CHAPTER 2

REVIEW OF LITERATURE
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This chapter attempts to review different literatures on customer satisfaction with reference to hotel industry and presents various studies made regarding the issues related with hotel industry and customer satisfaction.

Customer – Definitions

Paul S. Goldner (2006) defines, “…a customer is any organization or individual with which you have done business over the past twelve months”.

Grigoroudis, E and Siskos, Y (2009) provide definition for ‘customer’ upon two approaches: With reference to loyalty, “A customer is the person that assesses the quality of the offered products and services” and on process oriented approach, “the customer is the person or group that receives the work output” (p.9).

“Customer means the party to which the goods are to be supplied or service rendered by the supplier”.  

Customer Satisfaction – Definitions

Satisfaction has been broadly defined by Vavra, T.G. (1997) as a satisfactory post-purchase experience with a product or service given an existing purchase expectation.

Howard and Sheth (1969) define satisfaction as, “The buyer’s cognitive state of being adequately or inadequately rewarded for the sacrifices he has undergone” (p.145).

According to Westbrook and Reilly (1983), customer satisfaction is “an emotional response to the experiences provided by, associated with particular
products or services purchased, retail outlets, or even molar patterns of behaviour such as shopping and buyer behaviour, as well as the overall market place" (p.256).

Oliver (1981) put forward a definition as, “the summary psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the consumers’ prior feelings about the consumption experience” (p.27).

The definition offered by Hunt (1977) is “an evaluation rendered that the (consumption) experience was at least as good as it was supposed to be” (p.459).

Customer/consumer satisfaction is “an evaluation that the chosen alternative is consistent with prior beliefs with respect to that alternative” – Definition by Engel and Blackwell (1982) (p.501).

Tse and Wilton (1988) define as, “the consumer’s response to the evaluation of the perceived discrepancy between prior expectations (or some other norm of performance) and the actual performance of the product/service as perceived after its consumption” (p.204).

Berry and Parasuraman (1991) argue that since customers’ satisfaction is influenced by the availability of customer services, the provision of quality customer service has become a major concern of all businesses. Customer satisfaction is typically defined as a post consumption evaluative judgement concerning a specific product or service. It is the result of an evaluative process that contrasts pre-purchase expectations with perceptions of performance during and after the consumption experience. Oliver (1981) defines customer satisfaction as a customer’s emotional response to the use of a product or service. Anton (1996) offers more elaboration: “customer satisfaction as a state of mind in which the customer’s needs, wants and expectations throughout the product or service life have been met or exceeded, resulting in subsequent repurchase and loyalty”.
Merchant Account Glossary points out that, “Customer satisfaction is an ambiguous and abstract concept and the actual manifestation of the state of satisfaction will vary from person to person and produce/service to produce/service.”\(^{16}\)

Schiffman and Kanuk (2004)\(^{17}\) defines customer satisfaction as “The individual’s perception of the performance of the product or service in relation to his or her expectations”.

Woodruff and Gardian (1996)\(^{18}\) define “Satisfaction, then, is the evaluation or feeling that results from the disconfirmation process. It is not the comparison itself (i.e., the disconfirmation process), but it is the customer’s response to the comparison. Satisfaction has an emotional component.”

According to Hung (1977), “…. satisfaction is a kind of stepping away from an experience and evaluating it … One could have a pleasurable experience that caused dissatisfaction because even though it was pleasurable, it wasn’t as pleasurable as it was supposed to be. So satisfaction / dissatisfaction isn’t an emotion, it’s the evaluation of the emotion.”\(^{19}\)

Oliver (1977)\(^{20}\) defines “Satisfaction is the consumer’s fulfilment response. It is a judgment that a product or service feature, or the product of service itself, provided (or is providing) a pleasurable level of consumption-related fulfilment, including levels of under- or over-fulfilment”.

Some of the definitions available from web are compiled below: “Customer satisfaction, a business term, is a measure of how products and services supplied by a company meet or surpass customer expectation”\(^{21}\). “Customer satisfaction is an ambiguous and abstract concept and the actual manifestation of the state of satisfaction will vary from person to person and produce/service to produce/service”\(^{22}\).
“Comparison of expectations versus perception of experience”.23 “A customer’s perception of the degree to which their requirements have been fulfilled.”24 According to Business Dictionary, customer satisfaction is, “Degree of satisfaction provided by the goods or services of a firm as measured by the number of repeat customers.”25

These definitions suggest that an evaluative process is an important element underlying customer satisfaction.26

Hotel Industry – Definitions

Peter Jones and Andrew Lockwood (2002)27 provide a simple definition for hotel as, “an operation that provides accommodation and ancillary services to people away from home.”

According to Dictionary of American History28 “The primary purpose of hotels is to provide travellers with shelter, food, refreshment, and similar services and goods, offering on a commercial basis things that are customarily furnished within households but unavailable to people on a journey away from home”.

Hotel industry is a large and highly diverse industry that includes a wide range of property styles, uses and qualities.29

Peter Jones and Andrew Lockwood (2002) defines a hotel as “a, usually large, house run for the purpose of giving travellers food, lodging etc.” Further add, “an operation that provides accommodation and ancillary services to people away from home.”30

O’Fallon and Rutherford (2010)31, in “Hotel Management and Operations” define “hospitality is the cordial and generous reception and entertainment of guests or strangers, either socially or commercially” (p.173).
The Building Code of the City of New York defines, “A hotel shall be taken to mean and include every building, or part thereof, intended, designed or used for supplying food and shelter to residents or guests, and having a general public dining-room or a café, or both and containing also more than fifteen sleeping rooms.\textsuperscript{32}

Peyton, R.M. et al (2003)\textsuperscript{33} in their working paper submitted at the Allied Academies International Conference presented a comprehensive review of the literature on various Customer Satisfaction and Dissatisfaction (CS/D) theories proposed. The literatures are specifically prior to the 1990s. This review focuses on the major components of the decision-making process, also addresses the measurement-related issues relevant to this body of literature. The paper analyses four theories under the umbrella of consistency theory viz. assimilation theory, contrast theory, assimilation-contrast theory, and negative theory. In addition to presenting a review of theoretical bases of the research in the area of consumer satisfaction, the paper also addresses the major elements of the most widely accepted models of Consumer Satisfaction and Dissatisfaction. The authors argue that even though the satisfaction construct has been defined in a number of ways, satisfaction has been defined in terms of need fulfilment, pleasure/displeasure, cognitive state, attribute or benefit evaluation, and subjective evaluation of experience by many researchers. The review concludes, “however, while researchers have used a number of different definitions for satisfaction, they generally agree that satisfaction involved a set of inter-related variables rather than a single variable” (p.44).

Vavra, T.G. (1997)\textsuperscript{34} in his book suggests specific programmes to improve the measurement of customer satisfaction in an organization. The author describes five
critical skills required for this task viz. sampling/customer-participant selection, questionnaire design, interviewing/survey administration, data analysis, and quality function deployment-building action plans. The author argues that to extend the understanding of the exact relationships preceding and following the formation of satisfaction, a model of satisfaction would be very helpful. The model proposed has three stages: antecedents, the satisfaction formation process, and consequences. Prior experience is claimed to be the most important antecedent of satisfaction, since it serves as a memory bank of all previous experiences. The satisfaction process is claimed to encapsulate a comparison of expectations with perceived performance. Expectations are defined as the sum of beliefs about the levels of attributes possessed or offered by the product or service. In the model presented, the concept of desires is adopted as an influencing factor on the formation of expectations. The behavioural consequence of customer retention is claimed to be at best an intermediate sign that has not immediately alienated a customer. The author further classifies the ‘performance’ of a product or service as ‘objective’ and ‘perceived’. To expound the behaviour of satisfaction as a phenomenon graphical representation is used. Five theories of satisfaction from social psychology have been discussed viz. Assimilation-Contrast Theory, Contrast Theory, Dissonance Theory, Generalized Negativity, and Hypothesis Testing. The author has summarized the consequences for satisfaction for all these five theories and presented in a tabulation form for easy comparison.

The working paper by Silvia Figini and Paolo Giudici (2002) study the possible methods to obtain data to measure customer satisfaction, the possibilities of methods to analyze the collected data, explain methodological proposal based on discrete graphical models and a novel theoretical proposal to mixture different types
of customer data information, statistical analysis of sample dataset, and in the final chapter present the conclusions. Present two possible novel approach to analyze customer satisfaction data. The authors suggest that web could be the first contact for collection of customer satisfaction data and this method facilitates continuous monitoring the opinion of the visitors to the site. The second contact method identified is telephone and/or mail/email but this method is found to have low response rates. Finally face-to-face interview option is explained as the intimacy can be used to communicate care and concern to customers, but argue that this method may have the disadvantage that customers may be more reluctant to criticise or speak negatively about the program in a face-to-face interview than in an Internet, mail, or telephone survey.

While explaining measuring the level of satisfaction, the authors opine since it can be difficult to obtain an exact agreement between the customers' opinion and the numerical value stated, using a limited scale it would be feasible to allow for a small approximation error. Further classify concepts that are not directly measurable as 'latent variables' and variables that can be directly measured are called 'manifest variables'. The paper proposes five levels of opinions for the customers viz. 'very unsatisfied, moderately unsatisfied, neutral, moderately satisfied, and very satisfied.

Willard Horn (2000) presents two broadly classified customer satisfaction models viz. Macro-models, which place the customer satisfaction among a set of related constructs in marketing research and Micro-models, which theorize the elements of customer satisfaction. The paper also gives various models of customer satisfaction from the perspective of the marketing research discipline. The concepts viz. value, quality, complaining behaviour, and loyalty are labelled as 'macro-models'
The marketing research literature presented in this study extensively covers the elements that make up the concept of customer satisfaction viz. disconfirmation of expectations, equity, attribution, affect, and regret. These attributes are grouped under 'micro-models'.

According to the author the macro-model underlies perceived performance, comparison standards, perceived disconfirmation, satisfaction feeling, and outcomes of satisfaction feelings. Further substantiates that this model highlights the concept of value as a driving force in produce choice and satisfaction relationship to it as a brief psychological reaction to a component of a value chain. Under the Micro-model the author lists seven models viz. (1) Expectations disconfirmation model, (2) Perceived performance model, (3) Norms models, (4) Multiple process models, (5) Attribution models, (6) Affective models, and (7) Equity models. This paper has covered a vast pool of marketing research in customer satisfaction and simplified the presentation by grouping under macro-level and micro-levels.

The study by Alex M. Susskind (2002) examines how the nature of service failure together with the restaurant's service-recovery effort influences customers' intentions to return to the restaurant and their subsequent word-of-mouth communication regarding the incident and the restaurant. The study shows how word-of-mouth communication materializes from service experiences. The author argues that the consumers evaluate the components of service viz. food, service, and ambience rather than as a total picture, and the customers form an opinion for each item individually. Word-of-mouth communication, it is argued, which relates both positive and negative evaluations of service encounters, has been shown to influence
other people’s purchase behaviour. In that sense, word-of-mouth communications, which are positive, may emerge from customers, who are satisfied with the services — where as negative word-of-mouth communication emerges from customers who have experienced dissatisfying experiences or encounters. It is also pointed out that dissatisfied customers spread their dissatisfaction through word-of-mouth communication about their bad experience and dissatisfaction to others than the satisfied customers. The study also examines the level of complaints regarding service failure and remedies: Minor service failures may solicit smaller remedies — where as remedies like offering free food, discounts or coupons, or the manager’s intervention are seen as corrections involving a high degree. Further argues that the degree of correction is not the only element, which influences consumers’ perceptions of the recovery process. Also it is found that negative aspects have a great influence than the positive attributes on the customers’ overall assessment. When consumers complain about service, they eventually form a judgment, consequently uncorrected service failures create increased dissatisfaction i.e. degree of level of correction is direction proportional to the customers level of satisfaction.

Sachin Gupta et al (2007) demonstrate a methodology to quantify the links between customer satisfaction, repeat-purchase intentions, and restaurant performance. The authors has constructed a series of mathematical models using the data from a national restaurant chain, that predict how the level of customer satisfaction with certain attributes of guests’ dining experience affects the likelihood that they will come back. The authors constructed two different models for this study. The first one is to explore the relationship of guest satisfaction with twenty-one distinct attributes of the dining experience; the second model to explore the
relationship between restaurant performance and customers’ reported likelihood to return. The study shows how guests’ “comeback” scores and other variables affect restaurant performance. The authors argue that higher customer satisfaction should lead to increased probability of repeat purchase, which in turn should result in greater restaurant sales. The study attempts to fill a gap in the empirical literature that focuses on the restaurant sector by linking customer satisfaction to restaurant performance.

Ellen Day and Melvin R. Crask (2000) argue that if customer satisfaction is viewed as an outcome, then focusing discussion on its antecedents is also necessary to effect the desired outcome. The purpose of the paper is (1) to present the synthesis of the value-related literatures and postulates summarizing extant knowledge; (2) to describe the proposal to re-conceptualize the value assessment process in terms of perceived risk; and (3) to present suggests for future research. The authors claim that they are the first to suggest the link between value and dissatisfaction. The authors do not intend to imply that customers perform a formal analysis in which potential received benefits are compared with required resource expenditures, but claim that the consumers consider the likelihood of “(1) a product performing the function desired; (2) physical harm or injury ensuing from product use; (3) gaining approval of others; (4) achieving a sense of self-efficacy, and/or (5) wasting money, time or effort in making a particular choice” (p.58). Finally the study concludes, “Framing value in terms of perceived risk not only facilitates a better understanding and measurement of value but also better enables the marketing manager to enhance the perceived value of a product or service. In knowing how to manipulate value the marketing manager in turn has knowledge essential to satisfying customers” (p.58).
According to Mohsin et al (2005) today's hotel guests expect quality service, product, atmosphere, entertainment, value for money, require high quality experience from their stay in hotel. The authors discuss the significance of service quality and customer satisfaction, and undertake a service quality assessment of hotels in Darwin in the Northern Territory of Australia as perceived by their customers. The authors further analyses and discuss the response of 149 respondents about their expectations from a stay in 4-star hotels. The study finds that 10 per cent of the sample expressed degrees of dissatisfaction above average and it is suggested that these complainers may act as indicators for management. The study cites that within the literature relating to hospitality and catering, significant attention has been paid to issues of service quality. The reasons for this, the authors substantiate are that "Customer satisfaction is a determinant of profitability and like other service industries hospitality research is focusing on the relationship between customer satisfaction, repeat sales, and business profits.

Laurette Dubé and Leo M Renganathan (2000) sums up that to develop loyal guests, managers must give guests value during their hotel stay by giving outstanding service. The authors identified particularly positive aspects of the hotel stay noticed by the guests as visible sources of customer value, and discussed these in relation to the business strategies stated in the manager's interviews as the primary reasons for their success. The study focuses on specifically identifying those hotel attributes that drive value in lodging purchases. For this purpose the authors have defined value as customers' perceptions that specific hotel attributes have fulfilled their needs during their hotel stay. It is pointed out that an effective distribution system that makes rooms easily available was the most frequently mentioned marketing factor driving
purchase, followed by frequent-stay programmes. Further advocate that a tremendous loyalty payoff seems to occur when a hotel creates visible customer value during every stay. The findings on the attributes that create visible value are based on the 232 customer-respondents who reported recalling that their hotel created such value. Interpersonal and functional aspects of service were also important sources of customer value during the hotel experience.

Jay Kandampully and Dwi Suhartanto (2000) conducted a research study on the customer loyalty in the hotel industry. The objective is to identify factors of image and customer satisfaction, which are positively related to customer loyalty in the hotel industry. The research helps extend the understanding the relationship between customer loyalty, customer satisfaction, and image. The study identifies that competition has three major implications for the customer, which provides: increased choice; greater value for money; and augmented levels of service. The authors argue that hotels that attempt to improve their market share by discounting price, however, run the serious risk of having a negative impact on the hotel's medium and long-term profitability. The study advocates that a dedicated focal point on customer loyalty is likely to become a crucial precondition for the future survival of hotel organizations. Using the data collected, the findings signify that hotel image and customer satisfaction with the performance of housekeeping, reception, food and beverage, and price are positively correlated to customer loyalty – whether a customer will purchase and/or recommend. The study further illustrates that customer satisfaction with housekeeping as the only significant factor that determines customer loyalty. This argument is supported by an explanation that housekeeping, from a customer's perspective, represents the core benefit of a hotel, while reception, food and beverage,
and price are regarded as supporting factors. The study suggests that both image and customer satisfaction should be included when measuring customer loyalty.

The study conducted by Tat Y. Choi and Raymond Chu (2000)\(^43\) to analyse the levels of satisfaction among Asian and Western travellers investigates the perceptions about the service quality of Hong Kong hotels. The study identifies seven hotel factors out of 33 hotel attributes and determines the levels of satisfaction with a VARIMAX rotation technique. The objectives of the study are: 1) To develop the underlying dimensions of hotel attributes; and 2) To examine the relative impact of the derived hotel factors in influencing the satisfaction levels of both Asian and Western travellers.

Gabbie et al (1996)\(^44\) have conducted a study to investigate the relationship between quality service and customer expectations in the Northern Ireland hotel industry. The study was conducted in two hotels in Northern Ireland using the SERVQUAL. More specifically the paper tries to identify the service gaps. Two hotels with different management were selected for the research study. Questions for data collection were based on the service quality gap model.

The business traveller has an important segment with the hotel industry. Roger J. Challan and Gabrielle Kyndt (2001)\(^45\) have analysed business travellers’ customer satisfaction based on various hotel attributes with different categories of hospitality customers, especially business travellers and reviewed various literatures and surveys on hotel attributes. A preliminary review was made to identify the perceived importance of hotel attributes from the business traveller point of view.
The questionnaires used for the survey was based on these important attributes. For the purpose of this survey, the authors based the selection of attributes on Callan (1996) and at the same time the findings of other authors were also considered. Two international five-star hotels were selected for this study – one from Brussels and the other from Manchester. The paper illuminates the following attributes as the most important: 1) Security (93 per cent); 2) Reservation reliability (89 per cent); 3) Quietness of room (87.2 per cent); 4) Physical condition of the hotel (83 per cent); and 5) location (81 per cent)” (p.315). The study finds ‘location’ as the most important attribute for the business travellers of Manchester customers; car parking was less importance; restaurant and food availability scored middle order significance. The study also identifies a number of differences in the expectations between the international and British business traveller.

The paper by Reginald M. Peyton et al (2003)\textsuperscript{46} presents a review of literature prior to the 1990s related to the areas of consumer satisfaction / dissatisfaction (CS/D). It addresses both the theoretical and measurement-related issues involved in these areas of study.

The study by Julie Feickert et al (2006)\textsuperscript{47} is based on the concept of acceptance to pay extra for certain security measures provided by the hotel. But interestingly the willingness to pay for the security features decreases as the respondent guest’s age increased. The authors claim that women were more supportive of strong security measures than men. The study also examines the extent to which guests would accept increases in room rates to pay for any of these features. Further points out that “the magnitude and location of the 9/11 attack on New York
City deeply altered travellers' perceptions of safety. The study was based on responses from 930 respondents of different category. The sample was evenly divided between men and women with age group ranging from fourteen to seventy-eight years. The study finds that respondents were less accepting of over security measures and non-acceptance of across-the-board installation of metal detectors and armed guards. The study concludes, "Hotel guests generally accept the practice of requiring photo identification of guests at check-in, video surveillance in public areas, and adding first-aid kits to guest rooms. At the same time, metal detectors, obvious presence of an armed guard, and checking guests' identification against law enforcement records were generally less acceptable."(p.242)

Halil Nadiri and Kashif Hussain (2005)\textsuperscript{48} examine the tolerance zone of customers' service and determine the level of customer satisfaction in Northern Cyprus hotels. The study was conducted at four-star, five-star and resort hotels. The findings demonstrate that the customers' evaluation of service quality in Northern Cyprus hotels has two dimensions: tangibles and intangibles. The findings show the existence of a narrow zone of tolerance among the customers. The results also confirm that evaluation of services can be scaled according to two different types of expectations: desired and adequate. According to the outcome of the study "gap-analysis measurement scale is an indicator for measuring customer satisfaction" (p.273). Also critically analyses "how marketing strategies can be designed to manage adequate service-level expectations, the role of predicted service in influencing how consumers evaluate service quality, and how the hotel industry can use the zone of tolerance concept to formulate marketing strategies effectively" (p.274). The study emphasizes that the terms 'satisfaction' and 'quality' have been
central in hospitality management; managers should keep the service level about the customers' desired expectations; and use of zone of tolerance method provides useful information to managers for developing quality-improvement strategies.

Karnikeya Budhwar (2004) conducted the research to evaluate the crucial factors that would impact the restaurant’s success or failure; to identify the gaps between management’s and the customers’ perceptions; and to analyse choice of cuisines – mainly attributed to commercial customers and their behaviour. The study covered 48 restaurants. The study observes hygiene and sanitation, location, access, parking and visibility, music, supplier’s quality consistency, food cost, design and décor as important variables that impact the success of a restaurant. The author suggests that the operators need to realize the level of competition; it is important to conduct periodic surveys through customer trail mapping and other such techniques; the operators should realize the value of courteousness; and finally the potentiality of websites as marketing should be capitalized.

John W. O’Neill and Qu Xiao (2006), based on the notion that a hotel’s brand contributes significantly to its market value analysed the various factors and implications. The study examines the relationship between the market value and the brand effect from the investor-owner perspective. The study used Analysis Covariance (ANCOVA) to examine the effect. The authors opine that this was the first study to empirically examine the relationship between specific hotel brands and market values. The findings show that brand affiliations contribute significantly to the variances of hotel values.
According to Pei Mey Lau et al (2005)^51, hotel customers' perceptions of service quality provided by the hotel industry were lower than their expectations and there exists a significant gap between customers’ expectations and perceptions. The survey was conducted in the Malaysian hotel industry with four-star or five-star ratings among the travellers who stayed at the five selected luxury hotels in the Klang Valley, Malaysia. The primary objectives of the study are: “to determine the service-quality attributes that constitute fundamental service-quality dimensions in evaluating hotel operators; to examine and to compare relative importance attached by customers in terms of their expectations and perceptions by type of hotels (four-star or five-star hotels); and to identify the role of service quality towards customer satisfaction in the hospitality industry” (p.47). The relationship between overall satisfaction levels and the five service-quality dimensions viz. reliability, responsiveness, assurance, empathy, and tangibility. The study found that the hotel customers’ perceptions were consistently not meeting their expectations and that the tangibility factor is of utmost importance.

Karthik Namasivayam and Timothy R. Hinkin (2003)^52 argue that customers should be allowed some sense of control over the service encounter, if not employees should act in such a way that guests perceive as fair. The authors perceive the service encounter tantamount to interaction initiated by a customer between that customer and a service provider. The research focuses on the importance of actual customer-employee encounter. The authors argue that the customers are unsure whether the service provider will provide what he/she needs; and “If customers sense a loss of control in the service encounter, they may have a variety of negative responses” (p.28). The authors identified four key service-provider characteristics, which
contribute to consumers’ perceptions of fairness viz. consideration, knowledge, consistency, and impartiality. It is proposed, “there are ‘fairness’ behaviours that service workers can act out that affect a customer’s satisfaction and intent to repurchase …… such employee actions may substitute for consumers’ loss of perceived control” (p.29). The study was based on three hypotheses: “Those individuals who perceived more control of the service encounter would say that they are more satisfied with the exchange and would be more likely to patronize that enterprise again; Those individuals who experienced more fairness in a service encounter would express greater satisfaction and the intent to return; When a service exchange creates low perceptions of control, service workers’ fair behaviour could have a compensatory effect on the level of satisfaction and intent to repurchase” (p.32). The results support the first and second hypotheses; all the four perceptions (consideration, consistency, impartiality, and knowledge) have significant correlation with satisfaction. The authors insist that customers should be made known that they can influence the behaviour of service providers.

Smith, A.K. et al (1999) uses a mixed-design experiment using a survey method. The concept of the research is based on the notion that ‘customers often react strongly to service failures, so it is critical that an organization’s recovery efforts be equally strong and effective’. The first objective of the study is to develop a comprehensive model of customer satisfaction with service failure/recovery encounters. The second objective was to determine the effects of specific failure/recovery antecedents on customers’ evaluations. And the third objective was to provide managerial guidelines for effectively responding to customers by establishing the proper fit between a service failure and the recovery effort. The study
used a model of customer satisfaction, developed by the authors, with service failure/recovery encounters based on an exchange framework. For this the authors have preferred two different service settings viz. ‘restaurants’ and ‘hotels’. The authors argue that “when a service failure occurs, the organization’s response has the potential either to restore customer satisfaction and reinforce loyalty or to exacerbate the situation and drive the customer to a competing firm” (p.356). The authors view that economic and social interaction between the customer and the organization can be triggered by a service failure/recovery encounter. The findings of the research provide organizations with guidelines for developing service recovery procedures that improve customer service and enhance customer relationships.

Working paper presented by Rooma (2007)\textsuperscript{54} enlightens that customer satisfaction evaluation is vital for all service firms for better performance in the present world of competition. The paper analyses whether SERVQUAL dimensions would be applicable to hotel industry and put forward some additional dimensions pertinent to hotel sector. The tourists visiting the tourist villages at different parts of the island were taken as sample for their study through open-ended questions on their expectations of service quality available at their hotels. The findings show that the most important attribute represented in the SERVQUAL instrument was the core service. Other attributes identified were: hotel room décor and cleanliness; Internet access in hotels; quality of food and recreational facilities; and modern technologies, particularly in communication facility. The study suggests that “Ways of achieving quality service could include the administration of hotel customers satisfaction surveys using the service quality dimensions involved; the improvement of the level
of service performance where needed by filling the gaps and the management of expectations regarding quality of service” (p.23).

Thanika Devi Juwaheer and Darren Lee Ross (2003) carried out a study with the objectives that “to assess the customers’ expectations and perceptions of quality in hotels of Mauritius and to identify the gap (if any) between those expectations and perceptions and to identify and compare the perceptions of hotel managers who are responsible for managing quality and the customers in these hotels who experience and judge it” (p. 106). The study used a modified version of SERVQUAL instrument to assess the quality of target hotels. The survey used Likert-type scale from 1 (very low expectation) to 7 (very high expectation). The study identifies nine service quality dimensions with 36 variables. Most of the perceptions scores were found to be lower, except privacy to the guests and appealing promotional brochures. The gaps in service quality dimensions and extra-room facilities were found as largest and smallest respectively; and all the nine perception scores were lower than the expectation scores. The overall result found was that “hotels in Mauritius are not meeting tourists’ expectations” (p.109). The study expose two obstacles being faced by the hospitality industry managers as: 1) “they do not know what aspects the guests considers to be important when evaluating the hotel experience; and 2) they do not have reliable and valid instruments for measuring service quality perceptions” (p.112).

The research study of Mahdavinia Seyed Hessamaldin (2007) illustrates that tourist industries have turned into one of the most profitable sources of income throughout the world especially in the last decade of the second millennium. The
research aims to investigate the customer satisfaction, in application of SERVQUAL model among the two, four-star hotels in Isfahan. The findings reveal that hotel guests' perceptions of the offered services were below the expected average level – an index indicating that none of these hotels in Isfahan has an optimal service quality.

Grigoroudis, E and Siskos, Y (2009)\textsuperscript{57} discuss the customer satisfaction evaluation problem. The authors provide three classifications of customers: (1) "Self-unit customers – individuals of self unit customers with self inspection, disciplined attitude, and a desire to excellence, (2) Internal Customers – who are personnel within an organization, and (3) External customers – represented by the buyers or users of the final products and services of the business organization" (p.9). The authors present an overview of existing methodologies and also the development and implementation of an original method dubbed MUSA (Multicriteria Satisfaction Analysis). This method, the author claims, aims to provide an integrated set of results capable of analyzing customer needs and expectations and to justify their satisfaction level. The book also deals with customer satisfaction problem, presenting the various quantitative and related consumer behavioural models; quality-based approaches; the MUSA method and its extensions and advanced topics; customer satisfaction surveys and barometers; applications of the MUSA method in real-world customer satisfaction surveys; and different information technology approaches related to customer satisfaction. Finally, the book examines the development of a decision support tool to help understand and apply results and methods of measuring and implementing service quality is intended for researchers and practitioners in marketing, quality management, and service management.
Rizaldi and Wijaya (2006) analyse the five SERVQUAL dimensions through Disconfirmation theory. The theory of disconfirmation has been used to explain the formation of customer perceived service quality and satisfaction. According to this theory, service quality and satisfaction result from how well the actual service performance, in other words, the service process and outcome, matches the customer's expectations. Thus expectations and their management are of great significance to perceive service quality and satisfaction. The idea of disconfirmation has its root in Helson's adaptation level theory, which suggests that states of satisfaction/dissatisfaction result from a comparison between one's perception of product performance and one's expectation level. According to widely accepted opinion in service research, customer perceived service quality results from how well customer expectations match actual experiences of the service. And so, based on the disconfirmation theory, the writers conducted a set of research upon Intrapura Restaurant, located at the heart of Amsterdam. To gain the level of customer satisfaction through the customer expectation and customer perception level of Intrapura's service quality. The writers used five dimensions of SERVQUAL viz. tangible, reliability, responsiveness, assurance, and empathy.

Lovaglio (2001) critically analyse the satisfaction of consumers towards products/services offered; in the evaluation of services the conceptual models proposed for the indirect estimate of the CS go back to the theory of gaps between service and those perceived, separately for the five fundamental dimensions of SERVQUAL. The aim of the paper is to propose a general model to estimate latent variable customer satisfactions, which manifest categorical variables. The approach amalgamates all the available information about customer satisfaction in the structural
models specified in the Customer Satisfaction Barometer (CSB) and American Customer Satisfaction Index (ACSI) models with gap theory of SERVQUAL.

Ofer H. Azar\textsuperscript{60} analyses whether tipping would improve service quality and increase economic efficiency, as tips are incentives to provide best service and consequently allows avoiding costly supervision of workers. The study argues that the common notion is wrong. The author illuminates the reasons for the increased interest in tipping is that the concerned firms benefit from better understanding of various issues related tipping. Secondly, tipping has become a social norm and a form of consumer behaviour. The author claims that this was the first article to expose the inconsistency between the two market characteristics, i.e. tips are hardly affected by service quality and service quality is ranked as being high by customers. The study concludes that tips are not directly proportional to service quality and additional measures should be employed to warrant good service quality.

Jonathan Lee et al (2006)\textsuperscript{61} have studied the word-of-mouth (WOM) and the customer lifetime value (CLV). The study is based on the concept that measuring the customer value and marketing effect with reference to direct financial contributions carries a potential risk of misleading the marketing managers. The study empirically investigates the effect of WOM in estimating CLV. Data was collected from 1,493 customers through survey and transaction measures using a 10-point scale. The survey was inclusive of level of customer overall satisfaction and WOM, i.e., willingness to recommend. The authors incorporated the WOM effect in estimating CLV and argue that if direct financial contributions are alone incorporated in CLV estimation, companies run the risk of missing the latent aspect of customer value and
thus there exists a possibility to misjudge customers’ true lifetime value. It is advocated that the indirect effects of WOM should also be evaluated to maximise the lifetime value of customers and based on this investments can be made accordingly to augment the customers’ attitude to generate positive WOM.

Barry Cohen (1997)\textsuperscript{62} writes that the term ‘WOW’ effect was coined by him which encompasses all the efforts that are being taken by the hotel’s/restaurant’s top management to keep the customers and employees fresh and exciting. The article discusses the five WOW aspects viz. WOW yourself; WOW your employees: WOW your customers; WOW your community; and WOW your competition. The first aspect WOW yourself concerns about the manager’s should have an environment to think as strategists and futurists and to WOW themselves with creative ideas. The second aspect, WOW the employees is nothing but empowerment of employees through financial and psychological ownership. The third factor, WOW your customers is explained by the author as doing things the right way, and it applies just as much to service as to food. WOW your community, which is the fourth factor is the effective community reach i.e. learning about the diverse communities, their needs etc. And finally, WOW your competition through innovative ideas and concepts i.e. not copying the successful new ideas that is usually being followed in the market.

Thayne Forges (2007)\textsuperscript{63} through his working paper on Valuing Customers argue that one of the important intangible assets of any business is the value of customers. The fundamental methodologies for valuing customers are explained and their limitations are also considered. The value of customer is broadly defined as ‘the value that customers generate for the business’ and alternatively, the ‘value of
relationship’ The study suggests that Porter’s value chain can be used to analyse how customer relationships create value. The author claims that there are delicate differences using brand value as a substitute for the value of customer even though they seem to appear similar. The study suggests the following common approaches for valuing the customer related intangible assets: 1) Cost approach; 2) Market approach; and 3) Income approach. The cost approach is based on the level of cost to be incurred to create value. The second approach measures the open market expenses, while the income approach is based on the level of income the asset would generate. The study also illustrates the limitations of all the three approaches. The cost approach is distorted by time value of money and the evolvement of the competitive environment. The availability of sufficiently comparable transactions is identified as the primary weakness of the market approach. The income approach is complicated to carry out. The study concludes that since customers are the reason for the existence of a business, skill for managing their customers profitably is crucial.

Holjevac, I.A. et al (2000) in their working paper argue that one of the biggest contemporary challenges of management in service industries is providing and maintaining customer satisfaction. The study examines hotel Guest Comment Cards (GCCs) and customer satisfaction management schemes in 25 hotels in Opatija’s, through the ‘Applied content analysis’ approach proposed by Horsnell (1988). The authors argue that though several tools are available for measuring customer satisfaction in hotels, one of the most popular is Guest Comment Card. They substantiate that this method has the advantages of small size, easy distribution, and simplicity. The GCC checklist consisted of 32 categories which were grouped under five general areas of analysis viz. (1) focus and management value of GCC attributes,
(2) GCC attribute measurement techniques, (3) GCC measure of overall customer satisfaction and loyalty, (4) GCC marketing measures, and (5) effective layout of questions. The study combines an analysis of customer satisfaction management schemes and GCCs content analysis in the selected hotels. The authors conclude that efficiency of customer satisfaction measurement with GCCs, depends on the measurement methodology and valuable information for management decisions regarding a hotel’s offering can be obtained only through reliable and valid data.

The paper presented by Sutanto (2009) at the International Seminar on Industrial Engineering and Management built the model of customer satisfaction on the basis of survey and choice data collection by interviews. The outcome of the study reveals that full service hotel owners and managers should focus on the following three major elements of service quality: technical or outcome dimension, functional or process related dimension, and corporate image. The result highlights that the variable technical or outcome dimension of service quality was most important to customers. The author argues that the model used for assessing customer satisfaction in the full service hotel industry is a useful one. The study suggests that "hotel owners, who truly want to gain a competitive edge, must continually strive to increase the levels of customer satisfaction by emphasizing the three significant factors discerned in this study (mentioned above) as suggested by the transaction-specific model" (p. A.112).

Roya Ranimi (2007) presented a thesis on the feasibility study of Customer Relationship Management (CRM) application in hotel industry. The research study was conducted on the context that with increased globalization, competition, higher
customer turnover, growing customer acquisition costs and rising customer expectations in today's competitive word, CRM is very important for companies. The scholar argues that the study emphasizes application of CRM in hotel industry brings increase in the rate of retention, increase revenue and profitability, reduce internal costs, reduce marketing costs, improving customer services, create positive word of mouth, market growth, improve marketing methods, streamlines business process, and finally protects marketing investment and maximize returns. The study outlines the four “P”s, required for a successful CRM initiative: Profiles, Preferences, Precision, and Property and points out 'management commitment to embracing CRM as a way of doing business as the fifth most important element and substantiate this argument that without deep and confirmed leadership, this kind of initiative will go nowhere. The study finds that customer satisfaction will cause customer loyalty and retention; customer retention is important for business and customers; successful implementation of CRM will increase rate of retention, increase in revenue, profitability, reduction in internal costs, reduction in marketing costs, positive word of mouth, better understanding of customer requirements, and higher employee productivity and concludes that all these benefits for a hotel can be a source of long-term and sustainable competitive advantage.

Malthouse, E.C. et al (2003) examine customer satisfaction across organizational units in their working paper. The research paper discusses various customer satisfaction models for assessing the relationship of overall satisfaction with a product or service and satisfaction with specific aspects of the product or service for organizations having multiple units or subunits. The study critically examines whether the drivers of overall satisfaction vary across such units and if so, proposes
how additional variables can be included in a model to account for the variation. The research examines the hypotheses that different subunits within an organization or industry may show different relationship between specific aspects of satisfaction and overall satisfaction; in other words, there may be different utilities for the specific aspects of satisfaction. The authors argue that variation in the specific-general satisfaction relationship across organizational subunits also has important theoretical implications for satisfaction research and stress the importance of explaining the variation effects across units or subunits. i.e. for one subunit, some specific type of satisfaction may be strong predictor of overall satisfaction, while for another subunit the same specific type of satisfaction may have little or no relationship to overall satisfaction. The study assumes pre-defined subunits. Further illuminates that the attributes can have different satisfaction implications for different customer and market segments. The study concentrates on newspaper and healthcare industries. For each of the industries, extensive case studies had been developed through measures of overall satisfaction and satisfaction with specific attributes. The study indicates the need for richer theoretical hypotheses including more variables and also the utility of methodology used for studying the variation in effects across subunits. The authors expound with appropriate illustrations to highlight the situations where there is no significant variation across subunits as well as situations where such variation exists.

Nusair et al (2010) in their study investigated the effects of price discount frames and price discount levels on consumer perceptions about the quality of the service product, the value of the discount, their purchase intentions etc. The research study included restaurants, hotels, mailing service, and retail services. The study
showed that price discount frames and discount levels do affect consumers’ perceptions on the value of the discount and the quality of the service.

Peter Jones and Michael Dent (1994) had conducted a research study on the customer attitudes to waiting times in the hotel and restaurant industry based on Maister’s “Psychology of Waiting Lines”. The study was conducted with a sample of 100 customers – show that customer behaviour is affected by the length of time they have to wait. The study compares customer attitudes and the firm’s ability to deliver; explains specific examples of developments in service systems design and delivery in both hotels and restaurants.

Wenjing Shang and Neal H. Hooker (2006) in their working paper use survey data to determine consumer preferences among a set of four alternative food labels which report such plant level performance scores. The authors study the product label reports of food producers’ hygiene performance and explore consumer preferences for the ‘right’ amount of information and how to present this information. The authors carried out the study to verify the following hypotheses: 1) In terms of presentation format, consumers prefer number system than other visual or verbal systems, 2) Among the three different levels of information volume sets, consumers don’t always prefer the largest volume set, and 3) No matter what their preferences are, consumers are consistent with their information volume preferences. The survey was carried out through mail.

Jessica Salver (2009) in her book traces out the link between the brand name and the customer loyalty. The major objective of this works is to examine the concept
of brand management, to adapt and apply it to hotel services, since, the author argues, customer loyalty is a hot topic in today's ultra competitive business environment. The second objective of this study is to determine the connection between these two concepts and to investigate the beneficial effects of branding hotel services for the process of establishing loyalty. The author cites that the original idea of using marks to indicate ownership and origin can be traced back even for millennia to ancient Greek and Rome and early Chinese dynasties. More and more businesses have come to realize the power and important of brands and the concept of brand management has consequently gained considerable interest in recent years. The author further advocates that the hotel industry — along with many other services — is lagging behind manufactured goods by decades and nonetheless, there are great potentials for brand management in the service industry in general and the hotel industry in particular. As the hotel industry differ from physical goods in many ways, it is vital to examine the concept of brand management — to adapt and apply to hotel industries. The author further argues that as competition keeps intensifying at steady pace, resulting in a surplus of capacities, the importance of making guests return becomes a critical issue; it is said that brands provide the opportunity to encourage the creation of loyalty among consumers.

Research study by Nelson Tsang and Hailin Qu (2000)\textsuperscript{72} analyses the perceptions of service quality in China's hotel industry from the perspective of both international tourists and hotel managers. The sample contained 90 hotel managers and 270 international tourists, stayed at various hotels in Beijing, Shanghai, and Guangzhou. The study was conducted with the following objectives: 1) To assess the current expectations and perceptions held by international tourists with respect to the
quality of services and products provided by the hotel industry in China; 2) To assess the current expectations and perceptions held by hotel managers in China with respect to quality of hotel service and products provided; and 3) To identify any gap between the perceptions of tourists and hotel managers, with respect to the quality of hotel service and products provided. The study advocates: “The gaps between tourists and hotel management could be bridged; there is room for service quality improvement in the hotel industry in China; managers are too self-assured and somewhat oblivious to their failings in delivering what tourists expect; and therefore, the necessary first step in improving the service quality is for managers in the hotel industry in China to acquire accurate information about the driving forces”.

Edwin N. Torres and Sheryl Kline (2006)\textsuperscript{73} in their article, seek to develop a managerial model, which would assist in the successful management of customer relations. Their study describes the concepts of satisfaction and delight; their background and potential outcomes.

Miguel Ignacio Gomez et al (2003)\textsuperscript{74} conducted a study to measure the links between store attribute perceptions and customer satisfaction, and between customer satisfaction and sales performance in food and retail sector. The study includes the measurement of complexities of the satisfaction-sales performance links based on empirical model of first differences. The study expounds that customer satisfaction is vital to the creation of a successful business strategy. The study cites that Anderson and Sullivan (1993) addressed the simultaneous estimation of antecedents to and consequences of customer satisfaction. Their model identifies factors that determine
customer satisfaction, which in turn have a positive association with financial performance.

Stephen Ball et al (2007) present a detailed historical development of the Indian hotel sector. The authors claim that the Indian hotel sector is in a period of rapid growth and change because of the rapid expansion of business activities, which is the result of the fast growing Indian economy. The book illustrates that there were about 15,000 tourist-arrivals in India in the 1950s, followed by a boom in 1986 with an inflow of about one million tourists. The book further claims that tourism and hospitality industry in India employs 25 million people and this will grow to 100 million people in the next 25 years and Indian hotel industry accounts for 50 per cent of all foreign exchange in India thus has become an economic importance. The authors point out that there is a mismatch of supply and demand in certain areas of the hospitality industry in India; weak labour market is characterised by excess labour; and the current curriculum offered by universities on hospitality education does not address the global issues.
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