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Examining the Dimensionality of Customer Satisfaction in Sri Lankan Hotel Industry

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ABSTRACT

In order to be achieve competitive advantage in the market it is not sufficient to attract new customers it is must concentrate on retaining existing customers implementing effective policies of customer satisfaction and loyalty. The customer satisfaction is largely depend on quality of service in the hotel industry. A management approach focused on customer satisfaction can improve customer loyalty, thus increasing the positive image of the tourist destination. Hence, exploring the customer satisfaction of hotel industry attributes in hotel selection is essential. Research on the topic of customer satisfaction, communication, transaction and distribution was the dimensions which translates into the consideration of whether or not customers will return to a hotel or advice it to other tourists, is pivotal to the success of the hospitality business. A quantitative analysis perform using Liket scale of star graded hotels in Sri Lanka. These type of

standard questionnaire have used in the internet marketing research (Chailee, 2008). Descriptive statistics, inter-item correlation matrix and factor analysis were used to measure the quality of the data. Through the regression analysis of this case, evaluate the overall customer satisfaction of star hotels and multivariate data analysis was used to analysis the dimensionality customer satisfaction levels in star hotels. We conclude discussing the result and proposing improvement in customer satisfaction Management of the hotel.

Keywords: Customer satisfaction, Hotel industry, quantitative analysis

Introduction

Hotels are escalating their investments to improve their service quality and the perceived value for customers to achieve a better customer satisfaction and loyalty as this would result in better relationships with each customer (Jones et al., 2007). Kim et al. (2001) emphasis that quality has a remarkable positive effect on the hotel guests' behavior and it creates positive word of mouth and increases the repeated guest rates.

Azevedo (2007) states that the higher customer satisfaction is, it influences the bigger and more success of firms. Quality is one of indicators for retaining their clients in which the service quality maintains the purchase decision of the customers. It focuses on the delivery dependability, responsiveness, order flexibility and delivery flexibility. According to Gronoos (1990); Parasuraman et al. (1988) the quality of service and customer satisfaction are critical factors for the success of any business.

Quality is one of the indications for the efficient service of a firm for retaining their consumers. The quality of the services would attract the customers. According to the researchers Cardozo, 1995; Fornell, 1992; considerate consumer satisfaction is supposed to lead to purchases decision by the customers. Westbrook and Oliver (1991), study defined the consumer's satisfaction as a normal feeling that a customer improved about a purchased product or services. According to the study by Engel, Blackwell, and Miniard (1990), the influence factors for customer satisfactions is culture, social class, personal influence and family, and other individual differences such as motivation and involvement, knowledge, attitude, lifestyle, personality, and demographics.

According to Choi and Chu (1999), satisfaction is a product attribute. Attributes are the underlying characteristics of the product or service. Product attributes are measured by the presence of facilities, number of rooms, or perceptually such as cleanliness of hotel, staff’s helpfulness and efficiency, etc (Oh, 1999,).

Being so, the present paper aims: (i) to highlight the importance of customer satisfaction; and (ii) to examine the dimensionality of customer satisfaction of the Sri Lankan hotel industry. In this paper a conceptual model for examine the customer satisfaction, by taking into consideration three determinant factors: communication, transaction, distribution. The interaction established between the referred determinant factors identified through the literature in various type of industries, by using a selected set of standard questionnaires. These procedures may provide the identification of the sources of customer satisfaction that adopt with service quality.

Table 01
Dimensions of the Customer Satisfaction:

| I. Communication | Strongly disagree | Disagree | Neutral | Agree | Strongly agree | MeanCSC |
|---|-------------------|----------|---------|-------|----------------|---------|
| Maximizing accessing of information | | | | | | CCSAI |
| Maximizing interactivity process | | | | | | CCSIP |
| Maximize customers relationship and personalization | | | | | | CCSRP |
| Reducing communication cost and time | | | | | | CCSCT |
| I. Transaction | | | | | | MeanCST |
| Reducing transaction process complexity | | | | | | CTSTP |
| Maximizing Internet transaction enjoyment | | | | | | CTSIT |
| Reducing transaction cost and time | | | | | | |
| II. Distribution | | | | | | MeanCSD |
| Shortening supply chain | | | | | | |
| Reducing distribution cost and time | | | | | | CDSSC |
| | | | | | | CDSCT |

Goodness of Measures; customer satisfaction in Main Survey: Reliability and Validity

Descriptive statistics, inter-item correlation matrix and factor analysis were used to measure the quality of the data; customer satisfaction in the main survey. The values of mean and stranded deviation did not differ significantly among the items in each constructs. The highest and lowest correlation for each item with one other item in the construct should be within the 0.3 and 0.9 in inter-item correlation matrix (Chinna, 2012). Furthermore, the KMO value should greater than 0.500 and a single factor extraction should be more than 50% and smallest factor loading should be greater than 0.500 (> 0.5 : Hair et al., 2012) form the exploratory factor analysis.

Nunnally and Bernstein (1994), emphasis that the Likert scale was applied as a measurement of the reliability using the Cronbach Alpha for the quantitative data in which the alpha value is higher than 0.7000. The reliability of the EFA tested through the Cronbach Alpha value which should be more than 0.700 (Hair, et al.1986). Furthermore, Watsh (1995), emphasis the reliability and validity test the instrument using the Cronbach's coefficient alpha value. When the factor loading is more than 0.500 for each item, it is adequate for individual item reliability (Bagozzi and Yi, 1998). Hair et al., 2006 emphasis that less than 0.5 should not be exceeded from the factor loading of each construct of the variables. It was measured to check whether measures the variable reliably in each questionnaire.

Reliability

Table 02
Reliability analyses from Pilot Study

| Concept | Inter- items correlation | | Reliability |
|--------------------------|--------------------------|-------|-------------------|
| | Min | Max | Cronbatch's Alpha |
| I. Customer satisfaction | | | |
| CS : Communication | 0.641 | 0.795 | 0.896 |
| CS : Transaction | 0.465 | 0.779 | 0.853 |

| | | | |
|-------------------|-------|-------|-------|
| CS : Distribution | 0.499 | 0.499 | 0.666 |
|-------------------|-------|-------|-------|

The construct are often measured in a Likert scale, since the data for this study was generated using the scaled responses, it was deemed necessary to test the inter-item consistency reliability. Cronbach's Alpha (α) was calculated for each of factors of social media utilization, competitive advantages, human skill, technological skill, firm capacity, firm size and cost of capital in which construct ensure the internal consistency of the instruments. According to the given result for each construct of the factors' Cronbach's Alpha (α) over 0.700 and are considered to be reliable (Hair, *et al.* 2010).

Examining the Dimensionality of Customer Satisfaction: Communication

Based on the mean values in Table 02, there seem to be an agreement in all the 4 statements on customer satisfaction: communication. The highest correlation for each item with at least one other item in the construct is between 0.3 and 0.9. Hence, all the 4 items correlate adequately in the construct. The Kaiser-Meyer-Olkin (KMO) value is 0.762 and Cronbach's Alpha value the 0.802 which are considered to be good. A single factor was extracted that explained the 62 % of the variation in the 4 items. The smallest factor loading is 0.563(> 0.5: Hair at al, 2010). The mean of the 4 item was computed and saved as (MeanCSC) customer satisfaction: communication to be used for further analysis.

Table 03: Descriptive Summary and inter-item Correlations for items in Customer Satisfaction: Communication

| | Descriptive statistic | | Inter-Item Correlation Matrix | | | |
|-----------------------------|-----------------------|-----------|-------------------------------|-------|-------|-------|
| | Mean | Std. Dev. | 1 | 2 | 3 | 4 |
| 1.Accessing information | 4.28 | .449 | 1.000 | .449 | .528 | .425 |
| 2.Interactive process | 4.27 | .447 | .449 | 1.000 | .591 | .404 |
| 3.Customer relationship | 4.36 | .481 | .528 | .591 | 1.000 | .611 |
| 4.Communication cost & time | 4.37 | .485 | .425 | .404 | .611 | 1.000 |

Examining the Dimensionality of Customer Satisfaction: Transaction

Based on the mean values in Table 03, there seem to be an agreement in all 3 statements on customer satisfaction: transaction. The highest correlation for each item with at least one other item in the construct is between 0.3 and 0.9. Hence, all the 4 items correlate adequately in the construct. The Kaiser-Meyer-Olkin (KMO) value is 0.710 and Cronbach's Alpha value the 0.797 which are considered to be good. A single factor was extracted that explained the 71 % of the variation in the 3 items. The smallest factor loading is 0.704 (> 0.5: Hair at al, 2010). The mean of the 3 item was computed and saved as (MeanCST) customer satisfaction: transaction to be used for further analysis.

Table 04: Descriptive Summary and inter-item Correlations for items in Customer Satisfaction: Transaction

| | Descriptive statistic | | Inter- item correlation matrix | | |
|---------------------------|-----------------------|-----------|--------------------------------|-------|-------|
| | Mean | Std. Dev. | 1 | 2 | 3 |
| 1.Transaction process | 4.23 | .421 | 1.000 | .580 | .552 |
| 2.Internet transaction | 4.29 | .456 | .580 | 1.000 | .576 |
| 3.Transaction cost & time | 4.35 | .477 | .552 | .576 | 1.000 |

Examining the Dimensionality of Customer Satisfaction: Distribution

Based on the mean values in Table 04, there seem to be an agreement in all the 2 statements on customer satisfaction: distribution. The highest correlation for each item with at least one other item in the construct is between 0.3 and 0.9. Hence, all the 2 items correlate adequately in the construct. The Kaiser-Meyer-Olkin (KMO) value is 0.500 and Cronbach's Alpha value the 0.677 which are considered to be good. A single factor was extracted that explained the 76 % of the variation in the 2 items. The smallest factor loading is 0.756 (> 0.5: Hair at al, 2010). The mean of the 2 item was computed and saved as (MeanCSD) customer satisfaction: distribution to be used for further analysis.

Table 05: Descriptive Summary and inter-item Correlation for items in Customer Satisfaction: Distribution

| | Descriptive statistic | | Inter-Item Correlation Matrix | |
|-----------------------------|-----------------------|-----------|-------------------------------|--------------------------|
| | Mean | Std. Dev. | Supply chain | Distribution cost & time |
| 1. Supply chain | 4.28 | .458 | 1.000 | .512 |
| 2. Distribution cost & time | 4.26 | .438 | .512 | 1.000 |

Conclusions

Quantitative analysis of the customer satisfaction shows that the dimensions of customer satisfaction is good both considering the overall Cronbach's Alpha, Descriptive Summary and inter-item Correlation. Customer satisfaction in hotel industry to be especially effective in entertainment and restaurant service. By interviewing the hotel's management using standard questionnaire about the results, it emerged that they didn't have the perception of the gaps I found in among the star graded. Though the latter service for customer satisfaction heavily depends on the communication, transaction and distribution, a certain degree of improvement may be obtain through a concrete effort towards their customization.

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