# Service Reliability Impact on Business with Reference to 'Three Star Hotels' in Hyderabad

A.Satish Kumar[1] and Dr. J.Uma Maheswara Reddy[2]

[1]Research Scholar, Department of Management, Rayala Seema University, Kurnool, Andhra Pradesh, INDIA
[2]Professor & Principle, Department of Management, Holy Mary Institute of Technology & Management, Hyderabad, Telangana, INDIA

[1]Corresponding Author: asatishkumarmba@gmail.com

## ABSTRACT

Reliability and trustworthiness are the most vital success factors in any business to sustain, survive and succeed, this tag line also applicable for service industries like Hotels. Customer satisfaction is a collective outcome of perception, evaluation, and psychological reaction to the Service quality. Due to the increasing competition of Hotel business and the high demand of the customers, service quality is the fundamental factor to measure customer's satisfaction within such business. The primarily purpose of this study is to determine the influence of reliability dimension of 'Three Star Hotels 'customers satisfaction. Required data was collected through customers' survey. For conducting customers' survey likert scale based questionnaire was developed after review of literature. However, customers were selected by random sampling method and a sample size of 100 has been taken. The reliability of construct was tested by using Cronbach's alpha test, using SPSS 20. Cronbach's alpha coefficients were calculated 0.788 for the questionnaire survey. The findings show that there is a very strong relationship between quality of service (Reliability) and customer satisfaction. On the basis of the conclusion made, Reliability in Hotel business was representing the ability of the web site to fulfil customer requirement correctly, deliver promptly, and keep belongings secure.

Keywords—Business, Hotel, Industry, Hyderabad

## I. INTRODUCTION

The reliability in services depends on customer satisfaction level with reference to expected service to perceived service in Hotels. This present research explores how to built reliability among customers mind with reference to service quality and how to change problem contained hotel to problem free hotel, hence customers may visit repetitively and which will increase overall satisfaction on a Hotel service. The study focusing on reliability with reference to employee dedicate towards service delivery to facilities provided as per expectations.

The research also provides insights of reliability factors which have much impact on service reliability where customers can treat those factors are highly preferable and measurable with reference to reliability. It may start from check in of customer to check out of person followed by all associated services.

## II. HYDERABAD HOTEL INDUSTRY OVERVIEW

Hyderabad is known for better tourist spot and also hub for IT/ITeS services. In this regard daily thousands of visitors visit the city for tourism and business purpose and most of the time they opt premium hotels to stay depend on their financial capability and sometimes corporate provide free stay for their employee who are arriving on business trip to the city. The daily / weekly6 bookings are for various business purposes by customers.

**Table: Existing Hotel Beds/ Supply in Major Cities in India**

| | | | | | | Existing Supply | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 08/09 | 09/10 | 10/11 | 11/12 | 12/13 | 13/14 | 14/15 | 15/16 | 16/17 | 17/18 |
| Agra | 1,419 | 1,439 | 1,439 | 1,739 | 1,299 | 1,293 | 1,755 | 2,036 | 2,092 | 2,260 |
| Ahmedabad | 800 | 1,521 | 1,785 | 1,975 | 2,477 | 2,777 | 2,944 | 3,054 | 3,117 | 3,393 |
| Bengaluru | 3,889 | 5,597 | 5,947 | 7,713 | 8,536 | 10,162 | 11,117 | 11,539 | 11,995 | 12,659 |
| Chennai | 3,307 | 3,806 | 4,066 | 4,904 | 6,330 | 7,105 | 7,444 | 7,585 | 8,332 | 9,211 |
| New Delhi | 8,625 | 8,129 | 9,111 | 10,697 | 11,338 | 12,370 | 13,193 | 14,142 | 14,296 | 14,724 |
| Gurugram | | 1,980 | 3,246 | 3,782 | 4,559 | 5,190 | 5,323 | 5,117 | 5,263 | 5,920 |
| NOIDA | | 300 | 351 | 527 | 841 | 1,239 | 1,322 | 1,322 | 1,422 | 1,515 |
| Goa | 2,795 | 3,288 | 3,375 | 3,885 | 4,406 | 4,703 | 5,298 | 5,574 | 6,400 | 6,741 |
| Hyderabad | 2,761 | 3,782 | 4,036 | 4,797 | 5,411 | 5,734 | 5,954 | 5,992 | 6,254 | 6,772 |
| Jaipur | 1,683 | 2,472 | 2,554 | 3,054 | 4,129 | 4,523 | 4,822 | 4,931 | 5,058 | 5,426 |
| Kolkata | 1,373 | 1,520 | 1,588 | 1,787 | 2,163 | 2,243 | 2,701 | 2,701 | 3,199 | 3,860 |
| Mumbai | 7,948 | 9,877 | 11,303 | 12,052 | 12,807 | 13,022 | 12,865 | 13,054 | 13,494 | 13,726 |
| Pune | 1,518 | 2,672 | 4,691 | 5,672 | 5,317 | 6,159 | 6,137 | 6,108 | 6,445 | 6,330 |
| Other Cities | 12,357 | 15,412 | 18,039 | 21,729 | 24,642 | 24,657 | 26,820 | 28,445 | 31,852 | 35,626 |
| Total | 48,475 | 61,795 | 71,531 | 84,313 | 94,255 | 1,01,177 | 1,07,695 | 1,11,600 | 1,19,219 | 1,28,163 |

*Source: Industry Source & Hotelivate Research,2018*

## II.    LITERATURE

Gupta Sachin (2007) in his research paper titles "Guest Satisfaction in restaurant performance" adopted some mathematical model to estimate their satisfaction level which are mostly used for predicting customer satisfaction factor in hotel industry. The researcher adopted two different models and the main theme of those models are, first one measuring satisfaction with reference to food quality and dining experience based on some pre designed attributes and the second one is used to measure service quality and estimation of revisit probability by same guest. The study revealed that, repetitive visitors are contributing more profits by opting other associated services like travel assistance , shopping assistance and spa and other luxury services for their relax in hotel by trusting the hotel series a lot.

Salve Jessica (2009 ) authored a book titles "Brand Management in Hotel Industry and its potential for Achieving Customer Loyalty" identified a strong correlation between brand name and customer loyalty. The author decided to measure these relations with the help of 10 top hotels in the Bombay city and designed structured questionnaire with the help of 15 contents which are supporting for brand related elements and customer perception factors and these contents also included some of the Europe and Greece cultural related factors , because the intercontinental visitors opinions also contribute valid point. In her study the author identified the branding is acting as power to attract visitors and tourist and mouth reference also playing vital role in this regard.

To sum up, the relationship between reliability and satisfaction is complex. Some authors have described it as Siamese twins (Danaher and Mattsson, 1994; Jamali, 2007). Even though, the studies left out with many unanswered questions and there is a need to identify link between reliability and customer turnover ratio.

## III.    METHODOLOGY

*Objectives*
**1)** To examine the Service Reliability impact on Hotels performance.
**2)** To study various reliability factors, those are influence Hotel reputation.
**3)** To determine most influencing reliability factors in hotel sector. .
*Hypothesis*
$H_{01}$: There is no significant association between Luggage safety and their opinions on Service reliability.
$H_{02}$: There is no significant association between enough general items in rooms and their opinions on reliability.
$H_{03}$: There is no significant association between equipments working efficiency in room and their opinions on service reliability.
*Sample*
Reputed 10 'Three Star Hotels' in Hyderabad which are in hospitality service from last 15 years are considered as sample for the proposed study, hotels like Best Western Ashoka and Katriya Hotels are name a few are considered as sample.

**List of Surveyed "Three Star Hotels" in Hyderabad**

| Sl.No | Hotel Name & Address |
|---|---|
| | Best Western Ashoka Lakdikapul |
| | Katriya Hotel Somajiguda |
| | Minerva Grand Kondapur |
| | Taj Mahal Hotel Narayanaguda |
| | Park Continental Hotel |
| | FabHotel Prowell Crown Hitech City |
| | Hotel Mint Ebony Banjara Hills |
| | At Home Apartment Hotel Kondapur |
| | Dhola-ri-Dhani Kompally |
| | Hotel Olympia Inn Sivarampalli. |

Source: Primary Data

***Sample Size***

A sample of 100 Hotel customers opinion was considered for data collection with the help of questionnaire in various above listed Hotels in Hyderabad.

***Sampling Technique***

Random Sampling technique was adopted for the data collection process by visiting reputed 10 'Three Star Hotels' in Hyderabad city.

## IV. DATA ANALYSIS

***Reliability***

| Reliability Statistics | |
|---|---|
| Cronbach's Alpha | N of Items |
| .788 | 9 |

***Inference***

Cronbach's alpha has been run for to check their reliability dimension of Reliability. The above table displays some of the results obtained. The alphas for the all items are 0.788 > 0.7 indicates very good internal consistency among the given items.

***Factor Analysis***

| KMO and Bartlett's Test | | |
|---|---|---|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .683 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 326.310 |
| | df | 36 |
| | Sig. | .000 |

Factor Analysis is a data reduction technique. It also helps in structure detection among the variables and further helps in studying the underlying crucial factors that cause the maximum variation. Before we proceed for factor analysis first the researcher tested the eligibility of the data by checking KMO- Bartlett's test which is a measure of sampling adequacy. The KMO value is 0.683 > 0.5 (accept for sampling adequacy)

Bartlett's Test of Sphericity indicates a measure of the multivariate normality of set of variables (Sig. value is less than 0.05 indicates multivariate normal and acceptable for factor analysis).

| Total Variance Explained | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Comp onent | Initial Eigenvalues | | | Extraction Sums of Squared Loadings | | | Rotation Sums of Squared Loadings | | |
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 3.625 | 40.276 | 40.276 | 3.625 | 40.276 | 40.276 | 3.098 | 34.424 | 34.424 |
| 2 | 1.174 | 13.042 | 53.318 | 1.174 | 13.042 | 53.318 | 1.467 | 16.299 | 50.723 |
| 3 | 1.136 | 12.622 | 65.940 | 1.136 | 12.622 | 65.940 | 1.370 | 15.218 | 65.940 |
| 4 | .977 | 10.857 | 76.797 | | | | | | |
| 5 | .769 | 8.539 | 85.337 | | | | | | |
| 6 | .539 | 5.992 | 91.329 | | | | | | |
| 7 | .374 | 4.152 | 95.481 | | | | | | |

| 8 | .216 | 2.405 | 97.886 | | | | | |
| 9 | .190 | 2.114 | 100.000 | | | | | |
| Extraction Method: Principal Component Analysis. | | | | | | | | |

| Rotated Component Matrix<sup>a</sup> | | | |
|---|---|---|---|
| | Component | | |
| | 1 | 2 | 3 |
| 11.Room service was prompt & consistent | .082 | **.764** | .176 |
| 12.My reservation was handled efficiently | .144 | **.714** | .041 |
| 13.Enough towels, soap, etc ., were found in m y room | .779 | .250 | .102 |
| 14.Wake -u p calls were received as promised | .589 | .452 | -.330 |
| 15.TV, A/C, lights, and other mechanical equipment worked properly | .747 | .126 | .265 |
| 16.Safety for Luggage and valuable belongings | **.894** | .033 | .158 |
| 17.Meeting arrangements were carried out as planned | **.822** | .062 | .130 |
| 18.The employees did what they said they would do | .065 | .289 | .724 |
| 19.As per my request, I  have received the type of room as per my requirement | .282 | -.053 | .762 |
| Extraction Method: Principal Component Analysis. | | | |
| Rotation Method: Varimax with Kaiser Normalization. | | | |
| a. Rotation converged in 5 iterations. | | | |

The PRINCIPAL COMPONENT MATRIX gives the component matrix which is rotated using the VARIMAX rotation technique which gives the ROTATED COMPONENT MATRIX. Rotation of factors helps in the better interpretation of factors. Since the first factor in the ROTATED COMPONENT MATRIX is heavily loaded with Safety for Luggage and valuable belongings and meeting arrangements were carried out as planned. The factor loading values are 0.894 and 0.822 respectively. The first factor represents Safety for Luggage and valuable belongings and meeting arrangements were carried out as planned.

The second factor is heavily loaded with the Room service was prompt & consistent (0.764) and customers reservation was handled efficiently (0.714). The final list of 03 factors which collectively account for 65.94 % of the variance in the data is shown below.

| SI. NO. | Factor Name | Common Factor Name | Factor loading value |
|---|---|---|---|
| 1 | Safety for Luggage and valuable belongings | | **0.894** |
| | meeting arrangements were carried out as planned | | **0.822** |
| 2 | Room service was prompt & consistent | | **0.764** |
| | customers reservation was handled efficiently | | **0.714** |
| 3 | As per request, customer have received the required room | | **0.762** |
| | The employees did what they said they would do | | **0.724** |

### Hypothesis Testing

$H_{01}$: *There is no significant association between Luggage safety and their opinions on Service reliability.*

| Chi-Square Tests | | | |
|---|---|---|---|
| | Value | df | Asymp. Sig. (2-sided) |
| Pearson Chi-Square | 20.750<sup>a</sup> | 12 | .054 |

| | | | |
|---|---|---|---|
| Likelihood Ratio | 20.047 | 12 | .066 |
| Linear-by-Linear Association | 2.870 | 1 | .090 |
| N of Valid Cases | 100 | | |
| a. 13 cells (65.0%) have expected count less than 5. The minimum expected count is 1.20. | | | |

The above chi square value is greater than 0.05 ( 0.054 >0.05) , hence the null hypothesis is **accepted**, hence there is a significant relationship between luggage safety and Service reliability in ' Three Star Hotels' which means customers are more concern about safety of their belongings to decide service reliability.

$H_{02}$: *There is no significant association between enough general items in rooms and their opinions on reliability.*

| Chi-Square Tests | | | |
|---|---|---|---|
| | Value | df | Asymp. Sig. (2-sided) |
| Pearson Chi-Square | 15.380[a] | 12 | .221 |
| Likelihood Ratio | 17.210 | 12 | .142 |
| Linear-by-Linear Association | 1.622 | 1 | .203 |
| N of Valid Cases | 100 | | |
| a. 14 cells (70.0%) have expected count less than 5. The minimum expected count is 1.20. | | | |

The above chi square value is greater than 0.05 ( 0.221 >0.05) , hence the null hypothesis is **accepted**, hence there is a significant relationship essential items in room and Service reliability in ' Three Star Hotels', items like soap, towels and shampoos are deciding factors for service reliability.

$H_{03}$: *There is no significant association between equipments working efficiency in room and their opinions on service reliability.*

| Chi-Square Tests | | | |
|---|---|---|---|
| | Value | df | Asymp. Sig. (2-sided) |
| Pearson Chi-Square | 19.484[a] | 12 | .017 |
| Likelihood Ratio | 20.855 | 12 | .053 |
| Linear-by-Linear Association | 2.284 | 1 | .131 |
| N of Valid Cases | 100 | | |
| a. 11 cells (55.0%) have expected count less than 5. The minimum expected count is 1.30. | | | |

The above chi square value is less than 0.05 ( 0.17 <0.05), hence the null hypothesis is **rejected**, hence there is no significant relationship between equipment working and reliability in 'Three Star Hotels', which means some equipments are ignorable, if those are not essential like TV, Fridge etc..

*Chi-Square Test Results*

| Null Hypotheses | Sig. Value | Result |
|---|---|---|
| $H_{01}$: There is no significant association between Luggage safety and their opinions on Service reliability. | 0.054 | Accepted |
| $H_{02}$: There is no significant association between enough general items in rooms and their opinions on reliability. | 0.221 | Accepted |
| $H_{03}$: There is no significant association between equipments working efficiency in room and their opinions on service reliability. | 0.017 | Rejected |

# V. CONCLUSION & DISCUSSION OF RESULTS

The study revealed regarding service reliability with reference to Hotel sector indicating that, most of the three star hotels are fail to regain the existing customers and unable to hold the customer for longer period. It may

due to customer budget problems or may be service deficiency, where the visitor are not receiving expected service form them. Therefore the Hotel industry in Hyderabad need to Reengineer their  reposition and marketing strategies and customer delight strategies which will have long term impact. The Customer taste and preferences are honoured according to their culture and same need to be resembled with service executives while delivering service. The Hotel managers need to be trained properly in adopting new culture and taste preference of consumer's day to day basis. The management also redesign their Hotel environment lie a amusement park, so the customers and their family members with kids and old aged people can feel homely environment followed by children's and elderly care by executives.

The study also expressed the main conclusions based on factors influencing reliability in hotel industry. Researcher found that cultural tourism has been emerging in new dimensions and creative tourism is one of its parts, which has offered possibilities of self development in tourists. Author described various demand and supply challenges in cultural tourism and agreed that present economic, social and environmental changes of the world economy are going to affect the consumer behavior in Hospitality industry and managers should study these factors to gain competitive advantages. The authors achieved their objectives by conducting a survey using structured questionnaires.100 respondents were selected for the study and it was found that innovation came out to be one of the important factors which influenced the consumer's decision positively to purchase hotel services.

# REFERENCES

[1] Walls, A., Okumus, F., & Wang Y-C. (2011). Understanding the consumer experience: An exploratory study of luxury hotels. *Journal of Hospitality Marketing & Management, 20*(2), 166-197.
DOI: 10.1080/19368623.2011.536074.
[2] Brucken, C. (1996). In the public eye: Women and the American luxury hotel. *Chicago Journals, 31*(4), 203-220.
[3] Kim, H-B & Kim, W-G. (2005). The relationship between brand equity and firm's performance in luxury hotels and chain restaurants. *Tourism Management, 26*(4), 549-560.
[4] Chen, A. & Peng, N. (2014). Examining Chinese consumers' luxury hotel staying behavior. *International Journal of Hospitality Management, 39*, 53-56.
[5] Siguaw, J. A., Simpson, P. M., & Kasikci, A. (2006). Exploratory evidence about differences between guest types and purpose of stay in a luxury experience. *Journal of Hospitality & Leisure Marketing, 14*(1), 3-21.
[6] Narteh, B., Agbemabiese, G. C., Kodua, P., & Braimah, M. (2013). Relationship marketing and customer loyalty: Evidence from the Ghanaian luxury hotel industry. *Journal of Hospitality Marketing & Management, 22*(4), 407-436.
[7] Wu, H-J. & Liang R-D. (2009). Effect of experiential value on customer satisfaction with service encounters in luxury-hotel restaurants. *International Journal of Hospitality Management, 28*(4), 586-593.
[8] Meng, J. & Elliott, K. M. (2008). Predictors of relationship quality for luxury restaurants. *Journal of Retailing and Consumer Services, 15*(6), 509-515.