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Yan Zhu
University of Nevada, Las Vegas

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Comparing Service Qualities/Gaps between Hospitality Industry and Timeshare Industry

by

Yan Zhu

Shanghai Normal University
Bachelor of Science
2007

A professional paper submitted in partial fulfillment
of the requirements for the

Master of Science in Hotel Administration
William F. Harrah College of Hotel Administration

Graduate College
University of Nevada, Las Vegas
May 2012
Chair: Dr. Robert Woods
Part One

Introduction

After the Great Recession of 2008, both the hospitality and the timeshare industries were influenced dramatically. Consumers became more sensitive to the price of services rendered, and to service quality when choosing hotels and investing in timeshares. Thus, service quality became the vital factor contributing to success in the highly competitive hospitality industry. This paper will compare service qualities and gaps between the hospitality industry and the timeshare industry. The purpose of this study is to find the key service gaps in the both industries and service quality dimensions.

Objective of Study

This paper will identify each aspect of service that affects overall service quality in both industries. It will also assess the relevant similarities and differences between the two industries, provide an overview predicting the expectations and needs of guests’, and will suggest some measures by which managers can evaluate service qualities.

Justifications

Service quality is a key element in service industry. Good quality service can increase customer satisfaction, attract customers to repeatedly consume, establish customer loyalty, and prompt profit and market share (Hackl and Westlund, 2000). In the highly competitive hospitality industry, quality service will not only encourage customer satisfaction, but will also increase sales and profit (Nadiri & Hussain 2005). Thus, hotel managers need to understand and meet consumer needs.
The timeshare industry is part of the hospitality industry, though consumers of timeshare properties have different expectations than those of customers more typical of the hospitality industry, such as hotel guests. Therefore, it is necessary to know each industry’s service gaps in order to target the right customer segment and satisfy their particular needs.

**Constraints**

In the hospitality industry, customers will only be considered tourists if they choose to stay at a hotel when they are travelling. Other customers segments, such as business travelers and medical tourists, were excluded from this paper.

Another constraint involves the type of room that is secured. In the case of the timeshare, in addition to a bedroom, or bedrooms, one’s quarters typically include a living room and full kitchen. By comparison, a standard hotel or even a luxury hotel will not have such facilities. Thus, this study will select relatively high-end hotels to match timeshare villas, such as four or five star hotels, in order to increase the validity of comparison.

The last constraint dealt with in this study is location. Because the particular location of hotels will attract different types of customers, customer needs will vary. Thus, the comparisons in this paper will focus on general service gaps in the industry, rather than comparisons between specific hotels or resorts.

**Glossary**

The study will frequently use the following terms:

- **Service gap**: any discrepancy between a customer’s expectations regarding service, their perceptions of received service, and a manager’s perception of service rendered.

- **SERVQUAL**: a foundation measurement scale used to evaluate service gaps and quality.
Timeshare: a type of property in which customers share ownership and the right to use the property, typically for predetermined times during the year.

Week based products: a type of timeshare in which the amount of time that owners may use the properties is determined in weeks.

Point based products: a type of timeshare in which owners purchase points to redeem different products.

Fractional: a type of timeshare in which multiple owners share a property and are allotted time in which they may use the property in a given year. Each owner can typically use the property between three weeks to three months.

PRC (Private Residence Club): a high-end type of timeshare in which owners typically stay more than three weeks, but less than four months.
Part Two

Introduction

This paper will use Zeithaml’s service gaps as the principle. Zeithaml states that gaps appear when consumer expectations are not met by his/her received service, and that these gaps will universally affect the consumer’s impression of and satisfaction with his/her service transaction (Parasuraman, Zeithaml & Berry, 1985). In the following literature review, general service gap literature will be reviewed first, followed by literature specific to the hospitality industry. Eventually, literature specific to the timeshare industry will be included for the purpose of comparison.

Service Gap

Although service can be considered a type of product, service has its own characteristics that include intangibility, heterogeneity, and inseparability (Parasuraman et al., 1985). Firstly, service can be defined as a series of activities and transactions and thus cannot be viewed as a tangible object. Usually, consumers cannot test, see, calculate, inventory, evaluate, or even verify before the service happens, and therefore service is considered intangible. These intangible characteristics make it difficult for a service provider to understand consumer expectations and perceptions in advance regarding quality service (Zeithaml & Valarie, 1981).

Secondly, most services are related to the behaviors of human beings. Service providers are humans and service receivers are humans. Thus, different people at different times, in varying situations, and in different geographical locations will provide different services. Sometimes, even when external conditions are same, the service rendered will be different or
perceived differently due to human heterogeneity, and therefore consistency becomes the
primary concern for service provider firms (Booms & Bitner, 1981).

Thirdly, when service is provided, it is a whole process. During the all service
encounters, service is created and produced while being simultaneously received and
consumed by customers. Provided service will influence a consumer’s reaction, while
consumer behavior will affect the service provided (Parasuraman et al., 1985).

Given the three characteristics of service noted above, service quality is widely regarded
as more difficult to evaluate than a tangible product’s quality (Gronroos, 1982). Despite
being difficult to evaluate, service quality is a key component impacting consumer
satisfaction. Other scholars believe service quality has a strong correlation with consumer
expectation and perception. In fact, quality determination is the result of consumer
comparison between expectations and performance (Lewis & Booms, 1983). Service quality
evaluations were proposed and developed by several scholars at different times. Sasser, Olsen
and Wyckoff (1978) believed facilities, materials, and manners are the three dimensions of
service quality and that quality involves how service is delivered rather than the outcome of
that service. Gronroos proposed two types of service quality, which he calls technique and
function. Technical quality refers to what the consumer receives from the service, while
function quality refers to how the service is delivered (Gronroos, 1982). Three additional
dimensions of service quality were pointed out by Gronoroos and include physical quality,
corporate quality, and interactive quality. Research in this area, however, was still not
sufficient enough to define service quality and its affect on consumers until Zeithmal and his
peers produced their study.
Though the interview and focus group from the experiment, several gaps or discrepancies were identified between consumer expectation, service provided, and received service. In the exploratory, a total of five gaps were found (Parasuraman et al., 1985).

The first gap identified exists between service expected by the consumer, and the perceptions of management regarding consumer expectations. What management believes is needed by the consumer is different than what the consumer expects. If this first gap is not diminished, it will have a negative impact on customer’s service evaluations (Parasuraman et al., 1985).

The second gap identified is between service specific design and managerial perception of consumer expectation. This gap means even though management might be aware of consumer expectations, they do not design and provide the desired service due to various constraints. Consumer experience will be negatively influenced by not receiving proper service (Parasuraman et al., 1985).

The third gap exists between the standards and designs of service, and the service delivery. Often, managers are aware of customer expectations and have the right service standard. This, however, does not mean that the quality service will be delivered. As mentioned above, the transaction of service is dependent on labor. Different situations and conditions will result in different degrees of service delivery. Even the exact same service provider and receiver with the same condition will have a complete different service quality, because of either the service provider’s or receiver’s internal reasons, such as emotional issues. Compared to service standards and designs, service delivery has the more direct effect on customers. Customers are more sensitive to service delivery than the designs and
standards that hopefully influence the delivery. Thus, the influence of service delivery is more direct (Parasuraman et al., 1985).

The fourth gap exists between service delivery and external communications. The communication gap normally reveals itself when external media, such as advertisements, over promise. Under these circumstances, a consumer’s expectations will be raised before ever receiving the service, while that same consumer’s perceptions will be reduced if the service received does meet the expectations produced by advertisements. While the first three gaps affect consumer expectations, the fourth gap affects both consumer expectation and perception of service (Parasuraman et al., 1985).

The fifth gap identified is the overall gap between a customer’s expected service and their perceived service, meaning they do not receive what they expect. If perceived service quality is lower than expected service quality, customers will be less satisfied with the service experience that they received. On the other hand, if the perceived service quality is equal to or higher than expected, customers will be satisfied with their experience (Parasuraman et al., 1985).

These five service gaps found by Zeithaml and his peers form the fundamental basis of service quality research. Much subsequent research was based on this gap model in order to identify consumer expectation, perceived service, and the discrepancies among different industries and subjects.

**SERVQUAL**

As discussed above, a consumer’s final evaluation and satisfaction with the service received is highly dependent on their expectations before the service occurs. However, the
term “expectation” has two different definitions in terms of both customer satisfaction literature and in terms of service quality literature. In the case of the former, expectation refers to a consumer’s prediction regarding the service they are likely to receive. In the case of the latter, expectation refers to a consumer’s needs and desires (Parasuraman, Zeithaml & Berry, 1988). In the same study that Zeithaml and his peers conducted, 10 categories of consumer assessed service quality were identified. These categories were access, competence, courtesy, reliability, tangibles, communication, responsiveness, credibility, and understanding/knowing consumers (Parasuraman et al., 1988). These ten areas also became the foundation of service quality and guided the later SERVQUAL Scale.

Beyond their initial research, Parasuraman and Zeithaml did one more study to further research service quality’s underlying characteristics. After comparing, filtering, and sorting 97 expectations and 97 perceptions, 22 items in five categories were listed. These five categories include reliability, which refers to the capacity to accurately and dependably perform a promised service, tangibles, which refer to equipment, physical facilities, personnel appearance, assurance, which refers to courteous and knowledgeable employees who are able to convey confidence and be trusted, responsiveness, which refers to a willingness to provide immediate quality service, and empathy, which refers to understanding customer feelings and showing consideration. Among these five categories, assurance and empathy assume seven categories from the former study, including security, credibility, communication, courtesy, competence and understanding/knowing customers (Parasuraman et al., 1988).

SERVQUAL is a valid and reliable multi-item scale. Service providers can use SERVQUAL as a simple tool to assess the gap between customer expectations and perceived
service, to track the service gap routinely, to evaluate service quality internally, to compare with competitor’s service quality, and to determine customer segment (Parasuraman et al., 1988).

**Service Gaps in Hospitality Industry**

Since both the service gaps concept and the SERVQUAL method were given out to all service related industries, scholars would like to know if these concepts and tools still fit into the hospitality industry because the hospitality industry is a highly labor oriented industry. Most encounters will involve human interactions, either between employees, between customers, or cross interactions. A few studies were adopted to demonstrate the hospitality service gap. The method of comparing customer expectations with perception of service was wildly recognized and accepted in the hospitality industry. (Qu & Tsang, 1998). Some new gaps or dimensions were found, some more comprehensive and easier methods were derived from, or some concepts were questioned.

Lewis (1987) identified three additional service gaps to supplement the basic five gap model. He conducted an experiment designed to verify the typical elements of service quality in the hospitality industry. In his experiment, Lewis listed 14 attributes of service that guests consider vital in the late 1980s, on the eastern side of United States. These attributes include room quality, staff attitude, location, food and beverage facilities, food and beverage quality, atmosphere, room size, noise, check-in/check-out procedure, service, policies, price, and parking. According to the study, of the five previously identified service gaps in the hospitality industry, gap 1 (gap between management perception of customer expectations and the customer’s initial expectation), and gap 5 (gap between customer expectations and
received service perception) have most significant impact of all five gaps. Managers believe that customers ask for more than they really need. Most importantly, the attributes that guests focus on are different from the management’s perception of those attributes which guests focus on, such as comfortable bed, fast check-in/out procedures, cleanliness, a quiet environment, and friendly employees. Besides the previously identified five gaps, the study also finds three additional gaps. Gap 6 exists between management’s perception of service delivery and guest perception of delivery. Managers often believe that service delivery is more successful than customers do. Gap 7 exists between management’s perception of service delivery and customer expectations. Managers normally assume that guests require much and have high expectations. Gap 8 refers to an internal discrepancy between management’s perception of customer expectations and what the service that is actually delivered to customers (Lewis, 1987).

Another study, undertaken by Saleh and Ryan (Saleh & Ryan, 1992), used the SERVQUAL scale to determine the gap most affecting customer expectations and perceptions, from the perspectives of both managers and customers. The study was conducted in the early 1990’s in a four-star standard international hotel in a city in western Canada (Saleh & Ryan, 1991). Combined with the hotel’s characteristics, a total of 33 attributes were tested and categorized into five dimensions: reliability, tangibles, assurance, responsiveness, and empathy (for an explanation of each attribute, please refer to Appendix A). The study indicates that service gaps do exist among the previously determined gap 1, gap 2, gap 3 and gap 4. These results show that managers overestimate guest expectations in every component of the five dimensions (gap 1). Although managers overestimate guest expectations, guest
perceptions remain below their expectations (gap 2). The discrepancy between gap 1 and gap 2 leads to gap 3, in which the management’s perception of service delivery is different from the guest’s experience. Among the five dimensions in this study, only the tangible dimension’s score was rated higher by guests than by management. From the above discussion, management’s perception of delivered service is lower than guest expectations before reaching to the hotel (Gap 4). The reason for the appearance of gap 4 is because the manager’s overestimated perception is turned into, through external communication, an overpromised message which is used by guest to consider as expectation. Overpromising on the part of the management results in higher initial expectations among guests than management can reasonably fulfill, resulting in an experience of poorer than expected service quality. (Saleh et al., 1991)

The other purpose of this study is to determine factors that contribute to ensuring that guests have a convivial experience by using SERVQUAL scale. All 33 items are divided into five dimensions: reassurance, tangibles, empathy, conviviality, and avoid sarcasm (see Appendix A). Conviviality integrates items 9 to 32 and accounts for 62.82 percent of overall variance. Unlike former the viewpoint, the criteria of service quality shifts from tangibility to conviviality. The conviviality factor, however, mixes and represents the other four dimensions. Consequently, the study proves that SERVQUAL scale has some shortcomings in the measurement and evaluation of service quality dimensions in the field hospitality.

Due to the original SERVQUAL scale’s drawbacks, a modified method named HOLSERV was adopted to establish service quality’s dimensions in the hospitality industry and to identify which dimensions can be better predicted. 27 SERVQUAL items were
modified or added to fit better in the hospitality industry (for details of SERVQUAL, please refer to appendix b). After the old five dimensions (responsiveness, reliability, empathy, assurance and tangibles) were combined and 27 effect factors were analyzed, three new dimensions were formed, as shown in bellow table (Wong, Dean, & White, 1999).

Table 1

<table>
<thead>
<tr>
<th>Factor</th>
<th>Elements from SERVQUAL</th>
<th>Main emphasis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees (factor 1)</td>
<td>Responsiveness (3)</td>
<td>Prompt service, willingness to help,</td>
</tr>
<tr>
<td></td>
<td>Assurance (5)</td>
<td>confident in the delivery of service,</td>
</tr>
<tr>
<td></td>
<td>Empathy (4)</td>
<td>polite, knowledgeable, skillful, caring,</td>
</tr>
<tr>
<td></td>
<td>Tangibles (1)</td>
<td>understanding, sincere, neat and professional employees</td>
</tr>
<tr>
<td>Tangibles (factor 2)</td>
<td>Tangibles (8)</td>
<td>Modern-looking equipment, fixtures and fittings, appealing facilities and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>materials, comfort, cleanliness, user-friendly equipment and facilities,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>variety in food and beverages, operation of services at a convenient time</td>
</tr>
<tr>
<td>Reliability (factor 4)</td>
<td>Reliability (4)</td>
<td>Keeping promises, accurate and timely</td>
</tr>
<tr>
<td></td>
<td>Responsiveness (1)</td>
<td>service, safe and secure stay</td>
</tr>
<tr>
<td></td>
<td>Assurance (1)</td>
<td></td>
</tr>
</tbody>
</table>

The three new dimensions are employees, tangibles and reliability. The last two factors are the same as SERVQUAL. Under the new study, the employee dimension consists of the appearance and behavior of employees. For customers, it is important for employees to be professional, understand their needs, be willing to help, have a neat appearance, etc. The tangibles dimension refers to providing the guests with quality food and beverages. The reliability dimension refers to the staff’s ability to provide properly prompt service, maintain a safe environment, and provide the promised service to guests (Wong et al., 1999).
The test also verified which of these dimensions had the most significant affect on guest experience. Findings show that the employee dimension is always the first and most important dimension, followed by the tangibles dimension, and then reliability (Wong et al., 1999).

Service Gaps in Timeshare Industry

Timeshare Introduction

The concept of the timeshare was conceived by a German named Alexander Nette in the 1960s in the French Alps. Because none of his friends could afford to individually purchase an apartment in a ski resort, he suggested that the group of friends purchase one apartment jointly, and share use of it. The period of usage was determined by the proportion of money each individual contributed. Eventually, his friends agreed to divide use of the apartment by week. This meant that each person was designated use of the apartment for a period of weeks, while another friend was designated use in the following weeks. This model created the basis for the timeshare industry (Madrid, 1996). Later, the concept of the timeshare was introduced to America and was first launched in Florida with the same model (Woods, 2001). As the timeshare industry developed, timeshare products evolved to include a larger variety of products, from basic weekly internal products to unit float products, from time and location oriented change to point oriented products, and from point to fractional and PRC (private residence club) products. Fractional products are timeshares in which multiple owners share use, typically with each owner having access to the property between three weeks and three months. A PRC product is a high-end fractional product, which offers longer stays than fractional product, usually more than three weeks to four months (ADRA International
Foundation, 2010a). As the products change, vacation owners perceive service changes, followed by an increase in their expectations.

The timeshare industry is one of the fastest growing industries in the hospitality sector. It has experienced a two-digit increase in the past 20 years. In 2009, the annual revenue reached $6.3 billion in U.S. There were 1,548 timeshare resorts and 170,232 units in U.S. in 2009. In total, timeshare owners spent $9.0 billion, with 5.7 million travel owners who spent about $1,574 on each trip (ADRA International Foundation, 2010b). Most importantly, there will be 76 million people approaching retirement in the next few years. Among these people, 72% of them took leisure trips in 2008 (ADRA International Foundation, 2010b). It seems that the timeshare industry has enough space to grow and expand to more broad markets worldwide in the next few decades.

Not all statistics show optimistic data, especially after the Great Recession in 2008. Although sales volume in 2009 reached $6.3 billion, timeshare sales decreased 35% from 2008 due to external economic impact. Average occupancy of available timeshares declined from 81.6% to 79.7% percent (ADRA International Foundation, 2010b). In 2010, sales volume increased slightly to $6.4 billion, representing only a 1.6 percent increase. The average interval’s price decreased from $20,468 in 2009 to $19,300 in 2010 (ADRA International Foundation, 2011b). These statistics indicate that the timeshare industry is shrinking, especially after 2008, and show that customers are more rational when choosing and purchasing their products. For these reasons, the timeshare industry is still facing severe challenges for future development. Findings show that owners are more interested in selling their timeshare than in buying additional new ones (ADRA International Foundation, 2010b;
ADRA International Foundation, 2011b). Beyond just internal challenges, the timeshare industry also faces competitions from other sectors of the larger hospitality industry, such as standard and luxury hotels for high-end customers and cruise travel for families. Overall, it is quite urgent and necessary to evaluate timeshare owner’s needs and expectations and identify the gaps between customer expectations and perceptions of received service.

**Owners Segment Preferences**

In the early stages of timeshare research, customer needs and expectations were not identified or not paid attention to. Only some customer segments were studied, and early findings were only applied to specific timeshare customers. The segments studied were based on demographic and lifestyle (Upchurch, Rompf, & Servert, 2005). The demographic segment (Kaufman & Upchurch, 2005; Kaufman, Upchurch, & Severt, 2005) accounts for age and gender differences, while the household segment assesses the family as a unit. Family factors such as family size, children’s ages, and household income are included in order to divide the family groups (Ragatz, 2003; Upchurch, Rompf, & Servert, 2005).

**Age Segment Preferences**

In 2003, 58.6% of the ages of timeshare owners were between 45 and 64. Of these timeshare owners, a quarter of them bought the timeshare after they were 60 years old (Ragatz, 2003). Until 2009, the average age of timeshare owners in the United States was 52 years old (Kaufman & Scantlebury, 2009). It is necessary, therefore, to assess differences related to age, especially senior owner’s preferences. Findings showed that older owners preferred to stay at home resorts, while younger owners preferred to stay at different resorts. Although older timeshare owners did not like too much change in their accommodations, this
did not mean that older owners did not accept a flexible product. Older owners are very loyal to their own resorts, but still, they are more willing to adapt their vacations to a short stay in hotel or a cruise (Kaufman et al, 2005).

**Gender Segment Preferences**

In the gender segment, owners can be divided into the categories of single male, single female, and couples. The assumption that different genders will have different preferences has been proven by many studies. For example, most female tourists are interested in attractions, sightseeing, and festivals. By the contrast, male tourists will participate in more adventure activities such as skiing, sports, and adventure tours (Anastassova, 2002). Also, male and female preferences vary in the selection of accommodations. Females will be more sensitive to safety and price than males (McCleary, Weaver, & Lan, 1994). Relying on these fundamental differences, Kaufman and Upchurch (2005) performed research to assess customer preferences in the timeshare industry. Findings demonstrated that both couples and single males will be more likely to change their timeshare resorts, meaning that they will be more likely to accept the timeshare exchange program options, or use their points to choose other products. Compared to the other two groups, single females will be more likely to stay in their own resort, while single men and couples will prefer more adventurous and diverse vacations (Kaufman & Upchurch, 2005).

**Household Segment Preferences**

The last segment is based on the household. Ragatz and Associates (2003) went through RCI’s (Resort Condominium International, Ltd) database and established 31 groups categorized by owners’ income, family size, and age. Later, through a study, Upchurch et al.
(2005) sorted 12 groups of cohorts, who were believed to be most representative of groups with specific preference in regard to timeshare products. Indeed, different groups were found to have different preferences. For example, some groups will prefer to buy a single week or use their points, some will choose beaches or tourist attractions as their destination, and some type will purchase three bedroom resorts due to family size (Upchurch, Rompf & Servert, 2005). This study, however, did not assess every type of customer and therefore was not able to precisely assess each group’s differences. Thus, the household segment needs to be further researched.

Although each segment’s preferences have been assessed, in the real world, timeshare owners are seldom only one segment type. In fact, timeshare owners come from all segments to compose a group. For example, one party of vacation owners will often contain both male and female guests, and both older and younger guests, such as grandparents, young parents, and kids. The household segment will be crossed due to the size of parties. Thus, the study of each individual segment’s preferences and needs are insufficient to predict a group’s expectations.

**Timeshare Owner’s Needs**

Based on the above drawbacks, new research was done by Sparks and his team. In the new research, customers are divided into two types: general customers who go away from home to do a leisure travelling, and typical timeshare customers who use timeshare products as their main means for vacationing. Furthermore, the research points out the value each type of customer puts on their travel. Findings were generalized into two categories: “nonspecific holiday themes” and “specific timeshare themes” (Sparks, Butcher, & Pan, 2007, p.33).
Under the nonspecific holiday themes, five preferences were identified. They are “convenience,” “location,” “relaxation,” “social,” and “fun and enjoyment” (Sparks et al., 2007, p. 33). These are not only timeshare owners’ preferences, but also the preferences all of other consumers as well. These five dimensions were regarded as core values by timeshare customers and considered basic needs for all travelers. (Sparks et al, 2007).

Along with these five core dimensions, there are seven other preferences that have a more direct influence on timeshare products. They are “ownership pride,” “flexibility,” “financial,” “gift,” “reward,” “luxury,” and “new experience” (Sparks et al, 2007, p.35). Clearly, the timeshare’s special model gives owners a sense of pride. Owners believe that timeshare products are very financially beneficial because, accommodation costs can be decreased when owners use their timeshare products, and also have to option of selling usage to others when not using the property personally. A third benefit is that the timeshare’s value is flexible, which is the important customer preference in the timeshare industry. For instance, customers like to stay at different resorts, take vacations during different weeks, or use points to choose other packages. In fact, children can receive a timeshare product as a gift from their parents, while employees can have the chance to receive a reward in the form of a timeshare vacation from their employer. Last but not least, owners consider timeshares to be luxurious, the benefits of which will not be provided in other standard vacation packages. The vacation club concept offers members the opportunity to experience new destinations. These all belong to the value categories of luxury and new experience (Sparks et al, 2007). All of these seven dimensions do not work individually. Instead, they are related to each other. Simultaneously, the five nonspecific holiday themes must not be neglected. Timeshare
developers have to consider all of these preferences in order to design products that better satisfy customer’s expectations.

**Segment based on Owner’s Attitude towards timeshare**

ARDA (American Resort Development Association) re-designed customer segments according to owner’s attitude and likelihood of timeshare products in order to understand the special needs of the industry to promote future success (ADRA International Foundation, 2010a). Six new customer segments have been identified: fans, vacationists, togethers, experiencers, strugglers, and attritors. Each category’s value, needs, opportunities, and obstructions are determined (ADRA International Foundation, 2010a).

**Fans**

Owners in this category highly value and advocate for timeshare products and are willing to buy other products in the future. As the strongest advocators for timeshares, these fans account for 30% of all timeshare owners, but represent 60% of the interest in doing multiple buying (ADRA International Foundation, 2011a). Fans believe they gain more happiness and benefit from the timeshare than they lose through the cost of owning a timeshare. Owning a timeshare encourages fans to take vacations, increases the time and opportunity to stay with family and friends, and increases ease in planning the vacation. Although fans are the youngest group on average, they own the majority of multiple contracts and Fractional/PRC products, respectively 54% and 21%. In addition, fans were more willing to consider purchasing new products in the future than any of the other five segments when they were interviewed in 2010 (ADRA International Foundation, 2010a). Yet, when
interviewed only one year later, the attitude of fans toward making additional purchases had shifted due to financial pressure (ADRA International Foundation, 2010a).

**Vacationists**

Among all timeshare owners, 24% are vacationists who love their timeshares, but are not as fanatic as fans. For vacationists, the vacation destination is less important than the ease of making vacation plans. These owners also believe that timeshares provide a home away from home, motivate them to take vacations, save cost, and increase the amount of vacation time. Most vacationists have the shortest tenure (eight years) among all segments and prefer points based products than other segments. These owners will not be highly motivated to buy one more products or upgrade the destination unless they feel the new products make it easier for them ease to vacation (ADRA International Foundation, 2010a).

**Togetherers**

Accounting for 11% of timeshare owners, togetherers use the timeshare as a tool to connect with family and friends. These owners agree that timeshares provide a home environment during the vacation, but disagree that timeshares increase the frequency of timeshare. They focus on the quality of the vacation, instead of the frequency of vacation. Since the main purpose of the timeshare is to reunite with people, the variety of destinations and flexibility of products are not their priority. These owners have the highest income on average, approximately $83,300 annually, as well as the largest proportion of minorities. These owners like to stay at home resorts and will have high expectations regarding amenities. Thus, these owners are often single contract and traditional types, with few point based products. According to this group’s affluence, owners should have the ability to purchase
more products, but their level of satisfaction with current products will stop them from buying another one. Timeshare developers will face challenges when promoting timeshare products (ADRA International Foundation, 2010a).

**Experiencers**

Experiencers only represent about 13% of timeshare owners. The biggest motivation for them to purchase a timeshare relates to cost-effectiveness. They can go to an expensive destination at a relatively low expense. Their motivations are very common, and include connecting with friends and family, saving cost, and increasing the length and frequency of vacation. Due to the cost factor, this segment will exchange or upgrade their current products instead of buying new products. Experiencers’ have the highest income average among all segments, but are the least educated. 90 percent of products owned among this group are traditional products, 50% of weeks and 40% of points (ADRA International Foundation, 2010a).

**Strugglers**

Around 13% of owners are strugglers who are very sensitive of the cost factor. Ninety-two percent of owners think that maintenance fees are too high to afford, and 67% of owners think they cannot afford their timeshare anymore. Yet, strugglers still acknowledge the positive benefits of the timeshare, such as providing for the ability to vacation in places that they would otherwise not be able to afford. This segment is mostly composed of single females who are either separated, widowed or divorced, and thus bare the heavy burden of the financial pressure. Most of these owners own a single contract for a weekly based product. Careful actions need to be taken in order to ensure that these customers do not quit the
ownership. Once these guests have a positive attitude toward timeshares, they will become loyal customers (ADRA International Foundation, 2010).

**Attritors**

Attritors compose the last segment, and are defined as those seek to give up their timeshare ownership. Their reasons for this are not only financial, more importantly they do not see the value and benefit of their timeshare. They are not flexible because the timeshare push them to take vacation every year. Attritors are oldest age group and least financially affluent. Seventy percent of them have traditional weekly based products. For this segment, there is little that can attract them back to their timeshare. It is better not to focus on this segment in order to save cost and time by targeting other segments (ADRA International Foundation, 2010).

**Segment Based on Prospective Customers**

As discussed above, timeshares are facing existing owners’ leaving. Understanding prospective owner’s needs and expectations can help timeshare developers to more efficiently attract customers to the timeshare industry. Prospective customers are classified as adventurers, relaxers, simplifiers and social vacations, respectively counting for 30%, 35%, 12%, and 23% (ADRA International Foundation 2011a).

Compared to owners, prospective owners as a group, have very distinct features. They take more vacations than owners, but the duration of each vacation is less than owners, and usually lasts less than a week. Nevertheless, not many prospects will consistently vacation at same destination and during the same time annually. Normally, they will choose to a new destination to explore for each vacation. Their activities are more various than the activities
of owners, and often include shopping, visiting attractions, dining, gambling, etc. Each segment has its own characteristics. (ADRA International Foundation, 2011a).

Adventurers

Compared to the other three segments, most of adventurers are Caucasian males with a college degree. They take longer vacations than the other three segments and are passionate about visiting new destinations. The party in the adventureres segment consists of couples who participate in water based activities, hiking, or experiencing difference cultures (ADRA International Foundation, 2011a).

Relaxers

Among all four prospective segments, Relaxers accounts for the biggest share and are the most affluent. The purpose of vacation for them is to recharge energy. Rather than explore the attractions, they would enjoy golfing or relaxing beside the pool. Thus, they have the highest requirements for amenities and service quality at their resort (ADRA International Foundation, 2011a).

Simplifiers

The simplifiers’ demographic tends to include younger families who usually vacation for the shortest duration, and in close proximity from home. They focus on family reunions and spend the most money on gifts (ADRA International Foundation, 2011a).

Social Vacations

As the name indicates, social vacations usually travel with many people with the intention of maintaining relationships with friends and family. As opposed to the other three segments, social vacations tend to be more likely to be single females who are less affluent
and have a lower degree of education. They stick with familiar destinations and take
vacations during the holiday season (ADRA International Foundation, 2011).

Prospects have nine important priorities to consider when they plan a vacation. These
priorities, or dimensions, are available activities, ability to customize vacation, the destination,
the destination’s variety, ease of planning, amenities, price, resort quality, and ability to
include family and friends in vacation. Among these nine dimensions, the price, resort quality,
and vacation destinations are most importance for prospective owners. The ability to
customize the vacation and destination variety follows as the fourth and fifth key dimensions.
The remaining three dimensions are ranked respectively: amenities, ease of planning, and
connection with family and friends. By comparing the value of each dimension to timeshare
owners and prospects, differences and similarities can be found. For example, timeshare
owners regard ease of planning as their main priority, while price is the first priority for
prospects in their selection process. Togetherers will more highly prioritize including family
and friends, while prospects think that resort quality is more important. Some prospects have
the same priorities as owners, however. For example, simplifiers take ease of planning into
account in the same way that vacationists do. Adventurers like new destinations as much as
experiencers do. Social Vacationers and togetherers similarly try to use vacations to
strengthen relationships with family and friends. (ADRA International Foundation, 2011a).

Although different segments have been classified, there is not much literature written on
the satisfaction of owners. The only available study was conducted 14 years ago and only in
the Australian timeshare industry. These findings show that most timeshare owners were
satisfied with their timeshare products. Attributes of satisfaction concentrate on the bathroom,
kitchen, furnishings, size of unit, onsite facilities in the resort, and other tangible factors. The only attribute of intangibility that was measured was the responsibility of employees, which unfortunately, owners were not satisfied with (Lawton, Weaver, & Faulkner, 1998).
Part Three Conclusion

Introduction

In the above literature reviews, hospitality service gaps are clearly identified, and the many dimensions of service quality are addressed by different scholars in a multitude of studies. Specifically in the timeshare industry, however, service gaps are not yet identified and research has only managed to summarize customer expectations in regard to categorized types of timeshare owners and the products that they typically consume.

Service Gaps

Similarities

Overall, both industries have the traditional five service gaps. Among these five gaps, gap 1, which exists between a customer’s expectation and the management’s perception of these expectations, and gap 5, which is identified as difference between a customer’s expectation and the customer’s perception of received service, have the most significant impact on service quality and overall customer satisfaction. Although there is no parallel research related to gaps in the timeshare industry, I assume they have the same key service gaps because of the similarity of features in each industry.

Differences

The first difference is for hospitality industry. According to Sales and Ryan’s experiment, three new gaps appear in the hospitality industry in addition to the traditional 5 because almost every encounter in the execution of service is related to human behavior. For this reason, misunderstandings and overpromises are likely to occur.
The second difference is for timeshare industry. Unlike the hospitality industry, in which service is affected by two key gaps, the key gaps in timeshare may be different. Gap 2, which relates to service design, may have a strong impact as well. According to the 2010 timeshare owner’s annual report, timeshare owners can be divided into six new segments. The preferences of each segment and the timeshare products that each group tends to own are concluded. The cost pressure for all timeshare owners is also assessed. Even in the fans segment, owners are thinking of selling property or canceling their plans to purchase new timeshare products due to the economic pressure. Especially after the Great Recession of 2008, the impact of cost pressure has increased in every category of timeshare owner. Therefore, it is very important for timeshare service providers to provide proper service and desirable product designs.

**Customer’s Derived Values**

Customer expectations strongly depend on their preferences and their experiences. Individual customer experiences can vary and can therefore be difficult to summarize, however research has been done regarding customer preferences despite these difficulties and results have been obtained.

**Similarities**

In this vertical comparison, the timeshare industry belongs to the hospitality industry. Customers in both industries have the same basic needs.

Customers in both the hospitality and the timeshare industries have basic five needs in common. These preferences relate to location, convenience, and relaxation, social and fun.
No matter whether they are hotel guests or timeshare owners, all will consider these five dimensions when evaluating their service providers.

Differences

Besides the above five basic values, timeshare owners have extra needs and values that must be considered in regard to their vacation and timeshare product. These further considerations include ownership pride, flexibility, finance, luxury, new experience, reward, and gift. As long as they have their timeshare, they will have the expectation of receiving particular superior treatment. They often want to have new experiences and wish to vacation in a variety of destinations. Their values will often emphasize flexibility, low costs, and luxuriousness, all which will influence their level of satisfaction with their timeshare products and received service.

Dimensions of Service Quality

After identifying customer values and preferences, service quality dimensions can be horizontally compared. In this comparison, the hospitality industry only refers to services related to hotels, which is separate from the timeshare industry.

Similarities

After comparing the limited results from different experiments, the same dimensions are important to the quality of service in both industries and concentrate on tangible attributes, such as facility quality, room amenities, cleanliness, appearance of employees, and the safety of the environment. These factors most directly affect service quality.

Differences
In the hotel industry, employee and service reliability are the two main factors. Employee reliability refers to an employee’s ability to provide prompt service, their professional knowledge, their ability to empathize in order to consider guest’s need, and their willingness to help guests. Satisfaction regarding service reliability is achieved if service is provided as promised, or service is provided in a timely and accurate manner. The last factor is the price. Guests will use price to evaluate their service. The higher the price, the higher the expectation the guest will have.

As opposed to the hotel industry, dimensions in timeshare industry are mostly from timeshare developers, instead of typical resorts. Flexible products, variety of available destinations, and lower maintenance fees will positively affect the service quality. For the typical property, only one dimension is considered: resort quality. Timeshare owners will use their home’s requirement to evaluate if a potential property is qualified. The last dimension is based on the owner’s knowledge of the timeshare. According to the research, the more knowledge timeshare owners have, the more satisfied they will be.

**Limitations**

The above three aspects result from comparing the hospitality industry and the timeshare industry. These results have some limitations, however.

The first limitation is that there are too many factors that can affect the comparison, such as location, scale and scope of hotel, destination, level of hotel. All of these factors can affect customer needs and expectations. The data collected from each experiment are from different hotels, resorts, and locations. Thus, customer values and the subsequent dimensions of service quality may vary, and thus, my study’s validity will be decreased.
The second limitation is the scarcity of available studies of the timeshare industry. Although timeshare owners are segmented by different characteristics, each segment’s individual needs and expectations have not yet been studied. The service gaps between timeshare owners and the current product and service types are not identified yet. It is still necessary to clearly know the shortfalls of the timeshare industry.

The third limitation is that the comparison results are very general. Customer expectations and service quality dimensions in each hotel and resort will vary. The comparison is not for a particular resort and hotel.

Implication

Since this paper addresses the service gaps that exist in the timeshare and hospitality industries, managers should be aware of these gaps in order to know their customers better. Many service quality dimensions are mentioned in hopes of giving managers some directions to evaluate their customer’s needs. SERVQUAL and HOLSERV are introduced and samples are given. Managers can use the information regarding service quality attributes to design their own scales of measurement to evaluate the service that they provide. Customer expectations will change depending on many external factors. Tracking customer needs and expectations can help them know customers better and therefore provide proper service.

Another implication of this study affects timeshare developers. Although the costs of finding new customers are higher than the costs of maintain existing customers, it is very necessary and urgent for timeshare developers to attract new timeshare owners, especially in developing countries, such as China, Brazil, and Russia. Reasons for timeshare owners to leave the timeshare industry include not only economic pressures, but also dissatisfaction
with features of their timeshares. The data shows that when older owners have owned property for long periods, especially 12 years or more, they are heavily considering ceasing their ownership. Thus, timeshare developers need to pay attention to prospective owners as well. In this study, different prospective owner segments and each segment’s characteristics are identified. Timeshare developers need to promote and implement different strategies to attract each prospective customer segment.

**Future Study**

As mentioned in the limitation section, there has not been enough research performed in the timeshare industry to assess timeshare owner satisfaction and the drawbacks affecting current products and service. Thus, there is a need to do further research and collect data to be verified.

Although both service gaps and service quality dimensions have been identified, all these results are very dated. New, updated research should be considered in order to better understand the changing expectations and needs of consumers.
References


### Appendix A  Attributes of Service Quality

#### APPENDIX 1(a)

**MEAN SCORES ON ATTRIBUTES**

<table>
<thead>
<tr>
<th>Attributes</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tangibles</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Well dressed and neat</td>
<td>1.50</td>
<td>1.94</td>
<td>1.59</td>
<td>1.36</td>
</tr>
<tr>
<td>2. Have up-to-date equipment</td>
<td>1.17</td>
<td>2.23</td>
<td>1.74</td>
<td>1.53</td>
</tr>
<tr>
<td>4. Exhibit good manners</td>
<td>1.44</td>
<td>2.56</td>
<td>1.72</td>
<td>1.26</td>
</tr>
<tr>
<td>5. Show enthusiasm at work</td>
<td>1.16</td>
<td>2.17</td>
<td>1.94</td>
<td>1.56</td>
</tr>
<tr>
<td>6. Smile at work</td>
<td>1.50</td>
<td>2.17</td>
<td>1.84</td>
<td>1.57</td>
</tr>
<tr>
<td>Avoid chewing gum</td>
<td>1.11</td>
<td>1.94</td>
<td>2.19</td>
<td>1.83</td>
</tr>
<tr>
<td>9. Not offensive/sarcastic</td>
<td>1.17</td>
<td>2.28</td>
<td>1.68</td>
<td>1.22</td>
</tr>
<tr>
<td><strong>Reliability</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Supportive</td>
<td>1.22</td>
<td>1.33</td>
<td>2.26</td>
<td>1.42</td>
</tr>
<tr>
<td>10. Dependable</td>
<td>1.39</td>
<td>1.83</td>
<td>1.86</td>
<td>1.42</td>
</tr>
<tr>
<td>12. Service when promised</td>
<td>1.28</td>
<td>2.17</td>
<td>2.13</td>
<td>1.39</td>
</tr>
<tr>
<td><strong>Responsiveness</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Helpful even while busy</td>
<td>1.17</td>
<td>2.00</td>
<td>2.19</td>
<td>1.83</td>
</tr>
<tr>
<td>11. Inform about service</td>
<td>1.67</td>
<td>2.11</td>
<td>2.38</td>
<td>1.73</td>
</tr>
<tr>
<td>13. Check guest satisfaction</td>
<td>1.50</td>
<td>2.33</td>
<td>2.35</td>
<td>1.98</td>
</tr>
<tr>
<td>14. Greet guests a.s.a.p.</td>
<td>1.44</td>
<td>2.00</td>
<td>2.18</td>
<td>1.88</td>
</tr>
<tr>
<td>15. Prompt service</td>
<td>1.44</td>
<td>2.22</td>
<td>2.02</td>
<td>1.51</td>
</tr>
<tr>
<td>16. Solve complaints</td>
<td>1.11</td>
<td>2.17</td>
<td>2.36</td>
<td>1.57</td>
</tr>
<tr>
<td>17. Cater services to guests</td>
<td>1.56</td>
<td>2.11</td>
<td>2.15</td>
<td>1.70</td>
</tr>
<tr>
<td>18. Inform about activities</td>
<td>1.72</td>
<td>2.33</td>
<td>2.64</td>
<td>1.96</td>
</tr>
<tr>
<td><strong>Assurance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19. Trustworthy</td>
<td>1.39</td>
<td>1.83</td>
<td>1.94</td>
<td>1.33</td>
</tr>
<tr>
<td>20. Polite to guests</td>
<td>1.28</td>
<td>1.72</td>
<td>1.64</td>
<td>1.29</td>
</tr>
<tr>
<td>21. Communicate with guests</td>
<td>1.28</td>
<td>1.67</td>
<td>1.77</td>
<td>1.55</td>
</tr>
<tr>
<td>22. Kind and cordial tone</td>
<td>1.50</td>
<td>1.67</td>
<td>1.67</td>
<td>1.54</td>
</tr>
<tr>
<td>23. Advise undecided guests</td>
<td>1.89</td>
<td>2.44</td>
<td>2.55</td>
<td>2.05</td>
</tr>
<tr>
<td>25. Knowledgeable</td>
<td>1.22</td>
<td>2.06</td>
<td>2.21</td>
<td>1.79</td>
</tr>
<tr>
<td>29. Don't narrate problems</td>
<td>1.44</td>
<td>2.22</td>
<td>1.88</td>
<td>1.63</td>
</tr>
<tr>
<td>30. Communicate with staff</td>
<td>1.33</td>
<td>2.00</td>
<td>2.12</td>
<td>1.80</td>
</tr>
<tr>
<td><strong>Empathy</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24. Individual treatment</td>
<td>1.28</td>
<td>2.56</td>
<td>2.14</td>
<td>1.90</td>
</tr>
<tr>
<td>26. Anticipate guests' needs</td>
<td>1.39</td>
<td>3.00</td>
<td>2.39</td>
<td>2.05</td>
</tr>
<tr>
<td>27. Conscientious</td>
<td>1.50</td>
<td>2.28</td>
<td>1.97</td>
<td>1.61</td>
</tr>
<tr>
<td>28. Respect guests</td>
<td>1.44</td>
<td>2.33</td>
<td>1.87</td>
<td>1.43</td>
</tr>
<tr>
<td>31. Serve individual needs</td>
<td>1.50</td>
<td>2.17</td>
<td>2.30</td>
<td>2.00</td>
</tr>
<tr>
<td>32. Address guests by name</td>
<td>1.67</td>
<td>2.44</td>
<td>2.86</td>
<td>2.47</td>
</tr>
<tr>
<td>33. Individual attention</td>
<td>1.28</td>
<td>1.94</td>
<td>2.43</td>
<td>1.65</td>
</tr>
</tbody>
</table>

A = Management perceptions of guest expectations  
B = Management perceptions of hotel service delivery  
C = Guests' perception of quality of service  
D = Guests' expectations of service  

Scale: 1 = highly satisfied to 5 = highly dissatisfied