



SAINT MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES

**ANALYSIS OF THE SERVICE QUALITY STRATEGIES OF
THE FOUR STAR HOTELS IN ADDIS ABABA, ETHIOPIA**

BY: SAMRAWIT MOLLA

JUNE, 2015

ADDIS ABABA, ETHIOPIA

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**A THESIS SUBMITTED TO SAINT MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF
BUSINESS ADMINISTRATION**

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ADMINISTRATION**

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ENDORSEMENT

This thesis has been submitted to Saint Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

Advisor

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Saint Mary's University, Addis Ababa
June, 2015

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ACKNOWLEDGMENT

In the first place, I am deeply thankful to the Almighty God for giving me strength every day to keep going when all I really want to do is give up, for blessing me in all my ways much more I deserve and for giving me the courage to finalize this research thesis.

My sincere gratitude is to my advisor Ass. Professor Tiruneh Legesse. I have been amazingly fortunate to have an advisor who gave me the freedom to explore on my own, and at the same time the guidance to recover when my steps faltered. His excellent guidance, caring and patience helped me a lot throughout the project. His patience and support helped me overcome many situations and finish this dissertation. I hope that one day I would become as good an advisor to my students as he has been to me.

A special gratitude goes to my amazing Dad for his never-ending support and guidance throughout the project. This research would not have been possible without his help. I would like to thank the staffs of Nexus Hotel, Desalegn Hotel, Damu Hotel, Kaleb Hotel, Kenenisa Hotel, Panorama Hotel, Beer garden Inn Hotel, Yoly Hotel and Jupiter Hotel for providing me all the information I needed for the research.

Last but not the least, I would like to thank my family and friends for providing me lots of encouragement during my work.

List of Abbreviations

Nex- Nexus Hotel

DA- Damu Hotel

De- Desalegn Hotel

KA- Kaleb Hotel

Ke- Kenenisa Hotel

BG- Beer garden Inn Hotel

P- Panorama Hotel

J- Jupiter Hotel

Y- Yoly Hotel

FGD- Focus Group Discussion

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Abstract

Organizations continually seek new ways to acquire, retain and increase business, since the cost of losing customers is rising. Service organizations such as hotels need to put in place competitive marketing strategies to improve their competitiveness and thus retain customers. Once demand is created, a hotel needs to manage this demand as well as its capacity to deliver. Hotel managers across the board consider all competitive marketing strategies as important. Significant correlations exist; however, it's between the importances attached to certain competitive marketing strategies. The main activity of a business company is to develop a marketing strategy that can help to stay in the business (Azmeraw Geremew, 2013). The study mainly focuses on the service quality strategies of the four star hotels in Addis Ababa. The objective of the study is to assess the service quality strategies of the four star hotels in Addis Ababa, Ethiopia. Out of the 31 four star hotels in Addis Ababa, 9 hotels are selected using the lottery method which is 30% of the total population. The lottery method has been chosen because the hotels are somehow homogeneous in feature and standard. 135 questionnaires have also been distributed to 15 guests of each nine hotel as one of data collection method. Out of which 130 questionnaires are returned with full answers in it. During the process of distributing and collecting the questionnaires, observation and focus group discussions have been conducted. The study has been conducted based on the descriptive research design. It consists of quantitative and qualitative research methods for analysis. The quantitative data has been described using tables, bar graphs and pie charts. Interview, observation and FGD are also another tool for gathering qualitative data in this research. In the effort to address the problem, both primary and secondary data has been used. And to achieve the objectives questionnaires, interviews and document reviews has also been employed.

Key words: *Service strategy, Competitive advantage, Service quality, Customer satisfaction, hotel*

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Ethiopia, strategically located in the Horn of Africa, has unique historical and cultural heritages, magnificent scenery, a surprisingly cool climate, rich flora and fauna, important archaeological sites and hospitable people. Ethiopia is the seat for the African Union and other international organizations thus there are many international meetings and conferences held in Ethiopia. The role of Ethiopia in Africa and the horn is growing and as a result many international organizations have been continuously strengthening their institutions and augmenting their personnel in Ethiopia. This opportunity creates a huge demand for accommodations at an international standard and even an increase in such a demand is expected in the future. The stock of hotels in Ethiopia has increased sharply over the last few years and currently is growing at a large scale.

In Ethiopia Tourism is becoming one of the fastest growing economic and business sectors that generates foreign currency, offers job opportunities for the youth, and extends widely the service providing sector. In a nutshell it's generating economic and social benefits to the country. In order to visit the magnificent features of the country many visitors are coming every year to Ethiopia. Thus, hotel industry of the city of Addis Ababa plays an important role in the growth of tourism (AHA, 2014). For many obvious reasons indicated above hotel groups in the capital of Ethiopia, Addis Ababa, are expanding partially because the diplomats and corporate clients coming are growing very largely. The Ministry of Culture and Tourism has the vision to make Ethiopia by 2020 a top five tourist destination in Africa (AHA, 2014).

While tourists and visitors accommodation and service delivery is available as the major attraction, then significant improvements as well as new constructions are taking place in the capital. Ethiopia has much to offer to international tourists and travelers or international

conferences and meetings participants, including researchers of academic institutions and business people from different parts of the world. All clients, customers, visitors, and beneficiaries of hotel services request adequate and standard service deliveries that meet their satisfaction of interests at least equivalent to what they pay. They all should feel home.

Therefore, the ultimate success of service management should be strengthened between the customers, clients, and service providers. As the saying goes on ‘for every action there is an equal and opposite reaction’ thus observations has indicated that since the cost of losing customers is rising service organizations such as hotels continuously seek new ways to acquire, retain and increase business. Service organizations need to put in place competitive marketing strategies to improve their competitiveness and thus retain customers. Once demand is created, a hotel needs to manage fulfillment of the demand as well as its capacity to deliver satisfactory services at large.

This study will show how to solve such problems addressing the art and science of modern hotel management’s service strategy that can improve competitiveness of advantages. This study also investigates the importance that hotels attach to executing competitive marketing strategies and implementing it in an effective manner. A hotel is a place that offers its facilities and services for sale to meet satisfaction of customers demand. The services can vary from just one to various combinations that can all be thought of as a part of the total market concept of the hotel services. Thus, the services that are rendered / offered in the hotel industry are vital for the development of the industry by creating adequate hospitality to tourists or business people that may visit the country. Hotels should play the role of providing guests and visitors a home away from their homes. And it is this facility that facilitates the further attraction of guests towards the place because it makes their visit more convenient.

The hotel industry in Ethiopia has been developing very fast but there is still a big room for improvement when it comes to the quality of service. Thus, in this thesis service strategies and competitive advantages of “Four Star Hotels” in Addis Ababa will be assessed and

analyzed to devise and indicate better art of Four Star Hotels in their management for profitability and sustainability at large.

1.2 STATEMENT OF THE PROBLEM

To achieve a set of organizational goals and objectives, companies conceptualize, design and implement various strategies. In this competitive and ever changing environment, organizations can ensure their survival and gain a competitive edge through the emphasis of using marketing strategy as a means of differentiation.

Strategy is the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stockholder expectations, Johnson et al (2008). Without a strategy, an existing business can drift away from its customers and become uncompetitive with in its environment and eventually stops making profit. Therefore, having a strategy is a way to remain competitive or a way of forcing a strategic change when an organization has drifted away from its environment and is starting to fail. Ethiopia has a small number of hotels which are, generally, of poor standard.

A hotel that is able to compete successfully in its industry through the creation of a sustainable competitive advantage for its service offering, and positioning its service offering successfully in relation to its competitors throughout the life cycle of that offering, will eventually retain customers. Since the hotels don't have clear and documented strategies, the management always fears when another competitor hotel opens in the nearby. They occasionally develop temporary and seasonal service strategies so that they can use it for current situations and occasions. This situation basically leads to unhealthy competition and rate war in the industry. Such a hotel should ensure that it has the necessary systems and strategies in place to manage the demand for its offering.

In addition to properly manage demands that meet customer satisfaction, a hotel needs to administer its capacity or ability to supply the demand made by its customers. Human resource development is also another issue needed to be implemented on the process. Capacitating and delivering training to the staff is one concern but also retaining the trained staff is also another concern. Service organizations should train and retain the skilled staff as one of the strategies of bringing the organization to the top level in its industry and making better profit. Almost all hotels in the capital city of Ethiopia, Addis Ababa, don't give attention to training the staff and retaining the trained/ skilled staffs. As a result the rate of turn over becomes higher and the employees automatically leave their hotel when they get promotion and salary increment in another hotel. Hotels should attract the trained/ skilled workers with better working conditions to evade brain drain which is a problem observed in other sectors too.

All Four Star Hotels in Addis Ababa deliver all their efforts to provide the best possible and high quality services to their customers but very often they still fall short of meeting the customers' expectations because the customers have become more aware of their requirements and demand higher standards of services. Their perceptions and expectations are continuously evolving, making it difficult for the service providers to measure and manage the services effectively. As the preliminary interview with respective four star hotels' managers shows the service delivery of the hotels is below the standard of the country and needs much attention to develop in a way that can satisfy potential customers and bring the country to a better level of development in the sector. And the young generation should also participate in this way of improvement so that it will be the best growing sector of all.

1.3 RESEARCH QUESTIONS

To address the problems discussed above, this research paper will focus on the following research questions:

- ▶ Did the Four Star Hotels in AA adopt appropriate service quality strategies to obtain the necessary competitive advantages?
- ▶ What are the competitive advantages the Four Star Hotels in Addis Ababa gaining in winning motives of market and services over their rivals and competitors?
- ▶ To what extent service quality strategies of Four Star Hotels in Addis Ababa practiced/exercised, effectively implemented to maintain the existing customers and attract more potential ones?

1.4 OBJECTIVES

1.4.1 GENERAL OBJECTIVE

The general objective of this study is to demonstrate the service quality strategies and competitive advantages of the Four Star Hotels in Addis Ababa and to indicate some more valuable ideas on the market and service strategies that can bring them to the highest best level of competitiveness in the hotels and tourism industry development of our county, Ethiopia.

1.4.2 SPECIFIC OBJECTIVES

The specific objectives of this research are:

- ▶ To explain the service strategies and competitive advantage of the Four Star Hotels
- ▶ To determine the competitive advantages the hotels are benefitting from and how they obtained them.
- ▶ To assess how the Four Star Hotels attract their potential customers.
- ▶ To assess the impact of service strategies on meeting customers satisfaction
- ▶ To indicate how service quality strategies can contribute to the art and science of modern hotel management meeting the highest most competitive advantages

1.5 DEFINITION OF TERMS

Hotel: A *hotel* refers to the commercial establishment of providing lodging and meals and other guest services in general to customers. In Ethiopia to be called a hotel an establishment must have a minimum of 10 bedrooms, at least each of which must have clean private bathroom facilities.

Service: A *service* is a means of delivering value to customers by facilitating outcomes customers want to achieve without the ownership of specific costs and risks.

Hotel Management refers to the art of selling facilities and services to customers and beneficiaries as per the demand.

A **hotel manager** or **hotelier** is a person who holds a management occupation within a hotel, motel, or resort establishment. Management titles and duties vary from company to company. In some hotels the title hotel manager or hotelier may solely be referred to the General Manager of the hotel. Small hotels may have a small management team consisting of only two or three managers while larger hotels may often have a large management team consisting of various departments and divisions.

1.6 SIGNIFICANCE OF THE STUDY

This study will have a practical significance in creating consolidating the understanding of hotel managers and owners on how to bring a sustainable competitive advantage and improved service giving strategy to the Four Star Hotel management in Addis Ababa. It will also have a significant role in developing new services to be offered to the customers, activating existing services or service elements in a business relation and bringing the important components in to service elements in the customer relations. It will also suggest some core ideas in the way that could manifest the Four Star Hotels in the city.

Hence, the study will have clear practical significance as it highlights the prospects of implementing extensive strategies for providing worthy services and to generate more and

better competitive advantages over their competitors in order to increase and attract more customers. It will also recommend some basic and valuable inputs in the existing and practical experiences of the Four Star Hotels management in the area of service strategy application toward their marketing efforts. The study also serves as an important data for the newly opening Four Star Hotels to obtain improved competitive advantages and will help them enter easily into the market.

In a nutshell, this study will show the strengths and weaknesses analysis of the Four Star Hotels as per their standards and management then by explaining the service strategy approaches will indicate determination on the competitive advantage. Finally, this study would serve as a stepping stone for those who wanted to conduct further study in the sector industry, hotel and tourism development.

1.7 SCOPE OF THE STUDY

In Ethiopia hotel industry, it's through service delivery likely to be connected with customers, that needs improvement and it's the broader part of marketing as a whole in the industry. On the other hand it's the service giving quality that makes a hotel profitable and competitor. There are 114 hotels in the capital city, out of these only 63 hotels are star rated hotels. There are six five star hotels, 31 four star hotels, 20 three star hotels, three 2 star hotels and one 1 star hotels in Addis Ababa.

The Four Star Hotels have the largest number in Addis Ababa with a total number of 31 and seven four star hotels are also under construction. So there will be additional beneficiaries which then reflect why the Four Star Hotels are selected for this specific research. 30% of the 31 Four Star Hotels which means 9 hotels are selected as a sample for this research.

The scope of the study covers the service strategy and competitive advantage of Four Star Hotels in Addis Ababa. The other aspects of marketing strategy will not be included in this study. Hotel Management and Marketing Strategies are very broad concepts to cover within an MA thesis. Thus this indicates to be specific and objective oriented for the study of the

title/topic “Service Strategy” is selected to focus on marketing principle and competitive advantages of the Four Star Hotels in Addis Ababa.

1.8. ORGANIZATION OF THE STUDY

The study is organized in to five chapters. The first chapter deals with introduction part of the study such as: background of the study, problem statement, significance of the study, objectives of the study and scope & limitations of the study. Whereas Chapter two deals with the review of the related literatures. Chapter three explains with the Research design and methodology of the study. Chapter four is about data presentation analysis and interpretation.

Finally, chapter five contains summary, conclusions and recommendations of the result.

CHAPTER TWO

REVIEW OF RELATED LITERATURES

2.1. INTRODUCTION

The service industry occupies a significant place in the world economy and customer satisfaction has been sought out by companies that want to survive in a field of fierce competition. Customer satisfaction is a response to a product or service offered, where the value of the characteristics of the product or service received is evaluated. In this sense, consumer satisfaction is seen as the producer of positive or negative consequences that can determine the weakness or the success of organizations. The tourism sector, formed primarily by services, is currently one of the largest growing sectors. This sector is composed of various interdependent sub-sectors, such as transportation, accommodation, food, leisure, recreation, among others. The hotel market is considered as the 'back bone' of the tourism system (Domingos and Tatiana, 2012).

2.2 DEFINING SERVICE STRATEGY

Service Strategy is defined as an integrated and coordinated set of commitments and actions of service delivery designed to exploit core competencies and gain a competitive advantage (Hitt, Ireland, Hoskisson, 2011). It comprises the approaches of planning and organizing people, infrastructure, communication and material components of a service, in order to improve its quality, the interaction between service provider and customers and the customer's experience.

The increasing importance and size of the service sector, both in terms of people employed and economic importance, requires services to be accurately designed in order for service providers to remain competitive, to continue to attract customers, deliver quality services and gain improved revenue. Service strategy agencies apply design tools, techniques and thinking to service challenges, either to improve existing services or to create new ones. It's through developing thorough service strategies a service giver organization can generate profit, grab potential customers, deliver quality service and as a result satisfy those customers.

The service firm or service operation has either financial problems or is facing increasing competition or both (Singh, 2002). Irrespective of the impact of technology, labor costs are high in most service operations. In order to control costs, strategic decisions concerning personnel are often made: personnel reductions, increased volumes are not met with an increase in the number of employees, more self-service is introduced, and people are replacing by machines, and so forth. Hence, a business firm should establish ways for simultaneously improving and delivering quality service. Some of them could be improving the technical skills of employees, service orientation of attitudes and behavior of employees, Industrializing service operation, increasing customer cooperation in the service production and reducing the mismatch between supply and demand.

Therefore, it is a philosophy that dedicates resources of the firm to ensuring that the wants, needs, and demands of the customer are the firm's focus. This customer-focused mentality is the foundation of the strategy that makes up the entire marketing process. Hence, it is a process of creating value for the customer which includes set of activities to educate, communicate with, and motivate the targeted consumers, customers, visitors, and users about the firm's services.

2.2.1 STRATEGY

Strategy is a bridge that connects a firm's internal environment with its external environment, leveraging its resources to adapt to, and benefit from, changes occurring in its external environment. Strategy is also a decision-making process that transfers a long-term vision into day-to-day tactics to make the long-term plan effective. Although often thought of only as something reflected in a business plan, strategy is rather a continual process of assessment, reassessment, and analysis, which constantly provides direction to the firm.

Strategy can be compared to the captain on the bridge of a ship, who is constantly scanning both the horizon and the immediate surroundings and adjusting the course, possibly taking the

ship in another direction if a storm appears on the horizon or if an object appears to obstruct the path. Thus, the “Four Star Hotels” should have Marketing and Service Strategy aimed at competitive advantages to meet sustainability and profitability through winning customers satisfaction (Hitt, Ireland, Hoskisson, 2001).

2.3 SIGNIFICANCE OF SERVICE STRATEGY

2.3.1 VALUE CREATION

Value is defined not only strictly in terms of the customer’s business outcomes: it is also highly dependent on customers’ perceptions. The value of a service takes on many forms, and customers have preferences influenced by their perceptions. Definition and differentiation of value is in the customer’s mind. The more intangible the value, the more important the definitions and differentiation become. Customers’ are reluctant to buy when there is ambiguity in the cause-and effect relationship between the utilization of a service and the realization of benefits. It is incumbent on providers’ to demonstrate value, influence perceptions, and respond to preferences. Perceptions of value are influenced by expectations.

Customers have reference values on which they base their perceptions of added value from a service. The reference value may be vaguely defined or based on hard facts. An example of reference value is the baseline that customers maintain on the cost of in-house functions or services. What matters is that it is important for the service provider to understand and get a sense of what this reference value is. This may be obtained through extensive dialogue with the customer, prior experience with the same or a similar customer, or through research and analysis available in the market.

The economic value of the service is the sum of this reference value and the net difference in value the customer associates with the offered service. Positive difference comes from the utility and warranty of the service. Negative difference comes from losses suffered by the customer from utilizing the service due to poor quality or hidden costs. (Majid Iqbal and Michael Nieves, 2007)

2.3.2 SERVICE ASSETS

In most service delivering businesses, service is one of the strategic assets in an organization. It can be used through different forms such as resources and capabilities. Resources and capabilities are also other types of assets. Resources are direct inputs for production. Management, organization, people, and knowledge are used to transform resources. Capabilities represent an organization's ability to coordinate, control, and deploy resources to produce value. They are typically experience-driven, knowledge-intensive, information based, and firmly embedded within an organization's people, systems, processes and technologies. It is relatively easy to acquire resources compared to capabilities.

Service providers need to develop distinctive capabilities to retain customers with value propositions that are hard for competitors to duplicate. For example, two service providers may have similar resources such as applications, infrastructure, and access to finance. Their capabilities, however, differ in terms of management systems, organization structure, processes, and knowledge assets. (MajidIqbal and Michael Nieves, 2007)

2.3.3 SERVICE PROVIDER TYPES

It is necessary to distinguish between different types of service providers. While most aspects of service management apply equally to all types of service providers, others such as customers, contracts, competition, market spaces, revenue and strategy take on different meanings depending on the type. There are three archetypes of business models service providers: *Type I – internal service provider*, *Type II – shared services unit* and *Type III – external service provider*.

Type I: Internal Service Providers are typically business functions embedded within the business units they serve. The business units themselves may be part of a larger enterprise or parent organization. Business functions such as finance, administration, logistics, human resources, and IT provide services required by various parts of the business. They are funded

by overheads and are required to operate strictly within the mandates of the business. Type I providers have the benefit of tight coupling with their owner-customers, avoiding certain costs and risks associated with conducting business with external parties.

The primary objectives of Type I providers are to achieve functional excellence and cost-effectiveness for their business units. They specialize to serve a relatively narrow set of business needs. Services can be highly customized and resources are dedicated to provide relatively high service levels. The governance and administration of business functions are relatively straightforward. The decision rights are restricted in terms of strategies and operating models.

The general managers of business units make all key decisions such as the portfolio of services to offer, the investments in capabilities and resources, and the metrics for measuring performance and outcomes. Competition for Type I providers is from providers outside the business unit, such as corporate business functions, who wield advantages such as scale, scope, and autonomy. In general, service providers serving more than one customer face much lower risk of market failure. With multiple sources of demand, peak demand from one source can be offset by low demand from another. There is duplication and waste when Type I providers are replicated within the enterprise.

Type II: Shared Services Unit is functions such as finance, Information Technology (IT), human resources, and logistics are not always at the core of an organization's competitive advantage. Like corporate business functions, they can leverage opportunities across the enterprise and spread their costs and risks across a wider base. Unlike corporate business functions, they have fewer protections under the banner of strategic value and core competence. They are subject to comparisons with external service providers whose business practices, operating models and strategies they must emulate and whose performance they should approximate if not exceed. Performance gaps are justified through benefits received through services within their domain of control. Type II providers can make decisions outside the constraints of business unit level policies. They can standardize their service offerings

across business units and use market based pricing to influence demand patterns. (MajidIqbal and Michael Nieves, 2007)

Type 3: External Service Provider is the business strategies of customers sometimes require capabilities readily available from a Type III provider. The additional risks that Type III providers assume over Type I and Type II are justified by increased flexibility and freedom to pursue opportunities. Type III providers can offer competitive prices and drive down unit costs by consolidating demand. Certain business strategies are not adequately served by internal service providers such as Type I and Type II.

Customers may pursue sourcing strategies requiring services from external providers. The motivation may be access to knowledge, experience, scale, scope, capabilities, and resources that are either beyond the reach of the organization or outside the scope of a carefully considered investment portfolio. Business strategies often require reductions in the asset base, fixed costs, operational risks, or the redeployment of financial assets. Competitive business environments often require customers to have flexible and lean structures. In such cases it is better to buy services rather than own and operate the assets necessary to execute certain business functions and processes.

2.4 COMPETITIVE ADVANTAGE

Competitiveness is one of the aspects of marketing concept (Domingos, Tatiana, 2008). The marketing concept requires more than being able to meet customer needs - it requires meeting them better than competitors. Customers choose those suppliers that offer the best value. If a company does not have a competitive advantage, it will lose market share or have to cut prices and profit margins to retain it. Competitive advantage can be viewed as the value an organization is able to create to differentiate itself from its competitors (Dubé & Renaghan, 1999).

The value that is created by an organization is measured by the price customers are willing to pay for its particular service (Passemard & Kleiner, 2000). If customers perceive the service as producing the required benefits, they will purchase that service, and, more importantly, will continue to do so over time. Competitive advantage and sustainable competitive advantage are more or less synonymous (Hitt et al., 2001). It could be defined as ‘something’ that occurs when an organization puts a value-creating strategy in place. This should be a strategy whose benefits cannot be copied, or which would simply be too expensive to copy. Sustainable competitive advantage is the ability to be successful over time.

Success is based on the organization’s ability to rely (Anderson and Vincze, 2000). Competition is at the core of the success or failure of firms (porter, 2009). Competition determines the appropriateness of a firm’s activities that can contribute to its performance, such as innovations, a cohesive culture, or good implementation. Competitive strategy is the search for a favorable competitive position in an industry, the fundamental arena in which competition occurs. Competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition (Porter, 2009).

Two central questions underlie the choice of competitive strategy. The first is the attractiveness of industries for long- term profitability and the factors that determine it. Not all industries offer equal opportunities for sustained profitability, and the inherent profitability of its industry is one essential ingredient in determining the profitability of a firm. The second central question in competitive strategy is the determinants of relative competitive position within an industry.

In most industries, some firms are much more profitable than others regardless of what the average profitability of the industry may be. Successfully implemented strategies will lift a firm to superior performance by facilitating the firm with competitive advantage to outperform current or potential players. To gain competitive advantage a business strategy of a firm manipulates the various resources over which it has direct control and these resources

have the ability to generate competitive advantage. Superior performance outcomes and superiority in production resources reflects competitive advantage (Porter, 2009).

2.5 HOTEL SERVICES

A *hotel* is a place that offers its facilities and services for sale. The services can vary from just one to various combinations that can all be thought of as a part of the total market concept of the hotel. The basic total market concept consists of five elements as shown in figure 1. Hotels should make use of Information Technology systems and networking for effective service delivery and customer focused services. Customers from outside the city need to book their hotels through the internet, thus the hotels also have to deliver E- Services for the sake of their customers' satisfaction and to make the reservation easier and accessible. Generally, the services delivered by most hotels are the following:

Accommodation Service: When one travels to another city or country, one usually has different needs and demands for the destination one is travelling to so a hotel should be like a home away from home.

Food and Beverage (F&B): This is the unit that specializes in the conceptualization, the making of and delivery of foods and beverages for consumers in a hotel. The largest section of F&B employees are in the restaurants and bars of a hotel. (Source: Hotel F&B magazine)

Catering (Traditional and International): This is the business of providing foodservices for special events like meetings and weddings.

Gym Service: A special room for giving gymnasium services with different equipment, for doing indoor physical exercises for room users and outside customers.

Spa Service: Mostly comprises both Sauna & Steam and massage services.

Laundry Service: Laundry service comprises delivering washing facilities of different clothes of guests in a neat, cautious and well-arranged manner.

Front Desk Service (Reception): It's where visitors are received or greeted and answers telephone calls. Answering visitors' inquiries about a company and its products or services, directing visitors to their destinations, sorting and handing out mail, answering incoming calls on multi-line telephones are also done here. (*Source: Addis Ababa Hotels Owners Association, 2011*)

2.6 FOUR STAR HOTEL QUALITY STANDARD

International standard of tourist hotel is high class hotel (from three to five-star level) where services like bedrooms, catering, conference halls and meeting rooms, multipurpose assembly hall, swimming pool, Spa (Hot Spring), gymnasium, sauna and massage, other sports facilities like tennis or squash court, mini-golf or badminton, bowling, table tennis and children playground, night club with dancing to live music or discotheque or cabaret etc. In this profile study a four star international tourist standard hotel is considered to provide local and international tourists and guests services like bedroom, catering (traditional and international), conference halls and meeting rooms, multipurpose assembly hall, gymnasium, Spa Service and laundry service. In Ethiopia, the Four Star Hotels are built on the basis of certain standards. These standards are shown in table-1 depicted below:

Table 2.1: Sample Criteria for “Four Star Hotels” standard in Ethiopia

<i>Particulars</i>	<i>Features of Four Star Hotels</i>
<i>1. External and Internal Feature of the Hotel</i>	<p><i>Accessibility & direction signal</i></p> <p><i>Name plate</i></p> <p><i>Premises of the hotel in conformity with for guests comfort and safety, beautiful and excellent scenery</i></p> <p><i>Main entrance for guest and separate entrance/s for employees and deliveries</i></p> <p><i>The establishment should be suit able for hotel operation</i></p> <p><i>Well- appointed entrance, 24hrs. security provision for people with special needs</i></p> <p><i>Entrance and exit outlets should be suitable for hotel guests</i></p> <p><i>Entrance, exit outlets and interior setups should be suitable for guests with special needs</i></p> <p><i>The establishment should be in harmony with the building code of the country and provide letter of confirmation from pertinent government office</i></p> <p><i>Design of building style, esthetics , historical outlook, modern, elaborate technique and strength, view , paint and in highest condition</i></p>

Particulars	Features of Four Star Hotels
2. Lobby	<p><i>Internet service (business center)</i></p> <p><i>Floor, wall and ceiling , well lighted throughout, for the betterment safety and comfort of the guest</i></p> <p><i>Public telephone booth.</i></p> <p><i>Air conditioning guaranteeing thermal comfort, allowing the guest to regulate according to local condition</i></p> <p><i>porter age and luggage facilities , concierge service</i></p> <p><i>paging system service</i></p>
2. Front Office or Reception	<p><i>Reservation , reception, account and information system networked with other sales outlets , transparent operational system</i></p> <p><i>guest relation service and appealing system</i></p> <p><i>safe deposit service with receipt</i></p> <p><i>24 hrs. service</i></p> <p><i>Foreign currency exchange service and acceptance of credit card according to bank regulations.</i></p> <p><i>Professionally qualified staffs</i></p> <p><i>First aid kit with all supply</i></p> <p><i>highest standard service</i></p>
Particulars	Features of Four Star Hotels
4. Guest Rooms	<p><i>A minimum of 10 let able accommodation unit.</i></p> <p><i>Height of bed room door 2m.</i></p> <p><i>minimum size of bed rooms excluding entrances single =12m²</i></p> <p><i>double=20m²</i></p> <p><i>minimum size of beds, single 1.20 mx2.m</i></p> <p><i>double 1.5mx2.m</i></p> <p><i>For every 100 guest rooms at least 2 bed rooms should be allocated for people with special needs</i></p> <p><i>Lights with level of artificial illumination & controllable</i></p>

	<p>color matched curtains and carpets</p> <p>electronic card key</p> <p>Bedrooms doors should be numbered lettered or otherwise designated with clear signage and better quality finish.</p> <p>Each bed room to be marked, so as to show its position fire exit procedure, entrance and exit plan what guests are expected to follow in case of emergency brochures should be produced in different languages.</p> <p>services , room tariffs and other special charges informative leaflets should be provided in English and Amharic if necessary in regional languages</p> <p>guest regulating Air conditioning in all bedrooms</p> <p>Dressing table with mirror.</p> <p>luggage rack</p> <p>Automatic mini bar</p> <p>Built in cupboard with at least 10 cloth hangers, and drawers</p> <p>In bed room and living room an electric bell, light signal or telephone for internal communication.</p> <p>Color TV with different channels in bed rooms</p> <p>Internet service</p> <p>Night gown in every bed room</p> <p>Disposable pair of shoes</p> <p>Electric iron should be available</p>
Particulars	Features of Four Star Hotels
5. Restaurant	<p>Two restaurants offering breakfast, lunch and dinner.</p> <p>Public rest room, adjacent to the restaurant and be of high quality.</p> <p>One specialized restaurant.</p> <p>One Ethiopian cultural restaurant.</p> <p>One 24hrs opened outlet offering food and beverage service.</p> <p>Extensive choice of different local and international food and beverage service</p> <p>Priced and well-kept menu comprising of food and beverage</p>

	<p><i>High quality of crockery, cutters, china wares and silver wares.</i></p> <p><i>Restaurant floor, wall, ceiling, doors, windows and internal set up should be best quality for the guest, safety, service and comfort.</i></p> <p><i>Hierarchy of service, efficient and ethical number of staff.</i></p> <p><i>Very good service in restaurant.</i></p> <p><i>Where necessary controllable air conditioner device.</i></p> <p><i>Children Chair on demand.</i></p>
Particulars	Features of Four Star Hotels
6. Bar	<p><i>Modern, well-built and equipped, high quality bars, not less than two.</i></p> <p><i>Snacks either locally or internationally served</i></p> <p><i>High quality separated priced menu of food and beverages</i></p> <p><i>Table ware to be of silver or special stainless steel and fine china.</i></p> <p><i>Beverage shelves of high quality</i></p> <p><i>High quality refrigerators, coffee machine, bar counter, sink with hot and cold running water.</i></p> <p><i>Full-fledged service utensils.</i></p> <p><i>Chair and table.</i></p> <p><i>Floor, wall, ceilings, windows, doors utensils with high quality finish, comfort.</i></p> <p><i>Well trained, efficient, ethical and groomed food and beverage service staff.</i></p> <p><i>High degree of food and beverage service.</i></p>
7. Function Hall	<p><i>An area of not less than 300 sq. m. with high quality finish offering higher degree of all-purpose function hall service</i></p> <p><i>Besides, at least 2 syndicate rooms with different size.</i></p> <p><i>Cloak room.</i></p>

(Source: Ministry of Culture and Tourism, 2014)

2.7 SERVICE QUALITY

Quality Services can be defined as the global evaluation or attitude of overall excellence of services. So quality services are the difference between customers' expectation and perceptions of services delivered by service firms. It can also be defined in terms of meeting or exceeding customer expectations, or as the difference between customer perceptions and expectations of service. All service organizations try and provide the best possible and high quality services to their customers but still they very often fall short of the customers' expectations since the customers have become more aware of their requirements and demand higher standards of services. Their perceptions and expectations are continually evolving, making it difficult for the service providers to measure and manage the services effectively.

2.7.1. MEASUREMENT OF SERVICE QUALITY

Comparisons of customer perception with expectations provide the key to measurement of customer satisfaction and service quality. Customer satisfaction compares consumer perceptions with what consumers would normally expect. Service quality compares customer perception with what a consumer should expect from a service provider. Service quality, as can be seen from these definitions, refers to a higher standard of service delivery. SERVQUAL is a scale used frequently for measurement of service quality. (Srinivasan, 2012)

2.8 CUSTOMER SATISFACTION

Improved quality usually means greater customer satisfaction. Customer satisfaction can be defined as the level of a person's felt state resulting from comparing a service's perceived performance or outcome in violation to his/ her own expectations (Kotler, 1996). Thus, customer satisfaction could be considered a comparative behavior between in outs before hand and post obtainments. Marketing of any kind of services can be challenging but at the same time interesting. (Maarit, 2011). How to market services in a way that it awakens people's interest and make peoples think to have it is an essential point, especially since people are more and more aware of their needs and wants and they will not settle for less. (Maarit, 2011).

Unsatisfied customers with a product or service are customers that can choose for another company or spread negative advertising by 'word-of-mouth'. Aside from customer dissatisfaction, there are marginally satisfied or indifferent customers that can be drawn to the competition. Customer satisfaction performs a fundamental role in highly competitive areas, in which there is an expressive difference between customers who are just satisfied and customers who are completely satisfied. To know the levels of customer satisfaction, companies must discover how much their current customers are satisfied and unsatisfied.

This can be learned, by asking them which factors they consider more important for their satisfaction and after evaluating the performing of the service offered in each of them. With such information the companies can evaluate the gap in existing quality and adopt adequate strategies to increase the levels of satisfaction of their customers.

2.9 DIFFERENTIATION

Differentiation is another generic strategy a firm needs to follow. In a differentiation strategy a firm seeks to be unique in its industry along some dimensions that are widely valued by consumers. (Porter, 2009). It selects one or more attributes that many consumers in an industry perceive as important and uniquely positions itself to meet the needs. It is rewarded for its uniqueness with a premium price. The means for differentiation are peculiar to each industry. Differentiation can be based on the product itself, the delivery system by which it is sold, the marketing approach, and a broad range of other factors.

A firm that can achieve and sustain differentiation will be an above-average performer in its industry if its price premium exceeds the extra costs incurred in being unique. A differentiator, therefore, must always seek ways of differentiating that lead to a price premium greater than the cost of differentiating. A differentiator cannot ignore its cost position, because its premium prices will be nullified by a markedly inferior cost position.

The logic of the differentiation strategy requires that a firm choose attributes in which to differentiate itself that are different from its rivals and competitors. A differentiation strategy does not ignore costs but its primary trust lies in creating customer loyalty (James A & Mona J., 2011).

Differentiation will lead to superior performance if the value perceived by the buyer exceeds the cost of differentiation. Hence, the objective of differentiation is to develop a position that potential customers see as unique (porter, 2009). Some more detailed concepts of differentiation are stated below in the next page:

Making the Intangible Tangible: By their very nature services are often intangible thus leave the customer with no physical reminder of the purchased services. Recognizing the need to remind customers of their stay, many hotels now provide complementary toiletry items with the hotel name prominently affixed.

Customizing the standard products: Providing customized touch that may endear a firm to its customers at a very little cost. A hotel operator who is able to address a guest by name can make an impression that translates to repeat business.

Giving attention to personnel training: Investment in personnel development and training that result in enhanced service quality is a competitive advantage that is difficult to replicate. Firms that lead their industries are known among competitors for the quality of their training programs.

Controlling Quality: Delivering a consistent level of service quality at multiple sites with a labor- intensive system is a significant challenge. Firms have approached this problem in a variety of ways, including personnel training, explicit procedures, technology, and limits on the scope of the service, direct supervision, and peer pressure, among others. (James A & Mona J., 2011)

2.9.1. FOCUS STRATEGY

The focus strategy is built around the idea of servicing a particular target market very well by addressing customers' specific needs. The focus strategy rests on the premise that the firm can serve its narrow target market more effectively and/ or efficiently than other firms trying to serve a broad market. As a result, the firm achieves competitive advantage in its market segment by meeting specific customer needs and/ or by lower costs through specialization. Thus the focus strategy is the application of differentiation and/ or overall cost leadership to a particular market segment rather than the entire market. (James A & Mona J., 2011)

2.9.2. OVERALL COST LEADERSHIP

An overall cost leadership strategy requires efficient scale facilities, tight cost and overhead control and often innovative technology as well. Having a low cost position provides a defense against competition, because less efficient competitors will suffer first from competitive pressures. Implementing a low- cost strategy usually requires high capital investment in state-of-the-art equipment, aggressive pricing, and start-up losses to build market share. A cost leadership strategy sometimes can also revolutionize an industry. In *seeking out Low cost Customers* some customers cost less to serve than others, and they can be targeted by the service provider.

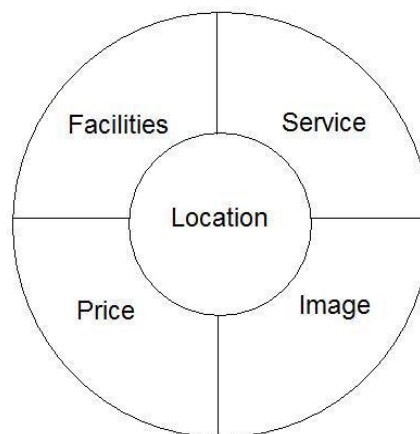
2.10. HOSPITALITY PRODUCTS

Hospitality products are outputs of the hotel and catering industry. They refer to satisfaction and dissatisfaction which are being received or expected to be received or expected to be received from a hospitality experience. They may be either (1) physiological which includes satiated appetite, quenched thirst, comfortable bed and pleasant environment; or (2) economical which includes good value for money, speedy service, excellent location and credit facilities; or (3) social which includes enjoyable company, attentive staff and advice on selection of food and wine; or (4) psychological which includes fulfillment of needs relating to self-esteem, status and security. Figure 1 showing five basic components of hotels that

contribute to satisfaction and or dissatisfaction of customers preferences. (Srinivasan, 2012). These are:

1. **Location-** defines the geographical placement of a hotel in a particular village, town or city or country. Within a given area, specific location defines access and convenience, freedom from noise and other disturbance, attractiveness of surroundings.
2. **Facilities-** include the infrastructural and recreational facilities- bedrooms, restaurants, bars, conference and committee rooms, and swimming pool, gym and tennis courts.
3. **Services-** defined by the availability and access of particular hotel services provided through its facilities and personal as well as the quality and style of these services in terms of formality/ informality, degree of personal attention, efficiency and speed.
4. **Image-** defined by the way the hotel is perceived by consumers at large. While image is a product of deliberate and controllable inputs like location facilities and service, it is also contributed by factors such as its name, appearance, atmosphere and associations as to who stays and eats, what it communicates about itself, and what people say about it.
5. **Price-** is an expression of the value provided by the hotel through its location, facilities, service and the satisfaction derived by the consumers from the use of the above elements of the service product. (*R. Srinivasan, 2012*)

Figure 2.1: Market concept of a hotel. (Medlik & Ingram; 2000:14 Cited in Maarit, 2012)



CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1. INTRODUCTION

It is important to highlight herewith that research methods design for the data collection involved triangulation, i.e. a combination of different methods each to supplement and check up on the others. Such data collection system is preferred in order to have reliable and comprehensive picture of understandings. Therefore, this chapter of the thesis discusses the theoretical framework and the methodologies that have been used in this study: the research design, procedures of data collection, methods of data analysis and ethical considerations along with an appropriate justification associated with each approach.

3.2 THEORETICAL FRAMEWORK

In the most elementary sense, the design is a sequence that connects empirical data to the study's initial research questions and ultimately to the conclusions. In a sense the research design constitutes the blue print for the collection, measurement and analysis of data. It is much more than a work plan because the main purpose is to help to avoid the situation in which the evidence does not address the initial research questions. Hence, the research design deals with the logical problems and not the logistical problems and also specifies how the researcher/ investigator will address the two critical issues of representation and legitimization.

3.3 RESEARCH DESIGN

Research design aids the researcher in the allocation of limited resources by posing crucial choices. It is used as the plan and structure of investigation so conceived as to obtain answers to research questions. The plan is the overall scheme or program of the research (Cooper, 2003). This study has been conducted based on the descriptive research design. The objective of *descriptive research* is ‘to portray an accurate profile of persons, events or situations’ (Saunders et al, 2009). The descriptive research type describes data and characteristics about the population or phenomenon being studied. Descriptive research answers the questions who, what, where, when, to whom, how, and to what extent. It is mainly concerned with describing the nature or condition and the degree in detail of the present situation.

This method helped the researcher to describe the nature of the service strategies important for competitive advantages, as it exists at the time of the study at the targeted Four Star Hotels in Addis Ababa and to explore the cause/s of the particular phenomenon. It helped obtaining an accurate profile of the situation under this study and thus the study has consisted appropriate quantitative and qualitative data types and sources.

3.4 POPULATION, SAMPLE SIZE AND SAMPLING TECHNIQUE

As there are no agreed and similar scholars’ studies indicating on how to use sample size determination thus sample size of the Four Star Hotels used for this study is randomly selected from all the 31 Four Star Hotels in Addis Ababa using a lottery method of random sampling techniques. To have a fair representativeness of the sample size for the study 30% of the total numbers of the Four Star Hotels in the capital city are selected, which means nine Four Star Hotels. Random selection is chosen because all samples are of the same size that will have an equal chance of being selected from the total number of the Four Star Hotels in Addis Ababa.

Based on the Random Sampling Techniques or the Lottery Method of Selection deployed for the study the selected Four Star Hotels in Addis Ababa are the following:

- | | | |
|-------------------|--------------------|------------------------------|
| 1. Jupiter hotel, | 4. Nexus Hotel, | 7. Yoly Hotel |
| 2. Damu Hotel, | 5. Desalegn hotel, | 8. Panorama Hotel, and |
| 3. Kaleb Hotel, | 6. Kenenisa Hotel | 9. Bear Garden International |

Thus, it is believed that the researcher need not take the whole number of Four Star Hotels as the result of a good representative samples have the same characteristics as an equal size of the whole (Zikmund, et.al, 2009). This is technically similar to many scholars approach while employing the involvement of purposive sampling or deliberate sampling technique for the qualitative data analysis.

3.5 TYPES OF DATA AND TOOLS/INSTRUMENTS OF DATA COLLECTION

3.5.1 DATA SOURCES: PRIMARY AND SECONDARY DATA SOURCES

In the effort to address the stated problems and research question then propose appropriate academic recommendation and conclusion, both primary and secondary data types have been used serving as the basic sources of information and knowledge required during the research/study.

Primary data or raw data is a data collected on source which has not been subjected to processing or any other manipulation and are collected by the investigator conducting the research. By contrast, **secondary data** is collected by others who are public sector functionaries, institutions, scholars, journalists, promoters, students, etc. and properly

documented through publications on books, magazines, newsletters or bulletin and brochures. According to Saunders et al., (2009) the use of two or more independent sources of data or data collection methods helps to confirm and academically rationalize findings of the study.

Therefore, primary sources of data have been collected through the in-depth participatory research methodologies which include the interviews, observations, focus group discussions, and questionnaires. Reviewing documents and publications are unremarkable method that tells some empirical, historical and contextual realities of setting research, without which it is difficult to flourish full picture so that to be able portraying the values, beliefs and reflections. Therefore, different literatures, documents and publications have been referred as a secondary source of data. Brochures, magazines and newsletters, documents from the ministry and the Bureau, including literatures and internet services to download important and relevant document have also been used as a secondary data for the research.

3.5.2 DATA TYPES: QUALITATIVE AND QUANTITATIVE DATA TYPES

Qualitative data is pragmatic, interpretive and grounded in the live experiences of people thus it fostered deeper understandings. Qualitative data is helpful for an in-depth understanding of issues and concerns thus it enables to obtain rich descriptions of people and interactions as they exist and unfold in their native habitat. Therefore, qualitative data gathered through the questionnaires, interviews, observations and focus group discussions so that to value and assess attitudes, opinions and behaviors, including functions of insight and impressions.

The quantitative data collected helped the researcher to determine the extent of measureable changes. The collected quantitative data gave the researcher an advantage to measure the reactions of many Four Star Hotels' customers to a limited set of questions. In fact, there are no bridges and fences between qualitative and quantitative data, both are often powerful when combined. The purpose of quantitative data type used in this study was to drive quantifiable results on the degree of customer satisfaction and produce output of comparisons between the targeted Four Star Hotels. Therefore, the quantitative data obtained through the questionnaires

and the secondary data together helped the researcher to infer statistical data analyses that are included in Chapter Four of this study.

3.5.3 DATA COLLECTION TOOLS/INSTRUMENTS:

A. Questionnaires

One of the data collection tools/instruments I used during this study is through distribution of questionnaires. These questionnaires are used as a primary data source for both qualitative and quantitative data types that have been gathered from the sample Four Star Hotels in Addis Ababa during my research. The questionnaire designed to deploy both closed-ended and open-ended questionnaires. The closed-ended questionnaires are intended to gather more detailed responses from the respondent customers whereas the open-ended questionnaires are intended to gather more detailed responses from the respondent customers.

The questionnaires as a tool/instrument of data collection method of the study then is designed in such a way that enable the researcher obtain as detailed information as possible. A total of 135 questionnaires has been prepared and distributed to fifteen customers of each nine Four Star Hotels addressed in this study.

Out of them a total of 130 questionnaires have been returned with full answers in it. Only five questionnaires are considers as unreturned on the data analysis. The questionnaires consist of open ended questions (qualitative data) where the questions provide a guideline for the respondent but it does not have to be followed strictly and closed ended questions (quantitative data).The aim of the questionnaire is to research and gather information of the customers' satisfaction, the quality services and mode of differentiation of the nine targeted hotels. The respondents comprise visitors from around the globe who most frequently visit the hotels and they have given adequate input to the researcher.

Respondents to the questionnaires were selected from the nine targeted hotels using a cluster sampling of assigning 15 questionnaires from each hotel. It is the researcher's goal to establish clusters that are representative of the population as a whole, although in practice this may be difficult to achieve. After the clusters are established, a simple random sample of the clusters is drawn and the members of the chosen clusters are sampled. Such sampling is employed because the researcher is unable to compile a comprehensive list of all the elements in the population of interest.

Then, a convenience sampling was applied to determine which nine targeted hotel guests were asked to respond to the questionnaires. Despite the drawback in terms of the lack of sampling accuracy, where the probability of inclusion in the sample is unknown for each respondent, such sampling was primarily employed because the time and cost of collecting information can be reduced. Respondents for the questionnaires are mostly tourists from different part of the world and those of who booked a room in the hotel at the time of data collection which helped the researcher get full and detailed information about the specific hotel.

B. Interview

As a primary source of data for the study, the researched conducted interviews to collect qualitative data where he followed a rigid procedure and seeks answers to set of pre-conceived questions through personal and group interviews. Thus interviews conducted as an individual interview and group interviews were done in the form of structured interviews, semi-structured interviews, and unstructured interviews. It has been used as one of the instruments of gathering qualitative data. A total of ten questions have been prepared. Interviews have been conducted in some hotels with the marketing managers and in some hotels with the general managers.

In Damu Hotel, Jupiter Hotel, Yoly Hotel and Kenenisa Hotel the interview was conducted with the General Managers where as in Panorama Hotel, Nexus Hotel, Desalegn Hotel, Kaleb Hotel and Beergarden Inn Hotel it was conducted with the Marketing Managers. Thus, an in-

depth interviewing method of gathering information helped the researcher to unmask the customers and visitors views but it has been much more flexible and acknowledged on how the respondents frames and structures their responses. Technically this approach has been very much important to the researcher. A total of nine respondents have been interviewed in this research.

C. Focus Group Discussion (FGD)

Focus Group Discussion (FGD) is a form of group interview or discussion in which there were more than three participants with an emphasis on the questioning of a particular fairly defined topic or concerns whereas the emphasis is/was upon interaction within the group and jointly construction of meanings or understandings. The Focal Group discussion is advantageous in the sense that the method is socially oriented and thus more feasible because of its high face validity and its incursion of low cost.

Therefore, during the study and data collection one Focus Group Discussion was undertaken in each targeted Four Star Hotel where as the participants/respondents during the discussion were composed of the different departments and sections of the services. The groups selected were receptionists, front desk managers, supervisors and in some hotels head waiters have also been included in the discussion.

D. Observation

Observation as a method of data collection for any researcher implies the collection of information by ways of investigator's own observation. It is own understanding without interviewing and discussions with the respondents. Observation refers to the careful and systematic noting and recording of events, behaviors, and artifacts. It is true to say honestly and scholarly that in dealing with any real life problems and situations it is often found that data at hand are inadequate, and hence it becomes necessary to collect data that are appropriate thus immersing in the setting allows hearing, seeing, and beginning to experience reality. Therefore, as observation is one of the qualitative data type collection methods and primary data source type thus the researcher has observed all the nine targeted Four Star

Hotels under the study in looking at all the service strategies and also service delivery system together with the available facilities finally to observe to what extent customers are satisfied with the services and thus realize existing problems on place and site. The observation has been done based the lists developed by the researcher. The lists include features, facilities and infrastructures.

3.6 METHODS OF DATA ANALYSIS

Data analysis of this research work under the study is focused mainly on the descriptive statistical analysis of the qualitative and quantitative data collected from the nine targeted Four Star Hotels in Addis Ababa. Analysis of data require a number of closely related operations such as estimation of categories, application of this categories to row data's through coding, tabulation and then drawing statistical interpretations. Before data analysis is started Editing, Coding and Data entry have been done in order to check for omissions, illegibility and consistency and making them ready for coding and storage.

Thus, major tasks during the data analysis included the process of coding the data, data entry, and output production which also include data organization, generating categories, themes, and patterns. In fact, different statistical data analysis techniques are used in different ways and forms which are supportive in the descriptive statistical analysis of data. After completing data collection completeness of the information was checked. The questionnaires were edited, coded and arranged based on common characteristics.

The primary qualitative data characterized by interview and questionnaires has been analyzed using the descriptive statistics method such as mean, mode and percentage presented in tables and bar graphs. The descriptive statistical analysis of the qualitative and quantitative data gathered during the survey of the study are analyzed using SPSS version 20 software which helped a lot to process, analyze and tabulate the data that enables to provide frequency table along with percentage employed to analyze the responses of customers. It is well known that the SPSS software is highly important for the statistical tools required for frequencies, descriptive, explores and cross tabulation of tables, classification tables and tables of frequencies, comparing means using paired sample tests, demographic data analysis, etc.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1. INTRODUCTION

In this section, the service strategies and competitive advantages of the four star hotels in Addis Ababa is discussed. In producing the data analysis and the result tables, quantitative data analysis techniques are used. To gather the data for the research 135 questionnaires were distributed and 130 questionnaires, which mean 96.3%, were collected, properly filled and returned on time. In addition to the questioner, I have also conducted observations, interviews, and Focus Group Discussions which highly assisted to the analysis of the results and critically see the service strategy and competitive advantages of the surveyed hotels. The result of the qualitative and quantitative analysis is discussed widely in this section as follows.

4.2. RESULTS / FINDINGS AND DISCUSSION OF THE STUDY

Analysis of the central tendency using percentages (frequency analysis) was used to analyze the demographic profiles, reason for choice of hotels and means of booking. The reliability of scales used in the study to measure the quality of the service quality domains were checked before using the measure of central tendency and computing them by conducting scale reliability analysis. The result of the scale reliability analysis showed that the scales used for reception, hotel room, sign, breakfast, and restaurant are good measures of the constructs because the cronbach's alphas value of these is above 0.8. On the other hand, the value of the cronbach's alpha value for lobby and internet connection is much below 0.7.

Following the analysis of the reliability of the scales, the variables under each major quality domain were computed to come up with the mean value of the respective domain.

Comparison of the mean values of the quality components were conducted between and across the hotels. In addition, frequency analysis was also used to see the central tendency of the variables.

The questionnaires were administered for (N=130) individual persons who were customers of the nine Four Star Hotels at the time of data collection. The samples collected from Desalegn Hotel (D), Panorama Hotel (P), Damu Hotel (Da), Yoly Hotel (Y) and Nexus Hotel (Nex) were 15 from each, whereas from Jupiter International Hotel (J), Kenenisa Hotel (K), and Beer Garden International Hotel (BG) were 14 from each and from Kaleb Hotel (Ka) only 13.

4.2.1. ANALYSIS OF GENERAL PROFILE OF RESPONDENTS

It is well noted that 97 respondents of the total 130 are male, which means 75%, while the female respondents are only 33 which constitutes 25% of the total respondents. Whereas the age group distributions of the respondents show that the main customers are in the age category of 25-64, which constitutes around 98% of the respondents. Looking further the category it shows that the age category from 34-44 takes the lion share (44%), followed by the age group from 45-64 (32%) and 25-34 (22%). The respondents in the age group category of 18 - 24 constitute only 1.5% of the total respondents. Out of the 33 female respondents 27 of them are categorized in the age group from 35 - 64, which constitute 82% of the total female respondents. This data analysis shows that the major clients of the nine Four Star Hotels in Addis Ababa are adults and male.

The analysis of the age group category across the sex of the participants shows that the number of females is highest in the age group category of 35-44 (46%) followed by 45-64 (36%). Likewise, the number of male customers is highest in the age category of 35-44 (43%) followed by 45-64 (31%) and 25-34 (24%). This might show that there is similarity in the manner of the people from both sexes who uses hotels regardless of the change in age groups. Observation also proved that female customers are less in number than males.

Table 4.1: Age Group Distribution

Age * Gender Cross Tabulation				
Age	Range	Gender		Total
		Male	Female	
	18-24	1	1	2
		1.0%	3.0%	1.5%
	25-34	23	5	28
		23.7%	15.2%	21.5%
	35-44	42	15	57
		43.3%	45.5%	43.8%
	45-64	30	12	42
		30.9%	36.4%	32.3%
Older than 64	1	0	1	
	1.0%	0.0%	0.8%	
Total		97	33	130
		100.0%	100.0%	100.0%

Source: Own Survey, 2015

It is also important to oversight the purposes of the respondents travel and visit to the hotels under study. More than anything else, overlooking the purposes of respondents for why they visit and travel to the hotel are finally to serve as basic tool for the customer satisfaction and competitive advantages analysis. Thus, with regard to reason of travel and choice of hotels, the use and choice of hotels are thought to be affected by purpose of the travel as it will have implication on the cost bearer and preference of customers. To assess the reasons of the participants of study for their travel and use of hotel, the participants were asked about the purpose of their travel.

In response to this question the majority of the respondents which is around 37% reported they were visiting the hotel for business purpose. Others also reported that they were visiting the hotel for the purpose of meeting (23%), and some said they were visiting the hotel for vacation (22%); hobby (9%) and other reasons were also about (8.5%). Therefore, when categorizing respondents purposes of visiting the hotel for example responses of meeting and

business as one category of purpose then we could note that around 60% of the purposes are for business. It is also worthwhile to note that around 22% of the respondents are visiting the hotel for vacation which indicates that hotels service strategy should focus on tourism and customers' satisfaction. (See table 3)

Table 4.2: Purpose of Respondents Travel to the Hotel

Purpose of Travel to the Hotel				
	Frequency	Percent	Valid Percent	Cumulative Percent
Business	48	36.9	36.9	36.9
Vacation	29	22.3	22.3	59.2
Meeting	30	23.1	23.1	82.3
Hobby	12	9.2	9.2	91.5
Other	11	8.5	8.5	100.0
Total	130	100.0	100.0	

Source: Own Survey, 2015

International and national level recognized hotels particularly with the level of “Four Star” are recommended to work for hotel accommodation services on line through the website online services or e-mail. In fact, the preferable technology use is working online in the hotels website but in the surveyed hotels all used to serve their customers using e-mail instead of online request and registration for accommodation. Considering this fact as a background therefore, when coming to the analysis of the way of bookings the respondents use then most of the bookings were done through e-mail (33%), by phone (15%) and online (15%). On the other hand, around 33% of the bookings are also done by contacting front desk up on arrival. (See table 4). Online booking on website is non-existence at all.

Table 4.3: General Profile of Respondents on Booking

Book to a Room				
	Frequency	Percent	Valid Percent	Cumulative Percent
By phone	19	14.6	15.3	15.3
By email	41	31.5	33.1	48.4
Front desk	34	26.2	27.4	75.8
Online reservation	19	14.6	15.3	91.1
Other	11	8.5	8.9	100.0
Total	124	95.4	100.0	
Missing	6	4.6		
Total	130	100.0		

Source: Own Survey, 2015

It is well noted that while international and national standard hotels design service strategy and competitive advantage focusing on customers satisfaction then all are advised to consider encouraging and creating attractive situation that can enable customers choose the hotel as the best choice of their thus could be either due to location of the hotel, or fair pricing or accessibility or quality services or due to recommendation from friends and relatives, or past experiences or language or some others. This basic idea requires attention.

Over-sighting why respondents chose the hotel they were using is an important component of the questionnaire which finally has contributed to the analysis of the competitive strategy versus customers' satisfaction and also reputation of hotel's profile. Thus, regarding the factors that determined the choice of the specific hotel they had been using at the time of the study, the main factor is found to be recommendation of some other individuals (which is noted to be around 26%). Such individuals could be people who had used the services of the hotel before or who claims to know the hotels.

The other important factors are good location (22%), good prior experience (16%) and closeness to the center of the city, in terms of service availability (15%). Here, it should be

noted that location appears to play much more important role than all others factors thus good location and closeness to main city as one category of response is reported to be 38%.

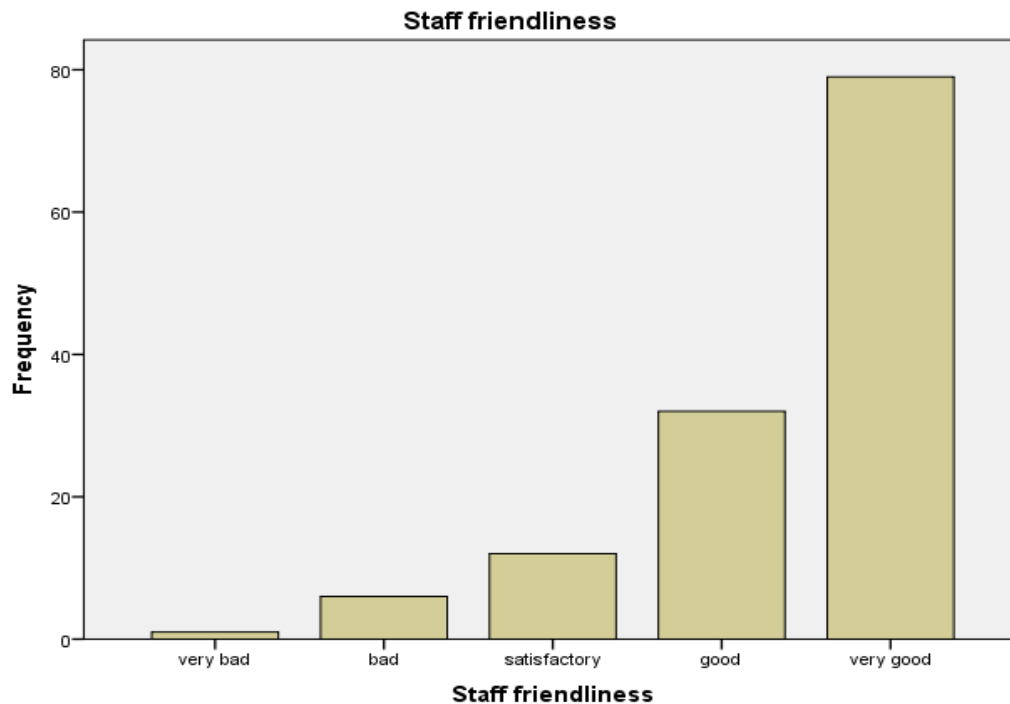
4.2.2. ANALYSIS OF SERVICE QUALITY

Without doubt, quality service is an important factor of customer satisfaction. Quality of services is one of the essential parameters for competitive advantage. The perceived quality of the services of hotels is believed to be the one of the determinants of the demand for hotel services. In fact, quality service differs from one organization to another, from one performer to another, and from one occasion to another occasion.

In measuring the perceived quality services of the international hotels covered in the study, customers of the 9 international hotels were asked to rate the different dimensions of quality services in a five rating scales. In connection to this, therefore, 1 stands for very bad , 2 stands for bad, 3 stands for satisfactory, 4 stands for good, and 5 stands for very good. The results from the analysis of the responses are discussed below.

In addition to the positions of hotels and occasions of different times it is also true that performers determine quality services of a hotel. Performers are the service providers in the hotels thus whose personality and behavior strongly determines the quality service and customers' satisfaction at large. Hence, staff friendliness, staff appearance, staff skills and tidiness of reception were used to measure the quality of services. In connection to this, around 61% of the respondents rated staff friendliness as very good, and around 25 % rated it as good On the other hand 0.8% and 4.6 % of the respondents rated it as very bad and bad respectively. (See Figure-2 below)

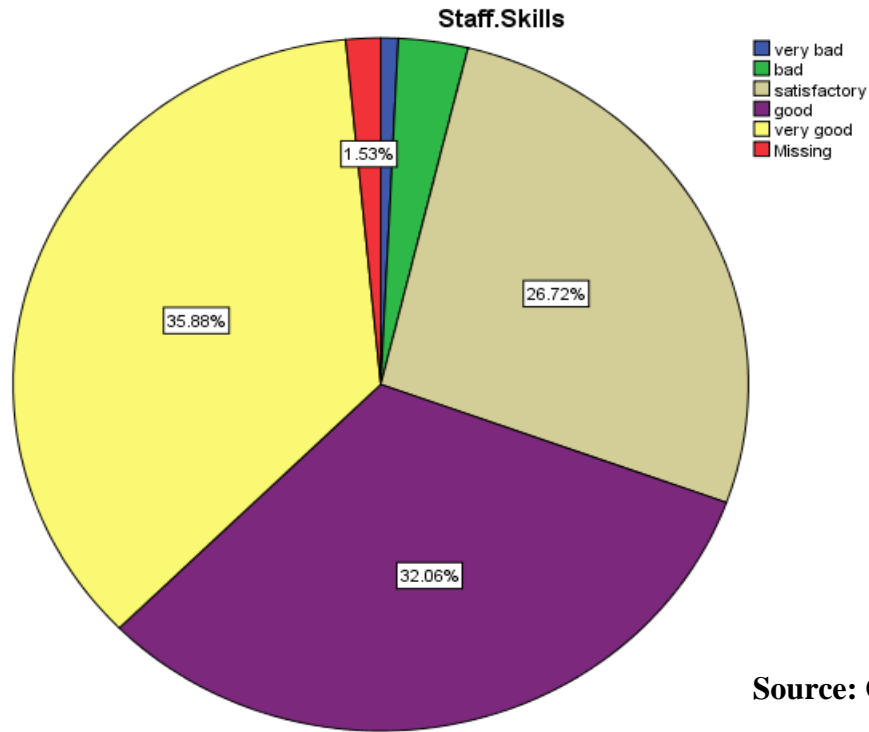
Figure 4.1: Staff Friendliness distribution



Source: Own Survey, 2015

Regarding staff appearance, therefore, around 47% of the respondents' rated as very good, around 31% of them rated as good, 15% rated as satisfactory and 6.9% of them rated as bad and very bad. With regard to staff skills, around 36% rated it as very good, 33% as good and 27% as satisfactory. Around 3.9% of the respondents rated the staff skills as very bad and bad (Figure 3). Tidiness of reception was also rated as very good by around 48% of the respondents, good by 26% of them whereas satisfactory by around 19%. It was only around 7% of the customers that rated the hotels tidiness as bad and very bad.

Figure 4.2: Staff Skills Distribution



Source: Own Survey, 2015

Looking in terms of the quality dimension of staff friendliness, from the customers' point of view in the case across the 9 hotels as indicated in Table 5, we can observe that three hotels are in a very good position. Contrary to this, two hotels are not in a good position. χ^2 test of independence showed that the difference between and among the hotels is statistically significant, $p < 0.001$. Staff is important for hotels' competitive advantages.

Table 4.4: Staff Friendliness Comparison between and among the Hotels

Rating	Staff Friendliness Comparison between and among the hotels									
	Hotel ID									
	J	Ke	De	BG	Ka	Pa	Da	Y	Nex	Total
Very bad	0	1	0	0	0	0	0	0	0	1
	0.0%	7.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.8%
Bad	0	0	0	6	0	0	0	0	0	6
	0.0%	0.0%	0.0%	42.9%	0.0%	0.0%	0.0%	0.0%	0.0%	4.6%
Satisfactory	0	4	2	2	1	3	0	0	0	12
	0.0%	28.6%	13.3%	14.3%	7.7%	20.0%	0.0%	0.0%	0.0%	9.2%
Good	0	5	0	0	8	7	5	7	0	32
	0.0%	35.7%	0.0%	0.0%	61.5%	46.7%	33.3%	46.7%	0.0%	24.6%
Very Good	14	4	13	6	4	5	10	8	15	79
	100.0%	28.6%	86.7%	42.9%	30.8%	33.3%	66.7%	53.3%	100.0%	60.8%
Total	14	14	15	14	13	15	15	15	15	130
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Own Survey, 2015

The mean score of the 9 hotels in reception is 4.2 as stated in Table 6. This could be considered as slightly above satisfactory or satisfactory. The mean score of hotel Jupiter and Nexus stands the top in the list as can be seen from table below. Score of hotel Beer garden, Kenenisa and Kaleb on the other hand are the lowest in the least. Hotel Desalegn, Panorama, Yoly and Damu seem to be in the middle i.e. satisfactory category. This has an important meaning to say.

Table 4.5: Mean scores of Reception Quality

Quality domain	Hotels								
	J	Ke	D	BG	KA	P	DA	Y	Nex
	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean
Reception	4.91 _a	3.77 _b	4.43 _{c,e}	3.11 _d	3.94 _{b,c}	4.02 _{b,c}	4.38 _c	4.07 _{b,c}	4.85 _{a,e}

Note: Values in the same row and sub table not sharing the same subscript are significantly different at $p < .05$ in the two-sided test of equality for column means. Cells with no subscript are not included in the test. Tests assume equal variances.

Source: Own Survey, 2015

Nevertheless, the overall score of the hotels in the reception domain of quality is good across all dimensions of the domain. As it is seen in Table 7 below, the mean score of staff friendliness is 4.4; staff appearance 4.17, staff skills 4 and tidiness of reception 4.12, which have a meaning.

Table 4.6: Scores of the hotels in the reception component

	N	Minimum	Maximum	Mean	Std. Deviation
Staff friendliness	130	1	5	4.40	.894
Staff. Appearance	130	1	5	4.17	.958
Staff. Skills	129	1	5	4.01	.914
Tidiness. Reception	129	1	5	4.12	1.046
Valid N (list wise)	128				
Reception as a composite(mean) result of staff friendliness, staff appearance, staff skills and tidiness of reception					
Source: Own Survey, 2015					

The computation of the mean of the major 7 components mean was used to measure the overall quality of services of the hotels as perceived by the customers. Table 8 depicted in next page below shows that the mean for all hotels is around 4 (3.97), which stands for good. Nexus Hotel, Damu, and Jupiter International Hotels are on the top list of quality. Yet, the mean score of all the other hotels is very close to 4, showing that the majority of the hotels are good in the quality measures used in the study.

Table 4.7: The mean scores of the nine hotels across the 7 major components of the quality measure

Hotel ID	Mean score	N	Std. Deviation
Jupiter	4.2238	14	.39154
Kenenisa	3.8367	13	.69352
Desalegn	3.8760	14	.56466
Beer Garden	3.5005	13	.57496
Kaleb	3.9099	13	.38952
Panorama	3.9966	15	.08401
Damu	4.0888	15	.25644
Yoly	3.9934	15	.34630
Nexus	4.2837	15	.11385
Total	3.9767	127	.45814

Source: Own Survey, 2015

I. Hotel Rooms

The hotel room satisfaction was considered as a function of the hotel room tidiness, the room atmospheric conduciveness, the equipment and content of the mini bar. The mean score of the hotel room was 4 for the hotels, signifying good level of satisfaction by the respondents. Hotel room tidiness, the atmosphere of the room and the equipment mean score was 4, but that of the content of the minibar was 3. Though 3 stands for satisfactory on the rating scale indicates, the customers' rate for the dimension is lower than the other constructs of the domain i.e. satisfactory for the hotel room. (See table 9 below)

Table 4.8: Hotel Rooms' mean value

Hotel Room	Mean	Standard Deviation
Hotel Room tidiness	4	1
Atmosphere, interior	4	1
Equipment level	4	1
Content of minibar in the room	3	1

Source: Own Survey, 2015

Table 10 below is showing the comparison of the scores across the hotels indicated that Beer garden Hotel customers were the least satisfied followed by Kaleb and Desalegn hotels. On the other hand, the level of Nexus Hotel customers' satisfaction was found to be the most satisfied. The score of Nexus Hotel is 4.25 while that of Beer Garden Inn is 3. The mean score of Jupiter International, Kenenisa, Damu, and Yoly is 4.

Table 4.9: Hotel Rooms' comparison among hotels

Hotel room	Hotel ID								
	J	Ke	D	BG	KA	P	DA	Y	Nex
	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean
Hotel Room tidiness	4	4	4	3	4	4	4	4	5
Atmosphere, interior	4	4	4	3	3	4	4	4	4
Equipment level	4	4	3	3	3	4	4	4	4
Content of minibar in the room	4	4	3	3	3	3	4	4	4
Total	4	4	3.5	3	3.25	3.75	4	4	4.25

Source: Own Survey, 2015

II. Lobby

The overall level of the service quality by the hotels' lobby service is good. The mean score of the domain was found to be 4, the maximum is 5 (Panorama hotel). The tidiness of the lobby and its interior decoration were considered as a construct of the domain. The satisfaction level by both dimensions is good. The mean score of tidiness is 4.05 while that of the interior decoration is 3.93.

Table 4.10: The mean scores of lobby

Lobby	Hotel ID								
	J	Ke	D	BG	KA	P	DA	Y	Nex
	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean
Lobby Tidiness	4	3	4	4	3	5	4	4	4
Interior decoration	4	4	4	3	4	5	4	4	5
Lobby/Average	4	3.5	4	3.5	3.5	5	4	4	4.5

Source: Own Survey, 2015

Panorama Hotel customers reported the highest level of satisfaction followed by Nexus hotel. The customers of Jupiter International, Desalegn, Damu and Yoly reported the second highest score, which is 4. The score of Kenenisa, Beer Garden Int, and Kaleb is relatively lower than the others, as it stands to be 3.5. Here, while Kenenisa and Kaleb Hotels customers' satisfaction was a bit lower due to the relatively lower score of tidiness, the score of Beer Garden International was affected by interior decoration, which is 3.

III.Signs

The overall performance of the hotels in terms of creating good customer satisfaction in relation to signs was good. As a measure of the customers satisfaction on the sign visibility of the signs, position and its informative quality were considered. Table 12 demonstrates the mean score of the domain as 3.9. The mean score of sign visibility was 3.8 while that of informative quality and position were 4.

Table 4.11: The mean scores of signs of the hotels

Signs	Hotel ID								
	J	Ke	D	BG	KA	P	DA	Y	Nex
	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean
Visibility	4	4	3	3	4	4	4	4	4
Position	4	3	3	4	4	4	4	4	4
Informative	4	4	3	4	4	4	4	4	5
Total	4.00	3.67	3.00	3.67	4.00	4.00	4.00	4.00	4.33

Source: Own Survey, 2015

The mean score of the different hotels included in the study showed that Nexus hotel is the best hotel in terms of influencing the customers positively through its signs. Whereas Hotels such as Jupiter International, Kaleb, Panorama, Damu and Yoly follow Nexus, which is close to a mean score of 4. On the other hand, Desalegn Hotel is performing very low in relative terms thus next to Kenenisa and Beer Garden which are also in unfavorable positive relative to the other hotels.

IV. Breakfast

Diversity of breakfast, dishes presented quality of food presented, and location of buffet restaurant were used in constructing the breakfast domain as one aspect of the customers satisfaction. The mean score of the domain is 3.9. The score for breakfast diversity, quality of presented, and location of location of buffet restaurant showed that the overall level of the customers' satisfaction is fairly good. See Table13 for the scores.

Table 4.12: The minimum, maximum and mean scores of breakfast

Descriptive Statistics					
Breakfast	N	Minimum	Maximum	Mean	Std. Deviation
Breakfast diversity of dishes presented	130	1	5	3.86	.851
Quality of food presented	130	1	5	3.88	.970
Location of buffet restaurant	130	1	5	3.95	.834
Valid N (list wise)	130				

Source: Own Survey, 2015

Looking at the relative level of the customers satisfaction by the different hotels, as indicated in table 12 below the reported level of the customers satisfaction is highest in the case of Jupiter Int Hotel ($M=4.67$) and lowest in the case of Desalegn ($M=3.33$) and Beer Garden ($M=3.33$) hotels. The level of the customers' satisfaction is the same for Kenenisa, Kaleb, Damu, Yoly and Nexus hotels with a mean score of 4.

Table 4.13: Comparison of mean scores among hotels

Breakfast	Hotel ID								
	J	Ke	D	BG	KA	P	DA	Y	Nex
	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean
Diversity of dishes presented	4	4	3	3	4	4	4	4	4
Quality of food presented	5	4	3	3	4	4	4	4	4
Location of buffet restaurant	5	4	4	4	4	3	4	4	4
Total	4.67	4.00	3.33	3.33	4.00	3.67	4.00	4.00	4.00

Source: Own Survey, 2015

V. Restaurant

The customers of the hotels participated in the study revealed that they were happy by the restaurant services. Nevertheless, as can be seen from table 13 below the range is wide in each of the dimensions of the domain. The mean score of the domain is 3.9, with a minimum score of 1 and a maximum score of 5. The level of satisfaction by the customers by each of the seven dimensions of restaurant revealed that there is no satisfaction driver. Rather the satisfaction level relatively evenly distributed in all parameters. Table 15 shows the scores of each of the variables considered in the analysis of the satisfaction of the customers by the restaurant service.

Table 4.14: The minimum, maximum and mean values of restaurant

Descriptive Statistics					
Restaurant	N	Minimum	Maximum	Mean	Std. Deviation
Diversity of dishes presented	130	1	5	3.93	.828
Quality of food presented	130	1	5	3.97	.844
Location of buffet restaurant	130	1	5	3.89	.958
Quality of service	130	1	5	3.88	.920
Clearness of menu	130	1	5	3.97	.889
Waiters' appearance	130	1	5	4.03	.880
Pricing decision	130	1	5	3.71	.952
Valid N (list wise)	130				

Source: Own Survey, 2015

The comparison of the customers satisfaction level among the nine hotels showed that the customers of Nexus hotel had the highest level of satisfaction, implying that Nexus hotel is better in terms of customer satisfaction in relative to restaurant service.

The mean score of Nexus Hotel is 4.43. It is followed by Panorama Hotel ($M=4.14$), Jupiter International Hotel ($M=4.14$), and Damu Hotel ($M=4$). On the other hand, the level of the customers satisfaction at Beer Garden International Hotel was the lowest ($M=3.43$). The level of the customers' satisfaction at the other hotels was fairly good as the mean score of the hotels was between 3 and 4 as can be seen below from table 16.

Table 4.15: The mean scores of restaurant among hotels

Restaurant	Hotel ID								
	J	Ke	D	BG	KA	P	DA	Y	Nex
	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean
Diversity of dishes presented	4	4	4	4	4	4	4	4	5
Quality of food presented	4	4	4	4	4	4	4	3	5
Location of buffet restaurant	4	4	4	3	4	5	4	3	4
Quality of service	4	4	4	3	4	4	4	4	4
Clearness of menu	4	3	4	4	4	4	4	4	4
Waiters' appearance	5	4	4	3	3	4	4	4	5
Pricing decision	4	4	3	3	4	4	4	3	4
Total	4.17	3.70	3.88	3.45	3.90	4.21	4.04	3.54	4.29

Source: Own Survey, 2015

VI. Availability of Internet Connection (Wi-Fi service)

The rating of the level of satisfaction by the customers indicated that the general level of the customers satisfaction by the hotels internet service is good ($M=4.1$). The constructs of the domain were internet connection accessibility and speed. The level of satisfaction for both of the constructs was good with a mean score of 4. Nevertheless, there was wide variability among the respondents; the minimum score was 1 while the maximum was 5.

Table 4.16: The mean scores of Internet connection

Internet connection (Wi-Fi service)	Hotel ID								
	J	Ke	D	BG	KA	P	DA	Y	Nex
	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean
Accessibility	4	4	4	4	5	4	4	5	4
Speed of connection	4	4	4	3	4	3	5	5	4
Total	7.71	8.29	7.93	7.14	9.08	6.67	8.73	9.87	7.80

Source: Own Survey, 2015

In general, the service quality and customer satisfaction of the nine hotels have been compared among the hotels based on different parameters. The summery descriptive statistics for the hotel service quality measurements is shown below in table 18 below.

Table 4.17: the minimum, maximum and mean scores of service quality measures

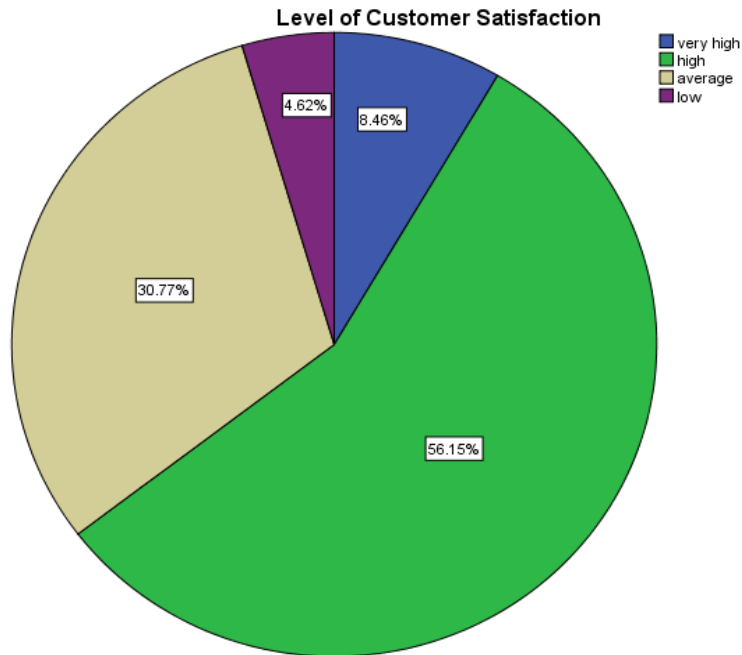
Descriptive Statistics					
Parameters	N	Minimum	Maximum	Mean	Std. Deviation
Hotelroom22	130	1.25	5.00	3.7731	.79816
Loby22	130	1.50	5.00	3.9923	.77255
Signs22	129	2.00	5.00	3.8992	.68795
Breakfast22	130	1.67	5.00	3.9000	.79039
Restaurant22	130	1.00	5.00	3.9121	.66208
Internate22	130	2.00	10.00	8.1308	1.70902
Valid N (list wise)	129				

Source: Own Survey, 2015

4.1.3. CUSTOMER SATISFACTION AND QUALITY OF SERVICES

Customer Satisfaction is determined by hotels quality services provision which depends on the facilities and products of the hotels. Hotels are expected to deliver quality services, facilities and products which finally satisfy customers in meeting their requirement and expectations. The analysis of the relationship between level of customer satisfaction and quality of services (taking the mean score of all the 7 components of the quality measures mean) using bivariate correlation analysis shows weak but statistically significant, positive relationship between the two variables, $r=0.366$, $p< 0.001$. The result of the regression analysis confirms this observation as only around 25% of the variation in customer satisfaction is explained by the quality of services. The value of R square is 0.247; the coefficient of the quality of service is 0.56, $p< 0.005$; giving the equation $\hat{y}= 1.5+ 0.56$ (quality of services) where y stands for customer satisfaction 1.5 for the constant.

Figure 4.3: The level of customers' satisfaction



**Source: Own
Survey, 2015**

It is worthwhile to note herewith that customer satisfaction is defined as a result from confirmation or disconfirmation of individual expectations. In fact, it is a highly personal assessment. Thus, sometimes it is true to say that customer satisfaction can be presented as a formula: Satisfaction = perception (perceived value how happy a customer was with the service) – expectations (one's attitude about the service before receiving it). However, here in the study the researcher used to analyses the level of customers' satisfaction was measured by asking the customers to indicate the level to which their expectations from the hotel service meet using a five point scale. Accordingly, around 8.5% of the respondents reported very high level of satisfaction, around 56% reported high level of satisfaction and around 31% reported average level of satisfaction. It is only around 4.6% of the respondents who reported low level of satisfaction, see figure 5 above.

Comparison of the nine hotels in terms of meeting customer expectation and satisfaction, we can observe from the table 19 below that most of the hotels are expected to work hard to meet the expectations of their customers. It is only hotel Panorama which is better position in relative terms as it had managed to meet the expectation of 100 percent of its customers. Most

of the hotels need an urgent revision of their approach to their customers. The detailed comparison for the hotels is listed below.

Table 4.18: The comparison of customers' satisfaction among hotels

Meet expectation	Hotel ID								
	J	Ke	D	BG	KA	P	DA	Y	Nex
	Column N %	Column N %	Column N %	Column N %	Column N %	Column N %	Column N %	Column N %	Column N %
Very high	0.0%	21.4%	0.0%	7.1%	0.0%	0.0%	0.0%	0.0%	46.7%
High	71.4%	71.4%	40.0%	14.3%	61.5%	100.0%	60.0%	46.7%	40.0%
Average	21.4%	7.1%	46.7%	78.6%	38.5%	0.0%	40.0%	33.3%	13.3%
Low	7.1%	0.0%	13.3%	0.0%	0.0%	0.0%	0.0%	20.0%	0.0%
Very low	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Own Survey, 2015

The mean score of customers' satisfaction for Nexus hotel is 4.33, for Kenenisa hotel 4.14, and for Panorama hotel 4. In contrary to this, the score of Beer garden (3.3) was lower than the others in relative terms, see table 20 below.

Table 4.19: The mean values of customer satisfaction

Meet expectation			
Hotel Name	Mean	N	Std. Deviation
Jupiter	3.79	14	.426
Kenenisa	4.14	14	.535
Desalegn	3.53	15	.516
Beer Garden	3.29	14	.611
Kaleb	3.62	13	.506
Panorama	4.00	15	.000
Damu	3.60	15	.507
Yoly	3.67	15	.488
Nexus	4.33	15	.724
Total	3.78	130	.588

Source: Own Survey, 2015

4.1.4. CUSTOMER SATISFACTION AND SERVICE STRATEGY

In assessing the factors that result in the ability of the hotels to meet the expectation of their customers and enhance their satisfaction, the use of a mix of service strategies that focuses on the *service diversity and continuous improvement of services* based on customers' feedback seem to be very important. This could be clearly seen from the experience of Nexus hotel. The highest level of customer satisfaction was reported by Nexus hotel followed by Kenenisa hotel and p hotel.

On the other hand, the least customer satisfaction was reported by customers of Yoly, Desalegn and Beer Garden International Hotels which do not have defined strategies and or focus on discounts and other cost related mechanism. Training of employees is reported by both high performers and poor performers. Yet, they are different in the continuity of the training provision and use of feedback in the training content and frequency as the good performers work with customers to improve their service in a manner that meets the expectation of their customers.

In Addis Ababa, around seven four star hotels are being constructed and they do have more number of availability in the capital city in the past. If we see them with respect to their location, they are located in the same areas of the city. They are more of nearer to each other (see Map 1). So location has also been found another important factor for customers to choose a specific hotel.

VII. Price quality ratio

The respondents were asked if they believe that the price of the services reflects the perceived value of the quality of services. In connection to this, table 21 below shows, 90% of the study participated reported that they believe the services worth the prices attached to them. On the contrary, 10% of the respondents reported that they do not believe the services are worth the quality of services provided.

Table 4.20: the price quality ratio

Price.qlt.ratio.satisfy

Price quality ratio		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	117	90.0	92.9	92.9
	no	13	10.0	7.1	100.0
	Total	130	100.0	100.0	
Missing	0	0	0		
Total		130	100.0		

Source: Own Survey, 2015

This perception was looked across the hotels. Accordingly, the entire customers of hotels Damu, Yoly, Kaleb, and Panorama proclaimed that the services are worthy of their prices. The majority of the customers at Nexus hotel followed by Beer Garden International and Desalegn hotels also reported the service quality worth the prices. A higher percentage of customer of Jupiter hotel reported mismatch between the quality of services and their price.

Table 4.21: The Price Quality ratio Cross Tabulation

Hotel ID * Price.qlt.ratio.satsisfy Cross tabulation					
Price Quality Ratio			Price.qlt.ratio.satsisfy		Total
			Yes	No	
Hotel ID	Jupiter	Count	11	3	14
		% within HotID	78.6%	21.4%	100.0%
	Kenenisa	Count	14	0	14
		% within HotID	100.0%	0.0%	100.0%
	Desalegn	Count	11	2	13
		% within HotID	84.6%	15.4%	100.0%
	Beer Garden	Count	12	2	14
		% within HotID	85.7%	14.3%	100.0%
	Kaleb	Count	13	0	13
		% within HotID	100.0%	0.0%	100.0%

	Panorama	Count	15	0	15
		% within HotID	100.0%	0.0%	100.0%
	Damu	Count	13	0	13
		% within HotID	100.0%	0.0%	100.0%
	Yoly	Count	15	0	15
		% within HotID	100.0%	0.0%	100.0%
	Nexus	Count	13	2	15
		% within HotID	86.7%	13.3%	100.0%
	Total	Count	117	9	126
		% within HotID	92.9%	7.1%	100.0%

Source: Own Survey, 2015

4.1.5. DIFFERENTIATION ANALYSIS

Differentiation refers to the uniqueness of the hotel in its industry in some dimensions that are widely valued by customers. Around 20% of the sample hotels are developing differentiation. Most of them are similar in feature and deliver common facilities. Here in the Four Star Hotels their location is the main tool for their being different, such as nearness to the airport is the most important factor to the customers to choose a specific hotel. The researcher have observed that some of the hotels deliver more facilities that are not available in the rest of the hotels. Price is also another important issue for visitors to see a specific hotel might differ from others. Some hotels offer a very lower price considering pricing decisions influence the demand and profitability.

As some of the employees of the hotels mentioned during the Focus Group Discussion, the hotels have two separate management groups, the General Manager and the owners. The General Managers don't have full right to decide on the important issues of the hotel. They need to report it to the owners and then decisions are waited from the owners, this results interruption in the process of giving decisions, low performance of decisions and some problems remain unsolved due to this. Another point discussed was about the value added services, some customers highly value and expect those value added services, due to some inconveniencies those services may not be continuous and may not be available always for customers.

4.2. INTERVIEW ANALYSIS AND DISCUSSION

1. *What services do you deliver?*

The services Four Star Hotels delivering are most commonly Accommodation, Food and Beverage, Conference hall service, Shuttle service. Some of the hotels have some special services as a different feature such as Business center and internet, Wake up service at the reception, Valet service, City tour information about the city, Spa (sauna, steam and massage) and Gym.

2. *Have you developed service strategies for the satisfactory service delivery of the hotel? If yes what are they?*

All of the sample hotels do not have written strategies. But they do have some sort of strategies and rules of commitments they follow during their implementation. These are

- Planning and organizing of people and high scale development of infrastructure
- Deliver customized services such as extending guest check out time
- Study Customer need
- Make the service consistent and improved through time
- Train employees every time
- Create loyal customers
- Special cocktail programs as a farewell
- Collect comments from guests about their stay and improve for next time
- Provide additional services
- Lower room prices are offered
- Discounts are offered for repeated visit

3. *How are they developed? Who developed the service strategies?*

Mainly the marketing department analyzes customer needs and trends then service design. But as a stakeholder the F & B department and finance department also involve in the service development and decide how to price the services thus finally decide suitable prices.

4. *How do you implement them? (Is there conducive environment for the implementations of your service strategies regarding resources, management commitment, employees' commitment, structure, etc.?)*

Knowledgeable, Young and energetic staffs are hired and located at the suitable departments. Suitable, motivated and qualified staffs are selected for the successful implementation of strategies. The management is the responsible body for creating conducive environment in the work area and also creates a reasonable price for every selected staffs. Training and development are also other important elements of the implementation. The management and staff commitment meets the goal of the service strategies. All these elements altogether contributes for the well build of the organization's performance and shared values.

5. *What do you think is the role of the service strategies on the general performance of the hotel?*

It has large value on the performance of the hotels and return of the outcomes. It also plays the main role in improving the room occupancy rate and profitability of the hotels. The hotels can have a continuous improvement and usage of strategies for many years if they can develop service strategies and document it in a written form.

6. Do you think your customers are satisfied with your service? And what responses have you got from your customers?

Comments found from different websites such as hotelier and Trip advisor are constructive and sign of satisfaction most of the time. Repeated visit of common guests are the visible sign of satisfaction.

7. What do you think are the weaknesses and strengths of the hotel?

The weaknesses that are mentioned by the respondents are there are some facilities that should be fulfilled as a four star hotel standard such as spa services, barbershop, valet parking, beauty salon and gym services, no well Utilization of skilled staffs. Strengths are Deliver quality services to the maximum possible rate and the location of the hotels is their positive side.

8. What efforts do you do to retain existing customers and attract potential ones?

Since the hotel industry is growing so fast and becoming the most competitive industry, the hotels try to be the best choices for their potential customers. Offer affordable price, deliver customized services. Make the environment conducive for the customers. Know customer's exact needs. Deliver better services than ever.

9. From your experience, what do you think should be done to stay competitive in the hotel industry?

A hotel should avoid unfair competitiveness, stay up-to-dated internationally, should know customer needs, and should improve the products every time and redesign of employees' knowledge and skills. Seasonality, which refers to the fluctuations in demand, is one of the biggest characteristics and is something the hotels have to be aware of when marketing hospitality and accommodation services.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

This chapter is dealing with two major points focusing on the conclusion of the analysis part and the recommendations which is indicating the way forward. The data analysis has started with the demographic analysis of the respondents which slightly has indicated that who used to be customers of the hotels and found volunteer to respond the questionnaire, giving important time. In the data analysis efforts are delivered to see what services the hotels were delivering and how customers are evaluating their satisfactions. The data analysis also used to see on the efforts of the hotels to meet customers' satisfaction and also whether the hotels do have service strategies for competitive advantage or not. In addition to the questionnaire the researcher has also made interviews and Focus Group Discussions in all the nine surveyed hotels, in addition to the observation. The conclusion and recommendations therefore are consolidated from the data analysis, observations, interviews, and Focus Group Discussions thus delivered important points of the recommendations with illustrated and description of the points with the idea what next and what should be done with what understanding of maximizing profit through satisfaction of the customers. Conclusions are supported by the findings of the results analysis.

5.1. CONCLUSIONS

First and foremost it is important to wisely note herewith that the main purpose of any hotel system is to satisfy customers' needs and to delight customers through the unfolding quality service delivery. Hence, the main objective of this study is to understand how satisfied customers were with the services provided in the Four Star Hotels in Addis Ababa with a focus on the customer satisfaction and competitive advantage looking toward an applicable attractive and profitable service strategy.

It is well understood that in the world of global industry customers have multiple choices thus the importance of customers satisfaction cannot be underestimated. Hotels are also working

for profit and thus in maximizing profit their sources are their customers. A satisfied, happy and delighted customer will remain to be honest to visit the hotel more often and will also share pleasant experience with his/her friends and relatives. Due to such real and golden reasons customers' satisfaction is critical for a hotel's success. Service quality and customer satisfaction in fact have a cycle-system since service quality proportionally affects customers satisfaction. On the other hand, customer satisfaction indicates service quality.

The research was set to demonstrate the service strategies and competitive advantages of the Four Star Hotels in Addis Ababa and to indicate some more valuable ideas on the market and service strategies that may lead the hotels to the highest level of competitiveness in the industry. A total of 130 people who were customers of the hotels at the time of the study were involved in providing information regarding their level of satisfaction in the different aspects of the hotels. Accordingly, reception, hotel room, lobby, signs, breakfast, restaurant and internet services were analyzed as the major domains of quality for the hotels services

The findings of the study revealed that male are the major customers on the international hotel taking around 75% of the customers at the time of the study. Out of the female customers who were in the age group of 35 - 64 were found to be the major customers of the hotels next to the male. Generally, adults in the age group of 34-64 constitute around 98% of the hotels customers.

The major reason for the customers to use hotels at the time of the study was business related issues, followed by vacation. The choice and use of the hotels by the study participants were found to be mainly dictated by location of the hotels and their proximity to major service centers. Recommendation from prior users i.e.' word of mouth was the other explanatory factor identified in the study for the customer's choice of the hotels. Booking by email was the most preferred and frequented method reported. Front desk and reception services are playing the greatest role in keeping customers with the hotels. Thus information and communication skills are mandatory.

The mean score of all hotels was found to be around 4 (3.97), signifying that the quality of the hotels service is considered as good by customers participated in the study. Nexus, DA, and J are on the top list of quality services delivering. The mean score of all the other hotels is very close to 4, showing that the majority of the hotels are good in the quality measures used in the study. The analysis of the relationship between level of customer satisfaction and quality of services was found to be weak, but positive, $r=.366$, $p< 0.001$.

The level of most of customers' satisfaction was found to be highly valuable. If the respondent customers of the surveyed nine hotels are considered true and correct then around 95.6% of the respondents reported good level of satisfaction while only around 4.6% of the respondents reported low level of satisfaction. Comparison of the nine hotels in terms of meeting customer expectation and satisfaction indicated that most of the hotels are expected to work hard to meet the expectations of their customers. It is only Panorama Hotel which is better position in relative terms as it had managed to meet the expectation of 100 percent of its customers. Yoly, Desalegn and Jupiter International Hotels need an urgent revision of their approach to their customers. Knowing customers satisfaction is very significant to devise marketing strategy for competitive advantages.

The majority of the surveyed participants believe that the services are worth the prices. These perceptions vary among the hotels customers to some extent. The majority of the customers at Nexus hotel followed by Beer Garden International and Desalegn hotels believe that the service quality is worth the prices. On the contrary, a higher percentage of customers of Jupiter International hotel do not believe service quality worth price. Although it is hard to believe the result, it is necessary to accept because it is reported.

The mean score of customers' satisfaction for Nexus hotel was the highest followed by Kenenisa, and Panorama hotel. On the other hand Beer Garden was found to be least effective in relative terms in enhancing the customers' satisfaction. The analysis of the factors that result in the ability of the hotels to meet the expectation of their customers and enhance their

satisfaction, the use of a mix of service strategies that focuses on the service diversity and continuous improvement of services based in customers feedback were found to be very effective. This was well showed by the experience of Nexus hotel. The absence of a defined strategy was proved to be a cause for less level of satisfaction.

The review and analysis of the strategies of the hotels was done based on the interview held with the hotels management and staffs. This was because of the absence of a written strategic document and or any written document that communicates the strategies of the hotels. In view of this one can say that the hotels are not being managed based on strategic plan or by defined strategy. The competitive advantage being enjoyed by most the hotels is location advantage. The nature of the hotels management and lack of strategic management may reflect the weak competition in the industry market. Still traditional hotel management system existed.

At the time of data collection, some of the hotels had around 50%-80% of room occupancy rate and thus this can also be considered as one competitive advantage of the hotels.

On the basis of the findings of the study, we can conclude that the hotels management is not directed by strategic thinking or choice of any defined service strategies. In spite of this, the hotels are being able to satisfy most of the customers because they target the customers who are same level with the hotels' standard. This is consistent with the finding that quality is not strongly correlated with level of customer level of satisfaction in the four star hotels in Addis Ababa, Ethiopia.

In the hospitality industry the place of business is many times the key to success. A hotel's location is important for visitors and therefore they usually examine carefully which hotel and where they choose. The location of the hotel affects the transportation possibilities, how accessible it is for example from the airport or the city center.

5.2. RECOMMENDATIONS

Generally speaking a customer is the person who decides whether to purchase service, facilities, products or goods so their perception is important for the corporate because he is a means to increase the profit of the hotel whereas hotels are expected to deliver quality services, facilities, and products. Though hotels are enjoying profit and being able to satisfy most of their customers, with the growth of the economy and increased competition in the industry they will be subjected to failure unless otherwise they take the due measure at the time. Thus, as a way forward, the researcher recommends that the hotels management should be dictated by long term thinking rather than maximizing short term benefits at any cost. This means the competitive marketing strategy of hotels should address the big pictures of the hotels focusing on the vision, mission, and objectives.

It is vital to note herewith that all customers of hotels and particularly tourists are always willing to find something new and try to find new destinations. With these basic ideas in mind then the Four Star Hotels in Addis Ababa are advised to search for possibilities on how to gain competitive advantage on the market. Accordingly, these hotels are recommended to build long lasting relationships with their customers and this should be the most important target for the hotels. Keep customers satisfied with the delivered quality services, facilities and products.

From the survey conducted by the researcher then it is well understood to recommend that knowledge of customers', attitudes and their perceptions allow hotels to improve quality of services to be provided which leads at the end to the growth of customers' best satisfaction. To this end hotel with accurate information about customers' attitudes can determine how well the business process is going on and how to know where to make changes to create improvements as well as determine whether changes lead to improvements. Therefore, knowing of a customer's requirements is essential because it provides the service provider with better understanding of the way customers define the quality of the service and products. If the hotel management understands customers' requirements then it is easier for service

providers of the hotels to perform satisfying them. This means knowing of customers' satisfaction level and their requirements will help in finding out the best direction in which the hotel needs to go on forward.

The main idea of this research is to analyze how customers are satisfied with the provided services. Providing customers with a good service and keeping service quality on a good level is highly significant to sustainable hotel management and profitability, thus should be well addressed boldly in the marketing comparative strategy. It is widely accepted to note here that it is easier to sell to an existing customer than to find a new one that is why customer satisfaction level is a very important issue. A happy, satisfied and delighted customer is more likely to purchase services once again and this customer is sharing positive experiences with the closest ones. Thus, having one delighted customer may lead to extending the customers segment rapidly.

Another point is the task of promotion, which is usually the function of most marketing and sales departments and it includes all the tools that a company can use to communicate with customers. A hotel can for example use different websites to advertise their products and services and also use brand identification to their advantage, so that they can attract any customer in any level of living standard. Promotion and advertisement is an important tool to introduce new customers and the existing customers on the available quality services and latest technology facilities. Physical appearances, locations, services and facilities with unique products of the hotels should be promoted and advertised in all the communication and media facilities, including websites.

To operate and grow successfully in the long-term, hotels must have the ability to believe and act in a strategic manner. This helps them develop some continuous and stable abilities. The achievement of strategic goals or objectives requires the use of strategic assets. This process shows how to transform service management into a strategic asset. To this end all

international and national standard hotels are requested to undertake customers' satisfaction surveys continuously and fulfill the requirements to the best levels of action. Even though customer satisfaction surveys are held on regular basis, it is still vitally important to have it under control and update information as regularly as possible. Despite of good feedback, each particular hotel has problems, which were influencing customers' satisfaction. Hotels should always make quick surveys on customers satisfaction and quality deliverables to meet their requirements on why visiting the hotel and not willing to visit. Therefore, top leaders of the hotel and corporate management team should be open and frank to accept the customers' requirements at large.

International and national standard hotels leveled at "Four Star" should always focus and pay continuously strong attention at the reasons why customers are visiting and traveling to a hotel which determined by the location of the hotel, fairness of pricing, accessibility (ease of access, convenience, easy understanding, ease of use, openness, and user friendliness), quality services, quality facilities, quality products, hospitality, performers personality, friends and relatives or previous users unfolding recommendations, past experiences satisfaction history, language and others. Be aware that international and national hotels quality of services and facilities provision can be different from one hotel to another or from performer in a hotel to another and also from occasion to another occasion.

Thus, it is important to hear customers' satisfaction report whether they feel services, products, and facilities are not working properly and waiting for longer time to get, or whether they report with constructive ideas such as very attractive destination for the tourists, easily accessible, number of activities available, better accommodation facilities. Building sustainable competitive advantages revolves around differentiating services, facilities, and products from the competition along attributes that are important and relevant to customers.

Thus international and national standard hotels should provide instrumental guidance in creating and maintaining value for customers through better design, introduction, and operation of services. It combines principles, practices, and methods from quality management, change management and capability improvement. Organizations learn to realize

incremental and large scale improvements in service quality, operational efficiency and business continuity. Documented guideline and working manuals need to be provided for linking improvement efforts and outcomes with service strategy, design, and transition. Thus, standard hotels need to have written and technically designed comparative and marketing strategy with a focus on customers' satisfaction on multiple and diversified quality services, facilities, and products.

Finally, it is important to worthwhile note herewith that “Four Star Hotels” in Addis Ababa are expected and mandatory to fulfill all the international and national standards. Due to this basic reason the hotels must employ professional, skillful, well trained, capable service performers with the required personality. To this end the ministry of tourism and hotels with the institute of hotel administration and also the Addis Ababa Bureau of tourism and hotels are more responsible to assist the hotels in the fulfillment of the requirements. The “Four Star Hotels” in Addis Ababa should also develop and prepare an official standard manual of “Service Strategy for Competitive Advantages” with a high level focus on customer satisfaction.

This manual should contain important contents which include Hotel Infrastructure, Quality Services and Facilities, Organizational Arrangement and Management, Operating Procedures and Learning, Staff and Performers Personality, Customer Incentives and Networking, Capacity Building and Partnership, Value Added Services and Facilities, Customer Experiences and Feed Backs, Price Determination and Negotiations, and Location and available services to decrease hardships. In line with the above important points the service strategy for competitive advantage of the hotels initiatives to strongly focus on customers' satisfaction should also vividly include the following points in its working document published as a manual or brochure:

-
- Are the hotel business and the targeted market clearly defined?
 - Who is/are the hotel's business' competitors?
 - What is the hotel's business' specific strategy for success?
 - Are the competitions moves being tracked regularly?
 - Is the hotel's business taking advantage of the competition's weaknesses and/or any competitive opportunities?
 - What has been learned from the competition's weaknesses or strengths?
 - How do the hotel business' prices and products compare with the rest of the industry?
 - Who are the customers?
 - Does the hotel business have (or can it build) a loyal base?
 - Are the employees trained in customer quality service delivery?
 - What trends are ahead and can the hotel business take advantage of them?

Therefore, currently it is well noted that these critical professional and researched ideas that are well recommended and described above are lacking as a missing points in all the "Four Star Hotels" surveyed with this study.

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APPENDICES

Annex-1 Questionnaire

Dear respondent,

This questionnaire is prepared to gather data to be used as an input for the research entitled “Analysis of the Service quality strategies of the four star hotels in Addis Ababa. It’s prepared in partial fulfillment of Masters of Business Administration at Saint Mary’s University. According to the responses of the customers the hotels’ staff would have an opportunity to improve the service quality provided in order to meet your expectations in a better way. Filling in this questionnaire form takes only a couple of minutes and all the respondents remain anonymous. I kindly ask you to answer the questions and leave the form afterwards at the hotel reception. Thank you very much in advance for your answers.

Best regards,

Samrawit Molla, samgeo_me@yahoo.com

✓ Please answer the following questions by choosing the best alternative for you (only one).

1. General Profile

- | | | |
|------------------------|-----------------------------------|--|
| a. Gender | <input type="checkbox"/> Male | <input type="checkbox"/> Female |
| b. Age | <input type="checkbox"/> 18-24 | <input type="checkbox"/> 45-64 |
| | <input type="checkbox"/> 25-34 | <input type="checkbox"/> Older than 64 |
| | <input type="checkbox"/> 35-44 | |
| 3. Purpose of the trip | <input type="checkbox"/> business | <input type="checkbox"/> hobby |
| | <input type="checkbox"/> vacation | <input type="checkbox"/> other |
| | <input type="checkbox"/> meeting | |

4. I usually book a room ☐ by phone
☐ By e-mail
☐ Directly from the hotel (front desk)
☐ by online reservation system
☐ I do not book in advance
☐ other
5. I have chosen this hotel due to ☐ Good location ☐ room prices
☐ Closeness to main city facilities
☐ Additional services provided
☐ Someone recommended hotel to me
☐ I had good experiences from this hotel
☐ other

2. Service Quality Measurements

1 stands for "Very Bad", 2 is "Bad", 3 stands for "Satisfactory", 4 stands for "Good", 5 stands for "Very Good".

Please tick on the "Do not know" box if you do not have a certain opinion about the service

A.	Reception	1	2	3	4	5	Do not know
	Staff friendliness						
	Staff appearance						
	Staff skills						
	Tidiness of reception						
B.	Hotel room						
	Tidiness						
	Atmosphere, interior						
	Equipment level						

	Content of minibar in the room						
C.	Lobby						
	Tidiness						
	Interior decoration						
D.	Signs						
	Visibility						
	Position						
	Informative						
E.	Breakfast						
	Diversity of dishes presented						
	Quality of food presented						
	Location of buffet restaurant						
F.	Restaurant (if used)						
	Diversity of dishes presented						
	Quality of food presented						
	Location of buffet restaurant						
	Quality of service						
	Clearness of menu						
	Waiters' appearance						
	Pricing decision						
G.	Internet Connection (Wi-Fi service)						
	accessibility						
	Speed of connection						

3. Customer Satisfaction

3.1. To what extent did the hotel meet your expectations?

☐ Very High
 ☐ High
 ☐ Average
 ☐ Low
 ☐ Very Low

If Low, why?

3.2. What in your opinion should be changed or developed in the hotel in order to fully meet your expectations?

3.3. Did the hotel's price-quality ratio satisfy your expectations? ☐ Yes ☐ No

4. Differentiation- *refers to the uniqueness of the hotel in its industry in some dimensions that are widely valued by customers.*

4.1. Have you ever been in another four star hotels in Addis Ababa before? If 'Yes', what unique features have you observed from this hotel? Please list down them. &if'No', do you think the hotel should develop differentiation?

4.2. Do you think the mode of differentiation had led to superior performance of the hotel?

☐ Yes

☐ No

5. What do you think are the weaknesses and strengths? And what do you suggest should be done for the overall service improvement?

Annex-2 INTERVIEW QUESTIONS

1. Name of the hotel:
2. What services do you deliver?
3. Have you developed service strategies for the satisfactory service delivery of the hotel?
If yes what are they?
4. If not, what keeps you from developing service strategies? (Optional)
5. If yes, how are they developed? Who developed the service strategies?
6. How do you implement them? (Is there conducive environment for the implementations of your service strategies regarding resources, management commitment, employees' commitment, structure, etc.)
7. What do you think is the role of the service strategies on the general performance of the hotel?
8. Do you think your customers are satisfied with your service? And what responses have you got from your customers?
9. What do you think are the weaknesses and strengths of the hotel?
10. What efforts do you do to retain existing customers and attract potential ones?
11. From your experience, what do you think should be done to stay competitive in the hotel industry?

DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of my advisor Tiruneh Legesse (Ass.Professor), all sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Name

Signature

Saint Mary's University, Addis Ababa

June, 2015