

Improving Competitiveness in Service through Customer Satisfaction in ABC Company

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I. Theoretical part

- **Compile literature review and theoretical information about customer satisfaction.**

II. Practical part

- **Complete the analysis of customer satisfaction with services in the subsidiary of ABC Company.**
- **Prepare the project of customer satisfaction measurements for the subsidiary of ABC Company.**
- **Submit risk, cost and time analysis of the project.**

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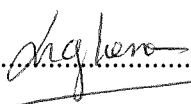
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ABSTRAKT

Turistický průmysl výrazně přispívá k růstu Vietnamské ekonomiky. Přímá podpora státu a rostoucí počet turistů dělá toto odvětví atraktivní jak pro investory, tak pro podnikatele.

Konkurence na trhu ve Vietnamu roste silně z důvodu zapojování nadnárodních firem a globalizace. Z těchto důvodů by měly mít firmy plány pro udržení zákazníků a pro posílení svých konkurenčních výhod, za účelem předstihnoutí svých konkurentů a zvýšení zisku, v tomto rozvíjejícím se průmyslu.

Cílem předkládané diplomové práce je návrh systému měření spokojenosti zákazníka pro vybraný hotel, který je pobočkou společnosti ABC. Současně s vyhodnocením současné situace je provedena analýza PESTLE a SWOT, a to za účelem identifikace silných a slabých stránek, zdrojů příležitostí a ohrožení. Výsledkem práce je návrh jak měřit spokojenost hostů, vymezení klíčových atributů, které ovlivňují zákaznickou spokojenost a jejich využití za účelem zlepšení konkurenceschopnosti.

Klíčová slova: spokojenost zákazníků, konkurenceschopnost, turistický průmysl, sektor pohostinství

ABSTRACT

Tourism is becoming the important industry which contributes enormously to GDP growth of Vietnam economy. Tourism market in Vietnam is considered as a potential one to invest and operate business due to the direct support from government and the continually increasing number of tourists.

However, competitiveness in Vietnam market is significantly growing because of the multi-national enterprises' involvement and globalization. Therefore, firms should have plans to retain customers and strengthen their competitive advantages so as to outperform competitors as well as increase profit in this booming industry.

The purpose of thesis is to propose the project of customer satisfaction measurement for one hotel, a subsidiary of ABC Company. Together with evaluation of customer satisfaction current situation, PESTLE and SWOT analyses are conducted to identify strengths, weaknesses, opportunities and threats of hotel. The result is the proposal how to measure guest satisfaction, clarify priority attributes influencing it and its utilization in enhancing company's competitiveness.

Keywords: Customer Satisfaction, Competitiveness, Tourism Industry, Hospitality sector.

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INTRODUCTION

Tourism is the largest industry in the world and the economic activity of immense global significance (Pender & Sharpley, 2005). According to World Travel & Tourism Council (WTTC), “Travel and Tourism is growing faster than any other sector”. From its report (2016) in 2015, the total contribution of Travel and Tourism to GDP was USD 7580.9bn (9.8% of GDP) while to employment was 9.4% of total employment, including: jobs indirectly supported by the industry, in 2014.

Since the Economic Reform Policy called the *Doi Moi* (1986), Vietnam’s restrictions on foreign investment and ownership were eliminated and as a result, tourism became the key beneficiary of this change (Tribe, 2011, Chon, 2013). In particular, the numbers of international tourist arrivals in Vietnam have increased continually in recent years (Hall & Page, 2011), for example: in 2014, the total reached 7.87 million international arrivals, increasing 4% over 2013 (VNAT, 2016). Meanwhile, according to the annual report by Ministry of culture, sports and tourism (2016), the growth in domestic travel in 2014 also goes on, with 38.5 million domestic tourist arrivals. The total contribution of tourism sector to GDP in Vietnam was 6.49% with nearly 8.4 million dollars and 6 million dollars from the revenues of international and domestic tourist arrivals, respectively. Obviously, tourism has a strong impact on the economy development of Vietnam (Hall & Page, 2011). Moreover, thanks to the favorable policies toward investment and potential market, tourism in Vietnam is considered as a potential industry for investors (Liu, 2006).

In tourism sector, customer satisfaction (or tourist satisfaction) is the key role of the survival and future of any tourism product or service (Gupta, 2011, Bowie & Buttle, 2011). With unsatisfied customers, travel agencies, hotels or transportations service providers, which are the main components of tourism, will have the difficult time in running business and gaining profit. Additionally, service quality is believed to be closely related to customer satisfaction (Sureshchandar, Rajendran & Anantharaman, 2002) and it is reasonable that the higher quality services leads to the higher satisfaction, loyalty, retention as well as profit (Kotler & Keller, 2009). Therefore, measuring service quality is one of the common methods for customer satisfaction measurement.

Meanwhile, service quality is one of the widely factors on business competitiveness, particularly in hospitality sector (Soria, Garcia & Garcia, 2005). Furthermore, the increasing

quality will surely lead to the growth of competitiveness for companies and enterprises (Fening, Pesakovic & Amaria, 2008). Consequently, it is understandable that improving quality of service can drive the customer satisfaction as well as competitiveness for companies in tourism industry.

OBJECTIVES AND METHODS OF MASTER THESIS PROCESSING

With regard to implementing customer satisfaction measurement with the Service Quality approach to improve competitive advantages, the thesis attempts to propose a project for a subsidiary of company ABC in which its customer satisfaction rate is measured from its priority factors, leading to understand how to improve customer satisfaction and that subsidiary's competitiveness in Vietnam's market.

In order to design project, it is necessary to analyze the current situation of ABC Company and its subsidiary. Therefore, all essential data are collected for this purpose mostly in the forms of secondary data.

The thesis is conducted with two followings:

➤ Theoretical part

Chapter 1: General background of Customer Satisfaction is introduced concerning to its diverse definition, its advantages and some common practical model. Furthermore, Customer Relationship Management is also mentioned briefly in term of relationship with customer satisfaction and competitiveness.

Chapter 2: Concept of firm competitiveness in service industry is explained through a concise definition and clarification. Main factors and aspects of competitiveness are also discussed in this part.

Chapter 3: Literature review of customer satisfaction and competitiveness, mainly from researches and articles about Vietnam tourism industry.

➤ Analysis part

Chapter 4: Current situation of tourism industry in Vietnam is described with the developing trends, statistical evidence from Vietnam Annual Tourism Report.

Chapter 5: ABC Company is introduced in term of description, its mission and vision. Moreover, because this is a big company with a complex system of subsidiaries throughout Vietnam, one of its subsidiary, hotel ABC Saigon, is chosen to apply for project first.

Chapter 6: Two main analyses of PESTLE and SWOT are conducted for in-depth understanding the Vietnam market. Next, together with market segment and target customer identification, the current customer satisfaction of ABC Saigon is conducted based on the loyalty and retention of customers.

Chapter 7: The project of Customer Satisfaction Measurement with the SERVQUAL model to improve competitiveness will be proposed in detail with the important factors of project, such as: cost, time and risk analysis.

I. THEORY

1 CUSTOMER SATISFACTION

In this part, definition of customer satisfaction as well as its benefits to companies will be discussed and then, the most appropriate definition will be concluded to match the objectives of thesis. Moreover, different customer satisfaction models and common tools for measuring customer satisfaction will be also researched to make the topic clear. After that, customer relationship management, one of well-known concept in business, will be examined with the aim of improve customer satisfaction and competitiveness for enterprises.

1.1 What is Customer Satisfaction?

Definition of Customer Satisfaction

Customer Satisfaction is one of the most common psychological concepts which were studied and contributed by various researchers, marketers and social psychologists. Several conferences and articles have been established and as the result, nine theories of customer satisfaction were developed:

- Expectancy disconfirmation
- Assimilation or cognitive dissonance
- Contrast
- Assimilation – Contrast
- Equity
- Attribution
- Comparison – level
- Generalized negativity
- Value precept (Pizam & Ellis, 1999)

Among the definitions based on those theories above, the most widely known one proposed by Richard Oliver from the expectancy disconfirmation theory. Satisfaction is the feeling so that customer satisfaction is defined as “the consumer’s fulfillment response. It is a judgment that a product/ service feature, or the product or service itself, provided (or is providing) a pleasure level of consumption-related fulfillment, including levels of under- or over-fulfillment” (Oliver, 2010). Thus, customers’ needs are fulfilled by the product or service attributes which leads to the satisfaction while the differences between outcomes of product/ service and customers’ requirements result in the dissatisfaction.

Meanwhile, in term of expectation, customer satisfaction is reached when a “product’s perceived performance matches a buyer’s expectations” (Kotler, 2010). In other words, it is “the individual’s perception of the performance of the products or services in relation to his or her expectations” (Schiffman & Kanuk, 2004). In a nutshell, customer satisfaction can be simply understood as the consumer’s individually emotional response and evaluation based on the difference of their feeling between pre-purchase (expectation) and after-purchase (perception). Also, satisfaction is constructed from the customer’s experience and use of product or service.

Customer Satisfaction is varied based on the customers’ perception and expectation although the product or service attributes are the same for all customers. According to Klaus (1985), satisfaction is “the customer's subjective evaluation of a consumption experience, based on some relationship between the customer's perceptions and objective attributes of the product”. Therefore, each customer will have their own different needs and expectations on different occasion and different time (Davis et al, 2012). For example, a group of tourists come and stay in a hostel. Each of them will have their own level of satisfaction based on their experience, expectations and perceptions. Satisfaction of a group of students is definitely different from one of a group of businessmen to this hostel although the provided service of hostel is the same for all customers.

The importance of Customer Satisfaction

The main objectives of private sector business are profit, revenue and market share which can be achieved through highly satisfied customer (Kotler, 1991). The main reason is that psychologically, people want to feel pleasant emotions and avoid unpleasant ones so that it is profitable to reach customer satisfaction (Tamir, 2009).

High customer satisfaction index results in several significant benefits for companies as follows: (Hill, Roche & Allen, 2007)

➤ **Customer Lifetime Value:**

Customer retention is much more profitable than customer acquisition because of higher cost of acquisition, revenue growth, cost savings and other factors. As figures by the American Department of Consumer Affairs in 1986, keeping existing customers is five times more profitable than gaining new ones while customer satisfaction is the key driver

of ensuring customer loyalty and customer retention which stops customers from switching to other competitors (Mohsan et al, 2011).

Therefore, companies and organization should ensure that their customers are satisfied in order to survive in competitive market and gain profit.

➤ **Links with employee satisfaction:**

According to Yee, Yeung and Cheng (2008), employee satisfaction has the positive influence on service quality and then put impact directly on customer satisfaction. Satisfied employees have more motivation to work and involve in jobs so as to deliver the best service to customers. Meanwhile, dissatisfied customers give complaints a lot which decrease employee satisfaction. This 2-way-relationship is called as “the customer – employee satisfaction mirror” by Harvard.

Thus, it is understandable that implementing good strategies in customer satisfaction would lead to employee retention and reduction of cost of employee recruitment and vice versa.

➤ **Sales and profit:**

In average, “every 1% increase in customer satisfaction is associated with a 7% increase in operational cash flow, and the time lag is as short as three months, although this does vary by sector” (Hill, Roche & Allen, 2007). According to, (Johnson & Gustafsson, 2000), customer oriented organizations can achieve high financial performance. It can be seen above that satisfied customers are the keys who will pay and use products or service in several times. Moreover, they will talk and introduce these products or service to others, which leads to the raising profit and revenue.

➤ **Shareholder value:**

“Companies with higher customer satisfaction produce better returns for shareholders” (Hill, Roche & Allen, 2007). As mentioned, customer satisfaction is the leading key of customer loyalty, customer retention as well as profits. Meanwhile, customer equity building with higher satisfaction and loyalty generates more cash flow and shareholder value (Fornell et al. 2006)

1.2 Customer satisfaction models

1.2.1 SERVQUAL

Service Quality

Service Quality and Customer Satisfaction are closely related to each other and additionally, service quality has the positive influence on customer satisfaction (Mohammad & Al-hamadani, 2011). Moreover, Service Quality is considered as a driver of corporate marketing, financial performance (Francis, 1995) and dimension of competitiveness (Lewis 1989). Therefore, several models for measuring service quality have been developed by researchers in order to launch in business for enhancing profitability and performance in general and customer satisfaction in particular.

There are different numbers of definition of Service Quality and in this paper, service quality is defined, in the most widely accepted way, as a measure of how well the service level delivered matches customer expectations. If expectations are greater than performance, then perceived quality is less than satisfactory and customer dissatisfactions occurs (Parasuraman, Zeithaml & Berry, 1985)

SERVQUAL model

SERVQUAL model is one of the most widely instruments designed by Parasuraman et al. (1985) to measure the service quality and translate the theory of customer satisfaction into management practice (Soutar, 2001). This model adopts the “Service Gaps” theory and the expectancy disconfirmation paradigm, which study the differences between expectation and experience and (Parasuraman et al., 1985; Zeithaml et al., 1990)

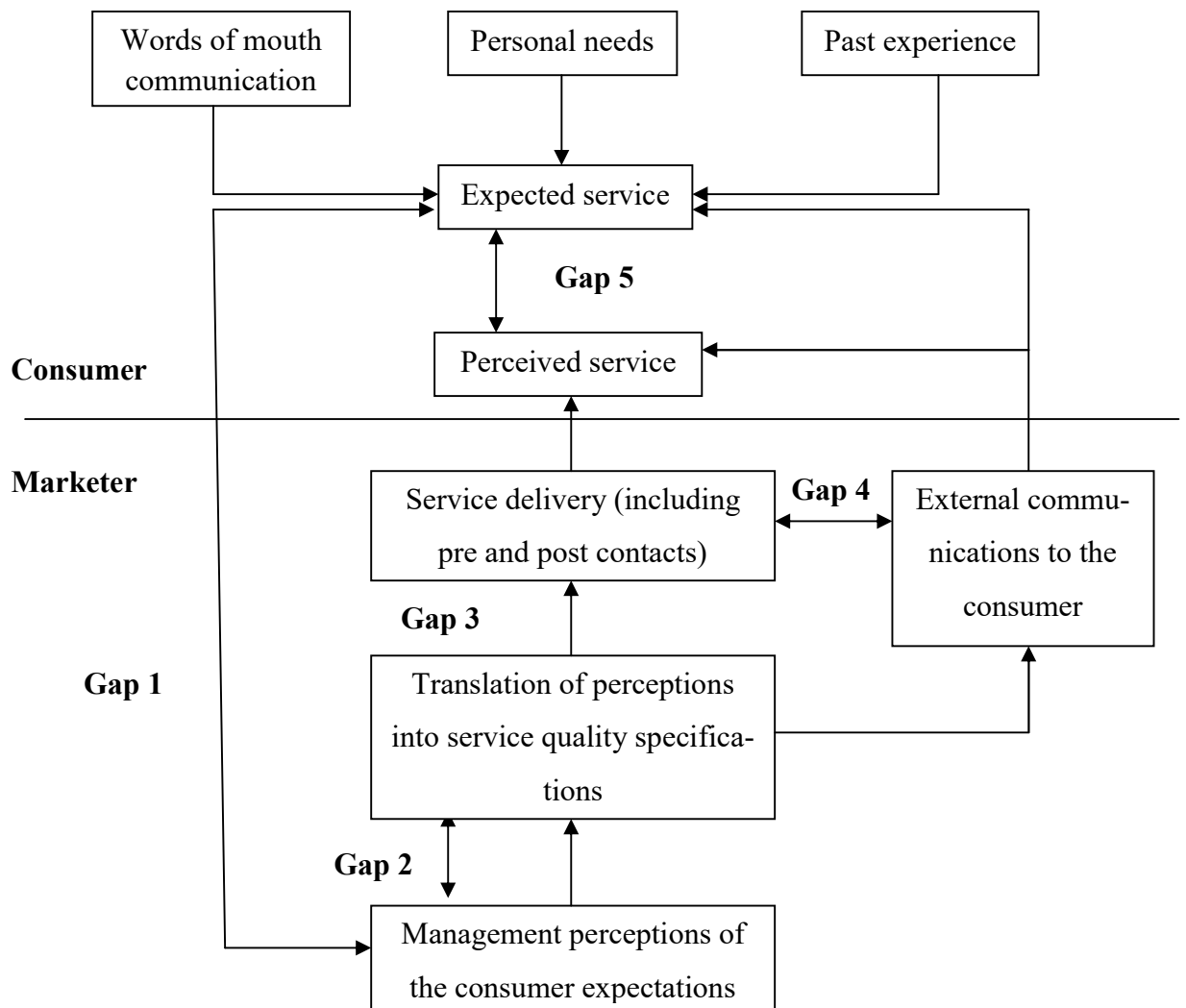
The Gaps in this model include: (figure 1)

- Gap 1: Customer expectation – management perception gap.
- Gap 2: Management perception of consumer’s expectations – service quality specification gap
- Gap 3: Service quality specification-service delivery gap.
- Gap 4: Service delivery-external communication gap.
- Gap 5: Expected service-perceived service gap.

These five dimensions of measuring service quality with 22-item scale are follows: (Zeithaml et al., 1990)

- Tangibles: Physical facilities, equipment and appearance of personnel
- Reliability: Ability to perform the promised service dependably and accurately
- Responsiveness: Willingness to help customers and provide prompt service
- Assurance: Employees’ knowledge and courtesy and their ability to inspire trust and confidence
- Empathy: Caring and individualized attention that the firm provides to customers

Figure 1: Service Quality Model



Source: Parasuraman et al. (1985)

According to the model above, the service quality can be calculated as following: (Seth et al., 2005)

$$SQ = \sum_{j=1}^k (P_{ij} - E_{ij})$$

Where,

SQ = overall service quality; k = number of attributes

P_{ij} = Performance perception of stimulus i with respect to attribute j

E_{ij} = Service quality expectation for attribute j that is the relevant norm for stimulus i

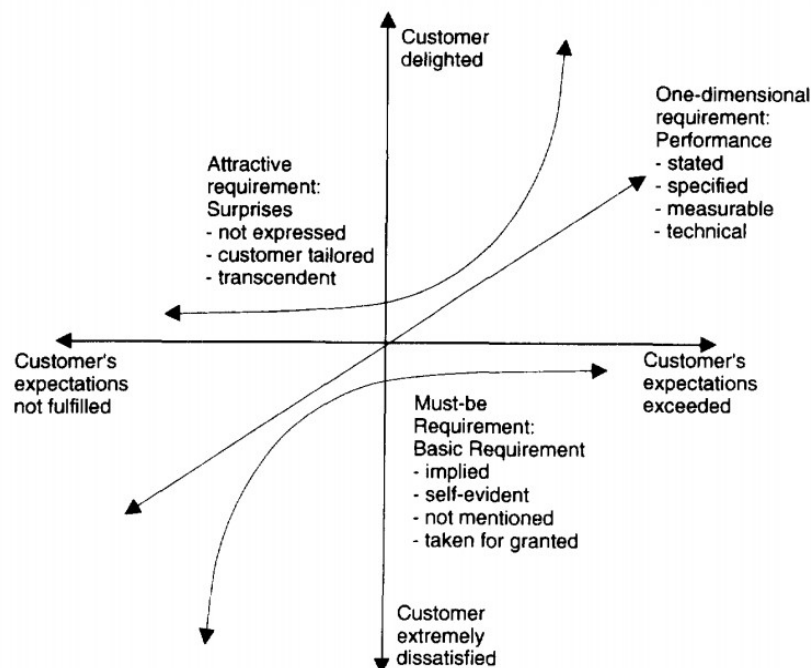
However, there are some debates surrounding the differences between service quality and customer satisfaction because the measures of customer satisfaction is believed to be wider than the value of service quality measures (Hill, Roche & Allen, 2007). It is important to choose the accurate measure in order to satisfy customers from their lens.

1.2.2 Kano model

The Kano model was developed by Noriaki Kano (1984) from the theory of attractive quality. This model provides the practical approach of measuring and evaluating customer satisfaction from the term of product/ service attributes and its impacts. Figure 2 indicates the concept of Kano model of customer satisfaction.

Figure 2: Kano model of customer satisfaction

Source: (Berger et al, 1993)



Kano classified three types of product/service requirements based on their influences on customer satisfaction (Sauerwein et al, 1998):

➤ “Must – be” requirements

These are basic attributes of product/service which customers require from. Without the fulfillment of those criteria, the customers are extremely dissatisfied. Meanwhile, the attributes are fulfilled properly; the level of customer satisfaction is still neutral instead of increasing or decreasing. In other word, it is essential to meet those “must-be” requirements but they are not the sufficient conditions for customer satisfaction (Busacca & Padula, 2005).

➤ One – Dimensional Requirements

The one-dimensional requirements are related directly to the level of customer satisfaction. It can be understood that the higher the requirements are fulfilled, higher the level of customer satisfaction is, and vice versa. Thus, these requirements are the most important product/ service criteria which should be fulfilled in order to create competitive advantages against competitors (Witell & Lofgren, 2007).

➤ Attractive Requirements

Those requirements put the highest impact on customer satisfaction to the certain product/ service (Sauerwein et al, 1998). The customer satisfaction can go up rapidly if those requirements are fulfilled. However, it will not go down without the fulfillment of attractive requirements.

Kano model also has various advantages over other approaches and models of customer satisfaction (Mikulic & Prebezac, 2011).

➤ The flexibility

As Domici and Palumbo (2013), this model can be applied both before and after customer experience. The Kano model is not only able to identify the customer needs and requirements in order to design the ideal product or service but also measure customer satisfaction.

➤ Simplicity

The model is simple and useful to apply in companies and then, provide relevant strategic and operative information.

➤ Setting priorities

Through the classification of customers' requirements for a certain product or service, the Kano model can easily point out which attributes should be improved first and the product/service requirements is well understood from the customers' point of view.

On the other hand, a significant disadvantage of Kano model is that "it does not provide the insight into the potential of that attribute to influence overall customer satisfaction" (Mikulic & Prebezac, 2011). For example, in hotel service, the location near a big shopping mall is an attractive requirement to female customers but the Kano model cannot identify how important this attribute is and how it is related to other service attributes. Therefore, this might be affect to the decision- making in order to improve customer satisfaction.

1.2.3 Other models

Besides the SERVQUAL model and Kano model, there are several national and international customer satisfaction indices and barometers which are used to measure customer satisfaction in a system of cause and effect relationships (Johnson et al, 2001).

Swedish Customer Satisfaction Barometer (SCSB) Model

SCSB model, established in 1989, was the first model national customer satisfaction index for domestically purchase and consumed products and service (Fornell, 1992). In figure 3, the model indicates that customer satisfaction is affected by two primary antecedents, including: perceived performance and customer expectations to product or service. Then, the results of customer satisfaction are customer complaints and customer loyalty. However, there is no prediction made regarding to the relationship between customer complaints and customer loyalty (Fornell, 1992).

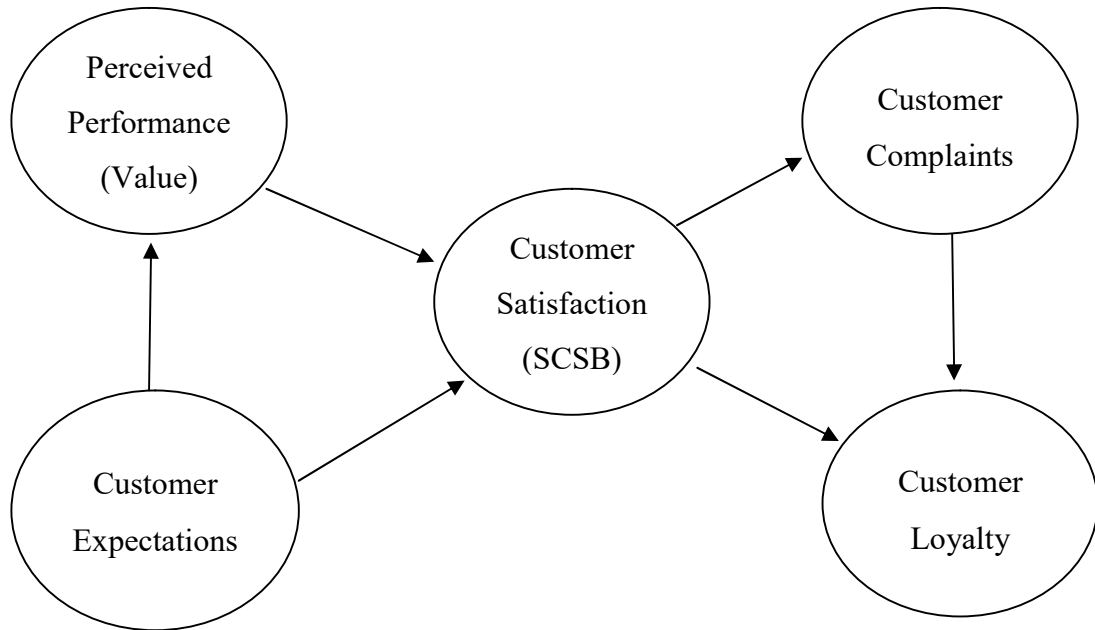


Figure 3: the SCSB (Swedish Customer Satisfaction Barometer) model

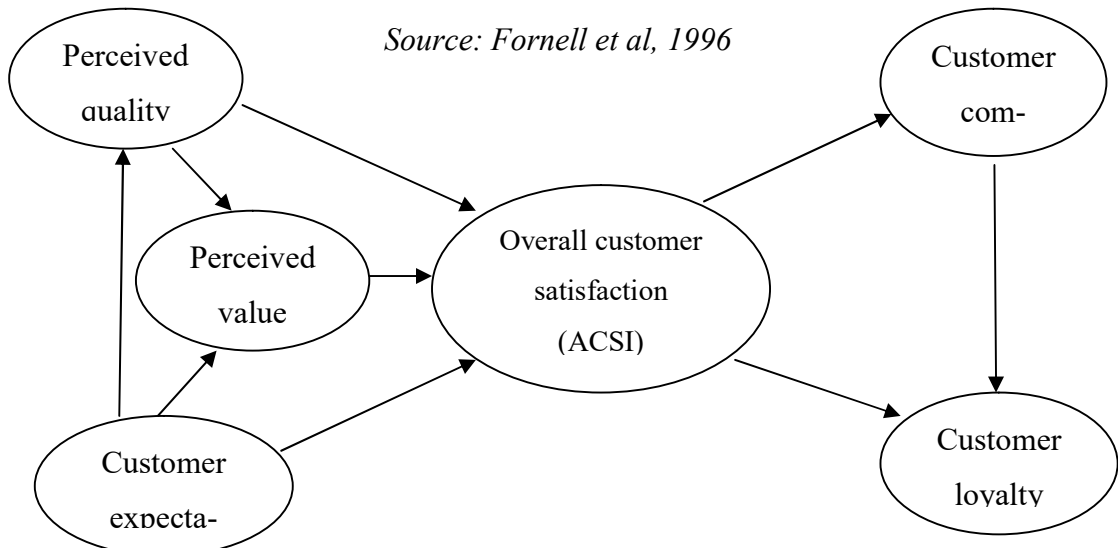
Source: Johnson et al, 2001

American Customer Satisfaction Index (ACSI) Model

According to Fornell et al (1996), ACSI model is a customer-based measurement system for evaluating and improving the performance of firms, industries, economic sectors and national economies. “The ACSI model measures the cause-and-effect relationship that runs from the antecedents of customer satisfaction level (perceived quality, customer expectation and perceived value) to its consequences (customer complaints and customer loyalty)” (Awwad, 2012) (Figure 4). In this model, it can be seen that there are different types of customer evaluations which cannot be measured directly. The main purpose of this model is to explain the customer loyalty which is influenced from overall customer satisfaction and customer complaints.

Figure 4: The ACSI (American Customer Satisfaction Index) Model

Source: Fornell et al, 1996



European Customer Satisfaction Index (ECSI) Model

The ECSI model is an adaption of the SCSB model (Fornell, 1992) and another variation of the ACSI model (Fornell et al, 1996). In this model, there are seven variables, including: a core model (perceived quality, expectation, perceived value, satisfaction index and loyalty) and two optional latent variables (image and complaints).

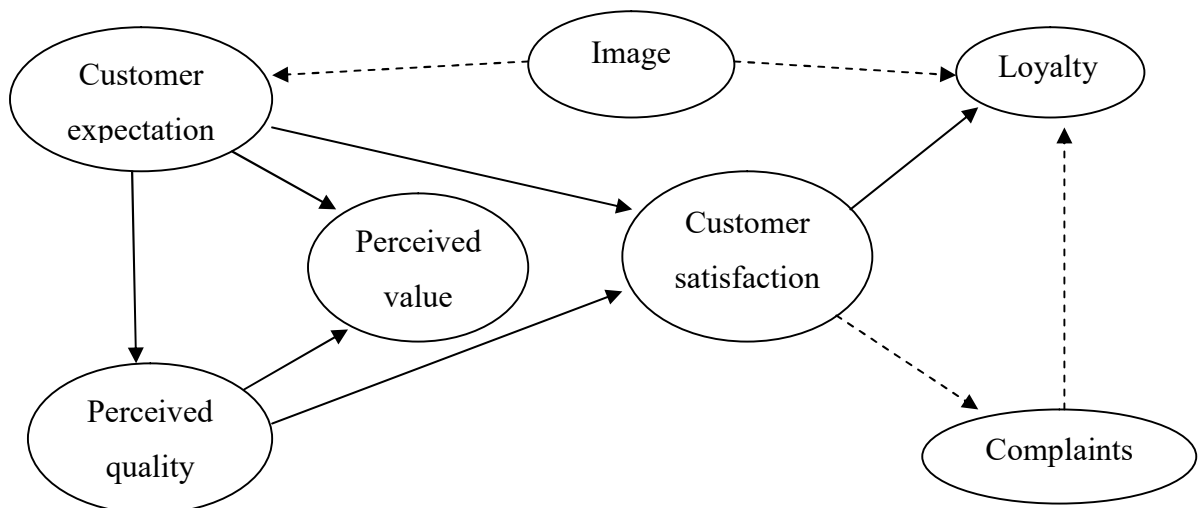


Figure 5: The ECSI (European Customer Satisfaction Index) model

Source: Bayol et al., (2000)

1.3 Customer relationship management

1.3.1 Definition

Customer Relationship Management (CRM) is the well-known concept in business nowadays and it has been adopted and applied in a huge number of organizations and companies. However, there is no unique universal definition for CRM because each person has their own and it is also built upon the different working environment. Indeed, the most five important points of view for defining CRM is summarized as the process, the strategy, the philosophy, the ability and the technology (Zablah et al., 2004). In the term of the differences among those points of view and the objectives of this paper, this study will define as the ones by Buttle (2009). “CRM is the core business strategy that integrates internal processes and functions, and external networks” ... to handle customer relationship, gain competitive advantages and boost organization’s performance.

1.3.2 Relationship between CRM, Customer Satisfaction and Competitiveness

Several researches and conferences were conducted about CRM and its significant relationships with customer satisfaction and competitiveness. Kim, Suh and Hwang (2003) presented that the CRM framework with its related metrics is the significant consideration in increasing customer satisfaction. Meanwhile, according to the study of Bohling et al. (2006), customer satisfaction is one of the main principles to carry out CRM successfully. From these points of view, CRM and customer satisfaction have positive influence on each other. On the other hand, increasing competitiveness is the result of CRM implementation and applications (Chen & Karen, 2003). Therefore, it can be seen that customer satisfaction can be achieved and measured through CRM implementation. Thanks to it, organizations can recognize and fulfill customers' requirements through this effective tool in order to enhance firm's competitiveness.

1.3.3 Challenges and Barriers of CRM implementation with solutions

According to Raab et al., (2008), there are usually some happening breakdowns during the CRM implementation in organizations and companies because of some following common reasons:

- Ineffective change management
- Lack of top-level executive support
- Lack of customer vision
- Lack of understanding of customer lifetime value
- Lack of cross-functional teams in implementation/ planning
- Seeing CRM purely as technology
- Long and over-budget implementation
- Underestimating difficulties in data mining and data integration

From the common reasons above, the two main causes for the breakdowns in implementing CRM are ineffective change management and lack of top-level executive support.

On the other hand, as Baran, Galka and Strunk (2008)'s study, there are three major solutions for the challenges and barriers with the aim of applying CRM successfully:

➤ Communication

Adopting and sharing relationship marketing to all managers, employees and departments. Additionally, continuous supports as well as the guideline of CRM's advantages should be always delivered to all employees properly.

➤ Integration

Uniting all customer data base in a platform. All long-term strategies or separated short-term projects must be coordinated in one single vision. Moreover, IT functions and business executives should involve and work with others during the growth and implementation of CRM.

➤ Prediction

CRM functions should be viewed in the relation with the tactics leading to the company's success, such as: customer analytics, customer contact centre or product selection.

Therefore, so as to carry out the CRM strategy effectively, organizations and companies should put a great deal of effort, predict all the risk as well as come up solutions when being in trouble.

2 CONCEPT OF FIRM COMPETITIVENESS IN SERVICE INDUSTRY

Competitiveness is the multi-dimensional concept which is defined in two different levels: macro (national competitiveness) and micro (firm competitiveness). According to Chikan (2008), at the macro level, national competitiveness is the ability of a country in preserving an environment for companies and organizations in order to produce and sell products and service which match the competition's demanding requirements and changing behavior patterns in the international context. Meanwhile, firm competitiveness is explained as the ability of a company in adapting changes so as to satisfy customers' needs for products or service and deliver the better customer value in the comparison with market opponents. In summary, competitiveness in general is the capability of companies or nations in utilizing internal resources and adapting external changes with the purpose of fighting off competitions and earning profit. This paper will focus only on the firm competitiveness with its several different variables in service industry.

Ambastha and Momaya (2004) pointed out that competitiveness includes three main aspects, including: assets, processes and performance. In their study, items as assets are brand, reputation, culture, system, human resources and technology while items as processes are strategy, marketing, quality, Marketing Relationships and so on. Last but not least, items as performance are customer satisfaction, market share, profitability and so on. Among them, assets, which can be either tangible or intangible, through processes will create and achieve competitive advantages for the company's sustainable performance. On the other hand, quality is considered as one of the most major factors on firm competitiveness (Arslan & Tathdil, 2012). Based on those above theories, service can be viewed as the significant competitive advantage which are identified and clarified in CRM in order to improve customer satisfaction in performance. From then, competitiveness is measured and enhanced with various approaches.

3 LITERATURE REVIEW

There are several researches and articles about the models of customer satisfaction measurement as well as its implication to enhance competitiveness in service industry, especially in tourism industry and hospitality industry.

Customer satisfaction measurement

Common models used to measure customer satisfaction in service industry are SERVQUAL model, Kano model and some others for cross-national approach (ACSI, ECSI, SCSB and so on) (Pizam & Ellis, 1999, Sauerwein et al., 1996, Johnson et al., 2001). It is up to the objectives of the customer satisfaction measurement in order to decide the type of model, its modification and the measurement process. Pizam, Shapoval and Ellis (2016) pointed out that the most affordable way of promotion is satisfied customers and SERVQUAL has been used to measure customer satisfaction in a high number of researches about hospitality and tourism field. However, SERVQUAL model is evaluated to be inconsistent and not completely suitable to all fields and applications. For Kano model, it cannot give the overall vision which is the most potential factor in customer satisfaction (Mikulic & Prebezac, 2011) although it is used widely to measure customer satisfaction in both manufacturing and service industry. Finally, the other national customer satisfaction index, they are preferred to be used for nation-wide or cross-nation surveys because they not only measure service quality the same as Kano and SERVQUAL but also pay attention to other attributes in macro level.

Customer satisfaction and Competitiveness

Customer satisfaction is one of Performance items of Competitiveness (Ambastha & Momaya, 2004) while service quality is the main driver of customer satisfaction and the Asset item of Competitiveness (Mohammad and Alhamadani, 2011; Ambastha & Momaya, 2004). According to Soria et al., (2005), service quality has positive influence on competitiveness directly. Clearly, it can be seen that measuring customer satisfaction based on service quality is the potential method to exam and improve competitiveness. Through the results of measurement, the important attributes of goods or service which are required by customers will be recognized and calculated on scales for improvement.

Customer satisfaction measurement in Vietnam

Recently, in Vietnam, some researches about customer satisfaction, service quality and competitiveness are conducted in service industry. The relationship among those concepts in service industry was tested in by some researchers, such as: Minh et al., (2015); Khuong et al., (2015) and so on. They all figured out that service quality is the key to customer satisfaction and to competitiveness of a company.

II. ANALYSIS

4 DESCRIPTION OF TOURISM INDUSTRY IN VIETNAM

Recently, tourism industry in Vietnam is developing dramatically with the aim of being the leading sector of economy. Gradually, the number of international and domestic arrivals into Vietnam goes up since the adoption of “Renovation Policy” (Đổi Mới) in 1986. According to Vietnam Annual Tourism Report 2014 (VNAT,2016), Vietnam welcomed 7.87 million international arrivals, increasing 4% over 2013 while domestic arrivals reached the level of 38.5 million, increasing 10% over 2013. In detail, international visitors to Vietnam in 2014 were mainly Chinese (1.947.236 visitors), Korean (847.958 visitors), Japanese (647.956 visitors) and others. The trend can be seen obviously that Asian travelers are the major customers of Vietnam Tourism in 2014 (67.84% of total). Moreover, this year is also the year of booming the arrivals from Germany and Hong Kong to Vietnam, increasing respectively by 45.7% and 42.7% over 2013.

Until 31 December 2014, there were 18,500 tourist accommodation establishments with 332,000 rooms (VNAT, 2016). In term of accommodation, 46% of total is located in North while 29% is located in Centre with the rest in South. Regarding to room, 32% of total is located in North while 38% is located in Centre with the rest in South.

VNAT’s data indicates the number of 3 – 5 – star – hotels from 2013 – 2015 as below:

Table 1: Total number of 3 – 5 – star – hotels in Vietnam from 2013 – 2015

Year	Total		5-star-hotels		4-star-hotels		3-star-hotels	
	Unit	Room	Unit	Room	Unit	Room	Unit	Room
2013	598	62.002	64	15.385	159	20.270	375	26.347
2014	640	66.728	72	17.659	187	22.569	381	26.500
2015	747	82.325	91	24.212	215	27.379	441	30.734

Source: VNAT, Hotel Dept. 2016

Besides the investment from big domestic companies, such as: ABC Company, Vingroup, Hanoi Tourist Corporation, Sun Group and so on, tourism industry of Vietnam is receiving the presence of international brand names, including: Park Hyatt, Hilton, Victoria, Accor, Starwood, IHG, Marriott and Movenpick. Tourist accommodation chains from 5-star-hotels to home stay are currently rising rapidly in Vietnam, creating the diverse options of accommodation for tourists.

Table 2: Tourism Indexes in Vietnam from 2014 – 2015 with the predicted growth rate of 2016

Vietnam	2014 US\$mn [*]	2014 % of total	2015 US\$mn [*]	2015 % of total	2016 Growth ^{**}
Direct contribution to GDP	8593.9	4.6	12741.8	6.6	5.2
Total contribution to GDP	17334.4	9.3	26683.8	13.9	5.3
Direct contribution to employment ^{***}	1963.5	3.7	2782.8	5.2	0.7
Total contribution to employment ^{***}	4088.6	7.7	6035.5	11.2	0.7
Visitor exports	7792.1	4.9	9735.3	5.6	2.2
Domestic spending	7263.5	3.9	7467.0	3.9	7.4
Leisure spending	13503.8	4.1	15487.9	6.0	4.0
Business spending	1551.8	0.5	1714.4	0.7	8.5
Capital investment	4552.8	10.0	5178	10.4	7.7

^{*} 2014, 2015 constant prices & exchange rates; ^{**} 2016 real growth adjusted for inflation (%); ^{***} 000 jobs

Source: *World Travel & Tourism Council (2016)*

In reports of WTTC 2015 and 2016, tourism industry has contributed significantly to Vietnam GDP. Direct contribution to GDP increased from 4.6% in 2014 to 6.6% 2015 of total (table 2). Furthermore, the development of tourism industry has also created the enormous amount of jobs for Vietnamese and pushed the economy growing.

5 COMPANY INTRODUCTION

5.1 Company description

ABC Company was established since 1975 and then it united with other members in 1999 in order to become one big travel management company in Vietnam. According to VNAT, ABC Company is rate as one of the most Vietnamese leading travel management companies that have operated successfully in many business areas: hotel and resort, restaurant, travel services, entertainment and other service.

In the hospitality field, ABC Company currently manages 54 hotels, 13 resorts and 28 restaurants with full amenities. With the motto "Brand - Quality - Efficiency - Integration", ABC will focus on increasing business efficiency, improving service quality, developing capital investment to upgrade facilities, developing new products featuring traditional culture, strengthening propaganda - promotion - marketing to your target market and potential.

Comprehensive development, continuing innovation and improvement in management technology, serving style standardization and dedicated, professional, high-skilled staffs have paved the way for enhancing and strengthening ABC's brand name popularity.

ABC brand name has stretched far beyond the border as broadening close partnership with over 400 travel companies, agents from many countries and territories and official membership of international tourism associations, Vietnam Tourism Association (VTA), Ho Chi Minh City Travel Association (HTA).

5.2 Vision and mission:

Vision:

- Become one brand top tourist destinations in Southeast Asia, empowering images of Vietnam.
- Development trend of integration, sustainability and efficiency associated with the business value local culture, community benefits

Mission:

- Maximize business performance. Bring customer experience through product lines, unique service chain, difference, contains spiritual and cultural values with international quality. Promote the image, quintessence of Vietnamese tradition and identity.
- Exploiting maximum synergy from the main areas of activity, contributing to the development of Vietnam's tourism to new heights

5.3 Subsidiary description:

The Hotel ABC Saigon is conveniently located in the central area of Ho Chi Minh City, near a variety of conveniences for travelers and businessmen alike, within walking distance of most major attractions, festivals and events.

The Hotel ABC Saigon is a green hotel who has achieved a certificate for complying with the requirement set by ASEAN Green Hotel Standard (2008-2009). In order to develop a stable green tourism, the Board of Directors of the Hotel ABC Saigon undertakes with commitment:

- To fully comply with local environmental laws and stipulations promulgated by the other concerned organizations.
- To fully improve the measures in order to reduce harmful risks to people and environment, to deal with any problem or urgent situation as it might arise.
- To make use of the energy source at its best through conscientious practices without affecting customer service in quality as well as to manage wastes are harmful to the environment.
- To update the new environmental laws, to plan our training and educational programs for the entire staff in order to enhance awareness of environmental protection.
- To improve and achieve the operational process so as to minimize waste; to keep internal and external parties completely informed of its results.
- To be determined to maintain and develop the environmental management system of the hotel in accordance with ISO 14001 standards.

5.4 Service information of Hotel ABC Saigon:

In this ancient hotel, there are 81 rooms in total with 6 different kinds based on the various requirements of tourists (table 3). Besides that, the hotel also owns 2 restaurants, 1 bar, 1 coffee shop, 5 meeting rooms, 1 business centre, 1 massage and sauna, 1 gym and fitness facilities, 1 souvenir shop and other additional services.

Table 3: Quantity of room in Hotel ABC Saigon

Room type	Quantity	Surface area
Superior	28	35m ²
Deluxe	25	40m ²
Oriental Suite	13	45m ²
Junior Suite	11	55m ²
Continental Suite	2	75m ²
Executive Suite	2	80m ²

Source: own research

6 SUBSIDIARY ANALYSIS

6.1 PESTLE analysis

PESTLE analysis (Political, Economic, Social, Technology, Legal and Environmental analysis) is a framework to provide the overview and evaluate the influence of the macro environment where a certain company is operating. Through this analysis, the opportunities and threats to the company will be presented clearly, from which the company can make the decision to exploit opportunities and reduce threats. Specifically, all the macro factors of environment in Vietnam will be examined in this part for the subsidiary.

Political

The Socialist Republic of Vietnam is an independent country organized and ruled by the only one party named “the Communist Party of Vietnam”. The current Vietnam political system is structured with three major components, including: Supreme People’s Court, the Government and National Assembly with its elected State President.

In Constitution 1992, the government and leading party of Vietnam pointed out that Vietnam is in the transition to socialism and Vietnamese people vow to unite together to “build the country, carry out a foreign policy of independence, sovereignty, peace, friendship and cooperation with all nations”.

In 1986, Vietnam government introduced Renovation Policy called “Đổi Mới” in order to encourage international trade as well as boost the economy growth. Every year, new policies of opened-door have been adopted continually in all aspects and as a result, FDI and domestic investment is being increased with the growing competitiveness in economy. Furthermore, Vietnam has participated actively in many international forums and has become the official member of 48 international organizations all over the world, such as: UNWTO, WTO, ASEAN, APEC and so on. Joining those international organizations brings to Vietnam enormous benefits in building relationships with other stronger countries, taking advantages of trade opportunities, strengthening security and so on. Last but not least, according to the World Bank, Vietnam is reported to have the political stability more than some countries in South East Asia. Since achieving unity and independence in 1975, Vietnam has not had any serious political problem with other neighbors and thus it is perfectly safe to invest and operate business efficiently here.

To conclude, in political aspect, Vietnam is offering a promising political environment to investors, companies, enterprises and organization. However, it is also providing challenges to them because of the increasing competitiveness in economy.

Economic

According to Bloomberg (2016), Vietnam is reported as one of the fastest – growing markets. Recently, real GDP (%) of Vietnam always grows stability, even reaching 6.5% in 2015 while other countries' economies are facing the slowdown trend (table 4). Vietnam economy is predicted to maintain around 6.5 in the next several years, which is a good signal for enterprises and companies to invest in Vietnam. Meanwhile, in 2015, GDP of Ho Chi Minh City, the fastest growing city in Vietnam, was 9.85% with 6.68% higher than country GDP.

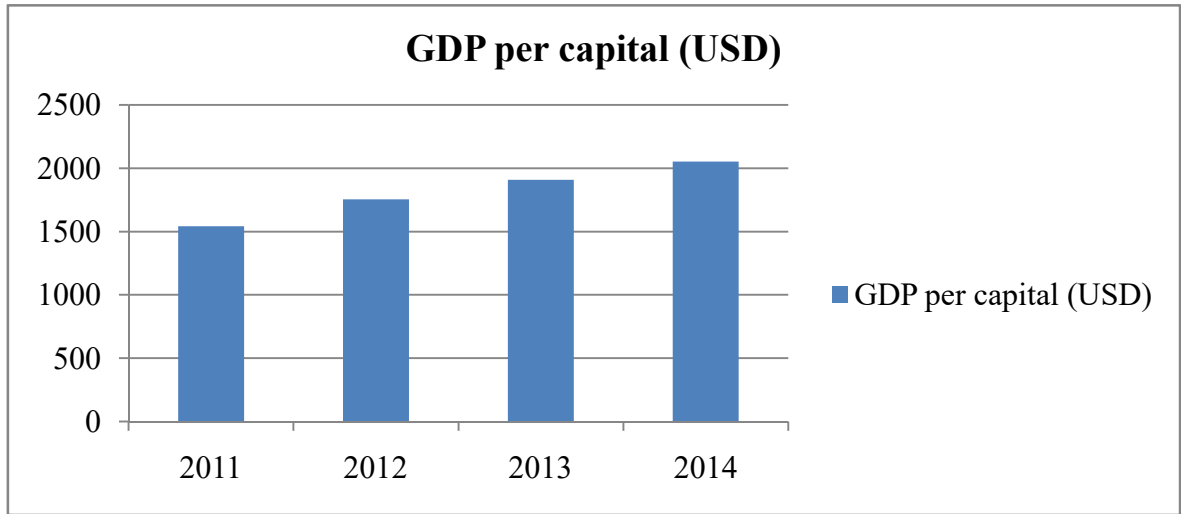
Table 4: Real GDP Growth (%) of developing East Asia & Pacific, World and Vietnam from 2013 to predicted 2018

Country group	2013	2014	2015e	2016f	2017f	2018f
Developing East Asia & Pacific	7.1	6.8	6.4	6.3	6.2	6.2
World	2.4	2.6	2.4	2.9	3.1	3.1
Vietnam	5.4	6.0	6.5	6.6	6.3	6.0

Source: the World Bank (2016)

Beside the increasing real GDP, GDP per capital in Vietnam is also growing and reached \$2052.3 US in 2014 (Figure 6). The main reasons for this growth are the significantly increasing trend in trade and the improvement of bank system together with the dropdown of oil price in 2015. Until now, two major sectors contributing the most to GDP growth are industry and construction, around 41% of total. Then, they are followed by the service sector with the level of 37% and agriculture, forestry and fishing with the level of 22%.

Two main other macro-economic factors to enterprises are inflation rate and interest rate. Based on the statistics of Focus Economics, those rates in Vietnam are decreasing gradually, even reaching respectively 0.6% and 6.5% in 2015 (table 5). Those are the considerable advantages for investing and operating in Vietnam market.

Figure 6: GDP per capital in Vietnam from 2011 to 2014

Source: the World Bank (2016)

Table 5: Inflation rate and Interest rate of Vietnam
in the period of 5 years from 2011 to 2015

Index	2011	2012	2013	2014	2015
Inflation	18.7	9.1	6.6	4.1	0.6
Interest Rate	15.00	9.00	7.00	6.50	6.50

Source: Focus Economics (2016)

Social – cultural

Until now (2016), population in Vietnam reached over 94 million people with nearly 70% of total from 15 – 64 years old. Young people tend to travel and enjoy life more than old people and thus, the young demographic structure will be an advantage for tourism management companies in term of labor force and potential customers.

According to data report of UNICEF (2013), Vietnam has the high literary rate of both male and female, respectively 97.5% and 96.7% of total 15 – 24 year - old adults. Official language in Vietnam is Vietnamese and additionally, there are a growing number of young people who can speak English, French, Chinese and some other languages because of the globalization's impacts.

General Statistics Office of Vietnam (2009) pointed out that there are nearly 8000 festivals every year in Vietnam, with several main kinds, such as: religious, historical, international, folk festivals and others. Typically, festival is the cultural characteristic of Vietnam society

and people usually carry out a lot of cultural events to celebrate those festivals in local or national wide scale.

Table 6: Unemployment rate in Vietnam from 2011 to 2014 (%)

Country	2011	2012	2013	2014
Vietnam	2.0	1.8	2.2	2.3

Source: the World Bank (2016)

With the level of 2.3% in 2014, Vietnam is one of countries with the lowest unemployment rate, which is the remarkable achievement by Vietnam government and its policies (table 6). However, the quality of labor force in Vietnam is not high as one in other countries, which can be solved by training programs from vocational or local community colleges of ABC Company.

In recent years, funds for developing technology and Internet in Vietnam are growing significantly and as the result, the development of technology has been speed up rapidly, which supports tourism industry strongly. New technical applications have been continually adapted to improve service or product quality.

ABC Company is one of the leading tourism units in applying new technology and internet into management and promotion. Website of Hotel ABC actively promotes its image and joins online booking system from all over the world. Thus, hotel can provide information of available hotel rooms to customers faster and increase the revenues from both international and local tourists.

Legal

Since 1986, Vietnam's government has applied several new policies in many fields as well as eliminated restrictions on foreign investments and ownership. Thanks to those reform policies, travel service providers and tourism companies are the recipients of benefits (Tribe, 2011, Chon, 2013). According to VNAT (2016), in recent years, Vietnam Tourism is directed to become the leading economy of country through several resolutions and policies. For example, in the end of 2014, governments issued the new resolution named 92/NQ-CP with 5 main ones in enhancing the social awareness of tourism development; intensifying supports of government toward tourism development; creating favorable conditions and assuring safety to attract tourists and develop tourism; assisting tourism companies in solving their problems; strengthening management of government in tourism. Through this resolution, Vietnam government expects to push up the tourism growth, at-

tract more tourists to Vietnam and promote the image of Vietnam as a friendly and safe destination.

Furthermore, Vietnam also created favorable conditions for tourists to travel in Vietnam and for investors to devote their money to tourism industry. In January 2015, VNAT announced that Vietnam provides visa exemption to people from 10 ASIAN countries and 7 non – ASIAN countries. After that, with the resolution named 46/NQ-CP, there were more non – ASIAN countries which are provided visa exemption to Vietnam from 1 July 2015. Meanwhile, marketing campaigns are also conducted to encourage domestic travelers, for instance: “Vietnamese travel Vietnam” or “Travelling to love our own nation”. On the other hand, government pays attention to improve the quality of infrastructure, facilities and traffic as well as eliminate restrictions and barriers so as to encourage investments into tourism industry.

To sum up, Vietnam government is making the ideally legal conditions to develop tourism industry. Hotel ABC Saigon should take advantages of those updated resolutions in order to attract tourists and have appropriate strategy for its own development.

Environment

Vietnam is located in the South East Asia with the easy access of multi-cultural influence. With regard to location, 3 neighbors including Cambodia, Laos and China are on the west side of Vietnam while on the east, it is surrounded by the long coastal line connected to Singapore, Indonesia, Brunei, the Philippine and others. So, it is extremely easy to travel to Vietnam by the air, the road and the sea. Meanwhile, hotel is located in Ho Chi Minh (HCM) City, the fastest growing city of Vietnam with high-level GDP, high FDI and good location to other parts of Vietnam.

On the other hand, Vietnam is in the tropical area of the world and thus, the weather is only rainy and sunny for the whole year. The temperature is usually over 30 degrees Celsius so that it is a promising destination for travelers from countries with cold winter. Therefore, in the matter of nature, Vietnam has its own good points so as to attract tourists.

However, Vietnam environment currently has the big problem with pollution. Based on Yale Environmental Performance Index 2016, Vietnam is rated 131 out of 180 countries and its score is only 58.50. Air and water pollution in Vietnam is reaching the alarming level which is considered to harm the tourism revenue as well as people standard of living. Especially, in the big cities such as Hanoi and Ho Chi Minh City, the air is polluted se-

riously for living and clean drinking water is scarce and not enough for the increasing population.

In addition, climate changes are happening and affecting significantly to Vietnam environment. With the worsen environment, Vietnamese life is impacted with several mental and physical diseases, food shortages and death. Besides, increasing- sea-level is also another consequence of climate changes to Vietnam and thus, the surface area of land will be reduced and not enough for development. Last but not least, the shorten energy is also one of problem caused by climate changes, which will keep Vietnam tourism development as well as the growth of tourism enterprises back.

6.2 SWOT analysis

SWOT analysis is a useful tool to identify the Strength, Weakness, Opportunity and Threat of a certain company and then, they can create the appropriate strategy for reaching its own objectives. In order to enhance the competitiveness of company, it is reasonable to outline all strengths and weaknesses for approaching opportunities and reducing threats.

Internal factors of Hotel ABC Saigon forming its strengths and weaknesses are conducted as following:

<p><u>Strengths:</u></p> <ul style="list-style-type: none"> - Good reputation as “the first hotel in Vietnam” - Good location in HCM City - Classically French architecture - Profession staff with good language skills - Different discount and loyalty programme - Supports from ABC Company 	<p><u>Weakness:</u></p> <ul style="list-style-type: none"> - Old facilities - Lack of some functional facilities, such as: garage, tennis yard, swimming pools, caring services for children and disables. - Low total of rooms to serve customers during the peak season - High employee turnover
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External factors of Hotel ABC Saigon forming its opportunities and threats are presented as below:

<p><u>Opportunities:</u></p> <ul style="list-style-type: none"> - Support by Government and authorities through resolutions for tourism industry - Highly political stability in Vietnam - Tropical environment and the beauty of nature to attract tourists - The size of labour force is high and it is low-cost in HCM City - Rapid technical development 	<p><u>Threats:</u></p> <ul style="list-style-type: none"> - Low-skilled labour force which requires investment in training - Increasing competitiveness with both local and international competitors. - Alarming environmental pollution affecting seriously to tourism development - GDP per capital is still low for domestic clients to travel
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6.3 Competitors in Hospitality sector

In hospitality sector, there are a huge number of direct competitors with Hotel ABC Saigon and thus, it will take time and cost money to conduct benchmarking over all competitors. Therefore, only a short list of direct competitors with the similar competitive advantage in location and rated will be mentioned below in order to have more detailed comparison as well as save money and time. Another reason is that they have the similar customer target in this sector.

The benchmarking is conducted with 7 variables based on 7Ps of Marketing Mix for service. The scale is from 1 to 5 in which 1 is the poorest one and 5 is the best one in that variable. The benchmarking will point out the competitive advantages of each hotel and as a result, managers of Hotel ABC Saigon can understand its position in competitive market with direct competitors and then, enhance competitiveness (table 7)

Table 7: Benchmarking between Hotel ABC Saigon and its direct competitors*Source: Own Research*

Hotel	Rated	Price	Number of rooms	Facilities	Online reservation	Service quality	Promotion	Staff
Hotel ABC Saigon	4	4	3	2	4	2	3	3
Paragon Saigon Hotel	4	4	4	4	3	4	4	4
Lotte Legend Hotel	5	2	5	3	5	5	5	5
Sofitel Plaza Le Duan	5	2	5	3	5	4	4	3
Somerset Chancellor Court	4	3	4	3	5	4	5	3
Silverland Central Hotel	4	5	3	4	5	3	4	4
Duxton Hotel	4	4	4	4	5	4	3	4
La Jolie Hotel	4	3	3	3	3	2	3	3
Aquari Hotel	4	4	3	4	4	3	3	3
Northern Hotel	4	5	4	3	4	2	4	3
A&Em Hotel	3	5	3	3	5	1	4	2
Renaissance Riverside Hotel	5	2	5	5	5	4	3	4
Roseland Point Hotel	3	5	1	1	4	2	4	3
Norfolk Hotel	4	3	4	4	5	4	4	5

Table 8: Benchmarking between Hotel ABC Saigon and other subsidiaries*Source: Own Research*

Hotel	Rated	Price	Number of rooms	Facilities	Online reservation	Service quality	Promotion	Staff
Hotel ABC Saigon	4	4	3	2	4	2	3	3
Park Hyatt Saigon Hotel	5	2	5	5	5	5	3	4
Caravelle Saigon	5	2	5	5	5	5	4	3
Bong Sen Hotel Saigon	4	5	4	3	3	2	2	3
Rex Hotel	5	3	5	8	4	3	4	3
Majestic Hotel	5	3	4	4	4	4	4	4
Liberty Central Saigon	4	5	4	5	3	5	4	4
Kim Do Hotel	4	5	4	5	2	2	3	3
Sheraton Saigon Hotel	5	3	5	5	5	5	5	4
Grand Hotel Saigon	5	2	5	5	4	3	5	2

Besides that, within the same system of ABC Company, hotel ABC Saigon also has to compete with 9 others because ABC Company has totally 10 hotels in this central business and tourism area of Ho Chi Minh City. A brief benchmarking was conducted among those so as to understand the current position of Hotel ABC Saigon in the hotel system of ABC Company.

From the two above benchmarking, the competitive advantages of Hotel ABC Saigon are competitive pricing, rated and good service of online reservation. However, Hotel ABC Saigon cannot compete with others in service quality and total number of rooms. Two major possible reasons for those weaknesses are that Hotel ABC Saigon was built nearly 140 years ago and high employee turnover leads to influence on service quality (Yee, Yeung & Cheng, 2008).

6.4 Market segmentation and target customer

6.4.1 Market segmentation

In 2014, total number of customers to hotel was 19 048, increasing 0.89% over 2013 while it went down to 18 689, decreasing 1.89% in 2015. The reason for this down trend is the metro construction in the central HCM City recently.

Table 9: Total number of customers of Hotel ABC Saigon from 2013 to 2015

	2013	2014	2015	2013 – 2014		2014 – 2015	
				Change	%change	Change	%change
Customers	18 878	19 048	18 689	170	0.89	- 359	- 1.89

Source: Company ABC

In 2015, hotel ABC Saigon welcomed 14591 international guests, approximately 78% of total. Among them, 36.4% of guests are from Asia, 30.3% are from Europe, 13.7% are from America, 8.8% are from Australia and others. Meanwhile, last year, only 4098 domestic guests (22% of total) come to ABC Saigon and mainly, they are business clients.

Table 10: Total number and type of guests in hotel ABC Saigon in 2014 and 2015

Type of guests	2014	%	2015	%
Business	9624	50.5%	9905	53%
International business	6576	-	6687	-
Domestic business	3048	-	3218	-
Leisure	9424	49.5%	8784	47%
International leisure	8669	-	7904	-
Domestic leisure	755	-	880	-
Total	19048	100%	18689	100%

Source: Company ABC

In group of Asian clients, 21% of them are Japanese, 10.3% are Korean and 5.1% are from other countries. In term of European customers, they come mainly from France (7.4%), Britain (5.4%) and others. Probably, the reasons, that Asian and European are major guests in hotel ABC Saigon, are the style of its architecture, good location for business as well as resolutions of visa exemption.

6.4.2 Target customer

According to the above data by Sales and Marketing Department of hotel ABC Saigon, its target customers are international and domestic business clients and international leisure ones, who mainly bring in the most potential revenue. It is recommended for managers and employees to understand well the common requirements and preferences of each group and then, to be able to satisfy their needs.

With the diverse service and rooms (table 3), each group of guest can be offered the different promotion based on their requirements and preference.

Table 11: Target customer with common characteristics and possible offers by hotel

Target customer	Characteristics	Possible offer
International Business	<ul style="list-style-type: none"> ➤ Size: approximately 35.8% ➤ Nationality: Korean, Japanese, French,... ➤ Average length of stay: 3.2 nights ➤ Overall revenues in 2015: 4.16 billion VND (~ \$187 millions) 	<ul style="list-style-type: none"> ➤ Loyalty discount ➤ Membership card ➤ Mobile Application ➤ Gift voucher
Domestic Business	<ul style="list-style-type: none"> ➤ Size: approximately 17.2% ➤ Nationality: Vietnamese ➤ Average length of stay: 1.4 ➤ Overall revenues in 2015: 1.96 billion VND (~ \$89 millions) 	<ul style="list-style-type: none"> ➤ Loyalty discount ➤ Membership card ➤ Mobile Application ➤ Gift voucher
International Leisure (mostly in tour or group)	<ul style="list-style-type: none"> ➤ Size: approximately 42.3% ➤ Nationality: Korean, French, ASEAN, ➤ Average length of stay: 2.1 ➤ Overall revenues in 2015: 6.89 billion VND (~ \$313 millions) 	<ul style="list-style-type: none"> ➤ Welcome gift ➤ Some free tourist service ➤ Discount and promotion for agency

Rate: \$1 = 22 297 VND (updated 10/04/2016)

Source: ABC Company

6.5 Customer satisfaction current situation

Customer Satisfaction current situation of hotel ABC Saigon is evaluated briefly through the number of complaints, the returns of loyalty guest and the number of new membership card every year (table 12)

Table 12: Customer satisfaction of hotel ABC Saigon through number of complaints, new membership cards and the returns of loyalty guest (%) in 2014 and 2015

	Type of guest	2014	2015
Total guests	International business	6576	6687
	Domestic business	3048	3218
	International leisure	8669	7904
Number of complaints	International business	45	49
	Domestic business	16	22
	International leisure	76	74
New membership card	International business	20	24
	Domestic business	12	16
	International leisure	20	18
Returns of loyalty guests	International business	60%	51%
	Domestic business	70%	68%
	International leisure	58%	62%

Source: ABC Company

With the motto “Brand - Quality - Efficiency – Integration” by ABC Company, all directors, managers and employees of hotel ABC Saigon will go on improving service quality, enhancing customer satisfaction and increasing competitiveness among other competitors. Therefore, through the table above, hotel ABC Saigon has not satisfied customers’ needs totally and not met the guarantee of the best service with 4-star-rated, even the trend of going down happened in 2015.

7 PROJECT OF CUSTOMER SATISFACTION MEASUREMENT

7.1 Customer satisfaction measurement process

The purpose of this paper is to conduct a project of customer satisfaction measurement for hotel ABC Saigon, one subsidiary of ABC Company. Also, through project and its analysis, hotel can identify which service attribute affect guest satisfaction, develop it to competitive advantage and then, improve competitiveness in hospitality market. The appropriate models, survey and tools for measurement will be identified and then, analysis, report and review are carried out in project for ABC Saigon according to suggested CSM process by Hill, Brierley and MacDougall (2003).

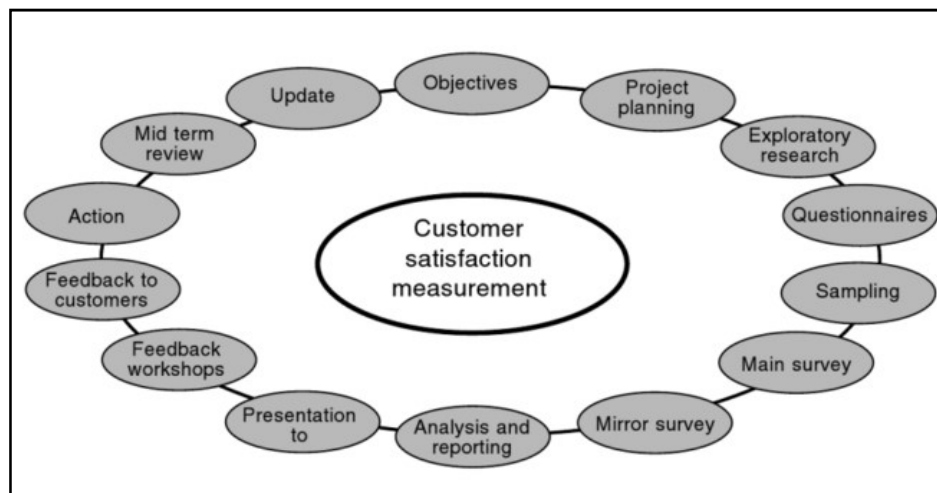


Figure 7: An overview of the CSM process

Source: (Hill, Brierley & MacDougall, 2003)

In addition, all other parts, such as: implementation, control, time analysis, risk analysis as well as project evaluation are also analyzed so as to reduce risks, control time effectively and prepare finance for the project.

7.2 Implementation and control

7.2.1 Objectives and project planning

Define objectives of project

Through secondary data of hotel ABC Saigon, they are facing the drop down in customer satisfaction with service quality, staffs and facilities when the loyalty and retention are going down with the increasing number of complaints. Moreover, the competitiveness in

this hospitality sector is climbing up gradually in Vietnam which requires hotel ABC Saigon gain more competitive advantages to continue competing with other key players.

On the other hand, ABC Company manages 54 hotels, 13 resorts and 28 restaurants as a leading player in Vietnam hospitality sector. Together with motto is “Brand - Quality - Efficiency – Integration”, ABC Company always pay attention to service quality improvement, business and capital investment development. Thus, with the first application of customer satisfaction measurement in this subsidiary, ABC looks forward to using this measurement in all its subsidiaries to have the united CSM throughout whole system and benchmark easier.

To sum up, there are several main objectives of project listed following:

- **Identifying customer requirements:** In the end, project has to provide subsidiary their customers’ needs to improve service and meet those requirements faster and more efficiently.
- **Priorities for improvements (PFIs):** Project results have to clarify which improvement is priority so that subsidiary’s managers can have actions and make decisions for this priority quickly.
- **Customer satisfaction index:** Basically, this project has to calculate the CSI of subsidiary and report data to managers.
- **Competitive advantages:** Through evaluating customer satisfaction to subsidiary’s service quality, project has to determine clearly which is the most important attribute to satisfy customers and then, to develop this attribute into its own competitive advantage for enhancing competitiveness.
- **General satisfaction benchmarking:** the project should be designed to be re-used and applied easily in other subsidiaries so that after all, ABC Company can go further to compare the customer satisfaction index among those subsidiaries.

Project planning

A detailed plan for project would be definitely necessary to not waste time and money of company. Thus, in this step, a schedule for project will be designed with time duration in order to do survey and measure customer satisfaction for hotel ABC Saigon.

Actions	Time (week)
Project kickoff meeting	1
Preparation for exploratory research with focus group	1
Recruit focus group and conduct research	2
Analyze result and make report	1
Design questionnaire and Sampling	1
Carry out main survey to guests	4
Conduct mirror survey to employee	2
Analysis and report	4
Presentation to management and customers	1
Action for improving the results	12
Mid-term review and update	1

Table 13: Project plan of customer satisfaction measurement for hotel ABC Saigon

Source: created by author

So, this project is planned to last in 30 weeks and this kind of project is recommended to measure frequently, for example: once or two times per year in order to identify and satisfy customers' needs as soon as possible, which will improve the business performance.

7.2.2 Exploratory research

The main purpose of this step is to have the view of service in the lens of customer. Although the small number of guests participating in this step cannot be statistically reliable and representative, the result will demonstrate in-depth understanding of customers' priority requirements and attributes to their satisfaction (Hill, Brierley & MacDougall, 2003). Hence, this step is utilized with the aim of giving the right questions to right customers in the further steps. Project will go with some following sub-steps:

Recruit and train focus group guide and staffs

A focus group guide or moderator is an important one in the success of any discussion. Moreover, the ability of discussion's success is also based on the other staff members, such as: consultants, data specialist and project officers. Therefore, they should be recruited, trained and informed about the project and their responsibility carefully before implementing the project.

Preparing focus group questions and discussion guidelines:

A guideline for focus group should be prepared and handed to all members involving in this exploratory research. Information about focus group process as well as ethical issues related participants should be described in this guideline so that all members will know what to do and participants will feel safe and confident to participate in this focus group.

Moreover, a list of questions for focus group should be designed according to different kinds of questions. The main purpose of this list is to encourage participants to answer and explain about topic in detail. Here are some suggested questions for focus group:

- What are your favourite hotel/ accommodation?
- What do you notice first when you come to a hotel?
- What/ who influences on your decision of reserving an accommodation?
- When you think about a luxury and historic hotel, what comes to your mind first?
- What criteria will you consider when you choose a hotel for your trip?
- In your opinion, what creates a hotel's a good service?
- What make you re-book a hotel for your next vacation/ business trip?
- Is there anything else you would like to express how you appraise a hotel as a good accommodation?

Recruiting focus group

This is a difficult sub-step and also, recruiting focus group will take a lot of time. The reason is that usually, participants have to travel from their places to the venue and then spend time there around from 40 – 90 minutes so that they will refuse to join (Hill, Brierley & MacDougall, 2003). It is suggested to apply at the same time different types of recruitments, such as: telephone recruitments and personal recruitment. Moreover, informing participants about the financial inducements after discussion will reduce the risk of refusing.

After participants agree to join, it is necessary to call or email inform them about the time, the venue and the topic of discussion. The letter for confirmation to participants is suggested as sample below (figure 8). Additionally, few days before discussion, reminding them one more time is essential to assure the success of research and their participations.

One more important thing is to make sure participants know about this hospitality sector or have experience with that. They can be travelers, officers, business men, volunteers or

students. In addition, some of them should represent the target customer so as to gain the expected reliable results.

Hotel ABC Saigon: Customer Focus Group

Dear,

Thank you for agreeing to join our customer focus group for Hotel ABC Saigon. This would be the great opportunity for us to learn about what is important attribute to satisfy your needs in hospitality sector and we assure that your opinions are taken seriously.

Your customer focus group will be held in approximately 60 minutes from (time), on (date), at (address)..... You can find the location of venue with the enclosed map in this email. Also, you will be received a hotel voucher by ABC Saigon as a gift for spending your time with us.

I would appreciate if you could confirm me your participation. Please feel free to ring me on (phone number) or mail me at (email address).....

This is a Customer Satisfaction Project, conducted correspondingly the Sales and Marketing Department of ABC Company. All your opinions, suggestion, identity and phone number will be treated in the strictest confidence.

We look forward to seeing you.

Yours sincerely,

Project Manager

Figure 8: Confirmation letter for focus group participants

Source: created by researcher

Run focus group

The focus group will be run by the moderator / guide recruited before. The moderator should be able to control the group and make sure all participants join in the discussion. Moreover, the moderator should keep the discussion positively in order that participants will feel confident to talk and share their sincere ideas about the topic. The moderator can

use some techniques to meet the objectives of research, such as: theme boards, the friendly Martian and creative comparison (Hill, Brierley & MacDougall, 2003).

Last but not least, all the information should be taken into notes and tape record for the further analysis.

Analyze data

After being recorded in the focus group, data should be transcribed by some qualitative data analysis software, for instance: QSR NVivo, Atlas.ti and so on. Then, the data can be analyzed and significant similarities will be found out, which will help to design the questionnaire in the next step.

7.2.3 Questionnaire and Sampling

Questionnaire design

In theoretical part, several methods of CSM were mentioned, including: SERVQUAL, Kano and some other national index. Among those models, SERVQUAL model is the most common one to measure service quality for companies in service industry, for example, health care sector, education service, hotel and restaurant. However, previous paper indicated that SERVQUAL cannot cover all dimensions of service quality and it should be added some other dimensions. Ramsaran-Fowdar (2007) pointed out two additional dimensions, including: “core hotel benefit” and “hotel technologies” should be counted to SERVQUAL method for hospitality sector. Therefore, a questionnaire for this project should be designed in term of 7 dimensions of modified SERVQUAL model. They are: (Valarie A. Zeithaml, 1990) and (Ramsaran-Fowdar, 2007)

- Core hotel benefit: Ability to provide a relaxing and comfortable stay with quality food and extra facilities
- Hotel technologies: In-room technologies and technologies in online reservation, email, television and so on.
- Responsiveness: Willingness to help customers and provide prompt service
- Empathy: Caring and individualized attention that the firm provides to customers
- Assurance: Employees’ knowledge and courtesy and their ability to inspire trust and confidence.
- Tangibles: Physical facilities, equipment and appearance of personnel
- Reliability: Ability to perform the promised service dependably and accurately

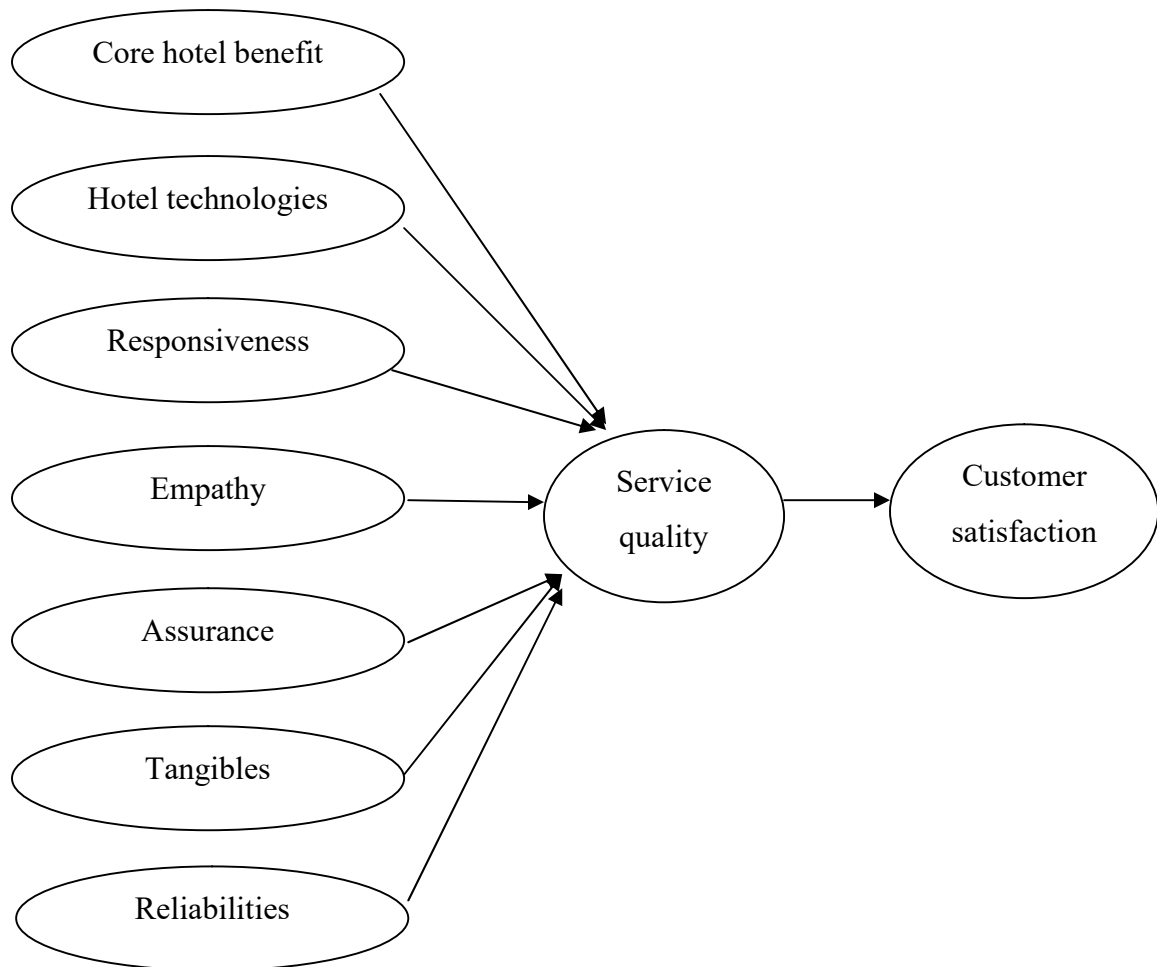


Figure 9: Conceptual model of CSM

Source: adapted by author (Ramsaran-Fowdar, 2007; Valarie A. Zeithaml, 1990)

With the aim of designing questionnaire, seven hypotheses below are developed based in the above conceptual model:

H₁: There is a difference between guest expectation and perception in terms of core hotel benefit dimension in hotel ABC Saigon.

H₂: There is a difference between guest expectation and perception in terms of hotel technologies dimension in hotel ABC Saigon.

H₃: There is a difference between guest expectation and perception in terms of responsiveness dimension in hotel ABC Saigon.

H₄: There is a difference between guest expectation and perception in terms of empathy dimension in hotel ABC Saigon.

H₅: There is a difference between guest expectation and perception in terms of assurance benefit dimension in hotel ABC Saigon.

H₆: There is a difference between guest expectation and perception in terms of tangible dimension in hotel ABC Saigon.

H₇: There is a difference between guest expectation and perception in terms of reliability dimension in hotel ABC Saigon.

Therefore, a questionnaire sample is carried out with those seven supposed dimensions (Appendix I). The questionnaire includes 8 questions of general information and 24 questions of 7 dimensions. In each dimension, there are two segments, including: expectation and perception. The respondents will answer each question on the scale from 1 (very low) to 5 (very high). Moreover, the questionnaire should be pre-tested before being handed to respondents. The questionnaire can be also modified one more time after the real result of focus group is achieved.

Sampling

According to Hayes (2008), there are three types of sampling, including: census, judgment and statistical. Each of them has its own advantages and disadvantages and thus, based on the company's objectives and ability, the decision of applying a certain type will be made. In this project, statistical sampling is recommended because an appropriate sample size can be calculated statistically and probability of not representative can be indicated, too. Therefore, it is easily applied and controlled when it saves significantly money for company.

Because there are three types of target customer in this project, it is necessary to make sure each group have the equal chance of their representatives in sample. So, the population of guests in hotel will be divided into three subgroups based on their purpose of staying and then, participants will be randomly selected from each subgroup. With this method, it is able to make comparison across subgroups (Hayes, 2008), which is useful for the further analysis.

Furthermore, it is necessary to determine the required sample size, sampling error through some formulae. Together with expected sampling error, sample size is calculated with three variables: "standard deviation of the characteristic being measured, confidence level and tolerable error" (Hayes, 2008). All sub-steps in this part should be done with the aim of choosing representative, large enough and random sample.

7.2.4 Main survey and Mirror survey

Main survey

Each method of survey has its own advantages and disadvantages. In this project, email survey and self-completion are suggested to apply in order to increase the response rates from guests, reduce cost of project and save time of project.

Table 14: Procedure of email survey and self-completion survey to participants

Survey method	Target participant	Procedure
Email survey	Business guests Half business half leisure guests Loyalty guests in CRM system	Form team in charge of this procedure Compile list of respondents Upload survey on website Develop cover letter and reminder electronic postcard Produce follow-ups Send first email to respondents After one week, send reminder electronic postcard Pick out names of respondents in follow-ups After three weeks, send email with cover letter and questionnaire enclosed to those who have not responded Calculate response rate Data entry for further analysis
Self-completion survey	Leisure guests Mostly leisure Guests in tour or group Being-staying- guests	Form team in charge of this procedure Print out questionnaires Train employees for assisting guests in completing Hand questionnaires to guests randomly (avoid sending the same person more than 1 time)

		Calculate response rate Collect data for further analysis
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Source: Created by author

Mirror survey

Besides main survey, mirror survey is extremely essential in this project because the result of this survey can indicate whether hotel staff can understand guests’ needs. Typically, one of the reasons for customers dissatisfied is the “understanding gaps” between customers and employees (Hill, Brierley & MacDougall, 2003). Therefore, a self-complete survey with the same questionnaire will be given to hotel staff.

The questionnaires will be printed out and staff will fill in what they think is guests’ opinions anonymously. After being collected, data will be analyzed and compared with customers’ survey in the next step to examine whether there is the existence of “understanding gaps” between hotel staffs and guests.

7.2.5 Analysis and report

Analysis data

After collecting all data and inserting into SPSS (Statistical Packages for Social Science), it is necessary to measure two first tests, reliability and validity test.

Firstly, reliability test can be examined through Cronbach Coefficient or corrected item to total correlation (CITC). With Cronbach Coefficient Alpha method, Nunnally (1967) presented that all value should be higher than 0.6 to be consider as reliable. Using CITC, it is recommended that value should exceed 0.4 to be acceptable. In case any value cannot meet one of two those requirements, it should be eliminated and analyzed further. Secondly, validity test can be measured by the way of testing against construct validity with Kaiser-Meyer-Olkin (KMO) statistical test, which will test evidences to give final conclusion.

After testing those two, it is time for hypothesis testing. The method is called multiple regression and correlation for all seven hypothesis testing. The result will show whether guest satisfaction is influenced by those dimensions. Moreover, it is important to compare gaps between expectation and perception in each dimension in order to clarify the priority attribute for first improvement.

This “Analysis” part is applied for both results from guests and hotel staffs. It is vital to compare the result with each other to be clear about the existence of “understanding gaps”.

Report and feedback

In this step, presentations and reports about the data analysis should be prepared for handing to both internal parties (managers and employees) and external ones (customers and partners). For internal parties, a personal presentation or a workshop in group are optimal choices to assure the result of research be sent to all employees and as well, they can understand more clearly what is customer requirement from hotel service. A newsletter or an email to all employees is not good options because probably, they will not read them. On the hand, for external parties, this step will be able to inform them about changes hotel will apply based on the result and announce them hotel cares their requirements. Moreover, it is usually difficult for customers to recognize service quality is improved. Hence, this step will attract guests to notice the hotel’s improvement to evaluate it better.

7.2.6 Action

Usually, this step “Action” will be around from 3 to 6 months to improve attributes for meeting customers’ requirement and increase competitiveness. The detailed place for this step is mainly based on the result of survey.

Some possible actions from the SERVQUAL questionnaire are following:

- New training programme for employees to assist guests more professionally and identity right requirements
- Team building for employees to improve customer satisfaction through increasing employee satisfaction
- Upgrade facilities with new decoration and modern equipments
- Improve room quality and in-room equipments
- Innovate new loyalty programmes to raise the returns of loyalty customer
- Provide more extra service, for example: children caring service

7.2.7 Mid-term review and update

After action stage, it is high time for mid-term review and update. It is reasonable to evaluate the process one more time for recognizing what is still weakness, what is improved or

what becomes competitive advantage. Thus, managers can together update and improve the project for the next usage.

On the other hand, customer satisfaction is recommended to retake once or two times per year in a company. The next project of customer satisfaction can measure the improved level and point out benefits of the project in this time.

7.3 Time analysis

Project of CSM for hotel ABC Saigon has 14 activities in total with the aim of measuring guest satisfaction and improve competitiveness. Each activity in the table has its own predecessor which should be finished before. Some activities interact or parallel each other and hence, it requires software to find out the critical path with the shortest time for implementing project.

Critical Path Method (CPM) and Program Evaluation and Review Technique (PERT) are common software in time analysis. They are able to determine optimal time completion for any project, which will save money and give an enormous support to the success of a certain project. Among them, PERT can solve time analysis with three optimal suggestions based on optimistic, most likely and pessimistic time of a project.

In order to achieve the purpose of project and complete time analysis, PERT is used in this step with the following list of must-finished activities of project for hotel ABC Saigon.

Table 15: Activities implementing project of customer satisfaction measurement for hotel ABC Saigon

Activity	Description	Predecessor
A	Project kickoff meeting	-
B	Preparation of focus group questions and guideline	A
C	Recruit focus group moderator	B
D	Recruit focus group participants	B

E	Run focus group discussion	C,D
F	Analyze result and make the report	E
G	Design questionnaire and sampling	F
H	Main survey to guests (email survey)	G
I	Main survey to guests (self-completion survey)	G
J	Conduct mirror survey to employees	G
K	Collect data, analyze and report	H,I,J
L	Presentation to management and customers	K
M	Action for improving the results	L
N	Mid-term review and update	M

Source: created by author

The figure with the above list of activities, their predecessors and its optimistic, most likely and pessimistic time frames is presented below. (Figure 10)

Then, the result of optimal completion time and critical path are shown in Appendix II and figure 10, 11. According to this result, the total time with earliest start, earliest finish, last-est start and lastest finish of project will be 36.17 weeks. In term of critical path, the GANTT chart of all activities was solved by PERT with the total optimal completion time of 36.17 weeks, which is 6 week longer than ones in “planning” step (Appendix III and IV).

Activity Number	Activity Name	Immediate Predecessor (list number/name, separated by ',')	Optimistic time (a)	Most likely time (m)	Pessimistic time (b)
1	A		1	1	2
2	B	A	1	1	2
3	C	B	1	1	2
4	D	B	1	2	3
5	E	C,D	1	1	3
6	F	E	1	1	2
7	G	F	1	2	3
8	H	G	3	4	8
9	I	G	2	3	5
10	J	H,I	1	2	3
11	K	J	1	2	3
12	L	K	1	1	2
13	M	L	12	16	18
14	N	M	1	2	3

Figure 10: Activities, predecessors and three possible completion times for each activity (in week). Source: created by author

04-15-2016	Critical Path 1
1	A
2	B
3	D
4	E
5	F
6	G
7	H
8	J
9	K
10	L
11	M
12	N
Completion Time	36.17
Std. Dev.	1.57

Figure 11: Critical Path

Source: created by author

7.4 Cost analysis

In cost analysis of project of CSM for hotel ABC Saigon, both fixed cost and variable cost will be considered with the purpose of minimizing cost of project and providing financial prediction for project.

Fixed cost

- **Data specialists:** Data collected during the whole project should be analysed, reported and made into presentation. Those data specialists will be responsible for the data process and analysis in the whole period of project. Their wages are estimated around \$1000 / per month/ per person. Thus, the total will be $2 * \$1000 * 10 = \$20\ 000$
- **Two laptops for data specialists:** Besides wages for data specialist, the working condition includes lap for each person. Meanwhile, the average cost of each laptop recently is \$700. So, cost of two laptops will be $2 * \$700 = \$1\ 400$
- **Set up team for main survey:** It requires a team of 3 members for preparing and conducting main survey. Those will have responsibility in assisting guests in completing survey, printing all questionnaires, completing data entry, sending email and following up the whole survey. Each person's wage in group is estimated around \$400/month. They will work for only 1 month, so it will be $3 * \$400 = \$1\ 200$
- **Set up team for focus group:** In exploratory research, a team of 3 members is required to run the focus group. Their responsibilities are preparing guideline, questions, recruiting focus group participants, running the focus group discussion and collecting data from that discussion. It is estimated that their average salary for each person is \$400/per month so that the total cost will be $3 * \$400 = \1200 because they are hired only in one month.
- **Gift for focus group participants:** It is necessary to give small gifts to all participants involved in focus group discussion. This kind of gift can be a hotel voucher, cash or a small physical one. The budget for this is estimated around \$500
- **Cost for printing questionnaires:** usually, it costs around \$50 for printing questionnaires of survey.

Variable cost:

- **Training cost for employees:** after analysis and report of project, it is necessary to train hotel staff according to guests' requirements. They should be trained in attitude, behaviours, gesture to satisfy each guest with different nationality. Cost for this training programme is estimated around \$3000
- **Actions, events or promotions to improve service quality and customer satisfaction:** one of the important steps of project is to adapt result and do actions for project's

purpose. Therefore, it is vital to have some frequent events, promotions or actions to improve service quality and customer satisfaction. This is estimated around \$10 000

Table 16: Estimated cost of project

Source: created by author

No.	Cost Description	Estimated price
Fixed cost		
1	Set up team for main survey	\$1200
2	Printing questionnaire cost	\$50
3	Data specialists	\$20 000
4	Gift for focus group respondents	\$500
5	Set up team for focus group	\$1 200
6	Two laptop for specialists	\$1 400
Variable cost		
8	Training cost for employees	\$3000
9	Actions to improve service quality and customer satisfaction	\$10 000
Unforeseen budget 15% (reserves)		\$7 222.5
Total cost		\$55 372.5

7.5 Risk analysis

Probably, some risks can happen during the period of project so that they can put the bad impact on the efficiency of project. In this part, risk analysis is conducted to predict some possible risks and suggest to hotel ABC Saigon some plans to minimize the damage of risks or even, avoid them. In the first part of analysis, some major and minor risks of project will be listed and then, some plans to avoid and minimize risks are suggested following that risk.

Data of customers, participants and project are stolen and sold to competitors

The data security is the top priority in this project of CSM. It is guaranteed to customers that all their information, opinion in focus group and survey will be treated in the strictest confidence to encourage them share and join project. Thus, if they find out their information is stolen and public, customers and participants will get annoying and angry. Moreover, they will not join the hotel's other projects next time. In term of competitors, it will be

unprofitable for hotel if the data of project is known by competitors. They can beat easily beat hotel ABC Saigon out of competition with those data.

Hotel can follow some steps, such as: informing all staffs about the importance of data security, ordering them to sign a document of keeping data secure. Additionally, Human Resource Department should be careful in recruiting some staff members, such as: data specialists or members of main survey team. When recognizing the signal of losing data, managers should propose immediate solutions to reduce the drawback.

Low response rate

It is highly possible that the response rate is so low to keep the project go on. For instance, in the main survey, it is probably happening that four weeks are not enough and guests feel so annoying with survey that they reject to complete the questionnaire. As a consequence, the time for main survey will be extended, affecting other further steps.

The suggested solution is to keep emphasizing on the importance of project to hotel and to guests. It can be the clear explanation of project objectives; even some appreciate manners from staff can work too.

Inappropriate responds, inappropriate questions

There is no general standard of questions and responses in questionnaire design and survey. Thus, it is high chance that questions in questionnaires or focus groups cannot cover all aspects of topic. Plus, during the project, it can be identified wrong target respondents and customers, which leads to wrong responds and useless information.

For that reason, the steps of pre-testing questionnaire, sampling and mid-term review are so important that they should not be omitted without reasons. Pre-testing questionnaire will make sure its ability of covering all without ambiguity. Sampling is carried out carefully, leading to the unbiased and representative sample. Finally, mid-term review will test the efficiency of information.

Competitors' performance improved faster

CSM project usually take time and as a result, probably, competitors' performances are improving so fast during the time of hotel's project. Moreover, customer satisfaction is not

the only attribute to competitiveness and performance. Therefore, it is important for managers and hotel staff to realize that keeping improving competitive advantages is to beat off competitors although the results of project have not come up yet

Treating CSM project as one-time occurrence

CSM is not a one-time occurrence and it is a continuous improvement project. It takes a long time to see how the improvements affect on the business performance and competitiveness. Also, after measuring and finding out the problems, it is necessary to review the improvement and retake the project. It is recommended CSM should be applied once or two times in a year, which is based on the product and service. So, employees and managers should keep in mind that CSM can be retaken and affect for a long time. They should work on it seriously to gain the best result.

No learning or improvement after project

Last but not least, not all employees and managers can understand the purpose of project in the same way. Another risk is that some of them will take it simply because they cannot see the benefits out of the project. From that point of view, there will be no learning or improvement after conducting project. Guests' disappointments or complaints will still not be resolved and the "understanding gaps" still exist between guests and staffs.

Therefore, the clear objectives and advantages of project is the first thing informed to all managers and staff. Improvement and learning should be encouraged after the project to achieve the better business performance.

7.6 Project evaluation

Project implementation and control is created mainly based on the theory of CSM process (Hill, 2003), which is expected to measure guest satisfaction for hotel and identify the attribute affecting guest satisfaction. The aim of first major part is to present the concise overview of tourism market in which hotel ABC Saigon is operation, with the PESTLE analysis, SWOT analysis, market segmentation, target customer and current situation of customer satisfaction. Through this first part, hotel ABC Saigon is pointed out some strengths and competitive advantages. Besides that, Vietnam market brings some considerable opportunities and serious threats to hotel ABC Saigon at the same time. Moreover, it

is evaluated to have some weaknesses and backwards in service quality, staffs and facilities, which puts negative impact on its competitiveness. As a result, the second part is mainly dealing with project so as to measure customer satisfaction for hotel ABC Saigon and strengthen competitive advantages. All steps are adapted and implemented from the theory of CSM process by Hill, Brierley and MacDougall (2003). Finally, analyses of time, cost and risk are made for hotel ABC Saigon to have the good financial and timing control as well as reduce the drawbacks of risks.

CONCLUSION

The main objective of this thesis is to propose a project of customer satisfaction measurement in order to improve competitiveness of a hotel in, a subsidiary of ABC Company. ABC, one of the biggest companies in Vietnam tourism industry, is managing 54 hotels, 13 resorts and 28 restaurants with full amenities. With the motto of "Brand - Quality - Efficiency - Integration", ABC guarantees the best service quality to all its customers. However, in recent years, some of its hotels have reported minimum number of repeated guests and an increasing trend of having complaints. Meanwhile, in terms of macro environment of Vietnam, the competitiveness in all industries is gradually growing up, which requires all companies to gain more competitive advantages and apply proper strategies so as to compete with key players. Due to high competitiveness in the market, it is extremely significant for ABC Company to make in-depth macro and micro analysis to prepare some proposals as well as implement them into realities to maintain its position as the market leader attracting new customers. Because of this significance, this thesis planned a detailed project how to measure customer satisfaction and in this case, the project is for hotel ABC Saigon, one of ABC's subsidiaries. The proposal of project was planned based on the theory of CSM process by (Hill, Brierley & MacDougall, 2003), together with some in-depth analysis of internal and external environment.

The project indicated full details and steps which managers and hotel staff should consider in future to launch a system to measure customer satisfaction. In this thesis, analyses of time, risk and cost of this project were carried out, which will help the hotel management to well-prepared in finance and reduce risk as much as possible in advance. With this project implementation, hotel managers can identify what are the priority attributes influencing customer satisfaction, what should be improved first and to measure their own customer satisfaction index. As a result, they will understand customers' requirement clearly and be able to identify the important features they should develop to take competitive advantage in the market. The whole project will last around 36.17 weeks to obtain results and to perform some significant actions to improve customer satisfaction. The planned cost for this project is approximately more than \$55 000, which is an acceptable cost for this kind of project. Besides that, managers and hotel staffs should have some micro plans based on the suggested solutions for risks so that the risks' consequences can be reduced at the lowest level. It is recommended that the project should repeat after some

years, instead of applying only one time so as to gain the most enormous benefits of project.

On the other hand, this project proposal has some limitations as well. Firstly, although the two main analyses, PESTLE and SWOT, have mentioned most of characteristics of market, there are still some un-known ones which probably affect companies and change the situation. Even, some changeable points, such as: the characteristics of economy, which can happen unpredictably. Secondly, cost, risk and time analysis can be changed due to some non-forecasted features. So, probably, they can occur or increase without prediction in this project. The managers and hotel staffs should be aware of this limitation so as to react effectively. Finally, the proposal of project was designed mainly based on the information of hotel ABC Saigon. If ABC Company would like to apply it in any other subsidiary, they should modify the plan according to that subsidiary's characteristics.

In conclusion, it is significant to propose this project for hotel ABC Saigon. All managers and hotel staffs can implement it effectively with detailed plan provided in this project report. However, they should still be aware of some limitations of project as mentioned so as to gain the highest benefits from the project implementation.

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LIST OF ABBREVIATIONS

WTTC	World Travel & Tourism Council.
VNAT	Vietnam National Administration of Tourism.
GDP	Gross domestic product
SCSB	Swedish Customer Satisfaction Barometer
ACSI	American Customer Satisfaction Index
ECSI	European Customer Satisfaction Index
CRM	Customer Relationship Management
CPM	Critical Path Method
PERT	Program Evaluation and Review Technique
CSM	Customer Satisfaction Measurement
UNICEF	The United Nations Children's Fund
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of South East Asian Nations
WTO	The World Trade Organization
UNWTO	United Nations World Tourism Organization

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Appendix I: Survey of guests' experience in hotel ABC Saigon

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Appendix III: Graphic solution for project of customer satisfaction measurement for hotel ABC Saigon

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APPENDIX I: SURVEY OF GUESTS' EXPERIENCES IN HOTEL ABC SAIGON

SURVEY OF GUESTS' EXPERIENCES IN HOTEL ABC SAIGON

- ✓ Try to complete questions at a time when you are unlikely to be disturbed. Also, do not spend too long on any question. Your first thoughts are usually your best.
- ✓ Your support is necessary and very important for me to fill this questionnaire to conduct the research successfully. It should take you only about 15-20 minutes to complete the questionnaire.
- ✓ You cannot be identified from the information you provided. Also, all the information you provided will be treated in the strictest confidence.
- ✓ Below is a series of statements that pertain to your overall experiences in hotel ABC Saigon. Please read the following statements and put the & in the relevant cage.

Section A: General information

- 1) Are you a foreigner?
A. Yes
B. No
- 2) What is your gender?
A. Male
B. Female
- 3) How old are you?
A. 18 – 24
B. 25 – 34
C. 35 – 44
D. 45 – 54
E. Over 54
- 4) Where do you come from?
A. Europe
B. Asia
C. The Americas
D. Australia
E. Africa

Section B: Information about service in hotel ABC Saigon

- 5) What is your frequent purpose of staying in the hotel ABC Saigon?
A. All business
B. All leisure
C. Mostly leisure
D. Half business half leisure
- 6) Which room do you prefer to reserve?
A. Superior
B. Deluxe
C. Oriental
D. Junior suite
E. Continental suite
F. Executive suite
- 7) How many times have you stayed in hotel ABC Saigon?
A. Less than 3 times
B. From 3 to 10 times
C. Over 10 times

8) How likely are you to recommend hotel ABC Saigon to family and friends?

On the scale of 1 (very low) to 5 (very high), please indicate your response

Very low
1 2 3 4 Very high
5

Section C: Expectation & Perception

On a scale of 1 (very low) to 5 (very high), please indicate your response

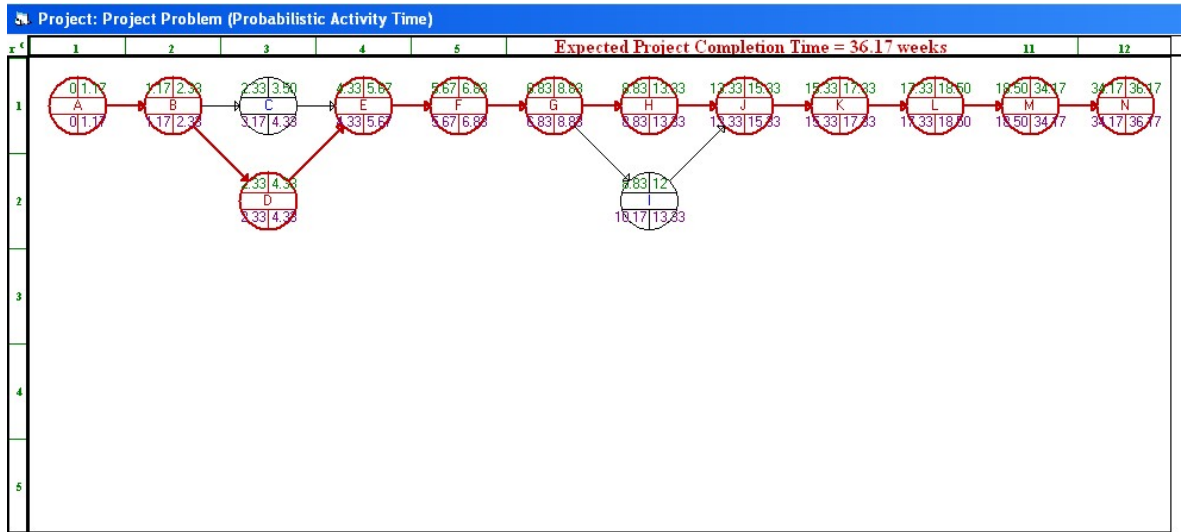
Items	Expectation					Perception				
	Very low				Very high	Very low				Very high
Core hotel benefit										
Guests feel relaxing and comfortable in hotel	1	2	3	4	5	1	2	3	4	5
Quality food is ready before guests come	1	2	3	4	5	1	2	3	4	5
Rooms are spacious, clean, quiet and secure.	1	2	3	4	5	1	2	3	4	5
Diverse variety of recreational facilities	1	2	3	4	5	1	2	3	4	5
Hotel technologies										
In-room technologies are available with good quality	1	2	3	4	5	1	2	3	4	5
Hotel technologies are always ready	1	2	3	4	5	1	2	3	4	5
Tangible										
Hotel facilities are visual appealing	1	2	3	4	5	1	2	3	4	5
Hotel staffs' appearance is neat and professional	1	2	3	4	5	1	2	3	4	5
All hotel equipments are modern and ready	1	2	3	4	5	1	2	3	4	5
Transport system are available	1	2	3	4	5	1	2	3	4	5
Reliability										
Staffs provide accurate information	1	2	3	4	5	1	2	3	4	5
Staffs offer service on time	1	2	3	4	5	1	2	3	4	5
Staffs always keep promises of service	1	2	3	4	5	1	2	3	4	5

Hotel always deliver error-free records	1	2	3	4	5	1	2	3	4	5
Responsiveness										
Staffs always response to guests' questions	1	2	3	4	5	1	2	3	4	5
Staffs are always willing to assist guests	1	2	3	4	5	1	2	3	4	5
Staffs are easily assessed	1	2	3	4	5	1	2	3	4	5
Guests' problems are solved quickly and effectively	1	2	3	4	5	1	2	3	4	5
Empathy										
Each guest is treated respectfully	1	2	3	4	5	1	2	3	4	5
Hotel opens 24/7 for guests	1	2	3	4	5	1	2	3	4	5
Each guest is paid attention by staffs	1	2	3	4	5	1	2	3	4	5
Staffs understand customers' needs	1	2	3	4	5	1	2	3	4	5
Assurance										
Tourists feel safe to stay	1	2	3	4	5	1	2	3	4	5
Staffs are always friendly and polite to guests	1	2	3	4	5	1	2	3	4	5
Guests can trust hotel staffs	1	2	3	4	5	1	2	3	4	5
Safety facilities are ready in hotel	1	2	3	4	5	1	2	3	4	5

**APPENDIX II: RESULT OF PERT METHOD FOR ACTIVITIES IN
PROJECT OF CUSTOMER SATISFACTION MEASUREMENT FOR
HOTEL ABC SAIGON**

04-15-2016 03:42:56	Activity Name	On Critical Path	Activity Mean Time	Earliest Start	Earliest Finish	Latest Start	Latest Finish	Slack (LS-ES)	Activity Time Distribution	Standard Deviation
1	A	Yes	1.1667	0	1.1667	0	1.1667	0	3-Time estimate	0.1667
2	B	Yes	1.1667	1.1667	2.3333	1.1667	2.3333	0	3-Time estimate	0.1667
3	C	no	1.1667	2.3333	3.5	3.1667	4.3333	0.8333	3-Time estimate	0.1667
4	D	Yes	2	2.3333	4.3333	2.3333	4.3333	0	3-Time estimate	0.3333
5	E	Yes	1.3333	4.3333	5.6667	4.3333	5.6667	0	3-Time estimate	0.3333
6	F	Yes	1.1667	5.6667	6.8333	5.6667	6.8333	0	3-Time estimate	0.1667
7	G	Yes	2	6.8333	8.8333	6.8333	8.8333	0	3-Time estimate	0.3333
8	H	Yes	4.5	8.8333	13.3333	8.8333	13.3333	0	3-Time estimate	0.8333
9	I	no	3.1667	8.8333	12	10.1667	13.3333	1.3333	3-Time estimate	0.5
10	J	Yes	2	13.3333	15.3333	13.3333	15.3333	0	3-Time estimate	0.3333
11	K	Yes	2	15.3333	17.3333	15.3333	17.3333	0	3-Time estimate	0.3333
12	L	Yes	1.1667	17.3333	18.5	17.3333	18.5	0	3-Time estimate	0.1667
13	M	Yes	15.6667	18.5	34.1667	18.5	34.1667	0	3-Time estimate	1
14	N	Yes	2	34.1667	36.1667	34.1667	36.1667	0	3-Time estimate	0.3333
	Project	Completion	Time	=	36.17	weeks				
	Number of	Critical	Path(s)	=	1					

APPENDIX III: GRAPHIC SOLUTION FOR PROJECT OF CUSTOMER SATISFACTION MEASUREMENT FOR HOTEL ABC SAIGON



APPENDIX IV: GANTT CHART SOLUTION FOR PROJECT OF CUSTOMER SATISFACTION MEASUREMENT FOR HOTEL ABC SAIGON

