

UNIVERSITY OF TARTU
Pärnu College
Department of Tourism Studies

Keme Epie Enone

**ENHANCING SPA CUSTOMER SATISFACTION IN THE
CASE OF PUHAJARVE SPA AND HOLIDAY RESORT**

Master Thesis

Supervisor: Senior Lecturer Heli Tooman, PhD

Pärnu 2013

TABLE OF CONTENTS

Introduction.....	3
1. Theoretical approach of customer satisfaction.....	7
1.1 Concepts of customer satisfaction.....	7
1.2 Impact of service on customer satisfaction.....	10
1.3 Measurement and evaluation of customer satisfaction.....	12
1.4 Specific aspects of customer satisfaction in wellness and spa industry.....	15
2. The empirical study of customer satisfaction in Puhajarve Spa and Holiday Resort.....	18
2.1 Overview of Puhajarve Spa and Holiday Resort.....	18
2.2 Research methods, procedures and limitations.....	20
2.3 Data collection and data analysis.....	24
2.4 Results, discussion and implication.....	26
Conclusion and recommendations.....	40
Reference.....	44
Appendices.....	50
Appendix 1 Pictures of Puhajarve Spa and Holiday Resort.....	50
Appendix 2 Personal data of respondents.....	53
Appendix 3 Questionnaire.....	54
Summary.....	60

INTRODUCTION

The leisure and tourism industry is said to be one of the fastest growing industries in the world according to the latest report of United Nations World Tourism Organisation (UNWTO, 2012). With international tourist arrivals said to grow by 4% in 2012 to reach 1.035 billion up from 996 million in 2011 and this is expected to continue in 2013. The tourism industry consists of a number of different industries including travel, hospitality, entertainment, wellness and spa etc. The wellness and spa industry being one of the industries in the tourism sector is made up of a range of products and services that improve health and wellbeing. Being one of the fastest growing industries in the world according to the International Spa Association (ISPA) has led to enormous challenges which need to be addressed.

In recent years, changes in the business environment have made it harder for firms to maintain long-term sales growth and profitability levels, global competition has increased dramatically, a larger selection of products and services is available to the same set of customers, slow growth in overall markets due to economic recession, continuous rise in customer consciousness and human desires is demanding some social performance and business practice. Thus satisfied customers are important to companies because, a higher percent of all sales are being derived from repeat purchases.

Firms find it difficult and challenging to maintain volume or profits by seeking out new customers, they must adopt a defensive strategy that focuses on keeping current customers as loyal purchasers of the firm's goods and/or services. (Hill, Self, & Roche, 2003). It is based on these factors that the research paper raised the problem of "Satisfying customers in wellness and spa hotels is a serious global issue as the wellness and spa hotel staff find it difficult and challenging to meet the service requirements of their customers".

Customer satisfaction is related to human activities which are directed at satisfying the needs and wants of the customer through the exchange of products and services. Oliver, (Esbjerg et al.2012) described customer satisfaction as a judgment that a product or service feature, or the product or service itself, provides a pleasurable level of consumption related fulfilment including the level of under or over fulfilment. Satisfying customer is thus a function of expectation and perceived performance which plays a very important role in business management. The market of today is customer oriented in the sense that all business operations revolve around satisfying the customer by trying to meet their needs through effective services. Thus operating a business is often dynamic, challenging and rewarding or on the other hand it could also be disappointing and frustrating. For the problem to be solved, improvement needs to be made on areas which are weak on services. This then give rise to the research topic of the master thesis: “Enhancing spa customer satisfaction in the case of Puhajarve Spa and Holiday Resort”.

A number of studies have confirmed the importance of customer satisfaction on firm profits. (Esbjerg et al.2012) These constructs have been critically examined by scholars in terms of their impact on customer profitability and firm performance. Satisfaction is quickly becoming the key to competitiveness there by warranting the research on customer satisfaction. It is in this light that the master thesis aims to measure and analyse customer satisfaction level through service quality performance.

The objective of the master thesis is to explore the fundamentals of service quality and customer satisfaction, to assess and monitor customer expectations and perceptions of service quality performance, to verify whether the organisation has met customer requirements, to identify the service gap between expectation and perception, to determine customer satisfaction level and to know the new areas for improvement. Then strategies to improve on overall customer satisfaction shall be defined.

Currently there seems to be very little understanding of the fast growing wellness and spa sector as very little empirical studies exploring customer satisfaction had been conducted. It is of the opinion that intensive empirical studies need to be conducted in the wellness and spa sector.

For the purpose of achieving the goal, this paper reviewed and analysed the necessary literature on customer satisfaction and service quality, developed a quantitative questionnaire as the survey tool for customers in order to assess both expectation and perception levels, identified the gap as well as customer satisfaction level, analysed the results of the questionnaire, discussion on the issues of the master thesis which are based on both the theoretical and empirical studies, and above all make recommendations to improve on the customer satisfaction level towards services and products. In order to achieving the goals of the study, answers need to be provided for the two fold research question: “How satisfied are customers with the services of Puhajarve Spa and Holiday Resort and how can customer satisfaction level be maintained or improved?”

With regards to outcome and benefits of the study, this study is to help improve areas lacking service quality that needs attendance as determined by the survey. The study will give the organisation a clear understanding of customer requirements, customer satisfaction level, and problems faced by customers during service. This study will be as practical guideline for spa hotel management to make improvements in the required areas. The study will help develop the service quality in order to meet the needs and satisfaction of customers. A high results will be good for the wellness and spa hotel, but low score results will need improvement of service and arrange training programmes. Upon presentation of theoretical background, the research paper looks into service theory and customer satisfaction theory.

A self administered questionnaire for customer expectation and perception survey, made of 12 related questions was developed by the author based on service quality and customer satisfaction theories are distributed to the customers to assess and determine the expectation and perception level of the customer, the gap as well as the overall customer satisfaction level. The entire data was then analysed to investigate customer perception towards service quality and their satisfaction level with their experience. A descriptive statistical analysis is used in this research to determine the statistical differences of the different attributes.

The paper will review previous research work on customer satisfaction by Oliver where he emphasises the discussion of performance. In his work he found that satisfaction

was a value consumers give to a deal. The higher the service level that consumer expects to have, the more difficult for the service provider to provide, the higher the customer satisfaction. Parasuraman, Zeithaml, and Berry researched the gap between service quality and customer satisfaction, details of which will be described in the literature. (Lin, 2007) This study will provides an integrated research of the following variables service quality, expectation and perception of performance, customer satisfaction, repurchase intention as well as word of mouth intention.

The constituent part of this paper begins with an introduction that examines the significance of customer satisfaction, the need for the research, the goal of the research, the research task set by author to achieve the goals, a brief presentation of theoretical background issues, data and methods used. The introduction also explains the constituent parts of the paper. It is followed by two main chapters: the first chapter is Theoretical approach of customer satisfaction with subtitles: the concept of customer satisfaction, the impact of service on customer satisfaction, customer satisfaction measurement and evaluation, and specific aspects of customer satisfaction in the wellness and spa industry. Two similar customer satisfaction theories are described in the studies, SERVQUAL model of Parasuraman et al for service quality and customer satisfaction theory, expectancy-disconfirmation by Oliver. The two theories will provide the elements on which the paper relies on for the entire theoretical and empirical studies.

It is closely followed by the second chapter; the empirical study of customer satisfaction in Puhajarve Spa and Holiday Resort with four main subtitles: an overview of Puhajarve Spa and Holiday Resort, research methods, procedures and limitations, data collection and analysis, then result, discussion and implications. Finally conclusion and recommendation to fulfil the overall aim and objectives of the study, references, appendices, a brief summary in French language will end the paper.

The author wishes to thank his supervisor, Heli Tooman, PHD, for her profound guidance.

1. THEORETICAL APPROACH OF SERVICE AND CUSTOMER SATISFACTION

1.1 Concepts of customer satisfaction

For this part, in order to understand satisfaction, a clear understanding of the meaning of customer satisfaction is required. Cardozo was the first to researcher in 1965 to proposed customer satisfaction in his work were he felt that the higher the level of customer satisfaction the more likely the customer was to make more repeat purchases for the products and services (Chiu, Cheng, Yen, & Hud, 2011). Cardozo's theory was then followed by many other scholars who proposed related customer satisfaction theories. The concept of customer satisfaction according to Churchill and Carol was part of the marketing and practical field about a century then in the 1970s it started to become a separate topic for research and surveying (Chiu, Cheng, Yen, & Hud, 2011) Oliver also defined the customer satisfaction as the consumer's fulfilment response.

It is a judgment that a product or a service feature, or the product or the service itself, provides a pleasure able level of consumption-related fulfilment. From this we can interpret that satisfaction is the customer's evaluation of a product or service in terms of whether that product or service has met the customer's needs and expectations. Failure to meet needs and expectations is assumed to result in dissatisfaction with the product or service. Kotler in 2000 also defined customer satisfaction in (Chui, Cheng, Yen & Hu, 2011) as a customer feeling of pleasure or disappointment resulting from comparing the products perceived performance in relation to customer expectation.

The customer satisfaction is directly link with the expectancy level, and the expectancy differs from one customer to another. One of the original service quality theories is that customers are satisfied when their judgement of the service they have received

(perception) equals or exceeds what they expected. Parasuraman et al, in 1988 proposed a formula from which customer satisfaction could be calculated (Malik, 2012):

$$\text{Customer satisfaction} = \text{Perception of Performance} - \text{Expectations}$$

Here differentiation must be made between service expectation and service perception because service expectation is a combination of customers prediction about what is likely to happen during service as well as the wants and desires of that customer. This is known as gap analysis theory. In 2008, Reimann et al, (Malik, 2012) concluded this complex concept into an equation which is:

$$\text{Service Perception} - \text{Service Expectation} = \text{Perceived Service Quality} \rightarrow \text{Customer Satisfaction}$$

This equation makes the concept of perceived service quality and customer satisfaction very simple and shows that both perceived service quality and customer satisfaction can be managed and controlled by the service provider.

The disconfirmation theory (Figure 1), in marketing literature was the primary foundation of customer satisfaction models (Oliver, 1980). This theory reveals that satisfaction is determined by the discrepancy between perceived performance and cognitive standards such as expectations and desires. Customer's expectation is the customer's partial believes about the product and services. In other words it is the predictions customer make about what is likely to happen during services. Customer expectation describes the level of overall expectation, expectation towards the service of the employees, expectation towards equipments, expectation towards reliability and expectation towards customisation that the customer had before purchase of the services that they received.

Perceived performance is the customer's perception of how product performance fulfils their needs, wants and desires. Perceive value according to work of Zeithaml and Bitner (2000) is an overall evaluation of a service utility, based on customer perceptions of what s received at what cost. Perceived quality is consumers judgement about an entities overall excellence or superiority. And disconfirmation is consumer subjective

judgement that results from comparing their expectations with their perception of performance received.

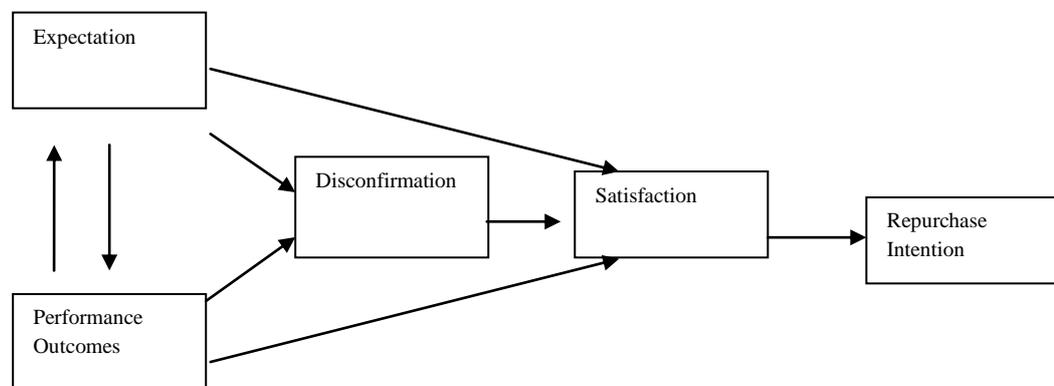


Figure 1. The Expectancy disconfirmation theory of satisfaction (Oliver (1977, 1980)

According to the above theory, satisfaction is mainly the gap (disconfirmation) between expectation and perceived performance, expectations and desires. From the model Fig 1 it is clearly illustrated that the variable affects each other both positively and negatively. Three potential satisfaction level exist in Oliver's theory: a) negative disconfirmation occurs when the services is worse than expected, b) positive disconfirmation occurs when the service is better than expected and c) simple confirmation occurs when the service is up to the expectation (Williams & Buswell 2003).

The confirmation/ disconfirmation model was found to be inadequate in providing a satisfactory description or prediction of customer satisfaction, they postulated that since performance is the most powerful predictor of satisfaction, will practically not be necessary to conduct a differentiated survey of other predictors (Kanning and Bergmann, 2009)

This model is still being used today and remains a conceptual foundation in modern time as Oliver in 2010 updated and consolidated advances in the paradigm in a new volume, making inroads into new service contexts such as such as casinos (Kralj & Solnet, 2010) This model has been integrated in new conceptualisations such as consumer distrust in modern times (Darke, Ashworth, & Main, 2010) as well as in the

regret theory (Liao, Liu, Liu, To, & Lin, 2011) Based on the above theory issues would be resolved by including as well perceive performance as another determinant. In order to ensure satisfaction, disconfirmation must be created empirically by manipulating expectations and performance.

To conclude this part, according to literatures there are two basic orientations to a definition of customer satisfaction: one being customer satisfaction with the end state resulting from having consuming the services. And the other as a customer's process of perceiving and evaluating a consumption experience. In the two cases the second will be accepted and the following suggestion made for defining customer satisfaction: satisfaction is thus defined as an emotional response of a customer to his or her evaluation of the perceived discrepancy between his or her prior experience with the expectation of our services and the actual experienced performance as perceived after interacting with our organisation and consuming our product. It is believed that future reactions such as the repurchase intention, the willingness to pay our price and to recommend us without seeking a lower-cost provider.

1.2 Impact of service on customer satisfaction

Customer satisfaction is a key factor for companies to retain their customers, build customer loyalty, and gain more profit as well as battle for competitive differentiation. For this reason every company is working to provide the best services to keep the customer satisfied. (Kim and Lee, 2010) When customers simply evaluate service after purchase it is describe as satisfaction. Service can impact customer satisfaction in different forms. In this thesis we take into consideration the functional and the physical service. With service there are two ends of a continuum which are satisfaction and dissatisfaction.

This comes as a result of comparison between expectation and outcome. A customer will be satisfied if the outcome of the service meets his or her expectations. When the services exceed his expectation, the customer becomes delighted. But on the other hand, when the perceived service doesn't meet the expectation of the customer, the customer is dissatisfied. It is well documented in literatures that various dimensions of

service performance are important antecedents of customer satisfaction and behavioural intentions. Providing improved service quality to the customers also improves customer loyalty to the service provider. Satisfaction is a major outcome of marketing processes where purchase reaches climax, and satisfaction is also thought to contribute to post-purchasing phenomena such as word-of-mouth communication, repurchase intention, and loyalty.

Many companies were administered and was found that customer satisfaction would have significant impact on customer loyalty (Gronholdt, Martensen, & Kristensen, 2000). According to (Bowen & Chen, 2001) focus was made on the hotel industry to examine relationship between customer satisfaction and customer loyalty. The outcome was that a slight increase in customer satisfaction would equally lead to an increase in customer loyalty. More over an integrated framework of service quality, customer satisfaction and perceived value was established and it suggested that customer satisfaction and perceived value have significant influence on customers future purchase behaviours. (Tam, 2004)

Customer loyalty is an essential factor in business survival and development. It was also indicated that a number of variables that moderate the relation of satisfaction and loyalty have also been found. Significantly, commitment, trust, involvement and perceived value are suggested in several studies to influencing the customer satisfaction–loyalty relation (Caceres & Paparoidamis, 2007)

The quality of service that is offered to the customers is very important in both the customer and the service provider. Common dimensions of satisfaction with a service include service quality, product quality, price and location. The service quality theory in terms of tangibility, reliability, responsiveness, assurance and empathy may be the most important points in determining overall customer satisfaction and repeat purchase in the service industry. Service quality in recent studies are also positioned as antecedents of customer satisfaction (Williams, Khan, Ashill & Naumann, 2010) This means that service quality is necessary factor for customer satisfaction, cost reduction, customer loyalty, customer relationship

Perceive service value also have an impact on customer satisfaction. Overall customer satisfaction is affected not only by the quality of what the customer receives, but also by price and perceived value of the services (Akama & Kieti, 2003). Price and service quality are use to indicate the value of the service to the customer in the service sector. Consequently services and price should be perceived as quality similar and competitive to other businesses.

Customers in the spa and wellness industry give in trust on a service without quality assurance because services are intangible, so to offer low prices in a business may have little or no effect and portray a negative perception of quality to customers. According to (Matzler et al, 2006) if perceived quality is more than perceived costs, customer value is high and vice versa. This concept was described as Price-Quality ratio, where by the higher the price, the higher the satisfaction with price. Customer satisfaction was found to be related with perceived value which includes the dimension of price to quality perceived for money (Frank & Enkawa, 2007) therefore customer satisfaction must be measured alongside perceived value.

1.3 Measurement and evaluation of customer satisfaction

Measuring and evaluating customer satisfaction is a very important part of management. Organisations need to retain their customers while targeting non customers (Joby, 2003). To achieve this, the business has to be organised and do its best as to what is important most to the customer. Measuring customer satisfaction provides an indication of how successful the organisation is at providing satisfaction towards its market. It will provide information a business need to maximise the beneficial financial effects of having satisfied and loyal customers.

Measuring customer satisfaction will identify customers requirements accurately with their relative importance, increase profit through improved customer loyalty and retention, understands how customers perceive the organisation services and whether the performances meets their requirements, identify areas where performance improvements will produce benefits in customer satisfaction, to understand the existing gaps of the staff ability to meet the needs of the customer, and finally to monitor set

goals to improve the services towards customer satisfaction (Hill et al, 2002). Customer satisfaction generally is measured at individual levels but reported in an overall manner through different dimensions. (Farris, Bendel, Pfyfer & Reibstein, 2010 As earlier discussed Satisfaction vary depending on different options such as psychological behaviour and the physical aspects. Customers differ from one another in the way they psychologically perceive service, how they react and the different options related to the requirements.

With this varied differences in both the psychological and physical variables, scholars and marketing researchers carried out enormous works to enable them best understand customer satisfaction. They have provided the basis for the measurement of customer satisfaction. For example in 1980, the work of Oliver et al laid out the formal specification of the expectancy disconfirmation paradigm, describing expectation and perception as a comparative judgement arrived at by consumers but distinguished from feelings of satisfaction. Oliver later on integrated both cognitions and affective elements (feeling of satisfaction) into customer satisfaction models. (Barutcu, Dogan, & Unguren, 2011).

The instrument SERVQUAL was introduced by Berry, Parasuraman and Zeithaml in 1988 and is used for measuring customer satisfaction through service quality (Islam, 2012). It is an instrument for measuring the gap between the services. Therefore what consumers think should be provided and what they think actually has been provided. Parasuraman et al (1988) initially offered ten attributes, which they regarded as essential to the quality of all services (Islam, 2012). These ten dimensions were tangibles, reliability, responsiveness, communication, credibility, security, competence, courtesy, understanding/knowing the customer, and access. It was later reduced to five factors which are used today by scholars and defined separately (Bitner and Zeithaml, 2003)

Tangibles, is the appearance of physical facilities, equipment, personnel and communication material of an organisation through which customers look for quality. All are expected by the customers to be in good working order. Reliability is the ability to perform the promised service dependably and accurately. The customers of PSHR expect the staff and management to perform according to the promises they received

either through the internet website, brochure, and word of mouth etc. Responsiveness is the willingness to help customers and provide prompt service. The employees are expected to be ready at all moments to help the customer and to keep on time on services as scheduled. Assurance is the knowledge and courtesy of employees and their ability to convey trust and confidence. The customers expect the employees to be knowledgeable in all the services and activities surrounding the business and finally Empathy is the, provision of caring, individualised attention to the customer. The customers leave their home of residence to pay and be pampered, get relaxed, as well as achieve memorable experiences. So they expect to be taken care of and given individual attention. If any of the above factors are not met then the customer will be dissatisfied.

The above dimensions and their descriptions served as the basic structure of the service quality domain from which items were derived for the SERVQUAL scale. The service quality model of Parasuraman et al. identified five key gaps that can cause problems in service delivery (1. research gap, 2. planning and design gap, 3. implementation gap, 4. communication gap and 5. reality gap). For the purpose of this research study we are going to consider the reality gap. The scale critically measures and determines the level of service quality experienced by customers through the gap between general expectations of the service and the customers' perceptions of what they actually receive from a specific service provider. A company should always pay attention to the customer perceptions and expectations. If there is a difference between customer expectations and perceptions, there is a gap and in practice, it does not matter whether the gap is based on facts or feelings, but how the customer perceives service matters.

The service quality theory (SERVQUAL) in terms of tangibility, reliability, responsiveness, assurance and empathy may be the most important points in determining overall customer satisfaction and repeat purchase in the service industry. They measured service quality as a measure of customer satisfaction which when implemented in the spa hotel industry may better develop and improve on future services. SERVQUAL scale is good and beneficial to the business as management could assess and monitor the service quality and design better strategies and policies to

improve it. It goes further to understand the customer satisfaction level and perception of service quality there by yielding important information that may influence the design and specification of related services provided by the organisation. According to most literature, customer satisfaction is generally measured using a questionnaire in the survey. With five-point or at most 10 points likert scale the customer is ask to evaluate what they expect and perceive of the organisations services. This scale helps to measure customers experience on perceived service in a company.

1.4 Specific aspects of spa customer satisfaction

The tourism and hospitality industry is amongst the service organisations in the world and it comprises of other sectors like the spa and wellness sector which is considered as one of the most promising market in growth today (Pechlaner & Fischer, 2006). The spa and wellness sector is a customer oriented business which like other businesses also search for continuous improvement and customer satisfaction. The service setting can affect customer's perceptions of service quality. It was outlined that the spa industry's attractiveness, cleanliness and upkeep of the facility provide a visible sign to the quality of service. (Abbas, 2012)

In the spa industry some characteristics like ambient conditions, seating comfort and enough space to prevent sensation of overcrowding influence the customer's physical and psychological comfort during the service encounter. Poorly designed settings may also make it more difficult for customers to move around the service facility, may reduce service provider productivity and also increase both service time and waiting time. Subsequent customer behaviour such as loyalty intentions has been shown to be affected by service setting. (Abbas, 2012)

The satisfaction of spa and wellness customers is when the services meets or surpass the expectation of the customer as earlier mentioned in the literature. This paper defines wellness tourism as the sum of all the relationships resulting from a journey by people whose motive in whole or in part is to maintain or promote their health and well-being and who stay at least one night at a facility that is specifically designed to enable and enhance people's physical, psychological, spiritual and/or social well-being. (Muller & Kaufmann, 2001). The global growth of wellness and spa tourism has increased

simultaneously with other products and services targeting consumers seeking a healthy lifestyle and enhanced well-being.

Hotels basically are categorised according to the services they provide, i.e. location, facilities and services offered to the client. For the case of this paper we consider the wellness and spa industry as they mainly have accommodation services, food and beverages services, spa and wellness services, leisure and recreational services etc. Since our case concerns Estonia, the paper looks into the categories of spa hotels and their classification. There are three main categories and classification of Estonian spa hotels: 1) Medical Spa Hotel, 2) Spa/Wellness Spa Hotel, 3) Medical and Wellness Spa Hotel. For the purpose of the research paper the classification of Estonian spa hotels will be taken into consideration.

There are different types of hotels existing with most of them having their own star rating. But what is most interesting is that every country takes care of its rating either by a private organisation or by the government of that country according to the services provided (Martin, 2007). Generally across the globe the hotels are rated from 1 to 5 stars with 1 star having the least facilities and 5 stars having more facilities to offer, the prices for services increase as the number of stars increase.

Since the case study of this research is in Estonia, the classification scheme of hotels is considered here. According to the Estonian Spa Association, (2013) spa hotels in Estonia use the same rating system as hotel and apply stars for classification purposes, from 1 star or recognised hotel to 5 stars or luxury hotel.

For the case of our paper we take into consideration a 3 star spa/wellness spa hotel. Spa/wellness spa hotel is a recognised hotel that specialises in various cares, relaxation and other spa services. Such hotels are not required to hold a license for provision of outpatient medical care. Treatment services are not offered and the spa services have a relaxing and invigorating nature (such as sauna, exercise, body care, yoga, use of herbal treatments and other products to improve health, other alternative methods). According to (Estonian Spa Association, 2013) it is noted that the concept of wellness spa calls for very high quality and level of service, personal service, a varied selection of spa services and focus on relevant target groups, which means that only hotels that meet

three-star requirements can apply to become wellness spas. (Estonian Spa Association, 2013)

In conclusion of this chapter, the paper reviewed the concepts of customer satisfaction in which was defined customer satisfaction, expectations and a description of the Oliver's disconfirmation theory, it is closely followed by the impacts of service on customer satisfaction. Customer satisfaction measurement was also reviewed in which the paper described details of the Parasuraman SERQUAL model as the base for this research. Different category of spa hotels and their rating in Estonia was reviewed. (Estonian Spa Association, 2013)

Looking back at the literature it is reviewed that competition in the hotel industry leads to an increase in the customer perception and expectation of services. For any spa hotel business to survive, needs improvement of service towards customer satisfaction so as to increase customer loyalty. It is for this reason that we dive into the empirical studies so as to be able to assess customer expectations and perceptions of service quality performance and to analyse the service gap. Upon determining the customer satisfaction level, and new areas for improvement, proposals are made as determined by the survey.

2. The empirical study of customer satisfaction in Puhajarve Spa and Holiday Resort

2.1 Overview of Puhajarve Spa and Holiday Resort

Pühajärve Spa & Holiday Resort (PSHR) in the 1920s became popular among the artists, writers and other creative individuals of Estonia. (See Picture 1) in appendix 1, page 50. The location on map. And in 1940s a holiday resort was established in the buildings of the Puhajarve manor which operated for almost 60 years with short intervals. (Puhajarve Spa Hotel, 2013)

Pühajärve Spa & Holiday Resort is a three star spa hotel resort situated on the shores of Estonia's most beautiful lake, close to the nation's winter capital, Otepää. The area is one of the most popular holiday destinations in the country, among Estonian and foreign tourists alike. (See Picture 2a & 2b) appendix 1, page 50. An aerial view of PSHR . The resort provides a wide range of options for lovers of relaxing spa stays and more active holidays. (Estonian Spa Association, 2013)

Situated at the heart of the Pühajärve manor estate, the spa resort offers its guests cosy but modern accommodation as well as spa treatments and conference services. The resort has 86 twin/double rooms and 12 suites, seven of which have their own saunas and panoramic floor-to-ceiling windows with breathtaking views over the lake. (See Picture 3) in appendix 1, page 51. The common room types in PSHR. There are also rooms for people with special needs and those who suffer from allergies. The entire hotel resort is a non-smoking establishment. (Puhajarve Spa Hotel, 2013)

The resort provides an extensive selection of health and relaxation procedures to suit everyone's tastes. Its spa centre is made up of two parts: the former rehabilitation centre, which has been transformed into a contemporary health spa; and a wellness spa.

The health spa helps guests alleviate the effects of painful joints, chronic illnesses, tight muscles and stress. (See Picture 4a, & 4b) in appendix 1 page 51 Treatment rooms. The wellness centre offers rest and relaxation for the mind and body with a range of luxurious treatments. Other services are provided by a beauty specialist, hairdresser and dentist. The resort's elegant 110-seat restaurant offers buffet breakfast and lunch and dinner as part of its accommodation packages. The cellar of the old manor house has been converted into a 'barbecue pub' which is connected to an exclusive glass-walled tower café where customers can enjoy a cup of coffee while having an aerial view of the lake. (Puhajarve Spa Hotel, 2013)

In February 2009 Pühajärve Spa & Holiday Resort came first in the organic food category of the Green Key awards held among accommodation establishments. Ecologically pure food is offered by the resort as part of its breakfast buffet and in group menus. As an environmentally friendly business, the resort was awarded the Green Key as early as 2003. (Estonian Spa Association 2013) With the green key award Puhajarve Spa is not only indulging in pampering its customers to a more grounded and holistic experience but also creating a compelling "Green Spa Experience" that makes obvious connection between personal and planetary wellness. Puhajarve Spa and holiday resort is working towards maintaining its leadership in the southern part of Estonia and to attract as many customers from the Russian, Finish, Swedish and the local market. They also indulge in pampering customers to a more grounded and holistic experience while creating a green spa experience to obtain a balance of mind, body and spirit.

Like any other business, the spa hotel operates towards particular goal. This is expressed in the mission and vision statement. "Mission is to offer perfect possibilities for active holidays, health regeneration and wellness in the beautiful surroundings, considering all the needs of our clients and being flexible. The vision is to be the market leader amongst businesses offering accommodation and health services in Otepää and South Estonia" (Puhajarve Spa Hotel, 2013) Puhajarve Spa and Holiday Resort is a middle class spa hotel that attracts customers of different groups, from families to couples and expecting mothers, working age groups, men and for business people. The spa offers services to all these target groups. It provides services of some

quality to enable its customers and target group be satisfied with the services. Qualified and trained professionals provide treatments to help customers gain wonderful experience and also provide daily to their customers exotic and healthy food of organic origin. Puhajarve also provide a long list of free treatments to be selected from in all its packages for its customers as well as free swimming, sauna, Jacuzzi, and free night club tickets. (See Picture 5a, b, & c) in appendix 1, page 52. Customer treatment, gym and Jacuzzi. Its 25 meters long indoor swimming pool makes it the largest and unique in the area and attracts most of local to come for leisure and relaxation. (Booking.com, 2013) Leisure and recreational options at the resort include ten-pin bowling and its gym, where regular exercise classes are held from autumn to spring, guests can borrow Nordic walking and skiing equipment, rollerblades and bicycles. The Puhajarve Spa hotel has its own tennis courts and a sandy beach, the surrounding area is peppered with hiking trails, with an 18-hole golf course located nearby.

2.2 Research methods, procedures and limitations

In this chapter of satisfaction measurement methodology, the author looks into, sampling, data collection and tool as well as data analysis. This is closely followed by results and discussion and will end the chapter with conclusion and recommendation. The customer satisfaction measurement survey started with an exploratory study in which the customer set the agenda by highlighting the main things that made them satisfied and dissatisfied. The questionnaires were designed through the lens of the customer by conducting an in-depth interview with the customer about their key drivers of satisfaction. This helped to accurately capture the voice of the customer so that the survey will provide an accurate measurement of how satisfied customers feel. Both the secondary and primary methods are used in order to perceive the most accurate and relevant results. Secondary data used are from the hotel website, from documents, books and articles, and questionnaire as primary method.

A case study approach is used here in order to evaluate and analyse customer satisfaction level in the spa and wellness sector. The case study strategy has considerable ability to generate answers to the question ‘why?’, ‘what?’ and ‘how?’ questions It can also explore or challenge existing theory (Saunders, Lewis & Thornhill,

2007). This paper is drawn from a range of different perspective but is basically quantitative in approach. This method was chosen to suite the research need which is to explore the fundamentals of service quality and customer satisfaction, finding out the impact of perceived service quality on customer satisfaction and the level of customer satisfaction towards services as well as know the new areas for improvement in PSHR. The quantitative method involves getting small amount of statistically reliable information about service quality and satisfaction from a large number of customers (Hill, Self & Roche, 2003). The use of qualitative method here establishes the list of customer's main requirements enabling an accurate questionnaire to be designed. In identifying customer needs, the author used a general discussion method to uncover issues of importance to the customer coupled to the service quality model. Answers to what customers the customers satisfaction level and customers can be attracted to revisit PSHR is being sought out by the paper.

Asking the right question and to the right people is very important factor as it determines as it determines the accuracy of this paper. This is a matter of accurate sampling. Having a large population of customers is not necessary to survey all of them. Only a relatively small sample provided that sample is a representative of a larger population. There are many different types of samples methods but for the purpose of this study the author used the probability sampling which is a simple and random technique to select the respondents. It is unbiased since all the members of the sampling frame stands equal chances of ending up in the sample. The population of this research where customers who stayed in PSHR for a period at least one night from the 10th- 26th April 2013; a total number of n=60 completed the survey.

In this paper, a well designed self administered questionnaire is used as a tool for this data collection study. This was designed as part of the hotels on going customer feedback programme and was tailored towards the context of the study. (See appendix 3, page 54 to 59) for sample of questionnaire used during the study. The questionnaire consists of 12 different sections some of which are based on the subjects self report. The study started by asking the customer of previous experience in a spa hotel. Perceived price was measured using a 5 point likert scale using 1 as inexpensive /5 as very expensive. The customers (subject) where asked how they perceive prices at the

hotel. The customer also rated the overall service quality using a 5 point likert scale where 1 strongly disagree/5 strongly agree, the customers were asked how much they agree or disagree with their expectation towards service quality (Oliver, 1981). This subjective measure of service quality results from the conceptual synthesis between SERVQUALs definition of service quality and the expectancy models subjective disconfirmation. The work of Parasuraman et al. 1994 is suggestive to measure service quality more directly. An average value of 12 was considered for measuring perceptions (perceived performance) and the 12 items are selected based on literature review of Customer satisfaction which describes them as the paradigmatic (modelled) elements of customer satisfaction, discussion with the marketing manager of PSHR as well as the customers before the survey took place. These items are listed as cleanliness in lobby area, guest room, and spa area, security and safety, spa wellness treatments, employee friendliness, check-in speed and employee knowledge, room quietness, conference and spa facilities. Customer value also was measured with a 5 point likert scale by asking the subject to describe if agree or disagree with the overall value they received for the price they paid. The scale used was 1 as strongly disagree, 5 as strongly agree. The customers also provided their levels of overall satisfaction on a 5 point likert scale with 1 as completely dissatisfied and 5 as completely satisfied. And the likelihood scale on 1 as very unlikely and 5 as very likely to revisit was used to measure customers' intention to repurchase and to recommend PSHR to other (i.e. word of mouth)

Another section covers questions on respondents profile like nationality, age, gender, education level, occupation, annual income, source of information, travel arrangement and number of days stayed. The variables of the customer personal data have been decoded by the author for easy interpretation and analysis of the data. E.G. codes for nationality: Es is for Estonia, Ita is for Italy, Sen is for Senegal, Swe is for Swedish, Fin is for Finland, Neth for Netherlands, Rus for Russian, Lat for Latvian. The others were coded with numbers, either 1, 2, 3, 4 and 5. Most important attributes that influence stay in PSHR amongst: price, location, service quality, friendliness of staff, security/safety, and available facilities. Other section focuses on variables that are believed to have an impact on customer satisfaction and revisit intention. In all there were 12 main questions with sub-questions to analyse customer's assessment and

expectations regarding the services and facilities provided at Puhajarve Spa and Holiday Resort.

The most important questions considered for this study were questions 1 about customers' previous experience, question 3 about perceive price, 4 about expectations levels, 5 about perceived performance, 6 about value perceived, 7 about the level of satisfaction, 8 about revisit intensions, 10 personal data of respondents, 11 the most important attribute and 12 about complements and complaints. The instrument is of great importance as it is used for collecting data from respondent in this study. In this study the 5 likert scale has been used most especially in customer expectation and perception questions. The scale range from 1 to 5 (1 represents the lowest expectation/satisfaction whereas 5 represents the highest expectation/satisfaction) the levels were analysed following Bests' criteria of customer satisfaction in 1977: 174 Table 1 below shows how the score range are distributed. All the tables in the empirical part of the research have been created by the author.

Table 1. Bests' (1977) Translation level of customer satisfaction

Score No	Score	Mean	Level Of Satisfaction
1	1.00 – 1.80	Mean	Lowest Satisfaction
2	1.81 – 2.61	Mean	Low satisfaction
3	2.62 – 3.41	Mean	Average satisfaction
4	3.42 – 4.21	Mean	Good satisfaction
5	4.22 – 5.00	Mean	Very good satisfaction

During this study, some limitations are encountered. The number of respondents involved in this research study is limited to one spa hotel (Puhajarve Spa and Holiday Resort) with only 60 respondents. The results would have been more generalised and reliable if the number of respondents would have been more and drawn from other hotels in Otepaa. Time factor was a significant limitation to complete this study, it was difficult to collect the data in time as some customers refused to participate in the survey and some didn't return the questionnaires.

If the author had more time, and the respondents willing to offer feed backs, the results of the study would have been more valuable and useful for improving wellness and spa

hotel services. Seasonality also affected the study as not all the groups of customers are represented in the survey. This period of the survey is low season and very few customers visited the spa hotel. Studies should be carried out all year round to involve all the seasons as this will represent a reliable outcome. Language barrier is another limitation. The respondents are from different nationalities even though most of them spoke English the level was not reliable as their understanding may vary. Translation to at least six different languages would have been most preferable. The inconsistency of the translated questionnaire to Estonian wasn't reliable as the translator is not a professional linguist. The study focused generally in the services of the wellness and spa hotel. Involving just one department in the study would have provided a more detailed and reliable outcome.

2.3 Data Collection and Empirical Analysis

There are only two basic methodologies either quantitative or qualitative from which to choose and carry out data collection (Pickard, 2007). Based on the theoretical assumption the research is based on the positivist principle associated usually with quantitative methodology (Hantrais, 2009). The resort manager granted permission to the author to conduct this study following high ethical standards and principles as the results are of great interest to the resort.

Prior to the survey the questionnaires were piloted and translated from English to Estonian and from Estonian back to English to ensure reciprocity by the marketing manager. Then a pilot test was made with some customers who proved some questions were not clear and not necessary. The management proposed to the author to add some questions about other services which were left out. After it was realised some customers understood the questions and responded without difficulties, others had difficulties to understand. In this case the author re-modified and made the questions again more simplified. After which the final test was conducted and confirmed by the customers to be understandable, a correct and suitable designed questionnaire was then distributed for the entire survey. There were enormous questions to be answered but not all the questions were required for this study. The extra information will be used by the management for subsequent survey in for managerial purposes.

The survey data collected were from both experienced and non experienced respondents of Puhajarve Spa and Holiday Resort who have stayed at least one night. The well designed questionnaires were placed at the front desk of the hotel reception as well as at the spa reception. The author met the customers at the lobby as well as in the restaurant during breakfast, lunch and dinner hours, explained to them the purpose of the survey, the required procedures to fill out the questionnaire and answering any question with regard to any of the questionnaires statements, then hand them copy of the questionnaire to those who were interested. This process of distributing the questionnaire is known as a drop off approach. (Aaker et al., 2004) There was face to face discussion with some tour operators who came along with groups who then collected the questionnaires and distributed to the customers. Most took them to the rooms and return them upon check-out. Out of a total of 150 questionnaires distributed to the customers between April 10 and 26, 2013 only 60 participated giving a response rate of 40%. Some customers brought the questionnaires back to the reception unanswered.

After the dully filled and return questionnaires were collected, the level of conception of customer and perception towards service quality was explored by the author of the paper. Since this study is aim at providing recommendations on improving customer satisfaction through service quality in Puhajarve Spa and Holiday Resort (PSHR), the data from the questionnaires is analysed using the Statistical Software Package (SPSS) because it has a good analytical capabilities (IBM, 2013). It is easy to use and amongst the most widely used programmes for statistical analysis in social science by market researchers, scholars, governments and organisations. One of the statistics included in the base software is the descriptive statistic. Since SPSS is considered a more sophisticated statistical analysis package, an obvious alternative to the specialist software is the basic Microsoft Excel spreadsheet package which has been used in this study.

The advantage of using it is it is widely used in organisations, it provide a wide range of reporting advantages with graphical options for displaying results. It can be linked into sister packages for word processing reports or producing slides for presentation (Hill, Self & Roche, 2003) The only disadvantage is that a spreadsheet database has to

be compiled for each survey with columns for each question, one row assigned to each respondent and appropriate analyses programmed into the columns at the foot or side of the spreadsheet. Frequencies and percentages shall be used for calculating and analysing the data. The study used descriptive statistics of means and standard deviations as well as gap analysis in comparing means between expectation score and perception score of the respondents. This analysis will offer insight regarding customer perception on services quality. Furthermore the results of this analysis will be discussed in the preceding chapter with some suggestions and recommendations.

To conclude this section, the topic highlighted on techniques and methods used in this research. Likert scale is used here to conduct the survey in order to assess the level of customer satisfaction through perceived performance. The topic went further to highlight the advantages and disadvantage of using the SPSS method. Interesting information was retrieved from customers of PSHR who were the respondents and had stayed at least one night especially on their perception towards service quality.

2.4 Results, discussions and implications

In this section the author will display the results of the data collected from the questionnaires of customers who stayed in PSHR. The following sections are going to be presented demographics, perceived price, perceived value, customer expectations and perception towards service quality, overall level of satisfaction towards service quality, SERVQUAL gap analysis, the most important attributes, potential for repeat customers to PSHR and Customer suggestions towards PSHR services

Personal data of respondents: This section of the results presents the personal data of the 60 customers who participated in the survey during their stay in PSHR from April 10th to 26th, 2013. Table 2 of appendix 2 demonstrates the personal data of respondents who took part in the survey. It is made up of the nationality, gender, age, marital status, education, occupation, annual income, and source of information about hotel, travel arrangement and length of stay. (See Table 2) in the appendix.

The finding showed that the majority of the respondents were Estonians (56%), there were more male customers (64%) than female (22%) the largest age group was in the

range 25-34 years of age giving a 29%, 50 % of the respondents are married and 72 percent are said to be employed with (23%) retired and (5%) students according to the survey. There were no unemployed who stayed in the hotel during this period. The customers got information about the spa hotel from several different sources, most of which were from the internet (53%), word of mouth (27%) and (20%) from tour brochure. Travel arrangements were made mostly by package tour (70%) and (30%) made it individually. The respondents were mainly of two group types, those who had stayed in a spa resort or hotel where the main focus was water treatments, body, beauty and massage (63%) in other word had previous experience and those whom it was their first experience to stay in a spa resort or hotel (37%). Most of the respondents who visited PSHR were mainly for holiday, relaxation.

Customer satisfaction with price: In this section customers were ask to rate how they perceive prices in PSHR relative to their previous experience. A scale of 5 Likert was used between, 1-inexpensive and 5-very expensive. The table 3 below shows the results of the survey.

Table 3. Customer satisfaction with price

No	Contents	Mean	Standard deviation
1	Accommodation	2.65	0.4749
2	Spa treatments	2.60	1.0077
3	Other prices	2.39	0.9263
4	Food prices	2.51	0.9728
5	Beverage price	2.75	1.0659
6	Conference price	2.60	1.0077
	Total mean score	2.58	0.9092

The results as indicated in the table, shows that the higher the score the more expensive is the price and the lower the score the more inexpensive is the price perceived relative to the actual price of the rooms. Accommodation carries the highest mean score of 2.65 which indicates the range is between somewhat expensive and neither expensive nor inexpensive. Other prices had a lower score of 2.39. The total mean score 2.58 indicate

the overall customer satisfaction with the prices is somewhat inexpensive. Price also plays a very important role in customer satisfaction.

Customer satisfaction with overall perceived value: the overall customer satisfaction is affected not only by the quality of what the customer receives, but also by price and perceived value of the services (Akama & Kieti, 2003) In this section, respondents were asked to describe the overall value for the price they paid and the outcome is shown in Table 4 below. Customers rated on a 5– likert scale, 1– strongly disagree and 5– strongly agree.

Table 4. Customer satisfaction with overall perceived value

No	Contents	Means	Standard deviation
1	Package offered	4.05	0.9574
2	Good quality accommodation	4.12	0.9739
3	Will enjoy stay	4.35	1.0283
4	Good accommodation for price	4.19	0.9905
5	Personnel knowledge up to date	4.20	0.9929
6	Personnel know their job	4.23	1.0000
7	Personnel have knowledge of service	4.09	0.9669
8	Service as a whole is good	4.35	1.0283
9	Good conference service for price	4.52	1.0685
	Overall mean perceived value score	4.23	1.0007

The table shows that customers agreed somewhat to the statements according to the result. In analysing the results, conference facilities had the highest mean scores which indicate that the customers were satisfied with the conference services for the price they paid. This was closely followed by the services as a whole as the respondents agreed that the whole service was good. The least score on the table is package offered which is still a good score. The overall mean value perceived score is 4.23 which fall in range of being satisfied or agreeing with all the statements. The relationship between perceived value and customer satisfaction was acknowledged and according to the literature it was reveal that customer satisfaction can be raised either by delivering higher perceived quality at the same price or the same quality at a lower price (Frank

and Enkawa, 2007). This will help to develop a long term customer relationship. Therefore perceived service value is very important for managers in a business.

Level of Customer expectation towards Service quality in PSHR: This section presents the customers expectation towards service quality of PSHR. Service quality as previously seen and defined above is made up of 5 main dimensions (tangibility, reliability, responsiveness, assurance, and empathy) from which all the 14 questions are based. Based on expectation, the responses are to be selected from the range of 1–strongly disagree to 5–strongly agree.

The five dimensions of service quality are further classified under the functional and the Technical or Physical dimension (Lin, 2007). The 60 respondents were asked to rate each statement concerning service quality to their expectation between April 10–26, 2013. The service quality findings were as follows. See (Table 5) in this study the sum total of all mean scores were divided by total number of questions. The value is then applied to the standard deviation formula (see figure 2), to achieve a reliable score for the results.

For Service Expectation (SE) =

$$(SE1+SE2+SE3+SE4+SE5+SE6+SE7+SE8+SE9+SE10+SE11+SE12+SE13+SE14)/14$$

$$SE=57.68/14=4.12$$

The formula for calculating standard deviation (SD) is given as:

Figure 2. Formula for standard deviation

$$SD = \sqrt{\frac{\sum(x - \bar{x})^2}{n}}$$

Source: Hill, Self & Roche, 2003: 88

The questions on table 5 are all based and related to the service quality theory, (SERVQUAL) which is made of five different dimensions as seen in the literature. This collection of question tried to give answers to overall customer expectation towards the

five service quality dimensions (Tangibility, reliability, responsiveness, assurance and empathy) all of which are basically considered as either functional or physical dimension.

Table 5 demonstrates that overall satisfaction of expectation towards services is at a high level with a mean score of (4.12)

Table 5. Customer satisfaction with service quality expectation level

No	Service Quality Dimensions	Mean	Standard Deviation	Level
	Functional dimensions			
1	Staff was polite as expected	4.38	0.0676	high
2	Staff was helpful as expected	4.35	0.0529	high
3	Staff was friendly as expected	4.32	0.0400	high
4	Staff had knowledge about attractions and activities	4.00	0.0144	high
5	The personnel provided a friendly atmosphere.	4.12	0	high
	Physical dimensions			
6	I was satisfied with the spa and health centre facilities	4.09	0.0009	high
7	I was satisfied with leisure facilities as expected.	4.32	0.04	high
8	I was satisfied with the Service packages	4.21	0.0081	high
9	I was satisfied with room facilities	4.40	0.0784	high
10	I was satisfied with meals	4.16	0.0016	high
11	I was satisfied with spa treatments as expected	4.22	0.01	high
12	I was satisfied with children facilities as expected	3.28	0.7056	high
13	I was satisfied with the conference facilities	4.13	0.0001	high
14	I was satisfied with family facilities as expected	3.70	0.1764	high
	Overall mean score	4.12	0.09	high
	Overall Standard Deviation		0.3	

The customers of PSHR were very satisfied with the room facilities giving a high mean score of (4.40).this was closely followed by the politeness of the staff as expected by the customers with an average score of (4.38). the staff of PSHR were helpful to their customers as expected giving a high score (4.35) The staff were friendly to the

customers as expected as well as the leisure facilities were as expected, both of which also gave a high score of (4.32). Majority of the customers of PSHR are said to have previous experience in the Spa hotel. This means that their expectations are high. Giving a score of (4.22) to the spa treatments based on their expectations means PSHR is providing good quality spa treatments. The least score in the (functional) dimensions is the staff knowledge about attractions and activities with a score of 4.00.this is still high and good score. On the part of the physical dimensions, the least score 3.28 goes to satisfactory level with children facilities as expected by the customer. Facilities for the family as the customer expected also had an average score of (3.70). Generally on the part of the functional dimensions the results interprets that the customers are quite satisfied with the services regarding their expectation. This is supported by comments from a first time customer who said ‘the staff were always willing help’ this shows that this customer received good help when needed. The ability to respond to customers request reflected to the customer satisfaction.

The overall satisfaction of expectation towards the five dimension represented by the 14 questions was at a high level (4.12). The results of customer expectation amongst the functional dimensions shows that the staff politeness (4.38) as expected was high, closely followed by helpfulness of staff (4.35), friendliness of staff (4.32), personnel provides friendly atmosphere (4.12) and knowledgeable staff (4.00). The results of customer expectation amongst the physical dimensions shows that the room facilities (4.40) as expected was high, followed by leisure facilities (4.32), spa treatments (4.22), service packages (4.21), meals (4.16), conference facilities (4.13), family facilities (3.70) and children’s facilities (3.28)

Level of Customer perception towards Service quality performance in PSHR: This section presents the customer perception level towards service quality performance in PSHR. Here the 60 respondents rated each statement concerning their perception of service quality in PSHR. Generally the customer perception was also ranked at the highest level (4.17) see Table 6.

Perception (SP) =

$$(SP1+SP2+SP3+SP4+SP5+SP6+SP7+SP8+SP9+SP10+SP11+SP12+SP13+SP14)/12$$

$$SP=50.10/12=4.17$$

The above formula illustrates how the author carried out the calculation before achieving the results which are distributed in table 6 and similar to others.

The formula sums up all the scores rated by the 60 respondents, then divided by the total number of variables to get the level of customer perception.

Table 6. Customer satisfaction level with perceive service performance

No	Service Quality Dimensions	Mean	Standard Deviation	Level
1	Guestroom cleanliness	4.36	0.0361	high
2	Cleanliness of lobby areas	4.38	0.0441	high
3	Cleanliness of spa area	4.18	0.0001	high
4	Spa and wellness treatments	4.22	0.0025	high
5	Security and safety	4.17	0.00	high
6	Employee friendliness	4.22	0.0025	high
7	Check-in speed	4.25	0.0064	high
8	Knowledgeable employees	3.98	0.0361	high
9	Guestroom items in working order	4.33	0.0256	high
10	Spa facilities in working order	3.81	0.1296	high
11	Guestroom quietness	3.93	0.0576	high
12	Conference facilities	4.27	0.01	high
	Overall Mean Score	4.17	0.03	high
	Overall Standard Deviation		0.1732	

Table 6 above shows the score customers perceive towards performance of service in PSHR. Cleanliness of the guest room (4.36) and cleanliness of the lobby (4.38) both shows highest levels as well as the spa area (4.18). This means that the staffs are doing a good job. Consistent customers feel comfortable and satisfied when the area around them looks clean always. This is one of the most important factors that ensure customer satisfaction on service. The spa and wellness treatment had a high score of (4.22) this

means that the staff performance towards providing treatments is high. Customers being satisfied with the service treatment are most likely liable to loyalty. This is supported by comments from some respondents that they had a wonderful experience with the spa treatments. Most customers have been to this hotel on regular bases; an evidence that they are satisfied with the services. The employee friendliness with a high score of (4.22) indicates that the employees of the PSHR are quite friendly towards the customer. The check in speed was also had a high score (4.25), this indicates the quick responds and willingness to help. The findings are consistent with Parasuraman et al. (1998), who measured consumer perceptions of service quality. They found that responsiveness (the willingness to help customer, friendly staff, and offer of prompt service) was one of the most important factors in determining customer satisfaction with service. Employee knowledge scored (3.98) this is high, but according to the author it is not enough. Staff knowledge of the product and the services is a very important factor in the spa hotel sector that requires a high score.

The staff must have experience, skills and a wide knowledge of the services, products and activities. They must be apt in using advanced technology to help improve their performance. Security and safety had a high score (4.17). It is the freedom from danger, risk or doubt and may involve physical safety, financial security and confidentiality. Feeling safe and secured in an environment will always encourage loyalty. Guestroom items in working order scored high (4.33) as well as conference facilities (4.27). These all contributed in the service performance of the spa hotel. The score for the spa facilities in working order (3.81) was high but not very encouraging according to the author, more need to be done by the management for improvement. This will be discussed in the last part of recommendations.

The overall satisfaction of expectation towards the five dimension represented by the 12 questions was at a higher level (4.17). The results of customer perception amongst the functional dimensions shows that cleanliness was high for lobby areas (4.38), followed by guestroom 4.36, working order of guest room items (4.33), conference facilities (4.27), check-in speed (4.25), both employee friendliness and spa/wellness treatments (4.22), cleanliness of spa area (4.18), security and safety (4.17),

knowledgeable employees (3.98), guestroom quietness (3.93) and spa facilities in working order (3.81).

Overall level of customer satisfaction of expectation towards service quality in PSHR: In this section the mean score of customer expectation and perception will be demonstrated.

Table 7 Overall mean score of customer expectation and perception of service

Service quality dimension	Customers' expectation			Customers' perception		
	Mean	S.D.	Level	Mean	S.D.	Level
Overall mean score	4.12	0.09	high	4.17	0.03	Higher

Table 7 shows that overall satisfaction of expectation towards the functional and physical dimensions of Service quality was at a high level (4.12) where as the overall satisfaction of perception were at a higher level (4.17). The difference between the value scored for expectation and the value scored for perception introduce us into SERVQUAL gap analysis which is described below.

SERVQUAL gap between customers' expectation and perception: this brings us back to our literature review seen earlier above in which five key gaps are describes and identified by service quality model of Parasuraman et al. (1985). And the literature earlier mentioned that the fifth gap which is the reality gap is used for this study. Reality gap is the gap between customer service expectations and their perception of that service.

Table 8. SERVQUAL gap of customers' expectation and perception

Service Quality Dimension	Customers Expectation	Customers Perception	SERVQUAL Gap
Overall mean score	4.12	4.17	0.05

Table 8 demonstrates the final overall gap between customer expectation and perception. The study shows that the overall level of perception (4.17) of all

dimensions was higher than the level of expectation (4.12). The positive gap (0.05) therefore indicates that customers are satisfied with the services of PSHR. When a customer is satisfied, the question of loyalty comes into play. That is the intention to revisit. The satisfaction level of customer could also be measured taking into consideration the loyalty aspect. This will now be discussed in the next subsection.

Level of Satisfaction customer: satisfaction was previously measured indirectly by the gap between customer's expectations and their perception. In this section of the paper the level of satisfaction will be assessed through direct questions asked to the respondents to describe their level of satisfaction. A scale of 5- likert was used where the respondent had to rate their level between 1-completely dissatisfied and 5-completely satisfied. The following results in Table 9 were obtained during the survey.

Table 9 Level of satisfaction

No	Contents	Means	Standard deviation
1	With the interaction of other guests	3.60	0.8759
2	With the interaction of staff	4.14	1.0072
3	With service provided	4.20	1.0218
4	With previous expectation	4.15	1.0097
5	With overall stay	4.47	1.0875
	Overall mean satisfaction score	4.11	1.0004

According to Table 9, the overall mean level of satisfaction is 4.11 which could be interpreted as high level of satisfaction. The highest level amongst the contents is the overall stay with a score of 4.47, meaning customers are satisfied with their overall stay in PSHR, and this was followed by 4.20 for the services provided, then 4.15 with previous expectation and 4.14 with the interaction of staff. Customers were less satisfied with interaction of other guests resulting to a mean score of 3.60. Having accurate data on customer satisfaction level according to customer satisfaction for ISO 9000:2000 can highlight areas where customers are least happy but it can't solve the problems, or improve the services or increase customer satisfaction. These will all rely on decisions, actions and a lot of hard work.

Most important attributes that influenced customer stay in PSHR: The most important attribute that influences customer stay may also influence customer satisfaction. This will enable the business to know where more emphasis needs to be put so as to improve customer satisfaction level. In this section the respondent was asked to rate from 1 to 6 the most important attribute that influenced their stay in PSHR. The results according to the survey are displayed in Table 10 below, the rating positions are derived from the mean score of the respondents. The lowest mean score is rated the first position and the highest mean score is rated the last and the least.

Table 10. Most important attribute that influenced customer stay

No	Content	Mean score	Rating position
1	Location	4.37	5
2	Price	2.45	2
3	Service quality	1.56	1
4	Friendliness of staff	4.98	6
5	Security and safety	3.58	3
6	Available facilities	3.78	4

Table 10 shows that service quality was rated the highest score. Most of the respondents rated service quality with an average score of 1.56 as the number one most important attribute that influenced their stay in PSHR. This was followed by the price in the second position with 2.45, then security and safety 3.58, closely followed by available facilities in the fourth position with a score of 3.78, then location occupied the fifth position and finally friendliness was the least most important attribute which influenced the customer stay in PSHR. The management for these reasons is required to focus most on the service quality and price to maintain the level of importance and to also try to improve more on location and staff friendliness even though it is rated the least most important attribute.

Potential for repeat customers to PSHR: The likeliness for a customer to revisit is the result of customer satisfaction. If the expectations of the customers are met or exceeds their perception, then the customer is most likely to return. In this section customers

were ask to rate using the 5 likert scale how likely or unlikely are they to revisit PSHR? Table 11 demonstrates the results of the respondents. 45% of the respondents were very likely to return to PSHR, 46% of respondents quite likely to return. This higher percentage of revisit likelihood may result from customer satisfaction.

Their appreciation of the services they received during their stay in PSHR. Some customers commented on their questionnaires that the employees were quite helpful.

Table 11. Potentials for repeat visit

No	Potential For Repeat Visit	Number	Percentage (%)
1	Very unlikely	0	0%
2	Quite unlikely	2	4%
3	Neither likely nor unlikely	3	5%
4	Quite likely	28	46%
5	Very likely	27	45%
	Total	60	100%

Table 11. further demonstrates a 5% of respondents who are neither likely to return nor unlikely to return. And 4% of the respondents are quite unlikely to return. This must have been caused by either the customer being disappointed or the services didn't meet expectation of these customers. In this case the customer leaves unsatisfied. Such customers need to be contacted immediately by the manager to understand the problem and may be offered some compensation by either providing a free treatment, or voucher for dinner or a free night. The author thinks this a professional way in solving the problem. It is most likely that unsatisfied customers will always take away with them a negative word of mouth and will tell the friends, relatives and others.

Customer suggestions and implications of the study towards PSHR services: This section of the questionnaires was mostly made of open ended questions where the respondents were given the opportunity to express their feelings and experiences during their stay in PSHR, the results on Table 12 demonstrates the compliments and complaints made by the customers. In this research paper customer complaints were also used as a rule to measure customer satisfaction.

Based on the questionnaire responses, customer complaints are measured as the percentage of respondents who reported a problem with the spa hotel services within this period of the survey.

Table 12. Customer suggestions

Customer Suggestions	Number Of Respondents	Percentage (%)
Compliments	53	88%
Complaints	7	12%
Total	60	100 %

According to the survey results, Table 12 shows that majority of the respondents (88%) gave compliments about the services of PSHR. The customer reported that the quality of services they received was good and friendly, the rooms were quite clean and fresh, availability of spa facilities, nice swimming pool, good an exotic breakfast, peaceful place and quiet, good facilities for the seminar, good spa treatments with memorable experiences, beautiful view outside, so relaxing, well equipped gym, many activities in one place, staff were helpful, check- in was fast and smooth, nice location close to the lake, first impression was quite good about hotel. All the above compliments imply 88% of the customers felt very comfortable during their stay in PSHR. Mean while on the other hand 12% of the respondents complaint about both the physical and the functional services of PSHR.

The following complaints were reported: staff were not friendly and were incompetent, good ventilation is missing in the rooms, steam sauna needs maintenance, the shower was very uncomfortable to use, too much chlorine smell in the pool area which make the customer uncomfortable, the play area for the children is very small, the house need renovation especially the rooms, sauna in the room was not in good working condition, the staff should improve their English skills, the time schedule for treatments should be extended. Looking into the complements and the complaints the author realized that there were some contradictory statements. This is normal because customers are different, with different taste and expectations. It was also realised that all the

customers who complaint are customers who had previous experience about a spa hotel. Therefore experienced customers will always have high expectations.

This study had the following implications. Service quality dimensions like tangibility was shown to be the strongest dimension of satisfaction with higher score, therefore the spa hotel management should maintain the attributes of tangible service quality. Assurance and empathy were shown to be amongst the weakest dimension of satisfaction. Therefore the management should arrange special courses to improve effective communication as well as in-house training programmes to improve staff knowledge, performance towards service. The ventilation system needs to be strongly taken into consideration for provision as this is a basic necessity. The pool should always be chlorinated with the right amount of chlorine to make the stay of customers more comfortable. The facilities for the children are a very sensitive attribute that needs to be addressed. The spa hotels is a family hotel and targets the family as stated on the website (Puhajarve Spa and Holiday Resort, 2013) but the family facilities and children's facilities is amongst the weakest dimensions according to the results of the survey. The author suggests that a bigger play room be improvised for the children. The aerobic room could be used for this purpose, or other rooms could be transformed for this. A good and sizeable play room for the children will help improve customer satisfaction and loyalty.

To conclude this part of the paper, the result between the customer expectation and perception came out to be positive towards service quality. This is because the level of customer perception towards service was higher than the level of expectations. With this case it was obvious that most of the customers were satisfied with the services of Puhajarve Spa and Holiday Resort. Even though the study showed some dissatisfied customer complaints, some implications have been looked after. The above result then brings us into conclusion and recommendation for further improvements.

CONCLUSION AND RECOMMENDATIONS

In recent years there have been a rapid growth in the service industry and a continuous increase in the demand for higher service quality. Understanding and measuring customer satisfaction with assessment of expectation and perception is of greatest importance for the tourism industry as a whole and wellness/spa sector in particular. This is because satisfied customers tends to transfer their positive experience to other potential customers and will want to visit the spa hotel repeatedly. Besides, assessing expectation and perception of wellness and spa hotel customers allows decision makers in tourism sector to modify strategies and increase customer satisfaction. Thus developing successful destination marketing, management strategies and quality improvement programmes requires measuring their customer satisfaction, identifying the problems and focusing on the right solution methods. Puhajarve Spa and Holiday Resort being a service business like others need to remain competitive. For her to remain competitive, customer expectation and perception towards service needs to be analysed.

In this research, the review of literature demonstrates clearly the inter-link of customer satisfaction with the service quality. Service quality is the main attributes that attracts the customers and makes them satisfied and loyal to the industry as repeat visitors. A well designed questionnaire based on the five dimensions of SERVQUAL model which was postulated in 1985 by Parasuraman. 150 questionnaires were distributed to the customers who stayed in Puhajarve Spa and Holiday Resort between April 10 and 26, 2013 with the aim to determine the expectation level and perception level of the customer towards services as well as the service gap and satisfaction. Only 60 customers participated successfully by completing the questionnaires.

A descriptive statistical analysis with the SPSS is used to analyse the results. The results revealed that the expectation level is highest for 'room facilities', 'staff politeness' and 'staff helpfulness' where as lobby cleanliness, room cleanliness and

guestroom items working raised the highest level of perception. The overall mean expectation level was less than the overall mean level perceived towards service quality by the customers during this period of the survey. Assessing the difference indicated a positive service quality gap between expectation and perception. Therefore, indicating that the customers of PSHR are satisfied with the services they received. This answers our research question which seeks how satisfied the customers of PSHR are?. On the other hand, the expectation level is lowest for; 'staff had knowledge', 'family facilities' and 'children facilities' compared to other attributes where as perception level is lowest for 'knowledgeable employees', 'guest room quietness' and 'spa facilities in working order'.

Based on the results of the survey, some recommendations are made by the author. The satisfaction of the wellness and spa goes and the revisit intentions could be improved by the quality of spa hotel furnishings, design and beauty of the physical environment. Also proving customers with a touch of class where each individual customer is made to feel that the service is tailored towards his/her particular needs. Management is therefore encouraged to differentiate the service on the basis of these service quality dimensions.

A higher level of customer satisfaction leads to customer retention and repurchases intention, higher future revenues, and reduced cost of operation as well as increase profitability. Therefore service managers in the wellness and spa industry are recommended to device operations and marketing strategies that focuses on the service quality dimensions which can enhance customer satisfaction and in turn foster positive behavioural intentions. For example in this study, the customers were found to be influenced by the physical surrounding, facilities and equipment, every care should be taken by the management to ensure continuous improvement in this physical evidence which includes the appearance of the service providers.

As earlier discussed above skills and competencies of the service providers need to be enhanced and developed on means and ways of delivering services professionally , handling complaints, effective service encounters, customer relationship management, employee positive attitude building will all contribute to the improvements of the quality of service in areas where there are gaps as proven by the results of the study

above and this in turn have a positive impact on customer satisfaction and as well as revisit intention. Further research need to be conducted to apply the results of this survey by including other spa hotels in Otepää or South Estonia in general. Further study on customer attitudes towards services and service quality of other businesses in the Tourism industry need to be carried out.

After conducting the survey and the results analysed and discussed, the author can now conclude that answers to the research questions which seeks the levels of customer expectation, perception, satisfaction and gaps towards service quality in a spa hotel, has been answered as well as the aim and objective of the master thesis “ to assess customer expectations and perceptions of service quality performance in the wellness and spa industry, to identify the service gap between expectation and perception, to determine customer satisfaction level and to know areas for improvement, to present the descriptive statistical analysis (SPSS) of the SERVQUAL scale adapted for wellness and spa service quality as well as to define and recommend strategies to improve on overall customer satisfaction” have been met.

The author believe that the results and further studies will provide potential guidelines for spa managers throughout Estonia who plan to attract customers to this highly competitive industry and enable them to formulate appropriate strategies as well as strive to make a contribution to conceptual and policy formulation by understanding the real predictors of customer satisfaction and intention.

The results of this study further revealed that tangibles of service quality are more important to the customers. This is confirmed by Parasuraman et al., 1988 who said that service industries will specifically consider tangibles of service quality to be more important than will other industries

According to the literature, it is stated that customers are favourably influenced to satisfaction when the services meet or exceed their expectation thereby leading to the intention to revisit and word of mouth. Most interestingly is that the result doesn't bind entirely with this theories. It is not only good service quality that may influence the behaviour of the customer. Other factors may contribute. A customer may be satisfied with the services but will not have the intention to revisit or word of mouth as indicated

in the results. This may be because of the intention to explore other places or the intention to search for other alternatives. On the other hand, some customers are not satisfied with the services but still have the intention to revisit; this may be due to the fact that they have less options or price sensitivity according to Zeithaml et al., (1996).

As earlier mentioned above customer satisfaction is crucial for spa businesses to be competitive and successful in business. It is more important and less costly to evaluate effects on how to keep existing spa customers satisfied than to look for new spa customers. Thus it is very important to assess perceived service quality of spa customers. This method will help managers establish service management policies and strategies for marketing than the assessment of overall service quality.

To round it up the customer satisfaction level of Puhajarve Spa and Holiday Resort has been measured and analysed, the research questions has also been answered as the result of the gap came out to be positive, meaning customer are satisfied with service quality, with the perceive value, price, and overall satisfaction. Since customer satisfaction cannot be calculated alone, price and perceived values were also calculated alongside because they have a strong and direct influence towards customer satisfaction.

REFERENCES

- Aaker, D., Kumar, V., & Days, G. (2004). *Marketing Research*, 8th ed., John Wiley & Sons, New York.
- Abbas. B., et al. (2012). The Relationships between Service Quality, Satisfaction, and Behavioural Intentions of Malaysian Spa Centre Customers. *International Journal of business and social science*, (3).
- Akama, J. S., & Kieti, D. M. (2003). Measuring tourist satisfaction with Kenya's wildlife safari: a case study of Tsavo West National Park. *Tourism Management*, 24, 73–81. Kenya: Elsevier.
- Al-alak, B. A., & EL-refae, G. A., (2012). The Relationships between Service Quality, Satisfaction, and Behavioural Intentions of Malaysian Spa Centre Customers. *International Journal of Business and Social Science Vol. 3(1)*, 198.
- Barutcu, S., Dogan, H., & Unguren, E. (2011). Tourists' Perception and Satisfaction of Shopping in Alanya Region: A Comparative Analysis of Different Nationalities. *Procedia Social and Behavioral Sciences*, vol 24, 1049–1059.
- Bitner, M. J., & Zeithaml, V. A. (2003). *Service marketing*, (3rd ed.). New Delhi: Tata McGraw Hill.
- Booking.com [<http://www.booking.com/index.en.html>] Retrieve 12.3.2013
- Bowen, J. T., & Chen, S. L. (2001). *The Relationship between Customer Loyalty and Customer satisfaction*. *International Journal of Contemporary Hospitality Management*, 13(4/5), 2132–17.
- Buswell, J., & Williams, C. (2003). *Service Quality in Leisure and Tourism*. UK: CAB International, 59–67

- Caceres, R.C., Paparoidamis, N.G., (2007). Service Quality, Relationship Satisfaction, Trust, Commitment and Business-to-Business Loyalty. *European Journal of Marketing* 41, 836–867.
- Chiu, S., Cheng, C., Yen, M. T., & Hud, Y. (2011). Preliminary research on customer satisfaction models in Taiwan: A case study from the automobile industry. China: Elsevier.
- Cronin, J. J., Brady, M. K., & Hult, G. T. M. (2000). Assessing the effects of quality, value, and customer satisfaction on consumer behavioural intentions in service environments. *Journal of Retailing*, 76(2), 193–218.
- Darke, P. R., Ashworth, L., & Main, K. J. (2010). Great Expectations and Broken Promises: misleading claims, product failure, expectancy disconfirmation and consumer distrust. *Journal of the Academy of Marketing Science*, 38(3), 347–362.
- Esbjerg, L., et al. (2012). An integrative conceptual framework for analyzing customer satisfaction with shopping trip experiences in grocery retailing. *Journal of Retailing and Consumer Services* (19)445–456
- Estonia Spa Association, (2013) [<http://www.estonianspas.eu/en/Classification-requirements->] Reviewed 4.18.2013
- Farris, P.W., Bendle, N.T., Pfeifer, E. P., & Reibstein, J. D. (2010). *Marketing Metrics: The Definitive Guide to Measuring Marketing Performance*. Upper Saddle River, New Jersey: Pearson Education, Inc.
- Frank, B., & Enkawa, T. (2007). How Economic Growth Affects Customer Satisfaction: A Study from Germany. *Proceedings of the 13th Asia Pacific Management Conference, Melbourne, Australia*, 115–120.

- Gronholdt, L., Martensen, A., & Kristensen, K. (2000). The Relationship between Customer Satisfaction and Loyalty: Cross-Industry Differences. *Total Quality Management*, 11, 509–514.
- Hantrais, L. (2009). *International comparative research: theory, methods and practice*. Basingstoke (England): Palgrave Macmillan.
- Hill, N., Self, B., & Roche, G. (2003). *Customer satisfaction measurement for ISO 9000:2000*. Oxford: Butterworth-Heinemann.
- IBM [<http://www-03.ibm.com/software/products/gb/en/spss-stats-base>] Reviewed 3.5.2013
- International Spa Association [<http://www.experienceispa.com/>] Review 25.3.2013
- Islam, R. M. (2012). Application of SERVQUAL Model in Customer Service of Mobile Operators: A Study from the Context of Bangladesh. [Electronic version] *European Journal of Business and Management*, 4, 1.
- Joby, J. (2003). *Fundamentals of Customer-Focused Management: Competing Through Service*. Westport, Conn.: Praeger.
- Kaveh, M., Mosavi, S., & Ghaedi, M., (2012). The application of European Customer Satisfaction Index (ECSI) model in determining the antecedents of satisfaction trust and repurchase intention in five star hotels in Shiraz, Iran. *African Journal of Business Management*, 6(1), 6103–6113.
- Kanning, U., & Bergmann, N., (2009). Predictors of Customer Satisfaction: Testing the Classical Paradigms. *Managing Service Quality*, 19(4), 337–390.
- Kim, K. U., and Lee, R. H., (2010). Customer satisfaction using low cost carriers. *Tourism management*, 32, 235–243 South Korea: Elsevier.

- Kralj, A., & Solnet, D., (2010). Service climate and customer satisfaction in a casino hotel: an exploratory case study. *International Journal of Hospitality Management*, 29(4), 711–719.
- Lenka, U., Suar, D., & Mohapatra, P. K., (2009). Service Quality, Customer Satisfaction, and Customer Loyalty in Indian Commercial Banks. *The Journal of Entrepreneurship*, 18, 1, 47–64.
- Liao, C., Liu, C. C., Liu, Y. P., To, P. L., & Lin, H. N., (2011). Applying the expectancy disconfirmation and regret theories to online consumer behaviour. *Cyber psychology, Behaviour, and Social Networking*, 14(4), 241–246.
- Lin, B. W. (2007). The exploration of customer satisfaction mode from a comprehensive perspective. Taiwan: Elsevier
- Malik, U. S. (2012). Customer Satisfaction, Perceived Service Quality and Mediating Role of Perceived Value. *International Journal of Marketing Studies*, vol 4, (1).
- Martin, J. (2007). Hotels and their Star Ratings - What do they mean?
[http://goeurope.about.com/cs/hotels/a/hotel_stars.htm] Reviewed 4.18.2013
- Matzler, K., Wurtele, A., & Renzl, B., (2006). Dimensions of price satisfaction: a study in the retail banking industry. *International Journal of Bank Marketing*, 24(4), pp. 216-231.
- Moliner, M.A., Sa´nchez, J., Rodrı´guez, R. M., & Callarisa, L., (2007). Perceived relationship quality and post-purchase perceived value: An integrative framework. *European Journal of Marketing*, Vol. 41, 11(12), 1392–1422.
- Müller, H., & Kaufmann, E., (2001). Wellness Tourism: Market Analysis of a Special Health Tourist Segment and Implications for the Hotel Industry. *Journal of Vacation Marketing*, 7(1), 5–17.

- Noe, F. P., Uysal, M., & Magnini, P. V. (2010). *Tourism Customer Service Satisfaction. An Encounter Approach*. (1st ed.). New York, Routledge, (8), 141–158.
- Oh, H. (1999). Service quality, customer satisfaction, and customer value: A holistic perspective. *International journal hospitality management*, (18), 67–82.
- Ossel, V. G., Stremersch, S., & Gemmel, P. (2003). Customer satisfaction and complaint management. In Looy, B. T., Gemmel, P., & Dierdonck, V. R. (Eds), *Service Management: An intergrated approach*” (pp. 123–153) London: Pearson Education.
- Pechlaner, H., & Fischer, E., (2006). Alpine Wellness: A Resource-based View. *Tourism Recreation Research*, 31(1), 67–77.
- Pickard, A. J. (2007). *Research methods in information*. London: Facet Publishing.
- Puhajarve Spa and Holiday Resort [<http://www.pyhajarve.com/hotel>] Reviewed on 4.18.2013
- Saunders, M., Lewis, P., & Thornhill, A. (2007). *Research methods for business students* (4th ed.). Madrid: Pearson Education.
- Schiffman, L. G. & Kanuk, L. L., (2000). *Consumer behaviour*, (7th Ed), Prentice Hall, US.
- Song, Y. & Yan, Z., (2006). Customer Satisfaction Theory Applied in the Housing Industry: An Empirical Study of Low-Priced Housing in Beijing. *Tsinghua science and technology volume 11*(6).
- Sriyam, A. (2010). *Customer satisfaction towards service quality of Front office staff at the hotel*. Srinakharinwirot university.
- Subha, M.V., & Archana. R., (2013). Measuring Service Quality In Terms of Passenger Satisfaction of Front Office Personnel in Private Airline Companies, India. *Life Science Journal*, 10(5), 210–215

Tam, J. L. (2004). Customer Satisfaction, Service Quality and Perceived Value: An Integrative Model. *Journal of Marketing Management*, 20(7/8), 897.

Theories used in research. [<http://www.istheory.yorku.ca/ect.htm>] Retrieved 1.5.2013

United Nation World Tourism Organisation [http://media.unwto.org/en/press-release/2013-01-28/international-tourism-continue-robust-growth-2013] assessed 27.3.2013.”

Vavra, T.G. (1997). *Improving Your Measurement of Customer Satisfaction: A Guide to Creating, Conducting, Analyzing and Reporting Customer Satisfaction Measurement Programmes*. Milwaukee: ASQ Quality PRESS.

Vavra, T. G. (2002). *Customer Satisfaction Measurement Simplified: A Step-By-Step Guide for ISO 9001:2000 Certification*. Milwaukee: ASQ Quality PRESS.

Williams, C., & Buswell, J., (2003). “*Service Quality in Leisure and Tourism*” UK: CAB International. (5) 59–67.

Williams, P., Khan, S., Ashill, N., & Naumann, E., (2010). Customer attitudes of stayers and defectors in B2B services: Are they really different. UAE: Elsevier.

Wong, A., & Dioko, L., (2012). Understanding the mediated moderating role of customer expectations in the customer satisfaction model: The case of casinos. China: Elsevier.

Yu, L., & Goulden, M., (2006). A Comparative analysis of international tourists satisfaction in Mongolia. *Tourism management*, 27, 1331–1342 USA: Elsevier.

APPENDICES

Appendix 1. Pictures of Puhajarve Spa and Holiday Resort



Picture 1. Location of Puhajarve Spa and Holiday Resort.



Picture 2a. Aerial view of PSHR in summer



Picture 2b. Surrounding view of PSHR in winter



Picture 3. Common room type.



Picture 4a. Spa treatment room



Picture 4b. Salt room with customers



Picture 5a. Customer taking treatment.



Picture 5b. Customer enjoys Jacuzzi services



Picture 5c. Customers using the gym services

Appendix 2

Table 2 Personal data of the respondents.

Variables	Personal Data	Number Of Respondents	Percentages	Codes Used
Nationality	Estonian	34	56 %	Es
	Finnish	08	13 %	Fin
	Swedish	07	11%	Swe
	Italian	04	7%	Ita
	Senegalese	04	7%	Sen
	Russian	01	2%	Rus
	Netherlands	01	2%	Neth
	Latvian	01	2%	Lat
Gender	Male	38	64%	1
	Female	22	36%	2
Age group	18-24	11	18%	1
	25-34	17	29%	2
	35-44	11	18%	3
	45-55	06	10%	4
	Above 55	15	25%	5
Occupation	Employed	43	72%	1
	Retired	14	23%	2
	Student	3	5%	3
	Unemployed	0	0%	4
Information source	Word of mouth	16	27%	1
	Internet	32	53%	2
	TV	0	0%	3
	Tour brochure	12	20%	4
	Books/magazine	0	0%	5
Travel arrangement	Package tour	42	70%	1
	Individual	18	30%	2
Experiences	Had experience	38	63%	1
	No experience	22	37%	2

Appendix 3 Questionnaire Introductory page

QUESTIONNAIRES

My name is Keme Epie Enone, I am a Masters student at the University of Tartu, Parnu College presently carrying out a dissertation on customer satisfaction. I would like to invite you to participate in a study which seeks to examine how satisfied the customers are, to be able to make your holidays more pleasant.

In this study the customers are broughtly defined as individuals who have stayed in Puhajarve Spa and Holiday Resort (PSHR) for at least one night.

Spa Resort visitation might be an experience that you are familiar with and your participation in this study would be greatly appreciated.

It is anticipated that the findings will help to improve service quality of our performance to you our customer. Your knowledge is very important to gain insight into your experiences.

I hope that the question will be of interest to you and i think that you will find interest in completing this survey.

About the questionnaire:

This Questionnaire take about 15 minutes to complete, there are three main sections, question are easy to complete, most only require box to be ticked.

Please use the scoring guide plan and place an X in the relevant box, according to your level of satisfaction. Each factor could be given any score between 1 and 5.or in the N/A box if it is not relevant to you.

Meaning of some abbreviations you will find in the questionnaire:

PSHR: Puhajarve Spa and Holiday Resort.

N/A: Not applicable.

I would like to thank you very much for your interest to help.

Puhajarve Spa and Holiday Resort

Questionnaire

1) Please indicate which of the following statement comes closest to your experience.

I have stayed in a spa hotel where the main focus was water treatments, body, beauty and massage.

It is my first experience to stay in a spa resort or hotel

2) Your room rate was **Euros**

3) For your stay in PSHR how will you perceive the following prices

	N/A	Inexpensive	Somewhat inexpensive	Neither expensive n Or inexpensive	Somewha t expensive	Very Expensive
For accommodation.	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
The Spa treatment prices	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Other prices charged by PSHR.	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
The food prices.	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
The beverage prices.	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Price for conference..	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5

4) For your stay at PSHR, how much do you agree or disagree with service quality to your expectations.

	N/A	Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewha t agree	Strongly agree
Staff was polite as expected	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Staff was helpful as expected	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Staff was friendly as expected.	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Staff had knowledge about attractions and activities	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5

The personnel provided a friendly atmosphere.	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
I was satisfied with the spa and health centre facilities.	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
I was satisfied with leisure facilities	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
I was satisfied with the Service packages	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
I was satisfied with room facilities	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
I was satisfied with meals	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
I was satisfied with spa treatments	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
I was satisfied with children facilities.	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
I was satisfied with the conference facilities	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
I was satisfied with family facilities	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5

5) For your stay in PSHR could you please rate how you perceived performance?

	N/A	Completely dissatisfied	Quite dissatisfied	Neither satisfied nor dissatisfied	Quite satisfied	Completely satisfied
Guestroom cleanliness	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Cleanliness of lobby areas	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Cleanliness of spa area	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Spa and wellness treatments	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Security and safety	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Employee friendliness	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Check-in speed	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Knowledgeable employees	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Guestroom items in working order	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5

Spa facilities in working order	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Guestroom quietness	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Conference facilities	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5

6) For your stay at PSHR, please describe the overall value you received for the price you paid?

	N/A	Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree
The packages offered worth their price.	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
I believe this spa hotel offers good quality accommodation.	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
I will enjoy my stay at this spa hotel.	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
I believe this spa hotel provides good accommodation for the price.	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
The personnel knowledge is up to date.	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
The personnel know their job well	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
The personnel have the knowledge of all services offered by the entity.	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
The service as a whole is good.	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Good conference services for the price.	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5

7) For your stay in PSHR how would you describe your level of satisfaction:

	N/A	Completely dissatisfied	Quite dissatisfied	Neither satisfied nor dissatisfied	Quite satisfied	Completely satisfied
With the interaction of other guests.	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
With the interactions of the staff	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
With the services provided.	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
With your previous expectation.	<input type="checkbox"/>	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5

With overall stay in PSHR. ₁ ₂ ₃ ₄ ₅

8) After your stay in PSHR how likely or unlikely are you to revisit PSHR?

N/A	Very unlikely	Quite unlikely	Neither likely nor unlikely	Quite likely	Very likely
<input type="checkbox"/>	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅

9) After your stay in PSHR would you recommend PSHR to others?

N/A	Not likely at all	Not likely	Neither likely nor not likely	Likely	Absolutely
<input type="checkbox"/>	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅

10) Please kindly fill and select what corresponds to you.

Nationality Gender Male Female

Which age group applies to you? 18-24 25-34 35-44 45-54 Above 55

Marital status Married Single

Educational level? High school College Graduate Doctoral

Occupation Employed Retired Student Unemployed

Annual Income (Euro): Less than 50.000 50.000 -100.000 101.000 -150.000 above 150.000

Information source word of mouth Internet TV Tour brochure Books /magazine

Travel arrangement Package tour Individual Length of stay (days)

11) Please number the following attributes from most important to least importance that influenced your stay in PSHR by writing the number in the boxes.

Location, Price, Service quality, Friendliness of staff, Security/safety, Available facilities

12) Please next are open ended questions.

The main service attributes which influence the overall visitor satisfaction

What main attractions or activities in Otepaa did you visit?

What motivated you to visit this spa hotel during this period of the year?

Do you have any comments, complaints, compliments or concerns you care to offer us?

Thank you very much for your time and the information you have provided us. We look forward to providing you the utmost in satisfaction. All information will remain strictly confidential and all results will be anonymous.

SOMMAIRE

Augmenter la satisfaction clientèle dans le cas du SPA Puhajarve SPA & Holiday Resort.

Keme Epie Enone

Durant ces dernières années, des changements dans le business de l'environnement ont rendu la tâche plus difficile pour les sociétés d'aujourd'hui de maintenir l'augmentation des ventes sur le long terme ainsi que le seuil de rentabilité, la concurrence a dramatiquement augmentée, un grand choix de produits et services est maintenant disponible aux mêmes types de clients, une lente progression du marché en général dû à la récession économique, une augmentation continue dans la connaissance des clients et des désirs humains demande certaines performances sociales et une certaine pratique des affaires. Ces clients satisfaits sont importants pour les sociétés d'aujourd'hui, en effet, c'est grâce à ce pouvoir d'achat et leurs achats répétitifs que le pourcentage de vente continue d'augmenter.

Les sociétés de cette industrie trouvent qu'il est difficile et que c'est un grand défi que de maintenir le volume et les profits en recherchant de nouveaux clients. Ils doivent donc adopter une stratégie défensive qui se concentre sur le fait de garder ses clients actuels en tant que clients fidèles pour l'entreprise. C'est basé sur ces facteurs que ce papier de recherche soulève le problème « satisfaire les clients dans le domaine du bien-être et des hôtels-spas est un problème global et sérieux puisque les employés de ce secteur trouvent difficile et plein de défis que d'atteindre les demandes de chaque clients ».

La satisfaction clientèle est reliée aux activités humaines qui sont directement dédiées à satisfaire les besoins et les demandes des clients. La satisfaction clientèle a pour fonction de satisfaire les attentes des clients et de percevoir la performance qui joue un rôle très important dans le management des affaires. Le marché d'aujourd'hui est orienté vers les clients d'une façon que toutes les opérations de commerce tournent autour de la satisfaction du client en essayant de combler leurs besoins à travers des

services efficaces. Cela entraîne un commerce dynamique, défiant et récompensant et d'un autre côté, cela pourrait également être décevant et frustrant. Afin que le problème soit résolu, une amélioration a besoin d'être faite dans les domaines faibles ou dépourvus en services.

La satisfaction est rapidement devenue la clé de la concurrence en justifiant la recherche sur la satisfaction client. C'est dans cette direction que la thèse de Master vise à mesurer et analyser le niveau de satisfaction client à travers la qualité de performance des services.

Dans le but d'atteindre les objectifs, ce document revoit et analyse la littérature nécessaire sur la satisfaction client et la qualité de service, développant un questionnaire quantitatif tel un outil de sondage pour clients afin d'évaluer à la fois les attentes et le niveau de perception, d'identifier les manques tout comme le niveau de satisfaction client, d'analyser les résultats des questionnaires, de discuter quant aux problèmes de la thèse du Master qui sont basés sur, à la fois la partie théorique et empirique de l'étude, et malgré tout, de faire des recommandations sur comment améliorer le niveau de satisfaction client à travers des services et des produits.

Afin d'achever les objectifs de l'étude, des réponses ont besoin d'être fournies pour les deux questions de recherches. « A quel point les clients sont-ils satisfait des services PSHR et comment le niveau de satisfaction client peut-il être maintenu ou améliorer comme déterminé par le sondage ? ».

Une présentation des résultats principaux, conclusions, solutions et recommandations: Concernant les résultats et les bénéfices de cette étude, on peut dire qu'elle est destinée à aider l'augmentation de la qualité de service dans les endroits où cela manque le plus et qui ont besoin de sa présence selon le sondage. Cette étude va donner l'organisation une compréhension claire et précise des exigences des clients, du niveau de satisfaction client et des problèmes rencontrés par les clients durant le service. Cette étude sera également un guide de pratique et de conseils pour le management des hôtels-spas afin de faire des changements et des améliorations dans les endroits concernés. Cette étude fera également l'objet d'une aide au développement de la qualité de service afin de combler les besoins de la satisfaction clientèle. Un résultat haut sera parfait pour les

hôtels-spas, mais un score bas aura besoin d'augmenter le niveau du service et d'organiser des programmes de formations importants.

Comprendre et mesurer le niveau de la satisfaction clientèle avec estimation des attentes et sa perception et aussi important pour l'industrie du tourisme que pour l'ensemble du secteur Bien-être et Spa en particulier.

De plus, estimer les attentes et percevoir les besoins des clients dans le domaine du bien-être et des Spas permet de prendre des décisions dans le secteur du tourisme pour modifier les stratégies et augmenter la satisfaction clientèle. Ceux qui développent le marketing d'une destination avec succès, manage les stratégies et des programme d'amélioration de la qualité requiert la mesure de la satisfaction client, d'identifier les problèmes et de se concentrer sur la bonne méthode pour trouver des solutions.

Après avoir analysé les données, le niveau des attentes s'est avéré être inférieur à celui du ressenti quant à la qualité de service, par les clients durant la période du questionnaire. Un manque de qualité de service en a été le résultat, indiquant que les clients en PSHR eux, étaient satisfaits des services.

Fondé sur le résultat du sondage, voici les recommandations suivantes : La satisfaction des clients dans le domaine d'activités du bien-être et des spas et leurs attentes pourraient être améliorées par la qualité de l'ameublement de l'hôtel-spa, du design et de la beauté physique de l'environnement.

Proposer également aux clients une touche d'élégance et de personnalisation où chacun d'entre eux sent que le service est ajusté selon ses besoins.

La direction est qui-plus-est encouragée à différencier les services quant à la dimension de qualité de ceux-ci, les managers de cette industrie du bien-être et des spas ont pour recommandations de mettre en place des stratégies d'opérations et de marketing qui se concentrent sur la dimension de qualité de service, qui pourrait améliorer la satisfaction clientèle et un à un, promouvoir de positives intentions. Quand aux compétences du donneur de service, cela a besoin d'être amélioré et développé tout comme le professionnalisme, la gestion des litiges, la rencontre d'un service efficace, le management de la relation clientèle, l'attitude positive des employés construit sur la

contribution à l'amélioration de la qualité de service dans les endroits où le manque à été prouvé par le résultat de l'étude, et qui en retour a un impact positif sur les clients et leur donne envie de revenir.

L'auteur croit que les résultats (et ceux à venir) que l'étude a fournis va devenir un guide de conduite et de conseils potentiel pour les managers des spas à travers l'Estonie, qui planifie d'attirer des clients dans cette industrie hautement compétitive. Il espère également que cela va leur permettre de créer des stratégies adaptées, tout comme de s'attacher à la contribution de chacun pour conceptualiser et formuler des règles tout en comprenant les prédictions réelles de la satisfaction et du client et de ses intentions.