



# A comparison of service quality attributes for stand-alone and resort-based luxury hotels in Macau: 3-Dimensional importance-performance analysis



Ivan Ka Wai Lai <sup>a,\*</sup>, Michael Hitchcock <sup>b</sup>

<sup>a</sup> School of Business and Hospitality Management, Caritas Institute of Higher Education, Tseung Kwan O, New Territories, Hong Kong

<sup>b</sup> Institute for Creative and Cultural Entrepreneurship, Goldsmiths, University of London, New Cross, London SE14 6NW, UK

## HIGHLIGHTS

- Establish a new service measurement scale for luxury hotels.
- Integrate importance-performance analysis approach with the three-factor theory.
- Develop a 3-dimensional importance-performance analysis approach.
- Compare service quality gaps between stand-alone and resort-based luxury hotels.

## ARTICLE INFO

### Article history:

Received 8 October 2014

Received in revised form

9 January 2016

Accepted 18 January 2016

Available online xxx

### Keywords:

Service quality measurement scale

Luxury hotel

Importance-performance analysis

Three-factor theory

## ABSTRACT

As tourism took off in Macau, more luxury hotels were constructed to satisfy demand, many of them located in leisure resort complexes. This study uses the case of luxury hotels in Macau to examine the importance of specific characteristics in leisure resorts using a 3-dimensional importance-performance analysis (3-D IPA) approach that integrates the IPA approach with the three-factor theory. A new service quality measurement scale was developed and a total of 299 visitors staying overnight in the luxury hotels in Macau were surveyed. The results reveal the types (basic, excitement, and performance) of 45 service attributes in the 3-D IPA cube for stand-alone and resort-based luxury hotels. This study indicates a variation of types of three factors for service attributes may occur in different market segments. This study contributes a new service measurement scale for luxury hotels and 3-D IPA approach for researchers to conduct future studies.

© 2016 Elsevier Ltd. All rights reserved.

## 1. Introduction

Macau is a Special Administrative Region (SAR) of the People's Republic of China, which was created in 1999, following the handover of this former Portuguese territory to China. Following the return of Macau, the service sector expanded rapidly (Humborstad, Humborstad, Whitfield, & Perry, 2008) and the SAR government set a clear policy direction whereby tourism, gaming, conventions, and exhibitions were to be the 'head', and the service industry the 'body', responsible for driving the overall development of other industries (Gaming Inspection and Coordination Bureau,

2006). In 2014, Macau received 31.52 million visitors, though it is difficult in practice to disaggregate tourists from people traveling to work and cross-border traders who may move in and out across the frontier between China and Macau many times a day (Macau Tourism Industry Net, 2015). Macau has 104 hotels offering over 31,700 hotel rooms with an average occupancy rate of 84.6 percent in 2015. In all, near 30 percent are 5-star hotels (30 hotels) and many of them are located in leisure resort complexes (such as City of Dreams) that house casinos and offer a variety of entertainment such as acrobatic shows and cabarets. As a major tourism destination, Macau has both stand-alone and resort-based luxury hotels and thus makes an ideal destination in which to study how these different kinds of hospitality providers differentiate themselves in the market. Stand-alone hotels are usually focused on hospitality operations, though they may offer limited other facilities such as travel agents and small retail outlets. Their turnover needs not be

\* Corresponding author.

E-mail addresses: [ilai@cihe.edu.hk](mailto:ilai@cihe.edu.hk) (I.K.W. Lai), [m.hitchcock@gold.ac.uk](mailto:m.hitchcock@gold.ac.uk) (M. Hitchcock).

smaller than a resort-based hotel, though the overall size of the operation is modest when compared with a whole resort. They may target guests who are not as interested in having a range of attractions under one roof and who may ultimately have more diverse holiday tastes involving visits to heritage sites and museums, and seeking out highly rated restaurants which may or may not be stand-alone or located in resort complexes. The focus enables them to have a tighter control over service quality relating to hospitality than the resort-based hotels that are engaged in more diverse operations. The market for stand-alone hotels is smaller than that of resort-based ones who commonly have many thousands of rooms, but not all guests want to stay in such large hotels, perhaps because of the perceived lack of a personal touch. In contrast, resort-based hotels have access to considerably larger revenue streams and can make use of the huge marketing capabilities of the resorts; both kinds of hotels have their advantages and disadvantages and there is no evidence as yet to suggest that one or other of the models will prevail at the expense of the other. Since hotels serve different market segments catering to customers with different expectations of service (Heung & Wong, 1997), then it is reasonable to assume that different service quality models should be developed for different market segments. Because many Asian countries have already legalized or are planning to legalize casinos, then complexes of the kind found in Macau offering hospitality, gaming and entertainment are becoming established elsewhere, notably in Singapore and Vietnam. Therefore, there is a need to develop a service quality measurement model suitable for the fast-growing upscale hotel market sector, especially with regard to resort-based luxury hotels.

In terms of service quality, importance-performance analysis (IPA) is a popular tool for understanding customer satisfaction and prioritizing service quality improvement. Martilla and James (1977) introduced this approach in which the importance and performance of each attribute are plotted on a two-dimensional grid that comprises four quadrants, each representing four marketing strategies. Over the years, some researchers have identified various shortcomings in the original IPA model (Azzopardi & Nash, 2013; Bacon, 2003; Oh, 2001) and some have offered different IPA methods for addressing some of those shortcomings (e.g., Abalo, Varela, & Rial, 2006; Mikulic & Prebezac, 2012). One of the most critical observations is that quality attributes should fall into three categories – basic, excitement, and performance – in accordance with Kano's (1984) three-factor theory. Also, in the original IPA approach, it was assumed that the relationship between performance and overall satisfaction is linear and symmetrical and thus all quality attributes would produce overall satisfaction when the performance was high and overall dissatisfaction when the performance was low. However, Matzler, Pechlaner, and Siller (2001) argued that relationship between performance and overall satisfaction is nonlinear and asymmetrical for basic and excitement attributes; basic attributes are crucial when performance is low and are non-crucial when performance is high. Also excitement factors are critical when performance is high and are non-critical when performance is low (Deng, Kuo, & Chen, 2008a) leading to a revision of the IPA approach to resolve these contradictions (e.g., Fallon & Schofield, 2006; Matzler, Bailom, Hinterhuber, Renzl, & Pichler, 2004). However, these revisions were not widely accepted and were not commonly applied in further research as compared with the original IPA approach. One of the reasons is that most three-factor theory IPA approaches used complicated methods to measure implicit importance; researchers never considered the relationships among explicit importance and actual performance which together comprise a critical and commonly accepted IPA measurement dimension. Thus this study integrates the concept of three-factor theory with the IPA approach in an alternative way; it

develops a 3-dimensional IPA (3-D IPA) approach that extends the original two-dimensional (explicit importance and actual performance) grid with the third dimension (implicit importance) in order to measure service quality gaps using a newly developed service quality measurement scale designed for luxury hotels.

The development of large-scale leisure resort complexes is an important trend within tourism, especially in Asia, but it does not necessarily mean that stand-alone luxury hotels will be supplanted by them, especially not in the short term; however, there is no doubt that there is competition between these two varieties. Therefore, the means by which stand-alone luxury hotels differentiate themselves in order to avoid direct competition with resort-based luxury hotels has become a matter that merits further investigation. Fuller and Matzler (2008) argued that different roles of basic, excitement, and performance factors should exist in different market segments and they showed that these three factors vary significantly among different lifestyle groups. As Macau has both kinds of luxury hotel complexes, it provides a good opportunity to compare and contrast the roles of basic, excitement, and performance factors between stand-alone and resort-based luxury hotels. This investigation not only aims to provide practical recommendations for luxury hotel operators to adapt their service quality strategies for markets, but also investigates how the three factors play different roles in different market segments even when the segmentation gap is relatively minor. The results of the study will also provide guidance for the allocation of resources on how to delight customers in different segments and will contribute to the understanding the three-factor theory in market segmentation as comparatively little research has been conducted on this area.

The aims of the study are to (1) develop a service quality measurement scale for the luxury hotel sector, (2) to extend the IPA approach for measuring service quality gaps in the luxury hotel sector, and (3) to compare service quality gaps between stand-alone and resort-based luxury hotels. After reviewing the literature on basic IPA techniques, the three-factor theory IPA models, and service quality measurement models for hotels, the development of new quality measurement scale for luxury hotels and a 3-D IPA approach will be explained. A survey by questionnaire was conducted with guests staying in luxury hotels in Macau. The results of survey were analyzed by 3-D IPA and provide insights for stand-alone and resort-based luxury hotel operators to help design their service quality strategies in order to enhance their service quality with the ultimate aim of attracting and retaining customers. Also, this study contributes a new service quality measurement scale for luxury hotels and 3-D IPA approach for researchers to perform their further studies.

## 2. Literature review

### 2.1. Importance-performance analysis techniques

IPA was first introduced by Martilla and James (1977) as a framework for analyzing product attributes in order to identify critical performance attributes for products and/or services. It became a popular managerial tool, especially in the field of tourism. For example, Hollenhorst and Gardner (1994) created recommendations for management based on IPA in the U.S. tourism industry. IPA begins with the development of a list of attributes on which the evaluation is carried out. Based on the list, a survey questionnaire can be developed using Likert or other numerical scales to measure the scores of performance and importance of each attribute in the list. The calculated mean performance and importance scores are subsequently used as coordinates for plotting individual attributes in two-dimensions with the attribute performance on the x-axis

Download English Version:

<https://daneshyari.com/en/article/7421528>

Download Persian Version:

<https://daneshyari.com/article/7421528>

[Daneshyari.com](https://daneshyari.com)