Role of Service Quality in Influencing Customer Satisfaction towards Hotel Services in M P

Pankaj Singh
Research Scholar
Department of Business Administration,
A P S University, Rewa, M P

Atul Pandey
Professor & Head
Department of Business Administration
A P S University Rewa, M P

ABSTRACT

The Indian Hotel Industry has seen a significant growth in all categories from upscale luxury to limited services and boutique and budget hotels and it is all set to enter the next phase of growth of untapped growth potential. High level of competitiveness in the marketplace in which hotel industries functions has been one of the biggest contemporary challenges of management in Hotel industries in providing service quality and maintaining customer satisfaction. The present research therefore attempts to examine customers' perceptions of service quality of the hotels in MP and the impact of service quality on customer satisfaction towards hotels. The SERVQUAL model is applied to measure customer's perception towards service quality of hotels and construct to measure satisfaction towards services in the hotels. A sample of 300 respondents has been used to collect data from 6 cities of Madhya Pradesh which comprising Indore, Bhopal, Jabalpur, Pachmarhi, Khajuraho and Bandhavgarh on the basis of two stage sampling method. The study has used Descriptive analysis and correlation analysis as statistical tools for the analysis of the data collected. The study indicated that *Empathy* was perceived to be the most important factors affecting customer service quality followed by *Responsiveness* and *Assurance*. The results also revealed that there is a significant relationship between service quality and customers' satisfaction.

Keywords: Service Quality, Customer Satisfaction, Customer's Perception, Hotel Services

INTRODUCTION

The hotel industry has been one of the most competitive industries especially in 21st century. The Indian Hotel Industry is growing at a fast pace. This is due to the intervention by Government of India to facilitate the business through economic reforms, changes in different taxation policy, allowing foreign direct investment etc. The Indian Hotel Industry has seen a significant growth in room inventory across categories from upscale luxury to limited services and boutique and budget Hotels. The occupancy and the room rates have seen continued gain both from domestic and international traveller in both the business and leisure segment.

The Indian hospitality industry, spearheaded by the hotel market, has emerged as one of the primary sectors which are driving the economic growth of the country. According to a report released by Kenneth Research Agency, the hotel industry in India is expected to reach a value of INR 1,210.87 Bn by the end of 2023, expanding at a compound annual growth rate (CAGR) of 13% during the 2018-2023 period, owing to the high arrival rate of foreign tourists and business delegates.

One of the biggest contemporary challenges of management in Hotel industries is providing and maintaining customer satisfaction. High level of competitiveness in the marketplace in which hotel industries such as hotels function has been one of the main reasons why service quality and customer satisfaction have become of great importance. During the past few decades, customer satisfaction and service quality have become a major area of attention to practitioners and academic researchers.

For this reason, enhancing customer satisfaction is one of the key aspects of enhancing competitiveness in the industry as well as ensuring business continuity. Customer satisfaction remains quite important in all sectors of the economy generally and in service based business where there are no tangible products it gains more importance. In the service based industry, especially in hotels, the customer does care a lot.   In the event that customers are satisfied with products or brands, they most likely become loyal customers and keep spreading good word of the hotel.

Customer Satisfaction is defined as the level at which a product's perceived performance equal to the buyer's expectations (Kotler, 2017). It is a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under- or over fulfillment Williams et al., (2003).

In the service sector, the quality of service is one of the prime concern for hotel management. Customer perceives services in terms of its quality and how satisfied they are overall with their experiences (Zeithaml, 2000). Service quality refers to what the customer acquires and is ready to pay towards it in place of what the seller puts in to sell. Consequently, service quality can be considered as the breach between the anticipated service and the concrete perceived service (Al Ababneh, 2017).

Parasuraman et al., (1988) has proposed a tool for improving and measuring service quality that is called 'SERVQUAL'. The SERVQUAL model is the most popular model to measure the customer satisfaction in almost services industry. The model is based on the client's evaluation of service quality on the basis of five dimensions of service quality.

1. Reliability (The ability to perform the promised service dependably and accurately)

2. Responsiveness (Willingness to help customers and to provide prompt services)

3. Tangibles (Physical facilities, equipment, and appearance personnel)

4. Assurance (Knowledge and courtesy of employees and their ability to convey trust and confidence)

5. Empathy (Caring, individualized attention the firm provides to its customer)

LITERATURE REVIEW:

Kevin (2000) definesSatisfaction as the term satisfaction has its own sources and criteria in relation with the customers as some may be attracted by the service quality and some of them are impressed with the product quality and the most affecting things remains constant throughout which is cost effectiveness and performance of the product.

Barsky& Nash (2003) proposed that In order to achieve customer satisfaction, it is important to recognize and to anticipate customers' needs and to be able to satisfy them. Enterprises which are able to rapidly understand and satisfy customers' needs, make greater profits than those which fail to understand and satisfy them. Since the cost of attracting new customers is higher than the cost of retaining the existing ones, in order to be successful managers must concentrate on retaining existing customers implementing effective policies of customer satisfaction and loyalty.

According to **Jana & Chandra (2016),** customer satisfaction has become an important aspect of the hotel industry. Unlike other industries, the hotel industry prospers due to customers' retention. It is only through customer satisfaction that a hotel can retain its customers. Basically, customers' loyalty is dependent on the quality of the services that they get in a hotel. Moreover, the hospitality industry has experienced the entrance of many investors who are willing to meet all the needs of their customers. Therefore, if customers are not satisfied by the services they receive in one hotel, they will look for better services elsewhere.

In a study conducted by **Debasish&Dey (2015)** on customer perception about the service quality provided by the luxury hotel in Odisha, the main purpose of study was to analyze the gap between the expectation and perception of customers in the selected hotels Odisha. They found that managers of the hotels should know what customer want if they don't know then they can't meet and surpass the customers' expectations.

According to **Markovic and Raspor (2010),** the main dimensions of perceived service quality in hotels are 'reliability,' 'empathy and competence of staff,' 'accessibility,' and 'tangibles.' The dimensions of service quality play a significant role in the performance of a hotel as a service sector. It is thus necessary to continuously measure customer satisfaction in order to assess the service providers' performance.

A range of authors have offered relationship between service quality and customer satisfaction from the viewpoint of customers. Some researchers argue that service quality is an antecedent of customer satisfaction (**Churchill and Suprenant, 1982)** while others argues that satisfaction represents an antecedent of service quality (**Boltonand Drew, 1991).** However, the majority of recent

publications believe that service quality is an antecedent to customer satisfaction **(Carrillat et al., 2007 &Zeithaml et al., 2008).**

After conducting a study to establish the relationship between customer satisfaction andservice quality, **Janet (2011)** concluded that a significant relationship between the twoexisted. All the dimensions of service quality were identified as the key factors in influencing customer satisfaction. The outcome of the study suggested that to improvecustomer satisfaction, organizations need to improve the dimensions of service quality.

Hair et al (2008) on the other hand studied service dimensions that leads to higher levels of customer satisfaction in restaurants in Singapore and found out that assurance, empathy and tangibles are the most important to customers' evaluation of service quality, and thus, may have a positive influence on customer satisfaction.

Amirreza et al. (2013) in their study aims to test the relationship of perceived value, service quality and customer expectation with customer satisfaction across five different 3-star hotels of Kuala Lumpur, Malaysia. The authors concluded that there is a positive relationship between perceived value, service quality, customer expectation and customer satisfaction but service quality as the most significant factor for effecting the customer satisfaction.

RESEARCH METHODOLOGY

The Descriptive research design method has been used in this research. For the purpose of this paper empirical survey was conducted depends on primary data and the data was collected from consumers, who already used the services of different Hotels in Madhya Pradesh. The primary data has been collected from customers of hotel through well structured questionnaire to know the perception of customer towards service quality in Hotel industry in Madhya Pradesh and to explore the relationship among customer satisfaction, and service quality. A modified SERVQUAL questionnaire relevant to the hotel industry of MP has been constructed. All the items were measured on the five point Likert scale from 1 (strongly disagree) to 5 (strongly agree).

Two stage sampling method has been used to collect data. In first stage 6 cities and tourist destination of Madhya Pradesh viz. Bhopal, Indore, Jabalpur,

pachmarhi, Khajuraho and Bandhavgarh has been selected. In the second stage 10 hotels and 50 respondents were chosen from each destination on the basis on convenient sampling. Thus in this way a total of 300 respondents were considered as sample size for this study. The collected data were analyzed with Statistic Package for Social Science software (version 22). Descriptive and correlation analyzes were used to help identify factors affecting customer service quality and the impact of these factors on customer service quality .

OBJECTIVES OF THE STUDY:

1. To determine the impact of perceived service quality on customer satisfaction towards hotel services in MP.

2. To study the perception of customer towards service quality in Hotel industry in MP.

ANALYSIS AND FINDINGS:

A total of 300 questionnaires consisted of 184 males (62%) and 116 females (38%). The respondents age group included a majority of 36% (n=108) between the age range of 20-30 years, 28% (n= 84) between the age range of 30 to 40 years; and 17% (n=52) between the age range of 40 to 50 years followed by 10% (n=32) in age group of 50 to 60 years and last 8% (n=24) in age group of above 60 years. 28% (n=85) of the respondents are students.

20 %(n=62) are in Gov. Services, 26% (n=78) are in Pvt Services followed by 13% (n=39) are in business occupation while 8% (n=24) are housewife and 4% (n=12) are professionals by occupation. 21 % (n=65) of the respondents fall in the income group of Less than Rs 30,000, 19 % (n=59) fall in in the income group of Rs 30- 60,000 and 35 %(n=107) of the respondents fall in in the income group of Rs 60- 1,00,000 group and 14%(n=44) fall in in the income group of RsRs. 1,00,000-1,50,000 followed by 8% (n=25) of the respondents fall in the income group of above Rs 1,50,000 . Majority of the respondents are postgraduate degree 49 %(n=147) followed by respondents holding bachelor degree 34 %(n=102) while 14%(n=44) are above post graduates.

As this study sought to know how service quality perceived to impact on customer satisfaction; andcustomers' perception towardsservice quality of hotels in MP.Consequently, the results will be presented in following separate tables:

Table 1 : Overall Score of Customer's Perception towards Dimensions of Service Quality

SN	Dimensions of Quality of Services	Mean	Std. Deviation	Rank
1	Tangibility	3.3533	.66706	V
2	Reliability	3.5650	.65711	II
3	Responsiveness	3.5311	.70471	III
4	Assurance	3.3600	.78021	IV
5	Empathy	3.6689	.84336	I

Table1 presents factors affecting service quality of the Hotel. These factors based on Parasuraman's SERVQUAL model: Tangible, Reliability, Responsiveness, Assurance and Empathy. The survey revealed that out of five factors threewere perceived as important aspects of service quality (Mean > 3.50). However, these factors were perceived to be important slightly different. Empathy and Reliability factors were perceived to be the most important factors affecting customer service quality (Mean = 3.66 and Mean = 3.56 respectively) whereas Responsiveness was perceived less important than the other two (Mean = 3.53). However, Assurance and Tangibility are not important dimensions of service quality in hotels (Mean = 3.36 and 3.35 respectively).

Table 2: Mean ScoreCustomer's Perception towards Dimensions of Service Quality of Hotel

Tangibility Dimension	Mean	Std. Deviation
Physical facilities in the hotel are modern and comfortable.	3.56	.977
The interior decoration in the hotel draws attraction.	2.97	.953
The brochures and pamphlets should be visually presented.	3.53	.839
Basic hotel services are attractive and appealing	3.55	1.082
Reliability Dimension	**Mean**	**Std. Deviation**
The front desk employee provide overall support.	3.59	.882
Employees of hotel provide its services at the time it promises to do so.	3.51	1.026
The reservation system is easy to use (telephone and Internet reservation)	3.55	1.012

Tangibility Dimension	Mean	Std. Deviation
Physical facilities in the hotel are modern and comfortable.	3.56	.977
The interior decoration in the hotel draws attraction.	2.97	.953
The brochures and pamphlets should be visually presented.	3.53	.839
Employees of hotel perform the promised services accurately.	3.61	.910
Responsiveness Dimension	**Mean**	**Std. Deviation**
Employees always respond to customer's requests promptly	3.33	1.101
The employees cater services to our needs	3.53	1.064
The staff is always willing to help guests	3.73	.967
Assurance Dimension	**Mean**	**Std. Deviation**
I can trust on the advice of employees.	3.48	1.052
The staff provides error free service to the guests.	3.25	1.061
Courtesy and politeness of employees enhances the trust	3.35	1.103
Empathy Dimension	**Mean**	**Std. Deviation**
The employees quickly apologize when service mistakes are made	3.51	1.114
The employees listen carefully when you complain	3.67	1.149
Employees understand the customer's requirements	3.83	.935

As it is evident from the table shown above that, factors like Physical facilities in the hotel are modern and comfortable has highest contribution in Tangibility with the mean score of 3.56.Reliability factor where the ability of employees to perform services accurately has highest contribution in reliability factor of service quality with the mean score of 3.61.It has been found that, the staff willingness to help guests in hotels is most important factor in responsiveness dimension while factors like trust of advice of employees in the hotel has highest contribution in Assurance dimension of service qualitywith the mean score of 3.48. Lastly the Employee's ability to understand customer's requirement is most important factor in Empathy dimension with the mean score of 3.83.

Further an attempt has been made to analyze the relationship between customer's perception towards quality of services in hotels and their satisfaction towards hotel services.

HYPOTHESIS 1: There is no significant role of quality of services on total customer satisfaction towards hotel services.

Table 3 :Correlation Between Total Customer Satisfaction and Overall Service Quality of Hotel

		Total Satisfaction
Service Quality	Pearson Correlation	.752**
	Sig. (2-tailed)	.000
	N	300

**. Correlation is significant at the 0.01 level (2-tailed).

As it can be seen from the result of correlation that p value (sig value) of test is .000 which is less than critical value 0.05 at 5 % level of significance which indicates that the hypothesis is rejected. Thus, there is a significant influence of quality of services on overall customer satisfaction towards hotel services.

The result also reveals that the value of r is $r= 0.752$ which shows a strong positive relationship between customer satisfaction and service quality. Thus Service Quality has a significant impact on Customer Satisfaction.

Table 4 :Correlation Between Total Customer Satisfaction and Dimensions of Service Quality of Hotel

		Tangibility	Reliability	Responsiveness	Assurance	Empathy
Total Satisfaction	Pearson Correlation	.547**	.655**	.668**	.471**	.658**
	Sig. (2-tailed)	.000	.000	.000	.000	.000
	N	300	300	300	300	300

**. Correlation is significant at the 0.05 level (2-tailed).

Further, the Pearson coefficient of   Correlation 'r' shows the strong positive correlation between Customer satisfaction towards hotel services and dimensions of quality of services like Responsiveness (r = .668), Empathy (r = .658) and Reliability (r = .655).However Tangibility (r =.547) and Assurance (r=.471)

shows moderate positive correlation between Customer satisfaction towards hotel services and dimensions of quality of services.

Thus it can be inferred from above finding that among different dimensions of quality of services in hotels, Responsiveness, Empathy and Reliability have significant high degree of positive impact on customer satisfaction. Whereas, Tangibility and Assurance have significant impact on customer satisfaction but of moderate degree.

CONCLUSION:

Thus the study shows that service quality play a vital role in influencing the customer's satisfaction towards hotel services of hotel. The study indicated that among the various service quality dimensions "empathy" is the best predicator. Furthermore, this research found that Responsiveness, Empathy and Reliability have significant high degree of positive impact on customer satisfaction. Thus, the hotel industry is required to focus on important dimensions to achieve high levels of service quality and also aim at reaching acceptable level for not so important dimensions. The results of correlation analysis highlighted the priority areas of service improvement and revealed that not all the dimensions contribute equally to the customers' perceptions of service quality in hotel industry.

REFERENCES:

- Al-AbanehMukhles (2009), Service Quality and its impact on customer satisfaction. *Interdisciplinary journal of contemporary research in business*, vol. 4,(12)

- Barsky, J.D and Nash N (2003). Customer Satisfaction in the Hotel Industry: Meaning and Measurement. *Hospitality Research Journal*, 16(1): 51-73

- Bolton, R.N. & Drew, J.H. (1991). A multi-stage model of customers' assessments of service quality and value. *Journal of Consumer Research*, 17 (4), 375-384

- Parasuraman, A., Zeithaml, V. A. and Berry, L.L. (1988). SERVQUAL: A Multiple-item Scale for Measuring Consumer Perceptions of Service Quality. *Journal of Retailing*, 64(1), 12-40.

- Debasish DSS, Dey M. (2015) Customer Perception of Service Quality Towards Luxury Hotels in Odisha Using Servqual Model, *International Journal of Research in Business Studies and Management*. ; 2(9)

- Baron, S. Davies, B., Gear, T. & Read, M. (2010) Measuring and managing service quality. Marketing Intelligence &Planning, pp. 1 33–40

- Kotler (2017) Marketing Management, Pearson Education, Inc. Sixteenth edition.

- Zeithaml, V. (2008). Service Quality, Profitability and the Economic Worth of Customers: What We Know and What We Need to Learn. *Journal of the Academy of Marketing Science*, 28(1), 67-85.

- Parasuraman, A. Zeithaml and Berry, (1985) "A Conceptual Model of Service Quality and its Implications for Future Research", *Journal of Marketing*, Vol. 49, No. 4, pp. 41-50.

- Hair, J.F., W.C. Black, J.B. Babin(2006). Hotel Services in a New Era, *Journal of Service Marketing*. 6th Edn.,Vol.23 pp 150-157.