CUSTOMER SATISFACTION AND SERVICE QUALITY: A HOSPITALITY INDUSTRY STUDY

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ABSTRACT

The aim of conducting this piece of research is to examine the influence of service quality on the satisfaction of the customers in hospitality sector. Since, service quality pays a major to gain competitive advantage and confidence amongst the customers, of the hospitality sector, it becomes necessary to study the effect of service quality on customer satisfaction. The data was collected through the hotel customers of the Gwalior region and a sample of 200 Respondents has been collected with the help of a standardized questionnaire collected through non-probability sampling technique. The data was analyzed with the help of regression analysis to find the cause-and-effect relationship. The outcomes of this research indicated a positive cause and effect relationship amongst service quality and customer satisfaction with special reference to the hospitality sector.

Keywords: Service quality (SQ), Customer Satisfaction (CS), Hospitality Industry

1. INTRODUCTION

Quality plays a significant role in our life. Quality measures excellence; and give satisfaction to the customer. In the words of A. Parasuraman, Valarie A. Zeitham1, and L. Berry (2019) service quality is an experience that the customer receives from the excellent services provided by the organization or service provider.

It is a concentrated assessment that reveals the customer's specific dimensions for the term service, which includes namely tangibility, openness, assertion, reliability, empathy. On the basis of evaluation of the services, the organizations are able to understand the lacunas in the quality of services they provide and can make an effort towards improving it to gain competitive advantage.

The success of any business organization is: the regular improvement of quality of the services, which meets customer expectation and needs. The hospitality industry is one of the largest service-providing sectors not only in India, but all over the world. It acts as a major player in improving the GDP of any country and also contributes to providing a large number of jobs to the citizens. The hospitality industry includes accommodation, transportation, and tour operations, etc. The selection of the right hotel becomes one of the key areas in which discussion needs to be done. The different kinds of services provided by the hotel, its reliability, offers and the price packages are most important factors of considerations before choosing any hotel by a customer. A large number of hotels provide similar services to the customers. To ensure a stable position in the market and to be able to fight with its competitors in the future, it becomes the need of the hour for the hotels to provide qualitative services to the customers through the help of which, the existing and the old customers could be retained and new customers could also be attracted.

Today the hotel industry has shown signs of development which is due to the result of an increase in demand for such services as well as increasing opportunities in tourism sector. The customer expectation is to get good amenities from the hotel. It helps the hotel business to maintain a reputation among the customers. Customer satisfaction is an important factor to earn more revenue for the hotel industry. In developing countries, hotel industries compete with others and they satisfy local customers and international customers because nowadays the customers are aware of the hotel services by magazines, bulletins, newspapers, and internet, etc. The rating which is given to the hotels is based on customer satisfaction. In the view of Barsky (1992), any company can improve its overall profitability and market share by continuous improvement in its service delivery and this can lead to satisfaction among customers which is essential for the success for the organization.

Unlike any other industry, the performance of this sector is directly linked with the improvement of their quality of service. The previous researches have shown a significant relationship between the service quality improvement and success of the hotel. Customer satisfaction is the major factor that helps to sustain the business in this competitive environment. Satisfied customer should share their experience with others and recommend other people visit that hotel. The main aim of hotels is to give customers food, shelter, and other facilities that satisfy the customers. Hotels industry plays a crucial role on the economic growth of the country.

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This study therefore attempts to examine the effect of service quality on customer satisfaction in the hotel business with context to developing country, India. This research will be useful for the hotel industry in enhancing the level of satisfaction of its customers and will also, be useful for governments and commercial sectors in improving customer satisfaction. Budget is another aspect that affects the hotel industry, the customer wants that they get the good services at a lower cost so the hotel the industry should provide their services at a reasonable rate to customers.

2. LITERATURE REVIEW

According to Henning-Thurau et al (2001), in this competitive environment, service quality is essential for success and this impacts consumer behaviour in the purchasing process. One of the most important measures to evaluate service quality is customer satisfaction. Higher is the level of satisfaction among the customers, better is the quality of service provided and vice-versa. Gabbie and O'Neil (1997), in a similar study investigated and discussed the effect of service quality on customer satisfaction in hotel sector. Their objective was to analyze the difference between the customer perception and expectation of quality delivered by the hotels to its customers. This research highlighted that, those hotels, which applied Total quality management were capable of satisfying the customer's need to a greater extent.

Salazar et al. (2010) in their research paper he discusses the service quality assessment scale for the hospitality sector. He investigated various factors of service quality in the hotel industry. In this study, he applied the SERVQUAL model which revolved around five service quality factors such as tangibles, empathy, responsiveness, assurance, reliability. Ladhari (2008) in his research, discussed the SERVQUAL model which is convenient to measure service quality. It's a crucial tool for measuring service quality. This is one of the most commonly used tools by researchers to identify the relationship between customer's satisfaction with service.

Kandampully (2000) in his research, he discussed the competition. Now a day the hotel industry is rapid increases so it creates a straining environment, and there are many competitors who provide similar services to the customer and according to the time, changes occur, so businesses adopt new approaches to satisfying customer needs by providing good service quality. According to Hellier (2003), the star rating which is given to the hotel is based on service quality and customer satisfaction. If a hotel provides good service quality to its customer and the customer is satisfied so the star rating of that hotel is high on the other hand if the customer is not satisfied with the service quality of the hotel, then the hotel is rated poorly.

Ladhari (2006) in his research paper, he discussed the two main factors which are effective in producing services. Here, in this study he shows the comparison of the hotel services, there is equipment which helps to measure the service quality. This equipment helps to determine the hotel which is better than another one. In this study, there is a comparison between two hotels in terms of quality of food, chairs, tables, plates, spoon, and fork. The hotels provide similar services to the customer so it is quite difficult to the comparison between the hotels. Mazumder

(2014) in his research paper he discusses the service quality is provided to the hotel's guests as per their perception and expectation. The service quality is lower than their expectation than the customer is unsatisfied. If the hotel is providing better service quality, then the customer is satisfied. The hotel industry's motive is to maximize customer satisfaction.

According to Bucak, T. (2014) service quality, customer satisfaction, customer perception plays an affirmative role on the overall performance of the hotel. Yarimoglu, E. K. (2015) in his research paper he discussed the perceived service quality in which it shows the relationship with customer expectation and 'perceived service quality'. According to Faullant et al. (2008), correlation exists between customer satisfaction and customer loyalty. Customer loyalty is considered to be the most valuable asset because in this competitive world, the survival of a hotel in long run is only due to loyal customers. Any business can have an assured success if it can maintain a large and loyal customer base.

Almsalam (2014) in his research paper, discussed that to achieve customer satisfaction, firstly identify the needs of the customer after recognizing the needs the hotel industry try to fulfil their needs by giving better service quality. The hotels which are able to identify the needs of the customer quickly, can earn profit rapidly and others have to bear losses. For better recommendations of the hotel, it is always advisable that the hotel must deliver the best quality services so that they can get a good word of mouth from the existing customers.

3. OBJECTIVE OF THE STUDY

To examine the impact of service quality on customer satisfaction.

Hypothesis

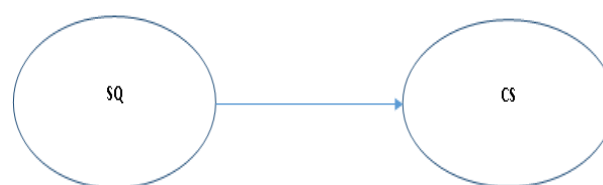There is no significant impact of service quality on customer satisfaction.

Figure 1 A proposed model for the study

4. METHODOLOGY

The study

This piece of research was causal in nature where the impact of service quality is measured on customer satisfaction with special reference to Hospitality industry.

Sample design

The research population included all the hotel customers who have availed the services of different hotels of the M.P. region in India. And the total sample size consists of 200 individual hotel customers. The data for the study had been collected through the help of a self-designed questionnaire, the measure was Likert -type and possessed a sensitivity of 1- 5. While the technique used for data collection was non-probability purposive sampling technique.

Instrumentation

SPSS was used for data analysis, where Cronbach's alpha reliability test was applied on each variable to check the internal consistency of the items used in the questionnaire. Regression analysis was done to check the impact of independent variables on the dependent variable.

5. ANALYSIS & INTERPRETATIONS

Reliability Analysis

Reliability of both the variables viz. Service quality (SQ) and customer satisfaction (CS) was computed using SPSS software. Reliability of all the questionnaires was calculated by using Cronbach's alpha reliability coefficient. Reliability statistics are given in the table 1.

Table 1 Cronbach Alpha Reliability statistics

Measures of Reliability	Cronbach's Alpha
Customer Satisfaction	0.706
Service Quality	0.867

On the basis of the above table, it is visible that the Cronbach Alpha value for each variable is more than the standardized measure of .7, indicating that the reliability of all measures is adequate. The Cronbach's alpha values were 0.706 for 05 items of customer satisfaction and 0.867 for 10 items of Service Quality.

Regression Analysis

Regression is a group of techniques which helps in evaluating the impact of an independent variable on the dependent variable.

Ho: Impact of Service Quality on Customer Satisfaction

Regression analysis was calculated by using SPSS software. In this, Service quality was taken as independent variable whereas Customer Satisfaction is taken as dependent variables.

Table 2 Linear Regression Analysis

Variable	R Square	F-Value	Significance Level	Beta value	T value	Significance Level
service quality	0.336	101.011	0.000b	0.268	10.050	0.000

Dependent Variable- Customer satisfaction

$Y = aX+b$

X= SQ (Independent Variable)

Y=CS (Dependent Variable)

On the basis of the results obtained, it can be seen that the R- square value came out to be 0.336 which shows that service quality has 33.6% contribution over the customer satisfaction. F value came out to be 101.011 significant at .000 indicating that the proposed model has a good fit. Also, the Beta Value is found to be 0.268, p=.000 for 'Service quality' showing positive significant relationship of SQ with CS. Therefore, the null hypothesis which states that, there is no significant impact of service quality on customer satisfaction in the hospitality sector is rejected.

6. DISCUSSION

A similar study was conducted in the cargo industry by Yildiz, E. (2017) where it was found that there is a connection between service quality, customer trust and satisfaction. The result indicated a significant positive relationship between the independent and dependent variables. Similar results have been obtained in our study, where a positive impact of service quality has been seen on customer satisfaction. The study is also in line to the results obtained by Afthanorhan et al. (2018) where the researchers analyzed six different contributing factors of service quality in the library and obtained a significant positive relationship between variables also in a study conducted on the hotel industry by Priyo (2019) a relationship was found between service quality, customer satisfaction and customer loyalty. Which also indicated that the results obtained in our study is similar to the results obtained in the hotel sector of Indonesia.

7. IMPLICATION AND SUGGESTIONS:

Hospitality industry is one of the sectors which directly influence the economy of any country. It is due to this reason that the different state government strive hard in improving their tourism sector which would in-turn the effected by how good hospitality is provided by that state to its tourists (both, Inbound & outbound). This piece of research work will help the service providers in the field of hospitality industry to understand the importance of providing good service quality to its customers, which would increase the satisfaction among the customers which would enhance the customer retention and would also lead to a positive word of mouth.

The result of the study will also be helpful to the government to identify those priority sectors where focus has to be given on enhancing customer satisfaction in the hospitality sector. This study would also be helpful to the academicians and researchers as it would open new areas that are essential for increasing customer satisfaction not only in hospitality but other sectors as well.

For future studies the sample size could be increased to get better and reliable results. Also, other sectors of hospitality could be included to get an overall understanding that how service quality influences customer satisfaction.

8. CONCLUSION

A customer's expectation includes all the aspects that a customer looks for, in any service or product. This expectation results from his experience, past experience, and knowledge. Service quality is the result of customer expectations from any service provider. This service quality has various implications to the satisfaction that the customer receives by consuming any goods or availing any services. In this study, an attempt was made to understand the cause-and-effect relationship between service quality and customer satisfaction. For this regression analysis was applied which clearly indicated a positive significant relationship between service quality (SQ) and customer satisfaction (CS) in the hospitality industry indicating that better is, the service quality better would be the customer satisfaction and vice versa. Therefore, the focus of the hospitality industry should be on putting all the efforts into improving the quality of its services, which will lead to a satisfied and happy customer.

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