Research Article
Customer Satisfaction in Hospitality Industry: Middle East Tourists at 3star Hotels in Malaysia

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Abstract: Today, Malaysia is the destination of millions of tourists from Middle East countries.3star hotels are the common choice of these travellers due to appropriate service quality and reasonable charges. The purpose of this study is to test the relationship of perceived value, service quality and customer expectation with customer satisfaction. This study uses questionnaire method to collect data from the respondents. The respondents were the Middle East tourists who stayed in 3star hotels at Kuala Lumpur. A total of 300 questionnaires were distributed, out of which 200 were completed. The findings from this study recognized the service quality as the most significant factor effecting the customer satisfaction. This study also proved that customer satisfaction is a key factor that leads the hospitality industry to success and gain competitive advantages. Therefore, findings of this study shall assist the hospitality management to recognize their flaws and minimize the factors causing dissatisfaction among the tourists.

Keywords: Customer satisfaction, hospitality industry, perceived value, service quality and customer expectation

INTRODUCTION

Hospitality is defined as a particular type of relationship between a host and traveller. The explanation of hospitality was further given through the researches done by Zeithaml (1988) whom highlighted the societal, protection and mental factors.

Today, tourism industry has significantly risen in compliance with Malaysian government plan of supporting tourism. Consequently, many travellers from all over the world have travelled to Malaysia. By improving the tourism industry, it is clear that the hospitality industry has to play a vital role to absorb tourists besides the aviation industry. Regarding the development of the hospitality industry, hotels shall modify some important factors such as management decision-making, services quality and convenient facilities. The ultimate objective of these modifications is customer satisfaction, which subsequently brings profitability. Satisfaction is essentially connected with satisfying the customers' needs by fulfilling anticipations or post-purchase concerning a particular service.

Malaysia as an emerging country is one of the poles that have played a fundamental role in progress of hospitality industry. Many tourists travel to Malaysia every year and based on researches the number of tourist has incredibly increased over the past years. In the capital city there are hotels ranging from hotel apartments to luxury 5 star hotels. Yet, 3 star hotels are known as a suitable option for those who want to spend their holiday in a convenient, economical and neat place. In addition to this, most of the travellers including the local people whose destinations are the nearby islands and beaches prefer to use a sound place with appropriate amenities that is available in 3 star hotels.

Customer satisfaction is the best indicator of a company's future profits (Kotler, 1999). The aim of a hotel is to fulfil the customers' need. Malaysia has attracted many tourists from Middle East countries including Arabic countries and Iran. The reason of this issue is strongly related to the mutual religious belief among these countries. This study examines the Middle East tourist satisfaction in 3-star hotels in Malaysia.

Despite of the several researches done, there are yet new aspects and flaws to be improved in customer satisfaction. During the recent decade, many aspects and dimensions were defined to improve the level of satisfaction; although most of them used variables that were significant however the importance of service quality, perceived value and customer expectation still requires further consideration. Some other researchers used to examine the correlation of variables such as customer loyalty and customer value. In the hospitality industry, according to Narver (2000) hotel managers in order to expand and improve their business should have a better perception of which factors provide the

customers with higher value. Cronin (2000) stated that up to now there is no bright understanding of the variables which customer's value because of the changing of value offers.

Over the decades, based on the studies of the hospitality industry, two significant areas have been introduced which are customer satisfaction and service quality. These issues were vital for researchers and those who practiced in this field of study. In the hospitality business, both customer satisfaction and service quality have muscular collision on the presentation of the business and the treatments of customers. Dimitriades (2006) believed that service quality leads to greater prosperity and customer satisfaction. A number of experimental researchers such as Suhartanto (2000) examined that there is a strong connection between customer loyalty and customer satisfaction. Zeithaml (1988) also mentioned that there is a relationship among constructive perceptions and customer satisfaction and for that reason, evaluation and observation of service quality and customer satisfaction is one of the important approaches for customer-focused firms. Moreover, preparing and maintaining customer satisfaction is the greatest current confronts of management in the service industry. Customer satisfaction and service quality are the key elements of attaining competitive advantage in the hospitality industry.

Previous studies have examined the evaluation of customer satisfaction in the hospitality industry. For instance, Zeithaml and Bitner (2003) had tested the measuring of customer satisfaction in 5-star hotels in Malaysia. He used variables such as customer loyalty, price, time and hotel attitudes. The results showed that there were positive relationship among those variables and customer satisfaction.

In Malaysia, researches about the improvement of customer satisfaction were limited and no study was find which examined service quality, perceived value and customer expectation all together and there are no researches that have evaluated the customer satisfaction in 3-star hotels in Malaysia based on these three variables. Therefore this study tries to fill the gap in the past researches by identifying and analyzing the role of service quality, perceived value and customer expectation on customer satisfaction.

Since in the current tourism industry, customer satisfaction is the determinant and inevitable secret of success; therefore hotels are not able to compete with other competitors without fulfilling the satisfaction of their guests. Customer satisfaction helps hotels to identify their weakness and these flaws might be solved by understanding the customer's real requirements and needs.

The objective of this study is to survey the effects of most important factors on customer satisfaction in the hospitality industry of Malaysia. Therefore, three independent factors including service quality, perceived value and Customer expectation are considered as the effective factors on customer satisfaction. The required data for this research was gathered through a citywide survey from customers of several hotels in Kuala Lumpur, Malaysia. The Multiple Regression Analysis (MRA) is applied using SPSS (Statistical Package for the Social Sciences) software to analyse and process the collected data.

INFLUENTIAL FACTORS ON CUSTOMER LOYALTY

Service quality: In most of the service industries, service quality plays a fundamental role for companies to achieve success. It is crucial for management of hotels to have a proper consideration of what customers' requirements are.

Vanacore and Erto (2002) noted that in recent years, regardless of the growing significance of service quality, the concept of this issue has not properly developed yet and service quality has been identified as a prominent sector of hospitality. Kotler (1999) suggested that service quality cannot be objectively measured like manufactured goods and therefore it remains a relatively elusive and abstract construct.

Parasuraman *et al.* (1991) proposed that in recent era, there are plenty of studies that indicate the method of evaluation of service quality by some well-known researchers. Generally, these techniques may be divided into two kinds that are incident-based or attribute based (Oliver, 1980). Some of the prominent researchers also came up with the primary theory of SERVQUAL in the 19th century, and this theory has been modified over the years until now.

Commonly, most of the marketers agree with this issue that service quality is predecessor to customer satisfaction Caruana *et al.* (2000) and customer loyalty is linked to customer satisfaction (Vanacore and Erto, 2002). Based on the experimental studies, the findings have illustrated that the concepts of service quality, which consists of central and relational service quality, have relationship with general service quality and customer satisfaction (Dimitriades, 2006) noted that there are two significant aspects of the general service quality, which consists of central and relational quality. Both of these aspects are interrelated to customer satisfaction, which focus on defining the aspects of service quality against the insertion of other

possibilities of factors of satisfaction. Yeung (2002) also explored the form and evaluation of service quality and the correlations among service quality, customer satisfaction and buying products.

Perceived value: Perceived value is a complicated idea to identify and assess Yeung (2002) defined perceived value as a measurement of the function of product, which was derived from the discernment on given and received services.

Perceived value is the advantage, which is received by customer versus the total costs. It is generally viewed as a comparative calculation of the costs and the rest of the economic facets of services. Nonetheless, what comprises value emerge to be extremely personal, characteristic, and it might broadly vary among customers (Parasuraman *et al.*, 1988). Thus, the term of value has a mature concept, which is not separated from the treats of consumers.

Today perceived value is asserted as a significant variable to lead the service provider to attain appropriate competitive rank in the market (Kotler, 1999). Suhartanto (2000) emphasized the relationship between perceived value and customer satisfaction. In the tourism literature, Dimitriades (2006) proposed that when new approaches are offered to the consumer behaviour surrounding the quality, price might be a trades-off; therefore customer value might expose the forces by making decisions about purchases and the loyalty of the brand.

Churchill and Surprenant (1982) made an effort to recognize the most significant hotel attributes based on creating value. They identified that high loyalty achievement depends on some practical fields such as the value of the range of hotel services, the quality of personnel, the quality of guest room decoration and facilities, a sturdy brand name and significant identity and perceived value. Cardozo (1965) suggested that there are many variables in which customers try to evaluate perceived value such as brand image, advertising, class, price and many other criteria. Atkinson (1988) offered the complete form of price, service quality and perceived value. Moreover, they stated that perceived value has a significant role in customer decision-making.

The research explains that perceived value and service quality are the most chief variables that should be integrated in the model of customer satisfaction in hospitality industry. Managers would make an effort to promote customer satisfaction model during developments in relations to core service quality when they assume perceived value as a function of customer satisfaction. Finally, the conclusion of these strategies might have an influence on customer satisfaction. When managers care about the function of perceived value, customer satisfaction will advance properly.

Customer expectation: Customer expectation is defined as beliefs and sensitivities that each customer has about service derived from what they require from it and supposes it to do.

Knutson (1988) defined Customer expectation as the primary picture about product that is supplied as ideals or indicated positions aligned with which services are evaluated.

Parasuraman *et al.* (1991) offered the realizing of customers' expectations in service industries (such as hospitality) might influence the extraditing of the most suitable service. One of the most functional frameworks that were established by three important forms of hospitality industry was proposed by Lashley (2008). The three domains are identified as cultural-social, private-domestic and commercial domains. In the cultural aspect, providing hospitality to travellers is one of the dominant issues, which is related to the majority of religions and the treatment culture of each country. It is a civilized indebtedness proposed without the instant pledge of reward. Oliver (1980) mentioned that in hospitality, industry management should prepare a warm welcome to the travellers by preparing the most suitable facilities and in turn travellers may be able to return a favour that is optional for them.

Personnel of the hotels are one of the dominant factors who are able to satisfy customers by giving real warm and kind treatment rather than the behaviour, which is, forced them due to the industry rule (Kotler, 2000). The result of previous literatures has demonstrated that warm treatment does not have any advantages on customers but it is based on the reality of that behaviour. It is the value of these mutual actions between the service manufacturer and travellers that could immortalize the great services. Customer expectations are the opinions about services, which are provided for customers to deliver as the criterion, or ideals versus which the real performance is assessed (Zeithaml and Bitner, 2003). A complete wisdom about traveller expectation consists of the variables that form them as a crucial variable inhospitality business.

Satisfaction is derived by the fulfilment of customers' anticipations against what they receive from organization (Akan, 1995). Within the demographic or personal factors that might shape these expectations are age, gender, ethnicity, and income (Zeithaml, 1993). In addition to this, the anticipations of the travellers may also be impacted by some factors such as the rate of the hotel. Star ranking might be measured as a shape of

clear service pledge and according to Zeithaml and Bitner (2003) explicit service pledges are some kinds of variables that impact service anticipations. Guests may surmise that a hotel with greater ranking may deliver better services than the hotel, which has less star ranking.

Customer satisfaction: Kotler (1999) was the pioneer of generating the term customer satisfaction in business and marketing. Researchers have introduced a numerous explanations for customer satisfaction. Vanacore and Etro (2002) proposed customer satisfaction as the general assessment, which is done by customers about specific product or service at a certain time. A particular instance of theories that has a significant influence on customer satisfaction is the Expectancy Disconfirmation Theory that is discussed enormously in customer satisfaction literature. This theory illustrates the pros and cons about changeability based on the perception of purchasing a product or service before them bargain. Presence of service also could be justified based on satisfaction and dissatisfaction. Zeithaml and Bitner (2003) discussed that dissatisfaction appears when the customers experience significant difference between their expectations and the quality of services that they receive. Vanacore and Erto (2002) believe that the main precursor of customer satisfaction includes expectations, perceived quality, and disconfirmation. American Customer Satisfaction Index (ACSI) is a sample of appropriate customer satisfaction model. This specific model consist factors of variables of customer loyalty, perceived value, perceived service quality, customer expectations and customer complaints.

The majority of hospitality involvements are mixture of products and services. So, it can be stated that satisfaction in tourism especially in the hotel field is the entire range of satisfaction that depends on individual factors or features of the whole range of products and services. Atkinson (1988) split the amenity happenstance into two kinds of elements that were straight and subsidiary services. Arriving and leaving procedure in hotels is a straight service, while parking area, information table, and free Internet services are subsidiary service. Based on researches, it was proven that customer satisfaction influence the business directly or indirectly. Yeung (2002) summarised that business success is connected positively with customer satisfaction. Knutson (1988) mentioned that most past literatures identified the connection with the attitude of customers. As for

results, repurchase and customer loyalty might be increased by customer satisfaction.

In tourism industry, many studies have been exercised to scrutinize features that tourists might identify as essential concerning customer satisfaction. Kotler (2000) realized that some factors such as security, cleanliness and courtesy of staff might be controlled by customer satisfaction. Comfort and cleanliness of rooms, location accessibility, suitable service delivery, security and the behaviours of staffs are some vital elements of customer satisfaction in the hospitality industry (Kotler, 2000). Cronin (2000) mentioned that some factors such as the treatments of staffs, geographical situation are more probable to affect tourists' satisfaction. Lashley (2008) mentioned that the chief elements of hotel travellers' satisfactions are the performance of hotel staffs and hygiene. Based on marketing business, satisfaction is reached when consumers' requirements are met (Söderlund, 1998). Zeithaml (1993) designed a conceptual model to evaluate travellers' prospects and observation of service quality. They have proved that responsiveness, assurance and reliability are the most substantial variables to forecast customer satisfaction.

METHODOLOGY

The major objective of the study is to identify the effective factors on customer satisfaction in hotel industry.

The measures used in the study are adopted from the previous studies on service quality and customer satisfaction (Caruana *et al*., 2000). Random sampling method is applied in proposed methodology to gather primary dada and out of 200 distributed questionnaires, 100 are filled completely by those travellers in 5 important 3star hotels in Kuala Lumpur which include: CITITEL Midvalley, Capitol hotel, Hotel Seri Petaling, Radius International hotel and Leo Palace Hotel. 100 questionnaires are filled completely by Hotel customers in 3star hotels in Kuala Lumpur between 17th February and 20th March 2012.

In order to examine the influence of perceived service quality, perceived value and customer expectation toward customer satisfaction in Hotel industry of Malaysia, a model shown in Fig. 1 is presented and empirically tested. As shown in the Figure, three factors named perceived service quality, perceived value, and customer expectation is considered as independent factors, while customer satisfaction is assumed as a dependent factor. To analyze the relationship between each one of the
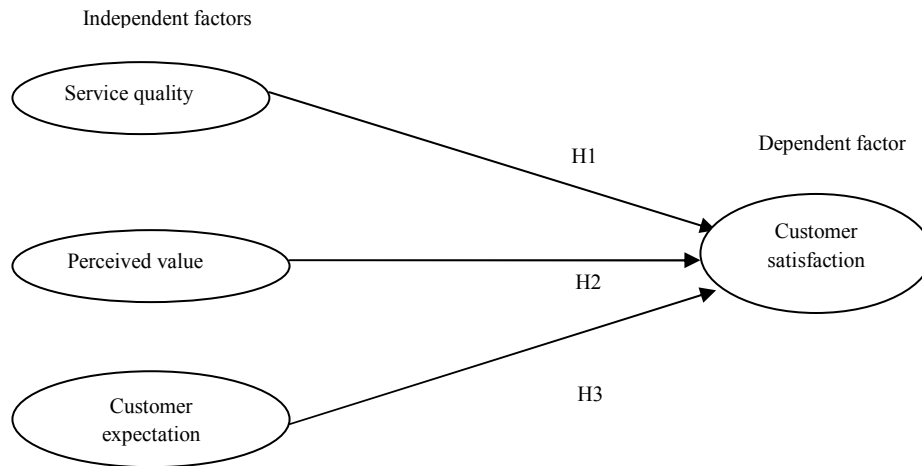
Independent factors

Fig. 1: Conceptual framework

independent factors on dependent factor, three hypotheses are developed in the proposed conceptual framework as follows:

H1: Service quality has a direct impact on customer satisfaction in hotel industry
H2: Perceived value has a direct relationship with customer satisfaction
H3: Customer Expectations has a direct influence on customer satisfaction in hotel Industry

DATA ANALYSIS

Since the definitions and measurements of the constructs are driven from the empirical literature, it is assumed that content validity is achieved. Furthermore, a pilot study involving fifty people had been successfully conducted in Kuala Lumpur for the purpose of pre-test and questionnaire revision. The reliability of this study is tested using Cronbach's Alpha. Table 1 shows the computed Cronbach's Alpha for each variable. From the Table, it is clear that all achieved values related to Cronbach's Alpha are greater than 0.65, which indicate a high degree of validity and reliability of all variables. In addition, the calculated values of Cronbach's Alpha ensure that the answers of respondents are made in a consistent and stable manner.

Respondent profile: To validate the proposed framework and analyses the relationships between variables, a questionnaire is distributed between 300 travellers in 5 important 3star hotels in Kuala Lumpur, Malaysia and a total number of 200 respondents filled up the questionnaire. Table 2 represents the descriptive analysis of the respondent profile. From the Table 2,

Table 1: Cronbach's alpha

Variable	Cronbach's Alpha
Service quality	0.923
Perceived value	0.818
Customer expectation	0.827
Customer satisfaction	0.867

Table 2: Demographic profile of the respondents

Variables	Categories	Percentage
Gender	Male	57
	Female	43
Occupation	Private sector employees	81.75
	Government sector employees	18.25
	Self-employed	
Age categories	Under 25 years	10.75
	Between 26 and 45 years	66.50
	Between 46 and 55 years	19.50
	Over the age of 55 years	3.25
Monthly Income (RM)	Less than 2000	59
	Between 2000 and 5000	25.75
	More than 5000	15.25

58.3 % of respondents are male and 41.7% are female. In terms of marital status, 81.75% of respondents were married while 18.25% were single. Most of the respondents (66.50%) were between the ages of 26 and 45 years. The remaining, 10.75, 19.50 and 3.25% are under 25 years, between 26 and 45 years, between 46 and 55 years and over the age of 55 years, respectively. In terms of occupation, 16.75% are reported to had Private sector employees, 34.50% had Government sector employees, and 48.75% had Self-employed. In terms of income, 59% of respondents had income less than 2000, 27.75% of respondents had income between 2000 and 5000 and 15.25% of respondents had income more than 5000.

Hypotheses testing: In order to assess the relationship between variables, Multiple Liner Regression analysis is applied using the SPSS (Statistical Packages for the

Table 3: Standardized coefficients of regression model

Main constructs	Coefficient	Sig.
Constant	---	0.425
Service quality	0.456	0.000
Perceived value	0.331	0.000
Customer expectation	0.206	0.010

Regression diagnostics; R^2 = 0.82; Dependent variable: customer satisfaction

Social Sciences) software. Table 3 shows the summary of regression model. It should be noted that analysis with equal variances is assumed in this section, and null hypothesizes are the negative effects of independent factors with dependent factor. As shown in Table 3, the coefficient of service quality is the highest among other variables, which mean service quality is the most important element that influences customer satisfaction. Furthermore, service quality is vital to improve customer satisfaction. The coefficient for service quality is followed by perceived value and customer expectation. From the Table 3, it is clear that the R-square value is 0.82, which means that 82% of changes in customer satisfaction are due to changes in perceived value, customer expectation and service quality. It should be noted that analysis with equal variances is assumed in this section.

The significant of relationship between the variables is shown in column Sig. of Table 3, and the Sig.-values that are less than 0.05 are considered as the positive and significant relationship between variables, which is a strong reason to reject null hypothesis. For example, the Sig.-value of customer expectation is 0.011, which indicated that there is a positive relationship between customer expectation and customer satisfaction. It means that hypothesis 1 is acceptable and has a significant relationship with customer satisfaction. Nonetheless, customer expectation has less significant positive correlation with customer satisfaction among other factors.

CONCLUSION

In this study, an appropriate research model has been developed to assess customer satisfaction in hospitality industry. The required data were collected through a citywide questionnaire from customers at 3-star hotels in Kuala Lumpur, Malaysia. The data analysis shows that 3-star hotels in Malaysia need to communicate more efficiently with their customers and provide better and more-fitted services to them.

The result of this study illustrates that service quality can significantly influence the willingness of tourists in Malaysia. More attention is to be given to the quality of services if the hotel managers wish to expect a higher level of satisfaction among their customers.

The significant relationship between perceived value and customer satisfaction is due to the high level of customer's perceived value. as soon as perceived value of the customer decrease, their tendency of being loyal will consequently decrease. Hotel managers shall note that price is one of the key factors in perceived value, thus pricing strategies are to be given a due attention. It is recommended that the manager by improving the service quality and feedback system could maximize the satisfaction and loyalty among their customers. This will ultimately bring positive influences on the tourism industry in Malaysia.

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