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A research study on customer satisfaction and loyalty in hospitality industry, Rajkot

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ABSTRACT

This research paper explores the relationship between the customer satisfaction and loyalty in hospitality industry. It provides valuable insights into the factors that drive guest loyalty and offers practical implications for businesses aiming to enhance customer retention and overall profitability in this sector. In the realm of the hospitality industry, it becomes crucial to ascertain whether customers are content with the services and exhibit loyalty towards the establishment. Consequently, this research places its primary emphasis on gauging customer satisfaction and loyalty within the hospitality sector. The hospitality sector encompasses various businesses such as hotels, restaurants, and other service providers. This research study employs a descriptive research approach, utilizing a Convenience (non-random) sampling technique with a sample size of 100 customers from the hospitality industry Rajkot. Data collection involves the use of questionnaires, and subsequent analysis involves the application of Chi-square tests. The research is grounded in a conceptual model that demonstrates the interconnectedness of customer satisfaction, customer trust and customer loyalty. In summary, the data highlights the significance of various factors impacting customers' hotel choices. It emphasizes occasional visits driven by positive experiences and loyalty programs. To succeed, hotels must prioritize meeting customer preferences and providing enticing amenities.

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1. Introduction

Today, the hotel industry is a worldwide business, serving people and attracting customers from all over the globe. Staying in hotels, dining at their restaurants, enjoying bars, and clubs is no longer seen as a luxury; it's a normal part of life for many. Over the past decade, the demand for hotel services has gone beyond just travelers, which has made the hotel industry grow worldwide. This growth has also made the competition between hotels more intense. The biggest challenge for hotels today is dealing with this ever-increasing competition. However, this competition has brought significant benefits to customers, such as

more choices, better value for their money, and improved service.¹⁻⁵

Customer Satisfaction and Loyalty have emerged as significant marketing subjects in recent years. Over the past 15 years, extensive marketing research has been dedicated to understanding, defining, and examining these important topics.

The hospitality industry in India has shown promising growth potential, with an estimated value of USD 23.50 billion in 2023, projected to reach USD 29.61 billion by 2028. India's cultural richness and tourist attractions have drawn global visitors, while the rising middle class, disposable income, and innovative ventures like Airbnb and Oyo have boosted domestic travel. However, the COVID-19 pandemic significantly impacted the hotel sector, leading

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to a contraction of 47% in 2020 and a projected decline of over 65% in 2021. Despite challenges, India's hospitality industry remains resilient and poised for future growth.⁶⁻⁹

1.1. Literature review

Ahmed, S., Al Asheq, A., Ahmed, E., Chowdhury, U. Y., Sufi, T., & Mostofa, M. G. (2023). The intricate relationships of consumers' loyalty and their perceptions of service quality, price and satisfaction in restaurant service.

This study focuses on understanding how consumers perceive restaurant services in Bangladesh. It aims to explore the impact of perceived service quality and price fairness on consumer satisfaction and loyalty towards restaurants. Data was collected from 326 respondents and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The findings highlight that both perceived service quality and price fairness significantly influence consumer satisfaction.

VidyanataVidyanata, D. (2022). *The Mediating Role of Customer Satisfaction on the Relationship between Service Quality and Consumer Loyalty on the Hospitality Industry*

This study underscores the significance of service quality and customer satisfaction in shaping customer loyalty within the hospitality industry. Maintaining these aspects is vital for long-term organizational sustainability. The research aims to explore the connections between service quality, customer satisfaction, and loyalty. It examines the impact of service quality on both customer loyalty and satisfaction, as well as the mediating role of customer satisfaction between service quality and loyalty.

Priyo, J. S., Mohamad, B., & Adetunji, R. R. (2019). *An examination of the effects of service quality and customer satisfaction on customer loyalty in the hotel industry.*

This research paper aims to investigate the relationships between service quality, customer satisfaction, and customer loyalty in the hotel service industry. The study employs a quantitative approach, collecting data from 182 hotel customers in Indonesia to assess their perceptions of service quality, customer loyalty, and satisfaction. The collected data were analyzed using PLS-SEM (Partial Least Squares Structural Equation Modeling) to validate the hypothesized model. The study also confirms the positive connection between customer satisfaction and loyalty.

Nobar, H. B. K., & Rostamzadeh, R. (2018). *The impact of customer satisfaction, customer experience and customer loyalty on brand power: empirical evidence from hotel industry. Journal of Business Economics and Management.*

This research investigates how customer satisfaction, experience, and loyalty impact brand strength in the hotel industry. Using a sample of Pars Hotels' customers (sample size: 384), the study employs structural equation modeling to assess the relationships. The results reveal that customer expectations have the most significant impact on satisfaction, while customer loyalty also plays a crucial role.

Rather, R. A., & Sharma, J. (2017). *The effects of customer satisfaction and commitment on customer loyalty: Evidence from the hotel industry.*

This research emphasizes that achieving business success requires more than just attracting new customers; hoteliers should prioritize retaining existing customers by implementing effective strategies for customer commitment, satisfaction, and loyalty. The main objective of the study is to highlight the significant impact of customer satisfaction and customer commitment on fostering customer loyalty. The sample selection was done through simple random sampling, resulting in 112 returned questionnaires out of 120 distributed (a 93% response rate).

Al-Msallam, S., & Alhaddad, A. (2016). *Customer satisfaction and loyalty in the hotel industry: The mediating role of relationship marketing (PLS approach). Journal of Research in Business and Management.*

This research focuses on the importance of customer loyalty for a company's success and aims to enhance our understanding of the connections between customer loyalty, customer satisfaction, and Relationship Marketing components like trust and commitment. The primary objective is to identify the factors—trust, commitment (both affective and calculative), and customer satisfaction—that contribute positively to customer loyalty in the hotel industry. The results highlight that customer satisfaction, trust in the hotel, and affective commitment are positively associated with customer loyalty.¹⁰⁻¹²

Kim, M., Vogt, C. A., & Knutson, B. J. (2015). *Relationships among customer satisfaction, delight, and loyalty in the hospitality industry. Journal of Hospitality & Tourism Research.*

This research paper highlights the importance of customer satisfaction and loyalty within the realms of research and marketing. It mentions recent studies suggesting that customer delight might lead to even stronger customer loyalty compared to satisfaction alone. The concept of loyalty is evolving, being viewed as a multifaceted concept with different phases, and it's utilized for targeted customer segmentation and strategies.

Al-Msallam, S. (2015). *Customer satisfaction and brand loyalty in the hotel industry. International Journal of Management Sciences and Business Research, 4.*

In this research, discusses a study focused on the relationship between customer satisfaction, brand loyalty, and two key customer perceptions: brand image and price fairness. The research aimed to understand how these factors influence each other and their impact on customer loyalty. The study collected data from 584 guests across three different hotels in Damascus and found that customer satisfaction plays a crucial role in driving customer loyalty.

Highlight, M., Dorosti, A., Rahnama, A., & Hoseinpour, A. (2012). *Evaluation of factors affecting customer loyalty in the restaurant industry. African journal of business*

management.

In this research, the goal was to analyse the elements influencing customer loyalty in the restaurant industry. Data was gathered through questionnaires across different branches of Boof Chain Restaurant in Tehran, involving a total of 268 customers. The study employed structured equation modeling to assess factors like food quality, service quality, restaurant environment, perception of price fairness, and restaurant location.

Dominici, G., & Guzzo, R. (2010). Customer satisfaction in the hotel industry: A case study from Sicily. International journal of marketing studies.

The aim of this research is to thrive in the market; businesses must do more than just attract new customers. Keeping existing customers happy through effective satisfaction and loyalty strategies is crucial. Especially in the hotel industry, making guests happy depends a lot on the quality of service. By focusing on making customers happy, hotels can build their loyalty and create a positive image for their location. So, understanding what customers care about when choosing a hotel is really important.

1.2. Model application

Haghighi, M., Dorosti, A., Rahnama, A., & Hoseinpour, A. (2012). Evaluation of factors affecting customer loyalty in the restaurant industry. *African journal of business management*, 6(14), 5039.

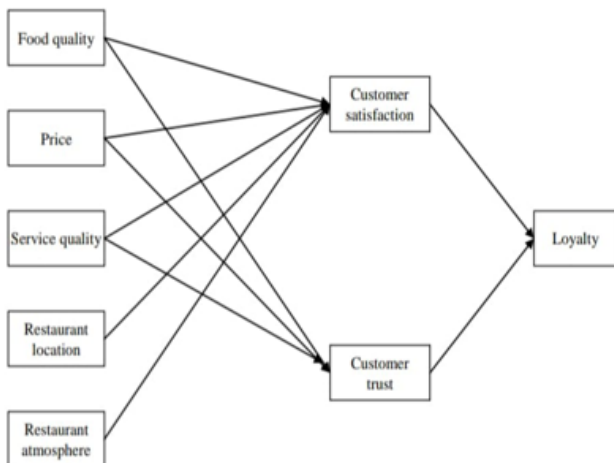


Fig. 1:

1.3. Applicability of this model

The application of this model shows:

1. Food quality, price, service quality, restaurant location and restaurant atmosphere leads to the customer satisfaction and customer trust towered the hotel.

2. Customer satisfaction and customer trust leads to the loyalty.
3. This model applied for this research project to know that customer satisfaction is influenced by the customer loyalty.

2. Research Methodology

2.1. Research problem

The research problem for the studying the customer satisfaction and loyalty in the hospitality industry is identifying the specific challenges and issues that hinder hotels and establishment from effectively measuring, understanding and improving customer satisfaction and loyalty. The purpose of this research to comprehensively examine and understand the levels of customer satisfaction and loyalty among guests who stay at Hotel in Rajkot. By conducting this study, the aim is to identify the factors that contribute to guest satisfaction, assess the connection between satisfaction and guest loyalty, and provide valuable insights and recommendations to enhance the hotel's services, amenities, and overall guest experience.

3. Research objectives

1. To measure the level of customer satisfaction and loyalty for hospitality industry.
2. To explore the effectiveness of loyalty programs and incentives in retaining customers for hospitality industry.
3. To provide actionable recommendations based on the research findings to enhance customer satisfaction.
4. To identify and understand the priority of the customer while choosing hotel.
5. To measure the willingness of potential or existing guests to participate in a loyalty program.

3.1. Research design

Table 1:

Type of research	Descriptive research
Population of the study	Customer of the hotel
Sample size	100
Sampling method	Convenience – non-random sampling technique
Data collection instrument	Questionnaire
Data analysis method	Graph Statistic application Model application

How important is the customer review for you while choosing a Hotel?

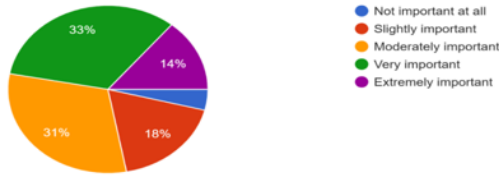


Fig. 2: The data shown in the figure 2 represents that plays a vital role for customers while choosing a hotel.

Q-8 Which hotel amenities do you consider to be the most essential? (Select all that apply)
100 responses

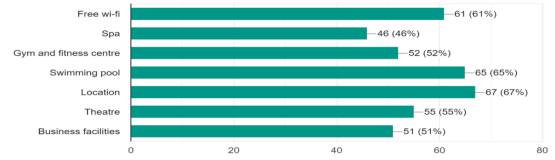


Fig. 6:

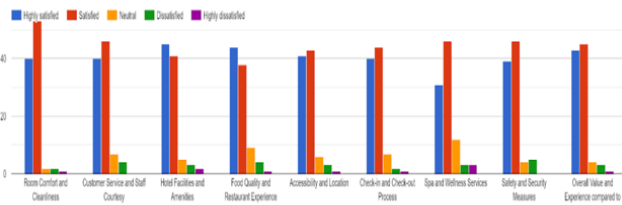


Fig. 3: The data shown in the figure represents that customers are satisfied with different aspects of hotel stays.

How often do you visit Hotel for a stay?



Fig. 4: The above data shows in figure 4 that customers are visiting hotel occasionally.

Which factors would influence your decision to return to Hotel for future stays?



Fig. 5: This chart indicates that people would be more likely to choose hotel for their next stays if they had a positive experience there previously and if the hotel offers a loyalty program or rewards for returning guests.

4. Data Analysis and Interpretation

Table 2:

Row Labels	Family Room	Luxury room	Standard Room	Suites	Grand Total
20,000 to 40,000	7	12	14	7	40
40,000 to 60,000	1	5	6	2	14
60,000 to 80,000	2	5	8	1	16
80,000 to 1,00,000	1	10	5	6	22
Above 1,00,000	1	3	0	4	8
Grand Total	12	35	33	20	100

4.1. Chi-square test – test of independence

Ho (Null Hypothesis): The selection of accommodation by customers is independent of their income.

Ha (Alternative Hypothesis): The selection of accommodation by customers is dependent on their income.

4.2. Chi-square test – test of independence

Null Hypothesis (Ho): The frequency of visits has no effect on individuals' consideration of an executive membership program.

Alternative Hypothesis (Ha): The frequency of visits influences individuals' consideration of an executive membership program.

Table 3:

Observed Frequency	Expected frequency	Observed – Expected Frequency	(Observed –expected frequency) ² /expected frequency
7	4.8	4.84	1.008
1	1.68	0.46	0.275
2	1.92	0.0064	0.003
1	2.64	2.69	1.02
1	0.96	0.0016	0.002
12	14	4	0.286
5	4.6	0.16	0.035
5	5.6	0.36	0.064
10	7.7	5.29	0.69
3	2.8	0.04	0.014
14	13.2	0.64	0.048
6	4.62	1.38	0.30
8	5.28	7.40	1.40
5	7.26	5.11	0.70
0	2.64	6.97	2.64
7	8	1	0.125
2	2.8	0.64	0.23
1	3.2	4.84	1.51
6	4.4	2.56	0.58
4	1.6	5.76	3.6
100			14.53

Level of Significance = 0.05 degree of freedom = (R-1)*(C-1) = 12 $\lambda^2_{tab} = \lambda^2_{0.05, 12} = 21.026$ Ho is accepted as observed Chi-square is less than critical Chi-Square.

Table 4:

Row Labels	I'm already a member of such a program	No, I wouldn't consider it	Yes, I might consider it	Yes, I would definitely consider it	Grand Total
Occasionally (2-3 times a year)	5	8	18	17	48
Rarely (Once a year or less)	1	7	18	14	40
Regularly (4-6 times a year)	0	1	4	7	12
Grand Total	6	16	40	38	100

Table 5:

Observed Frequency	Expected frequency	Observed – Expected Frequency	(Observed –expected frequency) ² /expected frequency
5	2.88	4.49	1.57
1	2.4	1.96	0.82
0	0.72	0.52	0.72
8	7.68	0.10	0.013
7	6.4	0.36	0.06
1	1.92	0.85	0.44
18	19.2	1.2	0.06
18	16	4	0.25
4	4.8	0.64	0.13
17	18.24	1.54	0.08
14	15.2	1.44	0.09
7	4.56	5.95	1.30
100			5.533

Level of Significance = 0.05 degree of freedom = (R-1)*(C-1) = 6

$\lambda^2_{tab} = \lambda^2_{0.05, 6} = 12.592$

Ho is accepted as observed Chi-square is less than critical Chi-Square.

5. Conclusion

The data presented in the figures underscores the significance of various factors influencing customers' hotel choices. It reveals that customers exhibit satisfaction with different aspects of their hotel stays. Notably, it suggests that customers tend to visit hotels occasionally rather than frequently. Furthermore, the chart emphasizes that positive past experiences and the presence of loyalty programs significantly influence customers' decisions to choose a particular hotel for their future stays. Ultimately, the data highlights the essential need for hotels to align with customer preferences and provide enticing amenities to attract and retain their clientele effectively.

6. Source of Funding

None.

7. Conflict of Interest

None.

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