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Cultural dimensions impact on customer’s expectations about the hotel service: application in different HDI Latin countries

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Abstract
Due to its dynamic nature and its importance in the service process definition, customer’s expectations have been hardly studied, however, very few focused on the impact of culture on customer’s expectations formation, as customer’s can belong to different cultures. Also, the study of customer’s expectations about tourism services has increased, mostly applied in developed countries from the north hemisphere. Still, countries from different hemispheres have different levels of social and economic development and therefore, can differ in the way that culture influences customers’ expectations about services in groups of countries with different levels of human development. In this sense, the main purpose of this research is to understand if cultural dimensions influence customers’ expectations about a service equally in groups of countries with different levels of human development. The multigroup analysis using structural equation modelling was used to calculate the regression weights for all the path combinations in analysis for each proposed group of countries with different levels of human development. This research regarded the hotel service and data was collected from ten Latin countries: Portugal, Spain, France, Italy, Romania, Brazil, Mexico, Uruguay, Bolivia, and Chile. About 1262 customers answered a questionnaire about their expectations about service dimensions of the hotel service and their cultural dimensions. Findings show that cultural dimensions influence in customers’ expectations about hotel service is not equal in groups of countries with different levels of human development (HDI). Theoretically the major contribution is the application of a cross-cultural approach that demonstrated that cultural dimensions influence customers’ expectations about the hotel service differently in developed and in development countries with different levels of social and economic development. Therefore, it also indicates that hotel managers will have to adapt the service according to the level of human development of each group of countries in an internationalization process.

Keywords: Customer’s expectations, Hotel, Services dimensions, Cultural dimensions, Latin countries, Human development

1. Introduction
This an era of the service-dominant logic (Lusch & Vargo, 2006), where a transition from a physical product value-added logic to a service value chain happens. So far, services characteristics as intangibility, consumer participation or involvement, relationship and interpersonal interaction between consumer and employee, inseparability between production and consumption, and the difficulty of service standardization, makes it challenging to plan and manage a marketing strategy for a service. It is clear that services efficiency and effectiveness is highly dependent on the profound understanding of customers (Bartel, Snow, & Cullen, 1996) and their satisfaction is the ultimate aspiration of every supplier. Customers will only be satisfied if the service performance matches up to their expectations (Wu, Huang, & Chou, 2014). Therefore, knowing and managing customer’s expectations is critical to service conception and management, because companies communicate what consumers expect for service performance (Kurtz & Clow, 1992). Nevertheless, customers’ expectations are different according to their national culture. Consequently, organizations have
to adapt themselves to the national-level values of the culture in order to have success and function properly, providing insight on organizational procedures, norms and practices (Sagiv, Schwartz, & Arieli, 2010). Culture is a key factor when customers are building their expectations about a service. So, customers from the same culture have, probably, the same expectations about a service, because their cultural identity, attitudes and behavior patterns are similar (Hsu, Woodside, & Marshall, 2013). Hereupon, the main objective of this research is to understand if culture influences equally customer expectations about services in countries with different cultural patterns and human development levels.

2. Literature Review

2.1. Cultural influence in services

Involving customers in the service process and understanding their choices and thoughts will help service providers to create value to customers and to achieve service quality. Knowing what customers want and desire when achieving a service, is to know what their expectations are about a service. The big challenge for service firms is to anticipate customer expectations, which are always changing, and then making it possible to reply with a service offer that will make and keep them satisfied. Even more challenging is having the ability to understand what are the aspects that influence customer expectations construction, where culture can take a major role in their definition.

In anthropology, culture is described as societies’ customs and rituals. It is like the personality of a person, but in this case it is the character of a group, how they express emotions, thoughts, move and plan (Hall, 1976; Schein, 2010). Several cultural frameworks that try to uncover cultural differences and to cluster countries according to those differences or similarities have enriched management research. Therefore, seven cultural dimensions were taken into account: time, space, nature of reality and context, nature orientation, human activity, human nature and human relationships. Countries with a similar culture compose each cluster and customers from those countries have also similar expectations for each service. Consequently, the service can be designed for the whole cluster.

2.2. Customer’s expectations about service dimensions

In a basic understanding, customer expectations are about what a service should offer (Parasuraman, Zeithaml, & Berry, 1988). Satisfaction is accomplished through the balance between customer expectations and the real experiences or perceptions (Wu et al., 2014). As this difference is lower, higher the satisfaction level and the company will benefit from it, as the customer will probably return to the company and eventually build a positive feedback about the company. Therefore, managing customer’s expectations is critical to service conception and management (Kurtz & Clow, 1992). Before the initial service encounter every customer has its cultural identity, related to physiognomy, language and demeanor, as a background that influences all the service encounter process (Hopkins, Hopkins, & Hoffman, 2005). In sum, each country has its own culture, and as culture influences the way that the customer expects the service, there is a need of adapting the service according to the culture of each country.

Customers’ have expectations for each one of the service dimensions and providers should design the service offer in line with those dimensions. So, it is fundamental do understand several service dimensions (eg. Chase, 1981; Salegna & Fazel, 2013; Van der Valk & Axelsson, 2015). However, only the service dimensions that can be designed and controlled by the service provider were considered, as these are the ones that the service provider can manage in order to fulfil customers’ expectations. Then, it is proposed a new classification for service dimensions:

- Degree of Customer Involvement (DCI): the level of connection and interaction between the service provider and the customers during the service process or system;
- Convenience Level (CL): the availability of the service, considering physical, financial, confidentiality and risk aspects;
- Contact Personnel Performance (CPP): the contact personnel are a very important player in the service performance, especially when front line employees can be a source of differentiation of the service;
- Complexity Degree (CD): the service provider has the power to define and design service encounter steps and their number;
- Information and Communication Power (ICP): the information exchange between the service provider and the customers;
- Environment and Social Responsibility (ESR): the provider can offer a service that has an environmental orientation, with ecological processes and materials.

The identification of the service dimensions that customer’s use to evaluate the service are fundamental to develop segmentation, targeting and positioning strategies by the service providers. The customer’s build expectations for each one of those service dimensions, however there are internal and external sources that influence that building process. The major factor is the culture, that in research are presented as cultural dimensions, which influence customer’s expectations about a set of service dimensions. So, customers from countries with different cultural patterns will have different expectations about service dimensions and customers with similar cultural patterns will have similar expectations about service dimensions. Additionally, the level of human development of a country can have influence in the way that customers expect a service, that is, customers from countries with different human development levels will have different expectations for the same service dimensions. Hence, the following hypothesis is posited:

Hypothesis 1: The cultural dimensions influence customers’ expectations about a service differently in groups of countries with different cultural patterns and levels of human development.

3. Methodology

The hypothesis proposition was tested in Latin countries and in the hotel service. The tourism sector in some countries is the main player in the economic development and also one of the most studied subjects in the service quality research, because of its uniqueness characteristics, as for example in hotel services, customers are part of the service experience (Dortyol, Varinli, & Kitapci, 2014). The previous cross-cultural studies have placed strong emphasis on the north hemisphere developed countries and fewer studies considerer countries from American countries, some in great economic development, as Mexico, Brazil and Chile (Engelen & Brettel, 2011). Cardon (2008) advices that cross-cultural research should include a minimum of 10 to 15 cultures. This research aims to take a step further and make a transcontinental cross-cultural study and due to these gaps, considering 10 different countries with a “presumed cultural similarity paradox” (Vromans, van Engen, & Mol, 2013). These countries have different levels of social and economic development and therefore, can differ in the way that culture influences customers’ expectations about services in groups of countries with different levels of human development. So, France, Italy, Spain, Chile, Portugal and Romania are Very High HDI Latin countries; Uruguay, Mexico and Brazil are High HDI Latin countries; and Bolivia Medium HDI Latin countries1.

The population was composed by university students (attending post-graduate programs) from the selected Latin countries. The objective was to have people that can answer a questionnaire about consumer issues and that are customers with resources to spend on the hotel service. Data was collected through an online questionnaire and to increase the filling rate and the validity, all questions were of mandatory answer. The questionnaire was made in English and then translated to the native languages of the Latin countries by a local native speaker. The questionnaire measured customers’ expectations about each service dimension using a 7-point Likert.

4. Findings and discussion

The sample of this research is adequate with 1262 observations (Portugal (15%), Spain (9%), France (9%), Italy (6%), Romania (9%), Brazil (12%), Mexico (13%), Uruguay (8%), Bolivia (10%) and Chile (7%).

The analysis compared the influence of cultural dimensions in customer expectations about a service in groups of countries with different levels of human development. The influence of cultural

dimensions in service dimensions can be estimated across multiple groups, namely in the groups Low HDI Latin countries, Medium HDI Latin countries and High HDI Latin countries. In a first stage it was tested if the strengths of the relations between the cultural dimensions and the service dimensions across all groups, giving the unconstrained regression weights for each relation. Then in a second stage, for each group it was analyzed if their statistically significant difference between groups by calculating the Z-test. With the Z-test it is possible to test which coefficients differ significantly between the stated groups. The null hypothesis for two groups 1 and 2 is: \( H_0 : B_{YX(1)} = B_{YX(2)} \). The Z score cannot be obtained directly and must be calculated through an equation (see Eq. (1)) (Marôco, 2010, p. 292).

\[
Z = \frac{\hat{B}_{YX(1)} - \hat{B}_{YX(2)}}{\sqrt{\sigma^2 \hat{B}_{YX(1)} + \sigma^2 \hat{B}_{YX(2)}}}
\]

(1)

Where:
- \( \hat{B}_{YX(1)} \): path of \( X \) and \( Y \) of sample 1
- \( \hat{B}_{YX(2)} \): path of \( X \) and \( Y \) of sample 2
- \( \sigma \hat{B}_{YX(1)} \): Standard error of the set

The null hypothesis is rejected, for \( \alpha=0,05 \), if \( |Z| > z_{0.975} = 1.96 \), proving that the relation differs significantly in the two groups in analysis.

The Z test, for a \( \alpha=0,05 \), revealed that the following paths are significantly different between the two groups, the Very High HDI Latin countries and the High HDI Latin countries.

- Long-term orientation \( \rightarrow \) Convenience level (\( Z=2.047; p<0.05 \));
- Nature orientation \( \rightarrow \) Convenience level (\( Z=2.500; p<0.05 \));
- Nature orientation \( \rightarrow \) Contact personnel performance (\( Z=2.429; p<0.05 \));
- Nature orientation \( \rightarrow \) Complexity degree (\( Z=2.883; p<0.05 \));
- Embeddedness vs. Autonomy \( \rightarrow \) Degree of customer involvement (\( Z=3.319; p<0.05 \));
- Universalism vs. Particularism \( \rightarrow \) Degree of customer involvement (\( Z=4.481; p<0.05 \));

The Z test, for a \( \alpha=0,05 \), revealed that the following paths are significantly different between the two groups, the High HDI Latin Countries and Medium HDI Latin Countries.

- Long-term orientation \( \rightarrow \) Convenience level (\( Z=3.923; p<0.05 \));
- Long-term orientation \( \rightarrow \) Environment and social responsibility (\( Z=3.034; p<0.05 \));
- Space \( \rightarrow \) Complexity degree (\( Z=3.586; p<0.05 \));
- Nature of reality and context \( \rightarrow \) Contact personnel performance (\( Z=5.407; p<0.05 \));
- Nature of reality and context \( \rightarrow \) Information and communication power (\( Z=3.835; p<0.05 \));
- Nature of reality and context \( \rightarrow \) Environment and social responsibility (\( Z=3.755; p<0.05 \));
- Embeddedness vs. Autonomy \( \rightarrow \) Contact personnel performance (\( Z=3.183; p<0.05 \));
- Embeddedness vs. Autonomy \( \rightarrow \) Complexity degree (\( Z=3.913; p<0.05 \));
- Achievement vs. Ascription \( \rightarrow \) Degree of customer involvement (\( Z=2.209; p<0.05 \));
- Universalism vs. Particularism \( \rightarrow \) Degree of customer involvement (\( Z=3.961; p<0.05 \)).

The Z test, for a \( \alpha=0,05 \), revealed that the following paths are significantly different between the two groups, the Very High HDI Latin Countries and Medium HDI Latin Countries.

- Long-term orientation \( \rightarrow \) Convenience level (\( Z=5.367; p<0.05 \));
- Long-term orientation \( \rightarrow \) Environment and social responsibility (\( Z=3.451; p<0.05 \));
- Space \( \rightarrow \) Contact personnel performance (\( Z=3.473; p<0.05 \));
- Space \( \rightarrow \) Complexity degree (\( Z=3.514; p<0.05 \));
- Nature of reality and context \( \rightarrow \) Degree of customer involvement (\( Z=2.033; p<0.05 \));
- Nature of reality and context \( \rightarrow \) Contact personnel performance (\( Z=5.517; p<0.05 \));
- Nature of reality and context \( \rightarrow \) Information and communication power (\( Z=3.559; p<0.05 \));
- Nature of reality and context \( \rightarrow \) Environment and social responsibility (\( Z=3.730; p<0.05 \));
- Nature orientation \( \rightarrow \) Convenience level (\( Z=2.539; p<0.05 \));
- Nature orientation \( \rightarrow \) Contact personnel performance (\( Z=2.768; p<0.05 \));
- Human activity \( \rightarrow \) Environment and social responsibility (\( Z=2.340; p<0.05 \));
- Human nature → Contact personnel performance (Z=2.115; p<0.05);
- Hierarchy → Complexity degree (Z=2.948; p<0.05);
- Embeddedness vs. Autonomy → Contact personnel performance (Z=3.19; p<0.05);
- Embeddedness vs. Autonomy → Complexity degree (Z=4.335; p<0.05);
- Achievement vs. Ascription → Degree of customer involvement (Z=2.285; p<0.05).

Consequently, the Hypothesis 1 is not rejected, as cultural dimensions influence in customers’ expectations about service is not equal in groups of countries with different levels of human development, in this case, the Very High HDI Latin countries, the High HDI Latin Countries and the Medium HDI Latin countries.

Previous cross-cultural studies in the services sector were mainly made in developed countries from the north hemisphere (eg. Bartel et al., 1996; Laroche, Ueltschy, Abe, Cleveland, & Yannopoulos, 2004; Lin, Tu, & Tu, 2007) and fewer in countries in development, that have different levels of social and economic development. So, customers from countries with alleged similar culture and with different levels of human development can differ in the way that culture influences customers’ expectations about services. Results showed that cultural dimensions influence customer expectations about a service differently in groups of Latin countries with different levels of human development. Therefore, Very High HDI Latin countries (France, Italy, Spain, Chile, Portugal and Romania), High HDI Latin countries (Uruguay, Mexico and Brazil) and Medium HDI Latin countries (Bolivia) differ in the way that culture influences customers’ expectations about services in groups of countries with different levels of human development. This indicates that Very High, High and Medium HDI Latin countries are not similar, that the same service can be expected differently by these different groups of customers’, and that there is a need of adapting the service according to the level of human development of each group of countries.

5. Conclusions and implications

The influence of culture on customer’s expectations is different when it comes to group these countries with alleged similar culture according to their different levels of human development. In fact, it is possible to confirm that cultural dimensions influence customer expectations about a service differently in groups of Latin countries with different levels of human development. This indicates that customers from very high HDI countries (France, Italy, Spain, Chile, Portugal and Romania), high HDI countries (Uruguay, Mexico and Brazil) and medium HDI countries (Bolivia) differ in the way that culture influences their expectations about service dimensions of an hotel service, so once more, there is a need of adapting the service according to the level of human development of each group of countries.

This transnational cross-cultural research overtakes two of the biggest gaps in this area, the predominance of developed countries from the north hemisphere and the strong dominance of two-country studies (Engelen & Brettel, 2011; Richardson & Smith, 2007). It also contributes with a multi-country analysis of ten different countries, a minimum threshold set by Cardon (2008). It also contributes to enhance the hotel service field with the study of the relation between cultural dimensions and customer expectations. These insights can be used to build or redefine marketing strategies when internationalization processes take place. So, the same service should not be designed and commercialized equally for the Latin customers, managers should adapt the service to each country. By, clearing this cognitive dissonance, managers can now reduce risks in internationalization processes to the Latin countries with different levels of human development.

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7. References


