Customer satisfaction measurement in Letterkenny Hotels

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Abstract: The aim of this paper is to determine the important attributes to be considered when measuring customer satisfaction with a hotel experience and identify the key factors for overall satisfaction. As the service quality is known to be an antecedent of customer satisfaction, we will examine various definitions of service quality and customer satisfaction and the relationship between them. The motivation of examining service satisfaction in the hotel industry came from the recognized importance of customer satisfaction, although many hotels focus their strategies on customer acquisition rather than increasing the customer satisfaction and build loyalty. The identification of key attributes of customer satisfaction and the dissemination of this information throughout the hotels, as a basis for action is critical to achieve market orientation. The overall goal for hotels is a satisfied customer with the hotel experience, either visiting the hotel for a meal or a banquet or other events such as conferences or weddings and ultimately to create an enduring relationship, which leads to repeated visits and recommending the hotel to others.

Key-Words: hotels, customer satisfaction, service quality, satisfaction measurement, overall satisfaction

1 Introduction

As Peter Drucker mentioned, the purpose of marketing is to know and understand the customer so well the product or service fits him and sells itself. With emphasis on customer means, marketing has to bring forward the necessary data to measure the company’s performance, with a shift from activity-based measurements to customer-related measurements.

The future of customer service in hotel industry is highly likely to focus on at least three key elements: increased personalization, further applications of technology and increased awareness of changing demographics. Customers in the hospitality industry will no longer stand for being treated as one demographic category and they will not tolerate a ‘one-size-fits all’ mentality. They will demand individually designed products, services and communication and only successful hotels will manage to communicate with each customer as an individual with special needs and expectations.

As many modern economies are dominated by services, building and maintaining close relationships with customers can evolve into rich and fulfilling partnerships. The US hotel market is quantitatively different than the European one, as the ownership and operation of hotels is different. In the US, 80 per cent of hotels are owned by chains whereas in Europe the proportion is reversed, 80 per cent of hotels are individually owned, therefore the business style and customer approach is different. Previous studies indicate that customers in hotels will utilize and assess service encounters in different departments, including reception, food and beverage and housekeeping, as the basis of evaluating the service and the results of those evaluations will have a major impact on the overall satisfaction with the hotel experience.

In a competitive environment as the hospitality industry, where the quality of service is vital and with the increased access to information technology, customers have become more discerning and knowledgeable, the demand for customer satisfaction measurement and its influence on loyalty and retention is obvious.

The difference between customer satisfaction and the attitude construct is that while guests hold pre-consumption attitudes or expectations, consumer satisfaction/dissatisfaction occurs only after the product/service has been consumed. The guests that completed the questionnaires were present at that moment in the hotel or visited the hotel at least once over the past three months.
2 The case study preparation

This empirical study was carried out in the field of hospitality industry in a group of hotels in Ireland, Hotel C and Hotel B in Letterkenny, which have a higher percentage of leisure guests and Hotel A in Letterkenny, county Donegal. Ability to deliver superior levels of customer satisfaction is a key source of competitive advantage, creating and maintaining strong and profitable relationships with guests. The study was performed because management of all three hotels chosen for analysis are interested in attribute categorization - what aspects of satisfaction are more important to support investment decisions and resource allocation in order to increase revenue and positive recommendations.

The target population was limited to corporate and leisure travellers and the sampling frame was defined as all customers staying in one of the hotels included in the study during the data collection period, regardless the length of stay, nature of visit, frequency of visit, gender, age and so forth, using judgemental sampling technique. In all three hotels the questionnaires were distributed directly by recruiting guests at check-in or check-out. Questionnaires were used as data collection instrument, as there is evidence that customer satisfaction surveys are not effectively used in organisational decision-making processes.

For this research, customer satisfaction survey was used to determine customer attitudes and perceptions of the quality of service they received in the hotel.

The research had the following objectives:
- To identify the most important attributes of customer satisfaction that have an effect on consumer decision-making in the hotel sector.
- To determine the relative importance of each attribute for overall customer satisfaction in the departments chosen for analysis.
- To determine overall satisfaction levels according to the attributes identified.
- To determine what specific attributes explain the variation in overall satisfaction.
- To identify whether higher customer satisfaction will lead to loyalty and further recommending the hotel.
- Identify similarities and differences between the three hotels in Donegal in what concerns overall guest satisfaction.

The research was carried out in one phase- survey type with leisure and corporate guests at Hotel A, Hotel B and Hotel C in Letterkenny, Ireland.

To determine the most important attributes of customer satisfaction in the hotels chosen for this study, both methods to evaluate attributes’ importance are used, stated and statistically inferred importance.

Customers were also asked to state their overall satisfaction with their stay and to identify the attribute that makes them recommend and return to the hotel.

A total of 120 questionnaires were distributed at the three hotels during the data collection period and 97 questionnaires were completed by customers. The questionnaire was divided into ten different sections as follows:
- First section covers the following aspects: length of stay, nature of visit, frequency of visit;
- Second section covers general satisfaction levels with general aspects of the hotel;
- Third section covers aspects related to customer service received;
- The fourth section presents satisfaction levels with staff in restaurant or at reception;
- Fifth section – satisfaction levels with accommodation features;
- Sixth section – satisfaction levels with food in the restaurant;
- The seventh section – satisfaction levels with service received;
- The eighth section – satisfaction levels with conference room;
- Ninth section – satisfaction levels with the hotel’s website and the tenth section covers customer loyalty aspects.

The type of questions was mainly closed-ended, because each variable contained enough information divided into different categories.

Table 1: Linking research objectives with the research methodology

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<th>Research Objectives</th>
<th>Research Methodology</th>
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<td>1. Identify the most important attributes of customer satisfaction having an impact on decision-making</td>
<td>Analysing the strength of correlation between the dependent variable and key independent variables</td>
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<td>2. To determine the relative importance of the attributes in each department; To examine guest satisfaction levels according to each attribute</td>
<td>1. Secondary data/past research. 2. Multiple regressions using SPSS to determine how much of the variance of overall satisfaction is explained by the variance in each attribute. Dummy variable regression with OCS as dependent variable.</td>
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<td>3. Determine overall satisfaction levels with the hotel’s services</td>
<td>Descriptive analysis, main findings Regression analysis</td>
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<td>4.</td>
<td>Determine what attributes explain the variation in OCS 4a, 4b, 4c Regression analysis with dummy variables for each attribute</td>
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<td>5.</td>
<td>Determine attributes which will create loyalty Analysing correlation between variables 62 (question 19) and 62.1 (question 20) and the dependent variable.</td>
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<td>6.</td>
<td>Differences/similarities between the three hotels Descriptive analysis of data</td>
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Three demographic characteristics of respondents were captured in questions twenty-three, twenty-four and twenty-five, respectively respondent’s gender, age category and income category. Questions one, three, five, six, fifteen, twenty-one and twenty-two are nominal dichotomy variables. Questions fourteen, sixteen, seventeen are multiple choice questions. Questions four, seven, eight, nine, ten, eleven and twelve are Likert scales. Questions eighteen, nineteen and twenty are semantic differential scales.

Three departments were included in the study: reception, the food and beverage department (restaurant and bar in the questionnaire) and the housekeeping department. There are several reasons for choosing these departments. First, the core of hotel A operation is the ability to satisfy basic needs, such as sleep and food. The three selected departments represent the operations necessary to fulfill those needs. Additional offerings such as conference services are considered peripheral services. The limitation to three departments was considered optimal both in terms of avoiding a lengthy questionnaire and also for better capturing the core of the service.

Sampling methods adopted for guests’ survey had to be made through judgemental sampling technique. The sample consisted of 97 guests, which have previously stayed or visited over the last three months one of the three hotels chosen for analysis.

At Hotel C and Hotel B, 35 per cent of customers are staying for corporate purposes and 65 percent are leisure guests. Therefore, the majority of answers for these two hotels came from leisure guests, visiting the hotel for dinner purposes, attending a wedding or other leisure purposes, as tours.

Because in-room distribution shows a low response rate, the most effective way is to recruit guests at check-in / check-out to fill in the questionnaires.

### 3 Findings and analysis of the case study

The first part of the analysis presents the descriptive data analysis, using frequency tables and graphs for the main analysis variables, such as ‘Overall satisfaction’, satisfaction with various aspects of the hotel, classification variables, ‘nature of stay’, ‘purpose of visit’, ‘reasons for choosing the hotel’.

The second part of the analysis involves explaining the derived importance, meaning the strength of correlation between attribute performance and overall satisfaction levels. This analysis was performed using the data collected from questionnaires entered in the Statistical Package for Social Sciences (SPSS).

Since the dependent variable is categorical polytomous, it has been decided that multinomial logistic regression is the most suitable method to explain the differences in the overall satisfaction with each hotel. The dependent variable ‘Overall satisfaction with the hotel’s service’ was recoded from a 5-item scale into a 3-item scale with the following categories: ‘Satisfied’, ‘Neither satisfied ‘Nor dissatisfied’ and ‘Dissatisfied’. The first category serves as reference category for the cross-sectional analysis.

The descriptive analysis begins with the presentation of overall satisfaction with the service at the chosen hotels. Figure 1 show the frequencies and percentages of respondents’ overall satisfaction with the product/service. A high percentage varying from 89% of B customers to 93% of A guests and respectively 93% of Hotel C guests stated that they are satisfied with the hotel. Hotel C showed the highest percentage of customers who declared themselves dissatisfied with the hotel, but the figure is quite small, of 3.3 per cent out of the total number of interviewed customers.

Out of these customers, more women than men declared that they are satisfied with the service received, respectively nineteen women at who have visited Hotel B and eighteen women from C and Hotel A. 15 men who have visited Hotel B declared that they are satisfied with the hotel compared with ten men who have visited the other two hotels.
With regards to different tangible and intangible hotel elements, respondents of all three hotel stated that are highly satisfied with hotel booking, check-out waiting time and parking space available, scoring 4.80 on a 1 to 5 scale. Customers gave the lowest scores for the variable ‘Value for money’, respectively 3.99 out of 5. In all hotels guests stated that they are satisfied with staff responsiveness to customers’ special requests (4.59 out of 5), with cleanliness in public areas (4.64 out of 5) and with the range of services (4.61 out of 5).

It can be noticed from the figure above that there are a few young guests that declared that they were not satisfied with the service received, although this percentage is very small over the sample. At the Hotel C almost half of guests interviewed declared that they were satisfied with the service, as well as guests staying at Hotel B, respectively 13 out of 35 and 15 out of 30 guests. A small percentage of guests in all three hotels declared that they were not satisfied with the service and they belong to either 18-34 category or over 55 category. For the 45-54 age category, 10 customers which have visited Hotel A declared that they were satisfied with the service, compared to 4 guests from Hotel B and respectively 7 guests interviewed at Hotel C, therefore there is enough place for improvement at Hotel C and also at Hotel B in what concerns serving guests of this age category, which are in general more travelled and with more disposable income.

Figure 4 presents the satisfaction levels with the hotel service for different income categories and shows that guests with incomes between €40,000 and €59,999 per year declared that are satisfied with the hotel, respectively 36.3% of customers interviewed at Hotel A, followed by 35.3% of customers of Hotel C and respectively 31.4 % of customers responding at Hotel B.
Overall, there are more women than men who declared that they are satisfied with the hotels (Figure 5).

When comparing Hotel C, Hotel A and Hotel B in terms of overall satisfaction with hotel service, the odds of being satisfied rather than neither satisfied nor dissatisfied are: 0.93 times lower for females than males, 4.68 times higher for people age 45-54 rather than 18-34 category; 1.60 times higher for people with incomes between €40.000-€59.999 per year compared to respondents with incomes lower than €20.000 per year. Other significant variable were quality of restaurant and bar which confirms the findings of the descriptive analysis and also past literature, as being one of the most important tangible aspect which can influence overall customer satisfaction.

The results of the regression analysis did not confirm the descriptive analysis which showed that the highest percentage of respondents satisfied with the service were aged 35-44.

A female staying at Hotel C, aged 45-54, has 46 times more chances to be satisfied rather than neither satisfied nor satisfied with the hotel, compared to a women of 18-34 age category.

4 Conclusions
Comparing the results of all three regressions, it can be concluded that a woman, aged 45-54, earning between €40.000-€59.999 per year, who chose quality of restaurant/bar, room quality and professionalism of employees as most important reasons for choosing Hotel C is more likely to be satisfied rather than neither satisfied nor dissatisfied. A man staying at Hotel B, aged over 55, who chose the hotel for the professionalism of employees and family facilities provided has higher odds to be more dissatisfied than satisfied.

Hotel A has in common with Hotel C the fact that women, aged 45-54, which chose the hotels for the quality of restaurant/bar, room features and professionalism of employees have higher odds to be satisfied rather than dissatisfied with the overall service.

The youngest category of respondents have higher odds to be dissatisfied with the hotel service, which confirmed again the results of the descriptive analysis.

The multinomial logistic regression confirmed some of the findings of the descriptive analysis, although not so many variables included in the regression were statistically significant.

The design of questionnaire with eight Likert scale did not allow for a more in-depth analysis using a regression analysis.

Some of the limitations of the study are related to the sample of hotels selected for the analysis which was restricted only to Donegal. Also issues related to organisational culture, such as power distance, delegating authority and number of employees were not considered but influenced highly the results of a customer satisfaction study, although these variables cannot be introduced in a guest questionnaire, but in an employee questionnaire.

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