IMPORTANCE AND IMPACT OF GUEST SATISFACTION

Klára Morvay Karakas

Budapest Business School

Abstract: The service quality can be measured by the consumers’ satisfaction. Researchers assume that high quality satisfies the guests and satisfaction may increase their loyalty. The main goal of this article is to measure guest satisfaction and prove its positive impacts on Hungarian hotels’ performance. A comprehensive survey was made on the Hungarian wellness hotels in October 2012; the primary aim was to provide them suggestions to improve their quality on the base of guests’ feedback. A self-administered questionnaire were compiled and sent back by 815 respondents. The investigation examined the quality awareness, quality perception, guest satisfaction and the following behavioral intentions of domestic guests of spa hotels. It can be concluded that domestic guests are generally satisfied with the quality of services offered by Hungarian spa hotels. The message of this research is for hotel managers that the increase of guest satisfaction can be reached by the improvement of service quality, and not only with price discounts. It has been demonstrated that satisfaction is closely related to their willingness to return to the hotel, so it is an essential condition of loyalty.

Keywords: hotel, guest satisfaction, customer value, loyalty

Introduction

The main goal of all business to meet customer needs while achieving profit targets. This customer-orientation is now essential because of the increasing competition and quality requirements (Chikán 1997). The Hungarian hotel market has changed a lot in the last 5 years. Besides the growing capacity the economical crisis reduced the demand, financial sources have dried, costs have been increased and hotels must cut back on their development plans.

The level of quality noticeably decreased which increased the number of disappointed visitors. Hotels tried to compensate the quality problems with cheaper prices. On this market the measurement of consumers’ expectations and satisfaction has become indispensable for those hotels which intend to keep their long-term market position. Reaching of high quality and satisfaction may create a loyal customer base with a lot of positive returns. Or hotels can get more guests only with budget prices? Are there any benefits to improving customer satisfaction?

The concept of consumer satisfaction

In the marketing science numerous attempts have been made to define „satisfaction”, but even the best studies „can be characterized by a lack of conceptual and methodological uniformity” (Peterson and Wilson 1992). Literature uses the term „consumer satisfaction” examing the final user (Westbrook 1980; Tse and Wilton 1988; Cronin and Taylor 1992; Oliver 1993; Spreng, MacKenzie and Olshavsky 1996). „Customer satisfaction” is used in case of the relevancy of purchasing transaction (Churchill and Suprenant 1982; Fornell 1992; Halstead, Hartman and Schmidt 1994; Smith, Bolton and Wagner 1999).

In hotel and hospitality industry „Guest satisfaction” (Cadotte and Turgeon 1988; Gundersen et al. 1996; Spinelli and Cannavos 2000; Bisie et al. 2010) or simply „Satisfaction” concept is applied (Kourilsky and Murray 1981; Oliver and Swann 1989; Mittal, Koumar and Tsiros 1999). „These terms are practically interchangeable, there is little about the exclusivity of any of those” (Szántó 2003).

In addition to the different terminology the interpretation of satisfaction concept also varied. According to Yi (1990) the result-oriented definitions of satisfaction are directly related to the consumption experience or specific feelings induced by the experience. Grouping those feelings they are classified to the same group as enthusiasm, joy, happiness, relief (Schmidt-Atzert and Ströhm 1983) or well-being (Ulrich and Mayring, 1992). According to Howard (1977) satisfaction is a mental state of consumer caused by the comparison of his costs and benefits.

In the process-oriented interpretation the focus is on the detection, evaluation and psychological process which contribute to satisfaction. According to Hunt (1977) the satisfaction is not an emotion, but an evaluation process, where the experience is at least as good as expected.

Satisfaction can be applied in relation to a company or a product (Meffert and Bruhn (1981) name it macro and micro-level) or a certain quality attribute (Mittal, Kumar and Tsiros, 1999).

The consumer can be satisfied and dissatisfied simultaneously with a service concerning the different components (eg. satisfied with the design of the hotel room,
but at the same time dissatisfied with the breakfast selection). Hotel managers usually deal with quality attributes rather than overall level of satisfaction.

Quality characteristics are not equally important during the evaluation process (Kano et al. 1984; Schütze 1992; Johnston 1995), for example the cleanliness of a hotel room is more important than the color of the carpets.

The confirmation/disconfirmation paradigm (Figure 1) has become the dominant framework employed in the assessment of customer satisfaction with hospitality services (Yüksel and Yüksel 2001). It says that satisfaction is an evaluation rendered that the (product) experience was at least as good as it was supposed to be (Hunt 1977; Gardini 1999). Actually satisfaction is when the perceived performance of a hotel exceeds the guest expectations.

![Figure 1. The disconfirmation paradigm](Source: Yi, 1993, p. 503.)

**Importance of satisfaction**

As all researchers agree that satisfaction is a core factor of business success, several key benefits are enumerated for firms (Fornell 1992; Anderson et al. 1994; Mufatto and Panizzolo 1995; Sharma et al. 1995; Zeithaml 2000). Satisfaction can:

- enhance the company’s reputation and positive image
- increase sales volume, satisfied customers are more frequently purchase
- lower marketing costs of attracting new customers
- increase positive word of mouth providing instant awareness and lowering the buyer’s risk
- improve more effective respond to customer needs
- lower transaction costs
- reduce the rate and costs of false performance
- fewer resources devoted to handling and managing complaints
- increase the stability of staff
- indicate increased loyalty, loyal customers are likely to continue to purchase from the same supplier
- insulate current customers from competitive efforts causing less churn
- reduce price elasticity, as satisfied customers are willing to pay for the benefits and more likely to be tolerant of increases in prices
- increase profitability and market share
- lead to better economic returns of investment (Reichheld and Sassett 1990; Bátör 2007).

**Behavioral consequences of satisfaction**

Examining the level of satisfaction from the customers’ point of view different behavior is expected. Customers can be classified into several categories:

Disappointed: those who got less compared to their expectations, leaving dissatisfied. In most cases they don’t complain at the site (passive negative attitude), but according to their level of dissatisfaction and personal characteristics they can attest active negative behavior. Those more likely engaged in negative word of mouth damaging the firm’s reputation and image.

Satisfied: those who got what they expected. Their attitude is positive to the company, prefer its products, but doesn’t demonstrate active behavior.

Fascinated: those who perceived much higher level of performance compared to expectations. They reward the company with an active positive behavior widely advertising their good experiences as ambassadors of the firm, improving the reputation (Bohné 2005; Hofmeister et al. 2003).

Loyalty is one of the positive results of satisfaction. Committed customers regularly repurchase from the same company, recommend it to others always having positive attitude towards that firm and product/service (Kandampully and Suhartanto 2000).

Several researchers have examined those factors that affect the formation of loyalty. There hasn’t been consensus yet, but as a basis the role of high service quality and satisfaction is emphasized (Cronin and Taylor 1992; Getty and Thompson 1994) as a promoter, while technical, economical and psychological factors of switching (Selnes 1993; Grenler and Brown 1997) and company’s image are influencing it (Kandampully and Suhartanto 2000).

Therefore it can be assumed, that the „quality – satisfaction – loyalty” relationship exists, based on which the high quality will satisfy consumers what leads to loyalty (Grönholdt et al. 2000).

Töpfer (1999) states that satisfaction is important but not sufficient condition to loyalty. The most satisfied customers are not necessarily become loyal; in fact many of them leave the organisation (Reichheld and Teal 1996). According to Vollmer et al. (2000, p. 476.) „also dissatisfied customers may be loyal which questions the clarity of satisfaction – loyalty relationship”.

Edvardsson et al. (2000) call attention to the difference between „deserved” and „bought” loyalty. Loyalty can be deserved with high quality and favourable consumer evaluation while can be bought with discounts. In this case customers use out the discount/promotional price, but if they find a cheaper provider, then switch immediately.

If a company can’t match or exceed expectations, customers generally leave the firm. The following terms are used for this phenomenon: customer attrition, churn, turnover, customer defection.
It’s high interest of companies to identify as early as possible those customers who tend to migrate, to constantly monitor satisfaction and regularly examine all complaints. Developments should be built on those results, not to make the same mistakes twice.

Customers’ complaining behavior can vary. When problem occurs some customers immediately express their dissatisfaction towards the service provider, others not complain on the spot but share their problems with family members, friend or with wider community via social media platform as negative word of mouth. In practical terms that is irrelevant if the complain is justified or not (Veres 1998). An uncorrected error could lead to the loss of a client, while a properly handled complain may have the opposite effect.

Positive word of mouth has many advantages; it is nine times more effective than traditional advertising methods (Day 1971). It has a large influence on every purchasing decision, especially in case of services, what involve higher risk than tangible products.

Nowadays customers can create UGC (User Generated Contents) using internet to share experiences and thoughts (Goldsmith and Horowitz 2006). „In practice, internet has replaced the traditional WoM by e-WoM (Electronic Word of Mouth) and buzz” (Hennig-Thurau et al. 2004, p: 39.). Customers feel more secure having references and opinions of other users (Hennig-Thurau and Walsh 2003). People try to learn from the experiences of others, try to imitate their behavior, if there is not enough information available (such as in case of services). This phenomenon is called: herding behavior (Kwon, Bae and Phelan 2011).

Blogs became very popular in tourism and considered as special WoM. Valuable data can be forwarded to the readers providing insights into wrighters’ life. Credibility of blogs is much higher than traditional tourism information sources. The only disadvantage of e-WoM is the hundreds of daily comments what hotel managers are not able to constantly monitor and handle (Sung, Chiu, Hsieh and Chou 2011).

In the light of the above mentioned literature background we can state, that main goals of companies are to satisfy customers and manage the consequences on that way which brings them the most benefits.

Materials and methods

A comprehensive survey was made on the Hungarian wellness hotels in October 2012, the primary aim was to provide them suggestions to improve their quality on the base of guests feedback.

Besides more focus group conversations and personal interviews also a questionnaire were compiled and spread electronically and on paper format. 834 respondents sent it back from which 815 were valid and evaluated. All respondents were domestic guests with experience in Hungarian spa hotels. The questionnaire consisted of several parts from which those sections are presented dealing with satisfaction and its consequences.

After the primary data collection statistical analysis was carried out by using SPSS 21 statistical software and Microsoft Excel program. Mean, standard deviation, principal component analysis, correlation and tightness testing, cluster analysis were conducted.

The respondents could express their opinion using a 5-point Likert-scale (1-totally disagree, 5-totally agree) which provides an effective method for measuring guest satisfaction and the following behavioral intentions.

Results and discussion

It can be concluded that domestic guests are generally satisfied with the performance of the Hungarian wellness hotels. Referring to disconfirmation paradigm, the value of experienced service (4,3) is slightly less than the expectation value (4,6).

The questions in Table 1 are intended to measure the level of satisfaction what is quite high (4,3) but doesn’t reach the maximum of 5. Question no. 65 got the highest value (4,4) indicating that the most important component of satisfaction measures is the positive experience.

Table 1. Questions related to satisfaction

<table>
<thead>
<tr>
<th>Please, indicate to what extent do you agree with the following statements! (1-strongly disagree, 2-somewhat disagree, 3-neither agree nor disagree, 4-somewhat agree, 5-strongly agree)</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>62. The service quality what I experienced meets my expectations (&quot;I got what I expected&quot;)</td>
<td>4,2</td>
</tr>
<tr>
<td>63. Overall, I was satisfied with the services provided by the hotel</td>
<td>4,3</td>
</tr>
<tr>
<td>64. I am satisfied with my choice of hotel (with my decision)</td>
<td>4,3</td>
</tr>
<tr>
<td>65. I left the hotel with positive experiences</td>
<td>4,4</td>
</tr>
</tbody>
</table>

(Source: Own research)

Based on the answers we can state that the bigger is the city where the respondents live the less satisfaction level was measured. Satisfaction changed concerning the income of the household: the lowest and highest income earners are less satisfied with the services they received. Usually the most satisfied people live in the average households.

According to the guest questionnaire a close relationship was found between perceived quality and satisfaction, this is proven by Table 2. Most of the components are on the main diagonal of the table, and the Pearson correlation coefficient is high (0,62).

Table 2. Relationship between perceived quality and satisfaction (number of respondents)

<table>
<thead>
<tr>
<th>Quality</th>
<th>Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2</td>
<td>2-3</td>
</tr>
<tr>
<td>2-3</td>
<td>2</td>
</tr>
<tr>
<td>3-4</td>
<td>2</td>
</tr>
<tr>
<td>4-5</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>6</td>
</tr>
</tbody>
</table>
Figure 2 shows that the more satisfied a guest, the higher level of quality was detected. Also the reverse relation is true, ie: the higher the perceived quality was, the more satisfied the guest felt.

The following diagram (Figure 3) shows that guest satisfaction parallely increases with the star ratings of the hotels.

Examining the customer value guest should evaluate the quality in relation to the price paid. Survey proved that when perceived quality was below average then guest felt that the price was higher (4) or much higher (5) than the service received. With the growing performance of the hotels guest felt proportional growth in value (Figure 4).

Similarly, a strong correlation can be seen between satisfaction and customer value (Figure 5). Dissatisfied guests evaluated the price high (4) or extremely high (5) compared to the service quality, the hotel category, the gained experiences and the planned costs. The majority of satisfied guests felt the price paid proportional to the perceived service quality.

Those questions (Table 3) investigating after consumption behavior of the guests approach this subject from two different sides such as the consequences of perceived quality and satisfaction.

Table 3. The level of loyalty

<table>
<thead>
<tr>
<th>Please, indicate to what extent do you agree with the following statements! (1-strongly disagree, 2-somewhat disagree, 3-neither agree nor disagree, 4-somewhat agree, 5-strongly agree)</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>66. I will return to this hotel as soon as I can</td>
<td>3.86</td>
</tr>
<tr>
<td>67. I shared my experiences with my family and friends</td>
<td>4.51</td>
</tr>
<tr>
<td>68. I shared my experiences in wider community (web 2.0, facebook, blog)</td>
<td>2.34</td>
</tr>
<tr>
<td>69. I happily take the discount of the competitor hotels as well</td>
<td>4.04</td>
</tr>
<tr>
<td>70. In case of slightly increase of prices I still would return to this hotel</td>
<td>2.99</td>
</tr>
</tbody>
</table>

According to the consequences of satisfaction analysis concluded that domestic guests share their experiences in a narrow circle (4,51) mainly for family members and some friends. Although they rely on social media platforms as sources of information, but they themselves rarely (2,34) take comments and evaluations on it.

Guests indicated with a relatively high value (3,86) that they would gladly return to the hotel, but would not tolerate (2,99) any price increase. Question 69 refers to the high price sensitivity, especially in case of middle and lower income earners segments. In general this sample is not considered to be too loyal, as they can be attracted (4,04) by competitors with campaign prices and discounts.

The investigation clearly shows (Figure 6) that dissatisfied guests do not intend to return (question 66.), but but with the increase of satisfaction level the willingness grows.

The same tendency can be seen on Figure 7: much higher proportion of satisfied guests shares their experiences with
relatives and even widely. Satisfied guests are really reluctant to recommend the given hotel to others. It somewhat refutes those generalizations that Hungarians always focus on bad news and problems.

It can be seen that guests are willing to pay more for the high quality services. Consequently, the constant price reduction is not the only opportunity to increase the number of guest nights in Hungarian hotels. All hotels might benefit from a proactively developed loyalty program which may increase the perceived customer value with offering additional services not only with discounts.

Domestic visitors use online social media platforms for mainly gathering information before choosing a destination or accommodation, and less for sharing their experiences or evaluating services. The positive word of mouth can be observed only among satisfied guests proportionally increasing with the level of satisfaction.

It’s time to encourage hotel guests for giving feedback, because the user generated contents mean valuable market information for potential guests and service providers as well. It can help hotel managers to study the various consumer preferences from internal and external aspects of hotel attributes, so it’s also recommended for each property to track them on a daily basis.

Overall, the purpose of the hotel satisfaction surveys is to inform the hotels about the guest expectations and perceived quality of the services. Hotel managers deduce the strength and weaknesses of their services and the filtered results can serve as a basis of quality improvements. This can increase the level of satisfaction, loyalty and positive eWoM, which can ensure profit and benefit in economic and market terms.

Conclusion, recommendations

The widespread belief in the intuitive relationship between quality – customer satisfaction – loyalty, as well as the efforts of Hungarian hotels to improve quality serve to underscore the importance of analytical and empirical work increasing our understanding of the importance and benefits of guest satisfaction.

It can be concluded that domestic guests are generally satisfied with the quality of services offered by Hungarian spa hotels. The message of this research is for hotel managers that the increase of guest satisfaction can be reached by the improvement of service quality. The increase of guest satisfaction as an objective obviously requires financial investment but has a lot of benefits as well. It has been demonstrated that satisfaction is closely related to their willingness to return to the hotel, so it is an essential condition of loyalty.

When service quality is increasing, not only the level of satisfaction grows but also the customer value which more closely influence the intention to return.

References


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guest satisfaction among business travelers: What are the important


