TOURISM IN HIMACHAL PRADESH – A CASE STUDY ON SERVICE QUALITY AND CUSTOMER SATISFACTION

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Abstract

Hotel Industry has been an inevitable part of the tourism and hospitality industry from times immemorial. It is a successful business venture around the world. Tourism is playing a very crucial job in the socioeconomic development of the state of Himachal Pradesh. The booming tourism industry in Himachal Pradesh is an engine to economic growth of the state. In today's competitive environment delivering high quality service is the key for a sustainable competitive advantage. Customer satisfaction does have a positive effect on an organization's profitability. Satisfied customers form the foundation of any successful business because customer satisfaction leads to repeat purchases, brand loyalty, and positive word of mouth. This research contributes to service quality and customer satisfaction in the hotel industries. The outcome from the research could be helpful to the managing of hotels and implementation of policies in the context of improving customer satisfaction and service loyalty.

Keywords: Service Quality, Customer Satisfaction, Economic Growth

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Concept of Tourism

Tourism is today the world's leading and fastest growing industry. These include the accessibility of lodging, transport, tourist attraction and leisure. Tourism and hotel organization in the present day is a method of life of all people. Tourism industry is considered as one of the central commercial ventures in India, as it gets around 465.6 million local and overall tourists every year (kent 2005, government of India 2008).

Applying to the Tourism industry, there have been numerous studies that examine attributes that travelers may find important regarding customer satisfaction. Atkinson (1988) found out that cleanliness, security, value for money and courtesy of staff determine customer satisfaction. Knutson (1988) revealed that room cleanliness and comfort, convenience of location, prompt service, safety and security, and friendliness of employees are important. Barsky and Labagh (1992) stated that employee attitude, location and rooms are likely to influence travelers' satisfaction. A study conducted by Akan (1995) showed that the main determinants of hotel guest satisfaction are the behavior of employees, cleanliness and timeliness. Choi and Chu (2001) concluded that staff quality, room qualities and value are the top three hotel factors that determine travelers' satisfaction.

Tourism in Himachal Pradesh

Himachal Pradesh is gifted with the all essential resources like clean and peaceful atmosphere, forest, lakes and rivers, mountain, historical monuments, architecture, fair and festivals, glaciers, adventure sports and temples. To make tourism the prime engine of economic growth in the state by positioning it as a leading international destination by the year 2020, the government of Himachal Pradesh has made significant changes in its tourism policies from time to time to make the State well established and recognized tourist place. There has been an increasing of tourist visits to the state since 90s to till date. By focusing on quality tourists the government of Himachal Pradesh aims at the encouragement the private sector to development of tourism related infrastructure. By 2016 Himachal Pradesh had 2784 government and private hotels/guest houses and 73586 bed capacity.

Number of Registered Hotels/Guest Houses in Himachal Pradesh

Year	No. of Hotels/ Guest Houses	Bed capacity
2013	2377	61236
2014	2416	65339
2015	2604	65339
2016	2784	73586

Source: Directorate of Tourism H. P

Number of Registered Hotels/Guest Houses in Himachal Pradesh District-wise:

District	No. of Hotels/ Guest Houses	Bed capacity
1. Bilaspur	71	1398
2. Chamba	172	3840
3. Hamirpur	35	568
4. Kangra	433	9751
5. Kinnaur	92	1865
6. Kullu	685	22974
7. Lalhaul-spiti	78	1462
8. Mandi	174	3478
9. Shimla	450	13772
10. Sirmaur	95	1985
11. Solan	254	8427
12. Una	65	1349

Source: Directorate of Tourism H. P

The main tourist centers such as Shimla Kullu-Manali, Chail, Chamba, Dalhousi, Dharamshala, Kinnour and Lahual Spiti are the main tourist destinations in the state. Gupta, S.K. at el (2010) found that the tourism has potential for the overall development of the area and community and it is tool for the community prosperity. It has potential to create occupational and employment opportunities for the locals.

Literature Review

Customer satisfaction is an essential indicator of organisation's past, current, and future performance and, therefore, has long been a critical focus among marketing practitioners and scholars (Oliver, 1999). Customer satisfaction does have a positive effect on an organization's profitability. Satisfied customers form the foundation of any successful business because customer satisfaction leads to repeat purchases, brand loyalty, and positive word of mouth. There are numerous studies that have looked at the impact of customer satisfaction on repeat purchases, loyalty and retention. Many researchers point out the fact that satisfied customers share their experiences with other people to the order of perhaps five or six people. On the contrary, dissatisfied customers are more likely to tell another ten people of their experience with product or service. Customer satisfaction is the outcome felt by those that have experienced a company's performance that have fulfilled their expectations.

Many researchers and academicians highlight the importance of customer satisfaction. Many researchers see that customer satisfaction has a positive effect on organization's profitability. Much empirical evidence also shows the positive connection between customer satisfaction, loyalty and retention. Nowadays all companies are realizing the significance of delivering and managing service quality, which leads to customer satisfaction. Service quality that is delivered can meet or exceed customers expectations are mainly influenced by customer's prior expectations. According to Hansemark and Albinson (2004) "satisfaction is an overall customer attitude towards a service provider, or an emotional reaction to the difference between what customers anticipate and what they receive, regarding the fulfilment of some needs, goals or desire ". Customer loyalty on the other hand refers to a deeply held commitment to re-buy a preferred product or service in the future despite situational influences and marketing efforts having the potential to cause switching behaviour (Oliver, 1997).

There are many factors that affect customer satisfaction. Such factors include friendly employees, courteous employees, knowledgeable employees, helpful employees, accuracy of billing, billing timeliness, competitive pricing, service quality, good value, billing clarity and quick service (Hokanson, 1995).

Service Quality and Customer Satisfaction

One of the major useful tools in hospitality Industry success is service quality. Juran (1988) defines quality as "fitness for use" while in Crosby (1979) quality is defined as "conformance to requirements". Service quality refers to the difference between customers' expectations of service and t studies reflect very nearly the same qualities of the service quality.

Parasuraman et al. (1991) explored the various service industries and investigated 10 measurements of service quality, i.e. responsiveness, tangibility, access, reliability, communication, credibility, courtesy, competence, security and understanding. There are six variables of service quality such as skills and professionalism; attitude and behavior; accessibility and flexibility; recovery; reputation and credibility; accessibility and flexibility; says Gronroos (1992). One of the most imperative benefits of a service recovery or guarantee for the hotel is its ability to heighten customer feedback, both negative and positive. More often than not hotel management only show interest in positive customer feedback, and tend not to concern themselves with negative opinions. In effect, managed, customer feedback helps to create a plethora of opportunities for the exploitation of interpersonal relationships between the employees and customers. Induced employees who are able and or solve customer problems will increase customer trust in the hotel employees. Furthermore, the human interaction evident during the service delivery process frequently reinforces customer trust, and effectively strengthens the relationships.

Customers are very different nowadays, because of their exposure to information, they are better educated, and more demanding in the products and services they require, and they are more familiar with technology. From the studies carried out in many countries, factors like: service quality, and perceived value, are the key constructs affecting the customer's satisfaction. Customer satisfaction may have indirect and direct impact on business results. Luo and Homburg (2007) resolved that customer satisfaction positively affects business profitability. The majority of studies have looked into the relationship with customer behavior patterns (Faullant et al., 2008). According to these findings, customer satisfaction increases customer loyalty, influences repurchase intentions and leads to positive word-of-mouth. Given the vital role of customer satisfaction, it is not surprising that a variety of research has been devoted to investigating the

determinants of satisfaction (Zeithaml and Bitner, 1996). Satisfaction can be determined by subjective (e. g. customer needs, emotions) and objective factors (e. g. product and service features).

Objectives of the Study

The research question is to be answered by achieving the following specific research objectives:

- To examine the relationship between service quality and customer satisfaction among hotels in Himachal Pradesh

- To identify factors which need improvement so that customer satisfaction can be maximized in hotels

Data Collection

Both primary and secondary sources were used in this study. The sources have been used particularly to review literatures, and included articles from Tourism, Hospitality and marketing journals, published and unpublished materials, and other documents from Himachal tourism. Primary data was collected from study participants by administering close ended questionnaire which measured the items on five point liker scale.

Three hotels of HPTDC and three private hotels of same category have been studied and a comparison of their services has been drawn on the basis of the responses of the customers of these hotels. The customer has been chosen on the basis of random sampling. The three hotels of HPTDC that have been chosen for the study are Hotel Holiday Home, Dhauladar Hotel and Kunzam. The three Private hotels of Himachal Pradesh that have been chosen for the study are Holiday Inn, Apple Valley Resort and Best Western Royal Park. A total of 585 customers from hotels were approached for the data collection. The number was just based on the convenience.

Analysis and Interpretations

Multiple Regression Analysis (1)

Multiple Regression analysis has been performed to understand how much importance you give to the attributes mentioned below and the performance given by hotel in each case.

Further this analysis is performed below using the data collected.

	Attributes	How much importance do you give to the attributes mentioned below?						Where did hotel stand?				
		Not important	Somewhat important	Important	Quite important	Very important	Total					
1	Reservation system	23	85	93	120	239	560	Excellent	Good	OK	Bad	Worst
2	Location of the hotel	56	92	37	265	110	560	Easy Accessible	accessible	OK	inaccessible	Highly inaccessible
3	Laundry services	69	256	86	94	55	560	Very quick	Quick	Just OK	took some time	Took lot of time
4	No of Menu items	55	94	94	69	248	560	Have lots of choices	Good number of choices	adequate	Could have been more	Very few choices
5	Quality of Food	49	55	68	235	153	560	Very delicious	Delicious	Just OK	Poor	very bad
6	Price of food	12	63	155	125	205	560	Very expensive	On the higher side	OK	Affordable	Very cheap
7	Beverages	36	56	98	198	172	560	Excellent	Good	OK	Poor	Very poor
8	Activities	98	69	56	188	149	560	Excellent	Good	OK	Poor	Not available
9	Travel facilities	26	56	47	178	253	560	Excellent	good	Just ok	Poor	Very bad

10	Hygiene	10	32	198	143	177	560	Very safe	safe	OK	insecure	Not safe
11	Parking facilities	7	25	237	175	116	560	Very good	good	Can't say	basic	Poor
12	Guest safety	12	93	101	119	235	560	Ample space	Sufficient space	OK	Less space	Inadequate space

The multiple regression result of 12 independent variables and 1 dependent variable with Enter method outputted the following table

The summary of overall value

Summary of overall value

Model 1	R	R square	Adjusted R square	Std. Error of the Estimate
1	.851[a]	.235	.475	.895458

Dependent Variable: Customer satisfaction

The R^2 value was equal to 0.235 let us know that the relationship between all independent variables and dependent variable was quite important. This indicated that 12 independent variables could explain 47.5% of the variance of dependent variable at the significance of .000 as mentioned in the Anova table. Thus from the results it can be inferred that there is significant relationship between the independent variables and the customer satisfaction.

ANOVA result

Anova Result- Dependant Variables

	Model	Sum of Squares	Df	Mean square	F	Sig.
1	Regression	114.781	16	12.741	24.147	.000[b]
	Residual	147.784	240	.741		
	Total	279.000	279			

The output of multiple regressions from table Coefficients showed that at the level of 95% confidence, most of independent variables were significantly contributing to the prediction of the dependent variable customer.

Multiple regression analysis (2)

	Attributes	How much importance do you give to the attributes mentioned below?						Where did hotel stand?				
		Not important	Somewhat important	Important	Quite important	Very important	Total					
1	Packages offered	25	38	122	107	268	560	Have lots of choices	Good no. of choices	Adequate	Could have been more	Very few choices
2	Front office staff	28	96	216	123	97	560	Highly competent	Competent	OK	Incompetent	Novice
3	Competence of the housekeeping staff	96	156	99	100	109	560	Very competent	Competent	OK	Incompetent	Novice

4	Room furnishing	23	59	81	168	229	560	Very good	good	Can't say	Basic	Poor
5	View from the Room	56	26	89	301	88	560	Very scenic	Scenic	Just OK	Nothing noticeable	Unpleasant
6	Safe deposit facility	56	92	37	265	110	560	Very safe	safe	OK	Insecure	Not safe
7	Heating Facility	72	54	96	216	122	560	Excellent	Good	OK	Poor	Bad
8	Pest control	23	85	93	120	239	560	Very Good	good	Can't say	Basic	Poor
9	Restaurant and bar service	25	84	96	139	216	560	Excellent	Good	OK	Poor	Very poor
10	Public area	69	94	94	269	34	560	Very clean	clean	Just ok	Untidy	Shabby
11	Fitness club	49	55	68	153	235	560	Well equipped	equipped	Basic	Ill equipped	Outfitted
12	Money exchange counter	98	56	186	201	19	560	Efficient	competent	Ok	Basic	inefficient

The multiple regression result of 12 independent variables and 1 dependent variable with Enter method outputted the following table

The summary of overall value

Summary of overall value (2)

Model 1	R	R square	Adjusted R square	Std. Error of the Estimate
1	.865[a]	.403	.596	.8471207

Dependent Variable: Customer satisfaction

The R^2 value was equal to 0.403 let us know that the relationship between all independent variables and dependent variable was quite important. This indicated that 12 independent variables could explain 59.6% of the variance of dependent variable at the significance of .000 as mentioned in the Anova table.

ANOVA Result

Anova Result- Dependant Variable (2)

	Model	Sum of Squares	Df	Mean square	F	Sig.
1	Regression	153.896	11	10.724	14.724	.000[b]
	Residual	103.352	168	.691		
	Total	257.248	179			

The output of multiple regression from table Coefficients showed that at the level of 95% confidence, most of independent variables were significantly contributing to the prediction of the dependent variable customer satisfaction. Therefore, the high importance and low performance service attributes in each hotel were also quite important and the customers were satisfied.

Multiple regression analysis (3)

	Attributes	How much importance do you give to the attributes mentioned below?						Where did hotel stand?
		Not important	Some what impor tant	Impor tant	Quite impor tant	Very impor tant	To tal	

	tant										
1	Tariff structure	72	54	96	216	122	560	Very expensive	On the higher side	OK	Affordable	Very cheap
2	Baby sitter facility	96	156	99	112	97	560	Very safe	safe	OK	Insecure	Not safe
3	Cloak room	69	94	269	34	94	560	sparkling	clean	Ok	Muddy	Dirty
4	Gift shop	85	68	188	193	26	560	Very expensive	On the higher side	OK	Affordable	Very cheap
5	Waiting time for billing	117	301	20	93	29	560	Very quick	Quick	Just OK	took some time	Took lot of time

The multiple regression result of 5 independent variables and 1 dependent variable with Enter method outputted the following table

The summary of overall value

Summary of overall value (3)

Model 1	R	R square	Adjusted R square	Std. Error of the Estimate
1	.718[a]	.586	.463	.4809875

Dependent Variable: customer satisfaction

The R^2 value was equal to 0.586 let us know that the relationship between all independent variables and dependent variable was rather strong. This indicated that 5 independent variables could explain 46.3% of the variance of dependent variable at the significance of .000 as mentioned in the Anova table.

ANOVA result

Anova Result- Dependant Variable (3)

	Model	Sum of Squares	Df	Mean square	F	Sig.
1	Regression	123.153	4	14.153	22.153	.000[b]
	Residual	187.189	214	.892		
	Total	310.342	231			

The output of multiple regression from table Coefficients showed that at the level of 95% confidence, most of independent variables were significantly contributing to the prediction of the dependent variable customer satisfaction with the significant value was larger than 0.05. Therefore, the low importance and low performance service attributes in each hotel were identified through these predictors.

Results and Discussion

The results drawn based on multiple regression analysis it is predicted and identified certain variables with high importance and high performance service attributes in each hotel were reservation system, location of the hotel, laundry services, no of menu items, quality of food, price of food, beverages, activities, travel facilities, guest safety, hygiene, parking facilities. And identified attributes with high importance and low performance service attributes in each hotel

were package offered, front office staff, competence of the house keeping staff, room furnishing, view from the room, safe deposit facility, heating facility, activities, pest control, restaurant and bar service, public area, fitness club, money exchange counter. And attributes with low importance and low performance service attributes in each hotel were tariff structure, baby sitter facility, cloak room, gift shop, waiting time for billing.

Thus it is concluded that the attributes of reservation system, location of the hotel, laundry services, no of menu items, quality of food, price of food, beverages, activities, travel facilities, guest safety, hygiene, parking facilities are given high importance by the customers by means of performance and importance towards it.

The most surprising thing which attracts the attention here is the guest safety. As it is a known fact that the touristic experience starts from the time a tourist leaves his house to the time that he returns back, therefore, he might have rated safety and security in a negative way. However, this problem may be tackled if the tourism department enacts strict laws.

Additionally, to meet the current trends and demand of a healthy lifestyle, hotel should offer healthy food choices such as vegetarian, low-fat meals. Eating outlets can also offer special dishes and change the specials regularly to satisfy adventurous diners who like to try new flavors.

Suggestions

- The Hotel should offer a wide range of beverages as many diners view drinking as an important part of their dining out experience.

- The hotels shall take into consideration the preference of different cuisines of the customers and hotel should provide local food to the customers.

- Hotel should place a strong emphasis on staff training to ensure they have a service mind and are willing to deliver high-quality service.

- Billing staff should be trained to take extra care when calculating the total bill by rechecking the diners' list of orders and prices.

- The price structure of the hotels was found to be an issue with the customers in all aspects therefore, appropriate steps should be taken by the management in this regard which will not only help the hotels in having a satisfied customer but would also enable the hotel to earn its due share of profits.

- Resource allocation can be prioritized based on the relative importance of choice factors.

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