

Customer Satisfaction with the Hospitality Services: An Exploratory Study

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Abstract:-

Hospitality sector in India has emerged as a major service provider due to increased spending capacities, mobility, enhanced business activity and changing social value systems. It is also one of the major contributors to the foreign exchange reserves of India with rich natural beauty, monuments, historical & cultural milieu being the major attractions for tourists across the globe. It is thus paramount for the hospitality industry to continuously monitor the changing aspirations and tastes of the potential customers so as to reorient their service offerings. It was therefore thought prudent to undertake status analysis of the perceived quality of services rendered by hotels in Chandigarh as word of mouth and favourable inclination play an important role in promotions. A structured questionnaire adapted from SERVQUAL was personally administered to 350 foreign & domestic tourists, out of which 312 responses were valid & analyzed with the help of mean, standard deviation, correlation & regression techniques. Five dimensions of service quality and servicescape were analysed. The study has implications for the hospitality industry in terms of their strategy formulation and implementation for customer attraction and retention.

Key words: SERVQUAL, customer satisfaction, hospitality industry, relationship marketing

INTRODUCTION

Hospitality industry has emerged as an important vehicle for economic development as well as exhibiting social and cultural diversity of India. Hospitality is imbibed in India's traditional ethos through treating guests as incarnation of God i.e. '*Atithi Devo Bhava*'. There is immense tourism potential in India due to attractions of its natural beauty, festivals, back waters and cultural heritage. Hospitality has become one of the largest industries in the world in terms of earnings and employment generation. It constitutes over 13 per cent of the global GDP. Global travel and hotel revenue is expected to increase to \$6.3 trillion by 2015. This

industry provides direct employment to around 400 million people, who constitute 10.5 per cent of the global work force. Thus, this industry has a lot of potential for employment generation and economic development of any nation. It was, therefore, thought pertinent to undertake a comprehensive study on the service quality dimensions for its future development.

Hospitality industry involves a high degree of interaction between employees and consumers and hence high probability for service failure. The quality of service encounters is frequently determined by the actions of front-line staff, whose experience and commitment may be limited and whose attitudes may vary from one encounter to another. The inseparability of production and consumption may manifest itself through failure occurring at the point of consumption (e.g. check-in and out, room service), providing little scope for correction without inconveniencing the guests. In addition, hospitality industry is characterised by continuous (24/7) operation and highly fluctuating demand, relative to constant rates of supply, thereby enhancing service failure risks more than in other industries.

Indian hospitality industry is highly competitive, with increasing consumer expectations and high switching rates. There is now also a structural change in the profile of guests with burgeoning middle class, increased levels of surplus income, nuclear families etc. Various segments have diversified needs and expectations, thereby requiring distinct customer care strategies. Hospitality industry is a major contributor to India's foreign Exchange earnings. It needs to diversify its portfolio of services so as to reduce seasonal fluctuations in demand by promoting business meets, summits, seminars, conference, new product launch etc and also to expand the tourist inflows from range of countries.

Table 1: Foreign Exchange Earnings from Tourism in India

Years	Earnings (USD Million)	Per cent Change
1996	2832	9.6
1997	2889	2.0
1998	2984	2.0

1999	3009	2.1
2000	3460	15.0
2001	3198	-7.6
2002	3103	-3.0
2003	4463	43.8
2004	6170	38.2
2005	7493	21.4
2006	8643	15.2
2007*	10729	24.3
2008*	11747	9.5
2009*	5007	-21.6@

Source: www.incredibleindia.org. (Ministry of Tourism * Estimates

A Critique on Existing Literature

Smith (1977) classified tourists into seven categories: a) Explorer: very limited in number, who look for discovery and involvement with local people; b) Elite: people who favour special, individually tailored trips to exotic places; c) Offbeat: such travellers are filled with a desire to get away from the usual humdrum life; d) Unusual: visitors who look forward to trips with peculiar objectives such as physical danger or isolation. e) Incipient mass: a steady flow, travelling alone or in small organised groups using some shared services. f) Mass: the general packaged tour market, leading to tourist enclaves abroad. g) Charter: mass travel to relaxation destinations, which incorporate many standardised, developed world facilities. According to Meidan & Lee (1982), the selection of appropriate marketing strategy for hotels & tourism would depend on: a) Size of the segment; b) Tourists' sensitivity to differences between the product packages and product components; c) The distinctiveness of the tourists establishments i.e. hotels, travel agents and tour operations; d) Competitor's marketing strategies. Zeithmal *et al.* (1988) identified an exhaustive list of factors affecting the magnitude and direction of four gaps on the marketer's side of their service quality model. The gaps were: a) Difference between consumer expectations and the management perceptions of consumer expectations; b) management perception-service quality specification gap; c) service quality specification-service delivery gap; d) difference between service delivery and external communications.

National Committee on Tourism (1988) noted that in terms of economic significance the average per capita expense of the West Asia tourist for exceeded the rest. The other nationalities whose average expenditure (excluding international air fare) is greater than the average are United Kingdom, Japan, United States and Canada. Of these, the Japanese tourist stayed for a shorter duration in the Indian hotels, but spent much higher for everyday of stay in the country. Jha (1994) suggested that hospitality firms need to ensure optimal harmonisation of the inter-relations

between the two places of market while avoiding the creation of serious economic, social and territorial imbalances. The key steps in the planning are assessment of tourist demand at the hotel and paving ways for an optimal supply. Morrison (1994) investigated the concept of strategic alliances in the context of small sector small hospitality firms which account for around 3/4th of operations. Researcher evaluated the use of strategic alliances as an effective means of achieving improved business performance of such firms.

Brown (1996) illustrated alternative "green" strategies to indicate possible reactions of the hotel sector to the environmental issue and the extent of the "greening" process on the control system. Researcher conducted a comparative study of hotel managers operating with an environmental policy and those managers operating without. Findings of the study indicated that although a number of companies have adopted an environmental policy, in general, the hotel sector is not taking a proactive approach to environmental concerns. Researcher suggested that companies taking a pro-active response to environmental concerns should recognize environmental issues at all levels of the organization, including the control system. This can be a source of competitive advantage by highlighting its distinctiveness. Zeithmal *et al.* (1996) evaluated the consequences of behaviour of customers on service quality, as related to customer retention. They offered a conceptual model of impact of service quality on behaviour of customers i.e. whether they remain or defect from company. Results of the study revealed that there is a difference in the quality intentions with different behaviours. A multi-company study was done to examine the behavioural concerns that are influenced by the service quality. Ropeter & Kleiner (1997) examined three different hotel chains to determine the characteristics of excellent hotel companies. Researchers conducted the study based on secondary data, from hotels itself, in order to draw accurate and meaningful conclusions as to the necessary elements in managing and running a successful hotel. Tsang & Qu (2000) reported that tourists' perceptions of service quality provided in the hotel industry in China were consistently lower than their expectations and that manager overestimated the service delivery, compared to tourists' perceptions of actual service quality, in the hotel industry in China. Bowen & Chen (2001) identified attributes that could increase customer loyalty. The study was conducted by using the hotel's database to draw samples for both focus groups and a mail survey. The study revealed that the relationship between customer satisfaction and customer loyalty was non-linear. The researchers developed internal benchmarks for the hotel based

on scores that were representative of loyal customers.

Lewis & McCann (2004) assessed the types and magnitude of service failures experienced by hotel guests in United Kingdom. They also evaluated the service recovery strategies used by hotels and their effectiveness. The study identified five service quality attributes, namely, a) Clean, comfortable bedrooms with all items in working order. b) Good quality food and beverages. c) Friendly, helpful, polite and efficient staff. d) High level of room security. e) Speedy, efficient check-in and out. The study discovered differences in attitudes and behavior between business and leisure guests. Sanjeev (2007) studied efficiency of hotel and restaurant companies operating in India and explored if there exists a relationship between the efficiency and their size. The researcher identified the top performers in this sector and offered suggestions in terms of strategic and operational decisions to improve performance. Ladhari (2009) developed a conceptual model of the relationships among the constructs of "service quality", "emotional satisfaction", and "behavioural intention" in the hospitality industry. The model postulated that: service quality is positively related to consumers' emotions; service quality is positively related to behavioural intentions; and consumers' emotions are positively related to behavioural intentions. Findings of the study revealed that service quality exerts both direct and indirect effects (through emotional satisfaction) on behavioural intentions. The study revealed that emotional satisfaction makes a significant contribution to the prediction of behavioural intentions.

Thus, it is paramount for the hospitality industry to continuously monitor changing tastes and preferences and service expectations to reorient their marketing strategies.

The present study was undertaken to determine the factors responsible for enhancing tourist satisfaction level with the hotels; to study impact of the service quality dimensions on tourist satisfaction with hotels and to recommend suitable strategies for enhancing quality of services rendered by hospitality industry

Research Methodology

The study was exploratory in nature whereby important aspects of hotel industry were analysed through both primary as well as secondary data keeping in view the objectives of the study. The source of primary data was the various tourists (both foreign as well as domestic). Through a structured questionnaire adapted from SERVQUAL index (Zeithaml et al 1996). The adapted version was 5 point likert scale ranging from 1 (strong disagreement) to 5 (strong agreement). SERVQUAL index include five broad dimensions, namely, Tangibility, reliability, responsiveness, assurance & empathy. One dimension was added to the questionnaire i.e. convenience. This has been done due to convenience being highlighted as an important determinant of customer satisfaction by previous studies. The questionnaire also included few question intended to know the extent of satisfaction of the tourists with hotels they stayed in during their visit besides determining their propensity to recommend a particular hotel to others. Judgmental sampling was adopted for choosing the tourists respondents. The questionnaire was administered when respondents were about to check out of the hotel so as to ensure regency of event, which was considered to be a better measure of perceived service quality. Questionnaire was administered to a sample of 350 tourists, out of which 312 were valid and thus analyzed. The data so obtained was analysed through SPSS by computing Mean, Standard Deviation, Multiple Correlation and Multiple Regression.

Data Analysis and Interpretation

Table 3 presents the mean scores and standard deviation of individual characteristics of tangibility dimension. All the components of tangibility dimension had a mean score of more than 3, signifying that, on an average the respondents have agreed on all the statements presented before them. Maximum agreement was with the availability of latest equipment (mean score of 4.24) which was higher than the average score on tangibility dimension (4.14).

Table 2: Profile of Respondents

Age	Total	Percentage	Cumulative Percentage
Below 25 yrs	52	16.67	16.67
26-35 yrs	86	27.56	44.23
36-45 yrs	91	29.17	73.40
Above 45 yrs	83	26.60	100.00
Gender			
Male	169	54.17	54.17

Female	143	45.83	100.00
Marital Status			
Married	243	77.88	77.88
Single	69	22.12	100.00

Table 3: Mean Score and Standard Deviation of Tangibility Dimensions

Tangibility Dimension		Mean	Std Dev
1	Hotel staff appears neat.	4.14	0.76
2	Materials associated with the services of hotel staff are neat, visually appealing and easy to understand.	4.02	0.89
3	Hotel staff is having up to date working manuals and guidelines	3.96	0.82
4	Physical facilities being used by Hotel staff are neat and visually appealing.	4.36	0.79
5	Hotel staff has got latest equipment at their disposal	4.24	0.91

Table 4 presents the mean scores and standard deviation of individual components of reliability dimension. It signifies that respondents perceived that services rendered by the hotel were reliable (mean score 4.03) with lowest satisfaction with the punctuality of services rendered. Thus, hotels need to devise means to reduce the time taken to render a service.

Table 5 presents the mean scores and standard deviation of individual characteristics of responsiveness dimension. The least scores were for lack of transparency in sharing the problems and difficulties encountered in rendering a service. Hotels thus need to take customers into confidence in case they are unable to render the services to the desirable extent.

Table 4: Mean Score and Standard Deviation of Reliability dimensions

Reliability Dimension		Mean	Std Dev
1	Hotel staff provides problem solving services or tell accurately where to find them.	4.14	1.08
2	Hotel staff provides error-free information.	4.07	0.92
3	Hotel staff render dependable, correct, and supportive services.	4.19	1.04
4	Hotel staff render their services 'right the first time'.	4.27	1.12
5	Hotel staff render their services within the time promised	3.49	1.33

Table 5: Mean Score and Standard Deviation of Responsiveness dimensions

Responsiveness Dimension		Mean	Std Dev
1	Hotel staff is polite and willing to help the customers.	4.18	1.15
2	Hotel staff shows eagerness to respond to customers' requests.	4.06	1.19
3	Hotel staff tells exactly what and when services will be performed.	4.10	1.14
4	If there is problem hotel staffs is always willing to discuss it with the customers.	3.66	1.24

Table 6 shows mean scores and standard deviation of individual components of assurance dimension. The notable feature is the low scores on the aspects of poor follow up actions in case of service failure as well as lack of consistent attention towards customers.

Of all the five dimensions of service quality, lowest scores were obtained for the empathy dimension, reflecting lack of personalized attention and understanding of the expectations of the customers. There is a need to impart training to the employees to better understand customers and render individualised care. (table 7).

Table 6: Mean Score and Standard Deviation of Assurance dimension

Assurance Dimension		Mean	Std Dev
1	Hotel staff inspires confidence in their abilities to serve customers.	4.12	0.75
2	Hotel staff provides consistent attention with prompt follow-up.	3.76	0.76
3	Hotel staff have the requisite skills to serve customers' needs	3.92	0.82
4	Hotel staff makes customers feel safe, secure, and comfortable with their transactions.	4.04	0.77
5	Hotel staff is courteous and polite	4.16	0.98

Table 7: Mean Score and Standard Deviation of Empathy dimension

Empathy Dimension		Mean	Std Dev
1	Hotel staff provides personalised attention to the specific queries of customers.	3.45	1.41
2	Hotel staff makes customers feel that they care about "doing a good job" and have sympathy towards customers.	3.66	1.31
3	Hotel staff is always available for handling queries.	3.87	1.24
4	Hotel staff has customers' best interest at heart.	3.78	1.28
5	Hotel staff understands the difficulties faced by the customers.	3.69	1.25

Table 8 shows mean and standard deviation values of convenience dimension. The notable observation was the lack of auxiliary facilities like provision for car wash, shoe mending, arrangements for bouquets etc. These provisions add value to the services rendered.

Table 8: Mean Score and Standard Deviation of Convenience dimension

Convenience Dimension		Mean	Std Dev
1	Hotel provides ample parking space	3.92	1.10
2	Provision for auxiliary services like car washing, stitching, flowers	3.16	1.16
3	Payment mechanism at the hotel was convenient	3.99	1.34
4	Hotel is conveniently located	3.84	1.26
5	Facilities in the hotel are conveniently located	3.73	1.26

Table 9 presents the score of satisfaction of tourists with the hotels they stayed. The table reveals that most of the tourists were satisfied with the hotel and the services rendered. The area needing improvement is the ambience of the hotels.

Table 9: Mean Score and Standard Deviation of Satisfaction dimension

Satisfaction Dimension		Mean	Std Dev
1	I am satisfied with the ambience of the hotel	3.45	0.87
2	The overall service quality provided by the hotel is satisfactory	3.72	0.79
3	Hotel has always met my expectations	3.65	0.81
4	I would like to recommend this hotel to someone who seeks my advice.	3.72	0.89
5	I would like to visit the hotel again	3.79	0.72

Correlation analysis on tourist satisfaction with various dimension of service quality i.e. tangibility, reliability, responsiveness, assurance, empathy & convenience revealed that satisfaction is significantly correlated with all dimensions of service quality. Responsiveness dimension had highest level of correlation and tangibility dimension the least.

Table 10: Correlation analysis of Satisfaction with Service quality Dimensions

Variables	Correlation with Tourists' Satisfaction	Significance Level
Tangibility	0.649	Significant at 1 % level
Reliability	0.776	Significant at 1 % level
Responsiveness	0.831	Significant at 1 % level
Assurance	0.811	Significant at 1 % level
Empathy	0.655	Significant at 5 % level
Convenience	0.691	Significant at 5 % level

To examine the fit of the regression model and to identify the best predictors of customer satisfaction, stepwise regression was performed. Five dimensions of service quality were used as independent variables and tourist satisfaction as dependent variable. Table 11 shows $R = 0.920$, $R^2 = 0.846$, Adjusted $R^2 = 0.845$ and standard error = 2.771. Thus regression model explained 84.6% of the variance in the customer satisfaction construct. In addition, reliability showed the maximum impact on tourist satisfaction followed by assurance dimension and responsiveness dimension.

Table 11: Regression Model Summary

R	R ²	Adjusted R ²	Std. Error of the Estimate
0.920	0.846	0.845	2.771
Predictors: Empathy, Responsiveness, Tangibility, Assurance, Reliability, Dependent Variable: Tourists' Satisfaction			

Table 12: Multiple Regression

Variables	t-value	Significance Level
Tangibility	5.658	Significant at 1 % level
Reliability	12.651	Significant at 1 % level
Responsiveness	8.970	Significant at 1 % level
Assurance	9.962	Significant at 1 % level
Empathy	5.301	Significant at 1 %

		level
Convenience	6.302	Significant at 1 % level
Dependent Variable: Tourists' Satisfaction		

Recommendations

1. Hospitality industry need to understand the importance of service quality as it has been revealed that quality of services rendered has a significant correlation with satisfaction of tourists. Service quality has been reported to be the key differentiator, and having impact on satisfaction with the hotel as well as propensity to recommend.
2. Hotels must understand what the tourists expect, perceive as well as what they actually receive. Any kind of gaps between expectations and actual needs to be bridged. Hotels need to be more and more reliable in the minds of the tourists, as reliability dimension showed highest impact on a satisfaction of the tourists with the hotel.
3. Study revealed that customers felt hotel staff did not provide their services at the time they promised to do so. Thus hotel management must take this factor into account and make sure that they deliver the services at the time promised.
4. Emotional aspects of the tourists' relationship with the hotel and tourists' preference for their privacy, and safety issues must be taken care of.
5. Previous studies support the fact that loyalty builds satisfaction and vice-versa. Same principles apply to the hotel industry also. Thus loyalty of the tourist is must, so that they revisit. Such long term relationships can be developed by sending greetings on anniversaries, festivals etc.
6. Strategic tie ups with major organizations in the neighbourhood who have steady stream of visitors like institutions, trade associations would ensure flow of customers.

Conclusions

The study is an attempt to find out the satisfaction level of the tourists with the hotel they stayed in during their visit in Chandigarh. SERVQUAL index was adapted to study the extent of satisfaction with the quality of services rendered. Tourists found the hotel staff reliable & responsive. The study was undertaken to recommend strategies so as to enhance satisfaction level of the tourists.

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