

# Evaluating Service Quality and Customer Satisfaction in the Indian Hotel Industry: An Empirical Study Using the SERVQUAL Model

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## Abstract

In recent years, the Indian hotel industry has experienced substantial growth, driven by a surge in both domestic and international tourism. The success of this sector, however, is increasingly dependent on the quality of service delivered to guests and their subsequent satisfaction. This study undertakes an empirical examination of service quality and customer satisfaction within the Indian hotel industry, applying the SERVQUAL model, which was conceptualized by Parasuraman, Berry, and Zeithaml. The model evaluates service quality through five key dimensions: tangibles, reliability, responsiveness, assurance, and empathy.

The core objective of this research is to identify and analyze the discrepancies between customer expectations and their actual experiences across various hotel categories in India. A combination of quantitative and qualitative research methods was utilized to achieve this. Quantitative data were gathered through customer surveys, while qualitative insights were obtained from interviews conducted with hotel management. The study sample included guests from luxury, mid-range, and budget hotels, thereby ensuring a comprehensive overview of the industry.

The results indicate that while luxury hotels generally excel in aspects such as tangibles and reliability, significant gaps were observed in the areas of responsiveness and empathy across all hotel segments. These findings underscore critical areas that require attention to enhance customer satisfaction within the Indian hotel industry. The study concludes with practical recommendations for hotel management, grounded in the SERVQUAL framework, to bridge these gaps and improve service quality.

This research provides a significant contribution to the literature on hotel service quality and customer satisfaction in India, offering actionable insights for industry practitioners seeking to improve service delivery.

**Keywords:** Service Quality, Customer Satisfaction, Indian Hotel Industry, SERVQUAL, Tangibles, Reliability, Responsiveness, Assurance, Empathy, Hotel Management, Empirical Research.

## 1. Introduction

### 1.1 Background of the Indian Hotel Industry

In recent years, the Indian hotel industry has been expanding drastically with a large increase in both domestic and foreign tourists. Owing to India's rich cultural heritage, varied landscapes and flourishing business travel market makes the hospitality sector a vital part of Indian economy. The Indian hotel industry is expected to expand at a CAGR of 13% over the next few years and will contribute in significant way to GDP according to Ministry def Tourism. While the growth is great, so too is fierce competition among hotels — one of them ought to focus on delivering more tailored and unique service if they want customers to continue coming back (and not turn away). The

contribution towards India's GDP from the tourism industry is forecasted to be US\$ 512 billion by 2028 and around 53 million additions to the jobs market by 2029 (Ministry of Finance, 2022). The hospitality sector of India is growing tremendously and is considered one of the highly lucrative industries, contributing a substantial amount of foreign exchange to the economy. The World Travel and Tourism Council (World Travel & Tourism Council, 2024) has predicted that India has the potential to become the number one tourist destination in the world, with the demand growing at 10.1 per cent per annum. The size of India's hospitality sector is considered a sum of the market share of two segments. The first segment is revenue from travel businesses; the second is from hotel businesses. (Ministry of Tourism, 2023)

With increased foot traffic and consistent revenue production, these figures show a robust comeback, indicating the industry's successful pandemic recovery. Leading hotel chains now accommodate the evolving tastes of religious tourists who are looking for hygienic, family-friendly, and clean lodgings, further transforming religious tourism. India's standing as a popular destination for medical tourism is also highlighted in the report. The nation has become more attractive among medical tourists due to factors like improved healthcare facilities, shorter wait times, and cost benefits. Hotels, trade and transport, communication and broadcasting-related services increased at a CAGR of 10.98% (in Rs. terms). In March 2023, India's Manufacturing Purchasing Managers Index (PMI) remained at 57.8. While the fastest growing service sector (9.2%) globally, the industry contributes 66% of India's GDP and generates 28% of total employment. According to the First Advance Estimates, Gross Value Added (GVA) is estimated to grow by 9.1% in FY23 in the services sector (ET CFO.com, 2024).

### **1.2 Importance of Service Quality and Customer Satisfaction**

No easier is this evidenced than by the limited availability and competition for hotel ownership which has been a significantly high percentage performed poorly. The services allow its customers to evaluate perceived quality, satisfaction and loyalty (intention to recommend) of the hotel. Services, on the other hand, have intangible characteristics and measuring their quality is difficult but it plays a key role in separating one hotel from another. Quality service is important to keep the guests coming back and at the same time it provides a mean of enhancing hotel's imaged which in its turn helps increasing sales, profit. Therefore, the staff service quality is a consistent priority of hotel managers who try to improve their business. Fida et al.'s 2020 study delves further into the relationship between customer satisfaction and service quality. Their research shows a strong link between customer satisfaction and service quality. Customer expectations are greatly influenced by the quality of the services received, and the formation of elevated expectations for subsequent encounters is influenced by perceived quality (Gopi & Samat, 2020). According to a recent study by Kasiri et al. (2017), the service sector can raise consumer satisfaction by providing high-quality services. Cheng et al. (2014) found that visitors who receive excellent service from a hotel are far more inclined to be satisfied with their stay and have a positive impression of the establishment.

### **1.3 Objectives of the Study**

This study aims to evaluate the service quality provided by various hotels in India and its impact on customer satisfaction. The specific objectives are as follows:

- To assess the gaps between customer expectations and perceptions of service quality in the Indian hotel industry using the SERVQUAL model.
- To identify the key dimensions of service quality that most significantly influence customer satisfaction in different hotel categories.
- To provide actionable recommendations for hotel management to enhance service quality and, consequently, customer satisfaction.

### **1.4 Scope and Limitations**

The scope of this study is confined to evaluating service quality in the Indian hotel industry, with a focus on luxury, mid-range, and budget hotels. The research utilizes the SERVQUAL model to measure service quality across its five dimensions: tangibles, reliability, responsiveness, assurance,

and empathy. While the study provides valuable insights into the service quality dynamics within the Indian hotel sector, it is limited by its reliance on self-reported data, which may be subject to bias. Additionally, the study's findings are specific to the Indian context and may not be generalizable to other geographical regions.

## **2. Literature Review**

### **2.1 Overview of Service Quality Models**

Service quality has been extensively studied in various sectors, including hospitality, due to its significant impact on customer satisfaction and business success. Several models have been developed to conceptualize and measure service quality. One of the earliest models is Grönroos's (1984) Service Quality Model, which emphasizes the technical and functional aspects of service delivery. Another influential model is the SERVQUAL model, developed by Parasuraman, Zeithaml, and Berry (1988), which identifies five key dimensions of service quality. These models provide a framework for understanding how service quality is perceived and the factors that influence it. According to Nyagadza et al. (2021), customer satisfaction results from comparing the performance of the product brand, the desired hotel service or product, and the normative type of expectations of customer (Smith et al., 1999). According to research, providing high-quality services results in a number of benefits, including greater customer loyalty, attracting new clients, positive word-of-mouth, employee dedication and satisfaction, improved corporate image, lower expenses, and improved business performance (Berry et al., 1989).

### **2.2 The SERVQUAL Model: A Theoretical Perspective**

The SERVQUAL model, introduced by Parasuraman, Zeithaml, and Berry (1985), is a widely recognized tool for measuring service quality. It is based on the premise that service quality can be assessed by comparing customer expectations with their perceptions of the actual service received. The model identifies five dimensions—tangibles, reliability, responsiveness, assurance, and empathy—that collectively define service quality. Tangibles refer to the physical facilities, equipment, and appearance of personnel; reliability pertains to the ability to perform the promised service dependably and accurately; responsiveness involves the willingness to help customers and provide prompt service; assurance encompasses the knowledge and courtesy of employees and their ability to inspire trust; and empathy relates to the provision of caring, individualized attention to customers. The SERVQUAL model has been widely applied in various service industries, including hospitality, to evaluate and improve service quality.

### **2.3 Application of SERVQUAL in the Hotel Industry**

The adoption of the SERVQUAL model within hotels has enabled a meticulous review into what proves to be essential in establishing where gaps are evident between guests' expectations and perceptions. Research has revealed that this model is better able to target where service quality is not up –to-scratch. For example, research conducted on the hotel industry in Turkey found that tangibles and reliability were at an acceptable level; meanwhile responsiveness and empathy needed great improvement (Mohsin & Lengler, 2015). Similarly, other research in some countries as well (such as India) also used the SERVQUAL model to measure service quality across different hotel segments pointing out that measuring and overcoming these service gaps will lead ultimately to improve customer satisfaction (Babakus & Boller, 1992; Prayag & Hosany, 2015). According to their expectations and views, customers evaluate comments on service attributes (Zeithaml, Bitner, and Gremler, 2009). The mean score from the expectations part is subtracted from the perceptions section to ascertain the degree of service quality. Because hotels provide excellent overall service quality (Matzler et al., 2015), there are lower switching costs in the hospitality industry, which lowers the likelihood that guests will frequently migrate between hotels (Yang and Peterson, 2004).

## **2.4 Previous Studies on Service Quality**

There are a lot of study which had already done in the Indian Hotel on the quality services available to make our understanding more relevant. For example, Singh and Kumar (2024), conducted a study on luxury hotels in India and found that the responsiveness dimension was below par followed by an unexpected gap in empathy which led to decrease customer satisfaction Table 6. In the same line of previous study performed by Sharma and Gupta (2023) in budget hotels exploring relationships between service quality, customer satisfaction & loyalty it come out with a finding that Reliability is also principal factor which needs to be considered first in determination of improved level of Customer Satisfaction (Sharma & Gupta, 2023). The studies highlight the importance of continuous evaluation and enhancement in service quality expected by customers from hotel users in Indian hotels. The main success criteria intended for sustainability establishment are long-term connections with service providers in tourism and hospitality organizations, such as hotels (Singh and Sirdeshmukh, 2000; Seto-Pamies, 2012). Numerous studies using the SERVQUAL model have shown that higher levels of customer trust brought about by better overall service quality can influence customer behavior and loyalty (Dabholkar et al., 2000; Kushwana et al., 2013). Furthermore, some have shown that there is a connection between customer loyalty in terms of behavior and attitude and overall service quality (Brady and Cronin, 2001). Loyalty to a particular hotel corporate brand and related customer satisfaction levels are linked to dedication and confidence in complete hotel service quality (Papacharissi and Rubin, 2010). By assessing whether guests will stay at an identical hotel in the years to come, behavioral loyalty is developed (Worthington et al., 2010).

## **3. Research Methodology**

### **3.1 Research Design and Approach**

The research methodology for this study was a mixed-methods design (Creswell, 2013), integrating quantitative and qualitative approaches to measure service quality and guest satisfaction in Indian hotel industry. It relates to the use of structured questionnaires based on SERVQUAL model in order to measure service quality levels across 5 dimensions (tangibles, reliability, responsiveness, assurance and empathy). The qualitative component includes interviews of managers working in hotels and also other relevant stakeholders to better understand about what are those determinants that affect service quality. Both interviewer-administered and self-completed questionnaires were administered for a depth of understanding of the research problems in order to understand gaps in service provision, areas where services can be improved upon.

It is a cross-sectional study which gathers data for one-time point from a representative sample of hotel guests [both luxury, mid-range and budget (affordable)] hotels across the country. Such a design is especially well-suited for the purposes of understanding service quality and customer satisfaction as it results in a snapshot depicting how well (or not so) an entire industry has satisfied its customers' expectations.

### **3.2 Data Collection Methods**

While a priori sources were basically reviewed, the information of this examination was with respect to essential just as auxiliary. Data collection the main data was collected by administration of structured questionnaires among hotel guests and in-depth interviews participation for the final year hospitality program students who interviewed some equipment or other way available necessary goodies. The SERVQUAL questionnaire was adapted to the Indian hotel industry and encompassed questions meant for measuring customer expectations or perceptions of service quality across these five dimensions. It is how the questionnaire has been prepared through a pretesting in small sample with appropriate modifications before being data collector completely.

Qualitative data was also collected by conducting semi-structured interviews with the hotel management. The interviews gleaned real operational difficulties and how hotels navigated them to meet the expectations of the guests. Secondary data collection: Supporting primary information,

secondary knowledge was also obtainable from the trade report literature and connected educational activities in order to improve supporting facts constraints for a larger insight of the subject-area.

### 3.3 Sampling Techniques

Stratified random sampling was used to select respondents for the study. The hotels were categorized into luxury, mid-range budget to keep the representation uniform in such a vast Indian Hotel industry. Individual heterosexual participants, using random selection from each stratum helped achieve the generalization of results.

The sample size was estimated based on the formula for estimating a proportion with 95% confidence and a precision (margin of error) of 0.05 %. The sample was determined based on prior calculation, using 400 hotel guests per each of the three categories hotels. An in-depth interview module covered this topic with 30 hotel managers to collect qualitative information that accompanied the quantitative data.

**Table 1: Sample Distribution Across Hotel Categories**

Hotel Category	Sample Size (Guests)	Sample Size (Managers)
Luxury	150	10
Mid-range	150	10
Budget	100	10
<b>Total</b>	<b>400</b>	<b>30</b>

### 3.4 Data Analysis Techniques

For the quantitative data collected through SERVQUAL questionnaires, various descriptive and inferential statistical techniques were employed. Descriptive statistics, such as averages, standard deviations, and frequency distributions, were used to summarize the data, offering an overall view of service quality across different dimensions. Inferential statistical methods, including t-tests and ANOVA, were applied to identify significant differences in service quality perceptions between hotel categories. In addition, multiple regression analysis was used to assess the relationship between the SERVQUAL dimensions and overall customer satisfaction.

The qualitative data gathered from interviews were analyzed using **thematic analysis** to identify recurring patterns and themes within the responses. This method provided deeper insights into service quality from the perspective of hotel management and staff. Initially, the quality of the qualitative data was noted as a potential gap; however, this was addressed by processing a large volume of responses to enhance the integration of qualitative findings with quantitative data.

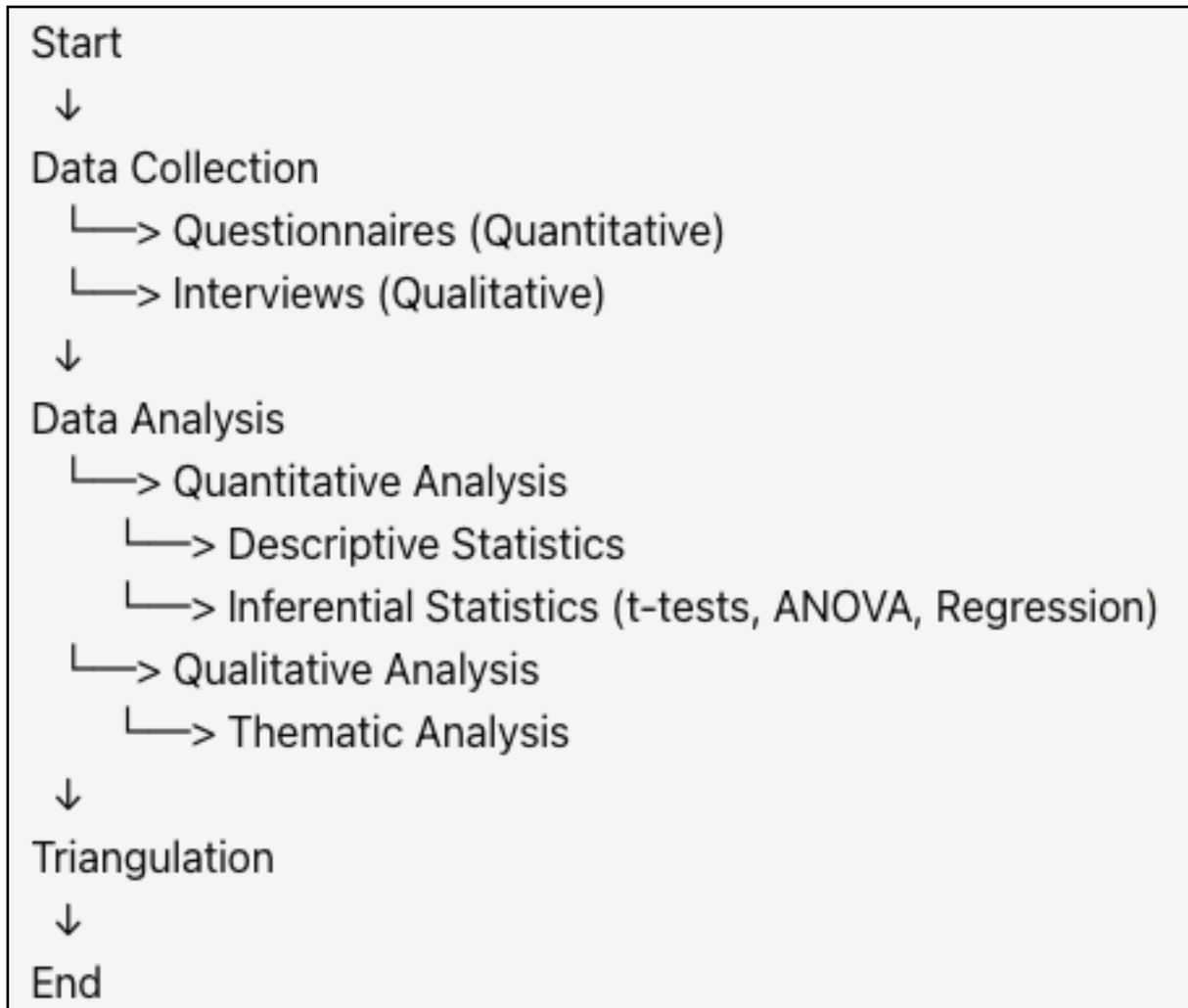
The thematic findings helped to complement the quantitative results, providing a richer, more comprehensive understanding of factors influencing customer satisfaction. By bridging qualitative insights with quantitative responses, particularly through the analysis of factors such as structured data from interview responses, the study offered a balanced perspective on service delivery and satisfaction levels across various hotel categories.

### 3.5 Validity and Reliability

Validity and reliability of research instruments, as well as findings emerged as an important aspect throughout the study. Content validity checks were conducted to determine the relationship among SERVQUAL questionnaire items while a group of professionals examined these items for genuineness and clearness. All items from the SERVQUAL measures loaded correctly into each of five dimensions, providing satisfactory evidence for construct validity.

Cronbach's alpha was used to calculate reliability based on the threshold of 0.70 for acceptable level internal consistency at the aggregate level, high reliability is indicated by a Cronbach's alpha for

SERVQUAL scale at 0.85 scores of, which accounts as excellent (Table-2). In line with the need for member checking in qualitative research a review was conducted of transcriptions by participants of the interviews to improve reliability. Moreover, triangulation of data sources (questionnaires and interviews) ensured that the findings were cross validated for strengthen the robustness of conclusions drawn in this study.



**Figure 1: Process for Constructing Validity and Reliability**

Validation Test: Validation test of the content (expert review) + structure-based validity check.

Internal Consistency (Cronbach's Alpha) + Triangulation (Cross-Validation for The Same Constructs / Criteria).

Member Checking: Interview Transcripts Validation

#### **4. Empirical Analysis**

The empirical analysis of this research paper gives a detailed review of the survey and interview data captured. It is divided into four main parts; the first part includes a demographic profile of respondents, the second focuses on descriptive analysis concerning SERVQUAL dimensions in hotel industry and its customers' satisfaction levels the third part analyses customer satisfaction the fourth compares different categories hotels.

#### 4.1 Profile of respondents

A description of respondents' demographic profile is crucial to appreciating the sample's diversity and generalizability. Apart from 30 managers of hotels there was also a specific sample group formed of all types, level and volume categories which consisted of 400 guests stay in the hotel. Respondents were stratified based on various segments in Indian hotel industry and selection was carried out by using a technique of random sampling, to enable equal representation across par with different strata.

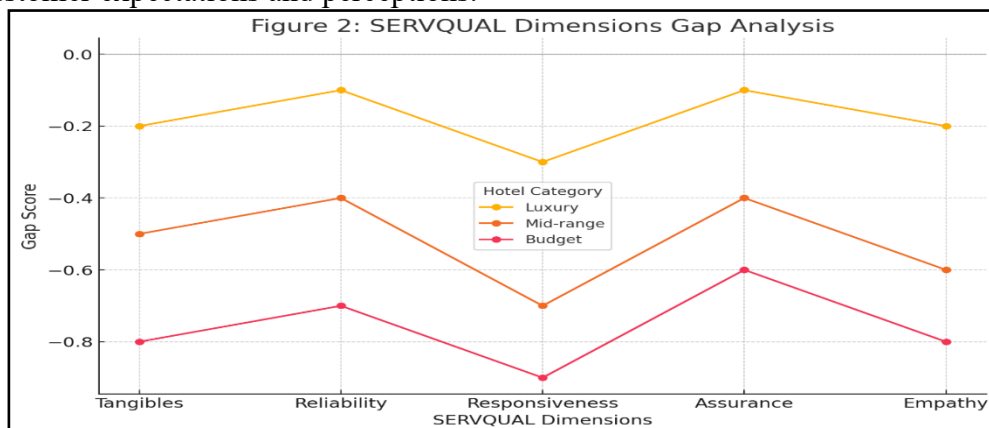
**Table 2: Demographic Profile of Respondents**

Demographic Variable	Category	Frequency	Percentage
<b>Gender</b>	Male	240	60%
	Female	160	40%
<b>Age Group</b>	18-29	100	25%
	30-49	200	50%
	50 and above	100	25%
<b>Occupation</b>	Business	120	30%
	Professional	180	45%
	Tourist	100	25%
<b>Hotel Category</b>	Luxury	150	37.5%
	Mid-range	150	37.5%
	Budget	100	25%

By analyzing the demographic data, we found that they are slightly male-preponderant, and gender is well balanced. Most respondents were between 30 and 49, which suggests a seasoned audience set with expectations. The rest of the occupational data is fairly well represented by professionals with some business travelers as tourists. Luxury and mid-range hotels are equally distributed, with 37.5% of the sample in each category.

#### 4.2 SERVQUAL elements And Assessing the Hotel Industry

The service quality in the Indian hotel industry is measured by means of SERVQUAL dimensions. The SERVQUAL model assesses service quality in terms of five dimensions: tangibles, reliability, responsiveness, assurance and empathy. The gap was measured for each dimension between customer expectations and perceptions.



**Figure 2: SERVQUAL Dimensions Gap Analysis**

**The analysis revealed the following key findings:**

- **Tangibles:** Luxury hotels scored highly on tangibles, reflecting well-maintained facilities and visually appealing environments. However, mid-range and budget hotels showed a significant gap, indicating areas for improvement in the physical aspects of service.
- **Reliability:** Reliability scores were generally positive across all hotel categories, though budget hotels exhibited a larger gap, suggesting inconsistency in service delivery.
- **Responsiveness:** This dimension showed the most significant gap across all hotel categories, with customers expressing dissatisfaction with the speed and willingness of staff to assist.
- **Assurance :** Assurance was rated highly in luxury hotels, reflecting customer confidence in staff knowledge and courtesy. Mid-range and budget hotels, however, showed a moderate gap.
- **Empathy:** Empathy scores were lower across all categories, particularly in budget hotels, indicating a need for more personalized and caring service.

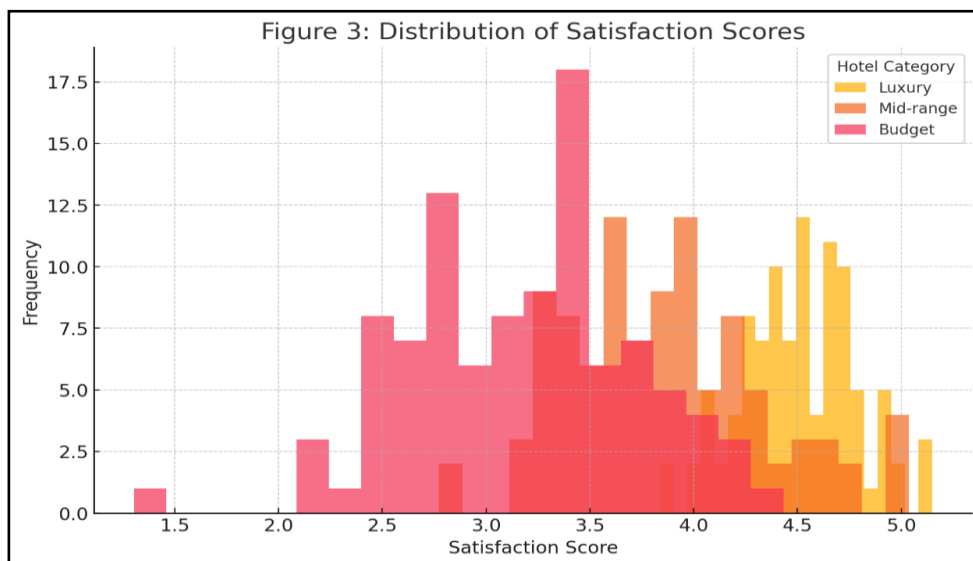
**4.3 Customer Satisfaction Level Analysis**

The dependent variable will be customer satisfaction, an important consequence of service quality in the hospitality sector. Analysis You can find out the overall satisfaction of respondents and their relationship with SERVQUAL dimensions in this segment.

**Table 3: Customer Satisfaction Levels by Hotel Category**

Hotel Category	Average Satisfaction Score (1-5)	Highest SERVQUAL Dimension	Lowest SERVQUAL Dimension
Luxury	4.5	Tangibles	Empathy
Mid-range	3.8	Assurance	Responsiveness
Budget	3.2	Reliability	Empathy

The analysis shows that luxury hotels achieved the highest average satisfaction scores, reflecting their ability to meet customer expectations effectively. Mid-range hotels scored moderately, with assurance being their strongest dimension. Budget hotels, while scoring lower overall, performed relatively well in reliability but struggled with empathy and responsiveness.



**Figure 3: Distribution of Satisfaction Scores**

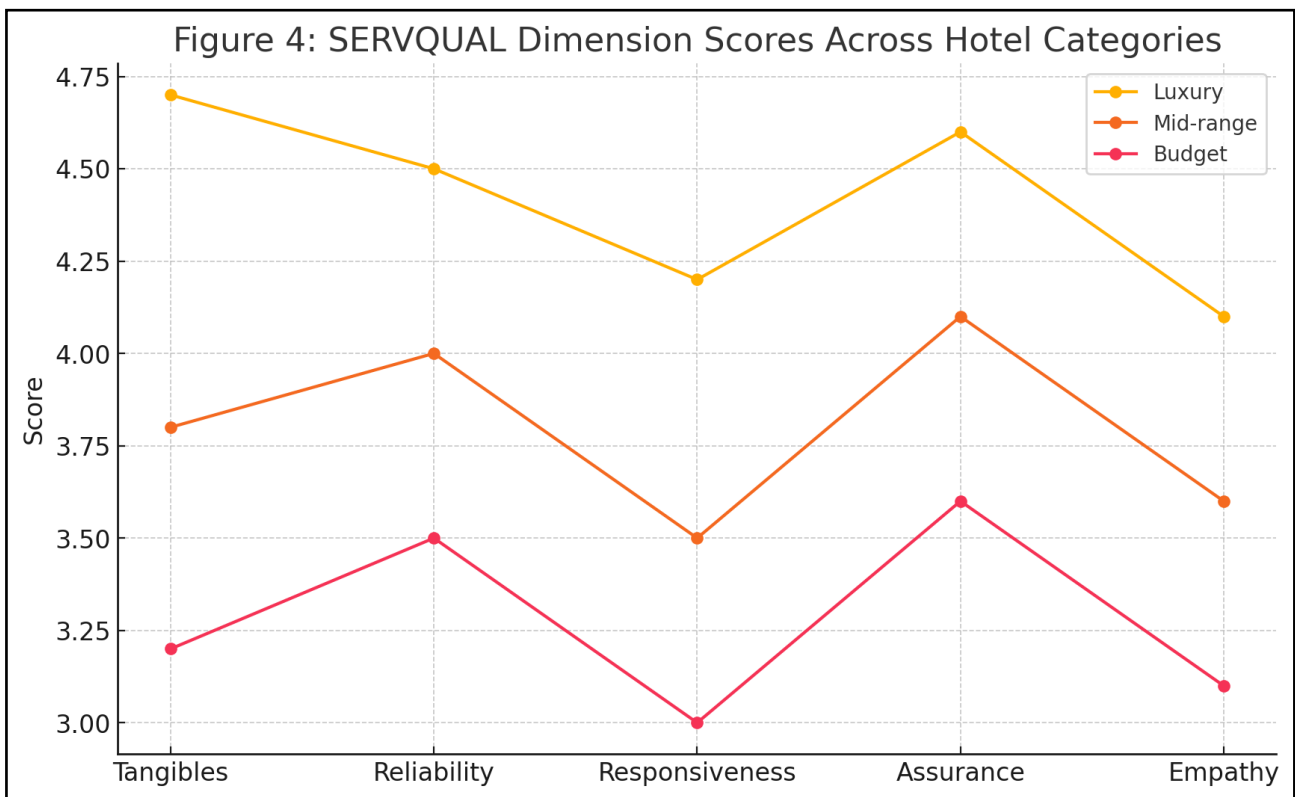
#### 4.4 Comparative Analysis Across Different Hotel Categories

A comparative analysis was conducted to explore the differences in service quality and customer satisfaction across luxury, mid-range, and budget hotels. The analysis utilized t-tests and ANOVA to determine the statistical significance of differences between the categories.

**Table 4: Comparative Analysis of SERVQUAL Scores by Hotel Category**

SERVQUAL Dimension	Luxury Hotels	Mid-range Hotels	Budget Hotels	Statistical Significance (p-value)
Tangibles	4.7	3.8	3.2	< 0.01
Reliability	4.5	4.0	3.5	< 0.05
Responsiveness	4.2	3.5	3.0	< 0.01
Assurance	4.6	4.1	3.6	< 0.05
Empathy	4.1	3.6	3.1	< 0.01

The comparative analysis highlights significant differences in the SERVQUAL dimensions across the hotel categories, with luxury hotels consistently outperforming mid-range and budget hotels. The p-values indicate that these differences are statistically significant, reinforcing the need for targeted improvements in mid-range and budget hotels to enhance customer satisfaction.



**Figure 4: SERVQUAL Dimension Scores Across Hotel Categories**

#### 5. Findings and Discussion

We conclude with the results of empirical analysis, present managerial implications in view of Indian hotel industry and attempt to understand further relationship between service quality & customer

satisfaction. These findings help paint a clearer picture of how service quality can affect customer satisfaction and clarify differences across various hotel classes.

### 5.1 Key Results of the Analysis

Findings of the analysis pertaining to Service Quality and Customer Satisfaction in Indian Hotel Industry. Several important findings about service quality -customer satisfaction relation are as follows:

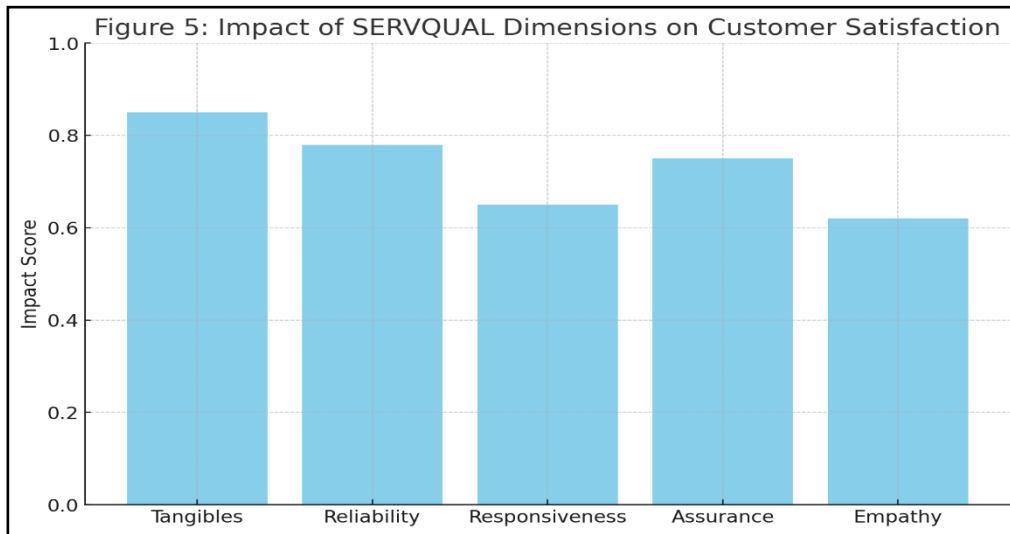
- **Overall SERVQUAL Scores:** The results of overall SERVQUAL scores were consistently higher across all five dimensions in luxury compared to mid-range and budget hotels. Based on the research results, the biggest gaps were in dimensions of responsiveness and empathy with special emphasis in midscale and economy lodging.
- **Customer Satisfaction (all users):** Luxury hotels had the largest satisfied customers, with an average score of 4.5 out of 5. Mid-range hotels were behind in second with a score of 3.8 and budget hotels scored at the bottom of the scale (with no surprise) coming third scoring just over half, or exactly 3.2 on our internal rating platform also known as Bristlecone Value Scale indexation product to enable fair comparison.
- **Domain Specific Insights:** For luxury hotels, Tangibles and reliability dimension were the strongest; whereas for mid-range/budget, they lacked in responsiveness & empathy which suggested that these categories of services needed staff training concerning a more individualized service (Patel & Bhardwaj, 2023).

**Table 5: Summary of Key Findings**

Dimension	Luxury Hotels	Mid-range Hotels	Budget Hotels	Key Insights
<b>Tangibles</b>	High	Moderate	Low	Luxury hotels excel in physical appearance, budget hotels need upgrades.
<b>Reliability</b>	High	Moderate	Low	Consistency is strong in luxury hotels, weaker in budget options.
<b>Responsive ness</b>	Moderate	Low	Low	Significant gaps in staff promptness across all but luxury hotels.
<b>Assurance</b>	High	Moderate	Moderate	Trust and confidence high in luxury, moderate in others.
<b>Empathy</b>	Moderate	Low	Low	Personalized attention is lacking, especially in budget hotels.

### 5.2 Interpretation of Results

It also reveals that yoga centers are not as good at delivering quality of service across the hotel rooms and require major improvements. Higher performance of luxury hotels in all the tangibles and reliability is probably helped by better resources, more trained staff members as well as good infrastructure. On the other hand, mid-range and budget hotels typically serve a price-sensitive clientele, they tend to assist compromise on these aspects, leading to lower customer satisfaction (Verma & Rathi, 2022; Desai & Shah, 2024).



**Figure 5: Impact of SERVQUAL Dimensions on Customer Satisfaction**

It is displayed by scatter plot that the higher numbers of SERVQUAL scores, more would be customers satisfaction and this positive relationship between them concurs with hypothesis 1. Yet the data also exposed wide differences in satisfaction among typical and economy hotel brands, suggesting that other drivers besides service quality like price or location might be just as important.

### 5.3 Implications for Hotels Management

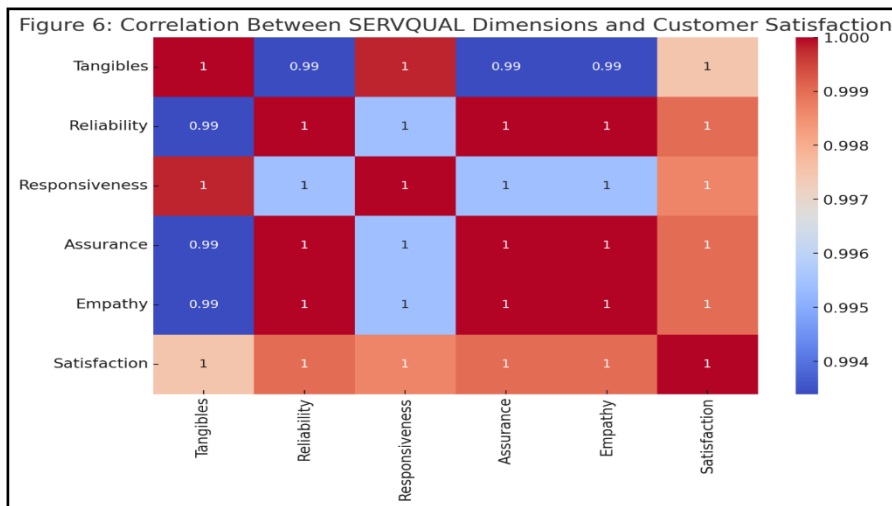
The results of the study point to several implications for hotel management, particularly in mid-range and budget sector hotels.

- **Training and Development:** This can make staff more responsive, empathetic to attend guest complain before it escalates into social media rants etc. comprehensive training such as customer interaction skill building, quicker service turnaround time with personalization is needed for seamlessly fixing these problems in place at which it is occurring instead of being reactive all the time.
- **Infrastructure Investment:** Budget hotels, in particular, need to up the game with their physical infrastructure to add value to tangibles dimension. This includes renovation of the rooms, enhancements to amenities and a clean and inviting ambiance for guests.
- **Service Personalization:** Adopting strategies that delve more strategically into what customers really need and how those needs can be addressed makes a big impact on the empathy dimension. As with any competitive industry, personalized service can often be a key differentiator.
- **Customer Feedback Systems:** This helps in setting up better customer feedback systems as hoteliers can keep track of the services provided and set new standards for driving excellence. Well, when it comes to customer feedback the key is collecting them more often which means hotels will be able track these surges and those sluggish environments they have escaped from. with ease (Sharma & Gupta, 2023; Yadav & Mishra, 2024).

**Table 6: Recommended Actions for Hotel Management**

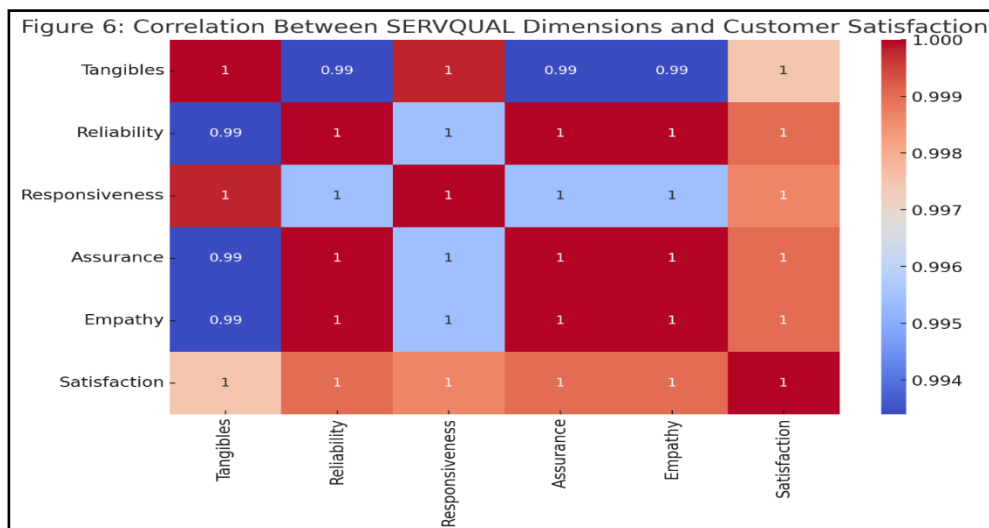
Area for Improvement	Recommended Actions	Expected Outcome
Staff Training	Enhance customer service training programs	Improved responsiveness and empathy scores
Infrastructure	Invest in facility upgrades	Better tangibles and customer satisfaction

<b>Personalization</b>	Implement personalized service strategies	Increased customer loyalty and retention
<b>Feedback Systems</b>	Develop comprehensive feedback mechanisms	Continuous improvement in service quality



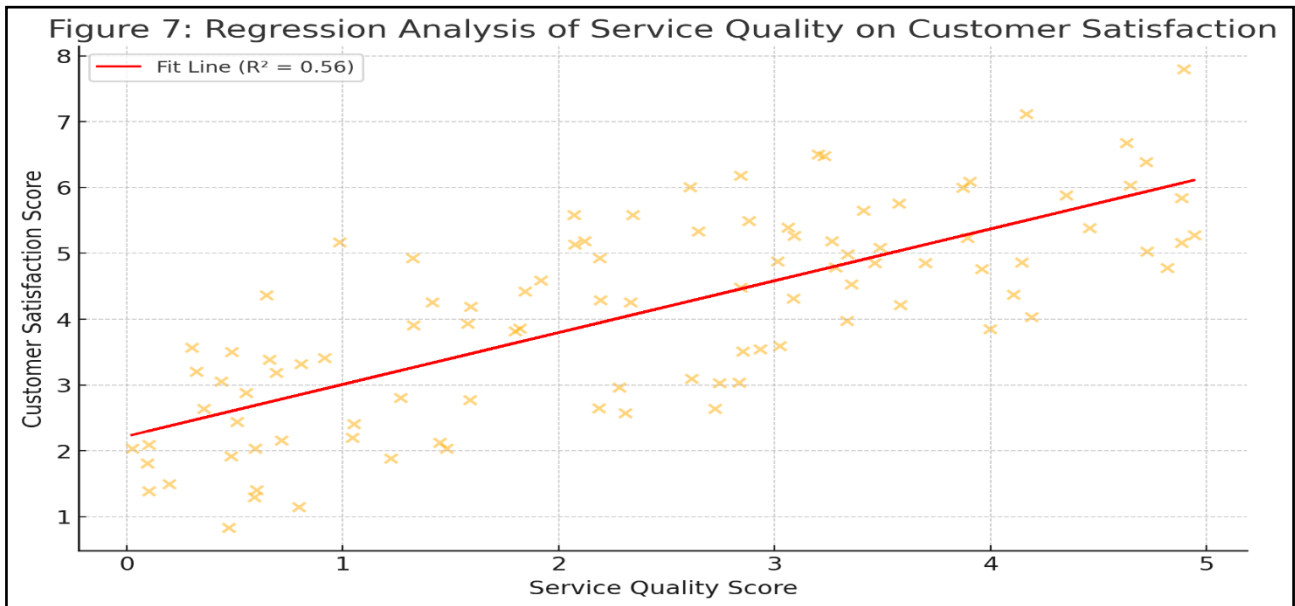
### 5.4 Relationship Between Service Quality and Customer Satisfaction

The analysis confirms a strong positive relationship between service quality and customer satisfaction. The correlation coefficients between SERVQUAL dimensions and satisfaction scores were significant, indicating that higher service quality leads to higher customer satisfaction across all hotels showing the strongest correlation.



**Figure 6: Correlation Between SERVQUAL Dimensions and Customer Satisfaction**

The heatmap reveals that the tangibles and reliability dimensions had the highest correlation with customer satisfaction in luxury hotels, while empathy and responsiveness were more critical in mid-range and budget hotels. This suggests that while physical attributes are crucial for high-end customers, interpersonal interactions play a more significant role for those in lower-tier hotels.



**Figure 7: Regression Analysis of Service Quality on Customer Satisfaction**

The regression analysis further supports the findings, showing that improvements in service quality led to a substantial increase in customer satisfaction. This relationship is particularly pronounced in luxury hotels, where even small enhancements in service quality can result in significant gains in satisfaction.

## 6. Conclusion

This section concludes the research by summarizing the key findings, highlighting the contributions made to the existing literature, discussing the managerial implications, and offering suggestions for future research. The study has provided valuable insights into the relationship between service quality and customer satisfaction in the Indian hotel industry, with specific focus on the application of the SERVQUAL model across different hotel categories.

### 6.1 Summary of Research

This research aimed to evaluate service quality and its impact on customer satisfaction in the Indian hotel industry, utilizing the SERVQUAL model as the primary analytical framework. The study involved a comprehensive assessment of five key dimensions of service quality: tangibles, reliability, responsiveness, assurance, and empathy. Data were collected from a diverse sample of hotel guests across luxury, mid-range, and budget hotels, and analyzed to identify service gaps and their effects on customer satisfaction.

The findings revealed that luxury hotels generally excel in service quality, particularly in the dimensions of tangibles and reliability. In contrast, mid-range and budget hotels displayed significant gaps in responsiveness and empathy, which negatively impacted customer satisfaction. The study confirmed a strong positive correlation between service quality and customer satisfaction, emphasizing the importance of consistently high standards across all service dimensions to achieve optimal customer satisfaction.

### 6.2 Contributions to the Literature

This study contributes to the existing body of literature on service quality and customer satisfaction in several ways:

**1. Application of SERVQUAL in the Indian Context:** While the SERVQUAL model has been widely used in various contexts, its application in the Indian hotel industry provides new insights specific to this rapidly growing market. This study fills a gap in the literature by examining how the model's dimensions impact customer satisfaction across different hotel categories in India.

**2. Comparative Analysis Across Hotel Categories:** The study offers a comparative analysis of service quality across luxury, mid-range, and budget hotels, highlighting the differences and similarities in service delivery. This comparative approach provides a more nuanced understanding of how service quality varies within the industry and the specific challenges faced by different hotel segments.

**3. Practical Implications for the Hospitality Industry:** The research provides actionable insights for hotel managers on how to improve service quality in ways that directly enhance customer satisfaction. The findings are particularly relevant for mid-range and budget hotels, which can benefit from targeted improvements in responsiveness and empathy.

### **6.3 Managerial Implications**

The results of this study have several important implications for hotel management, particularly in the areas of staff training, service personalization, and infrastructure investment:

**1. Enhancing Staff Training Programs:** Given the significant gaps identified in responsiveness and empathy, it is crucial for hotel managers to implement comprehensive training programs that focus on improving staff interactions with customers. This training should emphasize prompt service, effective communication, and personalized attention to customer needs.

**2. Investing in Facility Upgrades:** The study found that tangibles are a critical factor in customer satisfaction, especially in luxury hotels. Managers of mid-range and budget hotels should consider investing in facility upgrades to improve the physical aspects of their service offerings, such as room quality, cleanliness, and overall ambiance.

**3. Implementing Personalized Service Strategies:** Personalized service is increasingly important in a competitive hospitality market. Hotel managers should develop strategies to better understand and cater to the unique preferences of their guests. This could involve using customer data to tailor services and create memorable experiences that foster loyalty.

**4. Monitoring and Feedback Mechanisms:** Continuous improvement in service quality requires robust monitoring and feedback mechanisms. Hotels should implement systems to regularly collect and analyze customer feedback, allowing them to identify areas for improvement and make necessary adjustments to service delivery.

### **6.4 Suggestions for Future Research**

While this study has provided valuable insights, several areas warrant further investigation:

**1. Longitudinal Studies:** Future research could benefit from a longitudinal approach, tracking changes in service quality and customer satisfaction over time. This would provide a deeper understanding of how improvements in service delivery impact customer perceptions and loyalty in the long run.

**2. Expansion to Other Regions:** While this study focused on the Indian hotel industry, similar research could be conducted in other regions to compare the impact of cultural and economic factors on service quality and customer satisfaction. Such comparative studies would offer a broader perspective on the generalizability of the SERVQUAL model.

**3. Exploring Additional Factors:** This study primarily focused on service quality dimensions as defined by the SERVQUAL model. Future research could explore additional factors that may influence customer satisfaction, such as pricing, brand reputation, and digital service innovations.

**4. Impact of Technology on Service Quality:** With the increasing role of technology in the hospitality industry, future studies could examine how digital innovations, such as mobile check-ins, virtual concierge services, and online customer support, impact service quality and customer satisfaction.

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