

Role of Employees versus Infrastructure in the Customer Satisfaction of India's Hotels: A Study of Selected 4 and 5 Star Hotels in Delhi NCR



Commerce

KEYWORDS: *hotel industry, customer satisfaction, customer service, infrastructure, physical environment.*

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ABSTRACT

Given the dynamism that the global hotel industry is exposed to, it is becoming increasingly important for hotels to identify the factors which affect customer satisfaction. Customer satisfaction changes with time and trends; and in face of increased competition, companies need to invest in the factors that make their customers happy and increase their level of satisfaction with the product/ service offered. In the hotel industry the two dominating factors identified are customer service and infrastructure. The aim of this paper is to create a comparison between the two factors and determine which one affects customer satisfaction more.

1. Introduction

The global hospitality and tourism sector has been experiencing a boost during the past two decades due to increased purchasing power of consumers and decreasing barriers to overseas travel, and India is no exception to this phenomenon. The growth of the sector and with the facilities provided has increased relationship between the customers and the hotels. Competitiveness has existed in the hotel industry ever since it started and it is entirely dependent on customer satisfaction. The industry is dynamic, i.e. subject to changes in market conditions and thus has to implement new effective policies in order to both retain old customers and attract new ones. In the absence of high customer satisfaction, a hotel can find itself unable to sustain a business in the long term. In order to achieve their objectives, most hotels today follow the policy of Total Quality Management (TQM). TQM is defined as the system where employees are always focused on providing improved to services to the customer in order to keep him satisfied. It also entails enhancing customers' experience by providing them with a good quality product, which in this case, is the hotel facilities. The aim of this study is to compare the role of employees and infrastructure/ physical environment in the creation of customer satisfaction in the hotel industry of Delhi-NCR. The primary research a comparison between the two factors, to determine which trait what attracts customers more.

2. Literature Review

Customer satisfaction refers to the experience of a customer regarding a particular product or service. It largely depends on the expectations the customer formed about that product or service before availing it. It can be defined as "a transaction-specific affective response resulting from the customer's comparison of the product performance to some repurchase standard". In case of a hotel, two of the most important factors are reviewed below.

Service quality, or SERVQUAL, is considered as an important factor for determining customer satisfaction. The SERVQUAL model consists of five dimensions; tangible services, reliability, responsiveness, trust and confidence, and empathy to give personalized attention to customers. It also include the price of services as well as room tariff of the hotel because it determines the value for money quotient of the service. In hotel industry, service quality is the basis to keep a client happy.

Finally, one of the most important determinants of customer satisfaction in the hotel industry is the infrastructure or physical environment of the hotel. Physical environment of a hotel refers to its material surroundings in the form of exterior and public spaces such as lobby, swimming pool or spa area of the property. Nowadays, it also includes 'green' or environmental-friendly practices of the hotel.

The maintenance and attraction of the physical environment around the customer enhances his satisfaction levels. When customer satisfaction with the physical environment is high, they spend more money on the services provided, exhibiting loyalty.

a) Role of infrastructure and facilities in customer satisfaction of hotel industry

The subject of the impact of physical environment and customer service on the customer satisfaction of a hotel has been consistently studied in literature in the context of various countries. When it comes to physical environment, for instance, researched about the star rated hotels in Hyderabad the measures that enhances customer satisfaction and observed that implementation of latest technological ways such as internet, web connectivity, wifi facilities etc. increased customer satisfaction for the particular hotel. Also, in their study showed that facility aesthetics, lighting, layout, and service staff had significant effects on customer satisfaction and loyalty.

On the other hand, in the case of customer service, employees are one of the most important elements in service creation and delivery in all types of service industries. Employee engagement is a driver for customer satisfaction in hotel industry and in order to keep customers satisfied, employees need to be content as well. conducted a study on 194 participants in luxury hotels in Odisha and concluded that guests use to assess service quality of these places and consider it vital for evaluating their stay. analysis of 150 customers on five broad satisfaction-specific factors named as reliability, responsiveness, assurance, empathy and tangible services have statistically significant effect on the overall satisfaction.

3. Methodology

In case of the present study, since the aim is to compare the impact of customer service and infrastructure of a hotel on customer satisfaction, a primary research through survey method was conducted on customers of selected 3, 4 and 5 star hotels in Delhi. The respondents were selected in random from the hotel lobby after prior permission from the hotel managers. Sampling technique followed was random probability sampling. The respondents were given close ended questionnaire containing questions on customer service and infrastructure importance for their hotel stay.

4. Analysis

a) Demographic Study

The demographic study consists of gender, age, purpose of visit, duration of stay and the star hotel guests are staying in, the results of which are presented below.



Figure : Age of respondents Figure : Purpose of visit of respondents

Duration	Frequency	Percent
Less than 2 days	26	34.7
2-4 days	23	30.7
A week	13	17.3
More than a week	13	17.3

Table : Duration of stay at hotel

The majority people visiting hotels for recreation time with family chose 3 stars or 4 star hotels. The maximum duration of stay for the sample belonged to less than the 2 days category.

a) Inferential Analysis

a. Correlation Analysis between Service Quality and Customer Satisfaction:

Correlation analysis was conducted to study the strength of the relationship between the independent variables (customer service and infrastructure) and customer satisfaction (dependent variable). For the present case (Table 2), the correlation of customer satisfaction with overall responsiveness is as high as 0.968 suggesting customers are highly satisfied with the overall responsiveness of the staff. An important factor such as price of the hotel also varied with customer satisfaction giving the results that customers are highly content with the hotel they are staying in. Similarly, observing other statistics explained high correlation with customer satisfaction.

Variables	Pearson Correlation	Significant Value(2-tailed)
	Customer satisfaction	
Customer Satisfaction	1	
Price of hotel	.928**	.000
Overall Responsiveness of the staff	.968**	.000
Personalized Attention	.938**	.000
Expectations match	.939**	.000
Room Service Quality	.893**	.000

Table2: Correlation between Service quality and customer satisfaction

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

b. Regression Analysis between Service Quality and Customer Satisfaction:

Regression analysis is done is used as predictive modeling technique to observe linear relationship between the independent and dependent variable. The dependent variable in the study is customer satisfaction whereas the independent variables are price of hotel, overall responsiveness of the staff, personalized attention from the staff, expectations matched with customer's level and lastly room service quality.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.991 ^a	.981	.980	.141

Table 3: Model Summary for influence of service quality on customer satisfaction

To observe the goodness of fit in model, the coefficient of

determination was computed. From the values shown above, the model is considered as a good fit explaining all the details about the dependent variable.

Service Quality Factors	Standardized Coefficients		Std. Error	Sig.
	Beta	t		
(Constant)		-2.444	.070	.017
Price of hotel	.167	4.048	.040	.000
Overall Responsiveness	.326	6.033	.053	.000
Personalized Attention	.201	4.625	.048	.000
Expectations match	.278	7.221	.039	.000
Room Service Quality	.070	1.929	.035	.058

Table4 : Coefficients of Regression for impact of service quality and customer satisfaction

Table 4 presents regression of customer satisfaction on various independent factors, the significant regression of overall responsiveness and expectations matched is explained accordingly. However, the room service quality is slightly insignificant at 5% Level of Significance.

a. Correlation Analysis between Infrastructural Facilities and Customer Satisfaction:

The correlation analysis between infrastructural facilities and customer satisfaction (Table 5) is highest for room décor suggesting visitors are highly influenced by the ambience of the room. The remaining factors such as location, recreational factors, etc also the satisfaction level of the customer directly.

Infrastructure Factors	Pearson Correlation	Sig. Value
Customer Satisfaction	1	
Room Decor	.968**	.000
Location	.965**	.000
Sleep Quality	.964**	.000
Recreational Services	.904**	.000
In room utilities	.962**	.000

Table : Correlation Analysis for Infrastructure and Customer Satisfaction

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Table 5: Correlation Analysis for Infrastructure and Customer Satisfaction

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

a. Regression Analysis between Infrastructural Facilities and Customer Satisfaction:

The regression analysis between infrastructural facilities and customer satisfaction is shown as follows:

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.992 ^a	.984	.983	.168

Table 6: Model Summary for infrastructure and customer satisfaction

Table : Model Summary for infrastructure and customer satisfaction a. Predictors: (Constant), In room utilities, Recreational Services, Sleep Quality, Room decor, Location

Table 6 shows the Model summary for infrastructure and customer satisfaction, and the R square at 0.984 shows that model is a good fit as 98% variability is explained in the model by the independent variables. The adjusted R square also gives the effects of important variables in the model. Table 7 further shows insignificant results for location and recreational services at 1% Level of significance interpreting that they have lesser impact on customer satisfaction in comparison to the Room décor, sleep quality and in-room utilities.

Infrastructural Factors	Standardized Coefficients	t	Sig.
	Beta		
(Constant)		-3.131	.003
Room decor	.291	5.730	.000
Location	.151	2.616	.011
Sleep Quality	.278	5.768	.000
Recreational Services	.086	2.486	.015
In room utilities	.219	4.191	.000

Table : Coefficients of Regression

1. Conclusion

The success of hotel industry is highly dependent on customer satisfaction, which in turn, as highlighted in this study, is dependent on two main factors; customer service and infrastructure. The review of existing literature revealed that the main factors affecting customer satisfaction with a hotel are the prices of hotel services/ room tariff and initial high expectations. On the other hand, it was found during the analysis of survey results that that infrastructure of the hotel impacts customer satisfaction to a slightly higher extent than service quality. Infrastructure consisted of physical environment dimensions identified in the literature such as hotel exterior, décor, and other facilities such as spa, swimming pool and recreational center. It also included environment friendly practices adopted by hotel such as sustainable tourism which today attracts many customers, it being an additional criterion for selection by customers. On the other hand, the correlation between service quality offered and visitors' satisfaction is slightly less, but it is also high effecting customers directly. Therefore, it can be said that both aspects of a hotel i.e. customer service as well as infrastructure greatly affect customer satisfaction today.

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