
AN EMPIRICAL STUDY ON CUSTOMER EXPECTATION AND PERCEPTION IN THE UPPER CLASS HOTELS IN BANGALORE

Manjunath S. J.

*B. N. Bahadur Institute of Management Sciences,
University of Mysore Manasagangotri, Mysore*

Kurian Sheri

*Dept: Hospitality & Tourism Studies
Acharya Institute of Management & Sciences
Peenya- Bangalore*

ABSTRACT

In recent times, the hotels in Bangalore have encountered difficulties due to the increase in customer demands and the strong competition developed in the industry. However, hospitality Industries main concern across the glob is to cater for its customer needs and their desires, which are mostly addressed through personal services. Therefore, the hotels that are able to provide quality services to ever demanding customers in a warm and efficient manner, are the ones likely to obtain long term competitive advantage over their rivals.

This study is based on five star hotels in Bangalore, indicates that the Hospitality industry requires more adequate and comprehensive policy and strategy to compete with the multinational brands and also to make each customer satisfied with quality of service offered to them. This study emphasizes the importance of minimizing the gap between the customer expectations and the quality of service delivered. There are many factors directly involved in determining the customer satisfaction especially in Hotel Industry. The major one would be the challenges in this particular sector where in, this study reveals the major challenges and provide indications for how to face these challenges without losing their existing customers. Similarly, it also throws some light towards the importance of customer satisfaction through employee satisfaction. Importance is given for comprehensive Human Resources polices for Hotel Employees so as to reduce the rate of attrition and also to ensure the quality output from the employees.

The Features mentioned in this study are Technology assisted service delivery and its importance, mid size market segments and the potential growth of economy Hotels in India.

Key words: *Customer expectation, Service delivery, Repeat customers, Customer satisfaction index, Challenges in the Hospitality sector, Technology assisted service, H R policies, Mid market segmentations.*

Introduction

Bangalore popularly known as Garden city and also being the IT capital of India, envisages more hotel projects by the end of 2011 to meet the ever-growing demand for quality accommodation and leisure especially for the business clients and tourists. According to the estimation of the Country report- India 2008 of world Travel & Tourism council (WTTC), Indian tourism demand will grow at 7.6% from 2008 to 2018 in real terms, which would place India as one of the most rapidly growing tourism markets in the world.

For a country of India's size and potential, it is quite a surprising thing to see the ratio of hotel rooms in comparison to the population. India has approximately 2000 registered hotels with a total room count of approximately 1,20,000 rooms (HVS 2008). It is quite clear from the above that there is a dearth of Hotels across every category and city in India. As such, a metro city like Bangalore is expected to add 10,000 more rooms by the end of 2011 as per the report published by Express Hospitality service (July 2008). and Times of India 2008.

Objectives of this Study

- To analyze the need of detailed study on the customer satisfaction and perception in the upper class hotels in Bangalore.
- To suggest the possible methods for improving customer satisfaction and thereby increasing in the percentage of repeat customers.
- To minimize the gap between Customer expectation & service quality by possible practical solutions.

India being one of the most up coming tourist destination in the world, the major Hotel chains that cater to the tourists and corporate business travelers have figured low in customer satisfaction and also low percentage in retention of existing customers. The Indian Hoteliers

found average 35% of their customers are repeat customers where as, the global average is 60 (Source- JD Power Associate- 2009.)

Average Percentage of Repeat guests in the Major cities
in India -2008

| | |
|------------|-----|
| Bangalore: | 40% |
| Chennai: | 35% |
| Delhi: | 28% |
| Mumbai: | 56% |
| Kolkatta: | 36% |
| Vizag: | 72% |

Source:- FHRAI-HVS Survey Report- 2008

Since more and more Multinational Hotel giants are entering into the Indian Hospitality Market, it is high time to take adequate measures to examine the quality of service extended at present to the customers and their expectation from the Indian Hotels. Moreover, it also important to analyze gap between the expectation and perception and take adequate steps to improve the quality of service delivered by Indian Hotels. Such initiatives would in turn help the industry to improve the percentage of repeat customers at par or more than the International average. It is quite obvious that the competition prevailing in the hospitality service market is going to be more aggressive in the forthcoming period. Therefore, it has become the responsibility of each hotel group to think in terms of increased customer satisfaction thereby highest percentage of repeat customers so as to sustain in the market in the long run.

In recent times, the hotels in Bangalore have encountered difficult times due to the increase in customer demands and also due to the strong Competitions in the Industry. However, the Hospitality Industries main concern around the globe is to cater for its customer needs and their desires, which are mostly addressed through personal service. Therefore, the hotels that are able to provide quality services to its ever demanding customers in a warm and efficient manner, are the ones likely to obtain long term competitive advantage over the rivals.

Global Average in Hotel Customer satisfaction Index

As per the survey report published by J D Power Associates- 2009. The Following table provides information on the global scenario

2009 European Hotel Customer satisfaction Index

| | |
|------------------------------------|-----|
| Upper upscale Hotels average index | 78% |
| Upscale segment average index | 74% |
| Midscale segment average index | 74% |
| Economy segment average index | 69% |
| Repeat Customers average Index | 67% |

Source: JD Power associates-2009

2009 American Hotel Customer satisfaction Index

| | |
|------------------------------------|-----|
| Upper upscale Hotels average index | 81% |
| Upscale segment average index | 78% |
| Midscale segment average index | 74% |
| Economy segment average index | 76% |
| Repeat customers average index | 61% |

Source J D Power associates-2009

Unfortunately, there are no such surveys or researches conducted yet in the Indian Hotels by any professional organization. As such, no authentic information is available regarding the average customer satisfaction index. However, as per the report published by FHRAI & HVS in the year 2008. The National average index of Repeat customers in the year 2008 is 44% only. Therefore, it is clear from the above that there is a wide gap between Global average of repeat customers and the Indian scenario. Hence, this peculiar situation of the Indian hotel should be analyzed and examined to find out the root causes for the low percentage of repeat customers in Indian hotels and provide adequate solutions to improve.

Hotels in Bangalore experienced that 40 % customers are their repeat customers. Where in, the global average is 60% therefore, it is clear that there is a scope for gap analysis in the customer expectation and perception.

2009-Asian Hotels customer satisfaction Index
(based on Japan & Hongkong Hotels)

| | |
|------------------------------------|-----|
| Upper upscale Hotels average index | 73% |
| Upscale segment average index | 68% |
| Midscale segment average index | 66% |
| Economy segment average index | 64% |
| Repeat customers average index | 52% |

Source: J D power associates- 2009

Review of Literature

The service literature provides a large number of operational and theoretical frame work studies, which introduces various methodologies as to how to measure service quality in different hospitality sector (Ryan & Cliff-1997; Getty & Thompson-1994, Saleh & Ryan,1991, Pizam & Milman 1993). However, in the service industry, the definitions of service quality, primarily focus on meeting customers need and expectations and how well the potential service delivered can meet their expectations. (Lewis & Booms-1983.) Gronoos (1985) stated that the perceived quality of service depends on the comparative evaluation process. However, Parasuraman, Zeithaml& Berry (1985) had developed the GAP model and subsequently SERVQUAL model within the frame work of GAP. They had defined “service quality” as the degree and direction of discrepancy between customer’s perceptions and expectations, as they had perceived service quality as the gap between customer’s perceptions and expectations as a measurement of service quality. Therefore, the smaller the gap between customers expectation and perception, the better will be the service quality provided and thereby greater the customer satisfaction. “Customers do not always focus on products. Rather, they pay more attention to experiences, and therefore, creating valuable experiences for more customers becomes a vital challenge for business” (yuvan & Wu-2008).

Successful business creates repeat customers and loyal customers by providing un forgettable experiences. These are memorable activities created by business through its products and services to the customers (Pine& Gilmore-1998). However, Schmitt (1999) argued that the experiences are formed from the interaction among different events and mental states. Prahalad and Ramaswami (2000) further argued that creating personal experience would be future competitive edge for any business organization.

What is service quality?

Parasuraman, Zeithaml and Berry (1985) developed a widely accepted conceptual model of service quality. They argued that customer satisfaction comes from the difference between customers perception and expectation of the service. De moranville and Beinstock (2003) identify service quality as a measure to asses service performance, diagnose service problems, manage service delivery and also as base for employee and

corporate rewards. However, expectations are established from word of mouth, personal needs, past experiences, and external communication. Whereas, the perceived service quality is created through the moments of truth. When the perceived service is beyond customer's expectations, the customer is satisfied. However, when the service is below expectations, the customer is dissatisfied. Service quality has been defined in different ways. Garvin(1984) believed that service quality derives not from customers objective evaluation but from subject recognition of service. It is also considered as an attitude about an overall evaluation of service. Bitner, Booms & Mohr(1994) proposed that service quality comes from customers subjective decisions . Therefore, it is always better to be defined as a subjective perception referring to the evaluation of the service that customer encountered and focusing especially on interactions with the service provider. The main responsibility of the hoteliers is the delivery of quality service to the customers (Su-2004) (Hanny, Felix-2005) suggesting that to be successful in the industry, hoteliers must provide with customer satisfaction.

Customer satisfaction

Pursuing customer satisfaction is a critical goal for organizations, especially for the highly competitive hospitality and tourism industry. Concept of customer satisfaction is different from the concept of perceived service quality (Oh & Park- 1997). There are many alternatives customers can choose from, the cost of switching from one service provider to another is modest(Ssandvik & Gronhaug- 2007) Kotler (1991) argued that satisfying customer needs and desires is the only constant principle in organizations. In the hospitality service Literature, most of the studies in the area of customer satisfaction have focused on identifying service attributes which can also be treated as customer's needs and wants. Customer satisfaction further more plays an important role in achieving customer loyalty and profitability (Barsky & Nash0 2003). Therefore, learning how to define and measure customer satisfaction is the major task for managers in the hospitality Industry. Customer satisfaction is a subjective comparison between the expected and received experience of a product or service. All impressions of enjoyment, entertainment, excitement and enlightenment can be assessed as the final out come of satisfaction. (Oliver-1997). Swan, Trawick & Carroll 1982 consider that satisfaction is an evaluative or cognitive opinion that analyses whether the product represents satisfactory or poor results. It is also an emotional

response related to a certain transaction resulting from comparison of outcome of the product/ service of some set standard prior to purchase (Halstead Hartman & Schmid-1994) Anton (1996) further defined customer satisfaction as a state of mind in which the customer needs, wants, and exceptions throughout the product /service life are met. A few studies on customer satisfaction suggest that satisfaction can only be measured at best as perceived performance and question that the expectation information is not very reliable if the service is sporadically used.(Millen & Esteban-2004)

Many studies assess the relative influence of different variables on satisfaction. Few studies have been done to compare the components of customer satisfaction in terms of their levels of impact on satisfaction. Cultural traits accordingly lead to different degrees of holiday satisfaction (Ressinger & Turner 1999) Therefore, the interfering variable, the cultural background should not be ruled out.

Challenges in the Indian Hospitality sector.

As of now the leading international hotel chains like The Hilton, J W Marriott, Ritz Carlton and star wood etc are well known for the highest percentage of customer satisfaction and also for highest percentage of Repeat customers in the west. (Acsi-2007)

Their entrance in the Indian Hospitality sector would contribute certain challenges to the existing Indigenous Hotel groups in terms of the following.

1. Severe shortage of trained and skilled manpower.
2. More Investment on technology upgradation and service quality standards.
3. Retention of existing customers
4. Better Human Resource Management policies
5. Focused approach on Food & beverage Revenue.
6. Mid market segmentation

1. Severe shortage of trained and skilled Manpower

It is clear that most of the Multinational brands would recruit experienced and skilled manpower for their projects in India. However, they would give preference to the experienced staff working in the hotels and will attract them by offering good salary and perks which is an obvious

constrain for the Indian hoteliers even today. For example, when Hilton group had ventured into a management partnership with one of the resorts in the outskirts of Bangalore in early 2000, most of their staff was from the established hotels in Bangalore city. Though Hilton property was quite far from the city limits, people preferred Hilton because the pay and perks offered to them was the best and the highest of any five star deluxe property in Bangalore. More over, the working atmosphere in Hilton was the important factor for employees which results in their performance as well.

There are more foreign brands like Hilton, Marriott, Ritz Carlton etc which have already ventured into the Bangalore Market. As such, there is a dearth for qualified and skilled manpower in the hospitality industry; it will be more aggressive when more projects are commissioned. Therefore, hoteliers should develop concrete measures and long term policies to tackle this issue rather than opting for short term or brushing the things under the carpet policy.

2. More investments in technology up gradation & Service quality.

Technology assisted service is something that is inevitable today. Though there are lots of up gradations taking place in the hotels at Bangalore, it should be based on the certain basic parameters like

- a. user-friendly
- b. Optimum utilization
- c. Easy maintenance and service
- d. Increase in revenue
- e. Security
- f. Better quality service

Since the quality of this technology assisted service comes with a price the initial investments would be quite high and once the investment is made according to their expectations it should be able to provide better quality of service to the customers. For example, over the past two years, Marriott hotels have been making changes to better serve guests. They added new, plusher bedding; introduced modern rooms with flat-screen, LCD high-definition televisions and connectivity panels; and eliminated smoking in North American hotels. Environment friendly concept has become more popular and it is now the buss word in almost all sectors.

Hotels could also follow the concept of Green so that, they could be more responsible organization of the society as well.

The technological advancement available at present should be utilized by the hoteliers in order to be on par with the international brands and also to provide better quality service to their customers thereby the retention of their existing customers could be possible. Above all the customers should feel the warmth every time when the service is offered which makes them more satisfied and loyal to the organization.

3. Retention of the existing customers

According to the recent survey report published by the WTTC- HVS Research, the international tourist/ Business clientele arrivals in 2008 was 5.3 million. Over the last eleven years, foreign tourist arrivals in India have recorded a growth of 124%. Though there was a dip in the percentage of foreign tourists arrivals in the month of January 2009 because of the terror attack in Mumbai the flow of foreign tourists have been increased now. Retention of the existing customers and winning new and many customers would really be tough for the existing Indian hotel brands because the foreign tourists might prefer to stay with the multinational brands since they would get easy access in terms of their room reservation, food and other logistic arrangements from their own country rather than sending e mails and fax or approaching travel agents. In the marketing Literature since the cardozo's(1965) initial study of customer effort, expectations and satisfaction, the research work in this field has expanded greatly, with more articles on customer satisfaction and dissatisfaction (perkins1991). However, since the service quality plays an important role in successfully attracting repeat customers, consistency in delivering high quality services must be considered as an essential and crucial strategic element for surviving in today's competitive global environment.

Therefore, the time has come to face the reality and develop some unique strategies to compete with the leaders from west so as to retain their market share. Hence, the need is felt for concentrating more on the quality initiatives and also to focus more on to the enhancement of the percentage of the customer satisfaction.

4. Better Human Resources Management policies

As per the study conducted by J.D. Pratten, Professor in Management studies Manchester University U K (2004), In seeking to ensure

the customer experience, the ambience can be controlled, but the quality of the food and its service relies upon the variable of staff. It was felt that, many young entrants viewing jobs in the hospitality industry as temporary opportunities whilst studying or traveling, before beginning a career in another industry. (Kelliher and Perrett-2000). It is true that the employee's turnover ratio is quite high in the Indian Hospitality Industry than their western counterparts. There are various complex reasons for this highest turnover ratio. The most important one is lack of job satisfaction, it may be due to several other reasons such as lack of motivation, poor salary and working conditions, dignity, and mindset of society, peer pressure etc which could lead to contemplate on better options available outside the hospitality service industry. Attitude is another important aspect. But above all it is the policy of the organization and the working culture that matters.

“The Present Human Resource Management system followed in the Indian Hotel Industry is the one followed 25 years back in the western countries” (Charles De Foucault- Former GM Leela Palace Bangalore)

It is also true that a satisfied employee of the Hotel could make his customers totally satisfied in terms of meeting their requirements by providing anticipated services. This is where the importance of better human Resource management policies for hotel industry is felt.

According to the recent publication of HVS-2008- Hotels should focus more to ensure the availability of skilled workforce. The countries demographics- especially young and substantial English speaking population could be turned to the greatest assets to fuel the growth of this sector. The New Multinational Brands entering into the Indian market have a far leaner structure supported operationally by technology and service standardization. (HVS-2008).

Therefore, it is quite obvious that better policies in human Resources Management is required to compete with the multinational brands in terms of employee retention and better quality of service to the customers. Similarly Investment on training and development of skilled manpower could be done in such a manner that the hotel should not lose the employee after investing on him. Professional approach in terms of management of Human Resources should be adopted.

5. Focused approach on Food & Beverage Revenue.

Apart from the Room revenue, other major source of hotel Revenue is from the Food & Beverage Department which consists of Restaurants, bar, banquets etc. The major challenge facing by the upper class hotels now is from the first class restaurants, stand alone budget hotels and theme restaurants that have already made their existence in the market with their unique concepts. As such, there are trends like the customers who prefer to stay in a five star hotel also prefer to have their meal from an out side restaurant. for eg: most of the upper class hotels in Bangalore experiences the situation of their guests prefer to have their breakfast from the Hotel because mostly it is included in the room tariff and might have their lunch / dinner from out side. Therefore, the revenue from the food and beverage could not be estimated or compared with the percentage of occupancy today because even a high occupancy rate will not support or assure proportionate revenue from the food & beverage Department in today's scenario.

In a city like Bangalore, there are many stand alone specialty restaurants which have made their name and fame by delivering quality food and services, Therefore it is necessary to have clear cut marketing strategy for the upper class hotels in terms of optimizing revenue from the food & beverage departments of their hotel.

6. Mid Market segmentation

The Domestic traveler Percentage is 74.3 in the year 2008 and the trend continues to be the largest segment in the country, within this domestic business traveler holds the highest weight 37.7% of the overall demand. The domestic traveler is the main demand generator for mid market, budget and economy hotels. These domestic segments would gain more importance in the near future. Therefore, it is important that hotels try and understand the demographics of the Indian customer and customize their products to suit the requirements of this segment rather than blindly applying international norms. It is the fact that the domestic Indian customers have more brand loyalty towards Indian hotels than the foreign customers. (Source- HVS -2008) The performance of the stand alone hotels in the Budget economy category would be much better than the five star or deluxe categories because these hotels can offer better facilities to their customers at a cheaper rate. As such, their customer satisfaction rate is much better than the upper class ones.

Conclusion

The principal objective of this paper is to throw some light towards the need for a detailed study on improvising the service quality in the upper class hotels in Bangalore in order to meet the ever growing demands of the customers and also to face the competitions prevailing in the hospitality service sector. The center of this study consists of all approved five star category hotels in Bangalore. Since in the absence of authentic data regarding customer satisfaction in Indian Hotels, it will be ideal to have a detailed study on the customers experience so that the reasons for the lowest percentage of repeat customers in Indian Hotels and the actual customer satisfaction index could be identified. However it could be useful in two different dimensions that if the results of this particular survey reveal that the gap between customer expectation and experience is wider, the hoteliers could really think and work on the aspects of minimizing the gaps. Where in, if the gap is less and better than the western and eastern countries, it would again contribute towards the best hospitality practices and also will be an Indication and role model to others. there are certain constraints since this study would be limited to the city of Bangalore, and the data collected from various hotels may vary from the actual.

It is necessary that the Indian hotel companies should revamp their policies and strategies according to the present global trends are concerned. The more they delay the process the more will be their damages in terms of loosing their customers employees and business. Therefore, it is important that a detailed study on the expectation and experience of the customers in the hospitality sector would in turn, helps the Industry to focus more on to the customer satisfaction there by the growth of the hospitality sectors in India.

References

- *A customer expectation and perception of Hotel service quality in Cyprus- By Chritou Loizos & Hadjiphanis Lycouragos- Published on Nov 2005 at Journal of tourism today page 126-130.*
- *Relationship among Experimental marketing by yuvan & wu- page 388- 391, Journal of Hospitality & tourism Research, published on Aug- 2008.*
- *The Express Hotelier and Caterer- July 2008.*
- *Customer satisfaction and waiting staff by J D Prattern- Emerald*

*International Journal of contemporary Hospitality Management vol-16-
Nov-06- 2004- Pp 335- 338.*

- *American Customer satisfaction index 2007 survey report. Pp 34-36*
- *Discrete negative emotions and customer dissatisfaction responses in casual restaurant setting- by Anna S Mattila, Pennsylvania state university and Heejung Ro university of central Florida, Oriando. Journal of Hospitality & Tourism Research vol 132- Feb 2008. Pp 89-107.*
- *Relationship among image congruence, consumption emotion and customer Loyalty in the lodging industry by Heesup han Kijoon back- Journal of Hospitality & Research- vol 132- Nov 2008- Pp 467- 490.*
- *Parasuraman A, Zeithaml VA and Berry LL 1998. Servqual- Journal of retailing*
- *A conceptual model of service quality and its implications for future research – By Prasuraman, Zeithaml and Berry 1985.*
- *The measurement of gaps in service quality, By lewis R C and klein D M -1987.*
- *Online journal of FHRAI -2008 publication on Indian Hotels*
- *HVS*