



Demand management

*-Preferred options from the customer's point of view
regarding the rural hotel industry*

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Preface

We are all surrounded by channels of knowledge, and it has been rewarding to be able to contribute with deeper insight of this subject to those who seeks knowledge about the topic. It has been a journey of both joy and struggle, which is all part of a learning curve that has been surmounted.

During the process of conducting this paper, additionally value has emerged due to the rewarding interaction it has been with our examiner, tutor and seminar participants who has been giving valuable and new insights to our subject. We would thereby like to thank our examiner professor Mosad Zineldin, our tutor professor Anders Pehrsson and all our seminar participants for their support and comments.

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Abstract

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Title: Demand management - Preferred options from the customer's point of view regarding the rural hotel industry

Introduction: If demand and capacity is not in line, dissatisfaction can occur among the customers. In these cases demand can be managed by demand management options in order for it to reach the wanted level.

Purpose: The purpose is to identify which demand management options (DMO) that rural hotels customers' finds significant in order to affect their usage of the service, hence, to change their demand.

Delimitations: The delimitations of this paper are automation, substitute services and sales promotion, as these areas will not be handled in this paper.

Methodology: This study will be approached by the deductive point of view. Further the methods to gather empirical information will be both a quantitative approached in the shape of a survey and a qualitative approach in the shape of a focus group.

Conclusions: Price is of importance for rural hotels, but they could also use service differentials, which can be a winning concept. The DMO of overbooking is not as successful as the customers perceive it as something negative. Promotion can increase the demand but should be used together with other DMOs, hotels should although be careful so no negative WOM starts spreading. A negative WOM could occur if the hotel segments their customers wrongly.

Suggestion for further research: Is to investigate to which degree the recommended DMOs affects the demand within rural hotel industry by practically measuring it. Further, if these DMOs also should be implemented by downtown hotels can be a ground for future research.

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Appendix 1 - Survey

Appendix 2 - Focus group

1.0 Introduction

In this chapter, the topic of this paper, which is demand management within rural hotels, will be presented. In addition, general information about services, demand management options and its connection to capacity and hotel industry will be handled. As well as the purpose, research question, delimitations, theoretical relevance and practical relevance of this paper will be presented.

1.1 Background

Service companies mostly produce their offers, which are intangible, when the customer is present (Chase & Heskett, 1995). In addition to this, customers are intertwined with the service provider during the implementation of the service, which means that the results are also in the hands of the customers (Edvardsson, 2005). The results of a service experience are however subjectively apprehended, and customer may differ in how satisfied or unsatisfied they are with the similar outcome (Lam et al., 2012). It is further known that in the service industry, companies cannot store their services to then use them in a later context (Kandampully, 2000). This leads to that unused capacity will stay unused within the service industry, as it cannot occur any transfer of excess capacity from one period to another (Özlük et al., 2010). Idle capacity will mean that the fixed costs will be diversified at fewer revenues and a lack of capacity will mean that not all customers can be served, which means lost revenues (Shemwell & Cronin, 1994).

In addition, if the company fails, due to lack of capacity to serve all the customers, it can lead to long term negative effects, where the customer finds another provider and stays loyal to that one instead (Rust & Chung, 2006). The meetings with the new company however need to be harmonized in order to reach an experience that the customer perceives as pleasing (Chase & Heskett, 1995). However, according to Lam et al. (2012) due to the intangibility feature of the service, as well as the result may be differing from time to time, customers may have problem to decide which quality level the service actually possesses. Further, when a customer enters a competitor, it may be because customers may not have the tolerance to wait for the former company to be able to serve them, or they may not be able to, for practical reasons (Showalter & White, 1993).

However, according to Klassen and Rohleder (2002), the demand can be managed, where demand exceeds capacity as it can be shifted to times where the demand is lower than the capacity, this would be through demand management options (DMO) which are tools to affect the demand in a wanted direction. To change the demand so it is tailored of the available capacity is called demand management (Shemwell & Cronin, 1994). Klassen and Rohleder (2002) state that, the most common is that service companies' focuses on capacity management, hence, to adapt the capacity to the given demand. Lovelock (1984) mentions that companies, within some service industries, that do not handle capacity in an efficient manner might not be able to captivate success within the financial area. However, some industries cannot manage the capacity within close future, which translates to a situation of fixed short-term capacity (Okumus, 2004). This means that if no demand management occurs, revenues will be lost if the demand is not in line with the capacity (Rust & Chung, 2006). Kandampully (2000) argues that, getting the customers to change their pattern of demand themselves or to manipulate the demand, are the only strategies that a company can implement if they have a relative fixed capacity.

1.2 Problem discussion

Shemwell and Cronin (1994) state that if no optimal balance between demand and capacity is reached, a company risks to face either costs that are high due to too low demand, or opportunities that goes to waste as a result of too high demand. In addition, no demand management is however also a choice for companies (Lovelock, 1984). However, according to Kandampully (2000) there are services where other customers are a big part of a particular customer's personal experience and when the number of customer is too low, the experienced quality for that particular customer may be negatively affected. Further, according to Edvardsson (2005) the quality that is perceived by the consumer is highly negative affected by negative experiences during the service encounter. In addition in this, in such situation, a company may need to implement demand management in order to keep out negatively affection on quality (Kandampully, 2000). According to Özlük et al. (2010) the customer satisfaction may indeed be reduced when capacity and demand are not in line.

Demand however, can be managed through incitements to get the customers to, by their own free will, change their decision of when to enter the service to the time where the company wishes to increase the demand by DMOs (Klassen & Rohleder, 2001). One strategy to do this is by using yield management, which is matching the price, and offer with the customer,

which mean that these may all differ from one customer to another (Rust & Chung, 2006). Furthermore, according to Yelkur and DaCosta (2001), companies' different segments may indeed have prices of disparity. However, companies need to be aware of what the incitements will have for effects on brand quality, since price variations for example may create an unstable quality for the given brand (Yoo et al., 2000). However, according to Swani and Yoo (2010) by lowering the price, customers can justify the buying, if they are looking for the function rather than status, if it is the other way around, buying intentions may decrease with unstable brand equity. Furthermore, promotion in the marketing mix may also affect the demand, in wanted direction (Rust & Chung, 2006; Klassen and Rohleder (2002). By advertising, sales may indeed occur; this is according to Devi et al. (2010).

A company could also protect itself from lack of demand, by implementing overbooking, since there is a risk that customers who have made reservation will not enter the service (DeKay et al., 2004). However, there is also the risk that the customers may not re-enter the service when doing so (Hwang & Wen, 2009). Furthermore, according to Godes and Mayzlin (2004) word of mouth (WOM) can affect customer behavior. This may even be in a negative way, if the customers are not pleased with the company (Berger & Schwartz, 2011). Service differential is another strategy to use within demand management, which means that quality is increased when demand is low and vice versa (Klassen & Rohleder, 2001).

According to Croxton et al. (2002) the demand prediction is of significant. Furthermore, in order to predict the demand efficiently a balanced degree of costs and information needs to be found, this is especially referring to cases where the customers are heterogeneous, since information collection will be more complex than when customers are homogeneous (Kalchschmidt et al., 2006). The lack of demand prediction will make the management of demand less successful (Klassen & Rohleder, 2001). According to Bartezzaghi et al. (1999) the variation of demands reasons needs to be established, this in order for the uncertainty to decrease, in addition, when customers buying habits differ, variation in demand can occur. Furthermore, seasonal changes may be a reason for changes in the demand, and this especially referring to the tourism industry (Parrilla et al., 2007). According to Kalchschmidt et al. (2006), the significant customers of a company are what the variation from demand may be derived from. Another reason for variation in demand is customer heterogeneity (Bartezzaghi et al., 1999). An industry that is exposed to variations in demand is the hotel industry (Okumus, 2004). When it comes to the hotel industry in Sweden, the hotels had variation in

the hotel occupancy of the year 2011, where for example the hotel industry had occupancy of 60 percent of July and approximately only 39 percent in December (SCB.se(2), 2011). Furthermore, some municipalities showed occupancy of only 25 to 35 percent during the year of 2011 (Hirsch et al., 2012). Furthermore, since larger municipalities have higher occupancy (Aarflot et al., 2011) the focus will instead be on hotels located in smaller municipalities. In relation to larger towns, smaller near located towns' or small municipalities' hotels will be referred to as rural hotels. Further, too aggressive demand management may give a too strong effect, which means that the demand can reach far over the existing capacity level (Klassen and Rohleder, 2002). This means lost revenues opportunities, as well as the customers may find another service provider who it might create a relationship with, and perhaps even become loyal to instead (Rust & Chung, 2006). Therefore, not all demand management options can be used at the same time (Klassen and Rohleder, 2002). In addition, some of them may even create problems for the company and its brand equity (Hwang & Wen, 2009; Yoo et al., 2000). It is important to find out which demand management options a service provider should use in order to affect the demand (Shemwell & Cronin, 1994). This is with consideration to how they are perceived in the eyes of the consumers (Swani & Yoo, 2010).

1.3 Problem statement

Which demand management options (DMO) is most significant for customer behavior within rural hotel industry?

1.4 Purpose

The purpose is to identify which demand management options (DMO) that rural hotels customers' finds significant in order to affect their usage of the service, hence, to change their demand.

1.5 Delimitations

The delimitations of this paper are automation, substitute services and sales promotion, as these areas will not be handled in this paper.

1.6 Theoretical relevance

The theoretical relevance for this paper is to shine light upon the area of demand management, and in particular the demand management options of, a) *price*, b) *overbooking*, c) *service differential*, d) *promotion* and e) *segmentation*. Further, theory about *prediction of*

demand, fluctuations of demand causes and general information of *demand management* will be presented in order to fully handle the subject.

1.7 Practical relevance

The practical relevance for this paper is to find out which demand management option customers' see as significant in order to change their decisions of when to enter a rural hotel. Further, the results of this paper can become guidelines for the rural hotel industry within their demand management strategy decisions of which demand management options to implement.

2.0 Methodology

In this chapter, a deeper presentation will be made concerning methodology aspects, such as, science approach, type of study, information gathering methods, sampling and quality measures.

2.1 Positivism and hermeneutic science approaches

Bryman and Bell (2010) state that the human senses are exposed to several impressions constantly. This is the knowledge that positivism accepts, that is, knowledge that cannot be perceived by the senses is not accepted knowledge within the positivistic point of view (Bryman & Bell, 2010). Hartas (2010) states, that human's mental process, which is the drive behind social happenings, will not be taken into consideration with the positivistic point of view. This is since the reality that is observed should be objective (Lichtman, 2010).

According to Lichtman (2010) language is of significance within the hermeneutic point of view, this is since it is the tool to interpret and acquire knowledge. Bryman and Bell (2010) state that, this is since it is the actions caused by humans that this approach refers to interpret. Furthermore it is the meaning that is subjective for the humans involved in social interactions that is the purpose with this approach (Bryman & Bell, 2010).

This study will be approached through the positivism approach. This is since the authors aim for objectively. Further, the hermeneutic approach will not be approached and is therefore rejected.

2.2 Inductive, deductive and abductive science approaches

Johnson and Christensen (2012) mention that an approach that is a straight path from the beginning until the end is the deductive approach. Additionally the purpose with the deductive approach is to start general within the theory and thereafter decrease to specifics which are done when hypotheses are being formulated (Johnson & Christensen, 2012). Bryman and Bell (2010) argue that this approach is the approach where theory is being tested. Additionally, Bryman and Bell (2010) state that, this would be through the hypotheses. According to Björklund and Paulsson (2003) it would be the abductive view that is used when the inductive and deductive are intertwined in the same study. This would mean that it would be both a theory generation and theory testing approach; in this way it is guaranteed that the study will

have the foundation of earlier theoretical findings as well as it discover new phenomena (Tashakkori & Teddlie, 2003).

Bryman and Bell (2010) state, that an approach that is often used when the qualitative approach is chosen is the inductive approach. Furthermore, this approach is an approach that generates theory from empirical investigations (Bryman & Bell, 2010). Lichtman (2010) argues that it is an approach that is not constructed through a straight path. Instead the researchers gather data and then through reflections accumulate the data with additionally information or the process is finished (Lichtman, 2010). It all depends on what type of interesting findings that are found in the research (Bryman & Bell, 2010).

This study will be conducted through a deductive approach. The information gathering will be static and follow a straight path with a clear beginning and a clear end, which is strengthening the choice of a deductive approach.

2.3 Type of study

Depending on the accessible knowledge in an area of study, the research can take different shapes (Björklund & Paulsson, 2003). Björklund and Paulsson (2003) states, that there are four different types of shapes on researches; normative, descriptive, exploratory and explanatory. Björklund and Paulsson (2003) further state that when knowledge exist within an area of study and the researches about this area have a guiding type of purpose, then the research have taken the normative form. The descriptive form on the other hand, is when the area of study is at a basic knowledge level and the study has the purpose of solely describing the area (Björklund & Paulsson, 2003). When the scope of knowledge within an area of study is small, the exploratory form is used as knowledge of a basic kind is to be found within the purpose of the study (Björklund & Paulsson, 2003). Björklund and Paulsson (2003) argues that, when explaining and describing an area of study along with seeking knowledge of a deeper kind, the explanatory form of research is used.

The authors consider this study to have an exploratory form. This is as the authors argue that the knowledge about this area of study is limited. Furthermore, the authors wish to shine light upon this subject.

2.4 Quantitative and qualitative research methods

Quantitative method is an approach that is appropriated when the purpose of the study is to test whether phenomena being identified can be accepted or rejected (Hartas 2010). This would be through hypothesis that would be formulated and tested by the researcher (Johnson & Christensen, 2012). Through this approach theory would be tested, since hypothesis should be derived from theory (Bryman and Bell, 2010). The study's construction would be more of a line, that is, the researcher follows a path with a clear end (Johnson & Christensen, 2012). Furthermore, Lichtman (2010) states that the objectivity from the researcher's point of view is what this method seeks. This would be when the researcher's influence over the study is being minimized (Lichtman, 2010). However Bryman and Bell (2010) argue that within this method the researcher however indeed will have influence over the study, since they chooses what types of questions the quantitative investigations should include, this after their own interests.

The quantitative approach will be conducted in way that makes the collected information transformed into numbers (Björklund & Paulsson, 2003). This is since a quantitative researcher has an interest in analyzing all the collected information in a mathematical way (Hartas, 2010). The purpose of this would be to through statistical methods be able to apply generalization on the results to a more general level, which would be to the population (Johnson & Christensen, 2012). Whether the result would be applicable to the population will depend on the sampling choice though, since generalization has a bigger chance to be obtained through probability sampling (Bryman & Bell, 2010). According to Johnson and Christensen (2012) the sampling sizes must also be large enough for the study to be able to be generalizable. Indeed there are tendencies within the quantitative method to use major groups that are sampled randomly (Lichtman, 2010). However there are of course also cases where randomly sampling cannot be obtained within this method (Lichtman, 2010).

The approach within this method is often constructed in a way that makes it possible for the researcher to find relationships among the variables that are being tested, which is in order to find the relationships between the cause and effect among them (Hartas , 2010). The factors that are being tested are usually, to the number, limited (Lichtman, 2010). Due to the transformation of the information to numbers, the time spam of analysis reduces (Johnson & Christensen, 2012). Another aspect of this method is the possibilities to quick gather the data

needed and when large groups are being studied it is an effective approach (Johnson & Christensen, 2012).

One method to collect data is the qualitative method (Lichtman, 2010). This approach refers to empirically study humans and their mental process, their thoughts and subjective beliefs (Lichtman, 2010). Therefore, words are according to Bryman and Bell (2010) of great importance within this method. Lichtman (2010) argues that it is the participants' personal experience and subjective perceptions of their selves that are what qualitative researcher are after. That is, they are interested in deeper meaning of what factors it is behind humans' behavior and their interactions (Lichtman, 2010). In addition, how and why are therefore fundamental anchor within this method (Lichtman, 2010). According to Bryman and Bell (2010), what it is as being meaningful should be in the hand of the participants of the study. However, according to Bryman and Bell (2010), the interpretations as well as what should be highlighted will instead be in the hands of the researcher. Lichtman (2010) however argues that this would mean that objectively would be difficult to achieve, since the researcher would be subjective and it would be the researcher that creates the reality after its background and experience during the interpretations stadium.

The qualitative method is a very flexible method, that is, the researcher will not follow a particular straight path to conduct the research (Johnson & Christensen, 2012) Instead will knowledge within the area the researcher aim to study accumulate with time, and the research questions can thereby, be at any time, changed or rejected depending on what new situation the study will be in (Hartas, 2010). This is depending on what findings the researcher finds in the data collection, it is therefore not a fixed study, and the researchers may swap directions constantly and turn to wherever the most interesting findings points (Johnson & Christensen, 2012). This also means that the data generating and the analyzing of data may occur simultaneously or they may overlap each other (Bryman & Bell, 2010).

The information gathering and analyzing would therefore make this method a time consuming method according to Johnson and Christensen (2012). According to Lichtman (2010) generalizability of the study would not be something that qualitative researcher aim for. According to Bryman and Bell (2010) populations would be difficult to generalize to; instead the purpose with this method would be to generalize to theory. The participants that are being

study in this method is often not chosen randomly and the group to be study is often limited in size (Lichtman, 2010).

The approach this study will implement is a combination of both quantitative and qualitative approaches. This is so the advantages of both approaches can be capitalized. The focus will be on the quantitative approach, as well as at the deductive view. A qualitative research method will serve as a foundation to build the quantitative research on. This qualitative research method will be in form of a focus group to achieve deeper meaning on what customers expect from a rural hotel, in order to enter it. The focus group would include people who travel for leisure. The quantitative research method that will be conducted is a survey that will gather the attitude of the customers towards rural hotels and the demand management options.

2.5 Information gathering methods

2.5.1 Focus group

The method focus group is a qualitative method that enhances information from several participants at the same time, which means the information that is collected would be through group interactions (Johnson & Christensen, 2012). Synergy effects can occur during the group discussions, since thoughts may emerge that would not have been the case if the participants instead would have been part of the personal interviews (Silverman, 2004). The subject the focus group discusses must of course be in line with what the researcher aims for investigating, therefore the researcher will construct open questions that will be implemented during the focus group. The one who supplies the questions will take the role of a moderator (Johnson & Christensen, 2012). The moderator should however let the discussions be in the hands of the participants and only control the discussion when it needs to be more in line with the subject that is intended to be handled (Bryman & Bell, 2010). Of course if the discussions become extinct the moderator needs to bring new life into the debate (Lichtman, 2010). It is also the moderator's role to make sure all the participants are given space to give its voice into the matter (Lichtman, 2010). This means that there cannot be participants' that singularly debates the questions (Johnson & Christensen, 2012).

The number of participants included in the focus group should be between six and twelve individuals (Lichtman, 2010). However, according to Bryman and Bell (2010) the number should not oversee ten participants. There is no guarantee the invited participants will enter

the focus group though, therefore stand by participants need to be included (Silverman, 2004). The span of participants is to stimulate good debate conditions (Lichtman, 2010). For example when implementing a focus group with too few participants the discussions may be vague (Lichtman, 2010). However, if the group is too large, the discussion may also be vague due to low commitment among the participants (Bryman & Bell, 2010). The participants in the focus group should be selected via criteria's stated by the researcher so that they can give qualified information to the research (Johnson & Christensen, 2012). If already existing hierarchy and interactions patterns among the participants is not a problem, the participants' may indeed be able to know each other, however if it is desirable to avoid those patterns, the participants should not be acquainted with each other before the execution of the focus group (Bryman & Bell, 2010). However, if the focus group members know one and another, it can facilitate the debate (Lichtman, 2010). To record the debate in the focus group is one method that could be used (Silverman, 2004).

The focus group will be conducted in a group of eight participants; this is due to the authors wants to encourage commitment into the focus group so no participants become idle. The authors argues that even though the higher span of the recommended number of participants is used, deeper meaning and quantitative meaning can occur, which is also what the authors strive for, to better understand the potential rural hotels customers' point of view. The focus group will be recorded as well as one of the authors will be responsible for taking notes, while the other one will be leading the group as the moderator. All of the focus group participants gave their approval for the recording. The participants of the focus group may indeed be able to know each other before, which means that the authors of the study must accept the already existing interaction patterns and hierarchy that may exist, however as stated by the theory, the debate may be facilitated. Two stand-by participants will be ready to enter the focus group in case that some of the ordinary participants will not enter. The questions for the focus group can be found in the appendix 2 along with the operationalization.

2.5.2 Survey

A quantitative method to gather information is through the approach of surveys (Bryman & Bell, 2010). That is the respondents' answers pre-stated questions made by the researcher, often at their own convenience time and space (Björklund & Paulsson, 2008). According to Hartas (2010) the pre-stated questions can be a mix of closed questions or the opposite, open questions where no restrictions are given. Closed questions are where the respondents are not

given the space to answer freely about the matter, instead they are given restrictions to their answer in the shape of the researchers' pre-stated options (Hartas, 2010). According to Johnson and Christensen (2012) the idea with surveys is that all the surveys distributed to the respondents should be one of a kind that is they cannot differ from one respondent to another. This would be to strengthen the phase of analysis where the answers are being compared (Johnson & Christensen, 2012). It is important that all the respondents interpret the questions in a similar way, especially since the lack of an interviewer to explain the question is a fact (Bryman & Bell, 2010). This can, according to Björklund and Paulsson (2008) lead to misinterpretation among the respondents. That is, respondents may fill in an option that is not in fact the truly precious one (Brace, 2008). It would however, not be the respondents aim to answer without honestly, it would only be the result of not understanding the question correctly (Brace, 2008). Therefore the questions should be crystal clear in their stated form so these situations can be avoided (Bryman & Bell, 2010).

Furthermore the pre-stated questions should not be too complex nor should they be too long (Brace, 2008). Bryman and Bell (2010) state that, the closed questions will be of advantage since the possibility comparison is being heightened. According to Hartas (2010) the survey should be exposed to testing before the actual surveys are being handed to the respondents. If any problems or unclarities are being identified during the testing, of course they need to be solved before the actual survey is being handed to the real respondents (Bryman & Bell, 2010)

After a drop out of 25 percent, 174 survey answers were gathered and analyzed. The survey of this study was a survey that consisted of both open and closed questions. They will be presented in variation; however, there will not be any open questions in the beginning of the survey. This is because the open questions require more time and effort and should be placed further in the survey, so that no respondents will be scared away. There will be more closed questions than open questions. This is to make the answers optimal for comparisons. In addition, this would be to strengthen the eventual trends the survey will show. As the theory states, open questions should also be included into the survey as they give the opportunity for subjective opinions to arise. As the theory recommends, the survey will be tested by individuals before it is being executed, which was done by three people. In order to capture a greater sample, a gift card of 100 SEK from presentorget.se that will be given randomly to one of the respondents among those respondents who entered their Email, was implemented

in order for people to feel encourage to take the survey. However, the Email will not be associated with the respondents' answers, they will remain anonymous. The questions for the survey can be found in the appendix 1 along with the operationalization.

2.6 Sampling

When it comes to the execution of the sampling, Johnson and Christensen (2012) mention that, it can be performed as either nonprobability or as probability sampling. Probability sampling is to be preferred over nonprobability as it is more generalizable to the whole population than the nonprobability sampling is (Johnson and Christensen, 2012). Bryman and Bell (2010) argue that when using a probability sampling, the chance of being chosen to be a part of the sample is the same for all of the individuals in the whole population. Therefore, the sampling error is easier to control when performing a probability sample (Bryman & Bell, 2010). However, Hartas (2010) mentions that the probability sampling not always are feasible to conduct, therefore nonprobability sampling can be conducted instead. Lichtman (2010) mentions one nonprobability sampling method, the snowball sampling. This sampling method is to gather the participants for the sample through firstly gather some primary participants, who secondly give contact information about other individuals that also would be suitable for the research (Lichtman, 2010). Hartas (2010) argue that this sampling method will contribute with participants that are familiar with each other, that have a higher motivation for being actively participating in the research. In researches of new areas the snowball sampling could be of good use as it in these cases can be hard to find participants that want to join the study (Hartas, 2010).

Another way of collecting a sample is the convenience sampling, which Johnson and Christensen (2012) states are to choose those who are easily accessible for the study. Hence, this type of sampling will not give all individuals in the population the same chance of being selected for being a part of the sample (Johnson & Christensen, 2012). The convenience sampling is a popular method to use, which could be since this method does not have the same limitations as a probability sampling (Bryman & Bell, 2010; Johnson & Christensen, 2012). Bryman and Bell (2010) mentions that if the researcher wants to check if the sample resembles the population it is possible to control with variables as age and gender, or other variables that are representing the population.

For this study the authors have chosen to use the snowball sampling as it is most suitable due to practical reasons. The snowball sampling will be used so that the authors can reach out to a greater sample size. This concerns both the focus group and the survey. The population for the survey and focus group are all individuals that are over 18 years old in Sweden and the individuals who have a connection to Sweden, such as exchange students. This gives the population a number of 7 563 899 individuals (Scb.se; Lnu.se).

Criteria's that all the focus group participants had to meet were that they all had to be over 18 years old and they all had to have a hotel experience. This is so that they are familiar with what they like and do not like about hotels, so deeper knowledge created from their experiences can be captured. The criterion for the survey is that they all had to be over 18 years old. This is because they need to be able to decide themselves over their money and how it may be spent during their leisure travels. However, it was not necessary for the survey respondents to have a hotel experience; this is since there is no guaranty the whole population has hotel experiences and the result should reflect the population, even if the sampling makes it non generalizable. Therefore, their opinions are still important.

2.7 Quantitative quality measurements

The reliability of a study depends on if the same study can be conducted in a later context with the same outcome (Bryman & Bell, 2010; Yin, 2006). Bryman and Bell (2010) state that, if the result is not the same when redone the research could have been affected by temporary factors, which would bring the reliability down. Björklund and Paulsson (2003) state, that if control questions are included into the interviews and surveys, the reliability might be increased of the study. Hence, to be able to control if the study has a good reliability, the researches needs to be documented throughout; otherwise it would be impossible for other researchers to conduct the exact same research (Yin, 2006).

Another quality measurement that is highlighted within the quantitative researches is the validity (Bryman & Bell, 2010). Björklund and Paulsson (2003) states that the validity is defining if the research's intended measurements really is measured. Furthermore, Hartas (2010) states that the validity also is a measure of how trustworthy a research are. The validity would be lowered in a study if the questions that are asked are leading or have an unclear formulation (Björklund & Paulsson, 2003).

When it comes to the reliability of this study, the authors describes the procedures when it comes to the researches that are conducted. This will heighten the reliability as it will be possible to conduct the exact same research in a later context. Open questions in the survey will heighten the validity, since it gives space for completely subjective opinions with the respondents own choice of words. However, the reliability will be lowered with the open questions, since it might be a different result when conducting the study at another time. Furthermore, to heighten the validity regarding the quantitative research, the authors will send the survey to three outsiders that will evaluate the survey so that the questions are clear and not leading towards any answer. Further the survey is designed in a way that should not reflect the opinions of the authors which increases the validity. The validity will although be lowered as there was a drop out in the survey. This is as the answers of the respondents that were discouraged to complete the survey could have had important opinions for the study. As it is not possible to ask follow-up questions and as the respondents of the survey have pre-stated answers to fill in, the validity will be lowered as the survey might miss out on important aspects. In addition, it is the subjective opinion that is the aim to measure, which might not be reached in the survey due to pre-stated answers that might not be the best subjective choices for a respondent in a survey. However, the open-ended questions will to some extent help reaching the subjective opinions.

2.8 Qualitative quality measurements

Regarding qualitative research, Bryman and Bell (2010) argue that there exist two more suitable measurements of a qualitative research's quality, namely authenticity and trustworthiness. Whether a research has good authenticity or not depends on consequences of the study as, if the participants gained a better understanding of their and others interpretation of their environment, if the study reflects the participants opinions correctly as well as if the participants have gained a possibility to change their situation (Daymon & Holloway, 2011). The criteria trustworthiness is divided into four sub-criteria, namely, transferability, confirmability, credibility and dependability (Bryman & Bell, 2010). To which degree that it is possible to relocate the result of a research to another situation is a definition of transferability (Lichtman, 2010). The next sub-criterion is confirmability, which refers to whether or not the researcher has influenced the study through its own values purposely (Bryman & Bell, 2010). Lichtman (2010) mentions that the sub-criterion credibility is decided through asking the participants if their opinions have been justified in the study, this is so that the researcher has not wrongly interpreted the opinions of the participants. The last sub-

criterion, dependability, depends on if the researcher states if any changes in the environment have affected the researchers' approach (Lichtman, 2010).

Regarding the quality measurement of authenticity, the authors will not intentionally over or underestimate the focus group participants' opinions, which would heighten the authenticity. When it comes to the trustworthiness, the study is conducted so that it will be possible to transfer it to other similar situation. Although, as the focus group is not controlled through pre-stated answers the result of the focus group will probably not be the same completely. Due to the choice of sampling method, the study is not fully generalizable and therefore the trustworthiness is lowered. Moreover, the authors are not purposely affecting the results of the researches which will be heightening the trustworthiness of this study. Due to the combination of qualitative and quantitative research methods, the objectivity will be heightened and so the trustworthiness. Furthermore, the qualitative results will be validated through quantitative methods and thereby measured by quantitative numbers, which would increase the trustworthiness. Another heightening factor is that the authors will ensure that the opinions of the participants are correctly interpreted by recording the focus group so exact statements can be made. The trustworthiness could though be lowered as the focus group participants might, unintended, be influenced by the body language or voice of the moderator. The study is followed through its whole process by a tutor, hence the trustworthiness is heightened.

3.0 Theoretical chapter

This chapter will handle both the reasons for why demand variations occur, and what companies can do in order to manage the demand through DMOs, as well as the importance of predicting the demand in order to manage it efficiently.

3.1 Fluctuating demand

According to Kalchschmidt et al. (2006) fluctuation in demand are often derived from the company's customers that are classified as the ones of highest significance. In addition, according to Bartezzaghi et al. (1999) variations in demand can be due to situation where customer groups' are of disparity regarding the sizes as well as when their buying habits differ, that is customers are heterogeneous. Murrey and Häubl (2007) mention that habits of customers are connected to loyalty; this is as the purpose with purchases is affecting the choice of the customer. Further, heterogeneity may also be depending on how the customers' experiences the brand, the utility of the offer and how their relationship are with the company which demand will depend on as well (Kalchschmidt et al., 2006). According to Bartezzaghi et al. (1999) variations in demand can also be due to situation where customer groups' are of disparity regarding the sizes. According to Parrilla et al. (2007) it is well known that companies in the tourism industry have to deal with seasonal changes in demand. There are some factors that can be the cause of this seasonal change in demand, namely, holidays decided through law, policies of different traditions, social factors, and environmental factors as climate (Parrilla et al., 2007). According to Kalchschmidt et al. (2006) heterogeneity may also be when customers differ in their degree of response to factors that are exogenous.

3.2 Predicting demand

One important part of demand management is the prediction of the demand (Croxtton et al., 2002). Klassen and Rohleder (2001) state that it can be less successful to manage the demand if the company does not have a good prediction of the future demand. Prediction of the demand can have its foundation in several factors; however, they might not all give good information in relation to the actual demand, therefore, the validation of these factors are in the hands of the ones trying to predict the demand (Croxtton et al., 2002). Weatherford and Kimes (2003) mention that hotels should instead of only relying on information of past reservations, information that can be the base for demand prediction improvements are both the time of the reservation and the consumption of the room. According to El Gayar et al.

(2011) the time span of customers stay, the cancellations, reservations and how the situation are concerning customers who not enters the hotel as they were suppose to should be factors that hotel industry should include in their predicting demand strategies. According to Croxton et al. (2002) additionally factors can be for example, research regarding the market, information regarding market share and number of sales that the company has succeeded with before and what promotion the company will implement. When information from customers are gathered, customer market of heterogeneity will be more complex regarding the collection than homogeneity customer market in order to reflect the market (Kalchschmidt et al., 2006).

However, the demand can be managed so it does not match the intended level by managing it too strongly in any levels, which would be a situation of revenues that may be lost (Klassen and Rohleder, 2002). Weatherford and Kimes (2003) state that information and plans that are built upon demand predictions that are not precise, will in turn be imperfect. If the prediction of demand fails, for future prediction, learning needs to accumulate and the company need to always understand why the prediction failed, which factor contributed to the failure or which factor did not deliver as well as the time span for the deviation (Croxton et al., 2002). Furthermore, in order to manage uncertainty the reasons for variation in demand need to be established, in order to decrease the uncertainty (Bartezzaghi et al., 1999). According to Kalchschmidt et al. (2006) heterogeneity among customers should be divided into segments of homogenous parts, and a balanced degree of information and costs needs to be found in order to predict demand efficiently.

3.3 Demand management

Demand management is when the demand is changed so it will match the capacity (Shemwell & Cronin, 1994; Klassen & Rohleder, 2002). Klassen and Rohleder (2002) argue that demand management is a tool used to even out the demand, between periods with low respective high demand. Kandampully (2000) argues that companies who have a fixed capacity should use demand management. When an industry's short termed capacity is fixed, for example in the hotel industry, a crucial tool for the companies in the industry is indeed the demand management (Okumus, 2004). Furthermore, the company can get their customers to enter the service when the company wishes, through incitements that encourage the customers to enter at that intended time (Klassen & Rohleder, 2001).

Lovelock (1984) states, however, that companies can choose not to manage the demand at all and thereby leaving the demand up to the customers, who might gain the knowledge of when the service is easily available and when the waiting times are long. The knowledge of when to enter the service is something the customers might gain knowledge about through word-of-mouth or through their own experiences (Lovelock, 1984). However, to wait is something that is not always acceptable in the eyes of the consumers, and to change their time for the service is not always possible (Showalter & White, 1993). Shemwell and Cronin (1994) argue that this might lead to a situation where the customers leave the company for a competitor's service, which the customers later on might not wish to leave.

Furthermore, Kandampully (2000) argues that the number of customers may affect the perception of quality for a given customer, since other customers is included in that customer's personal experience. This means that low number of customers may negatively affect perception of quality, which could be avoided with demand management (Kandampully, 2000). When there is a gap between capacity and demand, reduction of customer satisfaction may occur (Özlük et al., 2010). A company may also be in the situation of a lack of capacity, where the company will not be able to offer their service to all of their customers (Shemwell & Cronin, 1994; Kandampully, 2000). Additionally, a lack of capacity will therefore lead to a loss of revenue opportunities (Shemwell & Cronin, 1994; Rust & Chung, 2006). Shemwell and Cronin (1994) mean that when the demand is lower than the capacity there emerge costs as salaries for the staff. This is while Kandampully (2000) mentions that capacity that is idle, generates revenue losses. Lovelock (1984) states that services have not the same possibility to be stored as products can during low demand, which contributes to a waste of capacity. Tool used to even out the demand, between periods with low respective high demand Klassen and Rohleder (2002) state, is called demand management options (DMO).

One strategy a company can use in the long term is to differentiate themselves from the competitors in the eyes of the consumers; this would be executed in a matter that makes it difficult for the competitors to imitate those specific characteristics the company has successfully differentiated themselves with (Senior & Morpew 1993). Additionally, Klassen and Rohleder (2001) states that to add incentives in situations of low demand, which are not usually offered by the company, also is a DMO that may yield advantages for the company.

The DMO service differentials are used when companies change the quality of a service on a basis of the time or the date (Klassen and Rohleder, 2002). Klassen and Rohleder (2001) states that, if a company wants to heighten the demand during a certain period of time, they can use the service differential DMO, which would mean to increase the quality of the service throughout that low demand period.

3.4 Yield management

Yield management is useful within services, since they cannot be stored as products can, which makes the service perishable (Harewood, 2006). Yield management as a strategy to create the perfect match of price, time, customer and offer (Sanchez & Satir, 2005; Weatherford & Kimes, 2003). This may be done through adjusting the marketing mix after the demand that the company expects, although, this might be hard to accomplish if the company is in a complex market (Rust & Chung, 2006). Yield management is useful for service companies, with a capacity that are fixed, as it can bring the company improvements regarding both profits and marketing (Okumus, 2004). Hence, yield management is a management that focuses on making the revenues to the highest (Sanchez & Satir, 2005). Klassen and Rohleder (2001) states, that yield management is a combination of different DMOs which could be the reason of why this strategy is effective, DMOs that are included within the yield management strategy are for example segmentation, overbooking, reservation and price.

3.4.1 Segmentation

Companies could identify the customers that would be of interest for the company, which could be done through segmentation, creating groups where the customers have similar interests (Bailey et al., 2009). Such interests can for example be how customers experiences quality and price (Desarbo et al., 2001). This would be through making the offer appeal to that specific group of customers, or as it also is called, segments (Díaz-Martín et al., 2000). Dibb (2005) states that in the segmentation process it are included to observe the results of the segmentation as well as charting the needed resources in detail. This is as it is not only dividing the customers into groups and planning a strategy for the segments that are necessary (Dibb, 2005). By using segmentation, a company can give each segments own prices which can be of disparity, where private customers' price may differ from the business segment (Yelkur & DaCosta 2001). According to Calandro and Flynn (2005), there are even segments that a company should phase out, as well as there are segments who can deliver growth

opportunities in a later context, and should be hold for further evaluation. Lovelock (1984) mentions that companies within the hotel industry ought to change focus from individuals who travels for businesses towards those who travels for pleasure or conferences at the weekends; this is as businesses most often are not conducted during this period.

3.4.2 Overbooking

Klassen and Rohleder (2001) mentions, that there will be less uncertainty regarding demand management if the company can use customer scheduling. However, when reservations are made, confirmation from the company's side is needed since the lack of it may create disadvantages as the customer may feel they are not needed or wanted (Ho et al., 2003). According to Klassen and Rohleder (2001) overbooking is a DMO that will benefit companies regarding their control over the demand. This is since it gives the company the possibility to protect it selves from losses in revenues due to unused capacity when the customers do not enter the service as they were supposed to according to their reservations (DeKay et al., 2004). Wangenheim and Bayón (2007) state that overbooking is used by several service companies as they want to, in one specified period of time, have their revenue maximized. When implementing overbooking, compensation for the customers who cannot enter the service is of significance, the compensation may indeed even be more than what the customers expect (Hwang & Wen, 2009). Overbooking may lead to damaging results for a company as for example negative word-of-mouth may originate as a consequence of overbooking (Wangenheim & Bayón, 2007). According to Hwang and Wen (2009) word-of-mouth of a positive kind however may indeed emerge when the customer feels that the compensation is acceptable.

Further, the whole communication and process with the company is of significance when customers evaluate if they have been treated fair or not, which means that the result is not the singularly factor during the evaluation (McColl-Kennedy & Sparks, 2003). In addition to this, angeriness or other emotions of negativity may emerge when companies do not help the customers as much as the customers believe the companies can (McColl-Kennedy & Sparks, 2003). Watson (2012) argues that rather than only compensating the customer, the company should offer help or compensating the customer alongside with helping them as this would be more appreciated. The tolerance of overbooking in the hotel industry is however quite high, only women may feel negatively toward it, compensation can still indeed occur, such

as a meal, tickets, or the service given at another time for no costs or reduced price (Hwang & Wen, 2009). However, when it comes to overbooking in the hotel industry, the customers' who are denied the service, often will be offered a room in another hotel located near, this costs as well as the costs of getting there will be in the hands of the service provider who failed to deliver (DeKay et al., 2004). Though, a lack of capacity will lead to a loss of revenue opportunities (Rust & Chung, 2006). This would occur if the company is in the situation of a lack of capacity, where the company will not be able to offer their service to all of their customers (Kandampully, 2000). A customer may indeed become loyal to another service provider when the initial one does not perform (Rust & Chung, 2006). For reasons of a practical kind or lack of tolerance may be foundations for why customers will not change their demand towards when a particular service provider will be able to serve them (Showalter & White, 1993).

3.5 Price

To get the customers to buy ones offer, companies can make use of the important element price in the marketing mix (Chan & Wong, 2005). One strategy to use in order to affect the demand could be to use different prices depending on the demand level, where the price is reduced when the demand is low and vice versa (Klassen & Rohleder, 2002). However, some customers have a tendency to expect the same price in a later period in time (Murthi & Rao, 2012). In addition, according to Yoo et al. (2000) prices that differ from one period to another may not be an appropriate strategy when taking the brand equity into consideration. This is since brand equity has a relation to price from the customers' perspective and different prices would mean different qualities (Suri et al., 2002). This is a significance matter for brands that possess a higher price, since they are specially exposed to reduction of both loyalty and buying intentions from customer when the brand equity is unstable (Swani & Yoo, 2010).

According to Wilcox et al. (2009) social status and quality can be what customers who buys brands with a higher price is striving for. According to Yelkur and DaCosta (2001) where the hotel is situated can also be a foundation for how the price strategy should be developed, where attractive places may have the opportunity to charge more. Further, a lowering of the prices is a usual resort to keep the occupancy up; however this can make the status of the hotel to deteriorate as well as the company might not be able to keep the customers in the long term (Chan & Wong, 2005). If the hotel is situated outside the town, the costs of build the

hotel can be lower, as well as the operational costs if the hotel offers fewer services and facilities (Senior & Morpew, 1993).

Okumus (2004) argues that if the service cost is covered by the profits from the service it would be logical to offer a lowered price. This is to be able to use the capacity to the fullest and therefore avoid idle capacity (Okumus, 2004). In addition, if the brand is a brand with a low price, customers would have a functional goal, which would make these customers price-sensitive, and even lower prices can stimulate the customers' to buying actions, since the new price would justify the buying (Swani & Yoo, 2010). However, according to Suri et al. (2002) there is a line between an appreciated price cut and negatively perceptions of quality. Further, the customers may assume that the companies have fixed profit margins, which would mean that when prices decrease so will the quality due to decreases in costs (Yoo et al., 2000). Chan and Wong (2005) state that instead of cutting the prices, hotel companies should reflect over their service quality. According to Yang et al. (2009) a service company could attract customers' who seeks either status or function when purchasing at the same time. Though, the consumers' objectives of the buying may indeed become taken advantage of (Murrey & Häubl, 2007).

The functional buyers attain their goal when the price of the service is low, and the status buyers would attained their goal when it is possible to buy extra services that would increase their strive for status (Yang et al., 2009). According to Yelkur and DaCosta (2001) it is the degree to what customers are willing to pay for an offer that can be of significance when pricing and not singularly the costs. Further, Murthi and Rao (2012) argue that customers evaluate prices differently. According to Senior and Morpew (1993) consumers' needs should be satisfied with a complete package. However, according to Yang et al. (2009) there are services, for example hotels, whose standard package includes too many extra services, which means unnecessarily costs when all customers do not seek or even use those services. Instead, by lowering the parts included in the standard package costs can be reduced, which would gain on overall profits (Yang et al., 2009).

3.6 Promotion

Demand can become heightened, lowered or even shifted with the help of marketing factors (Klassen & Rohleder, 2002; Showalter & White, 1991). Additionally Lovelock (1984) argues that, to handle more than one component of the marketing mix usually is necessary to be able

to manage the demand effectively. Rowley (1998) states, that purposes with promotions are heightening the sales, obtaining advantages within competition and market share obtainment or preservation of the current one, among others. Devi et al. (2010) mention that the marketing of a company is what makes it possible for the services to reach the end consumer. Amaldoss and He (2010) states that companies can bring information about their products to their customers through advertising. However, advertising do not only need to be of an informative kind, but it can also be persuasive (Amaldoss & He, 2010).

According to Murthi and Rao (2012) the brands who becomes promoted are for most customers among the brands a customer chooses of, since they often do not considers brands who have not been promoted. Devi et al. (2010) state that, for companies to sell their offers as a result of successfully acquiring the interest of individuals for a sufficient period of time, can be called advertising. Devi et al. (2010) further state that, measures to get a message ready and to convey this to the target audience as programs, activity bundles or processes, is what advertising is. To address a certain individual or an explicit group of customers is direct marketing and may be conducted through tools as telephone or e-mail (Rowley, 1998). Furthermore, Rowley (1998) mentions personal selling, which is interactions in the reality between employees and potential customers to encourage a purchase. Customers who focuses on price, are affected more of promotions (Murthi & Rao, 2012).

Word-of-mouth (WOM) is a tool companies may try to use to encourage purchases through customers who may spread a good word about the company (Berger & Schwartz, 2011; Godes & Mayzlin, 2004). Consumers do not only get affected by the words from others, they also get affected by the voice that is how the words are said (Sweeney et al., 2012). Samson (2010) means that the WOM ought to be higher the more customers are involved or the more a customer uses a product. However, companies can also be affected negatively through WOM as customers might talk about bad experiences they have gotten from companies (Berger & Schwartz, 2011). The WOM might not only have an influence on known offers but it also can make the potential customers aware of a new offer (Godes & Mayzlin, 2004). In some cases, customers will through WOM receive both positive and negative opinions (Wang, 2011). The WOM might not only have an influence on known offers but it also can make the potential customers aware of a new offer (Godes & Mayzlin, 2004).

3.7 Analysis model

Through the theoretical framework it can be assumed that seasonal or shorter variations in demand can be the reason for the companies to use demand management. Also, depending on the segments that the companies are focusing on can affect the peaks and the downs in demand, for example, within the hotel industry the business segment and the pleasure travelers may not seek the services of hotels at the same periods in the week. The fluctuations in demand could especially be regarding the service industry as it has not the same option to stock the produced products as manufactory firms has. Customers different buying habits may also be the cause for fluctuations in demand, as well as how they differ in other heterogeneity aspects, such as the utility they perceives of the service. Seasonal changes have also been seen to be a reason for variation in demand. Furthermore, it is assumed that tools to solve or ease the demand management are demand management options of promotion, overbooking, service differentials, price variations and segmentation. When several DMOs are used, yield management is implemented. As it can be seen in figure 1 below, when fluctuation in demand has occurred, demand management options can manage the demand in the wanted direction, however, it may also be managed too strongly or too loosely, or no effect at all happens. In such case, companies can try another or other DMOs.

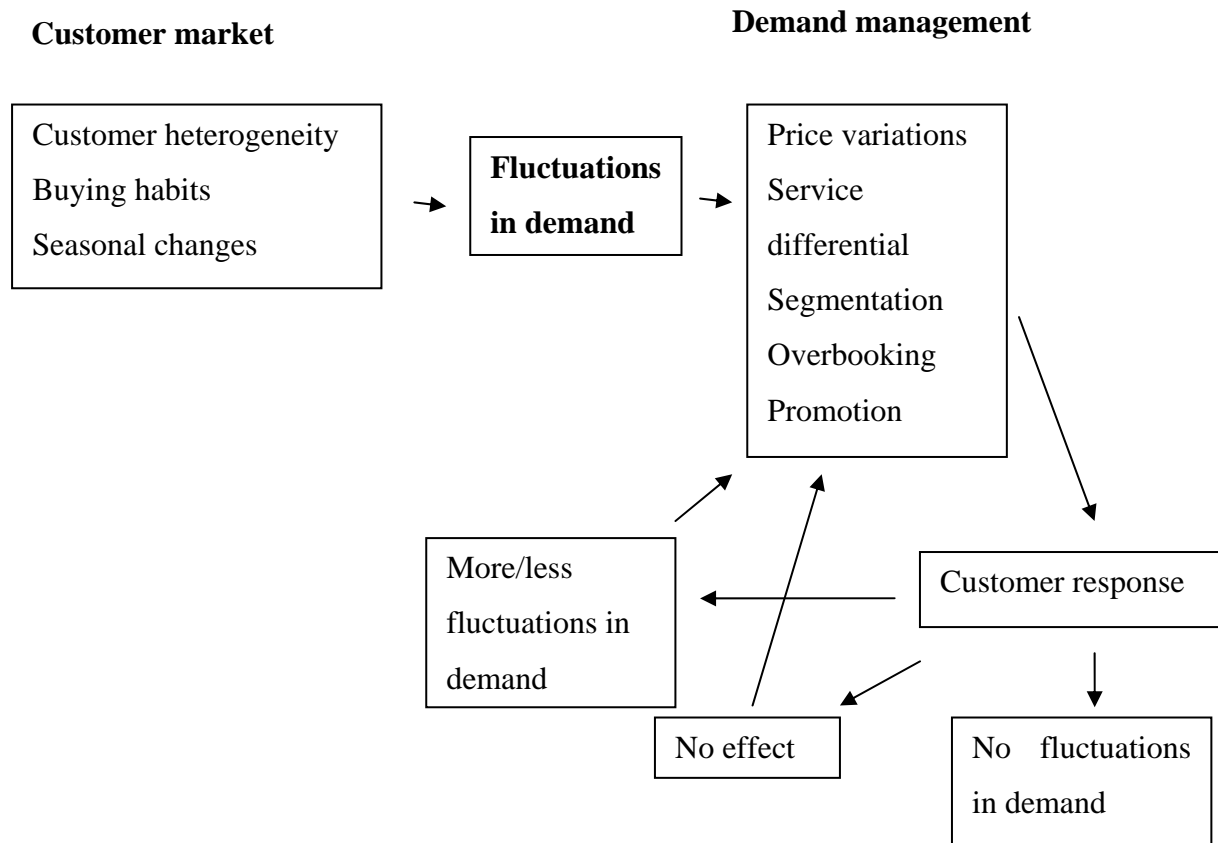


Figure 1

4.0 Empirical investigation

This chapter will present the results from the empirical investigations. It will include the focus group, the survey and the personal interviews. The chapter will end with a summary of all results.

4.1 Focus group

The focus group consisted of eight individuals who all had the experiences of staying at hotels. Three men and five women attended the focus group. The age span of the participants were, two men between the span 25-29, three women 18-24, one middle age women 40-49, and one men 50-59 and one senior women 60-71. Among these participants there was one industrial worker, one temporary kindergarten teacher, three guards, one without any employment, one senior citizen and one office workers. One of these had an income at less than 100 000 SEK, two had 100 000 SEK, four had 300 000 SEK and one had 500 000 SEK in income before taxes. It was shown that two of the participants stayed at a hotel with a two to three year period of time, these were the women in the age of 60-71 with an income at 100 000 SEK and one women in the age of 18-24 with an income of less than 100 000 SEK. This is while one of the participants singularly had stayed at a hotel eight times this year which was a 25-29 years old men with an income at 500 000 SEK. The rest of the participants, five, stayed at a hotel one time a year. All of the participants have travelled for pleasure, which was the major reason for staying at a hotel. Two of the participants also stayed at hotels to visit the spa, while only one also did it due to businesses.

All of the participants believed that hotels that had a lot of customers were attractive hotels, while hotels that had a lack of customers were considered to be less desirable. However, the tolerance for a lower number of customers was higher with hotels that were located outside towns for all participants. Despite this, exclusive hotels who was located outside towns still needed to have a lot of customers in order to be an attractive choice when deciding which hotel to enter, which also was the case for all of the participants. The focus group stated that otherwise they would be skeptical of the hotel and start to wonder what is wrong. All of the participants agreed to that outside town hotels in general could also be an attractive choice when the price is lower than hotels located in towns. One of the participants with an income at 300 000 SEK stated: “the location needs to be included in the price”. Other factor that was of significance for the whole focus group were good transportation options, good standard of the

rooms and if the hotel had something special that other hotels did not possess or implemented. For example, if the hotel had an activity that was in the participants interests, the possibility that the participants would enter that hotel increased. This was the case for all of the participants. Such activity could be “theme days” where for example lectures about the topic could be of interest. The male with an income at 500 000 mentioned that within an area of ten miles he could consider hotels to stay at, depending on their offers in relation to other hotels offers, if the purpose of the trip is to only pass through.

4.1.1 Price

When it comes to the price of outside hotels, it was a consensus in the whole focus group that no matter degree of exclusivity, the price needed to be lower than the price of hotels with the same exclusivity in towns offered. However, one male participant in the age of 25-29 years old, with an income at 300 000 SEK, stated that, even if the price is lower, hotel is something that could be expensive since more money is being spent during vacation. This is while two females, one in the age 18-24 and one 40-49, with incomes at 100 000 SEK respective 300 000 SEK stated that they only slept in the hotel and therefore, as budget as it can be is preferable. However, they did agree with two males in the ages of 25-29 and 50-59, with incomes at 500 000 SEK respective 300 000 SEK, that sometimes it is worth spending little more money if the standard of the cheapest hotel would be too low. When it comes to all inclusive, the participants stated that it could come in handy when traveling with the family. However, as one male participant, in the age of 25-29 with an income at 300 000 SEK, stated, “the freedom of choice is nice to have” the focus group preferred to themselves choose what services to include in their hotel stay, rather than paying for the all inclusive. All of the participants agreed that they expected the quality to be in the same degree of the price, which means high price equal high quality and low price equal low quality. However, the male with an income at 500 000 SEK stated that: “the price can be low with high quality if it is a less attractive location who offers cheaper costs”.

All in the focus group stated that they were willing to switch date to stay in the hotel if the hotel offered higher quality to the same price at a more unattractive date, as long as they had the free time to go or if the trip did not refers to concerts or other special date occasions. Seven of the participant thought that price variation was of understanding; they assumed that the hotel needed to implement it in order to survive. However, the 18-24 year old female with an income of less than 100 000 SEK thought it was unfair to pay different prices for the same

service. In fact, hotels that often implemented this would be less desirable for that participant. Another female participant with an income at 100 000 SEK, in the age 18-24, preferred variation on the price if that meant that a lower price could be offered to that participant. The rest of the participant did not think that price variation affected their perception of the brand in any direction when it comes to hotels.

4.1.2 Overbooking

There were no tolerances toward overbooking among the participants. If they had made reservations they expected to enter the hotel and be able to stay there. However, if they could not, due to overbooking, they would be mad. There was no difference on the no-tolerance between man and women. The male with an income at 500 000 even stated that he would spend a lot of time giving the hotel negative references on internet. However, if the compensation would be fair they all could consider entering the hotel again. In compensation they all expected that the costs of getting to a new hotel would be out of the hotels pocket, they expected the hotel to fix a reduced priced at the new hotel, and they expected one extra night at the original hotel. However, how they will be treated matters the most. They expected the original hotel to reconnect with them in the new hotel to see that they are satisfied; they expected apologies and good communication from the hotel's part.

4.1.3 Promotion

All of the participants believed promotion could make them highlight a certain product. When it comes to promotion about hotels, they believed it was the images, the emotional feelings the commercial provoked that was the important part of the promotion. Only if this would make them highlight the commercial would they take the next step and look for the information part. If they still would have an interest, they would look for references about the hotel and at the hotel's webpage. If the webpage looked out of date or unprofessional, the interest would be reduced dramatically. To which degree the focus group considered to be sensitive to commercial, there were split views. Two of the participants of the focus group felt that they were not directly sensitive, which means they did not act according to the commercial. These two were the female in the age of 18-24 with an income of less than 100 000 SEK and the male in the age of 50-59 with an income at 300 000 SEK. Two of the female participants, one in the age of 18-24 and one in the age of 40-49, with incomes at 100 000 SEK respective 300 000 SEK, felt that they had a higher degree of sensitivity. When it comes to the type of promotion, the focus group believed direct emails would be the most effective, since it would

mean that they have been in contact with the company before. They also liked the control they have over the emails, if they did no longer wanted them to frequency enter their email box, they could end the contact. Furthermore, television and radio would also be medium that the focus group would give attention to. When it comes to commercials for hotels, the focus group stated that depending on the message it could be anything from calming to hectic, just to give the feeling of being there already. Although, they agreed on that a commercial for a spa should be soothing.

4.1.4 Network of contacts

In order for the focus group to spread the word about a hotel to their network of contacts the hotel needed to fit certain criteria. One 25-29 year old male in the focus group, with an income at 500 000 SEK, stated that, “if I spend a lot of money on a hotel, people need to hear that”. All of the focus group members highlighted how important good treatment and communication from the employees are. Other factors are good service, good rooms, and above all a good breakfast. The male in the age of 25-29, with an income of 500 000 SEK, member of the focus group believed hotels that were located near had a bigger chance of being the victim of word of mouth, since the contacts probably would be more interesting hearing about those. All of the focus group members had acted according to recommendation from their contacts, and they believed their contacts would do the same. The focus group stated that negative recommendation mattered more than positive recommendations. One of the focus group member stated that, “the reason for the negativity does not matter” only the phrase, “do never enter that hotel” would be enough for not even taking the hotel into consideration. The one who stated this were the male in the age of 25-29, with an income of 500 000 SEK. The same male also stated that if you get a positive recommendation about a product, it is not unlikely that you check it up.

4.2 Survey

In the conducted survey 174 answers were gathered with a dropout on 25 percent. The respondents were in between the 18 and 71 years old. It was 68 men and 106 women that answered the survey. Table 1 below further describes the respondents’ demographical information.

Table 1

Age	Number of participants	Percent of total	Gender			
			Men		Women	
			Number	Percent	Number	Percent
18-24	75	43%	20	12%	55	31%
25-29	30	17%	16	9%	14	8%
30-39	26	15%	14	8%	12	7%
40-49	21	12%	6	3%	15	9%
50-59	14	8%	7	4%	7	4%
60-71	8	5%	5	3%	3	2%
Total	174	100%	68	39%	106	61%

As can be seen in figure 2, 96 percent of the survey respondents visit hotels between one to three times per month to less than once every two years. This is while four percent stated that they never visit hotels. The most frequent answer of the average hotel visit is once a year. At the same time, none of the respondents stated that they visited hotels once or more times a week. In addition, 17 respondents stated that they only visit hotels due to work reasons. This means that 86 percent of the respondents visit hotels for leisure reasons and possibly other reasons.

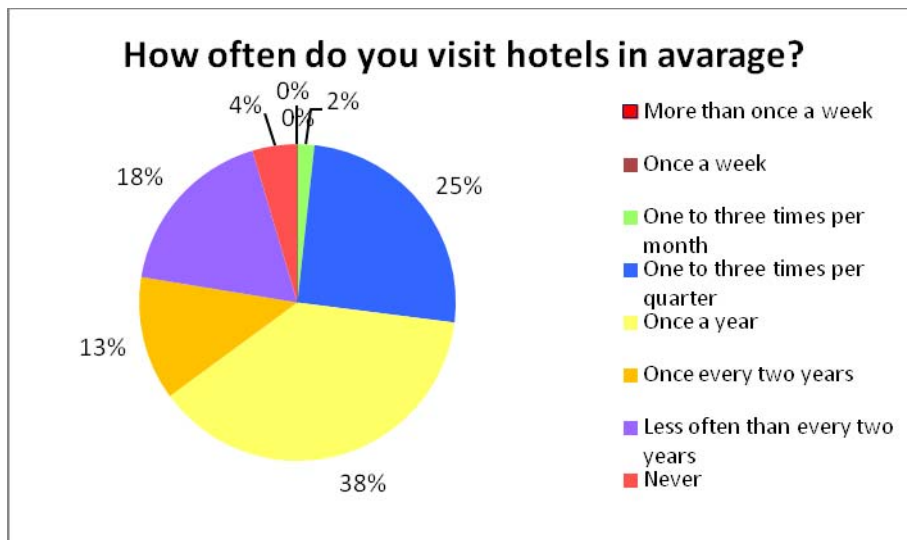


Figure 2

Among the respondent in the age span of 18-24 the most common answer of how often they visit a hotel in average was once a year, this is also true for the age group 30-39. When it comes to the age group 25-29, they choose the answer “one to three times per quarter” as

often as they stated the answer “once a year”. The age spans of 50-71 choose the answer “one to three times per quarter” more often than any other answer. The most dominant answer among men and women despite age group was the answer of “once a year”. This answer was also the dominant one despite what income the respondents stated. The number of respondents that wanted to state their income was 170 individuals. The most chosen income were 300 000 SEK, however, the majority of the age span 18-24 choose <100 000 SEK. Further information about income within the different age spans are shown in table 2.

Table 2

Age	<100 000	100 000	300 000	500 000	>500 000
18-24	43	14	14	0	0
25-29	10	8	9	2	1
30-39	4	5	13	1	3
40-49	1	1	14	2	3
50-59	1	4	6	2	1
60-71	0	1	6	0	1
Total	59	33	62	7	9

4.2.1 Number of customers

A majority of the survey respondents stated that central hotels should have a higher degree of customers than outside town hotels which can be seen in figure 3.

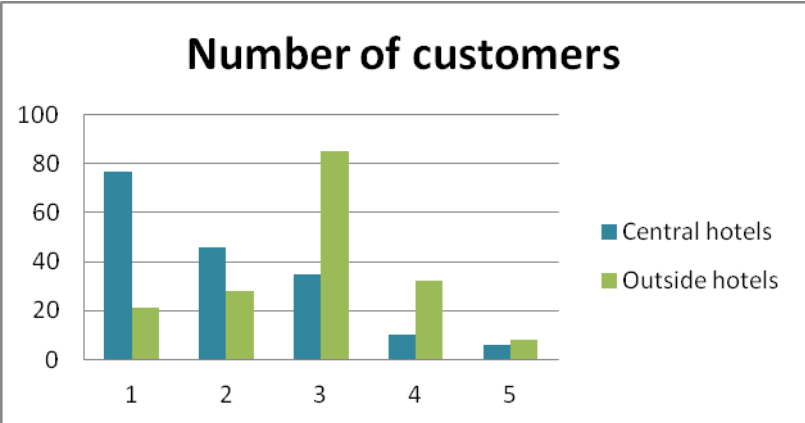


Figure 3

However, this does not mean that outside town hotels should have a low number of customers; in fact the majority of the respondents wanted the number of customers to be

something in between high and low number of customers. This is despite income rate or demographic factors. In addition to this, 49 respondents stated that rural hotels should have high or quite high number of customers. One of the respondents stated, *“even though you stay in a hotel far distant from downtown, it needs to be other customers to socialize with”*. In addition, one of the respondents stated *“rural hotels that are located outside town should have more guests. I believe it creates a sense of belonging, since these hotels often are not as big as downtown hotels. As well as it does not move as many people out on the streets, this makes socialization more appreciated.”* At the same time, one of the respondent stated *“downtown hotels can have more people since the time you spend in the hotel is not high”*.

In contrast to “many customers”, it was 40 respondents who wanted the number of customers in rural hotels to be quite low or low. 24 men and 25 women stated that rural hotels should have high or quite high number of customers; this is in contrast to 13 men and 27 women who believed the number of customers in rural hotels should be quite low or low. The age spans of 18-24, 30-49 and 60-71 preferred quite high or high number of customers within rural hotels, while the age span of 25-29 and 50-59 preferred quite low or low numbers of customers within the same type of hotels. Furthermore, the respondents with an income of 300 000 SEK wanted the number of customers to be quite high or high, while the others in the entire income rate wanted the customers to be quite low or low. The most comments about a low number of customers in rural hotels were about relaxation and quietness, while the most comments about a high degree of customers in rural hotels was about socializations. To see more comments see table 3 below.

Table 3

Number of customers' in outside town hotels	
Prefers high or quite high	Prefers low or quite low
No difference in gender Ages 18-24, 30-49, 60-71 Income 300 00 SEK	Women prefers Ages 25-29, 50-59 All other income rate
Survey comments	Survey comments
Men	Men
“Seems to be a good hotel which more are booking for some reason.”	“I choose rural hotels when I want peace and quiet.”
“I like life and movements! When you stay at a hotel which is a gathering place, these are necessary!”	“Rural hotels should be calmer since they are located far from downtown.”

“Like when it is many guests at hotels because it gives a feeling that it is a good hotel, as well as you can get to know new people”	“Rural hotels are for rest.”
“The service may decrease when it is little customers.”	“Overbooked hotels in never fun, despite location.”
Women	Women
“Too many creates lines, but too few makes you feel alone.”	“Rural hotels I enter to relax.”
“The most hotels should be fully booked.”	“I want peace and quiet, not a thousand other hotel guest around me.”
“Nice with people around you, and it implies that it is a good hotel.”	“More personal with less rooms/guests.” “Not crowdly around breakfast table.”
“No fun to be alone.”	“So people do not become disturb in the room or in the dinner room.”
“It is more enjoyable and pleasant with more guests.”	”It creates a more convivial and nice atmosphere.”
Medium degree of guests	
No difference in income rate or demographics	
Men	Women
“If it is an empty hotel it may be because of bad reference, but a medium full hotel have high standard and time to engage their customers.”	“I want it to be other guests at a hotel, but I would prefer when it is a bit calmer and not full, which is the best for me. But at the same time it would be strange if nobody else was staying there during my visit, therefore I would not want it to be empty.”
”Want it to be medium degree of customers to meet but not so it disturb.”	“Nice when it is not too many people, but if it would not stay much other people it would feel like something was wrong.”
“A lot of social, but not crowdly and messy.”	“Full= difficult/messy. Empty= loneliness.”
”Not crowdly but neither doom.”	“An empty hotel feels doom and disliked, while a full hotel becomes to crowdly, something in between is good for me.”

The survey result showed that a high degree of customers gives the impression of high quality, high standard and low price, while a low degree of customers would give impression of low quality, low standard and a high price. Furthermore, exclusivity is quite associated with a low degree of customers. In addition, modernity is quite associated with a high degree of customers. This is displayed in figure 4 below.

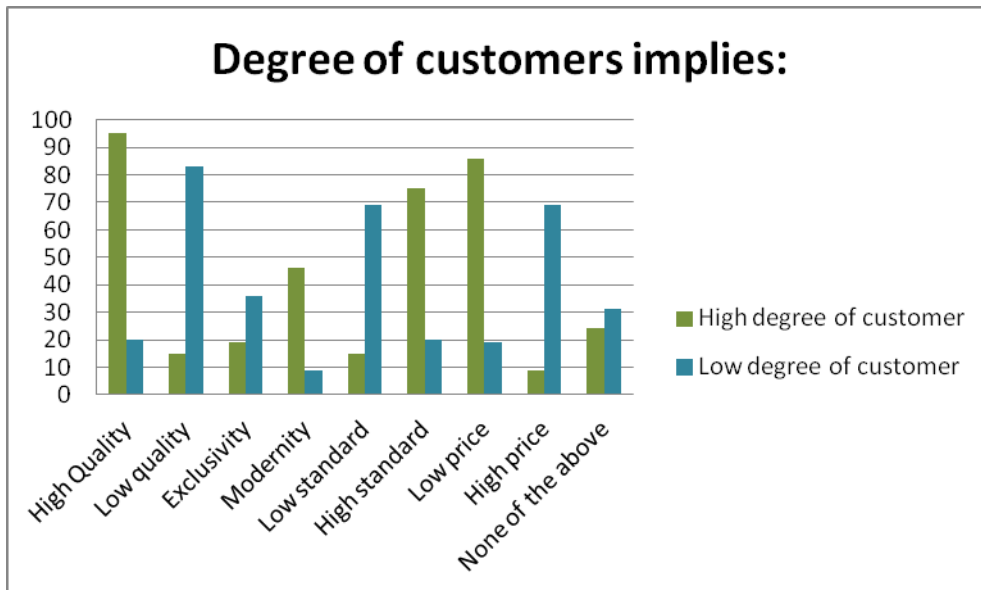


Figure 4

27 percent of the survey respondents stated that they would consider a hotel that is 50 minutes from downtown. This is while 29 percent of the respondents could consider a hotel that would be even further from downtown. It was not a big difference in gender in this matter; women however, had a little higher tendency to consider this. However, 50 percent of the respondents could not consider a hotel that would be more than 30 minutes from downtown. However, 67 percent of the respondents could consider a rural hotel if it would offer a low price, 47 percent could consider a rural hotel if it would offer a unique service and 55 percent could consider a rural hotel if it had high quality. In addition good transportation links is of significance for 73 percent of the respondents. Two of the respondents did not know if the hotel could offer anything to attract them. This can be seen in figure 5.

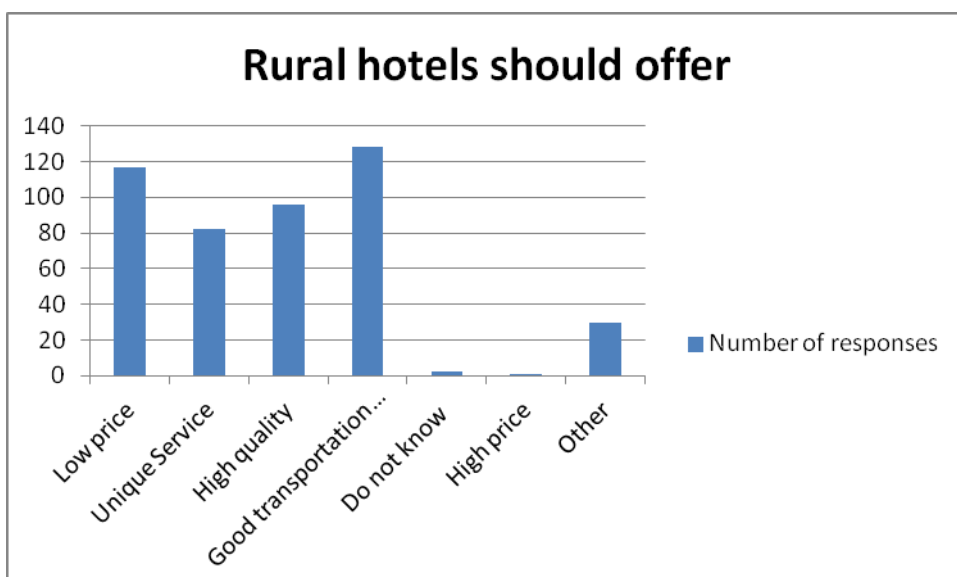


Figure 5

Among “other”, frequent answers were beautiful nature or other sightseeing’s, facilities which decreased the needs to enter an urban hotel, gym, spa, pool and sports. Several respondents mentioned special activities. One of the respondents stated, “A *rural hotel should shimmer something unique which makes you go that extra distance in order to get there, it needs to be something above the usual.*”

For both men and women, good transportation links was the most significant factor for the consideration of rural hotels. 68 percent of the women and 64 percent of the men could consider a rural hotel if it would offer low price. 57 percent of the men stated high quality while only 53 percent of the women did the same. In addition both 47 percent of the men and 47 percent of the women could consider a rural hotel if it would offer a unique service. Furthermore, unique service was the most significant feature for the survey respondents that had an income over 500 000 SEK. For the respondents that has an income of less than 500 000 SEK, the most significant feature was good transportation links, the second most important feature, in order for the respondents to consider a rural hotel, is a low price for the whole income scale except those over 500 000 SEK, who had high quality as second most significance feature. One of the respondent with an income of 100 000 SEK stated that high price would make the respondent consider a rural hotel.

The most significant feature for the survey respondents in the age span 18-24 and 25-29 was “good transportation links”, 79 percent respective 77 percent, closely followed by “low price”, 76 percent respective 73percent and then “high quality”, 57 percent respective 63 percent. In addition, the feature “unique service” was chosen by 50 percent of the respondents within the age span 18-24 and by 40 percent of the respondents within the age span 25-29. The most important feature for the age span 30-39 is “low price”, 73 percent, closely followed by “good transportation links”, 69 percent, after that followed “high quality”, 57 percent, and then “unique service”, 53percent. Within the age span of 40-49, price is the least important feature, 43percent, while “good transportation” is the most important one, 62 percent, “high quality” and “unique service” was equally important, 48 percent. For the age span 50-59, as well as for the age span 60-71, “good transportation” was the most important feature, 71percent respective 63 percent. Furthermore, for the age span 50-59 the second most important feature is “low price”, 57percent, followed by “unique service” and “high quality” who were equally important, 36 percent, the least important were “high price”, seven percent.

The second most important feature for the age span 60-71 were “high quality”, 50 percent, followed by “unique service”, 38 percent. The least important feature for this age span is “price”, 25 percent. To see which factors that is most important for the respondents see table 4 below.

Table 4

Factors that are important for entering a rural hotel		
Good transportation-most important for:		
Man and women	Ages 18-29, 40-71	Income <100 000-500 000 SEK
Low price most important for:		
Women	Ages 30-39	Income <100 000-500 000 SEK
Quality most important for:		
Men	Ages 60-71	Income >500 000 SEK
Unique service most important for:		
Men and Women	Age 60-71	Income >500 000 SEK

The survey result showed that 17 percent of the respondents would not enter a rural hotel if it would offer a special “theme day” of the respondents’ interest area or other special events such as “girl/guys night out”. This is while approximately 43 percent would consider this if the rural hotel was within 20 to 40 minutes. However, if the rural hotel was located further away, the percent of the respondents who would consider this decreases, 45-60 minutes, 24 percent, 1-1,5 hour, 20 percent, 2-2,5 hour, 13 percent, more than 3 hours, 13 percent. There was no difference between genders about how far they would consider going in order to enter such theme days, this also regarding the income rate. However, none of the respondents with an income of 500 000 SEK choose the alternative “no”. The respondents with an income of 300 000 SEK was a little bit more positive to go all of the distances in order to enter such theme days.

4.2.2 Price and quality changes

The majority of the respondents did not believe that high price reflected high quality and low price reflected low quality. As can be seen in figure 6 below, 47 percent of the respondents

stated that it did not reflect this way and 39 percent of the respondents believed it did, 14 percent did not know.



Figure 6

Women answered “do not know” to a higher extent than men did, while men answered “yes” and “no” to a higher extent than women in terms of percentage within the gender group. The respondents with an income of 300 000 SEK stated the answer was “yes” mostly, while all the other income categories mostly chose answer “no”. The age span of 18-49 answered “no” more than “yes”, however, the age span 50-59 most rated answer was “yes” and the age span of 60-71 answered “yes” and “no” equally.

The majority of the survey respondents did not know if a hotel’s brand would be affected by frequent price changes, namely 40 percent. This is while only seven percent of the respondents believed a hotels brand would be positive affected and 33 percent believed a hotels brand would be negative affected. 20 percent of the respondents believed that a hotels brand would not be affected at all, which can be seen in figure 7 below.

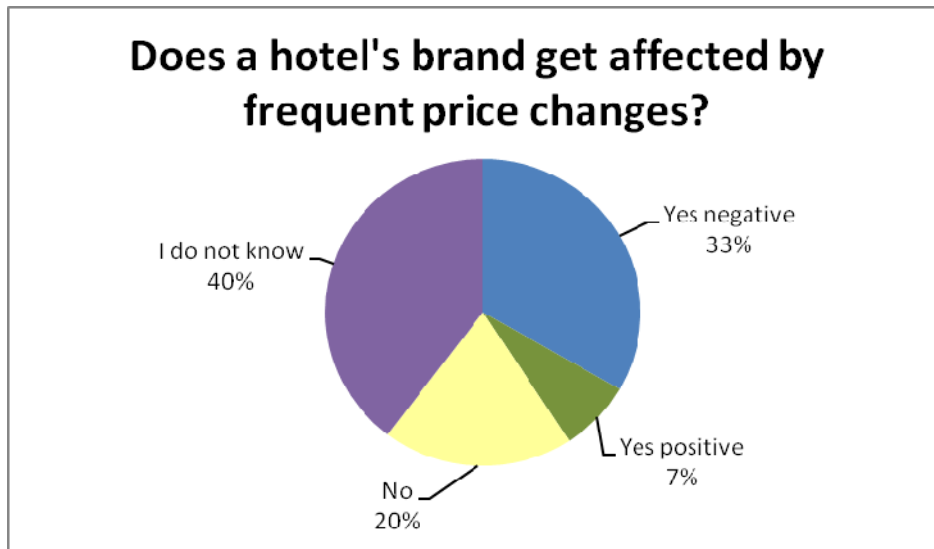


Figure 7

31 percent of the women believed that a hotel's brand would be negatively affected while 37 percent of the men believed the same. There were no big difference between the genders regarding the association of frequent price changes as positively for a hotels brand, seven percent of the women and eight percent of the men believed this. 18 percent of the women and 22 percent of the men believed that a hotels brand would be either positively or negatively affected by price changes. Women did not know how the brand would be affected to a higher extent than men, 44 percent respective 33 percent. All income categories except 500 000 SEK believed to a higher extent that a hotel's brand would be negatively affected than positively affected. No respondents with an income of 500 000 SEK stated a hotel's brand would be negatively affected. All income categories believed that a hotel's brand would not be affected in any direction to a higher extent than positively affected, at the same time, all income categories except 500 000 SEK believed it would be affected negatively to a higher extent than not affected at all. All ages except 50-59 answered "yes, negative" more than "no" or "yes, positive". The ages 50-59, answered more "no" than "yes, negative". None of the respondents in the ages of 30-39 choose "yes, positive".

The majority of the respondents, 84 percent, stated that they expect rural hotels to be cheaper than hotels that are located downtown when considering only hotels with one to three stars. Though, when it comes to hotels with four to five stars, the respondents had greater acceptance towards a price level that is the same at both rural and downtown hotels. However, the majority of the respondents, 65 percent, still expected the rural hotels to be cheaper. Only two respondents expected the price to be higher in rural hotels with one to three stars

compared to downtown hotels with the same star level. When it comes to the comparison of rural and downtown hotels with four to five stars, four respondents stated that the rural hotel should be more expensive. The result of these two questions showed that there was no big difference whether the respondents were a man or a woman, what age the respondent was or what income the respondent had, the answering rate were approximately evenly divided.

69 percent of the respondents stated that they did not want an all inclusive price for their hotel visits; instead they wanted a standard price. Only 23 percent of the respondents wanted an all inclusive price. The rest of the respondents, eight percent, choose the answering option “other”. Many of the comments that were left in the open question “specify other”, were about the food in the hotel, as for example to have the breakfast included was mentioned in 23 percent of the comments. Other comments were “*Depends on the type of trip you are on and how cheap/expensive the food is in the area*” and “*Depends on if it is a hotel in Sweden or in overseas. In tourist resorts for example it is often Swedimized food at the hotels and I want to eat food from the country that I visit.*” As can be seen in figure 8 below, most of the respondents were looking for only the accommodation function when visiting hotels. Only 3 percent of the respondents choose their hotels based on the status they gain from it. This is while 64 percent of the respondents leaned more or less towards the accommodation function when choosing a hotel to stay at. Four of the five individuals that choose the status alternative were women, however, for both men and women, the answer “accommodation” were the most chosen alternative. Only individuals with an income at less than 500 000 SEK stated that they choose hotels for the status.

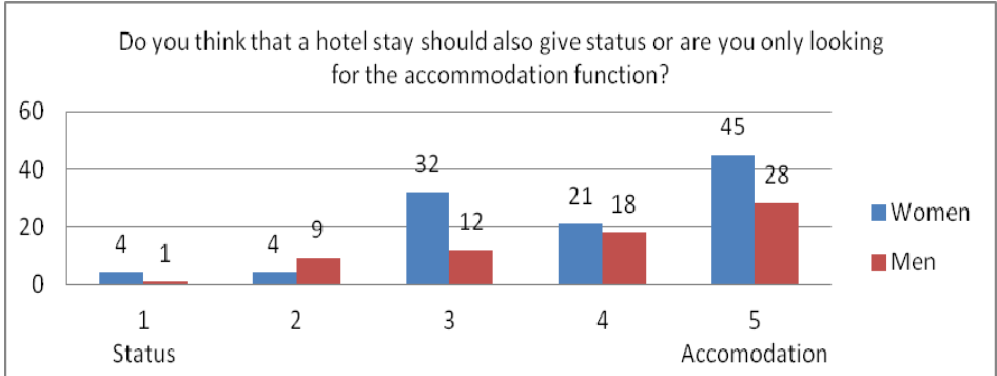


Figure 8

The survey showed that it was divided if the respondents could consider switching the date of the hotel stay to another less attractive day with the same price but with better quality. A clear majority of the survey answers could consider this, the number who stated clearly no

and it depends was about equal. The “depends” comment refers to “*it depends if it is possible to change my plans*”, but most of the “depends” comments were very positive, “*yes, if it would work out with my plans of going there*”, for further comments, see table 5 below. There was no difference between genders ages or income rate in this question.

Table 5

It “depends” comments
“Depends on the errand. During the summer, yes.”
“Yes if it is possible to plan it that way:”
“Depends on circumstances, if it is for only relaxation I could consider another day.”
“Depends on the situation, -if I have booked vacation it would not work out switching the date, but otherwise it might be something.”
“No” comments
“No, standard on hotels is not important for me, only sleeps there, however it still need to be fresh.”
“Probably not, in the end it is most about the price, further you do not spend as much time in the hotel during leisure travels and then quality does not matter as long as it is clean.”

4.2.3 Promotion

Not many of the respondents felt that they are sensitive of advertising when it comes to the choice of hotel; only seven of the respondents chose this answer. In the rest of the scale towards “not sensitive”, the answers were somewhat evenly divided. 17 percent stated they are not sensitive of advertisements, 24 percent were a little sensitive, 39 percent were in the middle of “sensitive” and “not sensitive” and the rest, 16 percent, leaned towards “sensitive”.

According to the survey answers, to have good service is something that is important as it were the answer that 92 percent of the respondents choose. Other features that also seem to be important for customers, if they are going to spread a positive word about a hotel, are good location, 84 percent, good food and a low price, 76 percent each. Approximately half of the respondents thought that special offers and unusual hotels are reasons for spreading the word of the hotel further. The least chosen answer was “high price”, other answers that only a few choose was “few other guests”, eight percent, and “many other guests”, eleven percent.

Eleven of the respondents followed up with a comment in the “specify other” question, where comfortable beds were mentioned. Other respondents mentioned spa, health centre, clean, events and good parking possibilities.

Not many of the respondents felt that others in their network did not value their opinions about hotels, in fact, only nine percent of the respondents stated this. 89 respondents stated that their opinions about hotels are valued in their network, while the rest of the respondents, 40 percent, stated that they did not know whether or not their opinions were valued. In relation to income, the majority at all income levels stated that their opinions were valued, except in category of less than 100 000 SEK, where 51 percent of the respondents stated that they did not know. As can be seen in figure 9, both negative and positive opinions have a high value for the respondents, as only a few leaned towards the answer “little” on the scale. This result was evenly divided regarding income, age and gender.

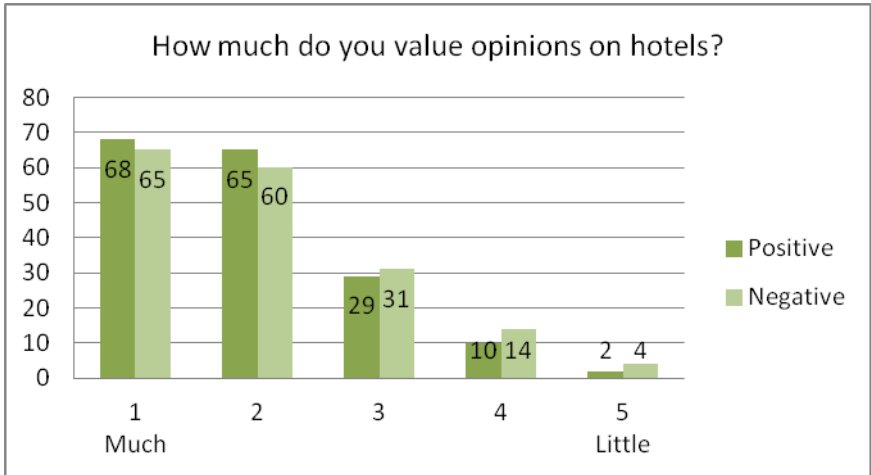


Figure 9

4.2.4 Overbooking

Overbooking is something that 60 percent of the respondents thought were something negative, only 23 percent would accept if they would have been overbooked. 25 percent of the women stated that they would accept overbooking, which resembles the men’s results where 22 percent stated that they would accept overbooking. In the follow up question, that asks the respondent to specify if they choose the answer “other”, many of those who wrote comments mentioned that they would require some kind of compensation if they were to be overbooked. The most common mentioned compensation was to be gain a hotel room in another hotel for free. Other respondents stated accepting comments as “*If it is overbooked, it is.*” and “*what choice do I have?*” The compensation in form of staying at another hotel for free was popular,

which also were showing at the next question as 62 percent of the respondents choose this answer. 38 percent also stated that they wanted free transportation to the new hotel and only three percent stated that they wanted compensation in form of movie tickets or something equivalent. 41 percent had chosen the option “reduced price at a new hotel” while 27 wanted a free stay at the same hotel another night. Eleven respondents commented the question in the “specify other” question, here it were comments as *“compensation for the whole trip and free accommodation at an equivalent hotel”* and *“If it is only festivities it would be a smaller matter, but as a businessman or something else were the need is urgent, four walls and a roof is required. No other compensation will do in that situation”*. If the compensation was satisfying after an overbooking situation, 63 percent of the respondents felt that they would consider returning to the hotel another time. In addition to this, only five percent would consider to return if the compensation were not satisfying. 27 percent of the participants would never consider returning while the rest of the respondents stated that they did not know if they would consider returning to a hotel that had overbooked them.

4.2.5 Advantages and disadvantages

The majority of the respondents that answered the open ended question, if they see any advantages with rural hotels, stated that an advantage with rural hotels are the peace and quiet that surrounds these hotels. Two other advantages that the respondents often brought up were the closeness to the nature and that these hotels may have cheaper prices. However, 17 respondents did not see any advantages. One respondent stated *“peace and quiet, maybe more stress-releasing than to live downtown. I think rural hotels should focus more on spa and rehabilitation”*. A feature that was mentioned was that rural hotels should have something extra to offer, for example the hotel could offer spa or something that is different. In the question about disadvantages with rural hotels, most of the comments were about either long distances or about problems with transportation. One of the respondents stated, *“It will be more expensive to enter downtown.”* Another thing that was mention was that there is a risk that it is too peaceful and quiet at rural hotels, as one respondent stated *“not as lively, if you want to experience sightseeing in a metropolis, it is given that it is a disadvantage to live far away”*. Another respondent stated, *“Can be too calm and boring.”* However, a few respondents stated that they could not see any disadvantages with rural hotels.

4.3 summary of the empirical investigation

Empirical investigation						
Demand management options	Focus group			Survey		
Price changes	Did not affect brand equity			Did not know if it affect brand equity		
	Positive and negative perception on brand equity was equal			More negative perception on brand equity More no affection than negative affection		
	Low price justify the buying	One participant wanted high price		Low price is important in order to enter rural hotels	One respondents wanted high price	
	All preferred standard price over inclusive			69 percent wanted standard price	23 percent wanted all inclusive	
Overbooking	Very negative			Very negative		
	All participants would enter the hotel again if the compensations was satisfying			63 percent could consider returning if the compensation was satisfying	27 percent would not return even if the compensation was satisfying	
Service differential	Positive			positive		
	All participants could consider enter a rural hotel if they implemented something special or theme days All participants could consider switch the date of the hotel stay to another less attractive day if it was for the same price and higher quality and if it was possible due to their plans			47 percent wanted unique service 13-24 percent could travel three hours respective 45-minuts in order to enter theme days The majority could consider switch the date of the hotel stay to another less attractive day if it was for the same price and higher quality		
	It was stated that rural hotels need something over the usual to make one go that extra distance					
Promotion	All participants believed it could make them highlight a product					
	Two were sensitive	Six were in the middle	Two were not sensitive	20 percent were sensitive or some sensitive	39 percent was in the middle	41 percent were not sensitive or little sensitive
WOM	All acted after their contacts opinions	All believed their contacts would act according to their opinions		The majority valued other opinions much or quite much		51 percent believed their contacts would value their opinions

	Negative opinions mattered the most		Positive opinions mattered the most		
Segmentation	Many customers was equal attractive choice of hotel	Low number of customers was a less desirable choice of hotel	49 respondents wanted many or quite many customers, a high degree of socialization	85 respondents wanted medium number of customers, a balanced degree of calm, quiet and socialization	40 respondents wanted the number of customers to be low or quite low, high degree of calm and quiet
	One respondents wanted status	Seven percent wanted accommodation	Three percent wanted status		64 percent wanted accommodation
Advantages of rural hotels			Disadvantages of Rural hotels		
Nature, calmness, quiet, may have cheaper prices			Transportation, too quiet, more expensive to travel downtown		

5.0 Analysis

This chapter puts the theoretical framework against the empirical investigation to discuss and analyze the parts of this study that have emerged.

5.1 Demand fluctuations

As it was shown in the empirical investigation, there were different buying patterns when it comes to hotel visits, everything from several times a quarter to less than every two year. However, the majority, both in the focus group and in the survey, visit a hotel about one time a year. According to Bartezzaghi et al. (1999) this is one of the reasons for variation in demand, due to different buying habits. Kalchschmidt et al. (2006) means that the utility the customers gain from the offer can be reasons for heterogeneity. It was shown in the survey that leisure, work, spa and other, was the reason for hotel visit, that is, the respondents had different utility of the survey, both functional and mental experiences; however, the functional one was the dominant one in the empirical investigation.

According to Kalchschmidt et al. (2006) heterogeneity may be derived from customers' responses to factors that are exogenous. The empirical investigation showed that there are differences on how the survey respondents and focus group participants perceived exogenous factors, such as price variations, overbooking, service differentials, promotions, and word of mouth. Further Kalchschmidt et al. (2006) argue that homogeneity needs to be established within the heterogeneity, in order to predict demand. In the survey it could be seen that regarding rural hotels, the peace and quiet that is sought by most of the respondents may be the homogeneity factor in the customer group for rural hotels. This is as well as that many of the respondents stated that they wanted rural hotels to have closeness to the nature. Further, according to Bailey et al. (2009) the significant customers that use a service should be identified, since they can be profitable to the company. However, according to Kalchschmidt et al. (2006) it is often the customers that are classified as significant that are the reason for demand variations. However according to Parrilla et al. (2007) variation in the demand may be due to seasonal changes. This is corresponding to the survey and focus group who stated that, if it is possible to change their plans they would be willing to change the date of the hotel stay, however it may only be the case when they are free from work.

5.2 Importance of demand management

It is of significance for hotel companies to take demand management into account during periods of low occupancy. One of the survey respondents stated that rural hotels need to compensate the low number of people in the town with more people in the hotel. Furthermore it was quite consensus that all hotels need to have some socialization of other customers. In fact, it was mentioned in the survey result that rural hotels might be too calm and that it is not as lively as downtown hotels. According to Kandampully (2000), other customer is indeed included in one customer's personal experience within the service they enter. However, several respondents stated that they wanted peace and quiet in rural hotels, even so, it was only a few who have choose the alternative "few number of customer", which even was the lowest rated alternative. In addition to this, too few customers would mean a waste of capacity, since services cannot be stored, this according to Harewood (2006). Most of the survey respondents however wanted it to be medium degree of customers, so they would not feel lonely, but also not be disturbed or experience the visit as being messy. One of the respondents stated that, downtown hotel could have more customers since the customers may not spend as much time in the hotel. This could mean that they will not experience the visit to be as messy as in rural hotels, which the customers might spend more time in.

Furthermore, the focus group stated that high degree of customers was equal an attractive choice of hotel. This corresponds to survey comments that a hotel that has a lot of customer is more joyful and pleasurable. One of the survey respondents stated that hotel that gets booked often for some reasons seems to be a good hotel. The survey also showed that a high degree of customer implied high quality, modernity, high standard and low price. One of the participant in the focus group stated that rural hotels can be an attractive choice when the price is lower than downtown hotels. This concerns both men and women according to the survey. Women had a however a little bit more tendency to consider a rural hotel if the price was low than men had. To consider rural hotels when the price is low is also concerns both genders in the age span 30-39 and all income rare except over 500 000 SEK.

If it is a too low number of customers there could emerge suspiciousness towards that something is wrong with the hotel or that it is disliked, this refers to both the focus group and survey. One of the survey respondents stated that service may even decrease when it is too few customers. This can correspond with the statement made by Özlük et al. (2010) that state

that customer satisfaction can be negatively affected, and decrease when demand is in not in line with capacity. Furthermore, this can correspond to the statement made by Shemwell and Cronin (1994) who state that salary costs increase when demand is lower than capacity. This can mean that the number of employees needs to be lowered in order to cope with the demand, which may affect the quality. Kandampully (2000) argues that quality may also be negatively affected when a low degree of customers enter a service, since they are a part of the experience for all the customers. It was indeed shown in the survey that a low number of customer was corresponding with low quality and low standard. This means that the perceived quality within hotels changes when the degree of customer changes, which corresponds with the statement of Kandampully (2000).

In addition, low number of customers was also associated with high price and exclusivity. At the same time, the majority of the survey respondents did not believe quality was reflected in the price, which is low price equal low quality and high price equal high quality. This corresponds to the results which showed that low price and high quality could be connected, which was the case of high degree of customers, and high price and low quality which was the case for low number of customers. In addition, this is not corresponding to the focus group, which all in general believed high price equal high quality and low price equal low quality.

5.3 Yield management

Lovelock (1984) argues that segmental changes may be a strategy to implement when one segment dominantly uses a service during a specific period of time. Further according to Sanchez and Satir, (2005) and Weatherford and Kimes (2003), one strategy to use is yield management, which is matching price, offer and customer. However, as it was showed in the empirical investigation, price changes, which means that different customer get different prices, may create negatively perception of the brand equity. In addition to this, that the offer, all inclusive or standard prices, however is positive, since the empirical investigation showed that choice is good.

5.4 Price

Low price was in the empirical investigation a significant factor for the consideration of a rural hotel. Klassen and Rohleder (2002) argues that reduction of price may be a strategy when demand is low, in order to increase demand. Further, as it could be seen in the survey, when it comes to rural hotels with one to three stars, customers wants it to be cheaper than the

hotels that are located downtown. Whereas, the customers might welcome cheaper prices on the rural hotels, which corresponds to the theory of Swani and Yoo (2010), to lower the price of low price brands joys the customers. However, it could also be seen that customers had more acceptance towards four to five starred rural hotels with prices at the same level as the downtown hotels, which corresponds with the statement of Yelkur and DaCosta (2001) who stated that attractive places can charge more. This acceptance is connected to that the brand might be hurt when reducing the price too much when it comes to high priced brands (Swani & Yoo, 2010; Yoo et al., 2000). The focus group however, disagreed with this as the majority of the participants agreed to that price variations did not affect the brand when it comes to hotels, as they argued that that is something hotels needs to do, perhaps even something they need to do in order to survive. The majority of the survey, however, did not know if the hotel's brand would be affected or not. The next most rated answer was "yes, negative" which 33 percent of the survey respondent stated. This corresponds to the statement made by Yoo et al. (2000) who stated that brand equity may change when price do the same. One participant in the focus group stated that it was unfair to change the price, which could be an explanation for why so many felt negative about price changes in the hotel industry within the survey. In relation to this, one of the focus group member stated that price changes was positive since it gives her a chance to stay at the hotel for a cheaper price. This could be an explanation for why seven percent of the survey respondents felt positive about price changes. 20 percent of the survey respondents, however, did agree to the majority of the focus group that is price changes do not affect the brand of the hotel.

Further, the focus group stated that rural hotels should be cheaper than downtown hotels, no matter how exclusive they are. This is correlation to the theories of Senior and Morphew (1993) and Yelkur and DaCosta (2001) who stated that rural hotels may have less costs than downtown hotels, as well as the rural hotels may not have the same opportunity as the downtown hotels to charge more, which is since they have a more attractive location compared to the rural hotels. This is also in correlation to what was mentioned in the focus group, that a hotel placed in an unattractive location, could offer the same quality as a downtown hotel but with a lower price. That the hotel's price should include the location was also mentioned in the focus group. To include the location into the price is also strengthened through the survey, especially as one respondent stated that it will cost more to live in a rural hotel if the customer need to travel into the city. The problem with transportation to downtown was something that was mentioned several times in the survey.

Senior and Morphew (1993) states that complete packages are something companies should offer to satisfy their customers' needs. In the survey however, only 23 percent of the respondents wanted the all inclusive package, the majority, 69 percent, wanted instead a standard price with no extra services. Although what could be seen in the open question where they could specify this, some of those who answered wanted the breakfast to be included into the price. Therefore, it seems that the survey better matched with the theory of Yang et al. (2009) who stated that companies could cut down the included services in a package and instead offer a standard package to a lower price. This corresponds to the focus group, where the participants stated that it comes in handy to use the all inclusive when on a family trip, but most of the time the standard price is preferred as when only sleeping in the hotel, only the basic service is needed. Furthermore, as Swani and Yoo (2010) states, a lower price can justify the buying. This is further corresponding with the participant in the focus group who was positive to price changes, since lower price can make her enter the hotel. The few percent who associated price changes with positive changes in the hotel brands, may also agree to that statement, of justifying the buying. Also, there were some comments in the survey that stated that whether to choose all inclusive or not depended on the type of trip and on the destination. One focus group even stated that choice is good. According to Yelkur and DaCosta (2001) different segment can have different prices.

As Swani and Yoo (2010) stated, low price brands have a more functional purpose instead of gaining status as a buyer. Although, in the research it was shown that only a few of the respondents choose their hotels after what status they would gain from it. Yet, not everyone stated that they stayed at hotels purely for the accommodation function so still, there are those who think that hotel stays ought to give some status. This is in relation to Yang et al. (2009) who stated that companies that offer services could attract customers that are searching for both function and status. This is to some extent connected to what some in the focus group stated, when on vacation, more money could be spent when staying at hotels. This is while another focus group member stated that people need to hear when he spends a lot of money on a hotel. This is as well as some others in the focus group stated that only the function of accommodation is needed in hotels as they only sleep there. This also corresponds to several comments in the survey that believed that quality and standard is not important as long as it is fresh and clean.

Quality, however, was despite this, the third most significance feature for the survey respondents when it comes to factors that could make them consider rural hotels. This is after the most significant feature, good transportation followed by low price. Quality was also most important for men and those who had an income of over 500 000 SEK and the respondents in the age span 60-71. This does not mean that it was unimportant for all other respondents, opposite quality got high percent in all age span, they however, prioritize differently. That quality matter, was also showing, when the majority of the survey and all participant in the focus group could consider changing the date for the hotel stay when they could get a higher quality for the same price level at a different date, which would be a less attractive day. To change quality depending on demand is a strategy companies can use according to Klassen and Rohleder (2001). However, to change the date according to the higher quality was depending on the plans and if it was possible to change those for both the survey and the focus group. Several comments in the survey could consider this if the purpose was to get away for relax reasons, in contrast to comments about that it could not be a consideration if the hotel staying was for festivals or such like, which was showed in the focus group. However, some could not consider this in the survey, such comments was about the non importance of quality. This is while even more respondents in the survey stated clearly “yes”.

5.5 Service differential

According to Klassen and Rohleder (2001) a DMO could be to add something that usually is not included in the service, which could attract customer to come during low demand, due to this incitement. Furthermore, there was no difference between men and women in the survey, they were equally positive to this. However, when listing which feature that is most significance, unique service was ranked in fourth place. It was most important for the ages 60-71, respondents with an income over 500 000 SEK and for both men and women. To offer something extra that is different from other hotels was also mentioned, in the open ended question about advantages with rural hotels, as being needed for the rural hotels. One of the survey respondent even stated that something unique or something else that was above the usual was needed in order to travel that extra distance in order to get to the rural hotel. One respondent even suggested that rural hotels should focus on spa and rehabilitation more than they do now. In addition to this, when the survey respondents were asked to specify which “other” that could make them consider a rural hotel, several stated special activities. It was showed even in the focus group that they all could consider to enter a rural hotel when it was offering “theme days” which would be something of interest for them. This is while 17

percent of the survey clearly stated no to this. However, an even larger percent stated “yes” within the time span of 20 minutes to one and a half hours distance to the rural hotel. Even so, 13 percent of the survey respondents could go even further than that. As the empirical investigation showed, there was no big difference in gender when it comes to the consideration of entering a rural hotel due to the distance, even if women had a bit more tendency toward this.

5.6 Overbooking

According to Rust and Chung (2006), revenue opportunities are being reduced when capacity is lower than demand. However, this is also the case when demand is lower than capacity, which overbooking can protect the company from, this according to Dekay et al. (2004). Even so it was showed in the focus group there were no tolerance towards overbooking and in the survey 60 percent of the respondents thought it were something negative. However, 28 percent of the survey respondents stated that a rural hotel should have high or quite high number of customers. Further both the focus group and the survey showed that a hotel that has a lot of customers is an attractive choice of hotel, further a high degree of customers was associated with high quality and high standard. Several comments in the survey even highlighted the importance of socializations of other customers, as well as one stated that the service could decrease when it is too few customers. Overbooking can therefore also be a strategy for the hotels in order to make sure these features is perceived.

The empirical investigation showed that overbooking was associated with negatively, which is in opposite to the statement that the tolerance of overbooking is quite high, made by Hwang and Wen (2009). Hwang and Wen (2009) also stated that only women may be negative towards overbooking. This is something that could not be seen in neither the focus group or in the survey. However, even though overbooking would give a negative impression at first, both the focus group and the survey respondents seemed to consider returning to the hotel if they got a satisfying compensation. This is corresponding to the statement by Hwang and Wen (2009) that when overbooking, the customers must be compensated. Further they state that if the compensation is enough, the customers may start a positive WOM, however as Wangenheim and Bayón, (2007) states, negative WOM may also emerge. This is related to what one in the focus group stated, when overbooked he would surely take the time to spread a negative word about the hotel, although as the rest of the focus group, if given the right compensation he might return to the hotel another time. This is also corresponding to the

statement made by Berger and Schwartz (2011) that experiences of negative kind is spure to negative WOM.

DeKay et al. (2004) states that, overbooked customers in the hotel industry often is compensated with a stay at another hotel as well as the transportation cost to the new hotel. This is in correlation to what both the focus group and the survey respondents would expect if they were overbooked. The focus group added that they also wanted an extra night at the original hotel, which 27 of the survey respondents also wanted as compensation. The focus group also stated that when overbooking customers, the hotel should reconnect to the customer at the new hotel to check that the customer is satisfied, as well as giving the customer apologies. Not many of the survey respondents would settle for only smaller compensations as movie tickets or something equivalent, which was suggested by Hwang and Wen (2009). This is while some of the respondents in the survey had the approach that nothing could be done when overbooking had happened and they would accept that fact.

One statement made by a survey respondent about the degree of customers was that fully booked hotel is what most hotels should be like. This can be an explanation for why there may be some tolerance towards overbooking. According to Dekay et al (2004) there is a risk that customers who make reservations will not enter the hotel. In such case overbooking may keep the perceived quality level, since too few customers may affect quality negatively according to Kandampully (2006). However, as Rust and Chung (2006) states, customers that become overbooked might become loyal to a competitor instead. This was shown to be true in the survey results as 27 percent of the respondents would never consider to return to a hotel that had overbooked them. This implies that hotels still needs to be careful to not overuse the overbooking opportunity, otherwise they risk losing potential customers.

5.7 Promotion

The results regarding the sensitivity of advertising when it comes to hotels were evenly divided except that only seven respondents stated that they were sensitive towards advertisements. Therefore, to only use this part of the marketing mix might not be successful, which corresponds to Lovelocks (1984) statement that to be able to handle the demand efficiently, more than one marketing mix element is needed. Still, since there are those who stated that they are affected by advertisements according to the survey, the statement of Showalter and White (1991) that advertisement can affect the demand, still are somewhat

corresponded to. This is also confirmed in the focus group as some the participants also stated that they were affected by commercials. The participants further stated that the advertisement could make them notice a product and they later could search for more information if the advertisement had gained their interest. This corresponds to the argument by Devi et al. (2010) and Amaldoss and He (2010) that marketing is a tool for the companies to reach the consumers.

Out of the tools within promotion that Rowley (1998) mentions, the focus group stated that that direct marketing is what they liked the most, this is as they have some control over it as they had been in contact with that company earlier and they could end it when they want. It could also be seen that both the focus group and the survey respondents stated that the service is important at hotels, which implies that also personal selling is possible to use for hotels, although it might not be favorable if the company wants to increase their selling in the short run as the customers might not plan to travel again sometime soon. This is since the buying habits of both the focus group and the survey respondents most chosen answer was that they stay at hotels one time a year. When making use of promotion in form of commercial, it could be favorable for companies within the hotel industry to use segmentation regarding the interests of the customers. This is as the focus group stated that depending on the goal with a trip the commercial should create a feeling of already being at the hotel, as for a spa for example, the commercial should be soothing to be able to attract the customers that aim for a calming vacation.

Wang (2011) mention, customers can hear both positive and avoid negative WOM. About half of the respondents in the survey stated that they think that people around them value their opinions about hotels. In the hotel industry it seems that good service is one important factor for the customers that will affect the chances of a positive WOM, as could be seen in the survey result and also in the focus group. In the survey it also was shown that a good location, good food and a low price would influence the chances of the spreading of a positive WOM, whereas the two first also was mentioned in the focus group.

Half of the respondents in the survey also stated that special offers and to be an unusual hotel were important for them if they were going to spread a positive WOM. However, one factor that, according to the respondents in the survey, would not create positive WOM was high price. Though in the focus group one participant stated that he would indeed tell others if he

were to spend a lot on a hotel. In the focus group it was mentioned that negative WOM matters more than positive WOM and also that a negative WOM did not even have to be explained but only implied and still others would become negative towards the product or service. However, in the survey results it was shown that positive opinions about hotels were a little more valued than the negative opinions, although the majority of the respondents still valued or leaned towards valuing both types of opinions highly. Godes and Mayzlin (2004) stated that through WOM customers can become aware of new products. This corresponds to what one member of the focus group stated, that you may check out products that you have heard good things about.

5.8 Segmentation

Even though patterns could be seen in some of the questions in the survey, there were no dominating pattern that would differentiate one income category, one age group or one of the genders completely from the others in all of the questions. Instead possible segmentation alternatives for the hotel industry would be within the area of interest of the customers. To use segmentation is something that (Bailey et al., 2009) argues would benefit companies. One other segment that was showing in the survey was regarding how many other guests the customers would like to be among in a hotel. According to the survey respondents, rural hotels should not have many guests at the same time, but still not too few. Therefore, if a rural hotel focuses on keeping the occupancy to approximately 50 percent, they might not be favored if they tries to also attract customers that wants to stay at a hotel with a high occupancy rate as these might be bored. Those customers who seek calamity and serenity of the nature would suit the rural hotels according to the survey. In addition, those customers who instead are looking for the opposite type of atmosphere might not be as suitable for the rural hotels. Regardless of what segment the rural hotels should focus on, they should ensure the customers that transportation from and to the urban area are available and that it would fulfill the needs of the customers. This is as the transportation was mentioned many times in the survey as well as in the focus group as something that had great importance.

6.0 Conclusion

In this chapter, conclusions are drawn from the analysis to be able to clearly answer the research question in this paper which is “*Which demand management options is most significant for customer behavior within rural hotel industry?*”

In the analysis it was shown that hotel customers are heterogeneous, regarding the utility they gain from the service, such as accommodation and status, their buying habits and attitudes towards the different demand management options. Furthermore, seasonal changes also affected the demand. As the number of other guests in the hotel would affect customers, demand management is shown to be important for companies, otherwise they would risk losing customers due to too few customers or to too crowded hotel. Yield management is a tool that can be concluded to be good for companies to use. However, the companies should be careful as the brand equity might be affected negatively.

That the DMO price is of importance can be seen in the analysis as the survey respondents thought that low price is something that rural hotels should offer as they do not have a good location as there are shortcomings in the transportation options. However, hotels with more stars should not lower their price too much as the brand might then become hurt. Regarding the all inclusive price, it was not preferred in according to the results, instead hotels should focus on offering a standard package to a lower price and possibly offer extra services that the customers can chose to include if they want to. As only a few of the respondents agreed to that when staying at a hotel the aim is to gain status, a high price is not justified through the statement that the customers will feel that they gain status. Instead, a low price would increase the value of the accommodation function. Thereby, this DMO could be used to increase the demand.

The DMO service differentials had overall a good impression on the survey respondents and the focus group. To offer services out of the ordinary was seen as something rural hotels would benefit from and some even stated that rural hotels even need to implement this. Therefore, if a rural hotel wants to be successful, they should strive towards being unique and have special offers, for example they could offer “theme days” to win the interests of customers, to be able to encourage them to travel the extra distance to the rural hotel. This is

as rural hotels are lacking in the category of good location, which was an important factor for according to the empirical investigation.

The DMO overbooking was something that both the focus group and the survey were strongly negative towards. However, if it would occur, there was still a chance for the companies to patch it up through giving the customer a satisfying compensation. If they would fail to do this successfully, they would risk losing the customer. Although it might be profitable in the short run for companies to use overbooking, it might hurt the company if they constantly use it in the long run in form of customer loss.

Even though the result of the empirical investigation showed that customers are not sensitive towards the DMO promotion, it still indicated that promotion is a tool that might make the customers to notice the products so that they themselves can search for additional information. This DMO should therefore be used together with other DMOs and not alone. However, word of mouth is a tool that can increase the demand as it was shown that opinions of others in the customers' networks are important and taken into account when considering a hotel. Although, companies should be careful so that no negative word of mouth gets around as it can be devastating for the company.

Segmentation, the last DMO, could be seen as important for rural hotels as the interests of the customers are divided. Rural hotels may gain from segmenting their customers into how high degree of other customers should be present as well as if they would like calm or a hectic atmosphere. If the hotel were to skip the segmentation, they might risk to waste energy on gaining customers that would feel uncomfortable in that type of hotel and therefore create a negative word of mouth.

6.1 Managerial implications

The managerial implications for this study are that when fluctuation in the demand has occurred, incitements to use for rural hotels are to use service differential, price, segmentation and promotion. Though, promotion should be implemented together with at least another DMO. Yield management is also recommended, however, the brand equity could be affected by this, especially for high starred hotels. Overbooking is not recommended within rural hotel industry. The demand management should be used to an extent were the level of customers is not high but also not too low.

6.2 Self critic

This paper has some disadvantages, first of all generalization cannot be reached due to the sampling choice of snowball sampling. Furthermore, the authors strive for deep and quantitative understanding in many issues concerning demand management and rural hotels resulted in a relative long survey. Consequence of this may have been that many possible respondents felt discouraged and choose not to take the survey, while the partial answers may have been discouraged to finish it. Their opinions that got lost due to this could have been important for the study.

6.3 Future research recommendation

Suggestions for further research could be to investigate how effective the price, promotion, service differential and segmentation DMOs are in the rural hotel industry by practically measure the effects they have on consumer behavior. That is to which degree the demand will be managed by these DMOs. If these DMOs yield more advantage than what they cost to implement is another direction for further research. Moreover, to investigate if downtown hotels should implement the same DMOs is a suggestion for further research.

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http://www.scb.se/Statistik/NV/NV1701/2011A01/NV1701_2011A01_SM_NV41SM1205.pdf

f gathered the 20-05-15

Appendix 1 – Survey

1) How often do you visit a hotel in average?*

- | | |
|---|---|
| <input type="checkbox"/> More than once a week | <input type="checkbox"/> Once a week |
| <input type="checkbox"/> One to three times a month | <input type="checkbox"/> One to three times per quarter |
| <input type="checkbox"/> Once a year | <input type="checkbox"/> Once every two years |
| <input type="checkbox"/> Less often than once every two years | <input type="checkbox"/> Never |

2) Reason for hotel visits?

- Work Spa Leisure Other

Please specify other

3) How many other guests do you think should be present at:*

	Many				Few
	1	2	3	4	5
Central hotels	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Outside town hotels	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Why

4) Do you think that a large number of guests implies:*

- | | | |
|---------------------------------------|---------------------------------------|--|
| <input type="checkbox"/> High Quality | <input type="checkbox"/> Low quality | <input type="checkbox"/> Exclusivity |
| <input type="checkbox"/> Modernity | <input type="checkbox"/> Low standard | <input type="checkbox"/> High standard |
| <input type="checkbox"/> Low price | <input type="checkbox"/> High price | <input type="checkbox"/> None of the above |

5) Do you think that a low number of guests implies:*

- | | | |
|---------------------------------------|---------------------------------------|--|
| <input type="checkbox"/> High Quality | <input type="checkbox"/> Low quality | <input type="checkbox"/> Exclusivity |
| <input type="checkbox"/> Modernity | <input type="checkbox"/> Low standard | <input type="checkbox"/> High standard |
| <input type="checkbox"/> Low price | <input type="checkbox"/> High price | <input type="checkbox"/> None of the above |

6) Would you be willing to stay at a hotel located:*

- Downtown
- 10 minutes from downtown
- 30 minutes from downtown
- 50 min from downtown
- > 50 min from downtown

7) What should an outside town hotel offer in order for you to consider it?*

- | | | |
|---|--|---------------------------------------|
| <input type="checkbox"/> Low price | <input type="checkbox"/> High price | <input type="checkbox"/> High Quality |
| <input type="checkbox"/> Unique service | <input type="checkbox"/> Good transportation links | <input type="checkbox"/> Other |
| <input type="checkbox"/> Do not know | | |

Please specify other

8) Would you be willing to travel to an outside town hotel if it would offer theme days such as specific lectures on a topic of interest, guys' night / girls night or suchlike?*

- Yes, if less than 20 minutes away
- Yes, if it is 20-40 minutes away
- Yes, if it is 45-60 minutes away
- Yes, if it is 1-1.5 hours away
- Yes, if it is 2 to 2.5 hours away
- Yes, if there is more than 3 hours away
- No

9) Do you think that high price of hotels mostly reflects high quality and low price reflects low quality?*

- Yes No Do not know

10) Would you consider to change the accommodation date if the hotel offer better quality for the same price another, less attractive, date (e.g., Sunday and Monday)?*

11) Do you think that a hotel's brand is affected by frequent price changes?*

Yes, negative Yes, positive No Do not know

12) How should the price be in an outside town hotel compared to the price of a central hotel if the hotels are equivalent and are at a 1-3 star level?*

Cheaper The same price
 More expensive Do not know

13) How should the price be in an outside town hotel compared to the price of a central hotel if the hotels are equivalent and are at a 4-5 star level?*

Cheaper The same price
 More expensive Do not know

14) Would you prefer "all inclusive", where everything is included in a higher price or would you prefer a cheaper "standard price" where only the basic parts are included and you can then choose extra services for extra charges?*

All inclusive Standard price Other

Please specify other

15) Do you think that a hotel stay should also give status or are you only looking for the accommodation function?*

Status					Accommodation
1	2	3	4	5	

16) For what reasons would you spread positive word about a hotel to other people?*

- | | | |
|---|--|--|
| <input type="checkbox"/> Good service | <input type="checkbox"/> Good interior | <input type="checkbox"/> Good food |
| <input type="checkbox"/> Cheap price | <input type="checkbox"/> Expensive price | <input type="checkbox"/> Many other guests |
| <input type="checkbox"/> Few other guests | <input type="checkbox"/> Good location | <input type="checkbox"/> Exclusive hotels |
| <input type="checkbox"/> Well-known hotel | <input type="checkbox"/> Unusual hotels | <input type="checkbox"/> special Offers |
| <input type="checkbox"/> Other | | |

Please specify other

17) Do you feel that others in your network value your opinion about hotels?*

- Yes No Do not know

18) How much do you value positive opinions on hotels?*

- | | | | | |
|------|---|---|---|--------|
| Much | | | | Little |
| 1 | 2 | 3 | 4 | 5 |

19) How much do you value negative opinions on hotels?*

- | | | | | |
|------|---|---|---|--------|
| Much | | | | Little |
| 1 | 2 | 3 | 4 | 5 |

20) Would you accept if a hotel had been overbooked and you cannot stay there?*

- Yes No Other

Please specify other

21) What would you require in compensation?*

- To get to stay in a standard hotel instead free
- Transport costs for new hotel
- Reduced prices on new hotel
- Free overnight stay at the hotel for another day
- Movie tickets or something equivalent
- Other

Please specify other

22) Would you consider to return to a hotel that had overbooked you and you could not stay?*

Yes, if the compensation was satisfying

Yes, even if compensation was not satisfying

No

Do not know

23) How sensitive of advertising do you consider yourself to be when it comes to the choice of hotel?*

Sensitive

Not sensitive

1

2

3

4

5

24) Do you see any advantages with outside town hotels?

25) Do you see any disadvantages with outside town hotels?

26) Age?*

27) Gender?*

Woman

Man

28) Annual income before taxes?

< 100 000

100 000

300 000

500 000

> 500 000

Thank you for participating in this survey! We would be grateful if you would forward the link of this survey to others around you.

We will randomly choose an email address for a gift check of 100 SEK, from presentkorttorget.se, so please if you want to participate, fill in your e-mail in the box below! Your answers will not be linked to your personal information; you are still anonymous in the survey.

E-mail

Operationalization

Question one refers to Bartezzaghi et al. (1999) and Lovelock (1984). Question two refers to Kalchschmidt et al. (2006) and Lovelock (1984). Question three refers to Kandampully (2000), Rust and Chung (2006), Harewood (2006) and Özlük et al. (2010). Question four refers to Kandampully (2000). Question five refers to Kandampully (2000). Question six refers to (Bailey 2009). Question seven refers to Klassen and Rohleder (2001), Desarbo et al. (2001) and Klassen and Rohleder (2002). Question eight refers to Klassen and Rohleder (2001). Question nine refers to Suri et al. (2002). Question ten refers to Sanchez and Satir (2005), Weatherford and Kimes (2003) and Yoo et al. (2000). Question eleven refers to Yelkur and DaCosta (2001), Swani and Yoo (2010), Yoo et al. (2000) and Senior and Morphey (1993). Question twelve refers to Yelkur and DaCosta (2001), Swani and Yoo (2010), Yoo et al. (2000) and Senior and Morphey (1993). Question 13 refers to Senior and Morphey (1993) and Yang et al. (2009). Question 14 refers to Swani and Yoo (2010) and Yang et al. (2009). Question 15 refers to Berger and Schwartz (2011). Question 16 refers to Sweeney et al. (2012) and Godes and Mayzlin (2004). Question 17 refers to Berger and Schwartz (2011), Wang (2011) and Godes and Mayzlin (2004). Question 18 refers to Berger and Schwartz (2011) and Wang (2011). Question 19 refers to Rust and Chung (2006), DeKay et al. (2004) and Hwang and Wen (2009). Question 20 refers to Hwang and Wen (2009) and DeKay et al. (2004). Question 21 refers to Rust and Chung (2006). Question 22 refers to Showalter and White (1991), Lovelock 1984), Devi et al. (2010), Amaldoss and He (2010) and Devi et al. (2010).

Appendix 2 – Focus group

1) Number of customers

- a) *How important are other customers in number (many-few), for the experience to be satisfying at central respective rural hotels? Kandampully (2000)*
- b) *What do you experience that the number of customers is a measurement of?*

2) Location

- a) *Would you choose a rural hotel instead of a downtown hotel?*
- b) *Would you be willing to travel to an outside town hotel if it would offer theme days such as specific lectures on a topic of interest, guys' night / girls' night or suchlike?*

3) Price

- a) *How do you experience that the quality is in relation to the price?*
- b) *Would you consider changing the stay date if the hotel is offering better quality to the same price another, less attractive date?*
- c) *Do you expect the price of rural hotels to be cheaper/same/more expensive as downtown hotels?*
- d) *Do you prefer all inclusive where everything is included, or would you prefer a cheaper standard price and the option to purchase extra service to an extra cost?*

4) Brand, price changes

- a) *How do you look at price changes according to demand?*
- b) *Do your purchases become affected if a hotel changes their prices according to the demand?*

5) Network

- a) *What is required of a hotel stay for you to spread the experience further?*
- b) *How do you value your networks opinions regarding hotels?*

6) Overbooking

- a) *How would you react if a hotel is overbooked and you cannot stay there even though you have reserved a room?*
- b) *What would you demand as compensation?*

7) Promotion

- *How sensitive of advertisements are you?*

Operationalization

Question one, both a) and b), refer to Kandampully (2000). Question two, both a) and b), refer to Klassen and Rohleder (2001). Question three, both a) and b), refer to Klassen and Rohleder (2001), c) refers to Yelkur and DaCosta (2001) and d) refers to Swani and Yoo (2010) as well as Yelkur and DaCosta (2001). Question four a) refers to Swani and Yoo (2010), Sanchez and Satir (2005), Weatherford and Kimes (2003) and Yoo et al. (2000). Question four b) refers to Swani and Yoo (2010). Question five a) refers to Berger & Schwartz (2011) and Godes and Mayzlin (2004) while b) refers to Berger & Schwartz (2011). Question six a) refers to Rust and Chung (2006), Dekay et al. (2004), Hwang and Wen (2009) and Wangenheim and Bayón, (2007). Question six b) Hwang & Wen (2009), DeKay et al. (2004) and Devi et al. (2010). Question seven refers to Showalter and White (1991), Lovelock (1984), Devi et al. (2010) and Amaldoss and He (2010).



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On 1 January 2010 Växjö University and the University of Kalmar merged to form Linnaeus University. This new university is the product of a will to improve the quality, enhance the appeal and boost the development potential of teaching and research, at the same time as it plays a prominent role in working closely together with local society. Linnaeus University offers an attractive knowledge environment characterised by high quality and a competitive portfolio of skills.

Linnaeus University is a modern, international university with the emphasis on the desire for knowledge, creative thinking and practical innovations. For us, the focus is on proximity to our students, but also on the world around us and the future ahead.

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