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**THE EFFECT OF SERVICE QUALITY ON CUSTOMER
SATISFACTION: IN THE CASE OF HYATT REGENCY HOTEL**

**THESIS SUBMITTED TO SCHOOL OF GRADUATE STUDIES
OF ST. MARY'S UNIVERSITY FOR THE PARTIAL
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MARKETING MANAGEMENT**

BY: FEVEN BEKELE

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ST. MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES
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STATEMENT OF CERTIFICATION

This is to certify that Feven Bekele has carried out her research work on the topic entitled “The effect of service quality on customer satisfaction in the case of Hyatt Regency Hotel” is her original work and is suitable for submission for the award of Master’s Degree in Marketing Management.

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AUGUST 2020

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2020

DECLARATION

I, Feven Bekele decelerate that this proposal is my own original work and that has not been presented and will not be presented to any university for similar or any other degree award.

Signature _____

Date _____

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ACRONYMS

SPS: Statically Package for Social Science

AU: African Union

EU: European Union

ECA: Economic Commission for Africa

ABSTRACT

The main purpose of this study is to determine the effect of service quality on customer satisfaction. One of the principal activities in Business Company to stay in a business is having satisfied and loyal guest's. The Literatures has reviewed in order to realize the effects of service quality on customer satisfaction and to identify level of relationship between them. The study is the descriptive and explanatory designs. Both primary and secondary data collection instruments were used to collect data. The primary data was collected through open and closed ended questionnaire. Qualitative data was analyzed through the use of descriptive statistics which include frequency and percentage. The analyzed data was then presented in the form of table. It is done by statically package for social science (SPSS) version 20. The target populations of this study were selected from Hyatt Regency Customers. The sample sizes for this paper were 125 guests of Hyatt Regency hotel. Qualitative data gathered through the questionnaires, and secondary data together helped the researcher to infer statistical data analyses. The researcher used both probability and non-probability sampling techniques to select the target population.

Key words: Customer, Satisfaction, Service Quality

Contents

ACKNOWLEDGEMENT	i
ACRONYMS	ii
ABSTRACT	iii
Contents	iv
LIST OF FIGURES	vi
LIST OF TABLES	vi
CHAPTER ONE	1
INTRODUCTION	1
1.1 Background of Study	1
1.2 Statement of the Problem	2
1.3 Research Question	3
1.4 Research Objective	3
1.4.1 General Objective	3
1.4.2 Specific objective of the research	4
1.5 Scope of the study	4
1.6 Significance of the study	4
1.7 Limitation of the Study	5
1.8 Definition of Terms	5
1.9 Organization of the study	5
CHAPTER TWO	6
REVIEW OF RELATED LECTURE	6
2.1 Introduction	6
2.2 Theoretical Review	6
2.2.1 Service Marketing	6
2.2.2 Service Quality	7
2.2.3 Customer Satisfaction	10
2.2.4 Service Quality and Customer Satisfaction	11
2.2.5 Service Quality and Customer Satisfaction in the Hospitality Industry	14
2.2.6 Measurement of Service Quality in the Hotel Industry	15
2.2.7 Gap Model of Service Quality	16
2.4 Empirical Literature Review	18
2.4.1 Best experience of Hotel industry in Kenya	18
2.4.2 Dimension of Service Quality	19
2.5 Hypothesis formulation	21
2.6 Conceptual Framework	22
CHAPTER THREE	24
RESEARCH METHODOLOGY	24
3.1 Introduction	24
3.2 Research Approach	24
3.3 Research Design	24
3.4 Sampling Design	25
3.4.1 Target Population of the Study	25
3.4.2 Sampling Techniques	25
3.4.3 Sample Size	25
3.5 Type of Data Collection	26
3.5.1 Data Source	26
3.5.2 Data Types	26
3.6 Data Collection Tools	26
3.6.1 Questionnaires	26

3.7 Methods of Data Analysis.....	27
CHAPTER FOUR.....	28
DATA PRESENTATION, ANALYSIS AND INTERPRETATION	28
4.1 Respondents Rate.....	28
4.2 Reliability Test.....	28
4.3 Profile of Respondent	29
4.4 Results and Discussions of Specific Questions.....	31
4.4.1 Reliability Related Questions.....	31
4.4.2 Responsiveness related questions	32
4.4.3 Assurance related questions responses.....	33
4.4.4 Empathy related questions	34
4.4.5 Tangibility related question	36
4.4.6 Customer Satisfaction Level Determinant	37
4.5 Overall Mean Scores of SERVQUAL Dimensions	38
4.6 Correlation Analysis	39
4.7 Regression Analysis.....	40
4.7.1 The Assumptions for Testing Regression Analysis	41
4.7.2 Multiple Linear Regression Analysis.....	44
4.8 Hypothesis Testing.....	47
4.9 Discussion of the Results	47
CHAPTER FIVE	49
SUMMERY, CONCLUSION AND RECOMMENDATIONS	49
5.1 SUMMARY OF THE FINDING.....	49
5.2 Conclusion	50
5.3 Recommendation	52
5.4 Limitation and Direction for Future Research	53
Annex-1: - Questionnaire on Service Quality.....	i

LIST OF FIGURES

Figure 1:Conceptual Framework	23
Figure 2: Normal P-P Plot.....	42
Figure 3: Histogram	42
Figure 4: Scatterplot.....	44

LIST OF TABLES

Table 1:Sample size determination.....	25
Table 2:Response Rate.....	28
Table 3: Reliability of the Instrument	29
Table 4: Profile of respondents	30
Table 5: reliability related questions	31
Table 6: Responsiveness related question.....	32
Table 7: Assurance related question	33
Table 8: Empathy related question.....	34
Table 9: Tangibility related question	36
Table 10: Overall Mean Score of SERVQUAL Dimensions.....	38
Table 11: Pearson Correlation Matrix.....	39
Table 12: Normality of Distribution Using Descriptive Statistics (Skewness and Kurtosis)	41
Table 13: Collinearity Statistics.....	43
Table 14: Model Summary for Customer Satisfaction	44
Table 15: Summary of Coefficient on Customer Satisfaction	45

CHAPTER ONE

INTRODUCTION

1.1 Background of Study

The premise of “service quality” as a tool for gaining competitive advantage and lead in a market-driven system has been well recognized by the financial institutions. However, in the current highly competitive corporate environment it has become increasingly important to not only become the market leader but also to maintain that top position (Zenithal et al., 1996).

The hotel industry was firstly introduced in Ethiopia in 1898 E.C Itegue Taitu Hotel; it is considered as the most booming industry in the world. Brands of hotels played a vital role in the success stories of the hotel (Berry, 2000). The hotel industry of Ethiopia faced numerous challenges recently. Some of them are service quality and customer satisfaction. Service quality has many points of view and has been defined in many ways. Brand image is one of the concepts that give a difference in the business of hotels. The hotel industry of the city of Addis Ababa plays an important role in the growth of tourism (AHA, 2014). The Ministry of Culture and Tourism has the vision to make Ethiopia by 2020 a top five-tourist destination in Africa (AHA, 2014).

Service quality defined by Gronroos (1984) as “the result of an evaluation process which helps consumers compare his expectations with his perception of the service received. Service quality is the degree of difference between the customers' expectations for service and their actual perceptions of performance (Parasuraman et al., 1985). These areas include equipment and facilities, the appearance of employees, materials associated with the service, and operating hours in the hotels.

The satisfaction and loyalty of consumers are a central concept of marketing science (Piligrine, & Kliukaite, 2015). Satisfaction and loyalty of customers have a direct and indirect impact on hotel industries. (Kandampully&Hu, 2007).

Brand management and branding have established it is important strategically for different companies (Post, 2008; Kapferer, 2008; Keller, 2008). Smith (2004) suggested that in-service industry “brand management requires brand managers to take a holistic view of the brand that transcends the marketing and service function and makes it a rallying cry for the firm”. The brand

has also been described as “the impressions received by consumers resulting in a distinctive position in their mind’s eye based on perceived emotional and functional benefits” (Shoemaker, Lewis, Yesawich, 2007). Brand management and established its importance strategically for a sustainable market are very important. Brand managers in the hotel industry faced a bigger challenge of differentiating themselves in a competitive market (O’Neill, Mattila& Xiao, 2006).

According to the Ethiopian Ministry of Culture and Tourism quality standards to hotel grading requirement and classification evaluation criteria states that obtain higher star rating this area customer. Loyalty can be defined in two distinct ways. First, loyalty is an attitude the second is loyalty is behavior have five key area cleanliness, service, food, rooms, bathrooms (Culture, 2015).

1.2 Statement of the Problem

Hospitality is a very dynamic and most competitive industry. Evaluating customer satisfaction should be the primary goal of service giving company. Service quality has drawn attention from researchers and practitioners due to its strong impact on profitably, business performance, customer satisfaction, and customer loyalty (Santouridis&Trivellas, 2010:333).

Ethiopia is one of the destinations in Africa in the tourism sector, which has more than 10 heritages. Also head quarter of the African Union (AU), European Union (EU), Economic Commission for Africa (ECA) many international and local companies, NGOs, are found in Ethiopia.

Service quality and satisfaction have been put forward to be key success factors in gaining competitive advantage for service providers (Hu, Kandampully & Juwaheer, 2009: 111). Lovelock and Wirtz (2011:351) argue the foundation of true loyalty lies in customer satisfaction, for which service quality is key inputs. The customer is an individual or businesses that purchase the goods or service produced by a business. A loyal client is the end goal of any business. The brand of the hotel is an essential factor that emphatically or contrarily influences advertising exercise and the image is the main thing that creates a good impression of the hotel (Pearce and Robison, 2011). In the service sector, there is saying ‘the customer is always right’ because these happy customers are the backbone of the business. Customer care was defined by Phillip Kotler (1998) as service that one can offer to another, which is essentially intangible and does not result in the ownership of anything but brings about customer delight and satisfaction. Customer satisfaction is broadly defined as the difference between customers’ expectations and experience performance after using

a service or product at a certain period (AzmanIlyaniRanlan et al.2016, Mosahab, Mahamad&Ranmayah 2010). Service quality is an important outcome expectation before and after their experience of service (Grounroos2007). As indicated by Peter and Pikkemaat (2005), the employees play a major role in ensuring that customer needs are met. Nowadays the society is having many different tests and preferences for service. Quality of service delivery results in customer satisfaction and retention as it reinforces the perception that the value of the service received is greater than the price paid for it. Some important concepts are: Modern quality concepts result in better profitability, which is the main goal of all the business. Quality control has much to do with changing the frame of mind and psychology of the service provider and particularly the front-end and back-end employees actually providing the services.

Therefore, this research examines the effect of service quality on customer satisfaction in selected brand hotels in Addis Ababa especially in the case of Hyatt Regency.

1.3 Research Question

In categorize to deal with the specific objective of the research questions these questions are seen

- What is the effect of reliability on customer satisfaction of on customers Hyatt Regency?
- What is the role responsiveness on customer satisfaction of customers of Hyatt Regency?
- What is the effect of assurance on customer satisfaction on customers of Hyatt Regency?
- What is the effect of empathy on customer satisfaction on customers of Hyatt Regency?
- What is the influence of tangibility on customer satisfaction on customers of Hyatt Regency?

1.4 Research Objective

1.4.1 General Objective

The ultimate objective of this study was to evaluate the effect of service quality on customer satisfaction in the case of the Hyatt Regency hotel in Addis Ababa, Ethiopia.

1.4.2 Specific objective of the research

The following are specific to be study is:-

- To examine the effect of reliability on customer satisfaction on customers Hyatt Regency
- To explore the effect responsiveness on customer satisfaction customers of Hyatt Regency
- To examine the effect of assurance on customer satisfaction customers of Hyatt Regency
- To investigate the effect of empathy on customer satisfaction customers of Hyatt Regency
- To assess the influence of tangibility on customer satisfaction customers of Hyatt Regency

1.5 Scope of the study

In Ethiopia, hotel industry quality service is connect directly to customer satisfaction. In addition, the competition is through online booking comments. Those comments define the hotel service and satisfaction of customer is every time, which is going to see to the head quarter. Even every brand hotel has their own web site to collect how its customers are satisfied by with the service they provide. This as well defines whether customers are going to be loyal or not. According to Ministry of Culture and Tourism currently there are 8 international brand hotels in Addis Ababa. This paper only focuses on Hyatt Regency Addis Ababa. Hyatt Regency is found on the Meskel square it was opened in this 2019 GC, having 188 rooms, and 5 different types of meeting venue places which can accommodate 10 people to 250 people, 3 international restaurants & spa and Fitness center.

1.6 Significance of the study

The hotel industry is a very high revenue and foreign currency generator. This research is vital to the hospitality sector because it provides fresh quality service points of view for great customer satisfaction brand hotels found in Addis Ababa. Thus, this data used as a director for customer satisfaction and for providing quality service. This study has worth the hotel owners, managers' even employees to maintain sustainable and very smooth relations with their guests. It also gives a guide to a better revenue system. It recommends some basic and valuable terms for newly open able brand hotels. Besides the findings can be a type of reference for other researchers.

1.7 Limitation of the Study

Hotel owners see filling questionnaires as they challenging their customers they are here to refresh” so it needs the researcher to show extraordinary patience and commitment that put its own negative impact to accomplish the research as needed. The other limitation of this study was some of the respondents were showed unwillingness/ not cooperated to fill the questionnaire and do not provide the researcher with the relevant information which limited the outcome of the research. Since the study was made based on questionnaires, it was not certain to clearly reveal the real situations due to personal biases. There was also a time shortage to conduct the study.

1.8 Definition of Terms

Customer relationship management: A strategic approach that enables organizations to use internal resources (i.e. Technology, people, and process) to manage the relationship with customers for the whole of their life’s cycles, to create a competitive advantage and improve an organization's performance (Mohammed & Rashid, 2012)

Customer retention: is how organizations focus their efforts on existing customers to continue doing business with them (Mostert et al., 2009)

Hospitality: is the act of kindness in welcoming and looking after the basic needs of guests or strangers, mainly about to with concerning food, drink and accommodation (Chan and Mackenzie, 2013).

Service Quality: is about delivering service excellence that adds customer value, which at least meets or exceeds customers’ expectation (Brotherton and Wood 2008).

1.9 Organization of the study

The study alienated into five chapters.

- **The first chapter** deals with the introduction consisting of the background of the study, statement of the problem, research question, research objective, a scoop of the study, and significance of the study.
- **Chapter Two** is concerned with a review of related literature containing theoretical review, empirical review, and conceptual framework of the study.
- **Chapter Three** explains the Research design and methodology of the study.
- **Chapter Four** discusses about data presentation, analysis, and interpretation.
- **Finally, Chapter Five** contains summary, conclusions and recommendations of the study.

CHAPTER TWO

REVIEW OF RELATED LECTURE

2.1 Introduction

In this chapter Theoretical Review (Service Marketing, Customer Satisfaction, Service Quality, Brand Image Management, Customer Relation Management, Marketing Mix (7 P's), Gap Model of Service Quality), Empirical Literature Review and Conceptual Framework are briefly highlighted.

2.2 Theoretical Review

2.2.1 Service Marketing

Service marketing has a long been important area of business service market, to achieve superior service quality, management goal has focus on increasing customer satisfaction to position themselves more effectively in the market place (Dion, Javalgi, and Dilorenzo –Aiss, 1998; Karatepe, Yavas, & Babakus, 2005). Service quality is antecedent of customer satisfaction and customer satisfaction exerts strong impact on future purchase intention (Cronin & Taylor, 1992). Service quality has been elusive and indistinct construction result to works involve in defining and measuring service quality to be complicated. Service strategy is defined as an integrated and coordinated set of commitments and actions of service delivery designed to exploit core competencies and gain a competitive advantage (Hitt, Ireland, Hoskisson, 2011). Customer satisfaction compares consumer perception with what consumers would normally expect. Customer satisfaction is defined as the consumer's fulfillment response (Oliver, 1997). It is a judgment that a product or service feature, or the product or service itself, provided (or is provided) a pleasurable level of consumption-related fulfillment, including levels of under- or over-fulfillment. According to Williams et al., (2003), customers are satisfied when their judgment of the service they have received equals or exceed what they expected. If performance matches, the customer is satisfied and, if it exceeds expectations, even delighted (Kotler et al., 1998). If the performances fall short of expectations, the customer is dissatisfied. Proper understanding of the factors that influence customer satisfaction makes it easier for the service provider to design and deliver services offers that correspond to customer demands (Gibson, 2005). The term service quality and customer satisfaction have been conceptualized similarly in the literature and therefore might be considered as one evaluative construct (Iacobucci et al; 1995).

Service quality compares customer perception with what a consumer should expect from a service provider. Service quality as can be seen from these definitions refers to a higher standard of service delivery. SERVQUAL is a scale used frequently for measurement of service quality. (Srinivasan, 2012). Customer satisfaction defined as the level of a person's felt state resulting from comparing a service is perceived performance or outcome in violation of his /her expectations (Kotler, 1998). Customer satisfaction defined as a post-purchase evaluative judgment concerning a specific buying decision (Homburg& Giering, 2001:223).

Service quality and satisfaction are very important concepts that companies must understand to remain competitive and grow (Angelova&Zekiri, 2011:232). Satisfied customers form the foundation of any successful business as customer satisfaction leads to repeated purchase, brand loyalty, and positive word of mouth (Tsoukatos&Rand, 2006:501).

2.2.2 Service Quality

The quality of service and the achievement of customer satisfaction and loyalty are fundamental for the survival of insurers (Taylor, 2001:30). Insurance companies are seeking to increase customer satisfaction and loyalty through improved service quality (Siddiqui &Sharma, 2010:171). Service quality defines from the user's perspective as constantly meeting or exceeding the customer expectations (Zenithal et al.'s, 206:116). Gronroos (2000:67) suggests the process of service delivery called technical quality and relates to what the customer gets from the service. Functional quality is associated with how the service delivered. Both the technical quality and functional quality determine the service company's quality image (Boshoff, 2014:40).

A common denominator of research on service quality is the conclusion that because services are intangible, the process used by customers to evaluate service quality is exceptionally complex and subjective (Gronroos, 2000; Boshoff, 2014:39). The difference between the desired service level and the adequate service level called the zone of tolerance, which is the extent to which customers recognize and are willing to accept heterogeneity in service delivery, (Boshoff, 2014: 41). Customer's tolerance zones not only vary between services, but also over time and for different service dimension (Zeithaml et al.'s.2006:81). The criteria that customers use to base their service quality expectation on referred to as the dimension of service quality. (Boshoff, 2014: 41) Several measurement instruments developed that aim to capture and explain the service quality dimensions. The first was the Nordic approach of Lehtinen and Lehthinen (1982) that introduce a three-dimension view of service quality, which consists of interaction, physical, and cooperate

quality (Wiese, 2013:91). The model processed by Gronroos (1984:36) highlighted the role of technical output quality and function (process) quality.

The North Americans debate started with Parsurman, Zeithaml, and Berry (1985:36) who introduced the SERVQUAL model, a gap based measure and Cronin and Taylor (1992:55) who presented to SERVPERF model, which was a performance only measurement. Among all the service, quality models, SERVQUAL is most widely used (Boshoff, (2014:48). Service quality has widely been discussed since the 20th century and its idea is still relevant to help today's organizations in creating differentiation and gaining competitive advantage in an era of a borderless world and globalization (Ali et al. 2016, Fotaki 2015, (Karatepe 2016).

According, to the Nordic school of thought, suggests that effective service quality should have two important dimensions, namely technical quality (i.e., what customers' received for services provided by an organization) and functional quality (i.e., how an organization delivers services to customers) (Brady & Cronin 2001, Gronroos 1994). Later, the service quality construct has been modified and simplified by the US school of thought where it proposes that effective service quality should have five specific dimensions. Namely tangible (physical facilities, equipment, and appearance of workers), reliability (ability to perform the promised service dependably and accurately), responsiveness (willingness to help the customer and provide prompt service), assurance (knowledge and courtesy of workers and their abilities to inspire trust and confidence), and empathy (caring, individualized attention the organization provides its customers).

(Ismail, Rose & Foboy, 2016, Baldwin & Sohal 2003, Parasuraman, Berry & Zeithaml 1991, 1994, Wan Edura & Jusoff 2009) However, these quality schools of thoughts have different perspectives, the source of their ideas is developed based on individual attitudes and perceptions (Sriram, Chintagunta & Machanda 2015, Yuen & Thai 2015).

This view believes that service quality is an important outcome of a comparison between customer expectations before and after their experience of the service (Gronroos 2007). If customers view that their expectations for service performance conform to their perceptions of the service, this situation may lead to induce the notion of service quality (Gronroos 2007, Kitapci, Akdogan & Dortyol 2014, Zeithaml 1988).

A review of the recent literature about of on workplace quality published in the 21st century highlights that tangibility, reliability, responsiveness, assurance and empathy are generic service quality components and used by researchers and practitioners to assess the effectiveness of service quality. In various types of service sector such as Hoteling (Kranias&Bourlessa 2013, Sangeetha, Mahalingam 2011), retailing (Ahmad, Ihtiyar, Omar 2014, Vera, Trujillo 2013), Supply chain and logistics (Yeo, Thai,Roh 2015, Yuen, Thai 2015), telecommunication (Segoro 2013, Yen, Lu 2008) service quality has been measured. Similarly, in aviation (Gemmel 2007, Hussain Al Nasser, Hussain 2015); defense and security(Ismail et al. 2014, Ridzuan et al. 2013), health (Ismail, Zaki, Rose 2016, Wan Edura, Jusoff 2009) service quality has been measured.

Unexpectedly, a thorough investigation of successful service based organization reveals that the ability of service providers to implement tangible, reliability, responsiveness, assurance and empathy in executing daily job may have a significant impact on positive customer outcomes (Azman et al. 2016, Hussain et al. 2015, Rao Kondasani, Panda 2015).

Customer satisfaction is broadly defined as a difference between customers' expectations and experience performance after using a service and/or product at a certain period (Azman, IlyaniRanlan et al. 2016, Mosahab, Mahamad&Ramayah 2010). While, customer loyalty is often related to as the willingness of customers to repeatedly purchase a good or service that is accompanied by psychological bond and hold favorable attitudes toward a good or the organization supplying the goods or services (Deng et al. 2010, Gede Mahatma YudaBakti&Sumaedi 2013, Yeo et al. 2015). Within a service quality model, many researchers concur that service quality; customer satisfaction and customer loyalty are distinct, but strongly interrelated constructs. For example, the ability of service providers to appropriately implement service quality in executing the daily job may lead to greater customer satisfaction (Azman, Hafizah et al. 2016, Hussain et al. 2015) and customer loyalty (Bardauskaite 2014, Lee & Lambert2008). Parasuraman et al.'s, (1988) develops a gap analysis model to measure the influence of service quality based on the integrated view of consumer-company relationship.

This model provides five generic dimensions of service quality, namely tangible, reliability, responsiveness, assurance, and empathy. For example, if customers view that the implementation of quality dimensions in executing the daily job will strongly fulfill their needs and expectations,

this situation may lead to induced positive customer behavior. The spirit of this theory gained strong support from the service quality research literature.

In quality management and marketing literature, customer satisfaction often viewed as a function of transaction-specific satisfaction and multiple transaction-specific satisfaction (Fornel 1992, Oliver 1997).

Under this viewpoint, customer satisfaction defined based on several perspectives such as a decision made by customers about the service quality, product quality, and price (Parasuraman et al. 1991, Zeithaml et al. 1996). An inner view resulted from customer's own experience from the service, a series of customer -post experience decisions with a product or service over time (Clemes, Gan& Ren 2011) and a difference between customers' expectations and experience performance after using the particular services (Kotler & Clarke 1985, Ramayah, Osman &Rahbar 2010).

SERVQUAL is measures from customer's perceptions and expectations of service quality have five dimensions, which stand a measurement.

- ✓ Reliability
- ✓ Responsiveness
- ✓ Assurance
- ✓ Empathy
- ✓ Tangibility

2.2.3 Customer Satisfaction

Customer satisfaction is the level of customer felt state resulting from comparing a perceived performance of service or product in relation to customers' expectations (Bala, 2013). It means, if the perceived performance is less than expected, can result in a dissatisfaction by customer, and if the perceived performance exceeds expectations, can result in satisfaction by customer (Lin, 2003) cited in (Sakhaei, et al., 2014).

Cronin and Taylor, 1992; Zeithaml, et al. (1996) identified the concept of satisfaction as a relation to customer's overall evaluation based in consumption experience of product or service. As to Solomon (1999) satisfaction can be explained as the judgment formed during the use or consumption of a product or service, therefore a reaction or feeling about an expectation, result of performance evaluation of a product or service

In the hospitality industry, many studies have been developed to identify the attributes that tourists considered relevant regarding customer satisfaction (Agbor, 2011). Based on those studies it was possible to identify as a determinant of customer satisfaction an extensive list of factors, including security, value for money, cleanliness, courtesy and friendliness of staff (Atkinson, 1988; Knutson, 1988; Barsky and Labagh, 1992; Akan, 1995). Besides, the identified determinants of tourist satisfaction, related to convenience of location, prompt service, safety, comfort (Knutson, 1988), employee attitude, rooms' quality (Barsky and Labagh, 1992; Choi and Chu, 2001), behavior of employees, staff quality and timeliness (Akan, 1995; Choi and Chu, 2001).

According to Valerie, Zeithaml and Bitner (2004), customer satisfaction is influenced by a host of issues such as product and service features, customer emotions, perception of equity and fairness and other customers, family members, friends and co-workers. The customer service a brand offers and the fairness of the price it charges determines the level of satisfaction among its customers than any other measures. Parasuraman, Zeithaml and Berry, 1988 have identified 22 factors that influence customer satisfaction. These are: Physical facilities; Equipment; Appearance of hotel employees; Communication materials; Timeliness of service; Problem solving interest; Efficient service; Consistency of service; Accuracy of records; Problem resolution time; Prompt attention to guest's requests; Willingness to help; Flexibility of employees; Behavior of employees; Safety and security; Courtesy of employees; Competence of employees; Individualized attention; Convenient operating hours; Personal attention from employees; Concern towards guest interest; and Understanding guest specific needs.

2.2.4 Service Quality and Customer Satisfaction

The concepts service quality and customer satisfaction appear in the literature as separate constructs (Bitner, 1994; Spreng et al., 1996), sharing a close relationship (Cronin and Taylor, 1992), being necessary to identify the differences between them. The quality perceptions do not require experience with the service and its dimensions are specific while the concept satisfaction judgements require experience with the service or provider and also can result from any dimension, not even related to quality.

From the literature that has been reviewed, customer satisfaction is an important aspect of services industries and has presented intensive relationship with service quality (Cronin and Taylor, 1992; Al-Hawary, et al., 2011). It's relationship have been recognized as a key factor of success to survive in a competitive environment (Bolton and Drew, 1991; Cronin and Taylor, 1992; Fen and Lian, 2007).

The measurement of service quality has been identified as a crucial factor responsible for influence customer satisfaction or dissatisfaction, being considered the most critical determinant of satisfaction (Bolton and Drew, 1991; Tripathi, 2013; Joukes, et al., 2013). They, and had been pointed with strong positive correlation between those constructs, and also can result in a positive word of mouth and loyalty intention (Vanpariya and Ganguly, 2010), it means, the service quality and customer satisfaction has a direct positive effect on customer retention intentions and has being recognized as strong predictor for retention (Gopalakrishnan, et al., 2011).

Accordingly, by the relationship between service quality and customer satisfaction, researchers have found empirical evidences that customer satisfaction is a result of service quality, being an antecedent of that (Oliver, 1993; Anderson and Sullivan, 1993). Definitely, the service quality and customer satisfaction have present relationship in many empirical studies and its constructs are somewhat correlated, in terms of cause and effect (Iacobucci and Ostrom, 1995).

The reflection of service quality is based on the customer's perception about the dimensions of service quality; empathy, reliability, assurance, responsiveness and tangibility, and as cause-effect, the customer satisfaction appears as a result of the customer's perception faced service quality (Zeithaml, et al., 1996; Zeithaml et al. 2006).

In a competitive environment that most industries have facing, the key factor of success is delivering high quality of service focusing on satisfying customers (Shemwell, et al., 1998) and based on this association, these topics have been recognized as a relevant area of research for several industries and support for decision making (Bolton and Drew, 1991; Cronin and Taylor, 1992).

Some researchers argue that service quality is an antecedent of customer satisfaction (Churchill and Suprenant, 1982) while others, argues that satisfaction represents an antecedent of service quality (Carman, 1990; Bolton and Drew, 1991). However, the majority of recent publications believes that service quality is an antecedent to customer satisfaction (Carrillat et al., 2007 andZeithaml et al., 2009).

After conducting a study to establish the relationship between customer satisfaction and service quality, Janet (2011) concluded that a significant relationship between the two existed. All the dimensions of service quality were identified as the key factors in influencing customer satisfaction. The outcome of the study suggested that to improve customer satisfaction, organizations need to improve the dimensions of service quality.

It is generally accepted that a positive relationship exists between service quality and customer satisfaction (Bei and Chiao, 2001). Rowley (1998) argues that service quality is an attitude related to, but not the same as, satisfaction. Parasuraman et al., (1985) in their study, proposed that when perceived service quality is high, then it will lead to increase in customer satisfaction. A Similar conclusion was reached by Bei and Chiao (2006) and Brady et al., (2005).

2.2.5 Service Quality and Customer Satisfaction in the Hospitality Industry

Over the years the hotel industry has faced a considerable increase in demand, and the level of exigency by the customers has reached high standard, consequently has imposed the competition among players in this industry, and also highlight that this industry is influenced by quality of service provided by the hotels (Dominici and Guzzo, 2010).

In a highly competitive environment in the hospitality industry, meant that companies in this industry act in a different way than usual, it means, they have started to take efforts on understanding customer needs based on the relationship between service quality and customer satisfaction (ReichheldandSasser, 1990).

In the industry, providing high standard of quality and improve customer satisfaction has been recognized as a crucial factor responsible to push up the performances of players and also can improve their profitability (Oh and Parks, 1997; Oppermann, 1998; Dominici and Guzzo, 2010).

Currently, hotel managers has been facing the challenge in the hotel industry to provide and maintain the customer satisfaction. This management approach based on providing product and service with a high standard of quality focusing on customer satisfaction can result in positive brand image, loyalty, reduce the price perception by customers and increase profitability (Dominici and Guzzo, 2010).

The customers demand for service quality in the hospitality industry has been increasingly recognized as a key factor to professionals in the battle of competitive differentiation and customer retention and providing the high level of service to those customers is a starting point to customer satisfaction (Parasuraman et al., 1988; Lam and Zhang, 1999).

Many researchers have identified the relation of service quality and customer satisfaction in the hospitality industry (Gilbert, et al., 2004; Qin andPrybutok, 2008; SuneetaandKoranne, 2014) and the strong positive correlation between those constructs is a very important for those companies which have an objective to develop a good marketing strategies, and also provide competitive advantage and build loyal customers base (Cronin and Taylor, 1992; Aaker and Jacobson, 1994; Jain and Gupta, 2004; Shafiq, et al., 2013; Saleem and Raja, 2014).

2.2.6 Measurement of Service Quality in the Hotel Industry

A number of scholars have carried out several studies with an aim of developing models of measurement that would help service organizations determine their services extent to which are effective. That means measuring of service quality is an important aspect in the quality improvement process because it provides feedback about the type of service provided and the extent to which it meets customers' needs (Mwangi et al., 2009).

According to Johns and Howard (1998), quality measurements only have operational value if they are able to indicate the ways in which service was or was not satisfactory. For service providers, the assessment of service quality is made during the actual delivery of the service. Much current research on service quality is rooted in expectancy–disconfirmation theory, which holds that customers perceive service quality as the difference between when the actual service performances exceeds expectations and negative when the opposite is the case. Parker and Mathews (2001) found that many studies supported the disconfirmation paradigm, but Churchill and Surprenant (1982) found that neither disconfirmation nor expectations had any effect on customer satisfaction with durable products.

No matter how much effort is placed into producing quality service, the true test lies in the perception of customers (Getty and Getty, 2003). The important role of service quality in promoting the success of a hotel business cannot be ignored. It is crucial to every hotel manager to have a good understanding about what exactly their customers are looking for. Identify and analyze customers' expectation, recognize the attributes and dimensions of service quality and their relative importance to customers in each segment of the hotel industry could definitely help managers in the challenge of service quality improvement in their hotels.

Numerous studies in the hotel management field have specifically identified the main attributes and dimensions of service quality perceived by clients (e.g., Knutson et al., 1990; Ekinici et al., 1998; Mei et al., 1999; Getty and Getty, 2003; Dolnicar and Otter, 2003; Juwaheer, 2004; Akbaba, A., 2006; Campos and Marodin, 2012; Mbuthia, et al., 2013; Kim and Perdue, 2013). The results of these studies have given an enormous contribution through the understanding of the relevant service quality attributes and dimensions that matters to the various segments of the hotel industry, which are somehow different from those existent in the others service sector business

2.2.7 Gap Model of Service Quality

The Gap Model of Service Quality (aka the Customer Service Gap Model or the 5 Gap Model) is a framework, which can help us to understand customer satisfaction. The model shows the five major satisfaction gaps that organizations must address when seeking to meet customer expectations. A. Parasuraman, Valarie Zeithaml, and Leonard L. Berry first proposed the model in 1985. In the Gap Model of Service Quality, customer satisfaction is largely a function of perception. If the customer perceives that the service meets their expectations, then they will be satisfied. If not, they'll be dissatisfied. If they are dissatisfied, then it will be because of one of the five customer service "gaps" shown below.

Gap Model for service Quality

Gap1: Knowledge Gap

The knowledge gap is the difference between the customer's expectations of the service and the company's provision of that service. This gap arises because management doesn't know exactly what customers expect, lack of management and customer interaction and Failure to listen to customer complaints.

Example Hyatt Regency hotel was opened in Jan 2019; the guests know and expect many benefits from Hyatt as a brand, with compared to other countries same brand. Since, the management has not had any interaction previously with the customer they don't know what they want. This kind of customers' needs Equivalent service, amenity in room and facility functionality, but when these things are not in same status they will raise a complaint.

Gap 2: The Policy Gap

The policy gap is the difference between management understands of the customer needs and the translation of that understanding into service delivery policies and standards. This happened with customer service standards, failure to regularly update service level standards.

Gap Model of Service Quality



Example at the time of opening the other brands has been working Mobile check in but in the new property this was not available, it brought some incontinence.

Gap 3: The Delivery Gap

The delivery gap is the difference between service delivery policies and standards and the actual delivery of the service. It will see by deficiencies in human resources policies, failure to match supply to demand employee lack of knowledge of the product, lack of cohesive teamwork to deliver the product or service.

Example The staff was selected from different sector so they lack knowledge of the system, and insufficient knowledge of their own product. These lead customers have wrong information of outlets opening time and period, the price of the other department product. Also it was inconvenient for the customers.

Gap 4: The Communication Gap

The communication gap is the gap between what gets promised from previous brand standard to customers through their earlier experience, advertising and what gets delivered to customers.

Example In other brands loyal guests gets many benefits, but in here they might not get the benefit.

Gap 5: The Customer Gap

The customer gap is the difference between customer expectations and customer perceptions.

Example some customers know many things from many brands all over the world, done the maximum they will not be satisfied.

2.4 Empirical Literature Review

Earlier research works, Parasuraman et al., (1988), five determinants of service quality identified as reliability, responsiveness, assurance empathy and tangibles. Ten studies carried out using the cervical questionnaire revealed that Reliability is the most critical dimension .When measuring the relative importance of the five dimensions followed by Responsiveness, Assurance, Empathy and finally Tangibles (Parasuraman et al., 1991) Strongmen (2007) studied the factors influencing service quality in the hotel interested. In Peru and established that the customers were more interested on the dimensions of reliability exterior, tangibles and assurance. The best predictor of overall service quality was identified as the dimension of reliability. The researcher however noted that a different context would give different results. This is due to different social demographic variables such as culture and religion, which might influence customer expectations. Harr (2008) on the other hand studied service dimensions that leads to higher levels of customer satisfaction in restaurants in Singapore and found out that assurance, empathy and tangibles are the most important to customers' evaluation of service quality, and thus, may have a positive influence on customer satisfaction. Mosahabet *al.*, (2010) carried out a study on Service Quality, Customer Satisfaction and Loyalty: A Test of mediation. The research categorized as descriptive research based on the method of obtaining the considered data. Since these data are made for studying the distribution of statistical population characteristics through sampling of the population, the survey was done on the basis the of cross sectional method. The results of this research show that in all aspects, customers' expectation is higher than their perceptions of the Hotel's operation, and in fact the quality of offered services is low. The research concluded that there is a positive and meaningful relation between among all fivefold dimensions of service quality with satisfaction and loyalty, which in both cases assurance and tangibles have the most and the least relation with satisfaction and loyalty.

2.4.1 Best experience of Hotel industry in Kenya

The hotels play a central role in the country's tourism industry, yet the Coast lacks five-star hotels. According to the Economic Survey (2012), the tourism earnings in Kenya rose by 32.8% from 73.7 billion in 2010 to 97.9 billion in 2011. Out of these earnings, the hotel industry's

establishments registered a net worth of over cash. 10 billion. The Kenya hotel and restaurant regulations of 1988 established standards upon which classification of hotels is based. Internationally, the classification of hotels and restaurants creates uniformity in the industry providing common elements in every class of hotel and restaurant that their clients should expect. The hotel business is regulated by two Acts of parliament namely: Hotels and restaurants Act (Cap 494) and the tourist Licensing Act (Cap 381). Vacation hotels, town hotels and lodges are classified into five classes denoted by stars, five being the highest and one being the lowest. These star-rated hotels enable both the domestic and international customers to understand the value of the services they are paying for. The hotels that are 5-star rated are expected to offer highest standards of facilities and services. According to the Kenya gazette, 13th June, 2003, vol.cv-no.62, Nairobi has seven 5-star hotels, nine 3-star hotels, five 2-star hotels and five 1-star hotels.

Kenya has the best -developed hotel industries in Sub-Saharan Africa, offering an average of 31,400 beds per night (Kenya economic survey 2013). As a result, there has been an unprecedented entry of international hotel brands in the Kenyan Hotel industry. Kenya is set to host nine new international hotels that are planning to put up 1437 hotel rooms to cater to growing demand for travel and accommodation in the country by 2015 (Kenya economic survey 2013). These hotels include Marriot, Accor, Radisson blu, Park inn, Lonrho, Rezidor (2 hotels) ,and Hilton (2 new hotels).

Hotel occupancy in Kenya is relatively stable throughout the year, other than December due to Christmas and New Year celebrations in December and January, which reduce demand during those months. Although the reasons for the visit to the country vary, with leisure being a significant driver, the market shows a limited seasonality pattern. Nairobi's main source markets are the UK, the USA, and Italy. Europe is the most important region accounting for 47% of total international arrivals in Nairobi. Arrivals from Asian markets are also becoming increasingly important especially China and India. In 2011, for example, arrivals from China and India grew by 31% and 24% respectively. This is partly due to large construction projects undertaken by Chinese companies.

2.4.2 Dimension of Service Quality

Reliability

Reliability is the ability to perform services dependably and accurately in a consistent manner.

Reliability is a very important determinant of product quality besides good personal service, staff attitude, knowledge, and skills (Walker, 1990).

Berry and Parasuraman (1991) reported that reliable service is the outcome of continuous improvement. Similarly, in another study, it found that service reliability is the service “core” to most customers. So managers should use every opportunity to build a “do-it-right-first” attitude (Berry, 1990).

Tangibility

This dimension shows the physical aspects of the services as physical facilities, the appearance of personnel, and tools used for the provision of services. It translates to the restaurant’s interiors,

The appearance and condition of the cutlery, tableware, and uniform of the staff, the appearance and design of the menu, restaurant signage and advertisements. Firms to convey image and signal quality (Zeithaml et al., 2006) use tangibles.

Responsiveness

This dimension reflects the willingness or readiness of employees to provide quick services to customers. Customers are very keen on employees' behavior in the services industry, especially in the hotel industry. It reported that customers are very sensitive to employees' working environment in service organizations (Brown and Mitchell, 1993). The correct match between staff skills and customers' expectation result in better service quality towards customers. Service recovery and problem -solving have been recognized as important parts of services quality (Nelson and Chan, 2005).

Assurance

This dimension indicates the employees' knowledge, courtesy, and their ability to convey trust and confidence. Service quality also linked to customer satisfaction as to how employees use their knowledge & courtesy and their ability to incorporate trust and confidence. Parasuramanetal. (1988) reported assurance as an essential dimension of service quality after reliability and responsiveness towards satisfaction. It found that a hotel can create customer satisfaction by ensuring trustworthy behavior and reflection of genuine commitments to service provision (Nelson and Chan, 2005). Trust and commitment are important factors for customer satisfaction regarding relationship quality (Nelson, 2006).

Empathy

This dimension shows the magnitude of caring and individual attention given to customers. In the hotel sector, customer care and individual attention are indispensable for better performance due to stiff competition. The employees' commitment to deliver quality services, skillfully handling of conflicts, and efficient delivery of services resulted in satisfied customers for long-term benefits (Nelson and Chan, 2005). Malhotra, (2005) examined the difference in perceptions of service quality dimensions between developing and developed countries. They found that in developing countries like India.

2.5 Hypothesis formulation

The study postulates that the quality of the services provided by the hotel determines the satisfaction level of customers with the hotel. To measure the service quality of the hotel, the SERVQUAL model used. The SERVQUAL model made up of five variables: tangibility, responsiveness, reliability, assurance, and empathy. Customer satisfaction is a dependent variable that occurs when the service provided by the hotel is rated by customers as high quality and satisfactory and vice versa. Therefore, the SERVQUAL model has applied for this purpose of the study. Hence, the following hypothesis has developed under the service quality dimension for this conceptual framework.

1. Reliability: Reliability is the ability to perform services dependably and accurately in a consistent manner. Reliability is very important determinant of product quality besides good personal service, staff attitude, knowledge and skills (Walker, 1990). Berry and Parasuraman (1991) reported that reliable service is the outcome of continuous improvement. Similarly, in another study, it found that service reliability is the service “core” to most customers. Therefore, managers should use every opportunity to build a “do-it-right-first” attitude (Berry, 1990).

H1 Reliability has a positive and significant effect on customer satisfaction.

2. Tangibility: This dimension shows the physical aspects of the services as physical facilities, the appearance of personnel, and tools used for the provision of services. It translates to the restaurant’s interiors, the appearance and condition of the cutlery, tableware, and uniform of the staff, the appearance and design of the menu, restaurant signage, and advertisements. Firms to convey image and signal quality (Zeithaml et al., 2006) use tangibles.

H2: Tangibility has a positive and significant effect on customer satisfaction

3. Responsiveness: This dimension reflects the willingness or readiness of employees to provide quick services to customers. Customers are very keen on employees' behavior in the services industry, especially in the hotel industry. It reported that customers are very sensitive to employees' working environment in service organizations (Brown and Mitchell, 1993). The correct match between staff skills and customers' expectation result in better service quality towards customers. Service recovery and problem solving have recognized as important parts of services quality (Nelson and Chan, 2005).

H3: Responsiveness has a positive and significant effect on customer satisfaction.

4 Assurance: This dimension indicates the employees' knowledge, courtesy, and their ability to convey trust and confidence. Service quality also linked to customer satisfaction as how employees use their knowledge & courtesy and their ability to incorporate trust and confidence. Parasuramanetal. (1988) reported assurance as an essential dimension of service quality after reliability and responsiveness towards satisfaction. It is found that a hotel can create customer satisfaction by ensuring trustworthy behavior and reflection of genuine commitments to service provision (Nelson and Chan, 2005).The trust and commitment are important factors for customer satisfaction regarding relationship quality (Nelson, 2006).

H4: Assurance has a positive and significant effect on customer satisfaction.

5. Empathy: This dimension shows the magnitude of caring and individual attention given to customers. In the hotel sector, customer care and individual attention are indispensable for better performance due to stiff competition. The employees' commitment to delivering quality services, skillfully handling of conflicts and efficient delivery of services resulted in satisfied customers for long-term benefits (Nelson and Chan, 2005). Malhotra, (2005) examined the difference in perceptions service quality dimensions between developing and developed countries. They found that in developing countries like India

H5: Empathy has a positive and significant effect on customer satisfaction

2.6 Conceptual Framework

This section is to summarize the idea about past literature and to bring out the contributions for this study area. The general idea from the past literature is that there is a relationship between customer satisfaction and service quality; also, that service quality could evaluated with the use of five service quality dimensions and the most useable is the SERVQUAL scale.

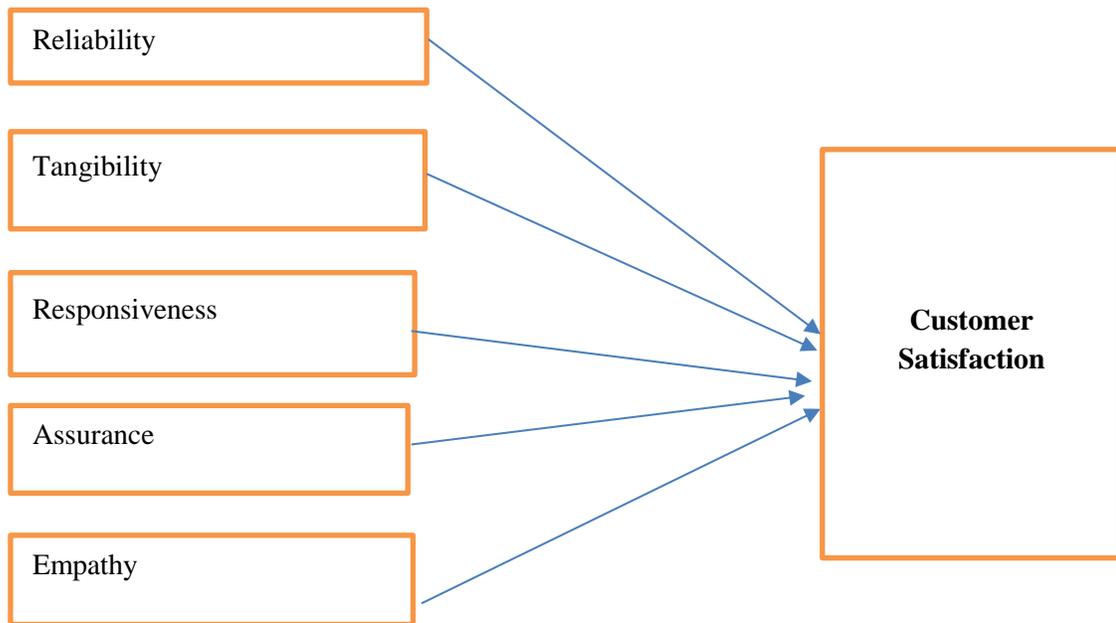


Figure 1: Conceptual Framework

Source: Parasuraman et al., (1988).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter deals with the research methodology implemented to achieve the objectives of the study. Research approach and design, the population of the study, sampling design and sampling techniques, source and instruments of data collection, the procedure of data collection and method of data analysis discussed. In addition to the above points, the validity and reliability test of the research and ethical considerations also addressed.

3.2 Research Approach

In order to examine the determinant affecting customer retention practice in the Hotel Industry and to what extent these factors affect customer retention, the researcher conducted quantitative research because it is suitable for descriptive and explanatory research (Bhattacharjee, 2012) whose phenomena can be expressed in terms of quantity or amount. This approach is also suitable for subjective assessment of attitudes, opinions, and behavior (Kothari, 2004). Moreover, it is often regarded as purely scientific, justifiable, precise, and based on facts (Jonker & Pennink, 2010).

It also placed heavy emphasis on using formalized standard questions and predetermined response options in questionnaires or surveys administered to large numbers of respondents. The main goal of quantitative research is to provide specific facts decision-makers can use to (1) make accurate predictions about relationships between market factors and behaviors, (2) gain meaningful insights into those relationships, and (3) verify or validate the existing relationships (Hair, Bush & Ortinau's, 2003).

3.3 Research Design

In this study, the researcher followed both the descriptive and explanatory designs. A descriptive research design employed for describing the characteristics of the study population. On the other hand, explanatory research design used to investigate the relationship between the dependent and independent variables.

3.4 Sampling Design

3.4.1 Target Population of the Study

The target populations of this study were select from Hyatt Regency Customers. On average, Hyatt Regency hotel estimated to provide a service from 1,000 to 2,000 customers where the largest customers are meeting. However, the target population of the study was customers who use the accommodation, beverage, and food. As the hotel is new in the market, a weekly average from 500 to 1000 customers uses accommodation and restaurants.

3.4.2 Sampling Techniques

The researcher used non-probability sampling techniques to select the target population. Furthermore, non-probability sampling which is purposive sampling was use to select individual customers from the hotels based on the service category of the target population in the Hyatt Regency.

3.4.3 Sample Size

The sample size of respondents was selecte by using sample determination method developed by Carvalho (1984) due to time and financial limitations and the nature the population of, that applied to determine a sample size is:

Table 1:Sample size determination

No of branch	51-90	91-150	151-280	281-500	501-1200	1201-3200	3201-10000	10,001-35,000	35001-150,000
Small	5	8	13	20	32	50	80	125	200
Medium	13	20	32	50	80	125	200	315	500
Large	20	32	50	80	125	200	315	500	800

Therefore, according to Carvalho (1984), sample sizes of 125 customers are optimal considering the large sample size from the average 501 -120 customers who uses the service.

3.5 Type of Data Collection

3.5.1 Data Source

To address the stated problem and research question the appropriate academic purpose, recommendation and conclusion both primary, and secondary data type had been used serving as a basic source of information and knowledge required during the research.

Primary data is a kind of data collected on the direct spot (source) the information is reliable and convenient, interview. Secondary data refers to data which is collected from data that could be collected from literature, publication, books, e –books, and journals. According to Saunderet, al (2009) the use of two or more independent sources of data or data collection helps to confirm and academically rationalize findings of the study.

3.5.2 Data Types

There is two types of data. Qualitative data is pragmatic, interpretive, and grounded in the life experiences of people thus it fostered deeper understandings. Qualitative data is helpful for an in-depth understanding of issues and concerns thus it enables us to obtain rich descriptions of people and interactions as they exist and unfold in their native habitat. Therefore, qualitative data gathered through the questionnaires, and secondary data. Therefore, to value and assess attitudes, opinions, and behaviors, including functions of insight and impressions.

The quantitative data collected helped the researcher to determine the extent of measurable changes. The collected quantitative data gave the researcher an advantage to measure their actions for customers to a limited set of questions. The purpose of quantitative data type used in this study was to drive quantifiable results on the degree of customer satisfaction on quality service.

3.6 Data Collection Tools

3.6.1 Questionnaires

One of the data collection tools/instruments the researcher used during this study is through the distribution of questionnaires. These questionnaires are use as primary data sources for both qualitative and quantitative data types that have been gather from the sample of Hyatt Regency Addis Ababa. The questionnaire designed headed for both closed-ended and open-ended questionnaires. The closed-ended questionnaires are intend to gather more detailed responses from the respondent customers whereas the open-ended questionnaires are intended to gather more

detailed responses from the respondent customers. The questionnaire as a tool of data collection method of study then is designed in such a way that enables the researcher to detail information as possible by 125 questionnaires that have been prepared and distributed to guests only.

3.7 Methods of Data Analysis

Data analysis of this research work under the study is focused mainly on the descriptive statistical analysis of the qualitative and quantitative data collected by Hyatt Regency Addis Ababa. Analysis of data requires a number of closely related operations such as estimation of categories, application of these categories to raw data's through coding, tabulation, and then drawing statistical interpretations.

The data received from respondents were analyzed with the help of the static software program: Statistically package for social science (SPSS) version 20.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

The chapter deals with the data presentation, interpretation, and interpretation and analysis of the study, had two parts. The first background of the respondent and the second part is about questions related to the research topic.

4.1 Respondents Rate

A questionnaire was distribute for 125 guests of the Hyatt Regency hotel. 120 (96%) of respondents were properly filled out and returned. Accordingly, 96% of the filled questionnaires were fully consider and analyzed to make conclusions.

Table 2: Response Rate

Questionnaire	Numbers	Percentage
Returned	120	96%
Total	125	100%

Source: own survey, 2020

4.2 Reliability Test

Reliability refers to the confidence we can place on the measuring instrument to give us the same numeric value when the measurement is repeat on the same object (Gaur & Gaur, 2009). The dimensions for measuring service quality as explained in the literature are establish by the SERVQUAL model as tangibility, reliability, responsiveness, empathy, and assurance. The Cronbach Alpha was use to test the reliability of the scales used.

Table 3: Reliability of the Instrument

S.N	Variables	Cronbach's Alpha
1	Tangibility	.814
2	Reliability	.734
3	Responsiveness	.720
4	Assurance	.710
5	Empathy	.753
6	Customer Satisfaction	.783
7	Overall variables	.899

Source: own survey, 2020

Cronbach's alpha is a coefficient of reliability used to measure the internal consistency of the scale; it represented a number between 0 and 1. According to Sekaran (2003), the closer the reliability coefficient gets to 1.0, the better it is, and those values over .80 are consider as good. Those values in the .70 are consider as acceptable and that reliability value less than .60 is consider being poor. As can be seen above the overall Cronbach's alpha result of all items was 0.899 which is higher than the minimum alpha value set as acceptable (i.e. 0.70) that can be considered as better. Therefore, this implies that the data generation was reliable and free of random errors.

4.3 Profile of Respondent

As indicated below, 82 (68.0%) respondent was Male and the remaining 38 (32.0%) were Females. Looking into the age of the respondent, the majority of respondents were from 35-45, which accounts for 56.0% followed by the age between 25-35 (18.0%) , the remaining 13 (26.0%) were above 45. This indicates that most of the hotel guests were Adults.

As indicated in the below table below, out of 120 respondents 55 (46.0%) have PH.D, 46 (38.0%) have a Master's Degree and the remaining 19(16.0%) of the respondents are Degree holders. Accordingly, this shows that most of the hotel guests were highly educated and are professionals.

As can be seen from the table 4, majority of the respondent has been a customer of the Hyatt Brands Hotels for more than 3 years which mean they are loyal guests to the brand, represented by number 50 (42. 0%). This shows that every hotel staff works hard on its loyalty program. The 32 guests (26.0%) have less than six months' experience with the hotels while the remaining 38 guests (32.0%) are newly registered or shifting guests. Most brand 5* hotels were open before 4 years the

only brand new open hotel is Hyatt Regency. Even though the Hyatt Regency is new it didn't take long to penetrate and take the major share of the hotel market in the capital.

Table 4: Profile of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Gender respondent	Male	82	68.0	68.0	68.0
	Female	38	32.0	32.0	100.0
	Total	120	100.0	100.0	
Age of respondent	25-35	22	18.0	18.0	18.0
	35-45	67	56.0	56.0	74.0
	More than 45	31	26.0	26.0	100.0
	Total	120	100.0	100.0	
Academic background	Degree	19	16.0	16.0	16.0
	Masters	46	38.0	38.0	54.0
	PHD	55	46.0	46.0	100.0
	Total	120	100.0	100.0	
how long you have been customer	<6 Month	32	26.0	26.0	26.0
	1-2 Years	38	32.0	32.0	58.0
	3&Above	50	42.0	42.0	100.0
	Total	120	100.0	100.0	
Purpose of Travel	Business	65	54.0	54.0	54.0
	Leisure	29	24.0	24.0	78.0
	Education training	26	22.0	22.0	100.0
	Total	120	100.0	100.0	

Source: own survey, 2020

The data collected shows 65 guests (54.0%) come to the city for business and the remaining 29 (24.0%) for leisure and the remaining 24(22.0%) come for the purpose of education & training. Being the capital of the continent and sit to different international and national organizations, the city has a sample opportunity to attract guests throughout the year. However, there was no tourist arrival for the sake of medical purposes.

4.4 Results and Discussions of Specific Questions

4.4.1 Reliability Related Questions

Table 5: reliability related questions

Reliability	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total	
	No.	%	No	%	No	%	No	%	No	%	No.	%
Promising Service brand	7	6	7	6	7	6	53	44	46	38	120	100
customer handling	2	2	12	10	17	14	41	34	48	40	120	100
Airport picks up service	12	10	14	12	19	16	48	40	26	22	120	100
Staff performance standard	-	-	12	10	10	8	43	36	55	46	120	100
system, ATM or POS	5	4	14	12	53	44	26	22	22	18	120	100

Source: own survey, 2020

Most of the respondents agreed the service provided by a certain brand is as per promised. The above table shows, 53(44.0%) respondents agreed the service was as promised by the brand, 46(38.0%) of them strongly agreed, 7(6%) of the respondent are neutral, 7(6%) of the respondents disagree, 7(6%) respondents strongly disagree. From this response, we conclude that the hotel is serving above the promised level.

Table 5 indicated 48 (40.0%) of the respondents strongly agree, 41(34.0%) of them agreed customer handling was convenient for them, 17 (14.0%) of them were neutral, 12(10.0%) of them disagreed and the remaining 2(2.0%) respondent strongly disagreed by the customer handling process. By this response, we can conclude that most of the guests were happy with the customer handling process.

As illustrated on Table 5, majority of respondents noted that airport pick up service was as per the promised, which 48 (40.0%) Agreed, 26(22.0%) strongly agree, 10(16.0%) are neutral, 14(12.0%) disagreed, 12(10.0%) strongly disagreed by the service. From this, we can conclude that the airport picks up was satisfactory for guests by the specific brand.

As per the above table staff performance were strongly agreeable by 55(46.0%), agree 43(36.0%). 10(8.0%) neutral and 12(10.0%) disagreed staff performance were not according to brand standards. Yet, there was no guest strongly disagreed by the performance of staffs. This implies a staff of Hyatt Regency performs in high-quality level according to the brand standards.

As indicated in Table 5, the majority of the respondents which accounts 53(44.0%) replied that they did not use ATM Service, which makes them Neutral, 26(22.0%), Agree, 22 (18.0%) Strongly agree, 14(12.0%) Disagree, while 5(4.0%) Strongly Disagree. The data show that the customers did not use the ATM or they did not know whether the service is available or not.

4.4.2 Responsiveness related questions

Table 6: Responsiveness related question

Responsiveness	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total	
	No.	%	No	%	No	%	No	%	No	%	No.	%
Willingness of staffs	5	4	10	8	2	2	50	42	53	44	120	100
Employees professional approach	5	4	7	6	14	12	46	38	48	40	120	100
Luggage handling and delivery	10	8	14	12	22	18	31	26	43	36	120	100
Customer Follow up	10	8	14	12	19	16	58	48	19	16	120	100

Source: own survey, 2020

As per table 6 almost equivalent respondents strongly agree the staffs show a willingness to help customers, which is represented by 53(44.0) and the remaining 50(42.0) agreed. The 10(8.0%) of the respondents disagreed that the staff was not helpful and willing and 5(4.0%) strongly disagreed that staff willingness to help guests was not good enough for them. The remaining were neutral; 2(2%) by the above response we can say nearly all of the respondents approved the willingness of staff members to help and being willing to go the extra mile and delight the guests.

As shown in table 6, most of the respondents 48(40.0%) strongly agreed that employee's approach was professional and 46(38.0) agreed on staff professionalism as per the brand standard 14(12.0%) of the respondents were neutral. However, 7(6.0%) of the respondents disagreed and 5(4.0%) strongly disagreed on the professionalism of the staff. Accordingly, we can conclude that a large

amount of the respondents agreed that the staff of the hotel were professional as per the brand manual.

As indicated on table 6, 43(36.0%) of the respondents strongly agreed that the luggage handling and delivery was as the brand standards, 31(26.0%) agreed, 14(12.0%) disagreed and 10(8.0%) strongly disagree by luggage handling and delivery method was not as per the brand standard. The remaining 22(18.0%) were neutral or they did not use this service. Generally, it means the delivery and handling method was accept by most of the guests.

Most of the respondents imply that the hotel gives e-mail follow up and make courtesy call which can be represented as 58(48.0% agreed, 19 (16.0%) strongly agreed and 14(12.0%) disagreed and 10(8.0%) strongly disagreed that the hotel didn't made any courtesy call or physical visit. The remaining 19(16.0%) were neutral from this we can say the follow up method is fair. This implies Hyatt Regency make a follow up and make courtesy call is do which makes the hotel and the guests close to each other.

4.4.3 Assurance related questions responses

Table 7: Assurance related question

Assurance	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
brand loyalty program	10	8	14	12	17	14	41	34	38	32	120	100
Trust and confidence on the brand	2	2			12	10	48	40	58	48	120	100
Payment as per the service and brand	17	14	22	18	17	14	46	38	19	16	121	100
Service knowledge	54	44	26	22	26	22	2	2	12	10	120	100

Source: own survey, 2020

As per the below table 7, employees give information about the brand loyalty program which would 38 (32.0%) strongly agreed, 41 (34.0%) agreed, 17 (14.0%) have not received or informed, 14 (12%) disagreed & 10(8.0%) strongly disagreed or did not get information about the brand loyalty program. Accordingly, we can conclude that even though the brand is new in Ethiopia people are getting information about it. Employees keep informing the customer about brand loyalty, which makes good recall.

As has been seen in table 7, the findings are presented 24(58.0%) of guests strongly agree, 48(40.0%) agree that they trust and have confidence in specific Hyatt brands. 12 neutrals only 2(2.0%) strongly disagree, guests, do not trust and have no confidence. By this, we can conclude that Hyatt as a brand it is treatable.

The majority of respondents noted that the payment is suitable for the service they get, which are 46(38.0%) agreed, 19(16.0%) strongly agreed, 17(14.0%) are neutral which means the payment and the service were equivalents. Those guests responded the service is lesser than the payment they made; 22(18.0%) disagreed and the remaining 17(14.0%) strongly disagree by the payment asked. Since price is one of the major points for sustainable market majority of the respondents felt very well about the amount they pay and by the service, they receive, we can say the price is suitable for the customers as a brand hotel.

The above result implies that employees have enough knowledge about their hotel's (county), events & different service; it means they mislead the guests or totally do not have knowledge about many things happening. As known information is the primary source for business or leisure travelers to use their time as their schedule. This data is represented 53(44%) strongly disagreed, 26(22%) disagreed (do not get proper) by the information they got from the service providers, 26 (22%) are neutral. Only 12(10.0%) strongly agreed and 2 (2%) agreed with the information. From the above data, the hotel must do many things to update the information to employees to provide better service as per the brand standards and compotator brands in Addis Ababa.

4.4.4 Empathy related questions

Table 8: Empathy related question

Empathy	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total	
	No.	%	No	%	No	%	No	%	No	%	No.	%
Attention for every guest	5	4	19	16	17	14	53	44	26	22	120	100
Customer care & respect	2	2	14	12	12	10	48	40	44	36	120	100
Knowhow on personal preference/needs	2	2	19	16	26	22	41	34	32	26	120	100
Guest recognition	2	2	14	12	12	10	54	44	38	32	120	100

Source: own survey, 2020

The majority of the respondents agreed with the attention they get as a specific brand is good. It could be represented 53 (44.0%) agree, 26(22.0%) strongly agree, 17 (14.0%) neutral, 19(16%) disagree and 5(4.0%) strongly disagree. From these responses, we can conclude that the brand offers good attention for every guest, still must work hard to achieve beyond.

As shown in Table 8, regarding customer care and respect most of the guests are pleased. This can be shown as 43(36.0%) strongly agree, 48(40%) agreed, 12 (10.0%) neutral, 14(12.0%) disagreed and 2 (2.0%) was not comforted by the care, and respect they got. From this result, we can say Hyatt hotel employees and managers give great care and respect for its guests.

As illustrated in Table 8 of 31(26.0%) and 41(34%) respondents said the employees know their personal preferences and needs. Also 26 (22%) did not say anything (neutral), 19 (16.0%) disagreed, 2 (2.0%) disagreed. As known by brand hotels their s tracking method on their profile which benefits the guest. These tracing methods benefit the guest to have unforgettable and comfortable.

Most respondents get recognition as their loyal and repetition, it is represented by 38(32.0%) strongly agree and 53(44.0%) like the recognition they got from the brand employee's. However, 14(12.0%) and 2(2.0 %) don't get recognition compares with the same bran experience. In many brands, there is designated desk, which loyal guests come and get the service and they got apparition from the employee. Recognizing guests give the company to have hardcore loyal guests.

4.4.5 Tangibility related question

Table 9: Tangibility related question

Tangibility	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total	
	No.	%	No	%	No	%	No	%	No	%	No.	%
Modernity about equipment	2	2	5	4	17	14	65	54	31	26	120	100
WI FI	36	30	29	24	19	16	17	14	19	16	120	100
Breakfast variety	14	12	26	22	22	18	34	28	24	20	120	100
Facility and cleanliness	7	6	2	2	18	14	50	42	43	36	120	100
Professional appearance			5	4	19	16	46	38	50	42	120	100
Location of the hotel	48	40	29	24	2	2	5	4	36	30	120	100

Source: own survey, 2020

As shown in table 9 most of the respondents find Hyatt well equipped, represented by 31(26.0%) strongly agreed, 65(54.0%) agreed, 17(14.0%) neutral by the equipment's, the remaining 5(4.0%) and 2(2.0%) do not think it is not equivalent with other brands.

From respondents since, the design is, well furnished and modernity of materials is to the latest version, this gives guests to find leisure cozy and funky environment make the hotel to penetrate the local and international market.

As per the respondents most of the guests are not pleased by the Wi-Fi 36 (30.0%) strongly disagreed, 29 (24.0%) disagree, 19 (16%) are neutral. Only 19 (16.0%) and 17(14.0%) said the speed is fast as the brand standards. As the country has only one provider, the speed is doubtful. Hence, most of this is business hotels and many international organizations are allocate in the capital city it is advise to have fast service.

As indicated by table 9, 24(20%) Strongly agree, 34(28.0%) said the hotel provided a variety of breakfast menu as per the brand standard, but 26(22.0%) disagreed and 14(12.0%) strongly disagreed by the range of the breakfast, they said below the brand experience. The 22 (18.0%) respondent is neutral by the variety.

We can conclude that one point of purchase for hotels is restaurants the variety should be all counties. The one and most crucial thing for people is the cleanliness of the hotel, most of the

respondents found the hotel clean, as the specific brand requires. The data shows 43 (36.0%) strongly agree, 50(42.0%) agree on the cleanness of the hotel at all. only 2(2.0%) disagree and 14(6.0%) said strongly disagree about it.

As indicated in table 9, the respondent replies professional appearance and neatness are quite convenient. 50 (42.0%) strongly agree and 46(38.0%) revealed that the professional appearance and neatness of employees. 19(16.0%) neutral and 5(4%) disagreed by the looks. From the above discussion what it implies the employees have professional appearance and neatness.

As the reports of table 9, the location is not convenient for the purpose of travel this is because the hotel is located on the busy road and at the heart of the city commonly named Meskel Square place whereby huge events took place for decades and a church in one side. Moreover, there are a church and stadium in a nearby location. Most of the guests disagreed, represented by 48(40%) strongly disagree, 29(24.0%) disagreed, 2 (2.0%). Moreover, 5(4.0%) agreed and 36(30.0%) strongly agreed that the location is convenient for the purpose of travel.

4.4.6 Customer Satisfaction Level Determinant

Customer Satisfaction	Disappointed		Neutral		delighted		Total	
	No.	%	No	%	No	%	No.	%
Expectation of the hotel	12	10	12	10	96	80	120	100
Food Satisfaction	65	54	19	16	36	30	120	100
Promotion comparison with other brand	10	8	17	14	94	78	121	100
Service provider professionalism & Empathy	17	14	17	14	86	72	120	100
Price for hotel facilities	14	12	38	32	68	56	120	100
Product /service	14	12	8	6	98	82	120	100

Source: own survey, 2020

As illustrated in table 9, 96(80%) of the respondents respond that the hotel meets their expectations and they are. The remaining 12 (10.0%) are neutral, and 12(10.0%) are disappointed. According to the above analyses, it implies that most of the hotel guests are delighted and become a good repetition.

The above table reveals from the total respondents about 65(54.0%) most of the respondents were disappointed by the food. the others 36(30.0%) respondents said that they were delighted by the

food. on the other hand, 19(16.0%) were neutral. This implies that the food should be improve in taste and portion size.

One of the crucial things in marketing is promotion. Most of the respondents said that they were delighted by the promotion done by Hyatt Regency Addis Ababa, represented by 93(78.0%), 17(14.0) a have neutral feeling about the hotel promotion. whereas the rest of the respondents were disappointed by the promotion. Since, for the recall for guest’s promotion plays a significant role.

One of the differences, making factor in service marketing is people. As per table 9, the respondents responded 36(72.0%) were delighted by professionalism and empathy of the service providers, equivalent respondents were neutral and disappointed 7(14.0%) both. This gave the hotel to enter the market so easy to make a good impression on the customers.

The price or the payment they made were delighting for 67(56.0%) respondent. Meanwhile, 38(32.0%) respondents were neutral and the remaining 14(12.0%) were disappointed by the price. From the above discussion what it implies that Hyatt Regency price is affordable for many guests. Product quality is rapidly becoming an important competitive issue and constantly changing to meet changing consumer demands. The product quality from Hyatt Regency. 7 (6.0%) neutral and the remaining 14 delighted Majority 98 (82.0%) of the respondents (12.0%). This indicates that the products that are provide by the Hyatt Regency are quality. By delivering quality product and service, Hyatt Regency can guarantee their competitive advantage.

4.5 Overall Mean Scores of SERVQUAL Dimensions

Table 10: Overall Mean Score of SERVQUAL Dimensions

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Mean Tangibility	120	1.00	3.00	3.48	.57459
Mean Reliability	120	1.00	3.00	3.47	.50212
Mean Responsiveness	120	1.00	3.00	3.68	.47158
Mean Assurance	120	1.00	3.00	3.45	.43534
Mean Empathy	120	1.00	3.00	3.55	.49067
Customer Satisfaction	120	1.00	3.00	3.57	.706
Valid N (listwise)	120				

As indicated in the above table, based on the collected data from the customers of the hotel, tangibility dimension has the highest mean value of 3.48 followed by Responsiveness with 3.68

mean scores. On the other hand, assurance has the least mean value of 3.45 followed by the Reliability dimension with the mean value of 3.47. Therefore, from this data, it can be concluded that the respondents were highly satisfied with tangibility and responsiveness dimensions.

4.6 Correlation Analysis

In this study, to check the interrelationship between variables, Pearson Correlation was used. As per the guideline suggested by Field (2005), the strength of relationship 0.1-0.29 shows weak relationship; 0.3-0.49 is moderate; >0.5 shows the strong relationship between the two variables.

Accordingly, the relationship between variables is indicated in the below table. Based on the data, the value for correlation coefficient between customer satisfaction and tangibility is 0.533; reliability and Customer Satisfaction 0.469; responsiveness and Customer Satisfaction is 0.474; assurance and Customer Satisfaction is 0.527; empathy and Customer Satisfaction is 0.566. These results indicated that the SERVQUAL variables were positively correlated with customer satisfaction in the case of HYATT REGENCY. Generally, positive values of correlation coefficient indicate that increase in one variable causes an increase in other variables, and a decrease in one variable causes a decrease in the other.

On the other hand, significance value (2-tailed) was less than 0.05 which showed that there is significant correlation/relation between tangibility, reliability, responsiveness, assurance, empathy, and customer satisfaction in the context of Hyatt Regency.

Table 11: Pearson Correlation Matrix

Pearson Correlation		Customer Satisfaction	Tangibility	Reliability	Responsiveness	Assurance	Empathy
Customer Satisfaction	Correlation	1	.533**	.469**	.474**	.527**	.566**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
Tangibility	Correlation		1	.470**	.410**	.370**	.416**
	Sig. (2-tailed)			.000	.000	.000	.000
Reliability	Correlation			1	.540**	.524**	.551**
	Sig. (2-tailed)				.000	.000	.000
Responsiveness	Correlation				1	.692**	.544**
	Sig. (2-tailed)					.000	.000
Assurance	Correlation					1	.635**
	Sig. (2-tailed)						.000
Empathy	Correlation						1
	Sig. (2-tailed)						

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Own Survey Result, 2020

4.7 Regression Analysis

Regression analysis was used to measure the degree of relationship between dependent and independent variables. In this case, it is between SERVQUAL variables (tangibility, reliability, responsiveness, empathy, and assurance). In this study, the researcher tried to test the assumptions before running the regression analysis.

4.7.1 The Assumptions for Testing Regression Analysis

Normality, homoscedasticity, linearity, and multicollinearity assumption should be applied before performing any multivariate analysis Hair et al. (2006). Accordingly, the researcher has tried to confirm that the obtained data truly represented the sample and obtained the best results.

1. Normality Test of the Data

The normal distribution is detected based on skewness and kurtosis statistics. As proposed by George and Mallery (2010) the acceptable range for normality for both statistics is between -2 and +2. Therefore, as depicted in Table 14 below, all variables values of Kurtosis and Skewness are almost within the acceptable range for normality.

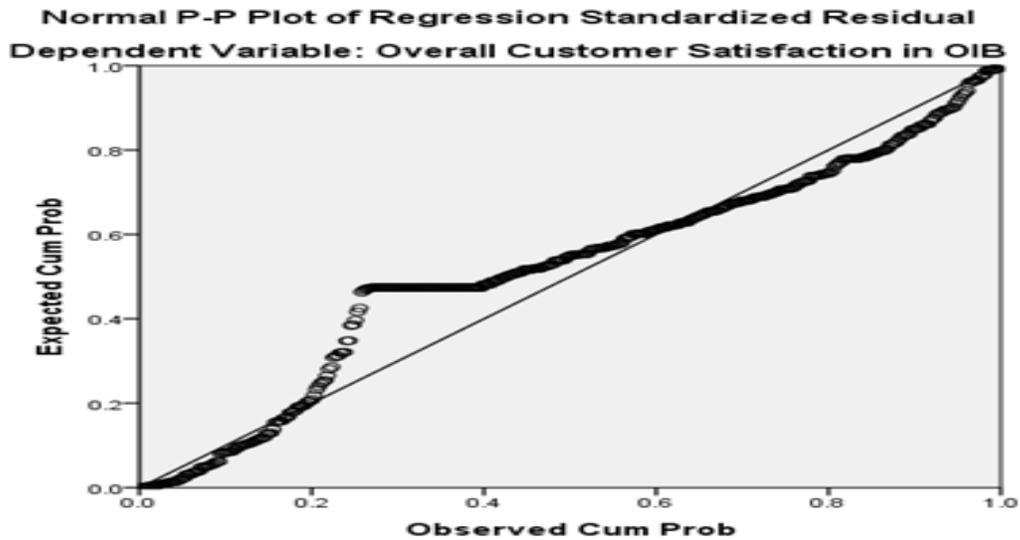
Table 12: Normality of Distribution Using Descriptive Statistics (Skewness and Kurtosis)

Descriptive Statistics					
Variables	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Tangibility	120	-.510	.122	-.878	.244
Reliability	120	-.810	.122	-.115	.244
Responsiveness	120	-1.682	.122	1.234	.244
Assurance	120	-1.554	.122	1.819	.244
Empathy	120	-1.006	.122	.285	.244
Customer Satisfaction	120	-1.319	.122	.260	.244
Valid N (listwise)	120				

Source: Survey Result, 2020

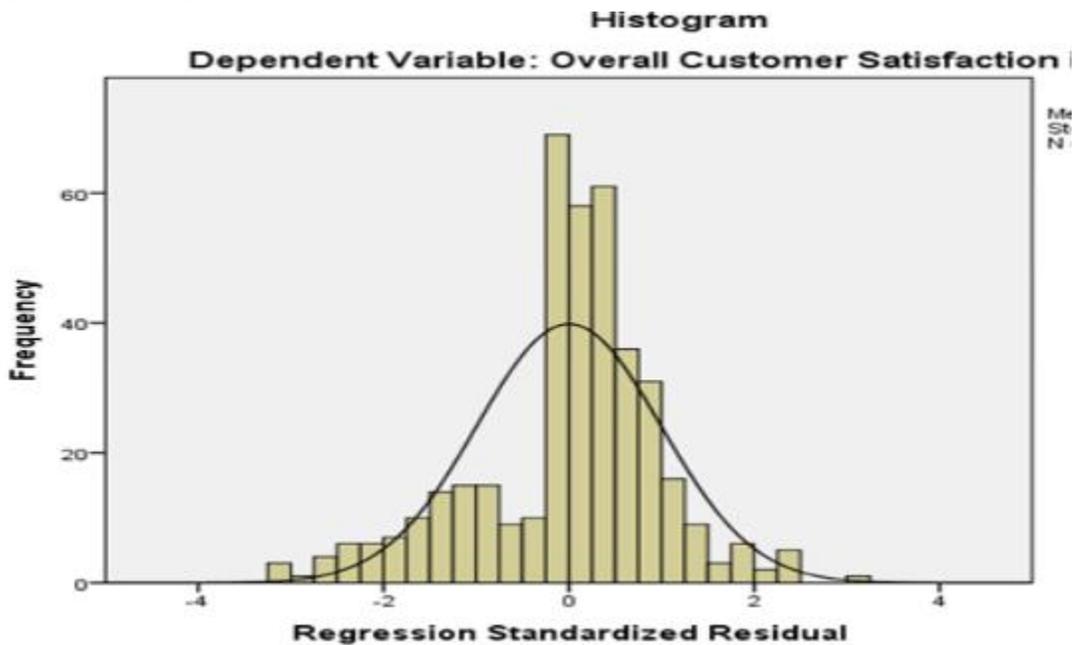
There is another useful graph that the researcher can inspect to see if a distribution is normally distributed is called a P–P plot (probability–probability plot). If a distribution is normal, the residual line will closely follow the diagonal (Hair et al., 1998). Therefore, as indicated in the figure below, the data were normally distributed.

Figure 2: Normal P-P Plot



Hair et al. (2006) also suggest that a histogram is another method to use for comparing the observed data values with a distribution approximating the normal distribution. It argued that the histogram of the research variables supports the expectation for the normal shape distribution of data. The following figure 3 shows the histogram generated for the study variables.

Figure 3: Histogram



2. Multi-collinearity

There are two general procedures for assessing collinearity, including tolerance and variance inflation factor (VIF) (Pallant, 2007). Values of tolerance were greater than 0.2 rule and those of VIF were less than 4. This shows a lack of multicollinearity among independent variables.

Table 13: Collinearity Statistics

Coefficients^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Tangibility	.727	1.375
	Reliability	.567	1.763
	Responsiveness	.465	2.150
	Assurance	.421	2.373
	Empathy	.515	1.941

a. Dependent Variable: Overall Customer Satisfaction

Source: Survey Result, 2020

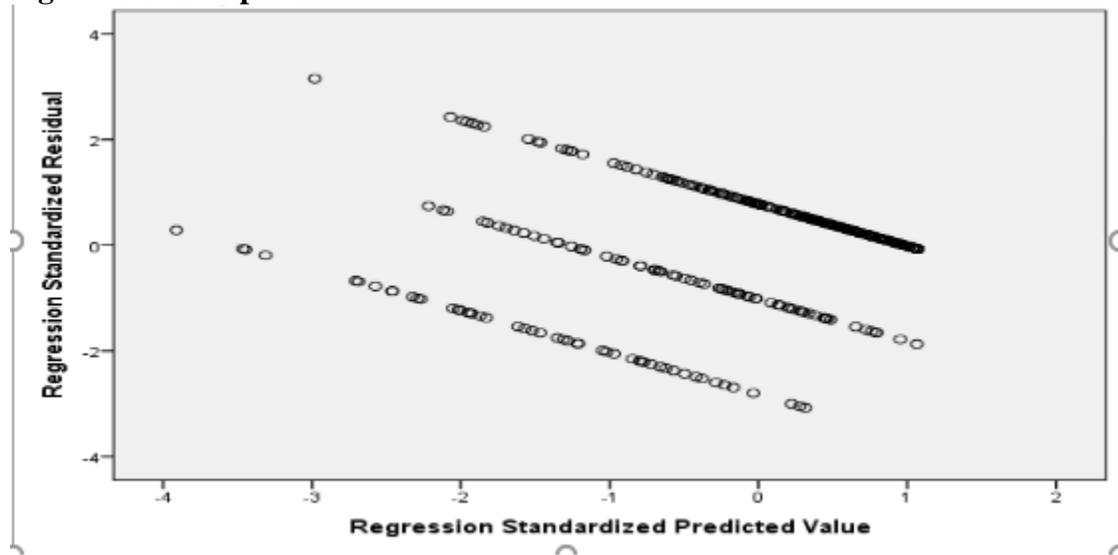
3. Independent errors

This assumption can be tested with the Durbin–Watson test, which tests for serial correlations between errors. The test statistic can vary between 0 and 4. As shown in Table 16 below, the Durbin-Watson test result is **1.927**, which is closer to the acceptable standard of 2.0 shows that there is no autocorrelation problem in the model.

4. Linearity

The linearity of the relationship between the dependent and independent variable represented the degree to which the change in the dependent variables is associated with the independent variable (Hair et al., 1998). The linearity assumption can easily be checked using scatterplots and visually inspected from figure 4.

Figure 4: Scatterplot



4.7.2 Multiple Linear Regression Analysis

The reason for using multiple regression analysis was to assess the direct effect of tangibility, reliability, responsiveness, empathy, and assurance variables on customer satisfaction.

Table 14: Model Summary for Customer Satisfaction

Model Summary ^b						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Sig.	Durbin-Watson
1	.625 ^a	.391	.383	.555	.000 ^b	1.927
a. Predictors: (Constant), empathy, tangibility, responsiveness, reliability, assurance						
b. Dependent Variable: Overall Customer Satisfaction in HYATT REGENCY						

Source: Survey Result, 2020

As indicated in the above table,

- ❖ The value of **R** (.625^a) indicates the value of multiple correlation coefficients of the five independent variables with customer satisfaction.
- ❖ The value of **R²** (.391): Indicates the linear combination of service quality variables or predictors' i.e. tangibility, reliability, responsiveness, assurance, and empathy explains 39.1% of the variance in customer satisfaction of HYATT REGENCY and the remaining 61.9% is explained by extraneous variables, which have not been included in this regression model. On other word, 39.1% of variation in the customer satisfaction in HYATT REGENCY is

explained by the changes in the SERVQUAL variables while the rest is explained by other factors. This result also indicates that there may be other variables that could have been neglect by the current study in predicting satisfaction.

- ❖ **Adjusted R Square (R²):** the difference between R² and Adjusted R² is (0.391-0.383= 0.008) which is about 0.8%. This shows if the model were derive from the population rather than a sample, it would account for approximately 0.8% less variance in the outcome.
- ❖ **Durbin-Watson:** it expresses that whether the assumption of independent errors is acceptable or not. When the value is closer to 2, and for this data, the value is 1.939, which is so close to 2 that the assumption has almost certainly been met.
- ❖ The **Sig.** (p-value) is less < 0.05 i.e. 0.000^b that indicates the variation explained by the model is not due to chance. Therefore, the above p-value shows the acceptability of the model.

The Regression Coefficient

It explains the average amount of change in the Customers’ Satisfaction of HYATT REGENCY that is caused by a unit change in the Tangibility, Reliability, Responsiveness, Assurance, and Empathy.

Table 15: Summary of Coefficient on Customer Satisfaction

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.305	.191		-1.593	.112
	Tangibility	.312	.057	.294	2.738	.031
	Reliability	.294	.074	.138	2.635	.009
	Responsiveness	.134	.087	.090	1.552	.122
	Assurance	.194	.099	.181	2.983	.003
	Empathy	.449	.079	.312	5.668	.000

a. Dependent Variable: Overall Customer Satisfaction

Source: Survey Result, 2019

P-value (Sig.): As indicated in the above table, the significance level (P-value) of tangibility, reliability, responsiveness, assurance, and empathy are .031, .009, .122, .003, and .000, respectively. Thus, their p-values are below 0.05 except for responsiveness dimensions. This implies that all independent variables have a significant relationship with the customer satisfaction, but responsiveness are not in the context of HYATT REGENCY.

Beta value (β): is useful, because it allows us to compare the relative strength of each independent variable's effect on the dependent variable. As indicated in the above table, the intercept is -.305 indicates when all independent variables have a value of zero.

According to the results of the regression analysis the most important dimension that contributes most to customer satisfaction is empathy ($\beta=0.312$) carries the heaviest weight in explaining customer satisfaction. This result shows that one-unit increase in empathy would lead to 0.312 units (31.2%) increase in customer satisfaction if other variables were held constant. Similarly, one-unit increase in assurance would lead to 0.181 unit (18.1%) increase in customer satisfaction if other variables were held constant. With related to reliability dimension, one-unit increase in tangibility would lead to 0.294 unit (29.4%) increase in customer satisfaction provided that other variables being held constant. Lastly, responsiveness dimension contributes 9% to customer satisfaction.

Therefore, in HYATT REGENCY, the assurance, empathy, and reliability dimensions of service quality have a significant influence on customers' satisfaction at 95% confidence level. Conversely, responsiveness dimension has relatively less significant influence on customer satisfaction in the case of HYATT REGENCY. Thus, superior performance on the most significance dimensions i.e. tangibility; assurance, empathy, and reliability are helpful in providing enhanced quality of service. In contrast, dimensions like responsiveness may not significantly affect customers' satisfaction perceptions. In general, all dimensions are important to customers, but some more than others are.

4.8 Hypothesis Testing

Table 12: Summary of Research Hypotheses based on Multi linear Regression analysis

Hypothesis	Reason	Result
H1: Tangibility has a positive and significant effect on customer satisfaction	$\beta = 0.294, p < 0.05$	H1: Accepted
H2: Reliability has a positive and significant effect on customer satisfaction	$\beta = 0.138, p < 0.05$	H1: Accepted
H3: Responsiveness has a positive and significant effect on customer satisfaction	$\beta = 0.090, p > 0.05$	H1: Rejected
H4: Assurance has a positive and significant effect on customer satisfaction	$\beta = 0.181, p < 0.05$	H1: Accepted
H5: Empathy has a positive and significant effect on customer satisfaction	$\beta = 0.312, p < 0.05$	H1: Accepted

Source: own survey SPSS result 2020

4.9 Discussion of the Results

The research results demonstrate that the service quality is a strong driver for customer satisfaction in hotel service in Hyatt Regency. Among the quality dimensions, all of them represent the significant impacts on the customer satisfaction. However, there are other studies which stress the most significant impact of Empathy on Customer satisfaction. Empathy refers to providing customers individual attention, understanding customer specific needs, having positive attitude when receive feedback from customers, and providing healthful menu. That means the hotels can considerably increase their customer satisfaction level if they may better perform their empathy. Conversely, responsiveness, which refers to the willingness to serve customers, availability to respond to customers' requests and flexibility to meet customers' demands, has the strongest impact on customer satisfaction. Reliability contains attributes relating to performing services on time and accurately, solving problem sincerely, and keeping records confidentially is the next strong impact dimension; Reliability dimensions which referring to keeping promises, accurate

and timely service, safe and secure stay has found to be important to customer satisfaction. These results imply suggestions for hoteliers to strongly focus on improving these quality dimensions to better gain and customer satisfaction. It can be seen that these quality dimensions mostly rely on hotel staff's knowledge and attitude. One concerning suggestions for hoteliers is that they should appropriately allocate resources to provide training for hotel staff. As a result, hotel staff will be more confident with occupational skills and knowledge to serve and help customers.

Hyatt Regency faced difficult challenge in order to implement service quality for customer satisfaction. ATM /POS service is provide by two Hotels Dashen Hotel and Zemen Hotel but most of the respondents were not using it or no information about it. This would not encourage guests to withdraw money and have a visit, spent their time and money in the hotel and in the country also. Even some time, these machines might not also work this would affect the quality service and can cause dissatisfaction. Most of the respondents responded there is service, knowledge, information gap. This implies many guiding, promotional screen, brushers, must be available and mostly employees must have many information about events in the house and though the country. WI FI- One of business hotels are chosen by a guest point is WI FI but a large amount of the respondents was not pleased with by this service. Therefore, the hotel must improve the WI FI service to have sustainable business and to increase satisfaction of guests. Location of the hotel according to the respondents many respondents were not satisfied with the location this is because they got sound disturbance, traffic jam, and sometime even closing the road. Food Satisfaction the other major challenge that was mention by respondent's lack of variety of food according to portion and taste.

CHAPTER FIVE

SUMMERY, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY OF THE FINDING

This chapter contains a summary of the study, conclusion and recommendation for the hotel for further research. Summery and conclusion made in line for the study of objective, which was, assessed the effect of service quality on customer satisfaction in the case of Hyatt Regency Addis Ababa.

Regards to the overall Cronbach's alpha result, the all items was 0.899 that can be consider as better. Therefore, this implies that the data generation was reliable and free of random errors.

Regarding the general customer satisfaction level of the respondents with the service delivery of hotel, out of the total respondents, majority of them were satisfied ranging from mean of 3.47 to 3.68. The result of the background information of respondents indicated that the majority of the respondents are male aged in the range of 35 to 45. Regarding the educational background, majority of the respondents are above degree holder. The analysis of descriptive results showed, the mean value of all dimensions is above 3.79 expressing the respondents have a positive attitude towards the service quality offered by Hyatt Regency rated hotel under this study area.

- Most of the respondents agreed the service provided by a certain brand is as per promised. I.e. The hotel is serving above the promised level;
- Most of the guests were happy by the customer handling process by the Hotel
- Majority of respondents noted that the airport picks up was satisfactory for guests by the specific brand
- Staff of Hyatt Regency performs in high-quality level according to the brand standards;
- The finding shows that the customers did not use the ATM or they did not know whether the service is available or not.
- Almost equivalent respondents strongly agree the staffs show willingness to help customers,

- Large amount of the respondents agreed that the staff of the hotel were professional as per the brand manual.
- Delivery and handling method was accepted by most of the guests
- Hyatt Regency make a follow up and make courtesy call is done which makes the hotel and the guests close to each other
- Employees keep informing the customer about brand loyalty, which makes good recall.
- Guests trust and have confidence on specific Hyatt brands
- Employee have no enough knowledge about their hotel's (county), events & different service,
- The brand offers good attention for every guest, still must work hard to achieve beyond.
- Hyatt hotel employee and managers give great care and respect for its guests
- Hyatt hotel design is, well furnished and modernity of materials is to the latest version,
- Wi-fi service was not fast
- The respondent replies professional appearance and neatness are quite convenient
- The location is not convenient for the purpose of travel this is because the hotel is located on the busy road and at the heart of the city commonly

The finding from the correlation result reveals that there is a positive and significant relationship between the service quality dimensions and customer satisfaction. The Pearson coefficients indicated that the variables have different magnitudes of correlation with the dependent variable. Accordingly, empathy is found to have the highest correlation with customer satisfaction ($r=0.566$, $p<0.01$) followed by tangibility and assurance which got moderate correlation ($r=0.533$, $p<0.01$ and $r=0.525$, $p<0.01$) with the overall satisfaction. According to hypothesized at the commencement, the five service quality dimension had a positive effect on customer satisfaction.

5.2 Conclusion

The basic interest of this study is to find out the effect of service quality on customer satisfaction: The case of Hyatt Regency Hotel in Addis Ababa. The SERVQUAL model which has five service quality dimensions which consist 27 items used to investigate the relationship between the service quality dimensions and customer satisfaction. The researcher used quantitative research design and convenience sampling technique to collect data from 125 sample size of hotel service users. As per theoretical framework and objectives of the study, 27 items were provided in a 5 point Likert

scale to the respondents. The gathered data was analyzed by using both descriptive statistics (like mean, frequency, percentage) and inferential statistics (correlation and multiple linear regressions) via SPSS version 20. Accordingly, based on the gathered data this research examined the relationships that exist between the five dimensions of service quality (assurance, responsiveness, empathy, reliability and tangibility) with the overall customer satisfaction of the study area. The data obtained from the respondents were analyzed using various statistical tools.

This study was envisioned evaluating the effect of service quality on customer satisfaction in the case of the Hyatt Regency. The study was designed mainly to deal with how to give quality service, how to care for customer, sustainable profit of it, brand loyalty and satisfy guests. In addition, it describes on which terms to continue and for improvement.

The study was carried out through collection of data by questionnaire from the customers of Hyatt Regency Addis Ababa. The secondary data also gathered from by reviewing different books, research papers, articles, journals and e-books the focus of the study was to investigate the effect of the five dimensions of service quality (reliability, responsiveness, assurance, empathy and tangibility). The research question was “to what extent the service delivered by Hyatt Regency hotel satisfied customer satisfaction? Which of the service quality dimensions play a significant role in satisfying the customer? What are the major challenges of Hyatt Regency hotel in delivering service?”

As the finding of this study reveals, the importance of service quality dimensions in satisfying customers in Hyatt Regency hotels is paramount. Hence, possible recommendations are forwarded in order to give some insights that can assist hoteliers in delivering service excellence, which leads to customer retention.

Based on the data collected from the customers of the hotel, the following conclusions are indicated.

Based on the data, the value for correlation coefficient between customer satisfaction and its dimension, empathy is found to have the highest correlation with customer satisfaction followed by tangibility, assurance, reliability and responsiveness. These results indicated that the SERVQUAL variables were positively correlated with the customer satisfaction in the case of

Hyatt Regency. Generally, positive values of correlation coefficient indicate that increase in one variable causes increase in other variable and decrease in one variable causes decrease in the other.

Therefore, in Hyatt Regency, the assurance, empathy, and reliability dimensions of service quality have a significant influence on customers' satisfaction at 95% confidence level. Conversely, responsiveness dimension has relatively less significant influence on customer satisfaction in the case of Hyatt Regency. Thus, superior performance on the most significance dimensions i.e. tangibility; assurance, empathy, and reliability are helpful in providing enhanced quality of service. In contrast, dimensions like responsiveness may not significantly influence customers' satisfaction perceptions. In general, all dimensions are important to customers, but some more than others are.

5.3 Recommendation

In the competitive industry, where hoteliers snatch each other's customers, examining and reviling the reason behind customer satisfaction and retention is worthy.

Based on this study, the following suggestions were recommended:

Provision of high quality services is necessary to realize customer satisfaction, loyalty, soliciting new customers etc. Thus to secure these things, based on the findings, the following recommendation was forwarded:

- ❖ Motivating employees and creating sense of belongingness on their employees is a must for hotel owners so as to realize the tangible dimension of service quality;
- ❖ Managers of hotel should work towards achieving effective communications with their subordinates;
- ❖ Regarding to achieve the confidence dimension of quality service, employees satisfaction must be there first so that customer satisfaction is realized;
- ❖ Hotel owners should maintain the service attribute of tangibility at the acceptable level to appeal customers;
- ❖ Hotel business runners need to appropriately allocate resources to provide training for hotel staff. As a result, hotel staff will be more confident with occupational skills and knowledge to serve and help customers. Similarly, Frontline employees should be trained to serve customers in a good way;

- ❖ The Hotels should conduct regular customer survey to identify the levels of customer satisfaction and act accordingly based on the needs and preferences of customers;
- ❖ Employees of the Hotels should understand the specific needs of their customers. To do so Hotels should invest in its employees, especially those on the frontline who have a daily and timely contact with customers, to motivate them to serve customers best.
- ❖ Employees of the Hotels should give prompt service to customers and act accordingly because customers want action behind the prompt service not just words of reassurance. Prompt response for customers' questions and complaints is a factor that must come to the attention of management. This requires establishing strong recovery procedures and skills to use when the sector is at fault.
- ❖ The hotels must give emphasis to reliability by providing consistence service to their customers.
- ❖ The hotel management should give attention to provide fast speed Wi-Fi.
- ❖ Thus, the hotel management should collect daily customer feedback to improve the food taste.

5.4 Limitation and Direction for Future Research

The major constraints of the study in the course of the study include the following:

- The **first constraint** was collecting the primary data from 120 gusts of the hotel. The reason behind this is that it is very difficult to find a greater number of hotels gusts who is willing to participate in the study.
- **The second constraint** is that the study tried to assess to what extent the service quality practice has influenced the customer satisfaction. Methodologically, it is limited to descriptive study.
- This study was conduct to examine the effect of customer service quality on customer satisfaction in Hyatt Regency Addis Ababa. The sample was drawn from only one hotel; thus this study may be limited in its generalizability of the findings to others hotels. So, future research should have to draw sample of respondents on more number of hotels for the sake generalizing the results of the study.

- This study included only five factors, there could be some other relevant factors that may be perceived as important by customers, but those were excluded from this study. Future researches, therefore, may consider more factors, like corporate image, location, price, staff attitude and other variables, which can influence customer satisfaction.
- Furthermore, conducting a replication study in other service industries is also needed; for example, in the banking service, telecommunication service, post office service and so on.

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Annex-1: - Questionnaire on Service Quality

Dear respondent,

This questionnaire is designed to collect data from customers with respect to a research entitled ***“The effect of service quality on customer satisfaction in the case of: - Hyatt regency*** “.It’s prepared in partial fulfillment of Masters of Marketing Management at St. Mary’s University. Filling in this questionnaire form takes only a couple of minutes and all the respondents remain secret.

This questionnaire consists of three sections: **Section I** deals with the general profile of the respondent, **Section II** covers the dimensions of Services quality, **and Section III** deals with Customer satisfaction.

The information you provide in this study will be used for the academic purpose and it will be held strictly confidential. Appreciate your voluntary and valuable participation in this study.

Thank you in advance for sharing your valuable experience and time by completing the questionnaire.

Kind regards

Feven Bekele (dakihunde@gmail.com)

Part -I: General Information (For Customer)

Direction: Please select the appropriate response category by **encircling** the number against each question

- | | | | |
|------------------|----------|-----------|-----------------|
| 1. Gender | 1. Male | 2. Female | |
| 2. Age | 1. 25-35 | 2. 35-45 | 3. More than 45 |

2. Education Back Ground

- | | | | |
|------------|-----------|------------|----------|
| 1. Diploma | 2. Degree | 3. Masters | 4. Other |
|------------|-----------|------------|----------|

3. Kindly indicate how long you have been customer in this organization

- A. below 6-month B.1-2-year C.3&above

4. Purpose of travel

- A Business B. Leisure C. Medical
D. Education/Training

Part II: -Service Quality Dimension (For Customers)

Direction: Please indicate your degree of agreement/disagreement with the following statements related to your perception about non-verbal communication by encircling the appropriate number. (1=strongly disagree (SDA); 2=Disagree (DA); 3=Neutral (N); 4=Agree (A); and 5=strongly agree (SA).

Reliability related questions

1. The service provided was as promised by the brand?

1. Strongly agree
2. Agree
3. Neutral
4. Disagree
5. Strongly disagree

2. Was the customer handling convenient?

1. Strongly agree
2. Agree
3. Neutral
4. Disagree
5. Strongly disagree

3. Was the airport pick up (Shuttle service) as promised by the hotel?

1. Strongly agree
2. Agree

3. Neutral
4. Disagree
5. Strongly disagree

4. Is the staff performing according to the brand standards?

1. Strongly Agree
2. Agree
3. Neutral
4. Disagree
5. Strongly disagree

5. Was all the system, ATM or POS works as per the brand level?

1. Strongly Agree
2. Agree
3. Neutral
4. Disagree
5. Strongly Disagree

Responsiveness related questions

1. Do the staffs show willingness to help customers?

1. Strongly Agree
2. Agree
3. Neutral
4. Disagree
5. Strongly Disagree

2. Was the employees approach professional as per the brand standards?

1. Strongly Agree
2. Agree
3. Neutral
4. Disagree
5. Strongly Disagree

3. Was the luggage handling and delivery method as per the brand standard?

1. Strongly Agree
 2. Agree
 3. Neutral
 4. Disagree
 5. Strongly Disagree
4. Do you get follow up by E-mail or personally (on your Meeting or Events) did you get courtesy call in your room?
1. Strongly Agree
 2. Agree
 3. Neutral
 4. Disagree
 5. Strongly Disagree

Assurance related questions

1. Does the employee give information about the brand loyalty program?
 1. Strongly Agree
 2. Agree
 3. Neutral
 4. Disagree
 5. Strongly Disagree
2. Do the employees knows your personal preference / needs (for frequent travelers)?
 1. Strongly agree
 2. Agree
 3. Neutral
 4. Disagree
 5. Strongly Disagree
3. Do you feel the amount you pay is suitable with the service you know by the brand?
 1. Strongly Agree
 2. Agree

3. Neutral
 4. Disagree
 5. Strongly Disagree
4. Do you think the employees have product/service knowledge?
1. Strongly Agree
 2. Agree
 3. Neutral
 4. Disagree
 5. Strongly Disagree

Empathy related questions

1. Was their tailored/ personalized service for each guest?
 1. Strongly Agree
 2. Agree
 3. Neutral
 4. Disagree
 5. Strongly Disagree
2. Does employees of the hotel deals with customer with hospitality care & respect?
 1. Strongly Agree
 2. Agree
 3. Neutral
 4. Disagree
 5. Strongly Disagree
3. Do the employees knows your personal preference / needs?
 1. Strongly Agree
 2. Agree
 3. Neutral
 4. Disagree
 5. Strongly Disagree
4. Do you get recognition as their guest?

1. Strongly Agree
2. Agree
3. Neutral
4. Disagree
5. Strongly Disagree

Tangibility related question

1. Is the equipment at this property is modern as an equivalent brand?
 1. Strongly Agree
 2. Agree
 3. Neutral
 4. Disagree
 5. Strongly Disagree
2. Were the Wi-Fi and Broadband connections fast as expected?
 1. Strongly Agree
 2. Agree
 3. Neutral
 4. Disagree
 5. Strongly Disagree
3. Breakfast varieties were satisfactory as per your brand experience?
 1. Strongly Agree
 2. Agree
 3. Neutral
 4. Disagree
 5. Strongly Disagree
4. Are the meeting and event venues facility and cleanliness good enough as the brand requires?
 1. Strongly Agree
 2. Agree
 3. Neutral
 4. Disagree
 5. Strongly Disagree
5. Do you think employees have neat, professional appearance?
 1. Strongly Agree

2. Agree
 3. Neutral
 4. Disagree
 5. Strongly Disagree
6. Is the location of the hotel is convenient for you purpose of travel?
1. Strongly Agree
 2. Agree
 3. Neutral
 4. Disagree
 5. Strongly Disagree

Part-III: Customer Satisfaction Level Determinant Questions (For Customer)

Direction: Please indicate your degree of agreement/disagreement with the following statements related to your perception about non-verbal communication by encircling the appropriate number. (1= Disappointed (D) ,2= Neutral (N) and 3=Delighted

<i>S.</i>	<i>Statements</i>	<i>D</i>	<i>N</i>	<i>DL</i>
<i>No</i>				
1.	To what extent the hotel meets your expectation	1	2	3
2.	Are you satisfied about the food's Taste and portion size offered?	1	2	3
3.	How do you rate this specific brand promotion equivalent with another brand?	1	2	3
4.	Are you satisfied by the service provider professionalism &Empathy?	1	2	3
5.	Was the price equivalent with the service you got	1	2	3
6.	Products / service Quality	1	2	3

Thank You for Your Participation!