A HIERARCHICAL APPROACH TO MEASURE SERVICE PERFORMANCE IN THE RESORT HOTEL'S SERVICE ENCOUNTERS

Yun Yang and Andrew Chan
School of Hotel and Tourism Management
The Hong Kong Polytechnic University
Hung Hom, Kowloon, HONG KONG

ABSTRACT

Although a number of researchers have proposed models to better investigate service performance in the hospitality industry, many of them are still along the Oliver's (1981) expectation-disconfirmation theory. To more effectively and directly measure service performance, the performance-based measurement of applying multilevel and multidimensional theory has been highly recommended in recent years. In view of the characteristics of service performance in the resort hotel, a hierarchical model that combined the concept of service encounters and Rust & Oliver's (1994) three service dimensions is initially proposed in this study according to literature-based insights. Combining the results from in-depth interviews and reviews of the literature on the measurement scales of hospitality service performance, this study then identifies sub-dimensions and underlying attributes in the conceptual model. From perceiving service performance in the resort hotel, obvious distinctions and emphases that are different from those of the traditional or commercial hotel are also found in this study.

Keywords: service performance, resort hotel, hierarchical approach, in-depth interviews

INTRODUCTION

Since the economic boom of the 1960s, large numbers of travellers have been able to arrive quickly and safely in exotic, though remote, destinations, and increasing numbers of resort hotels have sprung up in beautiful natural locations (Walker, 2006). Nowadays, resort hotels have become one of the dominant segments of the accommodation industry (Inkabaran et al., 2004). In hospitality literature, the resort hotel is often put into a diverse type of hotel classification, such as hotel location (Angelo & Vadimir, 2001), lodging establishment (Dittmer, 2002), market segment (Powers & Barrows, 2002), etc. Whatever it is, the resort hotel in each category is consistent with the concept of the resort (Gee 1996, p. 22): "The

core principle of the resort concept is the creation of an environment that will promote and enhance a feeling of well-being and enjoyment."

In actual design and operation, the resort concept is accomplished through the outdoor environment and amenities in addition to the provision of quality services and relevant facilities by the hotel itself. This is the main difference between a resort hotel and a traditional or commercial hotel (Mill, 2001). Richardson (2000) further identified two criteria for a resort hotel. One is to supply sufficient indoor amenities that encompass an extremely good quality of service, pleasant physical surroundings, and convenient entertainment and other facilities. Another key factor for the resort hotel is that it must be located in a unique vacation spot that is desirable because of its climate, scenery, and recreational attractions. The resort hotel may then combine outdoor views and the local culture with its own facilities. This means that a resort hotel should have sufficient outdoor areas with beautiful views and recreational facilities to create more leisurely surroundings. These two criteria of the resort hotel are also emphasized in the hospitality literature and by practitioners (see PKF Hospitality Research, 2006; Power & Barrows, 2003; Dittmer, 2002; Angelo & Vladimir et al., 2001).

According to the literature, to ensure a customer's enjoyment and health, a resort hotel must supply multiple internal amenities that feature a convenient, recreational, and entertaining environment and, additionally, must consider the external natural views and leisure surroundings. Hence, resort hotel service performance includes normal internal hotel services and the nearby surroundings and recreational facilities. Although a number of researchers have proposed models to investigate service performance in the hospitality industry, unfortunately, there is little research focusing on the resort hotel's service performance. This paper attempts to fill the current research void in hospitality service measurement and the hierarchical approach to perceiving service performance is applied in this study. And in order to identify the dimensions and related attributes within the components of service performance in the resort hotel, in-depth interviews are conducted. Combined the results from interviews with a review of the literature in hospitality marketing and service quality, the five service encounters in the resort hotel, the underlying sub-dimensions, and relevant attributes are identified.

LITERATURE REVIEW

The measurement of service performance has been discussed in the services marketing literature. Researchers generally adopt two approaches. One was initially offered by Grönroos (1984), who classified two dimensions of service quality: functional quality and technical quality. Another is the SERVQUAL model (Parasuraman, Berry & Zeithaml), which has always been dominant in the service literature. It uses five dimensions to describe the characteristics of a service encounter: reliability, responsiveness, empathy, assurance and tangibles. These

two models are based on the conceptualization of the expectancy-disconfirmation paradigm (Oliver, 1981). However, the validity of the paradigm has been criticized, as there are limitations to its application in practical operations (Cronin & Taylor, 1992) for which a performance-based measure is highly recommended.

In an attempt to understand fully how service performance judgment evolves, a number of services marketing scholars and practitioners advanced modified models to reflect the complex state of service performance in the service delivery process. Brady and Jr (2000) summarized them as three themes. A first modification type is to drop the expectation of the model. The second type is to identify more detailed dimensions about Grönroos's (1984) technical and functional dimensions. For example, Rust and Oliver (1994) offered the three-component model: service product; service delivery, and service environment, and Grove et al. (1998) proposed the services theatre model. The third type is to propose a multilevel model or hierarchical approach to explore the service quality construct (e.g. Daholkar, Thorpe & Rentz 1996; Brady & Jr 2000). However, these representative modifications have heightened interest in the evaluation of the whole service delivery.

Therefore, the concept of service encounters has received widespread attention in recent years. Actually, in the 1990s, some researchers had defined "service encounter" and applied it to measure service performance (e.g. Shostack, 1985; Bitner, 1990, 1994; Grove & Fisk, 1997). Although the researchers identified service encounter as a complex process that has a wide array of dimensions, the three dimensions of the service encounter that have typically been discussed in the literature, are the service self, the service environment, and the service interaction between service personnel and the customer. These dimensions are the same as Rust and Oliver's (1994) proposed three components for measuring service performance.

Service supply is also operated along a series of consecutive phases of the service encounter. Hence, to better understand the strengths and weakness of a firm and to further refer to the different phases of the entire serving process, some researchers have segmented the delivery process into distinct service encounters. Britan and Lojo (1993), for example, developed a framework to reflect different encounters, including (1) access, (2) check-in, (3) diagnosis, (4) service delivery, (5) check out, and (6) follow-up.

In view of the distinct departments offered in hotel services, this segmentation has been commonly applied in their service performance judgment. Danaher and Mattsson (1994a) divided the delivery process of conference hotel service into four encounters: (1) arrival, (2) coffee-break, (2) lunch, and (4) conference room. In another study, Danaher and Mattsson (1994b) similarly partitioned the hotel service delivery process into five encounters: (1) check-in, (2) room, (3) restaurant, (4) breakfast, and (5) check-out. In line with this approach, Yung and Chan (2001) separated hotel services for the business traveller into five encounters: (1) check-in, (2) room, (3) restaurant, (4) business centre, and (5) check-out. Different service encounters have distinct characteristics, but these simultaneous

encounters make up the whole image of service. Therefore, these researchers strongly recommend that the approach to categorizing service encounters explore the criteria of evaluation for service performance and further refer to the problems that can occur in service encounters.

As discussed above, compared with business hotel customers, resort hotel customers expect special and additional experiences during their stay. That means internal service encounters play an important role in the general quality of resort hotels. Yet, resort hotels generally need further advantages apart from their dramatic and desirable natural surroundings, because they can set off the concept of "resort". Therefore, unlike a business hotel, when a customer lodges in a resort hotel, customer satisfaction stems not only from the internal basic hotel service offerings, such as reception, room, food and beverages, recreation and entertainment, and so on, but also from the external natural surroundings and outdoor facilities of the hotel. Integrated with the concept of the term "resort" and the nature of resort hotel services, the encounters in this study are categorized as (1) reception, (2) room, (3) food and beverage, (4) entertainment and recreation, (5) open public-areas.

To view the service performance in the five encounters of the resort hotel, this study adopts the Rust and Oliver's (1994) three dimensions of every service encounter. Overall, the study views the service performance in the resort hotel by multidimensional and hierarchical approaches. The hierarchical conceptualization of measuring service performance has been supported by service quality literature (e.g. Carman, 1990; Daholkar, Thorpe & Rentz 1996) because this multilevel structure more fully accounts for the diversity and complexity of the different dimensions of service performance. Furthermore, Brady and Jr (2001) tested the conceptualization across four service industries: fast-food, photograph developing, amusement parks, and dry cleaning. Their study supported and consolidated the hierarchical approach in applying an evaluation of service performance.
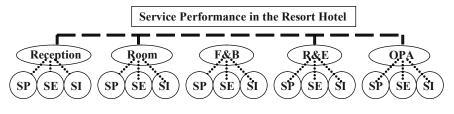
In the hospitality service measurement literature, although the researchers had tried to modify the SERVQUAL instrument, such as Knutson et al.'s LODGSERV (1990) and Getty and Thompson's LODGQUAL (1994), these measurements still follow the disconfirmation paradigm (Oliver, 1981), and they have omitted to further develop suitable multilevel conceptualization and models to measure the whole service delivery in hotels. To address this gap, according to the multidimensional conceptualization, the concept of service encounters and Rust and Oliver's (1994) three dimensions of service performance, this study proposed that the resort hotel's service performance involve five service encounters as primary dimensions of perceiving service performance by customers, and Rust and Oliver's three dimensions are respectively suggested as the five encounters' sub-dimensions (see Figure 1). Based on this theory, the qualitative study is undertaken to further identify their underlying dimensions and salient attributes, and finally the hierarchical service performance model is finished to evaluate resort hotel performance.

F&B: Food & Beverage;
R&E: Recreation & Entertainment;
OPA: Open Public Areas
SP: Service Product; **SE**: Service Environment; **SI**: Service Interaction
‑ ‑ ‑ ‑ ‑ ‑ ‑ ‑ **: Primary Dimensions**
.... **: Subdimensions**

Figure 1: Conceptual Framework

METHODOLOGY

Owing to the undeveloped state of knowledge in the domain of service performance in different service encounters in the resort hotel, qualitative research from an inductive perspective is used to identify the underlying dimensions and attributes that belong to service product, environment and interaction in five service encounters of the resort hotel. This research approach has been successfully applied in service and marketing literature, for example, the famous SERVQUAL model's dimensions of Parasuraman, Zeithaml and Berry (1985); Brady and Jr (2000)'s sub-dimensions of the third-order factor model. When applying the SERVQUAL model in the lodging industry, this research method was also performed by Getty and Thompson (1994).

The first stage in the research is to review literature on service quality, service measurement, service performance in the hospitality industry, and the broader literature on resort hotel definitions and categories. According to the literature review, this study identified the nature of a resort hotel and the characteristics of its service performance. Furthermore, the initial conceptual framework was developed. Meanwhile, the semistructured interview protocol for use in open-ended, in-depth interviews was proposed. As advised by McCracken (1988) the interview protocol enables the researchers to focus attention on interviewers' responses, and ensures all research objectives are discussed.

Then the study decided on a selection of interviewees based on whether or not they had recent lodging experience in the resort hotel. However, in order to control samples varying in terms of age, sex and occupation, an initial convenience sampling was used. That is, 25 peoples were initially interviewed by telephone and after the telephone interviews, the interviewees who had lodged in resort hotels were confirmed, and the objectives of the interviews were also introduced.

Among them, nine interviewees had lodged the resort hotel, but one interviewee rejected the formal face-to-face interviews owing to an unsuitable interview timetable.

Next, the eight face-to-face in-depth interviews were conducted. Each interview lasted between 35-40 minutes. The interviews were all tape-recorded after receiving the permission of the interviewees. At same time, notes were also made about key ideas and themes during or immediately following the interviews. To collect a breadth of information and increase the utility of the discussions, at the end of interviews, the participants were asked to complete a self-administered written questionnaire designed to gather personal and demographic data and information about previous experiences in resort hotels, then all data were treated in an ethical and confidential manner.

In coding the data, this study used content analysis through the inductive approach that followed the guidelines of qualitative data analysis by Spiggle (1994). The analysis involved three main iterative stages. Firstly, all tapes and notes of the interviews were listened to and transcribed and then the transcriptions were categorized and coded by connecting variously coded sentences, paragraphs and incidents. Finally, these results of interviews' analyses were combined with a review of the literature on service performance measurement in the hospitality industry. The sub-dimensions and underlying attributes were summarized based on the three dimensions (service product, service environment and service interaction) in five service encounters with the resort hotel.

FINDINGS AND DISCUSSIONS

The study revealed that owing to the distinct functions of the five encounters in the resort hotel, there are largely different perceptions of service products. In the reception department, the service products are emphasized for their efficiency, accuracy, hospitality and sufficient information; room service products are constituted by convenient room facilities and non-disturb/invisible formal room services; food & beverage service products mainly refer to food features, dining-styles and serving efficiency; recreation & entertainment service products focus on variety, interesting facilities and programs and promotion information; the service products of the open public areas include the hotel's location, architecture and outdoor gardens.

For the service environment, although all five encounters were identified in the three dimensions: comfort, aesthetics and ambience, the underlying attributes have obvious distinctions especially in their aesthetics and ambience. The reception's aesthetics and ambience focus on the lobby's decoration and design style that can be embodied in a related theme or local culture. The guestrooms emphasize their coziness and comfort alike. The food & beverage department needs to create efficiency, pleasure and romanticism through dining decoration and on-site music/entertainment performances. The recreation & entertainment

department is identified by its refreshment and relaxation. The open public areas are characterised by landscaping inside and outside.

Similarly, in the service interaction between customer and employee, the dimensions of the five encounters mainly focus on employees' appearances, attitude, and responsiveness and professionalism. Employees' appearances are categorised by being well-dressed and neat. The serving attitude is about the employees' politeness, friendliness and enthusiasm. The responsiveness is emphasized by prompt and satisfactory serving of the customers' reasonable demands. The professionalism is defined by whether the employees are knowledgeable, helpful and can give customers professional guidance and customized suggestions.

In the subsequent of review of literature (e.g. Getty & Thompson 1994; Gunderson et al. 1996; Oh 1999; Kashyap & Bojanic 2000;Yung & Chan 2001; Inbakaran et al. 2004et. al) revealed much support for these underlying dimensions. However, owing to the nature of the resort hotel, some dimensions and related attributes are particularly discussed. For example, on the aspect of employees' appearance, besides being well-dressed and neat, their uniform may be commented on for its novel and creative design that can not only reflect a national costume's characteristics, but also a feeling of relaxation and pleasure. According to an interviewee's' description, for example, "In a resort hotel, the uniform may not be formal. The design can express easy and pleasant." "I like the dress that the staff in the Cabana Resort Hotel wear. It reflects Thailand's national characteristics that imply that I am living in Thailand. This is unlike other resort hotels in which I have lived where the staff all wear suits and ties. This kind of uniform design follows the same pattern of traditional/business hotels." Furthermore, with the service environment, when lodging in resort hotels, customers also pay more attention to the landscape of the hotel's surroundings. So the aesthetics of guestrooms and open public areas are emphasized for their outdoor views and fusion with nature. In the food & beverage and recreation & entertainment departments, the customers expect to be closer to nature by having outdoor dining and outdoor activities. This is especially the case when on holiday in a resort hotel as these customers like to attend leisure programs organized by the hotel. As some of interviewees' suggest: "The resort hotels I have stayed in, their facilities and programs all have a general resemblance with only small differences. So I hope the resort hotel can organize some activities, such as theme gatherings, parties and so on." "The resort hotel should design their own specified leisure programs so that the customers would prefer to spend their leisure time in the hotel."

Overall, to fully understand every phase of the service delivery process in a resort hotel, and further consider the nature of a resort hotel that makes it different from a traditional or commercial hotel, the hierarchical approach of measuring service performance is highly recommended. This framework describes service delivery as different encounters that can respectively represent distinct professional services. Furthermore the approach to categorizing sub-dimensions and salient

attributes of the different service encounters emphasise the characteristics of resort hotel services.

LIMITATIONS

Several limitations of this study need to be noted. First, because of the constraints of time and limited resources, the sample is derived only from Chinese hotels. The results may not be generalizable to other resort hotels in other regions and countries. Also, the sample is defined as guests who stay in a resort hotel for their vacation. Hence, the findings and conclusions may be limited and may not apply to all guests in a resort hotel. Next, owing to the qualitative study, the main objectives of this study are to categorize the dimensions of five service encounters in the resort hotel and their relationships were just discussed along with the literature and qualitative results. Therefore, the final framework and conceptualization are recommended to apply in further quantitative researches.

REFERENCES

Angelo, R. M., & Vladimir, A. N. (2001). *Hospitality today: an Introduction* (4th eds.). Michigan: The Educational Institute of the American Hotel & Lodging Association.

Brady, M. K., & Jr. J. J. C. (2001). Some new thoughts on conceptualizing perceived service quality: a hierarchical approach. *Journal of Marketing*, 65 (3), 34 – 49.

Bitner, M. J. (1990). Evaluating service encounters: The effects of physical surroundings and employee responses. *Journal of Marketing*, 54 (2), 69 – 82.

Bitner, M. J., Booms, B. H., & Tetreault, M. S. (1994). Critical service encounters: the employee's viewpoint. *Journal of Marketing*, 58 (4), 69 – 82.

Carman, J. M. (1990). Consumer perception of service quality: An assessment of the SERVQUAL dimensions. *Journal of Service Marketing*, 66 (1), 33 – 35.

Cronin, J. J., & Taylor, S.A. (1992). Measuring service quality: A re-examination and extension. *Journal of Marketing*, 56, 55 – 68.

Dabholkar, P., Thorpe, D. I., & Rentz, J.O. (1996). A measure of service quality for retail stores. *Journal of the Academy of Marketing Scienc*e, 24, 3 – 16.

Danaher, P.J., & Mattsson, J. (1994a). Customer satisfaction in the service delivery process. *European Journal of Marketing*, 28 (5), 5 – 16.

Danaher, P.J., & Mattsson, J. (1994b). Cumulative encounter satisfaction in the hotel conference process. *International Journal of Service Industry Management*, 5(4), 69 – 80.

Dittmer, P. R. (2002). *Dimensions of the hospitality industry: an Introduction* (3rd eds.). New York: John Wiley & Sons Inc.

Dubé, L., & Renaghan, L. (2000). Creating visible customer value: How customers view best-practice champions, *The Cornell Hotel and Restaurant Administration Quarterly*, 41 (1), 62 – 72.

Gee, C. Y. (2000). *Resort Development and Management*. Michigan: Educational Institute of the American Hotel & Motel Association.

Getty, J. M., & Thompson, K.N. (1994). A procedure for scaling perceptions of lodging quality. *Hospitality Research Journal*, 18 (2), 75 – 96.

Grönroos, C. (1984). A service quality model and its marketing implications. *European Journal of Marketing*, 18 (4), 36 – 44.

Gundersen, M. G., Heide, M., & Olsson, U. F. (1996). Hotel guest satisfaction among business travelers. *Cornell Hotel and Restaurant Administration Quarterly*, 37 (2), 72 – 80.

Inkabaran, R., Jackson, M., & Chhetri, P. (2004). Segmentation of resort tourists: A study on profile differences in selection, satisfaction, opinion and preferences. In *Proceedings of the New Zealand Tourism and Hospitality Research Conference 2004*. Smith, K. A., & Schott, C. (eds.) Wellington, 8 – 10 December. pp. 136 – 145.

Kashyap, R., & Bojanic, D. (2000). A structural analysis of value, quality, and price perceptions of business and leisure travellers. *Journal of Travel Research*, 39 (1), 45 – 51.

Knutson, B., Stevens, P., Patton, M., & Thompson, C. (1992). Consumers' expectations for service quality in economy, mid-price and luxury hotels. *Journal of Hospitality and Leisure Marketing*, 1 (2), 27 – 43.

McCracken, G. (1988), *The Long Interview*. Newbury Park, CA: Sage Publications.

Mill, R. C. (2001). *Resort Management and Operation*. New York: John Willey & Sons, Inc.

Oh, H. (1999). Service quality, customer satisfaction, and customer value: A holistic perspective, *International Journal of Hospitality Management*, 18, 67 – 82.

Oliver, R. L. (1981). Measurement and evaluation of satisfaction process in retail setting. *Journal of Retailing*, 57 (3), 25 – 48.

Parasuraman, A., Valarie A. Z., & Leonard L. B. (1988). SERVQUAL: A multiple-item scale for measuring customer perceptions of service quality. *Journal of Retailing*, 64 (1), 12 – 40.

PKF (2006) Trends in the hotel industry. GA : PKF Hospitality Research Powers, T., & Barrows, C.W. (2003). *Introduction to Management in the Hospitality Industry* (7th edition) New York: John Wiley & Sons, Inc.

Richardson, E. C. (2000). *Resort management In Hospitality and Tourism: An Introduction to the Industry* (9th edition) Brymer, R. M. (eds.), New York: John Wiley & Sons, Inc. pp.374 – 379.

Rust, R. T., & Oliver, R. L. (1994). Service quality: insights and managerial implications from the frontier. *In Service Quality: New Directions in Theory and Practice*. Rust, R. T & Oliver, R. L. (eds.) Thousand Oaks, CA: Sage Publications, pp.1 – 19.

Shostack, G. L. (1987). Service positioning through structural change. *Journal of Marketing*, 51 (1), 34 – 43.

Spiggle, S. (1994). Analysis and interpretation of qualitative data in consumer research. *Journal of Consumer Research*, 21, 491 – 503.

Walker, J.R. (2006). *The Introduction to Hospitality* (7th edition) Person Prentice Hall: New Jersey.

Yung, E., & Chan, A. (2001). Business traveler satisfaction with hotel service encounters. *Journal of Travel and Tourism Marketing*, 11 (4), 29.