

## Relationship between Service Quality and Customer Satisfaction in Hotel Industry

Savita Sharma<sup>1</sup> and Sidharth Srivastava<sup>2</sup>

<sup>1,2</sup> *School of Tourism and Hotel Management, Ansal University, India*

<sup>1</sup> *savitasharma@ansaluniversity.edu.in*

### Abstract

In the competitive hotel industry, individual hotels find ways to be unique to make their products and services shine amongst others. Hotels do not leave any stone unturned to deliver best of the services to magnetize the customers. Therefore, the purpose of this review paper is to study whether high level of quality service actually leads to satisfied customers and makes them loyal towards a particular hotel brand. Further, the study intends to explore whether SERVQUAL model is applicable for the hotels to satisfy their customers. Papers related to service quality and customer satisfaction were reviewed from the online database. This paper contributes to the existing literature to explore the relationship between service quality and customer satisfaction and suggests that SERVQUAL method can be applied to the hotel industry to measure the customer satisfaction on the basis of five factors known as assurance, empathy, reliability, and tangibility, which will further lead the hoteliers to improvise customer services.

**Keywords:** Customer satisfaction, service quality, hotel industry, loyalty

## **A. Introduction**

Tourism is a key element for hotels' occupancy as hotels are closely linked with the tourism industry. People are getting aware about the new destinations across the world through various technological sources and wish to explore as many destinations as possible. Number of travelers has visibly increased over the last decade because travelling has taken many new folds. People are travelling not only for the business purpose but they are even travelling to explore different culture, food, adventure, medical requirements, destination weddings, festivals, sex and many other reasons. Development in tourism has created a room for many hoteliers to establish more and more number of hotels. To accommodate travelers from various countries of the world which has now become reason for them to provide best of the services so that once a customer arrives at hotel, does not make a choice to go to other hotel in future and this will happen only when a customer is satisfied from the services delivered by the hotel. The hotel industry is mix of services like accommodation, specialty restaurants, 24X7 café, laundry, gym, spa and many more. Attracting new customers is very challenging task for the sales and marketing personnel and it is considered to be the hotels' success if they get the repeat customers. It is difficult to draw attention of the customers who have not stayed but if a customer has stayed with the hotel and received high quality of service by exceeding their expectations then the customer will surely come back to the same hotel. These happy customers will even spread about level of service and convince their friends and relatives to stay with the recommended hotel (Cronin et al., 2000). Therefore, this study aims to find out the relationship between the service quality and customer satisfaction and to identify factors which influence customer satisfaction in the hotel industry.

## **B. Literature Review**

In today's scenario, there is an intense competition in the hotel industry as it is the fastest growing industry (Jauhari, 2012) and a part of tourism industry. Hotel operations are managed round the circle to gratify customers globally and hotels have understood the importance of customers coming back to the same hotel in terms of generating more revenue. Therefore, hotels are emphasizing on various strategies to maximize the customer satisfaction and to have dominance in the competitive market (Seth et al., 2005). It becomes utmost important for hotels to evaluate service quality delivered to the customers and how guests perceive the services of the hotel (Kadampully and Hu, 2007; Ladhari, 2009). Service quality is the reflection of the difference between customers' expectation of services provided by the hotel management and the feedback of actual services received from the hotel management (Parasuraman, Zeithaml and Berry, 1985) where, Gronroos, 1990 defined service quality as the difference between expected service and perceived service of the customers. According to Bitner, et al, 1994, service quality is the comparison of level of service delivered to the customers and the standard of service received by the customers and if the hotel is able to deliver

service which is exactly the same of what a customer perceives then the hotel is able to acquire the customer satisfaction. It has been observed by Parasuraman, Zeithaml and Berry, 1988; Buttle, 2004; Cronin, Brady and Hult, 2000; Ko et al., 2011, that there is a positive relation between service quality and customer satisfaction. Customer satisfaction leads to repeat business (Anderson and Fornell, 1994) and critically customer loyalty depends on the overall customer satisfaction (Bloeme and Kasper, 1995; Johnson et al, 2001; Taylor, Celuch and Goodwin, 2004, therefore, it can be said that if quality service is delivered to the customers then customers would come back to the hotel and may become loyal to the hotel which leads to revenue maximization and profit (Seth et al., 2005).

### **1. Servqual Model**

There could be numbers of reasons by which customers may get satisfied and vice-versa. To measure the actual reasons to get satisfied or dissatisfied, many researchers follow SERVQUAL to do the analysis. SERVQUAL is a very effective tool used to measure the difference between customers' expectations and perceptions of the service developed by Parasuraman et al, 1988. It is used to find out the gap between the expectation and perception of customers based on 5 factors of quality broadly categorized as assurance, empathy, reliability, responsiveness and tangibility.

- 1.1. Assurance refers to the employees' ability to know and provide right information to the customers. Employees should provide services in such a manner that customers should have the confidence and trust on the employees and they would like to re-visit the hotel.
- 1.2. Empathy refers to treat the customers individually and pay attention as per their individual need. People are different in nature, their likes and dislikes and therefore, would like to get attracted to the hotels which can understand individual needs and serve to them accordingly then there is a better chance to retaining the customers.
- 1.3. Reliability refers to the commitment of delivering consistent service every time to the guest. If a customer is absolutely sure that the quality of an item will certainly meet the promised quality by the hotel for services, then customers would be satisfied and like to come back to the hotel.
- 1.4. Responsiveness refers to provide prompt service. It is delivering the service in minimum time. Providing services on time with required quality also leads to customer satisfaction and helps the hotel to retain the customers.
- 1.5. Tangibility refers to the physical facilities and other décor of the hotel which leads to positive experience. It is creating the first impression as good as the best impression with personnel's' appearance, their way of communication, equipment used, other visible and noticeable items. If the customer is pleased by various artifacts, appearance and aesthetic upkeep of the hotel then it is likely that the customer will come back in future.

## 2. Customer Satisfaction

Existence of a business rely on its customers (Valdani, 2009). In case of hotel industry, it's even more important to anticipate and deliver quality service to make the customers loyal as it is said that hotels which provide quality service have a number of satisfied customer base (Gilbert et al., 2004; Gilbert and Veloutsou, 2006). It's not easy to define customer satisfaction in words because satisfaction may vary from person to person. The satisfaction level is judged by different customers, therefore, it is very much possible that a service which was excellent for a customer can be of low quality service for another customer. O'Neill and Palmer, 2003 have mentioned that a customer's perception about the level of service will depend upon their prior experience with a particular service. Howard, 1977 has referred satisfaction as the mental status of an individual customer instigated by the comparison of the costs and benefits received, where, William et al, 2003 have said that customers are considered to be satisfied when their expected service performance matches with the delivered service performance. Probably the result-oriented meanings of satisfaction are directly related to the demand of a certain product or specific feelings induced by the experience (Yi, 1990). Many authors (Schmidt-Atzert and Strohm, 1983; Ulich and Mayring, 1992) have grouped the feelings induced by the experience as enthusiasm, joy, happiness, relief, well-being where Hunt, 1997 stated that satisfaction is an evaluation process which produces a positive experience as expected by the customer and not an emotional feeling. Satisfaction can be measured in relation to a company very well for a product (Meffert and Bruhn, 1981). Anton, 1996 has stated that "customer satisfaction as a state of mind in which the customers' needs, wants and expectations throughout the product or service life have been met or exceeded, resulting in subsequent repurchase and loyalty". A customer is considered to be satisfied when perceived services of a hotel exceeds the customer's expectations, with this feeling customer would like to re-visit the hotel and automatically become loyal to the hotel. These customers will even recommend it to their acquaintances because of the delightful experience (Kandampully and Suhartano, 2000).

## 3. Servqual and Statisfaction

Many researchers have used SERVQUAL method to find out the impact of service quality on the customer satisfaction in the hotel industry (Vijay & Selvaraj, 2012; Chinh, 2008; Aborampah, 2011; Wilkins et al., 2010; Gordon, 2006; Taylor, et al., 2004) and observed a significant positive relationship between customer satisfaction, loyalty and quality service. Where, authors (Tessera, Hussain and Ahmad, 2016) have mentioned that out of five dimensions of SERVQUAL, only three dimensions (tangibles, responsiveness and empathy) have direct impact on the customer satisfaction. Chung and Chen, 2015 came out with the conclusion that high quality service has a significantly positive effect on the customer satisfaction and it is directly proportionate to each other. Akbar,

2013 found that the strength of relationship between service quality and customer loyalty has a sturdy bonding influenced by socio demographic characteristics of customer. Hon Tat et al., 2013 have found that assurance has the maximum influence on the customer satisfaction amongst all the five dimensions of SERVQUAL. Zeleke, 2012 has observed that service quality has an impact on customer satisfaction with all the five dimensions of SERVQUAL. Jamal and Anastasiadou, 2009 have described that reliability, tangibility and empathy have direct relationship with customer satisfaction but other two are not related. Above authors have discussed the results of SERVQUAL method for their research and found that this method is very useful to measure the service quality of the hotels w.r.t. customer satisfaction considering five dimensions. Hotels can analyze the result and work on the dimensions which do not have impact on the customer satisfaction and improvise the level of service quality.

### **C. Result**

Discussion on the relationship between level of service quality and customer satisfaction has been a concern of many researchers and practitioners (Parasuraman, 1988; Cronin, 2000; Taylor et al, 2004; Vijayadurai, 2008; Aamna et al, 2010). The purpose of this research was to explore the relationship between the service quality and customer satisfaction in hotel industry. It was observed that to improve the company's performance, both high service quality and customers' satisfaction are important (Opperman, 1998; Dominici and Guzzo, 2010). Customer satisfaction is referred to the degree of achieving or exceeding customers' needs and expectations by receiving a service or a product by the hotel employees (Schiffman et al., 2010; Levens, 2012). The study found that it is utmost important for any hotel to understand and recognize the customers' need to satisfy them by providing personal and high quality service. Customer satisfaction is highly depended on quality service (Harr, 2008; Krishna et al, 2010 and Janet, 2011). Even Parasuraman, 1988; Brady et al., and Bei and Chiao, 2006 have mentioned that when perceived service quality is recognized by the customers' then it will result to the increased customer satisfaction. In today's competitive world service quality and customer satisfaction are important factors to retain customers. This study suggests that SERVQUAL method can be applied to the hotel industry to measure the customer satisfaction on the basis of five factors known as assurance, empathy, reliability, and tangibility, which will further lead the hoteliers to improvise their service elements.

## **REFERENCES**

Abbasi, A.S., Khalid, W., Azam, M. and Riaz, A. (2010). Determinants of Customer Satisfaction in Hotel Industry of Pakistan. *European Journal of Scientific Research*. Euro Journals Publishing, 48 (1) 97-105.

*Tourism Research Journal*, Volume 2 (1), year 2018

- Aborampah, A. M. (2017). Customer satisfaction in the banking industry: a comparative study of Ghana and Spain. Doctoral thesis. Retrieved 29/12/2017 from <http://hdl.handle.net/10803/22657>.
- Anderson, E.W. and Fornell, C. (1994). A customer satisfaction research prospectus. *Service Quality: New Directions in Theory and Practice*. Thousand Oaks, CA: Sage Publications, 241-268.
- Anton, J. (1996). *Customer Relationship Management: Making Hard Decisions with Soft Numbers*. Prentice-Hall, Englewood Cliffs, NJ: p.73.
- Bitner, M., Booms, B. H., & Mohr, L. A. (1994). *Critical Service Encounters: The Employee viewpoint*.
- Bloeme, J.M.M. and Kasper, H.D.P. (1995). The complex relationship between consumer satisfaction and brand loyalty. *Journal of Economic Psychology*. 16 (2) 311-329.
- Chinh, V. T. M., & Anh, N. V. (2008). Measuring customer satisfaction based on service quality gap at a local bank in Vietnam. *Journal of International Business Research*, 7(3).
- Chung, Y.C. and Chen, H.C. (2015). Study on the correlation among service quality, relationship quality and customer satisfaction – A case study of H Hotel. *International Journal of Latest Research in Science and Technology*. 4(4), 1-7.
- Cronin, J. J., Brady, M. K., & Hult, G. T. M. (2000). Assessing the effects of quality, value and customer satisfaction on consumer behavioral intentions in service environments. *Journal of Retailing*, 76(2), 193-218.
- F. Buttle, (2004). *Customer Relationship Management: Concepts and Tools*, Oxford: Butterworth-Heinemann, 2004.
- Gilbert, G.R. and Veloutsou, C. (2006). A cross-industry comparison of customer satisfaction. *The Journal of Services Marketing*. 20 (5) 298-308.
- Gordon, J. T. (2006). *Determinants of Guest Loyalty for Upper-Upscale Hotels*. Oklahoma, State University, Norman, Oklahoma.
- Gronroos, C. (1990). Relationship approach to marketing in service contexts: The marketing and organizational behavior interface. *Journal of Business Research*. 20.
- Hon Tat, et. al. (2011). Consumers' Purchase Intentions in Fast Food Restaurants: An Empirical Study on Undergraduate Students. *The Special Issue on Contemporary Issues in Business and Economics*. 5(5).
- Howard, J. A. (1977). *Consumer behavior: Application of theory*. New York: McGraw-Hill.
- Hunt, H. K. (1977). *CS/D overview and future research direction*. Cambridge MA: Marketing Science Institute.
- J. J. Cronin, M. K. Brady, and G. T. Hult, (2000). Assessing the effects of quality, value, and customer satisfaction on consumer behavioral intentions in service environments. *Journal of Retailing*. 76 (2) 193-218.

- Jamal, Anastasiadou, (2009). Investigating the effects of service quality dimensions and expertise on loyalty. *European Journal of Marketing*, 43(3/4) 398 – 420.
- Johnson, M.D., Gustafsson, A., Andreassen, T.W., Lervik, L. and Cha, J. (2001). The evolution and future of national customer satisfaction index models. *Journal of Economic Psychology*. 22 (2) 217-245.
- Kandampully, J. & Suhartanto, D. (2000). Customer loyalty in the hotel industry: the role of customer satisfaction and image. *International Journal of Contemporary Hospitality Management*, 12(6) 346 – 351.
- Kandampully, J., & Hu, H. H. (2007). Do hoteliers need to manage image to retain loyal customers? *International Journal of Contemporary Hospitality Management*, 19(6), 435-443.
- Ko, Y. J., Zhang, J., Cattani, K. and Donna. P. (2011). Assessment of event quality in major spectator sports. *Managing Service Quality*. 21(3) 304-322. DOI 10.1108/09604521111127 983.
- Ladhari, R. (2009). Service quality, emotional satisfaction and behavior intentions: a study on hotel industry. *Managing Service Quality*. 19(3) 308-331.
- Levens, M. (2012). *Marketing: Defined, Explained, Applied*. 2nd Edition. Pearson Education.
- Meffert, H. & Bruhn, M. (1981). Beschwerdeverhalten und Zufriedenheit von Konsumenten. In: *Die Betriebswirtschaft*, 41(4).
- O' Neill, M., & Palmer, A. (2003). An exploratory study of the effects of experience in consumer perceptions of the service quality construct. *Managing Service Quality*, 13(2), 187-196.
- Parasuraman, A., Zeithaml, V.A. & Berry L.L. (1985). A conceptual model of service quality and its implications for further research. *Journal of Marketing*. 49.
- Schiffman, Leon G., Kanuk, Leslie, L. (2010). *Consumer Behavior*. 10th Edition. Pearson Prentice Hall.
- Schmidt-Azert, L. & Ströhm, W. (1983). Ein Beitrag zur Taxonomie der Emotionsörter. *Psychologische Beiträge*. 25, pp. 126-141.
- Seth, N., Deshmukh, S.G. and Vrat, P. (2005). Service quality models; a review. *International Journal of Quality and Reliability Management*. 22 (9), 913-949.
- Sher Akbar (2013). Relationship of service quality and customer loyalty through the moderating effect of socio demographic characteristics. *International Journal of Hospitality & Tourism Systems*. 6(2) ISSN: 0947-6250
- Taylor, S., Celuch, K. and Goodwin, S. (2004). The importance of brand equity to customer loyalty. *Journal of Product & Brand Management*. 13(4), 217-227.
- Taylor, S., Celuch, K., & Goodwin, S. (2004). The importance of brand equity to customer loyalty. *Journal of Product & Brand Management*, 13(4), 217-227.

- Tessera, F. A., Hussain, I. A. and Ahmad, N. (2016). Service quality and hotel's customer satisfaction: An empirical evidence from Ethiopia. *Electronic Journal of Business and Management*. 1(1), 24-32.
- Ulich, D. & Mayring, P. (1992). *Psychologie der Emotionen*. Stuttgart: Kohlhammer.
- V. A. Parasuraman, A. Zeithaml, and L. L. Berry (1998). SERVQUAL: A multiple-item scale for measuring consumer perception of service quality. *Journal of Retailing*. 64, 12-40.
- Vijay, A. S., & Selvaraj, M. (2012). The Impact of Service Quality on Customer Satisfaction and Loyalty in Indian Banking Sector: An Empirical Study through SERVPERF. *International Journal of Management and Business Research*, 2(2), 151-163.
- Vijayadurai, J. (2008). Service Quality, Customer Satisfaction and Behavioural Intention in Hotel Industry. *Journal of Marketing & Communication*, 3(3), 14-26.
- Wilens, H., Merrilees, B., & Herington, C. (2010). The determinants of loyalty in hotels. *Journal of Hospitality marketing and Management*, 19, 1-12.
- Yi, Y. (1990). A critical review of consumer satisfaction. In: Zeithaml, V. A. (ed.): *Review of marketing*. Chicago: American Marketing Association, pp. 68-123.
- Zelege, T. (2012). Impact of service quality on customer satisfaction at the public owned National Alcohol and Liquor Factory. Masters Thesis.