SERVICE QUALITY DIMENSIONS AND CUSTOMER SATISFACTION IN THE HOSPITALITY INDUSTRY: AN EXPLORATORY APPROACH

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Abstract

Service quality is considered substantial when it comes to defining organizational success. The winning strategy is to deliver best service quality to customers. Owerri, the capital of Imo State has been discovered as one major hospitality city in Nigeria. The number of hotels and relaxation centres in Owerri and the new ones coming up are numerous. The industry is now a booming business area that has become attractive to other people. The main purpose of this paper therefore, is to determine the service quality dimensions and its influence on customer’s satisfaction and retention. Excellent quality service not only results in a profit strategy but also it is energizing for employees to perform to their potential to meet challenges. By providing quality service, hospitality industry especially the hotels can sustain customers’ confidence and gain competitive advantage over their competitors. In this paper, descriptive method was used with emphases in exploratory approach. Simple random sampling was used for data collection while multiple regression statistical tools was used for data analysis. The results indicate that service quality variables including tangibility and reliability influences customer satisfaction, retention and loyalty of customers. The study recommended among others that understanding of the impact of service quality on customer satisfaction, retention and loyalty should lead to improved efficiency of the service process by improving both the customer satisfaction and the service quality process.

Keywords: Service Quality, Customer satisfaction, Customer retention, Customer Loyalty, Customer service

Introduction

The campaign for the promotion of tourism industry in Nigeria has prompted so many states, groups, individuals and organizations to actively involved in the hospitality industry as a measure to answer this clarion call. In Owerri, the capital city of Imo State, hospitality industry particularly hotels has become a lucrative business. But one big question that is yet to be answered is the nature of service quality dimensions rendered in this industry and its influence on customer satisfaction and retention.
In today’s competitive business world, the concept of service quality, customer service and customer satisfaction has played strategic roles in improving, managing, retaining and developing the hospitality industry. When business activities in large cities begin to grow, the hospitality industry begins to gain ground. Due to the changing economic trend in Nigeria today, the outlook of business activities have significantly changed and shifted from high reliance on manufacturing industries to focus on providing timely and quality service delivery. Therefore, in order to provide quality service to customers in this present time, organizations must have appropriate and comprehensive knowledge of who their service are meant for, what form of service should be delivered in order to make impacts on their chosen business area.

However, as service quality is a critical success factor for all successful business including the hotel industry, it is imperative to understand the service quality methods for improving quality to sustain customer satisfaction (Zeithaml&btiner, 2000; Lardhari et al, 2008). In an attempt to grapple the question on what quality service should be rendered to customers, (Davis &Heineke, 2003) noted that, services are intangible (Alam&Khohar, 2006) and therefore more difficult for both service providers and the customers to measure and evaluate objectively. These authors went on to say that services are produced and consumed simultaneously, meaning that either the customer or a possession of the customer is involved in the process while the service is being delivered. (Aronould, Price & Zinkhand, 2004) posited that no organization can provide essential and quality service delivery without the requisite to understand further than the basic characteristics of services and what they value.

Therefore, the quality of service in the hotel industry is an important factor of successful business. The existing trend of complete quality management in hospitality industry ensures the achievement of competitive advantage of the hotel industry and is therefore the subject of contemporary research. As the hotel industry is well established and booming in Owerri, it is essential to identify the service quality of these hotels and determine whether the customers expectation are been met.

**Problem in Focus**

This study is purposed to identify the best service quality attributes or dimensions in hospitality industry and apply the existing theory to check the results in hospitality industry in Owerri. The problems remains (1), Identifying the influence of service quality dimension on customer satisfaction, customer retention and (2), Identification of major service quality variables and their relationship with customer satisfaction in the hospitality industry in Owerri.

The objective examines the influence of service quality variables on customer’s satisfaction, customer retention and identifies the major service quality variables and their relationship with customer satisfaction in the hospitality industry.

Basically, the paper aims at providing answer to the following questions

* What is the influence of service quality attributes on customer satisfaction.
* What is the influence of service quality variables on customer retention in the hospitality
What service quality dimension can enhance customer loyalty in the hospitality industry.

**Literature Review**

**Concept of Service Quality**

The concept of service quality has been defined by different people with different connotations. However, depending on an organization’s focus such as hospitality industry, retailing, manufacturing or service, the goals of providing service quality may vary. In fact, we often use the term service quality as if it were a separate occupational field unto itself; in reality, most organizations provide some degree of service quality. The service quality was introduced in 1980s when the firms that rendered only quality product maintained competitive edge over others (Boshoff & Gray, 2004).

Definitions of different writers will help to review this important concept. According to (Cronin & Taylor, 1994) service quality is a form of attitude representing a long-run overall evaluation. For (Bitner, Booms & Mohr, 1994) service quality is the customer’s overall impression of the relative inferiority/superiority of the organization and its services. But, it is obvious that a customer cannot determine the overall quality of a particular service, even after saying thank you. This is because, there are hidden qualities which a customer may not recognize immediately from the service rendered or particular service received.

Broadly speaking, (Parasuaman et al, 1985) defined service quality as a function of the differences between expectation and performance along the quality dimensions. They proposed service quality to be a function of perceived process quality, pre-purchase customer expectations and perceived output quality. Base on their statement of 1985, service quality is checked by the differences between customers’ perception of the service, experience and their expectation of service. Anyway, perception or expectation is not supposed to give service quality, because human perception or expectation differs, but there should be a parameter for evaluation of every service quality. In a similar agreement with Parasuraman et al (Roes & Pieters’, 1999) sees service quality as a relativistic and cognitive discrepancy between experience-based norms and performances concerning service benefits. Service quality for the purpose of this paper, are those apparatuses that a customer considered necessary in any particular service received even after saying thank you.

**Customer Service:** Customer service is defined by David and Uttal (1998) as everything an entrepreneur offers that helps to separate his product(s) or services from his competitors. Customer service refers to the activities and programs a seller or Hotelier provides to make a relationship satisfying for higher customers (Futrell, 2005). Relationship satisfaction here may be further elaborated in its relationship with customer satisfaction, customer retention and customer loyalty.

**Customer Satisfaction**
Torres and Kline, (2006) defined customer satisfaction as “the individual’s perception of the performance of the product or service in relation to expectations”. Some recent contributions from such scholars as Henning-Thurau (2002) Lymeropoulos et al, (2006), Walker et al, (2008) Nisserzadeh et al, (2008), Al- Elsa and Alhemond, (2009), Gursoy and Swanger, (2007) suggest that the ability of firms to satisfy customer needs is a key to their long-term business success. When customers are satisfied, they remain loyal to their service provider (Anderson and Mittal, 2000), and communicate more positively about their service providers to potential clients. (Chi and Gursey, 2009) and that impacts positively on the competitive positions of the firms within the markets in which they operate (Mccoll-Kennedy and Seheider, 2000). According to Shi and Su, (2007), service quality is related with customer satisfaction and customer satisfaction is associated with customer revisit intention (Ham, Back and Barret, 2009). If an effective image is portrayed to customers, it will create competitive advantage for hotel, (Ryu, Ham and Kim, 2008).
Customer Retention

Customer retention is the action or movement an organization undertakes for the main purpose of reducing consumer’s anxiety and fear about a product or service in order to increase the lifespan of a customer. Customer retention goes beyond satisfying the present expectations of the customers, instead it is helpful in anticipating their expectations so that they become loyal supporters and promoters for the company brand.

The incessant hunt of operational distinction in keeping customers becomes essential when the customers inform others how well they were treated when doing business with them.

Jones Beethy and Mothersbaugh (2002) adduced that, customers retention involves keeping in touch and building the various means of communications such as mails, phone calls, letters, special gifts/offers, follows up and cards or notes with a personal touch, (Bowen and Chen, 2001). James and Naser (2003) added that these forms of communications must continually occur from time to time. Customers not only appreciate this, it arouses their sense of belongings because it makes them feel respected, esteemed and important. It acknowledges them, keeps them informed, off sets post purchase doubts, reinforces the reason they are doing business with you and makes them feel part of your business so that they will want to come back again and again.

For every organization to survive the competitive world, it is important to develop an effective customer retention strategy that will meet the needs, aspirations, demands and requirements of the customers. This can be represented below:

Source: From Virtuous Circle in Management

Customer Loyalty

Customer loyalty is won by providing extra service for the customer. Organizations must assess individuals needs and determine how to meet those needs better than competitors. Luces (2005) affirm that as organisation continues to provide excellent and quality customer service delivery and dealing with displeasure/discontent instantaneously, customer loyalty and retention will be realized. The following equation will convey this idea.

“Quality service/effective service delivery + pro-active relationship building + Elimination of
displeasure/discontent + identification/resolution of complaints + implementation and feedback = customer satisfaction and loyalty”.

Customer loyalty is a passionate thing that is classically based on customer values and expectation in sustaining a relationship with the Organization and these relationships should be purely based on conviction and trust.

Service Quality Dimensions
To answer question (3) in the research question, the true factors that can help investigate service quality in the hospitality industries is examined. These factors include tangibility, reliability, responsiveness, assurance and empathy.

The above five service quality factors, can help us to investigate the service quality dimensions in the hospitality industry in Owerri. These dimensions are described as follows:

**Tangibility:** These are all appearance of the physical facilities surrounding the environment including personnel, equipment, building and renovations, and the way of communication. In other words, quality service entails the outlook of the hospitality industry and the first hand impression. Studies from (Cronin &Ballester, 2004) revealed that tangible service indicator consist of cleanliness of the dinning or event area, employees wear, neat and clean dresses, they must use disposable gloves and also wear hair nets. The seating and parking facilities must be up-to-date. Therefore, a company should want all their customers to get a unique positive and never forgetting first hand impression, this would make them more likely to return in the future. Aesthetic design of the environment, event center etc can enhance service quality of a particular hotel.

**Reliability:**- This describes the capabilities to fulfill promised services accurately and dependably. It refers to how the industry are performing and completing their promised service, quality and accuracy within the given set requirements between the industry and the customer. Services delivered as a hospitality industry should be a valued promise reflecting satisfaction with accurate charges to the customers. Since every customer want to know if their supplier is reliable and fulfill the set requirements with satisfaction, it is important to fulfill promises on time and in a systematic way (Cronin & Taylor, 1992).

**Responsiveness:**- This entails the intentions of the industry and willingness of the industry to help its customers in providing them with a good quality and fast service. This means that the employees are always willing to help the customers and they should have a time to respond to customers request. Tell the employee’s exact time about service deliveries and are available for prompt services (Cronin & Taylor, 1992). Responsiveness is a very important dimension, because every customer feels more valued if they get the best quality in the service (Delgado &Ballester, 2004).

**Assurance:**- This includes the understandings and courtesy of employees, their capabilities to convey confidence, trust, competence, security and credibility. If the customers are not
comfortable with the employees, there are a rather large chance that the customers will not return to do further business with the industry. Hence, in hospitality industry point of view a customer feel safe while consuming services and feel secure at his stay when he receives courteous relationship from employees. Employees must have a sufficient skills and knowledge to perform polite and courteous services. Employees must be trustworthy so that the customer feels safety in his financial transactions (Cronin & Taylor, 1992; Delgado &Ballester, 2004).

**Empathy:** This refers to how the hospitality industry cares and gives individualized attention to their customers, to make the customers feel extra valued and special. It consists of communication, access and understanding the customer. If the customers feel they get individualized and quality attention there is a very big chance that they will return to the industry and do business there again. Hospitality industry services must have availability of tools or apparatuses, make sure that the location is easily findable and served items must be packed. In addition, it must be a secured environment, where customers will be more relaxed with their minds.

**Hypothesis**
For the purpose of the study, the following hypothesis was formulated to guide the study.

Ho2: Customers satisfactions are not in any way influenced by service quality factors in the hospitality industry.

Ho2: Service quality variables do not have any significant on customer retentions in the hospitality industry.

**Methodology**
A group of 60 regular customers were selected with simple random sampling from the books of various hotels in Owerri. This total number which consists of men and women respondents was administered questionnaires to obtain a primary data for the topic of discussions. An exploratory research design was further used to obtain information in the industry, reviewed literature, hospitality magazines and experts from the hospitality industry. In the selection of the respondents, efforts were made to ensure that respondents communicated and chosen represented the actual users of their various hotels for a minimum of five years. With the aid of statistical package for social sciences, data analysis were made and interpreted.

**Data Analyses and Interpretation**
The study was designed to examine the influence of service quality variable on customer satisfaction and retention. The study questionnaires was divided into three sections and were personally administered on 60 respondents by three co-authors to ensure statistical precision without bias. Out of the entire lot administered 47 were returned and properly filled. Multiple
TABLE 1

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Frequency</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26-35</td>
<td>5</td>
<td>10.6</td>
</tr>
<tr>
<td>36-45</td>
<td>20</td>
<td>42.5</td>
</tr>
<tr>
<td>46-55</td>
<td>15</td>
<td>31.9</td>
</tr>
<tr>
<td>56 – Above</td>
<td>7</td>
<td>14.8</td>
</tr>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>30</td>
<td>63.8</td>
</tr>
<tr>
<td>Female</td>
<td>17</td>
<td>36.2</td>
</tr>
<tr>
<td><strong>Marital Status</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>20</td>
<td>42.5</td>
</tr>
<tr>
<td>Married</td>
<td>27</td>
<td>57.5</td>
</tr>
<tr>
<td><strong>Educational Level</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 Year Education</td>
<td>7</td>
<td>14.8</td>
</tr>
<tr>
<td>14 Year Education</td>
<td>25</td>
<td>53.2</td>
</tr>
<tr>
<td>16 Year Education and More</td>
<td>15</td>
<td>31.9</td>
</tr>
</tbody>
</table>

Source: Field Survey 2015.

The result in table 1 shows that 64% respondents were male and 36 female. The percentage of married respondents were 57 and 43 single.

In terms of educational level, most of the respondents have bachelor degree (52%). The table indicates that the age category of 26-35 is represent by (11%), 36-45 represents (43%), 46-55 is represented by (32%) and the rest of above 56 are (15%).
Test of Hypothesis I:

\( H_{01} \): Customer satisfaction are not in any way influenced by service quality factors.

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Square</th>
<th>df</th>
<th>Mean square</th>
<th>F</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>19.653</td>
<td>3</td>
<td></td>
<td>10.131</td>
<td>0.000</td>
</tr>
<tr>
<td>Residual</td>
<td>26.512</td>
<td>41</td>
<td>6.551</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>46.165</td>
<td>44</td>
<td>0.647</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Decision**

From the above ANOVA, the decision is to reject the null hypothesis (\( H_0 \)) and accept the alternative hypothesis (\( H_1 \)). This is premised on the fact that the calculated \( F \) value of 10.131 is significant at 0.0001 significant levels. The implication is that consumers are influenced by some service quality variables in the hotel industry. These service quality variables include Tangibility, Reliability, and empathy among others. As a result of the findings, a regression model was developed to measure the degree at which service quality variables can influence customer satisfaction.

**Model:**

If \( y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \ldots \ldots \ldots + \epsilon \),

Then \( y = 4.021 + 0.0666x_1 + 0.253x_2 + 0.435x_3 + \ldots \ldots + \epsilon \)

Where \( y \) = the degree at which a customer satisfaction can be influenced by some service quality variables

\( X_1 \) = Tangibility

\( X_2 \) = Reliability

\( X_3 \) = Empathy etc

\( \epsilon \) = Slack variables

**Hypothesis 2**

\( H_{02} \), Service quality variables do not have any significance on customer retention in the hotel
Decision

According to the table above, the decision is to reject the null hypothesis (Ho) and accept the alternative hypothesis (Hi). This is premised on the fact that the calculated f value of 3.178 is significant at 0.05 significant levels. It means therefore that service quality variables contributes significantly in the retention of customers in the hotel industry. As a result of these findings a regression model was developed to measure the degree at which some service quality variables influences customer retention. Model is shown below.

Model

If \( y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \ldots \ldots \ldots \) 

Then \( y = (2.997) + 0.101x_1 + 0.145x_2 + 0.315x_3 - 0.151 x_4 \ldots \ldots \)

Where \( y \) = the degree at which service quality variables influences customer satisfaction.

\( X_1 = \) Customer service generally \\
\( X_2 = \) Tangibility \\
\( X_3 = \) Reliability \\
\( X_4 = \) Empathy etc \\
\( \epsilon = \) Dummy variables

Objective three, question three was discussed somewhere else in the paper. It consists of Tangibility, Reliability, Responsiveness Assurance and Empathy.
Discussion

The finding in the study, reviewed that service quality dimension including tangibility, reliability and Empathy among others influences customer retention. In addition, the study also revealed that the customer satisfaction which is influenced by service quality variables also influences customer retention.

Conclusion and Recommendation

From the discussion above as derived from the tested hypothesis, it revealed that service quality dimension are significant factors in influencing customer satisfaction, retention and loyalty. The marketing implication to the industry is the post-purchase anxiety arising from the gap between performance and expectation of the customer. Strategy in the market place is influenced by the decision of the customers. Therefore, a better understanding of the impact of service quality, customer satisfaction, retention and loyalty should lead to improved efficiency of the service process, by improving both the customer satisfaction and the service quality process.

References


