

## Customer Satisfaction Determination in Hotel Industry of Bangladesh

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### Abstract

*In business, customer satisfaction is a tactic of making money and this money can only be generated by having a satisfied and loyal customer base. With the world dwindling into a globalized village the intensity of competition has increased to an astonishing degree. This paper has highlighted the fact that customer satisfaction is exceedingly personal estimation that is deeply influenced by customer expectations regarding the services. The most dynamic verb in the lexis of customer satisfaction is 'to improve'. Hence the hotel industry like other industries is realizing the significance of customer centered philosophies with the overall goal in terms of customer satisfaction is to stay as close to their customers as possible. It started with the concept of customer satisfaction in the hotel industry and the determinants of satisfaction which eventually leads to future intentions of customers. The result of the study showed that improved and superior service quality and service features would augment customer satisfaction and the future intentions of satisfied customers would be magnified; thus service features are most imperative to the customers when it is about their satisfaction.*

**Keywords:** Service quality, service features, customer satisfaction, future intentions

### 1. Introduction

Performing trade worldwide is an inevitability rather opulence in most industries. Practically all tactical decisions today are embroidered by global concerns. Through the influx of many new industrial sectors in Bangladesh, hotel management industry is also flourishing at a fast rate. Undoubtedly high quality food and beverage, reception, house keeping and expertise have played a momentous role in the expansion of hotel industry in Bangladesh. With the growth of hotel industry in Bangladesh the residents are facilitated with more recreational and pursuit opportunities by providing them not only good food but also fine surroundings, making their minds lighten up from the daily work load. The fast expansion of hotel industry also provides employment opportunities to many unwaged people and fresh graduates seeking jobs.

Many foreign investors are looking forward to invest in this industry capitalizing on the expansion opportunities of this sector. Expansion of the existing hotels has also created direct as well as indirect avenues for employment. Bangladesh being sanctified with natural beauty has always been an attraction for the tourists. Hotels are not only providing lodging facilities to the foreigners but also favorably affecting national exchequer.

The rising nature of this industry can be better gauged by an increasing rate of jobs and apprenticeship which illustrates that this sector is experiencing a shift towards highly competitive, integrated and customer oriented market framework. Many fresh graduates are looking forward to pick this sector as most promising with advancement opportunities and new exposure. The progressive career path is evident from the fact that universities are now

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offering degrees in hotel management courses and other kinds of diplomas and short courses. This trend was not seen ten years ago in Bangladesh.

The hotel industry had been burgeoning at a steady rate with a heavy influx of customers every season a decade ago. However, with the increase in the worldwide man-made catastrophes, the industry plunged downwards at an alarming rate. Insecurity about health and life issues spread within the business and the steady flow of customers reduced. By the time this insecurity was diminished, the economy went weak. In recent times, it is weak economy that has forced both business and customers in the downsizing of the hotel industry.

In an effort to rescue their business as the hotel industry declined, the hoteliers cut costs in order to better manage the financial issues. They either trimmed the staff or cut down certain extraganza facilities or both. However with this downsizing, customer satisfaction also decreased and this is something which hotel industry cannot face.

A good hotelier keeps various factors in mind before proceeding in the cutting down of services by formulating a well-designed plan. If the plan is implemented successfully, then there is no threat to customer satisfaction. Customer satisfaction soars high if the employee performance is excellent. Employee performance includes competence, kindness, hospitality, courteousness, swiftness and sensitivity. Guests feel welcome if the staff is gracious and welcoming. By offering enhanced commitment through a well trained staff, the hotels can secure lucrative income through satisfied customers. As Ziari (2000) believes that customer is the king, accommodating this time tested philosophy we have to be acquainted with how intricate it is to make this king happy.

## **2. Literature Review**

There are diverse studies that address the issue of customer satisfaction and the influencing variables that leverage the process. In business, customer satisfaction is a tactic of making money and this money can only be generated by having a satisfied and loyal customer base. With the world dwindling into a globalized villege the intensity of competition has increased immensely. The booming firms define their strategies in customer oriented compartment. Kotler (2000) defined satisfaction as a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations". But Oliver (1997) took a more myopic view and stated customer satisfaction as a consumer's fulfillment response. It is a judgment that product or service feature, or the product or service itself, provides a pleasurable level of consumption related fulfillment. In other words, it is the overall level of contentment with a service/product experience".

According to Kotler (2000), the success of the product offering depends upon the value and satisfaction it delivers to the targeted buyers. Hence it is the fulfillment of the expected needs of the customers after the consumption of the delivered product or service as a result of a cluster of integrated activities focused on the customers. Subsequently the key to augment the volume of sales and to capitalize profit, companies should satisfy their clientele. Mckinsey (2001) believed that the booming and the customer centric organizations understand the chief aspects of satisfaction that end up in differentiated and sky-scraping value for its most striking customers. Customer satisfaction has a direct and positive impact on organization's profitability. Hence academicians and researchers

stressed the significance of customer satisfaction in academic literature. In more precise terms it is a personal consideration that hinges upon the particular customer expectations regarding the service. Therefore, organizations should look into the expected desires of their customers to earn profit (Singh, 2006). Especially when competitive edge becomes key concern then policy makers should continually strive to increase the level of customer satisfaction (Sutanto, 2009).

### **2.1. Service Quality**

Service quality is a customer perception of how well a service meets or exceeds their expectations (Czepiel, 1990). It is considered a key factor for enhancing customer satisfaction (Geetika, 2010). Even the study of Cronin and Taylor (1992) found it a key antecedent to customer satisfaction. Service quality not only play a vital role in satisfying customers (Grzanic, 2007) but is also considered as a value driven for consumers and a way to position product in a dynamic environment (Kaul, 2005). Understanding the customers' requirement about the service quality and catering to their need in this regard is beneficial in many ways (Shahin, 2002).

### **2.2. Service Features**

Service features can be defined as the quality or the user requirements related to matters such as frequency, reliability, regularity, suitability, location, safety and convenience (Lubbe, 2003). Among these factors, reliability is treated as the most important service feature in a way to enhance customer satisfaction (Smith et al., 2007), but according to Ahmed et al. convenience and service specific factors (e.g. competitive interest rates) are the two core ingredients to satisfy customers. If service providers fail to properly tackle such behavior, it can have severe ramifications. But service features vary from environment to environment. However, considering hotel environment, service features such as modus operandi of the attendants, service initiative of attendant, environment and adornment of reception hall are key variables which lead towards customer satisfaction (Shi and Su, 2007).

### **2.3. Future Intentions**

Future intentions are defined as subjective judgements about how a person will behave in the future and usually serve as criterion variable in much research focusing on the service sector and satisfaction models (Boulding et al., 1993; Soderlund and Ohman, 2003).

Numerous researches have shown different variables having direct positive or negative relationship with future intentions. The study of Ewing (2000) showed brand loyalty having strong influence on future intentions to purchase the same or another brand, whereas Shabbir et al. (2009) found brand awareness and corporate image enhanced, customer's future intentions. The study of Fen and Lian (2010) concluded that customer satisfaction directly influenced customer repatronage intentions. Simpson (2000) also reported a positive relationship between perceived satisfaction and customers' stated intention to re-purchase and recommending the same service/product. Functional service value and functional service quality are also found to be having strong impact on behavior intentions while functional service price did not impact on future intention (Khan, 2010).

Taking all these factors into account, this research study was focused on service quality and service features that might be having direct significant impact on customer satisfaction which will then lead towards future intentions of customers as has already been concluded in previous researches conducted in other parts of world.

### **3. Objective**

The broad objective of this paper is to uphold the importance of potential number of untapped customers & the need to address them with better service in hotel industry.

### **4. Methodology**

#### **4.1. Population**

Hotels operating in two cities of Bangladesh 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 a better position to assess the factor affecting customer satisfaction in the hotel industry in Bangladesh. Therefore, frequency of visit was also duly considered in specifying the population of the study.

#### **4.2. 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 on convenience basis. Self-administered approach was applied for data collection and surveys were completed anonymously and returned to the researchers. At the end a total of 254 responses were received and analyzed through SPSS 15.0.

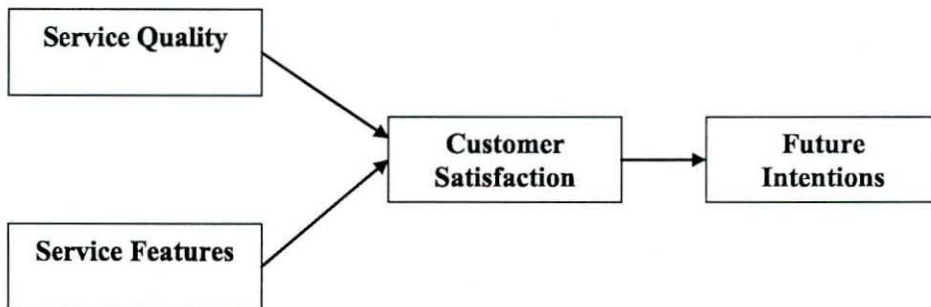
#### **4.3. Measures**

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 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 on the basis of the feedback of the respondents it was modified to improve the clarity and the 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

## 5. Research Model



## 6. Hypothesis

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

H1: By enhancing the service features, customer satisfaction can be improved.

H2: The improved service quality will increase customer satisfaction.

H3: Customer satisfaction will have positive relationship with future intentions to purchase the same product.

## 7. Data Analysis

Data analysis was done to establish how the units covered in the research project counter to the items under investigation. Descriptive statistics, correlation and regression methods were employed to analyse the collected data. Figures obtained from SPSS 15.0 statistical part were interpreted to come to conclusions and implications.

### 7.1. Demographic Distinctiveness of Respondents

We judged our correspondents on the basis of age, gender, level of education, occupation, income level and frequency of visits. The first part of the questionnaire comprised demographical information of the respondents. The results depict that majority of the customers with income level of more than 50,000 usually prefer to visit Sheraton Pan Pacific and Radisson and their frequency of visits give a picture of their satisfaction level. Only a small fraction of the sample is in the higher age group and they are in higher management. Table below contains the demographic statistics.

### 7.2. Demographic Statistics

Widely different demographic gauges were tailored to weigh up the demographic information of our respondents. The frequency and the percentage fallout of the demographic analysis

shows that the highest percentage (32%) of the people visiting hotels more frequently is (20 or below) and 82 was the frequency of the respondents out of the total number of respondents. 61% were male while 39% were female. Education level really gave a picture of varied results. Highest level of 51% of respondents was bachelors and only 11% were PhDs. 36% of the respondents were students and 14% were self employed. Income level of 26% of the respondents was above 50,000 and of 18% was below 10,000. 29 % of our respondents selected Serena as their favorite hotel where as 11% recognized Holiday Inn as their choice. Frequency of visits of 47 % of the respondents was uncertain while only 13% were those who visited their favorite hotels once a week.

Table 2: Results showing demographic analysis

<b>Measures</b>	<b>Items</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Age</b>	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%
<b>Gender</b>	Male	155	61%
	Female	99	39%
<b>Highest Level of Education</b>	Bachelors	129	51%
	Masters	51	20%
	MS/M.Phil	47	18%
	PhD	27	11%
<b>Occupation</b>	Employed	88	35%
	Self-employed	36	14%
	Student	92	36%
	Others	38	15%
<b>Income Level</b>	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%
<b>Favorite Hotel</b>	Sheraton - Pan Pacific Sonargaon	73	29%
	Serena	58	23%
	Radisson	49	19%
	Others	29	29%
		45	18%
<b>Frequency of visits</b>	Once a week	34	13%
	Once in 15 days	44	17%
	Once a month	59	23%
	Uncertain	117	47%

### 7.3. Descriptive Statistics

Descriptive statistics were used to examine Mean, Median, Mode, Standard Deviation and other arithmetic information. As all the items were measured using five point likert scale starting from "strongly disagree" to "strongly agree", therefore mean values greater than 3.00 for all four variables are showing positive trend. The upshot explains the intensity of customer satisfaction, service quality, service features and future intentions which are positively skewed. The mean value of service quality is 4.25 which clearly portrays that majority of the respondents were agreed to the questions relating to service quality. The same is observed in future intentions with mean value of 4.42 showing the customer's intention to visit their preferred hotel again and again. In nutshell, customers favored the hotels in terms of service quality and service features. Table below contains data on dominant tendency for the predicting and criterion variables.

**Table 3:** Results showing Descriptive Statistics

<b>Constructs</b>	<b>Mean</b>	<b>Std. Deviation</b>
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 to the average distance from the mean. As calculated, low standard deviation can be evident from the fact 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 are found significantly correlated with customer satisfaction. Correlation value between customer satisfaction and service features is 0.43 which shows that if customers are provided with lofty and valuable service features then customer satisfaction will be enhanced.

Second highest correlation value is calculated at 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 at 0.24 which is also high but not like the 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 "service quality and customer satisfaction", "service features and customer satisfaction" and "customer satisfaction with future intentions" in the hotel industry of Bangladesh.

**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).

## 8. Discussion and Findings

The analysis of the 21 question items comprising various aspects of service quality, service features and customer complaint handling suggests that in hotel industry, customer satisfaction depend 19 % on these three variables and the rest of 81 % on other variables. These findings are slightly different due to different political, social and economic factors widespread in this developing country.

Descriptive statistics showed the positive trend of all the variables. Especially strong positive mean value of future intentions explains that according to customers' responses, employees of the hotel are courteous and provide them with individual support in case of any problem. It offers a complete range of services and the overall quality of the services are excellent. Furthermore, they recommend their preferred hotels to other people such as friends, family members etc. The highest correlation value between service features and customer satisfaction shows that when a hotel offers competitive service charges and it is easily accessible to them, then all leads toward satisfaction among customers.

## 9. Conclusion and Implications

The study examined the determinants of customer satisfaction in hotel business. The domino effect of the study discovered that service quality and service features play a significant part in customer satisfaction. It further validates the argument that satisfied customers will be having future intentions for visiting that hotel on a long-term basis. It was seen from the results that the service features were most imperative to the customers when it is about their satisfaction.

We believe that our research model for customer satisfaction in hotel industry is very constructive and it can open the directions for further research by making an allowance for many different variables. If the owners of the hotels truly want to gain competitive edge today then they must try to focus on service quality and service features to make their customers satisfied which in response will bring customer retention and loyalty for the owners and facilitate them in developing their business.

The study of customer satisfaction is both exigent and imperative. Prospect efforts should be prolonged to press forward a better understanding of the concept, the gaps left behind and the means developed to gauge and enhance customer satisfaction approaches.



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 to such needs.
- Employees at front desk are the key personnel who help customer form impression of the hotel. Therefore their appearance needs to be neat. They should strive to provide each customer with a personalized touch. Their commitment to their respective hotel should be flawless.
- Customers normally prefer hotels which have broad product lines, quality offerings at reasonable prices and convenient location. Therefore managers should keep these factors constantly in view factors.

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