

# Business Traveler Satisfaction with Hotel Service Encounters

Evita Yung  
Andrew Chan

**ABSTRACT.** This study examines customer satisfaction with a series of hotel services. Five service encounters were examined in a sample of business travelers ( $n = 140$ ) who had stayed in Hong Kong hotels. Overall satisfaction and repurchase intention were differentially impacted by the various service encounters. Business center encounters had the greatest effect on business traveler satisfaction, followed by check-out and check-in encounters. Interestingly, room and restaurant encounters had the least impact on satisfaction. The delivery of good core services alone cannot guarantee customer satisfaction. Hotels must also pay attention to peripheral service delivery, because these encounters help to shape the customer's overall level of satisfaction and repurchase intention. [Article copies available for a fee from The Haworth Document Delivery Service: 1-800-HAWORTH. E-mail address: <getinfo@haworthpressinc.com> Website: <<http://www.HaworthPress.com>> © 2001 by The Haworth Press, Inc. All rights reserved.]

**KEYWORDS.** Customer satisfaction, services, service encounter, hotels

## INTRODUCTION

Business travelers are an invaluable market for the hotel industry. Their spending power is approximately twice that of leisure travel-

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Evita Yung is a graduate of the School of Hotel and Tourism Management and Andrew Chan (E-mail: [hmandrew@polyu.edu.hk](mailto:hmandrew@polyu.edu.hk)) is Assistant Professor at The Hong Kong Polytechnic University, Hong Kong.

Address correspondence to: Evita Yung, Department of Hotel and Tourism Management, The Hong Kong Polytechnic University, Hung Hom, Kowloon, Hong Kong (E-mail: [hmevita@inet.polyu.edu.hk](mailto:hmevita@inet.polyu.edu.hk)).

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ers (Hampton, 1989). To attract this lucrative market, many new services and facilities have been developed. For example, hotels have set up in-room fax machines, business centers, and private lounges. Unfortunately, in a highly competitive market, these initiatives will soon become a commodity. To target resources for further improvement, and to stay ahead of competition, hotels must identify services that offer the greatest satisfaction to business travelers. More importantly, hotels must constantly assess their offerings to determine whether particular services actually live up to customer expectations.

Many researchers have examined customer satisfaction in the hotel industry. For example, Oh (1999) tested a model which represented the links between satisfaction and a number of perception variables. Similarly, Barsky (1992) validated a satisfaction framework with data obtained from the United States and Japan. Mattila (1999) used a conjoint-analysis approach to investigate hotel customer trade-offs between personal service and physical environment. Sparks and colleagues (1997) explored the influence of hotel employee effort on customer satisfaction. These researchers have tended to view customer satisfaction as a point in time after consumption (Oliver, 1980). However, such an approach is not without problems. First, it fails to reflect the complex process that is the key characteristic of hotel services. There are numerous possible service encounters in a hotel, such as those at check-in, in the room, at the restaurant, and at check-out. Customers may find it difficult to aggregate the satisfaction levels of various service encounters to give an overall satisfaction score. Second, the results obtained from a global measure may not be useful: Even when customers score a particular attribute—such as staff attitude—low, hotel marketers do not know the specific circumstances in which the service went wrong. Accordingly, the main purpose of this study is to examine business traveler satisfaction with different service encounters in the hotel environment. Consideration will be given to how discrete service encounters affect the overall satisfaction and repurchase intention of business travelers.

## REVIEW OF LITERATURE

The concept of customer satisfaction has been studied extensively by many researchers, and the most widely used measure is the expectancy-disconfirmation paradigm (Oliver, 1980). The expectancy-disconfirmation paradigm describes the process by which customers develop feelings of

satisfaction or dissatisfaction about consumption. Derived from an early definition of customer satisfaction (Hunt, 1977), the paradigm has been tested and subsequently confirmed in many studies (Oliver & DeSarbo, 1988; Tse & Wilton, 1988). The paradigm is composed of four constructs: expectations, perceived performance, disconfirmation, and satisfaction. If perceived performance matches or exceeds expectations, then satisfaction occurs. If expectations exceed perceived performance, then disconfirmation occurs.

Although many studies have adopted the expectancy-disconfirmation paradigm, some do not fully accept it for service evaluation in its present form. For example, Oliver (1980) suggested that alternative models could be developed to reflect the complex process in service consumption. Likewise, Oliver (1993), and Bolton and Drew (1991) have described service satisfaction evaluation as a process. Rust et al. (1996) further elaborated that dimensions of the service encounter drive encounter satisfaction, which then drive overall satisfaction. In an attempt to understand how satisfaction judgement evolves, some researchers have segmented the entire delivery process into distinct service encounters. Bitran and Lojo (1993), for example, structured a framework to reflect the different encounters that take place at professional service firms. The encounters are: (1) access, (2) check-in, (3) diagnosis, (4) service delivery, (5) check-out, and (6) follow-up. They argued that these encounters are typical in every professional service organization. For the hotel business, Danaher and Mattsson (1994a) divided the delivery process of a meeting or conference event into 4 distinct service encounters: (1) arrival, (2) coffee-break, (3) lunch, and (4) the conference room. In another study by Danaher and Mattsson (1994b), the hotel service delivery process was partitioned into 5 encounters, namely: (1) check-in, (2) room, (3) restaurant, (4) breakfast, and (5) check-out. Although the particular encounters that comprise each service experience vary across service contexts, researchers have generally agreed that the service delivery process can be categorized into a series of consecutive encounters.

Measuring satisfaction at the encounter level has several advantages. First, it provides a better understanding of the strengths and weaknesses of a firm, which can be a point of reference for service improvement (Iacobucci, Grayson & Ostrom, 1994). Second, travelers usually come into contact with staff working in different departments in a hotel. When they are asked about the experience of their hotel stay, they are more likely to render evaluations at the departmental level than at the overall level (Danaher & Mattsson, 1994b). Third, the information af-

fords researchers a higher level of specificity. In particular, travelers may encounter good service in some departments but not in others. The use of a global measure may mask problems in specific departments. Thus, the encounter-specific measure shows great promise in understanding traveler's satisfaction judgements and is more relevant to managers who work at the departmental level.

Much research has been devoted to understanding the antecedents of customer satisfaction, but few studies have examined its content or dimensions (Singh, 1991). One of the earliest such studies was conducted by Hartman (1967). He articulated a three-dimensional concept that can be used to characterize the cognitive, affective, and systemic dimensions of satisfaction. Specifically, the cognitive aspect refers to the performance or function of a service encounter, whereas the affective aspect concerns the customer's feelings about the service. The systemic aspect represents the customer's tradeoff between what is received and what is given. On the basis of Hartman's framework, Mattsson (1992a) proposed to model satisfaction as a synthesis of three value dimensions: practical, emotional, and logical. For example, in the hotel industry, a room with good layout offers practical value to customers. The intangible benefits (e.g., status, prestige, and security) gained from using the room represent the emotional dimension. The logical dimension focuses on whether the hotel room and the related services represent value for money. This model has found support in a variety of settings, such as hotels (Danaher & Mattsson, 1994a; 1994b), print advertisements (Mattsson, 1992b), museums (De Ruyter, 1997) and restaurants (Lemmink et al., 1998) and was adopted for the present study.

## METHODOLOGY

This is a descriptive study aimed at examining how various service encounters affect business traveler satisfaction and repurchase intention. Based on earlier work by Danaher and Mattsson (1994a, 1994b), a structured-undisguised questionnaire was used to collect data for the study. Two in-depth interviews were carried out to refine the instrument. Nine items from the original questionnaire—concerning conference room, lunch, and coffee-break encounters—were viewed as being unrelated to this study and were deleted, while three items related to business center encounters were added (i.e., comfortable atmosphere, sufficient business facilities and services, and prompt service).

The questionnaire was divided into three sections. The first section of the questionnaire screened respondents to ensure that only those targeted were included in the study. The principal part of the questionnaire was section two. The hotel stay was segmented into five encounters, namely: (1) check-in, (2) the room, (3) restaurant, (4) business center, and (5) check-out. For each encounter, three items—emotional, practical, and logical—were formulated pertaining to the primary dimensions of each service encounter. Respondents were asked to rate each dimension on a scale of 1 (very dissatisfied) to 5 (very satisfied). A separate 5-point overall satisfaction scale was also used because overall satisfaction was conceptualized as a function of each service encounter satisfaction. Repurchase intention was measured on a 10-point scale ranging from 1 (very unlikely) to 10 (very likely). The final section focused on the demographic and travel characteristics of the respondents. The questionnaire was pre-tested on a group of hospitality faculty members, and no changes were recommended. A non-random sampling design was adopted; thus, a limitation of the study is that the findings may not be generalizable. The sampling frame was defined as business travelers departing from the Hong Kong International Airport who had stayed at a Hong Kong hotel in the past week. To minimize possible sample bias, systematic sampling procedures were used to select every fifth traveler queuing at check-in counters in the departure hall after a random start.

A total of 200 respondents of different nationalities were interviewed. Each respondent spent an average of 3 minutes answering the survey. The participation refusal rate was 6%. Because the unit of observation was people travelling for business purposes who had stayed at a Hong Kong hotel in the past week, all those failing these pre-requisites (a total of 60 respondents) were removed. This left 140 usable questionnaires for further analysis.

Data were analyzed with the SPSS Statistical Package. Descriptive statistics were used to summarize general characteristics of the respondents. After that, a series of t-tests and one-way ANOVAs were performed to compare data from respondents of different sex and category of hotels visited. Since there were no statistically significant differences, the data were merged for subsequent analyses. Multiple regression analyses were used to examine the relative impact of the 5 service encounters in determining overall customer satisfaction and repurchase intention. The dependent variables were the business travelers' overall satisfaction with the hotel services, and their repurchase intention. To reduce the impact of the multicollinearity in the original data, the 15 satisfaction items were first transformed by principal components method

(McDaniel & Gates, 1991; Hair et al., 1995). The factor scores instead of summated scores were used in the regression equations. Pearson's correlation analysis was also used to test the relationship between overall satisfaction and repurchase intention.

## RESULTS AND FINDINGS

The sample comprised 35.7% females and 64.3% males. The majority of the respondents (77.8%) were managers aged between 35 and 44. Their median monthly income was HK\$ 25,000-HK\$ 29,999 and the median number of business trips per year was above 20. Satisfaction ratings for the service encounters are presented in Table 1. Satisfaction levels were measured using a 5-point scale, where a higher number denotes a higher satisfaction level. The mean satisfaction scores of the 5 encounters ranged from 3.62 to 4.47. Room satisfaction rated the highest (mean = 4.47), followed by that of the check-out (mean = 4.25). Check-in was given a relatively high satisfaction rating (mean = 4.12), followed by the restaurant (mean = 3.88); and the business center was rated the worst among the variables (mean = 3.62).

Principal components factor analysis with Varimax rotation was conducted on the 15 items measuring respondent satisfaction with the 5 service encounters. Items with a factor loading greater than 0.40 were retained for analysis. The 5-factor model was chosen, as it was consistent with the initial conceptualization of the hotel stay. The model accounted for 68.5% of total variance in the data set. Total scale reliability which included all 15 items was 0.86, and each service encounter retained acceptable levels of reliability, with Cronbach's alpha ranging from 0.70 to 0.79 (Table 2).

Overall satisfaction was regressed against the 5 factor scores (Table 3). The model was significant at 0.001, and explained 55% of the variance in the dependent variables. Based on the Beta ( $\beta$ ) score, the business center had the greatest effect on overall satisfaction ( $\beta = 0.48$ ), followed by check-out ( $\beta = 0.38$ ) and check-in ( $\beta = 0.36$ ), while the room and restaurant encounters had the least impact ( $\beta = 0.15$ ). The inclusion of all variables in the regression model supports the argument that each service encounter plays a role in determining customer satisfaction.

Repurchase intention was also regressed against the service encounters (Table 4). The model was significant at 0.001, and explained 36%

TABLE 1. Satisfaction Statements (n = 140)

| Variables                                       | Satisfied (%) | Neutral (%) | Dissatisfied (%) | Mean Score <sup>a</sup> |
|-------------------------------------------------|---------------|-------------|------------------|-------------------------|
| Satisfaction with check-in encounter            |               |             |                  |                         |
| 1. Nice treatment at check-in                   | 81.4          | 17.1        | 1.4              | 4.01                    |
| 2. Quick check-in                               | 81.4          | 17.9        | 0.7              | 4.15                    |
| 3. Correct booking at check-in                  | 87.1          | 12.1        | 0.7              | 4.21                    |
| Satisfaction with room encounter                |               |             |                  |                         |
| 4. Cozy room                                    | 89.3          | 10.0        | 0.7              | 4.27                    |
| 5. Furniture and equipment easy to use          | 96.5          | 3.6         | 0.0              | 4.54                    |
| 6. Value of money for the room                  | 93.5          | 6.4         | 0.0              | 4.61                    |
| Satisfaction with restaurant encounter          |               |             |                  |                         |
| 7. Nice atmosphere in the restaurant            | 86.0          | 12.5        | 1.5              | 4.05                    |
| 8. Good food                                    | 68.4          | 27.2        | 4.4              | 3.81                    |
| 9. Value of money in the restaurant             | 64.0          | 34.6        | 1.5              | 3.79                    |
| Satisfaction with business center encounter     |               |             |                  |                         |
| 10. Comfortable atmosphere                      | 65.2          | 31.1        | 3.7              | 3.71                    |
| 11. Sufficient business facilities and services | 54.8          | 37.0        | 8.1              | 3.63                    |
| 12. Prompt service                              | 50.4          | 40.0        | 9.6              | 3.52                    |
| Satisfaction with check-out encounter           |               |             |                  |                         |
| 13. Nice treatment at check-out                 | 86.4          | 12.9        | 0.7              | 4.07                    |
| 14. Quick check-out                             | 88.6          | 11.4        | 0.0              | 4.34                    |
| 15. Correct bill                                | 87.1          | 12.1        | 0.7              | 4.34                    |

<sup>a</sup>A 5-point scale was used, where 1 = very dissatisfied and 5 = very satisfied.

of the variance in the dependent variables. All variables were statistically significant predictors of repurchase intention, except for the room encounter ( $p = 0.75$ ). Comparing the magnitudes of the Beta ( $\beta$ ) weights for the various service encounters retained in the model, repurchase intention was derived principally from the business center encounter ( $\beta = 0.37$ ). Other pertinent factors were check-out experience ( $\beta = 0.34$ ), check-in experience ( $\beta = 0.32$ ), and the restaurant encounter ( $\beta = 0.15$ ). These findings suggested that the business center was the most important determinant of repurchase intention, while the room was not a significant factor. Pearson's correlation analysis was employed to test the relationship between overall satisfaction and repurchase intention. A high positive correlation coefficient was found between the two ( $r = 0.74$ ;  $p = 0.0001$ ;  $n = 140$ ).

TABLE 2. Factor Analysis with Varimax Rotation of Satisfaction Scale for Hotel Service Encounters (n = 140)

| Item                                                              | Factor Loading |          |          |          |          | Commu-<br>nality |
|-------------------------------------------------------------------|----------------|----------|----------|----------|----------|------------------|
|                                                                   | F1             | F2       | F3       | F4       | F5       |                  |
| Factor 1: Business Center                                         |                |          |          |          |          |                  |
| Comfortable atmosphere                                            | 0.63           |          |          |          |          | 0.51             |
| Sufficient business facilities and services                       | 0.83           |          |          |          |          | 0.75             |
| Prompt service                                                    | 0.85           |          |          |          |          | 0.76             |
| Factor 2: Check-in                                                |                |          |          |          |          |                  |
| Nice treatment at check-in                                        |                | 0.75     |          |          |          | 0.70             |
| Quick check-in                                                    |                | 0.81     |          |          |          | 0.72             |
| Correct booking at check-in                                       |                | 0.77     |          |          |          | 0.69             |
| Factor 3: Room                                                    |                |          |          |          |          |                  |
| Cozy Room                                                         |                |          | 0.76     |          |          | 0.75             |
| Furniture and equipment easy to use                               |                |          | 0.78     |          |          | 0.72             |
| Value of money for the room                                       |                |          | 0.62     |          |          | 0.71             |
| Factor 4: Restaurant                                              |                |          |          |          |          |                  |
| Nice atmosphere in the restaurant                                 |                |          |          | 0.77     |          | 0.70             |
| Good food                                                         |                |          |          | 0.62     |          | 0.71             |
| Value of money in the restaurant                                  |                |          |          | 0.56     |          | 0.68             |
| Factor 5: Check-out                                               |                |          |          |          |          |                  |
| Nice treatment at check-out                                       |                |          |          |          | 0.42     | 0.38             |
| Quick check-out                                                   |                |          |          |          | 0.89     | 0.81             |
| Correct bill                                                      |                |          |          |          | 0.70     | 0.69             |
| Total Scale Reliability                                           |                |          |          |          |          |                  |
|                                                                   | 0.86           |          |          |          |          |                  |
|                                                                   | Factor 1       | Factor 2 | Factor 3 | Factor 4 | Factor 5 |                  |
| Eigenvalue (EV)                                                   | 2.53           | 2.34     | 1.98     | 1.73     | 1.70     |                  |
| Variance (%)                                                      | 16.86          | 15.59    | 13.22    | 11.51    | 11.32    |                  |
| Cumulative Variance (%)                                           | 16.86          | 32.45    | 45.67    | 57.18    | 68.50    |                  |
| Cronbach's alpha                                                  | 0.76           | 0.79     | 0.73     | 0.73     | 0.70     |                  |
| Number of items ( $\Sigma = 15$ )                                 | 3              | 3        | 3        | 3        | 3        |                  |
| Principal component method with Varimax Rotation: Loadings > 0.40 |                |          |          |          |          |                  |

Principal component method with Varimax Rotation; Loadings  $\geq 0.40$ 

## DISCUSSION AND CONCLUSION

The results showed that different encounters influence the evaluation of services differently. Check-in affects the overall satisfaction level ( $\beta = 0.35$ ) and repurchase intention ( $\beta = 0.31$ ) substantially. This makes intuitive sense, as check-in is the first interaction encounter between cus-

TABLE 3. Results of Regression Analysis of Independent Variables with Overall Satisfaction

| Independent Variable                                                                                                                                                                               | B <sup>(1)</sup> | <sup>(2)</sup> | p     | t-value |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------|-------|---------|
| Final Model                                                                                                                                                                                        |                  |                |       |         |
| 1: Business Center                                                                                                                                                                                 | 0.35             | 0.48           | 0.001 | 8.04    |
| 5: Check-Out                                                                                                                                                                                       | 0.27             | 0.38           | 0.001 | 6.29    |
| 2: Check-In                                                                                                                                                                                        | 0.26             | 0.36           | 0.001 | 6.00    |
| 3: Room                                                                                                                                                                                            | 0.11             | 0.15           | 0.01  | 2.50    |
| 4: Restaurant                                                                                                                                                                                      | 0.11             | 0.15           | 0.01  | 2.50    |
| Intercept (constant)                                                                                                                                                                               | 3.83             | -              | 0.001 | 88.86   |
| <sup>(1)</sup> Regression coefficient estimate<br><sup>(2)</sup> Standardized regression coefficient estimate<br>F = 30.55<br>p ≤ 0.001<br>r <sup>2</sup> = 0.55<br>adjusted r <sup>2</sup> = 0.53 |                  |                |       |         |

TABLE 4. Results of Regression Analysis of Independent Variables with Repurchase Intention

| Independent Variable                                                                                                                                                                               | B <sup>(1)</sup> | <sup>(2)</sup> | p     | t-value |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------|-------|---------|
| Final Model                                                                                                                                                                                        |                  |                |       |         |
| 1: Business Center                                                                                                                                                                                 | 0.31             | 0.35           | 0.001 | 5.00    |
| 5: Check-Out                                                                                                                                                                                       | 0.30             | 0.34           | 0.001 | 4.77    |
| 2: Check-In                                                                                                                                                                                        | 0.29             | 0.32           | 0.001 | 4.54    |
| 4: Restaurant                                                                                                                                                                                      | 0.13             | 0.15           | 0.04  | 2.05    |
| 3: Room                                                                                                                                                                                            | 0.00             | 0.02           | 0.75  | 0.32    |
| Intercept (constant)                                                                                                                                                                               | 5.20             | -              | 0.001 | 83.45   |
| <sup>(1)</sup> Regression coefficient estimate<br><sup>(2)</sup> Standardized regression coefficient estimate<br>F = 14.53<br>p ≤ 0.001<br>r <sup>2</sup> = 0.36<br>adjusted r <sup>2</sup> = 0.34 |                  |                |       |         |

tomers and the hotel. Baker et al. (1988), Bitner et al. (1990), and Taylor and Claxton (1994) also emphasized its importance in the service delivery component of their research. Efficient check-in processing at the beginning of a hotel stay can be an important foundation in satisfying business travelers.

The satisfaction score for the room was the highest among the five encounters (mean = 4.47), but it was not a significant factor in determining repurchase intention ( $p = 0.75$ ), and its effect on overall satisfaction was low ( $\beta = 0.15$ ). This might be due to the fact that hotels possess very similar room amenities and facilities. The room encounter, therefore, becomes a defensive one: something that is necessary to avoid being eliminated from consideration, but not something that will create satisfaction and stimulate repurchase intention. Similarly, the restaurant encounter was significant, but it was not a very important factor in determining overall satisfaction ( $\beta = 0.11$ ) and repurchase intention ( $\beta = 0.13$ ).

Service at the business center had the greatest impact on overall satisfaction ( $\beta = 0.48$ ) and repurchase intention ( $\beta = 0.35$ ). Although many hotels have developed business facilities to cater for this market, customers still rated it poorly (mean = 3.62). What was offered and what was received did not coincide with expectations, and this resulted in a low satisfaction score. Business travelers need to work efficiently as well as effectively when they are on the road. Some even expect hotels to function as satellite offices equipped with all the necessary facilities (Shaw, 1991). For those hotels targeting the business traveler market, resources and quality improvement efforts should be primarily directed at this encounter.

Check-out had the second greatest impact on overall satisfaction ( $\beta = 0.38$ ) and repurchase intention ( $\beta = 0.34$ ). This might be due to recent events tending to have an unusually strong influence on overall performance evaluation. Check-out had the second highest satisfaction score (mean = 4.25), which indicated that this service encounter rated fairly well for the Hong Kong hotels where the respondents had stayed.

The results showed that overall satisfaction was positively correlated to repurchase intention ( $r = 0.74$ ). That is, satisfied customers are much more likely to be repeat customers, since they have already learnt from past experience that the services will meet their needs and expectations.

The findings of this study afford one a better understanding of the business traveler's evaluation of hotel services. Different service encounters influenced the evaluation of services differently. Failure to deliver the core components of hotel service will hardly achieve customer satisfaction. However, sole delivery of those components will not ensure a satisfied customer. Hotels must also pay attention to peripheral service delivery, because these encounters help to shape the customer's overall satisfaction. As Lovelock (1996) has noted, core services will

eventually become commodities, and it is peripheral services that give hotels a competitive advantage.

The approach advocated here provides managers with specific and relevant information about their operations. In particular, it reveals a larger part of the variation of a specific hotel service. For example, respondents in this study were not fully satisfied with the business center encounter. An analysis of the data showed that “prompt service” received the lowest satisfaction score. Managers should deploy additional personnel in the business center to speed up the service. Overall, this study can foster further discussion of the conceptualization of customer satisfaction. To assess the external validity of the findings, the study should be replicated and conducted in other field settings. Moreover, repetitive studies with the same product and target group should be conducted to refine and validate the measuring instrument.

### LIMITATIONS

This study should be viewed as exploratory, and there are a few limitations. The results were limited by the small sample size gathered due to the constraints of time and limited resources. There were also problems with soliciting information from respondents. To be more accurate, satisfaction should have been measured immediately after the service encounter, as it may have been contaminated by satisfaction with later encounters. However, business travelers are normally busy during their stay, and it would not have been practical to ask respondents to rate their satisfaction after every service encounter. Respondents were simply asked to rate the five encounters simultaneously. Thus, potential confounding and recursive effects may have deteriorated respondent satisfaction with different encounters (Oh & Jeong, 1996). Another limitation was that the overall satisfaction and revisit intention are single-item measures and the reliability is unknown.

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