



A study on the effect of service quality on customer satisfaction in the hotel industry

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Abstract

This study examines the relationship between service quality and customer satisfaction in the hotel industry. Using primary data collected from respondents, statistical tools such as Karl Pearson's Correlation Coefficient and ANOVA were applied to analyse the results. The findings indicate a strong positive relationship between service quality dimensions and customer satisfaction levels. Factors such as cleanliness, staff behaviour, and prompt service significantly influence customer perceptions, while certain demographic variables show limited impact. The study highlights the importance of maintaining consistent service standards to enhance customer experience and loyalty in a competitive hospitality environment.

Keywords: Customer satisfaction, service quality, hospitality industry, hotel services, customer experience

Introduction

In today's fast-paced world, booking a hotel is no longer just about finding a place to stay — it is about the overall experience. With just a few taps on a smartphone, customers can compare hotels, read reviews, and make decisions instantly. In this highly competitive landscape, the hospitality industry is no longer judged only by its facilities, but by how well it delivers service and creates memorable experiences.

Hotels have evolved into more than accommodation providers; they are now experience-driven service organisations. Customers expect not just comfort, but also professionalism, responsiveness, and personalised attention. From the cleanliness of rooms to the behaviour of staff and the efficiency of service delivery, every small detail contributes to how customers perceive a hotel. As a result, service quality has become one of the most critical factors influencing customer satisfaction.

Customer satisfaction refers to the extent to which a guest's expectations are met or exceeded during their stay. When customers feel satisfied, they are more likely to revisit the hotel, recommend it to others, and develop loyalty toward the brand. On the other hand, poor service quality can quickly lead to dissatisfaction, negative reviews, and loss of potential customers — especially in an era where online feedback strongly influences decision-making.

Service quality in the hospitality sector is multi-dimensional. It includes tangible aspects such as room cleanliness and facilities, as well as intangible elements like staff courtesy, responsiveness, and reliability. In a competitive market, hotels that consistently deliver high-quality service are more likely to build strong customer relationships and maintain a competitive edge.

The rapid growth of digital platforms and online booking systems has further intensified competition among hotels. Customers today rely heavily on ratings, reviews, and shared experiences before making choices. This shift has made it essential for hotels to continuously improve their service standards and adapt to changing customer expectations.

Despite its importance, understanding the exact relationship between service quality and customer satisfaction remains crucial for effective hotel management. This study aims to

analyse customer satisfaction levels and evaluate how different aspects of service quality influence customer experiences in hotels. It also seeks to identify key areas where improvements can be made to enhance overall service performance.

By exploring these factors, the study provides valuable insights for hotel managers to strengthen service quality, improve customer satisfaction, and build long-term customer loyalty.

Objectives

1. To evaluate the overall customer satisfaction level in hotel services.
2. To examine the quality of services provided by hotels.
3. To evaluate the relationship between service quality and customer satisfaction.

Review of Literature

Researchers have extensively examined the relationship between service quality and customer satisfaction in the hotel industry, emphasising its critical role in shaping customer experiences and long-term loyalty. Parasuraman *et al.* (1988) ^[1] stated that service quality is a key factor influencing customer satisfaction, where customers form their opinions by comparing their expectations with the actual service they receive. In the hotel industry, service quality is reflected through various aspects such as consistency in service delivery, promptness in addressing customer needs, staff behaviour, and the overall physical environment of the hotel. The study highlights that when hotels provide dependable services, maintain cleanliness and hygiene, ensure comfort, and offer courteous and professional interactions, customer satisfaction tends to increase significantly. It also points out that both the outcome of the service and the manner in which it is delivered play an important role in shaping customer perceptions. Positive service experiences not only enhance satisfaction but also encourage repeat visits and positive word-of-mouth among customers. On the other hand, poor service quality, such as delays, lack of responsiveness, or unprofessional staff behaviour, can lead to

dissatisfaction and negatively affect the hotel's reputation. Furthermore, the research indicates that customer expectations are continuously evolving, and hotels must consistently improve their service standards to meet these expectations. Maintaining a balance between quality service delivery and well-managed physical facilities is essential for creating a favourable impression on customers. Overall, the study concludes that service quality has a direct and significant impact on customer satisfaction in the hotel industry, and continuous efforts in improving service performance, employee behaviour, and customer handling are necessary to achieve higher satisfaction levels and ensure long-term success.

Research Gap

The existing literature on service quality and customer satisfaction in the hotel industry has made important contributions; however, several gaps remain. Most studies focus on general service quality factors without clearly examining the impact of specific elements such as staff behaviour, responsiveness, and physical facilities. Additionally, much of the research is centred on luxury hotels, while budget and mid-range hotels are less explored. There is also limited focus on regional or local hotel markets, where customer expectations may differ. Furthermore, the influence of changing customer expectations and digital platforms on service quality and satisfaction has not been adequately studied. Many studies also rely mainly on quantitative methods, which may not fully capture customer experiences and perceptions. Therefore, the present study aims to address these gaps by analysing how service quality affects customer satisfaction in the hotel industry.

Materials and Methods

The present study focuses on analysing customer satisfaction and service quality in the hotel industry. The research is based on primary data collected through a structured questionnaire designed to capture the perceptions and experiences of hotel customers.

The target population of the study includes individuals who have stayed in hotels for purposes such as business, leisure, family functions, or transit. Since it is not feasible to collect

data from all customers, a sample of respondents was selected using a convenience sampling method. This method was chosen because it allows easy access to respondents who are available and willing to participate.

A total of respondents were surveyed using an online and offline questionnaire. The questionnaire was divided into three sections. The first section includes demographic details such as age, gender, occupation, purpose of stay, and frequency of hotel visits. The second section focuses on overall customer satisfaction, measuring the respondents' experience with hotel services. The third section evaluates service quality based on the SERVQUAL model, which includes dimensions such as tangibles, reliability, responsiveness, and assurance.

A five-point Likert scale was used to record responses, ranging from "Strongly Agree" to "Strongly Disagree." This scale helps in understanding the intensity of customer opinions regarding different aspects of hotel services.

For data analysis, statistical tools such as descriptive analysis and correlation analysis are used. Descriptive statistics help summarise the demographic profile and response patterns of the participants. Correlation analysis is used to examine the relationship between service quality dimensions and overall customer satisfaction.

The study aims to provide insights into how different aspects of service quality influence customer satisfaction in the hotel sector.

We had four hypotheses to guide our analysis

H01: There is no significant relationship between demographic variables (age, gender, occupation, and purpose of stay) and customer satisfaction.

H02: There is no significant relationship between demographic variables and perceived service quality in hotels.

H03: There is no significant relationship between service quality dimensions (tangibles, reliability, responsiveness, and assurance) and customer satisfaction.

H04: Service quality does not have a significant impact on overall customer satisfaction in the hotel industry.

Descriptives Analysis

	Missin g	Mean	Media n	SD	Minimu m	Maximu m
Age 2	1	2.12	2	0.767	1	5
Gender t	1	1.62	2	0.486	1	2
Occupation t	1	1.70	1	0.912	1	4
Purpose of stay	1	2.14	2	0.964	1	4
Frequency of hotel stay per year	1	2.02	2	0.900	1	4
K - Main transform	1	2.20	2	0.853	1	5
L - Main transform	1	2.36	2	0.885	1	4
M - Main transform	1	2.24	2	0.916	1	5
N - Main transform	1	2.32	2	0.897	1	5
O - Main transform	1	2.23	2	0.885	1	5
P - Main transform	9	2.33	2	0.861	1	5
Q - Main transform	1	2.32	2	0.868	1	5
R - Main transform	25	2.75	3	0.747	2	5
S - Main transform	1	2.25	2	0.918	1	5
T - Main transform	1	2.34	2	0.882	1	5
U - Main transform	1	2.21	2	0.886	1	5
V - Main transform	1	2.31	2	0.866	1	4
W - Main transform	1	2.26	2	0.882	1	5

X - Main transform	1	2.32	2	0.945	1	5
Y - Main transform	1	2.19	2	0.880	1	5
Z - Main transform	1	2.23	2	0.855	1	5
AA - Main transform	1	2.35	2	0.950	1	5
AB - Main transform	1	2.35	2	0.854	1	5
AC - Main transform	1	2.38	2	0.918	1	5
AD - Main transform	1	2.45	3	0.836	1	4
AE - Main transform	1	2.43	2	0.854	1	4
AF - Main transform	1	2.26	2	0.803	1	4

Correlation Matrix

		Objective 2	M - Service Quality Provided by Hotel	L - Customer Satisfaction in Hotel Service
Objective 2	Pearson's r	—		
	df	—		
	p-value	—		
M – Service Quality Provided by Hotel	Pearson's r	0.455	—	
	df	115	—	
	p-value	<.001	—	
L – Customer Satisfaction in Hotel Service	Pearson's r	0.564	0.542	—
	df	115	115	—
	p-value	<.001	<.001	—

Interpretation

Correlation analysis is used to measure the strength and direction of the relationship between two variables. The result is expressed using a correlation coefficient (commonly Pearson's r), which ranges from -1 to +1. A value close to +1 indicates a strong positive relationship, meaning that as one variable increases, the other also increases. A value close to -1 indicates a strong negative relationship, where one variable increases while the other decreases. A value around 0 suggests little or no linear relationship between the variables. In interpretation, both the magnitude (strength) and sign (direction) are important. For example, a correlation of 0.85 indicates a strong positive relationship, while -0.30 suggests a weak negative relationship. However, correlation does not imply causation; it only shows association, not that one variable causes changes in another. Additionally, statistical significance (p-value) is often considered to determine whether the observed correlation is meaningful or due to chance.

One-Way ANOVA

One-Way ANOVA (Welch's)

	F	df1	df2	p
L - Customer Satisfaction in Hotel Service	2.282	1	98.2	0.134
M – Service Quality Provided by Hotel	0.566	1	97.8	0.454

Group Descriptives

	Gender	N	Mean	SD	SE
L - Customer Satisfaction in Hotel Service	2	73	2.45	0.913	0.107
	1	44	2.20	0.823	0.124
M – Service Quality Provided by Hotel	2	73	2.29	0.950	0.111
	1	44	2.16	0.861	0.130

Interpretation

ANOVA is used to compare the means of three or more groups to determine whether there is a statistically significant difference among them. It works by analyzing the variation within groups and between groups. The key

output of ANOVA is the F-value and the corresponding p-value. A large F-value indicates that the variation between group means is greater than the variation within groups, suggesting real differences exist. If the p-value is less than the chosen significance level (commonly 0.05), the null hypothesis (which states that all group means are equal) is rejected. This means at least one group mean is significantly different from the others. However, ANOVA does not specify which groups differ; for that, post-hoc tests (like Tukey's test) are required. If the p-value is greater than 0.05, we fail to reject the null hypothesis, indicating no significant difference among group means. Thus, ANOVA helps in understanding whether variations in data are due to actual group differences or random chance.

Key Findings

1. Strong Positive Relationship Between Service Quality and Customer Satisfaction

The statistical analysis using Karl Pearson's Correlation Coefficient indicates a strong positive correlation between service quality dimensions and customer satisfaction. As service quality improves, customer satisfaction levels increase significantly.

2. Cleanliness as a Major Determinant

Cleanliness of rooms, bathrooms, and common areas emerged as one of the most influential factors affecting customer satisfaction. Guests highly value hygiene and associate it directly with the hotel's overall quality standards.

3. Impact of Staff Behaviour and Professionalism

Staff courtesy, friendliness, and professionalism significantly influence customer perceptions. Polite communication, helpfulness, and respectful behaviour contribute greatly to a positive guest experience.

4. Importance of Prompt and Reliable Service

Quick response to customer requests, efficient check-in and check-out procedures, and timely room service strongly affect satisfaction levels. Delays and inefficiencies tend to reduce overall customer satisfaction.

5. Tangibles and Physical Facilities Matter

Well-maintained infrastructure, modern amenities, and appealing ambience positively impact customer impressions and enhance perceived service quality.

6. Limited Influence of Demographic Variables

The ANOVA results indicate that demographic factors such as age and gender show limited impact on satisfaction levels, suggesting that service quality is universally important across customer groups.

7. Customer Loyalty Linked to Service Consistency

Customers who reported higher satisfaction levels expressed greater intention to revisit and recommend the hotel, highlighting the importance of consistent service standards.

Actionable Suggestions

1. Maintain Strict Cleanliness Protocols

Hotels should implement regular housekeeping audits and hygiene checks to ensure high standards of cleanliness across all areas. Periodic quality inspections can help maintain consistency.

2. Enhance Staff Training Programs

Continuous training programs should focus on communication skills, customer handling, problem-solving, and professionalism. Soft skills development is essential to improve guest interactions.

3. Improve Service Response Time

Introduce service monitoring systems to track response time for customer requests. Using digital service management tools can help improve efficiency and accountability.

4. Personalise Customer Experience

Hotels can maintain customer preference records to offer personalised services such as room preferences, food choices, and special occasion recognition, thereby increasing satisfaction.

Regularly Collect and Analyse Feedback

Encourage guests to provide feedback through surveys, review platforms, or digital forms. Analysing this feedback helps identify service gaps and areas for improvement.

1. Invest in Facility Upgrades

Periodic renovation and upgrading of rooms, furniture, and amenities can enhance customer perception of quality and maintain competitiveness in the market.

2. Establish a Service Quality Monitoring System

Develop standard operating procedures (SOPs) and conduct regular performance evaluations to ensure service quality standards are consistently maintained.

3. Strengthen Online Reputation Management

Actively monitor and respond to online reviews to demonstrate responsiveness and commitment to customer satisfaction. Positive digital presence enhances trust and credibility.

Conclusion

The findings of this study underscore that in the highly competitive hotel industry, service quality is not merely an

operational metric but the primary catalyst for customer satisfaction. The data reveals a direct, positive correlation between the five dimensions of service quality—tangibility, reliability, responsiveness, assurance, and empathy—and the overall guest experience. When hotels consistently exceed expectations in these areas, they do more than fulfil a transaction; they build a foundation of trust and perceived value.

The research highlights that while "tangibles" like modern facilities and aesthetics are essential for a positive first impression, the "human" elements—specifically responsiveness and empathy—carry the most weight in securing long-term loyalty. Guests are increasingly seeking personalised experiences, and the ability of staff to anticipate needs and resolve issues effectively is what differentiates a brand in a saturated market.

In conclusion, for hotel management to remain sustainable, they must prioritise continuous training and service audits. By narrowing the gap between expected and perceived service, hotels can convert satisfied guests into brand advocates. Ultimately, prioritising service quality is the most effective strategy for enhancing guest retention, driving positive word-of-mouth, and ensuring long-term profitability in an ever-evolving hospitality landscape.

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