Loyalty Analysis of UK Bed and Breakfasts from Proprietors' and Guests' Point of View

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Abstract

Customer loyalty is a well researched topic in the marketing literature. However, the application of the loyalty concept to the services industry still lags behind the goods industry. In addition, the bed and breakfast sector within the hospitality industry (as part of the services industry) is neglected even more by marketing academics. This study, by discovering such a gap in the literature, explored bed and breakfast sector in the UK from customer loyalty point of view.

The primary data were obtained through a combination of data collection methods, which served its purpose best. Interviews were conducted with proprietors of the participating bed and breakfasts, in order to establish their views on a gamut of loyalty related matters such as customer satisfaction, repeat guests, complaint handling and so on. Questionnaires with guests of the bed and breakfasts, on the other hand, tackled the same issues from the guests' points of view, so allowing the researcher to compare both matters.

The exploratory nature of the study enabled the researcher to pursue a number of themes that were developed during the research, mainly as pointed out by the proprietors. A number of these themes later on found their way to the "Recommendations for Future Research" section of the final chapter.

As a result of the literature review, proprietor interviews and guest questionnaires for this research, two frameworks were developed - "The Benefits of Regular Guests" (Framework 1) and "The Key Factors Contributing to Guest Loyalty" (Framework 2) - along with a working definition of a bed and breakfast and 'professionalism' in bed and breakfasts. It is the author of this study's belief that such findings make a valuable contribution to the academic knowledge, along with providing realistic implications to the bed and breakfast proprietors and hotel industry practitioners.

Dedication

To SONOKO

Thanks for making my life more meaningful

Acknowledgments

I would like to thank to my parents first, for their unreserved support and belief in me throughout all these years. If it wasn't them, I am sure, I wouldn't be able to complete this enormous undertaking.

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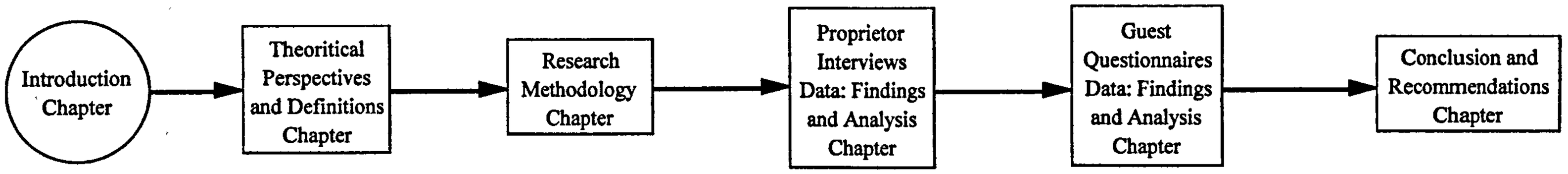
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List of Abbreviations

ETB: .....English Tourist Board
STB: .....Scottish Tourist Board
AA: .....Automobile Association
RAC: .....Royal Automobile Club
RM: .....Relationship Marketing
IPA ..... Importance-Performance Analysis
FPs: .....Frequency Programmes
FFPs: ..... Frequent Flyer Programmes
WOM: ..... Word-of-Mouth
PWOM: .....Positive Word-of-Mouth
NWOM: ..... Negative Word-of-Mouth
SPSS: ..... Statistical Package for the Social Sciences

Chapter 1: Introduction



Chapter 1: Introduction

Introduction

This chapter will start with the focus of the research, explaining how the current topic is developed. It will also present a number of alternative topics that were considered during the early stages of research. It will then move to the research rationale, followed by the research objectives and the research question. The remaining two sections will deal with providing information about the bed and breakfast sector of the hospitality industry, along with the author's own working definition of a bed and breakfast.

Research Focus

Before deciding on the current title, considerable time was spent on the focus of the research. After deciding "loyalty" would be the main research area, it took a significant period of time to clarify these initial thoughts to come up with the idea of choosing customer loyalty in relation to the UK bed and breakfasts. An alternative title considered was "Loyalty programmes in the Hospitality Industry". With this in mind the following question was asked "Which sector of the hospitality industry?". One of the answers was "International Hotel Chains and their Loyalty Programmes". However, a few more months of reading additional articles revealed that there were numerous studies on the topic and the area was well explored. Another reason to move away from this proposed research focus was the growing number of concerns among academics that these "loyalty programmes" were anything but loyalty (for more on the topic see pp.85-89). At this stage different questions started to arise, such as "What exactly is a loyalty programme? If loyalty programmes do not generate loyalty, then what else does? If a repeat business cannot be classified as loyalty, how to define loyalty?". These questions followed each other with the researcher's curiosity moving from one topic to another. This in turn helped to shape most of the research objectives (see p.6) that were used when undertaking this project.

After deciding on the current research focus, another idea that was abandoned at this stage was that of a comparative study between the UK and Turkey (the author's country of origin). A comparative study of bed and breakfasts in Turkey was impractical. Based on limited written literature on Turkish bed and breakfasts - and the researcher's own experiences with the

sector - a conclusion was reached that the two markets (the UK and Turkish bed and breakfasts) were not alike.

Table 1 presents these early ideas before the current research focus.

Idea	Reasons to Abandon
Loyalty programmes at international hotels	Well explored by academics
	Loyalty programmes do not always generate loyalty
A comparative study between the UK and Turkish bed and breakfasts	Two markets are markedly different

Table 1-Early Research Ideas

Research Rationale

This section will present academic reasons for conducting this research, details of which are presented in Chapter 3: Research Methodology (see pp.108-109,116-118).

The review of the previous literature on the topic not only helped to shape the researcher's mind about his proposed topic, but also gradually revealed the amount of previous studies, or more accurately lack of them. The more he explored his potential research topic, the more he realised that the previous studies on the subject - in particular on bed and breakfasts - were limited and conducted within a different conceptual framework (see pp.7-14). They were limited because the majority of journal articles written on customer loyalty, satisfaction and service quality in the chosen field concentrated on bed and breakfasts in the US. It did not take the researcher very long to discover that the US and the UK bed and breakfast markets were very different from each

other (see p.11). Among the few UK based references on the subject was one concentrated on the over 50s age group of Australian tourists and another that attempted to classify UK small hotels and bed and breakfasts. A third author had written articles on Scottish bed and breakfasts only (see pp.11-12).

As a final point on the subject, during data collection and visits to bed and breakfasts the researcher was very often surprised by a number of proprietors who made comments such as: "you are the only academic I have met who wanted to do research on bed and breakfasts in all my years in the business". This rather proved the point that the sector indeed was under researched.

Research Objectives

The following objectives were outlined almost at the beginning of this project, after reviewing most of the written literature.

The objectives of this research project were:

1. To review and analyse existing concepts of customer loyalty and surrounding issues.
2. To explore the UK bed and breakfast sector (of the hospitality industry) from the customer loyalty perspective.
3. To evaluate customer loyalty in the UK bed and breakfast sector, both from the proprietors' and the guests' point of view.
4. To develop a framework of customer loyalty, derived from the research findings.

These objectives are explained in detail in Chapter 3: Research Methodology (see pp.115-120).

Research Question (with an Aim)

With the help of research objectives, the following research question was developed:

> To what extent does existing research on customer loyalty (in particular loyalty literature on services) fit into the context of UK bed and breakfasts?

Bed and Breakfast Sector (of the Hospitality Industry)

As it is the centre of the research focus, the following section provides information on the bed and breakfast sector.

The history of bed and breakfasts goes back to ancient times. They originated in Europe (Dawson and Brown, 1988) in the countryside where travellers were accommodated in locals' homes for a fee when the public inns were not available (Taylor and Taylor, 2001, p.1). Both sets of authors also indicate that despite this long history of bed and breakfasts in Europe, they have only recently gained popularity in North America.

There have been a few attempts among researchers to try to distinguish bed and breakfasts from "guest houses". Lynch (1994) for example - in the UK - has tried to establish such differences by using the number of guests an establishment can accommodate, a measurement normally used for fire certificate requirements. Any establishment that can accommodate more than

six guests had to obtain a fire certificate, according to previous regulations (Chitty, 1986). Perhaps adapting this to a definition of guesthouses, Lynch (1994) claims that any establishment that accommodates more than six guests should be called a "guest house", not a bed and breakfast. However, a review of previous research did not support this claim. Furthermore, the legislation on which Lynch based his assumption (1972 Fire Precautions Order) was replaced by the Fire Safety Order 2005. Coming into effect from 1st of October 2006, new legislation makes it compulsory for all bed and breakfasts, regardless of the number of guests they can accommodate, to obtain a fire certificate and run a risk assessment (for more information see visitBritain website: http://www.tourismtrade.org.uk/QualityStandards/).

The following pages will provide working definitions of the term bed and breakfast and a consideration of different types of bed and breakfasts.

Definitions of a Bed and Breakfast

Hyam (1996, p.68) describes a bed and breakfast as:

> *'A house, farmhouse or pub where bed-and-breakfast accommodation is provided in what is usually the owners' home'.*

Lynch (1994, p.26) offers the following definition:

> *'A bed and breakfast is an establishment, usually a private home in the United Kingdom, providing overnight accommodation and breakfast to members of the public'.*

According to Poorani and Smith (1995, p.59) a bed and breakfast is:

'...any owner operated inn that, typically, is in a house-type facility that was not specifically built to accommodate overnight guests as a commercial venture. In addition, number of reported rooms are only those that are available for rent, irrespective of whether the owners reside on the premises'.

Sherry (1993, p.13) provides the following definition:

'An accommodation generally limited in size to no more than five rooms of double occupancy existing only in a private house and managed by that property's owner, with breakfast served in the host's private dining area only to those accommodated'.

Mandelbaum (2001, p.44) also defines a bed and breakfast based on the number of bedrooms and the proprietors' involvement with the business:

'The typical B&B has only (up to) *eight rooms, and the vast majority are owned by individuals who take a very active part in the operation'.*

When evaluating the above definitions, the ones provided by Lynch (1994) and Hyham (1996) are especially important to mention. The first reason for this importance is they are both UK academics and their definitions are more applicable to UK bed and breakfast sector. The second reason is that the bed and breakfasts which cooperated with this PhD project fit well with the authors' definitions. For example, among the proprietors interviewed, there were a couple of farm bed and breakfasts and one pub with bed and breakfast accommodation. After visiting these premises and talking to their owners, the researcher felt that Lynch's definition of a bed and breakfast (that excluded farmhouse and pub bed and breakfasts) was the best so far among all the others. Talking with the proprietors of the farm and pub bed and breakfasts

convinced the researcher to reach an arguable conclusion that there were differences between these two and the more traditional bed and breakfasts. These differences ranged from the way the business was run, to the additional members of staff employed other than family members in order to cope with the demands of both businesses - for example, running a pub and providing accommodation at the same time. It is, therefore, fair to conclude that farm house and pub bed and breakfasts should be categorized on their own, not along with the traditional bed and breakfasts that this research mainly targeted.

Types of Bed and Breakfasts

Researchers have tried to establish different types of bed and breakfasts and categorise them. Taylor and Taylor (2001, pp.1-2) for example state that there are four main types of bed and breakfasts: private homes, family-run operations, commercial operations and other variations. According to Taylor and Taylor, private homes are the "true" bed and breakfasts where one or two family members are involved and use their spare bedrooms for use of guests. Family-run operations are the small lodges and inns that are owned and operated by a host family, who also live on the premises. Commercial operations are the bed and breakfasts that consist of blocks, cabins, motels and so on where the owners usually live outside the premises. The final category includes the ones that do not fit in any of the above three like houseboats and tents (Taylor and Taylor, 2001, p.1,2).

Lanier (1993), Zane (1997) and Lubetkin (1999) also divide bed and breakfasts in a similar way to Taylor and Taylor: bed and breakfast, bed and breakfast inns, bed and breakfast hotels and country inns. All three authors

describe a bed and breakfast as a small establishment, offering a homelike setting. A bed and breakfast inn, on the other hand, is larger and may not have a homelike setting. A bed and breakfast hotel is an even larger property and operates more like a hotel. Country inns could share the characteristics of the other three, with the exception of serving evening meals to members of the public (Lanier, 1993; Zane, 1997; Lubetkin, 1999).

Despite the similarities of Lanier (1993), Zane (1997), Lubetkin (1999) and Taylor and Taylor's (2001) studies, perhaps the main difference is that the latter is a UK based (and more recent) publication, whereas the former are US oriented ones. According to Lynch (a UK based researcher), the bed and breakfast business in the US is different from its British equivalent, hence the different expectations of American guests who stay at British bed and breakfasts (Lynch, 1994). These expectations as described in the original article that Lynch (1994) based his work on include: '*jacuzzis, in-room fireplaces, queen or king-size beds'* (Lanier and Berman, 1993, p.18).

The Benefits and Other Elements of Bed and Breakfasts

Bed and breakfasts add significantly to local economies (Anderson, 2004). This is especially true in small communities where bed and breakfasts constitute most of the accommodation in the region. Guests of a bed and breakfast spend in three ways which benefits the local economy: 1- Room rate/extras that are spent in the bed and breakfast. 2- Meals that are taken outside the bed and breakfast. 3- Shopping and other spending such as on souvenirs, admissions tickets and so on (Zane, 1997).

Bed and breakfasts make a valuable contribution to the UK hospitality industry, according to Hyam (1996). Predicting stable growth in the sector, Lee *et al.* (2003) state that bed and breakfasts will play a more prominent role within the hospitality industry. There are a considerable number of bed and breakfasts even if one takes account only of those registered in the star/diamond classification scheme (star scheme for Scotland, diamond scheme for England). In Scotland for example there are nearly 1,000; in England more than 5,500 bed and breakfasts (based on English Tourist Board (ETB) then, now and hereafter visitEngland, and Scottish Tourist Board (STB) then, now and hereafter visitScotland's 2002 guide books). Add to this number the unclassified bed and breakfasts (the ones that did not register with any scheme) and the official numbers could be doubled.

Despite these unclassified ones, a considerable number of UK bed and breakfasts are registered and regulated by a regulatory body. These are national bodies such as English (visitEngland), Welsh (visitWales), Scottish (visitScotland) Tourist Boards or automobile organisations like the AA and RAC. The main idea behind these systems are that by giving the establishments stars or diamonds, there is an attempt to standardise bed and breakfast services. This in turn helps the potential guests of the establishments to know what to expect from their stay in a bed and breakfast and to know where or who to complain to when necessary. However, these rating or classification schemes of the bed and breakfasts have caused much controversy among managers/owners of the premises (Lynch, 1994). Critics of the rating schemes have claimed that:

> *'There was not enough consultation, the level of service that a bed and breakfast provides to its guests is ignored, and this confused guests more than guiding them'* (Chitty, 1986, p.20).

Interviews with the proprietors for this research revealed that, 20 years on, the above statement still held true for the UK bed and breakfast sector.

Another debate about bed and breakfasts is whether or not they are small businesses. Hyam (1996, p.68) for example claims that "bed and breakfasts are small businesses and could be even ignored individually, but put together they constitute a significant part of the hospitality industry". Pointing out the workload of the bed and breakfasts, Kaufman *et al.* (1996) state that as in other small businesses, bed and breakfasts also require constant attention. Lynch (1994, p.27), however, found that most bed and breakfasts show different characteristics to those of a small business:

> '*Under local planning policy* (in Scotland) *bed and breakfasts are allowed to operate only up to 5 months a year...seventy-four per cent of respondents reported income from bed and breakfasts contributing at least 20 per cent of total household income...37 per cent viewed it* (running a bed and breakfast) *as a hobby*'.

To summarise Lynch's objections to the notion that bed and breakfasts are small businesses, one can state that:

1. Not all bed and breakfasts (in the UK) are open all around the year.
2. A majority of the bed and breakfast proprietors have a secondary income that constitutes a great proportion of the household income.
3. A significant number of proprietors perceive running a bed and breakfast as a hobby.

Proprietor interviews for this project confirmed Lynch's (1994) above points, with further insights. Closure at certain times of the year for example, was

explained either for holiday purposes or to avoid paying higher income tax. As with the secondary income, a great number of proprietors were either pensioners or had a partner in full time employment (in a number of cases both). For these reasons, bed and breakfasts should not be called "small businesses". Perhaps using the phrase "bed and breakfast businesses" would suffice better.

Dawson and Brown (1988) in a study that concentrated on bed and breakfasts in the US outlined another important aspect of the sector: the personal hospitality or personal touch experience. After interviewing bed and breakfast owners, they found that the majority of the owners stated that they provide a unique and personal hospitality experience to their guests. The importance of the personal touch was also discussed by Popp (2005) and Rauschart (2007). Concentrating on a service experience, Popp (2005) indicates that employee interaction with customers (for a service industry product) is crucial to the guest experience. Rauschart (2007), however, being more specific - outlines personal touch in a bed and breakfast setting. This point (personal touch) will be discussed further in Chapter 4: Proprietor Interviews Data: Findings and Analysis (see pp.173-174).

Finally, as Hyam (1996) states, bed and breakfasts constitute a large proportion of the British hospitality industry. They represent nearly one third of the total serviced accommodation in Scotland and England and over half in Northern Ireland (Lynch, 1996). Despite their size, bed and breakfasts have received very little attention from academics (Kaufman *et al.*, 1996) and the research on bed and breakfast has not been developed in the intervening 10

years. It is, therefore, fair to claim that there is a clear need for further research on bed and breakfasts and it is highly likely that such research will make a significant contribution to existing knowledge.

A Working Definition of Bed and Breakfasts

Due to the importance of the matter (that this project sought to investigate bed and breakfasts as a sector) and the lack of one established definition, it is necessary to go beyond author preference (pp.8-10) and offer a working definition on the term. Limited to the scope of this project, this definition is derived from the primary research, mainly from the researcher's experiences of participant/non-participant observations and proprietor interviews:

> *In the UK, a bed and breakfast is a private home that is designed for that purpose only and is operated mainly by family members on a full or part-time basis in which the proprietors reside on the premises* (Author's working definition).

As it can be seen, this definition delimits the following:

- A bed and breakfast should be run in a private home that is owned by the proprietors. Rented premises, therefore, do not qualify to be described as a bed and breakfast. Perhaps they could be defined as small hotels.
- A bed and breakfast should be operated mainly by the family members. An establishment run by a professional, out of the family does not fall into the category of a bed and breakfast.

- Bed and breakfast proprietors may have other sources of income and may run the bed and breakfast on a part-time basis. However, if this is the case, they should reside on the premises.

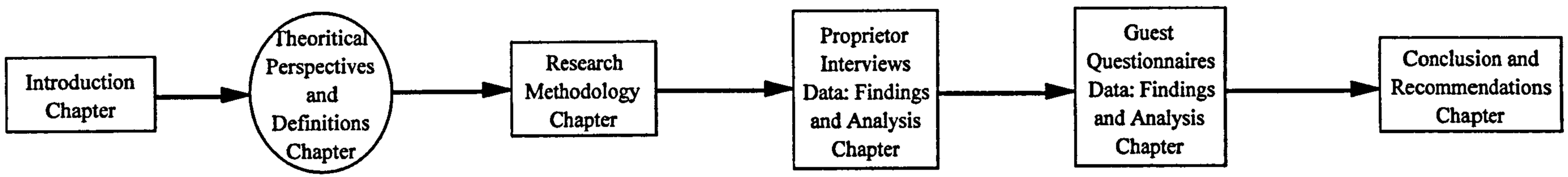
The above definition rules out mixed businesses such as pubs with accommodation.

Next chapter will review the literature on the matters that were the focus of interest in this research project. With loyalty at its centre, these "loyalty related matters" include models of loyalty, loyalty programmes, customer satisfaction/dissatisfaction, models of customer satisfaction/dissatisfaction, service quality, models of service quality, value, word-of-mouth and finally commitment and trust (see Figure 1 on page 22).

Chapter Summary

This chapter has explained the research focus and how the project developed, along with the various alternatives. It then moved to the research rationale, stating the reasons for conducting the project. The research objectives and the research question are listed but their detailed explanation has been left to Chapter 3: Research Methodology. Following on from a list of definitions and a brief discussion of the types and the benefits of bed and breakfasts, the chapter concluded with a working definition of the UK bed and breakfast - derived from the research experience and findings.

Chapter 2: Theoretical Perspectives and Definitions



Chapter 2: Theoretical Perspectives and Definitions

Introduction

Customer loyalty is not a new marketing concept (Uncles and Laurent, 1997). Marketers, at length, have discussed loyalty and the various aspects that surround loyalty, including a number of interrelated themes (Sawmong and Omar, 2004). These themes range from customer satisfaction to service quality and extend to commitment and trust between a customer and a company or a product. Despite the volume of the studies on customer loyalty and its surrounding themes, it could be argued that the majority of these topics require more research. In particular, the services loyalty topic needs more attention from academics as suggested by Javalgi and Moberg (1997), Clark and Wood (1998), Rowley and Dawes (2000). The choice of a particular sector of the service industry as an example and focus of the research, that is hospitality - and within that the bed and breakfast sector - is expected to improve our understanding of customer loyalty (Uncles and Laurent, 1997; Oh and Mount, 1998; Imrie and Fyall, 2000).

This chapter will examine a wide range of concepts presented by previous studies, along with their relevance to customer loyalty. Topics like relationship marketing (RM), however, were excluded close to the outset because the researcher came to realise that RM had little relevance to a bed and breakfast (in terms of costs and staffing requirements). A review of articles revealed that RM was used mainly by multinational hotels and multiple-unit companies. As a result, it was concluded that a bed and breakfast could not afford to spare any of the required resources to implement RM. A few core elements of RM, however, such as commitment and trust and value are included. Unlike RM, other topics like frequency programmes (FPs) are included. Despite the fact

that they may also seem irrelevant to a bed and breakfast, on close inspection this is not exactly the case. The concepts related to FPs enabled other findings of this research to be based on a firmer foundation. Other "indirect links" also helped lay the foundations for the "Recommendations for Future Research" section in Chapter 6: Conclusion and Recommendations (see pp. 240-248). In addition, sections of this chapter will be referred in Chapters "Proprietor Interviews Data: Findings and Analysis", "Guest Questionnaires Data: Findings and Analysis" and "Evaluation of Findings" accordingly.

Figure 1 on the following page, starting with the service quality in a clockwise direction, shows the loyalty related issues, based on the written literature, that are considered particularly relevant to this study. They will be explained further in the following pages, in the same order as presented in the figure.

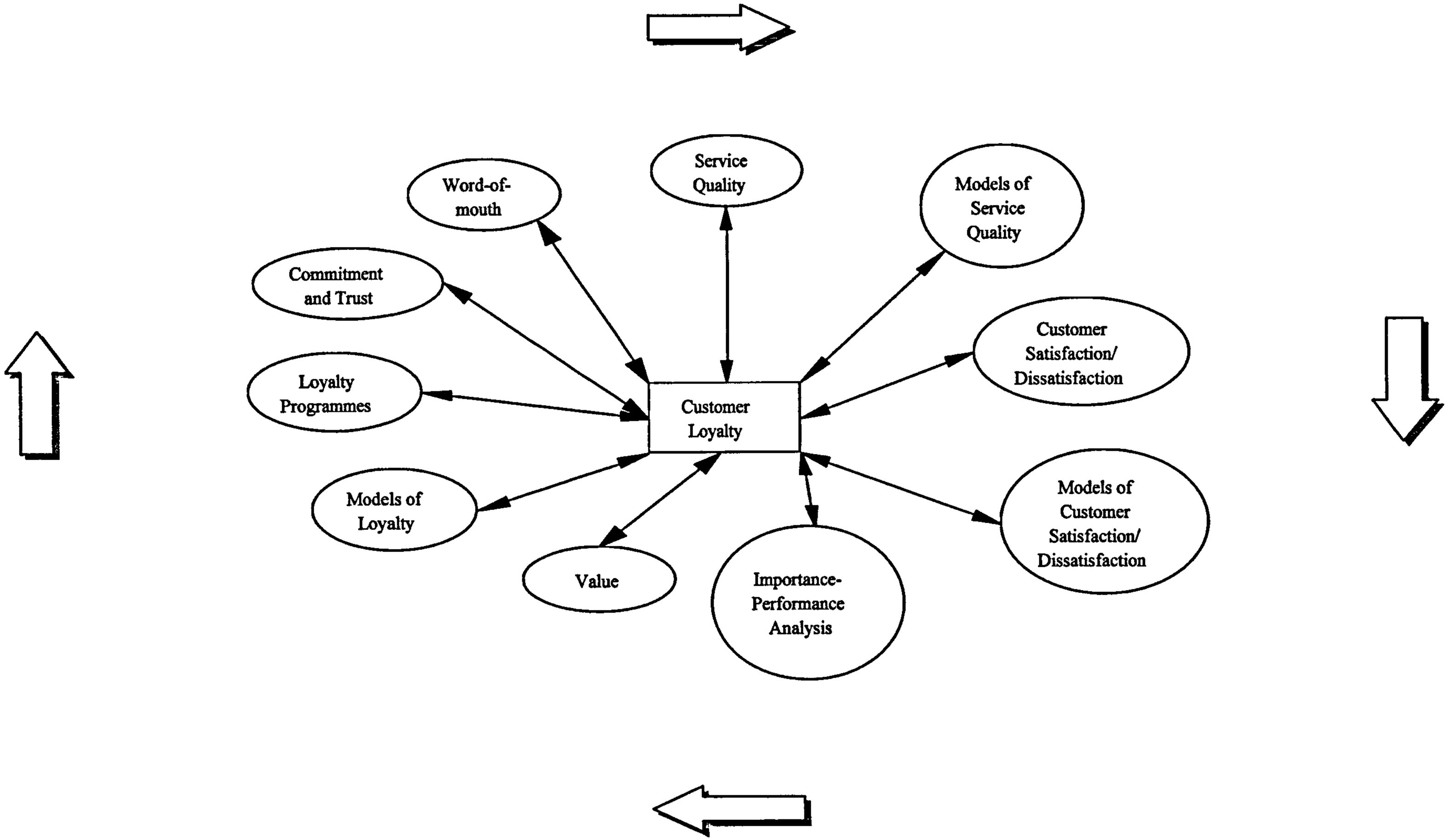


Figure 1-Customer Loyalty and Surrounding Issues or Concepts (Based on Parasuraman *et al.*, 1985; Zeithaml, 1988; Zeithaml *et al.*, 1990; Dick and Basu, 1994; Lynch, 1994; Morgan and Hunt, 1994; Athiyaman, 1997; Oliver, 1997; Bowen and Shoemaker, 1998; Jobber, 1998; Pizam and Ellis, 1999; Shoemaker and Lewis, 1999; Yuksel and Yuksel, 2001; Reichheld, 2003)

Service Quality

Service quality has links with customer loyalty. A number of academics claim that service quality is one of the prerequisites of customer satisfaction and customer loyalty (Cronin and Taylor, 1992; Jobber, 1998; Popp, 2005; Yu *et al.*, 2006). It is, therefore, decided that the chapter will start with service quality, followed by customer satisfaction, value and customer loyalty.

Bloemer *et al.* (1999) claim that research on service quality has reached a level at which academics have a sophisticated understanding of the topic and surrounding themes of service quality. However, despite the extensive amount of research, the authors demonstrate that relations between service quality and customer loyalty need further exploration. The following sections will start with providing working definitions of service quality.

Definitions

Researchers have spent considerable time on the service quality topic and have attempted to provide a working definition of it. Zeithaml *et al.* (1990) define service quality as the comparison of service expectations with performance perceptions. Clow *et al.* (1997, p.230) provide an almost identical definition, after reviewing research prior to theirs:

> (Service quality) *is the difference between the expectations a consumer had prior to a service encounter and the perceptions of the service received'.*

Continuing on the "comparison" theme, Asubonteng *et al.* (1996, p.64) provide the following definition:

'Service quality can be defined as the difference between customers' expectations for service performance prior to the service encounter and their perceptions of the service received'.

Bebko (2000, p.11) defines service quality as:

'Service quality is the discrepancy between consumer expectations or desires and their perceptions of what they received'.

Adding "perception" to the beginning, Veloutsou *et al.* (2004, p.115) also provide a very similar definition:

'Perceived quality is seen as a function of expected quality and experienced quality'.

Czepiel et al. (1986, p.24) approach the notion of quality from a behavioural position by saying that:

'(Service quality is) *the shared experience of gain by participants and stable pattern of behavior associated with a given type of service encounter'.*

Reflecting upon the attitudinal component, according to Parasuraman *et al.* (1988, p.15) service quality is:

'Global judgement or attitude, relating to the superiority of the service'.

Athiyaman (1997, p.529) defines service quality as:

'An overall evaluation of the goodness or badness of a product or service'.

Dividing service quality into two as a technical quality on the one hand and a functional quality on the other, Mittal and Lassar (1998, p.179) explain each of them as:

> *'Technical quality is the quality of what is delivered e.g. the quality and effectiveness of diagnosis and medical procedures of a hospital...Functional quality is the quality of how the service is delivered - the care and manners of the delivery personnel'.*

Moving further from this stream of definitions, Sirohi *et al.* (1998) hold the view that customers use intrinsic and extrinsic cues to judge quality. Intrinsic cues are a product's physical composition such as looks and smell. Extrinsic cues are generally controllable elements of a product like price and brand name.

These definitions are summarised in Table 2 in a chronological order. This is done in order to present how the definitions developed in time.

Author	*Definition*	*Key Concept*
Czepiel *et al.* (1986)	Shared experience of gain by participants and stable pattern of behaviour associated with a given type of service encounter	Behavioural
Parasuraman *et al.* (1988)	Global judgement or attitude, relating to the superiority of the service	Attitudinal
Sirohi *et al.* (1988)	Customers use intrinsic and extrinsic cues to judge quality	Cues
Zeithaml *et al.* (1990)	Comparison of service expectations with performance perceptions	Comparison
Asubonteng *et al.* (1996)	The difference between customers' expectations for service performance prior to the service encounter and their perceptions of the service received	Comparison
Athiyaman (1997)	An overall evaluation of the goodness or badness of a product or service	Evaluation
Clow *et al.* (1997)	Difference between the expectations a consumer had prior to a service encounter and the perceptions of the service received	Comparison
Bebko (2000)	Level of discrepancy between consumer expectations and their perceptions of what received	Discrepancy
Veloutsou (2004)	A function of expected quality and experienced quality	Function

Table 2-Service Quality Definitions

Service quality researchers have also attempted to establish links between service quality, customer loyalty and customer satisfaction. These will be presented in the following sections.

Quality-Satisfaction

When explaining the links between service quality and customer satisfaction, Vavra (1997, p.54) claims that:

> *'Customer satisfaction is the leading criterion for determining the* (service) *quality'.*

On the opposite, approaching the relationship between two from the quality point of view Cronin and Taylor (1992), Lee *et al.* (2000) and Burns *et al.* (2003) find that perceived service quality is an antecedent of customer satisfaction. If customers held high levels of perceived quality towards a company prior to receiving the service, the outcome of the service experience would also be seen as satisfactory.

McDougall and Levesque (2000, pp.395-396) believe that:

> *'...a causal relationship exists between the two* (service quality and customer satisfaction), *and that perceptions of service quality affect feelings of satisfaction...'*

Taking the argument further, Nadiri and Hussain (2005, p.471) provide their views on the service quality/customer satisfaction relationship:

> *'Service quality promotes customer satisfaction, stimulates intention to return, and encourages recommendations.'*

In a bed and breakfast concept, Clow *et al.* (1997, pp.231-232) and Asubonteng *et al.* (1996, p.62) define the relationship of a guest in the following statement:

'Since a guest's previous experience shapes his/her expectations, after receiving the service, he/she reaches a decision about the quality of the service.'

Quality-Loyalty

Bigne *et al.* (2001) indicate that customer satisfaction leads to "greater loyalty". Mittal and Lassar (1998, p.179) draw attention to the fact that measuring service quality serves better to understand customer loyalty because:

'...quality is a judgement (that was given by customers) *about a firm's resources and skills'.*

Therefore, although a customer experienced a negative encounter with a company's service, he/she might still hold positive feelings towards the company and hence stay loyal.

However, in their article Bloemer *et al.* (1998) claim that despite the fact there were numerous studies on service quality, none of them addressed *'the link between individual dimensions of service quality and customer loyalty'.*

Criticisms of Service Quality - Satisfaction - Loyalty Linkage

There has been much comment on the difficulty of establishing links between service quality and customer satisfaction.

Indicating that customer satisfaction was "distinct" from service quality, Danaher and Mattsson (1994, p.5) explain that each of the topics discussed are viewed differently by customers:

> *'Satisfaction is thought to result from the comparison between predicted service and perceived service, whereas service quality refers to the comparison between desired service and perceived service'.*

Taylor and Cronin (1994, p.35) present the difference between service quality and customer satisfaction as follows:

> *'...service quality is a form of attitude representing a long-run overall evaluation, whereas satisfaction represents a more short-term, transaction-specific measure'.*

Danaher and Mattsson (1994) highlight the same point that separates service quality from customer satisfaction. In their view, customers tend to achieve satisfaction (or dissatisfaction) after purchasing the service over a period of time. However, perceived service quality in particular is viewed as a customer's general attitude towards the company, prior to the actual service encounter (Danaher and Mattsson, 1994).

Caruana and Pitt (1997, p.607) have arrived at a similar conclusion:

> *'... (customer) satisfaction is transaction specific while (service) quality is an overall evaluation of long-term attitude to the service product offering'.*

Pursuing the matter further, they claim that customer satisfaction researchers believe customer satisfaction leads to service quality, whereas service quality researchers claim the opposite to be true (Caruana and Pitt, 1997).

Bitner *et al.* (1990) state that customers evaluate their satisfaction level of a service on the basis of individual experiences of the transaction. However,

their perception of the quality of the service received is evaluated by part of their overall attitude towards the company.

Yuksel and Yuksel (2001, p.82) indicate that:

> *'Satisfaction results from a comparison between performance and predictive expectations, whereas service quality is the function of disconfirmation of expectations.'*

Snoj and Mumel (2002, p.367) have made the following statement when differentiating satisfaction and quality from each other:

> *'...these two concepts* (customer satisfaction and service quality) *are undoubtedly related, but they differ from each other in terms of duration of experiences with a service, levels of expectations, the degree of affective component and the stability of the relationship between customers and suppliers of a service'.*

Lee-Kelley *et al.* (2002) indicate that customer satisfaction is not only shaped by service quality but also influenced by other factors such as price, packaging and so on.

Finally, to distinguish one from another even further, Bowen and Clarke (2002) have the view that satisfaction is more emotional than service quality.

Moving on from the quality-satisfaction link (or rather no link), customer satisfaction/dissatisfaction and customer loyalty may seem to be more connected to each other. However, a satisfied customer does not automatically become a loyal customer (Jones and Sasser, 1995; Steward,

1997; Yu *et al.*, 2006). In fact, even loyal customers switch brands when the opportunity arises. (Jarvis and Mayo, 1986; Reichheld, 1996; Hamel, 1999). Therefore, it is essential not to assume that satisfied customers are guaranteed loyal customers and that they are not tempted by the attempts of competitors.

Models of Service Quality

The relevance of service quality models to this study lies in their influence on the customer loyalty frameworks (see pp.71-72) and the primary findings of this research (see pp.223-230). It could be claimed that the most well-known and well discussed model on service quality is Parasuraman *et al.*'s "SERVQUAL" model that was first published in 1985. Between 1992 and 1994 in what might be described as its "academic heyday", SERVQUAL was quoted in 41 publications (Buttle, 1996). The model was developed to establish the "gaps" between customers' expectations of a service product and actual service experience. By conducting their research on a number of service products, Parasuraman *et al.* (1985, p.47) identified the following ten service components:

> *'Reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding/knowing the customer, tangibles'.*

Perhaps after wide ranging criticism (see pp.33-36) and the discovery of weaknesses in their original work, Parasuraman *et al.* reduced these ten components into five in 1988. They were: *'reliability, assurance, tangibles, empathy, and responsiveness'.*

Table 3 summarises these components.

Reliability	Ability to perform the service accurate
Assurance	Knowledge and courtesy of the employees
Tangibles	Physical facilities, equipment, materials and so on
Empathy	Providing caring, individual attention to the customers
Responsiveness	Willingness to help customers/prompt service

Table 3- Components of SERVQUAL

A second model that is developed under the influence of Parasuraman *et al.*'s work is Caruana and Pitt's INTQUAL model. The model was designed to help the management of a company to determine what was needed to deliver a quality service to customers. Caruana and Pitt (1997, p.605) based their model on the following advice that a management in service company should adhere to:

> *'Management must portray their customers a realistic picture of the service, must place a premium on company service reliability, must communicate effectively with customers, needs to ensure that employees excel during service delivery, must ensure that systems are in place that exploit recovery situation to the full'.*

The INTQUAL model established service quality gaps by concentrating on a company's internal resources and carefully evaluating them, claiming this was an area missed by the SERVQUAL model.

A third model that was inspired by the SERVQUAL is named INTSERVQUAL by its authors. The model designed to investigate internal service quality, which is the quality provided by a service organisation (Frost and Kumar, 2000).

There were many other models inspired by Parasuraman *et al.*'s work, such as the LODGSERV model. Knutson *et al.* (1991) developed their model on a 26-item index for measuring the quality of a service in the hospitality industry. However, their model did not attract the same interest from academics as the SERVQUAL model did and was used only in a small number of studies (Pizam and Ellis, 1999).

Criticisms of Models of Service Quality

This section will mainly present the opposition to the SERVQUAL model, since it arguably influenced the majority of the service quality models.

Parasuraman *et al.*'s SERVQUAL model received wide ranging negative and positive criticism from academics. Carmen (1990), Taylor and Cronin (1994), Smith (1995), Ekinci and Riley (1997) and Ekinci *et al.* (2003) found that the content validity of the model was unstable when it was applied to specific service industries, including hotels. Brown *et al.* (1987) mentioned this point even earlier, by suggesting that the content of the general scales should be modified according to the industry that the model is applied to.

Cronin and Smith (1994) found that the SERVQUAL model could not be applied to health services. Following this up, Smith (1995) proved that modifying the scales improved the SERVQUAL model and removed some of its limitations.

Buttle (1996) summarised his reservations towards the SERVQUAL model into two categories: theoretical and operational. The theoretical limitations of

the model were: designing the model based on the disconfirmation paradigm rather than an attitudinal paradigm; and focusing on the process of the service delivery, not the service outcomes. The operational limitations of the SERVQUAL model were: the model's failure to measure customers' expectations; and overlooking or ignoring customers' mood changes when assessing quality (Buttle, 1996).

Theoretical limitations	Based on disconfirmation paradigm
	Focusing on the process of delivery
Operational limitations	Fails to measure expectations
	Ignoring customers' mood changes

Table 4- Buttle's (1996) Objections to SERVQUAL

Pizam and Ellis (1999, p.330) succinctly summarised their criticisms as:

> *'First, the conceptualization of expectation as a comparison standard in the model is difficult to quantify. Second, if the variables are difficult to quantify, the gap score becomes less secure as a measurement. Third, there are some arising methodological issues'.*

In a very detailed article that focuses mainly on the SERVQUAL model, Asubonteng *et al.* (1996) summarise the frequently criticized areas of the model as reliability and validity. Dividing validity into discriminant validity, face validity, convergent validity and concurrent validity, the authors have analysed each of the component's weakest points, based on previous research findings.

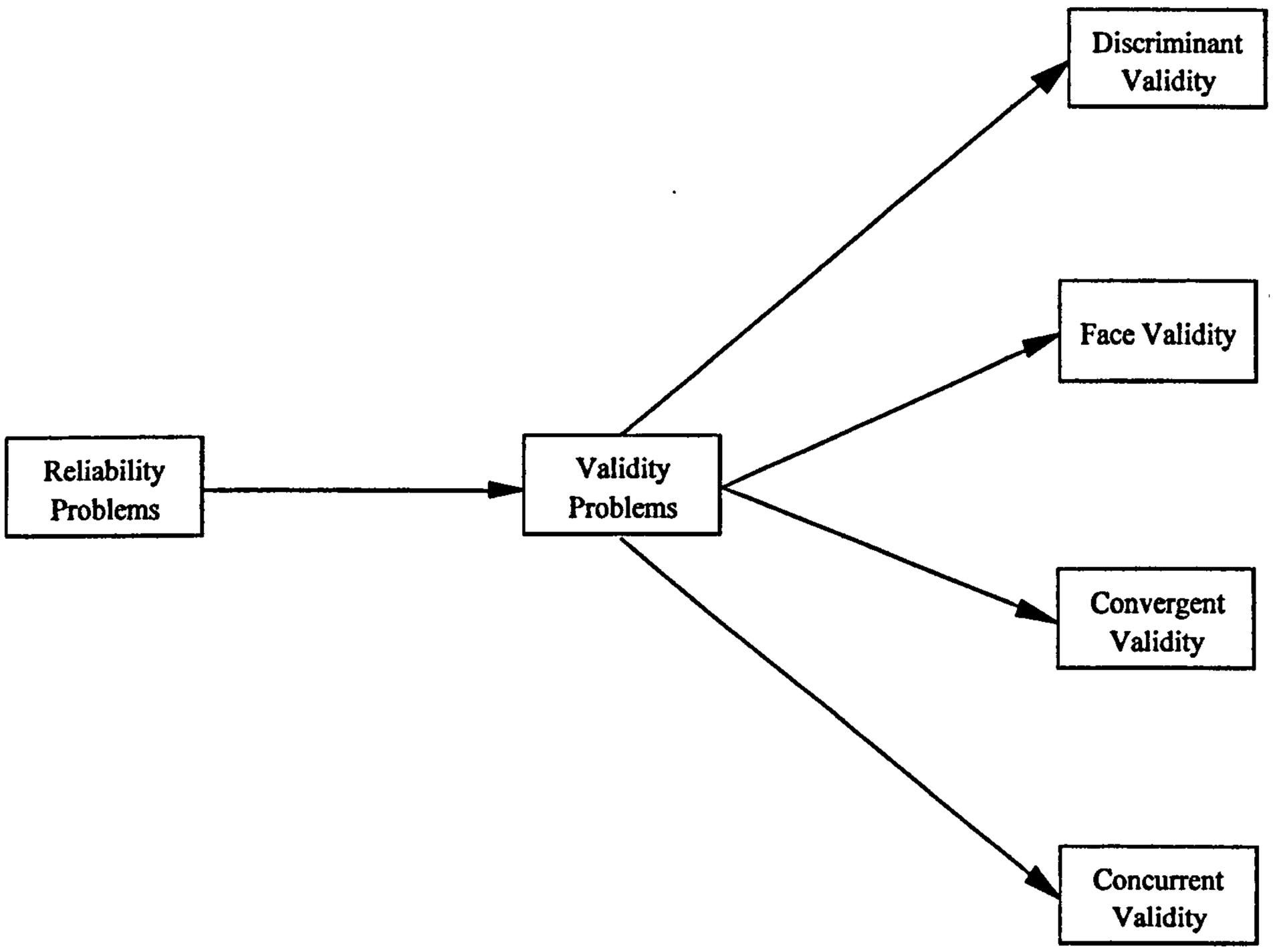


Figure 2- Asubonteng *et al.*'s (1996) Objections to SERVQUAL

Another criticism of service quality models that is directed mainly towards SERVQUAL and LODGESERV models is the exclusion of negative statements. In their research on content validity and how to design exploratory qualitative research, Ekinci and Riley (1999, p.291) conclude that:

> *'...positive and negative items are eligible to define service quality dimensions. In fact, mixed worded items in a scale are necessary to reduce respondents' bias in a measurement'.*

SERVQUAL and a few other models mentioned in this section have received their share of opposition as summarised in this section. This does not mean that a model like SERVQUAL could not be applied to a specific industry such as hospitality. In fact, one could argue that, in particular GAP analysis that

was introduced by Parasuraman *et al.* (first in 1985, than 1988) might prove of good use in a study of bed and breakfasts. One way of applying the original theory of the SERVQUAL model into a bed and breakfast establishment would be by presenting how proprietors' and guests' reacted on similarities, along with displaying the differences (or gaps) between them (see pp.219-223 for the applications of this research).

Customer Satisfaction/Dissatisfaction

There is a tendency among customer satisfaction researchers to present customer satisfaction as one of the prerequisites of customer loyalty (Cronin and Taylor, 1992; Gremler and Brown, 1996 in Drake *et al.*, 1998; Lee *et al.*, 2001; Soderlund, 2006) as opposed to the service quality researchers who present it the other way around. Reviewing previous studies on the topic, Kandampully and Suhartanto (2000) conclude that there is a positive relationship between customer satisfaction and customer loyalty, but nothing stronger. Before progressing this point further, definitions of customer satisfaction will be provided along with a background on the topic.

Definitions

Perhaps due to its natural ties with customer loyalty, many academics who have conducted research on customer loyalty also have published articles on customer satisfaction/dissatisfaction. Oliver (1999, p.34), defines satisfaction as *'pleasurable fulfilment* '. A consumer feels that a product fulfils a need or a desire and, therefore, it is pleasurable (Oliver, 1999).

Westbrook (1980, p.260) presents satisfaction as:

> *'Favorability of the individual's subjective evaluation'.*

Bearden and Teel (1983, p.22) also outline that satisfaction is:

> *'A positive outcome from the outlay of scarce resources'.*

Following the positive outcome of the experience theme, Woodside *et al.* (1989, p.6) define customer satisfaction as:

> *'A special form of customer attitude that is as a post-purchase phenomenon reflecting how much a customer likes or dislikes the service after experiencing it'.*

John (1992) continues with the attitudinal aspect of the topic, suggesting that customer satisfaction is an attitude determined by the confirmation/disconfirmation of consumer expectations. Pursuing the same issue, Athiyaman (1997) assures us that satisfaction is a transaction-specific, short-term, overall attitude.

In an earlier article published in 1990, Bitner (p.70) claims that satisfaction and customers' attitudes towards a product/service are closely related but not the same:

> *'The key to distinguishing satisfaction from attitude is that satisfaction assessments relate to individual transactions whereas attitudes are more general'.*

Pizam and Ellis (1999, p.327) believe that customer satisfaction is:

> *'A psychological concept that involves the feeling of well-being and pleasure that results from obtaining what one hopes for and expects from an appealing product or service'.*

Tse and Wilton (1988, p.205) approach the concept of satisfaction from pre and post expectations and experiences of a customer:

> '(Satisfaction is an) *evaluation of the perceived discrepancy between prior expectations and the actual performance of the product'*

Andreassen and Lanseng (1997) in a similar fashion highlight that a customer reaches a level of satisfaction/dissatisfaction by comparing his/her expectations with the actual experience.

On the other hand, McDougall and Levesque (2000, p.393) provide a less detailed definition:

> *'Customer satisfaction is viewed as the overall assessment of the service provider while future intentions are the stated likelihood of returning to the service provider'.*

Approaching the notion of customer satisfaction from a measurement perspective, Bowen and Shoemaker (1998, p.14) have made following observation:

> *'Customer satisfaction measures how well a customer's expectations are met by a given transaction.'*

Jobber (1998, p.16) indicates that customer satisfaction occurs when the perceived performance of a company in relation to a product or service matches or exceeds customers' expectations. He also explains that:

> '(Customers') *expectations are formed through post-buying experiences, discussions with other people and suppliers' marketing activities'.*

Dividing customer satisfaction as "transaction specific" and "cumulative", Jiang and Rosenbloom (2004, p.152) provide definition for both:

> *'Transaction-specific satisfaction is conceptualized as a customer's evaluation of his or her experience with, and reactions to, a particular product transaction episode or service encounter...Cumulative satisfaction is defined as a customer's overall evaluation of a product or service provider to date'.*

Wangenheim and Bayon (2004, p.212) define customer satisfactions as:

> *'Customer satisfaction can be described as the outcome of a comparison process between perceived product performance and previously held expectations'.*

Liang (2005, p.70) provides the following definition:

> *'Satisfaction is defined as a consumer's affective state resulting from an overall appraisal of his or her relationship with a retailer'.*

Finally, in an article that critically reviewed most of the previous studies on customer satisfaction, Bowen and Clarke (2002) list the components of satisfaction as: expectation, performance, expectancy disconfirmation, attribution, emotion and equity.

Table 5 summarises these definitions in chronological order.

Author	*Definition*	*Key concept*
Athiyaman (1972)	A transaction specific, short-term attitude	Attitudinal
Westbrook (1980)	Favourability of an individual's subjective evaluation	Subjectivity
Bearden and Teel (1983)	A positive outcome from the outlay of scarce resources	Positive Outcome
Tse and Wilton (1988)	An evaluation of the perceived discrepancy between prior expectations and the actual performance	Expectation
Woodside *et al.*(1989)	A special form of customer attitude ...reflecting how much a customer dis/likes the service after experiencing it	Attitudinal
John (1992)	An attitude that was determined by the dis/confirmation of consumer expectations	Attitudinal
Andreassen and Lanseng (1997)	A feeling that is reached by comparing expectations with the actual experience	Expectation
Bowen and Shoemaker (1998)	Measuring how well a customer's expectations are met	Expectation
Oliver (1999)	Pleasurable fulfilment	Pleasure
Pizam and Ellis (1999)	A psychological concept that involves the feeling of well-being and pleasure that results from what obtaining what one hopes for	Psychological
McDougall and Levesque (2000)	The overall assessment of the service provider	Assessment
Wangenheim and Bayon (2004)	Outcome of a comparison process	Comparison
Liang (2005)	An affective state resulting from an overall appraisal	Affective State

Table 5-Customer Satisfaction Definitions

In an attempt to reflect on the majority of the definitions, this PhD research will aim to discover - through the use of questionnaires - how bed and breakfast

guests view their overall experience. This will not only enable us to establish whether bed and breakfast guests become satisfied after a pleasant experience, but also if this satisfaction will translate them into becoming "repeat guests" (a term that was preferred by the proprietors as a replacement to "loyal guests") or not. The results are presented in Chapter 6: Conclusion and Recommendations (see pp.224-225).

Chronological Development

A number of main themes used by customer satisfaction/dissatisfaction researchers (for instance expectancy confirmation/disconfirmation) go back to the 1970s and borrow from other disciplines such as social psychology and organisational behaviour (Andreassen and Lanseng, 1997). However, Richins (1983) indicates that prior to the 1970s, studies on customer satisfaction are few. These later studies on the topic resulted in the development of nine established theories as identified by Oh and Parks (1997, p.39):

> *'Expectancy disconfirmation, cognitive dissonance, contrast, assimilation-contrast, equity, attribution, comparison-level, generalized negativy, value-percept '.*

After referring to the 1990s as an era of the customer satisfaction literature boom, Iacobucci *et al.* (1994, p.94) point out the importance of customer satisfaction particularly to service marketers:

> *'...unlike their manufacturing counterparts, they* (service marketers) *have fewer objective measures of quality for judging their production'.*

In a detailed article - which also summarises previous studies on customer satisfaction/dissatisfaction - Pizam and Ellis (1999) outline the components of

customer satisfaction. One of the characteristics of their research is that it concentrates on the service industry, rather than goods. After carefully evaluating previous studies on the topic, Pizam and Ellis (1999) conclude that the satisfaction of a customer with a service product - for example a hotel stay - is a cumulative satisfaction of the different attributes of the service. In a restaurant example, these attributes could be food and beverages, performance and delivery could be the layout or physical setting of the premises (Pizam and Ellis, 1999).

In another service industry related piece of research, Fiebelkorn (1985, p.187) finds that for bank customers, customer satisfaction relates to:

> *'Employee competence, interest in helping, friendliness and the speed of transaction'.*

Among the researchers that have tried to distinguish the service industry from the goods industry, Yuksel and Yuksel (2001) note it to be separate from the rest. That is because, on top of presenting the service industry differently to the goods industry, Yuksel and Yuksel (2001, p.48) also concentrate on the hospitality industry:

> *'Hospitality industry products are different than other service industry products. For example, a customer's evaluation of a dining experience is different in terms of the way the product is delivered and consumed by the customer'.*

Satisfaction and Loyalty

Satisfaction researchers have spent a considerable amount of effort in trying to establish links between customer satisfaction/dissatisfaction and customer loyalty. For example, Bowen (1994, p.6) argues that *'the benefit of increased customer satisfaction is increased* (customer) *loyalty'*. McDougall and Levesque (2000), Kozak (2001) and Chandrashekaran *et al.* (2007) hypothesize that customer satisfaction lead to customer loyalty.

It could be claimed that there is a correlation between customer satisfaction and customer loyalty. However, the intensity of this relationship varies, as has been suggested by a variety of academics (Frederics and Salter (1995) and Mittal and Lassar (1998) are two examples). The majority of these arguments are presented in the "Criticism of Customer Satisfaction/Dissatisfaction Literature" section of this chapter (see pp.46-47). This project also wanted to determine, through the use of research findings, whether a direct link between customer satisfaction and loyalty existed. The results of this analysis are presented in Chapter 6: Conclusion and Recommendations (see pp.224-225).

Models of Customer Satisfaction/Dissatisfaction

This section will explore a number of models of customer satisfaction/dissatisfaction that have been developed by previous researchers.

Danaher and Mattsson's (1994) research provides the first model to be included in this section. They built their model on the theory that a customer faced different encounters during a service process as part of a total experience. The customer's satisfaction levels could be different from each

other during these components of the service, and his/her overall satisfaction was determined by the outcome of these individual satisfaction levels (Danaher and Mattsson, 1994). In testing this model on private, business, conference and group travellers, Danaher and Mattsson found that guests attached the highest importance to the check-in process and lowest to the restaurant in a hotel stay.

Pizam and Ellis (1999) provide a detailed account of previous studies on satisfaction models by dividing them into two main categories: compensatory models and non-compensatory models. Each model also had two sub-categories: weighted compensatory models, non-weighted compensatory models; conjunctive non-compensatory models and disjunctive non-compensatory models. To simplify each model, Danaher and Mattsson's research (1994) is presented as an example. In a non-weighted compensatory model, if a hotel guest could exchange each of the service components in his/her mind and discard the "negative" experiences for the "positive" ones, his/her overall satisfaction with the hotel would still be positive or vice versa. In a weighted compensatory model, a guest attaches different levels of importance to each of the service components and could not reach the satisfaction level unless the highest scored components are fulfilled. This coincided with the actual findings of the Danaher and Mattsson's research, which found that hotel guests in their study ranked the check-in process as being the most important.

In a non-compensatory conjunctive model, a hotel guest attaches a minimum satisfaction level to each service component and reaches total satisfaction if

all components exceed those minimum levels. The difference between a disjunctive non-compensatory model from a conjunctive one is when a guest attaches a minimum level of satisfaction to one or a few components as a base line for his/her overall satisfaction, rather than all of them.

McDougall and Levesque (2000) by placing customer satisfaction at the core of their model, claim that the perceived value and quality of a product/service lead to customer satisfaction/dissatisfaction and eventually to customer loyalty or switching behaviour.

Finally, Yuksel and Yuksel (2001) draw attention to the expectancy-disconfirmation paradigm in order to measure customer satisfaction. Similar to the other models included, in the expectancy-dis/confirmation paradigm a guest compares his/her expectations of the service after receiving it. If the actual experience exceeds his/her expectations then he/she is satisfied. If the opposite occurs, then he/she is dissatisfied with the service (Yuksel and Yuksel, 2001).

Including customer satisfaction models in the research with a concentration on customer loyalty in a bed and breakfast setting may look irrelevant. However a closer inspection of the current chapter reveals that this was not the case. Customer satisfaction models are very relevant to the course of this study. The reason for this is their contribution to the knowledge development of the loyalty concept. Models of customer satisfaction have helped in particular to produce models of customer loyalty due to the links between two concepts as discussed in the previous pages.

Criticisms of Customer Satisfaction/Dissatisfaction Literature and Models

Perhaps the main criticism of the customer satisfaction literature is the indecisive attempt to establish a direct link between customer satisfaction and customer loyalty. For example, Simons (2004) states that winning loyalty requires more than satisfaction and that a service provider must exceed the guests' expectations in order to reach this target. Continuing on the objections side for the link between satisfaction and loyalty, Mittal and Lassar (1998, p.191) reach the following conclusion:

> *'Satisfaction and loyalty are correlated; however, this relationship is asymmetrical: while dissatisfaction guarantees patronage switching, satisfaction does not guarantee loyalty'.*

Bowen and Shoemaker (1988, p.14) outline their views in a similar manner:

> *'If a* (hotel) *guest's expectations were exceeded* (after his/her stay), *she or he may be extremely satisfied. Customer satisfaction of this kind is a requisite for loyalty, but satisfied customers may not become loyal customers'.*

Quoting from the interviews he conducted, Boyd (1998, p.48) reaches the same conclusion:

> *'Customer satisfaction, in and of itself, does not lead to loyal customers. You can have the happiest customers imaginable, but they still buy competitors' products'.*

Achard and Gomes (2006, p.66) make the following statement:

> *'Customer loyalty is often confused with satisfaction when, in fact, a customer can be fully satisfied but not necessarily loyal'.*

Fredericks and Salter (1995, p.30) draw attention to the fact that:

> *'...it takes a lot more than customer satisfaction to make a customer loyal'.*

Fredericks and Salter (1995) also state one way of achieving this (loyalty) is through developing and managing the customer value package.

Shoemaker and Lewis (1999) signal that customer loyalty and customer satisfaction are two anomalies despite the interaction between them. In their opinion, satisfaction could be achieved without loyalty. However, loyalty could not be achieved without reaching satisfaction first.

Reichheld (2001, pp.4-5) believes that when compared with customer loyalty, satisfaction is *'a poor substitute'* and does not last as long as loyalty. On the other hand, Dick and Basu (1999) take the argument further by claiming that even loyal customers can defect to the competition, especially when they repeatedly have unsatisfactory experiences.

In a very detailed study, Oliver (1999) sets out the different relationship levels between customer loyalty and customer satisfaction. He refers to a number of authors such as Wylie (1993) and Higgins (1997) - arguing that customer satisfaction and customer loyalty are the same - they are simply two different entities within each other. However, Oliver (1999, p.42) dismisses this idea by indicating that loyalty is more than satisfaction:

> *'...it is difficult to entertain loyalty development without satisfaction. The endurance of loyalty is another matter, however'.*

Expectancy Dis/confirmation

Expectancy confirmation or disconfirmation is mentioned by the academics when explaining customer satisfaction (Clow *et al.*, 1997; Oliver and Burke, 1999; Bolton *et al.*, 2000; Boshoff and Gray, 2004; Hocutt *et al.*, 2006); service quality (Ostrowski *et al.*, 1993; Asubonteng *et al.*, 1996; Bloemer *et al.*, 1999; Grapentine, 1999; Mey *et al.* , 2006; Hui *et al.*, 2007) and measurement of customer satisfaction (Tax and Brown, 1998; Yuksel and Rimmington, 1998; Pizam and Ellis, 1999; Ekinci, 2003; Ofir and Simonson, 2007). To provide a definition, Liu *et al.* (2000, p.236) described a customer's expectations of service as:

> *'Consumer expectations of service are consumers' normative and predictive beliefs about the level of service that will be delivered'.*

First claimed by Oliver in 1980s, customers reach satisfaction or dissatisfaction depending on their post-purchase evaluation. If their expectations are met or exceeded, the result will be satisfaction; if not the result will be dissatisfaction (Petrick *et al.*, 2001). Acknowledging the reservations of a number of academics to this approach particularly in a number of specific hospitality industry experiences (see Bowen and Clarke, 2002), this "post-purchase evaluation" argument will be applied to the questionnaire findings of this research (see pp.197-201 and Appendix 1 for a copy of a questionnaire).

Importance-Performance Analysis (IPA)

Importance-performance analysis has been used by marketers to measure a service provider's performance and a customer's satisfaction level as a result of this performance. Referring back to studies as early as the 1970s, Hawes and Rao (1985, p.20) define the term in the following statement:

> *'Importance-performance analysis is a marketing research technique that involves the analysis of consumer attitudes toward key attributes or characteristics of the product, service or organization being studied'.*

Detailing how the technique should be applied for a health service product, authors also produce an importance-performance grid or matrix that provides the management with information about which part of the product or service needs to be improved (Hawes and Rao, 1985).

Applying the concept to the hospitality industry, Martin (1995) states that IPA helps marketing managers to identify the relative importance of attributes associated with a service, along with establishing a customer's satisfaction level. Developing his argument further, Martin (1995) adds to the statement that IPA also helps to identify the areas of service quality improvements.

In a relatively recent study that was conducted on Hong Kong's hotel industry, Chu and Choi (2000) also provide a matrix that is very close to Hawes and Rao's, but more detailed and easier to follow. It will be presented and explained on the following page.

IMPORTANCE		
	QUADRANT I **Concentrate Here** High Importance Low Performance	**QUADRANT II** **Keep Up the Good Work** High Importance High Performance
	QUADRANT III **Low Priority** Low Importance Low Performance	**QUADRANT IV** **Possible Overkill** Low Importance High Performance
	PERFORMANCE	

Table 6- Importance-Performance Analysis, adapted from Chu and Choi (2000)

Four quadrants of the matrix represent the status of the service that is on offer to the customers. Judged by the high or low importance attributes, each quadrant tells the management if any improvement needed on the performance of the service or as with the fourth quadrant, lesser effort could be spent and the freed-up resources could be deployed in somewhere else.

The important "areas of service" that a hospitality industry service provider such as an hotelier or a bed and breakfast proprietor offers to his/her customers could be provided in a list based on guests' responses. Collecting data through 30,000 guests of all major US hotel brands in all 50 states and dividing them into five different segments (luxury, upscale, extended stay, mid-price, economy), Barsky and Narsh (2002) concluded that the top four areas for a guest to choose his/her choice of hotel were: (being) comfortable, secure, relaxed and welcome (by the staff or the proprietors). This point is

explored further in Chapter 5: Guest Questionnaires Data: Findings and Analysis (see pp.201-203).

Value

Often referred to as "customer value" and "product/service value", value is listed as one of the marketing concepts most closely connected to customer loyalty and customer satisfaction.

To improve our understanding of the issue, Wiener (1988, p.535) provides the following definition:

> *'Value is an enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence'.*

Based on her research, Zeithaml (1988, p.13) provides three different definitions and each will be discussed accordingly:

> *'Value is low price, value is the quality I get for the price I pay, value is what I get for what I give'.*

The first definition concentrates on the price of a product/service, a definition that is often assumed in common parlance. The second one focuses on the relatively low importance of the price of a product/service, this time taking quality into consideration. The third definition is the trade-off between what was given or sacrificed in order to get or receive the product (Zeithaml, 1988).

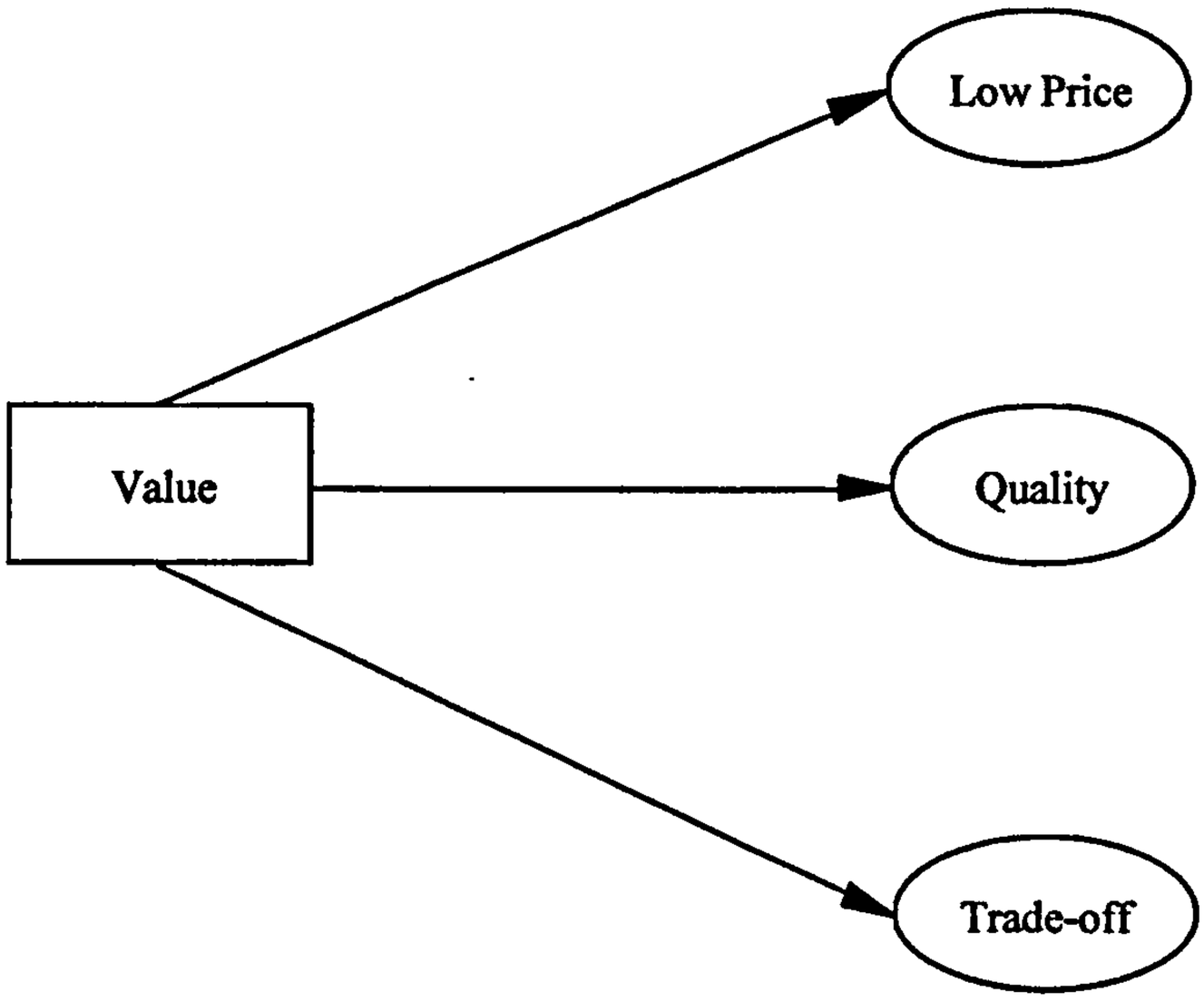


Figure 3- Zeithaml's (1988) Definitions of Value

Iacobucci *et al.* (1994, p.94) provide a "trade-off" definition of value, very similar to Zeithaml's:

> '(Value is) *trade-off between the quality of the item and its costs*'.

In this definition, value is the rating between the quality of the product/service a customer receives and the price he/she pays for it. Progressing the "trade-off" concept further, later authors have also indicated that there is an "implicit" trade-off between money and the benefits a customer receives in return.

In a very simplistic way, Fredericks and Salter (1995, p.30) and Sirohi and McLaughlin (1998, p.5) define value as:

> *'What you get for what you pay'.*

According to Enz (1988, p.287), value is:

> *'A preference for one mode of behavior over an opposite mode, or a preference for one end-state over an opposite end-state'.*

Anderson and Narus's (1998, p.54) definition slightly differs from the others:

> *'Value is the worth in monetary terms of the technical, economic, service and social benefits a customer receives in exchange for the price it pays for a market offering'.*

Despite the fact that their research is mainly concentrated on business-to-business relationships, it still sheds light on the phenomenon. In particular, Anderson and Narus (1998) indicate that what customers perceive as value - what a customer gets in exchange for the price he/she pays - is mostly the perceptions of the customer about the product and service or company. Furthermore, they claim that the value - which a customer attaches to the product or service - is the difference between the net value of the company and the competition's offerings. If the net value of the chosen company is greater than the competition, then the customer continues his/her business with the company (Anderson and Narus, 1998). However, Anderson and Narus's article failed to address whether the value that a customer attaches to a company was perceived value or net value.

On the other hand, Jobber (1998, pp.15-17) defines value as the difference between perceived benefits and perceived sacrifices that relate to a customer's choice of a product/service. The perceived benefits of a product are: the actual benefits of a product, the service associated with the product, the relational benefits between the customer and the provider and the image benefits to the company. The perceived sacrifices that a customer makes by purchasing a certain product/service are: the monetary costs, the time costs, the energy costs and the psychological costs (Jobber, 1998, p.16).

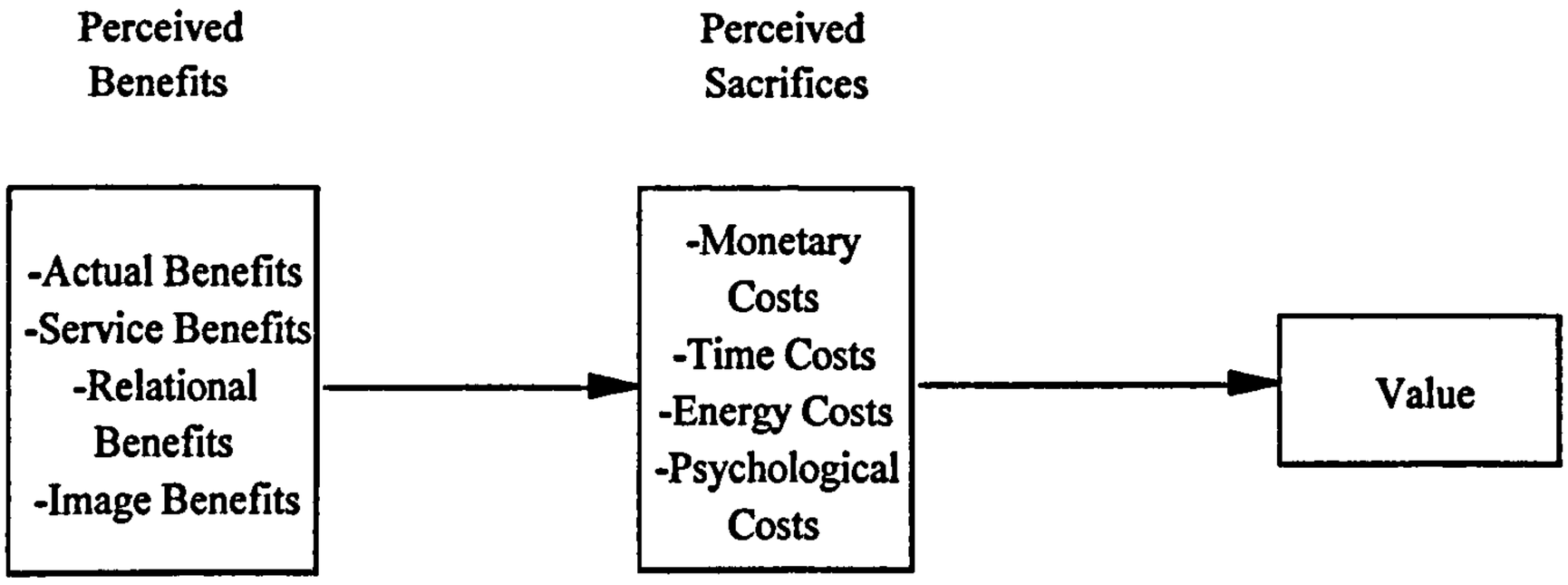


Figure 4- Jobber's (1998) Definition of Value

It is worth quoting one of Jobber's findings, concerning the "relational benefits" of a product/service:

> *'Customers may enjoy working with suppliers with whom they have developed close relationships...and value the convenience of working with trusted partners'.*

This statement draws our attention firstly to the possibility of achieving customer satisfaction through the creation of value for the product/service.

> '(When achieving satisfaction) *they* (companies) *aim to implement the marketing concept by meeting and exceeding customer needs better than the competition'* (Jobber, 1998, p.15).

Jobber's work also draws attention to the connection between product/service value and trust between partners.

Similar to the Jobber, McDougall and Levesque (2000, p.394) define value with the cost/benefit approach:

> *'Value is the difference between perceived benefits and costs'.*

Ponsonby and Boyle (2004, p.349) provide their understanding of the term with the following statement:

'Value is what is left after the costs of the experience have been deducted'.

Rust and Zahorik (1996, p.234) also make a valid point when they indicate that:

'In colloquial usage, value is often used as a code word for price'.

Developing this statement further, they also claim that the value of a product is associated with its quality as well as the price. In general terms, they propose that the higher the quality and the lower the price, the higher the value of the product attached to it (Rust and Zahorik, 1996, p.234, 235).

Gould-Williams (1999, p.103) bases his work on Zeithaml's (1998) following an evaluation of value:

'The consumer's overall assessment of the utility of a product based on the perceptions of what is received and what is given'.

Progressing further, Gould-Williams (1999, p.103) states that "what is given" and "what is received" varies from customer to customer hence the value should be called:

'...the trade-off between the "give" and "get" components'.

Fredericks and Salter (1995, p.29) identify five factors for achieving value:

'Price, product quality, innovation service quality and company image relative to the competition'.

Table 7 summarises definitions of value in chronological order.

Author	*Definition*	*Key Concept*
Enz (1988)	A preference for one mode of behaviour over an opposite mode, or a preference for one end-state over an opposite end-state	Preference
Wiener (1988)	An enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence	Belief
Zeithaml (1988)	Low price, quality I get for the price, what I get for what I give	Price/Quality/Trade-off
Iacobucci *et al.* (1994)	Trade-off between the quality of the item and its costs	Trade-off
Fredericks and Salter (1995)	What you get for what you pay	Trade-off
Rust and Zahorik (1996)	Value is often used as a code word for price	Price
Anderson and Narus (1998)	Value is the worth in monetary terms of the technical, economic, service and social benefits a customer receives in exchange for the price it pays for a market offering	Exchange
Jobber (1998)	The difference between perceived benefits and perceived sacrifices related to a customer's choice of a product/service	Difference
Gould-Williams (1999)	The consumer's overall assessment of the utility of a product based on the perceptions of what is received and what is given	Assessment
McDougall and Levesque (2000)	The difference between perceived benefits and costs	Difference
Ponsonby and Boyle (2004)	What is left after the costs deducted	Deduction

Table 7-Value Definitions

When reviewing the previous literature, it was clear that there were a number of academics who placed great importance on value. This was the case in particular when achieving satisfaction through value (Jobber, 1998). However, the findings of this research show that most of the bed and breakfast proprietors described value in simple terms as "you get what you pay for". This is similar to definitions provided by Frederics and Salter (1995), Rust and Zahorik (1996) and Sirohi et al. (1998).

Customer Loyalty

From this journey through quality, satisfaction and value - effectively three customer judgements, with some debatable interlinkage, it is possible to arrive at a more direct consideration of loyalty. There have been numerous articles written on customer loyalty, with pioneering studies on the topic dating back to the 1920s (Oppermann, 2000). Among these, Copeland (1923, p.288) draws attention to a phenomenon that he terms "brand insistence". Several of these articles have arguably inspired and influenced later researchers.

Despite being an early study Jacoby and Chestnut's 1978 work is particularly worth mentioning here because they indicate that the majority of the loyalty studies are concentrated at the macro level. They outline that a better understanding of the matter can be achieved only by spreading research to the "micro level" (Jacoby and Chestnut, 1978, pp.8-10). One can argue that nearly three decades after this statement, it still applies to the marketing literature.

Jacoby and Chestnut also identify 53 different definitions of loyalty (1978, p.33-41). Although the number of these definitions may give us an idea of the intensity of the loyalty research, even thirty years ago many such studies concentrated on goods not services (Gremler and Brown, 1996 in Drake *et al.*, 1998). Since previous researchers have established the differences between goods and services (Bessom, 1973; Berry, 1980; McDougall and Levesque, 2000) the findings of the loyalty research on goods cannot be easily translated into services. Therefore, the service loyalty area needs more exploration (Javalgi and Moberg, 1997; Imrie and Fyall, 2000). For example, when establishing the differences between goods and services, several authors have claimed that because customers attach higher risk(s) to services than to goods due to their uncertainty, loyalty towards a service product is stronger (Cunningham, 1966; Roselius, 1971; Guseman, 1981). This might be the case when choosing a dentist, or a bank, as suggested by Parasuraman *et al.* (1988). However, it is difficult to claim that this assumption is applicable to bed and breakfast guests.

Loyalty Definitions

In the following pages a range of customer loyalty definitions are presented. Although some of these definitions are perhaps more applicable to the goods industry rather than to the services industry, they are included here in order to provide a detailed understanding of the loyalty concept.

Andreassen and Lanseng (1997) describe loyalty as an intended behaviour towards a service or a company. Backman and Crompton (1991) also make a very similar statement, indicating that loyalty is a committed behaviour that is manifested in a particular service. According to Kandampully and Suhartanto (2000, p.346):

> *'A loyal customer is a customer who repurchases from the same service provider whenever possible...and maintains a positive attitude towards the service provider'.*

Bowen and Shoemaker (1988, p.14) claim that:

> *'Customer loyalty...measures how likely a customer is to return and also gauges how willing that person is to perform partner like activities, starting with the recommendations to friends'.*

Reichheld (2003, p.48) provides the following definition:

> *'Loyalty is the willingness of someone - a customer, an employee, a friend - to make an investment or personal sacrifice in order to strengthen a relationship'.*

Sparks (1993, p.22) indicates that:

> *'...loyalty is not simply a function of past behaviour but a more complex concept which implies commitment rather than merely repetitive behaviour'.*

Oliver (1997, p.392) - whose work on loyalty has also influenced other researchers and whose studies are frequently quoted - provides the following definition:

> *'(Loyalty is) a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior'.*

Dividing loyalty into three as behavioural, cognitive and affective, Gremler and Brown (1996, p.165) define each of them accordingly:

> *'Behavioural loyalty is the purchase behaviour actually displayed by the customer. Cognitive loyalty relates to the intentions of future behaviour expressed by the customer. Finally, affective loyalty defines the attitude of the customer to the company.'*

Ganesh *et al.* (2000, p.83) mention "active" and "passive" dimensions of loyalty in their article, with the following definitions for each:

> *'The active dimension of loyalty can be defined as the proactive behaviors or behavioral intentions that require conscious and deliberate effort to undertake. The passive dimension describes reactive behavior or behavioral intentions such as sensitivity to price changes.'*

Huang and Lin (2005, p.215) state that loyalty is "a behavioural measure".

Brandi (2005, p.4) defines loyalty as:

> *'Loyalty is a genuine emotional attachment that occurs when customers appreciate the value of your product or service, as well as the way you deliver it'.*

Bandyopadhyay and Martell (2007, p.36) in a recent article provide a definition of a "loyal customer" instead of loyalty, an approach that is different than the previous authors:

'A loyal customer is one who buys only one brand over the last 1 year.'

It could be claimed that in all of the above definitions one element is missing: loyalty has different stages and types. When providing a definition, nearly all authors have defined the top-level of loyalty, which is the desired target for service providers. However, a customer may fall into other types of loyalty or even display loyalty type characteristics but may not be loyal at all. These different loyalty types will be discussed in the following section.

Table 8 summarises these definitions in chronological order.

Author	*Definition*	*Key Concept*
Bowen and Shoemaker (1988)	Measuring how likely a customer is to return and also gauging how willing that person is to perform partner like activities	Measuring/Gauging
Backman and Crompton (1991)	A committed behaviour that is manifested in a particular service	Committed Behaviour
Sparks (1993)	Not a simple function of past behaviour but a more complex concept which implies commitment	Complex Concept
Brown (1996)	Behavioural loyalty is the purchase behaviour. Cognitive loyalty relates to the intentions of future behaviour. Affective loyalty defines the attitude of the customer	Behavioural/Cognitive/ Affective Loyalty
Andreassen and Lanseng (1997)	An intended behaviour towards a service or a company	Intended Behaviour
Oliver (1997)	A deeply held commitment to rebuy or repatronize a preferred product/service	Deeply Held Commitment
Ganesh *et al.* (2000)	Active loyalty is the proactive behaviours that require conscious efforts. Passive loyalty is the reactive behaviour	Active/Passive Loyalty
Kandampully and Suhartanto (2000)	A loyal customer is a person who repurchases from the same provider whenever possible and maintains a positive attitude towards the service provider	Positive Attitude
Reichheld (2003)	The willingness of someone to make an investment or personal sacrifice in order to strengthen a relationship	Willingness
Brandi (2005)	Genuine emotional attachment that occurs when customers appreciate the value of your product or service	Emotional Attachment
Bandyopadhyay and Martel (2007)	A loyal customer is one who buys only one brand	Single Brand Purchase

Table 8- Loyalty Definitions

Loyalty Types

Moving the loyalty research further, Dick and Basu (1994) in their critical and seminal article evaluate previous studies on loyalty and develop a loyalty matrix. This consists of four cells or different types of loyalty: no loyalty, spurious loyalty, latent loyalty and loyalty. Dick and Basu (1994, pp.101-102) explain these different types of loyalty by stating that "loyalty" is the strongest and "no loyalty" is the weakest of them all. "Loyalty" should be desired by the marketers because it is the most difficult to break and hence has a higher possibility of keeping the customers against competition. However, in some cases company resources such as financial restrictions or market conditions may make it unfeasible for a company to pursue "loyalty". As a result, a company may settle instead for "spurious loyalty" (Dick and Basu, 1994, p.101). This model will be explained in more detail in the following section.

Loyalty	Relative Attitude (towards company/product) is high
	Repeat Patronage (towards company/product) is high
Latent Loyalty	Relative Attitude (towards company/product) is high
	Repeat Patronage (towards company/product) is low
Spurious Loyalty	Relative Attitude (towards company/product) is low
	Repeat Patronage (towards company/product) is high
No Loyalty	Relative Attitude (towards company/product) is low
	Repeat Patronage (towards company/product) is low

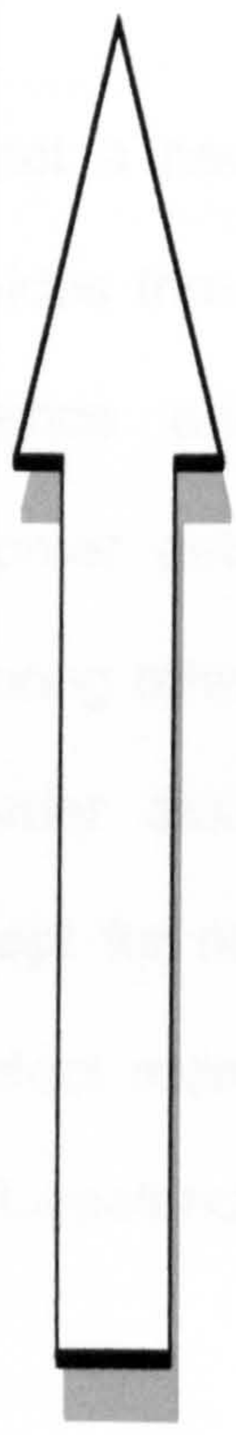


Table 9-Dick and Basu's (1994) Loyalty Stages

Javalgi and Moberg (1997) provide insights into Dick and Basu's loyalty matrix (or stages of loyalty). Based on Lovelock's 1983 research, they introduce the term the "nature of the service act". Javalgi and Moberg (1997, pp.168-169) accordingly divide service products into four:

> *'Directed at people's bodies, directed at people's minds, directed at goods/physical possessions, directed at intangible assets'.*

When combining their research with Dick and Basu's, they claim that spurious loyalty is mostly seen in the services that are directed at goods or physical possessions such as dry cleaners or repair shops. Latent loyalty is seen among the services directed at people's minds such as movies and theatres. Loyalty - which is the highest form according to Dick and Basu - is seen in the services directed at intangible assets like banking or legal services (Javalgi and Moberg, 1997).

It should be noted that dividing loyalty into different stages is not a new practice for marketers. In a study of 1923, Copeland (p.287) provides three different stages of "consumer attitudes": recognition, preference and insistence. He explains the first stage as being 'when a customer gets acquainted with a particular brand/product, he/she recognizes it among other available brands or products'. At the second stage, a customer asks persistently for his/her favourite brand or product but may also opt for an alternative. At the third stage, he/she asks for his brand or product more persistently and may opt for an alternative only in an emergency (Copeland, 1923, pp.287-289).

Third stage	Insistence
Second stage	Preference
First stage	Acquaintance

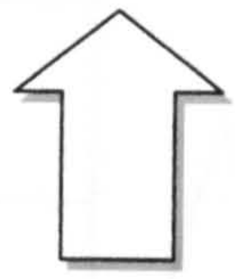


Table 10- Copeland's (1923) Stages of Consumer Attitudes

Continuing to explore the topic and following his initial work of 1997, Oliver (1999, pp.35-36) indicates that there are four different types of loyalty towards a product or service: cognitive, affective, conative and action loyalty. Progressing further, he claims that these four types of loyalty would follow each other by placing cognitive loyalty at the beginning phase and action loyalty at the end phase because it is the highest and most difficult to break (Oliver, 1999).

In a similar fashion, Shoemaker and Lewis (1999, pp.349-350) present three different types of loyalty: latent, inertia and premium loyalty. Inertia loyalty, which lies between the two, is:

> *'When customers have high repeat purchase but no emotional attachment to the service provider'* (Shoemaker and Lewis, 1999, p.349).

In the loyalty matrix they produced, latent loyalty is at the bottom of the scale while premium loyalty is at the top.

Premium Loyalty	Attachment (towards company/product) is high
	Repeat Visits (towards company/product) is high
Inertia Loyalty	Attachment (towards company/product) is low
	Repeat Visits (towards company/product) is high
Latent Loyalty	Attachment (towards company/product) is low
	Repeat Visits (towards company/product) is low



Table 11-Shoemaker and Lewis's (1999) Stages of Loyalty

Gounaris and Stathakopoulos (2004, p.284) also divide loyalty into three: the behavioural loyalty, the attitudinal loyalty, the reasoned action loyalty.

Although dividing loyalty into different stages helps to categorize customers, it is not always an easy task to decide which customer falls into which category. This is because sometimes customers may present characteristics of a certain loyalty type depending on the circumstances such as not having time to explore the alternatives, developing a habit towards the company or product and so on. Further, on the critical side, Javalgi and Moberg's (1997) idea of categorizing services into different types of loyalty based on the characteristics of the service may at first glance seem like a helpful practice. However, apart from the difficulties mentioned above, this may bring more complications. A particular service product that falls into one type of loyalty, according to their research, could in fact show the characteristics of another

type of loyalty under close inspection. This may result in building a wrong marketing strategy for a company with embarrassing end results and loss of business.

Measuring Loyalty

Jacoby and Chestnut (1978, pp.10-27) provide a historical development of loyalty measurement, covering the period of 1923-1976. By examining most of the techniques, they divide loyalty measures into five main categories: proportion of purchase measures, sequence of purchase measures, probability of purchase measures, synthesis measures and miscellaneous loyalty measures (Jacoby and Chestnut, 1978, pp.35-39).

It is believed that mentioning these studies and providing a chronological background especially for loyalty measures will prove to be useful, since loyalty is the main focus of this of this project. In addition, chronology allows the reader to build a better understanding of how the loyalty concept has developed. It also provides an opportunity to compare the models with each other. Jacoby and Chestnut (1978, p.7) made the following statement to justify a chronological approach to loyalty measurement:

> *A chronological review has three advantages. First, it can indicate the progress in the sophistication with which we have approached measurement. Second, it can identify the emergence of conflicting viewpoints and suggest potential resolutions. Finally, it can lead to predictions regarding the future of loyalty'* .

Chronological Development of Loyalty Measures

Early researchers such as Link and Jenkins attempted to provide a technique that would measure '*people's changing buying habits*' (Link, 1934 in Jacoby and Chestnut, 1978). The discussion on the topic continued until 1942 when Churchill claimed that loyalty can be measured only by watching everything that goes into pantries of a fix group of consumers (Churchill, 1942 in Jacoby and Chestnut, 1978).

The tendency of measuring loyalty by using panel data as described by Churchill (1942) in Jacoby and Chestnut (1978) was challenged by Pessemier (1959). In a laboratory setting, he tried to find out the extent of price increases that a customer can endure before he/she switches to an alternative brand/product (Pessemier, 1959). With his findings Pessemier triggered a set of arguments that kept marketing and loyalty academics occupied into the early 1960s. Authors such as Frank (1962, 1964), Ehrenberg (1964), Kuehn and Day (1964), Farley (1964) all, in one way or another, joined the discussion that was initially started by Churchill in 1942.

The late sixties and early seventies saw a change in trend in loyalty measurement research. According to Jacoby and Chestnut (1978, p.17) academics seemed to favour less "stochastic techniques" and started to discover that loyalty is more than simply repeat purchase behaviour. Cunningham (1967), Sheth (1968), Day (1969), Howard and Sheth (1969) and Sheth (1970) again published articles towards this new direction. Among these, Cunningham's work is worth mentioning because by developing a measure, he divided loyal customers into high, loyal and ambiguous (1967).

This early research arguably had an influence on following academics, such as Jarvis and Mayo (1986), Dick and Basu (1994) and Oliver (1999). In 1971, Jacoby introduced the region of brands to the literature. Stating that loyalty is the difference between the regions of acceptance and neutrality, Jacoby (1971) claims that loyalty becomes stronger as the proportion of brands in the rejection region increases.

Among the early 70s researchers such as Bennett and Kassarjian (1972), Speller (1973), Livesy (1973) and Anderson (1974), the work of Brown (1972), was more significant than the others. This was due to the fact that by measuring customers' choices of a certain brand amongst the alternatives, Brown (1972) was one of the early researchers that divided loyalty into four: disloyal, semi-disloyal, semi-loyal and loyal. More than a decade later, in a study dated 1986, Jarvis and Mayo (p.74) presented a "chain loyalty matrix", conducted among the guests of international hotels in the US. In this study, "true loyalty" represented the highest level of loyalty, whereas "lost causes" represented the lowest. True loyal customers were the ones with the highest positive attitude towards a brand or service, and most frequently purchased it, unlike lost cause customers who displayed the opposite characteristics (Jarvis and Mayo, 1986, pp.74-76).

Based on research into customers' store loyalty intentions for a supermarket, Sirohi *et al.* (1998, p.6) outlined the following three measures for the construction of loyalty: customers' willingness to repurchase, willingness to purchase more in the future, and a willingness to recommend the brand/product to others.

Oppermann (2000) by adapting Jacoby and Chestnut's 1978 work presented three different approaches to measuring customer loyalty. These were behavioural, attitudinal and composite measures of customer loyalty. Behavioural measures appeared mainly in early studies of customer loyalty literature and concentrated on a customer's *'actual purchasing behavior or reported purchasing behavior'* (Backman and Crompton, 1991, p.206). In other words, behavioural measures focused on the amount of purchases that a customer made for a particular product or service (Bass, 1974; Tranberg and Hansen, 1986).

On the other hand, supporters of attitudinal measures believed that behavioural measures were not enough to distinguish between different types of loyalty. Furthermore, they also claimed that behavioural measures fail to explain why customers made a choice towards a certain product or service (Javalgi and Moberg, 1997). Attitudinal measures however, indicate that customers develop a positive attitude towards a service or product, hence becoming loyal. According to Olson and Jacoby (1971) attitudinal measures assess consumers' strength of affection towards a brand.

Composite measures use a combination of both methods. Composite measurers of customer loyalty claim that a customer needs to present both: purchase the service or product regularly as well as holding a positive attitude towards it, in order to become loyal (Oppermann, 2000).

Following this chronology of loyalty measurement studies, the next section will provide information on loyalty models.

Models of Loyalty

Customer loyalty models were mainly developed to measure the loyalty level(s) of a customer towards a company's product or service. Bell (2002, p.20) emphasises the importance of customer loyalty models in the following statement:

> *'Effective measurement is crucial to the success of loyalty...as it leads to an understanding of the dynamics that drive loyalty'.*

In a well-quoted study that targeted the whole service industry, Dick and Basu (1994) produce a framework for loyalty accompanied by a presentation of their loyalty matrix (see p.63). Their framework take into account cognitive, affective and conative antecedents of relative attitude; the relationship between relative attitude and repeat patronage; and the final outcome of these attributes to loyalty. Cognitive antecedents constitute accessibility (ease of obtaining an attitude from memory), confidence (the level of certainty associated with an attitude), centrality (the degree of the value of brand) and clarity (a clearly defined attitude). Affective antecedents are emotions, moods, primary affect and satisfaction. Conative antecedents are switching costs, sunk costs and expectations (Dick and Basu, 1994).

Bowen and Shoemaker (1998) base their model on Morgan and Hunt's 1994 study that explored commitment and trust in a product/service provider relationship. Placing commitment and trust in the centre of their model, Bowen

and Shoemaker (1998) investigate in detail other influential elements on a customer's choice of brand/service, namely switching costs, expectations, word of mouth, past experiences and product use. Apart from progressing Morgan and Hunt's research further, Bowen and Shoemaker's research differs from the others by applying previous literature and developing a loyalty model in the setting of the hotels. It concentrates mainly on luxury hotels and adopts more of a quantitative rather than qualitative approach to research. The model is presented in Figure 5.

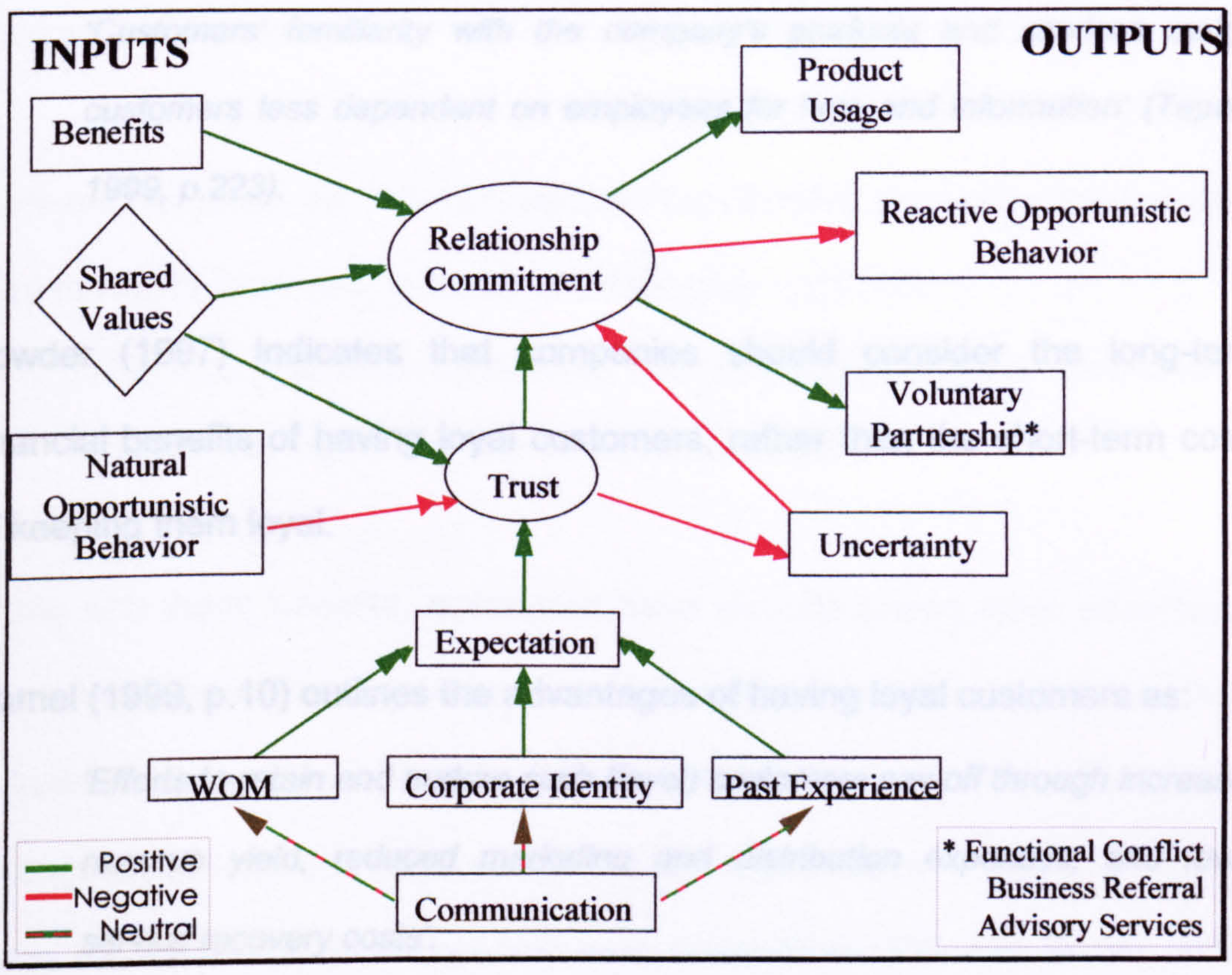


Figure 5-Bowen and Shoemaker's (1998) Model

Benefits of Loyalty

Previous researchers identified various benefits or advantages of loyalty and loyal customers to companies. Reichheld and Sasser (1990) for example indicate that in the long term, a 5 percent increase in the amount of loyal customers might increase profits between 25 to 85 percent. The increase was due to lower marketing/transaction costs and growth in revenue (Reichheld and Sasser, 1990). On the expenses side, it costs five to seven times more to create a new customer than to keep an existing one (Bowen, 1994). To put it another way, serving loyal customers costs less because:

> *'Customers' familiarity with the company's products and services makes customers less dependent on employees for help and information' (Tepeci, 1999, p.223).*

Lowder (1997) indicates that companies should consider the long-term financial benefits of having loyal customers, rather than the short-term costs of keeping them loyal.

Hamel (1999, p.10) outlines the advantages of having loyal customers as:

> *'Efforts to retain and nurture such (loyal) customers pay off through increased revenue yield, reduced marketing and distribution expenses, and lower service recovery costs'.*

Reichheld (2001, p.2) mentions the fact that loyalty holds such a significant amount of importance to management that:

> *'Long-term rewards of loyalty ultimately outstrip even the most spectacular short-term profits'.*

Explaining the point further, he indicates that managers should sacrifice immediate benefits for a longer, lasting relationship between the customer and the company. In business terms, loyalty is rewarded by greater financial gain to the company (Reichheld, 2001, p.3).

Continuing on the theme of the benefits of having loyal customers, Rose (1990), Rust and Zahorik (1996, p.314), Rowley and Dawes (2000) outline that loyal customers tend to purchase more than new customers. This, they claim is one of the main characteristics of real loyalty and a justification for companies to pursue it.

Narayandas (2005, pp.136-137) outlines the benefits of loyal customers when they move-up the loyalty ladder in the following statement:

> *They want to grow the relationship, endorse the product, resist competition, willing to pay higher and may invest in the company'.*

Along with these benefits, academics have also discussed other advantages of having loyal customers, particularly in certain industries. In the hospitality industry for example - due to intense competition and the difficulties of distinguishing products and services from one another - customer loyalty gives an advantage to companies over competitors (Oh and Mount, 1998; Hamel, 1999; Tepeci, 1999; Hinkin and Tracey, 2000; Mattila, 2006; Sundbo *et al.*, 2007).

Supporters of this view also claim that loyal customers are less vulnerable to competitors' attempts and do not switch to the competition (Bowen and

Shoemaker, 1998; Weber, 2001). Kandampully and Suhartanto (2000) suggest that targeting loyal customers in the long term and trying to increase their numbers works better for a hotel than cutting prices and expecting short-term benefits out of them. Finally on the benefits side, Reinartz and Kumar (2002) and Petrick (2004) indicate that loyal customers act as word-of-mouth marketers for the company. Hence the importance of increasing the number of loyal customers. This point is discussed further in the following sections of this chapter.

In a bed and breakfast setting, some of the benefits highlighted above make even more sense. Regarding financial benefits, for example, in the low season when occupancy rates are low, loyal guests contribute significantly to the running costs of the business. This point was indeed raised by the proprietors themselves during the interview stage of this project (see p.167).

Criticisms of Loyalty Literature

The first criticism of the loyalty literature is that previous studies of customer loyalty have mainly concentrated on the goods industry, rather than the service industry (Gremler and Brown, 1996 in Drake *et al.*, 1998). Since there are established differences between goods and services (Mittal and Lassar, 1998) research in one industry area cannot necessarily be translated into another. Hence more research is needed in the service industry area (Javalgi and Moberg, 1997). Furthermore, of the limited numbers of articles written on the service industry, the ones that are specific to particular sectors such as hotels are even fewer on the ground (Oh and Mount, 1998; Clark and Wood, 1998).

Another downside of the previous research on loyalty is the limitations of each study. Bowen and Shoemaker (1998) for example developed their model of customer loyalty based on their research into business guests at luxury hotels. It is, therefore, very difficult to produce similar results in different segments of the hospitality industry for the testing of their model, a limitation pointed out by the authors themselves.

Jacoby and Chestnut (1978, p.41-45) summarise their objections to loyalty measurement techniques and loyalty models as follows:

> *First, there has been no attempt to offer a logical-conceptual basis for any of the operationalizations provided; second, the criteria used to distinguish between loyal and nonloyal customers are arbitrary; third, all measures are overly simplistic; fourth, measurement efforts have not been comprehensive; fifth, not having a definition that specifies what the unit of measurement is; sixth, most of the measurements based on overt purchase behavior; seventh, majority of them fail to accommodate multibrand loyalty, eight, hardly any data exist to indicate the relationships between and among various measures; ninth concerns over the reliability, validity and sensitivity of the measures.'*

Despite being a very detailed study on loyalty and measurements of loyalty, one could state that Jacoby and Chestnut's criticism is limited to certain areas of loyalty research. A number of models that have been presented in the previous pages, such as Bowen and Shoemaker's 1998 work, could escape the concerns raised by them. Perhaps this is due to the fact that Jacoby and Chestnut's work was conducted more than two decades ago and loyalty research has moved on since then. However, it could be argued that the majority of Jacoby and Chestnut's objections in their 1978 work - in particular

criticism of measures for not being comprehensive (fourth) and being based on "overt purchase behaviour" (sixth) - are still valid even today.

The findings of this project took these objections into account without applying any measurement technique in particular. For example, Jacoby and Chestnut's (1978, p.42) above quoted fourth objection - that measurement efforts are not comprehensive - was on the researcher's mind when designing the questionnaires for this research. To address this concern, Q.24 of the questionnaires specifically asked guests whether they would stay in a similar range of hotel if they had the opportunity. This was thought to be a sign of disloyalty as suggested by the authors and the question aimed to find out how many guests would say yes to this question, even if they stated that they were satisfied with their stay at the bed and breakfast (see Appendix 2).

Continuing with the criticisms of the loyalty literature, one could argue that dividing loyalty into different levels or stages such as lost causes, potential tryers, shared loyalty and true loyalty (Jarvis and Mayo, 1986) or no loyalty, spurious loyalty, latent loyalty and loyalty (Dick and Basu, 1994) itself is questionable. This is due to the difficulty of categorising loyalty into any of these suggested levels through an incorrect interpretation of the signs given by the customers. It was one of the research objectives of this project to determine whether bed and breakfast guests were loyal and if so what category they fell in, as described by Dick and Basu. The results of the questionnaire data analysis to achieve this objective (types of loyalty) are presented in the "Comparing Findings with the Literature" section of Chapter 6: Conclusion and Recommendations (see pp.227-229).

In addition, a number of claims made by previous studies - such as that at the highest level of loyalty customers were less vulnerable to the competition (Dick and Basu, 1994) or that their price sensitivity was lower than less loyal customers (Jarvis and Mayo, 1986) - are difficult to prove, especially in sectors like hotels *'where segments are mature and competition is strong'* (Shoemaker and Lewis, 1999, p.346).

Oppermann (2000) has a number of objections to the previous studies. His first objection is the claim that a loyal customer is more effective and costs less to keep than obtaining a new customer. Oppermann (2000, p.131) indicates that such claims do not have a strong statistical support. His second objection is dividing customer loyalty as attitudinal and behavioural loyalty. Oppermann (2000, p.32) states that measuring attitudes takes a very long time; it is "beyond many of the (marketing researchers') reach" and it is impractical.

In their relatively new study, Reinartz and Kumar (2002, p.87) present more problems with the previous loyalty research. They outline these as:

> *'...relationship between loyalty and profitability is much weaker...little or no evidence to suggest that customers who purchase steadily from a company over time are necessarily cheaper to serve,* (and more importantly) *less price sensitive'.*

Progressing the last point further, their research also establish that, contrary to common belief, in some industries like high-tech corporate service, loyal customers cost more to serve (Reinartz and Kumar, 2002).

Another criticism is highlighted by Reichheld (2003, p.48) that circumstances could force a customer to display loyalty in the form of a purchasing pattern:

> *'...someone who buys again and again from the same company may not necessarily be loyal to that company but instead may be trapped by inertia, indifference, or exit barriers erected by the company or circumstance'.*

Last but not least a criticism of the loyalty literature is that the majority of the studies on loyalty were US based. Since there are differences between the US and the UK markets, particularly in industries like hotels and bed and breakfasts (Lynch, 1994) applying the findings of these studies to the UK market becomes very difficult.

Table 12 summarises all criticism of the loyalty literature in chronological order.

Author(s)	Criticism
Jacoby and Chestnut (1978)	Nine different objections
Jarvis and Mayo (1986); Dick and Basu (1994)	Difficulty of dividing loyalty into categories
Lynch (1994)	Most of the loyalty work were the US based
Gremler and Brown (1996) in Drake *et al.*, 1998; Mittal and Lassar (1998); Javalgi and Moberg (1997); Oh and Mount (1998); Clark and Wood (1998)	Concentrated on goods, not services
Bowen and Shoemaker (1998	Limitations of each study
Oppermann (2000)	No statistical proof about effectiveness of loyal customers; attitudinal loyalty is difficult and impractical to measure
Reinartz and Kumar (2002)	Relationship between loyalty and profitability
Reichheld (2003)	Displaying loyalty due to a number of forced circumstances

Table 12- Criticism of Loyalty Literature

Loyalty Programmes

Loyalty programmes - also referred to as loyalty schemes and frequent guest programmes in a hospitality setting - are widely used by the service industry in a hope to achieve loyalty. Any research that involves customer loyalty inevitably comes across articles that favour them as loyalty generating schemes. However, as presented in more detail in the following sections, loyalty programmes have been widely criticized too. Despite the continuing argument among academics as to whether they generate any loyalty or not, they are still preferred by marketers as a marketing tool. It is, therefore, imperative to provide background information for these programmes, starting with definitions and a chronological development of the topic.

Loyalty programmes entered into the marketing literature initially as "frequent flyer programmes" or FFPs. As the name suggests, these were first introduced by airline companies to attract more customers. Following their success, they were later introduced to other industries as a marketing tool and changed their name to loyalty programmes. Definitions and a history of FFPs will now be presented.

Beaver (1996, p.43) describes a frequent flyer programme as:

> '(An initiative that) *travellers receive credits or mileage points enabling them to obtain free flights or other awards '.*

According to Gilbert (1996, p.575):

> *'FFPs 'are targeted to the high-mileage traveller, which provide rewards for the frequency of usage of the airline and, therefore, build preference for one brand over another'.*

Kim and Shin (1997, p.104) describe a FFP as:

> *'(*A programme that*) members accumulate mileage credits by flying on the airline or its affiliates, or by renting cars from or staying at hotels owned by designated partners'.*

They also explain that the main objective of a company that operates an FFP is to cultivate loyalty (Kim and Shin, 1996).

Adopting the more recently used term, Lacey and Sneath (2006, p.459) define loyalty programmes as:

'Customer loyalty programmes are coordinated, membership-based marketing activities designed to enhance the building of continued marketing exchanges among pre-identified customers toward a sponsoring brand or firm'.

Table 13 summarises definitions of loyalty programmes in chronological order.

Author	*Definition*	*Key Concept*
Beaver (1996)	Receiving credits or mileage points to obtain free flights and other awards	Receiving Credits/Points
Gilbert (1996)	Providing rewards for the frequency of usage of the airline and building brand preference	Brand Preference
Kim and Shin (1997)	Accumulating mileage credits by flying on the airline or by renting cars or staying at hotels	Accumulating Credits
Lacey and Sneath (2006)	Coordinated, membership-based marketing activities	Membership-based Activities

Table 13- Loyalty Programmes Definitions

First loyalty-like-programmes go back to 1896 with the introduction of S&H Green Stamps (Lacey and Sneath, 2006). Similar programmes were also used by the hotels in the 1970s (Mason and Barker, 1996; Sylester, 2002). Loyalty programmes as we know today, however, were mainly used by the US airline industry in 1980s, after the US senate removed the restrictions on such a marketing tool (Beaver, 1996). These programmes were named as "frequent flyer programmes" (FFPs) and were targeted at an airline's regular flying passengers (initially business people).

It took a little while for the hospitality industry, mainly international chain hotels, to follow and introduce similar programmes, called loyalty programmes or loyalty schemes - despite the idea being derived initially within the industry. Although FFPs changed their name to loyalty programmes/schemes and became more sophisticated, their aims remained the same:

> *'...to capture domestic and international market volume, realise higher-yield rack and corporate rates, retain clients and generate repeat business'* (Satchell, 1997, p.4).

Talking specifically about the airline industry, Liu *et al.* (2000, p.233) outline the benefits of the loyalty programmes in the following sentence:

> *'FFPs are significant and effective marketing technique in the airline industry with positive implications for the financial performance of both the carriers involved and their partners'.*

Another industry specific benefit of the programmes mentioned by Kasavana and Knutson (2000, p.64):

> *'If structured properly, a frequent diner program can give management better insights to what their customers buy, when they are buying, and how often they are buying'.*

Walsh (2003, p.24), however, outlines the benefits of loyalty programmes in a broader spectrum:

> *'Loyalty programs help brands establish a deeper relationship with customers by increasing brand awareness and share of customers, and by helping brands acquire new customers and reduce defection'.*

Allaway *et al.* (2006, p.1318) state how loyalty programmes help companies in an attempt to achieve loyalty:

> *'The objective of loyalty card programs is to increase customer propensity to choose one retail chain or outlet over competitive alternatives in spatially configured markets; in essence, to entice consumers to "act loyally" by giving up or driving past competitors to shop at a particular store'.*

Ferrar (2007, p.10) present benefits of the loyalty programmes with the following statement:

> *'The advantage of loyalty programs tends to be more long-term, such as observing customer behaviour and then acting upon it'.*

Ranby (1995, p.50) in his article optimistically entitled "The Loyalty Scheme Panacea" listed the following guidelines for the success of setting a loyalty scheme: a two way communication with guests, careful design of questionnaires and feedback forms, easy delivery and continuity of incentives, a no-rush approach and recognition of loyalty. McDermid (1996, p.14) draws attention to the fact that:

> *'Understanding the psychology of loyalty was the key to producing a successful scheme'.*

A number of the loyalty programmes were also combined with others (Satchell, 1997; Frabotta, 2000; Shaw, 2004). Hilton hotels for example have a scheme that is called "Hhonours". Members of Hhonours can accumulate points on selected airlines and move them over to Hhonours. This gives more flexibility to the members and improves the credibility of the programme (Beaver, 1996).

Loyalty programmes have been developed or modified since they were first introduced. Satchell (1997, p.4) points out that new programmes are more sophisticated, as a result of "being around for a long time". Despite these changes or modifications, many of the loyalty programmes that are run by international hotels still target business travellers as when FFPs were first introduced (Kim and Shin, 1996; Conway, 1998). Conway (1998) explains that the main reason for this is due to the difficulty of attracting business travellers, in the light of high competition.

At first, a connection between loyalty programmes and a research project that targeted bed and breakfasts might seem irrelevant. However, it should be noted that the starting point of this project was customer loyalty and its surrounding issues, as discussed at the beginning of this chapter (see pp.20-22).

Criticisms of Loyalty Programmes

Loyalty programmes have received their share of criticism from academics and the majority of these are presented in the following pages.

The first category of concern refers to the financial aspects of the original concept of frequent flyer programmes (FFPs). FFPs are very expensive to run and maintain (Tepeci, 1999; Shermach, 2007). Research conducted in the US revealed that FFPs have increased airfares by 10 to 15 percent and annual running costs are about $5 billion to the companies (Beaver, 1996). Although these costs have been reduced thanks to recent technological

improvements (Satchell, 1997) FFPs and loyalty programmes still add financial burdens to the organisations that run them.

Along with operational costs, another problem of loyalty programmes is the ease of copying them by the competition (Lewis and Nightingale, 1991). To make matters worse, once competitors have copied them they become standard, thus customers expect to see them in any company they choose (Beaver, 1996; McDermid, 1996).

Shoemaker and Lewis (1999, pp.350-351) present a further problem of loyalty programmes in terms of the focus of the customers:

> *'...with frequency* (or loyalty) *programs customer focuses on the rewards, not on product superiority or brand relevance.* (The downside of this is) *with many frequency* (loyalty) *programs, one reward is generally as good as another, thus creating a cost with no competitive advantage'.*

There was also confusion about who accumulates the loyalty points for the business trips: companies or the individuals who earned them. Perhaps naming it as an "operational problem", this matter has caused a conflict in the US, resulting in some companies allowing individuals to use the benefits of the loyalty programmes - but also giving extra discounts to the companies that employ them. One solution to this problem has involved the introduction of discounted business rates where loyalty cards could not be used (Beaver, 1996).

On the perception side, Ranby (1995) explains that loyalty programmes may act as a means to deliver discounts to customers. Whilst this could be acceptable at the early stages of the programmes, it could become a danger if this feeling stays longer with customers, allowing them to see loyalty programmes as discount schemes (Ranby, 1995).

Dowling and Uncles (1997) claim that loyalty programmes are difficult to support by the companies and they do not alter market structure. Loyalty programmes have a number of inflexibilities too, hence they could become very difficult to use by customers. According to Hensdill (1999), all loyalty programmes have blackout dates and restrictions. Some programmes even have a time limit that discharges unused benefits (Mason and Barker, 1996). In addition, airlines may use FFPs as a tool to fill empty seats that may not be sold otherwise (Beaver, 1996).

Morais *et al.* (2006) indicate that loyalty programmes are ineffective in generating psychological attachment to the provider.

Dube and Renaghan (1999) - quoting from the guests that participated in their research for the hospitality industry - indicate that loyalty programmes are not one of the important sources to generate value with service from a hotel. Furthermore, the unused or unclaimed benefits of the programmes present financial difficulties to the companies that promote them. Mason and Barker (1996) outline this problem in the Pan American Airlines' case, stating that if all the FFP point holders decide to use their free time in the same period this would mean that the airline would have to fly its planes one month for free to

fulfil their original promises. In addition, Gilbert (1996, p.581) refers to the UK government's plans to tighten-up regulations on FFPs: first, by taxing them as "a means of acquiring revenue benefits". Second, by monitoring the industry closer to allow small airlines and new entrants to have a fair market share.

Mattila (2001, p.73), targeting specifically restaurant loyalty programmes (or frequent dining programmes as they are commonly known) indicates that loyalty cannot be achieved by "free items and gift certificates" but goes beyond that.

Based on his interviews with various chief executives of selected major hotel chains in the US, Higley (2003) questions the usefulness of loyalty programmes for the industry. One interviewee even commented that most hotels include loyalty programmes because they did not want to be disadvantaged by not following the competition. This is a position also highlighted by Frabotta (2000). He too interviewed CEOs in the US hospitality industry, before reaching the conclusion that competition and following suit forced some hotel chains to run loyalty programmes.

Croft (2006, p.6) claims that loyalty programmes are starting to lose their appeal with customers and customers "are beginning to become disillusioned with the whole concept".

In an article set out to criticise loyalty programmes, Shugan (2005) claims that loyalty programmes discriminate against buyers by concentrating on price-sensitive customers because in the long term, they will be the ones who stay

with the programme. Second, marketing managers concentrate on the short-term benefits of running loyalty programmes and ignore the long-term costs that will accrue when the promised benefits (such as free flights) are due to be used. Third, loyalty programmes award "decision makers" or end-users of the programme, not the ones who pay for them (in the example of travelling, employees instead of employers). Fourth, where they exist, there are extra costs associated with the personalisation of a loyalty programme. Finally, loyalty programmes encourage overt price discrimination (through discounts) to non-loyal customers (Shugan, 2005, p.191).

Perhaps the biggest criticism concerns whether the word "loyalty" should be used to describe them. For example Bowen and Shoemaker (1998) call them frequency programs by deliberately excluding the word loyalty and defining them as merely transactional tactics. On this matter, Satchell (1997) has relayed concerns of a marketing manager from an international chain of hotels, who claimed that a loyalty programme could easily become a form of sales promotion unless it was carefully designed to collect data and monitor opinions. Rosespan (1998), Barlow (2000) and Baloglu (2002) highlight that loyalty programmes do not always generate loyalty. De Mul (1995) indicates that loyalty programmes do not make customers truly loyal to a service or product. To prove his point, he claims that most of these loyal customers switch to the offerings of competitors, especially if a loyalty programme is run badly.

In a bed and breakfast setting, running a loyalty programme may not always be feasible. In fact, none of the bed and breakfasts that were interviewed for

this project had anything close to a loyalty programme. As mentioned before, however, loyalty programmes have had some importance (even if it is arguable) in the development of the loyalty concept. So, loyalty programmes are included in this section. Furthermore, as explained in Chapter 1: Introduction (see pp.4-5), during the research focus stage of the early days of this project, loyalty programmes were one of the alternatives that were considered by the researcher. Despite the limitations, bed and breakfast proprietors may still benefit from the concept by applying a modified approach. This could be in the form of developing a database of repeat or regular guests, taking a note of their likes, dislikes and acting upon this information when their guests visit their bed and breakfast next time; sending Christmas/birthday cards to these regulars in order to communicate with them and so on.

Commitment and Trust

Commitment and trust have also been discussed by customer loyalty and customer satisfaction researchers, in some cases as one of the components of either of these topics. Bowen and Shoemaker (1998) for example have developed their customer loyalty model by reviewing previous studies on commitment and trust.

Backman and Crompton (1991) also mention the role of commitment for building customer loyalty in an activity holiday setting. Gundlach and Achrol (1995, p.79) predict the growing importance of the commitment in marketing, stating that:

'The concept of commitment may become a focal point of explanation in marketing, as the discipline moves further away from the transactional view of exchange and embraces the relational view'.

Reichheld (2001, pp.7-8) further refers to the importance of trust for building customer loyalty, particularly when using on-line transactions.

The following pages will provide further information on commitment and trust, starting with a number of definitions from different authors.

Definition of Commitment

Commitment is defined as:

'...an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it; that is, the committed party believes the relationship is worth working on to ensure that it endures indefinitely' (Morgan and Hunt, 1994, p.23).

'An implicit or explicit pledge of relational continuity between exchange partners' (Gundlach and Achrol, 1995, p.79).

'...commitment is a process of identification with the goals of an organization's multiple constituencies' (Reichers, 1985, p.465).

'Commitment to the relationship is defined as an enduring desire to maintain a valued relationship' (Moorman *et al.* 1993, p.316).

Bowen and Shoemaker (1998, p.15) propound a similar definition:

'The belief that an ongoing relationship is so important that the partners are willing to work at maintaining the relationship and are willing to make short-term sacrifices to realize long-term benefits'.

Applying this to a hotel setting, authors indicated that a hotel's decision to hold a room for a regular corporate client, even when the hotel is full is an example to the commitment.

Table 14 summarises these definitions in chronological order.

Author	***Definition***	***Main Concept***
Reichers (1985)	Process of identification with the goals of an organisation	Identification process
Moorman *et al.* (1993)	Enduring desire to maintain a relationship	Maintaining relationship
Morgan and Hunt (1994)	An exchange partner believing that an ongoing problem with another is so important	Ongoing relationship
Gundlach and Achrol (1995)	Implicit or explicit pledge of relational continuity	Ongoing relationship
Bowen and Shoemaker (1998)	Ongoing relationship is so important that partners are willing to make sacrifices	Maintaining relationship

Table 14-Commitment Definitions

Moving away from the definitions, Reichers (1986, p.473) proposes that:

'...the commitments experienced by any one individual may differ markedly from that experienced by another'

Meyer and Allen (1984, p.375) provide the following three components of commitment:

1- *Instrumental component. This is the situation in which one of the parties is interested in a relationship to develop it further towards possible commitment.*

2- *Attitudinal component. This is similar to the first one, in this case both parties' intentions are to build a stable, long-term relationship.*

3- *The temporal dimension component. This last one is the consistent, positive attitude of both parties during the relationship.*

A number of the early studies into commitment also attempted to distinguish between attitudinal commitment and behavioural commitment. Mowday *et al.* (1979, p.226) for example distinguish between the two by claiming that:

> *'Attitudinal commitment reflects the individual's identification with organizational goals and his/her willingness to work towards them...Behavioral commitment, on the other hand, is represented by what is here termed attributional approaches to commitment, and it results from the binding of individuals to behavioral acts'.*

In spite of the fact that Mowday *et al.* conducted their research two decades ago and it is limited to the commitment between an individual and organisation, the study still provides interesting insights into commitment. Perhaps one of the most important contributions of their work to commitment theory is the identification of different types of commitment. Mowday *et al.* (1979) explained these different types of commitment simply as the perceptional differences between individuals when attaching values to the organisation under review.

Finally, based on the previous studies, in a more recent article Dimitriades (2006), Evanschitzky *et al.* (2006), Rauyruen and Miller (2007) divide commitment into two as affective and calculative:

> *'Affective commitment reflects a consumer's sense of belonging and involvement with a service provider akin to emotional bonding. Calculative commitment is the way that the customer is forced to remain loyal against his/her desire'* (Dimitriades, 2006, p.785)

Definition of Trust

Trust is defined as:

> *'...the belief that a party's word or promise is reliable and that party will fulfil his/her obligations in an exchange relationship'* (Schurr and Ozanne, 1985, p.940).

> *'One party's confidence in an exchange partner's reliability and integrity'* (Morgan and Hunt, 1994, p.25).

> *'A generalized expectancy held by an individual* (or a company) *that the word, promise or statement of another individual* (or company) *can be relied upon'* (Bowen and Shoemaker, 1998, p.16).

According to Moorman *et al.* (1993, p.82) trust is:

> *'The willingness to rely on an exchange partner in whom one has confidence'.*

Gutierrez (2000) in Casielles *et al.* (2005, p.86) define trust as:

'(Trust is) *the emotional security that leads one party to think that the other is responsible and will be concerned about it, which implies the willingness of the former to be vulnerable to the actions of the second party, regardless of its ability to control the latter*'.

Table 15 summarises these definitions of trust in chronological order.

Author	*Definition*	*Main Concept*
Schurr and Ozanne (1985)	Belief that a party's promise is reliable and that party will fulfil his/her obligations	Belief
Moorman *et al.* (1993)	Willingness to rely on an exchange partner	Willingness
Morgan and Hunt (1994)	One party's confidence in an exchange partner's reliability and integrity	Confidence
Shoemaker and Bowen (1998)	An expectancy that the promise of another individual can be relied upon	Expectancy
Gutierrez (2000) in Casielles *et al.* (2005)	The emotional security that leads one party to think the other is responsible	Emotional Security

Table 15-Trust Definitions

Moorman *et al.* (1993, p.92) further indicate that the traditional view of trust in marketing is based on a purely psychological approach:

'*Our definition includes both a confidence in an exchange partner (the psychological component) and a willingness to rely on an exchange partner (the sociological component)*'

Pursuing these two different components of trust, they outline the predictors of the trust as: "integrity of the third party, willingness to reduce uncertainty,

confidentiality, expertise, timeliness and congeniality" (Moorman, *et al.*, 1993, p.92).

Schurr and Ozanne (1985, p.940) divide trust into two as "higher trust" and "lower trust":

> *'Higher trust is associated with integrative behavior while lower trust is associated with distributive behavior. Lower trust is an antecedent of distributive behavior because it produces evasive, compliant or aggressive communications, which conceal true attitudes. High trust fosters integrative behavior, especially in the form of self-disclosures about needs and priorities'*

In an article dedicated to exploring commitment and trust theory in marketing, Morgan and Hunt (1994) provide further insights into both phenomena. After reviewing previous studies on the topic, they conclude that commitment is one of the key factors of customer loyalty. Establishing the correlation between the two, they claim commitment and trust are crucial to marketing research because: 1) they work at preserving relationship investments by cooperating with exchange partners, 2) they resist attractive short-term alternatives in favour of the expected long-term benefits of staying with existing partners, 3) they view potentially high-risk actions as being prudent because of the belief that their partners will not act opportunistically. Furthermore, Morgan and Hunt (1994) claim that willingness is a major component of trust. Similarly, they indicate that confidence is one of the other key elements of the trust, particularly for customers before purchasing a company's product. Finally, authors identify five major precursors of relationship commitment and trust:

'Relationship termination costs, relationship benefits, shared values, communication and opportunistic behavior' (Morgan and Hunt, 1994, pp.26-27).

Perhaps one of the interesting findings of their research is their claim of being trust is a major determinant of relationship commitment.

One could argue that almost all articles that were written on commitment and trust view both phenomena from a business-to-business approach. In a bed and breakfast setting however, this is not always the case. That is, the involved parties are not two businesses but the proprietors and the guests. However, trust still plays an important role in forming the relationship between a guest and the proprietor. This is because a bed and breakfast is also normally a proprietor's home of residence (see pp.8-10 for the definition of a bed and breakfast).

Word-of-Mouth (WOM)

Word-of-mouth is referred to very often in customer loyalty, customer satisfaction and service quality literature. Its particular importance in relation to bed and breakfasts lies in the comments made principally by Dawson and Brown (1998). This point will be discussed at the end of this section, along with its implications for this research project.

Gould-Williams (1999) argues that when customers evaluate the quality of the product or service they receive, they use intrinsic and extrinsic cues. Word-of-mouth is among the extrinsic cues and it has more significance in the service

industry rather than the goods industry, due to the intangible nature of the service industry.

Yuksel (2001) states that businesses benefit from word-of-mouth through their repeat customers and their influence on others. Reichheld (2003) holds the position that loyal customers talk to their friends and colleagues about the company. This recommendation has proven to be very effective and passionate, according to Reichheld (2003), because those customers who referred company to the friends/colleagues put their reputation on the line.

The following section will present definitions of word-of-mouth first. It will then explain types, importance and advantages/disadvantages of word-of-mouth.

Definitions

Westbrook (1987, p.261) has supplied following definition of word-of-mouth:

> *'...consumer word-of-mouth transmissions consist of informal communications directed at other consumers about the ownership, usage, or characteristics of particular goods and services and/or their sellers'.*

File *et al.* (1994, p.302) describe it as:

> *'Word-of-mouth...is the means by which buyers of services exchange information about those services, thus diffusing information about a product throughout a market'.*

Anderson (1998, in Hennig-Thurau, 2002, pp.231-232) provides his understanding of word-of-mouth:

'... (word-of-mouth is) all informal communications between a customer and others concerning evaluations of goods or services, includes "relating pleasant, vivid, or novel experiences; recommendations to others; and even conspicuous display'.

Swanson and Kelley (2001) explain that word-of-mouth is the communication between customers - external to the transaction - about their pleasure (or displeasure) with the service and service provider that they encountered.

Soderlund and Rosengren (2007, p.124) define word-of-mouth as:

'Word-of-mouth behaviour is generally conceived of as the informal transfer of purchase-related and consumption-related information between customers'.

Types

In a very early article of 1966, Dichter (p.148) points to the existence of two types of word-of-mouth: "pre-decision and post-decision". Concentrating on the latter, he comments that:

'The most effective word-of-mouth for the advertiser is the post-decision speaker who is bent on eliminating all dissonance in his post-decision situation. He is the man to sell because he will be an active propagandist'.

A decade later Holmes and Lett (1977, p.36) offer a number of insights into the prerequisites of word-of-mouth behaviour:

'...individuals with favorable attitudes toward a brand, a product, or a service will be more likely to communicate their opinions and engage more people in product-related conversations than individuals with unfavorable attitudes'.

File *et al.* (1994) divide word-of-mouth into two: input word-of-mouth, output word-of-mouth. The input word-of-mouth is obtained through information searches and plays a positive role in deciding on the choice of a company's product/service. The output word-of-mouth is the information given to potential customers of a product or service that they recently used and hence consists of post-purchase experiences. The authors explore the topic even further by trying to establish the factors that influence the input and the output word-of-mouth (File *et al.*, 1994).

By outlining the differences between positive word-of-mouth (PWOM) and negative word-of-mouth (NWOM), Ennew *et al.* (2000); Lau and Ng (2001); Cheng *et al.*, 2006; Samson (2006) and DeCarlo *et al.* (2007) state that the NWOM has more effect than PWOM on a customer's repurchase intentions and is ignored easily by the marketers.

Nyer and Gopinath (2005) indicate that NWOM decreases if a customer complains to the service provider, as a result of "venting his/her dissatisfaction" with the received service.

Importance

Yuksel and Yuksel (2001), LaSalle (2006) and McCarthy (2006) state that word-of-mouth give hospitality industry managers an advantage over their competitors. In a relatively new study - after reviewing recent articles - Donaton (2003) points out the importance of word-of-mouth to marketers and its increased effects on customers. Referring to one of his interviewees, he concludes that:

'(Word-of-mouth) is a more powerful force in the marketplace and the marketers need to come to grips with that (Donaton, 2003, p.18'.

Silverman (2001, p.47) stresses the "power of word-of-mouth" with the following statement:

'Word of mouth is THOUSAND of times as powerful as conventional marketing'.

Cebrzynski (2005, p.1) points out that word-of-mouth "plays an increasingly important role in generating (new) business". In a very recent study, Finkelstein (2006, p.19) outlines the importance of word-of-mouth to small businesses:

'More than half of the small business owners that responded to the survey said they believed customer recommendations were more effective than any form of paid advertising aimed at consumers'.

Tracking back the growth of word-of-mouth to the early 1990s as a reason for growing consumer distrust, Donaton (2003) states in his article that how new technologies such as the internet contribute to the spread of word-of-mouth.

Reinartz and Kumar (2002, p.89) underline the power of word-of-mouth as follows:

'Word-of-mouth marketing is supremely effective, of course, and many companies justify their investments in loyalty programs by seeking profits not so much from the loyal customers as from the new customers the loyal ones bring in'.

Dawson and Brown (1988) place an emphasis on the importance of word-of-mouth in a number of industries. Counting bed and breakfasts among these, they provide the following statement:

> *'Word-of-mouth advertising is the most effective means of promoting a B&B operation. The sources of information about B&Bs most frequently mentioned by the guests were word-of-mouth referrals, brochures and B&B guidebooks, (Dawson and Brown, 1988, p20.'.*

Money *et al.* (1998), Dyer and Ross (2003) and Samson (2006) also argue that in the service industry, word-of-mouth is important due to the intangibility of the product and the difficulties for the customer in evaluating the product. Therefore, '(PWOM) *reduces the consumer's perceived risk of purchasing'* (Dyer and Ross, 2003, p.22).

Mentioning the importance of word-of-mouth even earlier, Rust and Zahorik (1996, p.315) set out the position that new customers could be aware of a product or service through word-of-mouth and that this is crucial in industries like banks and other financial services.

Concentrating on the relatively low costs, Kuzmenski (2003, pp.17-18) emphasizes the importance of word-of-mouth and provides a "to do list" mainly for marketing practitioners. Her list ranges from "having a system for achieving word-of-mouth" to "keeping in constant touch" with customers.

Dyer and Ross (2003) also point to the low costs of word-of-mouth communication as an effective marketing tool and draw attention to how this

has become extremely useful to small companies that usually have limited resources.

Advantages/Disadvantages

Moving on from the importance, Mitchell (2003, p.20) in his relatively short article on the topic tries to present the advantages and disadvantages of using word-of-mouth to marketers:

> *'Because word-of-mouth messages come via friends and family, they bring greater trust and the power of endorsement...The cost of a successful word-of-mouth campaign can be tiny...* (However) *as a marketing tool word-of-mouth is unfamiliar, uncharted territory'.*

On the other hand, Richins (1983) focuses on NWOM that arises from negative customer experiences. Indicating that there are fewer studies on the effects of NWOM, her study - perhaps not surprisingly - finds that:

> *'As the severity of the problem associated with dissatisfaction increased, the tendency to engage in negative WOM* (word-of-mouth) *increased* (too) (Richins, 1983, p.70)'.

On the disadvantages side of word-of-mouth, Dyer and Ross (2003, p.22) highlight that:

> *'...compared to other forms of promotion, it is* (word-of-mouth) *relatively difficult for the business owner to control because of the decision to communicate is in the hands of the customer'.*

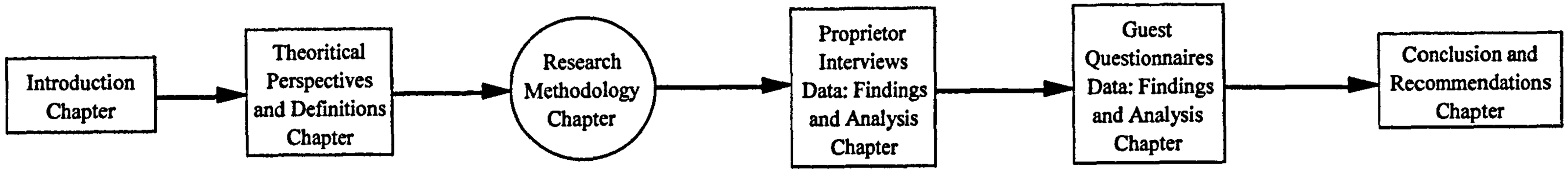
Word-of-mouth has been discussed extensively by marketing academics. A number of the academics have pointed out its importance to specific parts of

the services industry like hospitality, as discussed. This project sought to find how relevant word-of-mouth was to the bed and breakfast sector of the hospitality industry. Details of the research findings can be found in Chapter 4: Proprietor Interviews Data: Findings and Analysis (see pp.179-180) and Chapter 6: Conclusion and Recommendations (see pp.221-223,229-230).

Chapter Summary

This chapter has started to evaluate customer loyalty and its surrounding issues as presented in Figure 1 (see p.22). Each section of the chapter started with a definition and continued providing background information on the topic in question. It then established its connection with customer loyalty - as the core concept of this study - and also other topics, when such a connection was needed. Each section also showed the relevance of the conceptual background to this particular research - for example, by highlighting how each concept is followed through in the primary research findings or in the general discussion.

Chapter 3: Research Methodology


Introduction Chapter
Theoritical Perspectives and Definitions Chapter
Research Methodology Chapter
Proprietor Interviews Data: Findings and Analysis Chapter
Guest Questionnaires Data: Findings and Analysis Chapter
Conclusion and Recommendations Chapter

Introduction

Starting a research project on this scale is a difficult challenge. It could be claimed that in most cases a project (and the researcher) goes through different phases, including developing and dismissing ideas. In very rare cases - particularly in the social sciences - a researcher decides what he/she will do for the rest of the project and follows that format to the end. The more common case might be called the "development of ideas", or even "learning through experience".

This research project followed the latter case and was faced with a number of key points. The first, and may be the most crucial one, was to design the "focus" of the research. Despite the fact that the researcher did an initial literature review prior to his decision to undertake the project, concentrating on a particular area of research was a difficult task. This was due to there being a number of alternative topics and each sounded as good as another (see pp.4-5). During this time, conducting a literature review within a few possible focus areas was helpful. One of the main benefits of this early literature review was to decide "what not to do" for the project. In addition, long talks with other research students were also beneficial. This helped the researcher to understand that such confusion at the beginning of a research project is a common phenomenon.

Investing extra time on previous and current literature in the chosen research area contributed further to the development of the research project. Once the research focus became clear, the researcher concentrated more on the research methodology.

This chapter will start with the explanation of two main research schools: positivism and interpretivism. This section will not only provide information on these two research schools but will also explain which one is employed for this research, with the reasons behind such a decision. The chapter will then explain qualitative and quantitative research methods and combine these methods with the research objectives, listing which method was used to achieve which research objective. The following section will justify these research objectives, explaining why the current research explored these objectives.

The chapter will also outline commonly used research strategies by researchers in general and the research strategies that were employed for this project in particular. The subsequent section will be the explanation of research ethics and how they were taken into consideration for this study. This will be followed by an indication of how the Appendices were organised, along with a figure displaying the primary data collection stages. Finally, the remaining two sections will deal with the choice of data analysis software and the difficulties that this project was faced with.

Positivism and Interpretivism

Choosing a research method for a project is not only a matter of finding the most appropriate method, but also the researcher's own, deliberate choice, based on personal character (Veal, 1996, p.93). The way we see the universe as individuals also shapes our research philosophy, hence the choice of research methods (Holdaway, 2000, p.157). Although a number of authors named them differently (for example Stevenson, 2000, pp.21-22), there are two main views or "schools" on this topic: positivism (naturalism, analytic approach) and interpretivism (phenomenology, holistic approach, non-positivism) (Bryman, 1993, p.50; Levy, 1999, pp.450-452). Despite having been developed earlier than its counterpart, positivism started to receive heavy criticism in the early 1970s. The majority of the criticism concentrated on the "human side" of the research, that positivism neglected the importance of human interaction, particularly in the social sciences (Silverman, 1993, pp.20-21). There were arguments that interpretivism was more appropriate to the study of human subjects than positivism (Remenyi *et al.*, 2000, p.94). The following pages will attempt to present these different views of the two different schools (positivism-interpretivism) and will briefly explain each of them in relation to the current research.

Positivism

Positivists use a deductive approach to explain their universe, as opposed to interpretivists who use an inductive approach. In addition, positivists believe that all our experiences are based on direct or indirect observations. Objects and behaviour that cannot be observed in this way stay out of the positivist research interests (Remenyi *et al.*, 2000, p.73).

In addition, when faced with a complex situation, positivists try to break the complexity down into small pieces in an attempt to find relationships between them, if there are any. At this stage, quantitative analysis methods help a positivist researcher to complete his/her investigations (Levy, 1999, pp.450-451).

Being one of the pioneering academics on the topic, Karl Popper outlines the deductivist view of the scientific approach as early as 1960s. He concludes that scientific knowledge developed by making hypotheses and testing them through experiments until they were proven true or false (Popper, 2000, pp.254-262).

Robson (1993, p.19) explains five stages of deductive research as:

1- Deducing a hypothesis from the theory.

2- Expressing the hypothesis in operational terms.

3- Testing the hypothesis.

4- Examining the outcome of the inquiry.

5- If (and when) *necessary, modifying the theory in the light of the findings.*

In conclusion, positivist theory most characteristically applies to the natural sciences and is used by researchers in that field, although this is not always the case.

Interpretivism

Bryman (1993, pp.50-52) explains the differences between quantitative and qualitative research methods through the development of interpretivism. The roots of the inductivist view go back to the late nineteenth century and the foundation of interpretivism. John Stuart Mill was one of the early researchers, who developed the inductivist view and his views contributed to shaping interpretivism. Studies on the topic were carried out at the beginning of twentieth century notably by Husserl. Later Schutz translated Husserl's work into English (from German) then modified the term phenomenology into interpretivism, as early as the 1960s (Smith, 2000, p.8).

Bryman (1993) indicates that an interpretivist researcher tries to interpret (as the name suggests) human interactions and behaviours in order to find an explanation to the phenomenon under investigation. To be able to do that, the researcher *'attempts to see things from that person's point of view'* (Bryman, 1993, p.53). Interpretivists concentrate more on the problem or the phenomena compared to positivists and try to find solutions for them. When doing this, they try to answer "what, why and how" questions (Remenyi *et al.*, 2000, pp.95-96).

Inductive research - used by interpretivists - generates data first then builds up the theory, in opposition to deductive research (Saunders *et al.*, 2003,

pp.85-88). The holistic approach, being part of interpretivism, views the problem as a whole and attempts to solve it accordingly, as opposed to the analytic approach that seeks relationships between the variables (Levy, 1999, pp.450-451). It could be claimed that interpretivism is the main approach adopted in the social sciences, despite the criticism of its validity from the early positivist researchers.

Table 16 summarises different schools for conducting research and the methods they employ.

Approach	Concepts	Methods	Example of Methods
Positivism	Social facts	Quantitative	Sampling, secondary data
Interpretivism	Meanings	Qualitative	Interviews, questionnaires

Table 16-Schools of Research (adapted from Silverman, 1993; Levy, 1999; Saunders *et al.*, 2003)

This research project followed an inductive, hence an interpretivist approach. This was not only due to the researcher's deliberate choice of favouring the philosophy of interpretivism, but the circumstances of the project itself. As the project targeted an exploration of customer loyalty in a specific setting - the bed and breakfast sector of the UK hospitality industry - it was believed that inductive research methods would achieve this aim better. This was partly because the bed and breakfast sector was under researched (see pp.7-14), resulting in a lack of written material to build-up initial theories. As a result (and being an exploratory study) this project did not have any hypotheses in the style of the positivists. It investigated a phenomenon further - the loyalty concept in the UK bed and breakfast sector. To succeed in this investigation,

inductivist methods and the interpretivist theory were thought to be the only one appropriate approach.

Qualitative and Quantitative Research Methods

There is an ongoing debate between qualitative and quantitative researchers. The argument originates from the notion that the social sciences - hence qualitative research - should not be accepted as science (Smith, 2000, p.5). Despite the fact that quantitative researchers recognise qualitative methods to be as valid as quantitative ones for data collection, they still tend to see qualitative methods as "less scientific" (Silverman, 1993, pp.20-21). Followers of these quantitative researchers believe that qualitative methods could be applied at the "exploratory" stage of a project and any findings produced through them can only be used after being tested by the quantitative research methods (Bryman, 1993, pp.94-95).

Qualitative researchers on the other hand, argue that in quantitative methods there is nearly no interaction between the subjects and the researcher. This could well be acceptable in some studies; however, it goes against the nature of many qualitative research projects. Most of qualitative research sets out to explain a phenomenon between the human subjects and an event resulting from it. Therefore, it is imperative for the qualitative researcher to become close to his/her subjects and gather data from them by using qualitative methods. Doing this involves "seeing through the eyes" of the human subject that is under investigation (Silverman, 1993, p.24). To distinguish each method from the other, Dey provides the following rather simplistic definition:

'Qualitative data deals with meanings, whereas quantitative data deals with numbers'. (Dey, 1993, p.3).

In qualitative research, the main intention of the researcher is to understand the phenomenon that is investigated. When doing this, the researcher may or may not (as in this project) have hypotheses prior to the research or may allow the findings of the research to assist him/her arrive at a conclusion. Even if he/she had pre-assumptions, he/she could allow the research to "discover" them, unlike in quantitative research (Levy, 1999, p.452-453).

The following section will re-state the research objectives. These objectives were first mentioned in Chapter 1: Introduction (see p.6). However, they will here be explained in more detail, especially as regards to the research methods.

Research Objectives and Operationalizations

1. To review and analyse existing concepts of customer loyalty and surrounding issues.
2. To explore the UK bed and breakfast sector (of the hospitality industry) from the customer loyalty perspective.
3. To evaluate customer loyalty in the UK bed and breakfast sector, both from the proprietors' and the guests' point of view.
4. To develop a framework of customer loyalty, derived from the research findings.

Justification of the Research Objectives

Once the possible research areas were narrowed down and the focus of the research became clearer, another challenging task emerged in terms of deciding on the specifics of the research questions, data collection methods and above all, justification of the research itself. In addition, there were a number of concerns ranging from those casting doubt on the "usefulness of academic research on bed and breakfasts", to the consideration that bed and breakfasts were just another example of small business and that the proposed research should highlight that context above all others. This point is discussed in more detail in Chapter 1: Introduction (see p.13).

A review of the literature concluded that customer loyalty was of significance to any business, especially in parts of the service industry (Tepeci, 1999; Durvasula *et al.*, 2000; Beaver, 1996). Customer loyalty has become more crucial in the hospitality industry due to the maturity and high competition of the market (Bowen and Shoemaker, 1998). But despite this underlying importance, studies of customer loyalty in any segment of the hospitality industry are rare (Oh and Mount, 1998). So, conducting a loyalty based research in the hospitality industry is the *first justification* for this project.

In addition to the above, the literature review on customer loyalty not only revealed that studies in the hospitality industry were scarce, but also identified that in some particular segments of the industry - like bed and breakfasts - almost none existed. Based on the tourist authorities guidebooks (visitEngland and visitScotland) in 2002 there were over 5,500 registered bed and breakfasts in England and almost 1,000 in Scotland. Adding this number

to unregistered ones, Stilwell's British bed and breakfast guidebook (2002) almost doubles the amount of total establishments. 2007 visitEngland guidebook has revealed that the number of listed bed and breakfasts reached to a staggering 9,300 (only official figure that was available to the researcher before the submission of his thesis). Despite the sheer number of bed and breakfasts in the UK hospitality industry, Lynch (1996) points out that there are only a small number of researchers that are interested in this segment - a situation that still exists ten years on. Moreover, Lynch (1996) shows that bed and breakfasts can be the starting point for major business successes. Conducting a research in a less heavily researched area of the hospitality industry - with the possibility of applying the research findings to the rest of the industry - is the *second justification* for this project.

The outcome of this research is beneficial to bed and breakfast proprietors and to academics alike - whether those who have interests in the industry or those with interests in loyalty theory. This project set out to explore customer loyalty in the UK bed and breakfast sector from the *guests'* and *proprietors'* point of view. It tried to establish the "importance" of loyalty and loyal guests to the bed and breakfast proprietors. At the same time, the project also sought to discover whether loyalty was an important issue for the guests, along with their level of "loyalty" towards a bed and breakfast (see pp.227-229). It is believed that this is also an area that has been overlooked by customer loyalty researchers. Hence presenting research findings in this combined fashion to cover this gap in the literature and benefiting both academics and proprietors in the bed and breakfast sector of the UK hospitality industry is the *third justification* for this project.

When establishing the "loyalty level" of the bed and breakfast guests, previous studies were used as determinants of customer loyalty. Therefore, this project in a way questioned those studies. Presenting the primary findings of this research in such a manner and displaying different levels (and types) of loyal guests in a bed and breakfast context will contribute to the academic knowledge. This is the *fourth justification* for this project. Table 17 summarises these justifications.

Justification	Type of Contribution
Studies in the UK hospitality industry are few	Academic
Even less on UK bed and breakfast sector	Academic
Questioning loyalty and satisfaction in the UK bed and breakfasts	Academic and Practitioner
Applications of previous studies	Academic

Table 17- Justifications of the Research Project

Further Consideration of the Research Objectives

The first three research objectives were analysed further with the following questions:

1. If some of the bed and breakfast guests could be called loyal, then what type of loyalty characteristics do they display? (connected to research objective 2)
2. What is the profile of loyal bed and breakfast guests? (connected to research objective 2)
3. Is there a direct relationship between customer satisfaction and loyalty? In other words, do satisfied customers become loyal ones? (connected to research objective 1)

4. How do proprietors and the guests perceive loyalty? In particular, do the proprietors perceive loyalty as an important factor for the business? (connected to research objective 3).

The proprietor interviews and the guest questionnaires explored these points. The first three were investigated by the questionnaires (see Chapter 5) whereas the last one was investigated by the interviews (see Chapter 4). The fourth one, in particular, was also investigated as a comparative analysis and the results are presented Chapter 6. In addition, all four of them are mentioned in the "Benefits and the Contributions of the Research" section of Chapter 6 (see pp.234-240).

Addressing the Research Objectives

Each chapter (with an exception of Chapter 3: Research Methodology) addressed at least one research objective. To be more specific, Chapter 1 addressed the second research objective; Chapter 2 addressed the first and the second research objectives; Chapter 4 addressed the third and the fourth research objective; Chapter 5 also addressed the third and the fourth research objective and Chapter 6 addressed the third research objective.

Figure 6 summarises which chapter addressed which research objective.

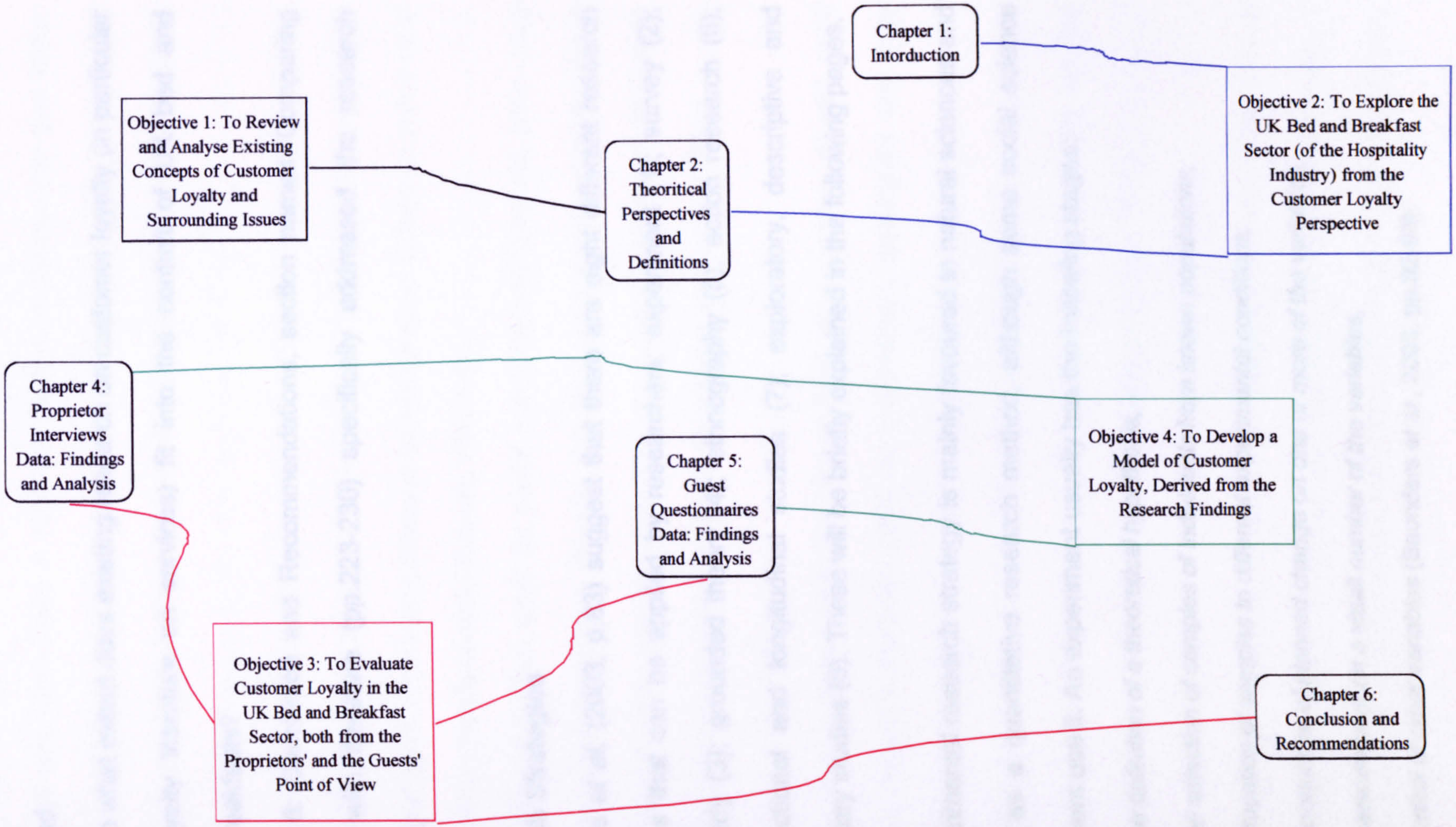


Figure 6- Research Objectives and Chapters

Research Question (with an Aim)

With the help of research objectives, the following research question was developed:

> To what extent does existing research on customer loyalty (in particular loyalty literature on services) fit into the context of UK bed and breakfasts?

Chapter 6: Conclusion and Recommendations, section named 'Comparing findings with literature (pp.223-230) specifically addressed the research question.

Research Strategies

Saunders *et al.* (2003, p.83) suggest that there are eight different research strategies that can be applied by researchers: experiment (1); survey (2); case study (3); grounded theory (4); ethnography (5); action research (6); cross-sectional and longitudinal studies (7); exploratory, descriptive and explanatory studies (8). These will be briefly explained in the following pages.

An experimental research strategy is mainly favoured in natural sciences and counted as a quantitative research method, although some social science researchers use it. An experiment usually has the following stages:

- *the definition of a theoretical hypothesis,*
- *the selection of samples of individuals from known populations,*
- *allocation of samples to different experimental conditions,*
- *introduction of planned change on one or more of the variables,*
- *measurement on a small number of the variables,*
- *control of other variables* (Saunders *et al.*, 2003, pp.92-93).

Surveys are also part of quantitative research and tend to be associated more with the natural sciences. However, surveys are used intensively in the social sciences as well, particularly in business studies. A survey may give better control to the researcher than some other research strategies. However, if they are poorly designed, the data may not be reliable (Remenyi *et al.*, 2000, pp.55-57).

A case study is:

> *'Development of detailed, intensive knowledge about a single case or a small number of related cases'* (Robson, 1993, p.40).

Case studies are often used by social scientists and they are seen as a qualitative research method. Despite this fact, case studies may include a combination of other research strategies like questionnaires and interviews among which some are associated with quantitative research methods.

Grounded theory is seen as the "foundation" of a number of well used qualitative research methods such as observations (participant and non-participant). Although it has an established history in social science research and qualitative methods, a few academics have claimed that grounded theory may use both inductive and deductive approaches, depending on the circumstances and research settings (Hussey and Hussey, 1997).

Ethnography has its roots in qualitative research as well. The aim of ethnographic research is *'to debunk conventional, 'common sense' views of 'social problem', 'deviants', sexual and ethnic stereotypes, and so on'* (Veal,

1996, p.102). One of the disadvantages of ethnographic research is that it is very time consuming.

Action research studies go back to the 1940s and since then there have been a variety of interpretations of the term. One interpretation concentrates on the purpose of the research, the management of a change according to Cunningham (1995). A second interpretation focuses on the interaction between the researcher who undertakes action research and the other parties involved - for example, another researcher in a different institution or a consultant (Eden and Huxham, 1996, p.75). A third interpretation indicates that the findings of an action research project should be continuous. In an example of a business consultant undertaking action research, this could mean transferring the knowledge he/she has gained from one project to others. It is fair to say that action research studies are used mainly by qualitative researchers.

Cross-sectional and longitudinal studies on the other hand might be employed both by social and natural science researchers. Cross-sectional studies present a snapshot of the situation or the phenomenon to the researcher. Despite the fact that a cross-sectional study extensively uses surveys for data collection, qualitative methods such as interviews can also apply (Saunders *et al.*, 2003, p.96).

A longitudinal study takes a period of time and gives the researcher the ability to study "change and development". Preferred mainly by social researchers,

longitudinal studies may also employ both qualitative and quantitative methods for data collection (Saunders *et al.*, 2003, p.96).

The final group of research strategies consists of exploratory, descriptive and explanatory studies. These three categories are normally shaped by the purpose of the research project. The first of the three, exploratory studies, are mainly used when the researcher wishes to explore an idea or a theme, as the name suggests. He/she develops his/her way of understanding alongside the development of the project and adapts different strategies or modifies or abandons the previous ones when necessary (Adams and Schvaneveldt, 1991).

The second, descriptive studies attempt:

> *'To portray an accurate profile of persons, events or situations'* (Robson, 1993, p.4). '

Descriptive studies could be used as part of exploratory studies. The earlier a researcher has a better understanding of the phenomenon he/she investigates, the greater chances of displaying better progress.

Finally, explanatory studies, aim to explain '*patterns and trends* (previously) *observed*' (Ticehurst and Veal, 2000, p.5). In order to collect the necessary data, explanatory studies may employ either qualitative or quantitative methods.

Table 18 summarises these research strategies.

Research strategy	Favoured by
Experimental	Natural scientists
Surveys	Both
Case studies	Social scientist
Grounded theory	Social scientist
Ethnography	Social scientist
Action research	Social scientist
Cross sectional and longitudinal	Both
Exploratory, descriptive and explanatory	Both

Table 18- Research Strategies (adapted from Saunders *et al.* 2003)

It should be noted that, under some circumstances, a researcher may not have the freedom to employ a strategy that he/she wishes. An example might be in the case of a joint project, with a strategy already decided beforehand. Another lack of freedom could be the "limitations of the data source" or a case in which senior management of a company are unwilling to participate. Time and financial limitations could also force the researcher to choose a certain strategy in order to achieve the deadline.

Choosing the Correct Research Method and Strategy

The importance of choosing appropriate research methods and strategies for the future of a research project (and possible restrictions) are discussed above. Fortunately, there were few restrictions on this project. The choice of the research methods and the strategies, therefore, was mainly the personal preference of the researcher, set within what was considered appropriate in order to achieve the research objectives.

The research strategies that were employed for this project will be explained one by one in the following pages.

Semi-structured Interviews

The first research strategy that was used for this project was semi-structured interviews (see Appendices 3, 4 and 5 for a copy of an interview for each region and the capital city). Semi-structured interviews can be described as:

> *'An interview whose purpose is to obtain descriptions of the world of the interviewee with respect to interpreting the meaning of the described phenomena'* (Kvale, 1996, p.5,6)'.

Social researchers often use interviews to generate data. In fact, Lofland (1971) claims that the two main methods of qualitative research are interviews and participant observations. Perhaps this is due to a social researcher's attempts to get closer to his/her subject as suggested by Bryman (1993). Mason (1997) relates the term "generating data" as opposed to "collecting data" in qualitative research as a deliberate choice of method in order to achieve the objectives of the project.

The reason for choosing semi-structured interviews over structured ones was to benefit from the flexibility of adapting the questions to different circumstances. The choice over unstructured interviews was, on the other hand, to present some form of unified format for the generation of data through the use of interviews. Questions that were asked to the proprietors were shaped by the literature review and the research objectives. Pilot interviews, participant observations and even early interviews contributed to

the structure of the questions that were asked in the subsequent interviews. Finally, interviews, in particular the initial ones, also helped to design the questionnaires as suggested by Veal (1996, p.96).

For the pilot stage of the proposed interviews, two proprietors in Oxfordshire were interviewed by telephone and a third proprietor was interviewed face-to-face in the Lake District (see Appendix 6 for a copy of an e-mail that was sent to the proprietors). These pilot interviews set initial guidelines for the main interviews. Subsequent interviews were employed to generate data from those proprietors of the bed and breakfasts who responded positively to the researcher's written requests. The project was targeted at investigating customer loyalty in UK bed and breakfasts, two regions (Buckinghamshire; the Peak District & Derbyshire) and a capital city (Edinburgh). The reason behind choosing these was the opportunity they provided to compare different types of bed and breakfasts and guests. In Buckinghamshire, the target was mainly business guests, and secondly, tourists. In the Peak District & Derbyshire the majority of the guests were tourists, but there were also business guests. Edinburgh was chosen for the opportunity to target national and international tourists. The first choice for the capital city was London but due to the very low level of response from the proprietors for a request to do interviews, it was changed to Edinburgh.

Bed and breakfast lists for Buckinghamshire, the Peak District & Derbyshire, London and Edinburgh were obtained through tourist boards' booklets (visitEngland, AA-Automobile Association and visitScotland). Using the entire population (hence no need for sampling), a total of 506 letters were sent to

the proprietors, requesting them to meet on a convenient day and time. For the first round, there were 339 letters. Out of these 339 letters that were sent, 20 positive and 52 negative responses were received (see Appendix 7 for a copy of a letter). For the second round, a total of 167 letters were sent to the proprietors that did not reply (neither positive nor negative) to the first round of letters (see Appendix 8 for a copy of a letter).

As a response, 34 positive and 57 negative replies were received from the second round of letters. In addition, there were 5 positive responses in London - a low response rate that hastened the replacement of London with Edinburgh. A further 8 proprietors in total could not be interviewed despite the fact that they responded positively to the first and second round of letters. They were unable to arrange a time when it suited, or were away during the proposed interview time frame, or unavailable to be interviewed due to personal commitments. These reasons were more applicable to the proprietors in the Peak District & Derbyshire and Edinburgh than Buckinghamshire, where the researcher lived. However, in Edinburgh for example, all interviews had to be conducted in two weeks, when the researcher travelled and stayed in a bed and breakfast for this purpose only. In addition, 4 proprietors were excluded from the analysis, even though they were interviewed. This was because 2 of them were small hotels (in Edinburgh) and one was a pub and bed and breakfast and run by a management company (in the Peak District & Derbyshire). Their profile did not fit with the rest of the bed and breakfast proprietors that participated in the research. A remaining bed and breakfast in the Peak District & Derbyshire was also excluded because the proprietor was not available when the

researcher arrived for an interview, despite confirming the interview before arrival. Her partner, who reluctantly accepted the researcher for a "quick chat" (in his own words) did not have any interest in the topic, spent only about 15 minutes for the entire interview and answered almost all the questions the researcher asked in "yes and no" format, despite the researchers efforts to encourage a conversation.

	Letters Sent	***Responses***	
First Round		Positive	Negative
	339	20	52
Second Round	167	34	57
Total	506	54	109

Table 19- Positive/Negative Responses to the Interview Requests

The letters were written on university headed paper and briefly explained the researcher's interests in the bed and breakfast sector of the hospitality industry. Including a self-addressed stamped envelope and a return slip, a first round of letters was followed by the second round, targeting the proprietors who did not respond to the first letter. Both sets of letters and the reply slips had a different wording than the previous one, in order to improve the chances of getting more positive replies (see Appendices 7 and 8 for the first and second round of letters; Appendices 9 and 10 for the first and second round of reply slips). In addition, both sets of letters had also a unique coding at the back of each envelope, allowing the researcher to identify the bed and breakfast it was sent from. This turned out to be a very good idea because a number of proprietors indicated in the return slip that they would meet for an interview, but forgot to write their details.

As for the timing, the first round of letters was sent in between September-December 2001 and second round of letters between March-May 2002. This was done to avoid busy and long traditional holidays (like Christmas) and in order to maximize the response rates (see Figure 8, p.152). As a result of these letters, a total of 42 proprietors were interviewed and an average of 45 minutes was spent on each interview.

During the interviews, a number of questions investigated the same issue from different angles, acting as "control questions" to each other. That was, these questions with different wordings explored the matter in question with different wordings, to obtain a confirmation for what was said in the first place.

Each interview with the proprietors also improved the researcher's experience. By reflecting back on the previous interview before the next interview, the researcher improved and learnt from his mistakes. One of the valuable lessons gained, for example, was allowing the proprietors to speak freely, even on a number of occasions at the expense of not following the exact same structure from one interview to the next. The exploratory nature of the study helped to justify this approach, with the result that emerging themes later on became part of the interview structure, as explained earlier. Even a simple detail, for example placing the tape recorder in front of the interviewee (not behind or to the side in order to assure the best quality of the recording) or not placing the tape recorder next to an open window (so as to avoid background noise) was a matter of learning from experience.

One main focus of the interviews was to find out whether bed and breakfast proprietors valued their repeat guests or regulars. In other words - since the terms regular guests or repeat guests were introduced by the proprietors as a replacement for the term "loyal guests" - this research aimed to discover if bed and breakfast owners perceived these guests as important for their business as it was claimed by loyalty researchers (see pp.73-75). In order to find an answer to this question, the researcher followed an indirect course rather than asking a leading question such as "do you value your regular guests?" and obtaining a yes or no answer. He started with asking whether the proprietors had regular guests. The ones who said yes received subsequent questions such as "do you give any incentives to your regulars?" and/or "when you compare your regulars with irregulars, do you prefer one type over another?" (see Appendix 11 for a copy of questions).

In addition to the above purpose, interviews also served to discover other emerging themes that were included in the later stages of the project and became research objectives too. These were not stated in the initial objectives because the researcher did not think of them himself. There were two reasons for this: first (as mentioned before), this project was an exploratory piece of research, not explanatory. This meant it did not have initial hypotheses or conceptions. Second, little previous research had been conducted on the topic; hence the researcher had limited knowledge prior to his own research. One example of this was when a couple of proprietors talked about what they called "one-nighters", a term rarely found in previous studies. They stated that a significant number of bed and breakfasts did not accept these guests for a number of reasons (see pp.167-169 for these reasons). Another example

occurred when proprietors confirmed their rating by the tourist board (which the researcher obtained prior to his visit from a tourist board booklet), and started to talk about the accuracy (or inaccuracy) of the rating scheme. These later on became part of the research and were included in subsequent interviews. Since they were introduced by the proprietors themselves, they were named "proprietor-generated themes".

Participant Observations

Interviews that were used for this project also served the purpose of gaining access to another research method - that of participant observation. Overt participant observations were performed with regular or repeat guests of bed and breakfasts, with the permission of the proprietors and with the knowledge of the guests (see Appendices 12 and 13 for a copy for each region). The main idea behind this was to investigate customer loyalty among regular or repeat guests who stayed in the same bed and breakfast at least twice over a period of time (normally 12 months).

Jorgensen (1989, pp.12-13) draws attention to the fact that the participant observation method is most suitable when:

> *'Little is known about the phenomenon, the phenomenon of investigation is observable within an everyday life situation and the researcher is able to gain access to an appropriate setting'.*

One of the objectives of this project was to explore customer loyalty from the bed and breakfast guests' point of view. A review of the previous literature showed that studies on this topic were nearly non-existent (see pp.5-6).

Therefore, using the participant observation method to achieve this objective collaborates with the suggestion made by Jorgensen.

In total ten participant observations were conducted, six of them in the Buckinghamshire region and four in the Peak District & Derbyshire. All participant observations that were used in the project with the bed and breakfast guests took place in the premises where the researcher himself stayed overnight as a guest. The conversations between the researcher and the participating guests mainly took place in the morning during breakfast time with the permission of the bed and breakfast owners and the knowledge of the guests. However, after conducting the ten participant observations, the method was abandoned and replaced with questionnaires. It is worthwhile to list the reasons:

1. All participant observations took place during breakfast. This did not give the researcher enough time to cover all the research objectives. It was even worse in the case of business guests, because they had very little time to spare.
2. Taking notes after the conversations proved to be more difficult than initially thought, since using a tape recorder was not allowed by the proprietors.
3. The participant observations were pre-arranged by the proprietors and the participants knew the identity of the researcher, for the purpose of research ethics. In addition, proprietors were present during the participant observations, in some cases sitting next to the researcher. This led to the avoidance of negative comments by the participants concerning their experience with the bed and breakfast.

4. A number of participants were foreign nationals with a limited grasp of the English language. This led to the researcher having difficulty in communicating with them.
5. One of the participants in Buckinghamshire was a first time guest not regular or repeat, despite the researcher asking the proprietor to arrange an observation with a regular or a repeat guest. In this particular case, the researcher could not ask the participant to state her reasons to become a regular or a repeat guest.

Despite being replaced by the questionnaires, participant observations helped the development of the interviews that were subsequently conducted.. However, the biggest contribution of the participant observations was their influence on the guest questionnaires. A number of questions that were asked to the participating guests were designed with the help of participant observations. In this sense, they formed a useful ally alongside the other contributing elements such as literature review and the proprietor interviews. Moreover, another important contribution of the participant observations was the amount of detailed information that was obtained through them, from the lay-out of the room that the researcher stayed in through to the décor of the breakfast/dining room. These helped to build up the researcher's knowledge about the bed and breakfast sector.

Questionnaires

The third research method used was questionnaires. The questionnaires were developed and designed with the help of the literature review, pilot and initial proprietor interviews and the participant observations with the guests of bed and breakfasts. The review of the previous written material such as word-of-mouth (see pp.97-98), expectancy dis/confirmation (see p.49), importance performance analysis (see p.49), personal touch (see p.14), loyalty types and characteristics of a loyal guest (see pp.63-67) all had an impact on the design of the questionnaires (see Appendix 1 for a copy).

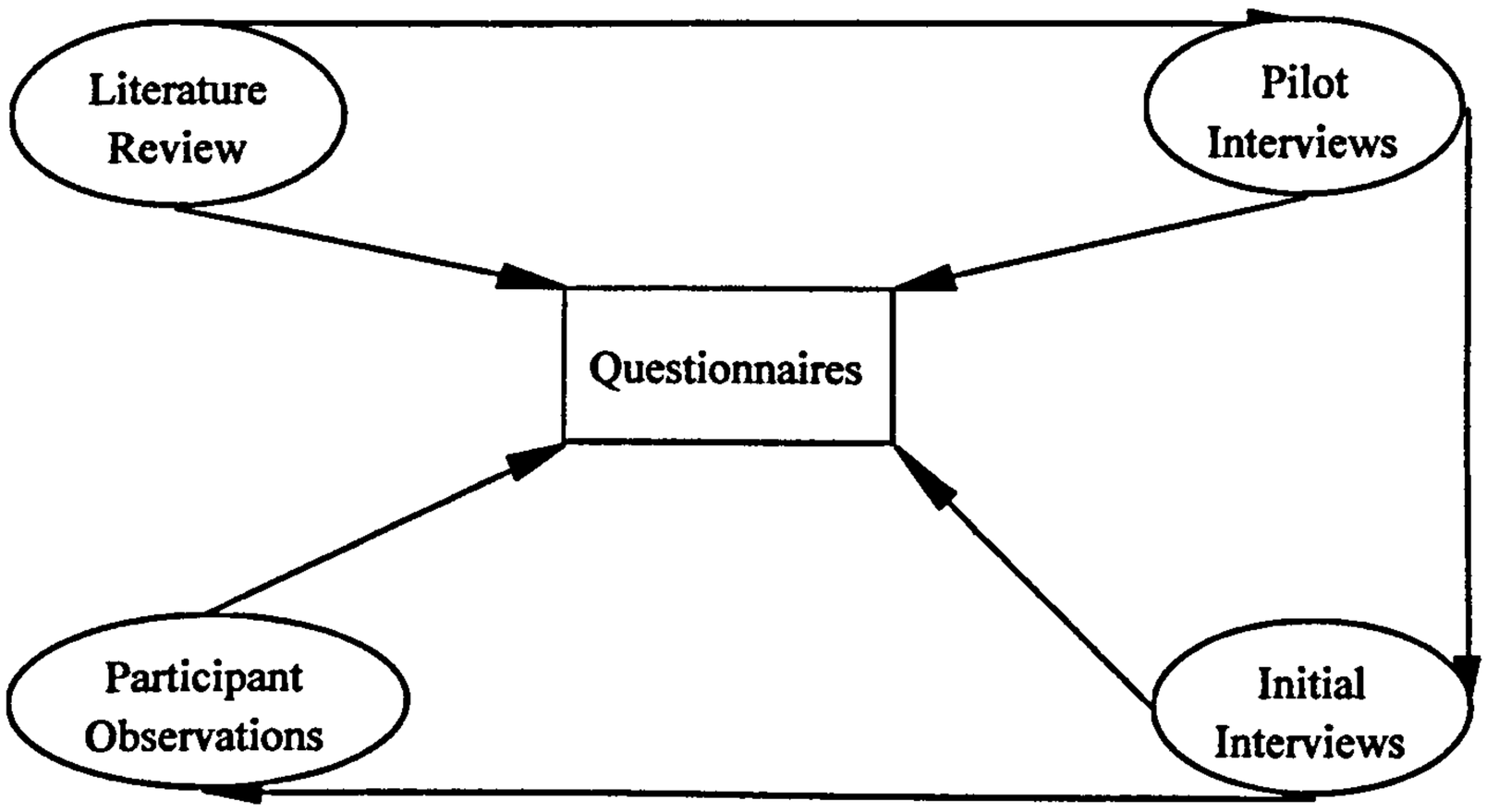


Figure 7-Questionnaire Design

To gain access for the questionnaires, at the end of each interview proprietors were asked whether they would allow a questionnaire to be filled by their guests. The researcher briefly explained the contents of the questionnaires. In addition, the researcher mentioned to the proprietors that once the questionnaires were completed and received, an initial analysis of the findings would be posted to the proprietors, 38 out of 42 proprietors agreed to pass the questionnaires to their guests (see Appendix 14 for a copy). Most probably as

a result of assurances that the data obtained from the guests would be treated with the strictest confidentiality and the incentive to receive a report of preliminary research findings. Each questionnaire came with a university headed cover letter, which explained the nature of the research and reasons for the participation of bed and breakfast guests (see Appendix 15). It also included a self addressed and stamped return envelope. 10 questionnaires were sent to each participating bed and breakfast, reaching a total of 380. Out of these, 109 (29%) were used for the data analysis (see pp.153-154 for details). Each return envelope was marked with a number on the back, allowing the researcher to track it down to the bed and breakfast it was sent from. These responses, divided region by region, are displayed in Table 20.

Bed and Breakfast	Region	Number of Responses
B2	Buckinghamshire	1
B3	Buckinghamshire	6
B7	Buckinghamshire	8
B15	Buckinghamshire	7
B16	Buckinghamshire	4
B18	Buckinghamshire	3
B24	Buckinghamshire	5
B-AA	Buckinghamshire	3
TOTAL	***Buckinghamshire***	***37***
PD-AA-5	Peak District & Derbyshire	4
PD6	Peak District & Derbyshire	1
PD7	Peak District & Derbyshire	1
PD-AA-11	Peak District and Derbyshire	1
PD14	Peak District & Derbyshire	2
PD15	Peak District and Derbyshire	2
PD-AA-16	Peak District & Derbyshire	10
PD21	Peak District & Derbyshire	6
PD-AA-22	Peak District & Derbyshire	7
PD-AA-23	Peak District & Derbyshire	2
PD24	Peak District & Derbyshire	10
PD-AA-30	Peak District & Derbyshire	4
PD-AA-31	Peak District & Derbyshire	8
PD-AA-32	Peak District & Derbyshire	9
TOTAL	***Peak District & Derbyshire***	***67***
E32	Edinburgh	7
E39	Edinburgh	8
E-AA-9	Edinburgh	2
E-AA-38	Edinburgh	3
E-AA-39	Edinburgh	10
E-AA-63	Edinburgh	4
TOTAL	***Edinburgh***	***34***
GRAND TOTAL	**All Regions**	**138**

Table 20- Questionnaire Responses

This project positioned itself as a piece of exploratory research and was targeted at understanding the customer loyalty phenomenon in the UK bed and breakfasts. Although the literature suggests that an exploratory research project should employ "open-ended" questions (Remenyi *et al.*, 2000, p.152), this study favoured the opposite. The main reason for using closed questions concerns the time limitations of the bed and breakfast guests, and the aim of achieving a higher response rate through the use of closed questions.

The design of the questionnaires improved throughout the research particularly after starting to receive the first group of responses. As a result, the second group of questionnaires were improved even if only through minor details such as adding the letters of PTO (Please Turn Over) in order to remind the respondents that the questionnaires contained questions on the back of each page (see Appendix 1 for a copy).

As with the interviews, questionnaires too were designed to research elements within the emergent main focus - such as the importance of being regular - from the guests' point of view. In addition, questionnaires tried to find the relationships between:

- Age and preference for a hotel rather than a bed and breakfast.
- Marital status and preference for a hotel rather than a bed and breakfast.
- Education level and preference for a hotel rather than a bed and breakfast.
- People who have children at home and preference for a hotel rather than a bed and breakfast.

- Home ownership and preference for a hotel rather than a bed and breakfast
- Employment and preference for a hotel rather than a bed and breakfast.
- Annual income and preference for a hotel rather than a bed and breakfast.

Finally, during the primary data collection stage, two letters were sent to visitEngland explaining the research interests. VisitEngland was asked if it could contribute as the regulatory body for England (see Appendices 16 and 17). With this, the researcher hoped to improve the design of his questionnaire and interview questions. In a response to the first letter, the visitEngland sent a simple "fact sheet" about the Oxfordshire region including how many bed and breakfasts are in the region, how many tourists visited the region and so on. The second letter requested a meeting with one of the regional executives did not attract any response. As of today, visitEngland has not responded to this letter.

Reliability, Replicability, Validity

Reliability, replicability and validity are three determinants of the credibility of any research findings. Any data that were obtained through qualitative or quantitative data collection methods should be checked in terms of their reliability, replicability and validity. There are, however, objections by a number of academics that these three terms are particularly reserved for quantitative studies and should be replaced by their counterparts for qualitative studies (see Kirk and Miller, 1986; Bryman and Bell, 2003; Creswell and Clark, 2007); or claims that every qualitative research should adopt a method suitable for the purpose (Johnson *et al.*, 2006). In recognition of these objections and claims, the following pages will explain each term first and then review the data collection methods that were used in this study in terms of reliability, replicability and validity.

Reliability

The main concern of the reliability is whether the results (or findings) of a study are repeatable. Easterby-Smith *et al.* (2002, p.53) propose the following questions to ensure the reliability:

> *"Will the measures yield the same results on other occasions, will similar observations be reached by other observers, is there transparency in how sense is made from the raw data?"*

Robson (2002), on the other hand, outlines the following threats to reliability:

> *"The first threat is subject or participant error. The second one is subject or participant bias. The third one is observer error. The fourth one is observer bias"*

Explaining the first one in a management research setting, Saunders *et al.* (2003, p.101) indicate that "subject or participant error" could involve an example such as administering a survey to the employees of a particular company on a Monday morning that could return different results than on a Friday afternoon, when people are usually in a better mood because of the coming weekend break.

An example of the "subject or participant bias" is employee's fear of management - such that they respond to a survey so as not upset the management.

"Observer error" happens particularly when more than one researcher conducts different parts of the research whilst using the same method such as participant observation. This increases the possibility of obtaining different, subjective results.

The fourth error "observer bias" is the potential threat that occurs when a researcher decides to change his/her approach when interpreting the data.

Replicability

Replicability is the ability to replicate research findings if or when needed. One way of assuring replicability is to explain in detail the research procedures and data collection methods that were used for gathering primary data for the study in question. In this way, the researcher allows future researchers to follow his/her footsteps and duplicate the research.

Validity

Perhaps the most important of all three elements is validity, which is concerned with the integrity of research conclusions. In other words, is the relationship between two (or more) variables a "causal relationship or not" (Saunders *et al.*, 2003, p.101).

Dividing validity into measurement validity, internal validity, external validity and ecological validity, Bryman and Bell (2003) explain each with examples. Also referred to as "construct validity", *measurement validity* is to do with "whether a measure that is devised for a concept really does reflect the concept that it is supposed to be denoting" (Bryman and Bell, 2003, p.33). Furthermore, *measurement validity* is more to do with reliability. That is, if a measure, which is devised from a concept is not reliable due to the incorrect methods used for the measurement, then validity of the measure is in question.

Internal validity, however, relates "mainly to the issue of causality" (Bryman and Bell, 2003, p.34). The main concern of *internal validity* is to find out if a relationship between one or more variables is strong enough for the researcher (who conducts the study) to reach a conclusion.

External validity (also referred as *generalisability*) is a concern in the design of a research that results are generalisable (Saunders *et al.*, 2003, p.102).

Ecological validity is the concern about whether the research findings are applicable to "people's everyday, natural social settings" (Bryman and Bell, 2003, p.34).

The following pages will apply reliability, replicability and validity to the data collection methods that were used for this project: interviews, participant observations and the questionnaires.

Interviews

Interviews were conducted with a total number of 42 bed and breakfast proprietors in Buckinghamshire, the Peak District & Derbyshire and Edinburgh (see pp.161-163).

Reliability of the interview findings of this study is demonstrated in two ways: the nodes that were generated (see p.162); and the framework (The Benefits of Regular Guests) that was developed with the help of interviews (see pp.186-190). Regarding the nodes and the reliability, since the initial number of nodes was reduced from 51 (see Appendix 18) to a final total of 10, it could be claimed that a different research perspective - such as concentrating on customer satisfaction instead of customer loyalty - could have produced a different list. This may question the reliability of such a list. However, the final list of 10 nodes was developed through a careful selection process, which addressed the reliability related concerns. With the framework, on the other hand, the results would be the same, since the framework was developed by using the most repeated five benefits of regular guests to proprietors.

Out of four possible threats to the reliability as discussed by Robson (2002), the first and the only one applicable to this study "*subject* or *participant error*" was taken into consideration during the proprietor interviews. When deciding the timing of sending the letters to the proprietors and requesting a suitable date for an interview, certain months in the year such as Christmas and Easter holidays were avoided (see pp.127-131). The remaining three possible threats - *participant bias, observer error* and *observer bias* - were not applicable to the interviews. First, the proprietors were free from any pressure or fear because the researcher was from an independent institution and had nothing to do with any of the tourist boards. Hence there was no participant bias. Second, observer error did not apply because there was only one researcher. Third, "observer bias" did not happen either because the researcher did not change his approach when interpreting interview data (see pp.164-183 for more details of interviews data interpretation).

Replicability of the interviews was assured in a simple but effective way. The researcher has stated the exact number of letters that were sent in total for both regions and the capital city and the researcher has also explained how the contact list was compiled (see p.127). So, there can be replication by future researchers if required.

Out of four different *validity* types (as outlined earlier), m*easurement validity* will be addressed only in the following pages when explaining the validity of the questionnaires, because it is an issue mainly with quantitative research.

With regard to *internal validity,* all five factors that formed the framework (comfort, security, ease of dealing, personal satisfaction and financial benefits) were mentioned by the majority of the proprietors during the interviews (see pp.165-184). Therefore, including these five factors in the framework named "The Benefits of Regular Guests" was the only conclusion.

The *external validity* of the interviews for this research is also been intact - albeit with reservations. Findings from the interviews may be applicable to the other regions of the UK's bed and breakfast sector - beyond Buckinghamshire, the Peak District & Derbyshire and Edinburgh. However, since the majority of the interviews were conducted with the proprietors in England (see pp.127-128), it would be unwise to claim that all remaining regions of the UK bed and breakfast sector are identical to the regions covered by this research, and that the findings could be generalised to include those regions. Even more challenging would be the idea of extending the interview findings to the other sectors of the hospitality industry, such as hotels. In this respect, the following question begs to be answered: does the lower end of the UK's hotel sector (such as small hotels) hold similar characteristics to the higher end of the UK's bed and breakfast sector (such as four-five diamond/star establishments) of the hospitality industry? This question could only be answered by further studies.

Ecological validity of the interviews stands intact because the researcher neither interrupted nor removed the interviewees from their natural settings. This avoids the "Hawthorne effect", named after a study that was carried out

in the late 1920s. All interviews for this study were conducted under similar conditions, at the convenience of the proprietors in their bed and breakfasts.

Participant Observations

Participant observations were replaced with the questionnaires for the reasons stated (see pp.133-134).

Reliability of the participant observations for this research could be questioned in terms of "participant error", as outlined by Robson (2002). As mentioned (see p. 133), while conducting interviews with the guests, a number of bed and breakfast proprietors were either present or were nearby, which allowed them to hear the conversation between the researcher and the interviewees. This inevitable problem (due to the interview settings arranged by the proprietors) was again another factor to the replacement of participant observations by questionnaires.

Replicability of the participant observations - similar to the interviews - was addressed by providing details and guidelines about them (such as how they were conducted, under which setting they were conducted, how long it took to conduct them and so on). However, since the participant observations were not included as a section in one of the research findings chapters (Chapter 4 and Chapter 5), the information derived from the participant observations was not as detailed as the interviews or questionnaires. Still, if needed, results of the participant observations and their contribution to this project could be repeated by another researcher.

External validity of the participant observations is the only validity measure that could be applied to them. This is because *measurement validity* is more of a quantitative rather than qualitative research method, and *internal* and *ecological validity* are of less a concern because findings from the participant observations did not reflect as directly on the research findings as did the interviews and questionnaires.

Questionnaires

There were 109 usable questionnaires received from the participating bed and breakfast guests (see pp.135-137).

Reliability was a concern with the questionnaires because they were sent to the proprietors in order to be filled in by their guests. The researcher did not have the opportunity of administering the questionnaires to the guests himself and collecting them once they were completed. However, in order to make sure that the questionnaires were completed by the guests themselves and not filled in by the proprietors (or their friends/families) the following steps were taken:

1. Each questionnaire came with a self addressed, postage paid envelope. The cover letter that was included in each questionnaire (see Appendix 15) stated that once completed, guests could either post the letter themselves if they were worried about confidentiality of their responses, or hand the letter to the proprietors if they were not concerned about confidentiality.
2. The back of each self-addressed envelope contained a code, informing the researcher from which bed and breakfast it was received.

Supported by the actual postal date stamp on the envelope, any high number of responses (8 and above) from the same bed and breakfast went through further scrutiny, assuring that each questionnaire was filled by a different person. When doing this the handwriting in the replies to the questions, in particular to the open-ended questions (see Appendix 1 for a copy of a questionnaire) were checked carefully and any suspicious ones were removed. In fact, as regards the latter case, all 10 replies from a particular bed and breakfast were removed on the suspicion that they had been filled in by the proprietor, not the guests.

Replicability was also assured in the same way as with the two previous research methods: by providing details of the number of questionnaires that were sent to each region and the number of replies that were received in return (see pp.135-137).

Measurement validity of the questionnaires is mostly concerned with the design and structure of them - starting with the use of open and closed ended questions as a combination and continuing on to the types of the questions that were asked and so on. As a reminder, questionnaires were used for this study in order to address a number of issues that emerged from the literature review, initial participant observations and the interviews. The researcher ensured that the questions that were asked to participating guests addressed all these *measurement validity* matters.

Internal validity of the questionnaires was more of an issue with regard to the framework (The Key Factors Contributing to Guest Loyalty) that was

developed as a direct result of the questionnaires (see pp.208-213). Based on data obtained through the questionnaires, four factors contributed most to guest loyalty. Despite the researcher feeling that more questionnaire replies could have improved the *internal validity* of these findings, this option was not available to the researcher at the time of this study (see pp.135-136 for the reasons).

With regard to *external validity* one can ask whether the framework that was developed as a result of the questionnaires could be applied to the entire UK bed and breakfast sector - or not. As with the interview findings, there is a regional limitation. That is, that the questionnaires were conducted mostly with English bed and breakfast guests, hence there is a difficulty in applying such findings to the rest of the UK's bed and breakfasts. Although the author of this study believes that there are similarities between the rest of UK bed and breakfasts and the ones contacted for this project, only further studies will reveal if this is truly the case.

Ecological validity is the ability to apply the questionnaire findings to the daily lives of ordinary people. Since the respondents of the questionnaires were the ordinary people who stayed in the bed and breakfast of their choice for a number of reasons - such as leisure or business (see Appendix 25) - findings of the questionnaires and findings from the framework could be applied to ordinary people, hence confirming the *ecological validity* of the questionnaires.

Research Ethics

The choice of qualitative or quantitative research methods, or a combination of both, depends on the nature of the project, along with the researcher's preferences. Some projects may have no alternative but to employ a specific method. In business research for example, the company that is chosen for the project may allow a researcher only to use questionnaires and ban interviews with employees. Another barrier to a researcher's choice of data collection method is ethical considerations (Kvale, 1996, p.109). Particularly in the social sciences - where the researchers deal with human sources very often - qualitative methods like covert participant observation may be regarded as unethical and so cannot be applied (Saunders *et al.*, 2003, p.131). This was particularly the case for this research. As a result, the initial participant observations that took place with the bed and breakfast guests were all overt and were conducted with the knowledge of the proprietors and the guests.

Further ethical concerns were the confidentiality of the information that was provided by the participants and participant anonymity (Kvale, 1996, pp.114-117). These were taken into consideration before, during and after data collection.

Primary Data Collection Stages

Primary data for this research were collected from three different sources: proprietor interviews, participant observations and guest questionnaires. Starting with a number of pilot interviews, data collection took almost 2.5 years. Different stages of the collection are presented in Figure 8.

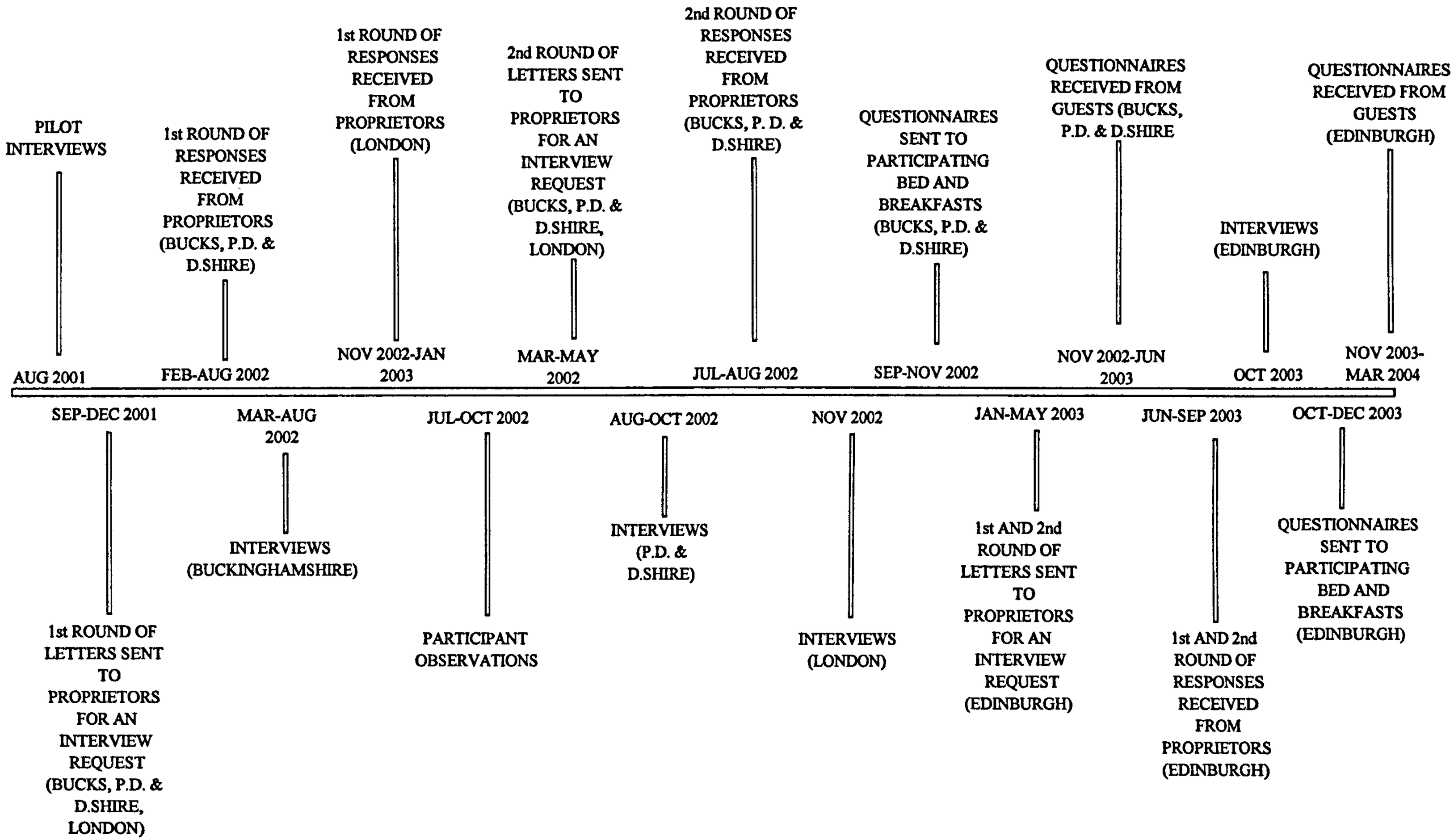


Figure 8- Primary Data Collection Stages

Choice of Data Analysis Software

For the analyses of interview and questionnaire data, two different software packages were used.

Interview data analysis was made with the help of NVivo 1.2. Before deciding on this specific software, other alternatives were considered, including hand tabulation. This idea was quickly abandoned because of the amount of questionnaires (109). As for the alternative software packages, after reviewing trial versions of Ethnograph and Atlas TI, it was decided that NVivo was a better choice. The first reason for this choice was the popularity of NVivo among the researchers (Johnston, 2006). NVivo was also favoured because of its relatively ease of usage. A third reason was due the software being freely available on the University's network.

The second software used in this project was EndNote 5. It was used to organise the bibliography. As with the previous package, the University provided it free and the researcher did not need to pay for the licence himself. Furthermore, EndNote is widely accepted by academics for referencing and easy to use, along with the improvements made on version 5 (Tessler, 2002).

Contents and Order of the Appendices

Appendices consist of copies of the interviews, participant observations and questionnaires that were used for the primary data collection. In addition, they also include any correspondence between the researcher and other "relevant parties", as far as the research was concerned. These "relevant parties" are the bed and breakfast proprietors, guests and a tourist board (visitEngland).

Copies of the materials include letters that were sent to the proprietors for an interview request, reply slips, follow-up letters, a cover letter for the guests that explained the purpose of the research and a letter that was sent to visitEngland, requesting a meeting.

The Appendices follow the order of how they are quoted in the thesis. In addition, the Appendices also include a number of tables and charts that were removed from the main text in order to reduce the clutter (particularly descriptive charts developed from the questionnaires).

Encountered Difficulties

During the course of this study, there were a few unforeseen events that on occasions slowed down the research process. These are divided into two: difficulties encountered during the data collection stage and difficulties encountered during the data analysis stage.

Data Collection Stage

The first difficulty at this stage concerned one of the data collection methods: participant observations. After the initial stage of the interviews with the bed and breakfast proprietors, the researcher found it necessary to conduct participant observations with regular or repeat guests. However, the whole participant observation idea turned out to be difficult to apply (see pp.132-134). Another difficulty was the task of transcribing these observations into a written form. Due to restrictions imposed by the proprietors on not using a tape recorder, this turned out to be a rather challenging task. As a result, the whole

idea of participant observation with the guests was replaced with the guest questionnaires.

The second difficulty was obtaining interview access to the proprietors in London (which was the first choice of capital city). Following the same procedure that worked well in the other two regions (Buckinghamshire and the Peak District & Derbyshire) the number of positive responses - the proprietors who responded that they would participate - were very discouraging. Added to this was a particularly negative experience when a proprietor failed to attend an agreed interview. It was then decided that choosing an alternative was the only viable option and London as the capital city of England was replaced by Edinburgh, the capital of Scotland. In the end this turned out to be a good choice as it produced a rewarding number of interviews and allowed the researcher to pursue the research objectives (see pp.126-132 for details).

Data Analysis Stage

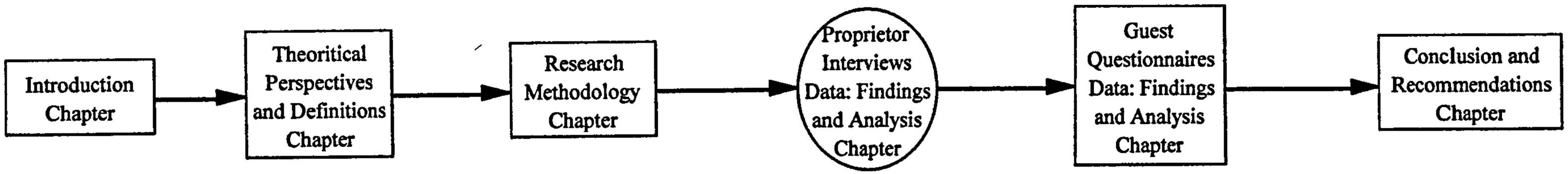
The only difficulty at this stage was the large amount of themes or "nodes" that had to be considered, following the proprietor interviews. Perhaps due to the exploratory nature of this research, the researcher felt he should include every possible theme that emerged from the interviews (see Appendix 18 for a full list). This initial strategy resulted in an unnecessarily large amount of coding. In the end, this strategy was modified slightly and only the ones thought to have a direct relevance to the general objectives of the research, and ones that could be used in conjunction with the questionnaire findings (namely those allowing a comparison between the set of analyses) were included. The ones that could not be used, or that were thought to need more

data collection, were included in the "Recommendations for Future Research" section of Chapter 6: Conclusion and Recommendations (see pp.240-245).

Chapter Summary

This chapter started with an explanation of the two main research schools. This was done in order to provide the background thinking behind the methods and the strategies employed for this research project. The chapter then moved to the research objectives and explained them further. The following section outlined research strategies that could be employed for any research project and then concentrated on the ones chosen for *this* project, with the reasons behind the choice. The chapter then progressed towards the research question, ethics, and the choice of data analysis. The final section presented the difficulties that were encountered during the data collection stages.

Chapter 4: Proprietor Interviews Data: Findings and Analysis



Chapter 4: Proprietor Interviews Data: Findings and Analysis

Introduction

This chapter will analyse data that were collected through proprietor interviews. The first section will present details regarding the number of interviews that were conducted. It will then list all the nodes that were used in the analysis. These nodes will be grouped and presented accordingly. The next section will present each of the node groups under a group heading. Finally, following a presentation of regional differences, the chapter will conclude with an explanation of a framework based on the node groups.

Semi-structured interviews were conducted with the proprietors of bed and breakfasts in two regions and a capital city: Buckinghamshire, the Peak District & Derbyshire, and Edinburgh. For each region, access was obtained via sending two request letters to the proprietors (see Appendices 7 and 8). Details of the data collection methods are discussed in Chapter 3: Research Methodology (see pp.126-132).

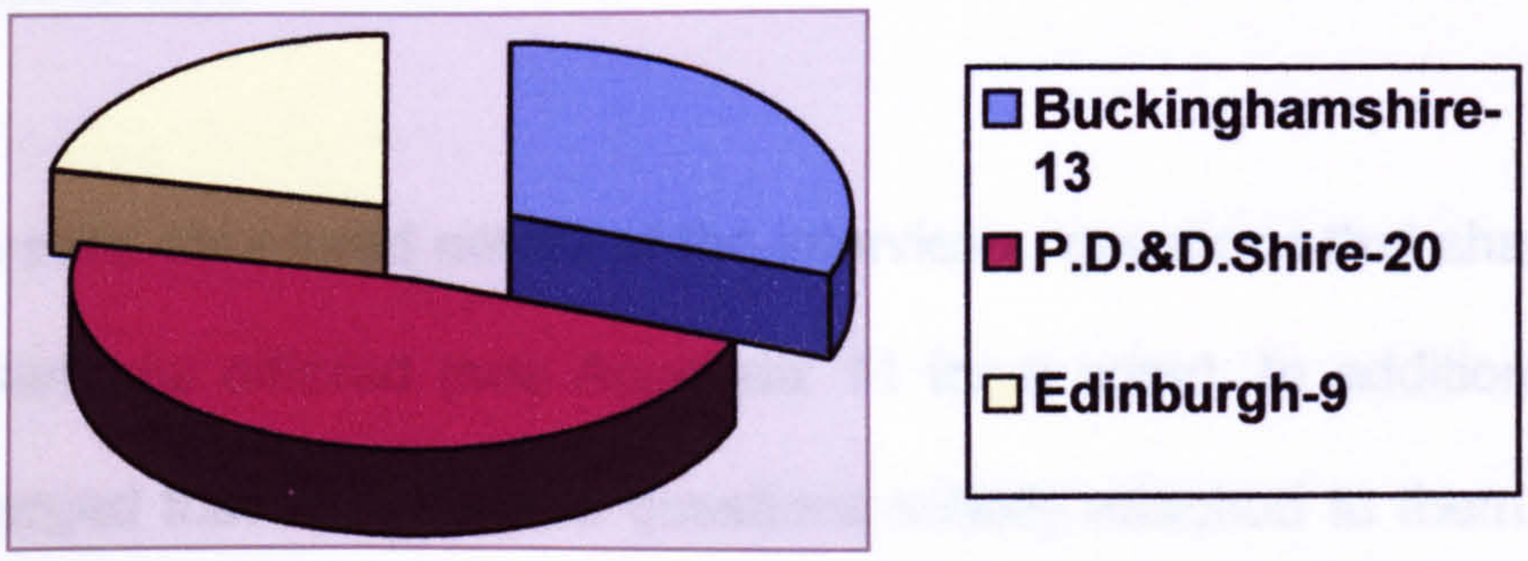


Chart 1-Number of Interviews Conducted in Total

There were 42 interviews conducted in total. These interviews were analysed by using a qualitative data analysis software, NVivo version 1.2. The reasons for choosing the software and its applications to the research are discussed in more detail in Chapter 3: Research Methodology.

Sections of the interviews were coded during the data analysis. This was done for the Buckinghamshire region and then repeated in the Peak District & Derbyshire and Edinburgh. Each code consisted of a sentence or a group of sentences that were taken from the interviews. These are called “nodes” in NVivo (Gibbs, 2002, p.17) and they were developed as each interview was analysed region by region (see Appendix 18 for a list of all nodes). When

presenting these nodes, the actual quotes of the proprietors were coded in order to distinguish one comment from another. At this stage, careful consideration was made to maintain the anonymous nature of the interviews. This was done in the form of coding each interview with a different set of letters and numbers. This way of coding allowed the reader to separate one comment from another, without actually knowing the identity of the interviewee (see Appendices 3,4 and 5 for a copy of interview for each region and the capital city).

Due to the semi-structured nature of the interviews, questions that shaped the nodes sometimes differed (see Appendix 11 for a copy). In addition, a few nodes emerged that did not have questions initially attached to them. These were included in the analysis because proprietors repeatedly mentioned them during the interviews. Such nodes were named as "proprietor generated nodes" and they took their place in the subsequent interviews. A few more proprietor-generated themes from the interviews were also discovered during the transcription stage. These points are explained further in Chapter 3: Research Methodology (see pp.126-132).

In all regions, 10 nodes are developed for the data analysis. These are (in alphabetical order):

- Advance Booking,
- Advertising,
- Comparison of Regulars-Irregulars,
- Correspondence with Regulars,
- Feedback,
- Incentives to Regulars,
- Long Stay-Preference,
- Personal Touch,
- Price,
- Word-of-mouth.

These nodes are categorized or "grouped" under three different headings. Each group has a common theme and/or connection. The first group of nodes consists of the following: advance booking, comparing regulars-irregulars, correspondence with regulars, incentives to regulars and long stay-preference. The second group of nodes consists of: advertising, feedback and word-of-mouth. The final group consists of: personal touch and price. All these nodes are also in line with the third research objective: to evaluate loyalty in the UK bed and breakfast sector, both from the guests' and the proprietors' point of view. The node groups are presented in Figure 9.

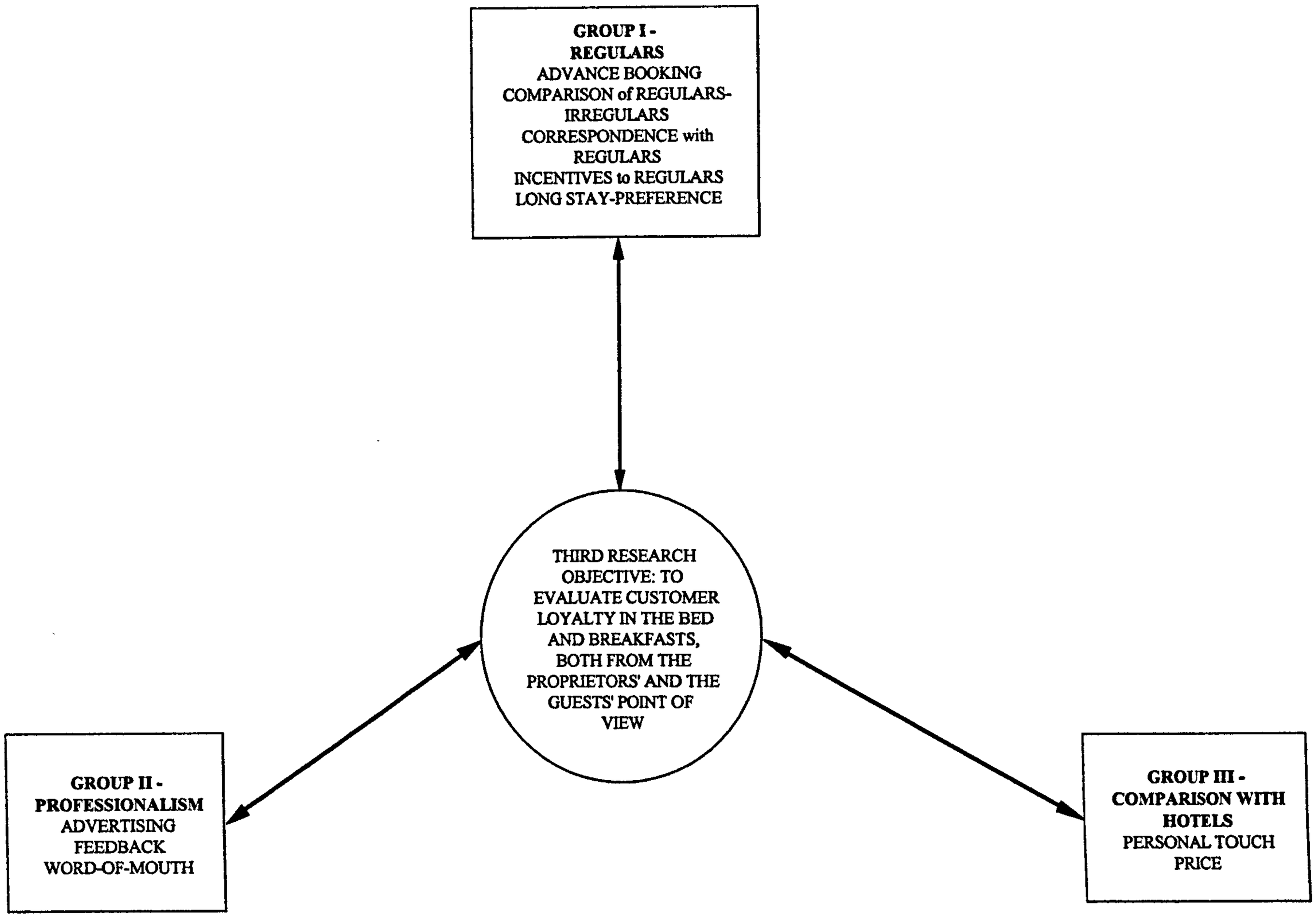


Figure 9- Node Groups

GROUP I - Regulars

The main theme in the first group of nodes was the *regular guests' importance to the proprietors*. Borrowing the term "regular guests" from the literature as a replacement for "loyal guests" (see Petrick, 2004, p.463), the researcher noticed that the majority of the proprietors preferred "regular guests" or just "regulars".

With this node group, when the researcher asked questions during the interviews (see Appendices 3,4 and 5 for a copy for each region and the capital city), he wanted to find out whether proprietors placed emphasis on their regular guests in comparison with irregular guests, as suggested by the loyalty literature (see pp.73-75).

There were five nodes that formed this group: advance booking, comparing regulars-irregulars, correspondence with regulars, incentives to regulars and long stay-preference.

Advance Booking

The first node "Advance Booking" was mentioned in two different ways as a positive outcome. *First*, it was seen as a *financial guarantee* for income purposes, especially when a deposit was attached to the booking.

'We prefer people for the booking in advance. Because we would take a deposit from them and they would send us a cheque for the deposit and that gives us the certainty.' (PD14)

'When people ring up to book we ask them for a deposit.' (PD15)

'I think we prefer the advance bookings I would say because then you have, the procedure we have, causes them to give us their credit card details so we have some (financial) *security if you like...'* (EDB39)

Second, it was seen as *physical security* because the proprietors had the details of the guests such as name, a contact number or even home address.

'I prefer people to book. I don't know them if they come to the door but when they book (in advance), *you have some record...when they come off the street, you don't who they are, where they are from...'* (EDB9AA)

'If they come to the door and I don't like the look of them, I'll say I am sorry, the sign should've been removed... (PD11AA)

'I do turn people down. If I don't like their looking at the door, I don't have them.' (EDB38AA)

Continuing on the *physical security* concept, a few proprietors took this matter even further, by deliberately not displaying a bed and breakfast sign.

*"**R:** On the way to come here, although there were directions in the AA's booklet, there wasn't any sign saying "bed and breakfast". **I:** No. That's quite deliberate. Uhm, because we wouldn't take anybody off the street...It's not good for security.'* (PD23AA)

(**R indicates the researcher, I indicates interviewee)

*'**R:** I didn't see any bed and breakfast sign. Was it deliberate? **I:** I suppose yes, deep down, because I don't want walk by visitor.'* (B19)

Comparison of Regulars-Irregulars

Comparing regulars (or repeat visitors) with the irregulars allowed the researcher to understand whether the proprietors placed any importance on the regular guests, as suggested by the literature (see pp.73-75 for more details). The findings of this research, however, suggested that the majority of the proprietors did not mention the *importance* of a regular guest. There was one exception.

> *'The regulars are the core part of our business and everybody else is slotted around the regulars.'* (B6AA)

Proprietors, however, were able to *feel comfortable* with regular guests.

> *'We prefer the regulars...You get to know them...You feel more comfortable with them I suppose.'* (PD12)

A *financial benefit* of having a regular guest was highlighted by the example below.

> *'**R:** Do you believe these regular guests are more important than irregular or one-off travellers? **I**: For me they're more important. **R**: Why? **I**: Because it's regular and if I'm not feeling well and I can't be bothered and I won't have anybody else. And I still get an income.'* (B24)

The following proprietors explained and emphasized that having a regular guest *made things easier* for them.

'I think it's easier to deal with the people stay here on the regular basis.' (PD13)

'It is nice dealing with them when they come because you don't need to take any details, there's a certain amount of things you have to go through with somebody you've never heard of before...' (EDB38AA)

*'**I:** ...every time someone new comes you go and talk, you have to explain where everything is, how to find me. A regular just comes in and goes out ...It's nice to have the stability of the regulars. **R:** In terms of...**I:** Income...Last week I was in London...Someone called, it was a regular and I said you'll be back, get the key from...*(proprietor talks about a specific place) *and unlock the door. If it was a new person I had to be here...That's why they're easier.'* (B16)

Some proprietors, on the other hand, saw *no difference* between a regular and an irregular guest. Moreover, they sometimes stated how important it was to have new guests.

'It's nice to have regular guests. It's nice to have new people too.' (B15)

'...when people come back and they know the lay out of the house, it's nicer for us. But we need the new trade to keep going...it's important that we get new trade all the time.' (PD31AA)

Another outcome of inquiring about the repeat guests was the *personal satisfaction* that a number of proprietors felt by doing their job.

'It is nice, we like people to come back, and it is nice to see familiar faces.' (PD21)

'If a regular comes back it's nice because you know they are enjoying their stay...' (EDB9AA)

Correspondence with Regulars

Along with exploring the theme of "regular guests" further, this node acted as a control node to the "comparing regulars-irregulars" node. This meant that similar themes were included in both nodes. "Correspondence with regulars" aimed to investigate whether proprietors' perceived regular guests were more important than the irregulars or not. The researcher tried to find out if the proprietors sent Christmas cards, birthday cards and so forth to their regular guests. Christmas and birthday cards were chosen due to their personal nature (normally they are sent to someone we know, not a stranger). In all regions, however, there were only four proprietors who responded to the question. Out of those three mentioned *sending cards for Christmas* and one mentioned sending cards for *birthdays*.

'We have done in the past, odd Christmas cards to the regulars; we don't make a big thing of it.' (PD2AA)

'Well, we send Christmas cards to regular guests.' (PD12)

'Christmas cards, yes, we send to regulars...We do, that's just all, Christmas cards.' (EDB1AA)

*'**R:** ...do you send cards for the Christmas, birthdays? **I:** Yes, always..'* (PD7)

Incentives to Regulars

With this node the researcher aimed to establish if the proprietors gave any incentives to their regular guests or not. As with the previous one, this was also a control node for the "comparison of regulars-irregulars" node. If proprietors gave incentives to regular guests, it showed that the proprietors viewed their regular guests as more important than the irregular ones. The incentives in question could range from direct discounts to indirect ones such as capped room rates, the offer of free drinks and so on.

Despite the fact that there were a number of proprietors who clearly stated the importance of their regular guests, not many said that they offered any form of incentives to them, apart from the following two:

'Well, we will consider it (giving incentives, such as discounts) *when we think it is appropriate.'* (PD13)

'If they come three, four times a year, I'll knock something off for the later visit. It depends who it is and how often they've been, really.' (PD31AA)

There were a number of proprietors who provided incentives to any guest, regular or irregular irrespectively.

'The only thing I'll do, if they never ever have breakfast, I will knock money off for the breakfast.' (B6)

'We do have reduced rates for the winter time.' (PD31AA)

In a few examples, however, when the researcher asked further questions or gave examples of "incentives", a number of proprietors stated that they gave discounts to their regular guests, perhaps even *without realising* it themselves.

*'**R** Do those regulars get any kind of discount or does the price is same for anyone? **I** Never had been mentioned, no. If it is a regular guest, we still charge them twenty-five pounds* (not the increased room rate). ***R** Well, in that case, in a way you doing discount to them. **I** Yes, in a way, yes.'* (B1)

By contrast with the above, there were a couple of *direct discounts* to the regulars.

'More than three nights gets discount and regulars even stay less than three get discount.' (PD16AA)

'They don't get formal discounts or any incentives but if a man (a regular guest) *wanted a single bedroom and I don't have any single room I would be very glad to give the double room for the single price, because he's a regular...'* (EDB38AA)

There were examples where regular guests received *indirect discounts*, or that discounts were given *if a regular guest asked* (so not as a standard practice).

*'**I:** ...regulars don't have the same price increase as the new guests...my rates has gone up but...**R:** Not for the regulars. **I:** Yeah.'* (EDB32)

'We tend to hold prices down for regulars.' (EDB39)

*'**R:** Do you give those regular guests any sort of discount or extras? **I:** If they ask.'* (B15)

*'**I:** It's something I tend to work out with the actual person. **R:** So, if your regular guests ask, if they mention, you do give discounts. **I:** Yes, probably I would.'* (B19)

Long Stay-Preference

This node was developed when proprietors talked about the guests who stayed only one night. The main point raised was that, when a guest stayed less than two nights, the *workload* to prepare the room for the next guest was too much. This was the major reason given by the proprietors for why they preferred longer staying guests. Almost all the proprietors explained the increased workload in similar wording.

'For a one nighter you have to do the washing and everything else. So it's nice to have someone for two or three days.' (B2)

'It is hard work when people only stay one night.' (PD10AA)

'I don't like people stay for one night. Because one night is hard work.' (PD11AA)

'If people are coming and going for one night or two nights, it makes it a lot more work.' (PD13)

'It is a bonus for us if a guest is staying two or three days because if it is other guests, tourists are coming for one day and you got to rolling to do after them and it's a big concern. In other words, if a guest is here for three days you can keep the sheets for three days.' (B14)

In addition to the workload, a number of proprietors also mentioned the *financial aspects* of longer staying guests.

> *'...here are a lot of people whom don't take one nighters. Effectively, it is* (financially) *inconvenient. You may book somebody for one night and lose somebody else for a whole week.'* (B6AA)

> *'If people phone up for one night for say two or three weeks before, I'll say I'm full because you might get two nights at the door* (hence make more money).' (PD11AA)

One proprietor commented on the *wear and tear effect* of the one night staying guests.

> *'We do find that one nighters probably wear the rooms harder than somebody is staying for the two or three nights.'* (PD5AA)

Overview: Group I- Regulars

The above nodes and views of the proprietors are summarised in Table 21.

Node	***Views of Proprietors***
Advance Booking	Financial Guarantee
	Physical Security
Comparing Regulars-Irregulars	Importance
	Feeling Comfortable
	Financial Benefits
	Making Things Easier
	No Difference
	Personal Satisfaction
Correspondence with Regulars	Sending Christmas and Birthday Cards
Incentives to Regulars	(Giving Incentives) without Realising
	Direct Discounts
	Indirect Discounts
	If a Regular Guest Asks
Long Stay-Preference	Workload
	Financial Aspects
	(Less) Wear and Tear Effect

Table 21- Groups of Nodes and Views of the Proprietors

It should be noted that the above "Group I" findings will be used as the basis of Framework 1 "The Benefits of Regular Guests" (see pp.186-190).

GROUP II - Professionalism

The main theme of the second group of nodes was the "professionalism" or the "importance placed on the business". The Longman Dictionary of Contemporary English (1995, p.1128) defines professionalism as: *'the skill and high standards of behaviour expected of a professional person*'. In a recent article directed towards defining professionalism for a service product, McGuigan (2007) lists attributes of professionalism as:

> *'Reliance on a high personal standard of competence, promoting or maintaining the image of the profession, the pursuit of quality and exuding a sense of pride about the profession'*

With the questions asked, the researcher tried to establish how professionally the proprietors ran their bed and breakfasts and/or how much importance they placed on their business. Especially with the feedback node in mind (second node in this group), the "professionalism" underlined the assumption that a professionally run bed and breakfast attracted more guests than one that was unprofessional. In return, it was expected that a display of professionalism might turn these newly acquired guests into regulars in the future.

To modify the above definitions to the needs of the sector, a professionally run bed and breakfast is:

> *'With the first impression on a first contact (internet, phone or physical), an establishment that offers additional facilities like credit card payment and vegetarian breakfast in order to care for a wider range of guests and is run full-time in a more organised, caring way by its proprietors as opposed to a part-time establishment for example, with none of the mentioned features* (Author's working definition).

The above definition is based on the author's personal experiences and observations during his visits to the bed and breakfasts both whilst interviewing the proprietors and whilst engaging in participant observations. This definition, however, should not be interpreted to mean that a professionally run bed and breakfast should only be run full-time, employ extra staff, serve evening meals and so on. A small establishment without any of these factors could still display professionalism.

There were three nodes that formed this group: advertising, feedback, word-of-mouth.

Advertising

Advertising in the local or national press may indicate level of professionalism. Based on the researcher's synthesis of the primary and the secondary research that was conducted for this project (see Jones, 1987; Lanier and Berman, 1993; Poorani and Smith, 1995; Hyam 1996; Kaufman *et al.*, 1996; Lanier and Johnson, 1996; Zane, 1997; Lee *et al.*, 2003), a bed and breakfast is running the business more professionally than others, if it advertises locally and/or nationally in addition to the tourist board's standard adverts. This is because they *spend more time and money* for advertisements (design, where to advertise and so on) than the ones that do not advertise.

'. ..what we are hoping to do is select our advertising, to do a new website, giving a lot of details about the area what it offers apart from the walking and then select specific magazines like walking, cycling magazines and advertise in those magazines.' (PD2AA)

'We talked about advertising. I thought about advertising in Leicester because we get a lot of people from Leicester...' (PD31AA)

The quotes above focus on *selective advertisement* targeting a specific group of customers. The following quote is an example of just how serious the proprietors could take the matter, by using different agencies and *monitoring* their performance.

'I advertise my website through various advertisers, about twenty two advertisers... My website, I have a statistical programme put on my website so I know who visit it and I'll know which advertiser they come from...at the end of the year, I have a league table...top ten will go to the next year, bottom ten or twelve I will discard them and get the new ones to see any change.' (EDB39AA)

The following proprietors placed a figure on their *budget*, presenting how expensive advertising could be.

'We also pay a lot to advertise. It is about £500 a year. We advertise in Milton Keynes accommodation guide and also Aylesbury.' (B25)

'We spend about £4,000 a year on advertising and we also have free advertising like Which Hotel Guide.' (PD24)

'It costs us in excess of between twelve and fifteen hundred pounds a year to advertise.' (PD35AA)

Feedback

The feedback node is also associated with the professionalism of the proprietors, in so much as proprietors receive guests' comments and act upon them. With this node the researcher tried to establish whether the proprietors provided any comment cards or questionnaires for their guests. Only a few of them did and just one proprietor had a suggestion box for the guests' use. Even this proprietor did not make it clear if she ensured the anonymity of her guests in order to receive a fair criticism or not. Neither did she explain to the researcher how she acted on the comments/suggestions that she received.

> *'I always put a notice in each room and at the end of it* (their stay), *it says if you have any suggestions we'd like to hear them.'* (B1AA)

> *'We always have a comment card. When I first opened, I did my own questionnaire on everybody.'* (PD21)

> *'**R:** Do you have comment cards or questionnaires? **I:** There's a suggestion box...'* (B6AA)

A number of proprietors pointed out *guest books* as means of writing suggestions or complaints. However, using a guest book for these purposes probably limits the negative comments to almost none, due to its *non-anonymous* nature.

> *'We have a visitors' book where they can put their comments if they want, which is in the lounge.'* (PD22AA)

'They can put it (comments) *in this book* (guest book).' (PD35AA)

'I have no cards or no feedback in that way but I have a visitor's book where people are free to make comments...' (EDB38AA)

Word-of-mouth (WOM)

The word-of-mouth node was developed out of the "advertising" node. When asked if they advertised their business or not, a number of proprietors stated that word-of-mouth was the *best form of advertisement* (although strictly speaking "advertisement" is the incorrect term that is used by the proprietors for promotion). It should be noted that, along with others, this node is discussed further in Chapter 6: Conclusion and Recommendations (see pp.229-230).

'Word-of-mouth is the best way of advertising at the end of the day, it's not anything you put in the brochure.' (PD31AA)

'And word-of-mouth...Word-of-mouth is the best way (of promotion).' (EDB32)

Contrary to the above comments, one proprietor stated that a few of her regular guests were *reluctant to spread the word* because they wanted to keep the bed and breakfast to themselves. This clearly removes the "advertising" effect of the word-of-mouth.

'Some people want to keep it a secret. They don't want many people to know it. And if you spread the word too much, when you want to get in, we might be full.' (B6AA)

A final comment on word-of-mouth (or referral, as one particular proprietor described it) is its effect on the proprietors. The following proprietor outlined his views on the word-of-mouth, indicating that it *made him proud* to learn that guests came to his bed and breakfast through "referrals".

> *'Referral* (word-of-mouth) *marketing is very best marketing because when people come and say you've been recommended, that makes you feel very proud.'* (EDB39AA)

Overview: Group II- Professionalism

The above nodes and views of the proprietors are summarised in Table 22.

Node	***Views of Proprietors***
Advertising	Spend More Time and Money
	Selective Advertisement
	Monitoring
	(Advertisement) Budget
Feedback	Guest Books
	Anonymity
Word-of-mouth	Best Form of Advertisement
	Reluctance to Spread the Word
	Makes Proprietors Pride

Table 22- Nodes and Views of the Proprietors

GROUP III – Comparison with Hotels

The third group of nodes had the main theme "Comparison with Hotels". The nodes in this group explained the reasons for a bed and breakfast guest to choose a hotel. The questions directed at the proprietors during the interviews aimed to find out the reasons for a guest's preference of a hotel in the proprietors' own words.

There are two nodes in this group: personal touch and price.

Personal Touch

This node will be discussed further in Chapter 6: Conclusion and Recommendations (see pp.219-220). However, a few points will also be raised here.

Proprietors believed that a common reason for a guest to choose a bed and breakfast stay was that it was *more personal and friendly* in comparison to a hotel. The majority of proprietors mentioned this as the main contributing factor for a bed and breakfast stay.

> *'A person in a hotel is a room number, there is no, uhm, you know, sort of personal touch.'* (B18)

> *'In a hotel...there's no personal contact with anybody...in a bed and breakfast, you have personal contact with people and you talk about things...'* (PD15)

> *'In a bed and breakfast the rooms are more personal, there are little touches in the rooms perhaps you wouldn't get in a hotel.'* (PD31AA)

'Here's the personal touch you get from the owners of the establishment and there's the personal welcome you get from the owners and the consideration you give to them and also a small place like this you can give quite a bit of time to your guests.' (PD7)

'People prefer bed and breakfasts because they prefer the personal touch.' (EDB39AA)

What was perhaps missed out in the argument is that a small hotel - run by an owner and his/her family - could be as friendly and personal as a bed and breakfast. It seems that this point was not calculated when commenting on the matter by most of the proprietors. Perhaps this was because the proprietors made this assumption without actually experiencing a small hotel stay themselves (when asked, a number of proprietors stated that they did not stay in hotels and so had limited experience of how they operated).

Price

The "Price" node will also be discussed further in Chapter 6: Conclusion and Recommendations. As in the previous case, only a few additional points will be raised here.

When proprietors were asked the question "why does a person prefer a bed and breakfast over a hotel?" one of the first answers received was that *hotels are more expensive* (or bed and breakfasts are cheaper).

*'**R:** Why they* (guests) *choose a bed and breakfast rather than a hotel? **I:** Because it's cheaper.'* (PD12)

'Obviously I don't charge as much as a hotel or even a small motel on the road...Yes, I think price comes into it (preferring a bed and breakfast) *a lot.'* (B7)

*'**R:** Do you think price is an issue to choose a bed and breakfast? **I:** Well, I am sure it is. Because all of the hotels around here are very expensive.'* (B14)

*'You can go to a hotel in...for two hundred plus or you can come here for the quarter of that. **R**: In that case, price is an issue. **I**: Yes, I think so. Especially in this area, because hotels are so expensive.'* (B15)

*'**R:** What about the price? Could it be an issue? **I:** As opposed to hotel you mean. Oh, yeah. We charge a lot less than the hotels. Price is an issue.'* (PD15)

By contrast, a number of proprietors believed that the price was not an issue when preferring a bed and breakfast. In fact, these proprietors highlighted that their price could even be *more expensive than small hotels.*

'Not here because we're five diamonds, we're the top of range of a bed and breakfast...price is less of an effect.' (PD24)

'It could but I think you can get some hotels whose price could be much the same as a bed and breakfast. For a bed and breakfast, I am quite expensive, my neighbour, the ...House is four star, I've rated three star...I am sure you can get hotels cheaper than ... House.' (EDB9AA)

Overview: GROUP III – Comparison with Hotels

The above nodes and views of the proprietors are summarised in Table 23.

Node	***Views of Proprietors***
Personal Touch	More Personal and Friendly
Price	Hotels are More Expensive
	(A number of Bed and Breakfasts are) More Expensive than Small Hotels

Table 23- Nodes and Views of the Proprietors

Regional Differences

Before displaying the framework that was developed as a result of proprietor interviews, this section will explore regional differences for two nodes: "Advertising" and "Price". The researcher believes that it is these two nodes that were most affected by regional difference. The section will look at whether proprietors mentioned either of the nodes more in certain regions than in others, and if so, it will try to establish the possible reasons.

The "Advertising" node was mentioned by 7 proprietors in Buckinghamshire, 12 in the Peak District & Derbyshire and 3 in Edinburgh, reaching a total of 22. In other words, the Peak District & Derbyshire had the highest number of proprietors who use any form of advertisement on top of the tourist board's standard adverts. The region also had the highest leisure tourist numbers among all three and mostly attracted destination specific guests. Therefore, proprietors used more advertisements to target these specific guests. Furthermore, the region had a great number of hotels that competed with the bed and breakfasts. This increased competition perhaps is another reason for

the proprietors to rely on more advertisements than the other two regions (Buckinghamshire and Edinburgh).

The "Price" node was mentioned by 7 proprietors in Buckinghamshire, 12 in the Peak District & Derbyshire and 6 in Edinburgh, reaching a total of 25. At first glance, this could be interpreted as the proprietors in the Peak District & Derbyshire believing that the price (or room rate) of a bed and breakfast played a more important role in a guest's decision to choose a bed and breakfast rather than a hotel. However, as previously stated, the region has the highest number of leisure guests and the most intense competition. Furthermore, the results also indicate that the proprietors' conception of leisure guests is that they are more price conscious than other guests - such as business guests. This could explain why the importance of price was mentioned more often in comparison to Buckinghamshire and Edinburgh.

Table 24 summarises these regional differences.

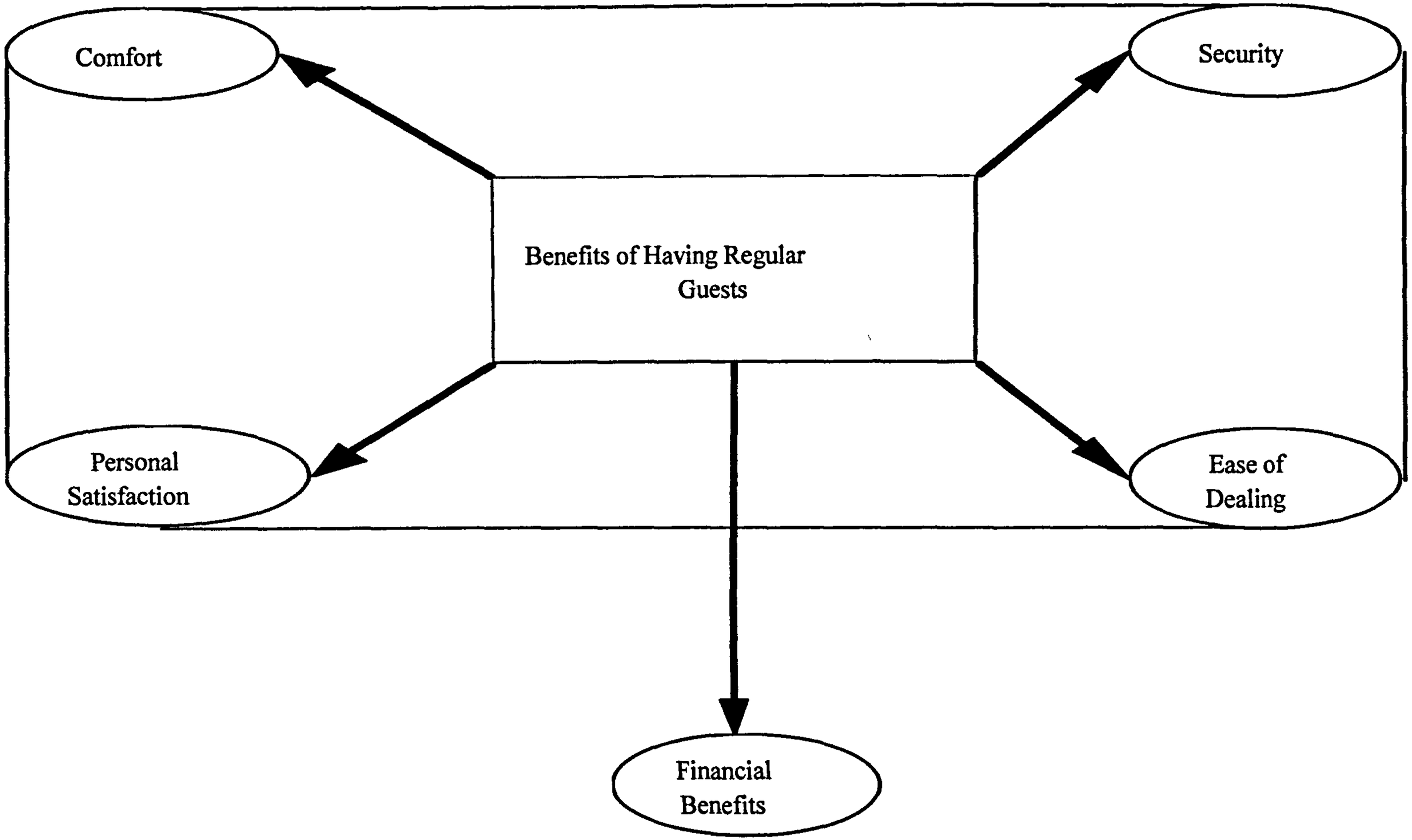
	Buckinghamshire	Peak District & Derbyshire	Edinburgh	Total
Advertising	7 (32%)	12 (55%)	3 (13%)	22
Price	7 (28%)	12 (48%)	6 (24%)	25

Table 24- Regional Differences of Advertising and Price Nodes

The Benefits of Regular Guests (Framework 1)

A framework named "The Benefits of Regular Guests" was developed (Framework 1) based on the findings from the proprietor interviews. The following pages will present and explain the framework further.

Proprietors' Feelings Rectangle



Framework 1- The Benefits of Regular Guests

The interview findings of this research indicated that there were five factors that constituted the benefits of having a regular guest. These were: comfort, security, ease of dealing, personal satisfaction and the financial benefits. Each of these was taken from the key words that were used by the proprietors. In most cases proprietors started describing them with the wording of "I feel" or "It feels" (see Appendices 3,4 and 5 for a copy of interviews for each region and the capital city). Therefore, they are named as the "feelings rectangle" in the framework (Framework 1). They are all explained in detail in the "GROUP I - Regulars" section of this chapter (see pp.165-174). Within themselves, "comfort" and "personal satisfaction" are more of a feeling than "security" and "ease of dealing". Proprietors feel that they are more comfortable and feel more satisfied when a regular guest is around. This is because they know them personally and seeing a regular guest coming back to the premises means he/she is happy with the bed and breakfast - hence "personal satisfaction".

On the contrary, "security" and "ease of dealing" are less of a feeling and more tangible. A proprietor senses that he/she is more secure and at ease when a regular guest is around. Having a regular guest contributes physical security to the premises when compared with a first time guest (having their contact details such as home/work addresses, phone numbers, even knowing their family members). Since a great number of bed and breakfast proprietors are females, security plays an important role. The same importance applies to the ease of dealing with regulars. A regular guest would have certain habits, namely choice of breakfast, time of having it, checking in-out times and so on.

Therefore, by being familiar with all these, workload and dealing with their requirements becomes easier.

The final factor in the framework - "financial benefits" - is out of the "feelings rectangle" borders. All proprietors that mentioned the financial benefits of having regular guests stated that regulars provided a steady income for them because normally they booked in advance or always turned-up at the same time of year. As a result, financial benefits perceived by the proprietors as fully tangible, hence it was placed outside the "feelings rectangle".

As the framework shows, these five factors are the benefits of having a regular guest. Their degree of importance, however, may vary from one proprietor to another or one region to another. A female proprietor, for example, whose partner is at work during the day, may find the "comfort" and "security" of a regular guest more important than another whose partner is at home during the day. Again, "security" could mean more to a proprietor who owns a remote, rural bed and breakfast than to an urban proprietor. Almost similar comments are relevant with regard to the other factors. "Financial benefits" could mean more to a proprietor who invests a great amount of money in the bed and breakfast - in comparison with another who runs the bed and breakfast part-time, as a supplementary income. "Personal satisfaction" on the other hand, could be more important to a proprietor who runs his/her bed and breakfast part-time, almost as a hobby.

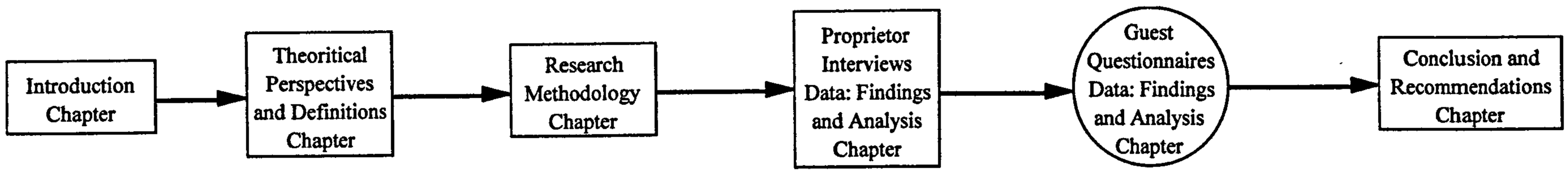
One important implication of this framework of the benefits of a regular guest to a bed and breakfast is that the absence of these benefits may result in

financial difficulties, a less-secure and comfortable working environment, extra time spent in dealing with new guests and lack of personal satisfaction doing the job.

Chapter Summary

This chapter presented primary research data through interviewing participating bed and breakfast proprietors in Buckinghamshire, the Peak District & Derbyshire and Edinburgh. The data were interpreted by using QSR NVivo V1.2. During the data interpretation (or analysis), there were 10 nodes that derived from the raw data, which in essence were categorized or grouped under three main headings. Each group had a main theme that justified the inclusion of the nodes belonging into the group. Data analysis also included pointing out issues that were raised by the proprietors. Finally, regional differences and a framework "The Benefits of Regular Guests" derived from these interviews were presented and explained.

Chapter 5: Guest Questionnaires Data: Findings and Analysis



Chapter 5: Guest Questionnaires Data: Findings and Analysis

Introduction

This chapter will analyse the data that were collected from the guest questionnaires. The first section will present two different types of questions. The questions will then be analysed in four following sections, the last one being the regional analysis. The chapter will then conclude with a framework that was derived from the analysis of these questions.

The data that will be analysed in this chapter were collected from 109 guests of the participating bed and breakfasts. Respondents were asked to answer 29 questions, which consisted of a combination of open ended and multiple-choice questions (see Appendix 1 for a copy of a questionnaire). The first ten questions were information related ones that presented nominal data (Easterby-Smith *et al.*, 2002, p.138). These groups of questions provided general information about the respondents. The following nineteen questions were theme related questions. Each one was designed to address a particular research theme. The answers to these questions are presented one by one in the Appendices, with the help of charts. Each set of answers is presented so as to distinguish the two regions and the capital city (Buckinghamshire, the Peak District & Derbyshire and Edinburgh, see Appendix 19).

Question		
Type	**Number**	**Key Phrase**
Information Related Questions	Q.1	Male/Female Proportion of Replies
	Q.2	Age Grouping of the Respondents
	Q.3	Marital Status
	Q.4	Have Children
	Q.5	Children at Home
	Q.6	Education Level
	Q.7	Home Ownership
	Q.8	Occupation
	Q.9	Income Level
	Q.10	Reason for Stay

Table 25- Information Related Questions

Table 25 summarises the information related questions - such as age of the respondents, income level and so on. These questions aimed to provide background knowledge about the guests.

Question		
Type	**Number**	**Key Phrase**
Theme Related Questions	Q.11	How Found Bed and Breakfast
	Q.12	Stayed in a Bed and Breakfast Before
	Q.13	Experience with the Bed and Breakfast
	Q.14	Guest Expectations
	Q.15	Expectations List
	Q.16	Expectations Met or Not
	Q.17	Knew the Rating of the Bed and Breakfast
	Q.18	Rating Affected Choice
	Q.19	Number of Times Stayed in the Bed and Breakfast
	Q.20	Choice of the Bed and Breakfast
	Q.21	Satisfied with the Stay in the Bed and Breakfast
	Q.22	Anything Could be Done
	Q.23	Price Sensitivity
	Q.24	Prefer a Hotel
	Q.25	Problems had been Reported
	Q.26	Problems had been Resolved
	Q.27	Satisfaction Level
	Q.28	Results of the Problem Handling
	Q.29	Room for Improvement

Table 26- Theme Related Questions

Table 26 summarises theme related questions such as whether guests had stayed in a bed and breakfast before, if they had any problems during their stay and so on. These questions that were asked to the guests aimed to

present guests' responses to certain themes that developed through the literature review, interviews and participant observations.

Data Analysis

The following pages will analyse the data collected from participating guests. Data analysis will be done by evaluating thirteen questions in three sections. Section 1 will analyse nine questions in the given order, namely Q.14, Q.16, Q.21, Q.15, Q.29, Q.25, Q.26, Q.27 and Q.28. Section 2 will analyse Q.20 and each of the eight different choice options. Section 3 will display regional differences of guests by using Q.10. It will then analyse Q.17 and Q.18. Each section will also explain why particular questions (and themes) are selected.

Expectations and Problems

In this section an attempt is made to establish whether a guest's pre-expectations towards a bed and breakfast have any effect on his/her satisfaction level. The section will also explore the area of "problem solving". It will then establish whether positive problem solving by the proprietors has any effect on a guest's decision for a repeat visit to a bed and breakfast.

Both groups of questions emerged from the literature and are aligned with the first research objective: to review and analyse existing concepts of customer loyalty and surrounding issues.

Expectations

Q.14 asked guests whether prior to their visit, they had any expectations from the bed and breakfast of their choice. These expectations could be shaped either by talking with friends/family or by their own experiences in a previous

bed and breakfast stay. As a result, 82 out of 99 respondents said they had expectations from the bed and breakfast before they even set foot on the premises. When asked whether these expectations aligned with their stay in the bed and breakfast or not (Q.16), 82 out of 93 replied yes, they were all met. The last question in this group (Q.21) asked guests if they were satisfied with their bed and breakfast experience or not. Out of 108 replies received for this question, 89 guests stated they were "very satisfied" and a further 17 stated they were "satisfied". There were only 2 "not satisfied" answers. It should be noted that variations in the total number of responses to each question were due to a number of guests skipping one question by their own choice but replying to the next one. These questionnaires were included and were not treated as faulty. Either guests missed the question by mistake or preferred not to answer, with reason(s) unknown to the researcher.

In addition, Q.15 asked guests to list these expectations. In total, there were 10 options to choose from (see Appendix 1 for a copy of questionnaire and Appendix 19 for a list of replies).

Table 27 displays the questions that were used for the expectations theme.

Expectations	Question 14
	Question 15
	Question 16
	Question 21

Table 27- Expectations

bed and breakfast stay. As a result, 82 out of 99 respondents said they had expectations from the bed and breakfast before they even set foot on the premises. When asked whether these expectations aligned with their stay in the bed and breakfast or not (Q.16), 82 out of 93 replied yes, they were all met. The last question in this group (Q.21) asked guests if they were satisfied with their bed and breakfast experience or not. Out of 108 replies received for this question, 89 guests stated they were "very satisfied" and a further 17 stated they were "satisfied". There were only 2 "not satisfied" answers. It should be noted that variations in the total number of responses to each question were due to a number of guests skipping one question by their own choice but replying to the next one. These questionnaires were included and were not treated as faulty. Either guests missed the question by mistake or preferred not to answer, with reason(s) unknown to the researcher.

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Expectations	Question 14
	Question 15
	Question 16
	Question 21

Table 27- Expectations

The findings of this research confirmed - as was suggested in the customer satisfaction literature (Tse and Wilton, 1988; Woodsite *et al.*, 1989; John, 1992; Jobber, 1998) and expectancy dis/confirmation literature (Liu *et al.*, 2000; Petrick *et al.*, 2001) - that guests who had expectations from a bed and breakfast prior to their stay were satisfied when all these expectations were fulfilled.

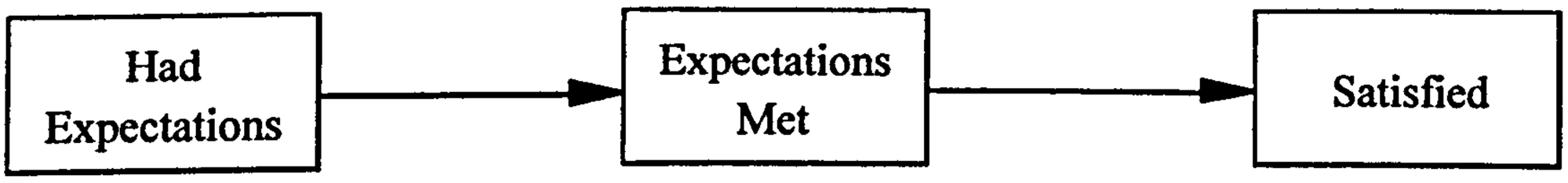


Figure 10-Expectations/Satisfaction Relationship

This is an obvious but important finding for the bed and breakfast proprietors. By obtaining a list of these expectations, proprietors may try to enhance their services and so maintain or increase the number of satisfied guests. For example, the questionnaire findings of this research revealed the "cleanliness" of the rooms and premises was the highest option in the guests' expectations list. In addition, Q.29 provided a list of improvements that the guests suggested (see Appendix 20). On top of the list with 6 out of 22 comments it was the extra facilities such as a dining room, separate lounge for the guests and the en-suite rooms a bed and breakfast could offer. Again, being aware of a list such as this one would help a proprietor to enhance his/her guests' satisfaction level and hence increase the chance of turning them into loyal guests.

Problems

Q.25 asked guests if they had encountered any problems during their stay and if so, whether they reported them or not. The following question (Q.26) asked whether these problems had been resolved by the proprietors or not. Q.27 aimed to establish if guests were satisfied as a result of their problems being resolved by the proprietors. Finally, Q.28 sought to find out whether the proprietors' handling of the problem had made any contribution to the guests' final satisfaction level with the bed and breakfast in question.

Table 28 displays the questions that were used for the problems theme.

Problems	Question 25
	Question 26
	Question 27
	Question 28

Table 28- Problems

Out of 109 guests who responded to Q.25, only 9 had problems and reported them to the proprietors. The following question (Q.26) showed that all 9 of the reported problems were solved by the proprietors. 6 of the guests said they were "very satisfied" with the way their problem was handled and a further 1 was "satisfied" (Q.27). As a result, these 7 guests stated (Q.28) that the way their problem was handled by the proprietors had a positive impact on their satisfaction with the bed and breakfast and they would come back to the premises as a result. This outcome also contributed to these satisfied guests becoming regular ones.

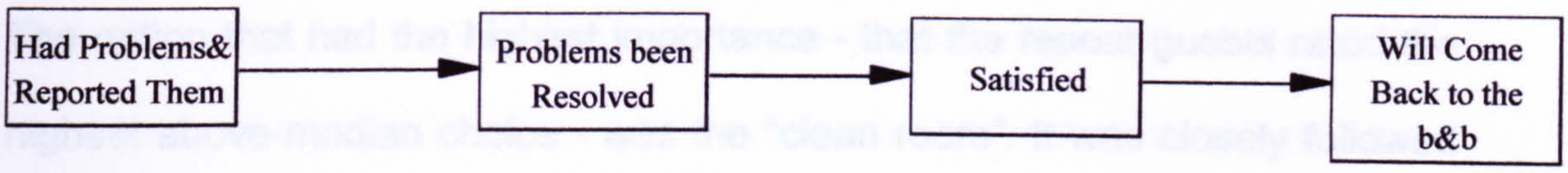


Figure 11- Encountered Problems/Satisfaction Relationship

Analysis of Q.20

In a response to the reasons for choosing a particular bed and breakfast repeatedly, Q.20 asked regular guests to *scale their replies* with 1 being the weakest and 8 being the strongest. The choice options they were asked to scale were: price, quiet room/location, friendly owners, feeling like home, clean room, breakfast, ease of finding and other (see Appendix 1 for a copy of a questionnaire). With this question the researcher wanted to highlight the reasons for a guest's repeat visit to a certain bed and breakfast.

As discussed in the expectancy dis/confirmation literature (see p.48) the expectations of a guest prior to his/her visit to a bed and breakfast (and whether they had been matched or not) might have shaped his/her decision to become a regular.

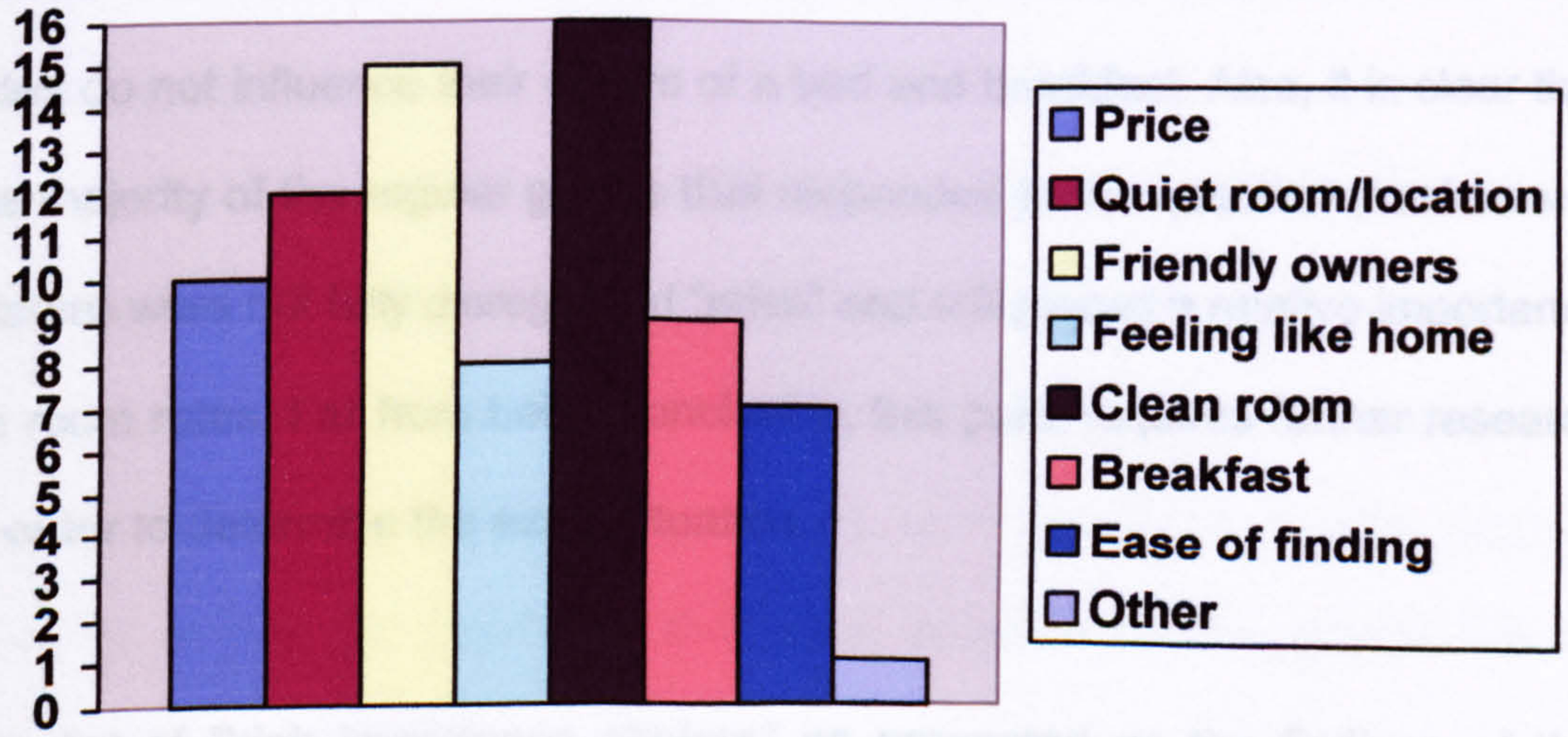


Chart 2- High Importance Choices

The option that had the highest importance - that the repeat guests rated the highest above-median choice - was the "clean room". It was closely followed by the "friendly owners" and the "quiet room/location". This showed that cleanliness was on top of the must have list when a repeat guest visited a bed and breakfast. "Friendly owners" or "personal touch" as presented in the literature (see p.14) also played an important role in a guest's decision to re-visit a bed and breakfast. Third on the list "quiet room/location" - that could also be interpreted as "comfort" - shows that guests wanted their stay to be as comfortable as possible. "Price", "breakfast" and "feeling like home" on the one hand scored less. This is surprising because it might be expected that a bed and breakfast guest would be more price conscious, and take more advantage of the personal and informal features of a bed and breakfast such as "feeling like home" as opposed to a hotel. The same might be thought as regards to a home-cooked breakfast - a distinguishing feature compared to the packed breakfasts a number of budget hotels offer. This point was particularly raised by the proprietors during the interviews. One explanation for the guests' this "price insensitivity" could be in the case of business guests who receive an allowance for their stay and an increase in the room rates do not influence their choice of a bed and breakfast. Also, it is clear that the majority of the regular guests that responded to the question (business or leisure) were not fully disregarded "price" and still placed a relative importance on room rates. Far from being conclusive, this point requires further research in order to determine the exact situation.

The list of "high importance choices" as presented as the findings of this research is slightly different from the studies that were conducted on hotels

(see Dube and Reneghan, 1999; Barsky and Nash, 2002; Yesawich, 2006). Dube and Reneghan's (1999) highest priority list of guest expectations from a hotel included: a worry-free stay (or security), a comfortable stay, an enjoyable experience and a feeling of satisfaction. Barsky and Nash (2002), presented a list which included: comfortable (stay), (feeling) secure, (feeling) relaxed and (feeling) welcome. Yesawich (2006) - targeting mainly business guests - named previous experience with the hotel and the reputation of the hotel amongst the highest rated choices by the guests. Despite the variations between the previous studies that were mentioned and the findings of this project as explained in the previous pages, all point in the same direction in as much as they set guidelines for hospitality marketing academics and practitioners in order to improve the services that are offered. This is also in line with the guidelines that were set by previous researchers such as Hawes and Rao (1985), Martin (1995), Choi and Chu (2000), Chu and Choi (2000) and Heung (2000), in order to develop measures for the importance-performance analysis for judging guests' choice of service attributes (see pp.49-51 for more details).

Regional Differences

This section will explore the regional differences of bed and breakfast guests with the help of Q.10, followed by a table displaying different nationalities of the respondents. The remaining part of the section will then present guests' responses to the rating related questions, Q.17 and Q.18. Finally, ACORN analysis of the full postcodes that were provided by the guests will be displayed (see Appendix 21 for a list of the postcodes).

Q.10 asked guests to list their reasons for staying in the bed and breakfast of their choice. Out of 109 responses that were received to Q.10, there were a total of 21 business guests, 76 leisure guests, 8 for both (business and leisure) and 4 "other" than these three categories. Others mostly consisted of guests visiting relatives (son/daughter or parents) with the exception of one guest, who was about to buy his new home and stayed in the bed and breakfast to look for a property in the region.

Regional differences showed that almost all of the business guests were from Buckinghamshire (18). For the leisure guests, the region that had the highest number was the Peak District & Derbyshire (53). In Edinburgh, 4 guests mixed business with leisure (4), higher than the other two regions. These findings were in line with the reasons for the choice of research methods and strategies and different regions, mentioned in Chapter 3: Research Methodology (see pp.125-137). In other words, questionnaire findings showed that Buckinghamshire had more business guests and Peak District & Derbyshire had more leisure guests, as predicted at the beginning of the research project.

Table 29 summarises these regional guest profiles.

		BUCKS	P.D.&D.SHIRE	EDINBURGH
10-Reason for stay	business	18	1	2
	leisure	13	53	10
	both	1	3	4
	other	2	2	0

Table 29- Guest's Reasons for Stay

Asking guests to write their nationalities just after the third question (see Appendix 1 for a copy of a questionnaire), 95 of them responded. Out of these, Edinburgh had the highest international guest numbers (4), considering there were 13 responses to this question from this region. As with the previous question, this point was expected prior to the data collection and mentioned in Chapter 3: Research Methodology accordingly.

Table 30 summarises nationality replies.

		BUCKS	P.D.&D.SHIRE	EDINBURGH
Nationality	British	25	34	7
	Welsh	1	1	0
	English	2	15	2
	Australian	0	1	0
	New Zealander	0	1	0
	American	0	1	1
	Scottish	0	0	1
	Swiss	0	0	2
	Brazilian	0	1	0

Table 30- Nationalities

Finally, Questions 17 and 18 asked guests if they knew the rating of the bed and breakfast prior to their stay and if they did, whether the rating made any influence on their choice or not.

The number of guests knew the rating of the bed and breakfast (number of stars/diamonds it had) and the ones did not were almost evenly divided (55-54). The following question (Q.18) attracted fewer responses and the majority of them (38) said the rating affected their choice to stay on the premises. Despite the fact that the total number of guests responded to this question were almost half of the total questionnaire participants (53 out of 109), the

The highest category of respondents was in "Category 1 - Wealthy Achievers" (27 in total). This was followed by "Category 3 - Comfortably Off" with 16 responses. Then the following three categories in the given order were "Category 2 - Urban Prosperity" with 10, "Category 5 - Hard Pressed" with 6 and "Category 4 - Moderate Means" with 2 respondents. As with the regional analysis, the Peak District & Derbyshire was almost top in all categories, with the exception of Category 4, which consisted of two responses divided between Buckinghamshire and Edinburgh. This finding about the Peak District & Derbyshire was mostly due to the fact that majority of the postcodes (36) came also within the Peak District & Derbyshire (see Appendix 23 for details).

Table 32 summarises ACORN categories.

	Categories					
Regions	Category 1	Category 2	Category 3	Category 4	Category 5	TOTAL
Bucks	9	2	5	2	0	18
P.D.&D.Shire	15	7	8	0	6	36
Edinburgh	3	1	3	0	0	7
TOTAL	27	10	16	2	6	61

Table 32- ACORN Regional Categories

The two top categories (categories 1 and 2) consisted majority (61%) of the collected postcodes (37 out of 61), whereas the bottom two categories (4 and 5) consisted a total of 8 (13%) postcodes. Based on the information provided on the ACORN website (see Appendix 24 for a copy), these two top categories included respondents with higher income and education, with a

home ownership without or very little left-out mortgage, hence more disposable income to pursue hobbies like hiking and being a member of the National Trust. Perhaps noting that 59% (22 out of 37) of category 1 and 2 postcodes came from the Peak District & Derbyshire was part of the region's characteristic of attracting "wealthy, affluent and prosperous" bed and breakfast guests, as described by the ACORN analysis (see Appendix 23). This finding was in line with the "Information Related Questions" (see Table 24) that was presented earlier in the chapter and displayed by Q.9 (see Appendix 25).

The Factors Contributing to Guest Loyalty (Framework 2)

Based on the questionnaire findings of this research, a framework named "The Factors Contributing to Guest Loyalty" was developed. All of the four key factors that helped to construct the framework were derived from the questionnaire results and especially Q.20. Targeting the repeat visitors or the regular guests, Q.20 asked the participants to list their reasons to visit their preferred bed and breakfast (see Appendix 1 for a copy of a questionnaire). These results were displayed as high importance choices earlier in this chapter (see pp.201-203). As a reminder, Figure 12 displays all factors, including the four key factors highlighted in the framework.

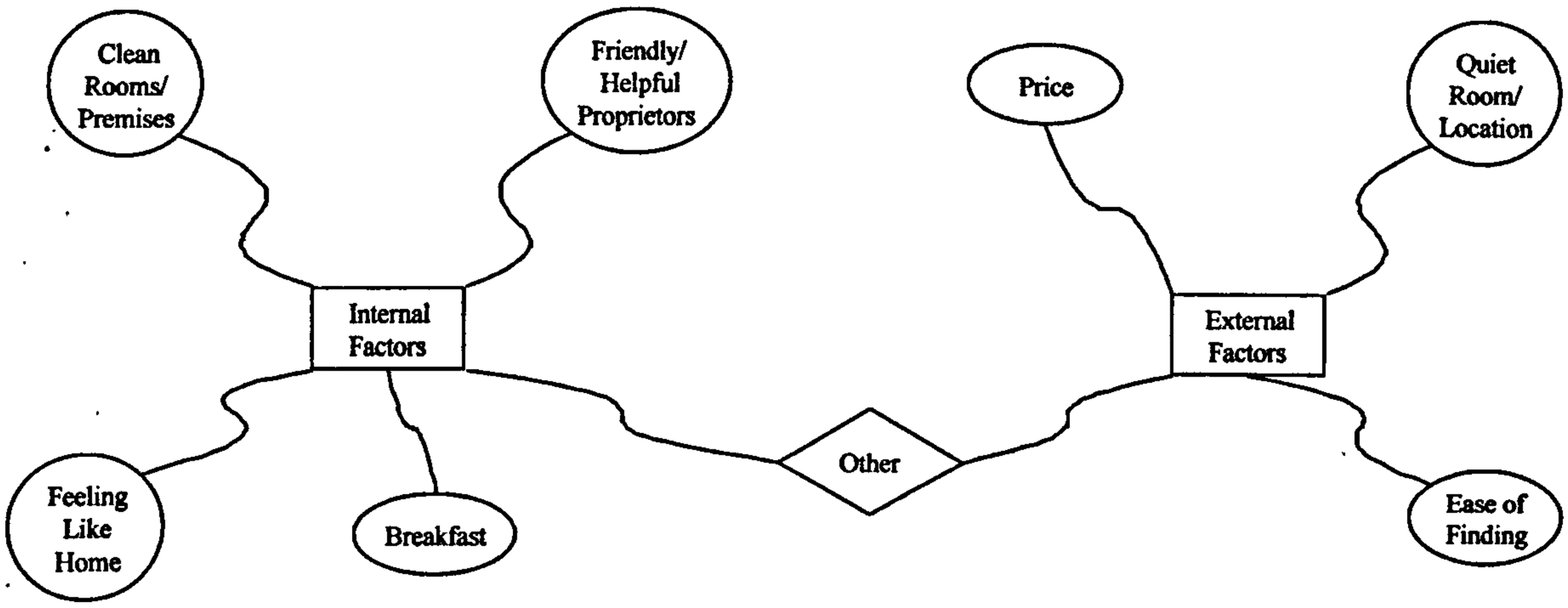
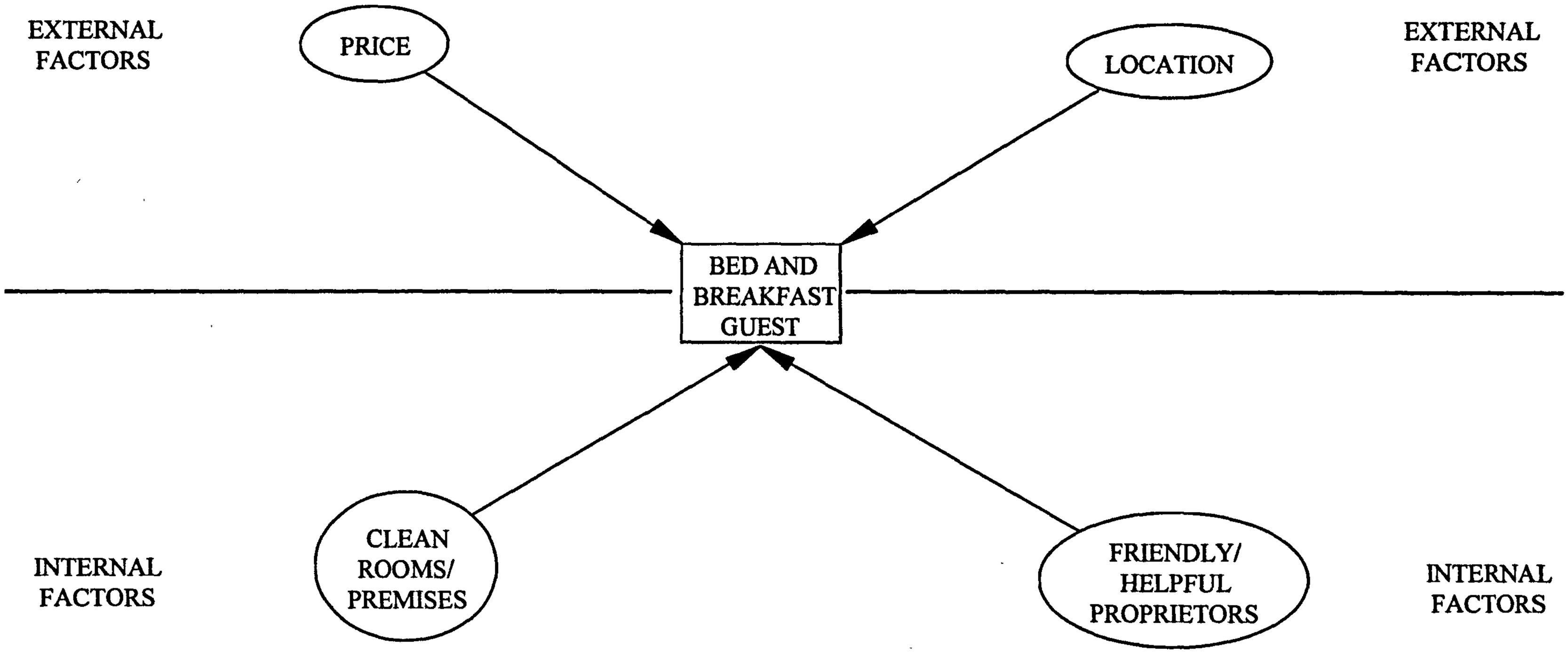


Figure 12- All Factors

The questionnaire findings indicate that there are two key external and two key internal factors, which influenced a bed and breakfast guest and his/her decision to turn into a loyal guest. Key external factors were: price of the bed and breakfast (or room rates) and the quiet room/location of the bed and breakfast. Key internal factors were: the proprietors' friendliness and helpfulness towards the guests and the cleanliness of the rooms and the entire bed and breakfast experience. The following pages will present these points in a diagram (Framework 2) and explain them further.



Framework 2- The Factors Contributing to Guest Loyalty

There are two main groups of factors: external and internal. External factors are the ones that proprietors have very limited control over - especially once the bed and breakfast business is established. For example, *Quiet Room/Location* (of the bed and breakfast) is mainly out of the control of proprietors, unless they specifically choose to open a bed and breakfast in a given location. Although a bed and breakfast could serve this purpose well when first established (hence controlled by the proprietors) a change in the area such as a nearby development site or new noisy neighbours might seriously hamper it (hence it could not be controlled by the proprietors). Guests also value location - closeness to the local attractions (leisure guests) or closeness to their business interests (business guests) - alongside quietness and peacefulness. This is a long lasting advantage for a bed and breakfast, unless the area gets over developed with many more bed and breakfasts or loses its appeal to the visitors. Again, these incidents cannot be controlled by the proprietors.

Price (or room rates) is also decided mainly by elements over which a proprietor has limited control. Reasons for this statement are: first, the room rates are "advised" by the Tourist Authorities (the AA, visitEngland or visitScotland) during their annual inspection. Second, they might be decided by a "hidden consensus" among the bed and breakfast proprietors in the area (as pointed out by a number of proprietors during the interviews). It is, whether they compete with each other or not, all the same or similar grading bed and breakfasts set the same room rates. Deciding a lower rate could be seen as "cutting the others", especially if these bed and breakfasts do referrals to each other. Clearly this could damage their business more than

the benefits it would provide. In addition, setting room rates too high may also cause potential guests to move away to another bed and breakfast.

Internal factors are generally more controlled by the proprietors. It should be noted that the level of appreciation towards the internal factors may not be the same and may differ from guest to guest. For example, with the *friendliness of the proprietors* (or personal touch), a guest may find a simple nod of the head and a brief smile friendly enough. Another one may think asking about his/her well-being or talking about rather personal matters like occupation and family are a gesture of friendliness. Some, on the other hand may find these offensive. Similar comments could be made for the *cleanliness* of the rooms and the premises.

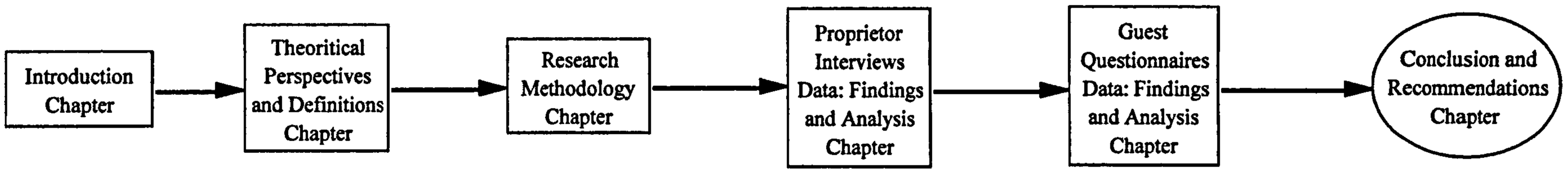
As presented by the framework, these four factors that contribute to loyalty should be taken into consideration by the bed and breakfast proprietors, in particular when targeting different guest segments or planning any marketing strategy. For example, when competition is low *price* (or room rates) could be increased more freely - hence more control by the proprietors. *Quietness of the room* could be controlled as well, if there are complaints received by the majority of the guests. In this example, perhaps installing double-glazed windows (if not already installed) and covering the walls with sound insulation material could improve the situation. *Location* is more difficult to control when needed, however, a few measures could be taken if the proprietors believe that the *location* is a major cause for losing customers or not getting enough. Pointing out a number of not well known but attractive local features such as a festival or farmers' market to the guests (depending on the guests' profile

and their reason for staying, like the difference between a business and leisure guest) may improve the situation. Finally, as an internal factor in the framework, *cleanliness* could always be improved when a need arises.

Chapter Summary

This chapter presented the primary research data through guest questionnaires from the participating bed and breakfasts in Buckinghamshire, the Peak District & Derbyshire and Edinburgh. Following the initial presentation of each question with charts the first section analysed data using two commonly referred literature themes. The second section analysed Q.20 with the help of charts and the display of choice options. The third section analysed data further into eight different categories. The fourth section presented regional differences with the help of ACORN analysis. Finally, a framework that was developed from the questionnaire findings was also presented and explained.

Chapter 6: Conclusion and Recommendations



Chapter 6: Conclusion and Recommendations

Introduction

This chapter will start with the evaluation of primary data findings from the two previous chapters: "Proprietor Interviews Data: Findings and Analysis" (Chapter 4) and "Guest Questionnaires Data: Findings and Analysis" (Chapter 5). The evaluation will be done mainly by comparing the two streams of research findings with each other. In addition, in order to address the research question, the chapter will also compare the research findings with the literature. This will be done by exploring the written literature further and applying the findings of the previous studies to this project's findings. This is also expected to contribute to the academic knowledge, along with providing a justification for the entire study. The next section will list the research objectives as a reminder, followed by an examination of these objectives. Then the chapter will move on to the benefits of this research to academic studies, to practitioners and to the researcher. Finally after presenting the limitations of the research, the following section will display the recommendations section, consisting of points and areas to explore and advice for further research.

Comparing Findings with Each Other

This section will compare findings from the interviews and the questionnaires. Two different data collection methods were employed but they aimed at the same research objectives.

Three of the ten nodes (personal touch, price, word-of-mouth) that were displayed in Chapter 4: Proprietor Interviews Data: Findings and Analysis will be compared here with their counterparts in Chapter 5: Guest Questionnaires Data: Findings and Analysis. The significance of the three chosen nodes is that they are mentioned by the proprietors in order to explain the reasons that a bed and breakfast guest makes his/her accommodation choice. When the researcher asked "What could be the reasons for a guest to choose a bed and breakfast rather than a hotel", the majority of the proprietors replied by saying "personal touch" (that they experienced with their bed and breakfast stay) "price" (or room rates) and "word-of-mouth" (that they received from the friends, colleagues or family members). In the questionnaires as a means for contrast, Q.11 asked guests to list how they found out about the bed and breakfast that they stayed in and Q.20 asked them to list their reasons to visit a specific bed and breakfast. These comparisons allowed the researcher to present the same matter from the proprietors' and the guests' point of view, hence aligning the chapter directly with the third research objective: to evaluate loyalty in the UK bed and breakfast sector, both from the guests' and the proprietors' point of view. Such a comparison helped to discover if there were any differences between the views of proprietors and guests and, if so, explore the reasons for them.

The nodes and questions that will be compared with each other in the following pages are:

- Personal touch node/Question 24.
- Price node/Question 20.
- Word-of-mouth node/Question 11.

Q.20 asked guests to list their reasons for choosing the bed and breakfast that they were stayed. There were eight options to choose from and the question asked guests to rank them in importance order (see Appendix 1 for a sample of a questionnaire).

Personal Touch Node/Question 24

Q.24 asked if guests preferred staying in a similar price range hotel, provided there was one in the region. Out of 67 who said they would not, 35 of them (52%) stated that hotels were impersonal and lacked the *personal touch* that they would find in a bed and breakfast stay (see Appendix 2).

On the proprietors' side, 16 out of 42 of them said *personal touch* was important for a guest to choose a bed and breakfast stay. This constituted 38% of the all answers. As can be seen, there is a clear prediction gap between the two figures (52% as opposed to 38%). In other words, bed and breakfast proprietors who were interviewed for this study and the guests who responded to the questionnaires placed a different amount of importance on the role of "personal touch" in the choice of bed and breakfast accommodation. Adapting Parasuraman *et al.*'s (1988) "Gap Theory" to the situation (see pp.31-33), this *personal touch* gap could be explained as proprietors'

unawareness of the matter (that personal attention received during a bed and breakfast stay was very important for a guest). Or perhaps proprietors believed that all bed and breakfasts displayed personal attention to a guest during his/her stay and, therefore, it was not something special to mention.

Clearly *personal touch* was very important for a guest when choosing a particular bed and breakfast and not all bed and breakfasts might display the correct amount of *personal touch*. It is, however, open to debate what the "correct amount" is and whether the perception of it differs from person to person. Leaving the cultural differences aside, just a simple nod of the head could be perceived as acknowledging a guest's presence. However, that may not be enough for another guest as an indicator of *personal touch* - indeed, it may be seen as an insignificant sign of recognition.

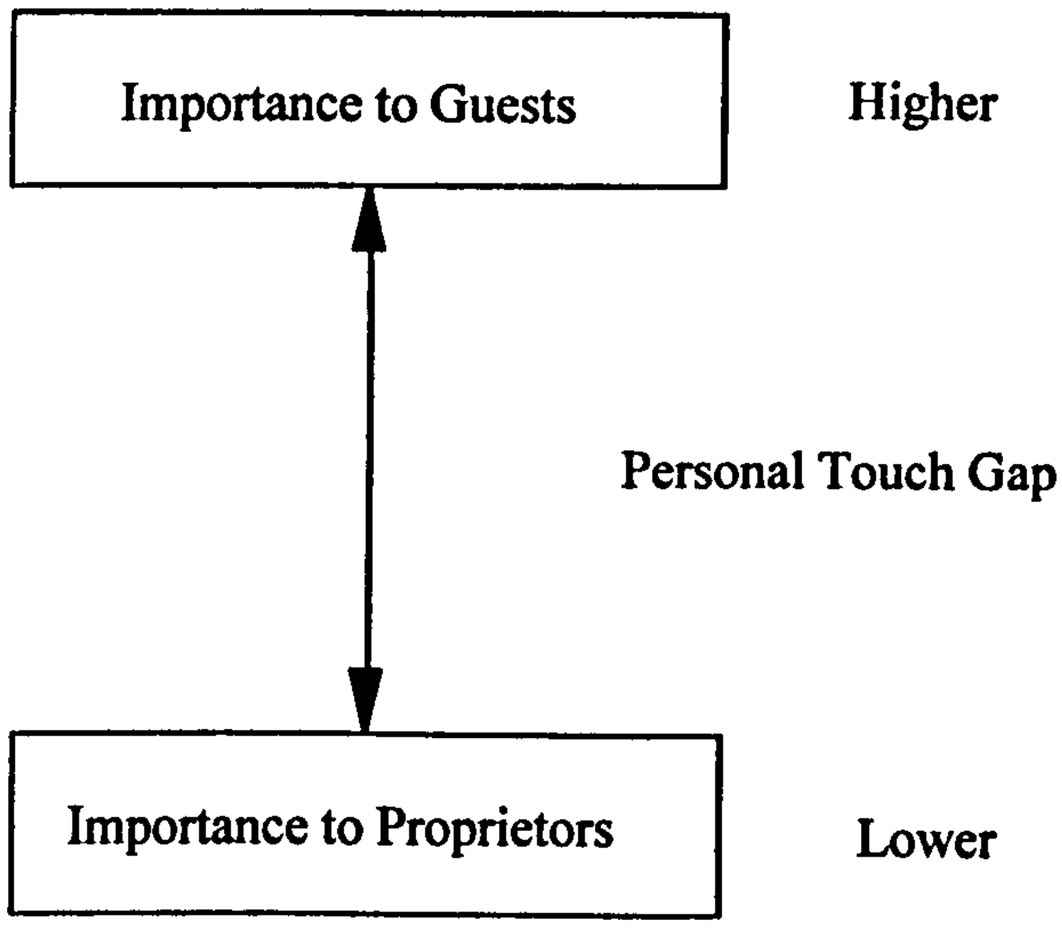


Figure 13- Personal Touch Gap

Price Node/Question 20

Although only 18 guests responded to this question, 10 of them (56%) placed a high importance rating on *price* (or room rates) when choosing a bed and breakfast in comparison with a hotel.

Out of 42 proprietors interviewed, 25 of them stated that lower *price* of a bed and breakfast was an issue for a guest to choose a bed and breakfast stay. This constituted 60% of all answers. Despite being slightly higher, interview results matched with the questionnaires, placing almost the same level of importance on *price*. In other words, there was no gap between the proprietors and the guests. They both placed almost same importance on the matter.

Word-of-Mouth Node/Question 11

Q.11 asked guests how did they find the bed and breakfast; from a friend, website and so on (see Appendix 25).

21 out of 109 guests declared that they found the bed and breakfast via *word-of-mouth*. This constituted 19% of all the responses although the figures should be treated with some caution.

On the opposite side, 17 out of 42 proprietors interviewed (40%) mentioned *word-of-mouth* was a way of generating business. Their comments ranged from just mentioning *word-of-mouth* among other ways of promotion, to praising it as being one of the best "advertisement" tools (as mentioned,

proprietors used the wrong term instead of promotion). Details of this could be seen in the explanation of the *word-of-mouth* node, pp.179-180.

Compared with the proprietors' comments on the issue, less than half of the guests (40% opposed to 19%) mentioned *word-of-mouth* as a main contributor for finding a bed and breakfast. In other words, the proprietors placed more emphasis on *word-of-mouth* than the guests.

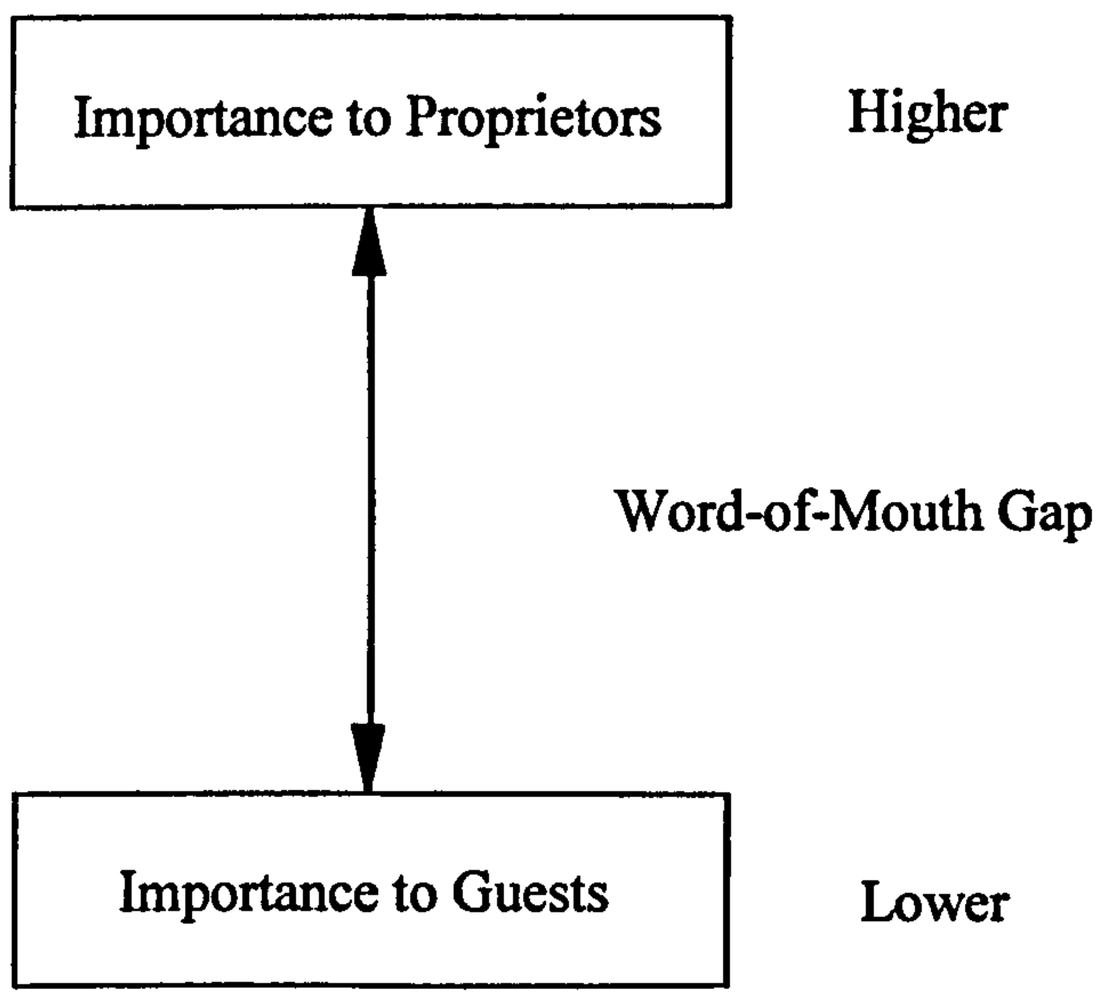


Figure 14- Word-of-Mouth Gap

Although further research might shed more light on this matter, it is fair to say that this *word-of-mouth* gap, between the proprietors and the guests, could be explained by reference to the nature of the stay. For example, for business guests, the company they work for could be doing bookings on their behalf, hence no *word-of-mouth* referrals. In the case of the leisure guests, information centres or tourist boards' websites and booklets could generate their room bookings. As for the findings of this research, 56 out of 109 respondents (51%) stated that they booked their rooms through a tourist board website and booklet, as opposed to word-of-mouth. This showed that

despite the fact that *word-of-mouth* was an important promotion tool to generate business, there were other types of promotional tools - such as a tourist board's booklet - that were as important as *word-of-mouth* (or even more) for a guest's decision to choose a bed and breakfast. It is, therefore, imperative for the bed and breakfast proprietors not to rely too much on the power of "word-of-mouth" but diversify their efforts to reach a wider group of potential guests by using all available other means of promotion.

Comparing Findings with Literature

This section will compare research findings from the interviews and the questionnaires with the literature. When doing so, the research question (to what extent does existing research on customer loyalty - in particular loyalty literature on services - fit into the context of UK bed and breakfasts) will also be answered.

The key issues (or themes) that emerge from the literature are (in the order that was presented in Chapter 2: Theoretical Perspectives and Definitions):

- Satisfaction and loyalty
- Expectations and satisfaction
- Loyalty types and price sensitivity
- Word-of-mouth.

Satisfaction and Loyalty

Marketing researchers have discussed the relationship between customer satisfaction and customer loyalty, as presented when reviewing the literature (see p.43). One of the claims made by researchers was that customer satisfaction almost automatically leads to customer loyalty (for an example, see McDougall and Levesque, 2000). This claim was investigated further with the findings of this research.

With Q.21, participating guests were asked whether they had been satisfied with their stay in the bed and breakfast or not (see Appendix 25). Of the 109 responses, 90 of them (83%) stated that they were very satisfied with their experience. A further 17 (16%) indicated that they were satisfied. This brought a total 99% of the total answers. Following this high level of satisfaction, it might be expected that a similar percentage would be achieved with the loyalty figures. However, as discussed with the previous argument "loyalty types and price sensitivity", 22% of them stated that they would switch to the competition when they had a chance. With a correction factor - the second figure of 22% is based on 107 responses as opposed to 109 - the total defection figure still stays at 21% (23/107), well below that indicated by the literature. Based on these findings, one could claim that customer satisfaction does not directly translate into customer loyalty. Some of the customers still defect to the competition even though they are satisfied with their experience. For the bed and breakfasts, this could be explained by the temptation of extra facilities in hotels, such as a dining room or bar. Or perhaps these were the *spurious loyal* customers as described by Dick and Basu (1994) and Javalgi

and Moberg (1997) see pp.63-64 - customers who display switching characteristics to the competition when an opportunity exists.

Expectations and Satisfaction

Academics that contributed to the customer satisfaction literature claimed that a customer reached dis/satisfaction after comparing his/her service expectations with the actual experience (Tse and Wilson, 1988; John, 1992; Andreassen and Lanseng, 1997; Oliver and Burke, 1999; Liu *et al.*, 2000; Sultan and Simpson, 2000; Tsang and Qu, 2000; Abendroth, 2001; Burns *et al.*, 2003; Boshoff and Gray, 2004; Liang and Wang, 2004). These are discussed further in Chapter 2: Theoretical Perspectives and Definitions. The idea behind these authors' theory is that when a service meets or exceeds a customer's expectations, he/she becomes satisfied. The opposite would result in a dissatisfactory experience. Questions 14, 15, 16 and 21 aimed to establish whether this was the case for a bed and breakfast guest or not. Q.14 asked the participants, prior to their stay, if they had any expectations from the bed and breakfast (see Appendix 25). Out of 100 responses, 82 of them said yes, they had.

The following question (Q.15) asked the guests to list these expectations. The one on top of the list was the *clean bed and room* followed by the good *breakfast* and the *friendly owners* with almost the exact number of answers. The fourth one on the list was the *en-suite rooms* followed by the *quiet room and location* option. The remaining four options were the *TV in rooms*, *location of the bed and breakfast*, *separate lounge* and *friendly guests*.

Q.16 asked whether these expectations were met or not. 82 of the respondents out of 93 (88%) said all of them were, 11 said (12%) most of them were. These figures showed that the majority of the guests were satisfied with their bed and breakfast experience (as suggested by the literature). This was as a direct result of the fulfilment of their expectations as regards to the services they received during their stay. This was a positive step towards turning these guests into repeat (or loyal) guests.

The final question in this category (Q.21) asked the respondents if they were satisfied with their bed and breakfast experience. Out of 108 replies received, 89 of them (82%) said they were very satisfied, 17 of them (16%) said they were satisfied and only 2 of them (2%) said they were not satisfied.

To summarise the above results, this research (with its limitations, see pp.248-250) confirmed that - as it was argued by the academics - when a guest had expectations prior to his/her visit to a bed and breakfast and when a great majority of these expectations were met, the final result would be satisfaction. Furthermore, by investigating bed and breakfast guests, this study contributed further to the expectancy dis/confirmation theory. This is because, the majority of the studies concerned with the expectancy dis/confirmation theory were conducted within the boundaries of limited data collection settings - such as undergraduate students in lecture theatres (in some extreme cases) who never experienced the product in question. Applying the expectancy dis/confirmation theory to the participants of this research, however, meant exploring the concept with the real consumers of the product or service (in this example, bed and breakfast guests).

Loyalty Types and Price Sensitivity

A few academics try to divide loyal customers into different types (Dick and Basu, 1994; Javalgi and Moberg, 1997). In doing so, they discuss the price sensitivity (or insensitivity) of loyal customers. Details of these arguments are not repeated in this section, as they were included when reviewing the previous literature (see pp.63-67). However, a number of crucial points will be briefly mentioned, in order to set a basis for comparing arguments in the literature with the findings of this study.

In terms of loyalty types - even sometimes called differently - nearly all authors provide similar definitions. For example, Dick and Basu (1994) provide a "loyalty matrix", placing no loyalty to the bottom and loyalty to the top. Javalgi and Moberg (1997) improve Dick and Basu's original work and adapt it to different service industry products, including hotels. Both authors indicate that the highest loyalty group of customers (which Dick and Basu called just "loyalty") are not tempted by the offerings of competition. Oliver (1999) also claims that this is the case, adding that the customers that belong to the "action loyalty" group (highest category in his article) are less sensitive to price increases. These two main claims - that loyal customers are less price-sensitive and more resilient to the competition - are taken to be the baseline of the loyalty argument.

To consider these claims, the guests' responses for the Questions 23 and 24 were used. Q.23 asked the guests if they would come back to the bed and breakfast that they stayed in if room rates would go up (see Appendix 25). 35 out of 106 guests said they would come back, regardless of the increase (3 of

the 109 respondents did not reply to the question). This constituted 33% of all responses, placing them in the highest category of loyalty (see p.63 for Dick and Basu). Another 9 (8%) said they would tolerate a rate increase of up to 20% of the current rates. Adding up these together, the total is 41, or 39% of all responses.

Q.24 asked the guests whether they would stay in a similar range (price and quality) hotel, if there was one within travelling distance (see Appendix 25). 23 out of 107 responses (21%) said "yes they would". When asked, 16 of them stated their reasons why they would prefer a hotel stay (7 did not state a reason). 9 out of the 16 guests indicated that the key element to prefer a hotel stay was the extra facilities, namely a bar for drinks and a restaurant for dinner that a hotel would offer (see Appendix 2 for a copy). On the opposite side, 84 of the guests said they would not stay in a similar range hotel - 79% of all the responses. These figures showed that the majority of the bed and breakfast guests would not prefer a hotel stay despite the additional offerings - such as evening meals and drinks. Instead they were loyal to the bed and breakfast of their choice.

Continuing with the "loyalty" concept, the guests that responded to this research displayed two main characteristics of the highest level loyalty or "true loyalty" as suggested by literature such as Javalgi and Moberg (1997) - see p.64. They resisted the offerings of the competition and they were less price sensitive. However, when compared with each other, *price sensitivity* scored less than *resilience to the competition* (39% opposed to 79%). This gap between two figures could simply be due to the type (leisure/business) and

income level (high/low) of these loyal guests. As for the type, it could be claimed that the leisure guests tended to be more price sensitive - most of the business guests could claim their expenses back from their employer. As regards the income level, a logical assumption could be made that lower income level guests were more sensitive than the higher income ones. Despite all these variations with the price sensitivity, the majority of the loyal bed and breakfast guests (or "repeat guests" as they were presented) that participated in this study indicated that they would not be tempted by the competition - in particular from similar range hotels. Moreover, they would also tolerate room rate increases and stay loyal to the bed and breakfast of their choice.

Word-of-Mouth

Word-of-mouth was highlighted in numerous articles by academics that conducted research on the customer loyalty (see pp.97-104). In particular, Dawson and Brown (1988), Yuksel and Yuksel (2001), LaSalle (2006) and McCarthy (2006) indicate that the hospitality industry and specifically bed and breakfasts rely more on word-of-mouth communications, compared with other sectors of the service industry. Marketing researchers clearly value word-of-mouth as a promotion tool.

Asking the proprietors to comment on their bookings explored the importance of the word-of-mouth for them and the bed and breakfast business that they run. When asked how their guests found out about the bed and breakfast, 17 out of 42 proprietors (40%) mentioned word-of-mouth. Progressing further, a

few proprietors also stated that word-of-mouth was a very reliable and important tool of promotion for their bed and breakfast business.

On the guests' side, Q.11 asked how they found out about the bed and breakfast (see Appendix 1 for a copy of a questionnaire). 21 out of 109 (19%) respondents stated that they took the advice of a friend, relative or colleague (see Appendix 25). If we take proprietors' response rate (40%) as a benchmark for testing the literature, this research found that in a bed and breakfast context, word-of-mouth was not as important as claimed by academics such as Dawson and Brown, 1988; Bigne *et al.*, 2001; Cebryznski, 2005; Finkelstein, 2006; LaSalle, 2006; McCarthy, 2006. Furthermore, among the proprietors that mentioned word-of-mouth, only a few of them listed it as an effective promotion.

For the guests, the findings were even more disparate in support of the literature. More than half of the guests (51%) listed a tourist boards' web pages and booklets as sources of finding a bed and breakfast as opposed to word-of-mouth. One explanation of this is perhaps the ever increasing use of computers and cheaper, more reliable internet access in recent years, resulting in more and more people using online booking. However, proving this point right or wrong requires further research and should be left to future studies.

Research Objectives - Final Examination

The following pages will examine the research objectives one by one, stating how they were achieved and the modifications that were made in order to adapt to circumstances.

At the beginning of the research, the following objectives were listed:

1. To review and analyse existing concepts of customer loyalty and surrounding issues.
2. To explore the UK bed and breakfast sector (of the hospitality industry) from the customer loyalty perspective.
3. To evaluate customer loyalty in the UK bed and breakfast sector, both from the proprietors' and the guests' point of view.
4. To develop a framework of customer loyalty, derived from the research findings.

First Research Objective

Chapter 2: Theoretical Perspectives and Definitions carefully evaluated the customer loyalty concept and related literature. As a reminder, these concepts were (in the given order): service quality, models of service quality, customer satisfaction and dissatisfaction, models of customer satisfaction and dissatisfaction, importance-performance analysis, value, customer loyalty, models of customer loyalty, loyalty programmes, commitment and trust and word-of-mouth (see Figure 1 on p.22). Customer loyalty and surrounding concepts, in particular word-of-mouth, loyalty types, expectations and satisfaction, and satisfaction and loyalty were analysed in the "Evaluation of Findings" section of this chapter. Details of these are not repeated since they

were thoroughly examined. It is sufficient to say that the first research objective was achieved.

Second Research Objective

In order to explore customer loyalty in the UK's bed and breakfast sector of the hospitality industry, two different regions and a capital city were chosen (Buckinghamshire, the Peak District & Derbyshire, and Edinburgh, which was substituted for London). The idea behind this was the necessity of exploring different types of guests in each region. The first choice for the capital city was London and it was believed that the rich mixture of domestic and foreign guests would provide data about different types of guests. The Peak District & Derbyshire was chosen for its rural characteristics while Buckinghamshire was chosen for both its rural and business guest mixture (see pp.126-132 for more detailed explanation of all these).

During the research process another capital city other than London in the UK had to be selected because of the poor response rates from the proprietors in London. As a result, Edinburgh came into the picture as an alternative and served the purpose (of replacing London) very well (see pp.128-129 for details). Despite this modification and the consequent extra time spent on collecting data, the second research objective was achieved successfully.

Third Research Objective

This project aimed to analyse customer loyalty concept from both ends of the spectrum. On the one side there were guests, while at the opposite end there were proprietors of the bed and breakfasts. The benefits of such an approach

were the ability to compare both sets of findings and draw conclusions, along with making the research findings appealing to the practitioners in the industry.

The first method for obtaining primary data was participant observations. After the initial observations, this approach had to be abandoned due to the reasons already explained in Chapter 3: Research Methodology (see pp.132-134). An alternative method to participant observations was chosen - the use of questionnaires. This turned out to be a successful replacement. Out of 380 letters sent to the participating bed and breakfasts, 109 usable returns were received back from the guests.

For the proprietors, the first and only method used to collect primary data was one-to-one semi-structured interviews. 42 proprietors were interviewed in two regions and the capital city (Buckinghamshire, the Peak District & Derbyshire, and Edinburgh). As with the questionnaires, using semi-structured interviews turned out to be an excellent choice of data collection method. The results are displayed in Chapter 4: Proprietor Interviews Data: Findings and Analysis. To conclude, the third research objective was fully achieved too.

Fourth Research Objective

As a result of both sets of data analyses, two frameworks were developed, "The Benefits of Regular Guests" and "The Factors Contributing to Guest Loyalty". The first framework was developed based on proprietor interview findings (see pp.186-190). The second framework was developed based on guest questionnaire findings (see pp.208-213). Continuing with the successful

achievement of the research objectives, the primary research findings of this research allowed not one but two frameworks to be developed; hence this objective was also achieved.

Benefits and the Contributions of the Research

This section will present how the findings of this research contribute to academic studies, and benefited practitioners and the researcher.

To Academic Studies

The *first contribution* could be summarised as conducting a research in an area that was missed by mainstream studies. Since the UK bed and breakfast sector is named by a number of academics as being one of the "missed research areas" (see p.14), improving knowledge of such a sector is itself a contribution to the academic knowledge. Providing working definitions of the UK bed and breakfasts (pp.15-16) and a professionally run bed and breakfast (pp.175-176) are also expected to make a contribution.

The *second contribution* is the application of previous studies such as establishing the existent (or non-existent) relationship between customer loyalty and the issues surrounding customer loyalty (see Figure 1 in p.22). For example, presenting a profile of satisfied and loyal guests (see pp.227-229). The relationship between customer loyalty and customer satisfaction is also outlined in a specific setting, namely that of the UK bed and breakfast sector (see pp.224-225).

The *third contribution* is the conduct of research that explores relevant issues from the guests' and the proprietors' point of view. For example, in the "Comparing Findings with Each Other" section of this chapter, personal touch, price and word-of-mouth were compared from both the guests' and the proprietors' point of view and discrepancies between them presented (see pp.218-223).

The *fourth contribution* is the cross comparison with previously conducted studies. The ideas emerging from this project, will improve understanding of loyalty and the concepts surrounding it. Chapter 5: Guest Questionnaires Data: Findings and Analysis, for example, presented the primary research findings from the questionnaires with regard to the "expectancy dis/confirmation theory" (pp.197-199); "encountered problems/satisfaction relationship" (pp.200-201) and "importance-performance analysis" (pp.202-203).

The *fifth contribution* is the methodological lessons learned from this research. Okumus *et al.* (2007) for example, highlight access problems for the primary data collection in international hotels and the importance of the gatekeepers. Gaining primary access for this study, however, was relatively easy, once the initial contact was established with the proprietors. When a request was made for access to guests (for sending questionnaires) after each proprietor interviews, the researcher felt that almost all proprietors were keen to participate. Perhaps this was due to a bed and breakfast being smaller in size in comparison with a hotel and run by the same person who also owned it.

Another methodological lesson is the replacement of participant observations with the questionnaires. As was explained (see pp.132-134) participant observations in a bed and breakfast setting for the purposes of this research turned out to be impractical. Therefore, the potential use of participant observations in research may not be as practical as it sometimes claimed. A further study with bed and breakfasts or other sectors of hospitality industry could establish whether this is a more common phenomenon or a specific issue for this research.

The *sixth contribution* is the development of two frameworks at the end of each data analysis chapter (Chapter 4: Proprietor Interviews Data: Findings and Analysis and Chapter 5: Guest Questionnaires Data: Findings and Analysis). These are named as "Framework 1- The Benefits of Regular Guests" (see pp.186-190) and "Framework 2- The Key Factors Contributing to Guest Loyalty" (see pp.208-213). Despite the limitations and requirement for further research, it is suggested that these frameworks could be applied to other regions of the UK bed and breakfast sector that is not covered in this research.

The *final contribution* is the richness of the primary data that were collected through the proprietor interviews and the guest questionnaires. When compared with a number of studies that also explored similar issues with this research (see Nuntsu *et al.*, 2004 for a study of South African bed and breakfasts; Monty and Skidmore, 2003 for a study of American bed and breakfasts) the amount of the primary data that were gathered for this study

(in terms of numbers and the length - such as interviews) was greater than such counterpart studies.

Table 33 summarises these contributions.

Carrying Out Research that was Missed by Mainstream Studies
Carrying Out Research with Satisfaction/Loyalty Comparison
Carrying Out Research that Explored Loyalty from the Guests' and Proprietors' Point of View
Applying the Research Findings to Previous Loyalty Research
Methodological Lessons Learned from the Research
Development of Frameworks Derived from the Research
Richness of the Primary Data that were Collected

Table 33- Contributions of the Research to the Academia

To Practitioners

The findings of this project are thought to benefit practitioners in the hospitality industry and the bed and breakfast sector in particular. Proprietors of such establishments may benefit from the research in the following ways:

- Understanding the differences between customer satisfaction, service quality and customer loyalty. As discussed in Chapter 2: Theoretical Perspectives and Definitions (see pp.27-28,43), providing high levels of service does not always translate into customer loyalty. There are proprietors who believed that displaying a very exceptional overall high quality of service is enough to make a guest satisfied. However, it should be up to guests to decide whether such an offering was appropriate and appreciated. For example, according to the questionnaire results of this research, providing a separate lounge for the guests as part of the bed and breakfast experience does not score a high level of importance (see Appendix 25). In addition, proprietors should not also make the

assumption that a satisfied guest automatically becomes a loyal one. A satisfied guest may still try an alternative form of accommodation, perhaps simply to try the experience or due to the extra services that are on offer, as the findings of this research revealed (see Appendix 2 for a list of reasons).

- Understanding the needs of the guests and having a profile of them consisting of their age, education, income level and so on. In a way following the first suggestion, this could help proprietors not to waste their resources on something that might not be feasible. It may also modify their service offerings in order to meet their guests' requests such as providing evening meals. Furthermore, having such a guest profile could help to serve their guests better. For example, if a bed and breakfast has young couples as guests at a certain time of year, the proprietors may point them to local attractions more suitable to their age like festivals and sports activities.
- Understanding different types of loyalty and loyal guests as explained in Chapter 2: Theoretical Perspectives and Definitions (see pp.63-67) and concentrating their efforts accordingly. As mentioned by Petrick (2004) in a relatively new study, different segments or types of loyalty require different approaches based on their characteristics. Therefore, understanding the loyalty types of bed and breakfast guests allow proprietors to treat guests accordingly.

In addition to the above, with caution, a number of research findings could also be applied to certain sectors of service industry, such as hotels. As the findings of this study indicate (see pp.201-203) in order to make a choice for

the accommodation, "personal touch" is perceived as very important by the guests of bed and breakfasts. Applying this to the other parts of service industry will reveal the importance of a personalised product. Instead of treating their customers as faceless individuals, service companies could address them by their first or family names and customise their product offering to a level to accompany their individual needs. It should be noted that "personal touch" or "personal attention" could vary from one culture to another. Shaking hands with a customer each time he/she walks through the door of a business premises could be perceived as friendliness for some cultures, but "too friendly" or even "offensive" for others. Therefore, although cultural aspects of customer loyalty were not among the research objectives and were not investigated for this study, hospitality industry practitioners should still take them into consideration.

To the Researcher

With the help of this study, the researcher gained the necessary skills for conducting a research project, including knowing where and how to reach the relevant resources when needed. This will not only help him with his future career as an academic and a researcher but also as a tutor - sharing some of these experiences with his future colleagues and students. In particular, he gained valuable hands-on experience from semi-structured interviews, from structuring and arranging them to conducting and transcribing them. In addition, he also learned that a project that took as long as a PhD research required good preparation in terms of re-arranging personal and academic life around it. Another valuable lesson was the unexpected moments that life could throw in at any moment of the project - no matter how big or small -

resulting in the possible disruption from research and ensuring frustration. As an overall experience it is fair to say that undertaking this project was a lifetime of experience and achievement.

Recommendations for Future Research

During the course of this project, it was noticed that a few ideas emerged from the research that it was not possible to pursue any further. The primary data collected from the semi-structured interviews and questionnaires were rich enough to fulfil the main research objectives. However, during the data interpretation stage, the researcher felt that perhaps a few points could have been explored further. This was mostly the case when some of the data pointed to new horizons, with possible research areas to explore further. Perhaps one explanation for this - discovering potential research areas - was the exploratory nature of this research, as outlined in Chapter 3: Research Methodology (see pp.108-109). Despite the fact that all these thoughts were mentioned in the Chapters 4 and 5: "Proprietor Interviews Data: Findings and Analysis" and "Guest Questionnaires Data: Findings and Analysis", they are explained here in more detail as a final reflection, along with further comments about how the overall findings of this research could be extended to possible future studies. These future research recommendation points are divided into two: recommendations based on proprietor interview data analysis and recommendations based on guest questionnaire data analysis. Finally, a third section includes general thoughts/ideas that emerged during the entire research project, particularly from the literature review.

Recommendations Based on Proprietor Interviews

During the data interpretation stage of the interviews, the researcher grouped "emerging themes" together as described in Chapter 4: Proprietor Interviews Data: Findings and Analysis (see pp.163-164). Starting with one region and carrying the same approach to the other region and the capital city, these themes - or nodes as they described according to the data analysis software NVivo - were cut down as the write-up of the research proceeded. This was done with caution so as not to miss an important issue which could be used as a node, as suggested by Strauss and Corbin (1998, pp.57-71). However, a careful evaluation - that included how they related to each other (in terms of grouping), how many proprietors mentioned them (in terms of their importance) and how they would match with the following Chapter 5: Guest Questionnaires Data: Findings and Analysis (in terms of research objectives) - cut them down to a final number of 10 nodes (see Appendix 18 for a full list). Looking back at these excluded nodes, most of them may provide a starting point for future researchers. For example, a number of proprietors mentioned that they received bookings through the internet. A follow-up research project could establish how important it is for a bed and breakfast to have a web-page on which guests could view the images and the location of the establishment and have contact with the proprietor(s) either by telephone or e-mail. Even a more professional website, allowing guests to make their own bookings by entering credit/debit card details could be investigated in relation to cost effectiveness.

A further variation of having a website could be whether it could be linked to the regional tourist authority's web page or not. This brings in another node

that was excluded: the usefulness or the effectiveness of the tourist authority. A few proprietors raised concerns about these authorities. They counted linking their website to the tourist authority page as one of their concerns because it discouraged potential guests as they could not book directly with the bed and breakfast without paying a booking fee first. The rating system of the tourist authorities received criticism too. Proprietors listed inconsistencies in the grading of bed and breakfasts. As mentioned, all these comments outlined here require more detailed research, more than the limited framework that this project could tackle.

Another point that could be investigated through future research is the friendly and personal atmosphere of a bed and breakfast, as opposed to a hotel. When proprietors were asked about their views on a guest's reason(s) for choosing a hotel, one of the key points mentioned to the researcher was the friendliness (or personal touch) of a bed and breakfast (see pp.181-182). It should be noted that - as was highlighted in Chapter 4: Proprietor Interviews Data: Findings and Analysis - a small hotel could well be as friendly as a bed breakfast. Conducting interviews with the managers/owners of these hotels in a similar fashion to that was done for this research might establish whether this is the case or not. In addition, with the help of similar questionnaires to this research, data collected from such hotels' guests could also provide useful insights into, the importance of "personal touch" to the guests.

A related finding alongside "personal touch" was the "special characteristics" of each bed and breakfast and how these should reflect in the classification system of a bed and breakfast. A criticism that a number of proprietors

mentioned to the researcher was that the tourist boards do not take into account such characteristics of a bed and breakfast. These characteristics range from uniqueness of a building through to different décor used in rooms. One particular bed and breakfast that was visited during the participant observations, for example, decorated each room with different items and named them accordingly (see Appendix 27). A second one "personalised" the rooms by leaving personal belongings in the room such as family photos or a child's teddy bear (most probably the proprietor's daughter's). A different proprietor told the researcher that part of the house was very old and the archway was used in one of Charlotte Bronte's book. In this specific example, a Charlotte Bronte fan may wish to stay in this bed and breakfast for that reason only. Again, this could be another lead for future researchers, in particular by trying to establish the accuracy of the classification system and whether the tourist boards should take into account factors like "character of a bed and breakfast" or not. Another point to explore could be the relationship between a bed and breakfast with character and its impact on a guest's choice of stay.

As with the classification, a number of proprietors pointed out to the researcher that they were happy with their current diamond/star rating and that they had no intention of moving up the scale. There were even comments like "I would rather be a good 2 star rather than a weak 3 star bed and breakfast". This point requires more attention from future researchers in order to establish the importance of the rating system to the bed and breakfasts' proprietors and guests.

There were a number of proprietors - mainly but not necessarily all female - who reported that they felt safer and more secure when a regular guest was around them. This sense of security meant, in one example, leaving the front door key in a designated place so that a regular guest could pick it up to let himself in. A follow-up study could explore whether feeling safe and secure with a regular guest is more of a case with a female proprietor as opposed to a male one or whether any other elements contribute to a special trusting relationship.

Finally, a number of proprietors mentioned "fairness" and how important it was to treat all guests fairly, no matter whether they were regular or irregular guests. Being fair to the customers has particular importance in the services industry discussed by the academics (see Bowen *et al.*, 1999; Xia *et al.*, 2004; Russell and Sneath, 2006; Severt and Rompf, 2006; Sindhav *et al.*, 2006). Customers are most likely to form long lasting relationships with the companies and service providers who they believe treat them fairly. Although the proprietors that were interviewed for this research mentioned about fairness, further research exploring guests' point of view on the matter could reveal whether they are treated as fairly as claimed by the proprietors.

As a conclusion to this section, it should be noted that the above points were given as an example of the possibilities of a future research project, based on unused data collected through proprietor interviews. It is sufficient to say almost all the nodes that are left out in the findings of this research - with the reasons given in this section - are suitable for such a follow-up study.

Recommendations Based on Guest Questionnaires

Chapter 5 analysed data that were obtained via questionnaires from the guests of the participating bed and breakfast. When analyzing these data, each question is presented with a help of a chart (see Appendix 25). Almost every one of those initial comments could be pursued as a future research topic. For example, the second question displayed the age grouping of the guests. In the Peak District & Derbyshire, the over 50s consisted of the majority of the respondents. A follow-up research project - that was designed to explore this point particularly - might want to use this lead and try to find the reasons behind it.

Similarly, the seventh question established that the majority of the bed and breakfast guests in all regions were home owners (see Appendix 25). In order to find out whether people who are home owners prefer a bed and breakfast stay requires a follow-up research. It might be the case that friendly and homely atmosphere of a bed and breakfast attracts these home owners during their holidays. Other reasons behind their choice could only be established by a study that will follow the lead of this project.

A *second* area for further research is complaint handling (or problem solving) and its effect on customer loyalty. This point was raised in academia and discussed briefly in the "Data Analysis" section of Chapter 5: Guest Questionnaires Data: Findings and Analysis (see pp.197-201). A follow-up research project might specifically invest the correlation between complaint handling and customer loyalty in a bed and breakfast setting. It could provide rather interesting findings in terms of whether guests who complained and

who had their problems resolved by the bed and breakfast proprietor would become more attached to the bed and breakfast, as opposed to the ones who did not complain.

A *third* rather similar possible lead for future research is the relationship between very satisfied guests and the room rates. Despite the fact that Questions 23 and 24 tried to explore this area (see Appendix 25), a more detailed study of this concept could provide a few more insights that were not covered by this research. This will also present the findings in a bed and breakfast environment and will evaluate previous studies, which claim that loyal customers are not price sensitive and that they continue purchasing the brand regardless of a price increase (see pp.73-75).

Final thoughts on future research recommendations for this section might consider exploring relationships between certain characteristics of the guests and their bed and breakfast preferences. For example, whether the income level of a guest has any effect on the choice of a high graded (four or five star/diamond) bed and breakfast. Another one is, whether the age of a guest has any bearing on his/her choice of the location of a bed and breakfast, and so on.

Recommendations Based on General Thought/Ideas Derived from the Project

This section recommends a few more thoughts that are inspired by the data analyses of both streams: interviews and questionnaires. The previous sections covered each of these streams individually. This section includes the thoughts/ideas that do not necessarily fit in either category or are derived from

a combination of both of them, along with thoughts/ideas obtained by sifting through literature review.

The *first recommendation* is about switching behaviour and finding its causes. In a bed and breakfast environment, this could establish the reasons for a guest to move or switch to another bed and breakfast or a hotel. Q.24 tried to investigate part of this phenomenon and asked about hotel preference (see Appendix 2). Q.29 pursued the matter further, by asking guests if they believed there was a room for improvement with the bed and breakfast experience they had (see Appendix 20). A more detailed and tailored study on this subject might provide better insights than this project.

The *second recommendation* is based on the suggestions made by recent relevant literature. Attributes that influence a guest's choice of hotel stay has been investigated by a number of academics (see Wei *et al.*, 1999; Callan and Bowman, 2000; Heung, 2000; Barsky and Nash, 2002; Jiang and Rosenbloom, 2004; Busacca and Padula, 2005). Ranking these attributes through importance factors, such studies aim to discover the factors perceived as important by guests. Q.20 has scratched the surface of this possible future research lead (see Appendix 25). However, closer inspection would reveal that the attributes used by the previous researchers differed - in some cases greatly - from each other. Therefore, despite a number of different characteristics than hotels, a future study conducted on bed and breakfasts specifically for this purpose might provide further insights that could be of use across the entire hospitality industry, small hotels in particular.

The *third recommendation* for future research is the application of frameworks that are derived from the interview and questionnaire data analyses of this study. Using these frameworks on a wider scale for bed and breakfast research - that is, applying them to different regions in the UK or outside the UK - might benefit the bed and breakfast sector, along with improving the validity of the frameworks.

The *final recommendation* in this section will be about the grading of a bed and breakfast or the number of stars/diamonds it holds. An area for future research within this context would relate to the similarities between higher scale bed and breakfasts and lower graded hotels. That is, whether they show similar characteristics such as guests' profile, loyalty types, personal touch, and so forth - all covered within this research from a bed and breakfast perspective. Again, a future study comparable to this one - but with the lower end hotels (or small hotels) - will reveal if there is any similarity with bed and breakfasts.

Research Limitations

The first limitation is the exploratory nature of this research itself. Because of the limited number of studies on UK bed and breakfasts, building on previous research was almost impossible. Instead, for example, the researcher had to develop his own working definition of a bed and breakfast (see p.15).

The second limitation is the number of bed and breakfast proprietors that are interviewed for the primary data collection. Despite the fact that all proprietors within the two chosen regions and the capital city (Buckinghamshire, the Peak

District & Derbyshire and Edinburgh) were contacted via tourist boards' guidebooks (see pp.126-132 for more details), more proprietors, with a different perspective, could have been interviewed. This was because, in addition to the total number of more than 6,500 bed and breakfasts in England and Scotland, unlisted bed and breakfasts boosted that figure to double (figures are based on 2002 bed and breakfast booklets of visitEngland, visitScotland and Stilwell). However, a decision was made to exclude these unlisted bed and breakfasts in order to increase the validity of the research by using a list of registered (hence regulated) bed and breakfasts.

The third limitation is the amount of questionnaires that were received from the participating bed and breakfasts. Out of 380 questionnaires that were sent to the 38 bed and breakfasts (see pp.135-137), the number of replies received from each bed and breakfast varied (see Appendix 19). This inevitably contributed to some bunching of responses. Hence, the problem with the statistical data analysis test. In addition, there were 27 questionnaires in total that could not be used, because they were only partially filled. In one extreme case, all 10 responses from a particular bed and breakfast had to be excluded because the researcher suspected that the proprietor filled them himself rather than passing them on to his guests. Reasons for such a suspicion were that there were no negative statements (all the guests were 100% with their experience); most of the answers were almost identical and a number of examples even had the exact wordings; and all questionnaires that were sent to the bed and breakfast were returned back to the researcher with a 100% return rate.

Despite these limitations, the researcher did his best to compensate for them. For example, when London could not be used as a capital city due to the low responses from the proprietors, an alternative capital city in the UK, Edinburgh, was quickly selected and the proprietors were contacted, without hesitation and waste of time. The same was the case for the switch to questionnaires, instead of participant observations. When it became clear that a proposed method had a limitation, the researcher either switched to an alternative when possible, or did his best to compensate in an alternative way.

Chapter Summary

This chapter first evaluated primary research data further through a cross comparison of proprietor interviews and guest questionnaires findings. For this purpose, three different nodes and three different questions were used from guest questionnaires. The following section of the chapter compared research findings with the literature in order to address the research question. To serve this aim, key elements were investigated further for word-of-mouth, loyalty types and price sensitivity, expectations and satisfaction and, finally, satisfaction and loyalty relationships. The chapter then listed the research objectives and went through them one by one, indicating whether they were achieved by the research or not. The next section outlined the benefits of the research to academia, industry practitioners and the researcher. This was followed by the recommendations section for future research. These recommendations were based on the proprietor interviews, the guest questionnaires and general thoughts/ideas derived from the entire research. Finally, a number of research limitations were discussed.

As an exploratory piece of research, this project investigated a heavily researched phenomenon (customer loyalty) on an under-researched sector of the hospitality industry (bed and breakfasts). For this reason, it faced the challenging task of narrowing loyalty and surrounding issues within the boundaries of the research. It also had to identify key findings amongst the vast amount of data that were obtained through primary research. End results of such a challenging task were presented in Chapter 4 and Chapter 5. Apart from the research findings and contributions that have already been outlined, another major contribution to the knowledge was opening new horizons to

future researchers and pointing them towards new leads. The author of this study lacked such an advantage when he started the research project.

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APPENDICES

Appendix 1

A copy of a questionnaire that was sent to the participating bed and breakfasts, all regions (consisted of two double A4 sized pages).

Please tick appropriate box(es) or write your comments in the spaces provided.

1) You are a

☐ Male ☐ Female

2) Your age group is

☐ Under 25 ☐ 26-32 ☐ 33-40 ☐ 41-50 ☐ Over 50

3) Are you

☐ Married ☐ Single ☐ Divorced ☐ Living with partner

Could you please write your nationality .....

4) Do you have children?

☐ Yes, I do (Please state how many and proceed)

☐ No, I do not (Please go to Q.6)

5) Do your children live with you?

☐ Yes, they do ☐ They all left home

☐ Some of them live with me, others left home (Please state how many of them with you)

6) Your education level is

☐ Left school ☐ Degree/undergraduate ☐ Degree/postgraduate

☐ Professional qualification

7) Your home is

☐ Owned by you ☐ Rented/private tenant ☐ Rented/local authority

☐ Retirement home ☐ Other (please explain)

8) You are

☐ Retired ☐ Self employed ☐ Businessman/woman

☐ Government worker ☐ Other (please explain)

9) Your annual income is

☐ Less than 10,000 ☐ Between 11,000-20,000

☐ Between 21,000-30,000 ☐ Between 31,000-40,000

☐ More than 41,000 ☐ I rather not tell

Could you please write your full postcode .....

PTO

10) The reason for your stay in this bed and breakfast is

☐ Business ☐ Leisure ☐ Both business and leisure

☐ Other (Please explain)

11) How did you find this bed and breakfast?

☐ From a friend/colleague/relative

☐ From website/tourism board booklet (Please state which one: AA, ETC*)

☐ Booked at tourism information centre

☐ I was walking/driving and spotted it

☐ From a leaflet/advertisement (Please state where)

☐ Other (Please explain)

*(*AA: Automobile Association, ETC: English Tourism Council)*

12) Have you ever stayed in a bed and breakfast before?

☐ Yes (Please proceed) ☐ No (Please go to Q.14)

13) When you compare this bed and breakfast to the other(s) that you stayed before, the whole experience was

☐ More pleasurable ☐ Same, I do not see any difference ☐ Less pleasurable

14) Did you have any expectations from this bed and breakfast prior to your visit?

☐ Yes (Please proceed) ☐ No (Please go to Q.17)

15) What did you expect to find prior to your visit? (You may thick more than one box)

☐ A clean bed and room

☐ A good breakfast

☐ A separate lounge for guests

☐ TV in rooms

☐ Friendliness of other guest(s)

☐ A quiet room/location

☐ Friendliness/helpfulness of owner(s)

☐ En-suite rooms

☐ Location of the bed and breakfast (Ease of travel and/or closeness to a tourist attraction)

☐ Other (Please explain)

16) Have these expectations (the ones that you ticked) met after your stay?

☐ Yes, they have all been met ☐ No, none of them have been met

☐ Most of them have been met (Please explain which ones have not)

PTO

17) Prior to your stay, did you know the rating of this bed and breakfast that is given by the tourism council or AA?

☐ Yes, I did (Please proceed) ☐ No, I did not (Please go to Q.19)

18) Did the rating of this bed and breakfast influence your choice of stay?

☐ Yes, it did ☐ No, it did not

19) During the last 12 months how many times have you stayed in this bed and breakfast?

☐ This is my first time (Please go to Q.21) ☐ Just once (Please proceed

☐ Between 2 and 5 (Please proceed) ☐ More than 5 times (Please state how many and proceed)

20) What were the reasons for you to choose this bed and breakfast repeatedly? (Please give a score of 1 to 8 to your answers where 1 is the weakest, 8 is the strongest)

☐ Price

☐ Quietness of the room/location

☐ Friendliness/helpfulness of owner(s)

☐ Feeling like home

☐ Cleanliness of the rooms/premises

☐ High quality of the breakfast

☐ Ease of finding this bed and breakfast, rather than somewhere else

☐ Other (Please explain)

21) Have you been satisfied with your stay in this bed and breakfast?

☐ Very satisfied (Please go to Q.23)

☐ Satisfied (Please go to Q.23)

☐ Not satisfied (Please proceed)

☐ Not satisfied at all (Please proceed)

22) What needs to be improved in order to make you satisfied? (Please explain)

23) Would you come back to this bed and breakfast if the room rates would go up?

☐ Yes, I would come back regardless of the price

☐ I would come back if the increase would be less than 5%

☐ I would come back if the increase would be between 6-10%

☐ I would come back if the increase would be between 11-20%

☐ No, I would not come back regardless of the price *PTO*

24) Would you prefer staying in a hotel if you find one within the travel distance and the price range of this bed and breakfast?

☐ Yes, I would (Please explain your reasoning)

☐ No, I would not (Please explain your reasoning)

25) If you have encountered any problems during your stay(s), have you reported them to the owner(s)?

☐ Yes, I had problems and reported them (Please proceed)

☐ No, I did not have any problems (Please go to Q.29)

☐ Yes, I had problems but I did not report them (Please explain and then go to Q.29)

26) Were the problems you reported solved?

☐ Yes, they were

☐ No, they were not

☐ The owner(s) could not do anything about them (Please explain)

27) How satisfied are you in the way that your complaint handled/solved by the owner(s)?

☐ Very satisfied

☐ Satisfied

☐ Not satisfied

☐ Not satisfied at all

28) Would the outcome of the way your complaint is handled/solved influence your decision regarding future stays in this bed and breakfast?

☐ Yes and I would delightfully continue coming back

☐ I would come back because there is no alternative

☐ I would come back because I do not have time to look for another one

☐ Yes, as a result I would not come back and would find an alternative

29) Do you believe there is a room for improvement of facilities/services that you have received in this bed and breakfast?

☐ No, I do not believe any improvement is necessary

☐ Yes, there is still room for improvement (Please explain)

This is the end of questionnaire. If you would like to contact with me please do so by using the information that is given below.

Alper Bozkurt, PhD Student, Oxford Brookes University Business School, Wheatley, Oxford OX33 1HX Phone: 01865485778 e-mail: abozkurt@brookes.ac.uk

If you want to make further comments regarding to my research or this questionnaire please write them below. Thank you again for your time and participation.

Appendix 2

Reasons that were given by the guests to prefer a hotel stay, as a response to the Q.24.

Code	B&B	Yes	No
B28	24	But I doubt if I could find a hotel for the same price	
B29	24	Generally more facilities - en-suite	
B30	24		Hotels tend to be impersonal
B31	24		I am a writer and I use the room to keep away from daily life. The kitchen is the No.1 reason for staying as I am in all day
B25	18		Not sociable, not close enough to work
B26	18	Writing facilities, bar, restaurant on site, price flexibility	
B27	18		I would use a hotel on occasions but for frequent stays I prefer bed and breakfast
B11	7		I enjoy staying at a b&b, it is more like visiting friends than staying in a hotel that is usually impersonal
B12	7		Hotels tend to be more impersonal and the rooms are less interesting
B13	7		I would be more than happy to stay at this bed and breakfast. It provides all that I required for a nightly stay
B14	7		Just as clean. Individual and personal service. Feels much warmer in this b&b
B15	7		I do not need dining facilities or any of those additionally offered by a hotel
B16	7	Qualified: only the advantage of being able to obtain an evening meal without having to leave the b&b to obtain one. Having to seek an evening meal (on a cold winter night) is the only disadvantage	

B21	16		Because the owners are extremely friendly and as said in Q20, it feels like home!
B24	16	Hotel provides the option of a bar/lounge	
B1	15		Very satisfied with service, why change?
B2	15		Because I like everything about it
B3	15		Level of service much superior to an equivalent hotel
B4	15		This b&b is better than most hotels I have stayed in
B5	2		Prefer the room to very quiet and warm at all times
B7	3	Dining room, bar	
B8	3		B&B more private/quiet
B9	3		Hotels have no character and are usually more formal
B18	15		Hotels are too impersonal
B19	15		I prefer a smaller establishment. Service is far better than any hotel I have stayed in
B20	15		I prefer the customised service I receive from a smaller establishment
B32-AA	4		I would find an alternative b&b
B33-AA	4	Stay wherever family are	
B34-AA	4		I look for b&bs experienced in looking after walkers, and where the proprietor is friendly
PD1-35	R6	Evening meal facility+ability to make use of room during daytime of continued stay. <u>But</u> unlikely to find something of comparable price and standards	

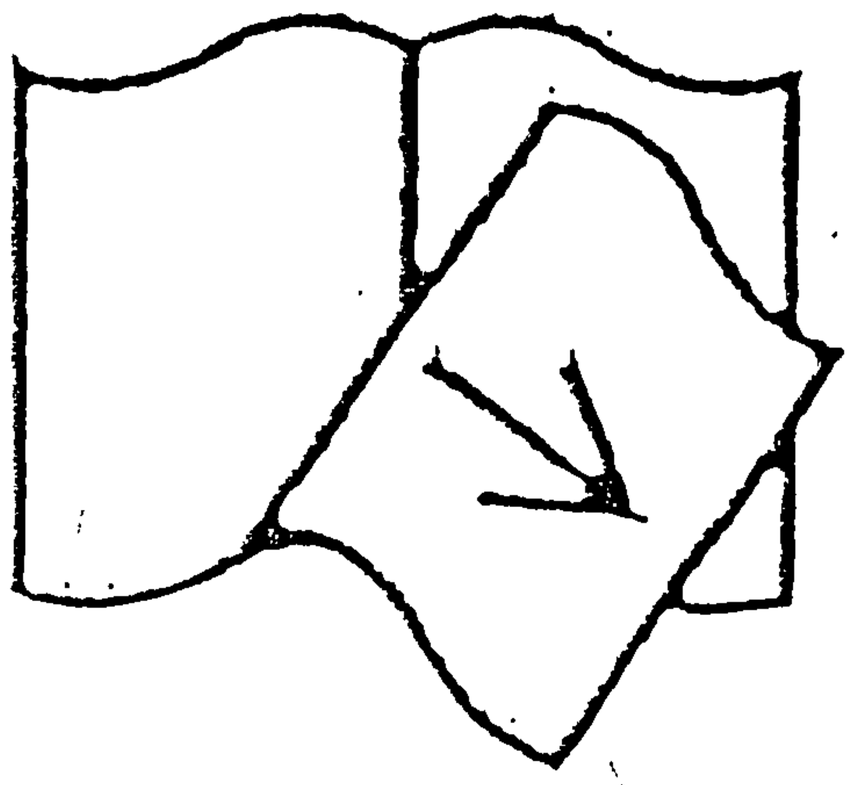
PD2-36	R7		I have yet to find a hotel in an area where I wanted to be that is totally non-smoking and no pets allowed
PD4-38	R14		Bed and breakfasts are far more personal. It's refreshing to be handled by the owners rather than the hotel's minions!
PD6-40	R21		Enjoy the personal services of b&bs
PD7-41	R21		B&B more intimate and individual
PD8-42	R21		I prefer the personal touch of b&bs
PD8-42	R21		Better breakfast
PD10-44	R21	No feelings either way. We might choose a hotel if good quality and included evening meals.	
PD12-46	R24		We like the atmosphere of the b&b and the charm
PD13-47	R24		I like the "feel" of a b&b
PD14-48	R24		Not as peaceful/friendly as here
PD15-49	R24		Find a b&b to be more personal
PD20-AA54	R5		I like staying in a farm house. Old building with character
PD21-AA55	R5		Prefer the home from home environment, warmth of hosts and value for money
PD22-AA56	R5		There is good homely atmosphere here, rooms are individual, you are made to feel at home. Hotels are too business like
PD24-AA58	R16		I prefer bed and breakfasts
PD26-AA60	R16	Seems more luxurious	
PD27-AA61	R16	Convenience of a restaurant on the premises	
PD30-AA64	R16		The word "hotel" does not automatically mean better

PD31-AA65	R16		This guesthouse was very friendly. They provided advice on good local walks, directions to the train station and phoned directory enquiries for me
PD32-AA66	R16		Good location and friendly
PD33-AA67	R22		Location of b&b nearby to family-reason for choice
PD34-AA68	R22		Prefer the informality of b&b
PD35-AA69	R22		We actually just wanted a bed for the night
PD36-AA70	R22		There isn't the personal touch in a hotel. In this place you deal with the same two friendly people, they are sharing their home with you
PD38-AA72	R22		I prefer the easy-going atmosphere of this bed and breakfast accommodation and the relaxed attitude towards the animals on the premises
PD40-AA74	R23	Warmth (of the rooms); also feel less embarrassed about returning during the day	
PD42-AA76	R30		I like the informality and comfort, combined with quietness, also like home cooking
PD43-AA77	R30		Bed and breakfasts are certainly less of the stale hotel atmosphere
PD45-AA79	R31		I like the homely atmosphere of a b&b
PD45-AA79	R31		Proprietors were very friendly and welcoming. They made us coffee on arrival and sat and chatted with us. Wouldn't happen in a hotel. No other guests were staying and we had the swimming pool to ourselves!
PD48-AA82	R31	Only for having a drink at the bar etc.	

PD49-AA83	R31		I prefer the more homely size and therefore the more personal service atmosphere of b&b homes than larger, often not such good service or detailed service of hotels
PD50-AA84	R31		A good b&b is usually a more pleasant experience than a larger hotel
PD51-AA85	R31		Not so cosy or friendly
PD52-AA86	R31		I prefer the personal small b&bs to informal hotels
PD53-AA87	R32		Don't like hotels - very impersonal and often tired decorations. Like friendly b&bs tucked away off beaten track. Hotels tend to be in busy, touristy places
PD54-AA88	R32		Hotels are usually more impersonal, you're thrown together with more people and there would be some expectation that one should dine there. You'd also be lucky to find a hotel in this price range. Hotels don't always cater well for walkers.
PD56-AA90	R32		For similar price b&b offer better facilities
PD57-AA91	R32	I felt we were intruding in the home of these people	
PD58-AA92	R32		I prefer small b&bs to hotels, and I prefer the more informal atmosphere and individual character of b&bs. I have found that most b&bs I have stayed in have been comfortable, pleasant and relaxing
PD59-AA93	R32	But only if quality the same. You have more freedom to come and go in a hotel	
EDB1-94	R39S		Would not look further - no point
EDB2-95	R39S		B&B more personal

Page Numbering as Bound

Pages Missing not Available



Difficult to spot and very narrow. It used to be a bakery. Family bought it in 1993.

Rooms are used to be the pavilion area. Each room has its own mini veranda, facing to the garden.

Very proud, posh looking proprietor (Phil), drives a Jaguar. He was very friendly towards me. He gives directions to the guests if he feels they need it. During the breakfast, a couple was asking about Chatsworth, he gave directions, then brought a map.

In order to go to their rooms, guests need to go through the breakfast room. Lounge is not exactly a lounge. It is a sort of reception/waiting area.

Breakfast wasn't exceptional (*as claimed by the guests*).

There was no pen in the rooms.

The proprietor has a motorcycle museum, with some classic bikes in it. He said all these years he bought them, restored and opened up on display as a museum. It is open a certain times of the year and attracts visitors. He gave me a tour.

Appendix 14

Report that was sent to the bed and breakfasts participated in the questionnaires, summarising the preliminary research findings.

Dear X (Name of the proprietor), Date

I hope you remember our conversation about my research on bed and breakfasts/guest houses. For some of you, it took me very long to get back to you, I know. Now that all the work is done and I have all the data in hand, I would like to give you some brief feed back – as promised. I will start with some statistics and try to make the whole thing as short and interesting as possible.

I sent interview requests to 27 proprietors in Buckinghamshire, 99 in Derbyshire (including the Peak District & Derbyshire) and 76 in Edinburgh. Subsequently, I interviewed 13 proprietors in Buckinghamshire, 20 in Derbyshire and the Peak District & Derbyshire and 9 in Edinburgh, totalling 42.

As regards guest questionnaires, I sent out 320 - 110 to be filled by the guests in Buckinghamshire, 140 in Derbyshire and the Peak District & Derbyshire and 70 in Edinburgh. I received 119 "usable" replies - 32 from Buckinghamshire, 59 the Peak District & Derbyshire and 28 from Edinburgh.

Most of the questionnaires in Buckinghamshire (29) were filled by the visitEngland rated bed and breakfast guests and nearly of all them filled by British nationals. I would like to concentrate on three sets of answers since I believe that they have the most importance for proprietors.

Q.21 asked "Have you been satisfied with your stay in this bed and breakfast?" with the multiple-choice answers of "Very satisfied, Satisfied, Not satisfied" and "Not satisfied at all". Out of 32 guests who answered this question in Buckinghamshire, 24 ticked the "Very satisfied" option whereas 8 ticked "Satisfied" and only 2 "Not satisfied".

For Q.23 "Would you come back to this bed and breakfast if the room rates would go up?" 14 of the guests replied saying "Yes, I would come back regardless of price", 9 said "I would come back if the increase would be less than 5%", 5 said "I would come back if the increase would be between 6-10%", 3 said "I would come back if the increase would be between 11-20%" and 4 said "No, I would not come back regardless of the price".

Finally, when Q.24 asked "Would you prefer staying in a hotel if you find one within the travel distance and the price range of this bed and breakfast?" 11 of the guests said they would whereas 23 of them replied saying they would not (I will come back to this question later).

In the Peak District & Derbyshire, I received 19 questionnaires from the visitEngland rated bed and breakfast guests and 40 from the AA. As in Buckinghamshire, the vast majority of the respondents were British nationals with only four different nationalities: one Australian, one New Zealander, one American and one Brazilian.

When answering Q.21 (please see previous page for the question), 58 guests said they were "Very satisfied", 8 "Satisfied" with no dissatisfaction replies.

For Q.23, 15 replied by saying "Yes, I would come back regardless of the price", 25 said "I would come back if the increase would be less than 5%", 13 "I would come back if the increase would be between 6-10%", 3 "I would come back if the increase would be between 11-20%" and only 2 answered "No, I would not come back regardless of the price".

In the last question highlighted here, 24 filled in by 9 guests saying they would and 47 they would not.

Finally, in Edinburgh I received 28 replies evenly divided between the visitScotland and the AA. Despite the fact that the majority of the guests who replied to the questionnaires in Edinburgh were British nationals, there were, nevertheless, more foreign guests than any other region: 4 Americans, 2 Swiss, 1 Australian, 1 German, 1 Canadian and 1 Israeli.

In Edinburgh, 26 guests replied to Q.21 by saying "Very satisfied" and 2 "Satisfied".

For Q.23, 17 guests said they would come back regardless of the price, 4 said they would come back if the increase would be less than 5%, 3 said they would come back if the increase would be between 6-10% and 3 said they would come back if the increase would be between 11-20%.

For the Q.24, only 1 guest answered saying "I would" and 26 said they would not.

If I summarise all these findings in more words than numbers, in all two regions and the capital city the majority of the guests were either very satisfied or satisfied with their stay and there were only two "Not satisfied" replies. In my view, this shows the quality of the service that they received from the proprietors and the comfort of their accommodation.

In terms of price sensitiveness (judging from Q.23) I would say again that the majority of the guests value the additional benefits of staying in a bed and breakfast - rather than price or paying less money than a hotel. In fact, this last comment could be also linked to the answers of Q.24. Only a small portion of the guests stated that they would stay in a similar price range of a hotel, whereas again the vast majority stated that they wouldn't. The ones who said they would stay in a hotel nearly all mentioned the extra facilities they could get - namely an evening meal and a drink, without the need to leave the premises and look for a place to eat. Perhaps this last comment could be taken into consideration by some of the proprietors, despite the difficulties or even legal restrictions, as some of you kindly pointed out to me during our conversation.

I now want to move into results of the interviews, again by trying to make it as brief as possible. I will begin with defining five different aspects of the interview outcomes: complaints, regulars, passing trade, rating and business. In the first one, complaints, I tried to concentrate on how they were handled by the proprietors. Out of 42 interviews I conducted in all two regions and the capital city, only 2 said they had either comment cards or any other form of paper which guests could use to leave feedback if they wished. Of the

remaining majority 22 of them said that if a guest had a problem he/she would go and speak with the proprietor(s). Although this makes sense, in my view there could be some cases that people might prefer not to speak – so as not to upset their hosts etc. There may be some usefulness in leaving a comment/feedback/suggestion box (whatever you wish to call it) around the reception.

In the second category, regulars, I tried to find out whether the proprietors prefer a stream of regular guests over irregulars. Only 11 people said they did - the reasons they pointed out for this choice were (knew) the stability of the income from business clients (4) and the ease of dealing with such clients (8). Furthermore, 12 people said they gave discounts to their regulars in one way or another. This total includes 1 extra proprietor who initially said he didn't prefer regulars to irregulars. In a way, answers to questions about the regulars indicate that nearly a quarter of the proprietors I have spoken to outlined the value of the regular guests - and even gave reasons for their choice. The remaining proprietors either didn't feel any connection with their business or said it wouldn't make any difference. More interestingly, some even pointed that they prefer irregulars or new guests because they "like meeting with new people".

In a similar way, when I asked to compare bookings with unbooked guests vis-à-vis passing trade, only three said they would prefer the ones that book their stay before they arrive. Again, I received a couple of interesting comments like "I prefer passing trade so I can see them and can reach a

judgement" or more common "I will turn my vacancy sign off if I don't want to receive any passing trade".

The question about the rating was an interesting one too. When I asked "Are you happy with the AA-ETB/STB's (visitEngland and visitScotland) rating system" 8 proprietors out of 42 said they weren't. For the follow-up question, 13 proprietors said they were happy with their current rating. Among those, some even said they wouldn't want to go up a grade if they had a chance. However, there were also quite a number of people who raised concerns about the whole rating scheme, despite saying that they didn't have any problems with the system. One of the "problems" I myself noticed with the rating was inconsistencies (if I may call them) that were employed by the Inspectors. In some areas, even within the same regions that I conducted my research, some Inspectors employed an advanced warning visiting method whereas others always used an anonymous method. I do appreciate the practical difficulties in this matter; however, I still couldn't help myself thinking about potential damage from such inconsistency.

As for the last group of questions, 28 proprietors said that bed and breakfast/guest house was their full time or main business. Among these there were some people with working partners and joint family income who still presented their bed and breakfast business as the main source of income for themselves. Only 7 said they had another income from somewhere else and bed and breakfast was the second income for them. 3 also replied by saying that bed and breakfast was a hobby for them, too, along with being second income.

Despite the time gap between the interviews/questionnaires and the regional differences, I believe some of the results I found and shared with you above were quite interesting. I found the whole experience worthwhile for the time, money and efforts I spent. I hope you will also benefit some of the findings I have presented to you with this short report. If you would like to comment on any of these findings or anything else about my research, including if you had doubts about some of the questions during the interviews please feel free to write back. If you want to receive a more detailed version of the interview and questionnaire analysis, again feel free to contact me and I will send you a copy as soon as I finish.

With this opportunity, I would like to thank you all for spending time to answer questions - and managing to put-up with my foreign accent!

Yours truly,

Alper Bozkurt

PhD Student

Oxford Brookes University

Business School, Wheatley

Oxford, OX33 1HX

e-mail: abozkurt@brookes.ac.uk

Appendix 15

Letter that was accompanied to the questionnaires in all regions (printed on the University headed paper).

Dear Guest,

This questionnaire is designed to assist part of the research degree that I am taking at Oxford Brookes University Business School. I will appreciate if you could fill it in and return either directly to me with the envelope provided or hand in to the proprietor whom kindly agreed to pass it to you.

Your answers will be used only for research purposes and your identity will remain anonymous throughout the study. If you would like to know more about this matter or want to ask anything regarding to my research please either contact with me or any of my supervisors on the numbers that are given below.

Thank you for your time.

(Mr) Alper Bozkurt, PhD Student
Oxford Brookes University, Business School
Wheatley, Oxford OX33 1HX
Phone: 01865485778 e-mail: abozkurt@brookes.ac.uk

Supervisors:
Dr. David Bowen (PhD)
Phone: 01865485781 e-mail: dbowen@brookes.ac.uk

Mr. David E.C. Bowie (MBA)
Phone: 01865483890 e-mail: decbowie@brookes.ac.uk

Appendix 16

First letter that was sent to the regional office of the visitEngland in Oxford, which requested an interview (printed on University headed letter).

Date

Dear Sir/Madam,

I am a research student with Oxford Brookes University. As part of my research project, I will be contacting shortly with the bed and breakfast proprietors in Oxfordshire. I will appreciate if you could agree to meet with me on a mutually arranged time to discuss my research and bed-and-breakfast related matters in your region. I will not be spending more than half-an-hour of your time and your possible input will be very beneficial for my proposed research. Therefore, I will be grateful if you could contact with me to arrange a meeting.

Yours truly,

(Mr) Alper Bozkurt

PhD student

Oxford Brookes University

Business School

Wheatley, Oxford, OX33 1HX

Phone: 01865 485778

E-mail: abozkurt@hotmail.com

Appendix 17

Second letter that was sent to the visitEngland regional office in Oxford, repeating the request for an interview (printed on University headed letter).

Date

Dear Sir/Madam,

I am a research student with Oxford Brookes University. I have recently sent you a letter, requesting a meeting to discuss my project that partly concentrates on bed and breakfasts in Oxfordshire. I have already contacted a list of proprietors and interviewed a number of them. I will be grateful if you could get in touch with me to arrange a meeting in order to discuss my research, along with the preliminary findings of proprietor interviews I conducted so far.

Yours truly,

(Mr) Alper Bozkurt

PhD student

Oxford Brookes University

Business School

Wheatley, Oxford, OX33 1HX

Phone: 01865 485778

E-mail: abozkurt@hotmail.com

Appendix 18

List of all nodes (including unused ones) that were generated from the interviews by using QSR NVivo.

Project: Int- **User:** 00021329

NODE LISTING

Nodes in Set: All Nodes

Created: 08/11/2005 - 15:42:50
Modified: 08/11/2005 - 15:42:50
Number of Nodes: 51

1	advance booking
2	advertising
3	business-company accounts
4	cancellations
5	compare to hotels
6	compare to other b&bs
7	comparing regulars-irregulars
8	complaint handling
9	correspondence with all guests
10	correspondence with regulars
11	credit card facilities
12	details of all guests
13	details of regulars
14	diary
15	doing it right
16	farmhouse
17	feedback
18	fire regulations-business rates
19	friendship
20	giving-providing advice to guests
21	guest targeting
22	guestbook
23	incentives to all guests
24	incentives to regulars
25	inspector visits
26	interaction
27	internet
28	learn as you go
29	long stay-discount
30	long stay-preference
31	lounge
32	main business
33	meeting with people
34	one nighters-passing trade
35	outside help
36	partner's help
37	person serves the breakfast
38	personal touch
39	price
40	problems with the guests
41	profile of all guests
42	profile of regulars
43	rating related
44	reason of starting b&b
45	referrals
46	room rates
47	serving meals
48	time-off
49	tourist board suggestions
50	value
51	word-of-mouth

Appendix 19

Questionnaire replies (one by one) in all regions, table format.

		BUCKS	P.D.&D.SHIRE	EDINBURGH
1-Sex	male	22	20	8
	female	12	39	8
2-Age	under 25	2	5	0
	26-32	4	10	1
	33-40	7	11	4
	41-50	6	8	6
	over 50	15	25	5
3-Marital status	married	23	35	9
	single	5	11	3
	divorced	1	1	2
	living with partner	5	12	1
Nationality	British	25	34	7
	Welsh	1	1	0
	English	2	15	2
	Australian	0	1	0
	New Zealander	0	1	0
	American	0	1	1
	Scottish	0	0	1
	Swiss	0	0	2
	Brazilian	0	1	0
4-Siblings	yes, I do	24	32	12
	no, I do not	10	27	4
5-Kids at home	yes, they do	7	12	5
	they all left home	15	15	6
	some stays with	2	5	1
6-Education	left school	10	14	1
	degree/undergrad	8	15	3
	degree/post grad	6	12	3
	professional qual.	10	14	6
7-Accommodation	owned by you	30	45	14
	rented/private	2	9	2
	rented/council	0	1	0
	retirement home	0	0	0
	other	1	3	1
8-Occupation	retired	3	9	3
	self employed	5	8	3
	business man/woman	17	12	1
	government worker	5	12	2
	other	4	17	6
9-Income	<10,000	3	11	0
	between 11-20k	4	18	5

	between 21-30k	9	8	6
	between 31-40k	9	10	2
	>41,000	4	8	2
	rather not tell	5	3	1
10-Reason for stay	business	18	1	2
	leisure	13	53	10
	both	1	3	4
	other	2	2	0
11-How found this b&b	from friend/colleague	11	8	1
	from website/tourist board	11	34	10
	booked at inform.centre	2	0	1
	walking and spotted	2	3	0
	from a leaflet/advert	3	3	0
	other	5	10	4
12-Stayed in a b&b before	yes	34	58	15
	no	0	1	1
13-Experience in this b&b	more pleasurable	22	43	9
	same	9	13	3
	less pleasurable	3	1	0
14-Had and expectations?	yes	30	39	13
	no	4	10	3
15-Expectations list	clean bed and room	29	50	13
	quiet room/location	21	35	4
	good breakfast	23	47	12
	friendliness of owners	28	43	10
	separate lounge	4	11	0
	en-suite rooms	20	40	7
	TV in rooms	19	28	6
	location	14	28	7
	friendliness of guests	6	2	2
	other	2	4	0
16-Expectations met	yes, they all met	26	45	11
	no, none met	0	0	0
	most of them met	4	5	2
17-Knew the rating of b&b	yes I did	14	29	12
	no I did not	20	30	4
18-Rating affected choice	yes it did	9	21	8
	no it did not	5	7	3
19-Times stayed in b&b	my first time	9	43	9
	just once	4	7	3
	between 2-5	9	10	3
	more than 5	12	0	1

20-Reasons to chose this b&b	price	see notes	see notes	see notes
	quiet room/location	see notes	see notes	see notes
	friendliness of owners	see notes	see notes	see notes
	feeling like home	see notes	see notes	see notes
	clean room	see notes	see notes	see notes
	breakfast	see notes	see notes	see notes
	ease of finding	see notes	see notes	see notes
	other	see notes	see notes	see notes
21-Satisfied with the experience	very satisfied	25	50	14
	satisfied	7	8	2
	not satisfied	2	0	0
	not satisfied at all	0	0	0
22-What needs to be improved in order to make you satisfied?			see notes	
23-Would you come back if the rates will increase?	yes, regardless of the price	13	15	7
	yes, if the increase will be <5%	9	25	2
	yes, if the increase will be 6-10%	6	12	3
	yes, if the increase will be 11-20%	3	3	3
	no, I would not	3	2	0
24-Would you stay in a similar range hotel?	yes, I would	11	9	1
	no, I would not	23	46	15
25-Problems been reported?	yes and I had reported them	7	2	0
	no, did not have problems	26	54	15
	yes I had but did not report them	1	3	1
26-Problems have been solved?	yes they were	7	2	0
	no, they were not	0	0	0
	nothing owner could do	1	0	0
27-How satisfied you are the way the problem handled?	very satisfied	4	2	0
	satisfied	1	0	0
	not satisfied	1	0	0
	not satisfied at all	0	0	0
28-The result of the way the problem is handled	yes, I would come back	5	2	0
	I would come back, no alternative	0	0	0
	I would come back, no time for another	0	0	0
	I would not come back	2	0	0
29-Any room for improvement?	no improvement is necessary	24	49	14
	there is room for improvement	10	10	2

Appendix 20

Suggestions that were made by the guests in order to improve their stay, as a response to the Q.29.

Code	B&B	Yes	No
B29	24		You pay for what you get and all explained prior to acceptance
B30	24	Double glazed windows would improve matters. Bigger TV+VCR (No VCR present)	
B31	24	The shower	
B25	18	Towels aren't soft enough	
B26	18	Lounge, Sky TV, key for front door, tea facility in bedroom	
B12	7	The room was stiflingly hot in the middle of the night. Breakfast could have been better (home-made jams, nicer bread, nicer cereals	
B16	7	Evening meals	
B24	16	The room without en-suite meant going downstairs during the night. Awkward for someone with bladder problems	
B7	3	Better sound insulation to roofs and walls	
B32-AA	4	Reasons already stated: Supervision of running of the b&b appeared to be left to a young Spanish girl with limited understanding and use of English	
B34-AA	4	The owners need to be visible; remove all the "instruction" posters; ensure what is advertised is available for breakfast; not charge for porridge; not require full prepayment; not allow someone who speaks little English to be solely responsible for guests	
PD4-38	R14	Some of the wallpaper is beginning to peel, but we were told it is soon to be re-decorated	

PD8-42	R21	Extend the bedroom!	
PD28-AA62	R16	Heat control	
PD34-AA68	R22	More space in the bedroom would be advantageous	
PD38-AA72	R22	A lighter, brighter décor in the rooms would improve the feeling of spaciousness	
PD40-AA74	R23	1) Warm the room before we arrive 2) Larger bath towels	
PD42-AA76	R30	For perfection, I would like an evening meal	
PD47-AA81	R31	Always room for improvement!	
PD54-AA88	R32	A lounge for guests would be nice and a "drying" room for wet clothing and boots	
PD57-AA91	R32	En-suite bathrooms, separate guest lounge, tidying of approach to b&b, picking up of dog poo, improved signing of b&b (wasn't sure it was correct place initially)	
EDB3-96	R39S		It is not necessary to improve as it is fine and well priced. It could be improved a little but this is not needed
EDB5-98	R32S	Needs hanging space and shelf space in bathroom	
EDB8-101	R39S	Only the smallness of the bathroom areas - a minor nitpick	

Appendix 21

List of full UK postcodes that were provided by the guests.

Code	B&B	Postcode
B29	24	LE15 6LH
B30	24	NP30 4HG
B25	18	NE61 2DQ
B27	18	NE12 9NT
B11	7	SO16 7DZ
B12	7	BS3 4SD
B13	7	DT1 2AW
B15	7	L16 3NX
B16	7	WA4
B21	16	SK13 5ES
B23	16	W12 8JB
B24	16	TF1 6YU
B2	15	NR17 2JA
B4	15	NW4 OTJ
B5	2	M33
B6	3	LE11 3HZ
B8	3	NG33 5QZ
B10	3	PR6 8BH
B18	15	TR27 5BU
B33-AA	4	NR16 1DH
B34-AA	4	CM3 2DF
PD1-35	R6	NR5 0HQ
PD2-36	R7	DA11 8AZ
PD5-39	R15	SY6 7JB
PD6-40	R21	NG19 9GB
PD7-41	R21	DE65 6FH

PD8-42	R21	NR20 4BA
PD9-43	R21	W5 5PD
PD10-44	R21	KT2 6AN
PD12-46	R24	SW10 9RD
PD13-47	R24	PE7 8EZ
PD14-48	R24	NG14 5DD
PD15-49	R24	HU15
PD16-50	R24	NR4 6UW
PD17-51	R24	SG13 7QR
PD19-AA53	R5	SE5 8BH
PD20-AA54	R5	NE9 5DE
PD21-AA55	R5	SM5 3QP
PD23-AA57	R11	SG5 3ND
PD24-AA58	R16	NG9 1FB
PD25-AA59	R16	LE4 3GW
PD27-AA61	R16	LE11 3PS
PD28-AA62	R16	SG6
PD30-AA64	R16	BD10 03Y
PD31-AA65	R16	NN13 5LU
PD32-AA66	R16	GU
PD34-AA68	R22	GU51 3AT
PD35-AA69	R22	CV11 6SL
PD37-AA71	R22	S42 5LG
PD38-AA72	R22	B90 3HP
PD39-AA73	R23	PE28 3LE
PD40-AA74	R23	MK17 8AF
PD42-AA76	R30	EX10 8RR

PD45-AA79	R31	N22 7YB
PD46-AA80	R31	NG10 3BS
PD48-AA82	R31	S64 9PE
PD49- AA83	R31	NG2 5GB
PD51-AA85	R31	WF10 4TG
PD53-AA87	R32	GU5 0EG
PD54-AA88	R32	E17 4LE
PD55-AA89	R32	B29 6SA
PD56-AA90	R32	NN6 8LH
PD57-AA91	R32	PE9 1QP
PD59-AA93	R32	RG7
EDB2-95	R39S	LE16 3DD
EDB3-96	R39S	DE12 6JY
EDB5-98	R32S	GL2 0LR
EDB6-99	R32S	HU19 2JX
EDB8-101	R39S	NG5 8LU
EDB9-102	R32S	KW1 5QD
EDB10-103	R32S	ML8 5UX
EDB12-105	R32S	PA1 3NA
EDB16-AA109	9S	BS5 9NG

Appendix 22

ACORN classification categories, groups and types.

http://www.caci.co.uk/acorn/acornmap.asp

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This is a map showing all ACORN classification categories, groups and types. Click on a category, group or type to view some sample lifestyle information comparing that classification to the rest of the UK population.

Please note that a **simple registration process** is required to **activate** this feature of the site - please click here to register, here to login if already registered.

Category	Group	Type
Wealthy Achievers	Wealthy Executives	01 - Affluent mature professionals, large houses
		02 - Affluent working families with mortgages
		03 - Villages with wealthy commuters
		04 - Well-off managers, larger houses
	Affluent Greys	05 - Older affluent professionals
		06 - Farming communities
		07 - Old people, detached houses
		08 - Mature couples, smaller detached houses
	Flourishing Families	09 - Larger families, prosperous suburbs
		10 - Well-off working families with mortgages
		11 - Well-off managers, detached houses
		12 - Large families & houses in rural areas
Urban Prosperity	Prosperous Professionals	13 - Well-off professionals, larger houses and converted flats
		14 - Older Professionals in detached houses and apartments
	Educated Urbanites	15 - Affluent urban professionals, flats
		16 - Prosperous young professionals, flats
		17 - Young educated workers, flats
		18 - Multi-ethnic young, converted flats
		19 - Suburban privately renting professionals
	Aspiring Singles	20 - Student flats and cosmopolitan sharers
		21 - Singles & sharers, multi-ethnic areas
		22 - Low income singles, small rented flats
		23 - Student Terraces
Comfortably Off	Starting Out	24 - Young couples, flats and terraces
		25 - White collar singles/sharers, terraces
	Secure Families	26 - Younger white-collar couples with mortgages
		27 - Middle income, home owning areas
		28 - Working families with mortgages
		29 - Mature families in suburban semis
		30 - Established home owning workers
		31 - Home owning Asian family areas
	Settled Suburbia	32 - Retired home owners
		33 - Middle income, older couples
		34 - Lower income people, semis
	Prudent Pensioners	35 - Elderly singles, purpose built flats
		36 - Older people, flats

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		19 - Suburban privately renting professionals
	Aspiring Singles	20 - Student flats and cosmopolitan sharers
		21 - Singles & sharers, multi-ethnic areas
		22 - Low income singles, small rented flats
		23 - Student Terraces
Comfortably Off	Starting Out	24 - Young couples, flats and terraces
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	Settled Suburbia	32 - Retired home owners
		33 - Middle income, older couples
		34 - Lower income people, semis
	Prudent Pensioners	35 - Elderly singles, purpose built flats
		36 - Older people, flats
Moderate Means	Asian Communities	37 - Crowded Asian terraces
		38 - Low income Asian families
	Post Industrial Families	39 - Skilled older family terraces
		40 - Young family workers
	Blue Collar Roots	41 - Skilled workers, semis and terraces
		42 - Home owning, terraces
		43 - Older rented terraces
Hard Pressed	Struggling Families	44 - Low income larger families, semis
		45 - Older people, low income, small semis
		46 - Low income, routine jobs, unemployment
		47 - Low rise terraced estates of poorly-off workers
		48 - Low incomes, high unemployment, single parents
		49 - Large families, many children, poorly educated
	Burdened Singles	50 - Council flats, single elderly people
		51 - Council terraces, unemployment, many singles
		52 - Council flats, single parents, unemployment
	High Rise Hardship	53 - Old people in high rise flats
		54 - Singles & single parents, high rise estates
	Inner City Adversity	55 - Multi-ethnic purpose built estates
		56 - Multi-ethnic, crowded flats

Financial ACORN Classification Map

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Appendix 23

ACORN postcode analysis in all regions.

Recognition Code	ACORN Code	ACORN Group	ACORN Type
B6-3	1C9	Flourishing Families	Larger Families, Prosperous Suburbs
B8-3	1B6	Affluent Grays	Farming Communities
B10-3	1A3	Wealthy Executives	Villages with Wealthy Commuters
B11-7	1A1	Wealthy Executives	Affluent Mature Professionals, Large Houses
B18-15	1B8	Affluent Grays	Mature Couples, Smaller Detached Homes
B24-16	1A2	Wealthy Executives	Affluent Working Families with Mortgages
B25-18	1C9	Flourishing Families	Larger Families, Prosperous Suburbs
B33-AA-4	1A4	Wealthy Executives	Well-off Managers, Larger Houses
B34-AA-4	1C10	Flourishing Families	Well-off Working Families with Mortgages
PD5-39-R15	1B6	Affluent Grays	Farming Communities
PD6-40-R21	1C10	Flourishing Families	Well-off Working Families with Mortgages
PD8-42-R21	1B6	Affluent Grays	Farming Communities
PD13-47-R24	1C10	Flourishing Families	Well-off Working Families with Mortgages
PD14-48-R24	1B5	Affluent Grays	Older Affluent Professionals
PD16-50-R24	1A1	Wealthy Executives	Affluent Mature Professionals, Large Houses

PD27-AA61-R16	1B5	Affluent Grays	Older Affluent Professionals
PD31-AA65-R16	1A3	Wealthy Executives	Villages with Wealthy Commuters
PD34-AA68-R22	1A4	Wealthy Executives	Well-off Managers, Larger Houses
PD35-AA69-R22	1B5	Affluent Grays	Older Affluent Professionals
PD39-AA73-R23	1A4	Wealthy Executives	Well-off Managers, Larger Houses
PD46-AA80-R31	1B8	Affluent Grays	Mature Couples, Smaller Detached Homes
PD48-AA82-R31	1C9	Flourishing Families	Larger Families, Prosperous Suburbs
PD53-AA87-R32	1A4	Wealthy Executives	Well-off Managers, Larger Houses
PD56-AA90-R32	1A4	Wealthy Executives	Well-off Managers, Larger Houses
EDB3-96-R39S	1C11	Flourishing Families	Well-off Managers, Detached Houses
EDB8-101-R39S	1C11	Flourishing Families	Well-off Managers, Detached Houses
EDB10-103-R32S	1C10	Flourishing Families	Well-off Working Families with Mortgages
B23-16	2E.18	Educated Urbanities	Multi-ethnic Young, Converted Flats
B27-18	2D14	Prosperous Professionals	Older Professionals in Detached Houses and Apartments
PD9-43-R21	2E.18	Educated Urbanities	Multi-ethnic Young, Converted Flats

PD12-46-R24	2E.15	Educated Urbanities	Affluent Urban Professionals, Flats
PD19-AA53-R5	2E.15	Educated Urbanities	Affluent Urban Professionals, Flats
PD24-AA58-R16	2D14	Prosperous Professionals	Older Professionals in Detached Houses and Apartments
PD40-AA74-R23	2D14	Prosperous Professionals	Older Professionals in Detached Houses and Apartments
PD49-AA83-R31	2D13	Prosperous Professionals	Well-off Professionals, Larger Houses and Converted Flats
PD57-AA91-R32	2D14	Prosperous Professionals	Older Professionals in Detached Houses and Apartments
EDB12-105-R32S	2D13	Prosperous Professionals	Well-off Professionals, Larger Houses and Converted Flats
B12-7	3G25	Starting Out	White Collar Singles/shares, Terraces
B13-7	3J36	Prudent Pensioners	Older People, Flats
B15-7	3H29	Secure Families	Mature Families in Suburban Semis
B21-16	3H27	Secure Families	Middle Income, Home Owning Areas
B29-24	3I33	Settled Suburbia	Middle Income, Older Couples
PD1-35-R6	3I34	Settled Suburbia	Lower Income People, Semis
PD2-36-R7	3H30	Secure Families	Established Home Owning Workers
PD20-AA54-R5	3H29	Secure Families	Mature Families in Suburban Semis

PD21-AA55-R5	3H29	Secure Families	Mature Families in Suburban Semis
PD25-AA59-R16	3H29	Secure Families	Mature Families in Suburban Semis
PD38-AA72-R22	3I32	Settled Suburbia	Retired Home Owners
PD42-AA76-R30	3J35	Prudent Pensioners	Elderly Singles, Purpose Built Flats
PD51-AA85-R31	3G25	Starting Out	White Collar Singles/sharers, Terraces
EDB5-98-R32S	3J36	Prudent Pensioners	Older People, Flats
EDB6-99-R32S	3I34	Settled Suburbia	Lower Income People, Semis
EDB9-102-R32S	3G25	Starting Out	White Collar Singles/sharers, Terraces
B2-15	4M41	Blue Collar Roots	Skilled Workers, Semis and Terraces
EDB16-AA109-9S	4M42	Blue Collar Roots	Home Owning, Terraces
PD10-44-R21	5O52	Burdened Singles	Council Flats, Single Parents, Unemployment
PD17-51-R24	5N45	Struggling Families	Older People, Low Income, Small Semis
PD23-AA57-R11	5N44	Struggling Families	Low Income Larger Families, Semis
PD37-AA71-R22	5O51	Burdened Singles	Council Terraces, Unemployment, Many Singles
PD54-AA88-R32	5N47	Struggling Families	Low Rise Terraced Estates of Poorly-off Workers
5-AA89-R32	5N45	Struggling Families	Older People, Low Income, Small Semis

Appendix 24

ACORN postcode lookup - Category 1: Lifestyle and demographic characteristics.

http://www.caci.co.uk/acorn/pclookupgo.asp

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New ACORN Postcode Lookup

New ACORN Information about **SO16 7DZ**		
Category	1	Wealthy Achievers
Group	A	Wealthy Executives
Type	1	Affluent mature professionals, large houses

Learn more about lifestyle characteristics of this ACORN type relative to the rest of the UK

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Learn more about demographic characteristics of this ACORN type relative to the rest of the UK

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New ACORN Lifestyles Lookup

The following table presents information for the ACORN classification **Affluent mature professionals, large houses** as an index compared to the **national average**.

An index of **100** represents the average in terms of either all adults or the average of all adults currently in the UK.

Affluent mature professionals, large houses:

Topic	Index	vs. uk avg
Have PC	158	
Have laptop computer	302	200+
Have Mac / iMac	291	200+
Use home PC for careers / job planning	141	
Use home PC for education / reference	170	
Use home PC for home finance	207	200+
Use home PC for playing computer games	142	
Use home PC for home shopping	178	

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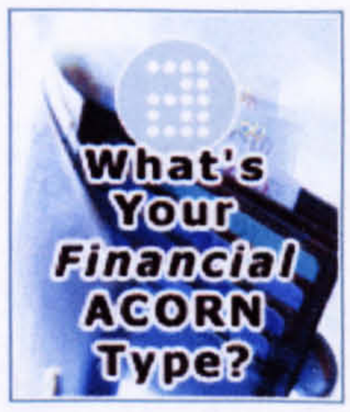
The following table presents information for the ACORN classification **Affluent mature professionals, large houses** as an index compared to the **national average**.

An index of **100** represents the average in terms of either all adults or the average of all adults currently in the UK.

Affluent mature professionals, large houses:

Topic	Index	vs. uk avg
Use internet for email	168	
Have internet access via TV	67	
Use digital TV to make purchases / bookings	123	
No internet purchase in last year	121	
1-3 internet purchases in last year	116	
4+ internet purchase in last year	189	
Use internet to source credit card	94	
Have internet savings account	196	200+
Use internet to buy insurance	125	
Use internet to buy financial services	213	200+
Use internet to buy investments / ISAs	506	200+
Use internet to arrange personal loan	84	
Use internet to buy gifts	173	
Use internet to buy/research cars	208	200+
Use internet to make leisure and holiday bookings	215	200+
Use internet for shopping : books / cds	183	
Use internet for shopping : clothing / fashion	143	

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http://www.caci.co.uk/acorn/lslookupgo.asp?topic=d8&querytype=pclookup&name=Affluent+mature+professionals%2C+l

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New ACORN Lifestyles Lookup

The following table presents information for the ACORN classification **Affluent mature professionals, large houses** as an index compared to the **national average**.

An index of **100** represents the average in terms of either all adults or the average of all adults currently in the UK.

Affluent mature professionals, large houses:

Topic	Index	vs. uk avg
Have a mortgage	112	
0-10 years left on mortgage	138	
11+ years left on mortgage	87	
Have re-mortgage	73	
Have mortgage protection	109	
Have accident insurance	135	
Have home contents insurance	106	
Have life assurance/ insurance	126	
Have motor insurance	145	
Have travel insurance	272	200+
Company pays for PMI	209	200+
Health insurance with BUPA	324	200+
Health insurance with Norwich Union healthcare	220	200+
Health insurance with PPP	326	200+
Health insurance with Prime Health	274	200+
Personally pay for PMI	189	
Internet account with e-bank	240	200+
Internet account with traditional bank	186	
Have National Savings account	250	200+

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Affluent mature professionals, large houses
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Affluent mature professionals, large houses
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The following table presents information for the ACORN classification **Affluent mature professionals, large houses** as an index compared to the **national average**.

An index of **100** represents the average in terms of either all adults or the average of all adults currently in the UK.

Affluent mature professionals, large houses:

Topic	Index	vs. uk avg
Have an ISA	158	
HaveStocks and Shares	224	200+
Have a Unit trust	315	200+
Have company pension scheme	137	
Have Private Personal Pension scheme	156	
Have high interest investments	266	200+
Have regular savings plan	161	
Have child savings plan	130	
Have guaranteed income bonds	263	200+
Have Lump Sum Investment	268	200+
Have funeral plan	91	

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Affluent mature professionals, large houses:

Topic	Index	vs. uk avg
Camping / Caravanning	80	
Europe / Med	145	
Hotel / Hotel Package	128	
Rest of the World	181	
Self-catering	117	
UK / Ireland	115	
USA / Canada	218	200+
Weekend break	165	
Winter snow	317	200+
Winter sun	169	

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Affluent mature professionals, large houses:

Topic	Index	vs. uk avg
Family Income 0-9999	43	
Family Income 10000-19999	57	
Family Income 20000-29999	79	
Family Income 30000-39999	120	
Family Income 40000 - 49999	189	
Family Income 50000+	506	200+

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An index of **100** represents the average in terms of either all adults or the average of all adults currently in the UK.

Affluent mature professionals, large houses:

Topic	Index	vs. uk avg
Angling	55	
Horseracing	70	
Bingo	22	
Charity / Voluntary work	131	
Cinema	130	
Cookery	78	
Current Affairs	166	
DIY	79	
Eating Out	109	
Environment / Wildlife	106	
Exercise / Sport	141	
Fashion / Clothes	94	
Fine arts / Antiques	226	
Football	82	
Football pools	73	
Foreign travel	155	
Gardening	125	
Golf	217	
Gourmet food / Wine	209	
Hiking / Walking	128	
Home computing	94	
Listening to music	67	
National Trust	189	
Photography	116	
Reading books	96	
Rugby	169	
Self improvement / Education	96	
Sewing / Needlecrafts	91	
Snow skiing	304	
Theatre / Arts	166	
Birdwatching	164	
Magazine subscriber	179	
Music - classical / opera	192	





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An index of **100** represents the average in terms of either all adults or the average of all adults currently in the UK.

Affluent mature professionals, large houses:

Topic	Index	vs. uk avg
Bought main car new	230	200+
Company Car	244	200+
Company car user/chooser	259	200+
Keeps main car in garage	213	200+
Keeps main car on driveway /road	133	
Car insurance 0-300	105	
Car insurance 300-500	155	
Car insurance 500+	172	
Has motorbike	75	
Has scooter	111	
Likely to spend 0-5000 on main car	44	
Likely to spend 10000-20000 on main car	245	200+
Likely to spend 20000+ on main car	604	200+
Likely to spend 5000-10000 on main car	89	

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An index of **100** represents the average in terms of either all adults or the average of all adults currently in the UK.

Affluent mature professionals, large houses:

Topic	Index	vs. uk avg
Aged 0-4	83	
Aged 5-14	109	
Aged 15-19	103	
Aged 20-24	61	
Aged 25-29	42	
Aged 30-44	83	
Aged 45-59	140	
Aged 60-64	128	
Aged 65-74	113	
Aged 75-84	91	
Aged 85+	103	

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Affluent mature professionals, large houses:

Topic	Index	vs. uk avg
Full time working	104	
Full time working - self employed	182	
Full time working - male	108	
Full time working - female	96	
Part time working	101	
Part time working - male	98	
Part time working - female	102	
Looking for work	43	
Looking for work - less than 2 years	54	
Looking for work - more than 2 years	28	
Looking for work - never worked	19	
Full time students in termtime	103	
FT students in termtime - econ active	94	
FT students in termtime - econ inactive	109	
Part time students in termtime - econ inactive	66	
Housewife or househusband	109	
Retired	123	
Long term ill	31	

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Affluent mature professionals, large houses:

Topic	Index	vs. uk avg
Agriculture workers	99	
Manufacturing/mining/construction workers	72	
Retail workers	81	
Other workers	116	

Try a different lifestyle topic for:
Affluent mature professionals, large houses

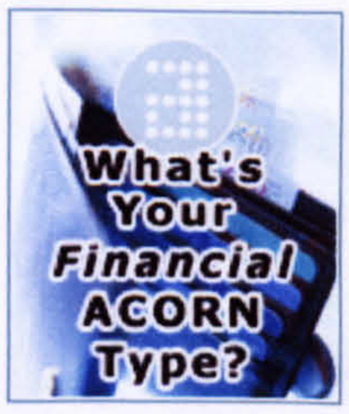
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Affluent mature professionals, large houses:

Topic	Index	vs. uk avg
No or unknown qualifications	47	
GCSEs or comparable	90	
A-levels or comparable	123	
Degree or comparable	206	200+

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Affluent mature professionals, large houses:

Topic	Index	vs. uk avg
Higher managerial/professional occupations	246	200+
Lower managerial/professional occupations	139	
Intermediate and supervisory occupations	84	
Routine occupations	33	
Full time students in termtime	103	
Looking for work - more than 2 years	28	
No SeC for other reasons incl never worked	97	

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An index of **100** represents the average in terms of either all adults or the average of all adults currently in the UK.

Affluent mature professionals, large houses:

Topic	Index	vs. uk avg
Detached house or bungalow	352	200+
Semi-detached house or bungalow	41	
Terraced house or bungalow	12	
Purpose built flat	10	
Converted flat	43	
Household spaces mainly over shops	27	
Mobile and temporary household spaces	40	

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Affluent mature professionals, large houses:

Topic	Index	vs. uk avg
0 cars or vans	15	
1 car or van	67	
2 cars or vans	212	200
3 cars or vans	299	200
4+ cars or vans	361	200

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An index of **100** represents the average in terms of either all adults or the average of all adults currently in the UK.

Affluent mature professionals, large houses:

Topic	Index	vs. uk avg
Owned outright	166	
Owned with mortgage	113	
Rented from council or housing association	6	
Rented privately	46	
Other tenure	72	

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Affluent mature professionals, large houses:

Topic	Index	vs. uk avg
1-2 room household	15	
3-4 room household	17	
5-6 room household	46	
7+ room household	374	200+

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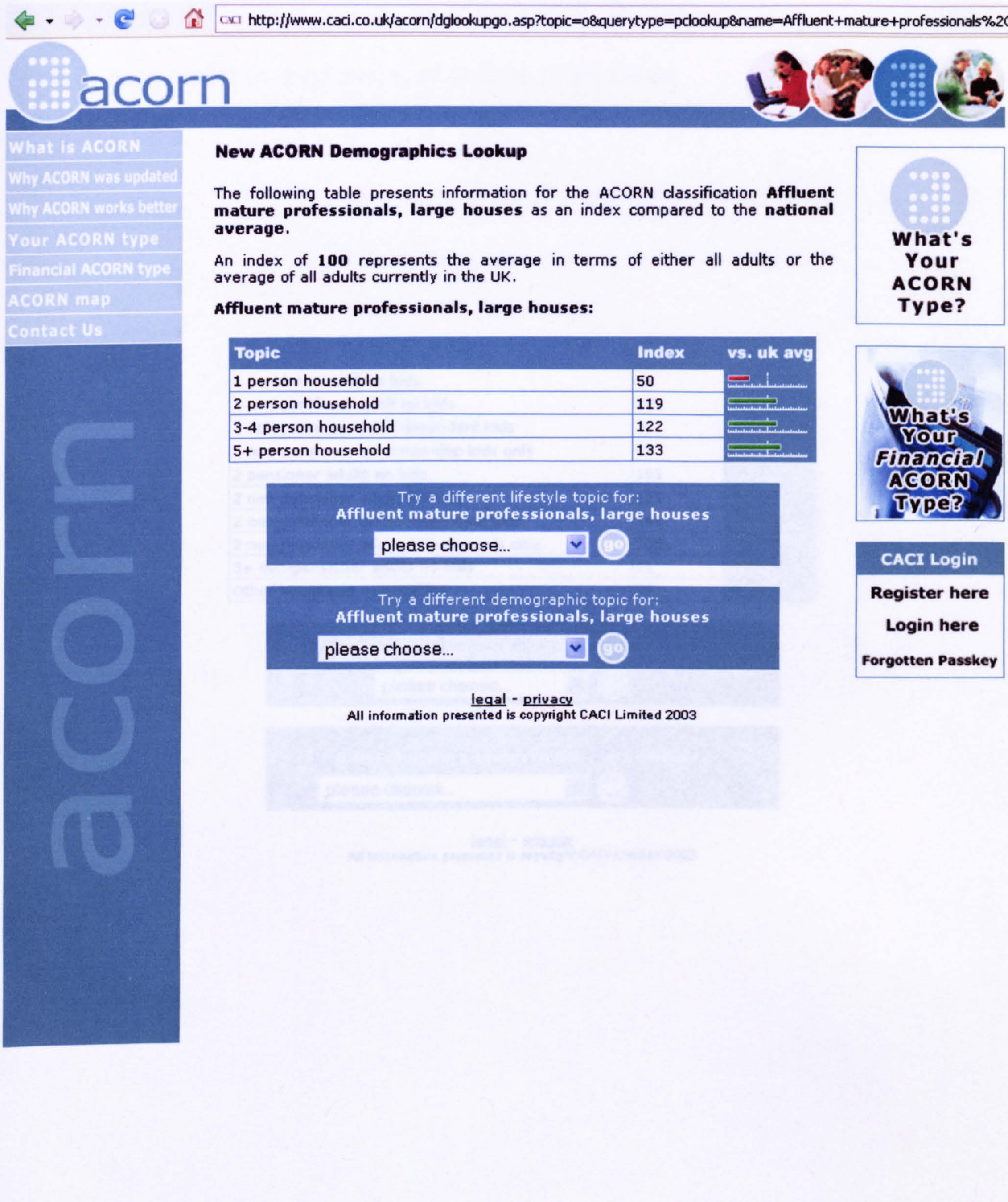
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Affluent mature professionals, large houses:
Topic
Index
vs. uk avg
1 person household
50
2 person household
119
3-4 person household
122
5+ person household
133
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Affluent mature professionals, large houses:

Topic	Index	vs. uk avg
1 pensioner adult no kids	64	
1 non-pensioner adult no kids	37	
1 non-pensioner adult dependent kids	31	
1 non-pensioner adult non-dep kids only	58	
2 pensioner adults no kids	161	
2 non-pensioner adults no kids	131	
2 non-pensioner adults dependent kids	146	
2 non-pensioner adults non-dep kids only	136	
3+ non-pensioner adults no kids	61	
Other household composition	95	

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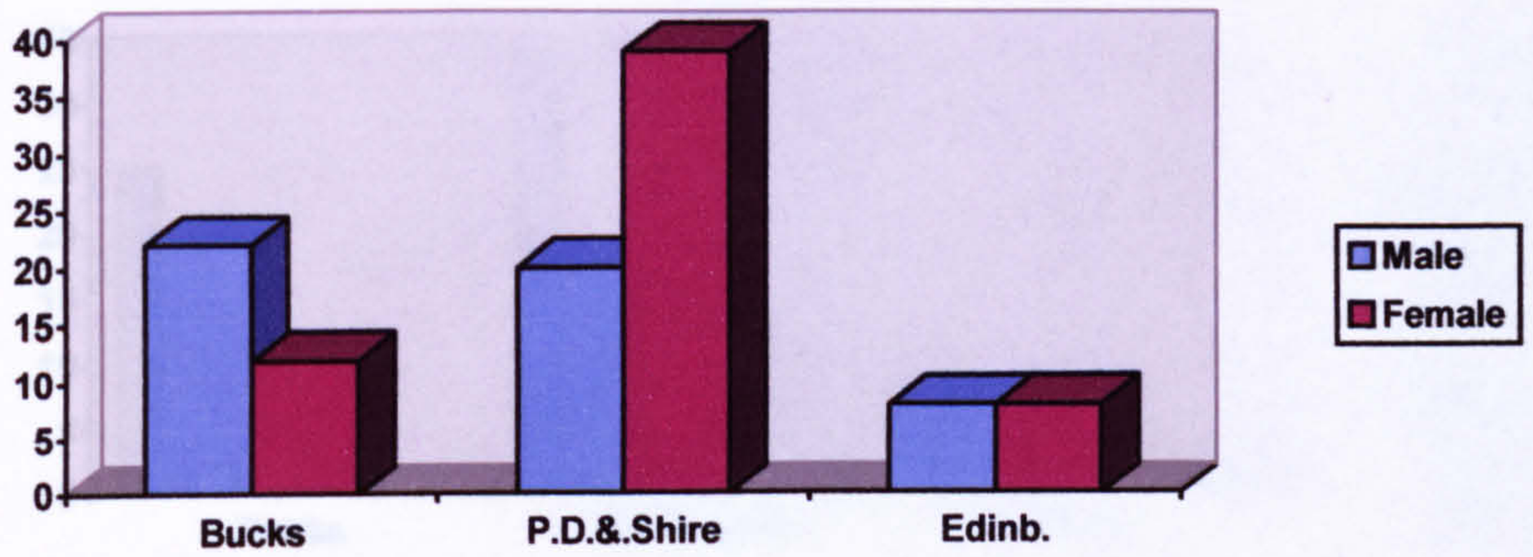


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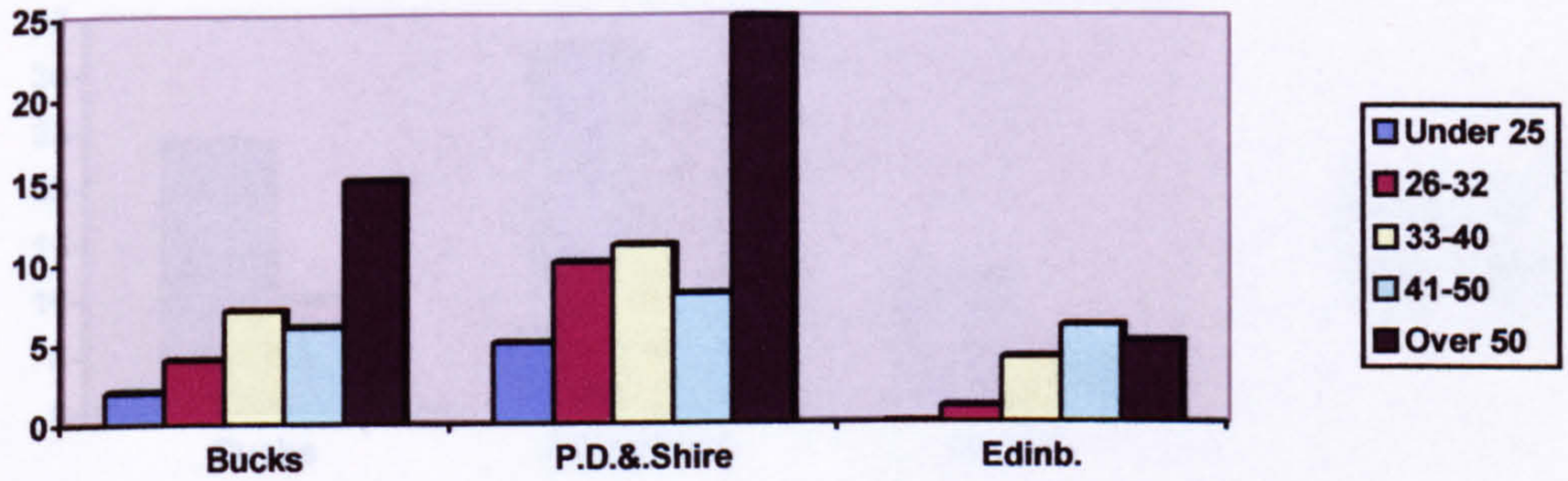
Questionnaire replies (one by one) in all regions, chart format.

Q.1



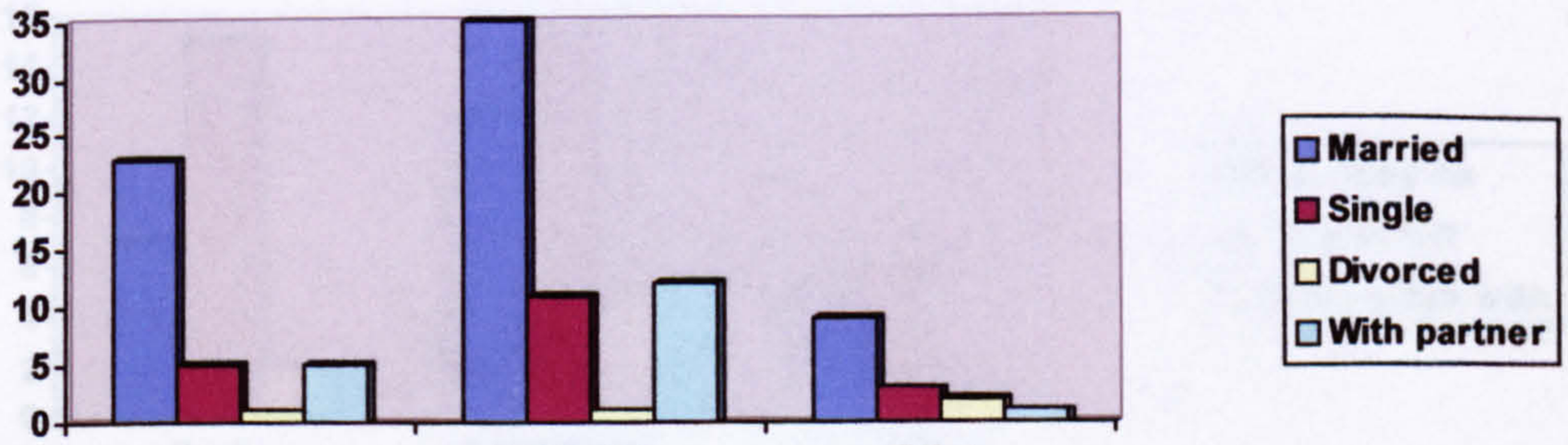
Male/female proportions of replies

Q.2



Age grouping of the respondents

Q.3



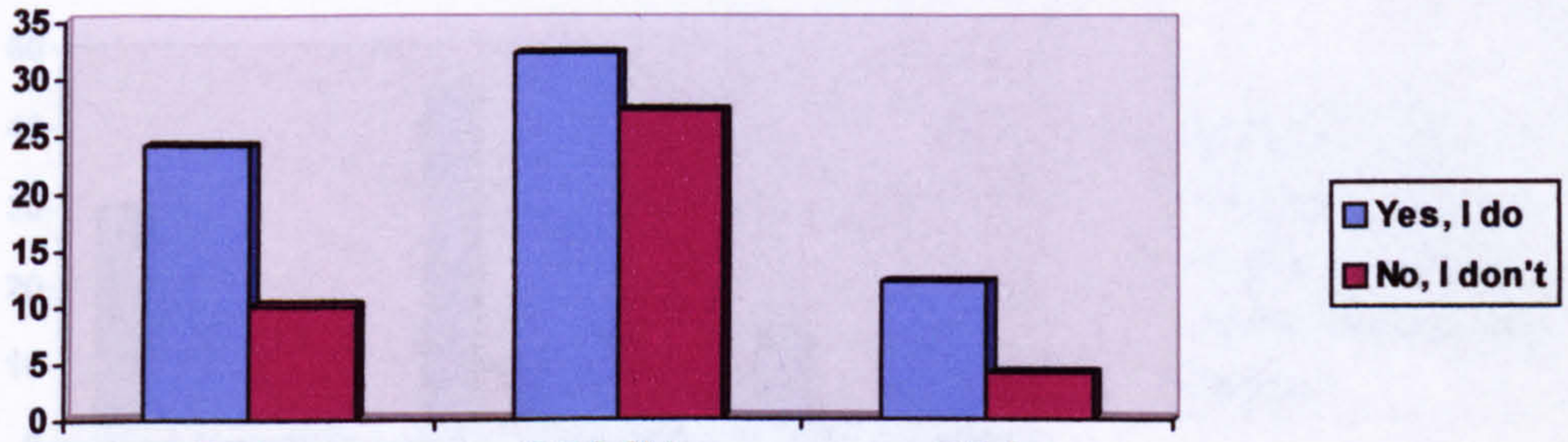
Marital status

Nationalities



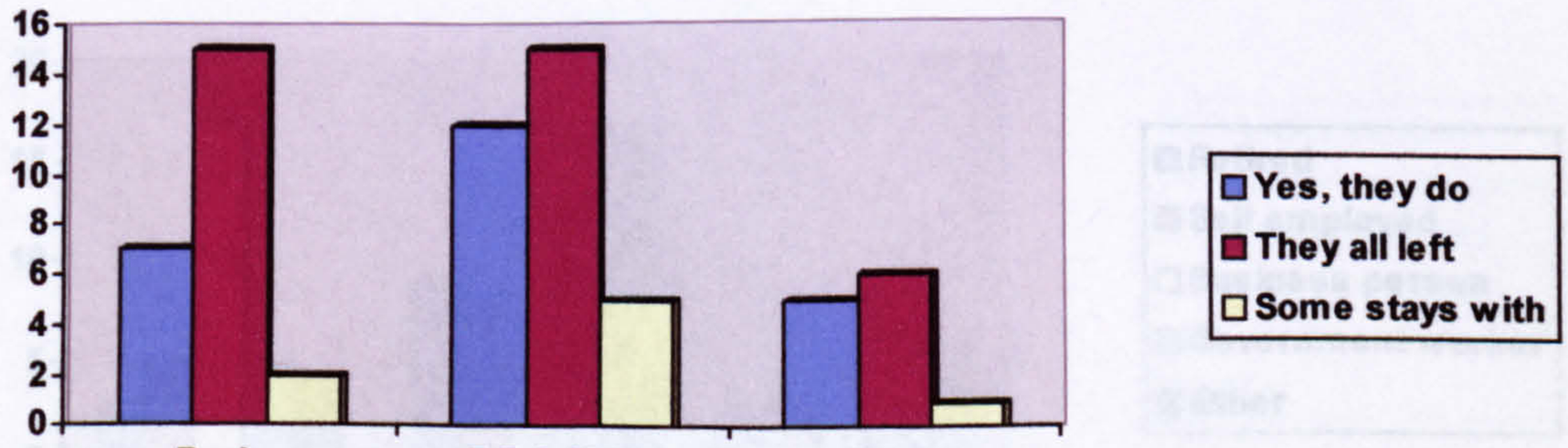
Nationalities

Q.4



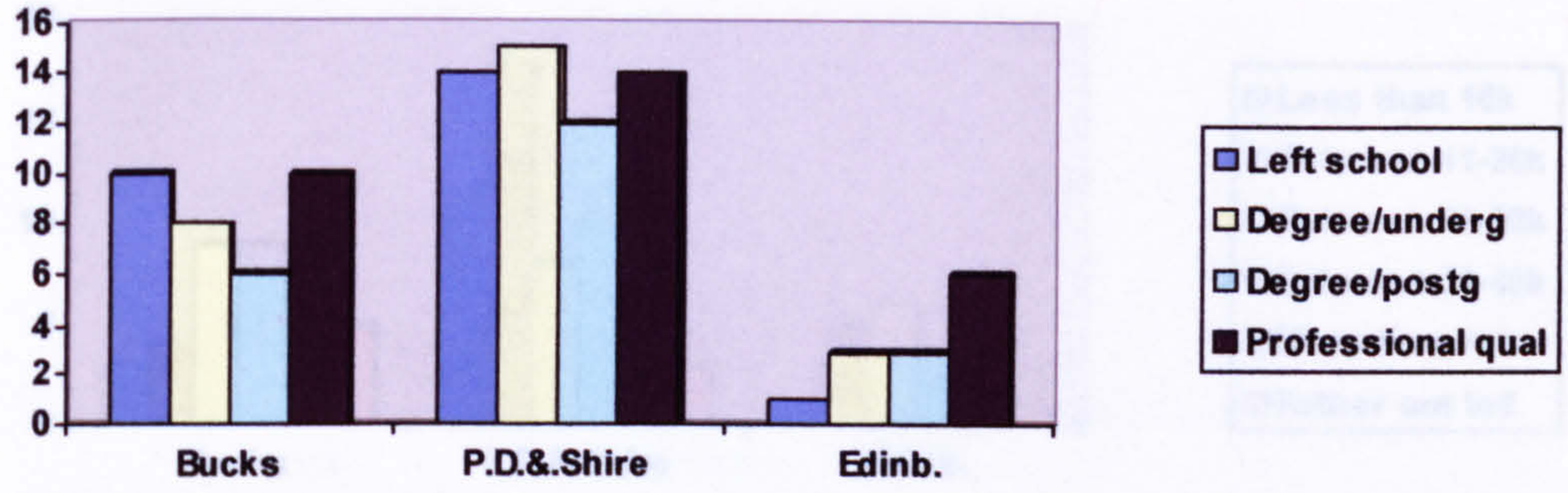
Have children

Q. 5



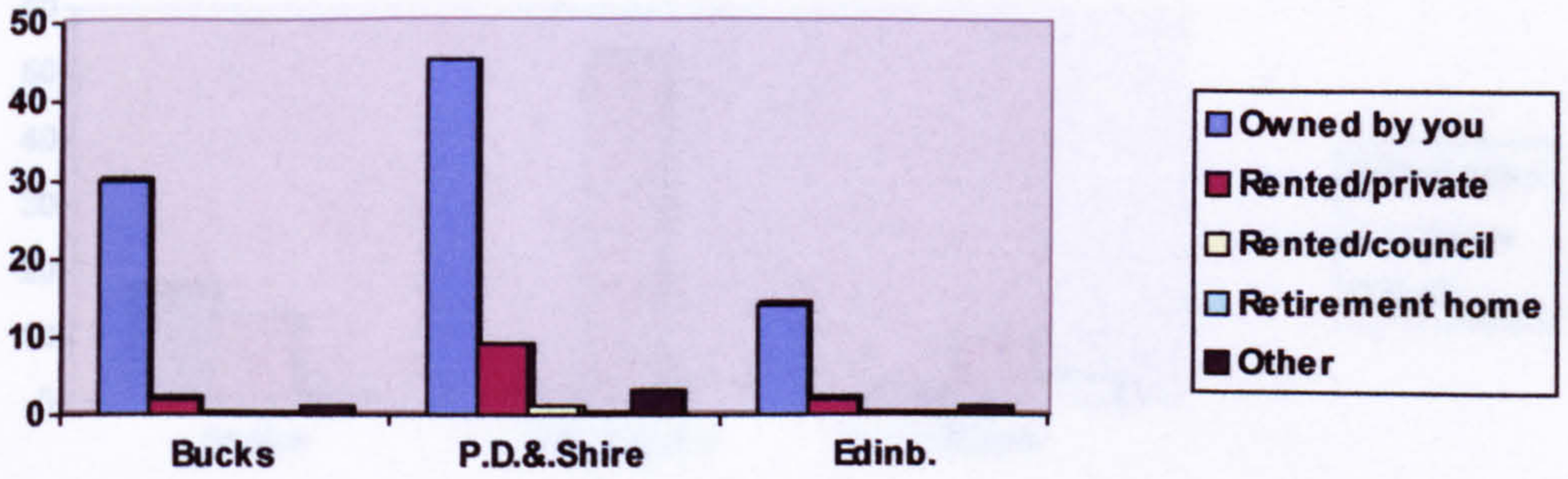
Children at home

Q. 6



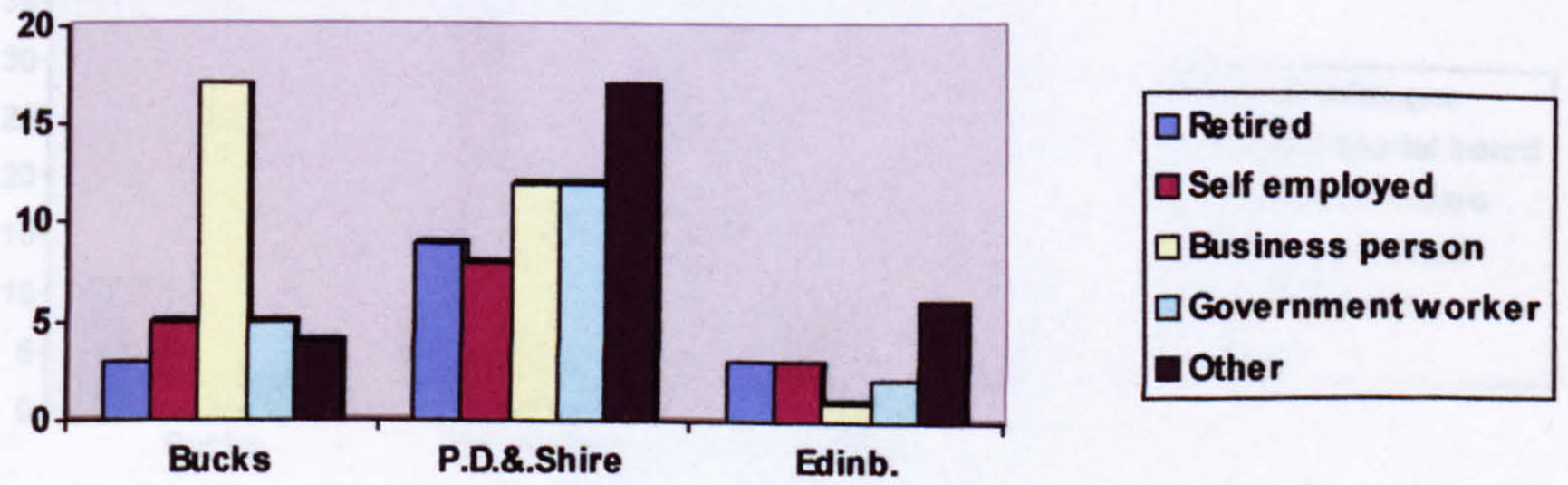
Education level

Q.7



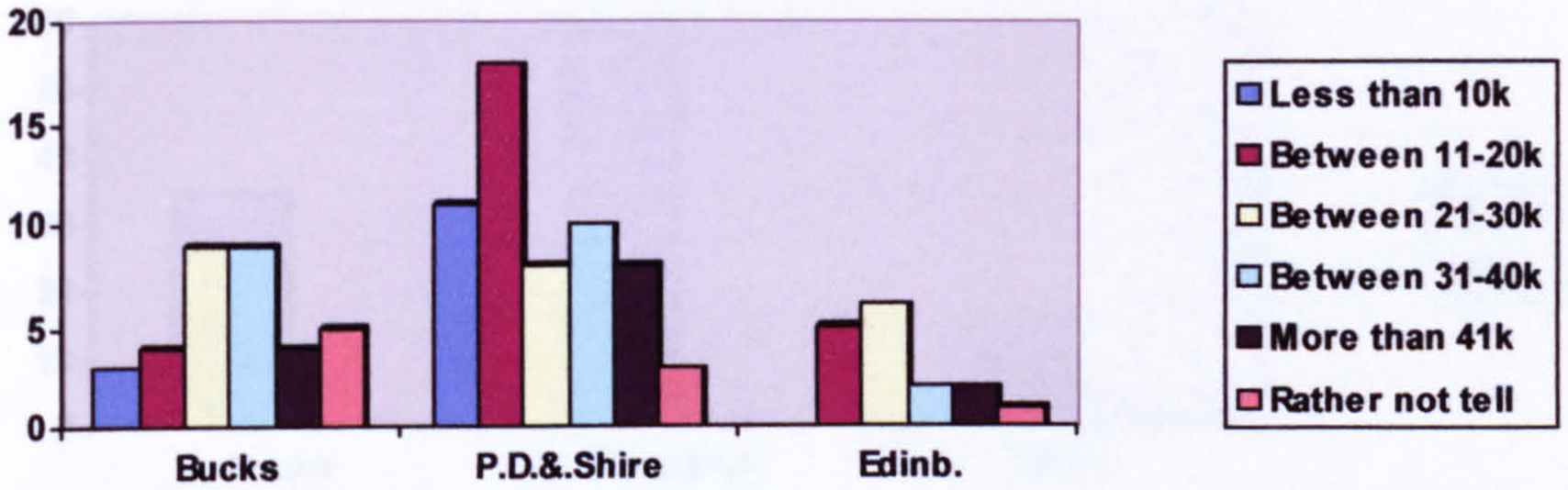
Home ownership

Q. 8



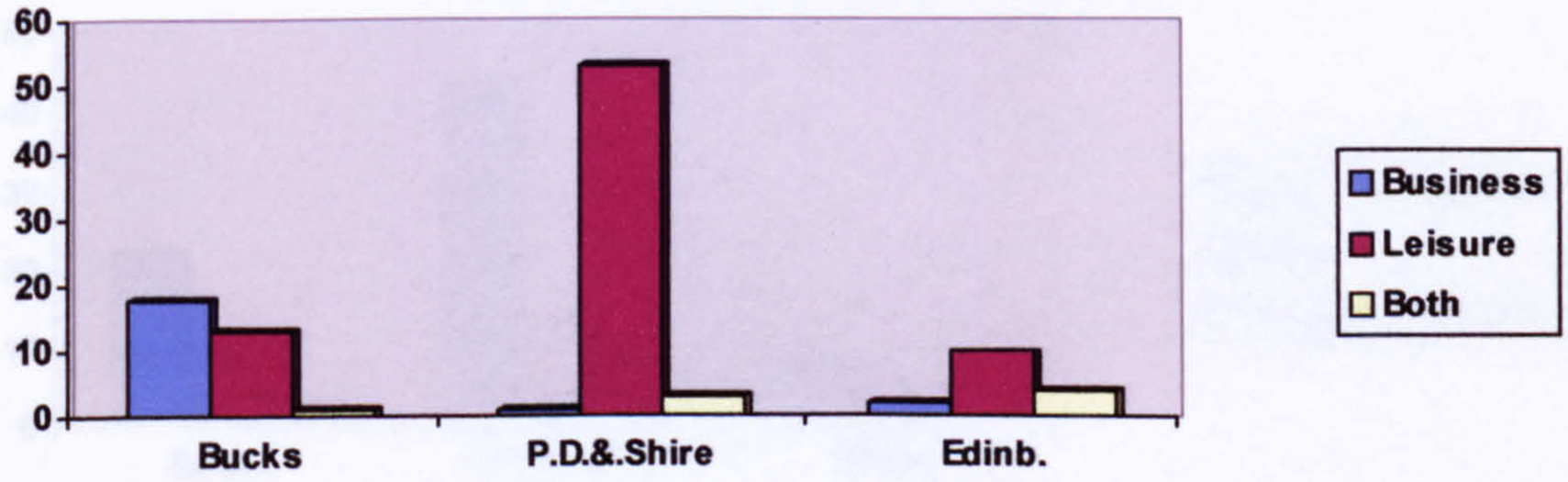
Occupation

Q.9



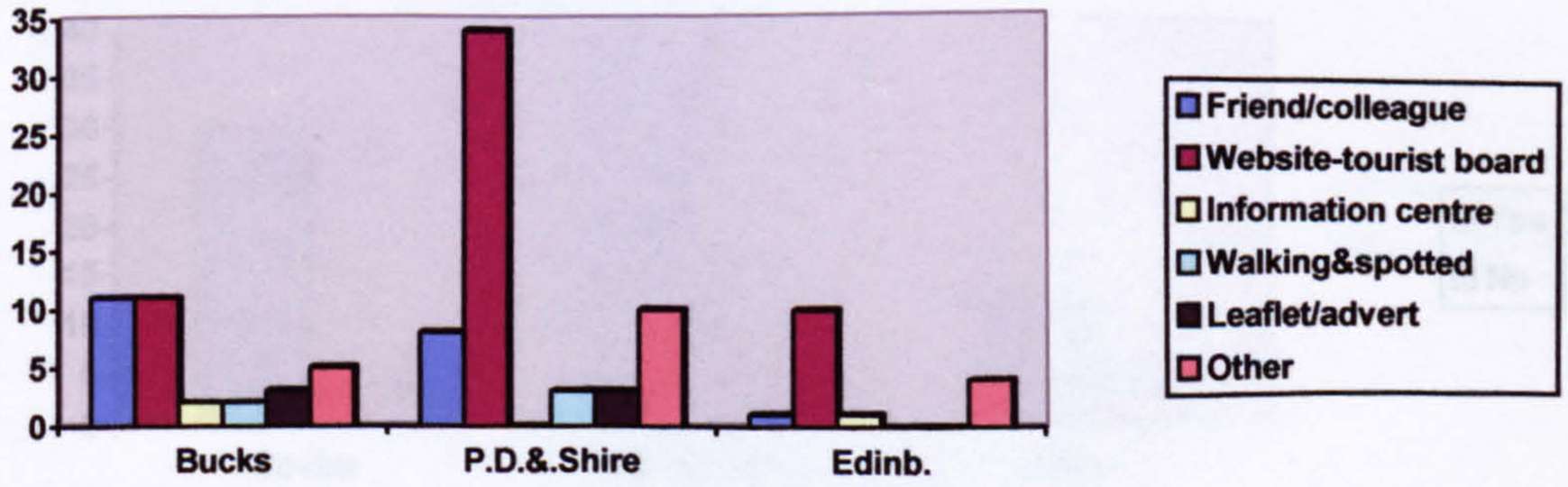
Income level

Q.10



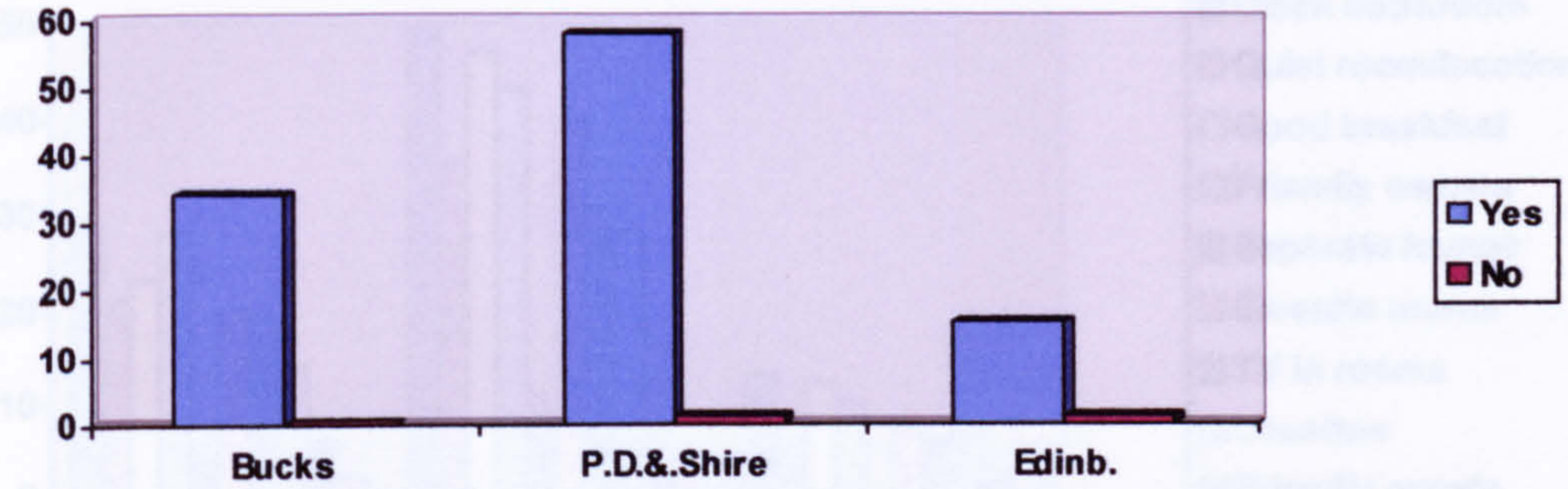
Reason for stay

Q.11



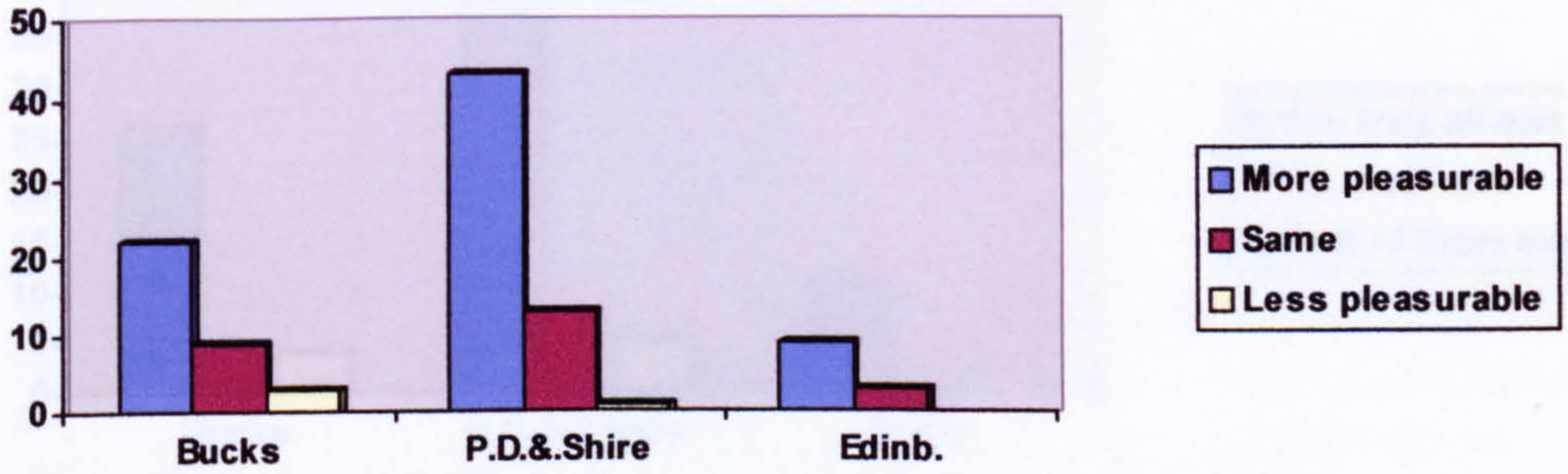
How found bed and breakfast

Q.12



Stayed in a bed and breakfast before

Q.13



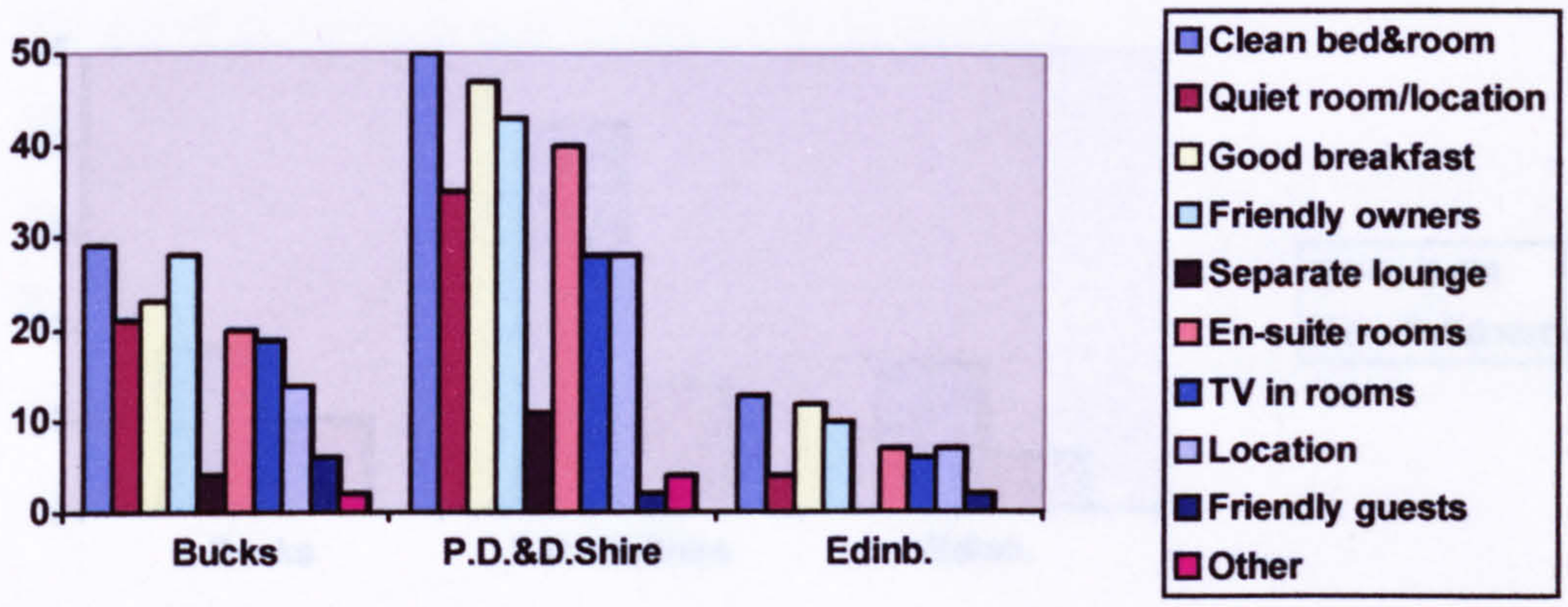
Experience with the bed and breakfast

Q.14



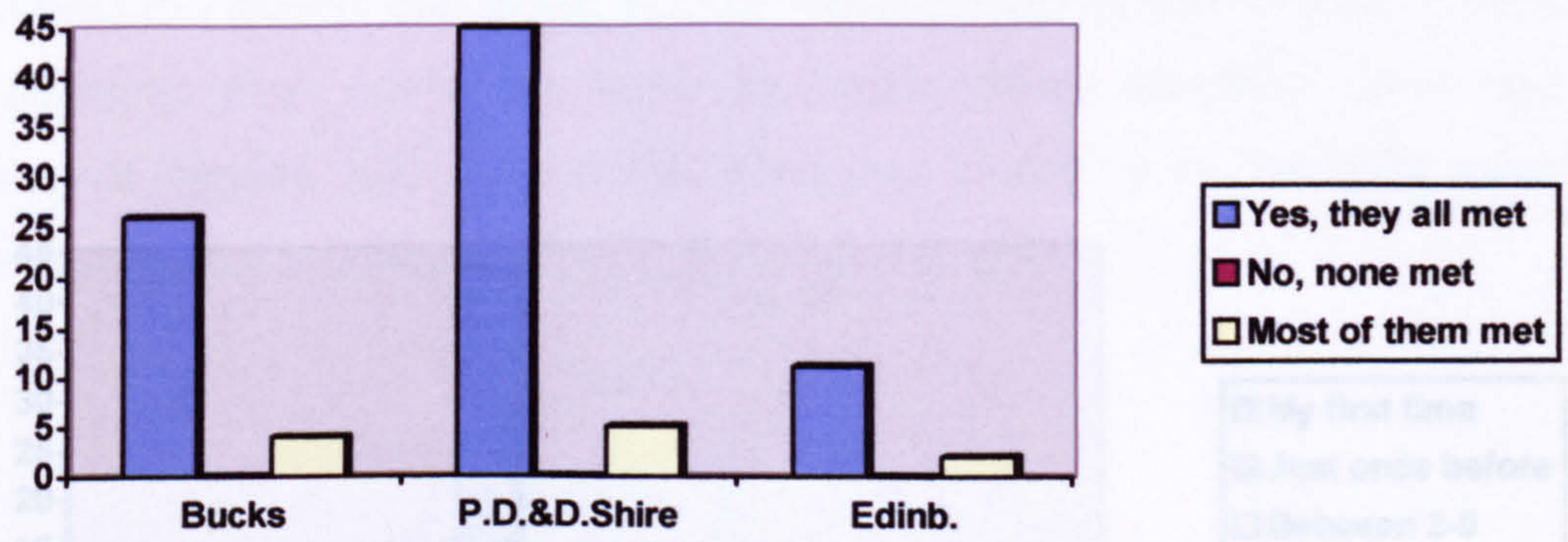
Guest expectations

Q.15



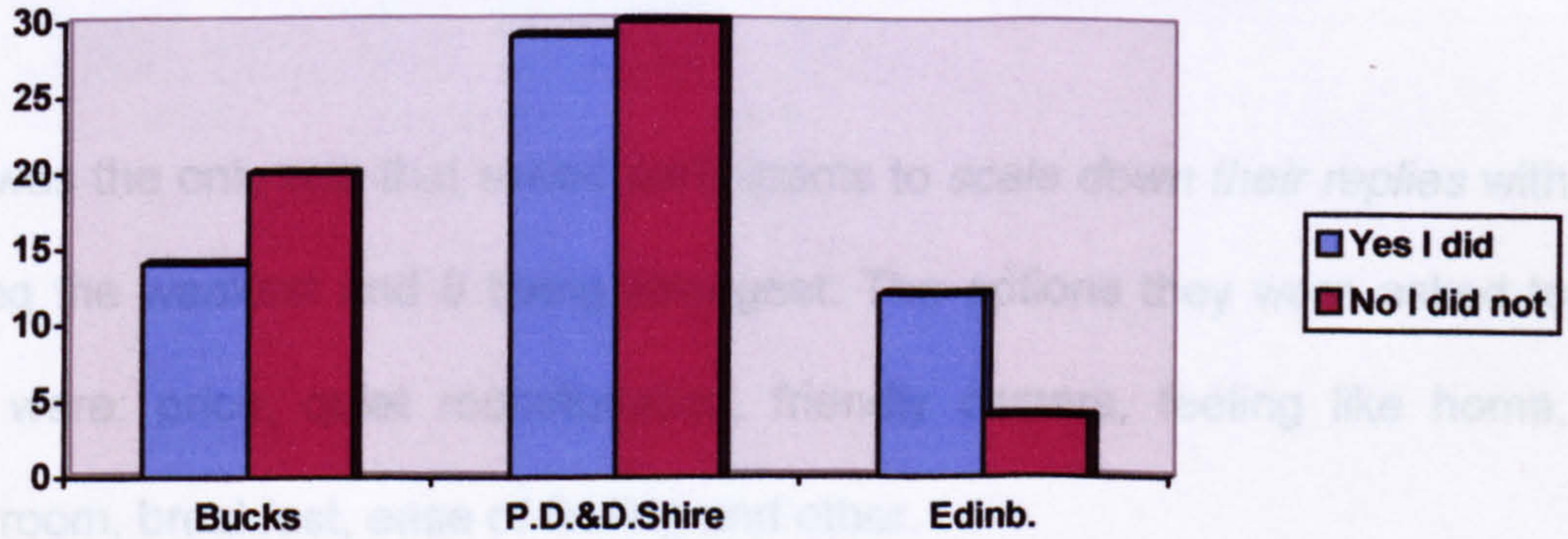
Expectations list

Q.16



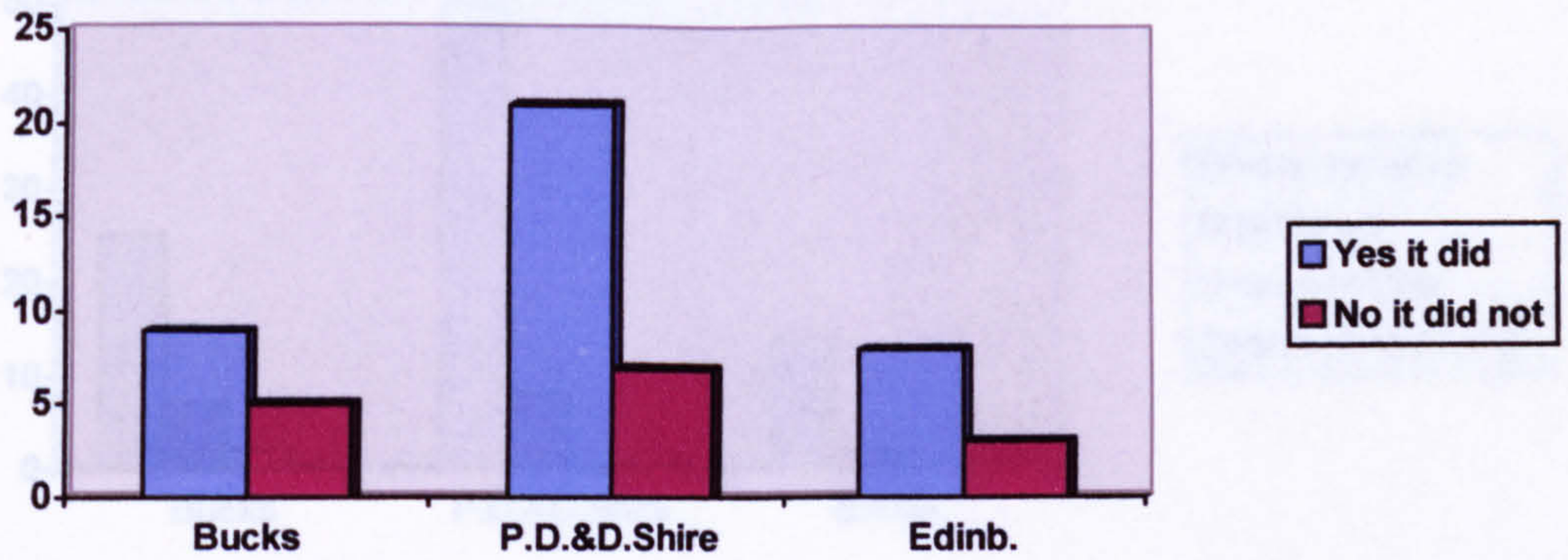
Expectations met or not

Q.17



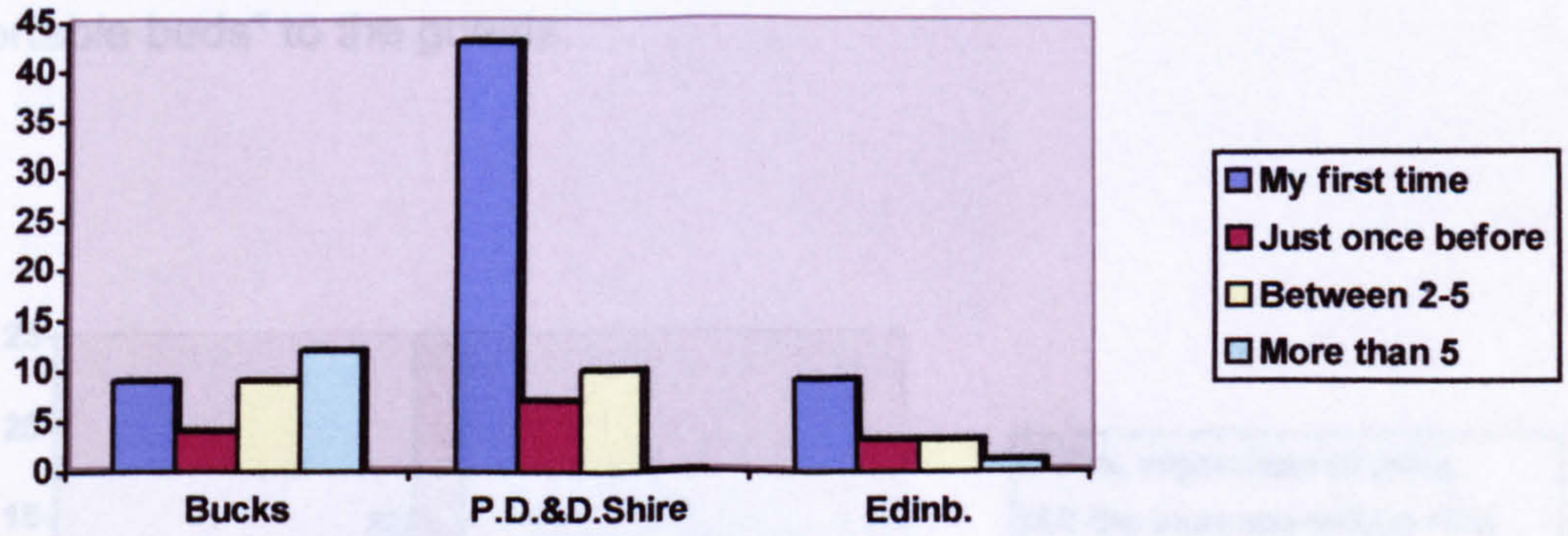
Knew the rating of the b&b

Q.18



Rating effected choice

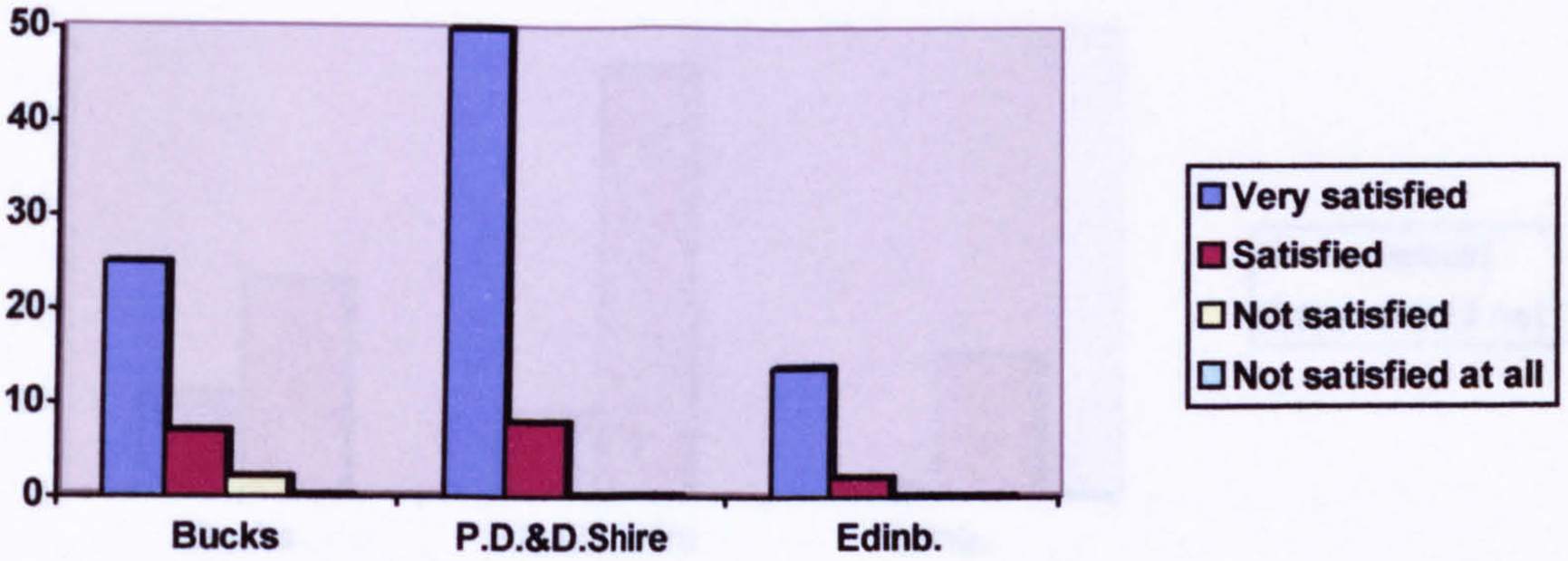
Q.19



Number of times stayed in the b&b

Q.20 was the only one that asked participants to *scale down their replies* with 1 being the weakest and 8 being strongest. The options they were asked to scale were: price, quiet room/location, friendly owners, feeling like home, clean room, breakfast, ease of finding and other.

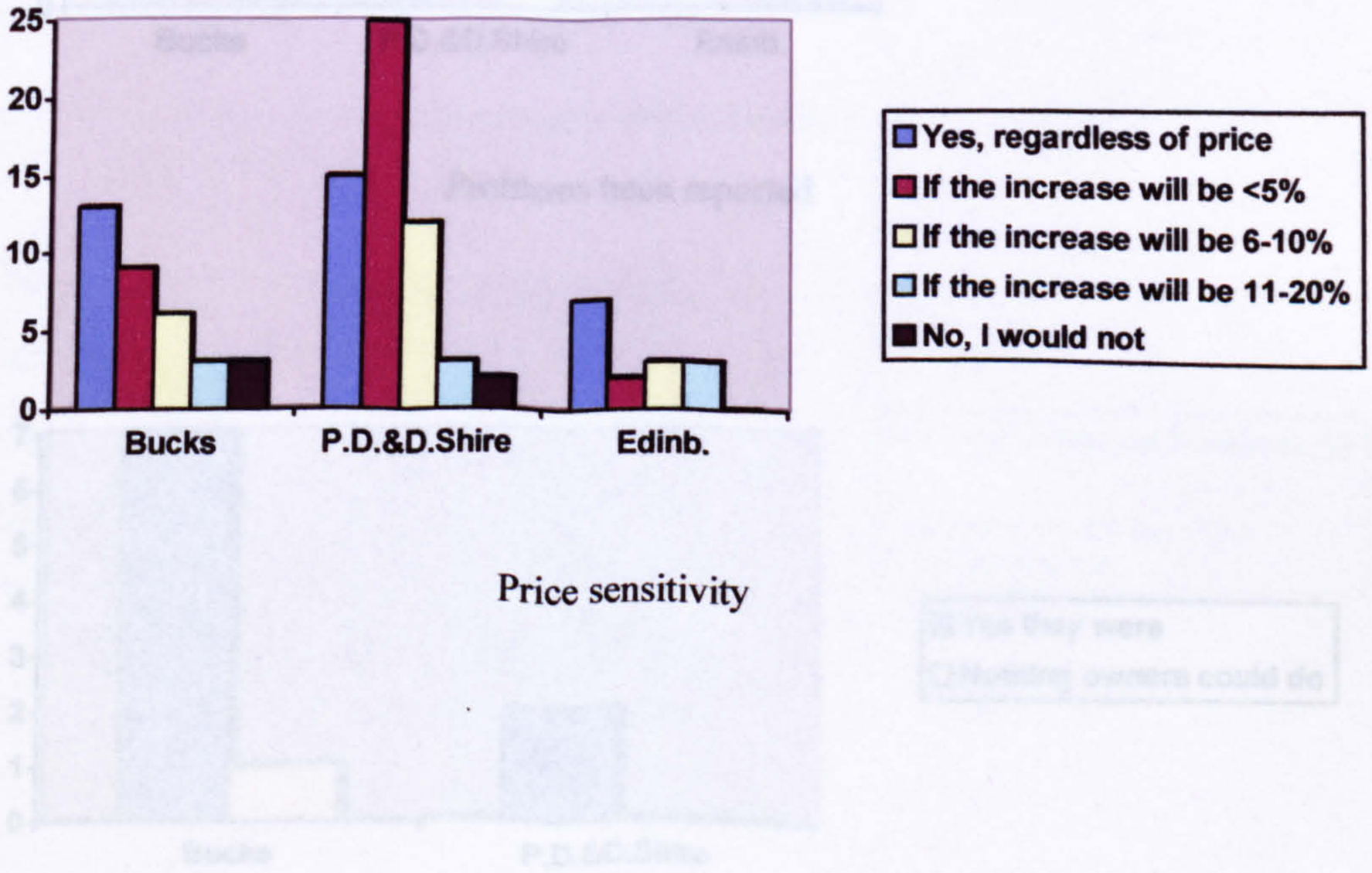
Q.21



Satisfied with the stay in b&b

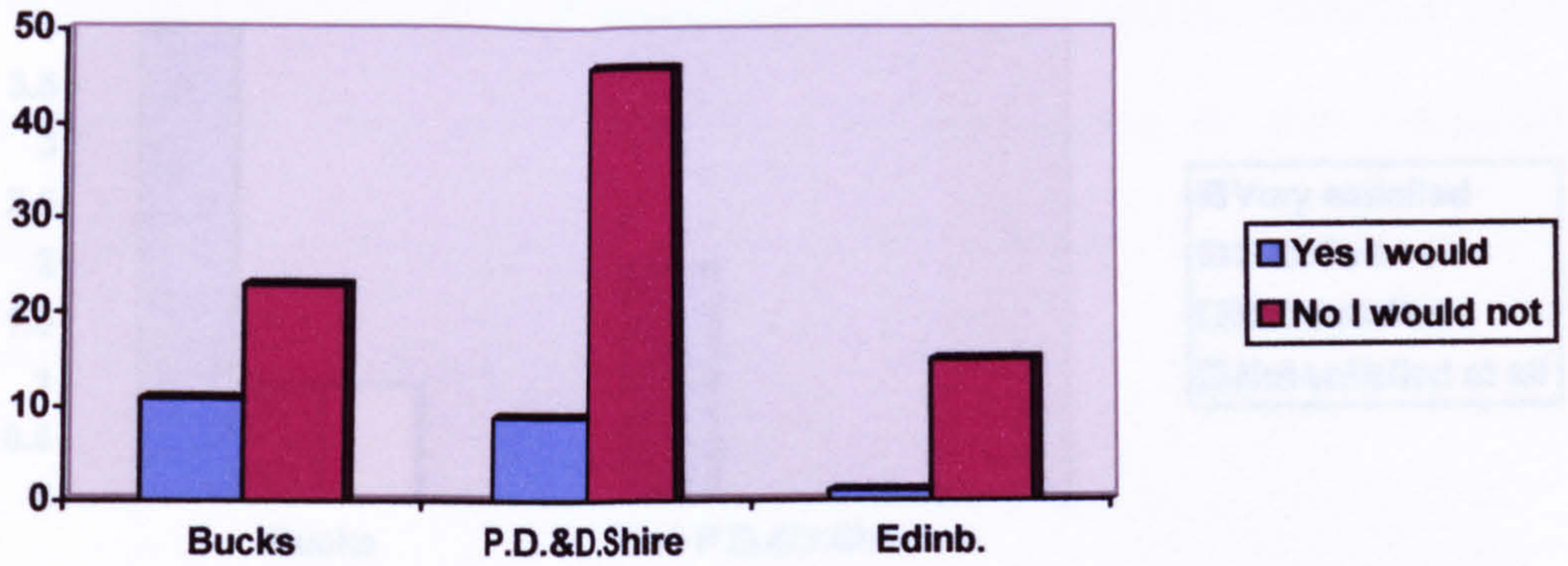
Q.22 asked the guests that opted for the "not satisfied" option to state *if there was anything that could be done* to make them satisfied. Only two respondents replied and suggested "enlarging rooms" and "bringing more comfortable beds" to the guests.

Q.23



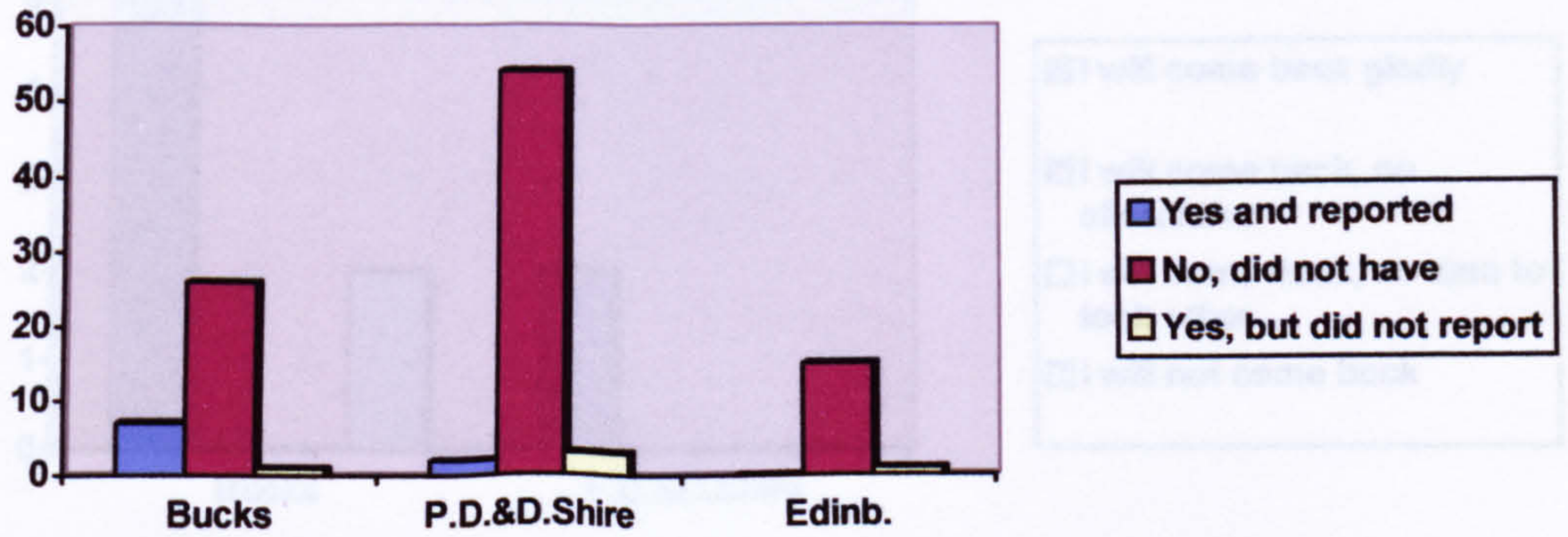
Price sensitivity

Q.24



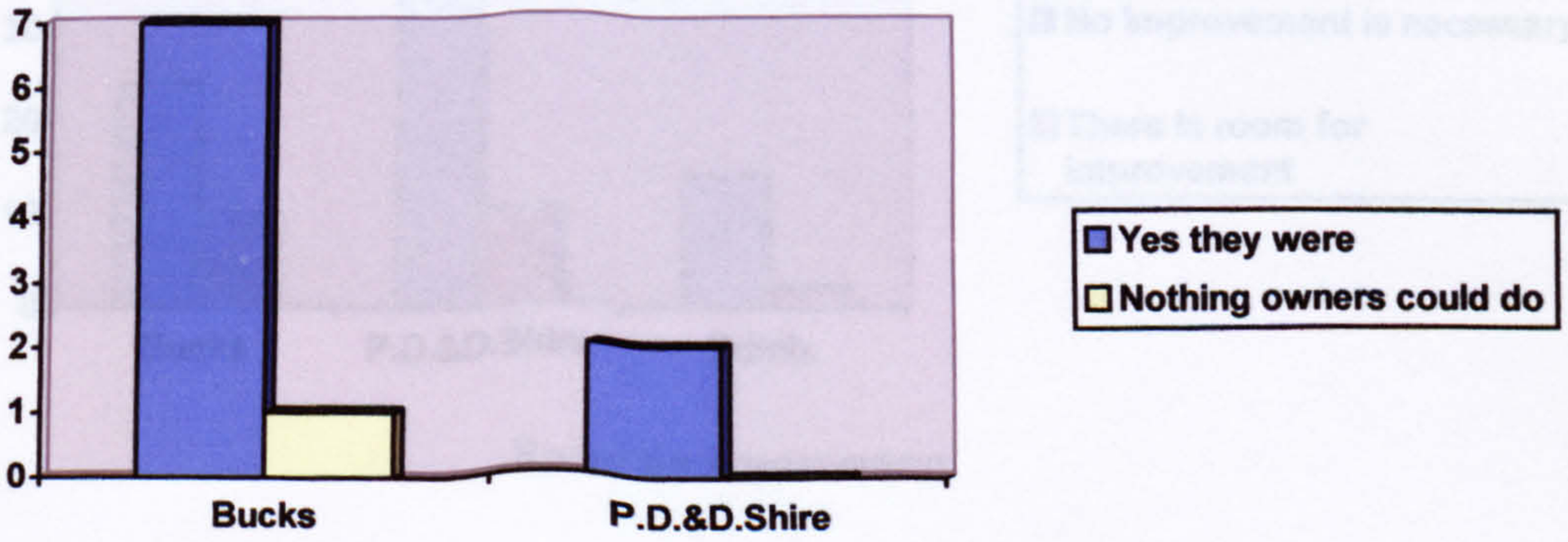
Prefer a hotel

Q.25



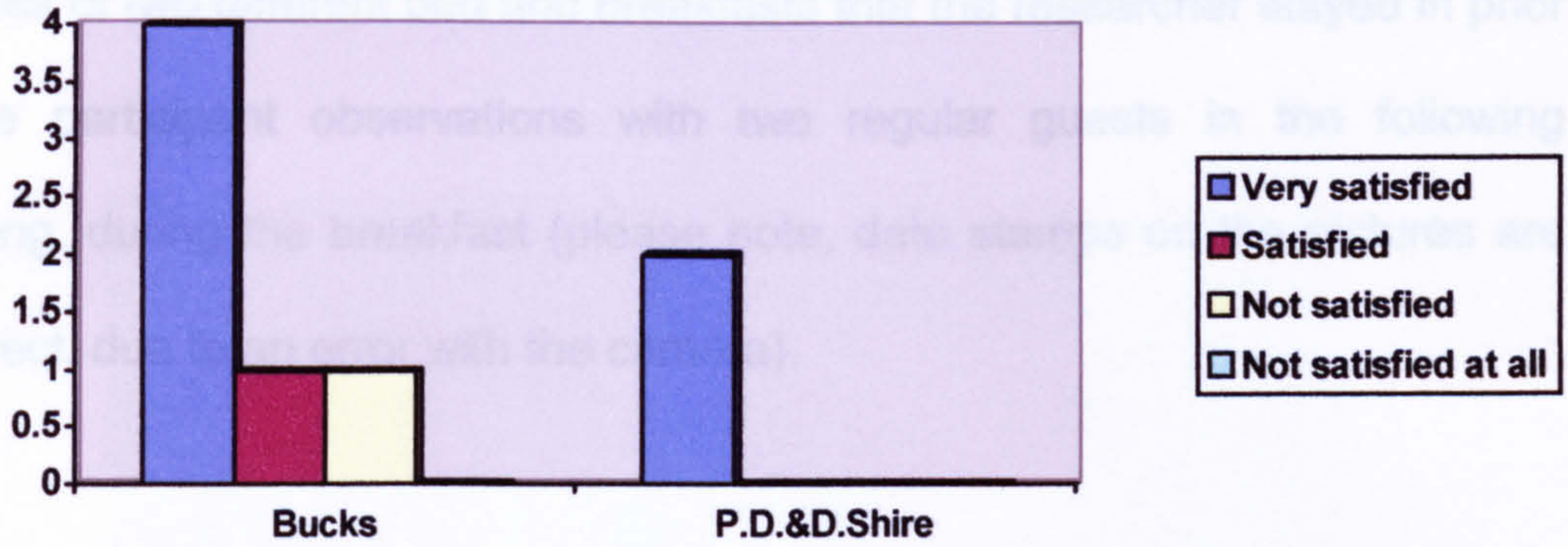
Problems been reported

Q.26



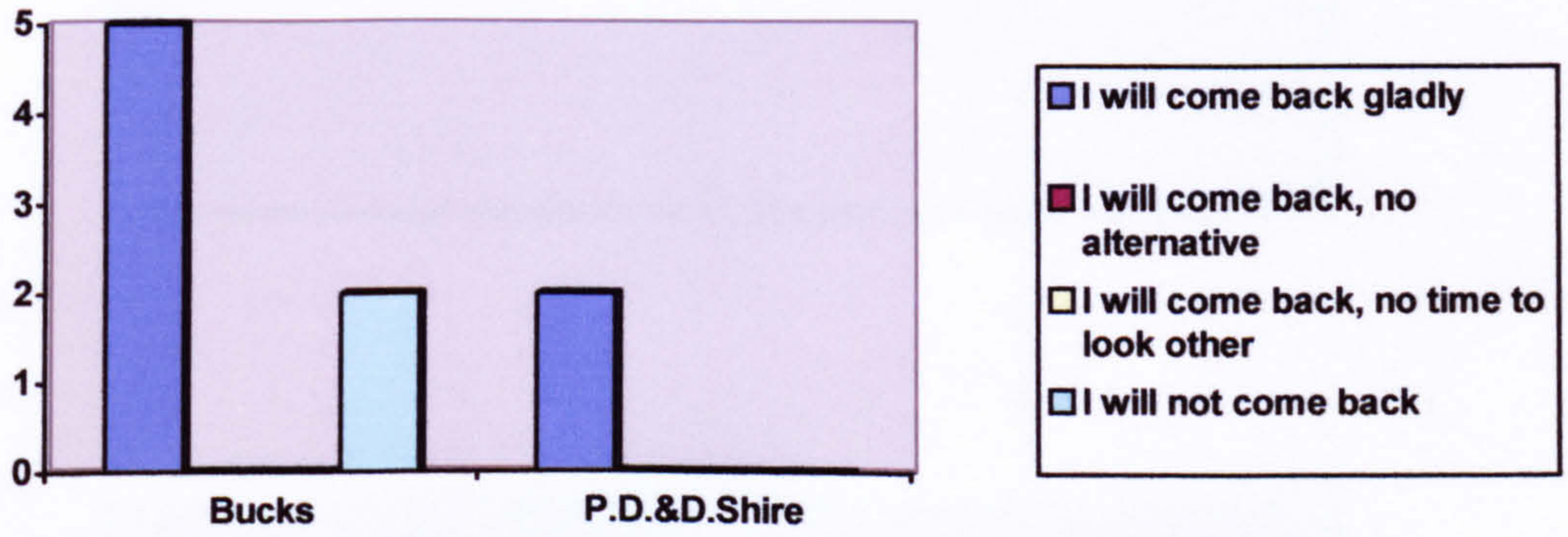
Problems had been resolved

Q.27



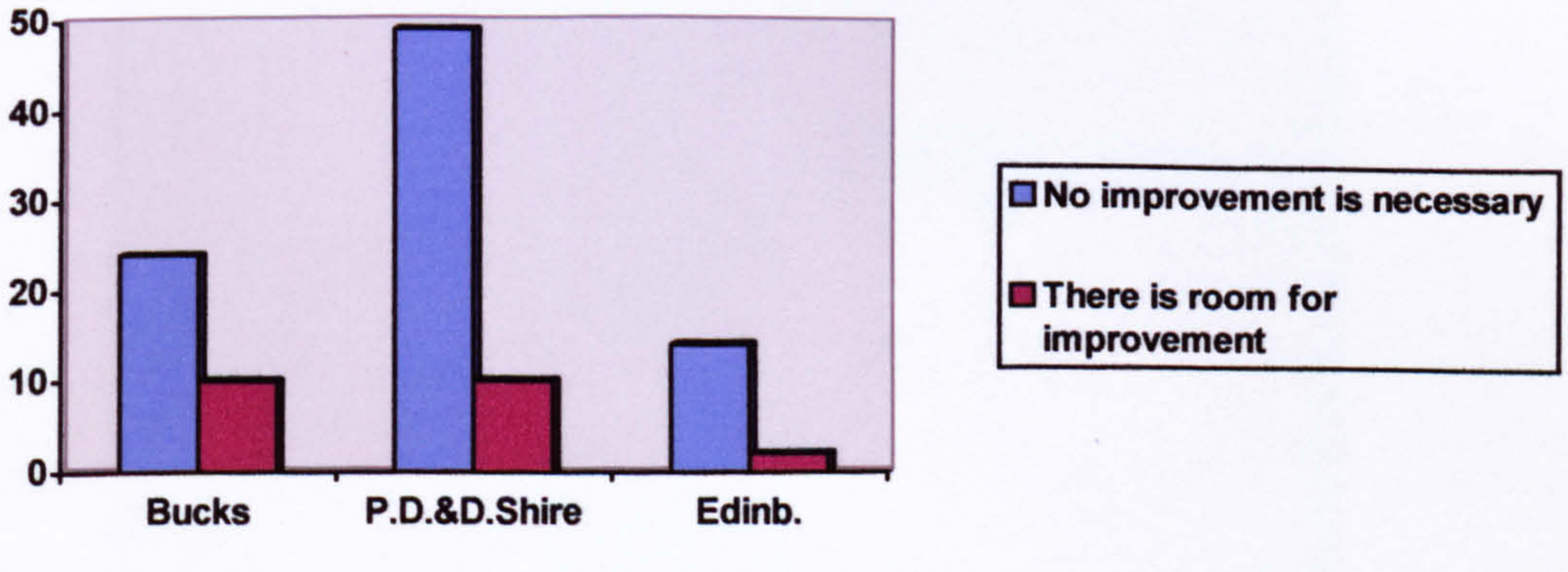
Results of problem handling

Q.28



Results of problem handling

Q.29



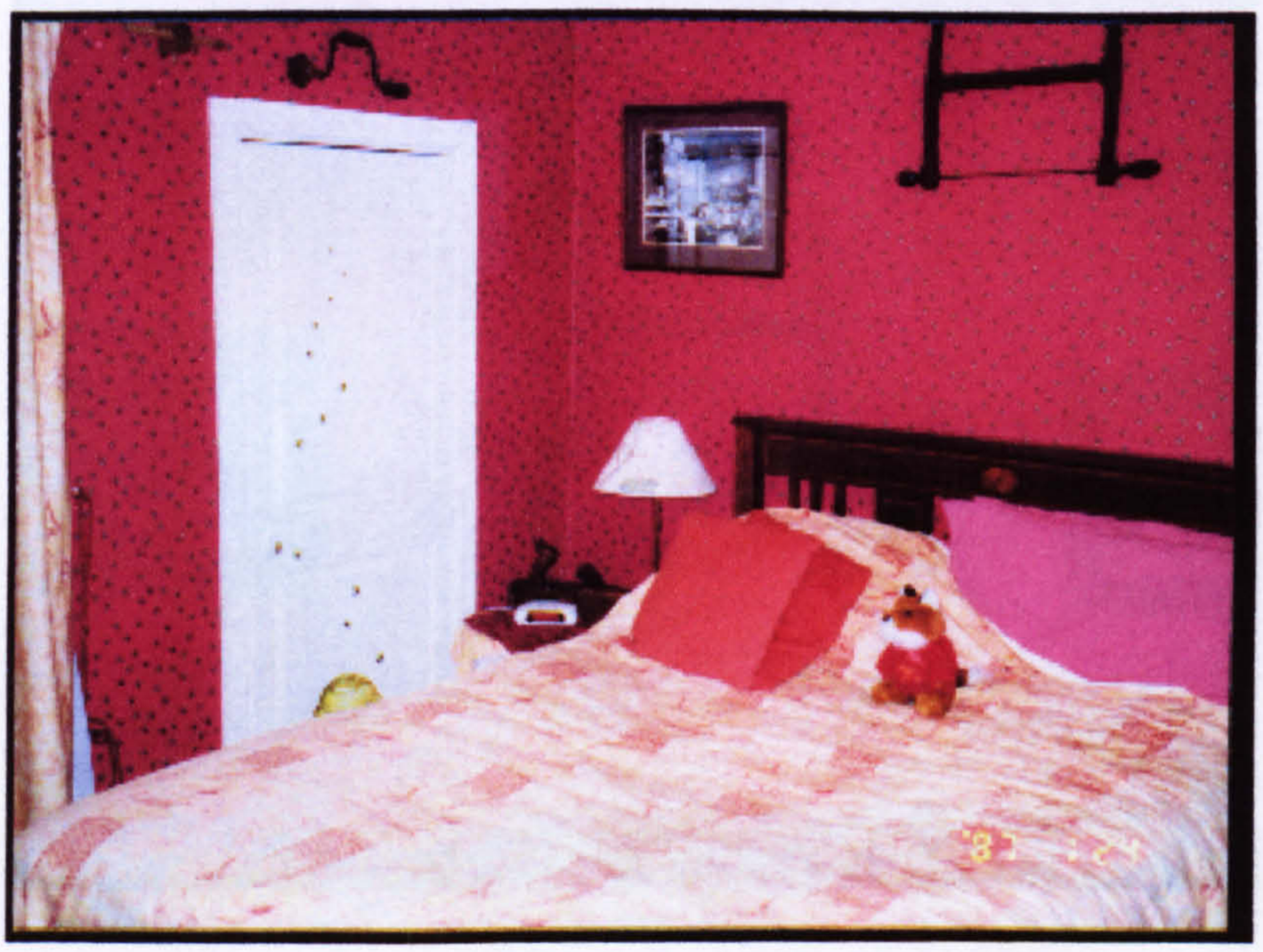
Room for improvement

Appendix 26

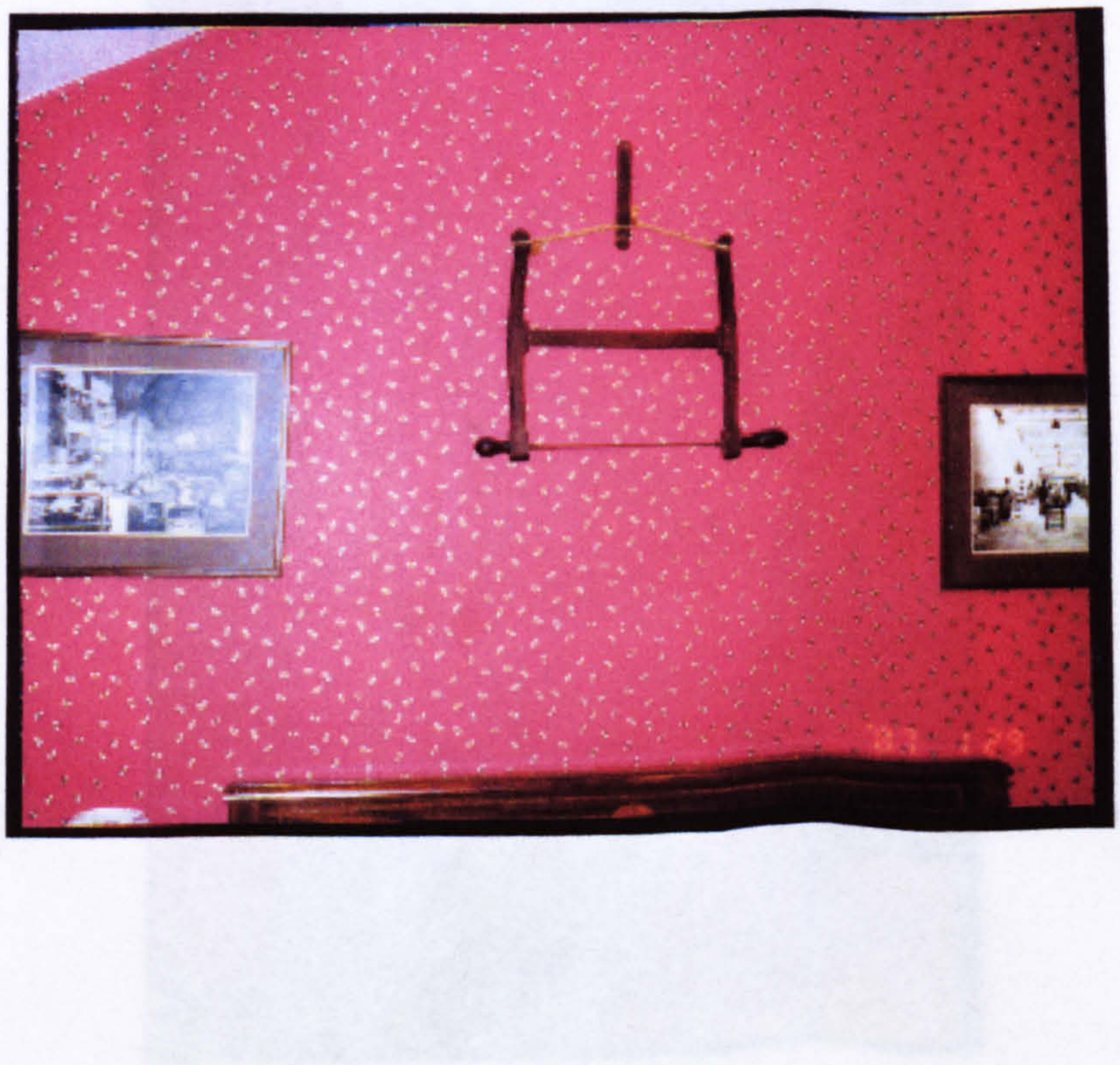
Pictures of two different bed and breakfasts that the researcher stayed in prior to the participant observations with two regular guests in the following morning, during the breakfast (please note, date stamps on the pictures are incorrect, due to an error with the camera).

The first bed and breakfast that the researcher stayed in the Peak District & Derbyshire. The room is called “carpenter”, hence the tools on the walls.

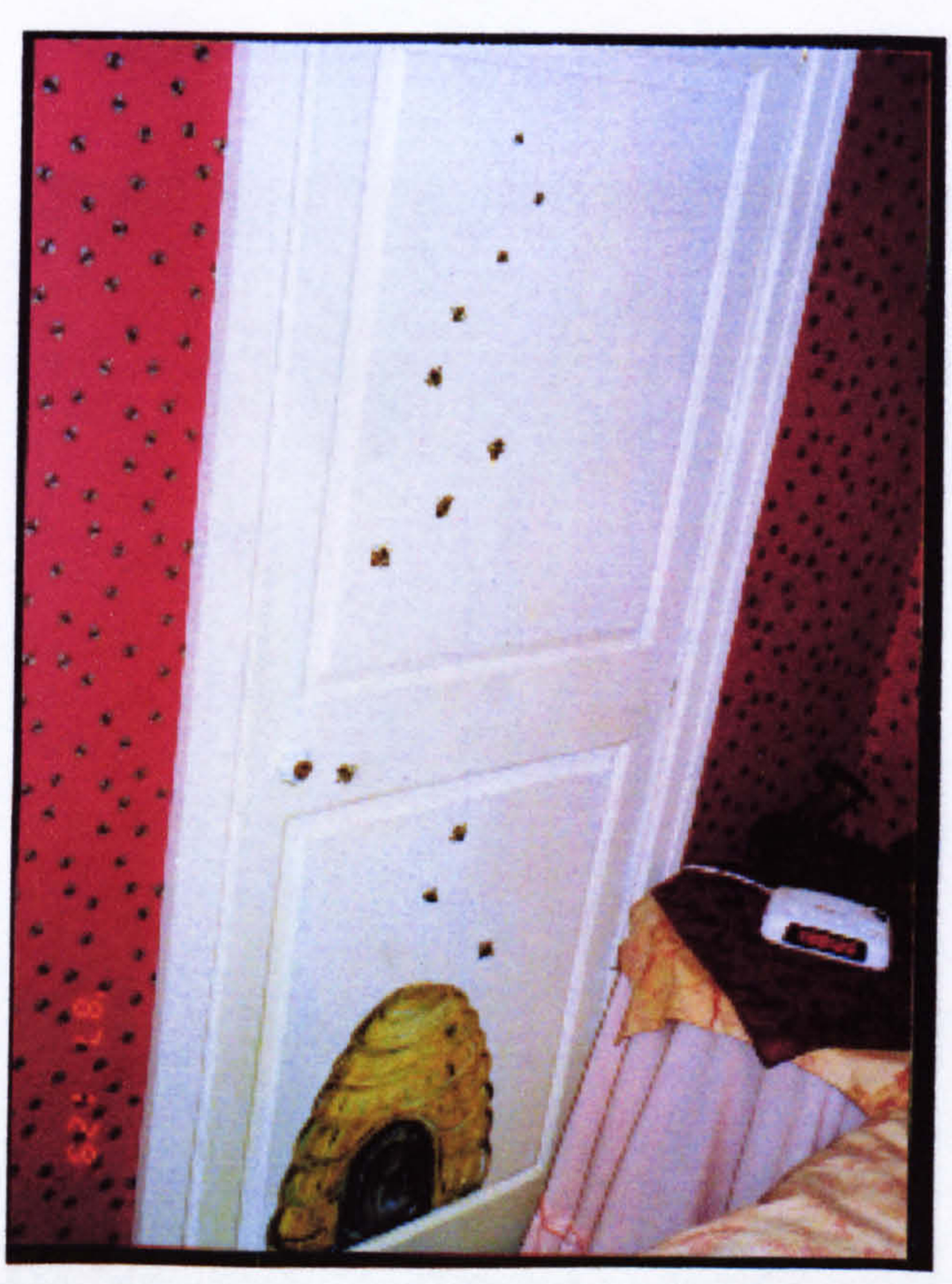
















The second bed and breakfast that the researcher stayed in the Peak District & Derbyshire. It did not have much of a "character" as the first one; however, the room was nicely decorated and was very comfortable.







