EXAMINING THE FACTORS CONTRIBUTING TOWARDS CUSTOMERS SATISFACTION AT XYZ HOTEL, SUNGAI PETANI

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Abstract: Customer satisfaction is the key driver for any organization to survive in the current competitive era. Service providers need to understand their customers and design their services in such a way that the maximum achieved by customer satisfaction. The aim of this study was to measure customer satisfaction at hotel XYZ Sungai Petani. The study contributes by testing a combination of SEVQUAL, Utilitarian and Hedonic Theory and Theory of cognitive Dissonance as the framework. There are three independent variables that is service quality; customer perceived value and customer expectation and customer satisfaction is the dependent variable in this present study. Simple random technique was adopted in this study. 291 questionnaires were distributed to the respondent customers that attend or stayed in the hotel. Multiple regression analysis was utilized to analysed the data and generate the findings. The results shows that service quality and customer expectation have significant relationship on customer satisfaction in this research. The findings indicate that hotel industry need to treat their customers properly by giving the good quality of services and meeting their expectation, as then they'll feel satisfied and utter good word-of-mouth as well as return as repeat customers in the future.

Keywords: Customer Satisfaction, Service Quality, Customer Perceived Value, Customer Expectation

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Introduction

Customer satisfaction has become significant performance indicators for the hospitality industry, as it shows the strength of the relationship among customers and service workers.

Kotler and Keller (2012) said that customer satisfaction is a marketing tool as well as a goal for organizations. With changes in customers' lifestyle, a significant shift has been observed in demand and customer expectations. As the hospitality industry is a service industry direct interaction between the customer and the service provider is very important (Suchanek, Ritcher, & Kralova, 2014). Dimitriades (2006) believe that the quality of service leads to prosperity and customer satisfaction. In the today's competitive hospitality industry, hoteliers need to be careful and alert of customers' needs and request. There is a need to recognize both internal and external elements that influence the occupancy rate to gain a competitive advantage that is supportable (Ehsani and Ehsani, 2015). To date there is lack of understanding of customer value of which variables bids the changes of the situation. Thus, the aim of this present study is to examine the factors contributing towards customer satisfaction at XYZ Hotel, Sungai Petani. The independent variables that have been included in this study are service quality, customer perceived value and customer expectation. On the other hand, the dependent variable is customer satisfaction which will be influenced by the independent variables.

Problem statement

According to Rahman (2014), there is sufficient evidence to prove that higher customer satisfaction leads to higher company's profitability. McCarthy and Perrault (2002) also indicated that customer satisfaction can be characterized the degree to which firms address the issues and prerequisites of customers in connection to their desires, before getting the product or services. For XYZ Hotel, many complaints have been received from the customers (Customer Satisfaction Rate, 2016). The hotel need to be refurbished and upgraded because of buildings are deep-rooted and ancient looking. The rooms and the furniture are all in grubby conditions. Besides, the hotel does not have enough facilities such as lift and room for disabled customers. The hotel also need offer more affordable and suitable prices because of the vast competition in Sungai Petani area.

According to Zeithaml and Bitner (2003) disappointment shows up when the clients encounter huge contrast between their desires and the quality of services that they get. If customer satisfaction decreases, XYZ Hotel will face difficulty to retain the customers as well as attract new ones and this will provide a negative impact on the revenue of the organization. Agoda.com is one of the online website that researcher can acquire customers' good-word-of-mouth or even worst their complaints. According to Ramlee, one of the unsatisfied customers wrote; "Worst hotel that I have been. Room was smelly, toilet was without water until I complained, and water was very dirty, comforter and pillows were smelly, air conditioner was not functioning well. The entire hotel looks like abandoned hotel and no lift to upper floors"; reviewed from Agoda.com in 23 March 2017. This offer bad reputation for the hotel and contributes to bad-word-of-mouth to be delivered from one customer to another. For that matter, this present study will embark on identifying what are the factors that contribute to customer satisfaction and vice versa. With determining such factors, it is hope that XYZ hotel mainly and hotel industry generally will benefit by improving their products and services offered in order to remain in business.

Research objective

1. To determine the influence of Service Quality on Customer Satisfaction in XYZ Hotel.

2. To determine the influence of Customer Perceived Value on Customer Satisfaction in XYZ Hotel.
3. To determine the influence of Customer Expectation on Customer Satisfaction in XYZ Hotel.

Literature Review

Customer satisfaction

Customer satisfaction as a feeling or attitude of the customers towards the product or service after use are the main results of marketing activities that act as communication between different levels of consumer purchasing behaviour (Naser Jamal, 2002). Customer satisfaction is very important to create and strengthen customer loyalty and long-term relationships between service providers and customers. A satisfied customer can spread positive word of mouth, while the unsatisfied may represent a hazard to the operator as a negative word of mouth. In hospitality research, customer satisfaction has been shown to be multi-dimensional and dynamic that has to do with the satisfaction with the physical aspects hotels and customers' perceptions of value (Ryuetal, 2012). Customer satisfaction has additionally been characterized by different creators seen as the degree to which execution of the item compares to the desires of purchasers (Kotler et al., 2002, p. 8). According to Schiffman and Chase (2004), customer satisfaction is characterized as: "the view of the individual execution of the item or administration in regard of his expectation" (Schiffman and Chase, 2004, p. 14). According to Yeung (2002) concluded that business success is connected positively to customer satisfaction.

Service quality (SERVQUAL Model)

In the hospitality and tourism industry, services offered are the key to their business to flourish. Zeithaml (1988) defined as the service quality customer ratings on overall excellence of the product or experience while Kotler and Armstrong (2011) defined service quality as the characteristics that are reflected in the ability to meet the needs expressed and implied. The same definition quality customer service is a comparison made between the expectations and perceptions of services received them (Parasuraman et al, 1988; Grönroos, 1982). In this study, researchers will use all five measurements SERVQUAL representing tangibility, reliability, responsiveness, assurance and empathy to extent customer satisfaction with the quality of service presented by the XYZ Hotel. According to Parasuraman, Zeithaml, and Berry (1985) state that tangibility including physical description of service including physical offices; staff appearance; devices and hardware used to offer services; bodily explanation of services, for example, bank proclamations; another customers in benefit services. According to Parasuraman, Zeithaml, and Berry (1988), reliability refers to the ability of an organization to achieve the appropriate services in a timely manner and in accordance with the promises that have been made to the customer. Responsiveness alludes to the nature of elements in deciding the service quality as indicated by the (Parasuraman, et. al., 1988). As indicated by Parasuraman et al. (1988), assurance suggests to sentiments of trust and trust in managing the affiliation.

Perceived value (Utilitarian and Hedonic Model)

Perceived value is worth the product or service has in the minds of consumers. The dimension value based is from Utilitarian and Hedonic Model. According to Holbrook and Hirschman (1982), the impression that the value should not only be viewed from the perspective of utilitarian where the product was evaluated based on the performance or functionality, but also include the Thus, the utilitarian and hedonic model has been proposed and has contributed significantly to the observed values. By dichotomizing an incentive to utilitarian and hedonic value, it will help different researchers to see the value in better point of view. This dichotomization value has been considered as the essential idea of significant worth in a multi-dimensional approach Sanchez-Fernandez and Iniesta-Bonillo, (2007) in which different measurements of significant worth have been proposed in view of this point of view. The use of the concept of the perceived value have been considered as an important prerequisite for the sustainability of the business, particularly in the fierce market competition and has been regarded as the key to success for all companies (Huber et al., 2001). Yeung (2002), perceived value is a measure of the usefulness of the product, which is gotten from the meaning of services rendered and acknowledged while Suhartanto (2000) underlines the connection between the perceived value and consumer satisfaction. This research makes it clear that the perceived value is most of the variables that need to be combined in a model of customer satisfaction in the hotel industry.

Customer expectation (Cognitive Dissonance Theory)
Customer expectation is defined as the belief that every customer has acquired the services of what they need from it and assume it did. The dimensions of customer expectation are from Cognitive Dissonance Theory. According to Leon Festinger (1957), proposed Cognitive Dissonance Theory (CDT) that characterizes a dissonance between whatever perception of something and its existence. Zeithaml et al. (1990) suggest that customer service expectations are built on complex considerations, including pre-purchase their own beliefs and their opinions of others. Parasuraman et al. (1991) offered that acknowledges customer expectations in service enterprises, (for example, hospitality) may influence remove the most proper services. Customer expectations are opinions about the services, provided to customers as a criterion, or ambition versus actual performance evaluated (Zeithaml and Bitner, 2003). Different customers have different expectations based on knowledge of the customer to the product or service. Expectations of customers are trust experience before the actual experience is yet to come (Oliver & Winer 1987). There are different dimensions to expectations that should be taken into consideration. However, the type most often cited is the normative expectations and predictive expectation. Predictive expectations generally defined as the trust of consumers regarding the level of service that the firm may offer certain services. Customer expectations are ideas about the services provided to customers as a standard, or ambition versus actual routine estimated (Zeithaml and Bitner, 2003).
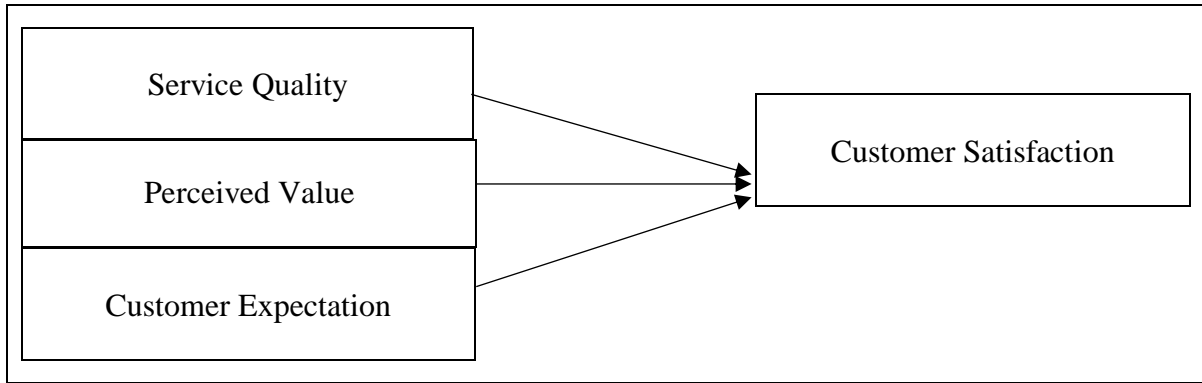
Conceptual framework

Figure 1: Research framework between independent variables and dependent variable

Based on the framework above, there is relationship between independent variable towards dependent variable. The independent variable in this conceptual framework is perceived value, customer expectation and service quality which contain tangibility, reliability, responsiveness, assurance and empathy. This study was conducted to identify if the independent variable has positive or negative relationship toward dependent variable which is customer satisfaction.

Research Methodology

In this research, the sampling methods to be used probability sampling technique that is simple random sampling technique. According to Sekaran, U., & Bougie, R. (2016), population is a large group of people, occasions, and things of concentration that would be required respondents to researchers to investigate. Due to the high occupancy rates at XYZ Hotel and changing new management, population is not available to identify. According to Roscoe (1975) suggest some rules of thumb that can be used to select the appropriate sample for behavioural research.

Roscoe's Rule of Thumb
Independent Variables = 8
Dependent Variables = 1
50 x (8 x N)
50 x (8 x 3) = 1200

Refer to the table provided by Krejcie and Morgan (1970), since the number of sample size is 1200, 291 samples will be selected to answer the questionnaire. SPSS version 21 was utilized to analyse the data at hand. Frequency analysis for the demographic data was conducted first. It was then followed to test the goodness of data which is determining the reliability analysis and finally the multiple regression analysis was conducted to test the hypotheses.

Result and Analysis

The finding is presented in table 1 as below show that the respondents in XYZ Hotel consist of male and female. From the analysis below, female respondents is more than male which is 51.5% compared to male 48.5 %. Respondents are divided into six group of age. Based on the result, most respondents were 25-34 years old which 32% from the total respondents. Respondents are divided into three group of marital status which is married, single and divorced. Based on the result, most respondents were married which is 45.4%. The frequency

Table 1: Analysis of Profiling and General Questions

of stay at XYZ is divided into five. The frequency of customers that stayed at XYZ Hotel once a year is 38.1%. Finally, for the purpose of respondents stayed in Hotel Seri Malaysia Sungai Petani are divided into four groups. Based on the result, most respondents stay at XYZ Hotel for holiday purpose which is 48.8%.

		Frequency	Percent
Gender	Male	141	48.5
	Female	150	51.5
Age	18-24	60	20.6
	25-34	93	32.0
	35-44	88	30.2
	45-54	50	17.2
Marital Status	Single	130	44.7
	Married	132	45.4
	Divorced	29	10.0
Frequency	Once a year	111	38.1
	Twice a year	80	27.5
	Three times a year	65	22.3
	Four times a year	35	12.0
Purpose	Seminar	92	31.6
	Holiday	142	48.8
	Wedding	11	3.8
	Other purpose	46	15.8

Reliability analysis

The findings are presented in Table 2 below shows the quality of service that acts as the first independent variable. Based on the data, the results indicated 0.904, which is an indicator to show it is excellent. The value of customer perception acts as a second independent variable. The result, Cronbach Alpha is 0,795, which is an indicator to show it is good. Customer expectation is a third independent variable. From the data obtained, Cronbach's alpha was 0.810, which is an indicator to show it is very good. Customer satisfaction is a dependent variable. The result is 0,907, which is an indicator to show it is excellent. Therefore, no questions were deleted and the questionnaire was then distributed to 291 respondents.

Table 2: Reliability Analysis

Dimension	Cronbach's Alpha	No of Items
Service Quality	.904	15
Customer Perceived Value	.795	5
Customer Expectation	.810	5
Customer Satisfaction	.907	5

Multiple regression analysis

The findings are presented in the table in Table 3 below illustrates that the coefficient of determination (R^2) is 0.371. It noted that 37.1% of the change in the dependent variable is explained by the independent variables. In other words, only 37.1% of the independent variables (quality of service, the customer perceived values, and expectations of customers)

are significantly related to the dependent variable (customer satisfaction). The remaining 62.9% of the dependent variable is explained by other possible variables. Based on past research findings, the higher the R^2 value means the higher explanatory estimated equation power. The table below shows the F-test is 56.387 lower than 100. If the F-value close to 100 specifies that there is a strong significant relationship between the independent variables and the dependent variable. So here it can be concluded that the study, F-test is 56.387 and there is a moderately strong relationship between the independent and dependent variables.

Standardized Beta coefficient provides a degree of the influence of each variable to the dependent variable. Great value specifies a change in the unit predictor variable (independent variable) has a significant impact on the criteria variable (the dependent variable). If the results of the Beta is closer to 1 means that the independent variables are highly affecting the dependent variable. From the analysis of the present study, it shows that the independent variable that has the highest impact on customer satisfaction is customer expectation with the value of 0.499. it is followed with service quality which impacts customer satisfaction with 0.136 value.

Table 3: Multiple Regression Analysis

	Beta	Sig.
Service Quality	.136	.043
Customer Perceived Value	.017	.787
Customer Expectation	.499	.000
R^2	37%	
Significant	0.00[b]	
F-Test	56.387	
Durbin-Watson	1.955	

Hypotheses analysis

Table 4: Hypotheses Testing

Hypothesis	Result
H_1: There is a significant relationship between Service Quality and Customer Satisfaction towards service that provided by XYZ Hotel	Accepted
H_2: There is a significant relationship between Customer Perceived Value and Customer Satisfaction towards service that provided by XYZ Hotel	Rejected
H_3: There is a significant relationship between Customer Expectation and Customer Satisfaction towards service that provided by XYZ Hotel	Accepted

Discussion of Findings

The purpose of this research was to indicate whether there is a relationship between independent variables Service Quality, Customer Perceived Value and Customer Expectations with the dependent variable, Customer Satisfaction. First, the research questions of this study are does service quality significantly influence the customer satisfaction in XYZ Hotel? Based on the findings, the beta coefficient value of service quality is 0.136 and it is significant. It shows that service quality has moderate influence on customer satisfaction. The second research questions for this study is does customer perceived value significantly influence the customer satisfaction in XYZ Hotel? Based on the finding, the beta coefficient

value for customer perceived value is 0.017, but it is not significant. It shows that customer perceived value also has no significant influence on customer satisfaction. The third research question for this study is does customer expectation significantly influence customer satisfaction in XYZ Hotel? The finding of the beta coefficient value indicates the value of 0.499 for customer expectation. It shows that customer expectation has strong influence with the customer satisfaction.

To conclude from the findings above, customers truly emphases on what they expect to become reality as that is the factor that impact their satisfaction the most. It is aligned with past research that if the needs and wants of customers are at par with their expectations, thus it will enhance their satisfaction and leads to organizational success (Oliver & Winer 1987; Zeithaml and Bitner, 2003; Suchanek, Ritcher, & Kralova, 2014).

Conclusion

As a conclusion, since customer satisfaction has been identified as the key performance indicator of a business and contributes to competitive advantage for the organization if their customers are highly satisfied (Morgeson & Petrescu, 2011), thus organization espacially the XYZ hotel should take extra efforts in fulfilling the needs of customers. Meeting their expectations and giving the best service quality are among the valued steps that organizations can take. Besides improving the infrastructure of the hotels, the Human Resource Managers need to pay attention to training the employees as well. For service industry especially, employees not only need to be effective but they also need to be graceful and elusive in handling customer's needs (Khuong, Ngan and Phuong, 2015). Quality for money is what most customer wants. Hence, determining what customer needs and fulfilling them will not only provide satisfaction to them but also create a long-term relationship which will benefit the organization and the industry as a whole.

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