



CUSTOMERS' PERCEPTION TOWARDS SERVICE QUALITY OF THE SELECT STAR HOTELS IN COIMBATORE: AN EMPIRICAL STUDY

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Abstract

The quality of service in hotel industry is a significant factor of successful business. The existing trend of complete quality management in hotel industry ensures the achievement of competitive advantage and is therefore the subject of contemporary research into service quality in hotel industry. In the highly competitive hotel industry, service becomes one of the most important elements for gaining a sustainable competitive advantage in the marketplace. The role of service quality in the success of hotels cannot be denied. It is vital for the hotels to have a good understanding on what exactly the customers want. Identifying the expectations of customers, the dimensions of the service quality, and their relative importance for customers for each specific segment of hotel industry would certainly help hotel managers to get better the service quality. In the face of increasing competition, the hotel industry is seeking new tools to create competitive advantage. In this context, the researchers have made an attempt to examine the service quality of the star hotels in Coimbatore. The present study is empirical in character, based on survey method. In the present study, the sampling involves two stages. In the first stage, by adopting stratified random sampling, 30 per cent of the hotels are selected from each category i.e. 10 three star hotels, 2 four star hotels and 1 five star hotel. In the second stage, by adopting convenience sampling, 50 customers are selected from each star hotel selected for this study. As a vital part of the study, the primary data were collected from 650 customers for a period of 6 months from April 2016 to September 2016. The secondary data have been collected mainly from journals, magazines, reports, books and unpublished dissertations. In order to study the perception of customers towards service quality of the star hotels, analysis of variance, student t-test, paired t test, analysis of co-efficient of variation, multiple regression analysis and percentage analysis have been employed. The research explored the perception of the customers towards service quality of the select star hotels in Coimbatore. For this purpose, 650 customers were selected from 13 star hotels. The key finding of the present study is that the service quality of the select star hotels is moderate and is not upto the expectations of the customers. Therefore, the select star hotels should take appropriate measures to make certain the customers' satisfaction on their service delivery to fulfill their expected requirements.

Keywords: Service Quality, Service Performance, Hotel Services, Customers' Satisfaction, Customers' Loyalty, Etc.

Introduction

The service sector plays a significant role in most developing and developed countries. The hotel has become one of the most competitive businesses in the world in the last three decades. The Indian hotel industry has witnessed healthy growth fuelled by robust inflow of foreign tourists as well as increased tourist movement within the country. The sector is expected to grow at an average annual rate of 7.90 per cent from 2013 to 2023. The overall perspective of the industry is changed due to introduction of new techniques and methods of handling various processes. Awareness among the hoteliers and the guests has fuelled the inventions focused on operations. The increased sagacity of customer satisfaction has led to the use of high standards of service in hotel industry. The new service parameters made the hoteliers implement quality management as an effective aid. The use of new techniques began with the simple motive of sophistication and precise activities in the given field of operation which may result in high standards of service in global economy. There has been strong price competition in the hotel industry in recent years and the behavioural intentions of customers are playing an increasingly important role in determining profits of the hotels. In general, customers are satisfied, if they receive good service quality from hotels and their behavioural intentions are by and large favourable.

Service Quality in Hotel Industry

The quality of service in hotel industry is a significant factor of successful business. The existing trend of complete quality management in hotel industry ensures the achievement of competitive advantage and is therefore the subject of contemporary research into service quality in hotel industry. In the highly competitive hotel industry, service becomes one of the most important elements for gaining a sustainable competitive advantage in the marketplace. With Indian hospitality emerging as a chief growth driver for services industry, hotel sector is poised for further growth. Though economic slowdown has resulted in low occupancy and average room rates for hotels across certain major countries, Indian hotel sector is still expected to show healthy prospects compared to global hotel growth. The Indian hotel industry is the largest among all the industries, accounting for over 10 per cent of the country's gross domestic product and around 8 per cent of the employment. Now a



day's time has changed rapidly now with the modernization customer travel rapidly to different hotels for celebrating of even for general lunches or dinners.

The hotel industry is often perceived as the most global in the service sector. Hotels have witnessed increasing competition for high service quality and customer satisfaction. Hence, the hotels that are able to provide quality services to its ever demanding customers in a warm and efficient manner are those businesses which will be more likely to obtain a long-term competitive advantage over their competitors. Customer relationship is a strategic asset of the organization and customer satisfaction is the starting point to define business objectives. Hotels that provide superior service quality are likely to be successful in enhancing guest satisfaction and loyalty. Hotels are trying their best to improve their service quality in order to make customers satisfied with their services. Hotel operators now focus more on the quality standards so as to meet the basic needs and expectations of the customers. Customer loyalty was also of great importance in hotel industry. It is often shaped by positive experience by the customers during their stay in a hotel. Providing more qualified services at hotels refers to the maximizing of value obtained by more benefit in terms of customers. This ensures that hotel customers are satisfied in the hotels. In this way, hotels enhance their work performance; they can also increase their business profitability by decreasing marketing costs. Realizing the increase in competition among hotels, new hotels are focusing on improving service quality to put them in a competitive advantage.

Statement of the Problem

The hotel industry is highly competitive and like any other industry that markets a product in a highly competitive market, competing for the consumer's disposable income. This is particularly significant to the hotel situation in which there is less obvious competition on price, but centers more on issues of facilities, image service and the quality of that provision. All over the world, hotels place importance on service quality so as to produce positive products and services as well as to show standards. In recent years, the hotels in India have encountered hard times due to the increasing customer demands and strong internal industry competition. While the hotels are offering intangible and perishable personal service encounters, managing these services in terms of offering quality experience to their guests, it must be of a paramount concern of any hotels, and the way in which personalized services are provided. Hoteliers do not know what their guests consider as important when evaluating the quality of hotel products and very often do not have unfailing methods for determining the expectations and perception of hotel guests when the service quality is concerned. Customer requirements for quality products and service in the hotel industry have become increasingly evident to professionals. Many factors of service quality of hotels are not standardized where quality aspects such as helpfulness, friendliness and politeness are likely to be interpreted in a different way depending on each guest and therefore assessed subjectively. These peaks make it more complicated to measure for a consistent service quality.

The role of service quality in the success of hotels cannot be denied. It is vital for the hotels to have a good understanding on what exactly the customers want. Identifying the expectations of customers, the dimensions of the service quality, and their relative importance for customers for each specific segment of hotel industry would certainly help hotel managers to get better the service quality. In the face of increasing competition, the hotel industry is seeking new tools to create competitive advantage. The main problem in determining the quality of hotel services is the lack of a unified model for measuring it, or determining the customers' satisfaction with the provided service. At this juncture, some key questions that the hoteliers have to ask themselves are what is the perceived level of service quality by the customers in the select star hotels? And is there any service quality gap in the select star hotels? In this context, the researchers have made an attempt to examine the service quality of the star hotels in Coimbatore.

Objectives of the Study

The study has the following objectives:

1. To examine the acceptance level of the customers towards perceived service quality in the select star hotels in Coimbatore.
2. To find out the service quality gap in the select star hotels.
3. To offer suitable suggestions to improve the service performance of the select star hotels in Coimbatore based on the findings of the study.

Hypotheses

The following null hypotheses have been formulated and tested:

H₀₁: There is no significant relationship among the acceptance levels of the customers belonging to different demographic profiles towards perceived service quality in the select star hotels.

H₀₂: There is no significant difference between the expected and perceived levels of service quality in the select star hotels.

Scope of the Study

The present study attempts to examine the service quality of the select star hotels in Coimbatore. The study is confined only to three types of star hotels i.e. three star, four star and five star hotels. The service quality is the vast subject; therefore, the most important dimensions of service quality of the hotel industry, covering assurance, empathy, reliability, responsiveness, room and room service, and in-house cafe/restaurant only are studied.

Sampling Design

As on March 2016, 34 three star hotels, 7 four star hotels, and 3 five star hotels are in operation in Coimbatore. These star hotels are considered the universe of the study. In the present study, the sampling involves two stages. In the first stage, by adopting stratified random sampling, 30 per cent of the hotels are selected from each category i.e. 10 three star hotels, 2 four star hotels and 1 five star hotel. In the second stage, by adopting convenience sampling, 50 customers are selected from each star hotel selected for this study. Therefore, the sample size consists of 650 customers. The sampling details are given in the following table.

Table 1, Sampling Distribution

| Hotel | No. of Hotels in Operation | Samples | |
|---------------|----------------------------|---------|-----------|
| | | Hotels | Customers |
| 3 star hotels | 34 | 10 | 500 |
| 4 star hotels | 07 | 02 | 100 |
| 5 star hotels | 03 | 01 | 050 |
| Total | 44 | 13 | 650 |

Tools for Data Collection

The present study is empirical in character, based on survey method. As a vital part of the study, the primary data were collected from 650 customers for a period of 6 months from April 2016 to September 2016. The reception desk employees of the select star hotels were requested to administer the questionnaires to guests during their hotel stay, and to collect them after completion. Taking into consideration the objectives of the study, a questionnaire was prepared after a perusal of available literature. Each question was improved for its relevance and meaning by constant interaction with the experts in this topic. The questionnaire was constructed based on Likert scaling technique. The secondary data have been collected mainly from journals, magazines, reports, books and unpublished dissertations. In order to study the perception of customers towards service quality of the star hotels, analysis of variance, student t-test, paired t test, analysis of co-efficient of variation, multiple regression analysis and percentage analysis have been employed.

Findings

1. There is no significant relationship among the acceptance levels of the respondents belonging to different genders, age groups, educational status groups, occupations, types of hotels and hotels towards perceived service quality in the select star hotels. On the other hand, a significant relationship is found among the acceptance levels of the respondents belonging to different monthly income groups towards perceived service quality in the select star hotels.
2. Male respondents, respondents in the age group upto 30 years, respondents with postgraduation and above qualifications, professionals, respondents having monthly income upto Rs.50000, customers of 4 star hotels and customers of the Le Méridien have higher acceptance level with the perceived service quality in the select star hotels in Coimbatore.
3. There exists stability in the acceptance level of female respondents, respondents in the age group upto 30 years, the respondents with postgraduation and above qualification, employed customers, respondents having a monthly income of above Rs.100000, customers of 3 star hotels and customers of the Grand Plaza towards perceived service quality in the select star hotels in Coimbatore.
4. There has been low correlation (0.080) between the perceived service quality and the select personal variables in the select star hotels. The R square indicates that 0.60 per cent of variation in the perceived service quality is explained by all personal variables taken together. The F value indicates that the multiple correlation coefficients are not significant. Respondents' gender, age, educational status, monthly income and type of hotel have no significant effect on their acceptance towards perceived service quality in the select star hotels.



5. There is a significant difference between expected and perceived levels of assurance, empathy, reliability, responsiveness, tangibility, room and room service and in-house cafe/restaurant dimensions of service quality in the select star hotels in Coimbatore. It reveals that the service performance of the select hotels is not upto the expectations of the customers.
6. In regards to the various factors that contribute to the assurance dimension of service quality, the best part of the respondents (28.15%) agree with the list, followed by strongly disagree (23.23%) and disagree (19.23%). 18.46% and 10.92% of the respondents strongly agree and neither agree nor disagree respectively on the assurance dimension of service quality.
7. Out of 650 respondents, greater part of the respondents indicate that they agree (27.08%) with the empathy dimension of service quality in the select star hotels, followed closely by strongly disagree (23.69%) and disagree (20.15%). 18.62% and 10.46% of the respondents strongly agree and neither agree nor disagree respectively.
8. The majority of respondents indicate that they agree and strongly disagree (24.31%) with the reliability dimension of service quality in the select star hotels, followed by disagree (19.38%). 18.31% and 13.69% of the respondents strongly agree and neither agree nor disagree respectively.
9. In regards to the responsiveness dimension of service quality in the select star hotels, greater part of the respondents (25.23%) strongly disagree, followed by agree (23.85%) and disagree (19.85%). 19.23% and 11.85% of the respondents strongly agree and neither agree nor disagree in that order.
10. Out of 650 respondents, 24.92% of the respondents reveal that they agree with the tangibility dimension of service quality, followed by strongly disagree (24.15%), and disagree (24%). 18% and 8.92% of the respondents strongly agree and neither agree nor disagree respectively.
11. Out of 650 respondents, 26.46% of the respondents reveal that they agree with the room and room service dimension of service quality, followed by disagree (24.46%), and strongly disagree (23.69%). 15.08% and 10.31% of the respondents strongly agree and neither agree nor disagree in that order.
12. In regards to the in-house cafe/restaurant dimension of service quality, best part of the respondents (25.38%) disagree, followed by agree (23.69%) and strongly disagree (23.08%). 15.54% and 12.31% of the respondents strongly agree and neither agree nor disagree in that order.
13. Respondents ranging from 22.77 per cent to 35.54 per cent have faced problems with the services of the select star hotels: Poor response, absence of update information, absence of customer intimate strategy, poor state of serving skills, and absence of compliant monitoring cell. Inadequate range of services, poor state of reliability, absence of customer contact programmes, incompetent employees and over promising are the problems of the customers ranging from 37.38 per cent to 40.39 per cent pertaining to services of the select star hotels in Coimbatore. Lack of staff involvement, poor understanding the guests, delay in service and delay in check in and check out are also the problems of the customers ranging from 41.23 per cent to 46.46 per cent towards services of the select star hotels.

Suggestions

1. Database on customers' profile should be created which should function in every star hotel and it must develop an excellent total customers' care programme to suit the specific requirements of its customers. From customers' viewpoint, contact programme to a great extent enhances the ability of the star hotels to meet expectations by delivering appropriate, coherent sales and relationship building messages across all channels. Therefore, the select star hotels shall undertake customer contact programmes so as to figure out the problems and expectations of the customers. For this purpose, direct mails, presenting gifts or best wishes on special occasions can be used to get in touch with customers. It creates close relationship between hotel and customers, and customers' positive thinking about services in the hotel.
2. As hotel operators influence customers' expectation levels by the service promises they create, they should never overpromise or under promise. Overpromising raises customers' expectations beyond the capacity of the hotels to meet them, whereas under promising potentially reduces the competitive appeal of the offer. For that reason, the select star hotels have a better chance of meeting customer expectations when their promises reflect the actually delivered rather than an idealized version of the service.
3. The select star hotels should often assess and reassess how customers perceive hotel services so as to make out whether the hotels meet or exceed or are below the expectations of their customers. Regular customer surveys, therefore, throw light on ratification and refinement, which will go a long way to improve the service performance. Some customer surveys shall be initiated through external agencies so that the public reposes confidence on the results of the surveys. Opinion polls should be carried out periodically to be aware of the perceptions of customers about the services of the select star hotels.



4. As service delivery quality moves from internal customers, the select star hotels should make available the necessary incentives to boost internal customer satisfaction. The human resource department should care more about reward and compensation policy for staff. The job at the star hotel requires special or professional skills. Therefore, it is crucial to maintain staff loyalty and make them work with their responsibility and commitment. Offering some performance incentives can motivate hotel employees to perform their duties with all their heart as they know their performance and contribution to the overall service performance.
5. The select star hotels need to develop faith and confidence in their employees who are in regular contact with the guests. When a hotel manager trusts his employees, they in turn deliver a good service. As the hotels are customer oriented entities, they should employ self-motivated and enthusiastic employees who are competent to deal with customers and solve their complaints in an effective way.
6. The select star hotels must assure that both internal and external premises are kept in a good condition. It means that the properties are clean and well illuminated. Moreover, the hotel surroundings are welcoming, the hotel shop is enjoyable and fascinating, and the employees are tidy and presentable. Besides, the select star hotels must assure that guests are satisfied with the service they paid for, that the rooms are well prepared, and that all facilities are available and work properly.
7. The hotel managers should be aware that guests assume they will have a respectful treatment by polite employees, that the hotel will maintain a safe surrounding, and that it has a suitable location. Therefore, the select star hotels should assure that guests get unique care, which staff members are in charge of reservations, recognize their guests' individual demands, and the expenses should be clearly illustrated.

Conclusion

Indian hotel industry has witnessed spectacular boom in recent years. It has emerged as one of the key drivers of growth among the services sector in India. The ever changing perception of customers necessitates the hotels to match the perception of customers by delivering quality services. The research explored the perception of the customers towards service quality of the select star hotels in Coimbatore. For this purpose, 650 customers were selected from 13 star hotels. The key finding of the present study is that the service quality of the select star hotels is moderate and is not upto the expectations of the customers. Therefore, the select star hotels should take appropriate measures to make certain the customers' satisfaction on their service delivery to fulfill their expected requirements.

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