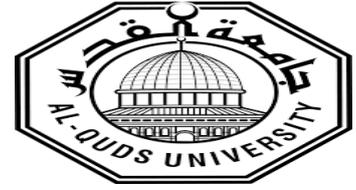


Deanship of Graduate Studies

Al-Quds University



Upgrading the Tourism Value Chain for Enhanced Hotels'

Competitive Advantage in East Jerusalem

Mahmoud Salem Ali Iriqat

Master's Thesis

Jerusalem-Palestine

1445/2024

**Upgrading the Tourism Value Chain for Enhanced Hotels'
Competitive Advantage in East Jerusalem**

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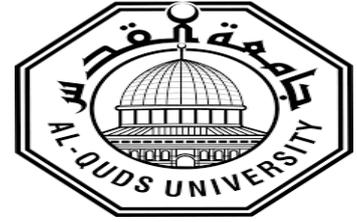
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1445/2024

Dedication

I dedicate this thesis to my dearest parents, whose boundless love and unwavering support have been the pillars of my academic journey. Your sacrifices and encouragement have shaped me into the person I am today. To my brothers and sister, your camaraderie and understanding have been a source of strength throughout.

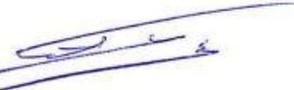
Special appreciation goes to my dedicated supervisor, Prof. Ibrahim Awad, for his guidance, expertise, and patience. His mentorship played a pivotal role in the successful completion of this thesis.

I am also grateful for the friendship and support of my dear friends. Your encouragement made this academic endeavor not just a solitary pursuit but a collective journey.

This achievement is a testament to the collective effort of my family, supervisor, and friends. Thank you for being my pillars of strength and for sharing in the joy of this accomplishment.

Declaration

I certify that this thesis submitted for the Degree of Masters, is the result of my own research, except where otherwise acknowledged, and that this study, (or any part of the same) has not been submitted for a higher degree to any other university or institution.

Signed: 

Mahmoud Salem Ali Iriqat

Date: 03/01/2024

Abstract

This research aims to investigate the role that upgrading the tourism value chain plays in enhancing the competitive advantage of hotels in East Jerusalem and to identify the key challenges and opportunities associated with this strategy. The study population comprises individuals, encompassing all tourists who lodged in the 26 hotels located in East Jerusalem at the time when the survey was conducted. The sample size was 384 tourists; however, the researcher was able to retrieve 203 responses.

The main instrument used by the researcher to gather the data for this study was a questionnaire. Data were gathered and statistically processed using the SPSS program and the AMOS program for the structural equation modeling SEM. The study produced a number of findings, the most significant of which was that the competitive advantage of hotels in East Jerusalem is significantly affected by the tourism value chain.

It was found that three out of the main five strategies used to upgrade the tourism value chain have significant impacts on the competitive advantage of hotels in East Jerusalem. Those strategies are service quality, product differentiation, and sustainability practices. In contrast to the previous studies, the remaining two strategies, which are customer relationship management and innovation and technological adoption, didn't significantly affect the competitive advantage of East Jerusalem's hotels. The unexpected result was attributed to the specific nature of tourists visiting Jerusalem, seeking to explore the ancient city and likely spending limited time within hotel premises. In this context, the available technology may sufficiently meet their needs. This observation holds true for CRM as well, as these tourists, driven by a desire for cultural exploration, may prioritize external attractions over forming long-term relationships with specific hotels.

The study underscores the need to tailor management approaches in East Jerusalem, acknowledging the unexpected outcomes in customer relationship management, innovation, and technological adoption. Recognizing that these factors may not be the primary drivers of competitive advantage in the hospitality sector, hotel managers and policymakers are advised to explore alternative avenues for enhancing the overall visitor experience. The recommendation is to prioritize the integration of local culture, historical authenticity, and personalized services aligned with tourist preferences, as this approach is deemed more effective in gaining a competitive edge. In light of these findings, the study proposes a paradigm shift in marketing strategies, urging policymakers to develop campaigns that authentically showcase East Jerusalem's cultural and historical attributes. Additionally, policymakers are encouraged to incentivize and regulate the adoption of eco-friendly practices by hotels to further enhance the destination's appeal.

تطوير سلسلة القيمة السياحية لتعزيز الميزة التنافسية للفنادق في القدس الشرقية

إعداد: محمود سالم علي عريقات

إشراف: الأستاذ الدكتور ابراهيم عوض

يهدف هذا البحث إلى دراسة الدور الذي يلعبه تطوير سلسلة قيمة السياحة في تعزيز الميزة التنافسية للفنادق في القدس الشرقية، وتحديد التحديات والفرص الرئيسية المرتبطة بهذه الاستراتيجية. يشمل مجتمع الدراسة أفراداً هم عبارة عن السائحين الذين أقاموا في الـ 26 فندقاً الموجودة في القدس الشرقية في الوقت الذي أجري فيه المسح. كان حجم عينة الدراسة 384 سائحاً؛ ومع ذلك، تمكن الباحث من الحصول على 203 إجابات فقط.

الأداة الرئيسية التي استخدمها الباحث لجمع البيانات لهذه الدراسة هي استبيان. حيث تمّ جمع البيانات ومعالجتها إحصائياً باستخدام برنامج (SPSS) وبرنامج (AMOS) لنمذجة المعادلات الهيكلية. أسفرت الدراسة عن عدة نتائج، وأبرزها أن الميزة التنافسية للفنادق في القدس الشرقية تتأثر بشكل كبير بسلسلة قيمة السياحة. حيث تبين أن ثلاثاً من أصل خمس استراتيجيات تستخدم لتعزيز سلسلة قيمة السياحة لها تأثيرات كبيرة على الميزة التنافسية للفنادق في القدس الشرقية. تلك الاستراتيجيات هي جودة الخدمة، والتميز في المنتج، وممارسات الاستدامة. على عكس الدراسات السابقة، لم تؤثر الاستراتيجيتان الباقيتان، وهما إدارة علاقات العملاء وتبني الابتكار والتكنولوجيا، بشكل كبير على الميزة التنافسية للفنادق في القدس الشرقية. حيث ناقش الباحث بأنّ هذه النتيجة غير المتوقعة قد تكون بسبب الطابع الخاص للسياح القادمين إلى القدس الذين يسعون لاستكشاف المدينة القديمة وربما يقضون وقتاً محدوداً داخل أماكن الإقامة الفندقية. في هذا السياق، قد تكون التكنولوجيا المتاحة كافية لتلبية احتياجاتهم. الأمر الذي ينطبق أيضاً على إدارة علاقات العملاء، حيث يمكن لهؤلاء السياح، الذين يدفعهم رغبة استكشاف الثقافة، أن يعطوا الأولوية للمعالم الخارجية على تكوين علاقات طويلة الأمد مع فنادق محددة.

تؤكد الدراسة على ضرورة تخصيص أساليب الإدارة في القدس الشرقية، مع الأخذ بعين الاعتبار النتائج غير المتوقعة في إدارة علاقات العملاء وتبني الابتكار والتكنولوجيا. وبناءً على إدراك أن هذين العاملين قد لا يكونا العاملين الرئيسيين للميزة التنافسية في قطاع السياحة؛ فيوصى مدراء الفنادق وصانعو السياسات باستكشاف سبل بديلة لتعزيز تجربة الزائر بشكل عام. وتتمثل التوصية في إعطاء الأولوية لدمج الثقافة المحلية والأصالة التاريخية والخدمات الشخصية المتناسبة مع تفضيلات السياح، حيث يُعتبر هذا النهج أكثر فعالية في تحقيق الأفضلية التنافسية. وفي ضوء هذه النتائج، تقترح الدراسة تحولاً في استراتيجيات التسويق، داعيةً صانعي السياسات إلى تطوير حملات ترويجية تعرض بصدق سمات القدس الشرقية الثقافية والتاريخية. بالإضافة إلى ذلك، يُشجع صانعو السياسات على تحفيز وتنظيم تبني الممارسات الصديقة للبيئة من قبل الفنادق لتعزيز جاذبية الوجهة بشكل أكبر.

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Abbreviations

OPT: Occupied Palestinian Territory

UN: United Nations

UNCTAD: United Nations Conference on Trade and Development

TVC: Tourism Value Chain

GDP: Gross Domestic Product

PCBS: Palestinian Central Bureau of Statistics

WBCSD: World Business Council for Sustainable Development

SPSS: Statistical Package for the Social Sciences

AMOS: Analysis of Moment Structures

TVCEI: Tourist Value Chain Enhancement Index

SQ: Service Quality

CRM: Customer Relationship Management

PD: Product Differentiation

ITA: Innovation & Technological Adoption

SP: Sustainability Practices

CAHEJ: Competitive Advantage of Hotels in East Jerusalem

SEM: Structural Equation Modeling

CFA: Confirmatory factor analysis

C.V: Coefficient of Variation

S.D: Standard Deviation

CFI: The Comparative Fit Index

GFI: The Goodness of Fit Index

RMSEA: The Root Mean Square Error of Approximation

Chapter One: Orientation

1.1. Research Background

Israeli authorities have separated East Jerusalem from the rest of the occupied Palestinian territory (OPT) physically, politically, and economically since the beginning of the occupation in 1967. Israeli actions changed Jerusalem's physical and demographic reality. Among these are the city's annexation, the growth of Jewish communities in and around East Jerusalem, and the building of the separation wall, which effectively redraws the border away from the pre-1967 ceasefire line (OCHA, 2011).

East Jerusalem's economy suffers from the same Israeli limitations that harm the OPT's overall economy. East Jerusalem presents several distinct development obstacles as a result of its position as an occupied enclave that Israel forcibly annexed. Palestinian Jerusalemites are regarded as "permanent residents" under Israeli law, but only as long as they continue to live in the city. Palestinian Jerusalemites have a different legal standing from Israeli settlers in East Jerusalem and Palestinians under Palestinian Authority control, which suggests a number of extra challenges, namely with regard to housing, work, taxes, and representation (UNCTAD, 2013).

Israel holds jurisdictional authority over the eastern portion of the city, which it has occupied since 1967. The Old City and the Arab neighborhoods to the east and north have seen changes in the city's physical attributes, historic character, and population composition due to actions taken by Israeli authorities. Additionally, they have violated pertinent UN resolutions and are at odds with the city's legal standing under international law (OCHA, 2011).

Unsurprisingly, the issue's complex legal, administrative, and political aspects, as well as the statistical chasm into which East Jerusalem falls—sparsely covered by Israeli statistics and administratively classified by Palestinian statistics within a different geographical context—complicate any study of and understanding of the area's socioeconomic conditions. (UNCTAD, 2013).

The Oslo Accords temporarily put an end to East Jerusalem's physical and economic segregation from the rest of the West Bank, but after 2000, it quickly restarted and accelerated thanks to Israel's systematic "separation" measures that have been implemented since then. It should have been a "golden era" for the East Jerusalem economy, but the post-Oslo era of open borders, growing domestic tourism, and economic revival in the OPT produced only mediocre

outcomes. Particularly, whatever little advancements gained during this period were quickly reversed in the days that followed the outbreak of the second intifada in September 2000 in the centre of East Jerusalem (UNCTAD, 2013).

However, in addition to the distortions that also influence the economy of the whole OPT, the Israeli occupation of East Jerusalem also has an impact on the Jerusalem Governorate's economy, particularly in J1 areas (it includes those parts of Jerusalem that were unilaterally annexed by Israel in 1967.). East Jerusalem's economy has suffered from the occupation in a variety of areas, including the labour market, the product market, commerce, and investment. Through transfers, aggregate demand, domestic wage levels, and labour market circumstances, the movement of Palestinian workers to Israel impacts the core of the Palestinian economy. East Jerusalem salaries are rising as a result of workers in Israel earning comparatively higher earnings than those in the OPT. Due to higher labour costs and a decrease in the competitiveness of Palestinian products, manufacturers in the Palestinian territories have lost out against imports, primarily from Israel, notwithstanding their poor productivity (UNCTAD, 2013).

Jerusalem holds a special spiritual significance for Muslims, Christians, and Jews; many of the holiest sites are to be found in East Jerusalem, particularly in the city's Old City. Abul-Su'ood & Jweiles (2008) found that about 40% of the J1 area's economic output comes from tourism and related activities. Despite the challenges it faces, East Jerusalem remains the most popular tourist destination in the Palestinian Territories.

A value chain is conceptualised as the set of processes required to transform raw materials into final goods and market them, including the value contributed at each stage. By addressing the planning and start of travel, stays at the destination, and return trips to the region of origin, the Tourism Value Chain (TVC) concept aims to include the host economy into the many nodes engaged in the trip lifecycle (UNWTO, 2013; Ashley & Mitchell, 2008). TVC analysis allows the recognition of possible interventions that may enhance the target groups' economic advantages (NDIVO & CANTONI, 2015).

Competitive advantage is a term coined by Michael Porter that refers to the ability of a business or organization to outperform its competitors by providing superior value to customers, achieving higher profitability, or capturing a larger market share (Porter, 1985). In the hotel industry, competitive advantage encompasses various factors that make a hotel more attractive to customers compared to its rivals, ultimately resulting in a stronger market position.

In this study, we look forward to using the concept of the tourism value chain as a tool to enhance the competitive advantage of the hotels in East Jerusalem.

1.2. Research Problem

Tourism is considered to be the main economic sector in East Jerusalem, and as mentioned before, it contributes about 40% of its GDP. However, due to the political complications that Jerusalem and its old city have been facing since 1967, more attention should be given to this sector.

According to the International Peace and Cooperation Center and Friedrich-Ebert-Stiftung (2020), the number of tourists visiting Jerusalem has increased over the past decades. However, there has been a decline in both the quantity and quality of tourist accommodations. This stands as just one example highlighting the challenges faced by the tourism sector due to the lack of development in the city. Therefore, there is a pressing need for more efforts to enhance tourism's competitive advantage in Jerusalem, allowing it to contribute significantly to the city's social and economic development.

Due to the importance of the tourism sector and its competitive advantage, this research is conducted to offer new data and policy recommendations to policymakers that may enhance the competitive advantage of East Jerusalem's hotels through upgrading the tourism value chain.

1.3. Overall Objective

The primary goal of this research is to investigate the role that upgrading the tourism value chain plays in enhancing the competitive advantage of hotels in East Jerusalem.

1.4. Specific Objectives

The specific objectives of the research are to:

- Investigate the effects of upgrading the tourism value chain of hotels in East Jerusalem on their competitive advantage in the market.
- Identify the policies and measures necessary to encourage the upgrading of the tourism value chain in hotels in East Jerusalem.

1.5. Significance of the Study

Practical Significance: This research will help policymakers create plans to enhance the tourism sector in East Jerusalem.

Theoretical Significance: The theoretical significance of this research lies in its contribution to underexplored areas within tourism and hospitality studies, specifically focusing on the tourism value chain in East Jerusalem. By addressing the challenges and opportunities in this unique geopolitical setting, the research enhances theoretical frameworks in destination management and strategic management. Additionally, the emphasis on hotels' competitive advantage adds strategic depth to the study, offering insights applicable not only to East Jerusalem but also serving as a reference for global contexts

1.6. Motivation for the Study

There are many motives beyond conducting this research: First, because Jerusalem is the origin of the three Abrahamic religions, it is of utmost spiritual value to Muslims, Christians, and Jews. The Old City of East Jerusalem, in particular, is home to the most significant holy locations for those faiths. The Old City's more than 100 religious institutions add to the feeling of the city's spiritual holiness.

Second, 369 businesses in the Jerusalem Governorate are categorised as hotels and restaurants, according to PCBS statistics. Twenty-five percent of the employed labour in the Jerusalem Governorate works in hotels and restaurants, together with internal trade. Furthermore, East Jerusalem's tourist industry dominates the Palestinian tourism industry, accounting for around 40% of the city's GDP.

Third, tourism is a sector with special potential for generating regional value and thereby contributing to sustainable development in developing countries and emerging economies. Tourism is not only one of the world's largest economic sectors and fastest-growing industries; it also employs large numbers of people and offers livelihoods to individuals with very different qualification levels.

Fourth, upgrading the value chain of hotels in East Jerusalem could be useful for hotel managers and owners in the region, as well as investors interested in the hospitality industry. It also contributes to the overall economic development of East Jerusalem, which could be

relevant to policymakers and development agencies interested in promoting sustainable and inclusive economic growth in the region.

1.7. Research Questions

- 1) To what extent upgrading the tourism value chain of hotels in East Jerusalem affect their competitive advantage in the market?
- 2) How can policymakers support the upgrading of hotels' value chain in East Jerusalem, and what policies and interventions are needed?

1.8. Study Model

The figure below shows the suggested study model. The operational description of the study variables will be in Section (3.8.4).

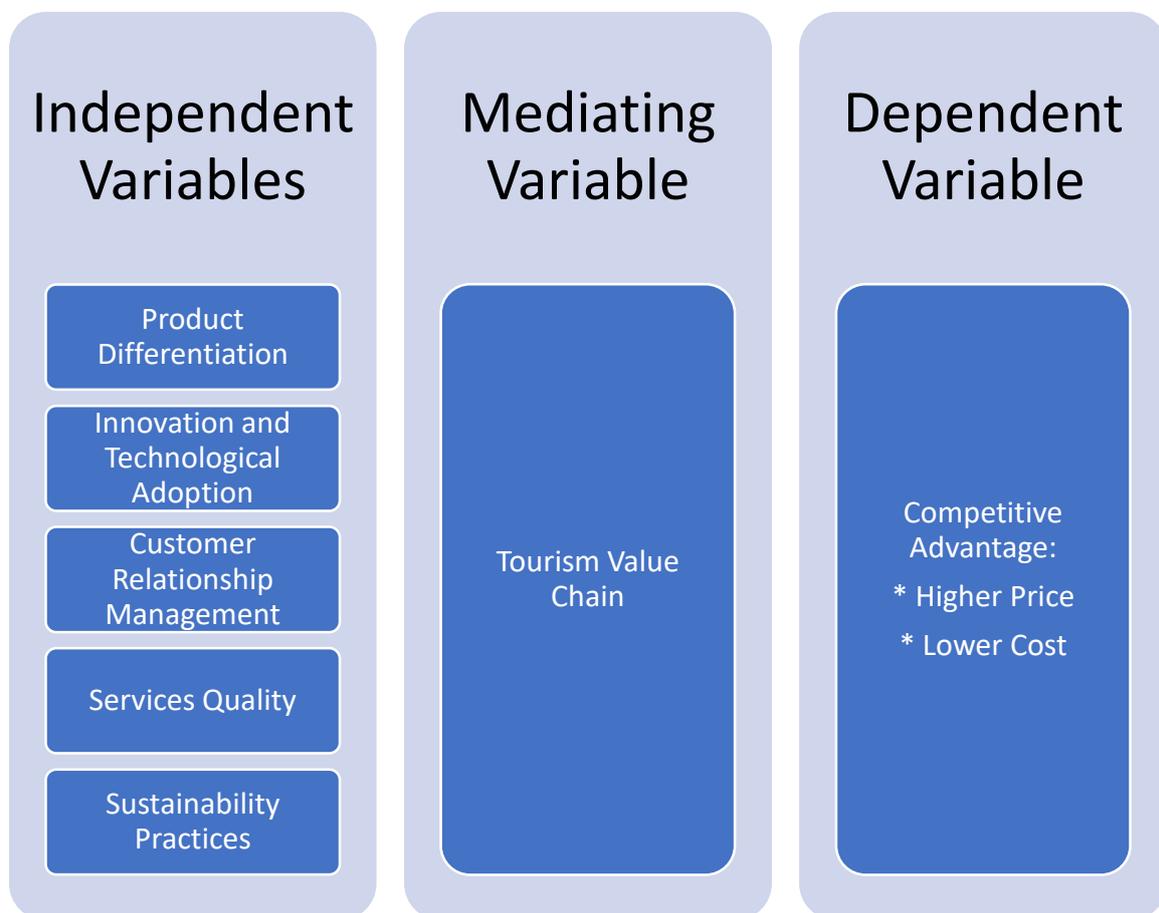


Figure 1: Study Model

1.9. Terminology of the Study

Value Chain: is the entire set of actions needed to take a product or service from notion, through the different production phases, to the final customer, and disposal after use (Kaplinsky & Morris, 2001).

Tourism Value Chain: is a concept which tries to integrate the host economy into the many nodes engaged in the full trip lifecycle, which includes travel preparation and departure, stays at the destination, and return trips to the region of origin (UNWTO, 2013; Ashley & Mitchell, 2008).

Competitive Advantage: is a term coined by Michael Porter that refers to the ability of a business or organization to outperform its competitors by providing superior value to customers, achieving higher profitability, or capturing a larger market share (Porter, 1985).

Chapter Two: Theoretical framework & literature review

2.1. Value Chain

2.1.1 What does Value Chain mean?

Created value is a price-related term, and the main components of value creation are indeed the basic cost itself as well as the value of the product or service (Porter, 1985). Porter also says that breaking down the operating company into activities will assist in understanding the value creation process. Value creation is then defined as the method of converting inputs into finished goods and delivering them to customers. Porter refers to his model as the ‘value chain’.

Value chains are considered to be a necessary component for most businesses today. According to the World Business Council for Sustainable Development (WBCSD), a value chain is defined as the complete life loop of a product or process, including material sourcing, production, consumption, and disposal or recycling processes (WBCSD, 2011).

The following figure shows a standard model for the sustainable value chain.



Figure 2: A standardized model for the sustainable value chain

Kaplinsky & Morris (2001) suggest that the value chain refers to the entire set of actions needed to take a product or service from notion, through the different production phases, to the final customer, and disposal after use. The below figure describes the value chain in its general form, where production is just one of several value-added linkages. In addition, it is noticed that there are a set of operations within each link of the chain. However, value chains are not as simple as described below in reality. Value chains in the real world contain more links as well as manifold links.

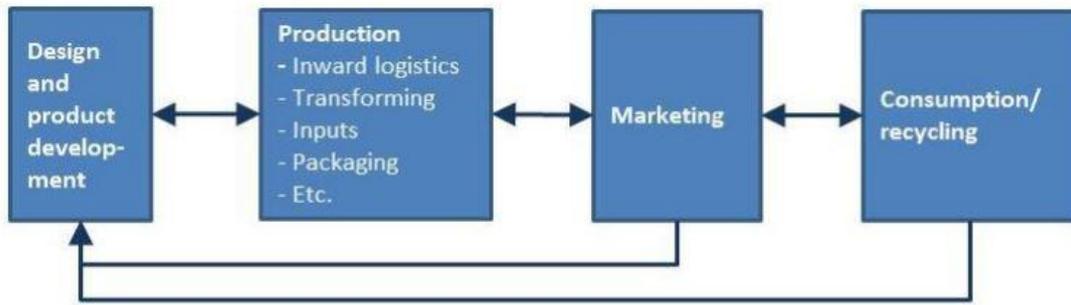


Figure 3: Four links in a simple value chain

Gereffi (1999) and Kaplinsky & Readman (2001) suggest that a value chain is based on the set of steps required to convert raw materials into finished goods and sell them, along with the value added at each link.

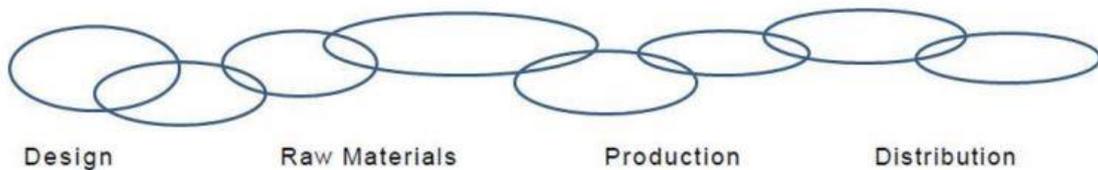


Figure 4: Chain of value adding activities

According to Porter (1985), the value chain concept is founded on the process perspective of enterprises, which is the notion of viewing a manufacturing (or service) enterprise as a system made up of subsystems, each with inputs, transformation processes, and outputs. In the process of transforming inputs into outputs, most enterprises engage in hundreds of actions. These tasks can be categorized as either primary or secondary activities that all organizations must perform in some capacity.

The "production and operation links" of an organization are, in the broadest sense, the primary activities that contribute the most to the company's bottom line. These actions are directly connected to the flow of commodity entities that are being processed. The activities of organizational construction, people management, technological development, and procurement are the secondary activities.

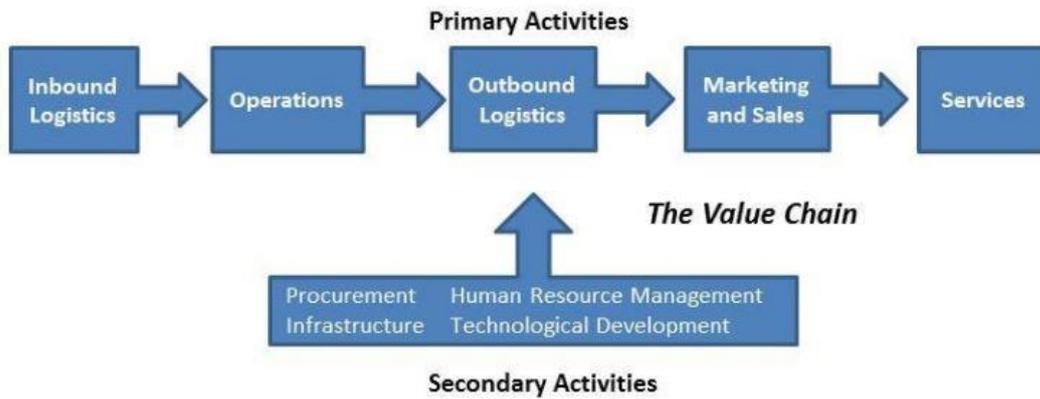


Figure 5: Primary and Secondary Activities of A Value Chain

To conclude, the value chain model is the setting in which value is generated through the transformation of inputs into outputs. The product serves as the channel via which value is transferred from the enterprise to its end users (the customers). It is standard practice for raw materials and intermediate goods to be carried to the manufacturing facility that will be responsible for transforming the inputs into products that will then be shipped to customers. From an analytical perspective, the value chain technique is significant because it shifts the emphasis from production to include all activities related to the provision of products and services, encompassing "intangible" stages like marketing and distribution (Kaplinsky, 2000; Wood, 2001).

2.1.2 Value Creation Logic

In the context of value chain analysis, competitive advantage is determined by breaking down the firm's process of creating value into distinct activities. These activities contribute to the firm's cost position and serve as a basis for differentiation. The criteria for breaking down activities are that they exhibit diverse economies, possess significant potential to impact value, or represent a substantial and expanding portion of costs (Porter, 1985).

A generic taxonomy of value-generation activities is represented by the value chain configuration, which has two levels. Primary activities are directly involved with the production of value and the delivery of that value to the client, whereas support activities are those that allow and enhance the operation of primary activities. The support designation emphasizes that support activities only influence the value given to consumers insofar as they affect the operation of primary activities. The primary activities in the value chain are concerned with the products themselves (Porter, 1985).

The value chain's five generic primary activity categories are as follows (Porter, 1985):

- Inbound logistics: actions associated with receiving, storing, and disseminating product inputs.
- Operations: actions related to changing inputs into finished products.
- Outbound logistics: actions encompassing the gathering, storage, and physical delivery of goods to customers.
- Marketing and sales: actions linked to establishing means for customers to buy a product and convincing them to make a purchase.
- Service: actions associated with delivering services aimed at enhancing or maintaining the value of a product.

Casual empiricism shows that manufacturing or process industry firms regularly define and describe their activities using the value chain activity category terminology. Marketing is classified as a primary activity since it informs customers about relevant product qualities and guarantees the availability of products on the market. Similarly, the incorporation of services within the primary activity category stems from the reality that service might be crucial for the realization of customers' value. The set of generic activity categories serves as a template for defining essential value activities that serve as a foundation for recognizing and growing competitive advantage from the standpoint of the entire organization.

The structure of the value chain is not meant to accurately represent the production flow. The concentration on value chain activities serves the purpose of identifying strategic areas for improvement or potential opportunities. However, it is not a prerequisite for detailing a reengineering of business processes.

There is a distinction to be made between generic activity categories and organizational functions. Several different organizational functions may be affected by actions that are connected for the purpose of gaining a competitive advantage. It's possible for a single function to carry out many activities that, from the point of view of gaining a competitive advantage, need to be treated separately. This distinction is most apparent in the differentiation between primary and secondary activities.

The value chain's five generic support activity categories are as follows (Porter, 1985):

- Procurement involves the activities conducted in the process of acquiring inputs used within the value chain.
- Technology development encompasses a wide range of activities that, in a general sense, can be categorized as efforts to improve both products and processes.

- Human resource management is comprised of actions such as recruiting, hiring, training, and developing.
- The infrastructure of the company includes actions such as general management, planning, finance, accounting, legal, and government affairs, as well as quality management.

2.1.3 Value Chain Vs. Supply Chain

According to Reddy (2013), Value chains and supply chains are defined differently. A value chain takes into account the value that the chain provides, especially for the final consumers, while a supply chain frequently refers to the network of suppliers that go into creating a final product. Although the phrases "value chain" and "supply chain" are sometimes used synonymously, they have important differences. The initial model, the supply chain model, is centred on processes that cheaply and efficiently supply subassemblies and raw materials to a manufacturing facility.

The value chain idea is more comprehensive and has a clear focus. In essence, a supply chain is the sequential movement of a good from one party to another. The addition of value at different transfer phases is known as the value chain. To increase the value of the finished good, different parties contribute value to it at different points along the value chain. Put another way, a value-chain analysis takes into account each stage, from raw materials to the ultimate end-user. The goal is to deliver the greatest value to the client at a minimal total cost. As a result, supply chain management is a subset of value chain analysis (Reddy, 2013).

2.2. Tourism Value Chain

Because it encompasses a wide variety of interconnected activities and processes that produce, provide, and collect value for tourists, the tourism value chain is an essential part of the tourism business. Transportation, lodging, food and drink, attractions, and tour operators are only some of the links in the tourist value chain, as described by (Buhalis & Foerste, 2015). The performance of each of these elements is important to the tourist experience as a whole, and improving their efficiency may boost both competitiveness and sustainability. Hotels, for example, are an integral part of the tourism value chain since they supply visitors with the shelter, conveniences, and services they need to have a pleasant trip. Similarly, the tourist value chain benefits from the presence of attractions and activities, including museums, theme parks, and cultural events.

The concept of the “Tourism Value Chain” (TVC) tries to integrate the host economy into the many nodes engaged in the full trip lifecycle, which includes travel preparation and departure, stays at the destination, and return trips to the region of origin (UNWTO, 2013; Ashley & Mitchell, 2008). As a result, the TVC nodes feature tourist enterprises from a variety of market categories, including both traditional mass markets and specialty markets such as eco-tourism, adventure tourism, health and wellness, religious, heritage, and sports tourism, among many others. If they work in housing facilities, restaurants, attractions, or other services, they can provide a variety of economic prospects for the local community.

Tourism value chain analysis enables the identification of potential short-, medium-, and long-term actions that might boost the economic gains of targeted customers or even contribute to the overall competitive development of the tourism destination (Gollub et al., 2003). The TVC idea is adopted from the value chain approach, which focuses on the entire range of steps necessary to get a product or service from conception to the end consumer, including the many stages of production and distribution (Kaplinsky & Morris, 2001).

Due to the nature of both the product and the market, tourism value chains differ from those for manufactured or agricultural commodities. Tourism, in general, is a complicated mixture of complementary items that serve the travel industry, such as lodging, transportation, cuisine, entertainment, cultural heritage, and shopping. In addition, for this 'product' to be consumed, the market (tourists) must go to the product (the destination), which is the reverse of typical product value chains (Ashley & Mitchell, 2008).

In the case of international tourists, this entails an unusual sort of trade in which the end-user is brought into the nation to consume the product or service. Furthermore, because the

product cannot be preserved, the creation and consumption of tourism services occur concurrently. As previously said, TVC encompasses the merger of enterprises and sectors throughout the whole travel lifecycle.

The tourism value chain is a process that involves a range of interrelated activities that add value to the tourism product, connecting suppliers to customers (Hjalager, 2010). According to Buhalis & Foerste (2015) and Hjalager (2010), the tourism value chain consists of the following components:

Destination management refers to the strategic planning, promotion, and development of tourist destinations. It encompasses the development and maintenance of the destination's infrastructure, facilities, attractions, and transportation systems, as well as marketing and branding efforts to attract tourists (Bieger & Wittmer, 2006). Destination management organizations (DMOs) often play a central role in this process, coordinating various stakeholders and ensuring that the destination's offerings align with market demands (Pike & Page, 2014). Effective destination management can contribute to a region's overall tourism value chain by creating a cohesive and attractive destination that meets the needs of various traveler segments.

Accommodation: Accommodation is a crucial component of the tourism value chain, as it provides lodging facilities for tourists during their stay. This includes hotels, resorts, vacation rentals, bed and breakfasts, and other alternative accommodations. The quality, affordability, and location of accommodation offerings can significantly impact tourists' overall experience and their perception of the destination (Buhalis & Foerste, 2015). Providing a diverse range of accommodations that cater to different market segments while maintaining high standards of quality and service can upgrade the tourism value chain and enhance the destination's appeal (Pulido-Fernández & López-Sánchez, 2016).

Food and beverage services: Food and beverage services encompass restaurants, cafes, bars, and other establishments that provide meals and drinks for tourists. The culinary offerings of a destination can be an essential factor in attracting tourists and enhancing their overall experience (Kivela & Johns, 2003). Local cuisine can also serve as a unique selling point, contributing to the destination's identity and providing a sense of authenticity for visitors (Björk & Kauppinen-Räsänen, 2016). Upgrading the food and beverage services in a tourism value chain involves offering diverse, high-quality culinary options that cater to different tastes and preferences while maintaining high standards of hygiene and service (Ryu & Jang, 2006).

Travel services: Travel services include travel agencies, tour operators, and transportation providers that facilitate tourist movement and experiences. These services help tourists plan, book, and arrange their trips, providing convenience and expert knowledge (Pearce, 2005). Efficient and reliable transportation systems, such as airports, train stations, and public transportation networks, also play a critical role in the tourism value chain by ensuring that tourists can easily access and navigate the destination (Witt & Moutinho, 1989). Upgrading travel services can involve enhancing the quality, convenience, and affordability of travel offerings, as well as incorporating new technologies and innovative approaches to meet evolving customer needs (Buhalis & Amaranggana, 2015).

Attractions and activities: Attractions and activities are the various natural, cultural, and recreational offerings that draw tourists to a destination. These can include historical sites, museums, natural landscapes, theme parks, festivals, and sports events (Swarbrooke, 2002). The diversity and quality of attractions and activities can significantly impact a destination's appeal and competitiveness in the tourism market (Richards, 2018). Upgrading attractions and activities in the tourism value chain involves developing and promoting a diverse range of high-quality offerings that cater to different market segments and enhance the overall tourist experience (Crouch & Ritchie, 1999).

Ancillary services: Ancillary services are the additional services that support the tourism experience, such as information centers, travel insurance, and currency exchange. These services enhance tourists' convenience and sense of security during their trips, contributing to their overall satisfaction and positive perception of the destination (Debbage & Ioannides, 1998).

By understanding the different activities and actors involved in the tourism value chain, stakeholders in the industry can identify areas for improvement and innovation. For example, they can explore ways to enhance the quality of products and services, reduce costs, and create new and innovative tourism products. This can ultimately lead to increased competitiveness as well as improved sustainability and economic growth.

2.3. Upgrading the Value Chain

According to Gereffi (1999), upgrading is "a process of increasing a firm's or an economy's ability to migrate to more profitable and/or technologically advanced capital and skill-intensive economic sectors". McDermott (2007) describes upgrading as "the move from lower-value economic activities to higher-value economic activities through the use of local innovative skills to produce continual improvements in processes, products, and functions." According to Kaplinsky (2000), economic actors can improve in four ways: by increasing the efficiency of internal operations, improving interfirm links, introducing new goods, and changing the mix of activities undertaken within the firm. Pietrobelli & Saliola (2008) characterize upgrading choices as: joining higher-unit-value market niches; entering new sectors; performing new productive functions; and, in all circumstances, expanding the firm's technological capabilities.

Most value chain upgrades are accomplished by paying attention to several business factors, such as combined attention to product and process upgrades or collaborative product upgrades in conjunction with contractual arrangements. In the following parts, we will explore upgrading by increasing the value added in the chain and improving market access opportunities. Following that, the role of partnerships and chain actors will be addressed.

2.3.1 Upgrading through increase of value added

The majority of upgrading approaches reported in the literature focus on increasing value-added production. This can take several forms, including product and packaging upgrades, process upgrades, functional upgrades (in-sourcing production or distribution functions), and intersectoral upgrades (product differentiation). In most cases, upgrading marketing or promotion activities is included in product upgrading. The enhancement of a product's added value is constantly influenced by (possible) market demand. These can be associated with intrinsic (product quality, composition, packaging, etc.) and extrinsic (typical process characteristics) product features. Process upgrading focuses on the enhancement of the product and the optimization of the manufacturing and distribution processes, which includes the introduction of new technologies (Upgrading of Value Chains in Developing Countries, 2012).

2.3.2 Upgrading of market access possibilities

Improving market access may include improving both horizontal and vertical relationships in order to participate in the appropriate market channel. Collaboration with horizontal partners may involve the collaborative purchase of production inputs, the shared use of production facilities, and cooperative product marketing. Furthermore, horizontal

collaboration, in its most sophisticated form, may result in product differentiation (intersectoral upgrading). The focus of upgrading vertical partnerships must be on being part of the correct channel targeting the right market (Upgrading of Value Chains in Developing Countries, 2012).

2.3.3 Role of partnerships and actors for change

Only partnerships—private-private, public-private, and public-public—are capable of enhancing value chains. Non-blockchain players can aid upgrading processes by offering technological, organizational, political, and instructional support or by altering macrocultural discourse in general.

Actors for change may include value chain actors other than the lead firm, such as retailers, industry, producer cooperatives, or nonchain actors, such as government organizations, nongovernmental organizations, or other parties in the business environment of the chain, such as banks or service providers. This indicates that the project might originate from either the government or the private sector (Upgrading of Value Chains in Developing Countries, 2012).

For instance, according to McDermott (2007) government laws, rules, and policies may encourage value chain upgrading by giving markets access through negotiating reduced international trade restrictions, assisting the development of physical infrastructure to promote a more efficient flow of products across the value chain (better roads and distribution facilities, such as storage of products, and better communication infrastructures), Promoting the growth of the knowledge infrastructure by establishing effective educational systems and training facilities, giving participants in the value chain access to industrial technologies via import subsidies and providing financial access, Creating a stable economic and political atmosphere.

According to Gibbon (2001), business strategies can assist in value chain upgrading via establishing standards (for quality, labor, the environment, trade, etc.), enhancing communication and planning to streamline the value chain, creating vertical governance systems that promote a streamlined flow of products and a more equitable allocation of value added, establishing horizontal governance structures to improve the power balance along the value chain and strengthen the negotiating stance of small producers, and aiding in the advancement of technology.

2.4. Upgrading the Tourism Value Chain

Recently, there has been much discussion about how to enhance the tourism value chain. Hotels, tour operators, and transportation companies are among the many links in the tourism value chain, which encompasses everything from pre-travel planning and development to post-travel consumption. Improving the quality of tourism products and services, boosting efficiency, and enhancing the overall visitor experience are all steps in the process of upgrading the tourism value chain.

There are numerous strategies that can be utilized to improve the tourism value chain, such as product differentiation, innovation, technological adoption, supply chain management, customer relationship management (CRM), human resource management, service quality, and sustainability practices.

Product differentiation is a marketing strategy that entails creating distinctive tourism products and services that set a hotel apart from its rivals. This can be accomplished by offering specialized services, such as wellness or ecotourism, or by customizing products to meet the unique needs and preferences of various customer segments (Buhalis & Foerste, 2015). Product differentiation can greatly improve the tourism value chain and boost the destination's competitiveness by creating a distinct and appealing range of offerings that cater to different market segments. Offering a diverse portfolio of tourism products and appealing to a diverse range of target markets are two ways that product differentiation can help advance the tourism value chain, according to the research (Pike, 2004). It can also help to strengthen a destination's brand and unique selling proposition (USP) (Morgan et al., 2002). Finally, it can boost customer satisfaction by tailoring services to the preferences of individual tourists (Bieger & Laesser, 2002).

Innovation and technological adoption entail the development of more efficient and effective methods of providing tourism products and services. This can be accomplished by adopting new technologies, such as online reservation systems or mobile applications, or by implementing new organizational structures, such as lean management or agile methodologies (Hall & Williams, 2019). Innovation and technological adoption in the context of hotels could be divided into three main areas: product/service innovation, process innovation, and organizational innovation (Hjalager, 2010). By embracing innovation and adopting new technologies, the tourism value chain can be significantly improved. Unique value propositions for customers and enhanced experiences can be achieved through novel approaches to product and service offerings and process improvements. Technology adoption can result in

streamlined processes, improved communication and cooperation across the value chain, and more effective use of available resources. These developments have the potential to boost the tourism value chain by increasing operational efficiency, decreasing costs, and providing more individualized customer service (Neuhof et al., 2015).

Supply chain management: The optimization of the supply chain to ensure the timely and cost-effective delivery of the right products and services to the right customers is what supply chain management entails. Achieving this goal requires the implementation of sophisticated logistics and inventory management systems, as well as the formation of partnerships and collaborations with various suppliers and other stakeholders (Gössling et al., 2015). The value chain of the tourism industry may greatly benefit from supply chain management. Improving operational efficiency, lowering costs, and coordinating efforts across all stakeholders are all ways to achieve this goal.

Businesses in the tourism value chain can benefit from efficient supply chain management by increasing efficiency, lowering costs, and reducing waste. Businesses can increase their profitability by realizing economies of scale and simplifying procurement, distribution, and inventory management (Sheldon & Park, 2011).

Suppliers, intermediaries, and service providers all have a vested interest in the success of the tourism industry, and supply chain management facilitates their collaboration and partnership (Sigala, 2008). This allows for the exchange of information, knowledge, and expertise, all of which can improve product selection, service excellence, and customer satisfaction (Cooper et al., 2008). However, Harrison & van Hoek (2008) argue that effective supply chain management enables businesses to respond quickly to market changes, variations in customer demand, and new trends. This ensures that guests' stays are more enjoyable and memorable.

Human Resource Management: Effective human resource management practices, such as employee training, motivation, and retention strategies, play a critical role in upgrading the tourism value chain. Well-trained, motivated, and satisfied employees are more likely to deliver high-quality service, contribute to innovative solutions, and foster a positive working environment. Furthermore, employee retention can reduce turnover costs and maintain organizational knowledge. As a result, effective human resource management contributes to an upgraded tourism value chain by enhancing service quality, promoting innovation, and supporting overall organizational performance (Tsaor & Lin, 2004).

Customer relationship management (CRM) involves building long-term relationships with customers through personalized service and targeted marketing. This can be achieved through the use of customer databases and loyalty programs, as well as through the development of customer-centric organizational cultures (Sigala, 2005).

Effective customer relationship management (CRM) strategies, such as personalized marketing, tailored offers, and responsive customer service, can upgrade the tourism value chain by strengthening connections with customers and improving their overall experience. CRM practices can help hotels better understand customer needs, preferences, and feedback, allowing them to refine their product offerings and services accordingly. Moreover, CRM can facilitate customer retention, repeat business, and positive word-of-mouth, contributing to a more robust tourism value chain that delivers value to both customers and businesses (Sigala, 2005).

There are several models and frameworks for customer relationship management (CRM) in the literature. One widely recognized model is the CRM value chain model, developed by Francis Buttle in 1996. The CRM value chain model consists of five primary stages and several cross-functional enablers (Buttle, 1996).

The five primary stages are: **1) Customer portfolio analysis**, which involves segmenting customers based on their value to the organization and determining which customer groups to target. **2) Customer intimacy**, which involves understanding the needs, preferences, and expectations of target customers in order to deliver personalized and relevant products, services, and experiences. **3) Network development**, which focuses on building and maintaining strong relationships with various stakeholders, such as suppliers, partners, and employees, to create a network that supports the delivery of customer value. **4) Value proposition development**, where organizations develop compelling value propositions tailored to the needs and preferences of target customers, offering a unique combination of products, services, and experiences. **5) Relationship management**, which involves managing customer interactions and touchpoints across multiple channels to deliver on the value proposition, foster customer satisfaction, and build long-term relationships.

On the other hand, the cross-functional enablers are: **1) Leadership and culture:** top management commitment and a customer-centric organizational culture are critical for CRM success. **2) Data and technology:** organizations need to invest in CRM systems and data analytics tools to collect, manage, and analyze customer data effectively. **3) People and skills:** employees should be equipped with the necessary skills and competencies to deliver excellent

customer service and build strong customer relationships. **4) Processes and systems:** organizations need to design and implement effective processes and systems to support their CRM initiatives and ensure seamless customer experiences. **5) Metrics and performance management:** it's essential to track and measure CRM performance using appropriate KPIs and metrics to evaluate success and drive continuous improvement.

Sustainability Practices: Implementing sustainable practices in hotel operations can upgrade the tourism value chain by reducing negative environmental and social impacts while enhancing the value proposition for eco-conscious travelers. Sustainability practices may include energy and water conservation measures, waste reduction, the use of eco-friendly materials, and community engagement initiatives. These practices can lead to cost savings, improved brand image, and increased customer satisfaction, contributing to an upgraded tourism value chain that balances economic benefits with environmental and social responsibility (Bohdanowicz & Zientara, 2008). Sustainability practices in the context of hotels typically cover three main areas: environmental, social, and economic sustainability:

- **Environmental Sustainability:** This aspect involves practices and policies aimed at reducing the environmental impact of the hotel's operations. This may include energy conservation efforts, waste management, and water conservation (Bohdanowicz & Martinac, 2007)
- **Social Sustainability:** Social sustainability in the hotel industry encompasses fair labor practices, community involvement, and consideration of cultural heritage. It involves the treatment of hotel employees, ensuring fair wages, safe working conditions, and training and development opportunities. It also includes engaging with and contributing to the local community through practices like sourcing local products, supporting local charities, or preserving and respecting cultural heritage (Saarinen, 2006).
- **Economic Sustainability:** Economic sustainability in the context of hotels involves managing resources to ensure long-term financial viability. It includes operating efficiently to reduce costs, creating jobs, driving tourist spending in the local economy, and pursuing sustainable growth strategies. It's about ensuring the hotel can continue to operate and grow without damaging the future prospects of the economy or the resources it depends on (Saarinen, 2006).

Service Quality: High service quality is a vital element of the tourism value chain, as it directly impacts the customer experience at each stage of the chain. By improving service quality, hotels can create a more positive and memorable experience for customers, which can lead to increased customer satisfaction, positive word-of-mouth, and repeat business. Service quality enhancements can involve staff training, personalized services, facility maintenance, and more. As a result, improved service quality upgrades the tourism value chain by delivering better customer experiences and increasing the overall value of the tourism product (Marković et al., 2010). To measure service quality in hotels, you can use the SERVQUAL model, which identifies five dimensions of service quality: reliability, assurance, tangibles, empathy, and responsiveness (Parasuraman et al., 1988).

The success of these strategies depends on several factors, including the specific market conditions and customer preferences, the hotel's resources and capabilities, and the degree of competition in the market. For example, product differentiation may be more effective in markets with high levels of customer demand and low levels of competition, while process innovation may be more effective in markets with high levels of competition and low levels of customer loyalty (Buhalis & Foerste, 2015).

Furthermore, the success of these strategies also depends on the hotel's ability to implement them effectively. This requires strong leadership, effective communication, and a culture of innovation and continuous improvement (Gössling et al., 2015).

In summary, all the strategies mentioned above play a crucial role in upgrading the tourism value chain. By improving these factors, hotels can enhance the overall value of their tourism products and better position themselves for competitive advantage in the market.

2.5. Hotels Competitive Advantage

Competitive advantage is a term coined by Michael Porter that refers to the ability of a business or organization to outperform its competitors by providing superior value to customers, achieving higher profitability, or capturing a larger market share (Porter, 1985). In the hotel industry, competitive advantage encompasses various factors that make a hotel more attractive to customers compared to its rivals, ultimately resulting in a stronger market position. A competitive hotel, according to Crouch & Ritchie (1999), is one that can attract and retain guests by providing *superior value and/or service*.

This idea stresses the significance of differentiating oneself from competitors through superior service and value creation for clients, and it emphasizes the importance of both price and service quality in influencing a hotel's market competitiveness (Crouch & Ritchie, 1999). The components of hotels' competitive advantage can be classified into several categories:

Service quality: Service quality is a crucial aspect of hotel competitive advantage and is influenced by various factors, such as staff responsiveness, empathy, assurance, and reliability (Parasuraman et al., 1988). High-quality service contributes to overall customer satisfaction and loyalty, which can lead to repeat business, positive word-of-mouth, and increased revenues (Zeithaml et al., 1996). Hotels that consistently deliver exceptional service can set themselves apart from competitors and attract more customers.

Facilities and amenities: The quality and variety of facilities and amenities offered by a hotel play a significant role in its competitive advantage (Enz & Siguaw, 2000). This includes elements like comfortable and well-appointed rooms, diverse food and beverage options, leisure and recreational facilities, and functional meeting and event spaces. Hotels that provide unique or superior facilities and amenities can differentiate themselves from competitors and become more appealing to customers.

Location: A hotel's location can have a considerable impact on its competitive advantage (Hayes & Ninemeier, 2009). Hotels situated near popular attractions, transportation hubs, or business centers are generally more attractive to customers as they offer convenience and accessibility. A prime location can enable hotels to command higher rates compared to properties located in less desirable areas.

Brand reputation: A strong and positive brand reputation can instill trust and reliability among customers, leading to increased customer loyalty and higher revenues (Kandampully & Suhartanto, 2000). Hotels with well-established and respected brands can leverage their reputation to gain a competitive edge in the market.

Innovation and technology: Embracing innovation and technology can give hotels a competitive advantage by enhancing the customer experience, streamlining operations, and reducing costs (Orfila-Sintes et al., 2005). This includes implementing advanced reservation systems, offering personalized services through mobile apps, utilizing data analytics for strategic decision-making, and adopting sustainable practices.

To measure hotel competitive advantage, various methods can be employed, such as benchmarking against industry standards or competitors, analysing customer satisfaction surveys, and evaluating financial performance indicators (e.g., revenue per available room, or RevPAR) (Enz et al., 2009). By comparing these metrics with competitors or industry averages, hotels can assess their relative competitive position in the market.

Market Share: The hotel's share of the total market, which can be measured by the proportion of total customers, bookings, or revenue in comparison to competitors. Examining a hotel's market share might reveal important information about the hotel's success in relation to its competitors. On the other hand, the technique's ability to account for contextual elements such as price, availability, and physical distance is restricted.

Occupancy Rate: The percentage of the hotel's available rooms that are occupied over a specific period, reflecting the demand for the hotel in the market.

Average Daily Rate (ADR): The average revenue earned per occupied room per day, which can be used to compare the hotel's pricing strategy and financial performance with competitors.

Revenue per Available Room (RevPAR): A performance metric that combines occupancy rate and the average daily room rate (ADR), calculated by dividing the total revenue by the number of available rooms. A higher RevPAR indicates better revenue generation efficiency and can signal a competitive advantage. Yet, a hotel's profitability may be calculated by deducting operating expenditures from revenue and computing net operating income. Financial measurements are useful for establishing a hotel's bottom line, but they may not correctly reflect the customer experience or service quality.

Customer satisfaction is the extent to which a hotel's products and services meet or exceed customer expectations, which can be measured through customer reviews or surveys.

Customer Loyalty: The likelihood of customers returning to the hotel or recommending it to others, which can be measured by repeat bookings, loyalty program memberships, or net promoter scores (NPS).

Employee Satisfaction and Retention: The level of job satisfaction and retention rate of hotel employees can indicate the effectiveness of human resource management practices and impact service quality.

Online Presence and Reputation: The hotel's visibility and reputation on digital platforms, such as search engine rankings, social media followers, and online review scores, can influence customer decisions and contribute to competitive advantage.

2.6. Discussion of the Study Model

Upgrading the tourism value chain is a process that involves improving various components of the value chain to enhance the overall tourism product and experience. In my opinion, this contributes to a hotel's competitive advantage by delivering superior value to customers and achieving better operational and financial performance. The tourism value chain can influence hotels' competitive advantage by impacting the components and variables mentioned above. For instance, an upgraded tourism value chain can lead to better collaboration among stakeholders, resulting in improved service quality, more innovative products, and an enhanced destination image (Sigala, 2008).

Based on the previous literature, I think that when the independent variables lead to an upgraded tourism value chain, this improved value chain, in turn, can cause a competitive advantage in several ways:

1) Enhanced Customer Satisfaction: By improving various aspects of the tourism value chain, such as product differentiation, service quality, and customer relationship management, hotels can create more positive experiences for their customers. *This heightened customer satisfaction can lead to increased customer loyalty and return visits, giving the hotel a competitive advantage over rivals.*

2) Operational Efficiency: Upgrading the tourism value chain through process innovation, supply chain management, and technological adoption can help hotels streamline their operations, reduce costs, and improve overall efficiency. *Greater operational efficiency allows hotels to maintain a competitive edge by offering more attractive prices or better service quality compared to competitors.*

3) Reputation and Brand Image: Hotels that invest in upgrading their tourism value chain, particularly in areas such as sustainability practices and human resource management, can enhance their reputation and brand image. *A positive reputation and strong brand can attract new customers and retain existing ones, contributing to a competitive advantage in the market.*

4) Adaptability and Innovation: An upgraded tourism value chain often results from a focus on continuous improvement and innovation. Hotels that prioritize innovation can quickly adapt to changing market conditions, customer preferences, and technological advancements, *positioning themselves ahead of competitors and maintaining a competitive advantage.*

5) Market differentiation: By upgrading the tourism value chain, hotels can set themselves apart from competitors in the market. *Unique offerings, excellent service, and innovative solutions can provide a distinct market position and a competitive advantage.*

6) Strategic Partnerships: An upgraded tourism value chain often entails better collaboration and coordination with suppliers, local businesses, and other stakeholders in the tourism ecosystem. *These strategic partnerships can lead to more opportunities, shared resources, and a more extensive network, ultimately contributing to a competitive advantage for the hotel.*

By considering the previously mentioned variables as indicators of competitive advantage, we can analyze the extent to which an upgraded tourism value chain contributes to the success of hotels in East Jerusalem. However, the work of measuring a hotel's competitive advantage is difficult and involves several aspects; hence, a thorough analysis of a range of tactics and barriers is required.

Customer satisfaction surveys are often used in the hospitality sector to assess a hotel's level of competitive advantage. These questionnaires give information about the services, cleanliness, and facilities that guests found most noteworthy during their stay. These poll results might help shape policy changes.

Although financial parameters such as revenue per available room and net operating income offer helpful comparisons across hotels and markets and provide significant insights into an individual hotel's financial performance, they may not correctly reflect the customer experience or service quality. Moreover, these approaches still offer other challenges. To begin with, the lack of defined measures makes comparing the relative success of different hotels or industries problematic. Second, there may not be enough reliable information available, particularly for smaller hotels and less developed places. Finally, it is possible that the figures are incorrect due to variables such as self-reported consumer satisfaction or a lack of reliable financial data.

To summarize, assessing a hotel's competitive advantage in the hospitality business is a challenging undertaking that involves a thorough evaluation of several techniques and challenges. Market share analysis, financial analytics, and customer satisfaction surveys are all feasible solutions with their own set of benefits and drawbacks.

Finally, an upgraded tourism value chain can lead to competitive advantage by improving customer satisfaction, increasing operational efficiency, enhancing reputation and brand image, fostering adaptability and innovation, enabling market differentiation, and

facilitating strategic partnerships. As a result, hotels that focus on upgrading their tourism value chain are better equipped to thrive in a competitive market.

Based on the available data, I suggested a model consisting of the strategies for upgrading the tourism value chain (Section 2.4) as independent variables that will enhance the competitive advantage of hotels in East Jerusalem. Thus, the tourism value chain will act as a mediating variable between the dependent and independent variables. However, supply chain management and human resources management are assumed to be fixed, and they were eliminated from the model since the study is based on tourist surveys only, without interviewing the managers of the hotels.

2.7. Study Hypotheses

The main hypothesis: The tourism value chain has a significant impact on enhancing the competitive advantage of hotels in East Jerusalem.

Sub-hypotheses:

- **H1:** Product differentiation has a significant impact on enhancing the competitive advantage of hotels in East Jerusalem.
- **H2:** Innovation and technological adoption have a significant impact on enhancing the competitive advantage of hotels in East Jerusalem.
- **H3:** Customer relationship management has a significant impact on enhancing the competitive advantage of hotels in East Jerusalem.
- **H4:** Service quality has a significant impact on enhancing the competitive advantage of hotels in East Jerusalem.
- **H5:** Sustainability practices have a significant impact on enhancing the competitive advantage of hotels in East Jerusalem.

Chapter Three: Research Design & Methodology

3.1. Introduction

This chapter elucidates the research methodology applied in the investigation, encompassing aspects such as study design, study population, sample size, sample selection procedure, study methodology, data collection procedures, and data analysis. The researcher employed a dual approach to data collection, drawing from both secondary sources (such as books, journals, statistics, and web pages) and primary resources not accessible through secondary means. The primary data acquisition involved the distribution of questionnaires to the designated study population.

The research methodology hinges on rigorous data analysis, predominantly employing descriptive techniques. Furthermore, the Statistical Package for the Social Sciences (SPSS) and AMOS were employed to conduct statistical analyses. Also, the main purpose of this study is to examine how to improve the East Jerusalem hotels' competitive edge by modernizing the tourism value chain. A questionnaire and secondary data are employed, together with other techniques and strategies, to address the study questions.

3.2. Study Population

According to the International Peace and Cooperation Center and Friedrich-Ebert-Stiftung (2020), there are 26 hotels located in East Jerusalem. Consequently, the study population comprises individuals encompassing all tourists who stayed in these 26 hotels at the time of the survey conducted between July and September 2023. The researcher was able to retrieve responses from tourists at only 10 of these hotels

3.3. Study Sample

Anderson et al. (2011) suggest that in cases where the population is either infinitely large or continually generated without limits, traditional simple random sampling is not feasible. Instead, statisticians recommend using a random sample. This type of sample, taken from an infinite population, adheres to two key conditions: each element is selected from the same population, and each element is selected independently.

In order to calculate the sample size when surveying tourists at the hotels, the total number of tourists staying at these hotels during the period of conducting the survey needs to

be considered. However, since the exact number of tourists is not available, the sample size was estimated using the following formula: $n = (Z^2 * p * (1-p)) / E^2$

where:

- n is the required sample size
- Z is the Z-score (associated with the desired confidence level)
- p is the estimated proportion of the population with the attribute of interest
- E is the desired margin of error Assuming:
 - The estimated level of confidence = 95% (z = 1.96)
 - The estimated margin of error = 5%
 - Since we don't have a specific estimate for the proportion (p) of the population with the attribute of interest, we can use a conservative estimate of p = 0.5, which maximizes the sample size.

$$\rightarrow n = (1.96^2 * p * (1-p)) / 0.05^2$$

$$\rightarrow n \approx 384$$

So, considering a 95% confidence level and a 5% margin of error, a sample size of approximately 384 tourists would be appropriate for the study. Keeping in mind that this is just an estimate and the actual sample size might vary depending on the number of tourists at the hotels during the survey period, the researcher was able to retrieve 203 responses.

3.4. Sample Characteristics

The sample comprises 203 visitors who answered a questionnaire designed to clarify the competitive advantage of hotels in East Jerusalem. This wide range of respondents offers a complex viewpoint and insightful information on the variables affecting East Jerusalem hotels' competitive advantage. The participants in the study, who represent a range of demographic backgrounds such as age, nationality, and reason for travel, add to a thorough knowledge of the unique qualities and advantages that these hotels offer. Their combined opinions and insights provide a strong basis for evaluating the competitive environment and showcasing the distinctive features, services, and tactical placement of East Jerusalem hotels in the travel and tourism sector.

3.5. Respondent Socioeconomic & Demographic Characteristics

The socioeconomic details of the respondents were measured. The results suggest that the data are a good presentation of the characteristics of the population under study. A thorough analysis is conducted in this section to outline the varied demographics of participants in the survey. A wide range of demographic factors are included in the investigation, such as gender, age, hotel name, hotel rate, is it your first visit to Jerusalem, is it your first time at this hotel, educational level, and motives (location, reputation, price, quality of services, and facilities) are presented in Table 1. This study aims to clarify the diverse viewpoints and experiences of the respondents by carefully examining these socio-economic factors. This data not only offers a thorough summary of the research participants, but it also acts as an essential lens to examine possible relationships and influences on the research topic, making a substantial contribution.

Table 1: Respondent socioeconomic and demographic Characteristics

Variable Name	Category	Frequency	% (n=203)
Gender	Female	99	48.8
	Male	104	51.2
Age	less than 30 years	50	24.6
	from 30-40 years	52	25.6
	from 41-50 years	31	15.3
	from 51-60 years	43	21.2
	above 60 years	27	13.3
Hotel Name	Al-Zahra Hotel	24	11.8
	Ambassador Hotel	1	.5
	American Colony	33	16.3
	Christmas hotel	21	10.3
	Grand park hotel	1	.5
	Jerusalem hotel	31	15.3
	Legacy Hotel	27	13.3
	National Hotel	34	16.7
	Ritz hotel	1	.5
	St. George	27	13.3

	N/A	3	1.5
Hotel Rate	2-star	21	10.3
	3-star	56	27.6
	4-star	63	31
	5-star	60	29.6
	N/A	3	1.5
Is it your first visit to Jerusalem?	No	65	32.0
	Yes	138	68.0
Is it your first time at this hotel?	No	31	15.3
	Yes	172	84.7
Educational level	Untutored	2	1.0
	primary school	8	3.9
	secondary school	13	6.4
	high School	15	7.4
	technical School	23	11.3
	Bachelor	83	40.9
	graduate studies	59	29.1
Location as motives	1st most important	92	45.3
	2nd most important	63	31.0
	3rd most important	17	8.4
	4th most important	9	4.4
	5th most important	22	10.8
Reputation as motives	1st most important	30	14.8
	2nd most important	44	21.7
	3rd most important	48	23.6
	4th most important	46	22.7
	5th most important	35	17.2
Price as motives	1st most important	34	16.7
	2nd most important	44	21.7
	3rd most important	30	14.8
	4th most important	55	27.1
	5th most important	40	19.7

Quality of Services as motives	1st most important	22	10.8
	2nd most important	26	12.8
	3rd most important	72	35.5
	4th most important	54	26.6
	5th most important	29	14.3
Facilities as motives	1st most important	24	11.8
	2nd most important	25	12.3
	3rd most important	38	18.7
	4th most important	39	19.2
	5th most important	77	37.9

Table 1 examines the respondent characteristics. A total of 203 tourists participated in the survey, with a near equal distribution between genders, comprising 48.8% female respondents and 51.2% male respondents. Regarding age distribution, a diverse range was observed, with the highest proportion in the 30-40 age bracket (25.6%), followed closely by respondents aged below 30 years (24.6%) and those aged 51-60 years (21.2%).

The distribution among various hotels revealed varying levels of patronage, with the National Hotel (16.7%), American Colony (16.3%), and Jerusalem Hotel (15.3%) being the most frequented. The 4-star hotels showed the highest preference (31%) among respondents. Additionally, a significant proportion (68.0%) indicated that it was their first visit to Jerusalem, while a large majority (84.7%) confirmed it was their first time at the specific hotel.

In terms of education, the respondents were fairly diversified, with the majority holding bachelor's degrees (40.9%) or pursuing graduate studies (29.1%). Furthermore, motivations for selecting accommodations varied, with location being the most crucial factor (45.3%), followed by quality of services (35.5%) and reputation (23.6%), while facilities (37.9%) emerged as a key consideration for a substantial portion of respondents. Overall, the survey captured a diverse pool of respondents, showcasing varied preferences and motivations influencing their choices in East Jerusalem hotels.

3.6. Data Collection Resources

To meet the research objectives, two primary data collection sources were employed, namely:

Primary Data: To address the analytical facets of the research focus, primary data was gathered by formulating and disseminating a tailored questionnaire designed specifically to align with the research objectives. This questionnaire was distributed to the study population, comprising tourists who visit East Jerusalem, to investigate how to upgrade the tourism value chain to enhance hotels' competitive advantage in East Jerusalem.

Secondary Sources: In order to examine the study's theoretical foundations, secondary information was gathered from a variety of sources, such as books, papers, magazines, references, and earlier research projects that were pertinent to the subject of the study.

3.7. Validity & Reliability of the Study:

3.7.1. Validity of the Study Instrument

To assess the validity of the research tool on "Upgrading the Tourism Value Chain for Enhanced Hotels' Competitive Advantage in East Jerusalem," Pearson correlation analysis was utilized to determine the tool's association with established measures relevant to the improvement of the tourism value chain. The tool sought to evaluate many aspects of hotel competitiveness in the travel industry.

The tourist value chain enhancement index (TVCEI) is one industry-standard measure that assesses efficiency and value production at different stages of the tourist value chain (Smith et al., 2019). The correlation between the scores of the instrument and this measure was done to validate the concurrent validity of the instrument. The study instrument and the tourism value chain showed a statistically significant positive connection ($r > 0.7$, after 203 tourists in East Jerusalem hotels were surveyed), as shown in Table 2:

Table 2: Pearson correlation analysis measures pertinent to tourism value chain enhancement

#	Tourism Value Chain and Competitive Advantage of Hotels in East Jerusalem	# of Questions	Pearson correlation coefficient
1	Service Quality	12	0.703**
2	Customer Relationship Management	12	0.874**

3	Product Differentiation	5	0.789**
4	Innovation and Technological Adoption	4	0.753**
5	Sustainability Practices	5	0.731**
6	Competitive Advantage of Hotels in East Jerusalem	15	0.896**
** Correlation is significant at the 0.01 level (2-tailed).			

The study examined the relationship between dimensions of the tourism value chain and the competitive advantage of hotels in East Jerusalem using Pearson correlation coefficients. The analysis revealed robust and statistically significant positive correlations between various dimensions. Specifically, service quality demonstrated a significant positive correlation with competitive advantage ($r = 0.703$, $p < 0.01$). Similarly, customer relationship management exhibited a notably strong positive relationship with competitive advantage ($r = 0.874$, $p < 0.01$). Moreover, product differentiation, innovation and technological adoption, and sustainability practices all displayed substantial positive correlations with competitive advantage, with coefficients of 0.789, 0.753, and 0.731, respectively (all $p < 0.01$). These findings indicate a strong association between dimensions of the tourism value chain, such as service quality, customer relationship management, product differentiation, innovation, sustainability practices, and the overall competitive advantage of hotels in East Jerusalem, underscoring the pivotal role these factors play in enhancing the competitive position of hotels within the local tourism landscape.

3.7.2. Validity of the Study Structural Model

A questionnaire's validity is evaluated primarily based on how well it measures the target constructs or dimensions. A useful method for assessing validity is factor analysis, particularly when applied using the principal component method. With this approach, the variation explained by the components in the factor solution for every questionnaire item is produced as extraction commonalities. The degree to which each questionnaire item connects with the determined factors or dimensions is estimated by these commonalities. Also, the questionnaire's validity was assessed by an academic supervisor, affirming its appropriateness and validity for fulfilling the study's objectives.

However, the factor solution's extraction commonalities, which are derived using factor analysis, function as markers of each item's goodness of fit. A better match for the variables within the suggested component structure is indicated by higher extraction coefficients (>0.5), which indicate a greater link between the variables (items) and the factors. As a sign of their applicability and contribution to measuring the targeted constructs, items with high extraction coefficients (>0.5) are thought to align well with the identified components and are usually kept in the analysis (Tabachnick & Fidell, 2019).

Table 3: Validity of the study structural model via Factor Analysis Results

SQ		CRM		PD	
Statement	Extraction	Statement	Extraction	Statement	Extraction
SQ1	.671	CRM1	.550	PD1	.763
SQ2	.680	CRM2	.553	PD2	.672
SQ4	.582	CRM3	.642	PD3	.709
SQ5	.718	CRM4	.608	PD4	.688
SQ6	.577	CRM5	.623	PD5	.717
SQ7	.542	CRM6	.687		
SQ8	.579	CRM7	.724		
SQ9	.747	CRM8	.591		
SQ10	.641	CRM10	.535		
SQ11	.619	CRM11	.741		
SQ12	.671	CRM12	.620		
ITA		SP		CAHEJ	
Statement	Extraction	Statement	Extraction	Statement	Extraction
ITA1	.593	SP1	.655	CAHEJ1	.685
ITA2	.676	SP2	.555	CAHEJ2	.713
ITA3	.607	SP3	.654	CAHEJ3	.751
ITA4	.533	SP4	.619	CAHEJ4	.708
		SP5	.689	CAHEJ5	.746
				CAHEJ6	.740
				CAHEJ7	.766
				CAHEJ8	.709
				CAHEJ9	.663
				CAHEJ10	.660
				CAHEJ11	.573
				CAHEJ12	.677
				CAHEJ13	.567
				CAHEJ14	.668
				CAHEJ15	.675

The extraction coefficients obtained from the factor analysis ranged from 0.533 to 0.766 across all items of the questionnaire. Specifically, for the service quality items, the coefficients ranged from 0.542 to 0.747 indicating a moderate to strong associations between these items and the identified factors, for the customer relationship management items, the coefficients

ranged from 0.535 to 0.741, for the product differentiation items, the coefficients ranged from 0.672 to 0.763 indicating a moderate to strong associations between these items and the identified factors, for the innovation and technological adoption items, the coefficients ranged from 0.533 to 0.676 indicating a moderate to strong associations between these items and the identified factors demonstrating moderate to strong associations with the underlying factors. Finally, for the competitive advantage items, the coefficients ranged from 0.57 to 0.77, indicating moderate to strong associations between these items and the identified factors.

These results suggest that the questionnaire exhibits varying degrees of association between its items and the underlying factors. The higher coefficients (>0.5) for the Performance and Balance Score Card items indicate a strong alignment with the identified factors, signifying the questionnaire's suitability and strength in measuring these constructs within the study context. However, the wider range of coefficients for the competitive advantage items suggests a more varied relationship with the underlying factors, which might warrant further scrutiny or refinement of these items to enhance the questionnaire's precision in measuring competitiveness (Tabachnick & Fidell, 2019).

3.7.3. Reliability of the Study Instrument

To ensure the reliability of the study instrument aimed at "Upgrading the Tourism Value Chain for Enhanced Hotels' Competitive Advantage in East Jerusalem," Cronbach's alpha was employed to evaluate its internal consistency. The instrument, designed to gauge various dimensions of hotel competitive advantage within the tourism sector, was administered to a sample of 203 tourists visiting East Jerusalem hotels. The reliability analysis indicated a high level of internal consistency among the instrument items, with a Cronbach's alpha coefficient of 0.938. This coefficient, surpassing the recommended threshold of 0.70 (Nunnally, 1978), underscores the strong internal consistency and reliability of the instrument in measuring aspects pertinent to hotels' competitive advantage through tourism value chain enhancement in East Jerusalem (Hair et al., 2019; DeVellis, 2016).

Table 4: Cronbach Alpha coefficient for the Reliability of the study instrument

Study Dimensions	N	# of Questions	Cronbach's Alpha
Service Quality	203	12	0.776

Customer Relationship Management	203	12	0.746
Product Differentiation	203	5	0.877
Innovation and Technological Adoption	203	4	0.726
Sustainability Practices	203	5	0.719
Competitive advantage of Hotels in East Jerusalem	203	15	0.848
Cronbach Alpha total score	203	53	0.938

Across the different dimensions evaluated within the context of "Enhancing Hotels' Competitive Advantage in East Jerusalem," robust internal consistency was observed. Specifically, dimensions such as service quality ($\alpha = 0.776$), customer relationship management ($\alpha = 0.746$), product differentiation ($\alpha = 0.877$), innovation and technological adoption ($\alpha = 0.726$), sustainability practices ($\alpha = 0.719$), and competitive advantage of hotels in East Jerusalem ($\alpha = 0.848$) demonstrated commendable levels of internal reliability among the respective sets of questionnaire items. Furthermore, when amalgamating all dimensions into a comprehensive total score, the Cronbach's alpha coefficient yielded an impressive value of 0.938, signifying exceptional internal consistency and reliability across the entire study instrument's 53 questions. These findings validate the reliability of the instrument in assessing multifaceted dimensions crucial to understanding and augmenting hotels' competitive edge in the East Jerusalem tourism landscape.

3.8. Research Methodology

The research methodology adopted in this study employs a descriptive analytical approach to comprehensively describe and explore the implementation of Upgrading the Tourism Value Chain for Enhanced Hotels' Competitive Advantage in East Jerusalem. Additionally, the study utilizes experimental analysis techniques, specifically structural equation modeling (**SEM**), to construct and evaluate a structural equation model delineating the relationships and interdependencies within the identified factors.

3.8.1. The Structural Equation Modelling Analysis" SEM Models"

A statistical method called structural equation modeling (SEM) is used to examine the connections between latent and observable variables in complicated models. In order to evaluate intricate interactions between variables, both measurement and structural models are

used. SEM looks at both direct and indirect interactions between variables, which enables researchers to test and evaluate theoretical models.

The measurement model and the structural model are the two primary parts of the study. By evaluating the correlations between latent variables and their observable indicators, the measurement model evaluates the validity and reliability of the employed measurement tool. By assessing the connections between the latent variables themselves, the structural model sheds light on the direct and indirect effects that exist between the constructs.

SEM has the benefit of enabling the simultaneous analysis of complicated connections and hypotheses, allowing for the investigation of several variables and their interdependencies. It is applied in many different disciplines, including biology, psychology, economics, and the social sciences. It offers a thorough framework for comprehending the complex interactions between the variables in a model (Kline, 2016).

However, structural equation modelling (SEM), a class of statistical techniques known as structural equation modelling (SEM), permits complicated correlations between one or more independent variables and one or more dependent variables. SEM can be defined in a variety of ways, although it is typically understood as a cross between factor analysis and analysis of variance (ANOVA)/regression. It may be noted generally that SEM enables the execution of multilevel regression/ANOVA on factors. To apply SEM to your data, you need to be well conversant with univariate and multivariate regression/ANOVA as well as the fundamentals of factor analysis.

3.8.2. Confirmatory Factor Analysis

A statistical method called confirmatory factor analysis (CFA) is used to assess how well a measurement model fits a collection of observable variables into a potential latent variable structure. CFA evaluates pre-established hypotheses regarding the relationship between observable variables and latent constructs, in contrast to exploratory factor analysis (EFA), which investigates the underlying structure of observed variables (Brown, 2015). The degree to which the latent variables (factors) listed in a theoretical model match with the observable variables (indicators) is evaluated using CFA. By evaluating how well the observed data fits the specified measurement model, it enables researchers to validate or refute the structure offered in a theoretical framework. In the social sciences, psychology, and other domains where

theories containing latent dimensions assessed by observable indicators are sought for validation, this approach is very helpful.

3.8.3. The Hypothesized Structural Model

The following was the primary research topic that this study attempted to answer: What is the nature of the relationship among the roles that upgrading the tourism value chain plays in enhancing the competitive advantage of hotels in East Jerusalem? and to identify the key challenges and opportunities associated with this strategy. In order to investigate the research question of the study, structural equation modelling using AMOS was hypothesized and tested. The hypothesized structural modelling and pre-results of the outcomes shown in figure 6:

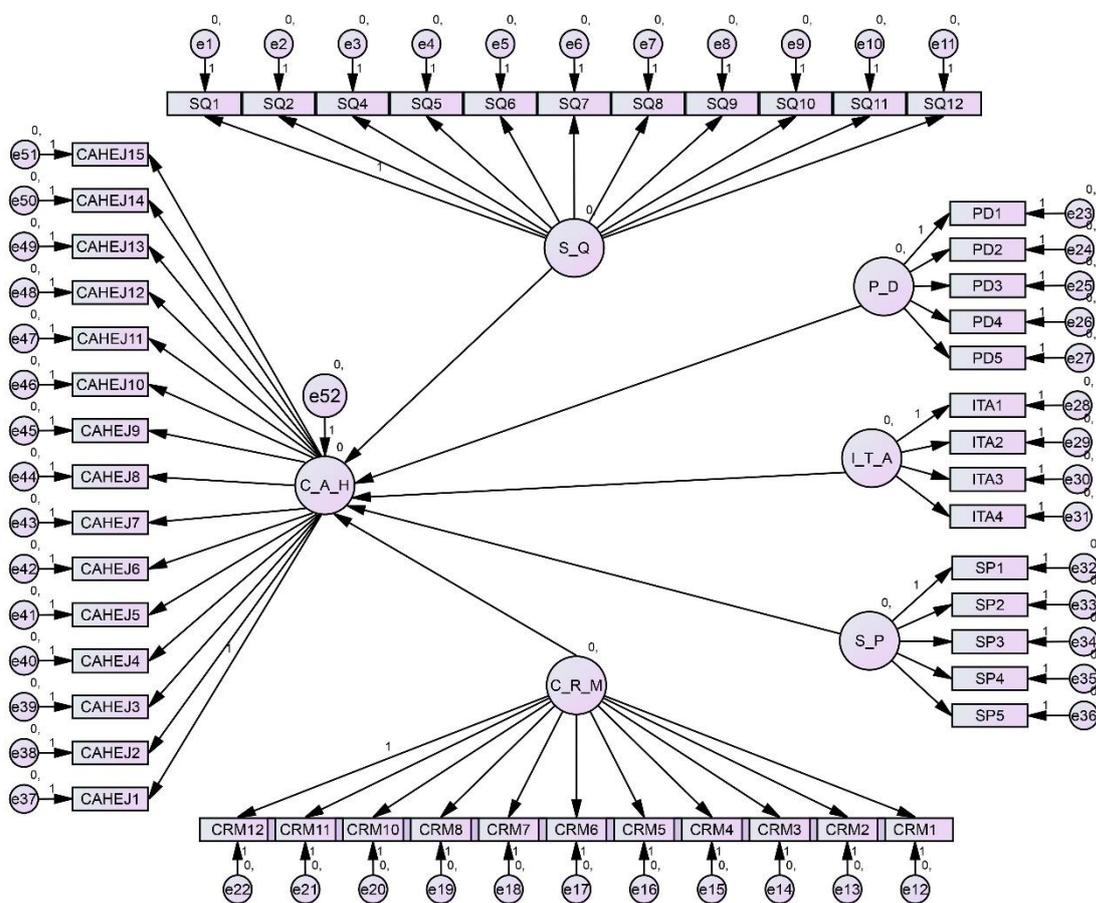


Figure 6: Study Structural modelling and pre-results of the outcomes

Note: The structural model posits that the dependent variable, hotels' competitive advantage in East Jerusalem (C_A_H), can be enhanced by several independent variables: service quality (S_Q), customer relationship management (C_R_M), product differentiation (P_D), innovation and technological adoption (I_T_A), and sustainability practices (S_P). The

directional arrows illustrate the hypothesized relationships or direct effects among these variables within the model.

3.8.4. The Operational Description of the Study Variables

As mentioned above, the variables of the study are as follows:

The independent variable is the variable that affects other variables and is not affected by them. This variable is represented in this study by the strategies used to upgrade the tourism value chain, which are service quality, customer relationship management, product differentiation, sustainability practices, and innovation and technological adoption.

The mediating variable is the variable that transmits the effect of an independent variable on a dependent variable. This variable is represented by the tourism value chain.

The dependent variable is the variable that is dependent on the independent variable since the changes made by the independent variable are mainly reflected in the dependent variable. This variable is represented in this study by the competitive advantage of hotels in East Jerusalem.

3.9. Statistical treatments

The researcher gathered the data from the primary resources; the data underwent statistical processing using the software tools SPSS and Amos, aimed at conducting the necessary statistical analyses and descriptions vital for the research. Hence, the subsequent statistical techniques and methods will be employed:

- Utilizing frequencies and percentages to depict personal and demographic variables.
- Employing means, standard deviations, and coefficients of variation to gauge respondents' perceptions of the questionnaire's items.
- Calculating alpha (Cronbach) scales to determine the reliability coefficient of the questionnaire.
- Conducting factor analysis to evaluate validity.
- Conducting analysis of variance (ANOVA) to assess internal differences between statements of factors within the questionnaire dimensions.
- Utilizing independent sample T-tests for comparative analysis.

- Implementing structural equation modeling analysis (SEM) to examine the hypothesized relationships between determinants of the tourism value chain of hotels and the competitive advantage of hotels in East Jerusalem.

The correction method technique was implemented for the reason that some of the results were produced by the Likert scale method, and the following distribution was used in the correction of the questionnaire's paragraphs:

Table 5: Likert scale

To a large extent	To a quite large extent	To some extent	To a quite some extent	To a small extent	Not at all
5	4	3	2	1	0

After giving numbers to the respondent's answers to weight their trends from 0 to 5, the range [the difference between the highest value (5) and the lowest value (0)] was calculated. After that, it was divided by the number of fields that were required to judge the results: $4/6 = 0.67$. Later, the researcher continued to increase this value from the lowest value to give the intervals and be able to determine the level and intensity of the responses based on the arithmetic mean (Gupta & Kapoor, 2008).

Table 6: Correction Key for the Likert scale

Mean	Level
Less than 1.67	Not at all
From 1.68 – 2.35	To a small extent
From 2.36 – 3.03	To a quite some extent
From 3.04 – 3.71	To some extent
From 3.72 – 4.39	To a quite large extent
More than 4.4	To a large extent

Source: (AMOS Help, V.23)

Chapter Four: Research Results

4.1. Introduction

The methodological approach used for this investigation was highlighted in the previous chapter. But the main focus of this chapter is on the analysis and interpretation of the collected data as well as the important findings from the investigation.

4.2. Analysis of the Research Sample Descriptively

4.2.1. Analysis of Tourism Value Chain of Hotels in East Jerusalem

4.2.1.1. Service Quality (SQ) Analysis

Service quality is a vital element of the tourism value chain, as it directly impacts the customer experience at each stage of the chain. By improving service quality, hotels can create a more positive and memorable experience for customers, which can lead to increased customer satisfaction and positive word-of-mouth. However, Table 7 shows the tourists attitudes towards service quality, standard deviations, and variation coefficients, organized in descending order according to their mean values.

Table 7: The significant differences in service quality

Order	Statement	Mean	S.D.	C.V.	Level
SQ10	The hotel staff is available to listen to your concerns and provide assistance when needed.	4.49	0.62	0.14	To a large extent
SQ4	The hotel staff is able to answer your questions.	4.45	0.68	0.15	To a large extent
SQ9	The hotel staff understands your specific requirements and preferences.	4.32	0.76	0.18	To a quite large extent
SQ11	The hotel staff responds quickly to both your requests and your complaints.	4.30	0.88	0.20	To a quite large extent
SQ1	The hotel's services are provided on time.	4.27	0.79	0.18	To a quite large extent
SQ5	You feel secure and safe while staying at the hotel.	4.26	0.85	0.20	To a quite large extent
SQ8	The hotel Staff treats you with kindness and particular attention.	4.22	0.86	0.20	To a quite large extent
SQ6	The hotel's physical facilities (rooms, common areas, etc.) are clean and well-maintained.	4.11	0.89	0.22	To a quite large extent

SQ2	The hotel's services are error-free.	4.01	0.97	0.24	To a quite large extent
SQ7	The hotel provides up-to-date and functioning equipment (e.g., Wi-Fi, TV, air conditioning).	3.96	1.11	0.28	To a quite large extent
SQ12	The hotel staff keeps you informed about the status of your requests or services.	2.81	1.51	0.54	To a quite some extent
Total		4.11	0.90	0.23	To a quite large extent

Note: Refer to Table 6 correction key for comprehensive guidelines on interpreting overall standards for both averages and deviations within the questionnaire analysis, as presented in Chapter 3. The coefficient of variation is calculated by dividing the standard deviation by the mean value, providing a crucial measure for assessing the variability relative to the mean (Saunders, Lewis, & Thornhill, 2012).

The results indicate that:

With a mean rating of 4.49 and a relatively low standard deviation of 0.62, the hotel staff's availability to listen and provide assistance when required is perceived to a large extent by tourists. The coefficient of variation, at 0.14, indicates relatively consistent perceptions across respondents regarding this aspect of service quality.

Tourists believe that the hotel staff is adept at addressing queries, as reflected in the high mean of 4.45 and a standard deviation of 0.68. The coefficient of variation stands at 0.15, signifying a relatively consistent perception among respondents towards staff proficiency in answering questions.

Rated at a mean of 4.32 with a standard deviation of 0.76, it highlights tourists' perception that the hotel staff understands specific preferences and requirements to a quite large extent. The coefficient of variation is 0.18, showing moderate variability in responses.

With a mean score of 4.30 and a standard deviation of 0.88, tourists perceive that the hotel staff responds promptly to both requests and complaints to a considerable degree. The coefficient of variation of 0.20 indicates moderate variability in responses.

Tourists generally feel that the hotel's services are provided on time, as indicated by the mean score of 4.27 and a standard deviation of 0.79. The coefficient of variation, at 0.18, suggests relatively consistent perceptions.

With a mean rating of 4.26 and a standard deviation of 0.85, tourists feel secure and safe during their stay to a significant extent. The coefficient of variation, at 0.20, indicates moderate variability in perceptions.

Tourists believe the hotel staff treats them with kindness and particular attention, as indicated by a mean of 4.22 and a standard deviation of 0.86. The coefficient of variation, at 0.20, suggests moderate variability in responses.

The mean of 4.11 and a standard deviation of 0.89 indicate that tourists perceive the hotel's physical facilities to be clean and well-maintained. The coefficient of variation of 0.22 shows moderate variability in perceptions.

Tourists rate the hotel's services as error-free to a considerable extent, as represented by the mean of 4.01 and a standard deviation of 0.97. The coefficient of variation, at 0.24, indicates moderate variability in responses.

Tourists perceive that the hotel provides up-to-date and functioning equipment, as reflected in the mean score of 3.96 and a standard deviation of 1.11. The coefficient of variation stands at 0.28, indicating moderate variability in perceptions.

The lowest mean score of 2.81 and the highest standard deviation of 1.51 among the statements suggest that tourists feel less informed about the status of their requests or services. The coefficient of variation, at 0.54, signifies relatively higher variability in responses for this aspect of service quality.

The aggregated mean of 4.11 for the overall service quality implies a widespread positive perception among respondents. With a standard deviation of 0.90, there is a relatively moderate level of consensus among tourists regarding the hotel's overall service quality.

4.2.1.2. Customer Relationship Management (CRM) Analysis

Customer relationship management (CRM) involves building long-term relationships with customers through personalised service and targeted marketing. Effective customer relationship management (CRM) strategies can upgrade the tourism value chain by strengthening connections with customers and improving their overall experience. Furthermore, Table 8 provides an overview of tourists' perceptions concerning customer relationship management, standard deviations, and variation coefficients. The data is structured in descending order based on their mean values, offering insights into tourists' attitudes towards different customer relationship management aspects.

Table 8: The significant differences in CRM to upgrade the tourism value chain

Order	Statement	Mean	S.D.	C.V.	Level
CRM1	The hotel staff communicates with you in a professional and kind manner.	4.47	0.63	0.14	To a large extent
CRM8	The hotel staff is open to listening to your suggestions and feedback.	4.30	0.77	0.18	To a quite large extent
CRM12	The hotel respects your privacy preferences (e.g., regarding marketing communications).	4.23	0.74	0.17	To a quite large extent
CRM11	The hotel handles your personal information securely and responsibly.	4.22	0.81	0.19	To a quite large extent
CRM7	The hotel addresses your complaints or concerns on time.	4.02	0.96	0.24	To a quite large extent
CRM4	Your needs are accurately scheduled, and the hotel is able to offer suitable alternatives.	3.55	1.18	0.33	To some extent
CRM6	The hotel encourages and facilitates customer feedback.	3.53	1.28	0.36	To some extent
CRM2	The hotel is proactive in providing relevant information about services, offers, and activities.	3.13	1.23	0.39	To some extent
CRM3	The hotel provides personalized services tailored to your needs and preferences.	3.13	1.16	0.37	To some extent
CRM5	The hotel offers special offers, discounts, or promotions based on your interests and preferences.	2.94	1.48	0.50	To a quite some extent
CRM10	The hotel offers special incentives for repeat tourists .	2.63	1.35	0.52	To a quite some extent
Total		3.65	1.05	0.31	To some extent

The results indicate that:

Tourists highly perceive the hotel staff's professional and courteous communication, with a fairly low coefficient of variation, indicating a consistent agreement among respondents.

Tourists generally perceive that hotel staff are receptive to their suggestions and feedback, although there's slightly more variation in perceptions among respondents.

Tourists perceive the hotel respects their privacy preferences regarding marketing communications, with a relatively consistent agreement among respondents.

Tourists perceive that the hotel manages their personal information securely and responsibly, although there's slightly more variation in perceptions among respondents.

Tourists generally agree that the hotel responds to complaints or concerns promptly, yet there's a moderate variation in responses among participants.

The respondents moderately agree that their needs are accurately scheduled, but there's notable variation in opinions.

Tourists somewhat agree that the hotel encourages and supports customer feedback, yet there's a moderate variability in responses.

Respondents tend to agree to a lesser extent that the hotel is proactive in sharing relevant information, with a notable variation in opinions.

Tourists perceive that the hotel offers personalized services to a lesser extent, with a moderate variation in responses among participants.

Respondents perceive to a considerable extent that the hotel provides special offers based on their interests and preferences, yet there is a high variation in opinions.

Participants perceive that the hotel provides special incentives for repeat tourists to a lesser extent, with a high variation in responses.

The average perceptions across all statements related to CRM indicate a moderate level of agreement among respondents, but with a notable variation in opinions.

4.2.1.3. Product Differentiation (PD) Analysis

Product differentiation is a strategic marketing approach employed by hotels to craft unique tourism products and services, distinguishing them from competitors. This strategy involves providing specialized services like wellness or ecotourism and tailoring products to suit diverse customer preferences. By implementing product differentiation, hotels can significantly enhance the tourism value chain, bolstering the destination's competitiveness through an array of distinct offerings tailored for various market segments. Table 9 presents an analysis of tourists' viewpoints regarding product differentiation attributes, including standard deviations and variation coefficients. The data is organized in descending order by mean values, shedding light on tourists' perspectives on different facets of product differentiation.

Table 9: The significant differences in Product Differentiation

Order	Statement	Mean	S.D.	C.V.	Level
PD4	The hotel's brand reputation is a good factor in your decision to stay there.	3.85	1.18	0.31	To a quite large extent
PD5	The hotel has a unique brand image that sets it apart from its competitors.	3.83	1.22	0.32	To a quite large extent
PD1	The hotel offers good physical features compared to its competitors (e.g., rooms, facilities, location).	3.77	1.20	0.32	To a quite large extent
PD3	The hotel provides services that are noticeably better than those of its competitors (e.g., personalised service, prompt and responsive staff).	3.55	1.29	0.36	To some extent
PD2	The hotel's amenities (e.g., spa, fitness centre, dining options) are superior to those offered by its competitors.	3.44	1.37	0.40	To some extent
Total		3.69	1.25	0.34	To some extent

The results indicate that:

With a mean score of 3.85 and a standard deviation of 1.18, respondents largely perceive the hotel's brand reputation as influential in their decision to choose this establishment over others. The coefficient of variation (C.V.) at 0.31 indicates moderate variability in responses, suggesting that while many tourists consider brand reputation a significant factor, opinions slightly differ in the extent to which it influences their choice.

Respondents rated this statement with a mean of 3.83, showcasing tourists' acknowledgment of the hotel's distinct brand image compared to its rivals. The standard deviation of 1.22 demonstrates varying perceptions among respondents. The C.V. of 0.32 suggests moderate variability, indicating a consensus that the hotel possesses a unique brand image, setting it apart from competitors, albeit with slight differences in viewpoints.

Tourists perceive the hotel's physical attributes, including rooms, facilities, and location, favourably, as reflected in the mean score of 3.77. However, the standard deviation of 1.20 and the coefficient of variation of 0.32 suggest slightly diverse opinions among respondents regarding the extent to which these physical features surpass those of competitors.

Respondents rated this statement with a mean score of 3.55, indicating that they recognize the hotel's services as somewhat superior to those offered by competitors. The standard deviation of 1.29 and the coefficient of variation of 0.36 imply varying perceptions among respondents regarding the noticeable superiority of the hotel's services compared to competitors.

Respondents rated this statement with a mean score of 3.44, suggesting tourists' perception of the hotel's amenities being somewhat superior to those of competitors. The standard deviation of 1.37 indicates a diverse range of opinions, while the coefficient of variation (C.V.) of 0.40 shows a higher variability in responses, signifying greater disagreement among respondents concerning the superiority of the hotel's amenities over competitors.

The total statements provide an average mean score across, reflecting an overall moderate perception of product differentiation attributes, with a standard deviation of 1.05 and a coefficient of variation of 0.31.

4.2.1.4. Innovation and Technological Adoption (ITA) Analysis

Innovation and technological adoption entail the development of more efficient and effective methods of providing tourism products and services. This can be accomplished by adopting new technologies, such as online reservation systems or mobile applications, or by implementing new organisational structures, such as lean management or agile methodologies. Table 10 presents an analysis of tourists' viewpoints regarding innovation and technological adoption attributes, including standard deviations and variation coefficients. The data is organized in descending order by mean values, shedding light on tourists' perspectives on different facets of innovation and technological adoption.

Table 10: The significant differences in innovation and technological adoption

Order	Statement	Mean	S.D.	C.V.	Level
ITA1	The hotel uses advanced technology (e.g., online booking, in-room entertainment).	3.02	1.29	0.43	To a quite some extent
ITA2	The hotel leverages advanced technology (e.g., smart room controls, high-speed Wi-Fi, and virtual reality experiences).	2.67	1.30	0.49	To a quite some extent

ITA3	The hotel employs special processes to enhance the customer experience (e.g., online check-in and check-out, mobile app for room service and requests, customer relationship management software).	2.76	1.30	0.47	To a quite some extent
ITA4	The hotel shows signs of a culture that encourages innovation and the adoption of new technologies (e.g., continually updating services and processes, employing up-to-date technology).	2.78	1.32	0.48	To a quite some extent
Total		2.81	1.30	0.47	To a quite some extent

The results indicate that:

With a mean score of 3.02 and a standard deviation of 1.29, respondents indicate that the hotel moderately employs advanced technology like online booking and in-room entertainment. The coefficient of variation (C.V.) at 0.43 suggests moderate variability in responses, indicating that while there is a general consensus regarding the utilization of advanced technology, opinions somewhat differ on the extent of its implementation.

Respondents rated this statement with a mean score of 2.67, suggesting a perception that the hotel somewhat employs advanced technologies such as smart room controls, high-speed Wi-Fi, and virtual reality experiences. The standard deviation of 1.30 indicates diverse opinions among respondents, and the higher coefficient of variation (C.V.) at 0.49 implies a higher variability in responses, showing disagreement among respondents regarding the hotel's use of these specific technologies.

Tourists scored this statement with a mean of 2.76, indicating a moderate perception that the hotel uses special processes like online check-in and check-out and mobile apps for room service and requests. The standard deviation of 1.30 demonstrates diverse opinions among respondents, and the C.V. of 0.47 suggests moderate variability, implying some disagreement in perceptions of these special processes.

Respondents rated this statement with a mean score of 2.78, suggesting a perception that the hotel moderately fosters a culture that embraces innovation and new technology adoption. The standard deviation of 1.32 indicates varying opinions among respondents, and the

coefficient of variation (C.V.) of 0.48 suggests moderate variability in responses, showing some disagreement regarding the hotel's culture of innovation and technology adoption.

The aggregated mean score across all statements indicates a general perception of moderate levels of technological adoption and innovation within the hotel. This collective evaluation, displaying a standard deviation of 1.30 and a coefficient of variation of 0.47, underscores a degree of variability in respondents' opinions. Overall, this suggests a balanced but somewhat varied perspective regarding the hotel's technological advancements and innovative practices.

4.2.1.5. Sustainability Practices (SP) Analysis

Implementing sustainable practices in hotel operations can upgrade the tourism value chain by reducing negative environmental and social impacts while enhancing the value proposition for eco-conscious travellers. Sustainability practices may include energy and water conservation measures, waste reduction, the use of eco-friendly materials, and community engagement initiatives. Table 11 presents an analysis of tourists' viewpoints regarding sustainable practices attributes, including standard deviations and variation coefficients. The data is organized in descending order by mean values, shedding light on tourists' perspectives on different facets of sustainable practices.

Table 11: The significant differences in sustainable practices

Order	Statement	Mean	S.D.	C.V.	Level
SP5	The hotel engages the local economy (e.g., by employing local staff and encouraging local tourism).	4.03	0.95	0.24	To a quite large extent
SP4	There are efforts by the hotel to engage with and contribute to the local community (e.g., locally sourced food and goods, support for local events or charities).	3.72	1.12	0.30	To a quite large extent
SP3	The hotel showcases local culture and heritage as part of your stay.	3.56	1.28	0.36	To some extent
SP1	The hotel has procedures that can mitigate environmental impacts (e.g., energy-efficient facilities, waste reduction and recycling programmes, use of eco-friendly products, water conservation).	2.28	1.31	0.57	To a quite some extent
SP2	The hotel has instructions to save the environment.	2.22	1.32	0.60	To a small extent
Total		3.16	1.20	0.41	To some extent

The results indicate that:

The hotel actively involves the local economy by employing local staff and promoting local tourism. This aspect received a mean score of 4.03, with a standard deviation of 0.95 and a coefficient of variation of 0.24, indicating a high degree of agreement among respondents regarding the hotel's substantial contribution to the local economy.

The hotel demonstrates efforts to engage with and contribute to the local community through practices like sourcing local goods and supporting local events or charities. It received a mean score of 3.72, a standard deviation of 1.12, and a coefficient of variation of 0.30, suggesting a considerable extent of engagement with the community.

The hotel integrates local culture and heritage into tourists' stays. With a mean score of 3.56, a standard deviation of 1.28, and a coefficient of variation of 0.36, respondents indicated a moderate level of inclusion of local culture and heritage in the hotel's offerings.

The hotel's efforts in environmental impact mitigation, such as energy-efficient facilities and waste reduction programs, received a mean score of 2.28, a standard deviation of 1.31, and a high coefficient of variation of 0.57, suggesting diverse opinions and a moderate extent of such practices.

The hotel's instructions or policies to conserve the environment were rated the lowest, with a mean score of 2.22, a standard deviation of 1.32, and a high coefficient of variation of 0.60, indicating varying opinions and a small extent of implementation.

Overall, the aggregated mean score of 3.16, with a standard deviation of 1.20 and a coefficient of variation of 0.41, signifies a moderate consensus among respondents regarding sustainable practices within the hotel, albeit with varying degrees across specific aspects.

Nonetheless, the results show that respondents' assessments of different parts of the tourism value chain in East Jerusalem's hotels span a wide range. From an analytical perspective, it presents a complex picture of satisfaction levels along several axes. From a strategic standpoint, these insights indicate areas that might use improvement and important areas of concentration. For example, while innovation and technological adoption scored lower, suggesting possible areas for improvement, service quality obtained significantly higher ratings, showing strength in this area. Product differentiation and customer relationship

management were seen somewhat, suggesting room for improvement or new approaches to boost the hotel's competitive advantage. Sustainable practices, on the other hand, showed a mediocre perception, indicating that there is still opportunity for sustainable efforts to keep up with changing industry standards and guest expectations.

4.2.2. Analysis of the Competitive Advantage of Hotels in East Jerusalem (CAHEJ)

Competitive advantage within the business realm signifies a company or organization's ability to surpass its competitors by delivering superior value to customers, thereby achieving increased profitability or securing a larger market share. In the hotel industry, competitive advantage encompasses a myriad of factors that render a hotel more appealing to potential customers compared to its counterparts, resulting in a fortified market stance.

A competitive hotel is characterized by its capacity to allure and retain tourists through the provision of exceptional value and service. This concept underscores the criticality of differentiation from rivals by offering superior service and value to clients. It accentuates the significance of both price and service quality in shaping a hotel's competitive edge within the market.

Table 12 illustrates an analysis of tourists' perceptions concerning attributes related to competitive advantage, featuring standard deviations and variation coefficients. The data is arranged in descending order based on mean values, providing insights into tourists' viewpoints on various aspects contributing to competitive advantage.

Table 12: The significant differences in Competitive Advantage of Hotels in East Jerusalem (CAHEJ)

Order	Statement	Mean	S.D.	C.V.	Level
CAHEJ11	You are happy when dealing with the hotel staff.	4.37	0.78	0.18	To a quite large extent
CAHEJ8	You are satisfied with the hotel's location.	4.34	0.80	0.18	To a quite large extent
CAHEJ10	The hotel staff is friendly, helpful, and professional.	4.30	0.79	0.18	To a quite large extent
CAHEJ1	You are satisfied with the hotel's level of service.	4.25	0.87	0.20	To a quite large extent
CAHEJ7	The hotel's location is easy to reach for your travel purposes (e.g., proximity to tourist attractions, transportation, dining options).	4.24	0.92	0.22	To a quite large extent

CAHEJ14	In general, you are satisfied with your accommodation.	4.23	0.87	0.21	To a quite large extent
CAHEJ4	The hotel has a good reputation in the market.	4.18	0.88	0.21	To a quite large extent
CAHEJ5	You would consider staying at this hotel again in the future.	4.03	1.16	0.29	To a quite large extent
CAHEJ6	You would recommend this hotel to friends, family, or colleagues.	4.00	1.19	0.30	To a quite large extent
CAHEJ13	The level of customer care at this hotel is competitive compared to that of other hotels you have visited.	3.88	0.94	0.24	To a quite large extent
CAHEJ3	The hotel prices are competitive compared to similar hotels in the area.	3.65	1.19	0.33	To some extent
CAHEJ2	The hotel offers special services, facilities, or experiences that differentiate it from its competitors.	3.65	1.28	0.35	To some extent
CAHEJ9	You are satisfied by the hotel's environment.	3.64	1.19	0.33	To some extent
CAHEJ15	The services and amenities provided by this hotel are unique and distinctive compared to those of its competitors.	3.63	1.17	0.32	To some extent
CAHEJ12	The hotel's environmental sustainability efforts contribute to a positive overall experience.	2.31	1.57	0.68	To a small extent
Total		3.91	1.04	0.28	To a quite large extent

The results indicate that:

A low coefficient of variation (0.18) and a mean rating of 4.37 indicate a high degree of satisfaction in contacts with hotel personnel, indicating consistent agreement among respondents regarding their enjoyment when dealing with the staff.

Travellers appear to be happy with the hotel's location, providing a mean score of 4.34 and a small coefficient of variation (0.18), signifying a general consensus among respondents regarding their satisfaction with the hotel's location.

shows that tourists have a favourable opinion of the hotel personnel, including comments about their professionalism and friendliness. With a variance coefficient of 0.18 and a mean score of 4.30, it was found that respondents generally agreed.

The data indicates that customers are generally satisfied with the hotel's service level, as seen by the mean score of 4.25 and variance coefficient of 0.20.

The reasonable degree of agreement among respondents is shown by the mean score of 4.24 and variance coefficient of 0.22, which show that tourists find the hotel's location appropriate for their travel needs.

Respondents generally express satisfaction with their accommodation, as shown by the mean score of 4.23 and a variation coefficient of 0.21, indicating consistency in opinions regarding satisfaction with accommodation.

The data shows the hotel's favourable reputation in the market, with a mean score of 4.18 and a variation coefficient of 0.21, indicating that respondents' opinions on the hotel's favourable position in the market are consistent.

Tourists seem inclined to revisit the hotel, as indicated by the mean score of 4.03 and a variation coefficient of 0.29, suggesting a moderate consensus among respondents regarding their inclination to revisit.

Respondents are moderately willing to recommend the hotel, as reflected in the mean score of 4.00 and a variation coefficient of 0.30, indicating a moderate level of agreement among tourists regarding their willingness to recommend the hotel.

There is moderate agreement that the hotel's customer care level is competitive, with a mean score of 3.88 and a variation coefficient of 0.24, suggesting a moderate consensus among respondents.

A reasonable degree of agreement among tourists is shown by the mean score of 3.65 and a variance coefficient of 0.33, which represent the respondents' perception of moderate competition in hotel prices.

The hotel's differentiation efforts show moderate perception, with a mean score of 3.65 and a variation coefficient of 0.35, suggesting moderate agreement among respondents.

There is a moderate level of satisfaction regarding the hotel environment, demonstrated by the mean score of 3.64 and a variation coefficient of 0.33, indicating a moderate level of agreement among tourists.

Respondents perceive a moderate level of distinctiveness in the hotel's services and amenities, as shown by the mean score of 3.63 and a variation coefficient of 0.32, suggesting moderate agreement among tourists.

Respondents show relatively lower agreement regarding the hotel's sustainability efforts contributing to a positive experience, as indicated by the mean score of 2.31 and a high variation coefficient of 0.68, signifying diverse opinions among tourists about this aspect.

The mean score of 3.91 and the modest variation coefficient of 0.28 in the total indicate a high degree of agreement among respondents on the many facets of competitive advantage at the hotel. This total provides an average mean score across all statements.

4.3. Confirmatory Factor Analysis

Confirmatory Factor Analysis (CFA) is a statistical method mostly applied in structural equation modeling to assess how well the measurement model fits the observed data. To ascertain how effectively the suggested components or constructs capture the data, it looks at the connections between observable variables and latent constructs (Brown, 2015).

When it comes to the connections between observable variables and latent constructs, researchers in CFA create a theoretical model based on preexisting knowledge or conjecture. The method evaluates whether the latent conceptions that underlie the observable variables are sufficiently reflected in them. A variety of fit indices, including the Standardized Root Mean Square Residual (SRMR), Tucker-Lewis Index (TLI), Root Mean Square Error of Approximation (RMSEA), and Comparative Fit Index (CFI), are used to assess the model's fit (Kline, 2016).

Confirmation of concept structure, validity and reliability assessment, and validation of measuring scales are among the many applications of confirmatory factor analysis (CFA) in the social sciences, psychology, and marketing.

Goodness-of-fit indices play a crucial role in determining the adequacy of structural equation models (SEMs) for representing observed data. Several commonly used indices include the Chi-Square test, Comparative Fit Index (CFI), Goodness of Fit Index (GFI), Root Mean Square Error of Approximation (RMSEA), and Standardized Root Mean Square Residual (SRMR), among others (Collier, 2020).

- **The Chi-Square (χ^2) test** examines the difference between the observed and expected covariance matrices. A non-significant chi-square value indicates a good fit, but it is sensitive to large sample sizes.
- **Comparative Fit Index (CFI):** It measures how well the proposed model fits in comparison to a null model. Values closer to 1 indicate better fit, with cutoffs around 0.90 or higher suggesting acceptable fit.
- **Goodness of Fit Index (GFI):** It evaluates the proportion of variance and covariance accounted for by the model. GFI values close to 1 suggest a good fit.
- **Root Mean Square Error of Approximation (RMSEA):** It considers the discrepancy between the observed and predicted covariances per degree of freedom. Lower RMSEA values (typically around 0.08 or less) indicate a better fit.
- **(CMIN/DF):** It assesses the minimum discrepancy function by degrees of freedom divided; lower values than 5 indicate a better fit.

These indices collectively offer insights into how well the model fits the observed data, ensuring the reliability and validity of the structural equation model (SEM) analysis.

4.3.1. Confirmatory Factor Analysis of Service Quality (SQ)

The fitting indices of the confirmatory factor analysis of service quality are displayed in the following table.

Table 13: Fitting Index of Confirmatory Factor Analysis of Service Quality (SQ)

Index	Goodness of Fit Rule	SQ
Chi-Square (χ^2) test Significance level	p-value > 0.05	0.826
Comparative Fit Index (CFI)	≥ 0.9	1
Goodness of Fit Index (GFI)	≥ 0.9	0.976
Root Mean Square Error of Approximation (RMSEA)	≤ 0.08	0.000
CMIN/DF	< 5	0.776

As indicated in Table 13, A p-value of 0.826 was obtained via the Chi-Square (χ^2) test, exceeding the significance level of 0.05. This increased p-value indicates that there may not be a good match between the service quality data and the suggested model. Other indices, however, showed a rather good match. With a score of 1, the Comparative Fit Index (CFI)

showed a very good fit, suggesting a high degree of agreement between the model and the actual data. A good match was also shown by the Goodness of Match Index (GFI) of 0.976, indicating a strong agreement between the observed data and the service quality model. Furthermore, there was very little error between the model and the actual data, as indicated by the Root Mean Square Error of Approximation (RMSEA), which scored 0.000. Although it is less than the 5-point criterion, the CMIN/DF ratio of 0.776 indicates a reasonably good match that is closer to the cutoff point.

To summarize, the results of the Chi-Square test show that there is a significant level of agreement between the proposed model and the observed data for service quality. However, there are potential discrepancies or areas for refinement in the model, as indicated by the CMIN/DF ratio approaching the threshold and the p-value of the Chi-Square test exceeding the significance level. It may be essential to conduct more analysis or make structural changes to the model in order to improve its fit with regard to service quality. 10 elements remained from 12 elements of the service quality (the items deleted were not statistically significant or didn't fit the model in the explanatory phase). (SQ3 and SQ12) have been deleted because they haven't significantly affected or fit the model in the explanatory phase.

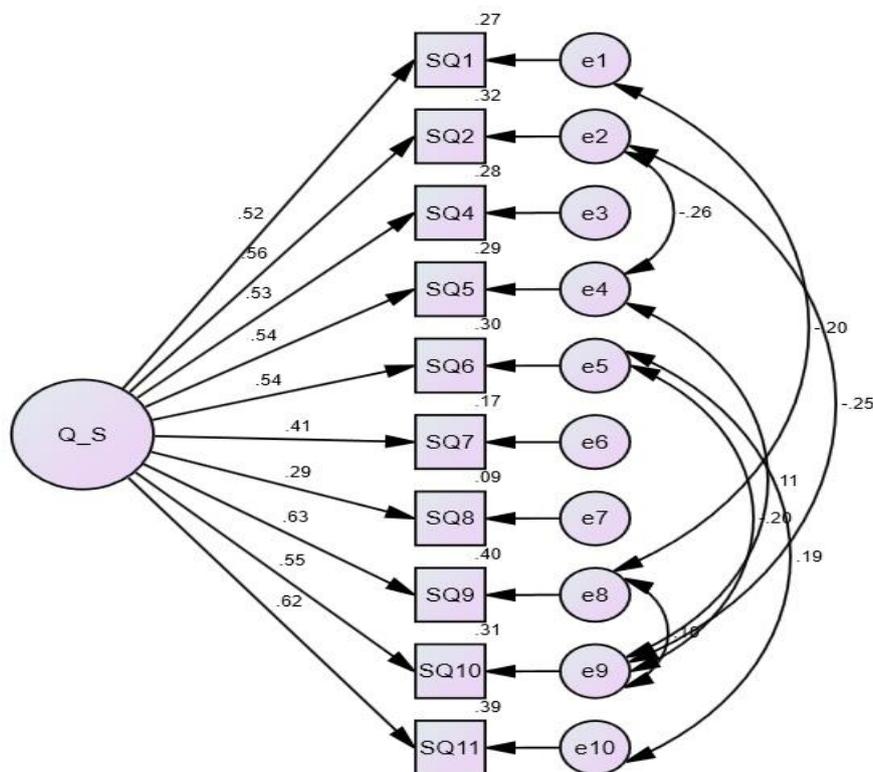


Figure 7: Confirmatory Factor Analysis diagram of Service Quality

4.3.2. Confirmatory Factor Analysis of Customer Relationship Management (CRM)

The fitting indices of the confirmatory factor analysis of customer relationship management are displayed in the following table.

Table 14: Fitting Index of CFA of Customer Relationship Management (CRM)

Index	Goodness of Fit Rule	SQ
Chi-Square (χ^2) test Significance level	p-value > 0.05	0.534
Comparative Fit Index (CFI)	≥ 0.9	1
Goodness of Fit Index (GFI)	≥ 0.9	0.974
Root Mean Square Error of Approximation (RMSEA)	≤ 0.08	0.000
CMIN/DF	< 5	0.959

In conclusion, there is a very good to exceptional fit for the CFA model of customer relationship management, as indicated by the majority of fitting indices (CFI, GFI, RMSEA, and CMIN/DF). Despite the Chi-Square test's p-value being slightly over 0.05, all of the indices taken together suggest that the suggested model and the observed data for CRM are favourably aligned, demonstrating the model's resilience in describing the variables related to customer relationship management. However, all elements of customer service management were deleted because they hadn't significantly affected or fit the model in the explanatory phase.

4.3.3. Confirmatory Factor Analysis of Product Differentiation (PD)

The fitting indices of the confirmatory factor analysis of product differentiation are displayed in the following table.

Table 15: Fitting Index of CFA of Product Differentiation (PD)

Index	Goodness of Fit Rule	SQ
Chi-Square (χ^2) test Significance level	p-value > 0.05	0.962
Comparative Fit Index (CFI)	≥ 0.9	1
Goodness of Fit Index (GFI)	≥ 0.9	1
Root Mean Square Error of Approximation (RMSEA)	≤ 0.08	0.000
CMIN/DF	< 5	0.039

In summary, although the CFA model of product differentiation appears to have an excellent or reasonably good fit based on the Comparative Fit Index (CFI) and Root Mean Square Error of Approximation (RMSEA), there may be discrepancies with the observed data as indicated by the Chi-Square test's p-value, which is higher than the conventional significance level. Additionally, the Goodness of Fit Index (GFI) is just below the suggested cutoff. When taking all of these indices into account, the model seems to have indices of pretty good fit.

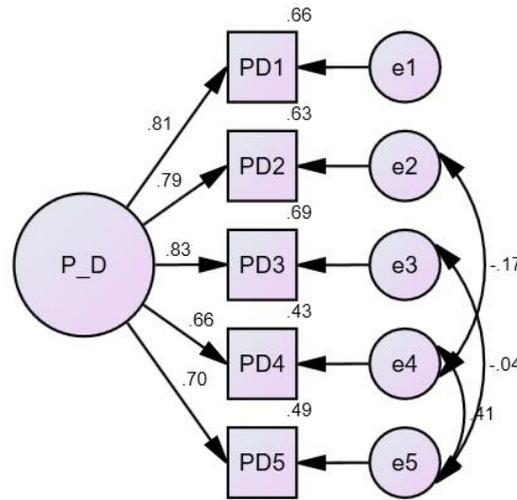


Figure 8: Confirmatory Factor Analysis diagram of Product Differentiation

4.3.4. Confirmatory Factor Analysis of Innovation & Technological Adoption (ITA)

The fitting indices of the confirmatory factor analysis of innovation and technological adoption are displayed in the following table.

Table 16: Fitting Index of CFA of Innovation & Technological Adoption (ITA)

Index	Goodness of Fit Rule	SQ
Chi-Square (χ^2) test Significance level	p-value > 0.05	0.994
Comparative Fit Index (CFI)	≥ 0.9	1
Goodness of Fit Index (GFI)	≥ 0.9	1
Root Mean Square Error of Approximation (RMSEA)	≤ 0.08	0.000
CMIN/DF	< 5	0.058

Every fitting index for the Innovation and Technological Adoption (ITA) CFA model has outstanding results, indicating a perfect match between the suggested model and the data that

has been observed. When taken as a whole, these indices show an almost perfect match, underscoring the model's stability and dependability in elucidating the variables related to innovation and technological adoption.

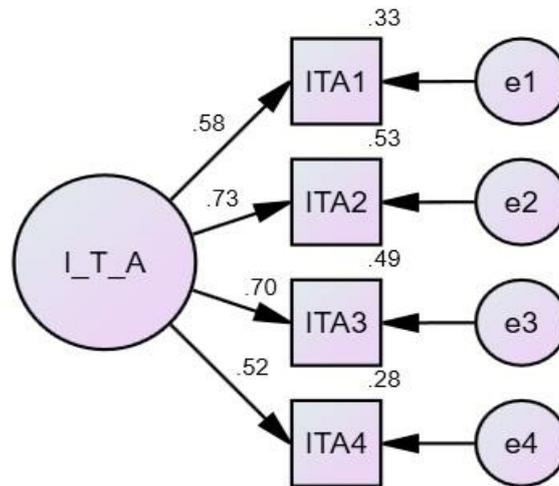


Figure 9: Confirmatory Factor Analysis diagram of Innovation & Technological Adoption

4.3.5. Confirmatory Factor Analysis of Sustainability Practices (SP)

The fitting indices of the confirmatory factor analysis of sustainability practices are displayed in the following table.

Table 17: Fitting Index of CFA of Sustainability Practices (SP)

Index	Goodness of Fit Rule	SQ
Chi-Square (χ^2) test Significance level	p-value > 0.05	0.528
Comparative Fit Index (CFI)	≥ 0.9	1
Goodness of Fit Index (GFI)	≥ 0.9	0.994
Root Mean Square Error of Approximation (RMSEA)	≤ 0.08	0.000
CMIN/DF	< 5	0.795

Every fitting index for the Sustainability Practices (SP) CFA model has outstanding results, indicating a perfect match between the suggested model and the data that has been observed. When taken as a whole, these indices show an almost perfect match, underscoring

the model's stability and dependability in elucidating the variables related to innovation and technological adoption.

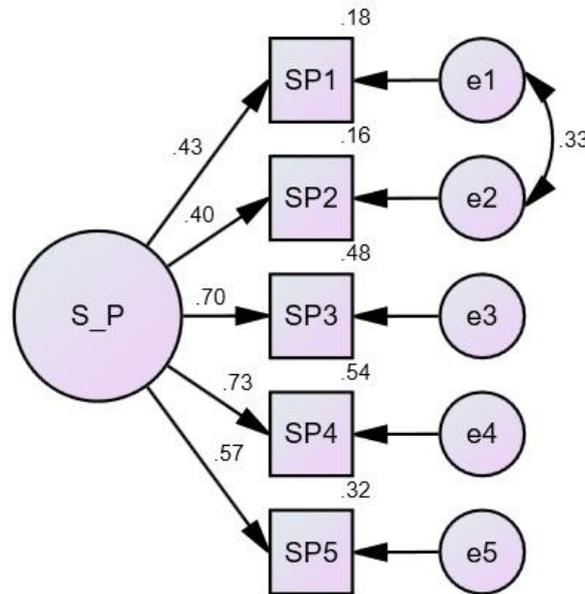


Figure 10: Confirmatory Factor Analysis diagram of Sustainability Practices

4.3.6. Confirmatory Factor Analysis of Competitive Advantage of Hotels in East Jerusalem (CAHEJ)

The fitting indices of the confirmatory factor analysis of the competitive advantage of hotels in East Jerusalem (CAHEJ) are displayed in the following table.

Table 18: Fitting Index of CFA of Competitive Advantage of Hotels in East Jerusalem

Index	Goodness of Fit Rule	SQ
Chi-Square (χ^2) test Significance level	p-value > 0.05	0.739
Comparative Fit Index (CFI)	≥ 0.9	1
Goodness of Fit Index (GFI)	≥ 0.9	0.973
Root Mean Square Error of Approximation (RMSEA)	≤ 0.08	0.000
CMIN/DF	< 5	1.018

Every fitting index for the Competitive Advantage CFA model has outstanding results, indicating a perfect match between the suggested model and the data that has been observed.

When taken as a whole, these indices show an almost perfect match, underscoring the model's stability and dependability in elucidating the variables related to innovation and technological adoption. 12 elements remained from 15 elements of the competitive advantage of hotels in East Jerusalem (the items deleted were not statistically significant). (CAHEJ3, CAHEJ7, and CAHEJ8) has been deleted because it has not significantly.

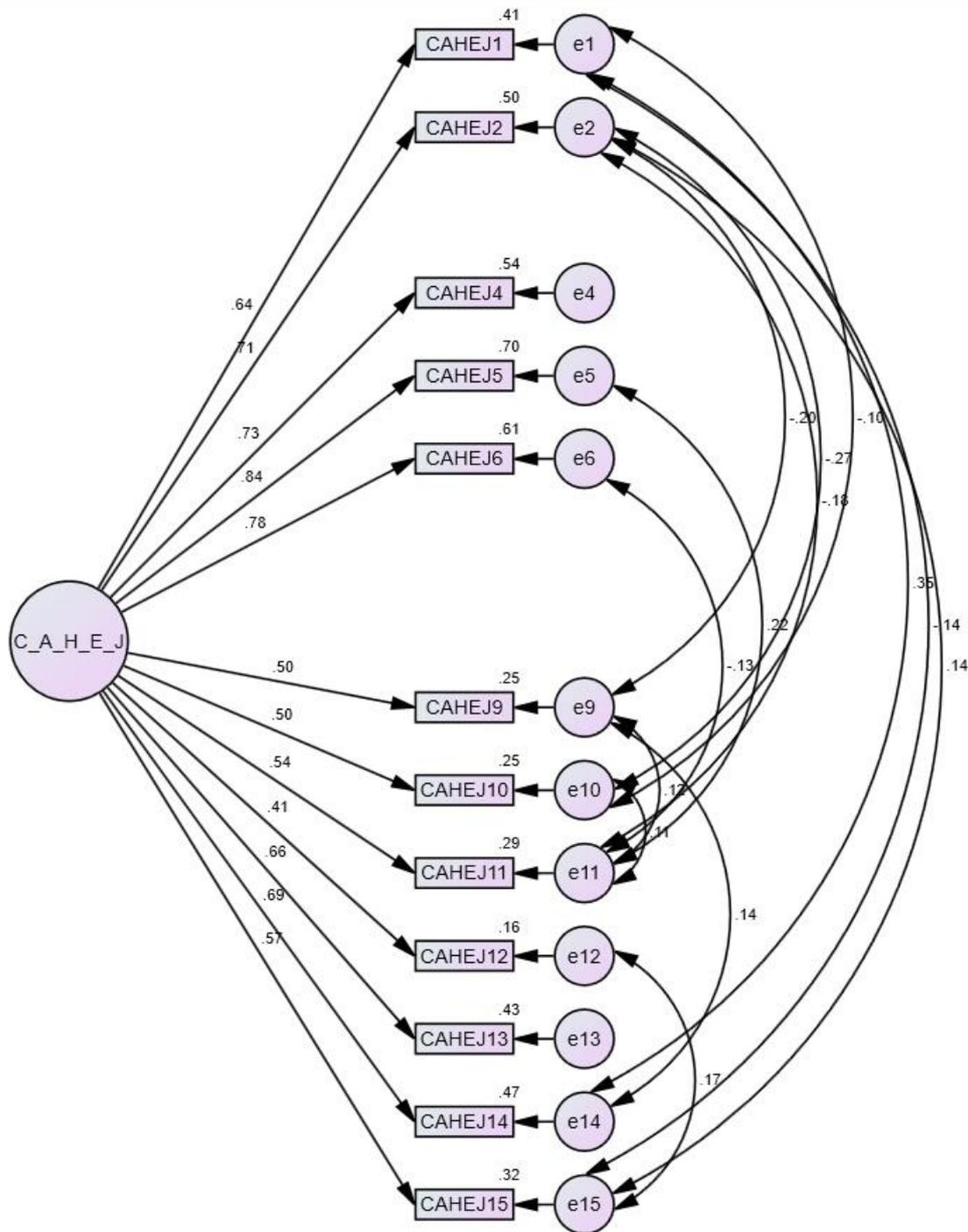


Figure 11: Confirmatory Factor Analysis diagram of Competitive Advantage of Hotels

4.4. The structural model of analyzing the path

Within the context of structural equation modeling (SEM), the general formula for the path analysis equation is a mathematical representation used to look at both direct and indirect relationships among observed and latent variables. In order to evaluate the paths or relationships between variables, multiple regression equations are used. The general pattern of analyzing the path is as follows:

$$Y_{p+1} = B_{p*p}Y_{p*1} + T_{p*q}X_{q*1} + \epsilon_{p*1}$$

B_{p*p} : Direct Effects Matrix of Endogenous Variables.

Y_{p+1} : Dependent Variables Matrix, p is the number of dependent variables.

T_{p*q} : Direct Effects Matrix of Exogenous Variables, q is the number of independent variables.

X_{q*1} : Independent Variables Matrix.

ϵ_{p*1} : Random Errors Matrix.

The formula for the proposed Path Analysis Equation in our research is as follows:

$$Q_S = \alpha_{SQ1} * SQ1 + \alpha_{SQ2} * SQ2 + \alpha_{SQ4} * SQ4 + \alpha_{SQ5} * SQ5 + \alpha_{SQ6} * SQ6 + \alpha_{SQ7} * SQ7 + \alpha_{SQ8} * SQ8 + \alpha_{SQ9} * SQ9 + \alpha_{SQ10} * SQ10 + \alpha_{SQ11} * SQ11$$

$$PD = \alpha_{PD1} * PD1 + \alpha_{PD2} * PD2 + \alpha_{PD3} * PD3 + \alpha_{PD4} * PD4 + \alpha_{PD5} * PD5$$

$$SP = \alpha_{SP1} * SP1 + \alpha_{SP2} * SP2 + \alpha_{SP3} * SP3 + \alpha_{SP4} * SP4 + \alpha_{SP5} * SP5$$

$$ITA = \alpha_{ITA1} * ITA1 + \alpha_{ITA2} * ITA2 + \alpha_{ITA3} * ITA3 + \alpha_{ITA4} * ITA4$$

$$CAHEJ = \alpha_{CAHEJ1} * CAHEJ1 + \alpha_{CAHEJ2} * CAHEJ2 + \alpha_{CAHEJ4} * CAHEJ4 + \alpha_{CAHEJ5} * CAHEJ5 + \alpha_{CAHEJ6} * CAHEJ6 + \alpha_{CAHEJ9} * CAHEJ9 + \alpha_{CAHEJ10} * CAHEJ10 + \alpha_{CAHEJ11} * CAHEJ11 + \alpha_{CAHEJ12} * CAHEJ12 + \alpha_{CAHEJ13} * CAHEJ13 + \alpha_{CAHEJ14} * CAHEJ14 + \alpha_{CAHEJ15} * CAHEJ15$$

WHERE:

SQ: Service Quality

SQ1: The hotel's services are provided on time.

SQ2: The hotel's services are error-free.

SQ4: The hotel staff is able to answer your questions.

SQ5: You feel secure and safe while staying at the hotel.

- SQ6: The hotel’s physical facilities (rooms, common areas, etc.) are clean and well-maintained.
- SQ7: The hotel provides up-to-date and functioning equipment (e.g., Wi-Fi, TV, air conditioning).
- SQ8: The hotel staff treats you with kindness and particular attention.
- SQ9: The hotel staff understands your specific requirements and preferences.
- SQ10: The hotel staff is available to listen to your concerns and provide assistance when needed.
- SQ11: The hotel staff responds quickly to both your requests and your complaints.

PD: Product Differentiation

- PD1: The hotel offers good physical features compared to its competitors (e.g., rooms, facilities, location).
- PD2: The hotel's amenities (e.g., spa, fitness centre, dining options) are superior to those offered by its competitors.
- PD3: The hotel provides services that are noticeably better than those of its competitors (e.g., personalised service, prompt and responsive staff).
- PD4: The hotel's brand reputation is a good factor in your decision to stay there.
- PD5: The hotel has a unique brand image that sets it apart from its competitors.

SP: Sustainability Practices

- SP1: The hotel has procedures that can mitigate environmental impacts (e.g., energy-efficient facilities, waste reduction and recycling programmes, use of eco-friendly products, water conservation).
- SP2: The hotel has instructions to save the environment.
- SP3: The hotel showcases local culture and heritage as part of your stay.
- SP4: There are efforts by the hotel to engage with and contribute to the local community (e.g., locally sourced food and goods, support for local events or charities).
- SP5: The hotel engages the local economy (e.g., by employing local staff and encouraging local tourism).

ITA: Innovation and Technological Adoption

- ITA1: The hotel uses advanced technology (e.g., online booking, in-room entertainment).
- ITA2: The hotel leverages advanced technology (e.g., smart room controls, high-speed Wi-Fi, and virtual reality experiences).
- ITA3: The hotel employs special processes to enhance the customer experience (e.g., online check-in and check-out, mobile app for room service and requests, customer relationship management software).
- ITA4: The hotel shows signs of a culture that encourages innovation and the adoption of new technologies (e.g., continually updating services and processes, employing up-to-date technology).

CAHEJ: Competitive Advantage of Hotels in East Jerusalem

CAHEJ1: You are satisfied with the hotel's level of service.

CAHEJ2: The hotel offers special services, facilities, or experiences that differentiate it from its competitors.

CAHEJ4: The hotel has a good reputation in the market.

CAHEJ5: You would consider staying at this hotel again in the future.

CAHEJ6: You would recommend this hotel to friends, family, or colleagues.

CAHEJ9: You are satisfied by the hotel's environment.

CAHEJ10: The hotel staff is friendly, helpful, and professional.

CAHEJ11: You are happy when dealing with the hotel staff.

CAHEJ12: The hotel's environmental sustainability efforts contribute to a positive overall experience.

CAHEJ13: The level of customer care at this hotel is competitive compared to that of other hotels you have visited.

CAHEJ14: In general, you are satisfied with your accommodation.

CAHEJ15: The services and amenities provided by this hotel are unique and distinctive compared to those of its competitors.

All (α 's) are the direct effect parameters. The following guideline table exhibits the goodness of fit rules and the index results for each main variable of the study.

$$Q_S = .541SQ1 * SQ1 + .523SQ2 * SQ2 + .527SQ4 * SQ4 + .478SQ5 * SQ5 + .565SQ6 * SQ6 + .436SQ7 * SQ7 + .346SQ8 * SQ8 + .578SQ9 * SQ9 + .506SQ10 * SQ10 + .658SQ11 * SQ11$$

$$PD = .835PD1 * PD1 + .769PD2 * PD2 + .826PD3 * PD3 + .664PD4 * PD4 + .687PD5 * PD5$$

$$SP = .615SP1 * SP1 + .643SP2 * SP2 + .565SP3 * SP3 + .567SP4 * SP4 + .467SP5 * SP5$$

$$ITA = .588 ITA1 * ITA1 + .703 ITA2 * ITA2 + .687ITA3 * ITA3 + .562ITA4 * ITA4$$

$$CAHEJ = .643CAHEJ1 * CAHEJ1 + .758CAHEJ2 * CAHEJ2 + .695CAHEJ4 * CAHEJ4 + .809CAHEJ5 * CAHEJ5 + .809CAHEJ6 * CAHEJ6 + .424CAHEJ9 * CAHEJ9 + .392CAHEJ10 * CAHEJ10 + .450CAHEJ11 * CAHEJ11 + .429CAHEJ12 * CAHEJ12 + .660CAHEJ13 * CAHEJ13 + .683CAHEJ14 * CAHEJ14 + .570CAHEJ15 * CAHEJ15$$

The structural model illustrating the study is depicted in the following figure, showcasing the matrix outcomes obtained from the analysis.

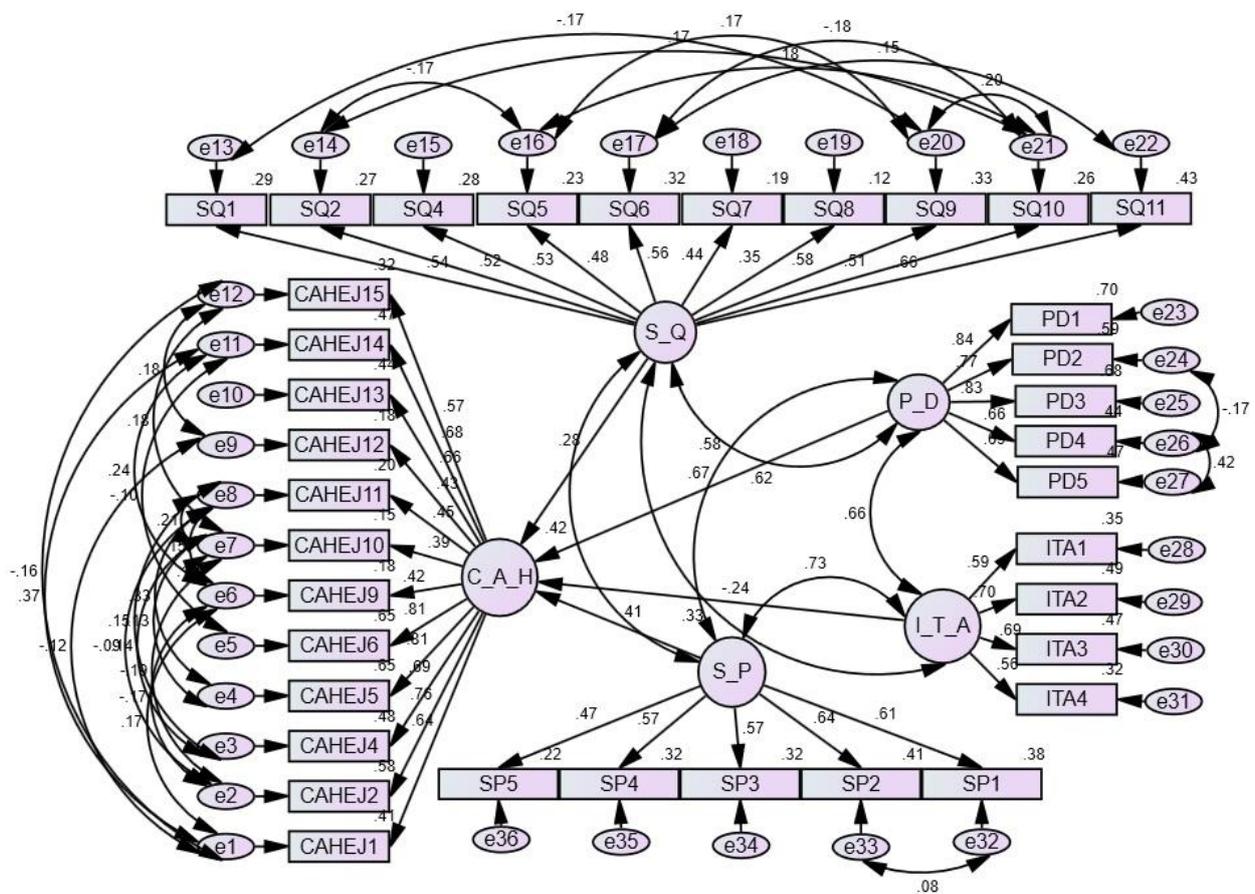


Figure 12: Structural Model (the matrix results from the analysis)

Figure (12) shows the structural model (the results of the matrix from the analysis) between the independent variables of the chain value (SQ, PD, and SP) that creating shared value through the cluster improves the competitive advantage of hotels in East Jerusalem.

4.5. Path Analysis of Study Hypothesis Test

A statistical method called path analysis is employed in research to evaluate and examine the connections among the variables in a theoretical model that has been put out. It aids researchers in comprehending the simultaneous direct and indirect relationships between several variables. This approach makes it possible to investigate the causal linkages between variables and the potential effects of changing one on the others.

In path analysis, researchers develop a visual representation known as a path diagram, illustrating hypothesized relationships between variables using arrows or paths. Each path

represents a direct relationship between two variables, depicting the direction and strength of the expected association based on theoretical assumptions or prior empirical evidence (Byrne, 2016).

Model specification, parameter estimation, and model fit evaluation are the steps in the process. To estimate the correlations between variables, evaluate their importance, and ascertain if the suggested model adequately fits the data, we employ AMOS statistical software. In path analysis, hypothesis testing entails evaluating certain hypotheses based on the correlations between variables. Usually, these theories forecast whether or not there are correlations between variables, as well as the degree and direction of such correlations. Also, specialized hypotheses regarding the relationships between variables are tested as part of the hypothesis testing process in path analysis. The predictions made by these hypotheses usually pertain to the existence, strength, and direction of associations between variables (Kline, 2016).

The research examines the following hypotheses

The core hypothesis suggests that upgrading the tourism value chain significantly contributes to enhancing the competitive advantage of hotels located in East Jerusalem. Each subsequent hypothesis is derived from this central premise.

H1: Service quality has a significant impact on enhancing the competitive advantage of hotels in East Jerusalem.

H2: Product differentiation has a significant impact on enhancing the competitive advantage of hotels in East Jerusalem.

H3: Customer relationship management has a significant impact on enhancing the competitive advantage of hotels in East Jerusalem.

H4: Innovation and technological adoption have a significant impact on enhancing the competitive advantage of hotels in East Jerusalem.

H5: Sustainability practices have a significant impact on upgrading the tourism value chain of hotels in East Jerusalem.

Table 19: The path analysis results (to examine H1, H2, H3, H4 and H5):

Hypothesis	Path Analysis			Standardized Coefficient β	S.E.	C.R.	P	Result
H1	C_A_H	<---	S_Q	0.367	0.097	3.79	***	Reject H ₀
H2	C_A_H	<---	P_D	0.372	0.055	6.764	***	Reject H ₀
H3	C_A_H	<---	C_R_M	.412	.184	2.243	.025	Reject H _A
H4	C_A_H	<---	I_T_A	-0.176	0.069	-2.56	0.01	Reject H _A
H5	C_A_H	<---	S_P	0.282	0.068	4.139	***	Reject H ₀

The results of the hypothesis testing through path analysis revealed significant relationships between the variables under scrutiny. Firstly, the path from variable C_A_H to S_Q exhibited a standardized coefficient (β) of 0.367 with a standard error (S.E.) of 0.097, resulting in a critical ratio (C.R.) of 3.79, indicating a strong association.

Similarly, the path from C_A_H to P_D displayed a substantial coefficient of 0.372 (S.E. = 0.055), yielding a high C.R. of 6.764, also demonstrating a noteworthy relationship.

Conversely, the path from C_A_H to C_R_M revealed a coefficient of 0.412 (S.E. = 0.184) with a C.R. of 2.243 and a p-value of .025, leading to the rejection of the null hypothesis (Reject H_A).

Additionally, the path from C_A_H to I_T_A displayed a negative coefficient of -0.176 (S.E. = 0.069) with a C.R. of -2.56 and a p-value of 0.01, also resulting in the rejection of the alternative hypothesis (Reject H_A).

Finally, the path from C_A_H to S_P exhibited a coefficient of 0.282 (S.E. = 0.068) with a high C.R. of 4.139 (***), suggesting a significant relationship between these variables. Overall, the findings suggest robust associations between C_A_H and the respective variables assessed, validating several proposed hypotheses while rejecting others based on the observed statistical significance.

Chapter Five: Conclusions and Policy Implications

5.1. Introduction

In this chapter, the researcher highlights and discusses the main results and their conformity with previous studies in Section 5.2. In addition, conclusions and policy implications are presented in Section 5.3. Then, it concludes with opportunities for future research in section 5.4.

5.2. Summary and Discussion of the Study Results

An empirical analysis is required to model the structural equation using the AMOS program. This analysis includes multiple variables: five independent variables (service quality, customer relationship management, product differentiation, innovation and technological adoption, and sustainability practices), a mediating variable (tourism value chain), and a dependent variable (competitive advantage). However, to analyse the results accurately, it is essential to consider all variables using the modeling of the structural equation. Confirmatory factor analysis is used to identify non-influential factors, which are then deleted. The path analysis and developed structural equation modeling confirm that the study model is correct; however, it needs some modifications. The assumptive model is based on the study variables conforming to the study model. On the other hand, certain variables are omitted due to a lack of statistical significance in the case of East Jerusalem, which are customer relationship management and innovation and technological adoption.

The first sub-hypothesis in the research suggests that product differentiation has a significant impact on enhancing the competitive advantage of hotels in East Jerusalem. The study's findings affirm the hypothesis that product differentiation significantly impacts the competitive advantage of hotels in East Jerusalem. This result aligns with the work of Miano & Wamalwa (2021) who found that optimizing service differentiation at a hotel leads to enhancing its performance and, as a result, increasing its competitive advantage. Furthermore, the result agrees with Arseculeratne & Yazdanifard (2014) who said that entities that embrace efficient service differentiation will gain a sustainable competitive advantage over their rivals.

The second sub-hypothesis in the research suggests that innovation and technological adoption have a significant impact on enhancing the competitive advantage of hotels. However, and based on the findings of this research, this is not the case in East Jerusalem. The path analysis of the study model proves that innovation and technological adoption don't

significantly enhance the competitive advantage of hotels in East Jerusalem. This comes in contrast to previous studies by Buhalis & Leung (2018) & Ezzaouia & Bulchand-Gidumal (2022) who found that adopting IT in the hospitality industry would be a critical element in providing business value and improving the performance of hotels in terms of employees and finance, which leads to enhancing hotel competitiveness.

I believe that while innovation and technology adoption are widely recognized for contributing to competitive advantage in the hospitality industry, this connection may take on a distinctive dynamic in the context of East Jerusalem. The city, renowned for its ancient and culturally rich heritage, attracts tourists primarily interested in exploring its historical treasures. Unlike in more contemporary tourist destinations, visitors to East Jerusalem often choose to spend a significant portion of their time outside the hotel, immersing themselves in the centuries-old heritage of the city. As a result, the impact of technological innovations within hotel facilities may be less pronounced compared to destinations where the hotel experience is a central component of the overall tourist experience. In other words, the behavior and preferences of tourists in East Jerusalem contribute to the observed non-significant relationship between innovation, technology adoption, and the competitive advantage of hotels in the region.

The third sub-hypothesis in the research suggests that customer relationship management has a significant impact on enhancing the competitive advantage of hotels. However, and based on the findings of this research, this is not the case in East Jerusalem. The path and confirmatory factor analysis of the study model prove that customer relationship management doesn't significantly impact enhancing the competitive advantage of hotels in East Jerusalem. The findings of this section come in contrast with previous research such as Antonio (2004) & Zia Ur Rehman et al. (2023), who confirm that customer relationship management is one of the tools to increase a firm's competitive advantage. Furthermore, Zia Ur Rehman et al. (2023) suggest that hotels should focus on customer relationship management to sustain their business performance and gain a strong competitive advantage.

Despite a substantial body of literature highlighting a positive correlation between customer relationship management (CRM) and competitive advantage in the hospitality industry, the unique setting of East Jerusalem introduces a distinctive perspective. I think that East Jerusalem, celebrated for its historical and cultural significance, attracts a particular type of tourist whose main focus is exploring the city's rich heritage. Unlike more conventional tourist destinations, where CRM practices may significantly influence repeat business and

guest loyalty, the nature of tourism in East Jerusalem implies that visitors are often transient and motivated by a desire for cultural exploration rather than maintaining sustained relationships with specific hotels. Furthermore, tourists in Jerusalem are more inclined to prioritize historical and cultural experiences over forming personalized relationships with hotels. Consequently, the impact of CRM practices on competitive advantage is diminished, given that the primary driver for repeat business lies in external attractions rather than hotel-specific services.

The fourth sub-hypothesis in the research suggests that service quality has a significant impact on enhancing the competitive advantage of hotels in East Jerusalem. The study's findings affirm the hypothesis that service quality significantly impacts the competitive advantage of hotels in East Jerusalem. This result aligns with the work of Parasuraman et al. (1988) & Zeithaml et al. (1996) who confirmed that service quality plays a major role in a hotel's competitive advantage since it contributes to overall customer satisfaction and loyalty, which can lead to repeat business, positive word-of-mouth, and increased revenues.

The fifth sub-hypothesis in the research suggests that sustainable practices have a significant impact on enhancing the competitive advantage of hotels in East Jerusalem. The study's findings affirm the hypothesis that sustainable practices significantly impact the competitive advantage of hotels in East Jerusalem. This result aligns with the work of Attila (2016) & Jurigová & Lencséssová (2015) who say that sustainability is considered to be one of the important factors in enhancing the competitiveness of the hotel industry. They claim that investing in sustainability can improve hotel performance, which, as a result, will enhance its competitiveness.

Three out of the five sub-hypotheses have been confirmed, as shown above, and this comes in line with previous studies. Thus, this research substantiates the main hypothesis that the tourism value chain significantly affects the competitive advantage of hotels in East Jerusalem. Furthermore, since the independent variables are strategies used to enhance the tourism value chain, as stated in Chapter 2, it can be concluded that the tourism value chain acts as a mediating variable between the independent variables and the competitive advantage.

5.3. Conclusions & Practical Implications

In conclusion, this research has discussed factors influencing the competitive advantage of hotels in East Jerusalem. The study's robust findings affirm the profound impacts of product differentiation, service quality, and sustainability practices on the positioning of hotels in this unique destination. The unexpected outcomes related to customer relationship management and innovation and technological adoption signal the importance of contextualizing management approaches in line with the distinctive cultural landscape of East Jerusalem. The synthesis of cultural richness in East Jerusalem necessitates a strategic recalibration to meet the distinctive expectations of visitors, emphasizing the imperative for context-specific approaches to enhance the competitive standing of hotels.

The study recommends a paradigm shift in marketing strategies, urging policymakers to craft campaigns that authentically showcase East Jerusalem's cultural and historical attributes. Collaborative initiatives between government entities, tourism boards, and hotel associations can amplify the success of product differentiation. Tailored marketing endeavors should spotlight the region's unique experiences, catering to the diverse preferences of visitors seeking an immersive cultural journey.

Policymakers should consider the implementation of incentives and regulatory frameworks encouraging hotels to adopt eco-friendly practices. Collaborative initiatives with local communities and environmental organizations can further augment the sustainability efforts of the hospitality sector. Educational programs for hotel staff can instill a culture of responsibility, positioning East Jerusalem as a beacon for sustainable tourism practices.

Recognizing that innovation and technology adoption and CRM may not be the primary drivers of competitive advantage, hotel managers and policymakers should consider alternative avenues for enhancing the overall visitor experience. Emphasizing the integration of local culture, historical authenticity, and personalized services that align with the preferences of tourists could prove more effective in gaining a competitive edge. This nuanced understanding of the relationship between CRM & technology and competitive advantage in East Jerusalem not only contributes to the academic discourse on hospitality management but also provides practical insights for industry stakeholders seeking to optimize their strategies in this unique and culturally rich destination.

5.4. Future Research

Future research endeavors should delve deeper into the nuanced dynamics of customer relationships within the East Jerusalem tourism market. Exploring alternative dimensions of guest satisfaction and loyalty in this unique socio-political landscape can reveal latent opportunities for refining customer-centric strategies. Additionally, investigating the socio-cultural factors influencing technology adoption and preferences in East Jerusalem will provide nuanced insights into guest expectations. Future studies should aim for a comprehensive understanding of the evolving guest profile, considering cultural, historical, and socio-political factors, thereby contributing to the ongoing evolution of hospitality strategies in this distinctive destination.

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Appendix: Questionnaire

Questionnaire

Title: Upgrading the Tourism Value Chain for Enhanced Hotels' Competitive Advantage in East Jerusalem

Dear Madam or Sir,

The researcher is conducting this study under the title "Upgrading the Tourism Value Chain for Enhanced Hotels' Competitive Advantage in East Jerusalem". As a requirement for a master's degree in Competitiveness and Development Economics. The attached questionnaire is prepared for data collection purposes. I hope that you will be able to participate in answering the sections of this questionnaire from your point of view accurately and objectively.

We are interviewing many different respondents, and you were selected just by chance. The data and information collected are very confidential, and your answers will be dealt with anonymously. You can skip any questions you are not comfortable with. If at any time you wish to stop the interview or not answer a specific question, this is entirely up to you.

Thank you for your participation and time.

Researcher

Instructions for Respondents

- This questionnaire is directed only at tourists.
- When recording answers, tick the box for the appropriate response () or fill in the boxes as indicated.
- Multiple answers are allowed for one question; they were indicated only.

Part 1: Questions on the Status Quo and the Determenants of the Tourism Value Chain of Hotels in East Jerusalem

Cheap talk:

The tourism value chain is a process that involves a range of interrelated activities that add value to the tourism product. There are numerous strategies that can be used to improve the tourism value chain. This part is broken down into several subparts of the main strategies to enhance the tourism value chain, which are: service quality, product differentiation, innovation, technological adoption, customer relationship management (CRM), and sustainability practises.

Subpart 1.1: Service Quality		
Service quality is a vital element of the tourism value chain, as it directly impacts the customer experience at each stage of the chain. By improving service quality, hotels can create a more positive and memorable experience for customers, which can lead to increased customer satisfaction and positive word-of-mouth.		
1.	The hotel's services are provided on time.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
2.	The hotel's services are error-free.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
3.	The hotel staff conveys trust and confidence.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
4.	The hotel staff is able to answer your questions.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
5.	You feel secure and safe while staying at the hotel.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
6.	The hotel's physical facilities (rooms, common areas, etc.) are clean and well-maintained.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
7.	The hotel provides up-to-date and functioning equipment (e.g., Wi-Fi, TV, air conditioning).	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
8.	The hotel Staff treats you with kindness and particular attention.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
9.	The hotel staff understands your specific requirements and preferences.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
10.	The hotel staff is available to listen to your concerns and provide assistance when needed.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
11.	The hotel staff responds quickly to both your requests and your complaints.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
12.	The hotel staff keeps you informed about the status of your requests or services.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all

Subpart 1.2: Customer Relationship Management		
Customer relationship management (CRM) involves building long-term relationships with customers through personalised service and targeted marketing. Effective customer relationship management (CRM) strategies can upgrade the tourism value chain by strengthening connections with customers and improving their overall experience.		
13.	The hotel staff communicates with you in a professional and kind manner.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
14.	The hotel is proactive in providing relevant information about services, offers, and activities.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
15.	The hotel provides personalised services tailored to your needs and preferences.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
16.	Your needs are accurately scheduled, and the hotel is able to offer suitable alternatives.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
17.	The hotel offers special offers, discounts, or promotions based on your interests and preferences.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
18.	The hotel encourages and facilitates customer feedback.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
19.	The hotel addresses your complaints or concerns on time.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
20.	The hotel staff is open to listening to your suggestions and feedback.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
21.	The hotel's loyalty programme (if applicable) is attractive and beneficial to you.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
22.	The hotel offers special incentives for repeat guests.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
23.	The hotel handles your personal information securely and responsibly.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
24.	The hotel respects your privacy preferences (e.g., regarding marketing communications).	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all

Subpart 1.3: Product Differentiation		
<p>Product differentiation is a marketing strategy that entails creating distinctive tourism products and services that set a hotel apart from its rivals. This can be accomplished by offering specialised services, such as wellness or ecotourism, or by customising products to meet the unique needs and preferences of various customer segments. Product differentiation can greatly improve the tourism value chain and boost the destination's competitiveness by creating a distinct and appealing range of offerings that cater to different market segments.</p>		
25.	The hotel offers good physical features compared to its competitors (e.g., rooms, facilities, location).	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
26.	The hotel's amenities (e.g., spa, fitness centre, dining options) are superior to those offered by its competitors.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
27.	The hotel provides services that are noticeably better than those of its competitors (e.g., personalised service, prompt and responsive staff).	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
28.	The hotel's brand reputation is a good factor in your decision to stay there.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
29.	The hotel has a unique brand image that sets it apart from its competitors.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
Subpart 1.4: Innovation and Technological Adoption		
<p>Innovation and technological adoption entail the development of more efficient and effective methods of providing tourism products and services. This can be accomplished by adopting new technologies, such as online reservation systems or mobile applications, or by implementing new organisational structures, such as lean management or agile methodologies.</p>		
30.	The hotel uses advanced technology (e.g., online booking, in-room entertainment).	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
31.	The hotel leverages advanced technology (e.g., smart room controls, high-speed Wi-Fi, and virtual reality experiences).	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
32.	The hotel employs special processes to enhance the customer experience (e.g., online check-in and check-out, mobile app for room service and requests, customer relationship management software).	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
33.	The hotel shows signs of a culture that encourages innovation and the adoption of new technologies (e.g., continually updating services and processes, employing up-to-date technology).	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all

Subpart 1.5: Sustainability Practices:		
<p>Implementing sustainable practices in hotel operations can upgrade the tourism value chain by reducing negative environmental and social impacts while enhancing the value proposition for eco-conscious travellers. Sustainability practices may include energy and water conservation measures, waste reduction, the use of eco-friendly materials, and community engagement initiatives.</p>		
34.	The hotel has procedures that can mitigate environmental impacts (e.g., energy-efficient facilities, waste reduction and recycling programmes, use of eco-friendly products, water conservation).	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
35.	The hotel has instructions to save the environment.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
36.	The hotel showcases local culture and heritage as part of your stay.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
37.	There are efforts by the hotel to engage with and contribute to the local community (e.g., locally sourced food and goods, support for local events or charities).	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
38.	The hotel engages the local economy (e.g., by employing local staff and encouraging local tourism).	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all

Part 2: Questions on the Competitive Advantage of Hotels in East Jerusalem

Cheap Talk and Background Information:	
<p>Competitive advantage is a term that refers to the ability of a business or organization to outperform its competitors by providing superior value to customers, achieving higher profitability, or capturing a larger market share. In the hotel industry, competitive advantage encompasses various factors that make a hotel more attractive to customers compared to its rivals, ultimately resulting in a stronger market position. A competitive hotel is one that can attract and retain guests by providing superior value and/or service.</p> <p>This idea stresses the significance of differentiating oneself from competitors through superior service and value creation for clients, and it emphasizes the importance of both price and service quality in influencing a hotel's market competitiveness.</p>	

39.	You are satisfied with the hotel's level of service.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
40.	The hotel offers special services, facilities, or experiences that differentiate it from its competitors.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> to a small extent <input type="checkbox"/> not at all
41.	The hotel prices are competitive compared to similar hotels in the area.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to a quite large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a quite some extent

		<input type="checkbox"/> to a small extent	<input type="checkbox"/> not at all
42.	The hotel has a good reputation in the market.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a small extent	<input type="checkbox"/> to a quite large extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> not at all
43.	You would consider staying at this hotel again in the future.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a small extent	<input type="checkbox"/> to a quite large extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> not at all
44.	You would recommend this hotel to friends, family, or colleagues.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a small extent	<input type="checkbox"/> to a quite large extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> not at all
45.	The hotel's location is easy to reach for your travel purposes (e.g., proximity to tourist attractions, transportation, dining options).	<input type="checkbox"/> to a large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a small extent	<input type="checkbox"/> to a quite large extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> not at all
46.	You are satisfied with the hotel's location.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a small extent	<input type="checkbox"/> to a quite large extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> not at all
47.	You are satisfied by the hotel's environment.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a small extent	<input type="checkbox"/> to a quite large extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> not at all
48.	The hotel staff is friendly, helpful, and professional.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a small extent	<input type="checkbox"/> to a quite large extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> not at all
49.	You are happy when dealing with the hotel staff.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a small extent	<input type="checkbox"/> to a quite large extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> not at all
50.	The hotel's environmental sustainability efforts contribute to a positive overall experience.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a small extent	<input type="checkbox"/> to a quite large extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> not at all
51.	The level of customer care at this hotel is competitive compared to that of other hotels you have visited.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a small extent	<input type="checkbox"/> to a quite large extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> not at all
52.	In general, you are satisfied with your accommodation.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a small extent	<input type="checkbox"/> to a quite large extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> not at all
53.	The services and amenities provided by this hotel are unique and distinctive compared to those of its competitors.	<input type="checkbox"/> to a large extent <input type="checkbox"/> to some extent <input type="checkbox"/> to a small extent	<input type="checkbox"/> to a quite large extent <input type="checkbox"/> to a quite some extent <input type="checkbox"/> not at all

Part 3: Socioeconomic Profile

54.	Gender	<input type="checkbox"/> Male	<input type="checkbox"/> Female
55.	Age	<input type="checkbox"/> less than 30 years <input type="checkbox"/> from 41-50 years <input type="checkbox"/> above 60 years	<input type="checkbox"/> from 30-40 years <input type="checkbox"/> from 51-60 years
56.	Hotel Name		
57.	Hotel Rate	<input type="checkbox"/> 1-star <input type="checkbox"/> 3-star <input type="checkbox"/> 5-star	<input type="checkbox"/> 2-star <input type="checkbox"/> 4-star <input type="checkbox"/> other
58.	Country of origin		
59.	Is it your first visit to Jerusalem?	<input type="checkbox"/> Yes <input type="checkbox"/> No	

60.	Is it your first time at this hotel?	<input type="checkbox"/> Yes <input type="checkbox"/> No
61.	Educational level	<input type="checkbox"/> untutored <input type="checkbox"/> primary school <input type="checkbox"/> secondary school <input type="checkbox"/> high School <input type="checkbox"/> technical School <input type="checkbox"/> bachelor <input type="checkbox"/> graduate studies
62.	How long was your stay at the hotel?	(in days) _____
63.	What are the motives behind choosing this hotel? Rank the following motives from 1 to 5, where 1 is the most important, 2 is the second most important, and so forth. <input type="checkbox"/> Location <input type="checkbox"/> Reputation <input type="checkbox"/> Price <input type="checkbox"/> Quality of Services <input type="checkbox"/> Facilities	
64.	If there are any other motives behind choosing this hotel, please write them down.	

Would you please add any other relevant comments not included in the questionnaire section?

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Thank you for your cooperation!