

Customer Retention Strategy in Luxury Hotels with special reference to Indore

Gagan Prakash

IPS Academy, IBMR, IIndore
gaganprakash@ipsacademy.org

ABSTRACT

This research aims at identifying customer expectations and the preparedness of the hotel management and its staff of the luxury hotels especially 4 star and 5 star category hotels to address the needs, wants and desires of their customers and thereby suggests ways and means to offer service quality that would contribute to the retention strategy of the hotels.

This research paper is an attempt to evaluate quality of service in star category hotels situated at Indore. This has been done by trying to find out what the customer perceives about the services received against the expectations that he/she had prior to receiving the service.

Data was collected from respondents of five-star category hotels in Indore, using a self-administered questionnaire by 145 sample size. Out of this, three hotels were from 4 star category hotels namely, Sayaji, Maurya Sheraton, Hotel Pride and two hotels were from 5 star hotel category namely, Marriott and Radisson Blu. For the purpose of this research, five attributes that are pre-set in the SERVQUAL model have been taken into consideration.

Keywords: *Service quality, SERVQUAL, hotel industry*

INTRODUCTION:

There is an old saying that “Customer is King”. This saying cannot be more relevant than to the service sector where the customer’s satisfaction is totally dependent on his/her perception of an unseen service which has been promised and then subsequently evaluated based on post-delivery experience.

Service sector finds application in a wide spectrum of industries namely hospitality, banking, insurance, health, education etc. A change in economy anywhere in the world would automatically have an effect on the service industry due to the fact that change, more or less, leads to an expansion and expansion leads to competition. Competition also witnesses a quantum growth in the service

industry. The larger an individual unit in the service sector, the more complex is the delivery of service. The service sector is also important because it individually is a large contributor to the GDP. It is also a large generator of employment thus, making its viability and sustainability equally important.

In the hotel industry, the customer is the sole generator of revenue. It therefore, becomes important to the hotels to make efforts to keep the customers happy and generate a desire in him/her to continue to return to the same hotel. Satisfaction of the customers is the key to achieve this object. This though is easily said than done and when the hotel belongs to star category, then the task is even more humongous. Satisfying customers is based on a number of factors as the customer himself is a complex mix of needs, emotions, attributes etc. Therefore, the employees of the hotel need to ensure that the service that they deliver to the customer should be of impeccable quality.

With the opening up of the economy, our country has seen inflow of investments both from global as well as domestic investors. Investments have flown in into various kinds of industries. Observing this trend, several state governments' have made efforts to attract investors to their states. In order to do this, most of the states have been organizing global investor meets on continuous basis. Investment into industries while creating job opportunities also creates opportunities for employee to travel to various locations for business related purposes. Madhya Pradesh has also adopted the same model to attract investors. The Government of M.P. has been conducting global investor's summit with the Chief Minister visiting several countries to especially woo the Non-Resident Indians who are successful professionals and businessmen. Indore being the commercial capital of Madhya Pradesh has always been the venue for Investors summits. These meets attract a number of visitors to Indore. Most of these visitors are business executives who are well travelled and are habituated to experience luxury in services. This has opened up an opportunity for a number of star hotels to set up their hotels and compete for business.

Besides this, Indore has also witnessed a surge in educational institutions offering education across different professional courses. This has happened primarily due to the fact that Indore which is the commercial capital of M.P. situated in Central India and well connected to different parts of the country, has seen a number of industries of repute being set up in industrial areas and SEZ of Pithampur, Dewas, Ujjain etc. Besides this, Indore as a tier II city has recently witnessed the

creation of an IT Hub within the city limits, with IT giants like TCS, Infosys building their new extra-large facilities over here. All this has generated a demand for skilled professionals and hence the several educational institutions find ready employers for the students and the industries find an easily available skilled workforce.

Besides the industrial sector and the educational sector, Indore also enjoys a unique advantage in terms of catering to the needs of two other different types of travellers. Indore boasts of several medical facilities of exceptional quality and exclusive speciality. The city has medical facilities catering to the needs of different kinds of medical ailments. Several reputed names of hospitals have set up their facilities in Indore. All these medical facilities while on one hand draw in a large number of patients as travellers on the other hand it also attracts a large number of medical professional experts and specialists who come here to give their services. To add to this because of these medical facilities, several medical conferences across different specializations are held on a regular basis. These conferences witness medical professionals of higher repute coming to Indore in such large numbers that during the period of conference it becomes difficult for anyone else to find a room in hotels in Indore.

Indore also enjoys another unique distinction that of being a connecting hub to several very important religious places like Ujjain, Omkareshwar, Maheshwar etc. and all these can be very conveniently accessed from Indore, enabling religious tourists to pay a visit and come back within a span of a few hours. To add to this, the only airport being at Indore, prospective customers of star category hotels normally fly into Indore when they come for religious tourism purpose and prefer to stay in Indore only.

It is therefore evident that all these different businesses and educational institutions draw in a number of travellers fuelling the demand for rooms in the hospitality sector.

Increase in the number of hotels, which on one hand, is a boon to customers as they get many options to choose from, on the other hand, is a problem to the hotel themselves. The hotels not only have to make efforts to draw in customers but they also need to retain them subsequently. Competition undoubtedly is a hindrance to this. Further, the present day customer comes fully equipped with knowledge of available services and being from different walks of life has different needs. The hotel thus has their hands full to understand the different

needs of their customers, try to figure out expectation and provide service accordingly. If the expectations are not met or partially met, then the hotels have a chance of seeing their customer migrate. Service quality, therefore, is an important aspect to be considered during the delivery of service. It is also a key to help retain customers.

The research aimed at examining the expectation that customers had, prior to receiving the service and compares it with the perception of the customer, subsequent to receiving service, in order to evaluate the quality of service.

Customer's Expectations of Service

The beliefs about service delivery in the minds of customers are the customers' expectations that acts as bench marks against which performance of services are judged" (Zeithaml, and Bitner, 1996). These authors argued that customers have different kinds of expectations for service performance (Zeithaml and Bitner, 2003). In hospitality industry customers may have many expectations regarding the performance of services. and they can compare their perceptions regarding the services quality with their expectations. This evaluation is very important for hospitality providers too because it explore the strengths and weaknesses of organizations and help them in gaining competitive advantage (Zeithaml and Bitner, 2003). Failure to understand these gaps will lead to losing a customer to competitors.

Perceptions of Service Quality

Perceptions are always considered in relation to expectations. Perceptions are formed through customers assessment of the quality of service provided by a company and whether they are satisfied with the overall service (Zeithaml and Bitner, 2003). (Zeithaml, Bitner and Gremler, 2009) Zeithaml and Bitner (2003) argue that because perceptions may shift over time and therefore it is necessary for companies to continually assess customer perceptions (Zeithaml and Bitner, 2003).

SERVQUAL

The SERVQUAL service quality model was developed by a group of American authors, (Parasuraman, Valarie A. Zeithaml and Len Berry, in 1988). It highlights the main components of high quality service. The SERVQUAL authors originally identified ten elements of service quality, but in later work, these were collapsed into five factors - reliability, assurance, tangibles, empathy and responsiveness - that create the acronym RATER. Businesses using SERVQUAL to measure and

manage service quality deploy a questionnaire that measures both the customer expectations of service quality in terms of these five dimensions, and their perceptions of the service they receive. When customer expectations are greater than their perceptions of received delivery, service quality is deemed to be low. The SERVQUAL scale is designed in a form of a survey containing 22 service attributes, grouped into the five service quality dimensions (Zeithaml, Bitner and Gremler, 2009). The level of service quality is determined by subtracting the average score obtained from the expectations section to that obtained from the perceptions section (Weitz and Wessley, 2002). The calculated difference between the expectations and perception ratings constitutes a quantified measure.

LITERATURE REVIEW

S. Sekar et al (2020) measured service quality and customer satisfaction in five-star hotels in Tamil Nadu. It revealed that attributes like cleanliness, staff interaction, quality of employee behaviour are those specific factors which five star hotels should emphasize on so as to bring about increased levels of quality in service and to generate customer loyalty.

Md. Alauddin et al (2019) suggested that the quality of service is what keeps a customer satisfied. The customer tries to evaluate the need fulfillment with the service delivered and depending on the degree to which need has been fulfilled, the level of customer satisfaction is decided. The loyalty of the customer is a determinant of customer satisfaction.

Kofi Poku, Mariama Zakari, AjaraSoali (2013) investigated the impact of service quality on loyalty of star category hotel customers. The study further revealed that it is not only the category of hotel that decides satisfaction of customers but also the quality of service delivered which in turn gives a feel of value for money that leads to customers being loyal.

Shikha Singh, Dinesh Kumar, Nilosha Sharma (2012) in their study for Marriott group of hotels found that satisfaction of the customers and services provided were the main challenges to the hotel.

JoleenBiziMubiri(2016) Qualitative and quantitative methods of research were used to collect the data for the research. This included collecting both primary and secondary data to make the research comprehensive and credible. Interviews and questionnaires were used to collect first-hand data while an evaluation of the past literature provided the secondary data. Findings of the research evidenced that there are many factors prompting customer satisfaction. However, the main

factors that increased satisfaction combined the quality of services provided by a hotel as well as customer relationship management. Findings of the research are intended to influence hoteliers to essence on customer satisfaction through strategies such as decent customer relationships management and improvement of the quality of their services.

Mai Ngoc Khuong, Pham Le Hoang Ngan, and Nguyen Thi Minh Phuong(2015)

The study aimed to analyse and test the effects of tangibility, assurance, reliability, responsiveness, empathy, price, and hotel image on guests' satisfaction and their loyalty towards luxury hotels in Ho Chi Minh City. Quantitative research methodology was applied with 255 questionnaires delivered directly to international tourists who were staying at 3-5 star hotels. The empirical results showed that factors of empathy and assurance, tangibility, and hotel image both directly and indirectly affected guest loyalty. Satisfaction affected guest trustworthiness while price negatively and circuitously affected guest loyalty. Reliability and responsiveness did not significantly affect guests' loyalty.

Umesh Gunarathne(2014)

In this research paper, quantitative methods were used. The data were collected through questionnaire which contained five-point Likert scale Statements. Results of different correlations, T-test and hypotheses testing revealed a great deal of existing services with customer satisfaction. In order to generate the results employed confirmatory factor analysis by using Smart PLS. Mainly courtesy of attendants, comfort in guestroom, cleanliness and environment of hotel have played vital role in creating serenity and subsequent contentment among customers. The study confirms relationship between Service Quality and customer satisfaction. It seems thoughtful to believe that understanding of customer satisfaction.

Dr. P. Srinivas Rao and Dr.PadmaCharanSahu, (Nov. - Dec. 2013)

Customer satisfaction means that how the customer perceives service delivery by service provider. That customer satisfaction is a function of service presentation relative to the customer expectation. For this reason, it is needful to understand how customer expectation was formed in order to identify the factors of service in the hotel industry. As different customers have different expectations, constructed on their knowledge of a product or service.

OBJECTIVES OF THE STUDY:

The research was undertaken with following objectives:

1. To study desirable hotel services that influence customer decision making process.
2. To identify gaps between service promised and service received.
3. To identify and evaluate customer loyalty programs and retention strategies by hotels.

HYPOTHESIS:

H01: There is no Gap Between customer Expectation of services and Actual Services provided by the Hotel.

H01.1: There is no Significant Gap Between customer Expectation of services and Actual Services provided by the Four Star Hotel in Indore.

H01.2: There is no Significant Gap Between customer Expectation of services and Actual Services provided by the Five Star Hotel in Indore.

H02: There is no significant impact of Overall Customer Satisfaction on customer retention by hotels in Indore.

RESEARCH METHODOLOGY:

A study of the literature on service quality and especially SERVQUAL helped to set the objectives of this study. Two separate questionnaires were prepared. One for Customers and second for Hotel employees.

The adapted questionnaire for customers was submitted to a pilot study and with further modifications a final questionnaire having a band width of 24 questions was devised and more than 180 respondents were approached out of which 145 gave required and useful information and rest 35 inadequate responses were discarded. The survey was administered by electronic mail invitation and WhatsApp. Respondents were asked to select a google doc form link embedded in the message. Once selected, the link directed them to the questionnaire and upon completion, all responses were automatically organized and stored in a designated folder.

The selection of the respondent for this study was based on the criteria that the possible respondents had to be a customer at one of the selected 4& 5star category hotel properties of Indore. Data has been collected from Sayaji, Maurya Sheraton, Hotel Pride, Marriott and Radisson Blu in Indore city. Purpose or

convenience sampling technique was used to administer the survey for customers and Hotel Management

The expectations and perceptions of the consumers were noted on 5-point rating scale. The scale extremities were anchored on two parameters - on Expectation side: Extent of Importance - (1) Not so important through to (5) Most important and on Perceived / Actual services: Extent of Satisfaction – (1) Highly Dissatisfied to (5) Highly satisfied. Data has been analysed by SPSS 20. Percentage analysis, Factor analysis, Paired t-test & SERVQUAL analysis and Likert scale was applied.

Data was collected by questionnaire from respondents being senior management employees having a minimum work experience of at least 2 years in the same hotel. Total responses of Senior Employees were 09.

RESULT & DISCUSSION

Demographic Distribution of respondents:

Profile	Characteristics	Respondents	
		Frequency	Percent
Gender	Male	119	82%
	Female	26	18%
Age (in years)	25-34	35	24%
	35-44	48	33%
	45-54	55	38%
	Above 55	07	5%
Annual Income (in Lacs):	< 6.00	39	27%
	6.01-8.00	41	28%
	8.01-10.00	50	34%
	10.01 and above	15	10%
Occupation	Service	113	78%
	Business	26	18%
	Self Employed	06	4%
Star Category	4 Star	83	57%
	5 Star	62	43%
	Sayaji	37	8%
Hotel wise	Maurya Sheraton	22	5%
	Hotel Pride	24	5%
	Marriott	28	6%
	Radisson Blu	34	8%

Customers were profiled on the basis of their age, income, occupation and preference of hotels. Information was collected from a total of 145 respondents who have been customers of 05 different hotels of 4 and 5 star category. Of the total respondents 78% were from service class, 18% were from business class and

4% self-employed. The income wise distribution saw 34% belonging to 8.00 – 10.00 Lakhs income bracket, 28% from 6.00 – 8.00 Lakhs income bracket, 27% 6.00 Lakhs and less and 10% having an income of more than 10.01 Lakhs per year. The age dimension saw 38% respondents from the 45–54 years bracket, 33% from 35-44 years bracket, 24% from 25-34 years bracket and 5% above 55 years. To sum it up, it was found that majority of the respondents were having an income of Rs. 8.00 – 10.00 Lakhs per year falling in the 45-54 year age bracket and belonged to the service class.

Statistical analysis of Customer Survey was divided into following parts based on objectives:

- A. To study desirable hotel services that influence customer decision making process
- B. To identify gaps between services offered and service received/experienced.

Factor analysis by principle component method on service quality variables was derived by five predominant factors namely responsiveness, empathy, tangibility, assurance, reliability on Expectation and Actual Services on users for four star and five star hotels in Indore.

S.N	Statements	Mean	SD
	Reliability		
1	Staff at the preferred hotel is able to provide service as promised	4.30	.923
2	Staff of the preferred hotel is capable of handling customers' service problems	4.14	1.028
3	The hotel performs the promised service right at the first time	4.08	1.025
4	The hotel maintains error-free records	4.05	1.033
5	The hotel keeps customers informed of its services	4.15	.981
	Responsiveness		
6	Staff at the chosen hotel gives prompt service to customers	4.12	1.044
7	Staff at the hotel is ready to respond to customers' requests	4.24	.917
8	Staff at the hotel is always willing to help customers	4.08	.982
9	Informative literature about the hotel was provided	4.09	1.030
	Assurance		
10	Staff at the hotel are courteous and friendly with customers	4.05	1.017
11	The hotel provides a safe environment to stay in	4.11	1.028
12	Staff at the hotel has the knowledge to answer customers' requests	4.06	1.026

13	The hotel provides the Internet accessibility services for its customers	4.00	1.068
	Empathy		
14	The hotel gives its customers individualized attention	4.07	1.051
15	Staff of the hotel understands the specific needs of their customers	4.08	1.004
16	Staff of the hotel have customers' best interests at heart	4.04	1.018
	Tangibles		
17	The hotel has latest equipment	4.20	.949
18	The aesthetics (ambience, décor, lighting etc.) of the preferred hotel are appealing	4.05	.985
19	Materials associated with the services (general cutlery, crockery, room amenities) are visually appealing in the hotel	4.20	.966
20	The hotel has swimming pool, sauna and gym	4.15	1.023
21	The hotel has an online reservation system	4.00	1.075
22	The hotel provides clean and comfortable rooms	4.08	1.036
23	The hotel has adequate room service facilities	4.02	1.076
24	The preferred hotel has efficient housekeeping services	4.30	.923

Total Variance Explained

Comp onents	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulati ve %	Total	% of Variance	Cumulati ve %	Total	% of Variance	Cumulativ e %
1	10.831	45.128	45.128	10.831	45.128	45.128	3.604	15.016	15.016
2	1.391	5.796	50.923	1.391	5.796	50.923	3.399	14.163	29.179
3	1.132	4.716	55.639	1.132	4.716	55.639	3.120	13.002	42.180
4	.918	3.825	59.464	.918	3.825	59.464	2.546	10.607	52.787
5	.807	3.365	62.829	.807	3.365	62.829	2.410	10.042	62.829

Customer decision making, while choosing a hotel, are based on five dimensions – Reliability, Responsiveness, Assurance, Empathy and Tangibles. Reliability of the hotel was the ability of the hotel employees to provide services as promised, to be capable of addressing customer grievances, to perform service right at the very first instance, maintaining error free records and the ability of the hotel to keep its customers informed of all the various services it provides. Mean of all statements related to reliability was 4.03 – 4.30, Standard deviation was .923 – 1.033.

Responsiveness was the ability of the employee of the chosen hotel to serve the customers promptly, their willingness to immediately respond to customer's

requests, the willingness of the staff to help customers by dissipating information regarding the hotel. Mean was varying from 4.08- 4.24 and Standard deviation was in between .917- 1.030.

Assurance - The courtesy shown to the customer by the friendly attitude of the staff along with the knowledge of the staff to handle customer requests and the ability of the hotel to provide the safe environment to the customer during his/her stay contributed to the assurance given to the customers. Overall mean of assurance was varying from 4- 4.11 and SD was 1.017- 1.068.

Empathy shown by the hotel was the extent to which customers were given individual attention and the understanding shown towards attending to specific/exclusive needs of the customers. Mean was 4.04- 4.08 and SD was .949 – 1.018.

Tangibles such as the aesthetics (ambience, décor, lighting etc.), the latest equipment in terms of the materials associated with the services - crockery, cutlery, room amenities, facilities like swimming pool, sauna, gym, a responsive online reservation system, premium comfort in the rooms, excellent housekeeping services and efficient room service facilities, all contribute in generating an appeal to the preferred hotel. Mean was varying from 4- 4.30 and SD .923 – 1.076.

B. To identify gaps between services offered and service received/experienced.

The research aimed at studying offered service quality of the hotel and compares it with the expected service v/s the service received or experienced. Paired t-test was used for H01 by mean, standard deviation, mean difference, t test value and p value or significant value on 24 statements for five predominant factors namely responsiveness, empathy, tangibility, assurance, reliability against Expectation and Actual Services of the users for four star and five star hotels in Indore.

Paired t test of Four Star Hotels (Expected – Perception/ Actual Services)

S.N	Statements	Mean Difference	SD	T value	P value
	Reliability				
1	Staff at the preferred hotel is able to provide service as promised	0.47	1.339	3.177	.002
2	Staff of the preferred hotel is capable of handling customers' service problems	0.43	1.279	4.945	.000
3	The hotel performs the promised service right at the first time	0.23	1.327	4.110	.000
4	The hotel maintains error-free records	0.1	1.308	4.254	.000
5	The hotel keeps customers informed of its services	0.2	1.373	3.813	.000

	Responsiveness				
6	Staff at the chosen hotel gives prompt service to customers	0.36	1.329	4.596	.000
7	Staff at the hotel is ready to respond to customers' requests	0.19	1.251	5.057	.000
8	Staff at the hotel is always willing to help customers	0.34	1.117	5.763	.000
9	Informative literature about the hotel was provided	0.63	1.304	4.516	.000
	Assurance				
10	Staff at the hotel are courteous and friendly with customers	0.25	1.183	5.253	.000
11	The hotel provides a safe environment to stay in	0.26	1.200	2.818	.006
12	Staff at the hotel has the knowledge to answer customers' requests	0.25	1.384	2.286	.025
13	The hotel provides the Internet accessibility services for its customers	0.38	1.236	4.061	.000
	Empathy				
14	The hotel gives its customers individualized attention	0.38	1.284	3.652	.000
15	Staff of the hotel understands the specific needs of their customers	0.32	1.275	3.508	.001
16	Staff of the hotel have customers' best interests at heart	0.41	1.381	2.764	.007
	Tangibles				
17	The hotel has latest equipment	0.34	1.190	4.859	.000
18	The aesthetics (ambience, décor, lighting etc.) of the preferred hotel are appealing	0.24	1.145	5.237	.000
19	Materials associated with the services (general cutlery, crockery, room amenities) are visually appealing in the hotel	0.22	1.122	4.666	.000
20	The hotel has swimming pool, sauna and gym	0.18	1.213	4.495	.000
21	The hotel has an online reservation system	0.19	1.474	2.590	.011
22	The hotel provides clean and comfortable rooms	0.24	1.391	3.156	.002
23	The hotel has adequate room service facilities	0.2	1.369	2.471	.016
24	The preferred hotel has efficient housekeeping services	0.31	1.311	5.076	.000

Paired t test of Five Star Hotels (Expected – Perception/ Actual Services)

S.N	Statements	Mean Difference	SD	T value	P value
	Reliability				
1	Staff at the preferred hotel is able to provide service as promised	0.49	1.263	4.054	.000
2	Staff of the preferred hotel is capable of handling customers' service problems	0.39	1.019	4.774	.000
3	The hotel performs the promised service right at the first time	0.13	1.254	3.880	.003
4	The hotel maintains error-free records	0.15	1.103	3.133	.000
5	The hotel keeps customers informed of its services	0.45	1.046	6.364	.000
	Responsiveness				
6	Staff at the chosen hotel gives prompt service to customers	0.41	1.260	3.049	.003
7	Staff at the hotel is ready to respond to customers' requests	0.25	1.212	4.122	.000

8	Staff at the hotel is always willing to help customers	0.17	1.082	2.011	.049
9	Informative literature about the hotel was provided	0.45	1.126	4.435	.000
	Assurance				
10	Staff at the hotel are courteous and friendly with customers	0.26	1.186	2.484	.016
11	The hotel provides a safe environment to stay in	0.26	1.162	3.746	.000
12	Staff at the hotel has the knowledge to answer customers' requests	0.18	1.177	3.700	.000
13	The hotel provides the Internet accessibility services for its customers	0.12	1.243	2.574	.013
	Empathy				
14	The hotel gives its customers individualized attention	0.31	1.312	3.124	.003
15	Staff of the hotel understands the specific needs of their customers	0.32	1.019	4.774	.000
16	Staff of the hotel have customers' best interests at heart	-0.46	1.233	2.909	.005
	Tangibles				
17	The hotel has latest equipment	0.28	1.223	1.674	.099
18	The aesthetics (ambience, décor, lighting etc.) of the preferred hotel are appealing	0.41	1.058	3.871	.000
19	Materials associated with the services (general cutlery, crockery, room amenities) are visually appealing in the hotel	0.27	1.094	4.131	.000
20	The hotel has swimming pool, sauna and gym	0.13	1.191	4.516	.000
21	The hotel has an online reservation system	0.13	1.314	.877	.384
22	The hotel provides clean and comfortable rooms	0.08	1.088	5.884	.000
23	The hotel has adequate room service facilities	0.1	1.273	3.219	.002
24	The preferred hotel has efficient housekeeping services	0.09	1.181	6.178	.000

To analyse the gap between expected and actual services for 4 and 5 star category hotels, two null hypothesis were developed. Mean difference for four star hotels customers against expectation v/s actual services were varying between 0.1 to .63 on five point Likert scale. SD was varying from 1.11 – 1.47 and One sample t test value of was varying between 2.2 to 5.7. Null hypothesis has been rejected at 5% level of significance. Calculated p value is less than .05 on all statements of service quality.

Mean difference for five-star hotels customers against expectation and actual services was varying between 0.08 to 0.49 on five point Likert scale. SD was varying from 1.08 – 1.31 and One sample t test value was varying between .87 to 6.34. Null hypothesis has been rejected at 5% level of significance. Calculated p value is less than .05 on all statements of service quality. As per analysis, it was found that respondents from five-star hotels have received effective service as compared to four star hotels. All 24 statements are significant at the 0.05 per cent level.

H₀₄: There is no significance impact of Overall Customer Satisfaction on customer retention by hotels in Indore.

Employee Feedback of various aspects of Customer Handling

S.N	Statements	Mean	SD	T value	P value
1	Customer Loyalty	4.9	.07107	6.582	.000
2	Customer Service	5	.09	4.2	.000
3	Customer Complaints	5	.09	4.2	.000
4	Customer Handling	5	.09	4.2	.000
5	Customer Data	4.46	.65	4.371	.000
7	Post Purchase	4.43	.721	3.680	.001
8	Customer Loyalty Program	4.90	.071	6.582	.000
9	Customers Service Add Ons	4.5	.49	6.191	.000
10	Customer Complaints Redressal	4.7	.43	5.127	.000

This section covers the analysis related to research objective 3. This part of the analysis was done on 10 senior management respondents belonging to 4 and 5 star hotels. Employee evaluation for current customer loyalty and retention strategy has been achieved by objective 3 and null hypothesis 2. Mean of all statements varied from 4.43 – 5 and SD varied from .07 - 0.49. Null hypothesis has been rejected at 5% level of significance. Calculated p value is less than .05 on all statements of marketing activities used for customer loyalty and customer retention. Customer loyalty and retention strategy were evaluated by 10 statements of customer loyalty, customer services, customer complaints, customer handling, customer data, post purchase, occupancy, overall turnover, repeat purchase, and turnover per customer. All 10 statements are significant at the 0.05 per cent level. Result highlighted that mean of ten statements was varying between 4.45 to 5.00. Standard deviation was varying between .07 to .65. One sample t test value was varying 3.6 to 6.5.

Objective three from employee's feedback highlighted marketing activities and its importance for hotel business in creating customer retention strategy.

FINDINGS AND SUGGESTIONS

1. The 4 and 5 star customers were found to be fairly satisfied with the hotel services that they frequented and largely tend to remain loyal. However, the thin line of product differentiation coupled with an added incentive offer makes them switch.

2. All categories of hotels considered the customer loyalty and retention strategies as crucial aspects in improving hotel services, thereby enabling them to handle customers better.
3. The employee of the hotel should keep in mind that they are dealing with customers who have specific needs and are very choosy when selecting hotels. Therefore, it is important on the part of the hotel management to closely observe the needs and expectations of the customers.
4. No customer will volunteer information therefore, it is recommended that as far as possible the hotel employees should try to engage with their customers and interact with them in order to make the customers comfortable and for them to reveal what they are looking for from the service to be delivered.
5. In the case of 4 star hotels, there existed a gap in the responsive attribute of the service. It is therefore suggested that the employees of the hotel should always show willingness to attend to customer's needs. They should also improve their timing of delivery and be prompt when a service is demanded or at least make it known to the customer that in how much time will the service be delivered.
6. It is suggested that the 4 star hotel employees should convey to the customers in some way or the other that they are always ready to respond to the requests of the customers.
7. It was also revealed in the case of 4 star hotels that the service delivered do not match the expectation of the customer. It is thus suggested that the expectations of the customers should be understood which is normally revealed by customer's attitude and certain actions and care should be taken to redesign services in keeping with expectation.
8. In the case of 5 star hotels, a gap was found in the aspect of reliability. It is suggested that since 5 star hotel customer is a very sensitive customer therefore great care should be taken to convey that the hotel is reliable. This should be done by ensuring that promised service be delivered.
9. It is further suggested in the case of 5 star hotels, that the hotel should perform the promised service right at the very first instance and the hotel should be able to convey to the customer that they are capable of handling customer service problems.
10. The finding of the research has also revealed that customers of 4 and 5 star category hotels lay a large emphasis on personal attention. It is

suggested that in order to create loyalty, hotel employees should identify individual specific needs of the customers and exclusively address them and also to keep a track of such needs to provide them again to the same customer on his subsequent visit thereby increasing customer delight.

11. It is suggested that with an intention to retain customers, 4 and 5 star category hotels should design some loyalty program or the other giving certain attractive benefits that would motivate the customer to be loyal.

Travelers of today and especially those who frequent star category hotels have become very knowledgeable due to exposure and available technology which gives them information on demand. This has led to a change in perception towards services to be expected. The present research has endeavoured to address the issue of understanding the preconceived notion about the service and the assessment of quality of service post delivery. Shortfalls have been identified in various dimensions of service so as to make concrete suggestions to hotel managements in order to help them formulate retention strategies as well as to design marketing strategies with an intention to increase market share.

REFERENCES

- Ahemad, A. (2020). Service Quality of Budget Hotel in Kodaikanal – Analytical Study, *Our Heritage*, 68(30), 23-45.
- Sekar S.(2020).Measuring service quality and customer satisfaction towards five star hotel in Tamil Nadu. *Journal of Xi'an University of Architecture & Technology*, 12 (4), 1-10.
- Alauddin, M. (2019). Investigating the Relationship between Service Quality, Customer Satisfaction and Customer Loyalty in Hotel Industry: Bangladesh Perspective.*Global Journal of Management and Business Research: A Administration and Management*, 19 (1), 1-8.
- Kofi P., Zakari M. &Soali, A. (2013). Impact of Service Quality on Customer Loyalty in the Hotel Industry: An Empirical Study from Ghana. *International Review of Management and Business Research*, 2(2), 600-609.
- Singh, S., Kumar, D. & Sharma, N. (2012). Marriott India: Managing Its Hospitality through Gearing Service Quality. *International Journal of Educational Research and Technology* 3(2), 86 – 96.

- Sharma N. (2016).Hospitality Industry in India: A Big Contributor to India's Growth. *International Journal of Emerging Research in Management &Technology*, 5(6), 1-9.
- Khan, I., Garg, R. & Rahman, Z. (2015). Customer Service Experience in Hotel Operations: An Empirical Analysis. XVIII Annual International Conference of the Society of Operations Management (SOM-14). *Procedia - Social and Behavioral Sciences* 189, 266 – 274.
- Jayawardena, C., Pollard, A., Cairn, R., Sovani, A. & Willie, P. (2013). The Canadian hotel industry: a roundtable discussion on challenges and trends. *Worldwide Hospitality and Tourism Themes*, 5(2), 114– 131.
- Hung, C. W. & Yong, J. K. (2013). Assessment of Service Quality in the Hotel Industry. *Journal of Quality Assurance in Hospitality & Tourism*, 14(3), 218-244.
- Gronroos (1984). A Service Quality Model and its Marketing Implications. *European Journal of Marketing*, 18, 36-44.
- Parasuraman, A., Zeithaml, V. & Berry, L. (1988). SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality. *Journal of Retailing*, 64(1), 12-40.
- Parasuraman, A., Zeithaml, V.A. & Berry, L.L. (1985). A conceptual model of service quality and its implications for future research. *Journal of Marketing*, 14(49), 41-50.
- Zeithaml, V.A. & Bitner, M. J. (1996), *Services Marketing*, McGraw-Hill International Editions, New York, NY. Finnish Tourist Board report. 2010. Russia.