

Measuring Service Quality in Hotel Industry with Reference to the Hotels in Hyderabad City

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ABSTRACT:

The purpose of the study is to measure customer expectations and perceptions as well as to identify the gap between expectations and perceptions. The study also focused on analyzing the influence of service quality on customer satisfaction in star hotels. For this 10 hotels are selected randomly and from them a sample of 220 is extracted through convenience sampling method. The statistical tools like mean, standard deviation, t-test and regression analysis are used to analyze the data. It is found that the 25 attributes related to service quality used in the study are very significant. It is also found that the service quality factors selected for the study are highly significant with customer satisfaction. From this it is concluded that the service quality is very important in hotel industry because quality service makes the existing customers satisfied and it also helps in drawing out new customers to have long sustainability of the hotel industry.

KEY WORDS:

Service quality, tangibility, reliability, responsiveness, assurance, empathy and customer satisfaction.

INTRODUCTION:

Competition is very large in the market to attain and retain customers in every sector. Hotel is one among them. There is a greater number of hotels in the society and the owners of the hotels need to focus on service quality in order to retain existing customers and add new customers. Service quality is the term that speaks about maintaining quality in provision of service.

Customers expect more from what they are willing to pay. If the marketers provided more than their expectations they will be satisfied. It comprises of 5 dimensions namely tangibility, reliability, responsiveness, Assurance and Empathy. Tangibility speaks about physical facilities, equipment and personnel appearance. Reliability focus on willingness to help customers and provide prompt service. Responsiveness tells about the willingness to help customers and provide prompt service to the customers. Assurance speaks about knowledge and courtesy of employees and their ability to gain trust and confidence. Empathy provides individualized attention to customers.

REVIEW OF LITERATURE:

Alessandro Brun (2010) attempted to identify the service quality variables of hotel industry. For this servqual, Holserv and Lodging quality index models are used for analysis. It reported the difference between customer expectations of men and women and compared the expectations of Asian and European guests. The statistical data has found that there is 114 respondents and they answered for 23 questions and said that the impact of gender is more on service quality in developing customer satisfaction.

Hamad Saleem and Naintara Sarfaz Raja (2014) done research on 250 respondents of Pakistan by selecting 3 and 5 star hotels using SEM and found that service quality and customer satisfaction are directly related as quality enhances satisfaction. The satisfaction of customers leads to their loyalty and purchase behavior. It is also found that service quality is directly related to brand image. Thus, it is concluded that focusing on business flourishes the profitability of the organization.

Hashim Fadzil Ariffin et al (2011) identified that service quality factors like assurance and responsiveness are the strongest links for customer behavior. Reliability projected to the lowest value in the sector. The study revealed that people giving more importance to their perceived culture rather than for the basic amenities. Hotels are completely religion as well as sentiment resided. Marketers focused on the religion of customer's in order to occupy the mindset of all customers and satisfy the needs and wants of all groups of customers.

Sathya Swaroop Debasish and Sabyasachi Dey (2015) focused on customer perception of service quality of selected luxury hotels and also analyzed the service gaps with respect to hotel

industry and suggested that service delivery need to be done within promised time, services must be delivered without any delays. Individuals' attention must be given to the hotels and employees must be given to the hotels and employees must be given more training and development programmes to handle the customers even better thereby increasing customer satisfaction.

Srinivasa Rao and Padma Charan Sahu (2014) assessed customer expectations and perceptions level towards service quality of front office and investigated on 5 dimensions namely tangibility, reliability, responsiveness, assurance and empathy. It is found that there is gap between customer expectations and perceptions which indicates that the customers are satisfied with the services. The tangibility attribute is found to have highest positive gap. It revealed that physical evidences such as uniforms, appearance and behavior of front office staff yield customer satisfaction.

Suman Mazumder and ABM Rashedul Hasan (2014) analyzed the difference between expectations and perceptions of customers belonging to Bangladesh and other international customers, compared the satisfaction levels of hotel guests from Bangladesh with hotel guests from other countries. 7-point scale is used in the questionnaire and found that there is a long way to go on the way of conceptualization and actualizing service quality of hotel. Domestic hotel guests and hotel guests from international countries results showed the overall customer satisfaction levels towards the hotel stay is not satisfactory.

Sushil Kumar (2017) focused on studying the service quality of 5-star hotels in India and found that the key factors that impede service quality delivery in the hotels. It is analyzed by using the parameters like service branding, security, scope, inclination, availability, standardization, recovery, customization, communication, impressiveness as the key attributes of service quality.

Tsitsesi Mmutle and Last Shonhe(2017) found that most of the respondents from hotel resident group were non responsive in relation to their perceptions prior to their visits. Business people said that the equipment, employees are perceived to be good and the hotel is expected to have good boardrooms for meetings. It is also found that service quality also impacts reputation of hotels because if service quality is not good, they will communicate the same information to friends and family.

Turgay Bucak(2014) used different dimensions of service quality like physical appearance, trustfulness, willingness, assurance and empathy and focused on determining the impact of perceived service quality on customer satisfaction as well as determined the factors that influence service quality and found that hotel staff is the most important variable for revisiting a hotel followed by service of hotel, price, hygiene, restaurant services, location of hotel, decoration of hotel and finally situation of rooms and reliability of hotel.

Zeithmal and Bitner(2003)said that to manage service quality managing gaps between expectations and perceptions is very essential. Gap 5 in service quality model is treated as the most important gap rather than gap 1, 2, 3 and 4. Gap 5 focus on customer expectations of service and actual service delivered. It is suggested that serious action need to be taken to fill the gap between customer expectations and perceptions.

OBJECTIVES OF THE STUDY:

1. To measure the customer expectations and perceptions towards Star Hotels in Hyderabad, using ‘LODGSERV’ scale.
2. To study the significant differences of expectations and perceptions of customers in Star Hotels in Hyderabad city.
3. To study the influence of service quality on customer satisfaction towards Star Hotels in Hyderabad city.
4. To know the customer perception of service quality among the different categories of star Hotels in Hyderabad city.

RESEARCH METHODOLOGY

Primary data was collected with the help of structured questionnaire administered to the customers visiting hotels in the Hyderabad city. 220 respondents are selected for the study as sample from 10 hotels using convenience sampling irrespective of their ratings. Hotel guest's perceptions were administered with a self-administered questionnaire. The questionnaire was developed on the basis of literature review and adopted to suit the requirements of hotel industry(Parasuraman, Zeithmal and Berry, 1988). Service quality is measured on a five-point Likert's scale ranging from 1 for strongly disagree and 5 for strongly agree.

Hypothesis:

1. There are significant differences among expectations and perceptions of service quality attributes.
2. There is significant influence of five service quality dimensions on customer satisfaction towards star hotel services.
3. There is significant difference of customer perceptions of service quality dimensions in hotel categories.

DATA ANALYSIS:

Table: 1: Demographic profile of the respondents:

Variables		frequency	Percentage
Hotel Category	3-star	128	58.2
	4-star	57	25.9
	5-star	35	15.9
age	Upto 20years	13	5.9
	21-30 years	55	25.0
	31-40 years	81	36.8
	41-50 years	51	23.2
	Above 50 years	20	9.1
Gender	Female	81	36.8
	Male	139	63.2
Educational Qualification	Upto S.S.C	37	16.8
	12 th class	81	36.8
	Graduation	58	26.4
	Post-Graduation	30	13.6
	Others	14	6.4
Occupation	Salaried	32	14.5
	Self employed	39	17.7
	Professional	43	19.5
	Student	54	24.5
	Others	52	23.6
status	Single	89	40.5

	Married	117	53.2
	Widowed	10	4.5
	Divorced	04	1.8
Annual Income	Below 1lakh	6	2.7
	1-5 lakhs	69	31.4
	5-10 lakhs	84	38.2
	Above 10 lakhs	61	27.7
Frequency of stay at hotels	Less than once a year	72	32.7
	Once a year	52	23.6
	Twice a year	38	17.3
	3-5 times in a year	32	14.5
	More than 5 times in a year	26	11.8
Purpose of stay	Personal	24	10.9
	Business	50	22.7
	Holiday	79	35.9
	others	67	30.5
How many day-stays in hotel per visit	1 day	36	16.4
	2 days	70	31.8
	3 days	55	25.0
	Above 3 days	59	26.8

Table 1 shows the demographic profile of the respondents. It is clear that 58.2% prefer 3-star hotels, 25.9% for 4-star and 15.9% to 5-star hotels. Majority of the respondents belongs to the age group 31-40 years and 63.2 are male. Highest percentage of them have higher education qualification. The sample constituted is occupationally distributed wherein salaried, self-employed and professional constitute largest percentage i.e. 52.7%. Most of the respondents are married. Nearly 31.4% of the respondents fall under the income group of ₹1-5 lakhs and the respondents who have income range of ₹5-10 lakhs are 38.2%. Majority of respondents have frequency of visiting star hotel is once a year whereas respondents of higher frequency of more

than five times a year are 11.8% of the sample and their duration of stay is usually 2 to 3 days per visit.

Table:2: Service attribute perceptions’ and expectations:

Attributes	Expectations Mean(SD)	Perceptions mean(SD)	PM- EM	t-value
The hotel should have personnel who are clean, neat and appropriately dressed	4.35(0.65)	3.42(0.70)	-0.93	27.617
The hotel should serve food and beverages that are consistently high in quality.	4.45(0.91)	3.82(0.70)	-0.63	34.292
The hotel should give you a room which is visually attractive.	4.73(0.83)	1.76(0.84)	-2.97	35.935
The hotel should have décor consistent in keeping with its image and price range.	4.72(0.85)	1.10(0.30)	-3.62	55.178
The hotel should have buildings, lobbies, and public areas which are visually attractive to you.	4.71(0.86)	3.44(1.48)	-1.27	11.601
The hotel should have up to date equipment.	5.00(0.00)	3.44(1.48)	-1.56	15.584
The hotel should have utilities and equipment that work well.	5.00(0.00)	3.44(1.48)	-1.56	15.584
The hotel should be dependable, consistent, and able to be counted on.	5.00(0.00)	4.06(1.50)	-0.94	9.184
The hotel should quickly correct anything that is wrong.	4.61(1.02)	4.06(1.50)	-0.55	4.400
The hotel should provide promised or advertised services on time.	4.61(1.02)	4.06(1.50)	-0.55	4.400
The hotel should provide prompt and quick service.	4.68(0.85)	3.53(1.46)	-1.15	9.615
The hotel should have personnel shift to help where line occur.	4.48(1.20)	3.53(1.46)	-0.95	6.902

The hotel should have staff that gives extra effort to handle your special requests.	4.50(1.01)	3.53(1.46)	-0.97	8.071
The hotel should have personnel who seem well-trained, competent and experienced.	5.00(0.00)	4.69(0.90)	-0.31	5.043
The hotel should make you feel comfortable and confident in your dealings with them.	5.00(0.00)	4.47(1.15)	-0.53	6.704
The hotel should seem to give employees support so they can do their jobs well.	5.00(0.00)	4.34(1.27)	-0.66	7.596
The hotel should have personnel who are both able and willing to give you information about hotel and outside services.	4.84(0.73)	4.46(1.13)	-0.38	3.958
The hotel should have knowledgeable phone reservationists who answer your questions completely.	4.71(0.87)	4.31(1.25)	-0.4	3.600
The hotel should make you feel like a special and valued guest.	4.75(0.81)	4.43(1.18)	-0.32	3.033
The hotel should have employees who are sympathetic and reassuring if something is wrong.	4.55(1.06)	4.27(1.30)	-0.28	2.947
The hotel should eliminate unnecessary bureaucracy to contact a hotel manager or supervisor.	4.74(0.77)	4.24(1.32)	-0.50	4.918
The hotel should have employees who are sensitive to your individual needs and wants rather than always going by the book.	5.00(0.00)	4.47(1.15)	-0.53	6.704
The hotel should be able to anticipate your individual needs and wants.	5.00(0.00)	5.00(0.00)	0.00	5.410
The hotel should provide complimentary services like courtesy shuttles, morning coffee and morning newspaper.	5.00(0.00)	5.00(0.00)	0.00	2.100

The hotel should have restaurant and room service menus that include healthful and/or special diet options.	5.00(0.00)	4.84(0.73)	-0.16	3.195
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Descriptive statistics is used to assess Guest’s expectations and perceptions. Means, standard deviation and difference scores were computed for each service quality attributes. Gap scores are calculated by subtracting expected means with perceived means. Positive scores show better than expected service while negative scores show poor quality. A zero score implies that quality is satisfactory. The negative scores of most of the attributes indicate that customer perception mean scores towards star hotel service quality is short of mean scores of customer expectations. Paired t-test was carried out to test the significant difference between the means of expectations and perceptions. The paired-samples t-tests between the respective expectation means and perception means of all the 25 attributes showed that they were significantly different ($t < 0.01$).

A regression analysis was used to further investigate the relative importance of the five hotel service quality dimensions in predicting customer satisfaction. Tables below report the results of the regression analysis.

Table:3: Regression analysis between Customer satisfaction and service quality factors:

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.719 ^a	.518	.506	.12655

a. Predictors: (Constant), responsiveness, tangibility, empathy, assurance, reliability

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.677	5	.735	45.918	.000 ^b
	Residual	3.427	214	.016		
	Total	7.104	219			

a. Dependent Variable: customersatisfaction

b. Predictors: (Constant), responsiveness, tangibility, empathy, assurance, reliability

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.288	.308		4.175	.000
Tangibility	-.020	.037	-.026	-.545	.586
Assurance	.111	.038	.140	2.895	.004
Empathy	.589	.042	.676	14.050	.000
Reliability	.056	.018	.160	3.074	.002
Responsiveness	-.003	.013	-.010	-.195	.845

a. Dependent Variable: customersatisfaction

The hypothesis testing that was conducted to check for the direct relationship between hotel service quality and customer satisfaction showed that five dimensions explain 51.8% variance in customer satisfaction. The adjusted R square value of 0.506 indicates that the five dimensions are pretty good at predicting customer satisfaction. Further, the influence of service quality dimensions in predicting customer satisfaction is found to be significant at $p < 0.05$ ($F = 45.918$, $p < 0.05$). The coefficients table shows the results of individual influence of service quality dimensions on customer satisfaction. Assurance ($\beta = .111$, $p < 0.05$; t -value = 2.895), empathy ($\beta = .589$, $p < 0.01$; t -value = 14.050) and reliability ($\beta = .056$, $p < 0.05$; t -value = 3.074), were found Positively significant to customer satisfaction. Nevertheless, tangibility ($\beta = -0.020$, $p > 0.05$; t -value = -0.545) and responsiveness ($\beta = -0.003$, $p > 0.05$; t -value = -0.195) was found not Significant with customer satisfaction. An examination of the t -values for the five dimensions indicated that the most important factor in predicting customer satisfaction evaluation is “Empathy” followed by “reliability” and “assurance”. It appears that hotel managers should exert more attempt and focus to develop its service quality along these three vital dimensions as shown in the tables.

Table:4: Customer Perceptions of Service Quality among 3- and 4-Star Hotel Categories:

Following table reports the independent samples t test results among 3-star and 4-star hotel customer groups towards five service quality dimensions.

Table: 4a: Independent Samples *t* Test for Service Quality among 3- and 4-star Categories

S. No.	Dimensions	Hotel Category	No. of Respondents	Mean (SD)	<i>t</i> Test for Equality of Means	
					<i>t</i> value	Sig. (2-tailed)
1	Tangibles	3-star	54	3.49 (0.34)	-4.907	.000
		4-star	81	3.77 (0.32)		
2	Reliability	3-star	54	3.53 (0.30)	-1.227	.222
		4-star	81	3.61 (0.44)		
3	Responsiveness	3-star	54	3.74 (0.50)	2.870	.005
		4-star	81	3.49 (0.46)		
4	Assurance	3-star	54	3.76 (0.55)	2.130	.037
		4-star	81	3.59 (0.25)		
5	Empathy	3-star	54	3.19 (0.20)	-4.570	.000
		4-star	81	3.40 (0.29)		

As can be seen from the above table, there are significant differences among 3-star and 4-star customer groups towards tangibles, responsiveness, assurance and empathy dimensions at $p < 0.05$. For reliability dimension, the mean differences among the two customers is not significant at $p < 0.05$. This indicates that except for reliability, there is significant differences of perceptions of service quality among 3-star and 4-star customer groups. The negative *t* values of

tangibles and empathy indicate that the customer perceptions of 4-star hotels is significantly greater than the customer perceptions of 3-star hotels. Similarly, positive t values of responsiveness and assurance indicate that the customer perceptions of 3-star hotels is significantly greater than the customer perceptions of 4-star hotels. In consideration to the results above, the hypothesis H_2 is partially accepted.

Customer Perceptions of Service Quality among 4- and 5-Star Hotel Categories

Following table reports the independent samples t test results among 4-star and 5-star hotel customer groups towards five service quality dimensions.

Table: 4b: Independent Samples t Test for Service Quality among 4- and 5-star Categories

S. No.	Dimensions	Hotel Category	No. of Respondents	Mean (SD)	t Test for Equality of Means	
					t value	Sig. (2-tailed)
1	Tangibles	4-star	81	3.77 (0.32)	-6.693	.000
		5-star	447	4.06 (0.36)		
2	Reliability	4-star	81	3.61 (0.44)	-3.079	.002
		5-star	447	3.78 (0.47)		
3	Responsiveness	4-star	81	3.49 (0.46)	-3.002	.003
		5-star	447	3.69 (0.54)		
4	Assurance	4-star	81	3.59 (0.25)	-1.910	.005
		5-star	447	3.65 (0.39)		
5	Empathy	4-star	81	3.40	0.044	.965

				(0.29)		
		5-star	447	3.40 (0.35)		

As can be seen from the above table, there are significant differences among 4-star and 5-star customer groups towards tangibles, responsiveness, assurance and reliability dimensions at $p < 0.05$. For empathy dimension, the mean differences among the two customers is not significant at $p < 0.05$. This indicates that except for empathy, there is significant differences of perceptions of service quality among 4-star and 5-star customer groups. The negative t values of tangibles, reliability, responsiveness and assurance indicate that the customer perceptions of 5-star hotels is significantly greater than the customer perceptions of 4-star hotels. In consideration to the results above, the hypothesis H_2 is partially accepted.

Customer Perceptions of Service Quality among 3- and 5-Star Hotel Categories

Following table reports the independent samples t test results among 3-star and 5-star hotel customer groups towards five service quality dimensions.

Table: 4c: Independent Samples t Test for Service Quality among 3- and 5-star Categories

S. No.	Dimensions	Hotel Category	No. of Respondents	Mean (SD)	t Test for Equality of Means	
					t value	Sig. (2-tailed)
1	Tangibles	3-star	54	3.49 (0.34)	-11.008	.000
		5-star	447	4.06 (0.36)		
2	Reliability	3-star	54	3.53 (0.30)	-5.413	.002
		5-star	447	3.78 (0.47)		
3	Responsiveness	3-star	54	3.74 (0.50)	.648	.518

		5-star	447	3.69 (0.54)		
4	Assurance	3-star	54	3.76 (0.55)	1.376	.174
		5-star	447	3.65 (0.39)		
5	Empathy	3-star	54	3.19 (0.20)	-6.385	.000
		5-star	447	3.40 (0.35)		

As can be seen from the above table, there are significant differences among 3-star and 5-star customer groups towards tangibles, reliability and empathy dimensions at $p < 0.05$. For responsiveness and assurance dimensions, the mean differences among the two customers is not significant at $p < 0.05$. This indicates that except for responsiveness and assurance, there is a significant difference of perceptions of service quality among 3-star and 5-star customer groups. The negative t values of tangibles, reliability and empathy indicate that the customer perception of 5-star hotels is significantly greater than the customer perceptions of 3-star hotels. In consideration to the results above, the hypothesis is partially accepted.

CONCLUSION:

The aim of any hotel is to create a customer. Customers can be created through better service quality. Along with service quality, failure to recognize the power of customer satisfaction, especially their emotions, could destroy the power of customer retention and loyalty (Yi and Alison, 2001). Therefore, the hotel management's greatest challenge lies not only on attracting customers but specifically on identifying customer satisfaction individually. Customers may agree that the hotel provides high levels of service quality but not necessarily agree that the hotel ensures high satisfaction. This study has used LODGSERV tool to determine the level of service quality in hotel industry and assess its influence on customer satisfaction. Irrespective of the status of hotel the service quality provided to hotel guests is significantly related to customer

satisfaction. The results of the regression analysis indicate that service quality is a key driver that differentiates a performing organization. The high contribution of service quality to guest's satisfaction makes service quality an essential and potent factor of hotel management. Satisfied customers will tell others of their good experience and visit again. By constantly delivering high levels of service quality, customer retention will take place that in turn result in a loyal customer in the long run. Hotel management's biggest challenge lies not just behind attracting customers but also on recognizing customer satisfaction individually. Service quality dimension a useful marketing tool for making market positioning decision objectively. As perceived quality dimension is controllable to a certain extent, the tool can be used to assist hotelier to bet on where to put in their marketing effort to target the right customers and optimize the available resources. The appropriate factors of the service quality dimension can be improved or reduced to the appropriate level to optimize performance and to improve their competitive position within their particular market segment.

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