

A Study of Satisfaction Level of Hong Kong Tourists with Hot Springs Hotels and Resorts in Guangdong, China

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The research reported here aimed at examining Hong Kong tourists' level of satisfaction with hot springs hotels and resorts in Guangdong, China. Primary data were collected and service quality and tourist satisfaction levels were measured using the SERVQUAL model. The empirical findings indicate that most tourists are satisfied with the service quality of these hotels and resorts. Among the different dimensions of service quality, empathy receives the highest score. Overall satisfaction receives a score only slightly better than average. The results also reveal significant relationships among customer satisfaction level, loyalty, and recommendation.

INTRODUCTION

Increasing public concern about health due to the high cost of health care and the growing aging population, among other reasons, has spurred phenomenal growth in medical tourism in the twenty-first century (Cai, 2007). Hot springs destinations are especially popular as they combine both medicinal and touristic activities.

Hot springs are precious and abundant resources found around the world, including Iceland, Japan, New Zealand, and Taiwan. A hot spring is a spring that is produced by the emergence of geothermally heated groundwater from the earth's crust, with a temperature greater than 20°C and higher than the annual average temperature of the area in which it is located (Cai, 2007). Hot springs contain many kinds of minerals, each of which has a different medicinal value. For example, a spring that contains carbonic acid is good for those with heart disease and high blood pressure (Huang, 2008).

People have used hot springs as medical treatment for thousands of years. During the Roman Empire, people started to visit hot springs in the hope of being cured of their diseases (Peng & Wang, 2004; Zhang, 2005). The development of hot springs tourism has since gone through various stages. Initially, tourists traveled to hot springs destinations solely for medical treatment. Later, hot springs tourism began to diversify, as people sought not only medical treatment but also entertainment. Today,

hot springs hotels and resorts have modern facilities that include meeting rooms and golf courses.

History of Hot Springs Tourism in Guangdong, China

Geographically located next to Hong Kong, Guangdong is a province in China that possesses numerous hot springs. The past two decades have seen the rapid development of the hot springs industry in the province, with the opening of more 130 hot springs locations (“Guangdong is the Most,” 2008). These locations feature hot springs hotels and resorts with complete, up-to-date, diversified facilities. Some facilities reach, if not exceed, international standards. Guangdong has pursued an open-door policy in developing its hot springs tourism, which has attracted millions of visitors, with Hong Kong as one of the major markets. For instance, among all 2006 tourists visiting Jiangmen City, a famous hot springs location in the province, 40% were from Hong Kong, and hundreds of hot springs tours depart to Guangdong from Hong Kong each month (“Hot Springs in Guangdong,” 2007).

The level of service quality of the hot springs hotels and resorts in Guangdong is, unfortunately, still below the international standard. These facilities have been criticized for their poor hardware (facilities) and comparatively worse software (service) (“Several Problems,” 2006; Tisdell & Wen, 1991; Yang, 2007). It is well known that service is one of the most important elements for success in the hospitality industry (Huang, Hsu, & Chan, 2010). A high level of service quality leads to customer satisfaction, which, in turn, has a positive impact on customer loyalty and company profitability (Anderson & Sullivan, 1993; Cronin & Taylor, 1992; Cronin & Morris, 1989; Daugherty, Stank, & Ellinger, 1998; Fornell, 1992; Innis & La Londe, 1994; Reichheld & Sasser, 1990; Oliva, Oliver, & MacMillan, 1992; Youngdahl & Kellogg, 1997). Hence, examining the relationship between customer satisfaction and service quality levels, and the level of success of hospitality businesses is useful.

Research Motivation

As stated, despite the rapid development of hot springs tourism in Guangdong, the service quality of its hot springs hotels and resorts still falls below the international standard. Service is an important element

that determines the success or failure of service providers. In view of the fierce competition in the hospitality industry, it is therefore important for businesses to provide a high level of service quality to meet the needs of tourists. Prior studies have demonstrated that service quality is an antecedent of customer satisfaction, which, in turn, leads to customer loyalty and repeat business (Anderson, Fornell, & Lehman, 1994; Anderson & Sullivan, 1993; Fornell, 1992; Reichheld & Sasser, 1990). Hence, the provision of quality service enables suppliers to remain competitive (Anderson et al., 1994; Cronin & Morris, 1989; Cronin & Taylor, 1992; Daugherty et al., 1998; Innis & La Londe, 1994; Oliva et al., 1992; Youngdahl & Kellogg, 1997; Zeithaml, Berry, & Parasuraman, 1996). The success of hot springs hotels and resorts largely depends on their facility standards and ability to provide quality service. In spite of the importance of quality service provision and the growing importance of the tourism industry in China, few, if any, studies in the existing hospitality literature have empirically examined the issue in the country. Hence, hospitality practitioners in China's hot springs industry have insufficient knowledge of consumer perceptions of their service. This, in turn, has led to difficulty in formulating appropriate policies to provide their customers with better quality service. Wang (2007) and Lu and Ling (2008) argued that service quality in air transport is directly related to competitiveness. Lin and Johnson (2004) and Wang, Lo, and Yang (2004) stated that service quality is a crucial factor that determines the profitability, market share, and business' ability to survive in China. In addition, Wang, Wang, and Zhao (2007) advocated the importance of having customers evaluate service quality. Therefore, the industry needs an empirical study of the customer's perspective of service quality in Chinese hot springs hotels.

Hong Kong, a cosmopolitan city that highly values service quality, is a major market of hot springs hotels and resorts in Guangdong. Tourists from Hong Kong are thus an appropriate sample for examining the service quality of these hotels and resorts. In view of the importance of the issue and paucity of published articles on the topic, this research uses the SERVQUAL model to investigate Hong Kong tourists' level of satisfaction with hot springs hotels and resorts and provide recommendations to service providers. Specifically, the primary objectives

of this research are (a) to investigate the service quality of hot springs hotels and resorts in Guangdong as perceived by Hong Kong tourists, and (b) to examine the relationships among customer satisfaction level, loyalty, and recommendation. The findings of this study will be useful to industry practitioners in China and international hotel managers by providing a better understanding of customers' expectations and perceptions of service quality at hot springs hotels and resorts.

LITERATURE REVIEW

Service

Service is different from physical products, which are manufactured by factories. Physical products (or goods) are easy to control, and their quality can be measured by machines based on certain guidelines. Service, however, is hard to control and measure as it is intangible, inseparable, heterogeneous, and perishable (Rathmell, 1966; Regan, 1963; Shostack, 1977; Zeithaml, Berry, & Parasuraman, 1996).

Service characteristics include the following:

- a. **Intangibility:** In contrast to manufactured goods, service cannot be seen, touched, or reproduced prior to its consumption/purchase.
- b. **Inseparability:** The production and consumption of service cannot be separated: service is produced at the time that a customer makes a purchase.
- c. **Heterogeneity:** Service varies from person to person and from time to time.
- d. **Perishability:** Service can neither be inventoried nor carried forward to a future time.

Among these characteristics, heterogeneity is the most closely related to people and thus is the most difficult to manage, as human behavior is virtually impossible to control. Hence, if service providers can find a way of dealing effectively with heterogeneity, then they may be able to provide a consistent level of quality service, which will lead to business success.

Relationships among Service Quality, Customer Satisfaction Level, and Customer Loyalty

A service quality gap generally arises from a discrepancy between a customer's expectation and perception of service quality (Lewis & Boom, 1983; Parasuraman, Zeithaml, & Berry, 1985). Anderson and Sullivan (1993) stated that customer satisfaction is the customer's overall judgment of the degree to which product or service performance matches expectations.

Customer loyalty is a long-term commitment to repurchase, which involves both a favorable cognitive attitude towards the selling firm and repeat patronage (Dick & Basu, 1994). Service quality, consumer satisfaction, customer loyalty or retention, and firm profitability and market share are closely related. The ultimate goals of a business are to make a profit and gain a significant market share. Service quality is thus the key to achieve these goals. As noted, service quality is an antecedent of customer satisfaction, which has a positive and considerable impact on repurchase intention; hence, improved service quality may increase purchase intention (Anderson et al., 1994; Cronin & Taylor, 1992; Daugherty, Stank, & Ellinger, 1998; Innis & La Londe, 1994; Youngdahl & Kellogg, 1997; Zeithaml et al., 1996). Repurchase intention generally increases when the level of satisfaction increases past a critical point (Oliva et al., 1992). In addition, customer loyalty has a positive impact on the profit and market share of a firm (Anderson et al., 1994).

As service quality is a key factor leading to the achievement of the ultimate goals of firms, examining service quality is useful for members of the service industry. In the past few decades, scholars have developed different models to examine service quality, including the well-known SERVQUAL model.

SERVQUAL Model

The SERVQUAL model was originally developed by Parasuraman, Berry and Zeithaml (1991) as well as Parasuraman, Zeithaml, and Berry (1985, 1988). Sometimes referred to as the gap model, it attempts to measure five potential gaps in the service delivery process: understanding, service standards, service performance,

communication, and service quality. The model posits that these five aspects are interdependent and interconnected, such that the extent of the discrepancy between expected and experienced (or perceived) service is influenced by the other four aspects.

The discrepancy between expected and experienced service quality (SQ) determines the satisfaction level of consumers. When perceived service (PS) is worse than expected service (ES), a consumer is not satisfied with the service provided. When ES equals PS, a consumer is satisfied with service. Lastly, when PS exceeds ES, a customer tends to rate service quality as excellent. In this research, the satisfaction level of Hong Kong tourists was determined by comparing their expectations and perceptions of service quality.

Parasuraman et al. (1985) argued that there are ten dimensions of service quality, including reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding/knowing customers, and tangibles. These ten were later reduced to five in a framework that is generally known as the SERVQUAL model (Parasuraman et al., 1988; van Iwaarden, van Der Wiele, Ball, & Millen, 2003). The five dimensions are as follows.

- a. **Tangibility.** The physical facilities, equipment, and appearance of personnel.
- b. **Reliability.** Ability to dependently and accurately perform the promised service.
- c. **Responsiveness.** Willingness to assist customers and provide prompt service.
- d. **Assurance (including competence, courtesy, credibility, security).** Knowledge and courtesy of employees and their ability to inspire trust and confidence among guests.
- e. **Empathy (including access, communication, understanding customers).** Caring, individualized attention that a firm provides its customers.

These five dimensions include 22 attributes that are used to analyze service quality (Parasuraman et al., 1988). These attributes were

used to analyze the service quality of the hot springs hotels and resorts in this study. The SERVQUAL model is useful to evaluate customer satisfaction and service quality levels. Su, Ho, and Hsu (2007) observed that the perception of service quality is based on the feelings of customers, and for this reason should be examined from the perspective of customers. The SERVQUAL model can be used to explore customer satisfaction from the point of view of customers (Zhao, Bai, & Hui, 2002). Satisfaction is also related to the feelings of customers. Using two psychological elements (customer expectations and perceptions) to understand the feelings and behavior of customers is more accurate than other means. Hence, the SERVQUAL model is able to offer a more comprehensive analysis of customer behavior as it deals with customer expectations and perceptions of services. Prior to consumption, customers have a number of expectations about a service, which are influenced by word-of-mouth communication, personal needs, and past experience (Parasuraman et al., 1985). After receiving the service, customers compare their expectations and perceptions of service quality, which determines their satisfaction level. The five dimensions of service quality are comprehensive. For instance, tangibles such as up-to-date facilities and equipment and the appearance of facilities and staff can affect customers' perception of hotel service quality. The SERVQUAL model has been widely applied in service-oriented studies to measure service quality dimensions in the service industry. Tsang and Qu (2000) and Wang and Pearson (2002) applied the SERVQUAL model to assess service quality in China's hotel industry, while Su and Liu (2006) applied it to measure service quality and customer satisfaction in hair salons in Taiwan.

Prior Work on Hot Springs

Despite constituting a small share of the hospitality industry, hot springs hotels and resorts have attracted some research attention. Many of the published articles on hot springs hotels focus on Taiwan, among which a number have applied the SERVQUAL model to examine service quality (Chen, 2007; Hsiao & Chang, 2003). Deng (2007) and Hsieh, Lin, and Lin (2008) found that hot springs hotels and resorts performed well with regard to tangible elements. Hsieh et al. (2008) found that visitors to

hot springs hotels in Taiwan perceived that sanitary conditions, safe and private facilities, and space are particularly important. Lee and King (2006, 2008) investigated different factors that affect competition in the hot springs industry in Taiwan, and identified resources and attractions, destination strategies, and environment as the primary determining factors. Lee and Chen (2006) advocated that the hot springs industry in Taiwan be segmented according to visitor demographics. McMorran (2008) examined hot springs resorts in Japan, and found that business leaders used heritage for purely economic rather than ideological reasons.

Yang (2007) stated that studies of hot springs carried out in China are different from those conducted in other countries, as the latter have a longer history. In addition, most studies of China's hot springs hotels and resorts have concentrated on the development of the industry (Bi, 2003; Peng & Wang, 2004; Zhang, 2005). As service quality is one of most important elements affecting the success of the hot springs industry, the topic deserves further research effort. Hence, this study examines the service quality of hot springs hotels and resorts rather than the exploitation of hot springs.

Since China adopted an open-door policy to international tourists in the late 1970s, its tourism and hospitality industries have rapidly developed. The United Nations World Tourism Organization predicts that China will be the world's largest tourist destination by 2020, and possibly by 2015 (Graff, 2009). The central Chinese government has made major changes to promote the development of its tourism industry (Law & Cheung, 2008), including price reformation and the opening up of inbound and outbound tourism. Millions of tourists are attracted to the country, but the service quality of hospitality providers is criticized as being far below the international standard, especially among hotels (Choy, Guan, & Zhang, 1986; Schrock, Adams, & Lung, 1989; Boyd, 1993; Cai & Woods, 1993; Tsang & Qu, 2000; Yu, 1995). Tisdell and Wen (1991) commented that the level of the service quality of China's hotels lagged behind that of competitors in nearby regions, including Singapore and Hong Kong. Examples of poor service quality in China include poor language and communication skills, poor sanitation, and attitude problems among personnel. These problems are applicable to hot springs

hotels and resorts in Guangdong (“Seven Problems,” 2006; Tisdell & Wen, 1991; Yang, 2007). In view of the importance of service quality and the rapid development of the hot springs industry, this study applied the SERVQUAL model to examine service quality among hot springs hotels and resorts in Guangdong.

METHODOLOGY

A structured questionnaire was prepared to understand and evaluate Hong Kong tourists’ perceptions of the service quality of hot springs hotels and resorts in Guangdong. The questionnaire was developed based on the service quality attributes proposed by Zeithaml et al. (1996) and instruments used in previous studies of hot springs hotels and resorts (Chen, 2007; Hsiao & Chang, 2003; Hsieh, Lin, & Lin, 2008). The original questionnaire was developed in English, and then translated into Chinese using the back-translation process to ensure accurate translation.

The closed-ended questionnaire was divided into three sections. At the beginning, a qualifying question was included to ensure that the respondent had previously visited a hot springs hotel or resort in Guangdong. The first section aimed at evaluating the travel behaviors of tourists. These questions were related to visiting frequency, travel purpose, and trip expenditure. The second section asked about respondents’ expectations and perceived experience regarding different dimensions of service delivery, namely, tangibility, reliability, responsiveness, assurance, and empathy (van Iwaarden, van Der Wiele, Ball, & Millen, 2003). Respondents rated items on a 5-point Likert scale (1 = very dissatisfied, 2 = dissatisfied, 3 = neither dissatisfied nor satisfied, 4 = satisfied, 5 = very satisfied). The third section of the questionnaire collected respondents’ demographic information. The questionnaire ended with a question about the respondent’s overall perception of hot springs hotels and resorts in Guangdong (either satisfactory or unsatisfactory). Satisfied respondents were requested to indicate the extent of their willingness to revisit and recommend the hotel(s)/resort(s) to others.

The questionnaire was pilot tested using eight local Hong Kong residents who had visited a hot springs hotel or resort in Guangdong.

Other than a couple of minor suggestions about the wording of items, no major problem was found.

A nonrandom sampling technique was employed for large-scale data collection. The survey was conducted at the end of 2008 in one of the busiest areas in Hong Kong, which has many travel agencies. In total, 150 questionnaires were received, 20 of which were discarded because of incomplete responses, resulting in 130 usable questionnaires for further analysis.

EMPIRICAL FINDINGS

Cronbach's alpha was used to determine the reliability of the questionnaire. The values of all Cronbach's alphas were above 0.70, indicating adequate reliability (Table 1).

Table 1
Reliability analysis of the five dimensions of SERVQUAL

Dimensions	Questions	Cronbach's Alpha
Tangibility	Q.1 – Q.4	0.889
Reliability	Q.5 – Q.9	0.836
Responsiveness	Q.10 – Q.13	0.866
Assurance	Q.14 – Q.17	0.853
Empathy	Q.18 – Q.22	0.824

Table 2 shows that among respondents, the majority (69.2%) was female; approximately 44% were in the 20-29 age group; 38.5% were degree holders; and one third had completed secondary school. Slightly more than half were clerks or service or sale executives, and about half had a monthly income of HK\$8,000 to HK\$14,999 (HK\$7.8 = US\$1).

Table 2
Demographic profile of respondents (N = 130)

General information	Frequency	Percentage (%)
Gender		
Male	40	30.8
Female	90	69.2
Age Group		
15-19	9	6.9
20-29	57	43.8
30-39	28	21.5
40-49	19	14.6
50 or above	14	13.1
Education		
Post-secondary: Degree holder	50	38.5
Post-secondary: Non-degree holder	26	20.0
Secondary	43	33.1
Primary or below	11	8.5
Occupation		
Managers & Administrators	8	6.2
Associate Professionals and Professionals	12	9.2
Clerks	38	29.2
Service & Sales Executives	30	23.1
Non-technical Workers	12	9.2
Students	21	16.2
Other	9	6.9
Monthly Income (HK\$)		
\$20,000 or above	12	9.2
\$15,000-\$19,999	10	7.7
\$10,000-\$14,999	33	25.4
\$8,000-\$9,999	31	23.8
\$7,999 or below	11	8.5
Refused to answer	33	25.4

Travel Behaviors of Respondents

Most respondents (77.7%) had previously visited hot springs hotels or resorts one to three times (Table 3), and less than 2% of them had visited at least 10 times. The majority (64.6%) had visited for leisure, and one third had visited for sightseeing. Most (43.8%) had spent HK\$501 to HK\$1,000 on each trip. Lastly, 48.5% of them had visited hot spring hotels and resorts with friends and 40% with family members/relatives.

Table 3
Travel behaviors of respondents related to
hot springs hotels and resorts (N = 130)

Items	Frequency	Percentage (%)
Number of visits		
1-3 times	101	77.7
4-6 times	21	16.2
7-9 times	6	4.6
10 times or more	2	1.5
Purpose		
Leisure	84	64.6
Medical consultation	3	2.3
Sightseeing	42	32.3
Other	1	0.8
Expenditure per trip (HK\$)		
\$100-\$500	24	18.5
\$501-\$1,000	57	43.8
\$1,001-\$1,500	29	22.3
\$1,501-\$2,000	14	10.8
\$2001 or above	6	4.6
Companions		
Family members/relatives	52	40.0
Friends	63	48.5
Colleagues	12	9.2
Other	3	2.3

Expectations and Perceptions of Service Quality

The mean of overall expectations was 3.174 (Table 4), which indicated that the tourists had only average expectations of the service quality of hot springs hotels and resorts in Guangdong. Among the 22 attributes, safe transactions had the highest mean value (3.73). Respondents also had high expectations about equipment and the appearance of hotel facilities and employees. The attribute that had the lowest mean value was employee awareness of customer needs. In other words, tourists did not expect employees to know what they needed and wanted. Among the five dimensions, tangibility had the highest mean value. Apparently, tourists expected the hotels and resorts to be aesthetically pleasing and have up-to-date facilities. The variance among different dimensions was, however, small.

Table 4
Comparison of expectations and perceptions of service quality

Dimensions/Attributes	Expectation (A)		Perception (B)		Mean Difference (B)-(A)	t value
	Mean	S.D.	Mean	S.D.		
Overall	3.174	0.602	3.316	0.456	0.142	3.259*
Tangibility	3.346	0.736	3.492	0.632	0.146	2.585*
Up-to-date equipment	3.460	0.837	3.380	0.808	-0.080	0.000
Appealing facilities	3.380	0.900	3.430	0.860	0.020	0.646
Neat and well-dressed employees	3.280	0.856	3.650	0.843	0.100	4.347*
Facilities in keeping with service	3.260	0.803	3.430	0.704	0.190	2.233*
Reliability	3.175	0.631	3.275	0.499	0.100	1.896
Service in line with that promised	3.120	0.854	3.170	0.779	0.200	0.576
Sympathetic and reassuring employees	3.210	0.823	3.470	0.749	0.180	3.548*
Dependable service in hotels and resorts	3.080	0.764	3.320	0.739	0.180	3.124*
Accurate information provided	3.250	0.836	3.210	0.690	0.200	0.584
Accurate records kept	3.220	0.780	3.210	0.775	0.200	0.188
Responsiveness	3.146	0.703	3.301	0.601	0.156	2.866*
Services were delivered to customers	3.210	0.775	3.380	0.918	0.170	2.237*
Prompt service	3.120	0.784	3.240	0.724	0.110	1.455
Willing to help customers	3.220	0.828	3.480	0.809	0.070	3.402*
Promptly handled complaints	3.040	0.935	3.100	0.766	0.110	0.769
Assurance	3.117	0.729	3.227	0.562	0.110	1.854
Trustworthy employees	3.000	0.880	3.070	0.759	0.100	0.846
Safe transactions	3.730	0.893	3.020	0.652	0.090	0.831
Polite employees	3.210	0.814	3.420	0.714	0.090	3.044*
Professional employees	3.130	0.910	3.220	0.853	0.090	1.085
Empathy	3.103	0.603	3.299	0.528	0.195	3.657*
Provide custom-made services	3.100	0.843	3.420	0.861	0.090	3.845*
Give customers personal attention	3.050	0.829	3.280	0.729	0.070	3.404*
Understand the needs of customers	2.990	0.792	3.190	0.672	0.060	2.748*
Keep the interests of customers at heart	3.120	0.700	3.120	0.618	0.070	0.000
Convenient operating hours	3.250	0.761	3.480	0.856	0.030	2.826*

Scale: 1 = Very Dissatisfied, 2 = Dissatisfied, 3 = Neither Dissatisfied nor Satisfied, 4 = Satisfied, 5 = Very Satisfied.

*Significant at the 0.05 level.

The mean of overall perception was 3.316, which indicated that the respondents perceived that the service quality of these hotels and resorts was acceptable. Among various attributes, employee appearance received the highest score. In contrast, safe transactions received the lowest score. Similar to the corresponding values for expectations, the differences in perception among attributes was small. Among the different dimensions, tangibility received the highest average score, which indicated that tourists perceived the tangible elements of hotels to be the best among the different dimensions, although the variance among different dimensions was small.

Satisfaction Level of Tourists

The level of satisfaction with the service quality of hot springs hotels and resorts was determined by assessing the discrepancy between Hong Kong tourists' expectations and perceptions of the service experience. Table 5 shows that most respondents were satisfied with the service that they received, and that their perceptions of service quality matched or exceeded their expectations.

The paired sample *t*-test was used to determine the significance of the variation between expectations and perceptions of the service experience. Significant values imply that the expected service is significantly different from that experienced. As revealed in Table 4, the discrepancy between expectations and perceptions was 0.142, which indicated that the overall service quality of hot springs hotels and resorts exceeded the expectations of respondents. In addition, the *t* value shows a significant difference between the expected and perceived values. Up-to-date equipment was the only attribute that had a negative mean difference, which indicates that the expectations of tourists regarding this attribute were not met.

Looking at the dimensions, the perceived values were greater than the expected ones, and the greatest difference between them was that for

empathy. The differences for three dimensions were significant, whereas those for reliability and assurance were insignificant.

Table 5
Overall satisfaction level of tourists

Items	Frequency	Percentage (%)	Chi-square
Satisfied tourists	84	64.6	
Customers who will revisit	76	90.5	7.704*
Customers who will recommend the hotel(s)/resort(s) to others	67	79.8	12.359*
Dissatisfied tourists	46	35.4	
Total	130	100.0	

*Significant at the 0.05 level.

Relationships among Customer Satisfaction Level, Loyalty, and Recommendation

Cross tabulation was used to analyze the relationship between customer satisfaction level and loyalty. The results showed that the relationship was significant, as indicated by a Pearson chi-square value of 7.704 (significant at the 0.05 level) (Table 5). This means that satisfied customers would revisit the hotels and resorts. In fact, more than 90% of satisfied respondents had revisited the hot springs hotels and resorts.

The relationship between satisfaction level and recommendation to others was also significant, as indicated by a Pearson chi-square value of 12.359 (significant at the 0.05 level). This means that the satisfied customers would recommend visiting hot springs hotels and resorts to others. Approximately 80% of the satisfied tourists indicated that they would recommend these hotels and resorts to their friends and relatives. In a prior study of service quality in restaurant operations in China, Chow, Lau, Lo, Sha, and Yun (2007) found a significant relationship between service quality and customer satisfaction, and service quality and repeat patronage.

DISCUSSION

In this study, the majority of respondents were employed women who were highly educated and had fairly high levels of income and purchasing power. It is likely that these women were willing to spend

more on entertainment, travel, beauty, and health-related services than their less-educated counterparts with lower levels of income and purchasing power. Another interesting finding of this study is the small expenditure, with most tourists spending no more than HK\$1,500 per trip. This could be attributed to the low transportation and other costs of hot springs hotels and resorts. As the development of hot springs tourism in Guangdong is fairly recent, the number of visits of Hong Kong residents was still low. Most were accompanied on the trip by family members or friends, indicating that the comfortable environment of hot springs hotels and resorts makes them suitable places for gathering with others.

The empirical results showed that the service quality of hot springs hotels and resorts in Guangdong was acceptable. Tourists were fairly satisfied with the level of service quality, with perceived service quality exceeding expected service quality. However, the differences between expectations and perceptions were not remarkable. This finding is similar to the results of prior studies of hot springs hotels conducted in Taiwan, which revealed that although customers are satisfied with service, the satisfaction level was merely fair and not excellent (Deng, 2007; Hsieh, Lin, & Lin, 2008). This strongly indicates room for further improvement. Similarly, Grabowski and Geng (2001) recommended that service quality in China be improved to realize the potential of China Silk Road tours.

As previously stated, the largest gap between expected and perceived level of service was that for empathy. This result contrasts the finding reported in the literature review, that is, that the hardware (facilities and decoration) of hot springs hotels and resorts was perceived to be better than the software (service and staff). Apparently, the hotels and resorts visited by the respondents of the present study were concerned about customer needs when planning and providing services.

The research findings showed that the differences between expected and perceived service quality related to reliability and assurance were insignificant. In other words, the satisfaction levels for these dimensions tended to be lower than those of the others. The respondents felt that the hotels and resorts did not do what they promised and were

not very reliable, and that the employees did not have sufficient professional knowledge to provide high-quality service.

In addition, the findings show that tourists were satisfied with the attitude of employees. This contrasts the finding, also reported in the literature review, that service attitude was one of major problems in local hotels in China. In the present study, tourists felt that employees were generally polite and willing to help. The improvement in service attitude is likely due to the fierce competition among different hotels after the adoption by China of the open-door policy. Service providers realize that if they want to be competitive, they can no longer permit the traditional attitude found among employees of state-owned enterprises. Employees need to have an excellent service attitude, which will lead to customer satisfaction and thus to profitability.

The results also show a significant relationship between customer satisfaction level and loyalty, and between satisfaction level and recommendation to others. In particular, customer satisfaction had a positive impact on customer loyalty (repurchase behavior) and intention to recommend the hotels or resorts to others. Repeat customers and customer recommendation in the form of positive word-of-mouth are important to service providers as these benefit hotel businesses by enhancing their reputation and reducing the cost of attracting new customers.

IMPLICATIONS AND CONCLUSIONS

Tourists from Hong Kong were generally satisfied with the service provided by hot springs hotels and resorts in Guangdong, although not all visited such destinations for medical treatment. It is recommended that these service providers continue to improve their services to retain young female tourists who have a high level of purchasing power. This can be achieved by providing more custom-made products and services for this population. Products and services should also be suitable for gatherings of family and friends.

Their medicinal value is one of the most attractive factors of hot springs, and for this reason, service providers should exploit this factor to attract more tourists. An approach to achieve this goal is to increase the

promotion of the medicinal value of hot springs. Service providers can offer more scientific evidence of such value in their promotional materials. In addition, Chow et al. (2007) argued that the success of a business largely depends on its ability to attract repeat customers. Therefore, managers should adopt incentive programs, such as free coupons or reduced rates, to reward loyal or returning customers and encourage them to bring friends or relatives.

As previously stated, the empirical results indicated that assurance and reliability could be improved. In other words, consumers felt service providers did not deliver what they had promised. Inconsistency between service promises and performance may affect satisfaction levels and potentially damage the reputation of hotels and resorts. Hence, service providers should avoid inflated service promises, and be careful to keep their promises. A lack of professional knowledge and skills among employees was another problem. To address this issue, hot springs hotels and resorts should provide targeted training to enrich the professional know-how of their employees, such as skill in handling customer complaints. Although hot springs hotels and resorts are a niche in the hospitality industry, the findings may shed light on other sectors in the same industry.

With China's accession to the World Trade Organization, the foreign expansion of hospitality businesses into the China market has been growing rapidly, and is likely to continue to grow (Chow et al., 2007). Zhou, Murray, and Zhang (2001) stated that China is one of the largest hotel markets in the world. Hence, understanding Chinese consumers' expectations and perceptions of the hospitality industry would be beneficial for international investors and managers, enabling them to take advantage of the huge opportunities for operating in the country. With such information, these international hospitality practitioners can establish appropriate marketing and position targets, which will give them competitive advantages by enhancing product and service differentiation. This study can thus help international hospitality managers to identify some potentially important factors that may affect the success of their business in China. Additionally, China can learn from the experience of hot springs hotels in mature travel destinations such as

Japan. Hot springs hotels of international reputation can then be developed. Finally, Tsang and Qu (2000) stated the importance of government policies in China. Therefore, it is important for the central Chinese government to introduce evaluation policies on service quality.

LIMITATIONS AND FUTURE RESEARCH

The limitation of studying a narrow sector of China's hospitality industry is acknowledged. Another limitation is the relatively small number of respondents who participated in the survey, which makes the findings ungeneralizable. Future research could repeat the study using a larger sample. Another research possibility is to conduct the survey in other places in China. Considering the large geographical area of the country and uneven economic development across different regions, a comparison of findings in various regions would certainly be useful for the future development of the industry. In addition, future work could compare and contrast the differences between locally owned/managed hot springs hotels and resorts and overseas owned/managed ones. Lastly, it would be interesting to investigate the degree to which cultural differences affect consumer perceptions of service quality. Zhu, Cole, and Card (2007) found that Chinese consumers are more collectivistic than individualistic. Understanding the influence of cultural tendencies would certainly be beneficial to hospitality managers and enable a more objective evaluation of service performance.

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