

## **Demand Analysis of Hotel Service Quality**

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**Abstract :** *Service market of hotels is successively saturated. Hotels should control customers' demands in order to attract more customers and obtain higher profits. This study adopts questionnaire survey and treats customers of Hotel H as subjects. By Importance-Performance Analysis (IPA), this study explores service quality demand of customers in Hotel H to assist with hotels' upgrading of service satisfaction. According to research findings, "service staff can immediately respond to customers' needs" and "hotels provide comfortable service to customers" are the most important for customers; "bright and neat appearance of facility" and "interior facility, traffic flow and signs are concrete" are important for customers; however, quality provided by Hotel H does not satisfy the customers. This study suggests that Hotel H should regularly arrange and maintain environment of facility and frequently trim the plants and trees in the garden. As to facility, when it is damaged, the hotel should repair it and maintain the brightness. As to interior facility, traffic flow and signs, hotels must specifically indicate the locations of facilities and customers' traffic flow and increase signs or layout of facility to allow customers to recognize the locations and avoid wasting time searching for the facilities.*

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### **I. Introduction**

Since the hotel industry has been highly saturated and the competition is increasingly intense, hotels must develop unique services and control customers' needs to allow customers to be satisfied with hotel service quality in order to attract more customers consume in cooperative enterprises to obtain higher profits.

By Importance-Performance Analysis (IPA), this study explores difference of importance and performance of hotel customers regarding service quality. Research findings show importance and performance of customers on service quality of hotel and reveal less important service items. Hence, it avoids unnecessary cost. It can also discover service items which require urgent improvement and modify them. Through literature review, this study develops measurement items of service quality and analyzes service quality of the hotel by responsiveness, tangibles, reliability, empathy and assurance. Upon Importance-Performance Analysis, it probes into difference of importance and performance of customers regarding service quality items and allows the hotel to recognize the direction and ranking of service quality improvement and further enhance corporate competitiveness. Thus, the hotel avoids spending great amount of manpower, resources and time on practicing inappropriate strategies and it can accomplish maximum outcome by limited resources.

### **II. Literature Review**

By Importance-Performance Analysis (IPA), this study conducts demand analysis of service quality of customers in Hotel H. Literature review includes two parts: study on service quality and Importance-Performance Analysis (IPA).

#### **2.1 Service quality**

Parasuraman et al. (1985) argued that measurement of service quality depends on customers' recognition after receiving the services and the gap between customers' perceived service and expected service (Parasuraman et al., 1985; Bateson & Hoffman, 2002). In service quality model constructed by Parasuraman et al. (1985), measurement indicators of service quality should include the following: (1) tangibles (2) reliability (3) responsiveness (4) assurance (5) empathy. As to measurement of service quality, Parasuraman et al. (1988) argued that service quality includes five dimensions: (1) reliability (2) responsiveness (3) assurance (4) empathy (5) tangibles. Haywood-Farmer (1998) proposed three dimensions of service quality, (1) facility, process, and procedure; (2) service staff's behavior (3) service staff's professional judgment. According to SERVQUAL proposed by Parasuraman et al. (1988), this study classifies dimensions of service quality into responsiveness, tangibles, reliability, empathy and assurance. Measurement items of five dimensions of service quality are based on modification of questionnaires of Mohsin & Ryan (2005), Antony et al. (2004), Chung & Chen (2015), Deng and Lee (2007), Parasuraman et al. (1988) and Haywood-Farmer (1988) regarding business characteristics of hotels.

## 2.2 Importance-Performance Analysis (IPA)

Importance-Performance Analysis is analytical method introduced by Martilla and James (1977) and it is applied to examination on performance of automobile industry. Myers (2001) argued that IPA is the analytical technique applied by business managers to measure current corporate market competition position, recognize improvement opportunities of corporate operation and guide corporate strategy direction. Hansen and Bush (1999) suggested that IPA can allow companies to recognize ranking of improvement of key factors and thus these companies can acquire high-level customers' satisfaction by limited resources. IPA is mainly applied to measure the subjects' expectation toward the behavior or statement and examine actual satisfaction (Magal&Levenbury, 2005). In IPA method, means of importance and performance of service quality items are first calculated. Axis x denotes performance and Axis y refers to importance. In matrix diagram of IPA, the layout is divided into four quadrants A, B, C and D, as shown in Figure 1. Quadrant A - Zone of Concentrate Here: this quadrant is important for customers. However, perceived performance level at present does not meet customers' expectation. It must be improved as priority. Quadrant B - Zone of Keep Up the Good Work: the quadrant is important for customers. Perceived performance level at present is also positive. It is major competitive advantage. Quadrant C - Zone of Low Priority: the quadrant is not important for customers and perceived performance level at present is inferior. It is source of secondary inferiority of the company. Quadrant D - Zone of Possible Overkill: the quadrant is not important for customers; however, customers' current perceived performance level is high and resources can be applied to the parts which require more improvement.

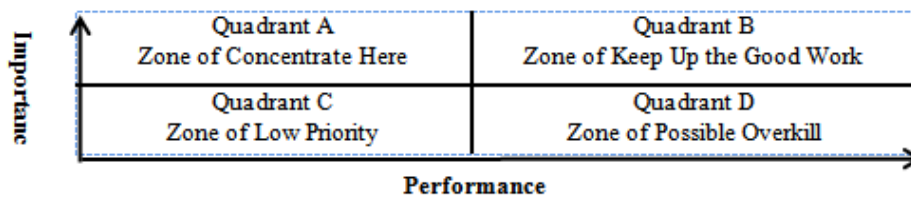


Figure 1 IPA matrix

## III. Research Method

According to SERVQUAL proposed by Parasuraman et al. (1988), this study classifies dimensions of service quality into responsiveness, tangibles, reliability, empathy and assurance. Measurement items of five dimensions of service quality are based on modification of questionnaires of Mohsin& Ryan (2005), Antony et al. (2004), Chung & Chen (2015), Deng and Lee (2007), Parasuraman et al. (1988) and Haywood-Farmer (1988) regarding business characteristics of hotels.

Questionnaire of this study includes two parts. In Part 1, this study adopts Likert 5-point scale as measurement; Part 1: importance and performance of service quality, mainly including (1) responsiveness (2) tangibles (3) reliability (4) empathy (5) assurance. Part 2: basic information, including gender, age, occupation, etc.; questionnaires of this study were distributed from January to March 2018. The respondents were customers of Hotel H. It retrieved 252 valid questionnaires and adopted IPA method. Table 1 shows the reliability values. Nunnally (1978) suggested that in an exploratory study, a reliability greater than 0.7 is acceptable. All the reliability variables of this study are above 0.7, so the results carry sufficient reliability. By IPA model, this study explores attribute difference of importance and performance of customers on service items, indicates advantages and disadvantages of service quality and assists with the hotel to recognize improvement direction and priority in order to enhance service quality. As to analysis on performance and importance of service quality items, the measurement is based on a Likert 5-point scale. Analysis of importance and performance with service quality is shown in Table 2.

## IV. Results Analysis

According to questionnaire survey result, this study conducts analysis. Among 252 questionnaires, there are 132 males and 120 females. As to age, most of them are 41-50 years old (85 subjects), 73 subjects are above 50 years old, 62 subjects are 31-40 years old and 32 subjects are below 30 years old. As to occupation, most of subjects are in industry and commerce (62 subjects). The second is service industry (55 subjects), 31 subjects are in freelance industry, 29 subjects are in technology industry, 27 subjects are in military, public servants and teachers and 48 subjects are others.

In IPA, 11 items fall in Quadrant B-- Zone of Keep Up the Good Work: Item 1, Item 4, Item 5, Item 10, Items 13~17, Item 19 and Item 21. These items are highly important services with high performance for customers and they are advantages of Hotel H and they should be maintained. Two items fall in Quadrant D -- Zone of Possible Overkill: Item 18 and Item 20. The resources can be applied to parts which require more improvement. Six items fall in Quadrant C-- Zone of Low Priority: Item 2, Item 3, Item 6, Item 9, Item 11 and Item 12. They can

be modified after the improvement of quadrant A. They are sources of secondary inferiority of the hotel. Two items fall in Quadrant A-- Zone of Concentrate Here: Item 7 and Item 8. It is the source of main inferiority of the hotel. Thus, the hotel should treat it as the priority of improvement.

## V. Conclusion

According to research findings, “service staff can immediately respond to customers’ needs” and “hotels provide comfortable service to customers” are the most important for customers; “bright and neat appearance of facility” and “interior facility, traffic flow and signs are concrete” are important for customers; however, quality provided by Hotel H does not satisfy the customers. This study suggests that Hotel H should regularly arrange and maintain environment of facility and frequently trim the plants and trees in the garden. As to facility, when it is damaged, the hotel should repair it and maintain the brightness. As to interior facility, traffic flow and signs, hotels must specifically indicate the locations of facilities and customers’ traffic flow and increase signs or layout of facility to allow customers to recognize the locations and avoid wasting time searching for the facilities.

Items that fall in Zone of Keep Up the Good Work are highly important services with high performance for customers. It means that efforts of Hotel H are consistent with what customer’s value. It can be considered as competitive advantage zone of Hotel H. It should maintain the service level. For customers, items fall in Zone of Low Priority are less important, in comparison to other services. Besides, they are items with inferior performance in Hotel H. In the condition of sufficient resources, if the hotel can improve the service items, it will attract new customers. This study only treats consumers of Hotel H as subjects. In the future, it can conduct more precise research and analysis on different regions and related industries in order to obtain more complete research findings.

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**Table 1** The Cronbach’s  $\alpha$  coefficients for all variables in this study

Questionnaire Dimensions	Item	Cronbach’s $\alpha$	
		Importance	Performsnce
responsiveness	1,2,3,4	0.835	0.846
tangibles	5,6,7,8,9	0.812	0.850
reliability	10,11,12,13	0.828	0.872
empathy	14,15,16,17	0.831	0.865
assurance	18,19,20,21	0.853	0.883

**Table 2** Importance and performance analysis of service quality

Item	Items of service quality	Performsnce	Importance
		Mean	Mean
1.	Service staff can immediately respond to customers' demands	4.0476	4.1706
2.	Service staff are not too busy to neglect the responses to customers	3.9762	4.0714
3.	Service staff provide service description in detail	3.9563	4.0952
4.	Service staff are willing to help and serve customers	4.0714	4.1825
5.	Service staff maintain neat costume and appearance	3.9921	4.1230
6.	Interior facility are modern and professional	3.7936	4.1111
7.	Bright and neat appearance of facility	3.8651	4.1309
8.	Interior facility, traffic flow and signs are concrete	3.7659	4.1230
9.	Service facility matches customers' needs	3.9246	4.1111
10.	Service staff can make their efforts to solve the problems for customers	4.1111	4.1310
11.	Service staff can precisely accomplish commitment to customers	3.9920	4.0635
12.	Service staff can cope with things properly at once	3.9722	4.0635
13.	Service staff can provide reliable service	4.0198	4.1270
14.	Service staff actively provide individual care for customers	4.0675	4.1587
15.	Service staff treat customers' profits as priority	3.9960	4.1548
16.	Service staff recognize individual customers' demands	4.0039	4.1270
17.	Service is provided after recognizing customers' needs	4.0159	4.1310
18.	Service staff can respond to customers' questions by sufficient professional knowledge	4.0079	4.0753
19.	Hotels provide comfortable service to customers	4.0833	4.1746
20.	Service staff can provide responsible service	4.0556	4.1071
21.	Service staff's behavior leads to customers' confidence	4.0119	4.1429
<b>Average</b>		<b>3.9872</b>	<b>4.1224</b>

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