Exploring Service Quality Dimensions and Customer Satisfaction in Star Hotels

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Abstract

Service quality is a strategic factor for differentiating products in the competitive market. The aim of the study was to investigate the association between service quality dimensions and customer satisfaction in star hotels located in the northern part of Karnataka state in India. The sample size comprised of 312 adult tourists as respondents who had a visit to selected star hotels located in the North Karnataka state of India. A structured questionnaire was used for primary data collection. Spearman's Rank-order correlation was employed for hypotheses testing at 0.05 significance level. The study found that the dimensions of service quality such as tangibility, reliability, responsiveness, assurance and empathy are significantly correlated with customer satisfaction in star hotels located in North Karnataka state. This indicates that improvement in quality of service in star hotels lead to enhanced customer satisfaction. Hence the study suggests that star hotels should always focus on service quality dimensions and make a constant effort to enhance the service quality.

Keywords: Service Quality, Customer Satisfaction, Star Hotels

Introduction

Product differentiation is the future of current market and service quality has become a strategic factor for differentiating products and services (Alemnh & Gebremichael, 2018). Previous research studies have emphasized the significance of dimensions of service quality in customer satisfaction and highlighted the role of service quality in gaining competitive advantage. The preceding literature further demonstrated that providing quality services to the customers of star hotels enhances customer satisfaction, their retention and loyalty. Instead of focusing on merely satisfying the tourists, star hotels should aim to delight the tourists so that the tourists can be attracted for repeated visits. Customer delight is a feeling derived by the customer the actual performance exceeds the desired performance of a product / service.

The Indian hotel industry is emerging as a primary sector that is accelerating economic growth of the country. According to Indian Tourism Statistics, which was released on September 27, 2022, Indian travel and tourism witnessed 677.63 million domestic tourist visits in 2021, shows an increase of 11.05 per cent from 2020 statistics. The number of foreign visitors to India during 2021-22 has declined by 23.4 percent. Despite the fact that foreign tourist arrivals shown negative growth rate, Non-Resident Indians (NRIs) and international tourist's arrival witnessed positive growth. There is an increase of 52.6 per cent in NRI arrival to India from 2022 to 2021. In addition, Indian Tourism Statistics report revealed that foreign tourists visit to two states namel; Maharashtra and Tamil Nadu witnessed the highest by in 2021. Indian hotel industry is classified based on location such as city hotels, airport motels, resorts, etc. and are classified based on the level of service such as upscale, mid-market, economy hotels Further the hotel industry is classified as themes such as boutique hotels, heritage hotels, etc. and into star hotels on the basis of superior property, variety of amenities, luxury, superlative service, highest comfort standards etc.

According to Getz, (2008) leisure tourism is considered for several purposes such as recreational, educational, sightseeing and relaxing (Getz, 2008). Leisure travelers are price sensitive expects to have the best deal for their stay. As such business travelers do travel frequently from one place to another for business purpose. It has been noticed that alike foreign travelers, Indians too are moving out of their residence and trying to spend their leisure time by visiting prominent places. The expenditure pattern of domestic travelers has been changed in the recent past and they are choosing luxurious property to stay during their travel. Previous research study also revealed that domestic and international tourists prefer to travel to exotic and serene places, stay in star hotels for enjoyment and relaxation purpose (Ali, 2015). In

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addition, the atmosphere that will promote the feeling of happiness is most significant in any star hotels (Gee, 2000). Indoor facilities, services, ambience, location, climate, scenery would also attract the tourists more towards star hotels.

Every business organization is facing competitive business environment and realized the fact that customer delightedness has a significant role to play in any business organization's growth and development. Therefore the knowledge of customer delightedness is very much essential for service sector in general and travel and tourism industry in particular. Organizations exist because they have customers, which are directly attributed to customer retention. According to Andaleeb (1998), business organizations who ignore the importance of customer delightedness may incur possible loss in future. Thus, the better understanding of customer satisfaction and delightedness is very much essential and this enable the star hotels to create value for their customers that inflate repeated visit and positive word of mouth by customers (Berkman & Gilson, 1986).

Review of literature

Concept of Service Quality

Service Quality plays a predominant role in delighting the customers of every business organization and is perceived differently by different business firms. Kotler & Keller (2009) defines the term 'Service' as "any activity or benefit provided by one party to another party which is intangible and does not lead to any ownership". According to Lovelock (2004) 'Service' is "any perceived benefit by the customer senses either only service or associated with something physical tangible, which is interchangeable but not entail ownership and mostly intangible". Zeithmanl, et al., (1996) states that "services are acts, operations, and achievements or actions, therefore, services include all economic activities that their outputs are not physical products". According to Mbise & Tuninga (2013), only the customers who consume the service can determine the quality of service. According to Fida et al. (2020) service quality is the underlying capabilities for an organization or industry, which are helpful in meeting the desired customer expectations.

Service Quality Dimensions

The first and foremost dimension of service quality is 'Tangibility'. The term 'Tangibles' usually refers to the tangible elements of a service. From hotel industry perspective, this dimension takes into account the facilities available in the hotel, such as standard of materials, equipments used, physical appearance, staff and their communication with tourists. 'Reliability' the second service quality dimension, which is nothing but the ability to perform the promised service accurately. Honesty, consistency and accuracy are the main features of reliability and any hotel industry rendering services with a focus on these features will certainly attain customer satisfaction (Kandampully & Suhartanto, 2007). 'Responsiveness' as yet another service quality dimension in hotel industry that can be attributed to hotel's willingness and flexibility to serve and help tourists. According to Edvardsson, (1998) responsiveness is nothing but offering services promptly and making oneself available when the customer is needed for assistance. Hotel industry can realize this dimension to serve customers with promptness, efficient way, cooperation, gentleness and tenderness by the service staff (Kandampully & Suhartanto 2007). The term 'Assurance' is yet another service dimension, which is nothing but the courtesy and knowledge of employees while they offering services to their customers. Assurance is also nothing but the employee's ability to inspire confidence and trust (Parsauraman et al., 1991). This dimension is perceived differently in different service industries. 'Empathy' in a hotel industry is all about caring, individualized attention the firm provides to its customers. It includes employee's personal attention and their understanding about customer needs and wants (Jalali et al., 2014). Ighomereho et al (2022) had conducted a research study on Service Quality and E-Service Quality: Measurement and Dimensions in Lagos State of Nigeria and revealed that the relevant e-service quality dimensions influencing overall e-service quality are reliability, security, fulfillment, ease of use and responsiveness. However, social media marketing is increasingly being used to ease, create awareness and bridge the gap between businesses and consumers (Knowles et al. (2020).

Customer Satisfaction

Customer satisfaction or dissatisfaction is a feeling derived from the customer when he/she compares the actual performance of a product/service with desired performance of that product/service. To attract and retain the customers in the long-run, every business organization must focus on customer satisfaction and their delightedness. Measuring customer satisfaction is very much essential for service quality assessment, as customer satisfaction and performance of a business are directly correlated with each other (Morgan, Anderson & Mittal, 2005). Previous literature in the hospitality industry acknowledges the fact that delighting the customer is very important constituent of hotel industry (Maghzi, Abbaspour, Eskandarian & Hamid, 2011). The motive behind satisfying the customers is to maximize profit and ensure its positive impact on all the stakeholders. (Aksar et al., 2020). According to Gopi & Samat (2020) customer satisfaction certainly impacts the overall performance of hotel industry in Oman. The study revealed

that customers were contented with the food, reception counter, reservation policy and overall ambience of hotel. Furthermore, customers fairly rated product prices and security aspects of the hotel.

Relationship between service quality and customer satisfaction

According to Sulieman, (2013) and Malik, (2012), service quality and customer satisfaction are linked with each other, meaning enhancing service quality would result into increase in customer satisfaction. High quality of service contributes towards retention of the customers and helps to gain competitive advantage (Dominici & Guzzo, 2010). If service providers offer better services, it would eventually help in enhancing customer's loyalty (Panda, 2003). Sureshchandar, Rajendra and Anantharaman (2002) in their research work tried to assess the association between service quality and satisfaction of customers and noticed that more of service quality leads to more customer satisfaction. It is widely acknowledged fact that benchmarking service quality best of the industry and improving it over a period of time is a must for every organization for success in business (Tamilselvi, 2016). The basic objective of every business organization is to accelerate growth by serving their customers on regular basis. The challenge is retaining them and converting them into loyal customers for the lifetime of the business. Numerous researchers have acknowledged the fact that service quality has been an important tool to satisfy customers and motivate the customers for repeated visit in the service oriented industries especially in hotels (Bucak, 2014). A bulk of research has been conducted on service quality using various marketing constructs. However, very less of the study has been undertaken to investigate the influence of service quality dimensions on customer satisfaction in Karnataka state of India. Hence marketing of star hotel services in the northern part of Karnataka in India could improve the level of customer satisfaction if a research is undertaken to identify the significance of service quality dimensions and assess the impact of these dimensions on customer satisfaction.

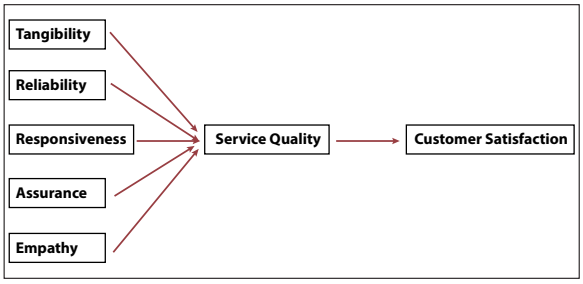
According to an investigation done by Juliet & Robert (2003), assessing customer perceptions of quality delivery using service quality dimensions and taking corrective actions to enhance the service quality would certainly delight the customers. The previous literature study further reveals that there is always a gap found between services provided by hospitality industry and customer expectations. Moreover intangibility being an important characteristic of a service, service providers are required to tangibalize the intangibles while providing services to their customers. Zeithaml, Parasuraman and Berry (1985), have identified five quality dimensions, customers would use while evaluating the service quality. The five quality dimensions are named as Tangibility, Reliability, Responsiveness, Assurance and Empathy. They named their survey instrument as "SERVQUAL". Zeithaml, Parasuraman and Berry thus intended to assume the proposed model to ensure its impact in the Indian context. The current study intends to investigate the relationship between service quality dimensions and customer satisfaction with reference to star hotels located in North Karnataka state of India using SERVQUAL approach.

Hotel industry has witnessed a series of challenges post pandemic era. Several researches have been conducted in the post pandemic world with special reference to star hotels in India and abroad. According to Mason et al. (2021) pandemic has altered customers' needs, shopping and purchasing behaviors, and post purchase satisfaction levels.

Conceptual model for the study

A conceptual model for the study was developed based on the literature study and presented in Figure 1.

Figure 1: Conceptual framework on service quality dimensions and customer satisfaction



Research methodology

Objectives

1. To investigate the association between dimensions of service quality and customer satisfaction.
2. To understand the perception of customers of selected star Hotels in terms of service quality.

Research hypotheses

Based on the literature survey, H0 were stated as;

1. There is no significant association exist between tangibility and customer satisfaction in star hotels.
2. There is no significant association exist between reliability and customer satisfaction in star hotels.
3. There is no significant association exist between

responsiveness and customer satisfaction in star hotels.

4. There is no significant association exist between assurance and customer satisfaction in star hotels.
5. There is no significant association exist between empathy and customer satisfaction in star hotels

The study was carried out in North Karnataka state of India and four major districts were covered namely Belagavi, Hubli-Dharwar, Kalburgi and Bellari. These district places were chosen for the study due to more arrival of domestic as well as international tourists for the purpose of business and leisure. The SERVQUAL model proposed by Zeithaml, Parasuraman and Berry was adopted for the study. Five dimensions namely: tangibility, reliability, responsiveness, assurance and empathy were used to assess the level of customer satisfaction in star hotels. Within each dimension, items have been constructed and measured on a five-point scale from strongly agree to strongly disagree. Table 1 gives the dimensions of SERVQUAL model and corresponding items.

Table 1: Number of Items in Each Service Quality Dimension

Sl No	Name of the Dimensions	Number of Items
1	Tangibility	5
2	Reliability	5
3	Responsiveness	6
4	Assurance	6
5	Empathy	7
	Total	29

Only star hotels located in North Karnataka of India were considered as population as customers expect better service quality in these star hotels and they compare the quality of service with others. Only eight star hotels; two from each district were chosen for the study based on their market share. Sample star hotels were UF*, FA* DE* HN* RF*, NL*, KH* and MS* located in Belagavi, Hubli-Dharwar, Kalburgi and Bellari districts of North Karnataka State. (*The identity of the organizations is not disclosed for the sake of the confidentiality).

Customers who visited the hotel either for business or leisure purpose were considered for the study. Primary data was collected from the respondents using a structured questionnaire. A brief introduction of the research was provided to maintain the interest of the respondents. Structured questionnaire was typed and presented to respondents in an arranged manner with likert scale. A survey was conducted for a period of one week. In total 480 questionnaires were distributed to the customers who visited the hotels between 19th September 2022 to 30th September 2022. Finally 312 filled questionnaires were received in return and were considered for the study. The Statistical Package for Social Sciences (SPSS, version 23) was used for the analysis of data. Spearman's Rank-order coefficient of correlation was used to test hypotheses at 0.05 significance.

Results and Discussions

Testing of Hypotheses

Ho1: There is no significant association exist between tangibility and customer satisfaction in star hotels.

Table 2: Spearman's rank-order correlation between Tangibility and Customer Satisfaction

		Tangibility	Customer satisfaction
Tangibility	Coefficient of Correlation	1.000	.540**
	Sig. (2-tailed)	.	.000
	N	312	312
Customer satisfaction	Coefficient of Correlation	.540**	1.000
	Sig. (2-tailed)	.000	.
	N	312	312

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

Table 2 presents Spearman's rank-order correlation coefficient (r=0.540) between tangibility and customer satisfaction in star hotels in North Karnataka, which indicates moderate positive. The coefficient of determination (r^2=0.534) indicates that 53.4% change in customer satisfaction in star hotels in North Karnataka can be explained by tangibility dimension of service quality. The significant value 0.000 ($p<0.01$) demonstrates a significant association between independent and dependent variable. Therefore null hypothesis was rejected.

Ho2: There is no significant association exist between the reliability and customer satisfaction in star hotels.

Table 3: Spearman's rank-order correlation between Reliability and Customer Satisfaction

		Reliability	Customer satisfaction
Reliability	Coefficient of Correlation	1.000	.621**
	Sig. (2-tailed)	.	.000
	N	312	312
Customer satisfaction	Coefficient of Correlation	.621**	1.000
	Sig. (2-tailed)	.000	.
	N	312	312
**. Correlation is significant at the 0.01 level (2-tailed).			

Table 3 presents Spearman's rank-order correlation coefficient (r=0.621) between reliability and customer satisfaction in star hotels in North Karnataka, which shows strong positive. The coefficient of determination (r^2=0.589) indicates that 58.9% change in customer satisfaction in star hotels in North Karnataka can be explained by reliability dimension of service quality. The significant value 0.000 (p<0.01) demonstrates a significant association between independent and dependent variable. Therefore null hypothesis was rejected.

Ho3: There is no significant association exist between the responsiveness and customer satisfaction in star hotels.

Table 4: Spearman's rank-order correlation between Responsiveness and Customer Satisfaction

		Responsiveness	Customer satisfaction
Responsiveness	Coefficient of Correlation	1.000	.785**
	Sig. (2-tailed)	.	.000
	N	312	312
Customer satisfaction	Coefficient of Correlation	.785**	1.000
	Sig. (2-tailed)	.000	.
	N	312	312
**. Correlation is significant at the 0.01 level (2-tailed).			

Table 4 presents Spearman's rank-order correlation coefficient (r=0.785) between responsiveness and customer satisfaction in star hotels in North Karnataka, which shows very strong and positive. The coefficient of determination (r^2 =0.761) indicates that 76.1% change in customer satisfaction in star hotels in North Karnataka can be explained by responsiveness dimension of service quality. The significant value 0.000 (p<0.01) reveals a significant association between independent and dependent variable. Therefore null hypothesis was rejected.

Ho4: There is no significant association exist between the assurance and customer satisfaction in star hotels.

Table 5: Spearman's rank-order correlation between Assurance and Customer Satisfaction

		Assurance	Customer satisfaction
Assurance	Coefficient of Correlation	1.000	.564**
	Sig. (2-tailed)	.	.000
	N	312	312
Customer satisfaction	Coefficient of Correlation	.564**	1.000
	Sig. (2-tailed)	.000	.
	N	312	312
**. Correlation is significant at the 0.01 level (2-tailed).			

Table 5 presents Spearman's rank-order correlation coefficient (r=0.564) between assurance and customer satisfaction in star hotels in North Karnataka which shows positive. The coefficient of determination (r^2=0.539) indicates that 53.9% change in customer satisfaction in star hotels in North Karnataka can be explained by assurance dimension of service quality. The significant value 0.000 (p<0.01) reveals a significant association between independent and dependent variable. Therefore null hypothesis was rejected.

Ho5: There is no significant association exist between the empathy and customer satisfaction in star hotels

Table 6 presents Spearman's rank-order correlation coefficient (r=0.689) between empathy and customer satisfaction in star hotels in North Karnataka was strong and positive. The coefficient of determination

Table 6: Spearman's rank-order correlation between Empathy and Customer Satisfaction

		Empathy	Customer satisfaction
Empathy	Coefficient of Correlation	1.000	.689**
	Sig. (2-tailed)	.	.000
	N	312	312
Customer satisfaction	Coefficient of Correlation	.689**	1.000
	Sig. (2-tailed)	.000	.
	N	312	312
**. Correlation is significant at the 0.01 level (2-tailed).			

(r^2=0.624) indicates that 62.4% change in customer satisfaction in star hotels in North Karnataka can be explained by empathy dimension of service quality. The significant value 0.000 ($p<0.01$) reveals a significant association between independent and dependent variable. Therefore null hypothesis was rejected.

Discussion

The results revealed that there is a significant association exists between all the dimensions of service quality and customer satisfaction in star hotels in North Karnataka of India. This demonstrates that the front desk employee in star hotels was appealing and professional in all aspects such as dress code, communication, courtesy response etc. The overall atmosphere was pleasant, attractive and surroundings were visually good-looking. The star hotels were bright and well illuminated, well-furnished, well-maintained and clean. Also, customers were very much satisfied with their decision to stay in select star hotels. The customer's preference to reside in these star hotels was a judicious one. It can also be concluded that customer's experience with these star hotels was enjoyable.

Recommendations

The current study recommends that all star hotels within North Karnataka state of India should improve upon all the five dimensions of service quality, which influence customer satisfaction. Star hotels should focus on these dimensions and formulate appropriate marketing strategies to face marketing challenges in competitive market. While allocating resources, it is recommended that the more emphasis should be laid on all the dimensions of service quality because these dimensions have a significant impact on customer satisfaction.

Conclusion

Services are intangible and service providers are required to tangibelize the intangibles while offering services to its customers. This statement is more so applicable for hotel and tourism industry. From the current study it may be concluded that augmentation of service quality in star hotels leads to better customer satisfaction. The current study also demonstrated that various service quality dimensions such as tangibility, reliability, responsiveness, assurance and empathy will certainly enhance customer satisfaction in star hotels. Additionally star hotel manager's awareness towards the importance and benefits of service quality will put them to view all the dimensions more seriously that will help the star hotels to improve customer satisfaction, retention and loyalty.

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