

An Empirical research on the relationship between Service Quality and Customer Satisfaction in Hotel Industry

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Abstract:

The main reason of this study is to determine the relationship between the service quality and customer satisfaction in the Indian hotel industry and to know about the factors which influences customer satisfaction. The study is made on descriptive basis and the primary data is collected from Dineserv scale developed Stevens, P., et al (1995). The data is collected on probability basis from 120 respondents and is analyzed with the SPSS tool .The collected data were classified, tabulated and analyzed with statistical tools Frequency analysis, Mean analysis and Regression analysis. The result showed that majority of the respondents were male and of age more than 45 years who belong to business community. Among the service quality factors, the factor "price" positively influences the customer satisfaction.

Keywords: Service Quality, CustomerSatisfaction, Dineserv, BusinessCommunity, Price.

I. INTRODUCTION

The hospitality and tourism industry is the third largest foreign earnings industry in INDIA, which plays a vital role in contributing to our country's GDP. The boom in the tourism industry has a effect on growth in the hospitality sector which rises the occupancy ratio and the room rates. INDIA ranked in the sixth place and stands as a favorite place for tourism and hospitality. The Indian government has likewise focused om making INDIA a worldwide tourism hub. The legislature has started the 'project Mausam' under which it has programmed to frame up multifaceted linkages and to restore memorable maritime culture. This shows that the hotel industry in India flourishes to the great extent because of the development in the travel industry. The Indian hotel industry has been instrumental in adding to the country's financial development. This pattern is required to proceed particularly with the introduction of e-visa for foreign voyagers. Food and Beverage sector contributes a lot to the benefit of hotel industry. The Food and Beverage department offers moderate menu that range an assortment of client tastes. The Food and Beverage department in any hotel is a crucial job. The Food and Beverage departmentcontributes

almost 40% to the total income of the hotel. The Food and Beverage department has divided into two parts the service staff and the kitchen staff. In modern terms this department is focused on product knowledge, charismatic skills, client connection. The visitor's fulfillment is possible only when there is good service.

In general, service quality is provided in order to meet the expectations of the customer. The quality service is delivered to increase customer satisfaction by rectifying their problems quickly. Thus service quality has been defined by Bolton and Drew (1991); and Oliver (1980) has, customers' service quality is the difference between the actual service Performance and their expectations. Similar to Bolton and Drew (1991); and Oliver (1980), Parasuramanet al. (1988) characterized perceived service quality as "the degree and direction of discrepancy between customers' perceptions and expectations".In today's economic world providing quality service is an indispensable strategy to achievesuccess and for survival of the business.

According to (Lewis, 1993) the dimensions of service quality focus on "interactions between a service firm and its customers

The most commonly projected service quality dimensions are,

Technology dimension – the service is provided in link with system and technology

Functional dimension – the service process improves the interpersonal relation , approachability between employees and customers.

Corporate image dimension – this shows the expectations of the customers and the measures taken by the business to meet those expectations.

In the hospitality industry service quality is the prominent factor to achieve competitive advantage and customer loyalty among the competitors in the market. In general customer satisfaction is an inner feeling which every individual gets whether he is satisfied or dissatisfied. The service quality is internally related to the customer feelings, service quality is also related to the intentional behavior of the employees and customer feelings are related to the intentional behavior of employees. Thus every hotel tries to provide quality service to increase customer satisfaction in return it increases customer loyalty. The main objective of the study is to about the restaurant quality and customer satisfaction and to study about the impact of restaurant quality in development of hotel industry.

II. LITERATURE REVIEW

Parasuraman et al (1985) justified the point that customer satisfaction is not only measuring the judgement of customers on delivered service, it also customer experience on the process of service delivery must be taken into consideration. The author stated that services are intangible and heterogeneous and it often varies from one to another. Service is not materialistic it can be noticed when there is a communication in-between service provider and the customer. The evaluation of quality service is different from that of quality goods, thus the customer satisfaction is analyzed not only with service quality but also with the process on service delivery.

Stevens, P., et al (1995) have developed the instrument specifically for measuring the customer perception's of restaurant service quality DINESERV.

Suzana Makovic (2013) et al., has measured dineserv scale using six major attributes relating the service quality in the restaurant to customer satisfaction. In the dineserv scale the customer satisfaction is kept as a dependent variable and all other service quality attributes has independent variable the test was conducted to see which factor influences the customer satisfaction a lot.

Ryu, K, et al., (2012) has documented an integral model with three elements food, physical environment and service which creates impact on customer satisfaction, customer perceived value and behavioral intentions. The structural equation model was used to prove that all the three elements create impact on restaurant image among that food and physical environment has significant impact on customer perceived value and it positively creates customer satisfaction which leads to behavioral intentions.

Oh, H. (1999) took an initiative to test an integrative model of administration quality, client worth, and consumer loyalty with an example from the extravagance segment of the hotel sector, this examination shows all the way to deal the customers in a friendly manner and basic leadership process. The model seems to have commonsense legitimacy just as logical capacity. Suggestions are examined and recommendations are produced for the two advertisers and analysts.

Jeong, M., & Oh, H. (1998) has documented that research on administration quality and consumer loyalty has turned out to be critical in the hotel business. Interestingly the study considers both outer and inner administration, the executives' issues and consequent administration developments dependent on the structure of Quality Function Deployment (QFD). The study also focused on Quality Functional Deployment theoretical application in the hotel business so as to delineate future application and investigation methodologies.

Ladhari, R. (2009) used the review from a conceptual model to prove that service quality is internally related to the customer feelings, as well as to the intentional behavior of the employees and customer feelings are related to the intentional behavior of employees. The model was tested with 200 travelers which proved that service quality has significant effect on customer satisfaction.

Amin, M., et al., (2013). made a study to analyze the correlation between customer satisfaction and service quality in the hotel business in Malaysia. The authors used the nonprobability sampling technique and the respondents were limited. The analysis proved that the major number of customers were happy with the service quality in the hotels they visited. Thus the findings of the study proves that the service quality has direct contribution to customer satisfaction.

Dominici, G., & Guzzo, R. (2010) has revealed that, to succeed in the market the hotel business should concentrate on the existing customers rather than acquiring new customers. The proven statement is that customer satisfaction is hooked up with service quality, thus the quality of service provided in the hotel industry automatically increases the loyalty of the customers which results in rise in market share.

To prove that customer loyalty plays a vital role in the hotel industry Kandampully, J., & Suhartanto, D. (2000) made a study to identify the link between customer satisfaction, image and customer loyalty. The study proved that performance of various department in the hotel industry like food and beverage, reception, price and housekeeping are positively related to customer loyalty.

Bowen, J. T., & Chen, S. L. (2001). conducted a survey to identify the factors that contribute to increase loyalty of the customer. The survey was collected both personally and through mail. The results proved that the customer loyalty and customer satisfaction are nonlinear.

Bojanic, D. C. (1996) stated that there is fluctuation in the demand in hotel business. In measures to maintain the steady growth hotel industry possess two components 1. High quality 2. Lesser price. Thus the author made the study to understand the liaison between price, value and satisfaction in hotel industry.

Torres, E. N., & Kline, S. (2006). Organized a survey to establish a managerial model to encourage the customer relation in the hotel industry. The study came across satisfaction of the customer and customer delight which are key for achieving customer relations. The result of the study proved that customer delight like word of mouth communication, profitability and loyalty are more important than customer satisfaction in the hotel industry.

The author Kayaman, R., & Arasli, H. (2007) had organized a survey to dig into the factors of brand equity. The components like brand loyalty, awareness, image and perceived quality were examined to know that impact that creates in the customer based brand equity. The findings proved that except brand awareness the other 3 components have vital role in the hotel industry in relation to customer based brand equity.

Jani, D., & Han, H. (2014) has designed a model to relate it with loyalty, ambience, satisfaction, personality and image in the hotel industry. The study

shows that the satisfaction affects the hotel image and guest loyalty where the big five personality factors like extraversion, agreeableness and neuroticism affects the satisfaction. The study encourages the hoteliers to build strategies for loyalty enhancement among customers.

Saad Andaleeb, S., & Conway, C. (2006). developed a secondary research to analyze the factors influencing customer satisfaction. Factor analysis and multiple model regression methods were used and the results were the performance of frontline employees, food quality and price influences the customer satisfaction

Matzler, K., et al., (2006) fortified the three factors customer satisfaction, service quality and price acts as the key contribution to increase the post purchase behavior like repurchase and word of mouth. The study was made to prove that the impact of the factors price and service positively increases customer loyalty. The findings proved that the impact of service dimension is asymmetric.

González, et al., (2007) has criticized that other studies fail to notice the behavioral intentions of customers while dealing with customer satisfaction. The study was conducted on questionnaire basis to prove that service quality and customer satisfaction creates impact on behavioral intentions of the customers.

Abdullah, et al., (2009) detailed a study to analyze the factors that has significance in customer satisfaction. The author created the questionnaire based on three segments independent variable, dependent variable and demographic factors and psychometric test was conducted to identify the reliability and validity. The study made it clear that there is a significant correlation between ambience, service quality and customer satisfaction.

Yuan, et al (2008) has recorded that majority of the study doesn't consider experiential marketing has while analyzing customer satisfaction. The research was conducted to prove the experiential marketing influences the customer satisfaction through service quality, feel and think perception. The suggestions from the study is that hotel manager should develop effective marketing strategies to build effective customer value.

Yong Kim, B., & Oh, H. (2004). Has identifies a new factor called competitive advantage in order to increase customer perceived value. The research projected the conceptual frameworks which the hotel

managers should use to improve the customer satisfaction and to boost competitive advantage. The important frameworks are porters five force approach, resource based approach, relation approach. Keeping this as the base the hotel managers can increase the competitive advantage over other competitors

III. RESEARCH METHODOLOGY

The Descriptive research design is adopted because it details the study and finds the current summary of

the service quality on customer satisfaction. This study use the Dineserv scale designed by Stevens, P., et al., (1995) for measuring the service quality in city restaurant settings. The sample selected based on probability basis from 120 customers. The collected data is analyzed using SPSS. The collected data were classified, tabulated and analyzed with some of the statistical tools such as Frequency analysis, Mean analysis and Regression analysis.

Table No. 1 Demographic Profile

GENDER	FREQUENCY	PERCENTAGE	AGE	FREQUENCY	PERCENTAGE
Male	69	57.5	17-25	26	21.7
Female	51	42.5	26-35	3	27.5
			36-45	27	22.5
			More than 45	34	28.3
QUALIFICATION	FREQUENCY	PERCENTAGE	MONTHLY NCOME	FREQUENCY	PERCENTAGE
10	9	7.5	Less than 10000	6	5.0
12	34	28.3	10000-20000	25	20.8
UG	45	37.5	20000-50000	74	61.7
PG	25	20.8	More than 50000	15	12.5
OTHERS	7	5.8			
OCCUPATION	FREQUENCY	PERCENTAGE	PREVIOUS VISIT	FREQUENCY	PERCENTAGE
Business	13	10.8	Never	21	17.5
Profession	35	29.2	Once	50	41.7
Private	47	39.2	Twice or more	49	40.8
Public	11	9.2			
Others	14	11.7			

INTERPRETATION

The table no. 1 depicts the frequency analysis of demographic profile of the customers. Most of the customers visiting the hotel are male and of age more than 45 years. This is because most of the visitors belong to the business community whose monthly income is between 20000-50000. The majority of the customer's educational qualification is under graduate and majority of them work in private concern. Since most of the customers are business people and travelers they have visited the hotel once.

INTERPRETATION:

Table no.2 shows the mean analysis of service quality on customer satisfaction. It is clear from the table that the variable Price has the highest mean value of (3.53) followed by Empathy (3.47), Satisfaction (3.46), Tangibles (3.42), Assurance (3.40), Responsiveness (3.38), Reliability (3.36%). It is inferred from the table that the customers are more prone and influenced by price in their satisfaction level.

TABLE NO.2 MEAN ANALYSIS

S.NO	Variables	Mean	Rank
1	Tangibles	3.4269	4
2	Reliability	3.3633	7
3	Responsiveness	3.3833	6
4	Assurance	3.4083	5
5	Empathy	3.4729	2
6	Price	3.5250	1
7	Satisfaction	3.4646	3

TABLE NO.3.1. REGRESSION

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.810 ^a	.655	.637	.60786

TABLE NO.3.2. REGRESSION COEFFICIENTS

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.102	.246		.413	.681
Tangibles	.185	.114	.156	1.624	.107
Reliability	.002	.103	.002	.021	.983
Responsiveness	.072	.096	.072	.746	.457
Assurance	.119	.106	.110	1.118	.266
Empathy	.161	.091	.161	1.779	.078
Price	.429	.073	.443	5.917	.000***

a. Dependent Variable: Satisfaction

INTERPRETATION

From the table no.3.1 R is the correlation, its value is 0.810 and R square is degree of determination, its value is 0.655. The degree of determination shows the extent to which Tangibles, Reliability, Responsiveness, Assurance, Empathy and Price influences the Customer Satisfaction. Here the Customer Satisfaction is determined to an extent of 65.55 % by Tangibles, Reliability, Responsiveness, Assurance, Empathy and Price. Table shows the values of beta and the significant value. It is clear from the table 3.2 that variables such as Price have the significant value of less than 0.05. It is inferred from the table that the Price variable are influencing the Customer Satisfaction.

IV. DISCUSSION & RESULTS

The study was developed to analyze the restaurant quality and customer satisfaction and to know about the impact of restaurant quality in development of hotel industry. Based on the factors selected as independent variables (Tangibles, Reliability, Responsiveness, Assurance, Empathy, Price, and Satisfaction) and dependent variable (Satisfaction), the hypothesis proved that factor Price has positive influence in customer satisfaction. In the regression analysis the factor Price has the significance value less than 0.05, hence the factor Price strongly influences the customer satisfaction followed by empathy, tangibles, assurance, responsiveness, and reliability also influences the customer satisfaction. The result proves that service quality has significant influence on customer satisfaction in the hotel industry. The result supports with Almohaimmed, B. M. (2017) who analyzed that

restaurant quality has significant impact on customer satisfaction.

V. CONCLUSION

In this world of technology, customers are adopting the advanced facilities and they tend to expect from the hotel industry too. Every hotelier should look for the latest technology and trends for the survival and success of the industry. In this economic world the small café has the marketing reach like that of star hotels. The statistics proves that hotel industry contributes 38 percent to the World Economic Community. In the words of Knutson and Naumann "satisfaction of customers is the cheapest mean of promotion". The research authors have recorded that "it is 7 % more expensive to earn a new customer than to retain the existing customer". From the above results, service quality strongly influences the customer satisfaction and it is proven by regression analysis. Among the service quality factors "price" factor plays a significant role in influencing customer satisfaction. The majority of the customers who visit the hotel are male and of age above 45 years who belong to business community, that the hotel should take necessary steps to encourage other domestic customers and other age groups through promotions.

The time of data collection is very short and sample size is only 120 further studies can be extended by overcoming the limitation by covering the wider population in the restaurant settings. Further studies can be done by choosing the other factor of service quality.

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