



Escola Superior de Hotelaria e Turismo do Estoril

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Master's Degree in Hotel Management

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Commercial co-creation strategies in high-end hospitality: the
Portuguese case study

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Hotels' co-creation strategies to commercialize their products: A
case study of hotels in Portugal

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Life isn't about finding yourself. Life is about creating yourself
(George Bernard Shaw)

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Abstract

Marketing across all sectors has significantly developed throughout the years, becoming increasingly relevant in many industries. With the increase in consumer data and business online presence, companies are progressively becoming more aware of the importance of targeted marketing, as a business competence, to adapt to the everchanging challenges faced by companies in their attempt to respond to customer demands. As a result, firms need to keep themselves competitive and continuously adapt their business strategies, in order to keep up with the fast paced market trends that are continuously evolving due to new technology and increasing online presence.

Focusing on the hospitality sector, marketing 4.0 has become the new trend representing the constant development and evolution within this sector. In the 60s, marketing campaigns were highly focused on the product and sales pitches were mostly build around the concrete aspects of the products firms were offering, while currently, marketing is more focused on customer experience, especially in regards to the lodging industry. To keep up with such market trends, it is, therefore, imperative for service providers to understand the scope of the customer experience factor and imbed it in their offerings to increase client engagement and ultimately diferenciate themselves from competitors. Within the hospitality sector, the concept of Co-creation developed an active customer involvement in order to create a valueable experience. After some research, is possible to conclude that Co-creation focuses on the customer experience, allowing the customer to both create and develop the perfect product as well as tailoring it according to his/her preferences and needs. However, this is only possible if the hotel has the necessary tools and platforms. Therefore, Co-creation is a teamwork system, where hotels provide the tools and services, while the customers share information about their special and unique preferences and needs.

The main goal of this study is to understand how hotels in Portugal are aligned with this new concept, hence the need to conduct a case study, based on the analysis of the collected data from Portuguese hotels. The present study is composed by two distinctive parts: a theoretical investigation, which aims to better understand the concept of Co-creation, and an empirical investigation, based on the participation of hotels managers who answered

a questionnaire about Co-creation policies and strategies. The achievements of this case study provide the validation of many propositions. For instance, considering that 77.8% of the hotels in Portugal implement Co-creation strategies, this strategy is considered to be at a medium level of implementation (33.8%). In the future, hotels must improve these Co-creation strategies, to satisfy the customers' needs, maintain their knowledge, increase their profitability and enhance their growth, thereby, making them more competitive within the tourism segment.

Keywords: Co-Creation Strategy, Customer Experience, Hotel Management, Marketing

List of Abbreviations

AIDA – Attention, Interest, Desire, and Action

BI – Business Intelligence

CEI – Customer Experience Index

CSE – Customer Service Experience

G-D – Goods-Dominant

GDP – Gross Domestic Product

Nuts – “Nomenclatura das Unidades Territoriais para Fins Estatísticos”

OTA’s – Online Travel Agents

RM – Revenue Management

S-D – Service-Dominant

Chapter I - Methodology

1.1 Background and relevance of the research

The hotel industry is recognized as a global industry with a consistent chain of service providers and consumers around the world (Hernández-Perlines, 2016). According to the author, in the last years, the demand and supply for lodging services, including the traditional services intended for travelers, have increased worldwide, creating extreme competition in the marketplace. Due to this constant growth in competition, hotels struggle to retain the same profit margins (Jesus & Franco, 2016).

Aggressive competitors have found new means to attract customers as well as keep up with the market needs, making it more difficult for traditional hotels to acquire new guests and in turn, new business (Oyner & Korelina, 2016). The hotel and tourism industry suffered many changes in the past, as the numbers in global tourists keeps increasing, with changes in supply and demand trends shifting the concept of sustainable business practices for competitive hotels. As a result, hotel owners and operators must adapt to these changes to satisfy customer needs and remain attractive (Bader, 2005).

It has become evident that hotels and other lodging service providers need to make their product distinctive and unique in order to differentiate themselves from their competitors (Oyner & Korelina, 2016). As such, hotels must move from a good-dominant approach that solely focuses on the product, to promote their offerings as a consumer-dominant logic that focuses on the customer's needs and desires (Correia, Kozak, Gnoth & Fyall, 2017).

Despite the changes in customers requirements, technology, in particular, communication technology is creating many changes in the manner employees and customers interact, how the service is performed and how the lodging business succeeds (Kandampully, Bilgihan, and Zhang, 2016). From a marketer standpoint, these developments have enabled the evolution from Marketing 3.0, which consisted of a customer-driven method, focused on the consumer's relationship with the brand through the use of Traditional Marketing (TV, print media), to Marketing 4.0, which moved the customer-centered approach to a Digital Marketing strategy (social networks, smartphones, internet) (Kotler, Kartajaya and Setiawan, 2016).

Nowadays, hotel managers are looking into other business dimensions to understand customer behavior so they can implement strategies to ensure customer loyalty. The importance of this element is crucial because a loyal customer is someone

that repurchases a similar service provider whenever possible, whereby recommending and maintaining a positive attitude towards the service (Lo *et al.*, 2017).

In the same line of thought, Co-creation is a process that allows and encourages a more active involvement from the customer, being also important for hotels since it ensures that their customers add value to their own experiences (Rihova, Buhalis, Gouthro & Moital, 2018). According to Harkison (2017), when used to its full potential, Co-creation can truly give an organization a competitive advantage, especially due to the increased customer satisfaction which positively influences customers' loyalty. Lastly, this joint process can also contribute to the improvement of existing services, since the constant feedback that is provided by the customers can result in several opportunities to increase the organization's profitability, growth, and success (Buhalis & Sinarta, 2019).

The Co-creation process was chosen because it's considered to be a new and relevant factor in creating a unique and tailor-made experience for the customer (González-Mansilla, Berenguer-Contrí, Serra-Cantalops, 2019). This innovative approach should be considered a process of an open network of internal and external resources. In the competitive hospitality market, gaining market share and leadership is a challenging task. Plus, the extensive changes in the hotel guest's adoption and the demand for using mobile and self-service technologies are extreme challenges in the hospitality firms framework (Kandampully, Bilgihan and Zhang, 2016). Nevertheless, Co-creation could also revolutionize marketing tendencies by combining the hotels' offer with the customers' demand. Therefore this specific strategy can be quite innovative, especially when attracting new customers to the tourism sector.

Taking a deeper look, specifically, into the hotel sector in Portugal, we note that it has increased substantially in the last few years (removing the last year and a half which will not be taken into account for this study given the outlying and extreme circumstances faced by the hotel industry that are not relevant under normal circumstances). Portugal's tourism represents about 12% of its Gross Domestic Product (GDP), which consists of a significant source of revenue and profit and is the second country in Europe where tourism has the most impact on the national economy, contributing to the country's success and profitability (Ruiz-Alba, Soares & Nato, 2016).

1.2 Research question

Currently, many hotels are investing in the concept of Co-creation as a strategy, in order to reach new customers and enhance their competitiveness within the tourism market, while also wondering if it can influence customers' loyalty and satisfaction (Harkison, 2017).

This brings us to the main question this study aims to answer:

“How are Portuguese Hotels implementing the Co-creation process?”

To deep dive into this topic, it is essential to first understand the Portuguese hotel industry's awareness of the concept of Co-creation. From that starting point, it is important to study which market players are investing in Co-creation strategies, how these strategies are being implemented, and to what extent. Moreover, the perception of the customer experience during and after the stay, the return, as well as their satisfaction “rates” are also significant key measures to consider, in order to understand the outcomes of these elements in the firm long-term performance.

1.3 Research objectives

Typically, in the hotel business, customers look for unique and memorable experiences, making this the primary concern for this commercial sector. Marketing and sales departments struggle every day to acquire new customers while also battling to maintain the ones they already have. With these departments suffering numerous changes over the years, it is up to the lodging industry to adapt to the latest trends and concepts (Xie & Shi, 2019). Bearing in mind that Co-creation is a new and emerging concept in Portugal, many marketers from the Portuguese hotel Industry are still struggling to implement this strategy effectively. Taking this into consideration, the present dissertation has the general objective of understanding the current status of Co-creation strategies in the Portuguese hotel industry.

From a detailed point of view, this study focuses on the following specific goals:

- The relation between hotel region size and the implementation of co-creative strategies.
- The association between hotel guest capacity and the practice of co-creative strategies.

- The relation between hotel category and implementation of co-creative strategies.
- The resort to Online Travelling Agents as a means of communicating co-creative experiences.
- The impact of Co-creation in customer acquisition.
- The impact of Co-creation in customer satisfaction and loyalty.
- The impact of Co-creation in hotel performance.

According to Kamboj & Rahman (2017), it is crucial to first identify if marketers are aware of this concept and if they are encouraging their supervisors to implement Co-creation strategies. Therefore, to accomplish the main objective of this study, it is important to apply a specific framework to analyze the three different phases of the customer expectation and experience (Figure 1): before the guests stay (pre-stay phase, when hotels use different communication strategies to reach customers), during the guests stay (hotel experience) and after the guests leave (post-stay phase, when guests can provide proper feedback regarding their accommodation experience).



Figure 3 - Three phases of the guests' experience

Source: The Author

1.4 Research propositions

For the purpose of accurately answer the research question, the researcher carried out a questionnaire to hotel managers in order to analyze and evaluate how are they implementing the different approaches of the Co-creation concept. Indeed, the

questionnaire exposes some propositions (Table 2), whereby resulting in a rational work, being based on logic and supported by a theoretical background (Quivy & Campenhoudt, 2005).

Proposition 1: The implementation of Co-creation strategies in hotels is prominent in large tourist and urban regions.

In Portugal, there are two major cities, Porto and Lisbon. These cities are the leading tourist places to visit, with substantial touristic growth throughout the years. According to Travel BI, 1.8 million tourists in 2018 visited Lisbon and 1.16 million tourists visited Porto. This can be a dominant factor to explain why hotels in these areas are more likely to be familiarised with Co-creation processes and strategies. By having great tourist influence, it is understandable that these regions might be more open to practice new and emerging concepts like Co-creation (Veríssimo & Loureiro, 2018).

Proposition 2: Hotels with less guest capacity tend to implement and increase Co-creation experiences.

Co-creation is a marketing strategy that allows the customer to get a personalized and unique service. As such, it is essential to understand the customers expectations in detail to implement a successful Co-creation strategy. Naturally, hotels with fewer rooms tend to have a closer relation with their guests, unlike larger hotel chains with many rooms. This fact makes it easier to identify the customer expectation regarding their lodging experience (Garrigos-Simon, Galdon & Sanz-Blas, 2017), and since Co-creation strategies allows the hotel to customize and adapt each guest stay individually, the hotel capacity might be a key factor to influence the Co-creation process.

Proposition 3: 5 Star hotels have a higher Co-creation experience commitment.

The study by Kamboj and Gupta (2018) was conducted on four and five-star hotels in Portugal. To be a five-star, the hotel must provide the guests with several luxury products and services, thus differentiating itself from four-star hotels. Being a five-star hotel can mean that Co-creation is part of its strategy, and not just a “nice to have”. The hotel category can be an important influence and a leading factor in the level of

commitment to Co-creation experiences. Accordingly, hotels with a higher category level would go beyond the simple Co-creation experience and consider it as a strong source of competitive advantage.

Proposition 4: Hotels use Online Travel Agents (OTA) to share their information about Co-creation experiences.

Technology is substantially increasing, consequently, hotels and marketers must follow new trends not only to improve their business models but also to attract and preserve customers.

Following the same line of thought there has been an increase in OTA services in last few years. Specifically, between 2012 and 2016 the booking through the OTAs has increased by 22.7% in Europe. This suggests that more guests are relying on OTAs to make their reservations. Therefore, hotels must follow this trend and share information on their Co-creation experiences through this same channels (Morosan, 2018).

Proposition 5: Co-creation is a strategy that is used to attract new guests.

As previously mentioned, Co-creation is a marketing strategy that allows customers to customize their stays. This strategy allows the creation of something unique, based on the personal profile and lifestyle of each customers. By inquiring hotels on how they are managing this concept as an innovative form to attract guests, it is possible to determine the sustainability of this strategy (Wu, Law & Liu, 2018).

Proposition 6: Co-creation is directly linked to customer satisfaction and loyalty.

Despite being two distinct concepts, some schoolers have been arguing that customer satisfaction and loyalty are correlated. Customer satisfaction is determined by the general quality of the service and the stay, while customer loyalty is determined by the memorability of the experience and by the returning intentions of the customers. As it was discussed before, Co-creation could influence these two characteristics, since this strategy directly influences the quality of the service and creates a unique and memorable experience (Ruiz-Alba & Sánchez, 2017). By inquiring the hotels about the influence of Co-creation on customers' satisfaction and loyalty we can determine if Co-creation is positively or negatively associated with customer satisfaction and loyalty.

Proposition 7: Co-creation results in better performance, growth, and market value.

To reach the goal of this study, it was important to understand the economic side of using and implementing Co-creation (Weigert, 2018). According to Santos and Brito (2012), firm performance is based on profitability, growth, and market value. These authors believe that the firm performance is also based on customers and employees satisfaction, environmental performance, and social performance. Therefore, it is mandatory to analyze the impact of these factors on the company's business performance.

Q1: Is co-creation a strategy/process that is continuously used in the hotel?
P1: The implementation of co-creation strategies in hotels is prominent in large tourist and urban regions. P2: Hotels with less guest capacity tend to implement more co-creation experiences. P3: Five-Star hotels have a higher co-creation experience commitment.
Q2: Which platforms do hotels use to share information with their guests about the co-creation process that is established by the hotel?
P4: Hotels use online travel agents (OTA) to share their information about co-creation experiences.
Q3: Will co-creation be an innovative form of attracting guests to the hotels?
P5: Co-creation is a strategy that is used to attract new guests.
Q4: After being a part of the co-creation process do guests show loyalty to the hotel? Q5: Is the co-creation process directly associated with satisfaction?
P6: Co-creation is directly associated with customer satisfaction and loyalty.
Q6: Using a co-creation process translates into a better firm performance?
P7: Co-creation results in a better outcome, growth, and market value.

Table 1 – Research propositions

Source: The Author

To better observe how the propositions connect the different concepts underlined in this dissertation objectives, the model proposed in Figure 2 is presented.

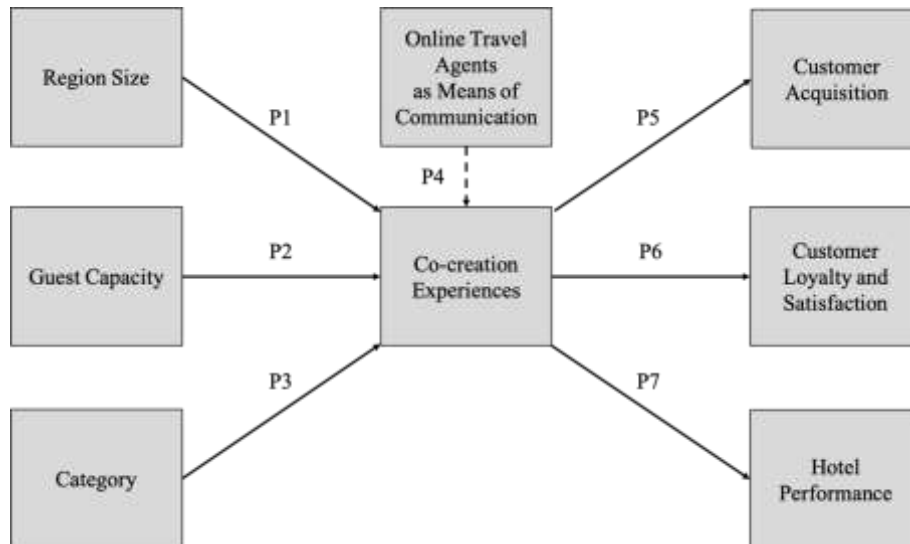


Figure 4 – Variables impacting Co-creation experiences and variables impacted by the latter

1.5 Methodological approach and Instruments of research

The present study aims to analyze how the Portuguese hotel industry is implementing Co-creation methodologies and what are the key strategies to manage consumer expectations and experience during the stay, resulting in a better understanding of the impact these dimensions have in consumer loyalty and delight. To study these topics, the researcher adopted a specific framework to analyze the three different phases of the customer experience, before, during, and after the stay.

According to (Kumar, 2011), the knowledge that constitutes research methodology is organized around operational steps that form this research process. Therefore, for every aspect of each step, there is a diversity of methods, models, techniques, and procedures provided to build a knowledge base that forms the body of research methodology. Thus, the application of these models, techniques, procedures, and methods to the information collected regarding a situation, issue, problem, or phenomenon, aims to information gathering to policy formulation, administration, and enhancement of understanding of a phenomenon. Moreover, Kemppainen *et al.*(2019) define the research methodology on a six-step framework: problem identification and initial questions, objectives, model design and development, demonstration, evaluation, and conclusion communication.

The following table (Table2) considers each step of this research methodology and describes the topics under study for each step.

Initial Question
How do hotels in Portugal implement co-creation experiences during the three phases of stay (pre-stay, stay, and post-stay) of their guests?
Review of Scientific Production
Marketing 3.0 and Marketing 4.0 G-D logic to S-D logic
Research Problem
How are Portuguese hotels implementing the Co-creation process?
Objectives
To understand if hotels are aware and implementing co-creation experiences in pre-stay and post-stay phases
Analysis Model
Online survey available to hotels
Investigation model
P1: Hotels that implement co-creation strategies are more evident in large touristic and urban regions. P2: Hotels with less guest capacity tend to implement more co-creation experiences. P3: Five-Star hotels have more co-creation experience commitment. P4: Hotels use online travel agents to share information about co-creation experiences. P5: Co-creation is a strategy to attract new guests. P6: Co-creation is directly linked to customer satisfaction and customer loyalty. P7: Co-creation results in better profitability, growth and market value.
Results Analysis
Data Collection Analysis and Validation of Propositions

Conclusions
Final Considerations

Table 2 – Methodology

Source: The Author

1.5.1 Research instruments and processes

To collect the relevant data, it was important to choose the right method as well as the research instruments. In this case, to analyze the emerging concept of Co-creation in Portuguese hotels, it was essential to build a survey matrix (see annex 4). This survey matrix guided the questionnaire in the right direction, allowing the selection of the most adequate questions to achieve the study's main goal (Kamboj & Gupta, 2018). Thus, the first step was to test the survey (15 hotels) to understand if the answers were coherent. Once that step was completed, the size of the study sample was decided, comprehending 606 hotels (Four and Five- star hotels in Portugal).

The questionnaire was composed of a total of 18 questions (see annex 3). Nevertheless, only the most pertinent questions will be analyzed in the present study, aiming to fulfill the main purpose of the investigation. The survey was available at Google Forms (online survey provider), from the 20th September of 2018 until the 27th of October 2018. This survey was entirely based on questions with multiple-choice answers, even though there were some differences: some asked to check the appropriate box (if they applied), while others were based on a Likert scale (1 to 5, 1 meaning “strongly disagree” and 5 “strongly agree”).

It is noteworthy to mention that even though the researcher considered 81 hotels in the survey, after a further investigation it was possible to conclude that the number was significantly higher (199 hotels). After inquiring big hotel groups in Portugal (NAU, Vila Galé, Pestana, and Discovery Portugal), the researcher found out that the marketing department is central. This means that the Co-creation platforms and processes are not only linked to one hotel in the group, but to the entire group itself. Therefore, by obtaining answers from one hotel within the group, it is possible to assume that the entire group has the same strategies and policies.

1.5.2 Research procedures

In this study, there are two types of research procedures. The first one is related to the theoretical review. To comprehend the concept of Co-creation, it was necessary to investigate the background behind the concept to the finest detail. To review the concept background of Co-creation it was crucial to find the right information, which was obtained through a thorough analysis of several scientific articles, dissertations, books, e-books, academic journals, and scientific journals. To search for information regarding the concept, specific platforms were used, such as b-ON, Science Direct, Emerald Insight, Taylor and Francis, and Google Scholar.

The second research procedure is related to the development and application of the survey. Thus, to fully understand which questions should be asked to hotels it was fundamental to go through three major steps. The first step was to build a survey matrix so that the questions could follow the right direction. After some investigation, the researcher divided the survey into 3 different phases: The pre-stay phase, stay phase, and Post-Stay phase, of which the first and third became the main topics for further development. This matrix became the tool used to build the final survey. Each main topic needed specific information and development. Therefore, the researcher developed sub-points that defined each phase and the baseline to develop the questions. Figure 2 demonstrates the survey matrix framework based on other scientific articles and journals, to consolidate the questions of the survey according to the study's goal (see annex 4).



Figure 3 – Survey matrix framework

Source: The Author

After developing the matrix, it was necessary to get coherent answers by testing the survey, which was applied by testing 15 hotels. As mentioned before, the study was based on Portuguese hotels including the islands. Portugal is divided into 7 big regions (nuts II), and for that reason, a complete acknowledgment of the survey was taken to test it in each of those 7 regions (Table 1). After the success of this test, the survey was presented to a larger sample, composed of 606 hotels, distributed by the same regions (Table 1).

Region	Number of Hotels Surveyed	
	Survey Test	Roll Out
Norte	2	21
Alentejo	2	28
Área Metropolitana de Lisboa	3	124
Algarve	2	123
Centro	2	94
Madeira	2	106
Açores	2	110
Total	15	606

Table 3 – Survey distribution on test phase and roll-out

1.6 Dissertation structure

The present dissertation is divided into four chapters (Figure 3).

Figure 4– Dissertation structure



Source: The Author

In Chapter 1 the main content of this dissertation is introduced, presenting the relevance and applicability of the investigation, as well as the methodology that was followed to fulfill the study goals.

Chapter 2 presents the literature review which explores the marketing evolution throughout the Digital Era, the customer purchase models, and the concept of Co-creation regarding its frameworks and value.

Chapter 3 is dedicated to the case study, presenting the analysis of the data results through the application of the survey. This chapter is divided into two different sections: one related to the empirical data analysis and the other to the analysis of a mix of independent and dependent variables.

Chapter 4 presents the main conclusions of the present study, as well as some limitations of the research itself.

Chapter II – Literature Review

2.1 From traditional to digital marketing

Marketing has suffered several transformations in the last few decades. As a constantly evolving species, humans naturally adapt to the modifications of the world, and so does marketing. In this sector, constant adjustment to customer behavior is a daily work to achieve organizational success. In the early '60s, according to Kotler, P., Kartajaya, H., & Setiawan, I. (2011), by identifying the 4P's as the controllable parameters, marketers were able to influence the consumer buying process and decision. Furthermore, Kotler, P., Kartajaya, H., & Setiawan, I. (2017) concluded the importance of this marketing mix tool as the approach to plan what and how to offer consumers different products. This framework changed the global strategy of a business by looking at the market from a different perspective. This model was revolutionary at the time enabling Marketers to plan sales and marketing strategies in a different way.

McCarthy (1964) created the 4P's of the marketing mix, which included the product, place, promotion, and price, representing an easy way for business development and growth. By defining with criteria and meticulousness these 4 elements the stakeholders would know exactly which approaches and policies to implement to ensure greater profitability of their corporations (Kandampully, Bilgihan & Zhang, 2016). The traditional marketing model of the 4P's was also considered in the context of hotel services. Thus, hotel managers used McCarthys' framework as a part of the overall marketing strategy aiming to generate the most favorable response in targeted markets to encounter some of the customers' needs. For the hotel industry, the Marketing Mix tool goes as follows:

- **Product:** In the hotel industry there is no such thing as one unique product. The industry sells numerous commodities which can be physical objects like food and beverage at the main restaurant, as well as intangible service like the luxury and unique service provided at that same restaurant. Nowadays, a way of characterizing the hotel product is segmenting the industry by location and kind of service provided, such as luxury, upscale, mid-range, economy and budget hotels (Epuran, Ivasciuc & Micu, 2015);
- **Price:** In the hotel industry, lodge rates per night and the packages provided by the hoteliers are a key factor which can define the success of the company by influencing and attract customers (Morosan & Bowen,

2018). The price of the hotel is determined by market share, competition, operational costs, brand or product identity, and the customers' perceived value of the product. However, Epuran, Ivasciuc & Micu (2015) defend that pricing may increase or decrease frequently leading to pricing strategies that must be planned and worked daily;

- **Promotion:** Promotions enable hoteliers to reach out to target guests or groups of customers. It is applied by using different methods such as advertising, direct sales, sales promotion, public relations, publicity, branding, media, and others. Promotion is the intermediate between the place and the product (Epuran, Ivasciuc & Micu 2015);
- **Place:** Place represents the locations where products can be acquired, considering lodging and accommodations in the hotel sector. Regarding the distribution methods, hotels apply either direct (sales through the hotel sales team, personal telephone calls, hotel website booking system, global distribution system) or indirect distribution methods (travel agents, event planners, online travel agents, online travel portals) (Epuran, Ivasciuc & Micu 2015).

Marketing requires, adaption and dynamism to succeed. Several academics have been debating about the value and the future of the marketing mix and consequently, proposing alternative propositions (Möller, 2006). It has been argued that marketing cannot rely on one simple model, since it constantly needs to adapt to consumer behaviors and different environments. According to Lauterborn (1990), it is time to retire McCarthy's famous 4P's model. The author defends that McCarthy and Kotler defined the 4P's model in different times when mass production was preeminent and required. After World War II, companies' product output was required and the goods consumer was almost compelled to buy what they offered. Due to this, advertisers not only developed a product and priced it to make profits, but also placed it into the retail shelves and promoted them.

According to the market progress, it was time to embrace a new formula, which developed the 4P's into the 4C's. Meaning to forget the **P**roduct and Analyze what the consumer wants and needs. Forget **P**rice, to understand the consumer's cost to satisfy

what they want or need. Forget **Place**, assuming the convenience to buy. Forget **Promotion**, the word is communication

In the hotel industry, this method is much more relevant because it seeks consumer maximum satisfaction by providing a different range of services, considering the importance of what the consumer wants and needs to be successful.

In the new millennium, the customer expects and demands to be served his/her way, when he/she wants it, and where he/she wants (Londhe, 2014). Nowadays, in the digital era, we live in a connected world. The marketing concept was developed and emerged to ensure that there is a higher level of participation of the customer (Kotler, Kartajaya & Setiawan, 2017). For that reason, it was essential to improve the marketing 4P's model. Marketplaces today are customer-oriented, thereby making the 4Ps less relevant today than in the past (Schultz, 2001). Nonetheless, Kotler, P., Kartajaya, H., & Setiawan, I. (2017) refer the expansion of the marketing mix concept to the 4C's, involving significant cooperation with the customers. The development of the Marketing Mix 4C's in the hotel industry consisted in:

- **Cost:** Relates the amount that the customers are willing to pay for that service or product and not simply a price to pay (Harrington, Chathoth, Ottenbacher & Altinay, 2014). It has a deeper meaning than just a price, since it encounters what the customer wants and needs.
- **Consumer:** It is time not only to look at the product itself but also to look out for what the consumer wants and needs. Meaning to provide the right product and the right price to the right guest.
- **Convenience:** Nowadays, convenience is a key factor to consider so that the customer can purchase a service or a product. In these times, it is important to make it convenient for the customer leading him to choose a product instead of another (Tseng, Lin, Lim & Teehankee, 2015);
- **Communication:** Currently the world is about communication and how we communicate. This can be managed in many different aspects (digitally and word-of-mouth for example) and it is important to incorporate all these factors in the hotel business (Kamboj & Gupta, 2018).

In the hotel industry, the C-model is still up to date but marketers and stakeholders needed a specific model to engage the hotel customers. A lodging company is very different from the normal online or retail business. This required a framework development where the focus could be entirely placed on the hotel's customer service (Campos, Mendes, Valle & Scott, 2018). Currently, identifying consumer trends and expectations while providing a tangible opportunity to differentiate the hotel from the competition is the very essence of hospitality marketing. Therefore, by steering to a new perspective where marketing is no longer about how the marketer can get the product in front of the target audience for the right price, becomes an essential must to this industry. Moreover, by allowing the engagement of a customer with the hotel, Marketers are able to determine their needs, habits, and requirements (Epuran, Ivasciuc & Micu 2015).

It was essential to develop a model that would be centered on customer experience. After the 4C's was established a new principle was developed, the 4E's - Experience, Exclusivity, Engagement, and Emotion:

- **Experience:** In the hotel industry, there is no such thing as a product. Over the years, the experience has gained relevance in marketing. Marketers and managers bet entirely on offering unique experiences (Lee, 2017). Currently, the Internet has an active role to advertise experiences and services, providing customization to make every experience exceptional. Instead of a typical product selling approach, hotels should use the Internet as a tool to individualize and customize each product. For example, instead of simply selling plane tickets, TAP Portugal allowed its customers to idealize and customize their tourism experience on their website (Gustavo, 2013);
- **Exclusivity:** In the tourism industry, the price has always been an important factor to attract customers. Today, buyers are more cautious where they spend their money, meaning that the decision-making process when making a purchase is more prudent. This suggests that clients are not just buying a certain product, they want to know what is involved when they are buying the merchandise. In addition, they seek experience, exclusivity, and uniqueness when they acquire a service (Kamboj & Gupta, 2018). It is necessary to provide that type of exclusivity by customizing each service package. The price variable succumbs, giving

place to the exclusiveness concept since the value for money must be primarily aligned with the consumers' unique needs and preferences (Ruiz-Alba *et al.*, 2016). For example, the ancillary revenues business model gives a sense of exclusiveness to the client, allowing him/her to create his/her tourism experience according to his/her needs (Gustavo, 2013);

- **Engagement:** Gustavo (2013) mentioned that companies and tourism facilities seek distribution channels in a different form. They bet on online and digital platforms to promote their concepts and products thereby establishing a greater customer relationships. Yet, these platforms can be considered a threat by allowing the customer to manifest their dissatisfaction. Corporations, in this case, hotels, should focus on the upside of these platforms to encourage a good and active emotional connection with the guest, turning this handicap into an advantage. Besides, technology not only connects and propels countries and companies toward globalization but also connects the consumers toward communication (Kotler, 2011);
- **Emotion:** Currently, businesses must work on building real brand relationships with customers, emotionally and mentally. People are more concerned about what companies care about and identify themselves with brands, finding out if they follow certain values. For this reason, the hotels must connect more deeply and emotionally with their customers.

The population is increasingly aware of environmental issues, concerned about values as well as global and personal well-being. For organizations, the purpose plays a significant role, not only to occupy a place in the mind of the consumer but also to establish an emotional and permanent relationship with him/her. They share common ideals which are determining factors at the moment of purchasing a service (Gustavo, 2013).

2.2 Understanding how customers purchase

2.2.1 Experiential marketing

In the current business world, consumers no longer buy simple products/services. They desire a memorable experience in the consumption processes (Atwal & Williams, 2009; Berry, Carbone & Haeckel, 2002; Morrison & Crane, 2007). In the hotel business these attributes are vital, meaning that operations completely rely on customer experience and emotion expectations. Marketers consider that this industry should bet on experiential marketing. Smilansky, S. (2009) refers that consumers are regularly immersed with repetitive traditional advertising messages leading to product purchasing with no emotional and no brand connection. As such, experiential marketing represents a methodology that is reforming marketing as we know. Thus, the author defines experiential marketing as the process of identifying and satisfying consumer needs, profitably, engaging the customer in order to reveal big brand personalities to life and add value to the target audience. Atwal & Williams, (2009) determined that it is essential to explore experiential marketing, as it allows the creation of a certain type of competitive advantage. Nowadays, in the business world, commoditization is a key competitive advantage between brands and products allowing companies to focus on differentiation based not only on product features and benefits but also on high-quality service (Smilansky, S. 2009). Experiential marketing has the power to extract the essence of a product and strategically incorporate it into a series of touchable and interactive experiences which add value to the offer. According to Pine and Gilmore (1998), pioneering companies would find that the next competitive battleground lies in applying unique and memorable experiences. According to Smilansky, S. (2009), this engagement is a key factor to create memorable experiences that drive word-to-mouth while turning customers into brand agents and evangelists. Recommendation is unbeatable and the trust between the brands and consumers is an indicator that a relationship is established, allowing to create customer loyalty and a longer strategic approach to increase and maintain marketshare.

2.2.2 Customer experience frameworks

Even though, experiential marketing has a couple of concerns to manage, the customer experience is one of the most important elements that should be addressed. Customer experience is the stimulation achieved by the company on the consumers senses (Andajani, 2015). For that reason, it is important for hotel employees to engage the clients to fulfil their accommodation purpose.

Experiential marketing is everywhere (Schmitt, 1999), there are countless definitions for experience and each definition focuses on different senses and feelings. Nonetheless, there are some authors who think differently in the context of hotel industry (Lee, 2017).

In Table 4, it would see some of the different kind of definitions of customer experience.

Authors	Kim, Cha, Knutson & Beck (2011)	Gentile, Spiller & Noci (2007)	Schmitt, (1999)
Model	CEI	Customer Experience	Experiential Marketing
Dimensions	Environment Benefits Convenience Accessibility Utility Incentive Trust	Sensorial Emotional Cognitive Pragmatic Lifestyle Relational	Sense Feel Think Act Relate

Table 6 – Experience methods

Source: Gentile *et al.* (2007) ; Kim *et al.* (2011) ; Schmitt (1999).

To define experience Kim *et al.* (2011) was convinced that to reach that objective, it was fundamental to be evolved with three stages. First, the experience that a consumer has with a corporation is all-inclusive in nature and consequently multi-dimensional.

Second, any client experience involves a person at several levels, both psychological and physiological. Finally, the experience that a consumer has with a product or service is particular and distinctive. For that reason, he created the CEI (Customer Experience Index).

Gentile *et al.* (2007) based their model on describing customer experience on

Schmitt's framework. However, Gentile *et al.* (2007) thought that Schmitt's' model was incomplete, so added a new dimension, which was the pragmatic component. The author also considers significant to distinguish the physical aspects from the values and join the physical part with the sensorial dimension.

Schmitt (1999) stated that customer experience is very personal, unique and provides stimulation to sensory, emotional, rational and physical aspects at different levels to create a memorable experience. The author also declared that the experiential modules to be managed in experiential marketing include sensory experiences (Sense), affective experiences (Feel), creative cognitive experiences (Think), physical experiences, behaviors and lifestyles (Act), and social-identity experiences that result from relating to a reference group or culture (Relate).

Pine and Gilmore (1998) also studied customer behavior related to memorable experiences. They believed that the more senses an experience engagement has, will result in a more effective and memorable experience. Soon after, it was understood that to engage maximum experience by making the service unforgettable and exceptional it was necessary to be in contact with the four realms. Pine and Gilmore (1998) divided the experience into two dimensions; the level of participation of the customer and the interaction involvement. Pine and Gilmore (1998) characterized the experiences as Educational, Aesthetic, Entertainment and Escapist as it is visual in Figure 4.



Figure 5 – The four realms of Experience

2.2.3 From the 4 A's to the 5 A's

With a constant increase in connectivity and mobility, the consumers have limited time to consider and evaluate every brand. Nowadays, consumers live in a time where everything is advertised and different market players promote incredible offers that are too good to be true. Therefore, to overcome those obstacles guests turn to the social circle (Kotler, P., Kartajaya, H., & Setiawan, I., 2017). According to the authors, it is essential to provide a significant connection with consumers by means of inspiring a brand agent behavior while increasing the communication and the interfaces with these stakeholders. In 1898, E. St. Elmo Lewis proposed a theory of communication called the AIDA model, the acronym that refers to Attention, Interest, Desire, and Action (Hassan, Nadzim & Shiratuddin, 2015). This theory described the four cognitive stages experienced by an individual upon acquiring a new idea or making a new product purchased (Michaelson & Stacks, 2011). Currently this model as an wide application in traditional methods and online marketing strategies, despite the lack of applicability for social media (Hassan, Nadzim and Shiratuddin, 2015).

AIDA model suffered some changes. For instance, Derek Rucker applied a modification to the model and implemented the 4A's framework: Awareness, Attitude, Act and Act Again (Camilleri, 2018). The changes made were subtle, the author proved that desire and interest were part of the costumer's attitude, discovering a new phase in the process: Act again. The amended framework aimed to follow consumer behaviour

after purchase by looking at consumer retention (Kotler, P., Kartajaya, H., & Setiawan, I., 2017).

The 4 A's model is a very simple way to understand customer behavior when acquiring or purchasing a product. Basically the consumer understands and knows the brand (Aware), the consumer likes or dislikes the brand/product (Attitude), decides if they want to purchase (Act) and finally decides if the brand/product is worth a re-buy or re-visit (Act Again) (Kotler, P., Kartajaya, H., & Setiawan, I., 2017). With a constant development of connectivity, the model of the four A's needed to be updated (Figure 5). Therefore, a new concept emerged, the 5 A's: Awareness, Appeal, Asking, Action, and Advocacy (Woodside *et al.*, 2015). According to Kotler, P., Kartajaya, H., & Setiawan, I. (2017), the Aware phase introduces a long brand list which the consumer has been in contact with previous experiences. Moreover, by contacting with different brands, consumers can create short-term memories but selecting only those of their interest, steering to the appeal. Eventually, consumers actively search for these brands, looking for more information, details and recommendations (Asking). However, substantial curiosity growth reveals a deep search for more information and eventually acts. Despite the desire of acquiring an item/service, brands must be conscious and wise on creating positive and memorable experiences once the customer expectation leads to a deeper interaction. As a result, consumers may establish high loyalty to the brands by re-buying products, yet they will demand solutions for product compliance (Advocacy).

Long ago, consumers had their own attitude towards the brand. Currently, and thanks to the increase connectivity created by social networks, every person decision making process is influenced. Consequently, this demanded the need to change the 4A model by developing technology products to become more durable and long lasting (Ruiz-Alba *et al.*, 2016). Therefore, customers reflect their loyalty in a different way, through recommendations. The 5A model is a flexible tool to apply for all business sectors allowing to fragment the decision making process and consumer behavior, analyze the business features and correlate customer connection with brands along the market share (Kotler, P., Kartajaya, H., & Setiawan, I., 2017).

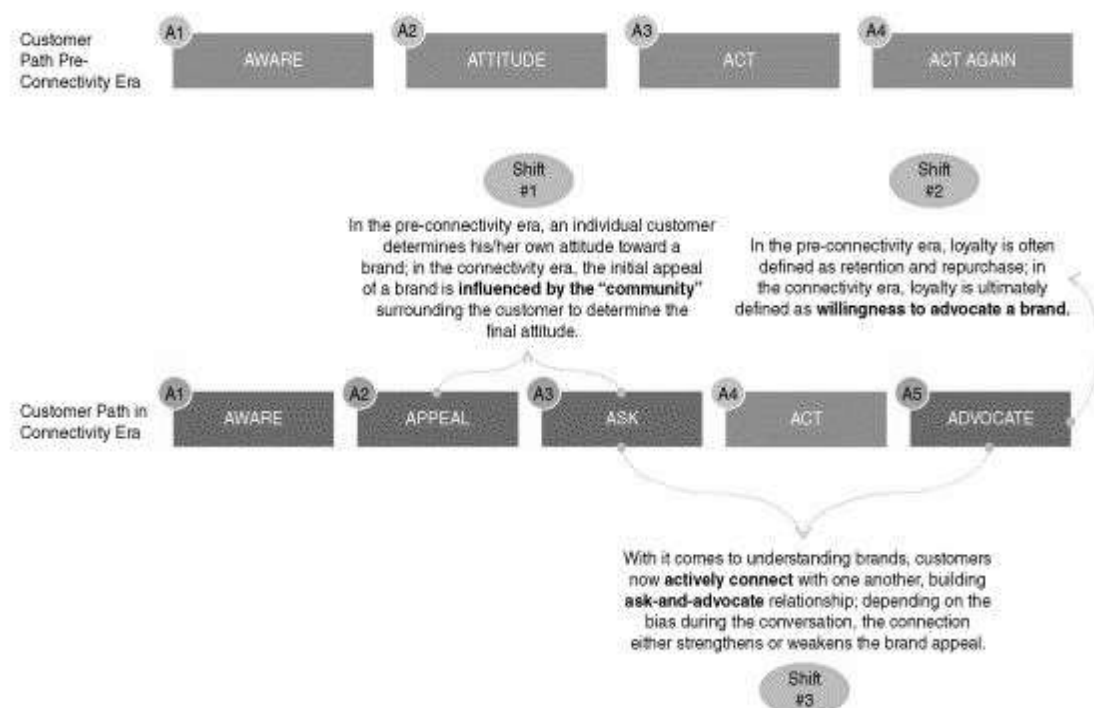


Figure 6 – From the 4 A's to 5 A's

Source : Kotler, P., Kartajaya, H., & Setiawan, I. (2017)

2.3 Revenue management and Co-creation frameworks

2.3.1 From price to exclusivity: A RM approach

The introduction of online platforms to increase sales and distribution changed the paradigms of pricing and revenue management in the hotel industry (Gustavo, 2019). Revenue Management is considered a strategic tool which focuses on achieving a greater profit. Increasing and applying RM system as a key consideration seeks to improve financial success (Chiang, Chen & Xu, 2006). This way, establishing an effective RM system and practices is a strategic endeavor, aimed to support the hotel in its quest to achieve and maintain a sustainable strategic advantage in the market (Altin, Schwartz & Uysal, 2017). Nowadays, guests look for unique and memorable experiences, therewithal expecting a more personalized pricing, one that encounters their needs (Sidali, Kastenholz & Bianchi, 2015; Gustavo, 2019).

The implementation of the open price model strategy, allows the customer to personalize their experience, by adjusting the price to the required service. According to the new model, customers are able not only to personalize their stay (Figure 6 and Figure 7) but also personalize the price (Altin, Koseoglu, Yu & Riasi, 2018). To achieve this goal, the hotel product must be offered under an unbundling strategy allowing the guest to choose and put together what add-on service they want according to their needs (Gustavo, 2019).

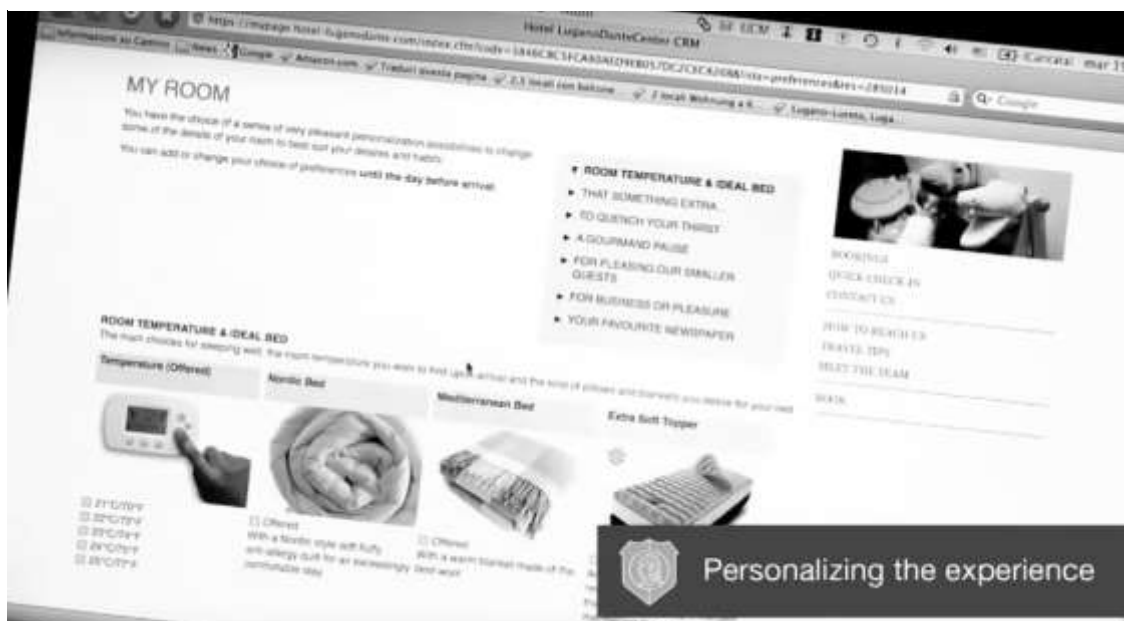


Figure 7 – Add-on services to hotel experience - RM

Source: Youtube video from Hotel Lugano Dante Center

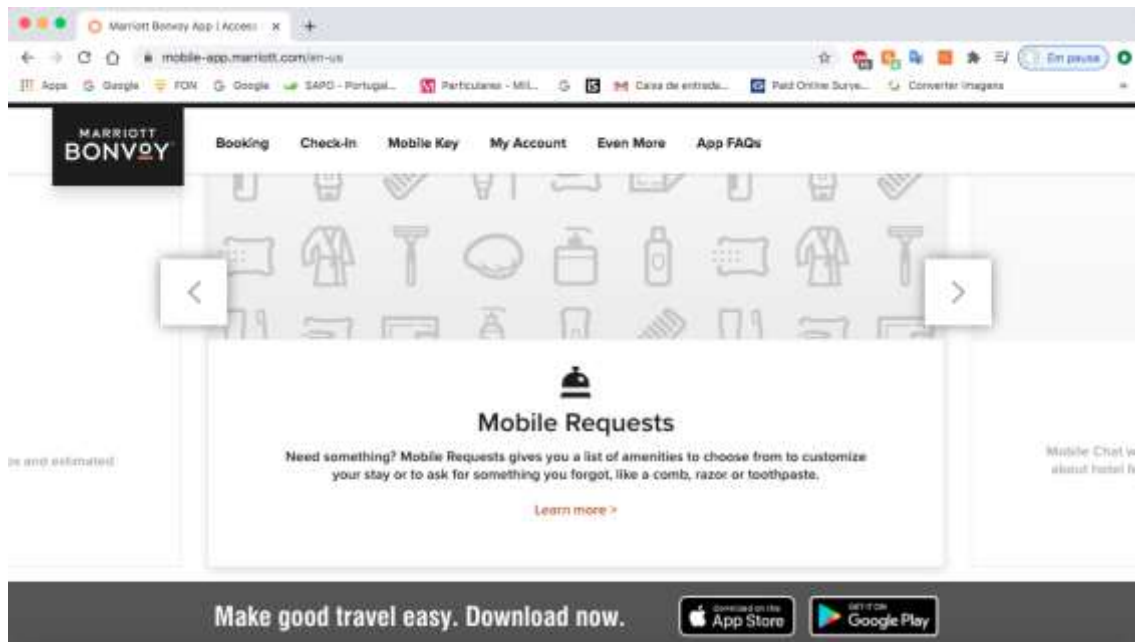


Figure 8 – Add-on mobile request in hotel experience - RM

Source: Youtube video from Marriot Mobile Key

2.3.2 Customer Relationship Management

The hotel industry is experiencing increased globalization, competition and higher customer turnover. As such, growing customer acquisition costs are creating higher customer expectations. Moreover, placing the guest at the center of all business efforts contributes to generate customer value and enhance firm's competitiveness. (Inversini, De Carloa and Masiero, 2020)

Additionally, the increasing integration of Information Technology (IT) in business processes has been transforming this industry, empowering organizations with the ability to provide high quality and personalized service at a reasonable cost (Piccoli, Lui and Grün, 2017). One of the tools that can be praised for these developments is Customer Relationship Management (CRM). A CRM system is a customer-centric combination of integrated sales, marketing and services supported by technology that enables the firm to gain visibility over the relationship with its customers by seeking, gathering and storing information about them (Sigala, 2005).

The use of CRM technologies allows hotels to personalize their services, differentiating themselves from competitors, engaging with specific guests in a new and

innovative manner, thus enhancing guests' perceived value. Furthermore, the information gathering that these systems provide, allied to ubiquitous mobile devices and real-time synchronization could enable different levels of experiences, personalization and Co-creation in hospitality (Inversini, De Carloa and Masiero, 2020).

2.3.3 Business intelligence – The beginning of Co-creation

Nowadays, with the increase and development of technology it is possible to reach any type of information. Big investments were made in business intelligence (BI) since it is possible to obtain massive information about a customer. For this reason, top management is interested in investing in this type of technology as well as data analysis techniques (Silahtaroğlu & Alayoglu, 2016). Furthermore, development management and analytic tools such as database management and data warehousing (Business Intelligence), allow permanent consumer monitoring at different times of the tourist experience, producing valuable information from the Big Data collected (Vajirakachorn & Chongwatpol, 2017). Currently, the competitive context demands organizational learning by including digital and technology tools. According to Lozada, Arias-Pérez and Perdomo-Charry (2019), Big Data analytics provide more agile processes of product and services Co-creation, with prosperous collaboration networks with internal and external stakeholders for the organization. The use of big data analytics steers organizational strategies into the future as it provides powerful information regarding a range of decisions related to processes, competition, customers and innovation. Besides, such insights contribute for improving daily operations, growth, efficiency and competitive differentiation (Sloan *et al.*, 2010). Hence, the advantage of anticipate customer expectations and predict market needs, allows the hotel industry to create customized tourist offers (Del Vecchio *et al.*, 2018). By monitoring the guest at different times, it becomes possible to personalize their stay and conduct a unique and memorable experience, based on their desires and wishes. Co-creation begins when the hotel has the right tools and data (about the customer) to use that information in their benefit to conduct a personalized experience to the guest. Co-creation is a two-way interaction; therefore, to conduct a personalized experience, the guest must be totally engaged in every stage with the hotel (van der Duim, Jóhannesson & Ren, 2017). Nowadays, consumers are no longer only “consuming” a product or a service, instead they are increasingly participating on

their own experience of Co-creation process (Buhalis & Sinarta, 2019). Data analytics empower the Co-creation process of the stakeholders to create solutions to existing problems and challenges, but also to support the creation of applied knowledge used towards a specific purpose. Thus, offering a wide variety of valuable information throw big data as an input to Co-creation solutions (Lozada, Arias-Pérez and Perdomo-Charry, 2019). The authors state that the brainstorm process for Co-creation of new products and services is more effective if stakeholders deliver inputs from big data analytics.

2.4 From goods-dominant logic to service-dominant logic

Back in the days, in traditional marketing, the primary attention was on the distribution and exchange of merchandise and manufactured products, putting the product as the central focus. Companies elaborated their strategies based on the product they had instead of the customer's needs and wishes (Ruiz-Alba *et al.*, 2016). While Marketers were following a goods-dominant logic, marketing trends evolved towards a new dominant logic (Vargo & Lusch, 2004). The focus was transferred from the product to the consumer (Correia, Kozak, Gnoth & Fyall, 2017).

To understand the differences and alterations between the two logics the Table 5 has been created:

	G-D Logic	S-D Logic
Primary Unit Of Exchange	People exchange for goods. These goods serve primarily as operand resources	People exchange to acquire the benefits of specialized competencies. Knowledge and skills are operational resources.
Role Of Goods	Goods are operand resources and end products. Marketers take matter and change its form, place, time and possession	Goods are transmitters of operand resources; they are intermediate products that are used by customers as an appliance in value-creation processes
Role Of Customer	The customer is the recipient of goods. Marketers do things to customers; they segment them, penetrate them, distribute to them, and promote to them. The customer is an operational resource.	The customer is a co-producer of service. Marketing is a process of doing things in interaction with the customer. The customer is primarily an operand resource, only functioning occasionally as an operand resource.
Determination and Meaning of Value	The producer determines value. It is embedded in the operand resource and is defined in terms of exchange-value.	Value is perceived and determined by the consumer on the basis of value-in-use. Firms can only make value propositions.
Firm-Customer Interaction	Customers are acted on to create transactions with resources.	Customers are active participants in relational exchanges and co-production.
Source	Wealth is obtained from surplus tangible resources and goods. Wealth consists of owning, controlling, and producing operand resources	Wealth is obtained through the application and exchange of specialized knowledge and skills. It represents the right to the future use of operand resources.

Table 7 – Operand and operant resources help distinguish the logic of the goods and service centred views

Source: Vargo and Lusch (2004)

The tourism sector is in fact focused on customer experience and for that reason it is important to engage emotionally with the customers. Vargo and Lusch (2004) framework was based on hoteliers that set their strategies to reach those objectives. As mentioned before, in S-D logic customers are co-producers in service, meaning getting the customer to interact and co-operate with the hotel with the purpose of creating something exceptional and unforgettable. The Co-creation process is just one critical dimension of S-D Logic (Shaw, Bailey & Williams, 2011).

S-D logic becomes more relevant to the hotel industry. As discussed before, hotels pursue a competitive advantage and to be ahead in client acquisition and loyalty, it is critical to be able to provide the buyers with unique experiences. Lusch, Brown and Brunswick (1992) stated that firms could obtain a competitive advantage by engaging customers and value network partners in Co-creation and co-production processes (Ruiz-Alba *et al.*, 2015; Duenas, Aiello, Cabrita & Gatti, 2018).

Service-Dominant Logic does not mean that service becomes the focus. Rather, it means that employees should focus more on offering a decent service while simultaneously relate to the customers wants and needs at that particular moment. The core concept of S-D logic is that the customer is always a co-creator of value. Customers co-create value with the firm through involvement in the entire service-value chain (Yi & Gong, 2012).

2.5 Co-creation concept

The Co-creation concept emerged in the last decade. Despite the lack of harmony on defining what Co-creation is, it is accepted among scholars that the core of the concept means that the source of creating value comes through interactions. If we follow the same line of thought, interactive platforms are composed of heterogeneous relations of processes, people and interfaces. These digitalized technologies create a diversity of interactive systems and environments that connect experience and outcomes (Ramaswamy and Ozcan, 2017). In the tourism sector, Co-creation has been recognized in a plethora of different ways, however its numerous applications always focus on consumers becoming increasingly involved in the creation and definition of products and services (Suntikul and Jachna, 2016). As stated before, in S-D logic, customers are considered to be operant resources (that is a part of the creation and design process, using

a unique type of knowledge and skills to achieve that same goal). For that reason, marketers consider clients as co-creators with even Vargo and Lusch (2008) arguing that the customer is always a co-creator of value. In the tourism industry that is critical, because providing a unique experience to the guests is important to hoteliers, to extract as much information about them as possible. Actually, Suntikul and Jachna (2016) described experience as the pivotal concept to understand many tourism facets, articulating the ways in which tourists derive value from tourism activities. As co-creators, customers provide information willingly to be able to offer something personalized and unique. For each customer the experience is different so that each purchase as a different way to add value to the offer (Lamelas, Lamelas & Filipe, 2016).

Co-creation suggests an active participation of the customers by collaborating with hotels to build and design a perfect product for them (Mathis *et al.*, 2016). Furthermore, Suntikul and Jachna (2016) refer Co-creation as the formulation of value from something that is co-constructed and not merely consumed by the customer. As the tourist engages with the Co-creation process through time and effort, he/she is more likely to gain a positive experience (Prebensen, Woo, Chen & Uysal, 2013). This perspective allows the possibility of expanded understanding of economic activity in a broad sense.

In addition, the Co-creation of experiences is about the process where customers interact with service providers or settings to create their own unique experience (Mathis *et al.*, 2016). Campos *et al.* (2016) define Co-creation experience as the sum of psychological events a tourist goes through when he/she is actively contributing to physical and mental participation in activities and interactions in the experience environment. In the hospitality and tourism industry, creating unforgettable and unique experiences while the customers engages in the co-creator process is the main target. For that motive Table 6 can explore some examples that show the relevance of Co-creation in the hospitality sector and how it actually works.

Authors	Examples
Mathis et al. (2016)	Dutch Fletcher hotel in the Netherlands strived to have customers' insights and options. The hotel conducted online surveys to get input from customers.
haw et al., (2011)	This alone had the tourists involved in the process. However, in doing so, the hotels learned what guests would like to see, and how they could make the overall stay more interactive and beneficial for the guests
Neuhofer, Buhalis & Ladkin (2013)	Lugano Dante hotel in Switzerland used a digital customer relationship management tool, which had a platform that enabled the hotel to collect information about its guests.

Table 8 – Examples of Co-creation in the hospitality industry

Source: Haw *et al.* (2011); Mathis *et al.* (2016); Neuhofer *et al.* (2013).

Prahalad and Ramaswamy (2004) developed a concept regarding Co-creation. According to the authors, co-creation is the creation of an experiential environment in which consumers can have an active dialogue and Co-construct personalized experiences; product may be the same, but customers can construct different experiences.

2.5.1 Co-creation vs. Co-production

Co-creation and co-production are two very similar terminologies, but in fact they are different. They have quite distinctive differences from each other, and for that reason it is important to identify them while providing correct information about each one (Ruiz-Alba, Soares & Abou-Foul, 2017). Previously Co-creation and co-production were used interchangeably with no finer distinctions. Despite introducing the same thing, customer participation, Co-creation aims to customer knowledge inputs and interaction between

customer and the company, while co-production aims to evolve customer participation in new product and service development (Terblanche, 2014).

Co-production is more connected to the product design while using imagination of each buyer. The Co-creation is more closely tied to the usage, consumption and value-in-use, which refers to the time when the experience is actually occurring. For example, when customers provide information on what he/she wants in the minibar (instead of the standardized items that most hotels provide). Therefore, Co-creation is the process in which each visitor interact with the hotels with the intention of creating a unique experience (Chathoth *et al.*, 2013).

In co-production, the position of the guest is quite passive, and in Co-creation consumers are considered as active partners in the production process. According to Chathoth *et al.* (2013), co-production is firme centric, while Co-creation is more customer and experience-centric. Co-production generates innovation for the hotel, while in Co-creation, when integrated into the customers process can originate and create a product in ways that the suppliers never imagined (Tiago, Couto, Tiago & Faria, 2017). In terms of communication co-production is less transparent, while co-creation is a constant and intensive dialogue with guests with the goal of achieving a unique and memorable experience (Chathoth *et al.*, 2013). The author refers Co-production as a theoretical approach with practical implications. This way, it brings the firm to the center of value creation, ignoring the importance of reciprocity between consumers and the firm which are mutual dependent in service production. As such, Co-creation is proposed to be the solution to overcome co-production concept limitations. This way, customers become a key stakeholder in the Co-creation processe, providing different types of inputs such as expertise, cultural, control, experiential and economic benefits, and time. Moreover, Co-creation presents a proper competitive advantage in today´s dynamic world, which forces firms to constantly adapt to consumer expectations and needs, leading them to benefit from this philosophy. In a strategic perspective to the hotel industry, organizations should use Co-creation as a tool for market orientation, leadership and organizational learning while creating value for consumers.

2.5.2 Frameworks and types of Co-creation of value

There are certain tools and procedures that companies and hotels use to ensure a greater customer relationship when engaging in the Co-creation process. There are two main frameworks, Prahalad and Ramaswamy (2004) proposed the DART (Dialogue, Access, Risk-benefits, and Transparency) model. Considering the important role of consumers, nowadays firms are no longer able to act autonomously in the product design, production process development or even control sales channels without adapting and assuming the consumer as a process stakeholder. Besides, consumer engagement process is increasing to define and create value. Therefore, the effectiveness of this concept resides on the creation of “experience environments” allowing a range of Co-creation experiences through personalized interactions that are meaningful and sensitive to a specific consumer while providing consumer-company interaction. From other point of view, Yi and Gong model (2013), present a model dividing the customer value Co-creation behavior into two main parts: customer participation and customer citizenship (Pham & Truong-Dinh, 2018).

2.6 DART framework

Prahalad and Ramaswamy (2004) believed that to reach value in Co-creation the consumer and the firm should be in complete sync with 4 major elements: Dialogue, Access, Risk-benefit and transparency.

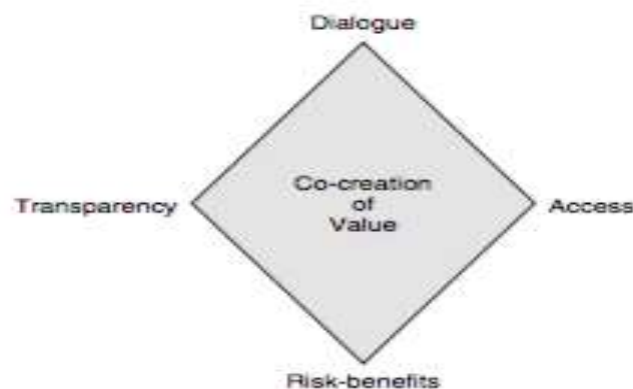


Figure 9 – DART framework

Source: Prahalad and Ramaswamy (2004)

Dialogue: Dialogue is an essential part of the Co-creation process. To be able to provide and achieve a unique and memorable experience, it is essential for both parties to engage in active dialogue. It is with dialogue that both sides, the firm and the consumer, reach an understanding by providing solutions. Although dialogue can be very difficult if both sides act as two unequal partners, it must center on common issues to both—the consumer and the firm and must have clearly defined rules of engagement (Prahalad & Ramaswamy, 2004).

Transparency and Access: Dialogue can only work and be essential for Co-creation if firms are entirely transparent with their consumers. Being transparent means good relationships between the firm and the customer, resulting in a much better dialogue. It is possible for buyers to get access to as much information that he/she needs from other consumers. It originates a bond between both sides. Both access and transparency are critical to have a meaningful dialogue (Prahalad & Ramaswamy, 2004).

Risk-Benefits: By engaging with the previous three elements, consumers get a better notion of the product and service, providing them with essential information that can be useful to decide the risk-benefits factor.

2.7 Customer value Co-creation behaviour model

This framework divides customer value Co-creation behavior into two major behaviors: Customer participation behavior and customer citizenship behavior. The first one is imperative for the success of value Co-creation, the second one is more voluntarily, this means that both add extraordinary value to the firm (Yi & Gong, 2012). Customer participation behavior is then divided into 4 dimensions: Information seeking, Information Sharing, Responsible Behavior, Personal Interaction (Yi and Gong, 2012).

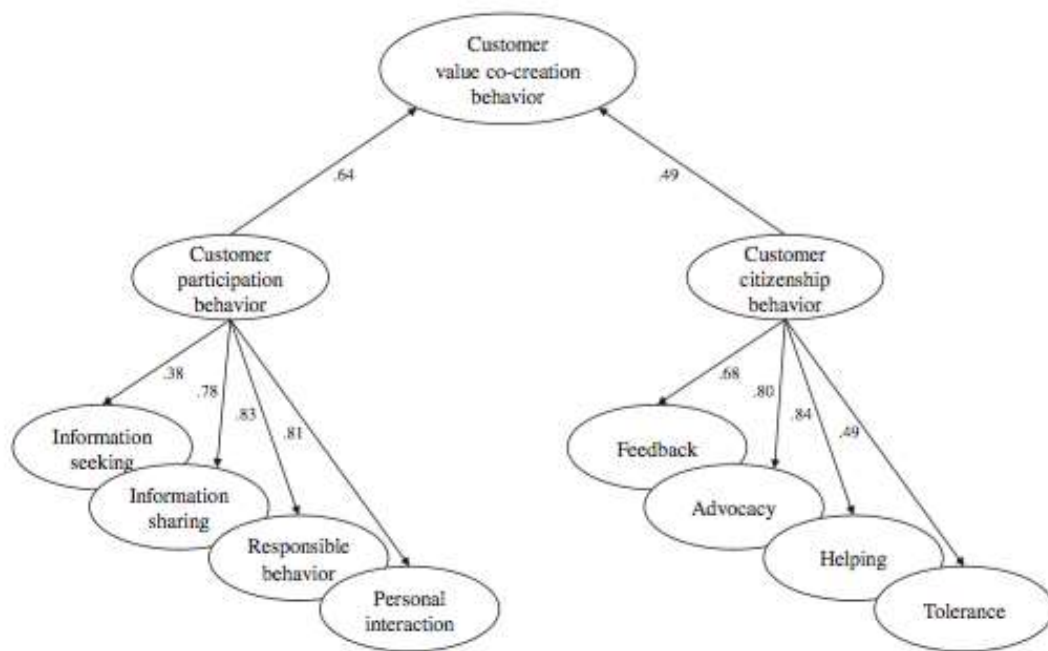


Figure 10 – Customer value Co-creation behaviour

Source: Yi and Gong (2012)

Information Seeking: Customers seek information to be able to make the right decision by understanding if the service provided is going to satisfy their needs. It is important for consumers to seek information for two fundamental reasons. First, information reduces uncertainty and that enables customers to understand and control their Co-creation environments. Second, information seeking enables customers to master their role as value co-creators and become integrated into the value Co-creation process (Yi & Gong, 2012).

Information Sharing: Nowadays information sharing is very important and for reaching a unique and memorable experience, customers must share their information with other buyers and even with employees. By sharing the information with employees consumers can guarantee that the service provided reaches their individual needs. If customers fail to provide accurate information, the quality of the Co-creation process may be low. Thus, information sharing is the key to the success of value Co-creation (Yi & Gong 2012).

Responsible Behavior: Responsible behavior occurs when employees and consumers simultaneously cooperate with each other. By observing rules and policies, consumers and company employees can successfully originate value Co-creation (Kozak & Kozak, 2018).

Personal Interaction: Personal interaction is the key to achieve value Co-creation. Personal interaction is a constant communication between the consumer and the employee, meaning that to reach Co-creation successfully it is almost mandatory that this interaction becomes active (Lengnick-Hall, Claycomb & Inks, 2000). Customer Citizenship Behavior is divided into 4 dimensions as well: Feedback, Advocacy, Helping and Tolerance.

Feedback: Feedback is an extra-role behavior that is not required for value Co-creation success but does not make it any less relevant. Feedback is all the information that the consumer provides to the employee for the purpose of improving the creation process in the long term. As consumers provide feedback, the firm can benefit greatly and provide a better service in the future (Almeida, 2017).

Advocacy: Advocacy is the promotion of the firm's product and service either by the consumers or by the employees using word-of-mouth. Propaganda through positive word of mouth is often an indicator of customer loyalty and in many respects contributes to the development of a company positive reputation, the promotion of the company products and services, and the improvement of service quality (Yi & Gong 2012).

Helping: Help means customers assist other customers. The scholars have detected that clients recall their difficulties and show a sense of social responsibility to help other clients experiencing similar difficulties (Yi & Gong 2012).

Tolerance: Tolerance is when customers are patient and tolerant when the service provider does not match their expectations or their particular needs. This element is an extra role behavior, meaning that does not affect the success of value Co-creation. However, it is important because by service failure the consumers may decide to switch corporations (Yi & Gong, 2012).

Chapter III – Case Study: Hotels in Portugal

This Chapter aims to analyze the collected data from the hotels survey participants. The participants answered the questions regarding if Co-creation strategies were implemented or not. The survey (Co-Creation Strategies implemented by the Hotels – CSIH) was conducted via Google Forms (Online). Further, the survey gathered information from 606 hotels in Portugal, of which 199 provided an answer. It is relevant to mention that since some chain-branded hotels have centralized marketing departments, they share the same Co-creation policies (See annex 1). Therefore, it is possible to confirm that answers from a hotel inserted in a group are the same for all the hotels belonging to that same group (Table 7). This analysis is mostly an examination of the answers of the managers and employees of hotels to the questionnaire in a graphic form.

Hotels	Responses	Sample Size
Independent	“Various”	87
Hotels Vila Galé	By Luis Vicente	23
Group Pestana	By Martim Neves	73
DHM – Discover Hotel Management	By Rodrigo Roquette	16
NAU Hotels	By Ricardo Carvalho	10
Total		199

Table 9 – Hotel groups that answered to the survey

Source: The Author

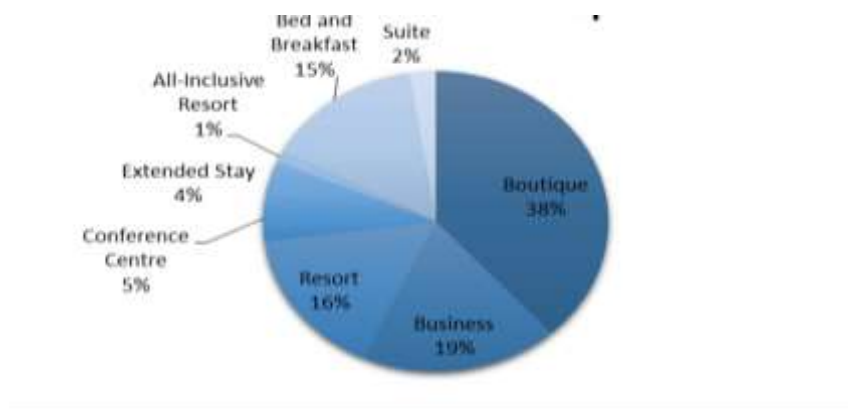
3.1 Empirical data analysis

Firstly, the research focuses on the independent variables of the survey, such as the hotel location, category, business concept, number of rooms, type of ownership and affiliation. According to Graph 1, the location “Centro” was where most answers were registered with 25.9%. The regions included Lisbon Metropolitan area with 24.7%, the North with 17.3%, Algarve 12.3%, Madeira 9.9%, Azores and Alentejo both with 4.9%.



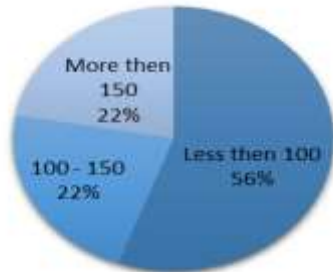
Graph 1 – Hotel location

To recognize which type of hotels are implementing Co-creation strategies, it's important to comprehend what is their business concept. According to Graph 2, it is evident that most hotels are in the Boutique Concept (38.3%). The business concept “business” represents 18.5%, while Resort and Bed and Breakfast represent 16% and 14.8% respectively. The business concepts with the lowest score were Conference center with 4.9%, Extended Stay 3.7%, Suite 2.5% and All-inclusive resort with 1.2% of the answers.



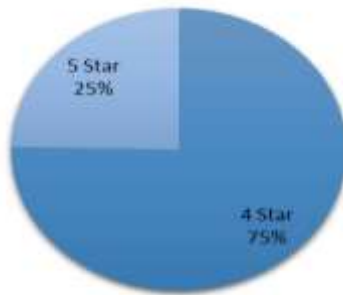
Graph 2 – Hotel business concept

It is evident in Graph 3 that the hotels with less than 100 rooms represent the dominant answer to the questionnaire (55.6%). Between 100 and 150, rooms correspond to 22.2% identical to the hotels with more than 150 rooms.

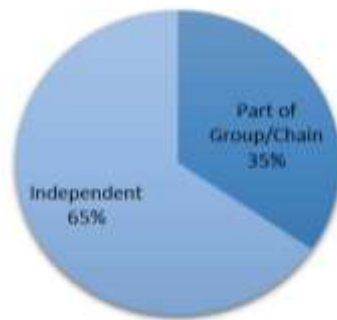


Graph 3 – Hotel size (number of rooms)

In graph 4, it is perceptible that five-star hotels represent 24.7% of the total response while the four-star hotels represent 75.3%.

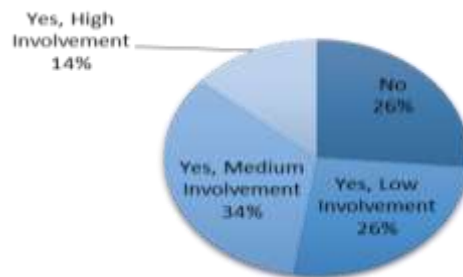


Graph 4 – Hotel category



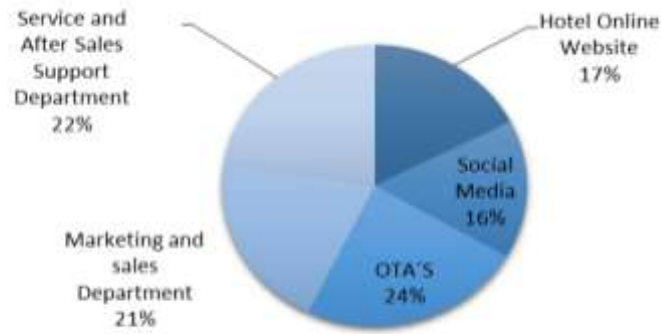
Graph 5 – Type of affiliation and ownership

In graph 5, it is possible to observe that 65.4% of the answers are from independently owned hotels, and 34.6% are from hotels belonging to a hotel group or chain. To understand if Co-creation processes and strategies are being applied and how, it was important to query the hotels directly. This question is the main subject of the survey, to understand how Portuguese hotels are implementing the Co-creation process. Therefore, it was essential not only to recognize if hotels are implementing Co-creation approaches but also to understand the level of engagement. Thus, Co-creation policies application could be measured in three levels, Low, Medium and High involvement.



Graph 6 – Representation of the sample size in the answers about using Co-creation strategies and policies in the hotel

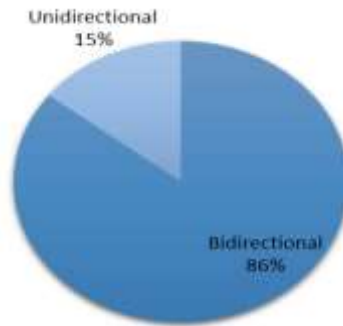
It's apparent as shown in Graph 6 most hotels are engaged to some degree in Co-creation strategies and policies. This means that out of 81 hotels that answered (real sample size is 199), 73.7% are applying Co-creation strategies in their hotels. (Low involvement 26.3%, Medium Involvement 33.8% and high involvement 13.7% and 26.3% do not engage with these marketing ideas).



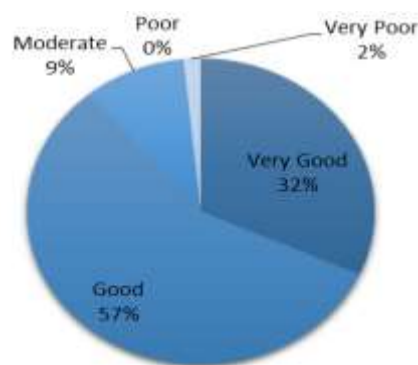
Graph 7 – Representation of platforms that hotels use in order to share Co-creation products

In a pre-stay phase, it is essential to know how hotels are sharing information about their Co-creation policies. Therefore, to be able to create something unique and to work alongside the hotel the information has to be public, so that the customer can consider it. Consequently, it was necessary to inquire how the hotels publish that type of information. The results are evident in Graph 7, where the most chosen answer was online travel agents (OTA 23.8%). Hotel online website represents 17.5%. Plus, sharing information about Co-creation using social media represents 15.9% while marketing, sales and service departments represent 20.6% and after sales support department 22.2%.

Similarly, it was critical to understand how they manage the communication process while conducting the Co-creation survey. In other words, it was necessary to know if hotels had a unidirectional or bidirectional policy. Unidirectional policy means that only the hotel can communicate with the guests. In a bidirectional policy, the guest can communicate back to the hotel to enrich the Co-creation experience. The hotels responded positively to this question, with 85.5% stating to have a bidirectional policy and only 14.5% has in their institution a unidirectional policy.

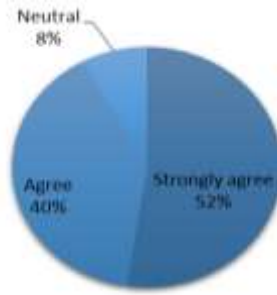


Graph 8 – Representation of how the communication is managed



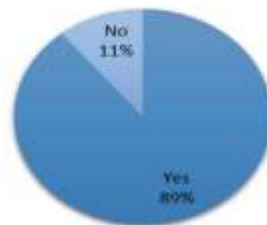
Graph 9 – Representation of hotels' levels of feedback about Co-creation experiences

Furthermore, it is important to evaluate the feedback provided by the customers. According to graph 9, 31.7% of the hotels say that the feedback received is very good, while 57.1% said that the feedback is only good. There are not many hotels admitting that the feedback is moderate (9.5%). Satisfaction is also an important factor to understand if Co-creation experiences are working to create competitive advantage. Thus, 57.4% strongly agree that Co-creation is linked directly to customer satisfaction. 39.7% only agree to that same fact while 7.9% are neutral to the fact Co-creation is linked to customer contentment (see Graph 10).

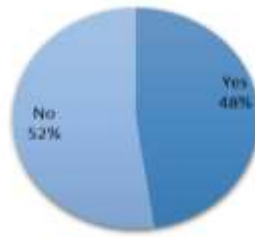


Graph 10 – Representation of hotels that believe that Co-creation experiences are related to customer satisfaction

Not only satisfaction and general feedback are fundamental, customer loyalty is also a very important factor to analyze after customer participation in Co-creation experiences. Every single hotel agreed to the fact that Co-creation is directly linked to customer loyalty. Mostly from an economic perspective, it was important to know if Co-creation translates a better hotel performance (quality of service, higher revenue and brand equity). The response from the hotels was quite positive, with most hotels agreeing to that fact (89.1%) while only a few hotels disagreed with it (10.9%) (Graph 11).

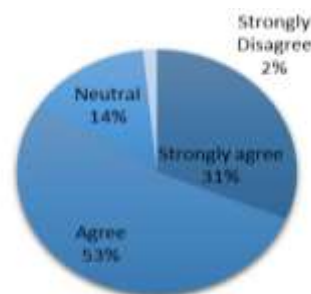


Graph 11 – Representation of the relation of Co-creation experience with firm performance



Graph 12 – Representation of the question: would guests pay the premium price for Co-creation experiences

In graph 12, the information provided supports a better understanding if customers would be on board on paying a premium price for the unique product (Co-creation experience). As noticed, there is quite a division on the hotels' opinion, thus hotels that believed that customer would pay extra for the Co-creation represents 47.6%, while hotels that do not follow the same idea represent 52.4%. This is interesting to contrast with the information from graph 13, where it is clear that most hotels strongly agree (31.3%) or agree (53.1%) with the fact that Co-creation can create competitive advantage, providing new guests attraction to the lodging business.



Graph 13 – Representation of the question: would Co-creation be an innovative form of attracting guests

3.2 Results analysis

After analyzing the survey data, obtained from the 81 hotels (assuming the real sample size previously mentioned), it is evident that most hotels include Co-creation policies and strategies. To analyze the result, it is important to cross the data from the

questionnaire with the research propositions established at the beginning of the investigation.

3.2.1 Analyzing Q1 with P1, P2 and P3

Regarding the first question (Q1), the intention was to verify if hotels are aware of this concept and if they are using it as a strategy. It is essential to know if hotels are using Co-creation experiences and what types of involvement they have. In fact, hotels in Portugal are aware of this concept since only 25.3% answered that they do not use Co-creation as a strategy while 74.7% are aware and use it (Graph 6). The difference remains in the type of involvement they have with it. The major achievement is that there are three regions that have a strong commitment level with Co-creation, namely, Metropolitan area of Lisbon, Centre and North. These three regions contribute to almost 50% of the hotels that affirm to use Co-creation as a strategy (Norte-15.6%, AML-15.6%, 18.07%).

According to Travel-BI, 1.8 Million tourists visited Lisbon, 1.2 Million visited North region and 0.8 Million visited Centre region. Hence, the remaining regions received 1.5 Million tourists (Nuts II). For this reason, these three regions might bet on Co-creation strategies. They are considered, out of all the seven regions, the most developed at a tourist level, meaning they have more Co-creation strategies than the rest. Therefore, it is possible to affirm that P1 is valid.

As discussed before, Co-creation is a working strategy that allows the customer to customize their stay in the terms that the hotel can support. It is a teamwork effort between the hotel and the guest. Therefore, to support the idea that hotel customization in the guests stay, it is necessary to get to know them individually. With Q1, it was possible to assume that hotels with less than 100 rooms practice more Co-creation strategies and policies.

Out of 74.7% of hotels that use Co-creation strategies and processes, 39.76% are hotels with less than 100 rooms. Meaning that to customize the guests stay it is important to know the guests and this process is easier and accurate if they have a limited number of consumers to recognize and analyze. As stated before, the customer relationship is very important to initiate Co-creation and it is natural for hotels with fewer guests to have a better relationship with their guests. With these findings, the researcher can be assumed that the P2 is a valid proposition.

Another factor that influences the Co-creation experience is the hotel category, hotels have different categories and each hotel establishes it according to the level and type of service they provide. It is possible to observe that out of all five-star hotels that answered, 22.22% have a Co-creation strategy and practice it at a high level, while out of all four-star hotels only 11.29% practice Co-creation at a high level. There is in fact a higher demand for the five-star hotels to provide a better and unique service, which is their purpose.

Hence, it is normal and natural to assume that five-star hotels are more willing to incorporate Co-creation strategies at a higher level. As discussed in the literature review it is a way of providing the customer with a unique and memorable experience. Therefore, it is valid to affirm that five-star hotels have a higher involvement with Co-creation because they create an unique and memorable experience, something that luxury hotels look for constantly. Therefore, it is solid to say that P3 is valid.

3.2.2 Analyzing Q2 with P4

The second question (Q2) aims to understand how hotels inform their guest in the pre-stay phase about a possible Co-creation experience. The results were divided but most hotels use online travel agents to publicize their Co-creation experience. Although the results were divided, OTA (Online Travel Agency) came up first with 22.73% while the runner-up were after sales support department with 19.70%. The fact that hotels use OTA'S is because in the past years' this trend has been increasing and reservations booked by the guests improved the business model experience for the customer. According to Travel Daily News International, 53% of the millenniums prefer to book their vacations/hotels with OTA, and they represent 33% of the market share (largest). In a pre-stay phase, it is crucial to know how the Co-creation is getting to the customer and after conducting this analysis it is logical to say that the hotels are following this trend. If the customer books their stay through OTA, it is natural and logic that hotels independently of their category (four-stars or five-stars) advertise and share their information through the same digital software. Therefore, in conclusion, we can affirm that P4 is acceptable.

3.2.3 Analyzing Q3 with P5

According to the questionnaire, this question aimed to inquire if hotels were using and implementing Co-creation strategies and policies in an innovative way to attract guests and get direct and concrete answers. By crossing data with the independent variables in question 3 (Q3) it is possible to assume that using Co-creation is in fact a pioneering form of inviting visitors. After crossing the data it was possible to see that 78.46% of the hotels that use Co-creation strategies strongly agree (29.23%) or agree (49.23%) with this fact. As previously mentioned, Co-creation is an opportunity for the customer to personalize their stay according to their needs. As such, it is logical and understandable that more guests would want to choose a self-unique product, resulting in new customer acquisition. In conclusion, we can assertively conclude that P5 is correct.

3.2.4 Analyzing Q4 and Q5 with P6

Customer's loyalty and satisfaction are two different concepts, nonetheless in the hotel industry it is possible to manage them together. Customer Satisfaction is measured at the hotel by evaluating their overall stay. Customer Loyalty is measured by customer return rate. While conducting the survey, it was important and essential to know if Co-creation was linked directly to satisfaction and loyalty.

Analyzing Q4, it was possible to come up with some data about customer loyalty. After crossing data from Q4 with the independent variables, the result was that both four-star and five-star hotels confirm the assumption with 70.97% and 24.19% respectively. There was not an answer "No" to this question, meaning that every hotel that has Co-creation strategies consider that Co-creation is directly linked to loyalty. For this reason, it is possible to assume that after a customer is part of the Co-creation experience, his/her return rate probability increases.

Analyzing Q5, it is possible to reach some findings by inquiring hotels if Co-creation is linked to customer satisfaction, and as a consequence, draw some conclusions. According to the data, an overall of 87.5% engaged with the hotel - agree (39.06%) or strongly agree (48.44%). Customer satisfaction is very important in the hotel industry and with this information it is possible to conclude that Co-creation is in fact a positive input.

First it is linked to guest satisfaction, secondly it is the reason that makes them return. This information validates P6.

3.2.5 Analyzing Q6 with P7

To understand the concept of Co-creation among the hotels it was not only important to analyze it in a Pre-stay, Stay and Post stay phases, but also the economic stage. According to Santos and Brito (2012), firm performance is broken down into several concepts and at the end everything is summed up in a positive or negative firm performance. Considering this analysis, the scope consists in the economic viewpoint of the firm performance, that is Market value, Profitability and Growth.

According to the questionnaire, hotels answered Q6 very positively as 86.15% of hotels confirmed that Co-creation translates in a better firm performance while only 9.23% disagree with this statement. Firm performance is based on growth, probability, market value, customer satisfaction, employees satisfaction, environmental performance and social performance (Santos & Brito, 2012). It involves not just the economic features but other propositions as well. For this reason, it is possible to confirm that hotels with Co-creation strategies have better results regarding their profit, growth and market value, resulting in the validation of P7.

3.3 Co-creation examples used by the hotels in Portugal

Co-creation Examples	Hotels Using this service
1) Online Suggestion box to help hotel improve services and Hotel interior designs	26
2) Customer Relations Platform that collects guest's real-time information;	37
3) A platform that allows customers to choose Minibar items;	2
4) A platform that allows customers to customize their sleeping experience. (Type of pillow, type of duvet, type of mattress)	21
5) The possibility of consumer choosing room temperature before arriving;	12
6) The possibility of guests requesting for additional packages (champagne, premium amenities, birthday cake);	59
7) Messaging customer with unique and personalised information (Sports, News, meetings);	35
8) Direct interaction with the guest through social media in order to improve customer experience. (Get to know likes and dislikes);	29
9) Interaction guest with other guests through social media in order to absorb more information to generate better customer experience;	19
10) Build a personalised and unique itinerary for guest;	30
11) Personalize guests restaurant experience;	36

Table 10 – Co-creation examples

Source: The Author

To get an overall idea of the Co-creation implemented by Portuguese hotels, they were asked to check with the above examples (table 8) to understand to which extent did they practice them at the hotel. The response was quite positive, with many hotels implementing most of these examples that were introduced in the theoretical review. Furthermore, the hotels went beyond and provided the researcher with other examples that they use to create something unique and memorable for the guest. For instance, one

of the hotels asks their guests if they prefer a bathtub or a shower, others gave the customer the opportunity to choose the location of their room, while another provide the guests with surprises. This exercise was very interesting, since it shows how hotels get in touch with the guest to fulfill the Co-creation purpose.

Chapter IV - Conclusion

4.1 Final considerations

The literature review aimed at explaining how marketing has evolved in the last decades, indicating that the concept of influencing the customer to make the decision of buying a product or service has been changing. Besides, it became evident that currently it is important to sell the experience process instead of just a product, especially in the hotel industry business. Marketing evolution passed through the 4P's of the Marketing mix, presenting the importance of the product, price, promotion and place in order to fulfill the customer needs. Although this strategy was valid, marketing requires constant development and adaptation leading to the 4C's strategy with a scope on cost, consumer, convenience and communication. Nowadays, this strategy focuses on a digital era and a connected world which demand a higher level of customer participation so that companies can seek satisfaction by attending to the customers needs. Despite being a recent marketing mix model, a new 4E's model arise for the tourism industry highlighting a framework with increased focus on engaging and creating a relationship with the customers in order to explore their needs and requirements, by focusing on customer experience, exclusivity, engagement and emotion. This evolution clearly shows that the marketing concept was highly centered in manufacturing and selling a product. Therefore, Lauterborn (1990) said that companies should not sell a product but should look out for the customer's wants and needs. Likewise, Kotler, P., Kartajaya, H., & Setiawan, I. (2017) refer the importance of engaging the customer in the current digital era leading to the increase of success rates.

In the tourism industry, it is essential to search for customer wants and needs, however, to really have a competitive advantage one should go beyond and sell unique and memorable experiences. Thus, that was how marketing reached and developed the experiential marketing concept which seeks to identify and satisfy the customer needs, profitably and engaging the consumer to add value to the target audience. In conclusion, it can be said that marketing went from product oriented to customer oriented and later in the tourism sector to an experience oriented concept. In this dissertation it was important to demonstrate how Co-creation and experience are related. Therefore, proving that Co-creation is a key element to reach a memorable and unique experience.

By using a Co-creation methodology, it is proven that it can create an unique and memorable experience by reaching the customer expectation, which in fact is what a guest

is looking for. Thus, Co-creation is a process that provides the customers unique and memorable experiences. In addition, creating this type of experiences makes the clients satisfied and loyal to the company that provides this type of service. According to the 5A framework, Kotler, P., Kartajaya, H., & Setiawan, I. (2017) state the importance of understanding the customer behavior while acquiring or purchasing a product. Whereby, brands can generate the need and desire by creating positive and memorable experiences to increase interest and deep search/interaction. Hence, high loyalty and desire to buy again and re-visit are natural consequences. In the literature chapter, Chiang, Chen & Xu (2006) consider Revenue Management as a strategic tool to increase the profits, supporting lodging industry in the quest to maintain and achieve sustainable strategic advantages. These strategic tools allow hotels to provide proper open price models by allowing the customer to customize their stay. Furthermore, the technology development provides hotels top management tools and powerful information about customers. Business Intelligence contributes with useful analytic management database tools in order to monitor the consumer behavior. As such, the investment in big data analytics is a key factor to generate competitive advantage by anticipating customer expectations and predict market needs in order to customize tourist offers (Del Vecchio *et al.*, 2018). In this study, the researcher intended to look for deeper understanding on how customers react to Co-creation strategies and if they remain loyal to the corporation or even if they would return, as a result of their experience. In other hand, the discussion focus aims to interpret if the hotels in Portugal were aware of this Co-creation process, and if so, how where they using it to attract and retain their customers.

Regarding the case study, it is possible to argue that this was a very interesting and positive investigation. The researcher found that hotels in Portugal are implementing Co-creation strategies at a medium level. Considering this, the Portuguese hotel industry might keep up with the new tendencies, especially Co-creation, a new emerging concept that would provide the customer with unique and memorable experiences which should be highly recognized as a profitable investment. By looking at the data provided, it is possible to answer positively to each proposition. In deeper detail, 77.8% of the hotels implement Co-creation strategies, but most of them practice it at a medium level (33.8%). This represents a clear space for improvement allowing the researcher to conclude that Co-creation in Portugal might be a critical element to explore in a much deeper way. This way customers would be more satisfied with the service provided and the return rate in

the same hotel or group would increase significantly with the created impact. Such utilization would increase the profitability for the hotel business and would encourage growth, boosting Co-creation as a win-win concept allowing firms to invest in a DART framework, increasing dialogue, transparency and access to information to provide the consumer to make decisions based on risk-benefit factors (Prahalad and Ramaswamy 2004).

4.2 Limitations and future investigation

While conducting the investigation it was difficult to reach the marketing department of the hotels so they could answer the survey. From the 606 contacted hotels, only 81 answered, representing a major limitation in this study.

The survey was conducted via email, telephone and in some cases a personal face-to-face approach. It is possible to conclude that this method did not reach the expected outcome. The face-to-face approach with the general manager at Opera hotel from the Villa Gale group allowed for a better understanding on how big groups in Portugal work with a centralized and unique marketing department. Meaning that the strategy implemented at one specific hotel location follows the same standard in every hotel of that organizational group. The proof of that is in the annex with written confirmation on that same point, by the big groups in Portugal (NAU, Pestana and DHM).

To sum up, Prahalad and Ramaswamy (2004) refer that consumers are much more aware of market offers, comparing with the past. Nonetheless, customers are not completely satisfied with the provided services and experiences, stating that firms are highly investing on increasing the range of products instead of investing in differentiation. Currently, technology latest developments allow customers to evaluate products and brands for a short period of time and on a daily basis. Thus, organizations should invest in creating value during these short periods of time, were customers interpret and define an impression or idea about a product or service. Hence, Kotler, P., Kartajaya, H., & Setiawan, I. (2017) defined the importance of the 4A's model as a simple tool to describe the process which the consumers go through in order to evaluate an impression on brands. Besides, the authors also refer to the updated 5A model as a framework approach for all business sectors in comparing customer behaviors and features by using benchmark actions within different business activities. Therefore, by reaching customer behaviors it

is possible to analyze how to increase loyalty rates and promote re-visit and re-buy attitude. To achieve this, it is important to highlight a product or service by strategically providing interactive and memorable customer experiences which express competitive advantages and added value activities.

The implementation of the Co-creation concept represents a competitive advantage to organizations which allow firms to deeply understand customer demands and needs. According to Ramaswamy and Ozcan (2017), a connected world promotes interactive platforms as a diversity of experience outcomes. Vargo and Lusch (2008) refer to the importance of customers as active role performers in the Co-creation process, since they are able to provide relevant information for new products and services or even to improve existing ones. Consequently, Co-creation not only represents a competitive advantage but also an organizational need, considering the customer active role. Therefore customers are definitely key stakeholders towards business success and organizational profit.

This case study intended to analyze customer behavior during the three phases of lodging experience by interpreting the results, validating research propositions and highlighting the importance and positive impact of Co-creation experiences in the Portuguese hotel industry. A lot of effort and research work should be done with focus on the hotel industry strategies outside Portugal. Co-creation, as a disruptive strategy concept defines a solid path to achieve business growth aiming to satisfy consumer expectations and create memorable experiences. Customer loyalty and delight are a common scope for the tourism segment. As a result, it is critical to develop and take competitive advantage from technology tools (Big Data analytics) and information management in order to engage, connect and interact closely with consumers which is the overall business provider target.

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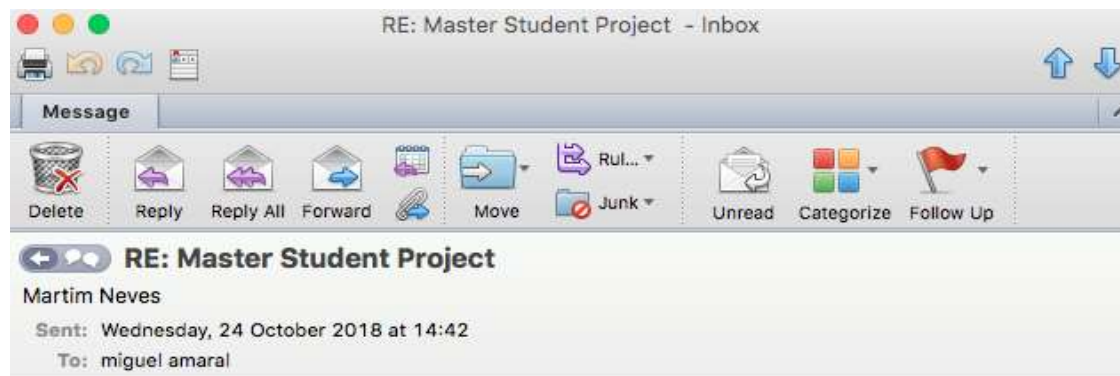
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Annexes

Annex 1 – Email confirmation about centralized marketing departments in hotel group



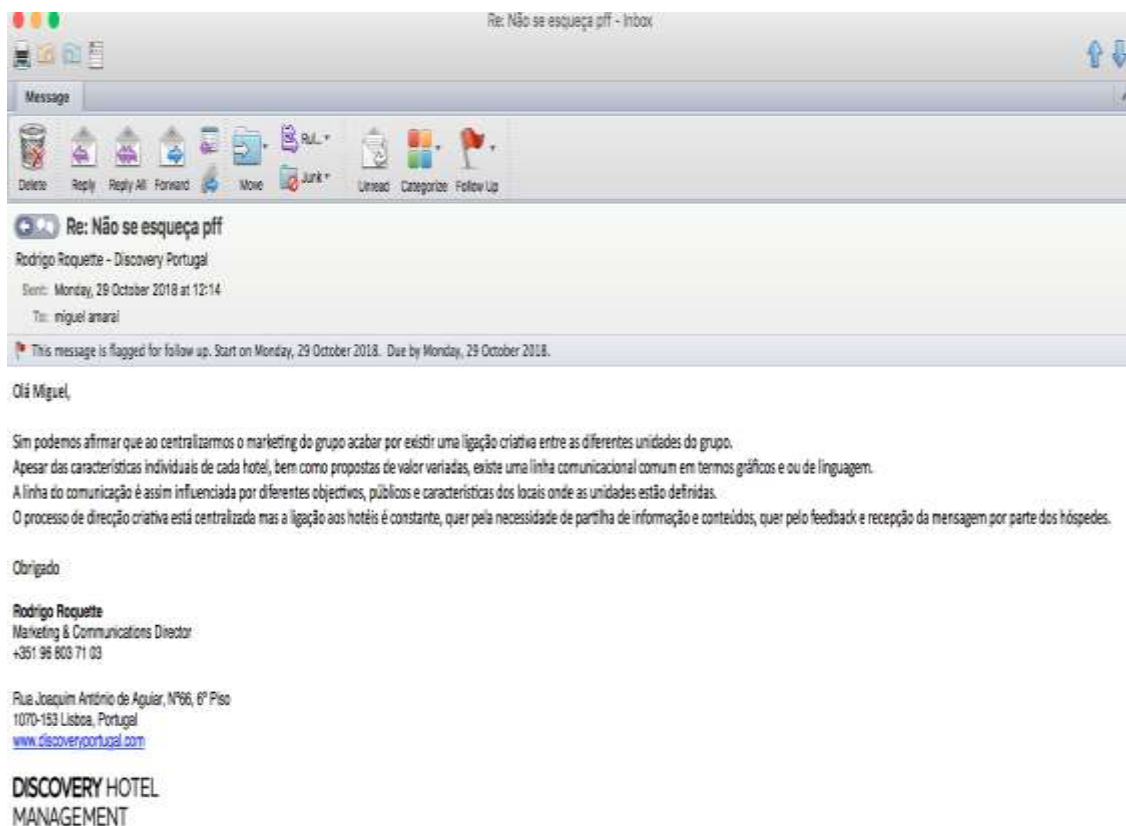
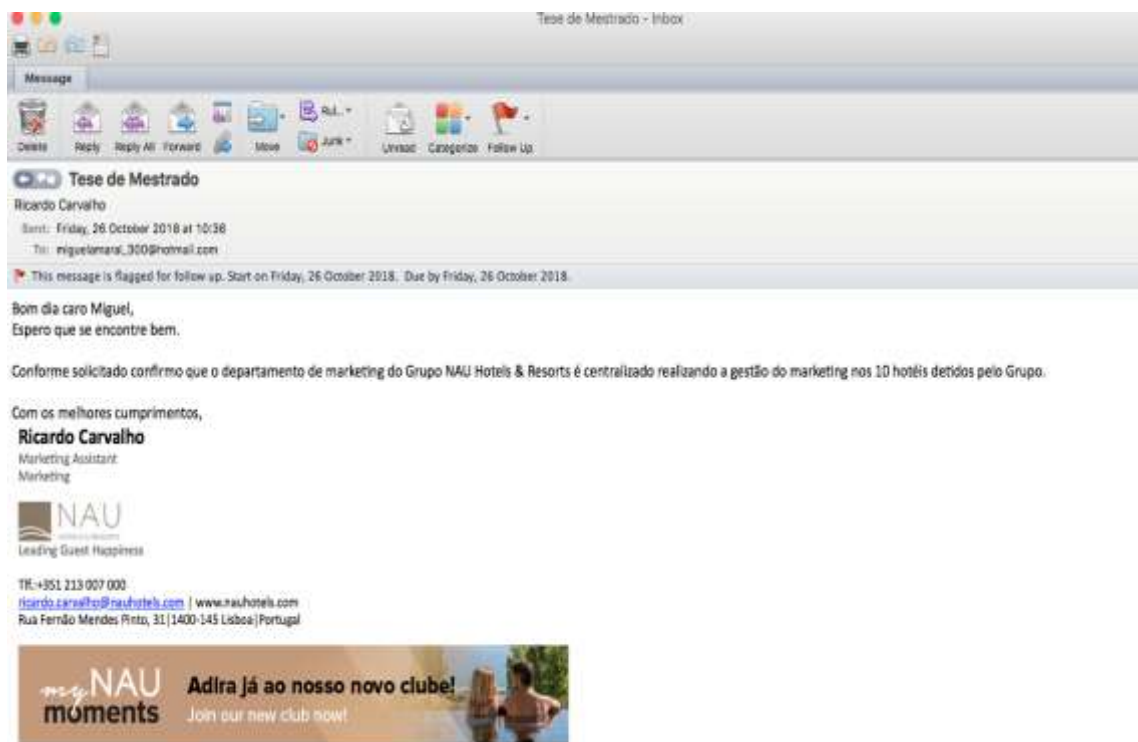
Caro Miguel,

Questão: Como o departamento de marketing do grupo pestana é central, funcionando para todos os hotéis do grupo. Podemos aplicar então que a co-criação funciona na mesma medida?

Todos os serviços centrais de apoio ao *core business* do grupo (Operação Hoteleira) foram centralizados standardizados de forma a garantir uma maior estabilidade interna e garantir uma maior padronização de serviço entre as diversas unidades do grupo. O Departamento de Marketing está centralizado e dividido em diferentes áreas de focalização. No que diz respeito à sua tese, a área de Marketing Digital, E-commerce, CRM e Business Intelligence, são os responsáveis pela inovação e aplicação de novas políticas únicas e padronizadas para todas as unidades Pestana, com o objetivo de acompanhar as novas tendências tecnológicas, entre elas, a co-creation.

Com os melhores cumprimentos,

Martim Falcão Neves
Growing Together | Management Development Program
Email: martim.neves@pestana.com
M.: +351 965 542 934



Annex 2 – Excel analysis of the data

Count of A.5 Is Co-creation a strategy/ Process used continuously in the hotel	NO	YES High Involvement	YES Low Involvement	YES Medium Involvement	Blank	Grand Total
Açores	3.61%	0.00%	1.20%	0.00%	0.00%	4.81%
Alentejo	1.20%	0.00%	1.20%	2.41%	0.00%	4.81%
Algarve	0.00%	2.41%	8.43%	1.20%	0.00%	12.04%
Area Met. Lisboa	8.43%	1.20%	4.82%	9.64%	0.00%	24.09%
Centro	6.02%	3.61%	3.61%	10.84%	0.00%	24.08%
Madeira	1.20%	1.22%	3.64%	3.64%	0.00%	9.70%
Norte	4.82%	6.02%	3.61%	6.02%	0.00%	20.47%
Blank	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total	25.28%	14.46%	26.51%	33.75%	0.00%	100.00%

Count of A.5 Is Co-creation a strategy/ Process used continuously in the hotel / per Room	NO	YES High involvement	YES Low involvement	YES Medium involvement	Blank	Grand Total
Less than 100 Rooms	16.87%	7.23%	16.87%	15.66%	0.00%	56.63%
100-119 Rooms	4.82%	1.20%	4.82%	1.20%	0.00%	12.04%
120-150 Rooms	2.41%	1.20%	2.41%	3.63%	0.00%	9.65%
More than 150 Rooms	1.20%	4.82%	2.41%	13.25%	0.00%	21.68%
Blank	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total	25.30%	14.45%	26.51%	33.74%	0.00%	100.00%

Count of A.5 Is Co-creation a strategy/ Process used continuously in the hotel / per Stars	NO	YES High involvement	YES Low involvement	YES Medium involvement	Blank	Grand Total
4 Stars	27.42%	11.29%	27.42%	33.87%	0.00%	100.00%
5 Stars	22.22%	22.22%	22.22%	33.33%	0.00%	100.00%
Blank	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total	25.30%	14.46%	26.51%	33.73%	0.00%	100.00%

Count of B.1	Hotel Online website	Marketing and Sales Dept	Online Travel Agents (Booking)	Service and After sales Depst	Social Media	Blank	Blank
4 Stars	13.64%	13.64%	19.70%	13.64%	10.61%	0.00%	71.23%
5 Stars	3.03%	6.06%	3.03%	6.06%	6.06%	0.00%	24.24%
Blank	1.50%	0.00%	1.51%	1.52%	0.00%	0.00%	4.53%
Total	18.17%	19.70%	24.24%	21.22%	16.67%	0.00%	100.00%

Count of E5. would co-creation be an innovative	Agree	Strongly Agree	Neutral	Strongly Disagree	Blank	Total
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form of attracting guests to hotels						
Açores	1.54%	0.00%	1.54%	0.00%	0.00%	3.08%
Alentejo	3.08%	1.54%	0.00%	0.00%	0.00%	4.62%
Algarve	9.23%	3.08%	3.06%	0.00%	0.00%	15.37%
Area Metro de Lisboa	10.77%	7.69%	1.54%	0.00%	0.00%	20.00%
Centro	12.31%	7.69%	4.62%	1.54%	0.00%	26.16%
Madeira	6.15%	3.08%	0.00%	0.00%	0.00%	9.23%
Norte	9.23%	7.69%	4.62%	0.00%	0.00%	21.54%
Blank	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total	52.31%	10.77%	15.38%	1,54%	0.00%	100.00%

Annex 3 – Survey (Co-creation strategy implemented by the hotels in Portugal)

Question	Answer Scale
A - Hotel Profile	
A.1. Hotel Location (Nuts II)	1) Norte; 2) Centro; 3) Lisbon 4) Alentejo; 5) Algarve; 6) Madeira; 7) Açores.
A.2. Hotel Business Concept	1) Business; 2) Airport; 3) All Inclusive Resort; 4) Bed and Breakfast; 5) Boutique; 6) Casino; 7) Conference Centre; 8) Convention Centre; 9) Extended-Stay Hotel; 10) Resort; 11) Suite; 12) Residence Condominium;
A.3. Hotel Size (Nº of Rooms)	1) Less then 100; 2) 100 – 119; 3) 120 – 150; 4) More then 150.
A.4. Type of Affiliation and Ownership	1) Independent (Privately Owned); 2) Hotels; 3) Management Agreement; 4) Franchising; 5) Consortia; 6) Part of Group/chain;
A.5 Is Co-creation a strategy/process that is used continuously in the hotel	1) No; 2) Yes, (Low Involvement); 3) Yes, (Medium Involvement) 4) Yes, (High Involvement)
B – Pre-stay phase – Getting in touch with Guests	
B.1 Which platforms does the hotel use in order to share information to the Guests about the co-creation process established by the hotel	1) Hotel Online Website; 2) Social Media (Instagram, Facebook, Tweeter...); 3) Online Travel Agents (Booking, Trivadvisor ...); 4) Marketing and Sales Department; 5) Service and After sales Support department;

B.2 How is the communication managed in the co-creation Process	1) Unidirectional (Hotel->Guests); 2) Bidirectional (Hotel->Guest->Hotel)
D – Post-Stay Phase – What is the feedback	
D.1 How does the hotel measure the co-creation success rate	1) Online Reviews; 2) Return Rate; 3) Hotel Rating; 4) Feedback to concierge; 5) Other;
D.2 What kind of feedback does the hotel receive about the co-creation process	1) Very Good; 2) Good; 3) Moderate; 4) Poor; 5) Very Poor;
D.3 Is co-creation process linked directly to satisfaction	1) Strongly Agree; 2) Agree; 3) Neutral; 4) Disagree; 5) Strongly Disagree;
D.4 After being part of the co-creation process do guests show loyalty to the hotel	1) Yes; 2) No
E – Economic Aspect in hotel Co-creation process	
E.1 Using co-creation process does it translate to a better firm performance	1) Yes; 2) No;
E.3 would co-creation be an innovative form of attracting guests to hotels	1) Yes; 2) No;
E.4 Examples of Co-creation used in the hotel	1) Online Suggestion box to help hotel improve services and Hotel interior designs; 2) Customer Relations Platform that collects guests real time information; 3) Platform that allows customers to choose Minibar item's; 4) Platform that allows customers to customize their sleeping experience. (Type of pillow, type of duvet, type of mattress); 5) Possibility of costumer choosing room temperature before arriving; 6) Possibility of guests requesting for additional packages (champagne, premium

	amenities, birthday cake); 7) Messaging costumer with unique and personalised information (Sports, News, meetings); 8) Direct interaction with guest through social media in order to improve costumer experience. (Get to know likes and dislikes); 9) Interaction guest with other guests through social media in order to absorb more information to generate a better costumer experience; 10) Build personalised and unique itinerary for guest; 11) Personalize guests restaurant experience;
X – Why not following a Co-creation Strategy – Barriers	
X.1 Data and Technology - Which barriers influence the commitment to co-creation process	1) Lack of open data and technology; 2) Lack of data quality, fragmentation of datasets; 3) Messy data formats and lack of metadata; 4) Missing infrastructure to support open data;
X.2 Firm Culture - What Stops the hotel from embracing the co-creation process	1) Political environment; 2) Lack of awareness of open data and benefits; 3) Technological skillset missing; 4) Requires trust and participation;
X.3 License and Legislation - In which way does the macro environment became a barrier to co-creation	1) Limited legislation on data sharing and licenses; 2) Limited legal obligation to publish open government data; 3) Privacy and security concerns;
X.4 General - In the big picture why doesn't the hotel bet on co-creation process	1) Lack Of Budget; 2) Lack of Motivation; 3) Lack of Human Resources; 4) Lack Of Marketing Research; 5) Other Priorities;

Annex 4 – Survey Matrix

		Variables	I°?	Reference	Question
General	Hotel Classification	1. Hotel Location	A.1		Q1
		2. N° of Rooms	A.2		Q1
			A.3		
			A.4		
	3. Market and Function			Q1	
	Hotel Profile	1. Ownership and Affiliation			
		2. Amenities			
Dimensions					
Pre-Stay Phase	Communication	1. Direction	B.1	Neghina, C., Caniëls, M. C. J., Bloemer, J. M. M., & van Birgelen, M. J. H. (2014).	Q2
		2. Frequency	B.2		
		3. Type	B.3		
		4. Info Sharing	B.4		
				Yi and Gong, 2012	
Commercializing Phase	Knowing	1. Info Seeking	C.1	Yi and Gong, 2012	
	Relating	1. Commitment	C.2	Wesley, Randalla, Michael, Gravierb and Prybutok (2011)	
		2. Trust	C.3		
			C.4		
		3. Connection			

Post-Stay Phase	Feedback	1. Satisfaction	D.1	Yi and Gong, 2012	Q5
		2. Loyalty	D.2		Q5
			D.3	Grissemann, Stokburger-Sauer (2012)	Q5
		3. Type	D.4		Q4

Indicators

Economic	Firm Performance	1. Quality of Service	E.1	Hamidi, Gharneh. (2017)	Q6
	Innovation	2. New Products	E.2		
	Revenue	3. Premium Price	E.3		Q3
	Examples		E.4		Q3