitative primary data were collected by using different data collection tools, such as questionnaires, key informant interviews and observation.

3.3.1. Questionnaire

For the quantitative part, a closed-ended self-administrated questionnaire was developed and questions were listed in three different sections. (1) The perceptions of local customers on hotels service price, service type, hospitality and service accessibility.

(2) The factors which limited the accessibility of local customers to hotels like perception, price affordability and local type service accessibility and; (3) the impact of affordability on the accessibility and perception of local customers. The demographic characteristics of local customers are factual information asked the respondents to check the category that they belonged to. However, some items of the respondents requested that to provide actual position they held at the time of research by filling in the blank. All questionnaires used a 5-point Likert type. For local customers perception about service price affordability, service types and service quality study, various indicators were given and respondents were asked to rate them on a 5-point *adjectival scale*: from “Poor” to “Excellent” (Mensah and Blankson, 2013; Alzboun, 2014). These Likert points help the participants to rank their responses. The local customers, accessibility to star rated hotels and the impact of affordability on perception and accessibility were measured by these Likert scales. Also, respondents were asked to rate them on a 5-point Likert scale from “Never” to “Very frequently”.

3.3.2. Key Informants Interview

Key informant interviews were carried out as one of the main instruments of data collection tool for the purpose of this study. The key informants were selected through purposive sampling technique. Semi structured questions were used during the interview due to their flexibility and ability to make it clear any time when there is ambiguity. Accordingly, the data was collected through interview from local customers in hotels and managers of the hotels. The face to face interview was conducted by the researcher by directly going to the hotel which key informants were available. The whole processes of interviewing were conducted based on primarily developed questions listed down in the interview guide.

3.3.3. Observations

The researcher made some observations to the star rated hotels studied so as to support the data collected through questionnaires and key informant interviews. Photographs were taken during the observation of the hotels after the face to face communication with the managers was conducted.

3.4. Method of Data Analysis and Interpretation

Quantitative data gathered via questionnaire were analyzed via descriptive analysis (mainly via frequency and percentage). Moreover qualitative data collected through interview and observation were analyzed via thematic analysis

3.5. Reliability and Validity of the Data

In order to collect reliable data, the researcher designed key informant interview checklist, observation and guides through an elaborated procedure which involves a series of revisions under the guidance to enhance data quality. Also quotes from interview and statements from questionnaire were used as a reference to ensure reliability. The measurements of accessibility and service quality (the likert scale measurement) were taken from Mukhles (2017) with reliability test value .894 and service price affordability likert scale measurements were taken from Forbes (2014) with reliability test value .821. The researcher also used checklist of questions when making personal interviews with respondents so as to achieve data consistency and completeness. To ensure validity, triangulation technique was applied by using questionnaires, key informant interviews and secondary data sources. Pilot testing and re-modification to the questionnaires were made before distributing them to the respondents.

3.6. Ethical Considerations

The researcher considered the research values of voluntary participation, confidentiality and secrecy to ensure protection of respondents from any possible harm that will arise from participating in the study. Thus, the researcher clearly introduced the purpose of the study as a partial fulfillment of a masters study program and requested the respondents to participate in the study on a voluntary basis such that refusal or abstaining from participation will be permitted. No name of respondents was mentioned in the thesis to assure the respondents' confidentiality of the information given rather the researcher used pronunciation like he or she and synonyms.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

Introduction

This chapter deals with the presentation, analysis and interpretation data to investigate the perception of local customers about star rated hotels; factors affected local customers' accessibility and service price affordability of star rated hotels services for local customers. The data was presented sequentially under separated topics. Both quantitatively analyzed and qualitatively analyzed data were combined. Under each topic, the quantitative data description and analysis were presented preceding to qualitative data analyses. So, the qualitative description and analysis were presented next to the quantitative data analysis in order to support and to explain in detail the findings. Therefore, the sub-subsequent section focuses on the analysis of the essential characteristics of the respondents' and hotels profile.

4.1. General information's of the respondents involved in the survey

The demographics characteristics of the 85 respondents used in this study were sex, age, educational level, occupation, income level, and marital status. The description of the demographic characteristics of the respondents was required as they are vital to assess whom to survey and how to breakdown overall response data into meaningful groups of respondents.

Table 1 Respondent's (local customers) biological and social characteristics data

Attributes	Class	Frequency	Percentage
Sex	Male	67	78.82
	Female	18	21.18
	Total	85	100
Age category	20-29	18	11.76
	30-39	42	49.41
	40-49	17	35.29
	50-59	8	9.41
	Total	85	100
Education level	Diploma	8	9.41
	Bachelor Degree	42	49.41
	Post Graduate Degree	35	41.17
	Total	85	100
Marital status	Single	33	38.82
	Married	45	52.94
	Divorced	4	4.70
	Widowed	3	3.52
	Total	85	100
Income level	<15,000	5	5.88
	15,000-25,000	21	24.70
	25,000-35,000	34	40
	>35,000	25	29.41
	Total	85	100
Occupation	Manager	21	24.70
	Consultant	18	21.17
	Private business	38	44.79
	University lecturer	8	9.41
	Total	85	100

Source: (Survey questionnaire, 2020)

As shown above in the table, majority of the respondents involved were male and constitutes 78.82% of the respondents while only 21.18% respondents were females. From this result this study summarized that males are more likely to visit such luxurious areas for refreshment and enjoyment while females are sporadically visiting the hotels. Even the females that give their opinion about the general characteristics of the services offered to local customers are accompanied with their boyfriend, husband or colleagues.

Similarly there is also variations in the age class of the local customers which provided their opinion for this study as majority of them (49.41%) were found between the age class of 30-39

years followed by those found in the age class of 40-49 years old (35.29%). 11.76% of the respondents however were found between the age class of 20-29 years while 9.41% of the respondents were constituted by the age class of 50-59 years. This result indicates that the age class of the local customers visiting the star rated hotels was mostly composed of the working class of the society.

The educational background of the respondents showed that, they secured different academic certificates which presumably enable them to operate in different segments of businesses. Hence, majority of the respondents (49.41%) hold a BSc/BA degree while 41.17% of the respondents have secured their post graduate degree. However, 9.42% of the respondents are a diploma holder. Those respondents working on the managerial positions have secured their post graduate degree while most of the private business owners have bachelor degree or diploma.

With respect to the marital status of the respondents, majority of the respondents (52.94) were married followed by single respondents constitutes (38.82%) of the total respondents. The remaining divorced and widow respondents constitute 4.70 and 3.52% of the total respondents respectively. The higher frequency of the married respondents in this study could directly be supplemented with the age class and the economic status of the respondents (Table 1).

With respect to the monthly income levels of the respondents, majority (40%) of the respondents were found in the range of 25000-35000 birr followed by 29.41% of respondents who earn 35,000birr and more birr on a monthly basis. the third highest category of income was found in the range of 15000-25000 birr and which constitutes 24.70% of the respondents while only 5.88% of the respondents used to earn <15000 birr on a month.

The other demographic characteristic considered of the local customers in this study was the occupation of the respondents. The majority of the respondents (44.79%) of the respondents were involved in their private business followed by consultants who constituted 21.17% of the respondents. Managers of different firms including banks and University lecturer were also part of the survey and found that 24.70% of the local customers in the hotels were managers while 9.41% of them were university lecturers. The private business however may hide their monthly income probably due to misunderstanding the purpose of the study though it is clearly stated and explained.

Table 2 Demographic data of hotel managers interviewed for this study

Attributes	Class	Frequency	Percentage (%)
Age	25-35	2	13.33
	36-45	7	46.66
	46-55	4	26.66
	>56	2	13.33
	Total	15	100
Sex	Male	9	60
	Female	6	40
	Total	15	100
Positions	Front office manager	6	40
	Human resource manager	4	26.66
	General manager	3	20
	Food and beverage manager	2	13.33
	Total	15	100
Educational level	Diploma	2	13.34
	BSC/BA degree	8	53.33
	Post graduate degree	5	33.33
	Total	15	100

As shown above in the table (Table 2), there is variation in the age class of the managers operating at different segments of the hotels. Majority of them (46.66%) were found between the age category of 36-45 years followed by those found in the age class of 46-55 years old (26.66%). 13.33% of the respondents however, were found between the age category of 25-35 years while 13.33% of the respondents were constituted by the age class of >56 years. This result indicates that the age category of the managers of the hotels was mostly composed of the working class of the society.

With regard to the sex of hotel managers surveyed is concerned, 60% of them were males while the remaining 40% of the respondents were females. This study proved that males are more likely to operate in the managerial positions of the star rated hotels than females.

The educational background of the hotel managers interviewed indicated that, they secured different academic certificates which presumably enable them to operate in the industry at different positions. Hence, majority of the respondents (53.33%) hold a BSc/BA degree while 33.33% of the respondents have secured their post graduate degree. It is observed that the arrival of such educated personnel's to the managerial and other positions in the hotel industry helps to promote the sector as they become the corner stone in the attempts of making an informed and knowledge driven decisions. Although rich in their long term expertise in the hotel industry, some of the respondents' (13.34%) occupying the managerial positions in the hotel are a diploma certificate holders. being rich in experience will help them to be more efficient and knowledgeable about weaknesses, strengths, challenges and opportunities of hotel business than those who are young to the industry.

The respondents' who give their ideas to this study were also segregated into different managerial segments. The highest percentage of the respondents' (40%) was operating as a front office managers followed by human resource managers who constituted 26.66% of the respondents. The other positions were occupied by general managers and Food and beverage control manager as the former constitutes 20% of the respondents' while the latter is only 13.34% of the total respondents'.

4.2.The star classification of surveyed hotels

Table 3. The star categories of hotels surveyed for the purpose of the study

Category	Frequency	Percentage (%)
3 star-rated hotels	6	40
4 star-rated hotels	5	33.33
5 star-rated hotels	4	26.67
Total	15	100

Source: (Survey questionnaire, 2020)

Table 2 shows the grade or the classes of the hotels which were surveyed in the present work. Out of the fifteen star rated hotels, 40% of them were 3 star-rated hotels while the remaining 33.33% and 26.67% were comprise of 4 and 5 star-rated hotels respectively.

Table 4. Proximity of hotels to Bole International Airport

Distance range	Frequency	Percentage (%)
1-5km	6	40
1-10km	5	33.33
1-15km	4	26.66
Total	15	100

Source: (Survey questionnaire, 2020)

As shown above in the table, majority (40%) of the star rated hotels which were incorporated in this study were found in a distance range of 1-5km while 33.33% of them were found between the distance range of 1-10km away from the international airport. Only 26.66% of the star rated hotels however are found somewhat far away from the airport at a distance range of 1-15km. It is observed in other parts of the results that their location with respect to the airport has its own positive and negative implications.

4.3 Reliability test result

Table 5 Reliability test value

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.867	.867	5

The reliability test by Cronbach's alpha based on it .867 or 86.7% was reliable as the table 5 indicated. As a principle the value of Cronbach's Alpha result accepted when it is greater than .70 meaning more than 70 % must be reliable. Based up on table 5 result Cronbach's Alpha was reliable.

4.4. The local customers' perception on the services of the star rated hotel

Table 6. Perception of local customers to the services offered by the star rated hotels

Factors		1	2	3	4	5	Mean	Mean Rank
Availability of adequate amount of local foods and drinks	Freq.	36	38	7	3	1	2.5	4
	Percent	42.36	44.7	8.23	3.53	1.17		
Quality of services given in the hotels	Freq.	0	0	5	13	67	1.1	7
	Percent	0	0	5.88	15.29	78.82		
Price affordability of the services of the hotels	Freq.	59	16	8	2	0	3.8	1
	Percent	69.41	18.8	9.41	2.35	0		
Lack of refreshment services preferred by local customers	Freq.	24	42	11	6	2	1.7	6
	Percent	28.23	49.4	12.9	7.05	2.35		
Compatibility of the standards or the protocols of the hotels with the ability of local customers to pay	Freq.	54	23	4	2	2	3.5	2
	Percent	63.52	27.0	4.70	2.35	2.35		
Status/Level of hospitality given to the local customers	Freq.	0	4	5	53	23	1.9	5
	Percent	0	4.70	5.88	62.35	27.05		
Inclusiveness of the services of the hotels	Freq.	46	21	17	1	0	2.9	3
	Percent	54.11	24.7	20	1.17	0		

Note: The mean and standard deviation were computed based on numerical values assigned to the responses: Very low=1; Low=2; Good=3; Very good=4; and Excellent=5

From table 6 based up on the mean value the great factor which contribute for price Perception of local customers to the services offered by the star rated hotels on the first place Price affordability of the services of the hotels mean value 3.8, second place Compatibility of the standards or the protocols of the hotels with the ability of local customers to pay with mean value and third one is inclusiveness of the services of the hotels with mean value 2.9. The three factors

affect more on Perception of local customers to the services offered by the star rated hotels related with other factors based on their mean rank.

Among the factors that determine the perception of local customers about the star rated hotels (Table 6), price affordability of the services of the hotels (69.41), compatibility of the standards or the protocols of the hotels with the ability of local customers to pay (63.52%), inclusiveness of the services of the hotels (54.11%) and availability of adequate amount of local foods and drinks (42.36%) are the dominant ones. However, the status or level of hospitality given to the local customers and quality of services given in the hotels were viewed by the respondents as positive elements that arouse interest and attract local customers to the hotels. The local customer's respondent said that they have two different perceptions about the services offered by the star-rated hotels. These are before and after visiting the hotels.

According to Mukhles, (2017) likerts measurement for service quality, affordability and accessibility as well as inclusiveness of services delivered by the hotels are negatively impacting the perception of the local customers towards star-rated hotels as they all are geared towards those of foreign oriented customers. Though the respondents recognized that the services offered in the star rated hotels are of high quality and hospitality, they are limited to enjoy the services of the hotels due to affordability, accessibility and inclusiveness factors.

The local customers perceived that *“all the services are very expensive before their first visit and they prove themselves wrong after realizing the presence of services which are affordable to them. However repeated visit to most of them is difficult due to the average high price of services as compared with other unrated hotels”*.

The respondents of the survey said that *“the hoteliers and managers need to know how customers in general and local customers in particular perceive their services, and which in turn helps them improve in areas where elements have been missed so that reputation they have in the public's eye is improved”*.

One of the key informants said that *“the continual functioning of hotel industry in the current competitive environment much depends on delivery of inclusive services aiming to result in customer satisfaction. Thus hotels should ensure that, the services they provide are of good standard and affordable to local customers to maintain good reputation. In this regard,*

the owners and managers need to have a knowhow on the management of reputation so as to maintain the strong sides of the hotels in the eyes of the customers' and act on areas where the hotel felt back again in the eyes of the customers'' (Ki- 6).

With respect to the perception of the local customers, the same question had been administered to the hotel managers and they responded that the local customers are not frequently coming to their hotels as the general services designed are not meant primarily for the local customers. They said that most of their hotels are furnished to suit the demands of international customers. On the other hand, providing services that complies with the demands of customers in the hotel industry improves satisfaction, which in turn increased visitation, repeat purchases of the same products, customer loyalty and relationship commitment. Moreover, if well satisfied and their demand is accomplished, customers spread positive word-of-mouth and advertising the hotel whose service has pleased them, thus lowering the cost of attracting new customers. Knutson, (1988) noted that the satisfaction of customers is the cheapest means of promotion. The researcher understood the importance of considering local customers as one of the most essential stakeholder groups as they generate income for the hotels especially in this times where the global outbreak of the Covid-19 complicates every sector of the economy.

One key informant to this query added that *“the local customers perceive the star-rated hotels as an exclusive service provider to foreigners. But they are not completely wrong. Let alone the hoteliers, the government is pushing us to deliver services to foreigners for many reasons especially related with hard currency. In addition, only few lists of traditional foods and beverages are found in our menu and almost all the food items are prepared to satisfy those foreigners”*. Another key informant added that *“after the outbreak of the pandemic, the local customers perceive the star-rated hotels as a very risky area mentioning some of the star-rated hotels are currently serving as a quarantine centers”* (Ki-4).

Another informant of the survey said that, *“failure to identify customer perceptions' may lead to poor efforts in services delivery and can be attributed to failure in the entire quality and other dimensions of service. Identifying a customer's perception of service is important in order to know how to proceed in establishing a suitable feedback mechanism. In doing so, appropriate collection of data from customers of both local and foreign, monitoring and evaluating their perceptions on quality and other dimensions of services (price affordability, demand requests)*

offered by the hotel”(Ki-1). The idea of the key informant is supported by the findings of Mohajerani and Miremadi (2012) who reported that, the satisfaction of customers depends on customer service expectations, service perceptions, and overall service quality. The researcher corroborates with the ideas of the respondents as the information’s gathered through different mechanisms would be used for the purpose of continuous improvement in service delivery so as to generate sustainable income and build brand among the wider communities.

4.4.1. Inclusiveness of services

It has been known that the hotel industry is composed of different types of services such as accommodation, restaurants, cafes, and catering. Due to change in life style and economy, demand for better quality products and services by customers is a must to happen event. It is with this framework that the hotel industry is currently experiencing increased competitive pressures as a result of the combined effect of the globalization, economic-political integration tendencies, consolidation, and growing supply in emerging and mature tourist destinations. This competition even become much intense during a period of global crisis as movement form one place or country to another was prohibited or potential customers experience a greater economic hit. It is therefore this study is concerned about the inclusiveness of services offered by the star-rated hotels as inclusiveness has a prominent impact on the viability of the business especially during the period of crisis. Understanding the demands of customers and making continuous assessment of the status of the service delivery should be a big quality that every hotelier should be acquainted with.

Out of the 85 local customers that fill out the questionnaire, 63 (74.11%) of the respondents said that the services offered by the star rated hotels are not inclusive. One of the key informant said that *“the service offered in the hotels are foreigners oriented. Hence, the dishes prepared mostly are foreign dishes of different countries and focuses that have been given for local dishes are patchy (Ki-5)”*.

Another key informant added that *“the local foods and beverages even prepared in the hotels are aiming to attract foreigners and hence quantity of production is very limited. In such kind of situations the local customers who visited the hotels are forged to order some international dishes which they don’t even name their names”*(Ki-3). However, some of the respondents 22

(25.88%) said that inclusive services are provided by the hotels. One of the key informant said that *“it is not always good to inherently link local customers with local dishes and beverages rather individuals demand have to be respected and hence judging the hotels only by presence or absence of local dishes and beverages is not acceptable”*(Ki-1).

This study therefore underlines the importance of service inclusiveness as someone aspires to be successful in the business. Following inclusiveness, it is possible to ensure customer satisfaction, repeated return and encourages recommendations to others which all eventually lead to profitability.

4.4.2. Attractiveness of hotel services to local customers

Table 7. Responses of respondents on the attractiveness of the services offered by the hotels to local customers.

Attribute	Frequency	Percentage (%)
Yes (attractive)	24	28.23
No (not attractive)	57	67.06
No comment	4	4.70
Total	85	100

Source: (Survey Questionnaire, 2020)

As shown in the table above, majority of the respondents (67.06%) said that the services offered by the hotels to the local customers are not satisfactory and not attractive while 28.23% of the respondents said that they are happy and found the services offered by the hotels attractive and hence enjoyed the services of the star rated hotels. The former ones reasoned out that *“the primary targets of the hotels were attracting foreign customers and suiting their demands, hence, attention they have giving to fulfill local customers demand is unsatisfactory whereas the later ones reasoned out that “the quality of goods and services available in the hotels are attractive and are a source of satisfaction despite the fact that they have a higher requested price”*. However, about 4.70% of the respondents said that they are confused to say whether the services provided by the hotels are attractive or not as the line that exists between satisfaction and dissatisfaction is very thin and hence difficult to comment.

It has become apparent that the hotel industry is one of core businesses making up the tourism sector viable and contributes for the rejuvenation of the sector. However; steering the growth of the hospitality industry is determined by multifaceted factors as satisfaction of customers of various backgrounds is one of the major tools. In this regard, hotels and hoteliers need to categorize their services in to different segments and differentiate their service offerings by considering the existence of different customers (foreign and local) who has different affinity for the services of the hotels. Hoteliers who arranged their business segment in such way would be able to better suit the demands of their customers and thereby they could easily ensure productivity and success in the business arena.

One of the key informant of the questionnaire said that “*although the hotels are characterized by clean floor, walls, bed rooms, kitchens and suitable reception areas, they are uninviting to local customers as the prices tagged on each of the services are expensive and beyond the capacity of local customers*”(Ki-07).

Another key informant said that “*though services that are okay for local customers are available, the hoteliers and all the service providers (waiters, security agents, janitors and so on) are biased and they show companion with foreigners and used to mistreat local customers*”(Ki-02).

Another key informant said that “*local or traditional dishes which hold the attention of local customers are even prepared to catch the attentions of foreign customers. Their preparation is continuously assured as long as demand from the foreign customer is noted*” (Ki-09). Inadequate supply of these types of dishes hence used to damage the confidence of the local customers and pushed them to the margin.

Another informant added that “*attracting local customers in star-rated hotels is a sidelined business. Given the conditions such as poor awareness, weak economic background and tradition, considering the demands of local customers is damaging and holds back from realizing objectives of the hotels*”(Ki-03).

This study came to learn that hotels should provide best services to customers with expectations that repeated visit of a particular local customer is possible and long lasting only when the needs of customers in terms of price and service is available. While doing so, it should also be note that

meeting the various customers need ranging from price to inclusive services are not easy and hence needs the alertness of the hoteliers to immediately act in areas of weakness. From the administered questionnaire, the level or standards of services offered by the hotels were measured and majority of the respondents were unhappy with the general services offered to the local customers. So it is good to reconcile between the level of quality of services and prices tagged on each of the services

4.5. Fluctuations of local customers number to star rated hotels before and after the pandemic

Table 8. Perceptions of respondents on fluctuation in the number of local customers after the outbreak of the pandemic

Conditions	Frequency	Percentage (%)
Highly fluctuated and affected their perception	61	71.76
Moderately affected	22	25.88
The outbreak does not affected their perception to go to star rated hotels	2	2.35
Total	85	100

Source: (Survey questionnaire, 2020)

As shown in the table above, majority of the respondents (71.76%) said that the outbreak affected their perception or decision and hence they preferred to stay away from the star rated hotels while 25.88% of the respondents said that the outbreak have moderately affected their decision and hence they sporadically visit the star rated hotels by having as much care as possible. However; only 2.35% of the respondents said that the outbreak does not affect their decision and as their track record of visiting the hotels is intermittent and hence no change has been occurring to their decision even after the outbreak. One of the key informant particularly mentioned that *“the selection of some of the largest star rated hotels such as Sky Light, and Eliana hotels as a quarantine center for travelers caused fear by local customers and hence contributed for their complete disappearance. They mentioned that local customers avoid themselves from star rated hotels underlining that these hotels are a hub for contracting the*

virus as they are an immediate destinations for foreigners and an international travelers”(Ki-11).

4.5.1. Factors that prevents local customers from coming to the star rated hotels

Table 9. Factors influencing local customers access to star rated hotels

Factors		1	2	3	4	5	Mean	Mean Rank
High cost/prices of services	Freq.	0	0	7	19	59	3.9	1
	Percent	0	0	8.23	22.35	69.41		
Shortage of information about the services of the hotels	Freq.	1	6	12	38	28	1.9	6
	Percent	1.17	7.05	14.11	44.70	32.94		
Lower attention given to the local customers by the hotels	Freq.	0	1	7	23	54	3.5	2
	Percent	0	1.17	8.23	27.05	63.52		
Protocol or standard requirements by the hotels	Freq.	0	2	18	42	23	2.0	5
	Percent	0	2.35	21.17	49.41	27.05		
Lack of local food and beverage supply to suit the demands of the local customers	Freq.	0	1	21	52	11	2.8	3
	Percent	0	1.17	24.70	61.17	12.94		
Your perception as if star rated hotels are not meant to serve local customers	Freq.	0	12	46	26	1	2.1	4
	Percent	0	14.11	54.11	30.58	1.17		

Source: Survey, questionnaires, 2020

Note: The mean and standard deviation were computed based on numerical values assigned to the responses: strongly disagree=1; Disagree=2; Not applicable=3; Agree=4; and strongly agree=5

From table 9 based up on the mean value the great factor which contribute for local customers access to star rated hotels on the first place High cost/prices of services mean value 3.9, second place lower attention given to the local customers by the hotels with mean value 3.5 and third one is lack of local food and beverage supply to suit the demands of the local customers with mean value 2.8. The three factors affect more on influencing local customer access to star rated hotels related with other factors based on their mean rank.

As shown above in the table, various factors to choose from have been presented to the local customers through the questionnaire and they have selected multiple factors as reasons that kept them away from star rated hotels. The respondents identified high cost or prices of services (69.41%), lower attention given to the local customers by the hotels (63.52%), protocol or standard requirements by the hotels (49.41%) and lack of local food and beverage supply to suit the demands of the local customers (61.17%) as the major factors that keeps local customers from coming to the star rated hotels. Higher price due to the higher quality afforded deter local customers and hence these hotels are highly prone to be affected especially in time of global pandemics like Covid-19 where international flights have been cancelled and movement restrictions have been stated.

After assessing all the factors that kept local customers away from star-rated hotels, the present study evaluate all the factors whether they lie in the range of scales proposed by Forbes (2014) or not. Accordingly, the service prices requested by the hotels for their services are high hence deterring local customers. Majority of the respondents (69.41%) said that high price is one of the dominant factor that prevent local customers from visiting star-rated hotels hence, one of the measurement of the quality according to Forbes (2014) is compromised.

With respect to the factors that prevent local customers from coming to star rated hotels, hotel managers also shared their view and presented below. One of the managers said that *“most of the local customers perceived that the price of services provided at star-rated hotels is expensive and they think that the services are arranged only for those wealthier peoples. However, there are still some services both food and drinks, in these hotels that are affordable and consider the economy of the local customers”* (Ki-002). Another key informant manger said that *“some of the services such as sauna bath, luxurious beds, liquors and gym are expensive and only favors rich persons and international tourists. Also there are some services that still are available for local customers; they generally perceived the prices are higher. For example, the price for bed is variable for international tourists and local customers. About 200 dollar is asked for international tourists while it is only 4000birr for local customers”* (Ki-009).

They also said that, the price of beds for both international and local customers are arranged by considering the seasons (50 dollars for low season). In this regard the researcher concludes the necessities of reviewing their price as Customers are often willing to pay more to stay with a

firm that meets their needs than to take the risk associated with moving to a lower-priced service provider. On the other hand, dissatisfaction and low service quality may lead to unfavorable behavioral intentions, such as spreading negative comments about the hotels, changing destination, complaining and reimbursement seeking. Hotel operators and owners have much to gain if they can understand their customers' expectations of them since this would assist them in serving their customers in a better way. In contrary to this, another key informant manager reported that *“lowering the price of beds and sauna baths to the lowest point also have its own problems as the price tag is another means of setting protocol and maintaining high standards. If the price is low, those of potential customers may lack interest in our hotel. Therefore; it is must to increase the price of services to the highest level in order to improve the standards of the hotel”* (Ki-007).

4.5.2. Frequency of visit by local customers to star rated hotels

Ensuring a frequent and repeated visit of a customer to hotels is a function of many interconnected issues and the major ones are customer satisfaction due to treatment and service quality explained by price affordability. Establishing harmonious and warm relationship with local customers helps to create customer's confidence and ensured the higher commitment of the hotels to provide high quality service in the days yet to come. Having this in mind, this study tried to evaluate how frequent local customers are visiting star rated hotels during Covid-19 times by administering questionnaire to local customers. Out of the 85 respondents, only 38 (44.70%) of them said that *“they used to visit the hotels on a regular and frequent basis while the majorities 47 (55.29%) of them are unlikely to frequently visiting the hotels.* All the majorities of the respondents shared one thing in common that they do not frequently visit star rated hotels due to the high prices of services requested by the hotels. As it was indicated above in the demographic section of this study, most of the interviewee's were an employee of a certain company, not business men/women by themselves, hence are characterized by financial struggle.

4.5.3. Hoteliers effort to attract local customers

The hotels should modify their services in order to accommodate the demands of the various classes of social and economic dimensions. This is particularly important in star rated hotels found in developing countries like Ethiopia as satisfying the needs of both local and foreign

customers provide the green light for staying and competing in the business. The respondents of the survey said that, “local customers wish to have a very accessible information delivery system along with affordable prices and services available for local customers. Respondents from the hotels managers’ side said that “they have their own website to deliver information for their customers of local and international backgrounds. In their websites, they use phrases of “brand hotel, international hotel, or four/five star hotel, or best place for all segment of people” to attract customers. However, these information’s have been frequently accessed by foreigners and local customers are not accustomed of using the website of the hotels to make an informed decision. This study stresses the importance of using some other mechanisms to promote themselves to the wider community while attempting to stay competitively in the business sector”.

One of the informant said that “promotions are conducted not to attract local customers to the hotel, but primarily to advertise events that are going to be held in the hotel. In the process however, the communities are told that some kinds of packages with a discounted prices are available to the local customers”(Ki-12).

If we wish to enjoy a huge economic contribution and capacity building, the system that hotels are performing should be revisited and prepared in a way that the demand of every consumer is considered. This is particularly important when such kind of outbreaks have happened. Not only that business models that provide an inclusive approach for local customers could have a stable business regardless of external factors that have been complicating the business atmosphere like Covid-19.

4.5.4. The reduction in number of local customers affecting the hotel’s economy

Hotel managers were asked to understand the extent to which the reduction in the number of local customers affected the hotel sector. It has been summarized from the responses of the managers that, the economic impact of the outbreak of Covid-19 is estimated at 90% loss. They stay in the business this time only to stay active and not to let their workers go off. However, they said that the economic impact is primarily due to lack of international travelers as flights have been temporarily closed in many of the countries. This is without forgetting that local

customers have their own contribution despite it is incomparable with those of international travelers.

One of the key informant managers said that *“increasing the number of local customers irrespective of the quality standards of the hotel have its own limitations. There need to be a kind of standard to attract more potential international and local customers. Even though some kinds of arrangements have been made to attract local customers, the numbers of local customers that can afford to the services are very few. Therefore, we have our own lowest point where we should provide services to local customers without compromising the standards and protocols we are expected to have”* (Ki-001).

Another key informant managers also added that *“the local customers are not willing to come and enjoy the affordable services even though there are services that may satisfy their needs b/c of fearing Corona virus”*(Ki-005).

On the other hand, all the respondents were particularly intrigued to mention their losses of benefits that they used to generate especially from gym and sauna baths due to the disappearance of customers of both local and foreign. During summer times (Ethiopian rainy seasons), demands for gym and sauna baths are rising despite the outbreak of the pandemic is pushing our customers away.

4.5.5. Local customers number reduction vs. lack of services

Table 10. Responses of hotel managers on the possibilities of local customers number reduction due to lack of services that suit their demand

Attributes	Frequency	Percentage (%)
Yes	62	72.94
No	23	27.06
Total	85	100

Source: Survey, questionnaire, 2020)

As shown above in the table (Table 9), majority of the managers of the hotels (72.94%) said that local customer’s number is reducing from time to time due to lack of services that suit their demands. On the other hand, 27.06% of the respondents said that lack of services do not affect

the number of local customers in our hotels. Though increasing the number of local customers to activate the hotel industry is important, their inability to compete with foreigners is a huge limitation.

One of the key informants responded that *“the hotels found surrounding Bole international airport are particularly interested in attracting foreigners due to their location advantage. In these areas, local customers are completely marginalized as the service price is much higher”* (Ki-14). However; these scenario is a bit different in those star-rated hotels which are found outside of the airport. They tried to provide a holistic service to customers of both local and foreigners. But still foreign customers are at the center of their plan. What they are doing to attract the local customers is reducing the price of services they provide and promoting themselves through different mechanisms.

4.5.6. Prioritization of services to foreigners

Table 11. Reasons of hoteliers to make their services foreigners oriented

Reasons	Frequency	Percentage (%)
Willingness to pay to services offered by their respective hotel	8	53.33
Demand for Brand requested	7	46.66
Total	15	100

Source: Survey, questionnaire, 2020

As shown in the table above 53.34% of the respondents said that willingness to pay is one of the reasons that makes our services foreign oriented while the remaining 46.66% said that it is the brand that are expected to maintain which forced them to consider foreigners as our primary consumers.

One of the key informant of managers reported that *“the number of local customers that can meet the asking price of services in star-rated hotels are very few. Therefore, it is inevitable to become a foreign oriented so as to be competitive”* (Ki-004).

Another informant said that “*star-rated hotels are established to provide an international quality service to their customers. Request for international standards and quality demands highest price for its services and this often is beyond the capacity of local customers*”(Ki-15).

Another key informant also said that “*star-rated hotels are designed from the beginning to suit the demands of foreigners and hence the services are inaccessible for local customers in 4 and 5 star rated hotels. The services not accessed by the local customers in star rated however are a means for generating a huge benefit*”(Ki-13).

As it can be understood from the responses of the respondents, price is one of the most significant factors that affect customer’s perception to star rated hotels and in turn affect the economy of the hotels. This is without forgetting the fact that price has a positive impact on perceived quality but has a negative impact on perceived value. Price also has a more significant impact on perceived quality for higher-star, luxury hotels than lower-star hotels.

It has been stated that the rating of hotels improve the quality of services they provide to their customers (Binkley, 2004). This rating requires the hotels to standardize their properties in order to compete in local and international markets. Hence, the rating demonstrates the quality of service that they provide, through certification and rankings (Su and Sun, 2007). Khan and Fasih (2014) reported that, the higher the rating, the higher the expected level of service and facilities from the hotels. In this regard, the researcher came to understand that the higher the quality and the higher the rate a given hotel has, the lower the number of local customers able to visit their hotels as they are limited by economy.

4.6. Services not affordable to local customers

The respondents identified room services, sauna baths, gym, liquors and some international dishes as those services which are not affordable to local customers. Although it is variable from place to place or season to season, the price of room services is beyond the threshold that local customers are willing to pay.

One of the informant reported that “*the price of room for a single night at four and five star rated hotel is between 3000-7500 birr for local customers. Spending even the minimum 3000 birr for a local customer is difficult and expensive. Another informant also said that “the prices of*

foods are also not that much affordable to many local customers but are still better than beds and liquors. There are some dishes that may ask 4000 birr and is beyond the capacity of the local customers”(Ki-08). This study came to learn that it is good to have fairness in the price of products and services due to the fact that it will influence the perception of the customers and ultimately will influence their willingness to become a customer.

Table 12. The price of beds (low season prices) of some of the star rated hotels

Name of Hotel	Price	
	Minimum	Maximum
Momona	120\$	200\$
Friendship		
Kaleb	50\$	200\$
Best Western plus Addis	120\$	250\$
Ambassador	60\$	120\$
Ydamzewud	50\$	200\$
Sarem	450 birr	2500 birr
Soramba	70\$ 1200 birr for local	150\$

4.6.1. Impacts of local customers’ reduction in the development of the hotel and tourism industry

The respondents said that the absence /reduction of local customers’ number to their hotels make the industry dependent only on the foreigners which hugely affect the hotels industry. The number of foreign customers is fluctuating from time to time due to many factors (Politics, Pandemics, and season). It is observed however, during the investigation that almost all the hotels surveyed were vacant and only a small number of peoples are getting services in their hotels.

One of the key informants manager said that *“in the previous times, before the pandemic outbreaks, trainings, conferences and companies network are our best ways to find local customers. Due to the state of emergency and the pandemic, these kinds of events that requires gathering are prohibited and left the doors of opportunity closed for the hotel industry”*(Ki-009).

4.7. Strengths and weaknesses to promote and attract local customers

All the respondents have agreed that the extent of efforts made to attract local customers to the star rated hotels are very low as they the hoteliers give primary attention to foreigners.

One of the key informant said that *“price discount and preparation of local dishes are some of the strong sides of the hotel to attract local customers to the hotel”*(Ki-10).

As it was clearly stipulated in other parts of this study, inclusive business approach should be used by the hotels to exploit the best out of all the available potential users. Service and price grading, promotion and community service by the hotels should be conducted in order to catch the heart of the local customers. If they won the hearts of the local customers by doing so, they would be able to perform better in the business as the different networks of each of the local customers could generate another route for obtaining new consumers.

4.7.1. Mechanisms to collect feedbacks from local customers

According to the managers of the hotels, there have been limitations in collecting information on satisfaction, limitations and gaps in service quality that customers experienced in their hotels.

One of the key informants of managers said that *“satisfaction rate and feedbacks from the local customers is collected by conducting an oral interview with them while they are leaving off the hotel”. This communication is conducted by the front desk manager or the receptionist and most of the information’s gathered however are not extensively utilized by the hotel to make improvements”* (Ki-001).

Another key informant manager responded that *“their hotel collect information’s on the satisfaction levels of the customer and major areas to improve by the hotel through a questionnaire administered to local customers. The questions presented to the local customers are simple but address all the service dimensions of the hotel. The questionnaires collected were analyzed and major strong and weak sides of the hotel were identified and hence, they acted to improve the weak sides while ensure the continuity of the strong sides of the hotel’s services”* (Ki-003).

Another informant of the study responded that *“opinions from local customers about their general perception on the quality, inclusiveness and affordability of services offered by their hotel were collected through the notebook they placed at the receptions desk. The book is presented and many of their customers are allowed to write about anything that they felt about the hotel. The suggestions and comments given by the customers are then analyzed carefully by the managers and owners along with other supportive staffs’ and then improvements are made”* (Ki-004).

However, the respondents were agreed that there were limitations in regularly performing such activities and hence have a negative impact on the perception of the customers and might be one of the reason for local customers’ dissatisfaction.

4.8. Support given by the government to the hotels

All the respondents said that the government is not giving any support to the hotels to cope with the difficult situations the pandemic has been causing. The outbreak of the diseases has been affecting the hotel industry by not only keeping the potential customers far but also increasing the marginal costs of the hotels. At these pandemic time, the hotels are expected to supply additional protections so as to comply with standards of the ministry of health such as alcohol sanitizers, face masks to staffs, other detergents’ for clean-up purpose which all escalate the costs the hotels are expected to incur.

One of the key informants said that *“service providing sectors experience the greater hit by the pandemic and such that they are expecting a kind of support from the government in the form of either tax relief or some other kind of subsidies to compensate their loss”*(Ki-08).

4.9. Solutions for increasing the accessibility of local customers

The respondents from both the managers and local customers responded and mentioned different elements that would change the whole atmosphere in the business arena. One key informant said that *“changing the attitudes of the community. Majorities of the members of the community do not have the tradition of visiting star rated hotels. They feel that there are no services that are directed at local customers and for those services available, they believe that the asking price is very much expensive”* (Ki-06). The second key informant said that *“improving the incomes of the*

community can increase the paying capacity (affordability) of service prices. It requires a lot of work and time but it helps to improve the buying and selling capacity of the communities and can solve the gap permanently” (Ki-01).

“The hotels should have services that considerate the economic and psychological conditions of the communities. Providing appropriate services that are alternatives and affordable to the community is necessary. As the hotels are Ethiopian, they have to consider the communities economic capacity” was the general comment of one key informant, (Ki-10).

Another key informant said that *“making discounts and serious promotions enabled to solve the problem. Discounts to local customers enabled the service prices of these star-rated hotels can be affordable and promotions can change the attitudes of these customers”* (Ki-14).

4.10. Discussion

This part presents the findings of the study and shall relate these major findings with the existing body of literature. The focus of this research is mainly to observe the understanding of local customers, factors affecting their accessibility and star-rated hotels’ limitations and barriers to attract local customers. These are the main investigation aim of this research. This chapter begins by presentation of the results, with focusing on answering the specific research questions:-How do local customers perceive the services offered by three, four and five star-rated hotels? Does affordability affect local customers to get services in three, four and five star-rated hotels in Addis Ababa? Could local customers access star-rated hotels in Addis Ababa?

4.10.1. Local customers’ perception

Customers with a high level of satisfaction may recommend a certain destination to friends, visit again and leave positive feedback about the experience. However, dissatisfied customers, apart from being displeased with the choice and not recommending it to others, may also criticize it (Chen and Chen, 2010). Researches on customers’ perception agreed that dissatisfaction of customers’ is the result of service giving problems and also the respondent confirm this from my interview specially the services of four and five star rated hotels are not balanced with the interest of local customers and designed to suit the demands of the foreign customers hence the demands of the local customers in the hotels are marginalized and set aside. Majority of the respondents said that the services that provide to the local customers are not satisfactory. There is

shortage of local food and beverage access which is favorable to local customers. Due to these reason local customers' develop a perception that three, four and five star-rated hotels services are only belonged to international tourists and few wealthy groups.

Most of interviewees (local customers) said that the perception of local customers towards four and five star-rated hotel services is negative, unaffordable, not belong to locals as the result of hotels' foreign oriented service and costly. According to respondents this perception of local customers' is right.

4.10.2. Affordability of the service prices of star rated hotels

Price strongly impacts on brand selections among competing alternatives (Avlontis and Indounas, 2007). From theses research the most important factor to customers' hotel selection is service price. But the surprising finding indicated that four and five star hotels service price in Addis Ababa is beyond local customers' capacity. Because standards was designed based on foreign customers affordability.

Making profit through low service price from many local customers is more profitable and sustainable than high service price which given to few foreign customers. The number of these local customers was lower not only after the outbreak of the pandemic but before as the three, four and five star-rated hotels cannot satisfy the interest of the local customers. On the other hand, the hoteliers always targeted international customers. The researcher understood from interview and observation that most of their bed rooms were not rented after the outbreaks of the pandemic. There is no bankruptcy like putting many bed rooms without service. Reducing the service price and inviting local customers was the better way of enhancing profitability. It needed radical attitudinal change of hoteliers on their business strategy as well as service giving.

The income of local customers and hotels services price standards are incompatible. As the result of this, only rare local customers (few wealthy individuals) can afford four and five star hotels' service price. Before the pandemic outbreaks, trainings, conferences and companies network are best ways to get local customers for these star-rated hotels. This means most of local customers cannot afford the services by themselves.

Among the service items: bed rooms, most liquors, sauna bath, most dishes item and other related services are the most unaffordable services to local customers. The price of bed rooms in four and five star-rated hotels is from 2000-7500 birr per night before the outbreak of the pandemic. Liquors and dishes service price is also expensive compared with the capacity of local customers. Only hot drinks and few dishes can be afforded by local customers as compared to other services. But these are not main means of profit making mechanisms to four and five star-rated hotels. Hoteliers have to introduce balanced service prices to locals.

The cost of the service plays a significant role in the selection of a destination by customers (Christie and Crompton, 2001). The expensive service price of four and five star-rated hotels' negatively impacted the perception and reduced the accessibility of local customers in Addis Ababa. This corroborates with the finding of Forbes *et al*, (2014) who reported that "customers' selection of a hotel is based on price and service items". As the result of this no and low ranking hotels, restaurants and bars are the choices of local customers.

4.10.3. Accessibility of local customers'

According to Scheyvens (2007), the economic contribution of local customers can be significant even when local customers do not have high spending power. Interviewees insured that increasing the accessibility of local customers enabled hoteliers to have alternatives and sustainable flow of customers. Negative perceptions, low economic capacity and unaffordability of costly service price of four and five star hotels do not satisfied the demands of the local customers.

Before the pandemic outbreaks, these star-rated hotels get few local customers through meetings, conferences and festivals. The outbreak of Covid-19 pandemics changed the scenario from bad to worse as it minimized the accessibility of those little local customers. Negative perceptions related to the pandemics like star rated hotels are vulnerable to the spread of the virus as they are serving as a quarantine center (Eliana and Sky Light); movement and gathering restrictions by the government to control the spread of the virus; and economic crisis of locals were the main causes for locals to a reduced visit to four and five star-rated hotels.

Hoteliers took some measurements to increase the accessibility of local customers. Service price reduction, allowing customers to access free Wi Fi and delivering local type services are used as

a means of attracting local customers. But still hoteliers had promotion limitations through different Medias which are accessible to local customers. These short term methods cannot be able to increase the accessibility of locals' because attitudinal change needs wide participation and more efforts. Still hoteliers targets are foreign customers rather than locals. They tried to attract locals to pass the pandemic crisis but not as sustainable solution. The problem is not only local customers' perception and it is also the hoteliers. It needs wide government, hotel and tourism organizations and public attitude change and involvement.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

This research is the first time that a study of this nature carried out on hotels in Addis Ababa in terms local customers perception on price affordability and accessibility. Addis Ababa hotels play a significant role in accommodating various travelers as Addis Ababa is the capital city and the location of many international organizations. However, star-rated hotels in Addis Ababa, it is expected that the price is not affordable and negatively affected the perception and accessibility of local customers. Therefore, this research explored the current factors which affect local customers' perception about star-rated hotels in Addis Ababa. The research study applied a descriptive survey approach to investigate the findings.

Based on the analysis of the data generated through structured and semi-structured questionnaires deployed to respondents' in the star rated hotels and personal observation of the hotels, it has been summarized that:

The study results indicated that the perception of local customers about star-rated hotels in Addis Ababa were negative. Despite it, hoteliers' attempts to change the local customers' perception and increase their accessibility were not enough. The achieved promotional practices within Addis Ababa hotels were not genuinely performed for local customers' attraction. It was discovered that these promotional practices of these star-rated hotels were implemented mainly derived from advertising themselves for international customers and in somehow to pass Covid-19 crisis rather than for permanent solutions.

Local customers were not accessible to star rated hotels as their price and quality standards are above the threshold local customers are willing to pay. The study shown that three, four and five star-rated hotels service prices and service types were designed based on international customers capacity and to suit them. High service (unaffordable) service and lack of local type services resulted dissatisfaction on local customers as well as negatively impacted the perception and accessibility of local customers.

The three, four and five star rated hotels are designed to suit the demands of the foreign customers hence the demands of the local customers in the hotels are marginalized and set aside. The accessibility of local type services were not enough related to hoteliers' business target, local customers paying capacity and the hotels standard. Most of star rated hotels assumed their services were international standard and designed to attract and satisfied international customers.

Hoteliers' business strategy was one sided and only foreign customer based. It neglected the interest of local customers and there contribution to the sector development. In the studied star rated hotels price affordability and fulfillment of demand requests from the perspective of local customers fall short. Hence, these star rated hotels were struggle with customer seasonality and shortage.

Female customers' numbers in the hotels were less than males. It was indicated that females are not economically powerful and computable with male. As the study result shown majority of females' consumers in the star rated hotels were invited by males. The cultural influence and less economic power limited the accessibility of female accessibilities as well as their contribution.

Due to the outbreak of the global pandemic, the economy of the hotels has been hugely affected as the damage is further exacerbated by the closing of international flights. Those foreign tourists travelled from their country to Ethiopia for various purposes such as tourism, conferences and trainings have been contained in their country and hence the hospitality industry in general and the hotel industry in particular are affected.

The outbreak of Covid-19, Shortage of income and star rated hotels' price standards seriously impacted the affordability of local customers' of hotels services price. The income of most local customers was not enough to lead life and to entertain in these hotels continuously. It resulted negative perception on local customers and minimized their accessibility to these star rated hotels.

5.2 Recommendations

This study provides exploratory insight into what the perception of local customers is seems like about Addis Ababa star rated hotels services, service price and their accessibility. It also focused on what hoteliers are doing onto solve shortage of customers, attracting local customers, and the obstacles facing these performances. The concern of the agenda is not only the issues of hotels. For the future further improvement in Addis Ababa hotel industry t it needs collaboration of different stakeholders, and several recommendations were also provided for hotel owners, for government and hotel stakeholders. It is believed that this recommendation could guide the bodies mentioned above in the adaptation and implementation of initiatives in the sector.

- Accessibility of hotels in terms of price affordability, fulfillment of demand requests from the perspective of local customers should be investigated and it is only when a full picture of the service quality and inclusiveness along with the satisfaction of customers is drawn.
- The hotels need to be studied for the quality of services to the local customers as there is a mismatch between the hotel ratings and service quality they provide to customers. This is because, star rating of hotels usually prioritize the physical structures of the hotels, not the services they provide.
- Government enforcement to star rated hotels should be up to a level where local customers have a room and are not discouraged to visit and enjoy the services offered by such higher standards hotels.
- Hoteliers have to introduce strategies to increase accessibility of local customers’.
- In order to improve customer satisfaction, develop and maintain a commendable reputation among the wider community, the hoteliers should know the status of their customers’ satisfaction levels, and conduct customer satisfaction surveys regularly. This is important since it outlines how the customers perceive the service quality and inclusiveness of hotels and in return the hotels will have an idea of what their customer see as good or bad service quality in order to guide them to improve their service, to quickly identify problems and to better assess client satisfaction levels.

- In order to be effective and effectively function in the competitive and growing industry, the hoteliers should not set aside and underestimate the benefit that will be generated from the local customers.
- The survival of hospitality industry hugely determined by the loyalty of customers which is explained by the repeated visit of the customers'. Therefore, the hoteliers need to create an inclusive but high quality services which engenders and ensure loyalty among the customers.
- Ministry of Culture and tourism and Hotel Associations have to introduce new policies and strategies of hotel service which can include as well as fulfill the interest and capacity of local customers.
- Covid-19 followed serious of bankruptcy on the hotel sector. During crisis giving support to institutions enabled to sustain the organization itself and related economic problems. Government has responsibilities to support and arranging financial aids for these hotels which faced bankruptcy.
- Hence, this study suggests hoteliers to design an inclusive business model or approach so that the needs of every customers of different background could be entertained. In spite of this, adequate attention should have been given to include local foods and beverages in the menu lists of the hotels.

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6. Marital status

Single Married Widow Divorce

Challenges of hotels during Global crisis cum Covid-19: local customers' perception on accessibility and affordability of star-rated hotels

➤ **To identify major factors affecting local customers' accessibility of star-rated hotels in Addis Ababa.**

- Please tick your answer on the impact of factors on your accessibility in three-five star hotels.

5 – Strongly agree 4 - Agree 3 – Neutral 2 – Disagree 1 – Strongly disagree

No	Factors	5	4	3	2	1
1	Service Price of three-five star hotels' reduced your accessibility					
2	Your accessibility is impacted by information gaps about three-five star hotels					
3	Your access to three-five star rated hotels is affected by lack of hotels' attention to local customers					
4	Protocols of three-five star hotels' influencing your accessibility					
5	Lack of local types services are factors affecting your accessibility to three-five star hotels					
6	Your perceptions about three-five star hotels affect your accessibility					

1. Are three-five star rated hotels accessible for you? Yes No

If your answer is No, Why?

2. Is there any factors limited your accessibility to three-five star hotels?

Yes No

What are they?

➤ **To determine the perception of local customers' towards the services offered by star-rated hotels in Addis Ababa?**

Please tick your view of perception about three-five star hotels' services.

5 – Excellent 4 – Very good 3 – Good 2 – Poor 1 – Very Poor

No	Services	5	4	3	2	1
1	Accessibility of local types services in three-five hotels					
2	Appropriateness of services price of three-five star hotel to local customers					
3	Attentions to local customers hospitality					
4	Entertainment accessibilities which are preferred by local customers					
5	Appropriate of protocols standards of three-five star hotel's to local customers					
6	Inclusiveness (local and foreign) of three-five star hotels' services					

1. Are you satisfied by services which offering by three-five star-rated hotels? Yes
 No
 Why? _____

2. Does services which providing by three-five star hotels attracts local customers? Yes
 No
 Why?

3. Does three-five star hotels' services are included local customers interest? Yes
 No
 Why?

To examine how affordability affect local customers to get services in star rated hotels in Addis Ababa.

Please tick your view on the impact of unaffordability to get services in star-rated hotels

5 – Very Frequently 4 - Frequently 3 – Rarely 2 – Very Rarely 1 - Never

No	Prices of services affordability	5	4	3	2	1
1	Unaffordability of service prices affected to get services in three-five star hotels					
2	Service prices of three-five star hotels reduced your accessibility					
3	Unaffordable services types of three-five star hotels limited your services types in these hotels					
4	Price unaffordable services of three-five star hotels shifted your accessibility to non-ranking hotels to get services					

Part Two:

Semi Structured Interview Guide: the following questions are mentioned to study local customers' perception on accessibility and affordability of three-five star-rated hotels in Addis Ababa

Please provide detail information orally as much as you can.

1. Do you think the service price of three-five star hotels are appropriate and considers the capacity of local customers?
2. What services offered by three-five hotel are not affordable to the local customers?
3. Do you think the services provided by these hotels are attractive to the local customers?
4. Do you think any possibility of local customer reduction in number due to lack of services that suits their demand?
5. How do you rate the impact of local customers' number reduction in the development of the hotel and tourism industry?
6. What do you think are the solutions for increasing the number of local customers?
7. Are the services that offered by three-five star hotels are inclusive (local customers and foreigners oriented)?
8. What are the strengths and weaknesses of three-five star hotels with respect to the attempts made to promote and attract local customers?
9. What are the factors that prevent local customers from coming to hotels?
10. Is your accessibility to hotels is limited after covid-19?
11. If Yes (Q10), what are your reasons?
12. Don't you think that increasing the number of local customers help to enhance customers' shortage in three-five star hotels?
13. How do you explain your perception toward three-five star hotel services?
14. What measures would you expect hotels to take to overcome less customers visit to hotel because of covid-19?

Appendix A: the star categories and distance from Bole international airport of hotels surveyed for the purpose of the study

Hotel's Name	Star- level	Distance from Bole Airport
Capital	5 star	3 Km
Marriott Executive	5 star	5 Km
Radisson Blue	5 star	4 Km
Golden Tulip	5 star	2 Km
Jupiter	4 star	1Km
Momona	4 star	1Km
Sarem International	4 star	11Km
Intercontinental	4 star	4 Km
Friendship	4 star	1 Km
YadamZewud	4 star	11 Km
Soramba	3 star	10 Km
Ambassador	3 star	1 Km
NegaBonger	3 star	7 Km
Debredamo	3 star	3 Km
Kaleb	3 star	2 KM