

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1. Service and Service Quality**

##### **2.1.1 Services**

Service quality (SQ), in its contemporary is a comparison of perceived expectations (E) of a service with perceived performance (P), giving rise to the equation  $SQ = P - E$  of service quality has its origins in the expectancy-disconfirmation paradigm.

A business with high service quality will meet or exceed customer expectations whilst remaining economically competitive. Evidence from empirical studies suggests that improved service quality increases profitability and long term economic competitiveness. Improvements to service quality may be achieved by improving operational processes; identifying problems quickly and systematically; establishing valid and reliable service performance measures and other performance outcomes.

**Definition:** From the viewpoint of business administration, service quality is an achievement in customer service. It reflects at each service encounter. Customers form service expectations from past experiences, word of mouth and marketing communications. In general, customers compare perceived service with expected service, and which if the former falls short of the latter the customers are disappointed. The measurement of subjective aspects of customer service depends on the conformity of the expected benefit with the perceived result. This in turn depends upon the customer's expectation in terms of service, they might receive and the service provider's ability and talent to present this expected service. Successful companies add benefits to their offering that not only satisfy the customers but also surprise and delight them. Delighting customers is a matter of exceeding their expectations.

Pre-defined objective criteria may be unattainable in practice, in which case, the best possible achievable result becomes the ideal. The objective ideal may still be poor, in subjective terms.

Service quality can be related to service potential (for example, worker's qualifications); service process (for example, the quickness of service) and service result (customer satisfaction).

Individual service quality states the service quality of employees as distinct from the quality that the customers perceived.

**Dimensions of service quality:** A customer's expectation of a particular service is determined by factors such as recommendations, personal needs and past experiences.

The expected service and the perceived service sometimes may not be equal, thus leaving a gap. The service quality model or the 'GAP model' developed in 1985, highlights the main requirements for delivering high service quality. It identifies five 'gaps' that cause unsuccessful delivery. Customers generally have a tendency to compare the service they 'experience' with the service they 'expect'. If the experience does not match the expectation, there arises a gap. Ten determinants that may influence the appearance of a gap were described by and Berry in the SERVQUAL model: reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding the customer and tangibles.

Later, the determinants were reduced to five: tangibles; reliability; responsiveness; service assurance and empathy in the so-called RATER model.

Measuring service quality may involve both subjective and objective processes. In both cases, it is often some aspect of customer satisfaction which is being assessed. However, customer satisfaction is an indirect measure of service quality.

Measuring subjective elements of service quality Subjective processes can be assessed in characteristics (assessed by the SERVQUAL method); in incidents (assessed in Critical Incident Theory) and in problems (assessed by a German term). The most important and most used method with which to measure subjective elements of service quality is the method.

Measuring objective elements of service quality Objective processes may be subdivided into primary processes and secondary processes. During primary processes, silent customers create test episodes of service or the service episodes of normal customers are observed. In secondary processes, quantifiable factors such as numbers of customer complaints or numbers of returned goods are in order to make inferences about service quality.

Approaches to the improvement of service quality. In general, an improvement in service design and delivery helps achieve higher levels of service quality. For example, in service design, changes can be brought about in the design of service products and facilities. On the other hand, in service delivery, changes can be brought about in the service delivery processes, the environment in which the service delivery takes place and improvements in the interaction processes between customers and service providers.

Various techniques can be used to make changes such as: Quality function deployment (QFD); moving the line of visibility and the line of accessibility; and blueprinting.

Approaches to improve the conformity of service quality. In order to ensure and increase the 'conformance quality' of services, that is, service delivery happening as designed, various methods are available. Some of these include Guaranteeing; Mystery Shopping; Recovering; Setting standards and measuring; Statistical process control and Customer involvement.

Service quality and customer satisfaction. The relationship between service quality and customer satisfaction has received considerable attention in academic literature. The results of most research studies have indicated that the service quality and customer satisfaction are indeed independent but are closely related that and a rise in one is likely to result in an increase in another construct.

Maslow's hierarchy of needs is a theory in psychology proposed by Abraham Maslow in his 1943 paper "A Theory of Human Motivation" in *Psychological Review*. Maslow subsequently extended the idea to include his observations of humans' innate curiosity. His theories parallel many other theories of human developmental psychology, some of which focus on describing the stages of growth in humans. Maslow used the terms "physiological", "safety", "belonging and love", "esteem", "self-actualization", and "self-transcendence" to describe the pattern that human motivations generally move through. The goal of Maslow's Theory is to attain the sixth level or stage: needs.

Maslow studied what he called exemplary people such as Albert Einstein, Jane Addams, Eleanor Roosevelt, and Frederick Douglass rather than mentally ill or neurotic people, writing that "the study of crippled, stunted, immature, and unhealthy specimens can yield only a cripple psychology and a cripple philosophy."<sup>236</sup> Maslow studied the healthiest 1% of the college student population.

Maslow's theory was fully expressed in his 1954 book *Motivation and Personality*. The hierarchy remains a very popular framework in sociology research, management training and secondary and higher psychology instruction.

Hierarchy alternative illustration as dynamic hierarchy of needs with overlaps of different needs at same time Maslow's hierarchy of needs is often portrayed in the shape of a pyramid with the largest, most fundamental needs at the bottom and the need for self-actualization and self-transcendence at the top.

The most fundamental and basic four layers of the pyramid contain what Maslow called "deficiency needs" or "d-needs": esteem, friendship and love, security, and

physical needs. If these "deficiency needs" are not met - with the exception of the most fundamental (physiological) need - there may not be a physical indication, but the individual will feel anxious and tense. Maslow's theory suggests that the level of needs must be met before the individual will strongly desire (or focus motivation upon) the secondary or higher level needs. Maslow also coined the term to describe the motivation of people who go beyond the scope of the basic needs and strive for constant betterment.

The human brain is a complex system and has parallel processes running at the same time, thus many different motivations from various levels of Maslow's hierarchy can occur at the same time. Maslow spoke clearly about these levels and their satisfaction in terms such as "relative", "general", and "primarily". Instead of stating that the individual focuses on a certain need at any given time, Maslow stated that a certain need "dominates" the human organism. Thus Maslow acknowledged the likelihood that the different levels of motivation could occur at any time in the human mind, but he focused on identifying the basic types of motivation and the order in which they would tend to be met.

Physiological needs are the physical requirements for human survival. If these requirements are not met, the human body cannot function properly and will ultimately fail. Physiological needs are thought to be the most important; they should be met first. This is the first and basic need on the hierarchy of needs. Without them, the other needs cannot follow up.

The research on the concept of services first started from the economics field. Adam Smith first proposed the concept of services. However, because of the intangibility of service activities and the breadth of service industries, it is difficult to generalize services as a whole, and there has not been a direct and authoritative service definition.

Until the 1960s, the first definition of service was the American Marketing Association: Services are the sum of related activities, benefits, and gratifications that are used to sell products or are sold together with the products. They later change the definition to: The service is the sum of all the behaviors that the two parties exchange, the valuable benefits provided by the producer to the customer or the satisfaction of the customer.

Later, many scholars defined the concept of service from different perspectives. One of the more influential ones is Stanton, who believes that service is a special kind

of intangible activity. It provides customers with the satisfaction they need. It is not necessarily linked to other products, sales, and other services.

Let thinks that service is one or more activities. It is completed during the interaction between customers and service providers or equipment, and makes customers satisfied.

On the basis of summarizing the definitions of the predecessors, sums up the definition of service as follows: Service is a kind of activity process composed of a series of activities with intangible characteristics. This process is composed of customers, employees, and tangible resources. The tangible system of tangible resources or tangible products carried out in the interrelationships is provided as a solution to solve customer problems. sums up services as actions, processes, and performance.

For the definition of service, scholars put forward different views from different perspectives and summed up the definitions that are not exactly the same. However, analyzing these views, we found that the definition of services by scholars can reach consensus in some aspects. First, the intangibility of services. Services are not like ordinary products. They have tangible solid-state performance such as weight, size, shape and color. They cannot be touched. Services are intangible and cannot be displayed like ordinary products. Second, non-storage, instant consumerism. The production process and the consumption process of the service are carried out at the same time. The services provided by the service personnel and the customers and the customer consumption services are performed at the same time. Unlike ordinary products, they can be produced first and then consumed.

### **2.1.2 Service Quality**

The earliest theoretical research on the quality of service was about the definition of basic concepts. The study of service quality began late. It was only after the 1960s that it gradually attracted the attention of scholars. The earliest representative scholar was Johnson. In his thesis, he proposed that "service and commodity are different."

Swan and Combs proposed that consumer-perceived product performance consists of the mechanical and expressive aspects of the product. The concept of customer perception was first proposed.

Hehtinen, De fining service quality from service elements, he divides service quality into entity quality, interaction quality and enterprise quality. Physical quality includes tangible facilities, equipment, environment, products, etc. Interactive quality refers to the relevant interaction between customers, and the interaction between staff and customers. Enterprise quality refers to the company's reputation, overall image and other factors.

Rust believe that service quality includes one core and three elements, tangible Product is the core, service products, service environment and service delivery are three factors. However, it is a symbol of the quality of service management research that will become a hotspot for future research in marketing. It is the Nordic Finnish scholar. (presents the concept of customer-perceived service quality theory on the basis of the research of Swann and Combs. He believes that customer perceived service quality consists of two parts: the technical result element and the functional process element Technology or result quality refers to the quality of the service result and output, that is, the customer's income after the service transaction or service process is over. Customer's measurement of the quality of results is objective and easy to perceive, because the quality of results is mainly related to tangible content. Functional or process quality refers to how customers receive or receive services. The way customers receive services and in the process of service production and service consumption The participation experience has an impact on the quality of service perceived by the customer, and it is closely related to the critical moment when the service transaction occurs when both parties come into contact with the service. The process quality is difficult to be objectively evaluated by the customer, and it depends more on the customer's subjective experience. Process quality not only with employee's instrumentation, knowledge structure, service status Service mode and so on, but also to customer enthusiasm, knowledge, interests and other factors related to building customer Perceptual research model. In 1984, published an article "A Service Quality Model and Its Marketing Implications" in the "European Marketing" magazine. For the first time, he proposed the customer-aware service quality model and continued to improve him in later research. Theoretical model. For the first time, made a distinction between the tangible and intangible parts of the service. The theory of customer perceived service quality proposed by him indicates the direction for future research on service quality, but he has not further studied the components of service quality.

The second phase of the research on service quality focuses on the study of the components of service quality. The most influential in this period was the customer perception service quality gap model proposed by and Berry (PZB) in 1988. PZB points out that customer perceived service quality is composed of five gaps and proposes a SERVQUAL assessment scale, which will affect service quality through empirical

evidence in the service industries of securities brokerage, bank credit card, microfinance banking, and product maintenance. The factors are summed up into 10 dimensions. Afterwards, PAB revised 10 dimensions into tangible, assurance, reliability, responsive and empathic 5 dimension and item indicators, and established a well-known service quality evaluation method SERVQUAL evaluation scale. . After the customer perceived service quality gap model and SERVQUAL evaluation scale were generated, it became the most widely used theoretical basis for the current research on service quality. Many scholars used this classical theory in different service areas and have been verified to varying degrees.

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Research on the quality of service lags behind foreign theoretical research, mainly on the application and validation of foreign scholar theories.

## **2.2 Budget Hotel Concept**

The concept of a budget hotel comes from abroad. Developed countries in Europe and America divide hotels into three categories: luxury hotels, mid-range hotels and budget hotels. Among them, budget hotels, compared to luxury hotels, save the luxury halls, high-end restaurants, conference rooms, fitness and entertainment facilities and other facilities. They only provide hotels that meet the most basic requirements for customers' accommodation requirements. Usually the prices of such hotels are higher. Class hotels are cheap, so later, budget hotels were also known as "Budget hotel, Economy hotel.

Research abroad on economic hotels was earlier, and scholars put forward their own concepts from different perspectives. According to the definition of the Smith Travel Study (economy hotels refer to hotels that are kept at a low price by 20% of price-sensitive consumers in the low-end market. The hotel is mainly developed for a new type of hotel in the traditional sense of full-service hotels. Format.

Liu Wen Tao (2006) also believes that budget hotels should focus on rooms, shopping and entertainment functions, be simplified as much as possible, or even canceled, catering services can only provide breakfast service, and the main service as Bed (Breakfast), although the economy is without losing the standard.

The main performance is to highlight the high efficiency of organization settings, streamlined staffing, and outstanding people-oriented management concepts. Job responsibilities can be as versatile as one person; Fourth, equipment configuration and maintenance and maintenance, its performance is to pay attention to less investment, and pay attention Simple and practical and low cost operation. The views of several researchers mentioned above are related to the economy from the aspects of facilities and equipment, hotel prices, and market positioning. Hotels define the concept. The point of view raises the question of the "relativeness of budget hotels"; Point 2 is characterized by "emphasis on room products as the core"; three points of view will be included in all social hotels Point 4 provides a more comprehensive definition of market, organization and service Although there is currently no unified definition of budget hotels in China, most researchers will. The characteristics of budget hotels are attributed to two points: First, these hotels only provide the most basic living facilities. Justus's concept of a budget hotel concept is: "The characteristics of so-called budget accommodation are basic facilities but low prices, and do not provide any additional facilities such as food, beverages, conference facilities, fitness centers or other recreational areas. Equipment and services."

Discusses three types of hotels, hotels, hostels and small hotels in the United States that have conducted research in four aspects: distribution characteristics, scale status, function allocation, and development trends, and pointed out that these three types of hotels will become the mainstay of the development of the US hotel industry in the future.

The "Encyclopedia of Modern Hotel and Catering Management in the WTO" defines a budget hotel as: Economic hotels are generally low-cost hotels, usually only operating rooms. They have only limited catering services or no catering management facilities.

## **2.3 Hotel service quality**

### **2.3.1 Hotel service quality evaluation**

As economy hotels are new, and the hotel industry is positioned in the middle and low-priced markets, there are few theoretical studies on economical hotel services. However, budget hotels are a category of the hotel industry. The study in this paper refers to a large number of theoretical studies on hotel service quality.

As for the evaluation of hotel service quality, there are three evaluation methods based on the evaluation body. One is the evaluation of the customer as the subject of

evaluation, the other is the evaluation of the organization as the main body, and the third is the third party evaluation based on the industry competent department.

In terms of customer evaluation, most domestic and foreign scholars use the customer perception service quality theory and the SERVQUAL model to construct a research evaluation scale.

Yang Wen (2010) summarized and summarized the evaluation models of foreign hotel service quality research, and conducted some in-depth discussions on some of the more influential classical models.

In terms of third-party evaluation, the hotel industry has "the classification and assessment of foreign stars for tourism-related hotels", "Guidelines for the Elements of Service Quality Management and Service System", and the revised "Division and Evaluation of Stars for Tourist Hotels."

The third-party evaluation of budget hotels has only introduced the economic hotel standards prepared by the first local authorities in Chongqing.

Zhang Hui (2005) analyzes the characteristics of the six elements of a budget hotel and uses the customer satisfaction index theory to construct a customer satisfaction index, including customer expectations, customer perception, customer perceived value, customer satisfaction, customer complaints and The six dimensions of customer loyalty are considered to affect customer satisfaction in these six aspects.

Xu Wei and Jing Fengjie (2008) describe the relationship between customer satisfaction and behavioral intention from the perspective of customer value theory.

Zhu Xi (2008) used the causality analysis method to establish and test two hotel guest satisfaction degree models.

Wang Qiuyu (2010) conducted a survey on the factors affecting customers' stay at the hotel and found that the location of the hotel and the quality of hotel services are the most concerned.

Wu Binbin (2009) conducted a survey of 510 hotel consumers on how to choose a hotel, and found that hotel quality, hotel price, safety level and convenience are the most important indicators for customers.

Wu Xiayan (2009) believes that the key to determining customer satisfaction is whether the hotel provides good services and whether the hotel's facilities are perfect;

Wu Xuefei (2010) found that various factors affecting hotel customer satisfaction, hotel cleaning, safety, price and attitude of service personnel have become the key to the choice of hotel guests;

Zhang Hui (2012) uses content analysis to summarize the quality of hotel services, facilities, equipment, health, and the environment is the key to ultimately affect customer satisfaction factor.

Lu Hongguang (2009) based on the theory of customer satisfaction, comparative analysis of several well-known Chinese and foreign budget hotels, found that the hotel's services, facilities, environmental reputation, price is a very important factor, among which hotel facilities provide Good parking lot service, convenient transportation around the hotel, the brand reputation of the hotel has a great influence on the choice of customers.

### **2.3.2 Hotel Service Quality Control**

Hotel service quality control refers to the adoption of certain standards to take appropriate measures to ensure the implementation of hotel service quality, and achieve effective control by timely adjustment of goals. Research in this area is also a hot topic in hotel service quality research.

Sun Yan (2009) studied high-star hotels in Nanchang and found that the key moment for customers' satisfaction with hotel service quality was service-to-case. To improve customer satisfaction, it was necessary to start from the perspective of service.

Peng Runhua and Zhang Lin (2011) reviewed the research on hotel service quality and customer satisfaction, and discussed the impact of hotel service quality on satisfaction.

Wenji and Zengfu (2011) studied the relationship between customer perceived service quality and post-purchase behavior in Shenzhen theme rooms, and pointed out that the theme hotel will become the future development trend of the hotel industry.

### **2.4 International Super 8 Hotel Introduction**

Super 8 Hotel is a budget hotel brand. English name is Super 8. Super 8 International is the world's largest economy hotel chain. It has grown from 1974 to the present and there are more than 2,100 Super 8 hotels worldwide. There are more than 680 Super 8 hotels that are opening or are about to open in China. The budget hotel has huge market potential, outstanding advantages such as low investment, high returns, and short cycle, and its expansion speed is astonishing. At the same time, the global economy hotel heads the United States' "Super 8" into the country. From the coast to

the mainland, market share has gradually expanded. Super 8 Worldwide Inc. is one of the world's largest budget hotel chains (more than 2,300) and is the Wyndham Hotel Group brand with the largest number of hotels in the world (around 7,000). The first Super 8 hotel was opened in Aberdeen, South Dakota, US, in October 1974. The cost of a nightly stay was 8.8 USD. In 2003, the Super 8 Hotel in the United States ranked 24th in the "Entrepreneur" magazine ranked first in the annual 500 franchisees. Super 8 Hotel is always committed to providing every guest with a clean room and friendly service. Super 8 Hotel officially entered China in 2004, and the first hotel opened in Beijing in the same year.

Super 8 hotel service concept: 1, a clean room. 2, friendly service. 3, cost-effective. 4, free broadband Internet access. 5 hot water. 6. More convenient location. 7, 24 hours online booking service. 8, a variety of hotel decoration.

About Wyndham Hotel Group Wyndham Hotel Group (NYSE: WYN) is the owner of Super 8(R) and other brands. It is a world-renowned hotel and leisure services group headquartered in New Jersey, USA. Parsippany. Wyndham Hotel Group was formerly part of the Hotel Management Group, which has more than 6,500 franchised hotels and more than 541,000 rooms spread across six continents. Its top ten famous brands are: Super 8 (Days Inn(R)), Ramada (R), Travelodge(R), Howard Johnson (R), Knights Inn(R), Wingate Inn(R) Host Inn(R) and Wyndham(R) Hotels. (Super 8(R)).

The following is the Super 8 address of Super 8 hotel official website:

	NORTH AMERICA		SOUTH AMERICA	INTERNATIONAL		
country	UNITED STATES	CANADA	BRAZIL	CHINA	GERMANY	SAUDI ARABIA
Number of cities	51 cities	11 cities	18 cities	307 cities	67 cities	10 cities

Table 2.4 Super 8 address

## 2.5 Customer Satisfaction

Customer satisfaction is a measure of customer satisfaction. Random surveys are often used to obtain samples. Based on the customer's scoring data on specific satisfaction indicators, the weighted average method is used to derive the corresponding results. Customer satisfaction management is a marketing management strategy that emerged in the 1990s. It requires not only understanding the external customer satisfaction, but also understanding the internal customer, that is, the employee's satisfaction status, thus revealing the problems in the creation and transmission of customer value. and to achieve comprehensive customer satisfaction as the goal, to explore, analyze and solve these problems. In the mid-1980s, the U.S. government established the "Malcolm Baldrige National Quality Award" to encourage companies to apply "customer satisfaction."

## **2.6 Conceptual Definition of Customer Satisfaction**

The full English name of Customer Satisfaction is Customer Satisfaction (CS). Since the concept of customer satisfaction appeared in the marketing theory in the 1960s, many scholars have conducted continuous and in-depth and continuous research. According to Philip Kotler, a well-known American marketing scientist, customer satisfaction is a feeling of pleasure or disappointment that a person feels after comparing the perceived effect of a product with his expectations.

Richard L. Oliver (1999) believes that satisfaction is a reaction of the consumer. This response is based on the consumer's judgment of the characteristics of the product or service. It describes the level of pleasure of the consumer-related practice.

The definition of Keith Hunt (2001) believes that customers are satisfied or dissatisfied by comparing their feelings in the actual service process with their own expectations.

The PZB model is a service quality concept model proposed by three professors and Berry of the University of Cambridge in England in 1985, abbreviated as PZB mode.

The concept of the center is that the customer is the decisive factor of the service quality, and the enterprise must satisfy the customer's needs, it must equalize the five gaps of this model.

Five gap patterns:

- 1, Cognitive gaps between customer expectations and business managers. When companies do not understand customer expectations, they cannot provide services that satisfy customers.

- 2, The gap between business managers and service specifications, companies may be

limited by resources and market conditions, may not be able to achieve standardized services, and produce a quality management gap.

3. The gap between the service quality specification and the service delivery process, when the employee's quality or training cannot be standardized, or when heterogeneity occurs, it will affect the customer's perception of service quality.

4. The gap between service delivery and external communication, such as over-exaggerated advertising, causing consumer expectations to be too high, making the actual acceptance of services worse than expected, will reduce their perception of service quality.

5. The customer service gap after the customer's expectations and experience refers to the perceived gap in the customer's acceptance of the service. Only this gap is determined by the customer's determination of the gap size.