

Service quality management in Hotel Industry

■ SAMEER KORANNE AND SUNITA BORKAR

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ABSTRACT

It is an attempt to understand the role of quality improvement process in hospitality industry and effectiveness in making it sustainable business enterprise. It is a survey of the presently adopted quality management tools which are making the hotels operations better focused and reliable and meet the customer expectations. Descriptive research design was used to know the parameters of service quality management in hospitality industry. Exploratory research design was undertaken to dig out the service quality management practices and its effectiveness. Data analysis was done and the hypothesis was tested against the collected data. It can be inferred from the study that the hotel implements continuous improvement process and quality management tools to remain competitive in the market. The study involved hotels of highly competitive market with limited number of respondents. This limited the study to hotel industry and has scope of including other hospitality service providers as well.

KEY WORDS : Customer satisfaction, Perception, Performance measurement, Continuous improvement process

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Hospitality industry has gone through many changes since its inception. There are tremendous changes occurred over a period of time due to various reasons. The reasons may include changing patterns in customer preferences, industrialization, revolution in transport and aviation, changing laws and regulations and so on. During the last few decades, there is phenomenal change experienced in the hospitality industry and the reason being is service quality.

It has brought paradigm shifts in the operations of hospitality industry. 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 hospitality operations. The demanding customers and

increased sense of customer satisfaction led to the use of high standards of service in industry. The new service parameters made the hoteliers to implement quality management as an effective aid.

It has significantly affected hotels' ability to control and adapt to changing environments. 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 and has allowed the rise of a leisure class. This study of Service quality management in hospitality industry is an attempt to understand the presence of quality improvement process in hospitality industry and effectiveness in making it sustainable business enterprise. It is a survey of the presently adopted quality management tools which are making the hotels operations safer, focused and reliable and meet the customer expectations.

As the hospitality industry becomes more competitive, economic pressures increases and the industry continues to expand, there is an obvious need to retain clientele as well as increasing profitability. It is therefore unsurprising that hospitality management professionals strive to improve guest

MEMBERS OF THE RESEARCH FORUM

Correspondence to:

SUNITA BORKAR, Department of Family Resource Management, L.A.D. College for Women, NAGPUR (M.S.) INDIA

Authors' affiliations:

SAMEER KORANNE, Sinhgad Institute of Hotel Management and Catering Technology, PUNE (M.S.) INDIA

satisfaction, and short- and long-term revenues. The management professionals whom are striving for these results however often have limited understanding of research surrounding the paradigms of guest satisfaction, and the consequent effects it has on guest loyalty and financial performance. This research paper shall enlighten some of the variables of service quality resulting into guest satisfaction.

Though there are many trade and academic papers discussing guest satisfaction published, which one can note that limited attention has been paid to the value perception and expectations guests have towards product delivery, and the effects price guests pay for an experience has on satisfaction and future spending. Furthermore, it is also known that the role of pricing in relation to guest satisfaction has been largely ignored. Considering that guest's expectation has gone up in the past few decades within the hospitality industry, and continues to do so, does not make it any easier for management to understand what guests expect.

American society for quality control defines quality as the totality of features and characteristics of the service or product that bears on its ability to satisfy customer needs (Kotler Philip, 2006, p.34 -35). It is said that service quality is what differentiates hospitality establishments, but there is not an agreed definition of what service quality is. There is however a few different suggestions of how to define service quality. One is to divide service into technical, functional and image components (Gronroos Christian, 1982), another is that service quality is determined by its fitness for use by internal and external customers. Though no agreed definition exists, it is accepted that service quality is dependent on guest's needs and expectations. One definition of service quality states that quality is simply conformance to specifications, which would mean that positive quality is when a product or service specific quality meets or exceeds preset standards or promises. This however seems like a simplistic view, especially within the hospitality industry. There are therefore other definitions specifically for the hospitality industry which state that service quality must be guest oriented. The alternative definitions read as follows: quality is excellence, quality is value for money, quality is meeting or exceeding expectations. This appears better aligned with the ideas which exist within hospitality management than the first mentioned simplistic approach.

Considering that both service quality and value are rather difficult to measure, hospitality companies must therefore heavily rely on guest's quality perceptions and expectations to get reliable results. This is best achieved by asking guest's questions related to expectations and their perceptions of the service quality, which can effectively be achieved through carefully designed surveys.

Unlike physical products, services cannot be seen, tasted, felt, heard or smelled before they are purchased (Kotler Philip, 2006, p.59). Therefore, buyers look for some tangible

evidence that will provide information and confidence about service. Something like the exterior of the restaurant or hotel is the first thing on arrival of the guest; cleanliness of the public areas etc. provides clues about service. The 'service scape' is a general term to describe the physical surroundings of a service environment (Reimer and Kuchen, 2005, p. 786) such as a hotel or cruiseship. The service offered is to some extent intangible which makes it very difficult for guests to gauge what is good and not so good about the services offered. Therefore, guests are sometimes unconsciously trying to obtain as much information as possible through experiences to decrease information asymmetries. This causes guests to look for quality signals or cues which would provide them with information about the service, which leads us to 'cue utilization theory'.

Cue utilization theory states that products or services consist of several arrays of cues that serve as surrogate indicators of product or service quality. There are both intrinsic and extrinsic cues to help guests determine quality, where the intrinsic cues provide information on the physical attributes of the product or service, whereas extrinsic cues are product related and provide information such as brand and price. Consequentially, due to the limited tangibility of services within a hospitality environment, guests are often left to accept the price of the experience and the physical appearance or environment of the hotel or cruiseship itself as quality indicators.

It can be very difficult for guests to evaluate the service quality, as the experience as a whole can be somewhat overwhelming. To make the service-evaluation process simpler, guests turn to the physical environment, the hotel, to look for tangible evidence that indicate that either 'yes' this is a great hotel or 'no' this is not up to expectations. It has been found that not only the quality of above mentioned services correlate to overall satisfaction, but also the room design and the physical property impact satisfaction levels (Mattila and O'Neill, 2003, p. 330).

High quality builds loyal customers and creates positive word of mouth. It determines customer satisfaction, which affects repeat business, many studies have shown that it costs four to six times to create a customer as it does to maintain an existing one (Kotler Philip, 2006, p.420).

On an average, one satisfied customer will tell five others while a dissatisfied customer will tell ten or more others. To balance the negative word with positive word, two or more person should leave as satisfied for very one person leaving unsatisfied. Most hospitality professionals do understand that hotels that have more satisfied guests experience higher guest loyalty and perform better financially compared to their competition. The long-term success is based on guest loyalty and retention which consequentially results in future revenue.

When discussing satisfaction, it is important to

understand that guest's evaluation of service comprising of two basic distinct dimensions: service delivery and service outcome (Mattila, 1999, p. 42). Research indicates that how the service was delivered (perceived functional quality) is more important than the outcome of the service process (technical quality). This research clearly indicates that efforts by staff have a strong effect on guest's satisfaction judgments.

Customers of hospitality often blame themselves when dissatisfied for their bad choice. Employees must be aware that dissatisfied customers may not complain and therefore the employees should seek out sources of dissatisfaction and resolve them (Zeithaml, 1981, p.186 -190).

METHODOLOGY

The research on service quality management in hospitality industry required multiple methods of data sourcing. Various resources contributed in different ways of collection of data and analyzing for the research paper. Descriptive research design was used to know the attributes of service quality management in hospitality industry. Exploratory research design was undertaken to dig out the service quality management practices and its effectiveness.

Primary data sources:

The study required survey of current quality management approaches used in hotel industry. It also involved the continuous discussions with service providers and the developers of various standard operating procedures. The visit to hotels proved as major source of information. For this study, observation method and questionnaire survey were selected for primary data collection.

Major sources of primary data include the respondents: Hoteliers, front line staff and management level executives. Multivariate questions were presented to the respondents and responses formed the main part of data. Purposive sample method with more than 30 respondents from various leading hotel was used for this study. It also included the brief interview and discussion to know and understand the presence of quality improvement practices implemented in their hotels. The study required survey of current service practices used in hotel industry.

Telephonic conversation with peers and friends in hospitality industry worked a wonder giving lots of inputs in drafting this paper.

Though there was a specific questionnaire used for collecting information, the objective of the paper was well discussed with the every contributor and whatever the information was provided by these sources, was arranged for further analysis. The analysis of the available data was done on the relevance to the topic. The effectiveness of the technology in conservation of resources was always a point

of consideration. The data was shifted for making them as precise as possible.

Secondary data sources:

For this study, data sources such as hospitality journals, books on service quality management, organization behaviour, URL on internet of various hospitality majors. Referring hospitality publications were helpful in knowing the current inventions in industry.

ANALYSIS AND DISCUSSION

There is a significant relationship between service quality management and customer satisfaction. In hospitality industry, the customer satisfaction variables such as availability, access, information, time, delivery of service, availability of personal competence, comfortable and safer atmosphere and pollution free environment are of prime concern to every hotelier. The industry continuously tries to improve upon its services to meet the levels of customer satisfaction.

The intangible nature of the service as a product means that it could be very difficult to place quantifiable terms on the features that contribute to the quality of the product. This could make measurement of the quality of the product, a problem for service quality management. The customer is frequently directly involved in the delivery of the service and as such introduces an unknown and unpredictable influence on the process.

The customer also adds uncertainty to the process because it is often difficult to determine the exact requirements of the customer and what they regard as an acceptable standard of service. This problem is magnified by the fact that, standards are often judgmental, based on personal preferences or even mood, rather than on technical performance that can be measured.

Every hotel has a target market to cater which has very specific requirement in terms of expected and perceived quality of service. The customers come with different perception of quality every time they come to hotel and this makes it quite difficult to define quality and set its level. It requires hotels to continuously compare their perception against customer perception in terms of satisfaction measurement with performance measurement.

The study has shown that the effective tools which management of various hotels uses for continuous improvement process and how it is dissipated amongst all the stake holders.

On discussion with hoteliers, it was found that quality has direct impact on the product or service performance. It is closely linked to customer satisfaction and value. Quality can be defined as 'freedom from defects', however, customer oriented hotels have gone beyond this narrow definition of quality. It is defined in terms of customer satisfaction.

It is understood that the surveyed hotels have adapted to Service Quality Management principles for development of quality culture as detailed below. Continuous improvement process was implemented as Deming's well known PDCA cycle. It was modified to certain suitable steps viz.:

Defining quality attributes and variables:

The attributes represent discrete values such as presence or absence of personnel to attend certain duties. Variables denote quantitative data such as price paid for products and services.

Measure:

Critical to quality characteristics are established and factors contributing to good or bad service are identified.

Analysis:

Attributes and variables were measured to find any possible causes of defect or low quality of service.

Improvement:

The influence of the causes for defects and questionable quality are quantified and acceptable benchmarks for the same are defined.

This questionnaire handed to 30 respondents of given hotels to understand the performance of their establishments on given attributes, variables and were measured with multivariate questions.

The research questions and hypothesis of the study is presented as under: Implementing service quality management as a tool for improvement in customer satisfaction.

This hypothesis was tested by responses to specific questions related to SQM and its implementation and is presented as below :

Change in customer satisfaction index on practicing SQM programme: 19 were improved, 7 were indifferent and 4 were declined.

Importance of SQM in customer satisfaction: 22 reported high satisfaction, 5 reported mid-leveled satisfaction and 3 reported low satisfaction.

Frequency of evaluating the SQM programme: 3 did it frequently 10 monthly and 17 quarterly.

Specially designed SQM programmes to improve customer satisfaction: 18 said they had done this, 5 said they had not and 7 said they were planning to do so.

Means to evaluate customer satisfaction on implementation of SQM: 16 said that they have used the in-house questionnaire method, 10 have used outside agencies and 4 have used suggestion box.

Dedicated staff for matters of SQM and customer satisfaction: 17 reported that they have taken measures, 10 reported they haven't any and 3 have planned to do it.

Reasons to implement service quality management programmes: 3 reported they were doing it for the sake of competition, 4 were doing it for branding and 23 were doing it for customer satisfaction.

Effect of quality improvement on bottom line: 22 said they observed positive effects, 6 said it was indifferent and 2 said they found it negatively effective.

For customer satisfaction (area which requires continuous improvement program): 22 replied that it was more at the Guest Relations and Service, 5 replied it was production and 3 replied marketing.

From the above data analysis with simple majority of opinion, it can be inferred that Service Quality Management is an important factor in improving the customer satisfaction which results in improved bottom line. Many variables of customer satisfaction are tested again and again and are modified to suit changing customer requirement. The matching of customer perception to the actual delivery of service is a major task in the improvement of quality.

Hypothesis :

Practicing Continuous Improvement programme has benefited hotel.

This hypothesis is discussed with respondents to length and tested by responses to specific questions as presented as below :

Leadership in the field of service quality excellence: 14 thought it was required, 10 had indifferent thoughts and 9 thought it was not required.

Majority created opportunity to learn from best practices and increased customer satisfaction by increasing efficiency in service delivery and improved employee satisfaction and engagement. Many identified strengths and weaknesses across each department and have set common goals and created a customer service culture amongst staff

The collected data was analyzed with simple majority of opinion. It can be inferred that continuous improvement programmes add value to the organizations in many ways. Hotel business being capital intensive which requires long wait for returns on investment requires improving continuously as per the changing patterns of guest requirements and perception of quality. New processes were designed, tested and then the staff was trained to practice it.

Summary and conclusion:

It can be inferred from the study that the hotel implements continuous improvement process and quality management tools to remain competitive in the market. The ever changing perception of customer for hotel industry requires the hotels to match the perception of customer by delivering quality services. This leads to higher levels of customer satisfaction and customer loyalty.

The study involves hotels of highly competitive market with limited number of respondents. This limits the study to hotel industry and has scope of including other hospitality service providers as well. The direct response from hotel guest could not be collected since it was unavailable for external public.

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