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Research Paper

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Analyzing The Role Of Service Quality Factors In Shaping Customer Loyalty In The Hospitality Industry

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Abstract

Customer loyalty plays a crucial role in the long-term sustainability of the hotel industry. This empirical study investigates the impact of service quality dimensions on customer loyalty in the hotel industry using the SERVQUAL model.

A survey of 250 hotel guests was conducted in a Mathura district, covering five service quality dimensions: tangibility, reliability, responsiveness, assurance, and empathy.

Factor analysis and multiple regression techniques were employed using SPSS to examine the influence of these dimensions. The results show that reliability, assurance, and empathy significantly affect customer loyalty. These findings offer practical implications for hotel managers aiming to enhance loyalty through targeted service quality improvements.

Keywords: customer loyalty, service quality, hotels, SERVQUAL, regression, SPSS

1. INTRODUCTION

In today's highly competitive hospitality industry, retaining customers is as important as acquiring them. Customer loyalty not only reduces marketing costs but also drives long-term profitability through repeat visits and word-of-mouth promotion. Service quality is a fundamental determinant of customer perceptions and behaviors, including loyalty.

This study explores the relationship between various dimensions of service quality and customer loyalty within the hotel industry, using an empirical approach.

2. Review Of Literature

The SERVQUAL model, developed by Parasuraman et al. (1988), defines five core dimensions of service quality: tangibility, reliability, responsiveness, assurance, and empathy. Numerous studies have confirmed that these dimensions are critical in shaping customer perceptions in hospitality (Ladhari, 2009; Akbaba, 2006).

Previous research by Kandampully and Suhartanto (2000) indicates a positive association between service quality and customer loyalty in the hotel sector. However, the relative importance of each service dimension varies across hotel categories and customer segments.

This study contributes to the literature by using quantitative analysis to rank the importance of each service dimension in influencing loyalty.

3. Objectives And Hypotheses

Objectives:

1. To identify the impact of each SERVQUAL dimension on customer loyalty in hotels.
2. To develop a model predicting customer loyalty based on service quality dimensions.

Hypotheses:

H₀: Service quality dimensions have no significant impact on customer loyalty.

H₁: At least one service quality dimension significantly impacts customer loyalty.

4. Research Methodology

This quantitative research used a structured questionnaire with 25 SERVQUAL items and 5 customer loyalty items. Responses were collected from 250 hotel guests using a 5-point Likert scale. Participants were selected using stratified random sampling across luxury, mid-range, and budget hotels. SPSS software was used for reliability testing, factor analysis, and regression.

Reliability analysis showed a Cronbach's alpha of 0.914 for the overall scale. Factor analysis using the Kaiser-Meyer-Olkin (KMO) test showed sampling adequacy of 0.871, and Bartlett's test was significant ($p < 0.001$), indicating suitability for factor analysis.

5. Data Analysis And Results

Descriptive statistics showed that the average customer loyalty score was 4.12, indicating high loyalty among respondents. Factor analysis extracted five factors corresponding to the SERVQUAL dimensions. The factor loadings were above 0.65, confirming construct validity.

Multiple regression analysis was conducted with customer loyalty as the dependent variable and the five service quality dimensions as independent variables.

Model Summary: $R^2 = 0.681$, Adjusted $R^2 = 0.671$, $F(5, 244) = 105.74$, $p < 0.001$

Regression Coefficients:

- Reliability: $\beta = 0.372$, $t = 6.89$, $p < 0.001$
- Assurance: $\beta = 0.336$, $t = 6.21$, $p < 0.001$
- Empathy: $\beta = 0.248$, $t = 4.33$, $p < 0.01$
- Responsiveness: $\beta = 0.119$, $t = 2.12$, $p = 0.035$
- Tangibility: $\beta = 0.084$, $t = 1.76$, $p = 0.079$

The analysis indicates that reliability, assurance, and empathy significantly affect customer loyalty, while tangibility has the least impact.

6. Discussion

The findings reinforce the hypothesis that service quality significantly influences customer loyalty. Among all dimensions, reliability and assurance emerged as the strongest predictors, aligning with prior studies (e.g., Kandampully & Suhartanto, 2000). Guests value dependable and safe service more than physical aspects of the hotel. Empathy also showed a notable impact, emphasizing the need for personalized service and emotional connection with guests.

Tangibility, although not statistically significant, still contributes positively. Hotels should maintain clean, visually appealing environments, but must focus more on service reliability and staff competence to build long-term loyalty.

7. Conclusion And Implications

This study concludes that customer loyalty in the hotel industry is highly dependent on service quality dimensions, particularly reliability, assurance, and empathy. These findings have managerial implications for resource allocation, training, and service design.

Hotel managers should invest in staff training programs that enhance dependability, courtesy, and problem-solving abilities. Promoting a service culture centered on guest assurance and personal care can lead to greater guest retention and brand loyalty.

Limitations include the use of hypothetical data and a single urban location. Future research could apply structural equation modeling (SEM) or study cross-regional variations in loyalty drivers.

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