

LOYALTY VIZ-A-VIZ SERVICE QUALITY

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Abstract

Customer loyalty depend on providing high-quality service, this is the goal of all service-oriented industries such as hospitality. It is increasingly recognized that customer loyalty is more important than customer satisfaction in determining the success of a business. A rise in competition has created challenges due to the increasing sophistication of customer demands. This study aims to investigate the variables of customer retention and loyalty as an indicator of the quality of service in luxury hotels in Delhi. This study may assist researchers & service delivery organizations in improving the level of service their customers experience with them.

Key Words: Loyalty, Customer Retention, Luxry hotels, Service Quality, Customer Satisfaction

Introduction

Providing high-quality service to customers is essential to satisfying, retaining, and creating loyalty. Service quality is an elusive and abstract concept that is difficult to define and measure. However, there is also no doubt that improvements in quality have numerous benefits and can profoundly impact a business's survival. It is primarily for this reason that there has been extensive research and debate about service quality and its measurement (Hikkerova, 2014). Service quality has been defined primarily in terms of how well the delivered service meets the needs and requirements of the customer; the customer determines quality. In order to influence consumer evaluations of the quality of service, a service provider needs to know what consumers think of its quality and how to relate service ideas to the customer's benefit. Service quality is now widely recognized as a critical indicator of customer satisfaction and organizational performance. Intangibles both, although their precise definition, remains a matter of contention (Thawesaengskulthai, 2019). Customer expectations about a product or service always exist before they purchase or use it. Following that, if the experience is equivalent to or better than the expectation, then the expectation has been validated (Margaretha, Wirawan, & Wowor, 2022). Customer satisfaction refers to the pleasure that arises from obtaining what one hopes for and expects when purchasing an appealing product or service and consistently meeting those expectations result in loyalty.

In service-oriented industries, the goal is customer retention, that may be defined as the ability to refrain customers from switching to other similar product and maintain a customer portfolio

and the process of transferring new customer to the regular customer base and maintaining good relations with them. Thus, customer retention is concerned with maintaining the database of customers and turning them into loyal customers of the organization (Dabija, Bejan & Grant, 2018). Despite higher prices or stricter policies, some loyal customers continue to choose their preferred choice, regardless of its cost or convenience. It is common for loyal customers to trust that they will receive quality service, so they are willing to spend extra to have their expectations (Qian et.al, 2020). Service professionals believe that companies can increase their profits through their loyal customers, satisfying their customers alone is not enough since there is no guarantee that satisfied customers will return to purchase as substantiated by studies (Vasić, Kilibarda, & Kaurin, 2019). Customers' loyalty is increasingly viewed as more important than customer satisfaction in determining the success of a business enterprise.

Literature Review

Al-Rousan and Mohamed (2010) studied customer loyalty & service quality for luxury hotels in Jordan. They concluded that measuring customer satisfaction and its conversion into loyalty was vital for all hotel managers. An inability of this and specially to recognise their emotions, could undermine the effectiveness of customer retention and loyalty. The study also revealed five characteristics of service quality, them being tangibility, reliability, responsiveness, assurance, and empathy". These factors were most important while consumers evaluate the service quality. According to the findings of this study tangibility was an important critical factor in predicting service quality evaluation, trailed by empathy, reliability, and responsiveness. Based on the results of the research, assurance has emerged as the most reliable determinant of service quality in relation to the five dimensions. Although the SERVQUAL scale is helpful as a concept, it should also be tailored to the service setting as a result of these findings. Having examined the relationship between service quality and customer satisfaction and retention in Ghana's luxury service industry, Allan (2016) concluded that service quality substantially impacts customer satisfaction. Customer satisfaction and service quality are important determinants of customer retention. To increase customer satisfaction and retention, service providers must optimize and enhance service quality. Hikkerova (2014) states that loyalty can be fostered by customers experiencing positive and beneficial interactions with the products and services the company regards as having high quality. The more the company meets customers' expectations, the better the company's customers will be satisfied and loyal. Statistically, improved service quality can contribute to developing more constructive behavioural attitudes and diminishing detrimental ones, according to Ramadania et al. (2018). Providing exceptional service quality has become progressively more important in the service industry. A study conducted by Yadav and Rai (2019) examined the moderating effect of customer satisfaction on the relationship between service quality and customer loyalty and concluded that service quality and customer loyalty were interconnected. Customer satisfaction influences the correlation among service quality and customer loyalty, according to the study.

A study by Margaretha, Wirawan, and Wowor (2022) examined the influence of service quality on customer loyalty at luxury accommodations in Bali. The results demonstrate that customer loyalty is critical to the long-term viability of the business. It is imperative to demonstrate

credibility when dealing with guests by ensuring that they feel assured and trusted that the service provider has the necessary knowledge about manners and security. Assurance refers to three elements, and are, 'competence, capability, and knowledge', as well as courtesy, which is a characteristic that the employees must demonstrate. It is also paramount that credibility is established, which is a matter of customer trust. As a result, it may be possible to suggest ways to enhance the security, increasing operating hours, ensure employee politeness during guest interactions. Through continuous trainings of employees, by providing them with knowledge, and competence businesses must ensure compliance with applicable regulations and honesty amongst the team members. Ounsri and Thawesaengskulthai (2019) indicate that customers often assess a service provider based on its quality and their overall experience, when their perception about the services is either matched or exceeded. Therefore, it is imperative to monitor and evaluate service quality, enhancing the value customers receive and improve the competitive advantage. Hence, maintaining a high level of service quality is essential because different consumers have different expectations and desires regarding service quality. It has been shown that consumers tend to stay loyal when the overall standard of service is more than just satisfactory to them, Cheng and Rashid (2014). As a result of the experiences consumers encounter, their perception of the organisation and its services is formed and this influences their future buying decision. The organization will also reap the benefits from customers whose requirements have been met. Once the high-quality service is delivered and loyalty is established, customers are less likely to assess the prices of products with other companies. Adeleke and Aminu (2012) argue that companies are entitled to impose higher tariffs when the loyalty is attained if the perception of the customer about their service holds more value than any competition.

As defined by Ariff et al., (2013), loyalty is defined as the readiness of the customer to repurchase the product or service and sustain the relationship with the organization. Increasing the satisfaction and its turning to loyal customers is paramount. Customers with a positive experience may not inevitably remain loyal to the organization. Customers who are loyal to the company are, however, satisfied with its services. According to Alzoubi et al. (2021), quality service has been identified as a critical factor for customers. Therefore, managers should identify service quality dimensions that are most relevant to the guests. Hotel management can improve customer satisfaction and loyalty by recruiting highly qualified staff and providing them with training and guidance through both internal and external sources. Managers need to improve communication with customers so that they can better understand their expectations and perceptions of services provided by the them. As a result, customer should be able to demonstrate their empathy and receive prompt responses to enhance their experience and loyalty, resulting in greater satisfaction. Additionally, service quality should be consistent to make customers feel confident and reassured, which is essential to attain their loyalty. Sharma and Srivastava (2018) investigated the relationship between customer satisfaction and service quality, they noted that it is of paramount significance that a service provider comprehends and recognizes the needs of its customers. Their needs are addressed with comprehensive and personalized services. Customer satisfaction is highly dependent on quality service. Using this study, it is suggested that the SERVQUAL methodology is appropriate to use because

SERVQUAL measures customer satisfaction according to five criteria: 'assurance, empathy, reliability, and tangibility, enabling' hoteliers to enhance their service offerings.

Research Objectives

1. To examine the relationship between service quality and customer retention in luxury hotels in Delhi.
2. To analyze the impact of service quality dimensions on customer loyalty in the luxury hospitality sector.
3. To evaluate customer perceptions regarding the quality of services offered by luxury hotels in Delhi.
4. To provide strategic recommendations for improving service quality and enhancing customer retention in the luxury hotel industry.

Current Trends of Customer Retention and Loyalty in the Hotel Industry

The development of competitive markets and aggressive marketing tactics, the consumers have a wide range of options to choose from. Providing the highest quality of service is essential to achieve the organisation's objective of increasing revenue and a preferred choice. The reason for this is that customers who have experienced the service will not choose another one in the future. Customer satisfaction with the services delivered is the only requirement for this to occur. For a company to succeed, high quality service is an integral and vital component. Also, service quality must remain the focus as it indicates the perception of five basic dimensions of services, which are reliability, assurance, empathy, responsiveness, and tangibility.

Conclusion

Providing exemplary service to customers is essential to maintaining customer satisfaction. By emphasizing customer satisfaction, companies can improve loyalty and establish a favourable image of themselves. A satisfied customer will strive to obtain services that satisfy their needs and wants. Those who receive what they expect are most likely to be pleased with their experience. A long-term customer has a higher purchasing power, promotes new customers, consumes less of the service provider's time, and is less sensitive to pricing, making the cost of retaining customers lower than the cost of attracting new customers. By increasing customer retention, profit growth and company value will be achieved. A variety of factors may influence customer retention, including service quality, trust, and satisfaction. Managers must be aware of all these factors in order to improve levels of customer retention. There is no doubt that customer satisfaction and customer loyalty are positively correlated with the quality of the service after an extensive examination.

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