



Determinants of Customer Satisfaction in Hotel Industry of Pakistan

- **Mr. Shivansu Sachan**
Assistant Professor
School of Hotel Management
CSJM University
- **Mr. Arvind Chauhan**
Assistant Professor
School of Hotel Management
CSJM University
- **Ms. Aishwarya Arya**
Assistant Professor
School of Hotel Management
CSJM University
- **Mr. Ankit kumar**
Assistant Professor
School of Hotel Management
CSJM University
- **Mr. Saurabh Tripathi**
Assistant Professor
School of Hotel Management
CSJM University

Abstract : This article stated that customer satisfaction is a self-evaluation that is strongly influenced by the customer's expectations of the service. The most dynamic verb in the customer's vocabulary is "improve". Therefore, the hotel industry, like any other industry, knows the importance of customer opinion, and the general goal of customer satisfaction is to be as close to customers as possible. It started with the concept of customer satisfaction in the hotel industry and the determinants of satisfaction leading to customer goals. 5 Likert scale was used to measure responses. The results of this study showed that improved service quality and improved service characteristics lead to greater customer satisfaction and increased expectations of satisfied customers.

IndexTerms - Service quality, service features, customer satisfaction, future intentions

1. INTRODUCTION

Doing business around the world is an impossibility, not a luxury, in most industries. Almost all strategic decisions today are determined by international concerns. With the entry of many new business units in Pakistan, the hotel industry is growing rapidly. Undoubtedly, the high quality of food and beverage, catering, cleaning and professionalism have played a major role in the expansion of the hotel industry in Pakistan. As the hotel industry in Pakistan grows, it provides more entertainment and activities for the residents by offering good food but also a pleasant environment that relieves their mind from the daily routine. The rapid growth of the hospitality industry will provide employment opportunities for many unemployed students and new graduates looking for work. Many foreign investors want to invest in this industry taking advantage of the development opportunities of this sector. The expansion of modern hotels has led to direct and indirect business opportunities. The sanctity of Pakistan and its natural beauty is one of the tourist destinations. Hotels are not only accommodations for foreigners, but also affect the national budget. The growth of this industry can best be attributed to the increase in employment and training, indicating that the sector is changing to a more competitive, integrated and customer-oriented market environment. Many graduates hope to opt for this department as it is the best department and offers opportunities for advancement and new exposure. The advancement of the industry can be seen as universities have offered degrees in hospitality management and other types of diplomas and short courses. This situation was not seen in Pakistan ten years ago. The hotel industry was booming a decade ago with more and more customers every year. But as the number of manual accidents increased around the world, the industry mushroomed at an alarming rate. Uncertainty about health and wellness problems spreads to the business and decreases the flow of customers. As this uncertainty decreases, the economy weakens. In recent times, the poor economy has forced companies and consumers to downsize the hotel industry. In an effort to save their business as the hotel industry shrinks, hoteliers are cutting costs to better manage their budgets. They cut staff or cut a major position or two. But due to this recession, customer satisfaction has also decreased, which is something that the hotel industry cannot afford to ignore. A good hotelier will think before reducing service by making a good plan. If the plan is implemented well, there is no threat to the satisfaction of the customers. If employees perform well, customer satisfaction will increase. The work of the staff includes efficiency, kindness, care, respect, speed and flexibility. If the staff is kind and welcoming, the guests will be welcomed and happy. With more effort by trained staff, hotels can earn more profit from satisfied customers. Since Ziari (1379) believes that the customer is the king, and according to this wisdom, we must understand the difficulty of this king's happiness.

2. LITERATURE REVIEW

There are many studies on customer satisfaction and the variables that influence this process. In business, customer satisfaction is a means of making money, and money can only be made by having a satisfied and loyal customer base. As the world has become more global, competition has increased over the long term. Successful companies base their strategies on a customer-focused basis. Kotler (2000) explains that a person's feelings of happiness or sadness are caused by comparing the performance (or outcome) of the product to his expectations. But Oliver (1997) takes a more nuanced view and describes customer satisfaction as a response to customer satisfaction. An assessment of whether an aspect of a product or service, or the product or service itself, provides a satisfactory level of consumption. In other words, the overall level of satisfaction with the service/product experience. According to Kotler (2000), the success of a product offering depends on value and customer satisfaction. Therefore, meeting the needs expected by customers after the consumption of the product or service offered is the result of a group of integrated activities aimed at customers. Therefore, the key to increasing sales volume and profitability, companies must satisfy their customers. McKinsey (2001) believed that growing, customer-focused organizations that understand the key characteristics of satisfaction, offer differentiated and incremental value to their popular customers. Customer satisfaction directly and positively affects organizational effectiveness. Therefore, scholars and researchers have emphasized the importance of consumer satisfaction in academic literature. Rather, it is a personal opinion that depends on the customer's expectations of the service. Therefore, organizations must look at the expected needs of their customers in order to make money (Sine, 2006). Especially when competitive advantage is the main objective, decision makers must always strive to increase the level of customer satisfaction (Sutanto, 2009).

Service Quality

Service quality is the customer's perception of the degree to which a service meets or exceeds their expectations (Czepiel, 1990). It is considered a key factor in improving customer satisfaction (Geetika, 2010). Even Cronin and Taylor's (1992) study showed that it was a key antecedent of customer satisfaction. Service quality is not only an essential role in customer satisfaction (Grzinić, 2007), but is also considered as added value for customers and a tool for product positioning in a dynamic environment (Kaul, 2005). Understanding customer needs for service quality and meeting their needs in this regard is beneficial in many ways (Shahin, 2002).

Service Features

Service characteristics can be defined as the quality or user requirements related to issues such as frequency, reliability, regularity, adaptability, location, security and convenience (Lubbe, 2003). Among all these factors, reliability is considered the important characteristic of the service to improve customer satisfaction (Smith et al., 2007), but according to Ahmed et al., the convenience and the specific factors of the service (for eg competitive interest rates) are the two essential ingredients. . to satisfy customers. If service providers cannot properly address this behavior, it can have serious consequences. But the characteristics of the service vary from one environment to another. However, considering the hotel environment, service characteristics such as assistant modus operandi, assistant service initiative, waiting room environment and decoration are key variables that lead to customer satisfaction (Shi and Su, 2007).

Future Intentions

French future intentions are defined as subjective judgments about how a person will behave in the future and generally serve as a variable criterion in many researches that focus on the service sector and satisfaction models (Boulding et al., 1993; Soderlund and Ohman, 2003). Many researches have shown that variables have a direct positive or negative relationship with future intentions. While Ewing's study (2000) showed that brand loyalty had a strong influence on future intentions to buy the same or another brand and Shabbir et al. (2009) found that brand awareness and corporate image strengthen customers' future intentions. Fen and Lian's (2010) study concluded that customer satisfaction directly influenced customer re-patronage intentions. Simpson (2000) also reported a positive relationship between perceived satisfaction and customers' stated intention to repurchase and recommend the same service/product to others. Functional service value and quality also have a significant impact on behavioral intentions, while functional service price has no impact on future intention (Khan, 2010). Considering all these factors, this research study focuses on service quality and service characteristics that can have a direct and significant impact on customer satisfaction, which will then lead to customer intentions customers in the future, as already concluded in previous research carried out in other parts of the world.

3. METHODOLOGY

Population

Hotels operating in the twin cities of Pakistan were treated as the population of this study therefore, Serena hotel, Pearl Continental hotel, Best Western, Holiday Inn etc was approached for data collection. Customers frequently visiting the hotels are in better position to assess the factor affecting customer satisfaction in hotel industry in Pakistan therefore, frequency of visit was also duly considered in specifying the population of the study.

Procedure

It was also decided to collect at least 25 questionnaires from each of the stated hotels for equal representation therefore, a total of 50 questionnaires were floated in each hotel using on convenience basis. Self-administered approach was applied for data collection and surveys were completed anonymously and returned to the researchers. At the end total 254 responses were received and analyzed through SPSS 15.0.

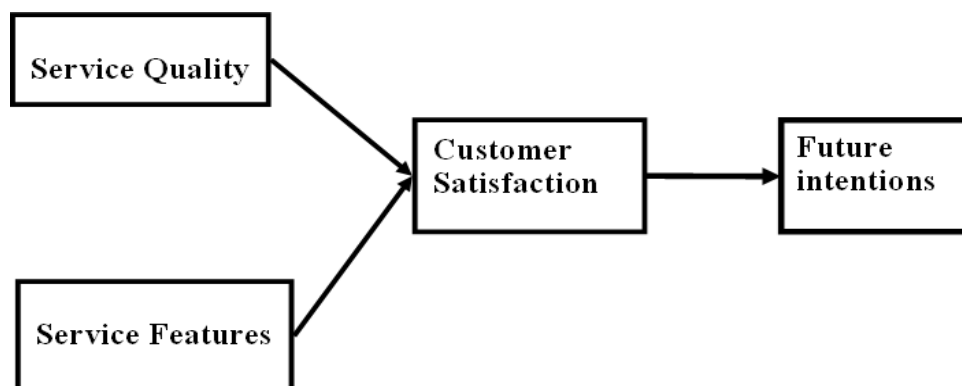
Measures

Demographic information about the respondents were solicited on the basis of seven constructs such as age, gender, level of education, occupation, frequency of visits, favorite hotel and income level. To measure service quality, service features, customer satisfaction and future intentions, 17 in total items were given. Respondents were asked to identify their favorite hotel and then to evaluate this from different dimensions. All items were measured on likert scale ranging from "1" strongly disagree to "5" strongly agree. These measures have been frequently used in both academic and practitioner studies of customer satisfaction (Brown et al., 1993; Hausknecht, 1990; Heskett et al 1994; Jones and Sasser; 1995; Levesque, and McDougall, 1996; Yi, 1990). The questionnaire was pre-tested and based on the feedback of the respondents it was a modified to improve the clarity and visual lay out.

Table 1: Results showing reliability statistics

Constructs	Reliability Statistics	
	Cronbach's Alpha	N of Items
Service quality	0.82	12
Service features	0.72	5
Customer Satisfaction	0.65	3
Overall	0.85	21

4. RESEARCH MODEL



5. Hypothesis

In view of the variables of the study, following relationships were hypothesized;

- H1:** By enhancing the service features, customer satisfaction will be improved.
H2: The improved service quality will increase in customer satisfaction.
H3: Customer satisfaction will have positive relationship with future intentions to purchase the same product.

6. DATA ANALYSIS

To ascertain how the study project's units compared to the subjects of inquiry, data analysis was carried out. The gathered data was analysed using regression, correlation, and descriptive statistics. The statistical portion of SPSS 15.0 was used to interpret the figures in order to draw conclusions and make advice.

Demographic Distinctiveness of Respondents

We evaluated our correspondents based on their age, gender, occupation, economic level, and number of visits. The respondents' demographic data was included in the first section of the questionnaire. According to the statistics, Serena and Pearl Continental (PC) are the restaurants that most patrons with incomes above \$50,000 typically choose to frequent, and the frequency of their visits indicates how satisfied they are. Just a tiny percentage of the sample is older, and those that are belong to higher management. The demographic statistics can be found in the table below.

Demographic Statistics

Several different demographic indicators are designed to assess the demographic information of our respondents. The frequency and percentage of the results from the demographic analysis shows that the highest percentage (32%) of people who visit hotels more often is (20 or less) and 82 was the frequency of respondents from the number total of respondents. 61% were men and 39% women. The level of education gave an insight into the different results. The top 51% of respondents were single and only 11% were doctors. 36% of respondents were students and 14% were self-employed. The income level of 26% of the respondents was above \$50,000 and 18% was below \$10,000. 29% of our respondents chose the Serena as their preferred hotel, while 11% recognized the Holiday Inn as their choice. The frequency of visits of 47% of respondents was uncertain, while only 13% were those who visited their favorite hotels once a week.

Table 2: Results showing demographic analysis

Measures	Items	Frequency	Percentage
Age	20 or below	82	32%
	21-25	61	24%
	26-30	32	12%
	31-35	21	9%
	36-40	25	10%
	41 or above	33	13%
Gender	Male	155	61%
	Female	99	39%
Highest Level of Education	Bachelors	129	51%
	Masters	51	20%
	MS/M.Phil	47	18%
	PhD	27	11%
Occupation	Employed	88	35%
	Self-employed	36	14%
	Student	92	36%
	Others	38	15%

Income Level	Below 10,000	46	18%
	11,000-20,000	56	22%
	21,000-30,000	26	11%
	31,000-40,000	31	12%
	41,000-50,000	29	11%
	Above 50,000	66	26%
Favorite Hotel	Serena	73	29%
	Pearl Continental	58	23%
	Holiday inn	49	19%
	Best western	29	11%
	Others	45	18%
Frequency of visits	Once a week	34	13%
	Once in 15 days	44	17%
	Once a month	59	23%
	Uncertain	117	47%

Descriptive Statistics

Descriptive statistics were used to examine mean, median, mode, standard deviation and other statistical information. Since all items were measured using a five-point Likert scale ranging from "strongly disagree" to "strongly agree", the mean score greater than 3.00 for the four variables indicates he was in a good mood. The product that explains the strength of customer satisfaction, service quality, service characteristics and future goals is a positive difference. The average value of service quality is 4.25, which clearly shows that most of the respondents agreed with the questions related to service quality. Similar views can be found for future locations with an average value of 4.42, which shows the customer's tests of the desired hotel. In short, customers prefer hotels based on the quality of service and service options. The table below contains the data on the key difference for the predictor and criterion variables.

Table 3: Results showing Descriptive Statistics

Constructs	Mean	Std. Deviation
Service Quality	4.2461	.55548
Service Features	4.0843	.63916
Customer Satisfaction	4.2075	.57250
Future Intentions	4.4173	.60878

Standard deviation varies from 0.56 to 0.64 for different variables which reflects the pattern of scatter diagram. The standard deviation is also imperative as it illustrates a clue of the average distance from the mean. As calculated, low standard deviation can be evident that most observations lie around the mean for all variables.

Correlation analysis determines the strength of the relationship as well as the extent of association between variables. Results of correlation analysis show that future intentions is found significantly correlated with customer satisfaction. Correlation value between customer satisfaction and service features is 0.43 which depicts that if customers are provided by lofty and valuable service features then customer satisfaction will be enhanced.

Second highest correlation value is calculated as 0.35 between future intentions and customer satisfaction explaining slightly low relationship as compared to the first one but still statistically significant.

Correlation value between service quality and customer satisfaction remained as 0.24 which is also high but not like other two variables. The results are slightly different from earlier studies due to different social and economic environment of different communities. The results of correlation analysis supported the hypothesis H1, H2 & H3 and proved that there is a positive relationship between the

“service quality and customer satisfaction”, “service features and customer satisfaction” and “customer satisfaction with future intentions” in the hotel industry of Pakistan.

Table 4: Results of correlation analysis

	Service Quality	Service Features	Customer Satisfaction	Future Intentions
Service Quality	0.82			
Service Features	.291(**)	0.72		
Customer Satisfaction	.235(**)	.427(**)	0.65	
Future Intentions	.302(**)	.206(**)	.351(**)	1

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

Regression analysis was applied to portray the dependence of one variable on other variables. Results demonstrate that the 19 % of the customer satisfaction in hotel industry depends on the two main independent variables of our study. The values of coefficient of determinations are found to as

0.12 and 0.35 for service quality and service features. While the t values for all the independent variables remained more than 2, showing significant relatedness and predicting qualities of the coefficients. The probability of error is also very low for different predicting variables.

Table 5: Results showing regression analysis

Model Summary-I					
Dependent Variable	Independent Variables	Adjusted R Square	β	<i>t Stat</i>	<i>P-value</i>
Customer Satisfaction	Service Features	0.189	0.351	6.629	0.0000
	Service Quality		0.124	2.035	0.0425
Model Summary-II					
Dependent Variable	Independent Variables	Adjusted R Square	β	<i>t Stat</i>	<i>P-value</i>
Future Intentions	Customer Satisfaction	0.12	0.374	5.959	0.0000

7. DISCUSSION AND FINDINGS

The analysis of 21 questions covering different aspects of service quality, service characteristics and customer complaint management suggests that in the hotel industry, customer satisfaction depends 19% from these three variables and 81% from other variables. These results are slightly different due to various political, social and economic factors prevalent in this developing country. Descriptive statistics show a positive trend of all variables. The particularly strong positive average value of future intentions explains that, according to the guests' responses, hotel employees are kind and offer them individual support in case of problems. It offers a full range of services and the overall quality of services is excellent. In addition, they recommend their favorite hotels to other people such as friends, family members, etc. The higher correlation value between service characteristics and customer satisfaction indicates that when the hotel offers competitive service rates and is easily accessible to them, all this leads to customer satisfaction. Regression analysis shows the dependence of future intentions on customer satisfaction. He points out that when the hotel meets the expectations of guests, they end up recommending it to other people close to them.

8. CONCLUSION AND IMPLICATIONS

The study considered the determinants of customer satisfaction in the hospitality sector. The domino effect of the study revealed that service quality and service characteristics play an important role in customer satisfaction. It also proves the argument that

satisfied customers intend to visit this hotel in the long term. The results show that service characteristics are more important to customers when it comes to their satisfaction. We believe that our research model on customer satisfaction in the hospitality sector is very constructive and can pave the way for further research considering many different variables. If the hotel owners really want to get a competitive advantage today, they should try to focus on the discussed areas, namely the quality of the service and the characteristics of the service, to satisfy their customers, which at the in turn allow them to keep and keep their customers and help them. thriveIn practical terms, the study of customer satisfaction is both demanding and imperative. Exploratory efforts should continue to advance a better understanding of the concept, the gaps left, and ways to evaluate and improve the approach to customer satisfaction.

Keeping in view the findings of the study, managers in hotel industry may particularly focus on the following;

- Hotels should understand the needs of the customer and provide courteous services efficiently in catering such needs.
- Employees at front desk are the key personnel who form the impression of the hotel. Therefore, their appearance needs to be neat. They should strive to provide each customer a personalized touch. So that there commitment with their respective hotel is lasting.
- Customers normally prefer hotels which have broad product lines, quality offerings at reasonable prices and convenient location. Therefore managers should have keen focus at these factors.

REFERENCES

- [1] Ahmed. I, Gul. S, Hayat. U, Qasim. M. (2010), "Service quality; Service features; and Customer complaint handling as the Major Determinants of Customer Satisfaction in Banking Sector: A Case study of National Bank of Pakistan", Proceedings of Annual Hawaii International Business Research Conference held from 27-28 September 2010 in Honolulu, Hawaii.
- [2] Boulding, W., Kalra, A., Staeling, R., and Zeithaml, V.A. (1993). A Dynamic Process Model of Service Quality: From Expectation to Behavioral Intentions. *Journal of Marketing Research*, Vol. 30, Iss. 1, 7–27.
- [3] Brown, T.J., Churchill, G.A. Jr and Peter, J.P. (1993), "Improving the measurement of service quality", *Journal of Retailing*, Vol. 69, pp. 127-38.
- [4] Cronin, J.J, & Taylor. S.A (1992), "Measuring Service Quality: A Reexamination And Extension", *Journal of Marketing*, Vol. 56 (July 1992), pp.55-68.
- [5] Czepiel, J.A. (1990), "Service Encounters and Service Relationships: Implications for Research" *Journal of Business Research*, Vol. 20, pp. 13-21.
- [6] Ewing. M.T, (2000), "Brand and Retailer Loyalty: Past Behavior and Future Intentions", *Journal of Product & Brand Management*, Vol. 9 Iss: 2, pp.120 – 127
- [7] Fen, Y.S., Lian, K.M, (2010), Service Quality and Customer Satisfaction: Antecedents of Customer's Re-Patronage Intentions. *Sunway Academic Journal*, Vol 4. Pp.59-73
- [8] Geetika, S.N. (2010). Determinants of Customer Satisfaction on Service Quality: A Study of Railway Platforms in India. *Journal of Public Transportation*, Vol. 13, No. 1, pp.97-113
- [9] Grzinic, J, (2007), Concepts of Service Quality Measurement IN Hotel Industry, Retrieved on 23 October 2010 from the website of <http://en.scientificcommons.org/23406036>
- [10] Hausknecht, D.C. (1990), "Measurement scales in customer satisfaction/dissatisfaction", *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behaviour*, Vol. 3, pp.1-11.