

Service quality in hostels

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Resumo

Nos últimos anos, devido à facilidade cada vez maior de deslocação de pessoas entre grandes distâncias, o turismo jovem tem vindo a crescer significativamente e é hoje em dia parte essencial no turismo de grandes cidades e países. Com este crescimento, deu se também o crescimento de outra industria, a dos hostels. Por serem muitas das vezes uma alternativa low cost de alojamento, são o destino de milhares de jovens que viajam pelo Mundo. Em Lisboa este crescimento foi enorme na última década, e a cidade hoje em dia acolhe alguns dos melhores hostels do Mundo. A concorrência é tremenda e há uma grande necessidade de apostar na qualidade do serviço, pois só assim é possível criar uma diferenciação da concorrência. Para atingir esta diferenciação, é essencial determinar quais são os aspetos com maior importância para os hóspedes quando estes fazem a sua avaliação da qualidade de serviço. Adicionalmente é preciso ter em atenção que inúmeras pessoas com diferentes culturas passam pelos hostels, e cada cultura tem as suas necessidades e diferenças que o staff deve compreender de modo a prestar o melhor serviço possível. Este estudo foi realizado com o intuito de desenvolver um instrumento capaz de medir a satisfação e perceção de qualidade de serviço em hostels. Foi distribuído um questionário e construída uma escala com base no mesmo. As dimensões de qualidade encontradas foram: *qualidade do staff; ambiente social; aspeto do hostel; conexão com a cidade.*

Palavras-chave: experiência; hostels; Lisboa; qualidade de serviço; satisfação

Abstract

In the previous decade, it has become easier to travel long distances and the youth tourism has been growing significantly due to it, being nowadays an essential part of tourism in many cities and countries. With this growth came also the development of another industry, the hostel business. Hostels represent most of the times a low cost alternative for accommodation, and have become a common destination for thousands of young travelers that travel the world. In Lisbon, the growth of this hostel industry has been tremendous and nowadays the city is home for some of the best hostels in the world. The competition is great and there is an urgent necessity to invest on service quality because only this way a hostel can differentiate itself from the competition. To achieve this differentiation, it is essential to identify the aspects with more importance to the guests when they make their judgment of service quality. Additionally it is important to be aware of the numerous different cultures that inhabit a hostel. Each one of the cultures has its different demands and necessities which the staff should know and understand in order to deliver the best service possible. This research was carried with the intent of the developing an instrument able to measure the satisfaction and perception of the service quality in a hostel. A questionnaire was developed and based on it a service quality scale was constructed. The dimensions of service quality found were: *quality of the staff*; *social atmosphere*; *hostel tangibles* and city connection.

Keywords: experience; hostels; Lisbon service quality; satisfaction

Sumario executivo

Nos últimos anos, devido à facilidade cada vez maior de deslocação de pessoas entre grandes distâncias, o turismo jovem tem vindo a crescer significativamente e é hoje em dia parte essencial do turismo de grandes cidades e países. Com este crescimento, deu se também o crescimento de outra industria, a dos hostels. Por serem muitas das vezes uma alternativa low cost de alojamento, são o destino de milhares de jovens que viajam pelo Mundo. Em Lisboa este crescimento foi enorme na última década, e a cidade hoje em dia acolhe alguns dos melhores hostels do Mundo. A concorrência é tremenda e há uma grande necessidade de apostar na qualidade do serviço, pois só assim é possível criar uma diferenciação da concorrência. Para atingir esta diferenciação, é essencial determinar quais são os aspetos com maior importância para os hóspedes quando estes fazem a sua avaliação da qualidade de serviço.

Os serviços têm características próprias e bem definidas: intangibilidade, heterogeneidade e inseparabilidade. A heterogeneidade é uma característica dos serviços que dificulta a avaliação e standardização da qualidade, especialmente em serviços em que o nível de mão-de-obra seja mais elevado. A intangibilidade dos serviços também dificulta a gestão de qualidade pois a avaliação por parte dos clientes é muito mais relativa e estando diretamente ligada à própria perceção de cada pessoa, e à ao trabalhador que dá a assistência ou fornece o serviço, torna se inconstante (contrastando com a consistência de qualidade que se pode atingir nos produtos) e é bastante difícil ter dados concretos sobre qualidade de serviço.

Há no entanto vários instrumentos que ao longo do tempo foram desenvolvidos por vários pesquisadores, com o intuito de medir a qualidade nos serviços. Entre os modelos existentes, encontram se em destaque os seguintes: SERVQUAL, SERVPERF e a análise IP – Importance Performance.

Na indústria dos hostels existe também a dificuldade de avaliar a qualidade de serviço prestada, até porque sendo um local frequentado por diversas culturas, o que é considerado um bom serviço para uma pode ser considerado não tão bom noutra. Com o objetivo de melhorar o serviço prestado foi necessário determinar quais os aspetos com maior importância num hostel para a satisfação dos hóspedes

Este estudo foi desenvolvido com o objetivo de construir um instrumento multidimensional capaz de medir a percepção da qualidade de serviço num hostel por parte dos seus hóspedes. Depois de uma revisão da literatura necessária, é apresentada a metodologia utilizada neste estudo: as etapas que levaram à construção de um questionário, a caracterização da indústria dos hostels em Lisboa e também um resumo dos métodos estatísticos utilizados no desenvolvimento.

Antes de distribuir o questionário, foi levada a cabo uma fase de teste de modo a que fossem detetados possíveis erros. A escala foi adaptada de 1-5 para 1-7 escala de Likert.

Para desenvolver a escala e identificar as dimensões de qualidade métodos como análise fatorial exploratória e confirmatória foram usados. Para assegurar a adequabilidade da análise fatorial e aferir a qualidade das correlações existentes entre as variáveis, os seguintes procedimentos estatísticos foram utilizados: Kaiser-Myer-Olkin e Teste de Barlett.

No último capítulo, de discussão de resultados e conclusões, foi feita uma caracterização da amostra a nível demográfico e de preferências de serviço. Seguido da análise exploratória e confirmatória, está presente a identificação e descrição de cada uma das dimensões de qualidade de serviço encontradas. Estas são: qualidade do staff, atmosfera social, tangíveis do hostel e conexão à cidade. De seguida é testada a capacidade preditiva do instrumento. Foi então testada a capacidade de previsão e o impacto das dimensões de serviço encontradas em 5 resultados: a percepção de qualidade de serviço num hostel por parte dos hóspedes; a satisfação e experiência global no hostel; a possibilidade de voltar no futuro; a possibilidade de recomendar Lisboa a amigos ou familiares; a possibilidade de recomendar o hostel em questão a amigos e familiares. Por fim foram também analisadas as diferenças existentes a nível de cultura e país de origem, sexo e idade. As diferenças foram analisadas com base nas respostas à pergunta do questionário que pedia para os hóspedes avaliarem de 1 a 7 a importância de cada item na sua satisfação num hostel. Os itens presentes nesta pergunta são: atmosfera; localização; qualidade do staff; instalações; preço; limpeza; segurança; existência de um serviço de bar; conhecer outros hóspedes/viajantes; condições de internet.

No final apresentam-se as conclusões e principais limitações do estudo, assim como implicações para estudos futuros.

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1. Introduction

1.1 Background

In the past decade the hostel business grew significantly in the city of Lisbon. This growth did not occur just in terms of numbers of hostels but also in quality. According to the website www.hostelworld.com (the largest hostel booking website), the best hostels in the world are in Lisbon and the city has become a Mecca for hostel quality all over the world. As a consequence of not only the obvious quality displayed in the hostels, but also because of the beauty, history and vibrant nightlife the city of Lisbon has to offer, backpackers have made the city a recurrent destination in their travel routes and Lisbon has become a hot spot for backpackers and travelers that tend to look for this type of accommodation.

Hostels are usually seen as a low cost alternative for accommodation, and the current economic crisis and the decrease of the purchasing power of customers all over the world has also contributed to the hostel industry growth. In 2010 there was a growth of 18%¹ of hostel booking in Lisbon, where at the time there were 150¹ hostels, according to [hostelworld](http://www.hostelworld.com).

In 2009 the world witnessed a 4% decline in tourism, but the youth segment just dropped 0.3%, which shows the strength of this market segment, resisting even to one of the biggest economic crisis that the world has witnessed. According to WTO (World Trade Organization) the segment between 15 and 25 years old already represents more than 20% of the total volume of international tourism.

Nonetheless the monitorization of this market is still very weak comparing to hotels, according to a study made by the Youth Travel Organization. In the same study is predicted that this market will continue to grow at a much faster pace than the mass tourism.

¹ <http://isabe.ionline.pt/conteudo/2041-lisboa-e-cidade-mais-atractiva-o-turismo-low-cost>

1.2 Goals

As it was mentioned before, the hostel industry has grown immensely over the past years and in order to be successful and survive in this very competitive environment hostels have to invest heavily in service quality. Nowadays a good hostel is not just one that is clean, comfortable, cheap and with a good location. There are many other factors that influence customer satisfaction such as atmosphere, quality and sympathy of the staff, facilities that are getting more and more complete, with feminine only dormitories, more privacy concerning the bathroom area, etc. The main goals of this thesis are then:

- Identify the main factors/dimensions of service quality in hostels.
- Develop an instrument able to measure service quality in a hostel and consequently suggest what specific areas can be improved
- Identify and if possible explain the differences that exist amongst travelers regarding the quality dimensions found. The differences will be based on sex, age and country of origin.

1.3 Methodology

In order to successfully achieve all the proposed goals above it was necessary to review the literature on this topic, service quality in the accommodation industry, specially the hostels. The main goal was to identify the service quality dimensions already documented by the scientific community and adapt them to the Lisbon hostel reality. Furthermore there was an analysis of the studies previously done, focusing on the type of tool used to measure service quality in the accommodation industry. As a result of this analysis, the choice was to opt for SERVPERF, which had significant support from many authors comparing with SERVQUAL and others. The questionnaires developed in these studies were also subject to examination in order to aid in the development of this thesis' questionnaire. Additionally an interview with a hostel manager of Lisbon was conducted mainly to analyze and evaluate the questionnaire structure and the relevance of the individual items.

After this initial phase, a first version of the questionnaire was tested in a hostel in Lisbon.

1.4 Structure

This thesis is divided in 3 main chapters as follows:

- The accommodation industry and service quality – review of the literature
- Methodology
- Analysis, discussion of results and final conclusions

In the first chapter a review of the literature was carried out, reviewing 4 main topics: the hospitality industry, service quality, service quality models and service quality measurements in hostels. In the second chapter it is described how this research was conducted and a careful explanation of each step is illustrated. The last chapter deals with the statistical analysis and the main results and conclusions of this work.

2. Literature review

2.1 The hospitality industry, hostels and backpackers

2.1.1 Hospitality

The hospitality industry has the goal to create a balanced link between the domestic and the commercial worlds. Lashley (2001) stated that the people who are a part of this industry have the responsibility to provide a certain degree of hospitality to the guests, while at the same time they also have to be responsible, efficient and profitable. Delivering a good job in the hospitality business requires making people feel comfortable and minimize the uncertainty and fear associated with their new and temporary “home” (O’Connor, 2006). It has been argued several times that delivering services is obviously different than producing goods. Following the same logic, hospitality services are also different than other types of services and consequently the way the business is run, managed and also the way clients are treated has to be different and singular. The main challenge the hospitality business faces, is to create an extraordinary experience for the client while trying to make the client feel at home (Pizam and Shani, 2009).

One of the key factors of success in this industry is being able to treat the client in a way that he/she feels the most comfortable possible. Hostels and hotels provide a service that has the goal of making the client feel at home, or differently to create a pleasant and desirable environment that people don’t have at home, for example beach resort hotels or a party oriented hostel. In conclusion, the goal is always to make the customer satisfied, either if it is by making him feel at home, or providing a new and different experience.

2.1.2 Hostel definition

Hostelling International, a hostel federation founded in 1932² that has over 4000 affiliated hostels around the world, defines hostel as a good quality budget accommodation that offers a comfortable night's sleep in friendly surroundings at an affordable price³. They defend that hostels are a great low cost way to get to know a country and meet new people from different cultures. A Hostel’s goal is to provide a comfortable accommodation that can go from shared dormitories (single sex or mixed) to private rooms. In a dormitory the travelers book individual beds in a shared room, contrary to booking entire rooms as it happens in a hotel.

Although they both provide lodging, there are a few important differences between hostels and hotels. A hostel generally offers more and better opportunities to guests

² <http://www.hihostels.com/web/who-we-are.en.htm>

³ <http://www.hihostels.com/dba/faq-centre.php?lang=E&category=10&question=2>

socialize between each other. The common areas or the dormitories are a good example of this. Additionally as it is easy to notice from the definition, a hostel has a much more informal style than a hotel, and additionally, hostels are more adventure oriented rather than leisure oriented like hotels, and consequently attract a younger segment.

Amongst hostels there can also be differences and hostelbookers, the famous hostel booking website, has some interesting definitions for different types of hostels⁴. There are family hostels, which with their low budget rates, clean and comfortable rooms attract parents looking for a cheap family holiday in a destination otherwise maybe not affordable. Activity hostels are the ones that focus on providing a wide range of activities for their guests, like surfing, skiing, hiking, biking, scuba diving, amongst many other possible activities. Party hostels, just like the name indicates, are perfect for travelers looking to party and to know the night scene of a city. These hostels have no curfew, usually have a bar in the hostel providing drinks and snacks, and usually organize activities like pub crawls, where guests get together with a local guide for a bar tour of the city.

2.1.3 The backpacker – a definition, types of backpackers and motivations

Although it is true that the backpacker market has grown significantly over the last 20 years (Westerhausen and Macbeth, 2003), it is a difficult task to quantify since in several destinations backpackers are not differentiated in tourism surveys. Nevertheless it is possible to identify some of the aspects that make them a valuable and important piece in the tourism industry (Nash et al., 2006):

- They travel year round
- They travel country-wide
- They use public transport
- They stay for long periods of time
- They are likely to return at later stages in their lives
- They only tend to carry essentials with them and will therefore spend on local businesses (adapted from Nash *et al.*, 2006)

⁴ <http://www.hostelbookers.com/article/hostel-types/>

The idea behind the backpacker and backpacking in general has been changing for a long time now. First of all, backpackers today are not only young students who are trying to have cheap holidays at the same time they get to visit several countries. This preconceived idea behind backpackers is being challenged by the “peter pan” travelers, who are trying to get a chance to live a second youth (Loker-Murphy and Pearce, 1995), and also the “baby boomers” who are rediscovering hostels and enjoying their old age in the best way they can, or want to travel but don’t have large retirement incomes and have to opt for cheaper accommodation options (Moschis, 2002). Before exploring demographics and types of backpackers, first it’s important to have an idea of what a backpacker is and what type of people usually travel this way, the so called backpacking.

One aspect that is clear in the literature is that it’s not easy to find one exact definition of backpacker. Pearce (1990) affirmed that the backpacker concept might be best described and defined in social terms rather than economic or demographic. He listed some basic criteria to identify a backpacker: regularly prefer budget/low cost accommodation options, enjoy meeting other travelers, have flexible and independently arranged travel plans, the time spent on vacations is longer than the usual and have a preference for informal unstructured activities. There have been several authors who have defined the backpacker. Ryan and Moshin (2001) defined the backpackers as young people, (although it has been proved not only in their research but also in other studies (Ross, 1997) that there’s an over 30 year old market segment growing in this business sector) they supplement their budgets with paid work, or work that provides lodging, and in addition tend to spend a larger amount of time in a location. Hecht and Martin (2006) reached a similar conclusion in their research in Canada: backpackers tend to stay longer in a location, and although they spend less per day than other tourists, the overall backpacker spending is bigger than the other tourists segments. Westerhausen and Macbeth (2003) and Scheyvens (2002) arrived at the same outcome, and also pointed that the lower daily spending by backpackers is derived from their longer length of stay. Another important aspect about the backpacker market is the informal style of communication that is used to share information between backpackers about what is good value and not (Ryan and Moshin, 2001). Backpackers are also a group that tends to be socially open about sharing traveling experiences, meeting new people and getting to know new cultures and costumes. This social aspect, meeting interesting people and making new friends is of high importance for backpackers (Ryan, 1999).

Table 1. Backpacker concept

Terminology	Author (Year)
Backpacker	Loker-Murphy (1995)
	Keeley (2001)
	Ryan and Moshin (2001)
	Reisinger and Mavondo (2002)
Youth tourist	Loker-Murphy and Pearce (1995)
	Reisinger and Mavondo (2002)
Traveller	Vogt (1976) in Loker-Murphy and Pearce (1995)
Non-institutionalised tourist	Uriely <i>et al.</i> (2002)
Budget tourist/economy tourist	Elsrud (2001)

Table 1 shows a summary of the backpacker definitions found in this topic’s literature. Adapted from Nash *et al.*, (2006)

Nash *et al.*, (2006) concluded that there are three main characteristics common in every backpacker:

- Preference for budget accommodation
- Meeting other travelers and having memorable experiences is of much importance
- Their schedules and plans are flexible and independently organized

To have a more clear and distinct idea of what a backpacker is, it’s crucial do differentiate this concept from the usual tourist or “mass tourist”.

Table 2 resumes the major differences between the backpacker and the common tourist.

Table 2. Profiles of Backpackers and Mass tourists

Characteristic	Backpackers	Mass tourist
Age	Generally young (18-30) although research has shown that there are	Any age group, wide range

	emerging markets in other age segments	
Type of accommodation	Low cost. Hostels, camping, homes of friends and family, couch surfing	High price, hotels, apartments, resorts, etc
Transport used when in destination	Public transport, cheaper alternatives	Private car, private coach
Duration of the stay	Longer than the average mass tourist, generally varies between 1 month to 1 year	1-2 weeks
Organization	Independently organized schedules, most activities are not pre booked, only the way home flight is pre booked usually.	Packaged organized holidays by tour operators. Most of it is pre booked.
Activities	Look for new experiences, meeting new and interesting people. Outdoor oriented. Achievement motivation.	Usual/typical tourist activities. Organized day trips by operator, sightseeing
Expenditure	Limited, on a budget regime, although as it is already mentioned in the literature above, end up spending more than the average tourist. Time rich/Limited funds	Have larger amounts of money to spend. Cash rich/Time poor

Derived from: Westerhausen, 2002; Loker-Murphy and Pearce, 1995; Goodwin, 1999; Smith, 1989; Gray, 2000; Ryan, 1999; Ross, 1997

A crucial aspect fairly important to highlight is the motivations behind backpacking. They are greatly different from the common tourists' motivations. The destination is most of the times not the major motivation to travel, backpackers tend to seek more personal

development and a sense of discovery that eventually is satisfied while backpacking (Leslie and Wilson, 2006). Nevertheless the destination is also important and it has been recognized that backpackers tend to travel from west to east in order to experience new and completely different cultures from the ones they are used to (Sorensen, 2003; Westerhausen, 2002). The main motivation for traveling found by David Leslie and Julie Wilson (2006) in their research about backpacking in Scotland, was experiencing other cultures and environments (45% of respondents), followed by improving knowledge/education (18% of respondents).

Now that these differences are clear, we'll uncover the main differences amongst backpackers.

Based on Locker-Murphy, Pearce (1995) and Hecht and Martin (2006) researches, there are 3 main market segments in the backpacking business:

- The youth tourist backpacker - between 15 and 26 years old
- Transition backpackers - between 26-29 years old
- The contemporary tourism backpacker - between 30 years and older

Backpacking age barriers are falling and it has become more about the type of traveling choice than about the age or income. The “peter pan” (Moschis, 2002) and the “baby boomers” (Loker-Murphy and Pearce, 1995) are included in the contemporary backpacker segment. Lonely Planet, the famous budget-travel publisher of backpacking guides, has already developed an “Older Travelers” chat room (Prystay, 2004). This contemporary backpacker market is definitely an important one to watch, and there are hostels already trying to respond to the new demands of the contemporary backpacker, like private rooms and washrooms, but it is definitely a hard task to satisfy both segments, the young and the old, at the same time.

In their study in 2006, Hecht and Martin found some differences regarding age, gender and country of origin that are interesting to review.

Each segment has its own motivations, expectations and demands about backpack traveling and hostels. The youth tourists seek more interaction with fellow travelers than the other two segments. They also tend to be in a “cross road” in their lives since they

have just completed their education (or are about to) and are confused about future and the eventual entrance in the job market (Hecht and Martin, 2006), which can be stressful given the current economic situation. Several other authors (Moshin and Ryan, 2003; Sorensen, 2003; Suvantola, 2002) also acknowledged this aspect about backpackers, that traveling can be a way for young people to postpone certain socio-economic decisions, such as starting a career, settling down, marriage, etc. Regarding the older segment, the contemporary backpacker demands a wider choice of room types and they are willing to pay for their choices. With the increase of age, the budget for accommodation tends to increase too, and privacy is a privilege contemporary backpackers value. For the youth tourist backpacking is a source of excitement and thrill, but as age increases, the opposite happens to the excitement and thrill level regarding backpacking.

Regarding gender differences, female backpackers care more about cleanliness, quality of the staff and security than the male backpackers. They are also more influenced by reviews and ratings in websites like Hostelworld and Lonely Planet. Another difference between genders is that male backpackers are more likely to arrive to a hostel without pre booking, while on the other hand, female backpackers tend to book in advance. Female backpackers are also more influenced by other backpackers' recommendations.

The major differences found between countries of origin are that Australians and European backpack more for cultural and social reasons than Asian and north/south Americans do. The Australians and Europeans tend to look more for social experiences, meeting other backpackers and are also more influenced by the opinion from these people they meet during the trip. For them backpacking is seen as a way to be independent. Asians and Americans tend to be older than their counterparts and demand a more complete hostel, regarding facilities, services and security. They also value privacy more and look for hostels that can offer that privacy.

2.1.4 The importance to monitor service quality in the hospitality sector

The concept of quality service is continually changing and has to adapt to the customers' needs and market evolution. It is not a fixed goal but more like a moving target since it is always being shaped by clients' demands (Crick and Spencer, 2011).

There are various benefits from monitoring service quality in any sector, not just in the hospitality industry. An improved and better service quality increases customer

satisfaction, develops customer retention, enlarges market share, increases return on investment, enhances profitability, and facilitates the establishment of a sustainable competitive advantage (Han *et al.*, 2008; Gagnon and Roh, 2008; González and Bréa, 2005; Wilkins *et al.*, 2010). Kandampully and Suhartanto (2000) affirm that nowadays, quality service rather than price is what distinguishes a hotel or any lodging service from its competition, and it's the key to obtain the so desired customer loyalty. The decision to stay, to come back and to recommend a hostel to friends and family is the result of excellent service quality that matches and fulfils the needs and demands of guests (Musa and Thirumoorthi, 2011). Consequently, monitoring that same service quality in order to know precisely what are the aspects that are in need of change is of extreme importance. Lowering the price can hurt the hotel performance in the medium and long run, and with today's crowded competition, it is better to achieve differentiation through service than price.

In addition they argue that one of the greatest challenges in this industry is the ever-growing volume and pace of the competition (Kandampully and Suhartanto, 2000). Customers now have a much wider set of choices that offer greater value for money than ever before, which means that to be successful it is crucial to provide a distinct and high quality service. As an example, a good quality service that eventually increases customer loyalty in 5% can produce an increase in profits between 25% and 85% (Reichheld and Sasser, 1990). In their study, Kandampully and Suhartanto (2000) found that all aspects of a hotel/lodging operation are not equally important to the customers. Being able to adapt and shape the service to different customer demands is key in this industry.

Therefore it is easy to find many reasons supported by literature and real evidence that service quality should be subject to monitoring in the hospitality business.

2.2 Service quality

Service quality is an abundant topic in literature and therefore there are several authors that have defined it in different ways. Nonetheless, quality is, and will continue to be a topic where each individual opinion counts, and so its definition generates some discussion, even more in the services market, where the concept of quality is intangible. "People want some wise and perceptive statement like: 'Quality is ballet, not hockey.'" - Philip Crosby (1979).

2.2.1 Characteristics of the service industry

Before discussing the definitions found on the literature, it is important to acknowledge three well documented attributes of services: intangibility, heterogeneity and inseparability. The majority of services delivered by any business are intangible (Bateson, 1977; Berry, 1980; Lovelock, 1981; Shostak, 1977). The same predetermined requirements applied in manufacturing to achieve quality can't be used in services, because instead of goods (tangible), services deliver performances (intangible). One problem shared between most of the service sector companies is that services can't be counted, measured, inventoried or tested. This causes an important issue for companies: the difficulty of understanding how the consumers perceive and evaluate service quality (Zeithaml, 1981).

The second characteristic concerning services is heterogeneity, especially the ones which demand a high level of labor. The performance in these cases usually varies from producer to producer (performer to performer), from customer to customer and also from day to day (Parasuraman *et al.*, 1985). It is difficult to achieve the desired quality consistency due to the behavior inconsistency from the service staff (Booms and Bitner, 1981). Sometimes what the company wants to deliver and what the customer receives are two completely different realities.

The third aspect is the inseparability between consumption and production. There are many services where the production and consumption are inseparable (Carmen and Langeard, 1980; Grönroos, 1978; Regan, 1963; Upah, 1980). Unlike the goods sector, quality in services is not planned to perfection in a laboratory or factory and then delivered untouched to the customer. Lehtinen and Lehtinen (1982) argued that in labor intensive services the quality happens during service delivery, and most of the times it occurs in the interaction between the customer and the front line person from the service company.

Another aspect that is important to highlight is the lack of managerial control some service businesses have over quality, when the customer involvement is strong (e.g. hairdressers, doctor's visits) due to the influence the customer has in the process and its outcome. In these cases the customer input, such as the way a person describes how the haircut should look, or the description of symptoms, becomes crucial to the quality of the service (Parasuraman *et al.*, 1985).

2.2.2 Service quality definition

Before defining service quality, it is important to have a clear definition of service:

[...] a process that consists of a set of activities which take place in interactions between a customer and people, goods and other physical resources, systems and/or infrastructures representing the service provider and possibly involving other customers, which aims at assisting the customer's everyday practices. (Grönroos, 2006, p. 323, slightly modified)

Lewis and Booms (1983) defined service quality as a measurement of how well the service performed matches customer expectations. Delivering a quality service implies matching customers' expectations on a regular basis. Also Smith and Houston (1982) arrived at a similar definition, claiming satisfaction in the service sector is related to the question of how well the expectations were matched.

As it appears to be clear and established in the literature, quality in services depends on each customer's expectations. Even though this is true, it is important to understand that the outcome is not the single key piece that can guarantee quality in services. Sasser *et al.* (1978) divided service performance in three dimensions: levels of material, facilities and personnel. This division implies that service quality involves not only the outcome, but also the way in which the service is delivered. Grönroos (1982) arrived at a similar conclusion, affirming that service quality is made of two elements: technical quality, which refers to what the customer is actually receiving from the service, and functional quality, that involves, as Sasser also concluded, the manner in which the service is delivered to the customer.

Taking the airline industry as an example, where the service provided is taking a passenger from point A to point B. Some customers may value punctuality and reliability, and others might value more comfort during the flight and security. The point is the value

given by the customer to the experience is not exclusively related to the outcome, but also to the experience itself, and how well the customer is treated. Lehtinen and Lehtinen (1982) defend that service quality is generated in the interaction involving the customer and any elements that are part of the company. They also divided service quality in three quality dimensions: physical quality which represents the physical parts of the service like equipments or facilities; corporate quality which considers the company's image; and interactive quality, which incorporates the interaction mentioned before between the customer and the service personnel, and also customers with other customers.

Concluding, there are three topics essential to the understanding of service quality and its characteristics:

- The notion of service quality involves a comparison between the customer expectations and the actual service delivered.
- Service quality, due to its intangibility, heterogeneity and inseparability, is more difficult for the customer to evaluate than goods quality.
- Service quality does not depend exclusively on the outcome of the service. The way the service is delivered and the actual process of delivery are also extremely important aspects to achieve a quality service.

(Grönroos, 1982; Lehtinen and Lehtinen, 1982; Lewis and Booms, 1983; Sasser, Olsen, and Wyckoff, 1978)

2.2.3 Service quality and customer expectations

After some research into the service quality literature, it becomes clear that customer expectations play a major role in service quality and how customers perceive it. These expectations can be categorized in five dimensions: reliability, tangibles, responsiveness, assurance and empathy (Parasuraman *et al.*, 1988). Table 3 summarizes expectations dimensions and its definitions.

Table 3. Expectations of Service quality

Dimension	Definition
Reliability	The ability to perform the promised service dependably and accurately
Tangibles	The appearance of physical facilities equipment, personnel and communication materials
Responsiveness	The willingness to help customers and provide prompt service
Assurance	The knowledge and courtesy of employees and their ability to convey trust and confidence
Empathy	The caring, individualized attention provided to the customer

(Adapted from Parasuraman *et al.*, 1991)

Amongst the five dimensions, reliability is the one most related to the service outcome, while the rest, tangibles, responsiveness, assurance and empathy are more related to the process and the delivery of the service itself (Parasuraman *et al.*, 1991). One interesting idea suggested by their research was that although reliability is the most important dimension in matching customer expectations, the other dimensions (process dimensions), particularly assurance, responsiveness and empathy are the most important in exceeding customer expectations.

Additionally, they propose a two levels division of customers' service expectations: desired and adequate. The desired level is the service customers hope to obtain. It is a mixture between what the customer thinks "can be" and "should be". The adequate level is the service the customer considers just acceptable. These levels vary from customer to customer and also depending on the situation. Another factor that can have an impact in service levels, specifically the desired level, is customer experience. From their interviews emerged the suggestion that the more experience a customer has, the more likely it is for them to have higher service expectations. Additionally, the expectations can rise due to the expectations of an associated party. Concerning adequate service expectations, evidence suggests that they are more influenced by specific circumstances. As a result, these expectations are more likely to change than desired expectations. In addition, exceptional situations, such as an emergency or service failures, have a tendency to raise the adequate level of expectations.

2.2.4 Service quality and the hospitality industry

In their research, Parasuraman *et al.* (1991) studied several industries, and amongst them was the hotel industry. Regarding what customers expect from this type of service, they discovered four main aspects expected by the majority of guests:

- Provide a clean room
- Provide a secure room
- Guest treatment
- Keeping promises

It appears to be very simple and easy to put into practice. In fact Parasuraman *et al.* (1991) were struck by the simple and basic nature of the expectations they recorded from customers. In reality customers were expecting nothing more than what companies are supposed to deliver. “Hotel customers want a clean and secure room and a smile from the staff” (Parasuraman *et al.*, 1991, p.40).

This occurrence did not happen just with the hotel industry, but with all the other industries as well.

“A consumer is considered satisfied when his weighted sum total of experiences shows a feeling of gratification when compared with his expectations. On the other hand, a consumer is considered dissatisfied when his actual experience shows a feeling of displeasure when compared with his expectation” (Choi and Chu, 2001, p. 280).

Service quality and customer satisfaction are vital to companies differentiation strategies and also extremely important factors to compete efficiently in any marketplace (Parasuraman *et al.*, 1988; Brown and Swartz, 1989).

One big challenge hospitality services face, and at the same time a great opportunity, is that once the guest is satisfied, they tend to come back in the future, they recommend the place to friends and family and the overall image of the hotel/hostel will also improve. The problem is that this is hard to achieve and it's very easily lost (Ingram and Daskalakis, 1999). This is one of the main reasons why monitoring customer satisfaction is so important in the hospitality business. The management needs to know where they can improve and what they're doing right and wrong. Only in this way the customer satisfaction will continue to be achieved. In my interview with the manager from *This is*

Lisbon hostel, she acknowledged that for the hostel to provide the best service possible, they were constantly checking comments and ratings on the websites, so they can act as quickly as possible to change anything that can be wrong. It's crucial in this business to have a hands-on approach regarding what needs to be done and changed. Monitoring is then crucial to determine if the goals for improvement set by managers are being met after the changes have been put into practice. Without it managers have no way to make sure if the service quality gaps still exist (Christopher Lovelock *et al.* 2006).

2.3 Service Quality Models

Up until now the review of the literature was discussing the importance of satisfying the customer, providing a quality service and also how important it is to monitor that same service. The advantages of achieving high levels of customer satisfaction and service quality are widely acknowledged and accepted in the literature (Rust and Zahorik, 1993; Zeithaml, Berry and Parasuraman, 1996). This part will now discuss and review how service companies can in fact evaluate their service and their customers' satisfaction levels.

2.3.1 SERVQUAL - Perceived quality and satisfaction

To better understand the SERVQUAL it is important to have a notion of perceived quality, which is the customer's judgment regarding the overall superiority and quality of a brand, company or service (Zeithaml, 1987). This perceived quality is different than objective quality, which concerns the actual technical superiority of a service or product (Hjorth-Anderson, 1984; Monroe and Krishnan, 1985). It's more like a kind of attitude related to satisfaction, but not equivalent to it. It is a consequence of the comparison customers make between expectations and their perceptions of how the service was delivered (performance) (Parasuraman, Zeithaml and Berry, 1988). Holbrook and Corfman (1985) argued that consumers and researchers have different definitions for quality. Marketers and researchers define it in a conceptual way, whereas consumers see it in a much more subjective and relativistic way that varies between whom is evaluating, and not only based on the service itself. Regarding the attitude aspect of quality, the research conducted by Parasuraman, Zeithaml and Berry (1985) confirms the idea that service quality is an overall evaluation comparable to attitude.

Oliver (1981) explains the difference between an attitude and satisfaction:

“Attitude is the consumer's relatively enduring affective orientation for a product, store, or process (e.g., customer service) while satisfaction is the emotional reaction following a disconfirmation experience which acts on the base attitude level and is consumption-specific. Attitude is therefore measured in terms more general to product or store and is less situationally oriented.” (Oliver, 1981, p. 42)

2.3.2 The SERVQUAL model

The model developed by Parasuraman, Zeithaml and Berry (1985, 1988) has the purpose of measuring levels of service quality and also helps to identify the most important requirements for delivering high quality service. They argued that consumers evaluate service quality through a comparison (gap) between their expectations of service quality (that is, service yet to be received) and their perceptions of service quality (that is, service actually received). Moreover they affirm consumers do this based on ten dimensions:

1. *Tangibles*
2. *Reliability*
3. *Competence*
4. *Credibility*
5. *Responsiveness*
6. *Security*
7. *Courtesy*
8. *Communication*
9. *Understanding/knowing the customer*
10. *Access*

Eventually the original ten dimensions gave origin to the famous five-dimensional SERVQUAL instrument. The final five dimensions were:

1. ***Tangibles***: Physical facilities, equipment, and appearance of personnel
2. ***Reliability***: Ability to perform the promised service dependably and accurately
3. ***Responsiveness***: Willingness to help customers and provide prompt service
4. ***Assurance***: Knowledge and courtesy of employees and their ability to inspire trust and confidence

5. **Empathy:** Caring, individualized attention the firm provides its customers
(Parasuraman *et al.*, 1988)

SERVQUAL also identifies five gaps that can eventually cause ineffective delivery of the service. These quality gaps are generated by inconsistencies in the quality management process (Zeithaml *et al.* 1990):

- **Gap 1** - The management perception gap. The manager has an incorrect idea of what the customers' expectations and desires are. This suggests that the management has a wrong perception of quality expectations from the customers.
- **Gap 2** - The quality specification gap. Customer's needs are known and identified, but due to divergences in service quality specifications, the service provided may be inaccurate and inappropriate.
- **Gap 3** - The service delivery gap. The quality specifications are not met or delivered by the service (or product) performance.
- **Gap 4** - The market communication gap. The communication and publicity carried is not consistent with the service delivered. There might be promises made in market communication activities that are not delivered.
- **Gap 5** - The perceived service quality gap. According to Brogowicz *et al.* (1990) this is the most important gap because of the comparison made between actual service and perceived service. It happens when the perceived service does not meet the expectations of customers (Zeithaml *et al.*, 1990). Furthermore Zeithaml and Bitner (2003) affirmed that to manage service quality, it is crucial to manage the gaps between expectations and perceptions from all the parts involved: management, employers and customers. The scores of service quality (Q) can be obtained by subtracting the customer's perception (P) from the customer's expectations (E): $Q=P-E$ (Zeithaml *et al.*, 1990).

Even though it was developed more than twenty years ago, the SERVQUAL is still widely regarded as a leading tool for measuring service quality (Lam and Woo, 1997; Mittal and Lassar, 1996). Nevertheless, there is still some criticism to the model, for example Johns (1996) arguments that the model itself might be too heavy for common use and that it is difficult to manage. Despite this, there is a wide range of industries and services that have been subject to research by this tool for example: hospitals - Emin Babakus *et al.* (1991),

hotels - Al-Rousan *et al.* (2010), banks - Newman, K. (2001), and airline services - Zhao, J. (2000).

2.3.3 The SERVPERF model

Amongst the criticism the SERVQUAL scale was receiving, Cronin and Taylor (1992) were the researchers who attacked it more. They did not agree with the conceptual basis of the scale and claimed it was confusing. From their viewpoint the expectation component should be dropped and the performance component should be used alone. SERVPERF was created as a pure performance approach regarding service quality measurement. Cronin and Taylor (1992) supported their approach, along with theoretical arguments, with empirical evidence from four industries: banking, pest control, dry cleaning and fast food. They found that with SERVPERF it was possible to get better results, more reliability in estimations, greater validity and greater explained variance, thus leading to a less biased instrument than SERVQUAL. Furthermore they suggest that SERVQUAL conceptualization is flawed and instead of being based on a satisfaction paradigm, it should be rather based on an attitude model. The most important conclusion from their study was that the measurement of service quality was based on a flawed model and SERVPERF scale is more efficient comparing with SERVQUAL. The number of items used in the performance-based scale is 50% smaller (44 to 22 items) than with the SERVQUAL. So methodologically there is an improvement comparing with SERVQUAL (Jain and Gupta, 2004). When the two instruments are used in conjunction, the SERVPERF has performed better than SERVQUAL (Babakus and Boller, 1992; Brady, Cronin and Brand, 2002; Cronin and Taylor, 1992; Dabholkar *et al.*, 2000). One of the “fathers” of SERVQUAL, after witnessing the results of SERFPERF has admitted its superiority: “...Our results are incompatible with both the one-dimensional view of expectations and the gap formation for service quality. Instead, we find that perceived quality is directly influenced only by perceptions (of performance)” (Boulding *et al.*, 1993).

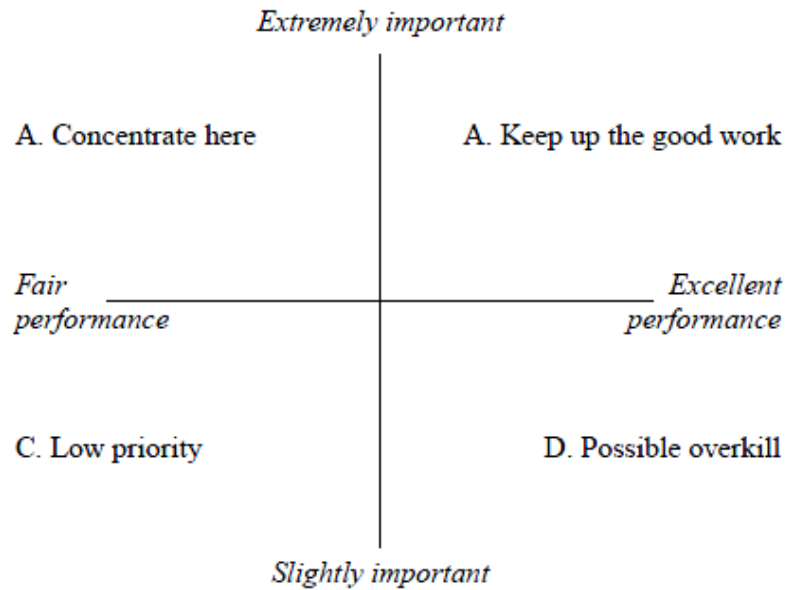
Jain and Gupta (2004) found in their study that SERVPERF leads to a more convergent and discriminated valid explanation of service quality and has greater power in explaining variations in service quality scores. They concluded that SERFPERF is a better tool for assessing the overall service quality of a firm or to make quality comparisons between service industries. Additionally SERVQUAL is better in spotting the specific flaws of a

firm's service and thus should be a better tool for managers to have precise suggestions and superior diagnosis. Both have their advantages, and although they tend differ in outcomes, the use of the two together should generate a more meaningful outcome (Rodrigues *et al.*, 2011)

2.3.4 Importance-Performance

The importance-performance analysis (IPA) is one more tool at the disposal of marketers and managers to develop company strategies and has become popular due to its simplicity, ease of appliance and its appealing methods of presenting its results. The first proposed IPA was an instrument to help develop companies' management strategies. Martilla and James (1977) built this tool which has a very practical side concerning data interpretation and extraction of suggestions and conclusions from its data. It combines measures of attribute importance and performance into a two-dimensional grid, which allows the user very easily to understand the results. The interpretation of the IPA grid is very simple and straightforward: it generates four suggestions based on the measures of importance-performance. The first quadrant basically captures the attributes which customers find important to their purchase decision and also that the company performs well on them ("keep up the good work"). If the attribute finds itself in quadrant two, it means that even though the company performs well in this specific attribute, customers don't find it to be very important ("possible overkill"). The same logic is used for quadrant three and four, where in the first case the attribute is neither important for customers nor the company performs well in it, thus it is "low priority" and limited resources should be expended. In the quadrant four, the company does not perform well according to customers but they do find the attribute important in their purchase decision and that is why it is high priority ("concentrate here") for the company to fix this issue.

Figure 1. Importance Performance grid



Adapted from Martilla and James (1997)

Sethna (1982) understood that this IPA is a valid and significant tool for identifying service malfunctions that call for strategic actions from the management. IPA has been used to identify the strengths and weaknesses of products, brands and services in several industries (Chapman, 1993; Cheron, McTavish & Perrien, 1989)

As Martilla and James (1997) suggest, a set of main attributes are generated from a target product and subjects will rate each attribute regarding its importance to the purchase decision (preferably attribute importance should be measured first). Performance of the service or product in question is then evaluated using the same set of attributes used previously for measuring the importance, so in this way the two can be directly compared via IPA grid. They firstly applied this technique to analyze the automobile industry and its performance and used fourteen attributes to study automobile dealer’s service. The fundamental assumption of IPA is that the level of satisfaction the customers give to each attribute is mainly derived from their expectations and assessment of the service’s performance.

2.4 Service Quality Measurement in Hostels

Although it is not a very abundant topic in literature, it is still possible to find some studies about service quality in hostels. There is a new understanding and knowledge about destination marketing and a great opportunity is out there for the taking: the youth and

backpacker market that has been neglected by researchers (Reisinger and Mavondo, 2002). It is true in fact that there was an opportunity, and Lisbon as the great city and capital it is, represented a great prospect for hostel business. There was good weather, sunny beaches, an unique and unparallel history and above all a beautiful city filled with people ready to receive tourists in the best way they can. Nowadays Lisbon has some of the best hostels in the world and the competition is still very fierce in the hostel business.

So before conducting a study in Lisbon, it was important to review what has been done before in this field and what it there to be learned, adapted and used in this Lisbon research.

2.4.1 Scotland

Robert Nash *et al.* (2006) conducted a study, in association with the Scottish Youth Hostel Association (SYHA). The main purpose of the study was to identify and better understand the needs and requirements of budget accommodation users in Scotland, the characteristics of their accommodation choice and also the levels of importance and satisfaction related to SYHA.

Regarding their actual research, the data was collected using a self-completion questionnaire. 1200 questionnaires were distributed to 12 hostels in Scotland rural and urban areas. From the 1200 distributed, 309 questionnaires were returned complete. Before the distribution took place, in-depth interviews were conducted in order to help with the questionnaire design. In addition the questionnaire was also pre-tested on 20 respondents. The majority of the questions included a 7-point Likert scale to represent the importance/satisfaction of the item in question. The data was processed and analyzed with SPSS software.

The questionnaire was divided in seven main sections: details of holiday in Scotland (4 questions); reasons for travel (82 questions); transportation (11 questions); accommodation (34 questions); spending (3 questions); information sources (13 questions); demographics (7 questions). They concluded that backpackers tend to look for active and participatory activities during their stay and they usually stay longer time than the usual tourist. The majority stays for a period between 4 days and 2 weeks and as information source, the most used are maps, travel guidebooks, internet and word of mouth. Price, location and membership of SYHA were considered the most important

factors for backpackers. As regarding the importance and satisfaction levels, the respondents considered the cleanliness of rooms, value for money and self-catering facilities to be the most important.

Concerning the limitations of the study, the time of the year to collect the data was not the best. The summer months are more appropriate since the hostels are much busier at that time of the year. Consequently the number of responses was also a limitation. To fix this they suggest the presence of the researchers during the data collection at the hostels.

2.4.2 Canada

With the intent of better understanding the characteristics and service preferences of the backpacker who travelled to Toronto, Hecht and Martin (2006) carried a study in a few hostels in the city of Toronto, Canada. A questionnaire was developed with the aid of 20 experienced backpackers who helped to reach the 15 critical backpacker requirements: location, cleanliness, price, number of beds in room, communal kitchen, no lock-out, restaurant/bar, safety/security at the hostel, quality of staff, recommendation of hostel, dorm mix, and access to information – information service, extras, miscellaneous facilities. The questionnaire was developed from these requirements and was divided into three parts: demographics, psychographics and service preferences. The distribution of the questionnaire was done through three hostels in the GTA (Great Toronto Area) in June 2004, the peak of the summer season. A total of 385 questionnaires were completed by guests from 35 different countries.

The authors divided the age categories into three groups: youth tourists (15-25 years) who represent 63.1% of the sample; transition backpackers (26-29 years) representing 21.6 % of the respondents; contemporary backpackers (30 years and over) at 15.3% of the respondents. Regarding the motivation to travel, or to backpack, the respondents' main reasons included exploring other cultures, broadening their knowledge, meet other people and making new friends. Other studies have also found that backpackers tend to look for new experiences and exploring new and different cultures form their own (Sorensen, 2003; Westerhausen, 2002), which is an experience that definitely broadens a person's knowledge. As to the social aspect, it has been argued several times in the literature that it is of high importance for backpackers, and one of the reasons they travel this way (Ryan, 1999).

Regarding service preferences, Hecht and Martin found that more than half of the respondents preferred to stay in mixed sex dorms with 5 or more beds. The dorm room can be seen by backpackers as an opportunity to meet other people and also an economic option. The 5 most important service aspects to respondents were: cleanliness, location, personal service, security and hostel services (e.g. internet, laundry facilities).

The study defends that service preferences are based on three key demographics: gender, age and country of origin. Treating the backpacking segment as a homogenous group would be a mistake by hostels' management. The recommendations of the research are grouped in 4 key factors:

Technology factor – hostels should look to the internet as a vital channel of distribution for marketing. Backpackers should have the chance to make reservations, book tours, view and get to know the hostel in a virtual tour on the website, chat with fellow backpackers in chat rooms, etc. Summing up, the internet allows the hostel to connect with their customers and it is a great opportunity for the hostels to explore the vast possibilities the internet offers.

Female factor – female backpackers have different demands than the male ones. Security, 24 hour reception, extra locks on the doors and windows, a separate female floor with key access and female washrooms/showers are some of the changes or improvements an hostel can do to please their female customers.

Age factor – backpackers are nowadays a much more broad groups concerning age. Hostels need to address the different demands for the different age groups. An exciting and socially open environment should be provided to young backpackers. For them the hostel is an experience rather than a place to sleep or accommodation. As to the older backpackers (contemporary and transition backpackers), privacy and a vast choice of room types are some of their requests to hostels.

Continent factor – As age and gender, also the country of origin should be subject to the attention of hostel management. Asians and North/South Americans are not as used to the hostel concept as the Europeans and Australians, and so they tend to demand hotel type services. To address this issue, the hostels can either educate Asians and Americans on backpacking and hostels. An alternative can also be the increase of hotel type services in the hostel.

2.4.3 Malaysia

The Red Palm, a hostel in Kuala Lumpur, Malaysia, was voted in 2006 the best hostel in Asia. The research conducted by Musa and Thirumoorthi (2011) explores and attempts to understand the reasons behind this great achievement. In order to do so, they examine the service quality of the hostel using NVIVO software, data from website comments and in-depth interviews.

In order to understand the structure, strategy and human resource policy, an interview was carried out with the owners of the Red Palm. When questioned about how they choose and recruit their employees in the Red Palm, the owners affirmed that "loving what they do" is the most important factor when selecting hostel staff. In addition, the owners argue that there are two vital parameters that have to be met in order to achieve quality in service. Firstly, the staff must have good social and interpersonal relationship skills and also adequate knowledge about Malaysia and the local area. Second, keeping the hostel clean is an absolutely indispensable necessity that shall never be compromised.

As to the research objectives, they used qualitative methods to reach their 3 main goals:

- *To identify the most frequently expressed service quality dimension in the Red Palm based on SERVQUAL.*
- *To explore how services quality dimensions are expressed by the backpackers based on SERVQUAL.*
- *To present the illustration of the servicescape framework developed by Bitner (1992) in relation to the Red Palm.*

Focusing on the first two objectives that are more related to this Lisbon study, Musa and Thirumoorthi with the help of NVIVO software, intend to quantitatively measure the qualitative statements present in both data sets (website comments and in-depth interviews). The most frequent statements were considered as the most important service quality dimensions. The second objective explores and studies the statements made, in a way that it should be possible to explain the reasons behind the preferences (Johnson *et al.*, 1995).

Concerning the research, the authors used two methods to explore service quality dimensions. The first one was an analysis of the comments on www.hostelworld.com

written by 192 backpackers who stayed in the Red Palm from October 2004 to March 2009. As to the criteria for the selection of the voters there are two requirements: voters must book their stay in the Red Palm via hostelworld and the second is that they must have stayed in the Red Palm for at least one night. Following this phase and in order to verify the findings from this method, in-depth interviews were conducted on 18 participants who stayed in the Red Palm between December 2007 and August 2009. The interviews were carried individually and the selection of interviewees was carried out using convenience sampling⁵. Furthermore, to supplement the information collected from the website comments and the in-depth interviews, they also interviewed the owners and observed the hostel's servicescape in several occasions.

The quotes from some of the interviews they carried are extremely interesting and a good example and inspiration for hostel managers that dream of having a famous and loved hostel:

- *"...at one time I had my relationship broke down and I came down to Kuala Lumpur and I stayed here for two weeks and I was in a really bad way and they really listened, they looked after me like a family."* - Participant B_32_M
- *"They always seem to be there in the background, but they never make you to feel uncomfortable, and whenever they sense that you need something, they always offer help."* Participant B_24_F
- *"If I were to ever go back to Malaysia there is no doubt, I would stay there. My heart says if there is no bed I will still sleep outside until the room is available."* Participant S_21_M

The fear and uncertainty people have when staying at a temporary "home" (O'Connor, 2006) seems to completely disappear in this hostel. Being in this hostel in Malaysia and being treated the way they are provides them both an awesome experience that they are seeking but at the same time makes them feel at home, which is the ultimate challenge in the hospitality business (Pizam and Shani, 2009).

⁵ It's a sampling method where someone from the hostel staff would inform the guests regarding the interviews. Those interested to volunteer wrote their names and then the interview dates were assigned.

- *“It’s the first time in my life that I have dinner with the owners of the guesthouse I stay in. That makes all the difference. If you’re cool you’ll feel just like being at home. This place has a much better value than a 4 star. Because human friendliness, exchanges, smiles, are more important than a dryer in your bathroom. So even when I’m billionaire I will continue to come here.”* France, M, 33

This quote is, in my opinion, probably what every hostel manager wishes to hear from their guests. It shows the true meaning and purpose of a hostel, which is not just a place to sleep and keep your belongings while you travel through a city, it should be much more than that. After reading the testimony from some of their guests it is pretty easy to understand that Red Palm is not just a place to sleep, and that is exactly why it was considered the best hostel in Asia, the biggest continent in our planet, both in area⁶ and in population⁷.

- *“The staff tries to connect people, bring them together, and introduce everybody to everyone. The way they introduced you is very special, they talk about you and really want you to be involved, they know what we need and match your interests with other guests.”* Participant G_35_M
- *“...the most important thing about the Red Palm is the staffs are so personal. Not only they know your name, they also know what you are doing and where you are going.”* Participant H_24_M
- *“One of the main things is they don’t seem to be interested in making any money (laughing). They don’t have any interest in that, it seems to me. There is always food available, there is coffee, and fridge is full of things. They buy food for you; often they buy me dinner and just not expecting anything in return. When I use the internet for 25 hours and want to pay, they say no no, just pay 10 hours. The business is like almost the secondary thing. It looks like they are running the business as a hobby and if they are rich they let us stay for free.”* Participant B_32_M

⁶ National Geographic Family Reference Atlas of the World. Washington, D.C.: National Geographic Society (U.S.). 2006. p. 264.

⁷ "Continents of the World". The List. Worldatlas.com. Archived from the original on 22 July 2011. Retrieved 25 July 2011.

Lashley (2001) has affirmed that people working in the hospitality business have the responsibility to provide some degree of hospitality to their customers, while running a responsible, efficient and profitable business. The owners of the Red Palm, according to some of their customers, don't seem to be so interested in the profitability part of the business. Johnston (2004) alerts that this strategy of delighting customers might not be suitable for every organization. What is interesting about this hostel is exactly this: the owners don't want to make money or get rich with the hostel. Rust and Oliver (2000) claim that if the perceived quality to be achieved is too high, then the cost of its production might be unnecessarily high. So the conclusion to reach here is that the indicator of success for the Red Palm and owners is not of monetary nature. *"No, we are not making money, but we are not losing money either, we make enough for our simple life and live the lives that we enjoy living"* – Red Palm owners.

The tangibles were the most frequent expressed dimension in both methods. The most satisfactory elements within the tangibles were facilities and equipment, location, cleanliness, friendly, welcoming and home-like atmosphere. As to the assurance dimension, the courtesy of the employees and respect, politeness and good communication with the customers were elements highly praised. The most significant elements from the empathy dimension were the provision of caring and individualized attention, sensitivity and effort to understand customers' needs. Willingness to help customers was considered the most important element for the responsiveness dimension. According to Bacon and Pugh (2004) and Johnston (2004), the individualized attention and the willingness to help customers, as found in this research, are amongst the factors that can contribute to delight the customers. Additionally the results show that reliability is nearly non-existent as a service quality dimension. This can be explained by the fact that the reliability dimension is more important when the service is aimed for people's possessions (Chowdhary and Prakash, 2007), and the service in the Red Palm hostel is mostly carried for people. As a conclusion, this study can provide very important insight to hostel managers both in achieving service excellence and delighting the guests.

3. Methodology

3.1 Sector profile in Lisbon

Although there are no official records or statistics specifically for hostels in Lisbon, neither in Portugal, it is relatively easy to describe the situation and the reality of the hostel business in Lisbon.

The competition is extremely fierce, both in terms of number of hostels and quality of service delivered to customers. A simple and quick search in the hostel booking website [hostelworld.com](http://www.hostelworld.com) shows 24 hostels in Lisbon with ratings higher than 90%, several of them are even higher than 95%. These 24 hostels were counted just from the first page of the Lisbon hostel list⁸. Comparing to other famous destinations in Europe, such as Paris or London, it is obvious that ratings above 90% are a much more unusual occurrence than in Lisbon. The same exact search done for Lisbon in [hostelworld.com](http://www.hostelworld.com) was carried for Paris and London. It shows that there is just one hostel in each city's first page that has a rating either equal or higher than 90% (91%⁹ and 90%¹⁰ respectively). It is simple to recognize Lisbon's superiority to the majority of destinations regarding hostel quality. Additionally it will be extremely hard, not to say impossible, for someone to find in Europe a city with such great hostel ratings as Lisbon displays.

Continuing to hostel awards, Lisbon has again a strong presence amongst the competition. The most trusted hostel website according to 2012 Travel Survey, [hostelworld.com](http://www.hostelworld.com), hosts the Hoscars, the conference that recognizes and honors the best hostels in the world. Reviewing the Hoscars for the year of 2011, it is clear the supremacy of Lisbon: Travellers House, Lisbon Lounge and Living Lounge won the 1st, 2nd and 3rd place awards respectively¹¹. In the Hoscars of 2012, the rating criteria winners, which are the awards merely based on the rating (character, location, staff, security, cleanliness and fun) given by guests of [hostelworld.com](http://www.hostelworld.com), were all Lisbon hostels in each category, except for cleanliness, which was won by and hostel in Porto. It can be deceiving sometimes and people can think Hoscars are just a Portuguese award ceremony, but it's a worldwide competition, where year after year Lisbon shows its quality and superiority. Thus, it is very simple to understand that Lisbon is unquestionably one of the best cities in Europe and in the World concerning hostels and hostel quality.

⁸ <http://www.hostelworld.com/hostels/Lisbon>

⁹ <http://www.hostelworld.com/hostels/Paris>

¹⁰ <http://www.hostelworld.com/hostels/London>

¹¹ <http://www.hostelworld.com/hoscars-2011>

3.2 Research objectives

This study focuses on identifying what are the aspects that backpackers value the most in hostels in the city of Lisbon. The goal is then to analyze the items of a hostel that generate the most satisfaction to customers and consequently develop an instrument able to measure hostel quality dimensions. This research will also explore the importance that each aspect has to different customers, concerning the country of origin, sex and age. A review of the literature has shown clear differences regarding customer satisfaction in hostels depending on their sex, age and country of origin (Hecht and Martin, 2006). Consequently the objectives of this research are:

- Identify the main service quality dimensions that contribute the most to customer satisfaction in the hostel industry in Lisbon
- Develop an instrument to measure service quality in hostels
- Analyze the demographics and identify the main differences in customer satisfaction demands concerning age, sex and country of origin.

3.3 Data collection methods

Due to the specificity of this field, alongside with the quantitative, a qualitative data collection took place to assist with the questionnaire development and design. An interview and analysis of website contents were carried out prior to the survey distribution.

3.3.1 In-depth interview

Before developing and reaching the final version of the questionnaire, as it is displayed in the appendix, it was crucial to get an insight to the issues targeted. So as several of the studies mentioned in the literature review did, a personal in-depth interview with a professional from the industry was carried. To better understand the aspects that customers value the most in a hostel, and as a result the items the questionnaire was going to focus on, was the insight required before starting the questionnaire construction.

Few people know hostel customers better than the managers that run those establishments. Being in contact with backpackers on a daily basis gives them an important insight to their costumes, personalities, likes and dislikes. After all keeping the

customers satisfied is their job, and identifying what generates that satisfaction, is this thesis' main goal.

Interview with the hostel manager

The interview took place on the 5th of November 2012 with the manager of *This is Lisbon* hostel, Tânia Teixeira. Starting with the first two parts of the interview, she stated that around 80% of the guests book online, mainly at websites like hostelbookers.com and hostelworld.com, the two most used websites for hostel booking according to Tânia. While most of the people book through these websites, 10% of the guests book directly from *This is Lisbon* hostel website. These 10% are usually guests that come because of advice from friends or family, so we can observe that word of mouth is extremely important in this business, as at least 10% of the hostel occupation comes from it. Another interesting aspect highlighted by Tânia was that hostelworld.com is by far the most used website. Regarding the percentage of Portuguese guests in the hostel, Tânia answered that it is close to zero.

Tânia wasn't able to give any guidance as to where to look for hostel and backpacker statistics in Portugal, like the number of hostels, guests and the market volume. According to her there is no official organization that accounts for hostels and backpack tourism specifically.

Regarding the strategies adopted by the hostel to keep a high rating in the websites mentioned above, Tânia answered that being able to respond to complaints as quickly as possible is one of their ways to keep the guests happy, and consequently the high ratings. In order to do this, the comments, reviews and ratings given by guests in the websites are constantly reviewed so the hostel can act fast and change what is disturbing the guests. One example she gave was the lack of light in the rooms, mentioned by one of the guests in hostelworld.com. As a result, the management immediately bought more lamps to place in the rooms. Also another interesting fact, is that the hostel staff asks directly to the guests when they are leaving, to leave a comment, review or rating in websites like hostelworld or hostelbookers. Concerning the complaints and suggestions received directly at the hostel, privacy is one of the most frequent ones. One example of this was a complaint about the lack of privacy in the bathrooms, so the hostel management had to change the glass window in the bathroom doors.

When asked about which rating items present in the websites she thought to be the most important to travelers when choosing a hostel, the answer was location and cleanliness, mentioning although that each one is important. *This is Lisbon* hostel has won the award for best staff in Europe, but winning awards is not a goal itself, it's more a consequence of how the hostel operates, their values and mentality.

Moving on to the 3rd part of the interview, and discussing the differences between the requests, likes and dislikes of people with different cultural backgrounds, ages and sex, Tânia was able to name several. The Brazilians, in general, are new to the hostel concept and are not very used to it. Some of them are not truly ready to stay at a hostel and demand too much privacy that, in this type of environment most of the times can't be provided. The Germans always ask about recycling and show they still want to do it even when traveling. Australians, tend to be more the type of traveler that is looking for a good time, and to party and have fun. The Japanese are always extremely polite, and regarding age, Tânia confirmed that older people tend to look for more privacy, and are willing to pay more for it.

Concluding the interview with the 4th part, we discussed the kind of service provided by the hostel and its staff. Concerning training received by the frontliners, there no specific preparation given by the hostel, but all of the staff has at least a bachelor, and two of them have Masters' degrees. They all speak various languages and some were once Erasmus students in Lisbon, that eventually end up staying in Portugal. Tânia mentioned that each one of them was carefully chosen and that they are usually known to the Hostel before start working in there. There are informal staff meetings every month, usually at a dinner, to discuss internal aspects about the hostel. Tânia agreed that it is of crucial importance that the frontliners incorporate the same mentality, goals and values of the Hostel, in order to keep the customers happy so the hostel can function at its best. Concerning the atmosphere at the hostel, not only the comfort but also the social aspect of traveling, Tânia again agreed that it is quite important to cultivate the good and open social atmosphere the travelers are often looking forward to. The efforts of the hostel to do so go from groups trips to the beach for surf lessons, to cinema sessions, walking tours, showing the guests special non tourists spots of Lisbon and cooking lessons where everyone gets to learn and try different dishes from all over the world.

3.3.2 Content analysis of websites

Most of the times a hostel website, like www.hostelbookers.com, is the first and only contact with the hostel before making a decision to book, or not, a bed in particular hostel. In order to get a better understanding of what are the main aspects valued by a backpacker when choosing a hostel, an analysis was made on the most visited hostel websites.

“With the advancement of information technologies, increasing numbers of travelers are using the internet to seek destination information” (Litvin et al., 2008, p.8).

One type of information they seek, particularly the backpackers, is about hostels and which one should they pick in each city they travel to. Backpackers usually tend to look for hostels that have the largest number of reviews, because it means that more people have been there and so the evaluation made is more precise since it has a large number of opinions influencing it. Additionally, if the reviews made are well-reasoned, logical and persuasive, they can positively influence the possibility of purchase by the reader (Park et al., 2007). Therefore with the purpose of identifying the most important aspects backpackers look for when picking a hostel, an overview of the most used hostel websites was conducted. Analysis of the websites’ content was carried in the 4th of October, 2012.

Table 4. Websites’ rating items analysis

Items/Websites	Hostelworld.com	Hostelbookers.com	Hostels.com	Booking.com
Atmosphere	✓	✓	✓	
Facilities	✓		✓	
Location	✓	✓	✓	✓
Cleanliness	✓	✓	✓	✓
Staff	✓	✓	✓	✓
Value		✓	✓	✓

Safety/Security	✓	✓	✓	
Comfort				✓
Services				✓
Character	✓			

Observing table 4 it is simple to observe that location, cleanliness and staff are the only evaluation items present in all four websites. In a study about backpacking and hostel picking in Canada, it was found that the top five items when choosing a hostel were: cleanliness, location, personal service, security and hostel services such as internet and laundry facilities (Hecht and Martin, 2006).

Definitely location and cleanliness are two of the most important aspects when picking a hostel, but the importance that each traveler gives to any item varies, depending on the type of the traveler. As mentioned in the literature review, depending on age, sex and country of origin, the demands made by travelers may vary. This means, for example, that for some people the atmosphere item can be of more importance than the quality of the facilities when making a decision of what hostel to choose. The number of items that each website displays is very similar between all of them, varying only from six to seven items. The items are not permanent and occasionally when it's needed, the websites change some of them.

3.3.3 Questionnaire design

Using these valuable insights, and after a review of the literature, the development of the questionnaire was concluded. The final version is displayed in the appendix. The questionnaire is divided in 4 sections. The first section has 8 questions, focused on the nature of the trip and the stay in Lisbon. It also questions travelers about their expectations regarding both the city of Lisbon and the hostel they choose to stay in. In order to do so, the respondents have to rate their expectations using a 7 point Likert scale. In the second section travelers are asked to rate the importance of each item from a list of items used to evaluate the overall quality of a hostel. These items were gathered based on the items hostel websites were displaying for their users to rate hostels they have been in, and also from a review of the literature of customer satisfaction in hostels and hotels. The list contains the following items: atmosphere, location, quality of the staff, facilities, price, cleanliness, security, existence of a bar service, meeting other travelers and internet

facilities. Still in section 2, travelers are asked about the booking process and hostel booking websites and its reviews and ratings. Moving on the section 3, travelers are asked to rate their level of agreement with a list of statements. The statements are directly related to the particular hostel the respondent is a guest in. Again, the scale used was the 7 point Likert scale, and the statements are divided in 7 divisions: atmosphere and social aspect, location, quality of the staff, price, cleanliness, security and facilities. The majority of the statements were adapted from other studies analyzed in the literature review. The 4th and last section of the questionnaire deals with the demographics of the travelers and also has 2 open questions, regarding the best aspect about the hostel and also what the respondent would change in the hostel if he/she had the chance.

3.3.4 Questionnaire distribution

The questionnaire distribution was conducted in two ways: distributing questionnaires in various hostels in the city of Lisbon and additionally through internet. The internet questionnaire was only administered to people who have previously stayed in a hostel in Lisbon. The decision to have the questionnaire in the internet was due to the seasonality issue. Regarding studies in the hospitality industry, the results will always be affected by seasonality and the best time to administer questionnaires is during the summer months (Nash et al., 2006), when the hostels are at their busiest. So in order to achieve the largest number of questionnaire answers possible and battle, to some extent, the seasonality, the internet questionnaire provided some precious help in that area.

The questionnaires started to be distributed in December, depending on the availability of the hostel to help or not this research.

3.4 Sample design

The issue targeted in this research is service quality in hostels in the city of Lisbon. The information required to study this subject had to come from the people who experience it, hostel guests in Lisbon. Consequently the target population was defined as guests who have stayed in any hostel in Lisbon in the past 5 years. The minimum size of the sample was defined as 200 (Malhotra, 2004). The sampling technique used was convenience

sampling, the questionnaires were distributed in Lisbon hostels and the guests who interested in helping this study answered the questionnaire.

3.5 Statistical methods

In order to develop the scale of service quality dimensions, exploratory and confirmatory factor analyses were used. To analyze the influence of each service quality dimension on overall guest experience and the likelihood of returning to Lisbon, to recommend the city and the hostel to friends and family, multiple regression analysis was carried out. Finally to study the differences amongst guests regarding gender, country of origin and age, the non parametric Kruskal–Wallis test was used. The goal was to identify the different demands that different guests have, so the service provided is even better and more personalized. The data analysis was conducted by means of SPSS 20.0.

4. Analysis, discussion of results and final conclusions

4.1 Sample description

4.1.1 Demographic profile description

From the 313 respondents 50.8% were male and 49.2% female. Regarding the marital status the majority of respondents are currently single, representing 82.7% of the sample. The remaining part of the sample is married or is living together with a partner (16%) and only 1.3% of the respondents are divorced or widowed. Regarding the employment situation the vast majority are currently studying (60.6%). From these 60.6%, 22.8% are studying and working at the same time. The remainder of the sample is employed and has

a job (27.7%), leaving only 1.9% of unemployed respondents. Concerning age, the sample mean is 25.74 years old. Although the bulk of the sample is situated between 21 and 27 years old, the age mean is influenced by the older guests. The presence of older guests was something expected, as it is referenced in the literature review the emergence of an above 30 year old market segment in the hostel industry (Ryan and Moshin, 2001; Ross, 1997; Hecht and Martin, 2006). Hostels are becoming more diversified in terms of the age of guests and this is visible through the analysis of the sample, with roughly 15% of the respondents being 30 or more. Examining the countries of origin, the 3 most represented countries, are U.S.A., Germany and Australia, with a considerably higher presence on the sample (17.9%, 14.7% and 10.5% respectively). There were a total of 25 different nationalities answering the questionnaire, including countries like South Korea, Chile and China, proving Lisbon has definitely become a popular destination throughout the entire globe. Table 5 summarizes the characteristics and profile of the respondents

Table 5. Respondents' profile

		N	Percentage	Mean	Min.	Max.	Std. Dev.
Gender	Male	159	50,8%				
	Female	154	49,2%				
Marital status	Single	259	82,7%				
	Married / live together	50	16,0%				
	Divorced / widowed	4	1,3%				
What is your current employment situation?	Employed	85	27,2%				
	Unemployed	6	1,9%				
	Studying	118	37,8%				
	Studying and working	71	22,8%				
	Retired	0	0,0%				
	Other	32	10,3%				
How old are you?				26	17	56	6

4.1.2 Details of the stay in Lisbon

For 70.6% of the respondents this was their first visit to Lisbon while 29.4% had already been in Lisbon before. This demonstrates that Lisbon is by now a familiar and popular destination for travelers since nearly one third of the travelers have already visited the city and came back for more. Plus, if we take into consideration the location of Lisbon, this statistic becomes even more significant, since travelers have to truly want to come to Lisbon, which is not “on the way” to some other popular destination.

As to transportation, the most used mean of transport was the airplane with 57.6% of the respondents arriving in Lisbon through the airport (27.2% used low cost airlines; 30.4% used major airlines). The remaining used car, train or bus to get in the city (13.7%, 17.9%

and 10.5% respectively). The better part of the respondents is also used to stay in hostels given that only 21.1% are first timers regarding staying in hostels.

With reference to the purpose of the visit to Lisbon, 68.7% claimed holidays was the reason for the visit while studies, visiting family/friends and work were the other reasons for visiting Lisbon (11.2%, 10.5% and 8.9% respectively). Most of the people were traveling with company (61%) although still a considerable 39% came alone to Lisbon. When asked about where the respondents first heard about the hostel they stayed in, 50.8% affirm an internet website was it, while 28.8% were given advice by friends or family. The huge importance of word of mouth in the hostel business, which is one of the most influential information sources available for travelers (Litvin et al., 2008), is here demonstrated. Concerning the duration of the visit to Lisbon, the average is approximately 14 days (median 4 days), which is a relatively high value even for backpackers. The reason behind this high value was the outliers, who either came to Lisbon to work or study, which in some cases lasted for an entire year. The expectations for both the city and the hostel were high, with the average situated just above 6 from a Likert scale ranging from 1-7.

The booking was done by the great majority through internet, as it was expected. Hostelworld was the most used website, with 47.9% of the respondents booking through it, confirming the leadership of this website in the business. The remaining booked through hostelbookers (27.8%), from the website of the hostel they were in (12.1%) and other websites.

4.1.3 Service quality items

From the list of service quality items presented in the questionnaire, the one with the best score was *quality of the staff* (6.43). Nonetheless the majority of the items have scores quite identical. All of the items have scores between 6 and 6.43, except *price*, *security* and *existence of a bar service*, which has the lowest score with 5.22, again in a Likert scale from 1-7. From the 313 that answered the questionnaire, only 5 were not in agreement with the table and consequently the items present there were not enough to evaluate their satisfaction in a hostel, suggesting some other service quality item was missing. Unfortunately none of these 5 answered the follow up question of *what item is missing*.

The item that has the most influence on satisfaction during a hostel stay was again *quality of the staff*, with 27.8% of the respondents choosing this item as the most important. Here we can observe how important nowadays is quality of service, starting by the staff. When the competition is so fierce and numerous, the effort has to be in quality, which in the hostel business, especially in Lisbon, has become the differentiator factor. In addition to *quality of the staff*, *atmosphere*, *location* and *meeting other travelers* were the most chosen items by respondents as the most important (22.4%, 16.6% and 13.4% respectively), confirming that the social factor in hostels is of great importance to travelers/guests satisfaction. *Price* only accounted for 8.9% of the respondents as the most important item, which considering the current economic situation is impressive that the guests are not so concerned about the price.

4.2 Exploratory factor analysis

Principal components analysis was used in this study in order to analyze and identify the underlying structure of interrelationships amongst the large number of variables present in the analysis. It is able to do so by defining sets of variables that are highly correlated – *factors*. These factors that are highly correlated are then grouped together and assumed to represent dimensions, in this case service quality dimensions for hostels. To justify a factor analysis application, there is the basic assumption that there is some underlying structure in the set of variables. Concerning the method used, varimax is the most popular and adopted orthogonal factor rotation method and has the purpose of simplifying the columns in a factor matrix (Hair et al., 2010). The goal was to identify the main dimensions that contribute to hostel guests' satisfaction and better service quality during

their stay in a hostel. The number of observations collected is in conformity with the desired ratio of 5 observations per variable (Hair et al., 2010). With 35 variables, the number of answers was almost double of the desired (desired: 175; collected: 313). Regarding the adequacy and global significance, the Bartlett test of sphericity and the Kaiser-Meyer-Olkin were satisfied:

Table 6. KMO and Barlett's Test results

KMO and Bartlett's Test	
Kaiser-Meyer-Olkin	0,894
Bartlett's Test of Sphericity	3874,252, p=0,00

From the exploratory factor analysis carried, 9 dimensions were extracted. The first step was to perform a visual analysis of the factor loadings (correlation of the variable with the factor), and identify the significant ones. In order to identify one factor as significant, the criteria was that the factor loading had to be greater than 0.4 (Hair et al., 2010). The results from the factor analysis can be observed in table 7.

After an internal consistency evaluation, using the Cronbach's alpha measure for each dimension, it was observed that from the initial 9, only 4 were meeting the cutoff point. The lower limit for Cronbach's alpha was ± 0.60 , which is the limit mostly agreed upon in exploratory research (Hair et al., 2010). The Cronbach's alpha values are displayed in table 7(bottom).

Table 7. Rotated Component Matrix

Rotated Component Matrix	Mean	Std. Dev.	F.1	F.2	F.3	F.4	F.5	F.6	F.7	F.8	F.9
This hostel has the right environment to meet new people	6,28	0,98		,55							
This hostel promotes group activities (pub-crawl, city tours)	5,73	1,41					,65				
I generally liked the people I met here during my stay	6,37	0,98		,58							
I had fun in this hostel	6,38	1,02		,58							
The hostel provides a comfortable ambiance	6,41	0,80	,62								
The hostel atmosphere fits and relates well to the city of Lisbon	6,10	1,00					,64				
Close to attractions, bars and restaurants	6,02	1,14				,43					
Close to transportation: metro, bus, tram, etc	6,33	0,94					,72				
Safe neighborhood	5,83	1,10						,52			
Close to the city center	6,04	1,09								,68	
The staff was friendly and polite	6,50	0,70	,70								
The staff know Lisbon well and are helpful	6,50	0,70	,69								

The staff made my stay here a better experience	6,40	0,84	,65								
The staff provide an efficient service	6,43	0,79	,65								
The staff have good appearance	6,47	0,73	,67								
Rapid and correct booking and check-out provided by staff	6,28	0,92	,44								
This hostel is good value for money	6,37	0,83		,60							
I choose this hostel mainly because of the price	5,06	1,91								,63	
The rooms/dorms are clean	6,29	0,84			,72						
The bathrooms are clean	6,23	0,91			,74						
The kitchen is clean	6,21	0,93							,49		
The social area/ communal room is clean	6,18	0,89			,51						
The hostel has lockers/safe deposit boxes	5,33	2,23				,86					
There is a 24h front desk	6,57	1,02		,51							
I felt safe in the Hostel	6,19	0,91						,58			
The hostel provides good internet and computer facilities	6,28	1,07		,46							
The hostel has private showers and toilets	5,75	1,53						,60			
The hostel has laundry facilities	5,03	2,24							,58		
There is a large communal room/space	6,32	0,98		,68							
There is a bar service	5,22	2,01							,52		
The kitchen is well equipped for cooking	6,26	0,94				,47					
There is free breakfast	3,91	2,50									,80
There is not too much noise so it's easy to relax and sleep	5,96	1,20									,54
The hostel has an appealing decoration design	6,49	0,87			,48						
The interior design of the rooms is good	6,40	0,90			,54						
Eigenvalues			4,24	3,46	2,62	1,98	1,78	1,75	1,71	1,71	1,67
Variance explained			12,11	9,88	7,50	5,66	5,09	5,01	4,89	4,89	4,78
Cumulative variance explained			12,11	21,99	29,49	35,15	40,23	45,24	50,13	55,02	59,80
Cronbach's alpha			,92	,81	,75	,50	,72	,40	,35	,30	,34

4.3 Confirmatory factor analysis

After conducting the exploratory analysis it was necessary to test the consistency of the model. Therefore using Amos software, the factors were subject to confirmatory analysis. The primary goal was to purify the scale and get rid of some unwanted items that could be hurting the model. In this phase, each item was restricted to load only on its pre defined factor, allowing the 9 first-order factors to correlate freely between them. Following the CFA purification the initial 35 items were reduced to 18. Table 8 displays the final items and their scale reliabilities (Model I).

Table 8. Rotated Component Matrix for models I and II

Rotated Component Matrix	Model I		Model II	
	B	t-values	B	t-values
Factor 1 ($\alpha=0,92$; CR=0,91; AVE=0,63)				
The hostel provides a comfortable ambiance	0,645		0,664	
The staff was friendly and polite	0,689	10,459	0,713	10,536
The staff know Lisbon well and are helpful	0,723	10,735	0,721	9,589
The staff made my stay here a better experience	0,774	11,315	0,769	10,055
The staff provide an efficient service	0,686	10,25	0,698	8,543
The staff have good appearance	0,736	10,764	0,765	8,71
Factor 2 ($\alpha=0,81$; CR=0,83; AVE=0,55)				
This hostel has the right environment to meet new people	0,65	8,791	0,642	7,943
I generally liked the people I met here during my stay	0,729	9,406	0,717	8,429
I had fun in this hostel	0,598	8,209	0,593	7,415
There is a large communal room/space	0,635		0,651	
Factor 3 ($\alpha=0,79$; CR=0,92; AVE=0,71)				
The rooms/dorms are clean	0,62		0,647	
The bathrooms are clean	0,64	7,946	0,583	7,629
The social area/ communal room is clean	0,834	6,804	0,712	7,006
The hostel has an appealing decoration design	0,887	9,3	0,9	8,06
The interior design of the rooms is good	0,82	9,172	0,828	8,183
Factor 4 ($\alpha=0,72$; CR=0,86; AVE=0,68)				
This hostel promotes group activities (pub-crawl, city tours)	0,686	5,795	0,731	5,41
The hostel atmosphere fits and relates well to the city of Lisbon	0,892	7,639	0,696	8,381
Close to transportation: metro, bus, tram, etc	0,643		0,668	
F1			0,931	
F2			0,91	6,385
F3			0,849	6,894
F4			0,754	5,817

B=standardized loadings; α =Cronbach's alpha; CR=composite reliability; AVE=average variance extracted; X means the specific brand; - means the path parameter was set to 1, therefore no t-value was given; all loadings are significant at the 0.001

To evaluate the fitness of the model, some indices were analyzed. The chi-square in this model is significant ($X^2=174.54$), but given that the chi-square statistic is sensitive to sample size, other indicators were also examined. The root mean square residual (RMR), goodness of the fit (GFI), the comparative fitness index (CFI), the Tucker Lewis index (TLI) and the root mean square error of approximation (RMSEA) were all calculated and are included in table 8. The RMR, GFI, CFI, TLI and RMSEA in this model I were 0.035, 0.941, 0.977, 0.973 and 0.035 respectively, which are evidence to the good fit of the construct. Convergent validity, which refers to the degree of relation between 2 measures, is evidenced by the large standardized loadings that range from 0.60 and 0.89, as shown in table 8. The alpha Cronbach for each variable is also good, ranging from 0.72 to 0.92, and the composite reliability (CR) of all the 4 constructs displays the desired level (over

0.70) (Hair et al., 2010), with a minimum of 0.83. Finally the average variance extracted was also calculated and the values can be observed in table 8. AVE displays the percentage of variation explained among the items of the construct. A AVE of 0.5 or higher indicates an adequate convergence and, as it is observable in table 8, all factors have a AVE higher than 0.5 (0.63, 0.55, 0.71 and 0.68 respectively for factors 1,2,3 and 4).

Table 9. Validity analysis indicators

	Model I	Model II
X2	174,545	151,265
X2/gl	1,374	1,173
RMR	0,035	0,045
GFI	0,941	0,946
CFI	0,977	0,929
TLI	0,973	0,933
RMSEA	0,035	0,024
AIC	262,545	235,265
BIC	427,378	392,605

Following the convergent validity analysis, discriminant validity analysis was next. The objective was to minimize the loss of information if possible. A second order factor model was then estimated and the values for AIC (Akaike information criterion) and BIC (Bayesian information criterion) were calculated for both. The values are displayed in table 9 and based on them it is possible to recognize the superiority of model II, since it has lower values for both of this criteria comparing with model I.

4.4 Factor interpretation

Before labeling the factors it was important to analyze their constitution in order to have a better idea and knowledge about them when proceeding to the labeling process.

Factor 1 combines staff qualities such as efficiency, appearance, quickness in the service delivery, friendliness and also the comfort of the ambiance.

Factor 2 combines the social and atmosphere aspects: the right environment to meet people, the fact if the guest liked or not the people he/she met at the hostel, fun in the

hostel, communal room size, the availability of a 24h desk, state of the internet and computer facilities and finally the value for money aspect of the hostel.

Factor 3 combines cleanliness and decoration: kitchen and bathroom cleanliness; hostel and rooms decoration design.

Factor 4 combines the abilities of the hostel to integrate the guests with each other and with the city: group activities (city tours, pub crawls, cinema sessions, etc), the relation of the hostel atmosphere with Lisbon and the distance from the hostel to transportation (metro, bus and tram)

After carefully analyzing each factor and what it was representing, the following labels were attributed to each factor:

Factor 1 – *Quality of the staff*

Factor 2 – *Social atmosphere*

Factor 3 – *Hostel tangibles / appearance*

Factor 4 – *City connection*

4.5 Predictive validity

With the purpose of demonstrating predictive validity of the instrument developed, a multiple regression model was estimated. In this model were included 5 outcomes, the same respondents were asked to rate in a Likert scale 1-7, anchored by “low” and “high”, at the end of the questionnaire. The outcomes are:

- *The overall service quality in this hostel*
- *The overall satisfaction I experienced in the hostel*
- *Likelihood to come back in the future*
- *Likelihood to recommend Lisbon as a destination to a friend/family*

- *Likelihood to recommend this hostel to a friend/family*

The goal was to test the ability of the construct to predict the outcomes, based in the factors previously estimated: *quality of the staff*, *social atmosphere*, *hostel tangibles* and *city connection*.

Table 10. Analysis of the factors' influence on 5 different outcomes

	The overall service quality in this hostel			The overall satisfaction I experienced in the hostel			Likelihood to come back in the future			Likelihood to recommend Lisbon as a destination to a friend/family			Likelihood to recommend this hostel to a friend/family		
	B		SE	B		SE	B		SE	B		SE	B		SE
Quality of the staff	0,25	***	2,8	-0,05		-0,38	0,3	***	2,69	0,13		0,92	0,29	***	2,48
Social atmosphere	0,19		1,67	0,359	***	3,103	0,24	***	2,27	0,04		0,3	0,26	**	2,39
Hostel tangibles	0,28	***	2,86	0,201	***	2,134	0,23	***	2,66	0,08		0,81	0,15	*	1,75
City connection	0,09		0,95	0,299	***	3,191	0,03		0,38	0,25	***	2,24	0,11		1,32
R²	,389%			,487%			,524%			,42%			,431%		

*** Statistically significant at 1%, **5% and *10% level

4.5.1 The overall service quality in this hostel

From the 4 factors in the construct, two were found to have a statistically significant correlation with the outcome in question, the overall service quality in a hostel. *Quality of the staff* and *hostel tangibles* are statistically significant at 1%. The coefficients for both factors are relatively similar (0.247 and 0.284, for *quality of the staff* and *hostel tangibles* respectively), implying although they are different by definition and nature, they have approximately the same influence regarding the overall service quality, with a slight edge for hostel tangibles. The *social atmosphere* and the *city connection* factors show no significant influence in the guest's evaluation of the overall service quality,

leading to the conclusion that regarding this outcome, the *quality of the staff* and the *hostel tangibles* are the most important factors of influence. A logic conclusion, given that if we are evaluating service quality in a hostel, the *hostel tangibles* and *quality of the staff* are an intrinsic and fundamental part of it.

4.5.2 The overall satisfaction I experienced in the hostel

Concerning the overall satisfaction experienced during a stay in a hostel, from the 4 factors, there are 3 which are statistically significant for this outcome: *social atmosphere*, *hostel tangibles* and *city connection*. The one with the biggest influence is the social atmosphere (0.359), implying that for the guests experience in a hostel, the *social atmosphere* is the most important factor. This factor is constituted by 4 variables, displayed in table 8. This is an aspect that, although the hostel can try to improve, by setting the proper environment for a good social atmosphere, it also depends if the guests liked the people they met at the hostel, and the fun they had during their stay, two aspects that are not in total control of the hostel management. Following *social atmosphere*, *city connection* and *hostel tangibles* (coefficients: 0.299 and 0.201 respectively) are the statically significant factors. The city connection factor relates to the activities promoted by the hostel and to the relation the hostel has with the city of Lisbon. The hostel tangibles relate to the cleanliness and decoration of the hostel, 2 aspects that surely influence the experience and satisfaction of a guest in a hostel.

4.5.3 Likelihood to come back in the future

Influencing the likelihood of a guest to come back in the future, 3 factors are statically significant, all at 1%. The most important one is the *quality of the staff* with a coefficient of 0.302. The way the guests are treated by the staff, their friendliness, efficiency, knowledge of Lisbon and the influence the staff had on their experience during the stay in the hostel are some of the aspects that, according to this study, influence the most the likelihood of a future come back of a guest. At this point it is clear the importance of *quality of the staff* in the hostel business nowadays. Not only it influences the perception of overall service quality by the guest, but also the possibility of a guest coming back. The other 2 significant factors for this outcome are the *social atmosphere* and the *hostel tangibles*, implying that the people the guests met and fun they have, alongside with the hostel decoration design and cleanliness, play also a major role in the probability of a

guest coming back. The coefficients for both of these factors are very similar (0.236 and 0.233 for *social atmosphere* and *hostel tangibles* respectively), meaning both factors have a similar influence on the likelihood of a guest coming back.

4.5.4 Likelihood to recommend Lisbon as a destination to a friend/family

This outcome is the only one which has only one statistically significant correlation with a single factor. The factor is the *city connection*, with a coefficient of 0.245. This result is extremely interesting since it directly links the likelihood of a guest recommending the city of Lisbon with the only factor that is strongly related to the city of Lisbon and the experience that guests had in the city. In conclusion, the hostel plays an important role concerning the possibilities of a guest coming back to visit Lisbon in the future: the activities promoted by the hostel, the relation of the hostel atmosphere with the city and the proximity of the hostel with public transportation are all part of the factor and significant to the success of Lisbon's tourism.

4.5.5 Likelihood to recommend this hostel to a friend/family

As to the chances of a guest recommending the hostel to a friend or family member, there are 3 factors significant to this outcome: the quality of the staff, the social atmosphere and the hostel tangibles, significant at 1%, 5% and 10% respectively. The most important and influential is the quality of the staff, followed by the social atmosphere and finally the hostel tangibles. Here it is possible to observe, again, the extreme importance of the staff nowadays in the hostel business. They are the definitely the differentiating factor and affect the guest's perception of overall service quality, the likelihood of coming back to Lisbon and lastly the likelihood of the guest recommending the hostel to friends or family. Next there is the social atmosphere, which relates to the social experience the guest had. The importance of people, not only the staff, but also the other guests and the whole social environment seem to be essential to a positive word of mouth regarding the hostel. At last there is the hostel tangibles factor, which is something important but almost taken for

granted in a hostel if it wants to be competitive, otherwise it won't have much success amongst the competition, given the extraordinary quality of the hostels in Lisbon.

4.6 Service preferences

The final part of the analysis is related to the different service preferences found between 3 aspects: age, gender and country of origin. The focus of this analysis was on the following service quality items: *Atmosphere, Location, Quality of the staff, Facilities, Price, Cleanliness, Security, Existence of a bar service, Meeting other travelers and Internet facilities*. In the second part of the questionnaire the guests were asked to rate these items through an importance Likert scale 1-7, relating the items with the satisfaction generated by each one. The results from the Kruskal-Wallis test are shown in table 11.

Table 11. Service preferences: gender, age and country of origin analysis

	Gender				Age					Country of origin					
	Male	Female			15-25	26-29	>29			US/Canada	South America	Europe	Australia		
	Mean	Mean	test Statistic	Mean	Mean	Mean	test Statistic	Mean	Mean	Mean	Mean	test Statistic			
Atmosphere	6,06	6,30	4,538 **	6,25	6,28	5,67	4,538 **	6,39	6,08	6,06	6,67	12,231 ***			
Location	6,36	6,40	,311	6,34	6,36	6,59	,311	6,10	6,29	6,44	6,73	14,424 ***			
Quality of the staff	6,48	6,37	,747	6,35	6,47	6,70	,747	6,65	6,50	6,32	6,61	9,084 **			
Facilities	6,21	6,40	2,947 *	6,22	6,34	6,61	2,947 *	6,50	6,50	6,26	6,06	5,794			
Price	5,92	6,05	2,313	6,12	6,11	5,17	2,313	6,50	5,96	5,82	5,91	16,874 ***			
Cleanliness	6,11	6,20	,234	6,09	6,09	6,54	,234	6,02	6,38	6,14	6,15	2,532			
Security	5,75	6,07	5,394 **	5,90	5,81	6,11	5,394 **	5,66	6,13	5,95	5,94	2,827			
Existence of a bar service	5,36	5,06	1,174	5,33	5,61	4,13	1,174	5,18	5,46	4,93	6,33	22,447 ***			
Meeting other travelers	6,22	5,80	7,320 ***	6,07	6,30	5,33	7,320 ***	6,21	6,29	5,82	6,36	6,176 *			
Internet facilities	6,26	6,10	1,381	6,22	6,16	6,04	1,381	6,55	6,13	6,06	6,27	14,691 ***			

* statistically significant at the 10% level, ** 5%, *** 1%

4.6.1 Gender

Regarding differences between genders, there were found to be 4 significant ones. The most significant is found in the item *meeting other travelers*, implying male respondents are more concerned about meeting other guests in the hostel than their female counterparts, and consequently appear to be more open about making new friendships with other travelers. At a significance level of 5%, the differences are present in the *atmosphere* and *security* items. Female respondents gave more importance to both of these items and show to be more concerned about the security in the hostel than male guests, a conclusion reached also by Hecht and Martin (2006). The *atmosphere* item is ranked high in both genders (6.06 and 6.30), but female respondents' satisfaction is more influenced by it. At last, *facilities*, at a significance level of 10% appears as the less significant difference between genders, ranking high for both (6.21 and 6.4 for male and female guests respectively). Still female guests again give more importance to it. This is an important issue that some hostels are already targeting, offering only female dorms and bathrooms. Another aspect that can be related to facilities is the bathroom accessories. Women necessities demand a more complete bathroom, for example hair dryers, something that usually male guests don't give much importance.

4.6.2 Age

Before conducting this analysis the respondents had to be arranged in age groups so conclusions were more easily reachable (Hecht and Martin, 2006):

- 15-25 – youth tourists
- 26-29 – transition backpackers
- >29 – contemporary backpackers

The most significant difference across age groups can be found in the item *meeting other travelers*. Older travelers (contemporary backpackers) don't give as much importance to this social aspect as younger ones. It is comprehensible since hostels are majority occupied by younger people. The youth tourists have more in common amongst them and so it is easier for them to establish a connection with a fellow traveler.

Additionally, older guests don't give as much importance to the atmosphere aspect as the younger ones. This conclusion comes in sequence with the previous one. A good atmosphere, socially open, is not something older travelers give much importance to, since they don't travel with the main interest of meeting other travelers, contrasting with younger guests, who travel to mainly to expand their knowledge, achieve some independence and meet other travelers (Hecht and Martin, 2006). Also the excitement generated by traveling tends to decrease with age, and thrill of meeting new people consequently decreases too.

Regarding *security*, the differences are significant at 5%. The older travelers place more importance in security than younger ones (5.9, 5.81 and 6.11 are the scores for the 3 age groups respectively). A conclusion that is simple to understand, highlighting the contrast between the youth (sometimes careless) spirit and the maturity of older travelers.

Finally the importance placed on *facilities* seems to be increasing with age (6.22, 6.34 and 6.61 respectively). With age, the budget for accommodation also tends to increase, and the willingness to pay more for privacy, comfort and in general better facilities, increases too (Hecht and Martin, 2006).

4.6.3 Country of origin

Before doing the analysis it was necessary to organize the countries in groups, otherwise it would be very difficult to achieve some significant conclusions. The countries were consequently organized in 4 main groups: U.S.A. and Canada; South America; Europe; Australia.

Following the groups creation, the analysis was carried and several significant differences were found. Regarding the item atmosphere, the Australians and North Americans (U.S.A. and Canada) place more importance on this item than South Americans and Europeans. For the Australians atmosphere is actually the second most important item on the list. Moving on to location, where the significance level is again at 1% like on the previous item, the differences are felt from the right to the left side of the table. The Australians are the ones who give more importance to the location of a hostel, followed by Europeans, then South Americans and finally North Americans. For Australians and Europeans, location is actually the most important item on the list (6.73 and 6.44 respectively). The quality of the staff has the highest mean between all countries with 6.52.

For north Americans and Australian the item is very important (6.65 and 6.61 respectively) while for Europeans there score dropped to 6.32. Concerning price, there is a significant difference between North Americans and the rest of the groups, implying guests from U.S.A. and Canada give more importance to price than their counterparts (6.5 for North Americans while the rest of the groups all score below 6 in this item). The item existence of a bar service is significantly more important to Australians (6.33) than for the rest of the groups. The scores are relatively low for the remaining groups: 5.18, 5.46 and 4.93 for North Americans, South Americans and Europeans respectively. The scores in this item are confirming the insight given by Tânia, the manager of this is Lisbon hostel, who affirmed that Australians are usually looking for party, fun and good times when traveling. Concerning meeting other travelers, the differences are slender. Europeans seem to be less interested in meeting other travelers (5.82), while the rest of the groups have higher and similar scores. Finally, the internet faculties are more important to North Americans and Australians, while South Americans and Europeans give less importance to this item. Nonetheless it is an item with score all higher than 6.

5. Conclusions, limitations and implications for future research

5.1 Conclusions

The service quality in the hostel business is a concept which is composed by multiple variables and dimensions. This multidimensionality of the service quality demands the development of instruments able to measure it and that have been designed specifically for hostels. The quality of the hostels in the city of Lisbon is tremendous, as the competition also is. In order to face and differentiate from the competition, the hostels are betting the service quality, and this study focuses on this issue and which dimensions are the most important, what impact each dimension has on certain outcomes such as the guests' overall satisfaction or the likelihood of coming back, and also explores some differences found concerning 3 aspects: age, gender and country of origin.

There were found to be 18 items relating to 4 service quality dimensions: *quality of the staff*, *social atmosphere*, *hostel tangibles* and *city connection*. The instrument has revealed consistency and reliability to be used to measure service quality in hostels.

Regarding the demographic description of the sample, it is important to highlight the existence of older guests, an emerging market segment previously mentioned in the literature review. 15% of the respondents were 30 years old or more, a percentage that highlights the importance of this segment. Hostels have to be aware of this tendency in order to respond correctly to the different demands of this emerging segment.

Almost 30% of the guests had already been in Lisbon before, implying that Lisbon is a popular destination amongst backpackers and travelers that tend to stay in hostels. More than half of the guests arrived through airplane, which shows the importance of this mean of transport and how easy it has made for people to travel.

Quality of the staff was the item that had the best score when guests were asked to rate 9 items in a importance Likert scale (1-7) and additionally was also the item that more people choose as the most important for their satisfaction in a hostel. Nowadays the importance of choosing the right people and for them to incorporate the hostel values and mission is of supreme importance. They are the frontliners and can have a great deal of influence regarding the satisfaction of guests.

As to the predictive ability of the construct it was learned that quality of the staff and hostel tangibles are the items with most influence on the guests' perception of service quality. The overall experience and satisfaction in the hostel is most influenced by the *social atmosphere*, the *hostel tangibles* and the *city connection*. The likelihood of a guest coming back in the future is most influenced by the quality of the staff, social atmosphere and hostel tangibles. When asked about the likelihood of recommending the city to a friend or relative, it is extremely interesting that the only influence comes from a single factor, the city connection. If the recommendation is the hostel, the most important factors are the quality of the staff, the social atmosphere and the hostel tangibles, in descending order of importance.

The differences between age, gender and country of origin were also analyzed. Female respondents showed to give more importance to items like: atmosphere, facilities and security. Nonetheless male respondents shown to place more importance on meeting other travelers, implying that when they travel, they are more open to making new friends and meeting new people than female guests.

Regarding age, it is possible to observe that the social aspect loses importance with age: the items atmosphere and meeting other travelers took relatively large falls in the scores for travelers with more than 29 years old. For these older guests, security is an important item, contrasting with the younger guests, which don't perceive security in the same way and consequently the scores for this item didn't exceed 6 for younger travelers. Analyzing the country of origin factor, the most interesting differences are found in the items price and existence of a bar service. For North Americans, price is much more important (6.5) than for the rest of the groups, which all score below 6. For Australians, as Tânia the hostel manager mentioned in our interview, the bar service is much more important for them, since usually they are more party oriented guests. The other groups all score low in this item (5.18, 5.46 and 4.93) while Australians give this item a 6.36 in an importance scale from 1 to 7.

5.2 Limitations and implications for future research

There were some limitations to this work, the most obvious was getting the help and assistance from the hostels in order to distribute the questionnaires and ask the guests to fill them. In some hostels the manager actually explained that they wouldn't distribute the questionnaire because they want people to answer similar questions in their website, or in the hostelworld or hostelbookers website, and so they are not comfortable asking guests to do it two times. Another limitation was the availability and patience of the guests to fill the questionnaire. When traveling, completing a questionnaire is not the most interesting thing to do, especially in Lisbon, where there is always something to do and something new to see.

A second reproduction of this study, with a larger sample, should be attempted in order to provide superior evidence and reliability to the instrument. A different city, in a different country also with a wider sample would be interesting to study.

Future studies could analyze the impact of the staff in the social atmosphere factor. This way two service quality dimensions from this study would be analyzed together and an eventual connection between both could arise, providing extremely important insight to this field. The staff is proven to be one of the most important factors to guest satisfaction in a hostel, and finding out how can hostels get the most from their staff should be an interesting direction to follow.

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7. Appendix

7.1 Interview with hostel manager

I. The hostel sector in Portugal

1. About the sector in Portugal, is there any organization that can provide me statistics such as:
 - Number of hostels in Portugal and in Lisbon
 - Number of guests per year
 - Market size

II. Diagnosis

2. What's the percentage of guests that book online? Which websites are used more frequently by the guests?

3. Do you receive many clients that came here because of friend's advice? (WOM)
4. What types of strategies are adopted by the hostel to keep a high rating in websites like hostelworld or hostelbookers?
5. What rating items from those websites you think it's more important for a traveler when they are choosing a hostel to stay?
6. Is winning international hostel awards a goal or it just happens due to the main objective of guaranteeing the maximum satisfaction to the client?
7. Does the hostel carry any satisfaction studies? Is it possible to have a copy?
8. Do you receive complaints/suggestions? About which aspects? Which ones are the most frequent? Which were the suggestions/complaints that actually changed something in the hostel?
9. What is the occupation percentage of Portuguese guests?

III. Hostel perception of the client's most valued aspects concerning the hostel service

10. Which are the most important aspects clients look for when evaluating the quality of a hostel service?
11. Which are the biggest differences in those aspects when comparing guests from different cultures, age and sex?

IV. Hostel service

12. Is there any type of training for the frontliners to deal with the different cultures that go through the hostel? Is there any training at all?
13. How important is for the hostel success that the frontliners incorporate the hostel mentality and objectives?
14. From all the hostels I have been in, the ones that I had more fun were not always the most clean or the ones with the best facilities. So besides the physical aspects of the hostel, like cleanliness or the quality of the rooms and the rest of the facilities, how important do you think it is to cultivate a good atmosphere that is social and friendly for the travelers, where they can meet other people, which after all is one of the biggest goals when backpacking?

15. Does this hostel make any specific effort to create that type of atmosphere? For example pub crawls, a welcome session, cooking lessons, cinema, walking tours, etc?
16. Do you think a hostel functions better with a bar service? Not only in terms of generating a bigger profit, but also to create a different social atmosphere inside the hostel.

7.2 Questionnaire

Customer Satisfaction in Hostels

Part I

Is this your first time in Lisbon?	Yes	No
Are you traveling alone?	Yes	No
Is this your first time in a hostel?	Yes	No

1. How did you arrive in Lisbon? By car:
 By train: With a low cost airline: With a major
 airline: By bus: Other: _____

2. Are you: Traveling through more countries: Just visiting Lisbon and then go back home:
3. What's the purpose of your visit? Holidays: Studying: Visiting friends/family: Work:
 Sport/Music/Recreational event: Other: _____
4. How many hostels have you stayed in before? 1-3: 4-7: 7 or more:
5. Where did you hear about this hostel? Internet website: (which one? _____)
 This specific hostel website: Social media (e.g. Facebook): Other media (e.g. TV): Friends/family:
 Books/guides: Already knew it: Other: _____
6. How many nights are you planning to stay in Lisbon? _____

7. My expectations regarding my visit to Lisbon are:

Low			High			
1	2	3	4	5	6	7

8. My expectations regarding my stay in this hostel are:

Low			High			
1	2	3	4	5	6	7

Part II

Below there is a list of items that you probably consider when evaluating/choosing a ~~hostel~~ hostel. I ask you to rate them in an importance scale from 1 to 7. 1 being not important at all; 7 being extremely important to me.

How important is this item for your satisfaction when staying at a hostel?	Not important				Very important		
	1	2	3	4	5	6	7
Atmosphere							
Location							
Quality of the Staff							
Facilities							
Price							
Cleanliness							
Security							
Existence of a bar service							
Meeting other travelers							
Internet facilities							

1. Do you feel that the table on the left covers every item important for your satisfaction during your stay in a hostel? Yes: No:

What item is missing? _____

2. Choose the *one* item from the table on the left that influences the most your satisfaction during your stay in a hostel:

Atmosphere: Location: Quality of the staff: Price:
 Facilities: Cleanliness: Security: Existence of a bar service:
 Meeting other travelers: Internet facilities:

3. How do you usually book your stay in a hostel?

www.hostelworld.com: www.hostelbookers.com:

Other website: _____

Directly from this hostel's website: I usually don't book:

I never book:

Answer to the following questions *only* if you have booked from hostel websites before

4. If you do book from hostel websites like the ones mentioned above, what do you think about the hostel rating/review by the users? Most of the times is correct: Sometimes is correct: It is rarely correct:
5. Still on the same topic, what importance do you give to those ratings when choosing a hostel?
 It's extremely important, I usually read reviews and see the ratings before: It's important, but there are other things in the balance too: It has very little importance, I rarely check the reviews and ratings:
6. Do you usually give ratings and/or reviews to the hostels you have been in? Yes: No:
7. If the answer was Yes, please choose the sentence that best describes you: I don't bother giving positive reviews, I only give my opinion when something was not pleasing me in the hostel: I only give positive reviews, I don't like giving bad ones: When I do rate and/or review, I do it no matter if my opinion is positive or negative:

Part III

In this part we ask you to evaluate your own experience in this hostel, by giving us your level of agreement with the following statements.

Statements		Strongly disagree				Strongly agree		
		1	2	3	4	5	6	7
Atmosphere and social aspect	This hostel has the right environment to meet new people	1	2	3	4	5	6	7
	This hostel promotes group activities (pub-crawl, city tours)	1	2	3	4	5	6	7
	I generally liked the people I met here during my stay	1	2	3	4	5	6	7
	I had fun in this hostel	1	2	3	4	5	6	7
	The hostel provides a comfortable ambiance	1	2	3	4	5	6	7
	The hostel atmosphere fits and relates well to the city of Lisbon	1	2	3	4	5	6	7
Location	Close to attractions, bars and restaurants	1	2	3	4	5	6	7
	Close to transportation: metro, bus, tram, etc	1	2	3	4	5	6	7
	Safe neighborhood	1	2	3	4	5	6	7
	Close to the city center	1	2	3	4	5	6	7
Quality of the Staff	The staff was friendly and polite	1	2	3	4	5	6	7
	The staff know Lisbon well and are helpful	1	2	3	4	5	6	7
	The staff made my stay here a better experience	1	2	3	4	5	6	7
	The staff provide an efficient service	1	2	3	4	5	6	7
	The staff have good appearance	1	2	3	4	5	6	7
	Rapid and correct booking and check-out provided by staff	1	2	3	4	5	6	7
Price	This hostel is good value for money	1	2	3	4	5	6	7
	I choose this hostel mainly because of the price	1	2	3	4	5	6	7
Cleanliness	The rooms/dorms are clean	1	2	3	4	5	6	7
	The bathrooms are clean	1	2	3	4	5	6	7
	The kitchen is clean	1	2	3	4	5	6	7
	The social area/ communal room is clean	1	2	3	4	5	6	7
Security	The hostel has lockers/safe deposit boxes	1	2	3	4	5	6	7
	There is a 24h front desk	1	2	3	4	5	6	7
	I felt safe in the Hostel	1	2	3	4	5	6	7
Facilities	The hostel provides good internet and computer facilities	1	2	3	4	5	6	7
	The hostel has private showers and toilets	1	2	3	4	5	6	7
	The hostel has laundry facilities	1	2	3	4	5	6	7
	There is a large communal room/space	1	2	3	4	5	6	7
	There is a bar service	1	2	3	4	5	6	7
	The kitchen is well equipped for cooking	1	2	3	4	5	6	7
	There is free breakfast	1	2	3	4	5	6	7
	There is not too much noise so it's easy to relax and sleep	1	2	3	4	5	6	7
	The hostel has an appealing decoration design	1	2	3	4	5	6	7
The interior design of the rooms is good	1	2	3	4	5	6	7	

Please rate the following items using a 7 point scale.

Items:	Low				High		
	1	2	3	4	5	6	7
The overall service quality in this hostel	1	2	3	4	5	6	7
The overall satisfaction I experienced in the hostel	1	2	3	4	5	6	7
Likelihood to come back in the future	1	2	3	4	5	6	7
Likelihood to recommend Lisbon as a destination to a friend/family	1	2	3	4	5	6	7
Likelihood to recommend this hostel to a friend/family	1	2	3	4	5	6	7

Part IV

1. **What is your country of residence?** _____
2. **How old are you?** _____
3. **Gender?** Male: Female:
4. **Marital status?** Single: Married/live together: Divorced/widowed:
5. **What is your current employment situation?** Employed: Unemployed: Studying: Studying and working
Retired: Other:
6. **What was for you the best aspect about this hostel?** _____
7. **What would you change in this hostel?** _____