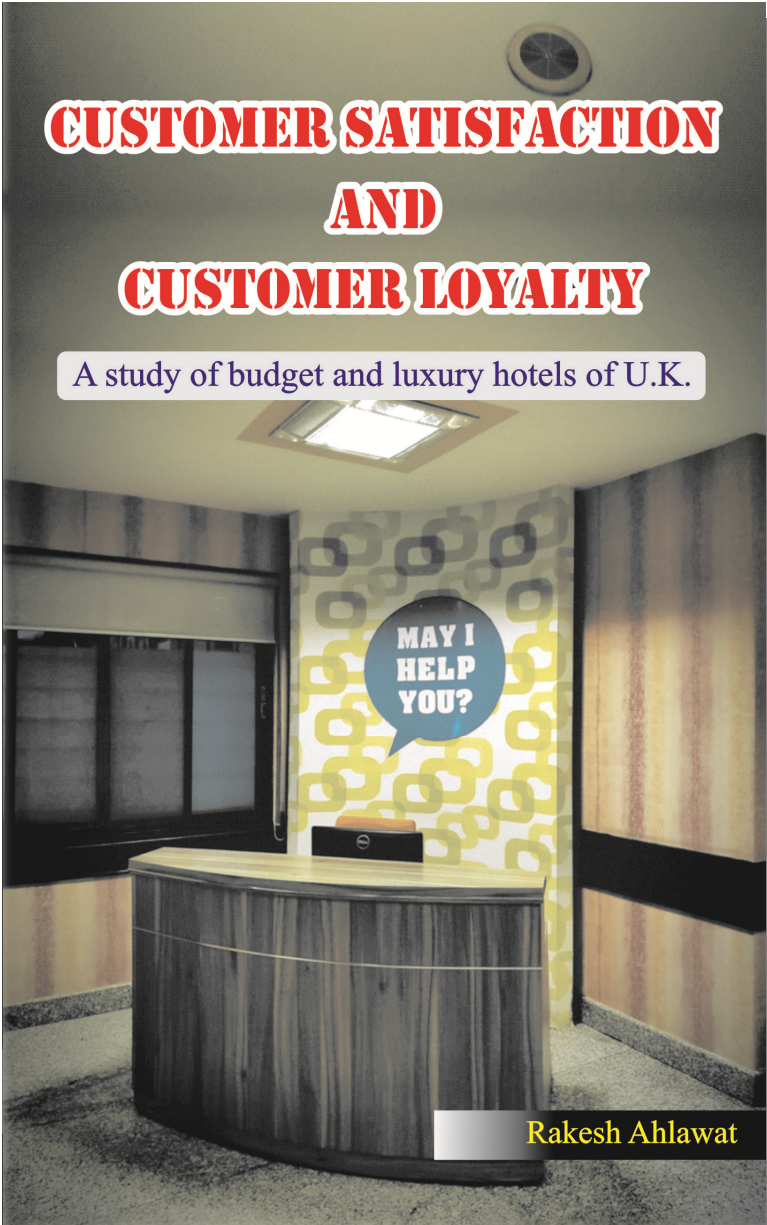# CUSTOMER SATISFACTION AND CUSTOMER LOYALTY

A study of budget and luxury hotels of U.K.

MAY I HELP YOU?

Rakesh Ahlawat

Customer Satisfaction and Customer Loyalty

A study of budget and luxury hotels of U.K.

by
Rakesh Ahlawat

Uttkarsh Prakashan

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Dedication

This book is an adaptation of the dissertation submitted by the author for the award of Master of Science in International Hospitality Management at Leeds Beckett University (Erstwhile Leeds Metropolitan University) in June, 2012. My father, **Chaudhary Jai Singh Ahlawat**, had left us in 2011 for his heavenly journey. He wasn't there to see me graduating, I dedicate this work to him and his Grand daughter; a piece of my heart my daughter, **Nainika**. I want to make a special mention of my late brothers, **Manjeet Ahlawat** and **Lalit Hooda,** who would have more happy than me seeing this work coming out. We miss you!!

Acknowledgement

Preface

In this globalised and intensely competitive world, it is very necessary to retain existing customers. Thus customer loyalty has become need of the hotel organisations. But to gain customer loyalty, it is necessary for the organisations to know about the factors which are influencing customer loyalty. So, the aim of this research is to explore the factors which influence customer loyalty and to analyse the performance of the budget and luxury U.K. hotels in those factors. To achieve the aim of the research, first those factors were being explored by using existing literature. The factors which are influencing customer loyalty are customer service, hotel cleanliness, room quality, value for money, food quality and family friendliness. To analyse the performance of the hotels in terms of these factors quantitative method was being used. Data for primary research was collected from laterooms.com. Ramanathan and Ramanathan, (2011) is being used as framework for the research. Results are being presented by using graphs. After carefully analysing data, customer service, hotel cleanliness and room quality are found the major influencing factors.

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Introduction

1a.) Background

Hotel organisations around the world face a high level of competition satisfying their customers in order to retain them(Briggs et al., 2007). With increasing demands of the services, hotel organisations are striving hard in identifying and meeting those customer demands. Though the challenge for the hotel organisation is that the services offered by them are very different from a traditional service provider and the customers approaches them in a completely different way in which they evaluate a pure intangible product (Chen and Hu, 2010) and the way of evaluation also varies from one person to another which makes it complicated. So once a customer has been attracted towards a particular hotel operator, their long term relationship becomes of greater importance (Clemes et al., 2011). Protecting the existing customer pool and maintaining a customer loyalty level appears to be a very vital competitive advantage and a major component for a brand long term survival in the market (Burnham et al., 2003).

Retaining the existing customer pool presents a great challenge because it not only fosters organisations customer loyalty but also protects organisation from getting influenced by the fluctuation in customer demands (Jung and Yoon, 2012). Customer loyalty is a key outcome of the relationship marketing which is associated with the factors such as customer expectations, service quality perceptions, and customer satisfaction (Ryan and Ployhart, 2003)

Hotel industry in U.K. has presence of all major brands such as Hilton, Carlson group, Ritz hotels, Starwood hotels etc. and with the upcoming London Olympic games 2012 and Commonwealth

games, (2014), these groups are going to introduce more hotel rooms within U.K. It will make the market hugely competitive. So hotel organisations need to focus on retaining their existing customer pool. But Burnham et al., (2003) states that the major challenge for the hotel organisations is to protect their existing customers to make sure that they stay loyal to those organisations. Ryan and Ployhart (2003) further advocates their point by stating that key factors for enhancing customer loyalty are linked with customer satisfaction and service quality perception of customers. So, hotel organisation need explore all the factors which influence customer satisfaction, service quality and ultimately the customer loyalty.

1b.) Aim:

The aim of this research is to explore the factors which influence customer loyalty and the performance of U.K. budget and luxury hotels on those factors which influences guests to stay again.

1c.) Objectives:

To achieve the above stated aim, following are the objectives:

a.) To examine and explore the factors which influence customer loyalty.

b.) To explore performance of the budget and luxury hotels of U.K. in terms of those factors which make guests to stay again.

c.) To examine the extent to which those factors affect customer loyalty.

1d.) Significance of research:

In this intense competitive world customer loyalty is very critical to gain competitive advantage. The findings of this research will explore the factors which influence the customer loyalty in budget and luxury hotels of U.K. which will help hotel managers to perform better. This research also seeks to add to the existing literature regarding customer loyalty in hotel industry.

1e.) Organisation of study:

Section 1 of this research provides a brief introduction to the context of the study. It also discusses aim and objectives, significance and organisation of the research. Section 2 discusses the existing literature within the context of the study and tries to explore the factors which influence customer loyalty.

Section 3 provides description about the methodological concepts, theories, and methods to collect the data for primary research. This section also discusses different methods for data analysis.

Section 4 provides the result and the data analysis. This also provides data comparison for generalising the results to achieve the aim of the study and discuss the results in respect of the literature. Section 5 provides the conclusion of the research, followed up by recommendations and limitations.

Literature review

Hotel industry has evolved into one of the truly global industries in which both customers and the service providers are spread all around the world (Kandampully and Suhartanto, 2003, Kralj and Solnet, 2010). Due to the change in the lifestyle, work pattern, travel, eating habits and bye the development of a global community, the services offered by the hotel organisations are now considered as the necessities rather than the luxuries (Kandampully and Suhartanto, 2003, Namkung and Jang, 2007). During the past decade this industry has expanded very fast to meet the demands of the growing market. This growth provided customers with a great variety of choices while generating the competition in the market (Noyan and Simsek, 2011). Because of this hotel organisations now a day are facing intense competition and the challenge to grow steadily in this competitive environment (Kandampully and Suhartanto, 2003). So in this highly competitive environment, the ultimate goal for hotel organisations has become to maintain a loyal customer base. To achieve that it is important for the hotel organisations to make use of the opportunities to gain competitive advantage by adopting different strategies. Researchers have proved that developing customer loyalty is the most favoured strategy to gain competitive advantage and has a very positive

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impact on the organisations medium and long term profitability (Earnst and young, 1996) cited in (Kandampully and Suhartanto, 2003). Holmund and Kock, (1996) cited in (Kandampully and Suhartanto, 2003) argues that for organisation to attract new customers 5 times more than to retain an existing customer.

The discussion above illustrates the importance of customer loyalty for an organisation. Customer loyalty can be a necessary attribute for an organisation to grow in the competitive market. It a common belief as well that organisation can improve its profits by retaining the existing customers and developing customer loyalty.

2a.) Customer loyalty

Defining customer loyalty has been problematic for the researchers mainly because of the varying concepts of the loyalty (Martin et al, 2009). And in terms of hotel organisations it becomes more difficult because of three defining characteristics of the products (services) offered : intangibility, heterogeneity and inseparability (Zeithhaml et al., 2002). Customer loyalty is often defined as the repeat purchase or the intention for repeat purchasing a certain product or services (Hawkins et al., 1995 cited in Tsuar et al., 2002). (Kotler and Armstrong, 2008) argues customer loyalty is a commitment towards the customers for providing a service which is above and beyond that of the customers in the marketplace in

order to gain repetitive service experience. This is the behavioural aspect of the customer loyalty. Defining customer loyalty on the basis of the behavioural activity does not take into account that customer may engage into repurchasing activity because of the unavailability of the reasonable alternatives or merely out of convenience (Jones et al., 2012). For example a customer may visit a particular hotel in a city because that is the only hotel available which suits his or her budget.

Some researchers view loyalty from the attitudinal aspect with the argument made that loyalty is intention or desire to repurchase services or products (Czepiel and Gilmore, 1987 cited in Martin et al, 2009). Customers may have high relative attitude towards a brand that they do not have any intention of purchasing. For example, a student may believe that Hilton hotels are the best service providers but he or she may not have finances to afford a stay at Hilton hotels. Thus a relative attitude may suggest that only 'latent loyalty' is present among the customers (Dick and Basu, 1994).

Kumar and Shah (2004) define customer loyalty as two dimensional aspects which involve both attitudinal and behavioural concepts. In this two dimensional aspect, customer loyalty can be defined as an attitudinal preference for the retailer along with a strong repeat purchase behaviour (Kumar and Shah, 2004; Oliver, 1999 cited in Martin et al, 2009). (Skogland and Siguaw, 2004)

also supports this by defining customer loyalty as a deeply held commitment to re-buy or repatronize a preferred product or service consistently in future, thus it creates repetitive same brand set purchasing, despite of situational influences and marketing efforts' having the potential to cause switching behaviour." They further extend their discussion about customer loyalty by stating that it consists of both an attitudinal and behavioural commitment; attitudinal commitment to the relationship with a certain hotel or a hotel group, such as price in-sensitivity for example guests loyal to one hotel, certainly do not opt to choose a different even in a case when the other hotel is offering them cheaper price for same services whereas behavioural commitment generates stronger loyalty behaviour such as positive word of mouth for service provider (hotel/hotel group) and repeat purchasing from the same hotel or hotel group (Skogland and Siguaw, 2004).

According to Bloemer et al., (2002) customer loyalty is either the commitment towards the brand or is just an inertia of repeating the purchase of services Study by (John and Shiang-Lih, 2001) revealed that loyal customers provide more repeat business and are less likely to choose another hotel in order to get best deals in comparison to non loyal customers of the hotels. They also found guests who said they will definitely return to the same hotel, 88.52 percent of those guests returned and stayed at the same hotel on

their return visit. 96.9 percent of those customers spread a positive word of mouth about the hotel.

A loyal customer in most cases produces the positive word of mouth for the services or the products and recommends the experiences for other perspective customers (Fisher, 2001; Salver, 2005). Loyal customers usually have high tolerance power to the mistakes made by the organisations, and they are more willing to offer the suggestions for the improvement of the services. By acting on these suggestions hotel can improve the services and increase the customer satisfaction level which affects the organisations' profitability (Salver, 2005). Loyal customers are willing to maintain the relationships even if they have to bear some cost in doing so. For example in case a customer is loyal to the Hilton group of hotels and getting a room in some other hotel at a bit cheaper price tends to choose the hotel from Hilton group, even though needs to pay more for that. Thus customer loyalty involves a willingness among the customers to maintain a relationship with service provider even beyond their own interests to a certain extent (Crosby and Tailor, 1983 cited in Martin et al, 2009; Gilliland and Bello, 2002).

Organisations use customer loyalty as a competitive advantage tool. There is positive relation between customer loyalty and profitability of an organisation(John and Shiang-Lih, 2001).

Reichheld and Sasser (1990) cited in (John and Shiang-Lih, 2001) found in their study that when one organisation retains just 5% more of its customers, the profit level of the organisation increases by 25% to 125%. Bridgewater (2001) suggests that business organisations can build customer loyalty by cultivating a customer-oriented environment which should be able to identify customer's needs and to meet them by developing the services and products to enhance the customer satisfaction. The customers rarely inform the organisations when they are thinking of switching to the competitor service provider and decide to leave the existing service provider (Kish, 2000). In order to overcome this problem, Fisher (2001) suggests organisations to develop a mechanism which can identify the customer perceptions, preferences, and expectations in terms of the service provided. This will create an atmosphere which will suggest the customers that the organisation value customers and understand their needs and ultimately will influence them for repeat purchasing.

2b.) Factors influencing customer loyalty

Though there are many factors which influence customer loyalty, Kotler et al., (2005) points customer satisfaction as one of the most

important factor for gaining customer loyalty. Satisfied customers are most likely to return back to the hotel to use its services. Bloemer et al., (2002) argues that the relation between customer satisfaction and customer loyalty is not very clear. As in some cases customers do not compare their expectations and the satisfaction about the services they received which may be because of the lack of motivational force behind that. (McKercher et al., 2011) further extended this argument and said that hospitality and tourism customers are often satisfied with their original service provider but they still change to another. (Davis-Sramek et al., 2008) contrast this argument by saying that it not only good enough for the hotel managers to know that, they have extremely satisfied customers. They extended it by saying that a slight increase in customer satisfaction boosted up customer loyalty dramatically.

2c.) Customer satisfaction

Customer satisfaction is a central issue in hospitality industry because of its important role in organisations performance. It plays vital role in the survival of the organisations (Slevitch and Oh, 2010). Customer satisfaction is one of the most important marketing concept in which satisfying the customers' needs and desires are critical to the success of an organisation (Han and Ryu, 2006, Han et al, 2009, Lee et al, 2009). The studies of Zeithaml et

al., (2002) clearly states that customer satisfaction consist of an overall customer attitude towards a service provider or an emotional reaction to the difference between what customers expect and what they experience and the effect it has on the anticipated fulfilment of their need. The satisfaction level affects the intention of using the brand or services again (Kim et al., 2009). Customer satisfaction is also one of the objectives of the marketing strategies by relating the processes of purchasing the services and their consumption with the post purchase phenomenon (Kandampully and Suhartanto, 2003).

Gerpott et al., (2001) suggest that customer satisfaction is mainly based on the overall customer expected experience level and to which the service has been able to fulfil. Kotler and Armstrong (2008) goes ahead to state that customer satisfaction remains one of the most essential elements that help to propel customers to make repeated purchases from a specific service provider. It is a very common assumption that the customers who have experienced repetitive satisfaction from a particular supplier are encouraged to continue their relationship with that supplier and are very less likely to go beyond that supplier somewhere (Flint et al., 2011). Customer satisfaction is based on a number of attributes and in case of hotel industry these attributes are both tangible and intangible in nature. Customers are attracted by both the services provide and physical presence of the service objects which are

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being placed in such a way that they transmits satisfaction when are actually experienced (Flint et al., 2011, Han et al., 2011) for example clearly posted sign for self check in check out machine in hotels, when customers use them they transmits a sense of satisfaction that the process has become faster and he/she hasn't had to wait in the queue for check in or check out.

(Wilkins et al., 2007) illustrates that during their stay in the hotels, customers use a number of factors to judge the quality of the service that they receive during their stay. Both physical evidence and the service qualities of a hotel have a positive impact on the customer satisfaction (Ekinci et al., 2008). Some of these factors are intangible in nature while some are tangible and physical elements, while some are very difficult to define such as 'value for money' (Mohsin and Lockyer, 2010). The intangible factors are related to the service elements such as customer service, courtliness and the care which hotel management provides its customers, assurance and the ease of dealing with the requirements during the stay in the hotel. On the other hand, tangible elements are related to the physical facilities available at the hotel such as the availability and quality of the different facilities available in the hotel room for example mini bar or tea/ coffee facility in room and the facilities which the entire hotel provides such as swimming pool, gym or spa etc. It also includes the physical appearance of the hotel staff i.e. uniform of the staff, grooming standards etc, the

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cleanliness of the guest room as well as of the entire hotel. Mohsin and Lockyer, (2010) studied the perception of the service quality in luxury hotels in Delhi. In their study, they listed

1. Cleanliness of the hotel: accounts for the room cleanliness and the entire hotel cleanliness
2. Value for money: accounts for overall value impression of the hotel facility
3. Location of the hotel
4. Friendliness of the staff
5. Outside appearance of the hotel

Hence their study ranked cleanliness of the hotel as the most important factor regarding the customer satisfaction and perceived quality of the services.

In case of the hotels having their own restaurant for guest use, then the cleanliness of the restaurant and food quality are also tangible elements for the guests to evaluate the quality of the hotel (Han et al., 2009; Wu and Liang, 2009). Yavas and Babakus, (2005) and Clow et al., (1994 cited in Ramanathan and Ramanathan, 2011) also identifies that the factors which contributes towards the customer experience and the satisfaction during their stay at hotel are customer service, cleanliness of the hotel, hotel facilities, price, food quality and the location of the hotel. Tsuar et al., (2002) in their study found responsiveness of the hotel staff towards

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customer requirements and the tangible factors to be the crucial and significant aspects towards customer satisfaction and while found food service to be the least significant. They also found that staff services and the amenities provided by the hotel staff are most vital factors for differentiating one hotel from others and contributes towards customer satisfaction. According to them exceptional services from guestroom amenities to the staff interactions are essential to create a strong bond and maintain hotel loyalty from the travellers who usually travels at companies expenses and on a fast paced itinerary. Nam et al, (2011) developed a model to show a link between customer satisfaction and customer loyalty.
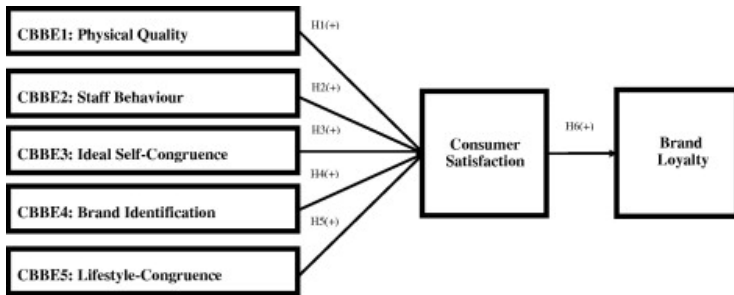
CBBE: Consumer-Based Brand Equity

Adopted from Nam et al., 2011

According to their model physical quality and the behaviour of the staff are the drivers of customer satisfaction which directly implies to the customer loyalty. They also included self congruence, brand, and the lifestyle as key drivers towards customer satisfaction. This model clearly indicates a mediating relationship between customer

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satisfaction and the loyalty. The path to loyalty goes through customer satisfaction.

Dolnicar and Otter (2003) reviewed 21 studies published between 1984 and 2000 in hospitality, tourism research and business journals to find out which of the hotel attribute matters most for repeat purchase or for making a selection decision. They extracted a total of 173 attributes. They categorised hotel attributes and when they broke down particular hotel items and ranked them up, top 5 rankings from their study are as below:

1. Friendliness of staff
2. Price of accommodation
3. Service quality
4. Cleanliness of room
5. Location

These are the most talked about items related to a hotel in the study of published material. Therefore it illustrates the importance of the staff in customer satisfaction.

(Chu and Choi, 2000) also studied attributes which contributes towards the selection process of a hotel. In their study they ranked these attributes based on 3 criteria i.e. perceived by travellers, perceived by business travellers, and perceived by leisure travellers. Perceived attributes by travellers are ranked by (Choi and Chu, 2001) is as follows:

1. Service quality
2. Business facility
3. Value
4. Room and front desk
5. Food and recreation
6. Security

Similarly the perceived attributes by business travellers are also ranked as:
1. Room and front desk
2. Service quality
3. Security
4. Value
5. Business facilities
6. Food and recreation

For leisure travellers rankings given by (Choi and Chu, 2001) are:
1. Security
2. Service quality
3. Room and front desk
4. Value
5. Food and recreation
6. Business facility

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In this study by (Choi and Chu, 2001), business facility included, business related meeting rooms, and business related facilities, secretarial service, and international direct dial service. Service quality includes multi lingual skills of the staff, staff appearance, service efficiency, request handling, politeness, and friendliness of the staff. Value includes value for money for hotel room, and for food and beverage. Value also includes location of the hotel, ambience of the hotel and whether the hotel is a part of a reputed chain. Room and front desk account for bed quality (beds, mattress, and pillows), cleanliness of the room, check –in/ check-out services, and the reliability of hotel reservation system. Security accounts for reliability of fire alarms and for the responsibility by security personnel (Choi and Chu, 2001).

To summarize, service quality, room and front desk, and value seems to be vital attributes in making a selection decision for a hotel.

(Sohrabi et al., 2012) also did a similar kind of study in Tehran hotel industry. They collected 308 responses from travellers in Tehran answering for the attributes which they look up before making a hotel selection decision. They analysed all those factors, categorised them and then ranked those factors as below:

1) Promenade and comfort (accounts whether hotel is near recreational places or city centre. In room telephone,

airlines ticket reservation for guests, taxi-agency and full time room service)

2) Cleanliness and room comfort (includes room cleanliness, bed, mattress, pillow and laundry facility)

3) Security and protection (accounts for fire escape, fire extinguish system, safe deposit box and emergency services)

4) Network services(includes wire-less internet connection, e-banking facility)

5) Pleasure (includes clean climate, view from hotel room, food quality and green space)

6) Hotel staff and their services (accounts for staff appearance, politeness and friendliness, and service efficiency)

7) Expenditure (room rent, food price, accommodation cost)

8) Car parking

9) Room facility (color tv or in room temperature control system)

A diagram made by (Sohrabi et al., 2012) to illustrate essential hotel attributes is as below:
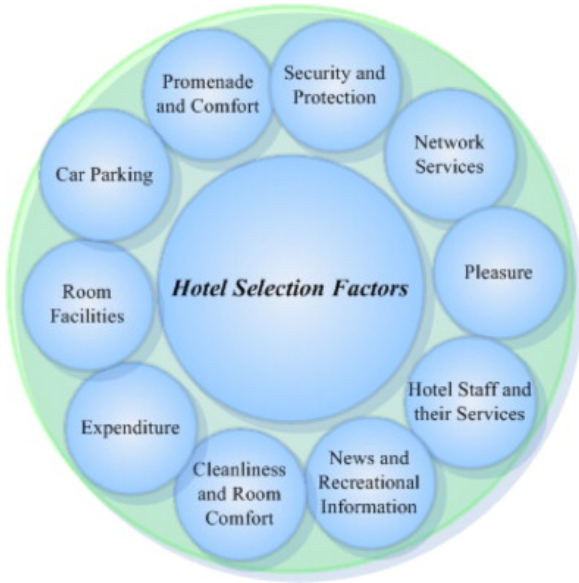
Adapted from (Sohrabi et al., 2012)

This study by (Sohrabi et al., 2012) seems to be contrary one as the previous studies discussed above in this section includes value for money or expenditure at a higher ranking but in this study it is ranked at 7th place. And similarly for hotel staff and services, all other studies discussed above found it as a very vital attribute but this study ranked it at 6th place.

Though both of the studies by (Sohrabi et al., 2012, Chu and Choi, 2000) are about the attributes which help customers in making decision about selecting a hotel. But these can also be used as secondary data source for this research also because this is also about the perceptions of customer loyalty about the factors which influence the customers to come back to same hotel or in other

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words it can be said as the factors which influences the decision making about selection of the hotel for coming back. Hence these studies provide a secondary data for this research.

(Mattila, 2001) did a research to find out the attributes which foster the intention of the customers to return to a restaurant. The research found out that food quality, service and the ambience of the place are major influential factors. These factors need to be taken care for and fulfilled regardless of the level of the commitment of the customers towards that restaurant. Value for money and convenient location are also important motivational factors for making customers to visit again in case of the low commitment of the customers towards the restaurant (Mattila, 2001). (Liu and Jang, 2009) also conducted same research for the Chinese restaurants in U.S. in which they listed the important attributes by their rankings:

1.) Service related attributes (friendly, helpful, attentive, and knowledgeable staff, consistent and dependable service)

2.) Atmosphere related attributes (ambience, decor, lighting, music, cleanliness, staff appearance and room temperature)

3.) Other attributes (fair price, food authenticity, and environmental aspects)

4.) Food related attributes (taste, food preparation, menu variety, freshness, appropriate food temperature, food safety and healthy food option)

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Though the studies done by (Mattila, 2001, Liu and Jang, 2009) are related to the restaurants but can be transferred to the hotels as well. Hotels and restaurants provide identical services and are intangible, heterogeneous, and inseparable in nature and it makes the attributes for both hotels and restaurants transferable to each other.

To conclude the above discussion, customer service, cleanliness of the hotel, and room quality evolved as major influential attributes of customer satisfaction. Value for money, convenient location, safety, and security related are also found having a significant importance. Though the studies such as by Dolnicar and Otter (2003), ("Sunny" Hu et al., 2010, Han and Ryu, 2009), Mohsin and Lockyer, (2010) etc. found value for money as an important attribute as much as giving value for money 2nd ranking among all attributes.

Ramanathan and Ramanathan (2011)'s work is being used a framework for this study. They studied the online ratings available from laterooms.com. To gather the primary data, they studied the reviews written by customers for 664 UK hotels. They did not only considered hotels but other properties also such as guesthouses with minimum 30 ratings. They used a total of 664 hotels and studied total of 24,544 customer ratings. On laterooms.com customers can rate hotel on its attributes on the scale from 1 to 6.

On the basis of basis of ratings they ranked these hotel attributes as:

1. Customer service
2. Cleanliness
3. Room quality
4. Value for money
5. Food quality
6. Family friendliness

The discussion above can be summarised and illustrated in the table below:

Table 1. Illustration of the attributes from various studies:

Author	Context of study	Attributes
Choi and Chu, (2001)	Attributes for hotel selection	Service quality Business facility Value Room and front desk Food and accommodation security
Choi and Chu, (2001)	Attributes for business travellers for hotel selection	Room and front desk Service quality Security Value

		Business facility
		Food and accommodation
Choi and Chu, (2001)	Attributes for leisure travellers for hotel selection	Security
		Service quality
		Room and front desk
		Value
		Food and accommodation
		Business facility
Matilla, (2001)	Restaurants	Food quality
		Service quality
		Ambience
		Value for money
		Convenient location
Tsuar et al., (2002)	Relationship between customer satisfaction and customer loyalty	Physical quality
		Staff behaviour
		Ideal self congruence
		Brand identification
		Lifestyle congruence
Dolnicar and Otter, (2003)	Study of published work to find out the important attribuites	Friendliness of staff
		Price of accommodation
		Service quality
		Cleanliness of room
		Location
Yavas and Babakus, (2005)	Hotels	Customer service
		Cleanliness of hotel
		Facilities at hotel

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		Price
		Food quality
		Location
Liu and Jang, (2009)	Restaurant	Service related attributes
		Atmosphere related attributes
		Other attributes (value etc.)
		Food related attributes
Mohsin and Lockyr, (2010)	Factors influential on service quality in luxury hotels	Cleanliness of the hotel
		Value for money
		Location
		Friendliness
		Outside appearance of hotel
Ramanathan and Ramanathan, (2011)	Factor influencing customer loyalty	Customer service
		Cleanliness
		Room quality
		Value for money
		Food quality
		Family friendliness
Sohrabi et al., (2012)	Hotel selection attributes	Promenade and comfort
		Cleanliness and room comfort
		Security and protection
		Network services
		Pleasure
		Hotel staff and their service
		Expenditure
		Car parking
		Room facility

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Table 1 discusses and illustrates various attributes related to hotels for influencing customer loyalty. After summarise the important attributes from the table 1, important attributes can be listed as below:

So the important attributes can be generalised and listed as below:

a.) Customer service/ service quality

b.) Hotel cleanliness/ ambience

c.) Room quality

d.) Value for money

e.) Food quality

f.) Friendliness of the staff

These attributes have been discussed in all studies which are being mentioned in table 1 above. Service quality from the discussion has been found as a factor which vitally effects customer satisfaction. Table 1 also shows customer service among top ranked attributes and mostly ranked 1 attribute for enhancing service quality and customer satisfaction.

2d.) Service quality

In era of globalisation and intense competition among the market, the hotel organisations are being forced to focus on service quality and the excellence in the strategies in order to retain loyal and the most profitable pool of its customers (Karatepe, 2006). Studies

carried out to find out the effects of service quality on consumer purchasing intentions by Wolfinbarger and Gilly (2001) says that service quality and customer satisfaction are one of the most important element within the service marketing context. Also Yang and Fang (2004) argues that service improvement may contribute to increased perceived quality which could in turn increase consumer satisfaction. Furthermore, Urban et al., (2000) states that being able to provide satisfaction to customers help in increasing market share which may also lead to profitability. Wingfield and Rose (2001) indicate that service quality and customer satisfaction have a link with customer purchasing intentions, with service quality having less effect on consumer purchasing decisions. This seems to indicate that there is relationship between consumer satisfaction and consumer purchasing decisions.

According to Yang and Fang, (2004), the ability to maintain service quality within the hospitality industry is one of the essential criteria to retain customers .Kotler et al., (2005) also make mention that service quality serves a major determinant of differentiating the service delivery to their customers. Cox and Dale (2001) suggest that the consumers' service quality determines the extent to which the service experience is being delivered. Zeithaml et al., (2002) explain that one of the ways to improve on the service quality offerings is to adopt technology to enhance the service system enablement.

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Kotler et al., (2005) recognise the role of service value chain and its contribution to the delivery of good quality service to the customer. Namkung and SooCheong, (2007) suggest that that service quality systems should be based on the service experience of the customer. For example, service quality within the restaurant sector includes serving food in good condition, smart and neatly dressed waiters who are able to take orders promptly and interact positively with customers. This should extend onto getting feedback from the customer and following it up.

Seth et al., (2005) indicate that the prevailing competitive environment may be able to influence customers' perceived quality and the actual service encounter. Bitner et al., (2002) state that customers should be able to understand their service perception in order for them to benefit from the change in attitude which is associated with service quality adoption. Therefore hotels need to ensure that service perceptions are clearly explained. Yen (2005) suggests that organisational image and reputation also contributes to the customers' perceived service quality. For example customer walking into Hilton hotel will be with a perception of highly standardised service, even if has never been to the hotel. Hilton hotels reputation and image in the market makes guests to make such perception. Kotler et al., (2005) explain that being able to deliver on time service lifts up the actual service encounter which in turn helps to influence customers to appreciate the service they

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are being offered. Kotler et al., (2005) also suggested that going beyond the perceived service quality makes customer delighted and extremely satisfied. To achieve a better service quality perception and better guest satisfaction, designing the service delivery in such a way which incorporates customer participation can play a significant role to influence customer service quality perception (Yang and Fang, 2004). For example self service check-in and check-out systems at Hilton hotels may influence customer to perceive a fast and automated service delivery. This seems to indicate that allowing customers to participate in the delivering of the service may be able to enhance the service quality perception.

Watcher (2002) argues that the failure of service delivery systems could result into reduced service quality perception since customers may be disappointed which could also contribute to the loss of opportunity to improve on customer loyalty and can also affect the profitability of the organisation. Kotler and Armstrong (2008) states that lack of quality service may result in the loss of even committed customers if not improved quickly. Vargo and Lusch (2004) advocate that one of the major advantages of service quality is that it enhances organisations' competitive advantages and provides a fruitful effect within the marketplace. Cox and Dale (2001) emphasise that service organisations should be able to link all the core service delivery systems to their core service values in order to be successful. This seems to indicate that organisations are

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able to provide quality services by aligning their service operations to their core values.

So, various tangible and the intangible factors collectively contribute towards achieving customer satisfaction which ultimately results in enhancing customer loyalty. Various methods have been used from focus group to the questionnaire to online ratings and comments. Still all researches discussed above produced identical results. Ramanathan and Ramanathan, (2011) used online ratings from www.laterooms.com. This study is also following their work as a framework for the research.

Research methodology

Research methodology helps in structuring the process by which the aims and the objectives of the research are achieved. This part of research will discuss about the different types of research methods and their suitability to this research.

3a.) Background to research methods

Saunders et al. (2009), suggests that there are basically two kinds of research theories:

      i.)   Deduction

     ii.)   Induction

Deduction theory is also known as testing theory. This theory is mainly used when the researcher have developed a hypothesis or theory and designs a research strategy to test this thesis or theory in which he/ she collects data, analyses the result and test the hypothesis against it (Saunders et al., 2009). This theory is based on the scientific principles and moves from theory to the data. This type of research only explains a casual relationship between the different variables involved. The data collected is mainly quantitative and needs an application of control mechanism over it to ensure the validity of the data (Saunders et al., 2009). It is a

highly structured approach and operationalizes the concepts to ensure the clarity in the definition. It emphasises on the necessity of the selection of the sample in sufficient size in order to draw the generalised conclusions (Saunders et al., 2009). For example if one wants to find out why people visit a specific restaurant again and again, then have to look for the literature to find out what are the factors which make people to come back. It may be food quality, service quality or staff behaviour; and from literature we found that its food quality, then we will test it based on the questions on the possible factors derived from literature. the numerical data will be collected and will be assessed arithmetically. The result may prove the earlier developed theory right or we may find that it's being changed now and it is staff behaviour which makes people to go back to the same restaurant (Liu and Jang, 2009).

According to Saunders et al., (2009), induction theory is more likely to be concerned with the context in which the events are taking place. This theory deals with the understanding of the participants in the research and main aim of this theory is to make visible the subjective and the inter-subjective actions (Saunders et al., 2009). For this research theory the collection of the data is qualitative in nature and the researcher feels to be a part of the research process. This approach is more flexible and allows the changes in the research emphasis as the research progresses (Saunders et al., 2009). This process is less concerned with the

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need of generalisation to draw the conclusion. Induction can work out with a small sample size irrespective of the deduction in which a large sample is needed to carry out the results (Saunders et al., 2009). For example we want to know about the experience of staff working in a hotel; then we have to interview the staff. These interviews will provide a data and their analysis will be the formulation of theory. In this participants can answer anything whatever they want to. These answer then need to be labialised into similar categories. This approach towards research will be called quantitative which will be discussed later in this research (Saunders et al.,2009).

The followers of the induction theory criticises the deduction because of the rigidity of its methodology which does not permit an alternative explanation of what is happening. Though alternative explanations can be derived from deduction as well but it is supposed to be within the limits designed by the highly structured research design (Saunders et al., 2009).

Apart from these two research theories, according to Bryman, (2001) there are two groups of research approaches:

    i.) Quantitative
    ii.) Qualitative

Quantitative approach: Quantitative research engages with the numerical and quantity measurements which includes gathering

mathematical or numerical data and examining it arithmetically. This approach has been proved very useful for the business organisations as it has helped management in advancing their decision making process (Easterby-Smith et al., 2002)

Qualitative approach: Hussey and Hussey, (1997) put forward that qualitative research deal with how people recognize their knowledge or perception. This approach is more subjective and very suitable for the inductive researches.

A comparison of both these approaches is being expressed below in the table.

Table 2. Comparison of qualitative and quantitative research

Quantitative approach	Qualitative approach
Based on the on the meaning derived from the numbers	Based on the meaning derived from the words
Gathering results in numerical and standardised form of data	Gathering non-standardised data and labelling it into various categories
Use of diagrams, charts and graphs to show the analysis of the results	Use of the conceptualisation maps to show the analysis
Methods use to collect the data are mainly Questionnaires.	Methods used are focus groups, interviews etc.
It is less time consuming.	It is time consuming process.

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Source: adapted from Healy and Rawlinson, 1994 cited in Saunders et al., 2009

Table 2, summarises and compares the quantitative and qualitative approach. And from this discussion we found that quantitative approach works well with the deduction theory while qualitative approach does with the induction theory. Discussing about the research approaches Easterby- Smith et al., (2002), elaborates that the research approaches are some of the methodologies which are specifically designed to help position the thoughts of the research. The success of the research depends on the correctness of the data and its interpretation.

Data: (Saunders et al., 2009) suggests data is mainly of two types: primary data and secondary data. Primary data is the data which a researcher collects himself or herself either by using methods of qualitative or quantitative approaches. On the other hand secondary data is the published or raw material of somebody other than the researcher himself/ herself (Saunders et al., 2009). For example, the data collected by getting the questionnaires filled or by interviews conducted by the researcher itself, will be primary data. While the surveys conducted by someone else or any of the published literature are secondary data.

3b.) Research approach:

The aim of the research in this dissertation is exploring the factors which influences customer loyalty whether the performance of hotels in budget and luxury hotels of UK on those factors influence guests to stay again.

Saunders et al., (2009), suggests that adopting a suitable research approach helps in making the underlying theory of the research clear. That is why different researches require different research approaches in order to achieve their set aim and objectives (Yin, 2003). This means the application of suitable research method is the key in the success of the research. So in order to achieve the set aim for this research, it will be carried out on deduction theory and hence a quantitative approach will be used. This will make the processes of the research feasible, because numerical data is collected in quantitative research. Given the timeframe available and inexperience of the researcher for this research this is the most suitable approach. Quantitative approach will also be helpful in deducing the meaning from the research questionnaire.

3c.) Research sample:

Since it is not possible to collect responses from all the research population; a smaller group of the respondents will be formed with same characteristics and the attributes. The research sample will be targeted at two hotel groups; Hilton and Holiday Inn Express

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situated in the city of London, Edinburg, Belfast and Cardiff. It is because both of these hotel groups are well known and reputed in their category i.e. luxury hotels and the budget hotels and are situated in all these cities from which the sample is be collected. All these four cities are the capital cities in United Kingdom and will provide the data with the same characteristics and which will be rich in meaning.

Primary data collection:

Since the aim of this research is to examine and explore the factors which influence customer loyalty in hotels in UK, so the data needs to be collected from the responses of the customers who have stayed at these hotels and in these specified cities. Because of the time constraints it is not possible to study all the hotels in United Kingdom in this research. For this research, it is not possible to interview those guests or to ask them to respond to the questionnaires, so online rating will be used from laterooms.com. The idea of using the online ratings has been developed from Ramanathan and Ramanathan, (2011). Use of online ratings now has been proved to be a significant method for data collection by researchers. (Briggs et al., 2007) have also used rating from tripadvisor to collect the primary data for their research.

 Hilton hotels in London have their 20 properties listed on laterooms.com as 4 star hotels. Holiday Inn Express has its 16

hotels registered on laterooms.com. Similarly, Hilton in Edinburgh has 2 hotels and Holiday Inn Express has 6, in Cardiff both Hilton and Holiday Inn Express has one hotel registered while in Belfast both group has 2 and 1 hotels each respectively. So this provides a total number of 41 hotels to be studied. Ratings given from April, 2011 till April, 2012 will be studied for a maximum of top 10 ratings from each hotel. Time frame of one year has been used because of the low volume of the ratings provided. But because only one who has booked a room through lateroom.com can rate a hotel makes the available data genuine. This provides us with a possibility of getting upto 490 ratings, which is a makes a good sample for the research. Saunders et al., (2009) suggests that a minimum of 30 responses proves to be the thumb rule for the research.

About laterooms.com

Laterooms.com is one of the UK's leading online accommodation specialists. They have over 50000 properties in the UK, Europe and worldwide in their database. Out of which 10,800 are in UK and Ireland. Their database comprises of properties ranging from hotels to self catering apartments; from 5 star luxury hotels to budget hotels. They are providing extra services such as theatre bookings, restaurant bookings. They have partnership with travel agents such as www.thetrainline.com to offer a wider range of

services. They also provide city guide in order to providing extra information to their customers. The star classification on the website is either by the self classification of the hotels or is by Automobile Association of the UK, VisitBritain, VisitWales or VisitScotland. 4 star hotels of Leeds listed on this website are 15 in total. 231758 people visit their website daily. 38% of the total bookings made with are by business guests and 62% are by leisure guests.

They have a strong database of more than 1 million reviews from the users who have actually stayed in the hotel. Guests who book rooms through laterooms.com are asked to rate their experience of the stay at hotel. This rating is done in six different factors which directly or indirectly affects customer loyalty as are mentioned above in literature review as important factors for customer satisfaction; customer service, cleanliness of hotel, quality of room, value for money, quality of food and family friendliness of the hotel. Likert scale is being used to measure from low to high; low 1 and high 6 with the option of non- availability. The guests are also asked if they will refer the hotel to their friends in yes/no and whether would stay in the hotel again yes/no. The information with yes and no is then being measured in percentage and summarized as who say they would stay again and would refer to their friends (Laterooms, 2012). For the purpose of the analysis of

the data from these ratings will be used. This will help in gathering data from sub categories with people from same characteristics.

Secondary data:

Secondary data was collected from different sources such as academic journals, books and other available sources of information by using university library, academic journals, google scholar, scinecedirect.com, and other trusted internet sources, regarding the factors which influence customer loyalty in hospitality industry. This data helped to frame the research aims and the objectives of the research. According to Saunders et al., (2009), secondary data collection plays a vital role in exploration and defining the research aims and objectives. Secondary sources of data can also be used to validate the research findings by comparing the responses to the ones available in literature (Easterby-Smith et al., 2002). In this way, secondary data has been an immense help in putting the research question into a defined perspective.

3d.) Data analysis:

As ratings are available on likert scale from 1 to 6; where 1 is the lowest and 6 is the highest similarly data will be assigned a numerical value. Each factor will get points upto a maximum of 6. For the factors which are not being rated it will be considered zero

and then the percentage value will be carried out from rest 9 ratings, instead of 10, as is seen below in the example below. Points earned by one factor will then be compared to the other in order to generalise the result. Then the points collected for one city and one hotel group will be compared to the other group hotel of the same city. Result of this will help in concluding the answer for the research question. It is also supported by Saunders et al., (2009) as it suggests quantitative data involves questions which are in ranked order and also which are in category order. A comparison between the leisure and the business guests will also be done to see if there is any difference of these two segments of different category hotels. So for example hotel X has scored 4,5,6,5,4,2,0,6,3,5 in its 10 latest reviews, to analyse it the rating score will be added up which makes a total of 40 out of a maximum of 54. So the score for service quality of hotel X is 74.07%. Each factor will be assessed in the similar way. Graphs will be used to represent the analysis.

3e.) Reliability and validity:

Saunders et al., (2009) suggest that the validity and the reliability of secondary data become easier to assess where a clear explanation of the methodology used to collect the data is being provided. The reliability and validity of secondary data may vary over time as well as by the functions of the methods by which data

were being collected and the source from which collected. The research work demands a careful and attentive approach towards the source of the information to ensure the reliability and the validity of the work.So, a careful selection of secondary data was being carried out. All sources used in this research are post year 2000. It allows to collect the latest updated and the relevant data. To increase the reliability of the primary data ratings from laterooms.com were being used which deems to be done by the genuine guests who have booked through laterooms.com.

3f.) Ethical considerations:

There are certain ethical codes of conduct which governs and regulates the academic research and also checks for the acceptable behaviours (Saunders et al., 2009). Easterby-Smith et al., (2002)suggest that it is very important to consider the ethical issues when conducting the research as the issue of the consent must be sought if the opinions and views are being collected to use for the research purpose. It is also important for the participants to know the purpose of the research. But as online ratings are being used for the purpose of this research, so these issues do not comply with it. The data used is already available in domain which can be accessed by anyone. In this way it also exempts the point made by Saunders et al., (2009) that it is of the equal importance to protect the identity of the respondents.

To conclude, the research methodology adopted for the purpose of this research provides a suitable framework to explore the factors which influences customer loyalty and the performance of the hotels in those factors within UK. Deduction theory is being adopted which is well suited with the quantitative research approaches. Use of the quantitative research approach will help in deducing the result from the research questions. A sample size of 490 probable provides a healthy data sample for this research.

Research data analysis

This section of the dissertation displays the data collected during primary research and provides an analysis of the same.

4a.) Results:

As discussed in previous section of dissertation (methodology), primary research data is being collected from the online ratings available on www.laterooms.com. A total of 41 hotels belonging to the Hilton group and the Holiday Inn group located in Belfast, Edinburgh, Cardiff, and London were studied for this research. Top 10 ratings between April, 2011 to April, 2012 , given by guests who had actually stayed in these hotels were to be studied. This should make a sample size of 410 ratings similarly for the business guest's reviews and the leisure guest's reviews, top 10 for each hotel making a sum of 410 ratings each. But out of 41 hotels 5 hotels could not qualify for research either the ratings for those hotels were not within the time frame given or did not have been rated yet by the guests. The ratings which were within the set time frame and were being used in this research which constitutes a total of 254 general overall ratings, 95 business guest's ratings and 222 leisure guest's ratings. Distribution of the data according to the hotel groups and different criteria are provided in table 3 below.

Table 3. Sample data distribution

Hotel name	General overall ratings	Business guest's ratings	Leisure guest's ratings
Hilton	113	29	103
Holiday Inn Express	141	66	119
Total	254	95	222

As shown in the table 3. Business guest ratings are very limited in the number as compared to the general overall ratings and leisure guest ratings. It made result comparison and analysis problematic and inconsistent.

The ratings are being given over six different criteria for each hotel on the likert scale from 1 to 6. Where 1 is the minimum and 6 is the maximum. These criteria are:

a.) Customer service

b.) Hotel cleanliness

c.) Room quality

d.) Value for money

e.) Quality of food

f.) Family friendliness

Rating for each of these criteria has been given a numerical value based on its ratings. For example customer service got 4, 5, 3, 5 ratings. Then it is being calculated as 4+5+3+5+3 out of 30 i.e. 20/30; so the value will be 0.66. Similarly the same method of calculation has been used for all criteria's and the ratings. Percentage value for mean of these ratings was then calculated and was being used for the comparison of results. So the actual value used for comparison for the above stated example will be 66%. A limitation in the scoring used is that only a few ratings were recorded for the criteria i.e. family friendliness. Along with these criteria's, 2 other criteria's are also being studied which are recommended the hotel to others and would stay again. The rating for both of these criteria is available in percentage for each hotel. Mean of that percentage value is being used for comparison.

The result will be presented in 8 graphs as below with a description followed by comparative analysis in next section, i.e. findings:

1.) Figure 1. General ratings for Hilton hotel
2.) Figure 2. General ratings for Holiday Inn Express
3.) Figure 3. Business guest's ratings for Hilton hotel
4.) Figure 4. Business guest's ratings for Holiday Inn Express
5.) Figure 5. Leisure guest's ratings for Hilton hotel
6.) Figure 6. Leisure guest's ratings for Holiday Inn Express
7.) Figure 7. Ratings for recommended and would stay again for Hilton Hotels

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8.) Figure 8. Ratings for recommended and would stay again
    for Holiday Inn Express

**In all the graphs discussed below, all the values used are in
percentage and the vertical axis of all graphs represents the
rating scores while as horizontal axis represents the factors.**

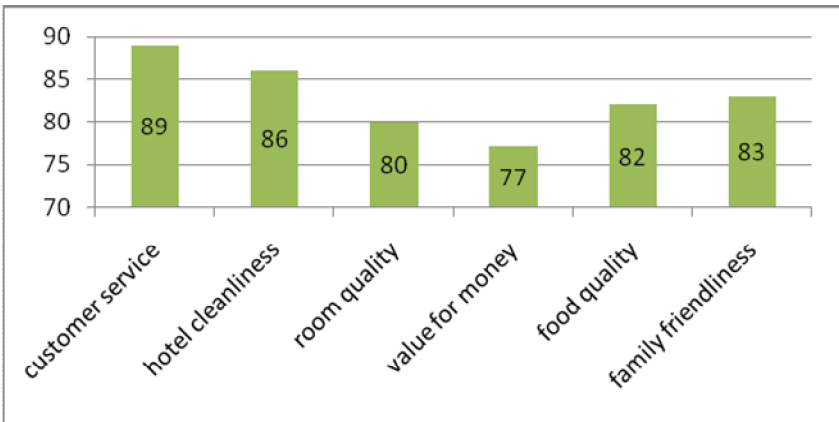## Figure 1. General ratings for Hilton Hotel

Figure 1 represents the general overall rating scores for the Hilton
hotels. It shows the Hilton hotels have scored highest ratings in
customer service i.e. 89%. Hotel cleanliness scored 85%, which is
the second best after customer service. Food quality and family
friendliness both factors have scored ratings of 82% & 83%
respectively. Value for money scored least (77%). Room quality
for Hilton hotel scored 80% just better than value for money.

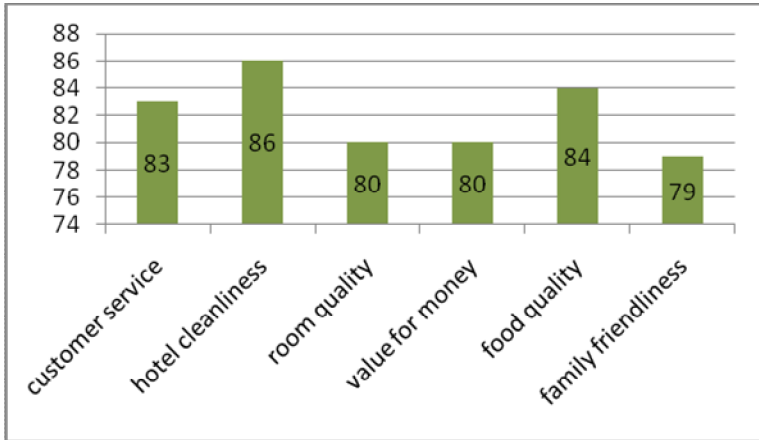# Figure 2. General ratings for Holiday Inn Express

Figure 2 represents overall general ratings for Holiday Inn Express hotels. This figure shows hotel cleanliness as the highest scoring factor (86%), followed up by food quality with a rating score of 84%. Guests at Holiday Inn Express rated the customer service 3rd with a score of 83%. Room quality and value for money both factors were being rated at 80%. Family friendliness at Holiday Inn Express hotels scored the least i.e. 79%.

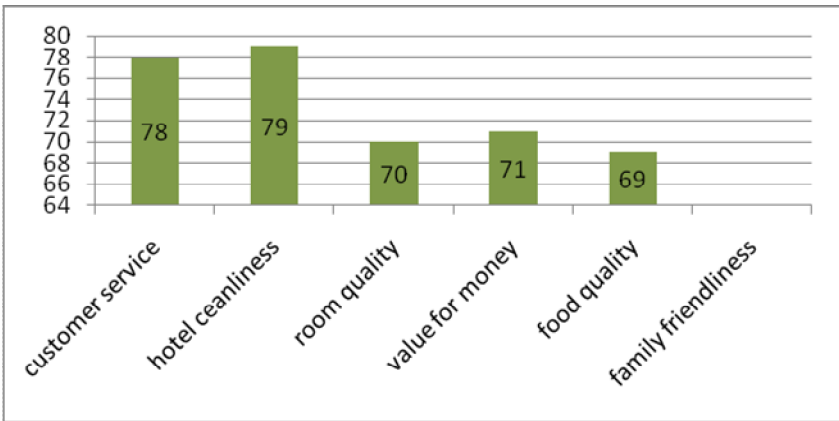# Figure 3. Business guest's ratings for Hilton hotels

Figure 3 presents business guest's ratings for Hilton hotels for 6 factors. Hotels cleanliness top scored with score of %79, followed up by customer service on 2nd spot with a score of 0.78. Value for money scored 71% ratings score. Room quality scored 70% followed up by food quality 69% as the least rating score among 5 factors which were being rated by business guests. Family friendliness was not being rated by business guests.

Figure 4. Business guest's ratings for Holiday Inn Express Hotels
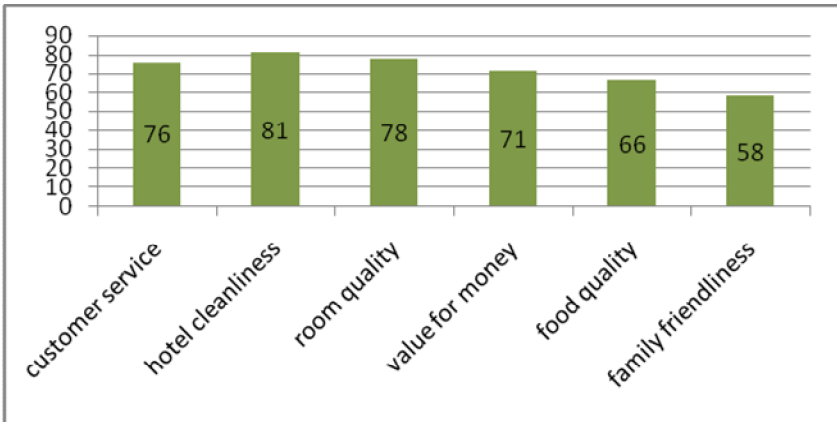
Figure 4 presents the results for Holiday Inn Express hotels based on their ratings by business guests. Hotel cleanliness top scored for Holiday Inn Express as well with 81% rating scores. Room quality scored rating score of 78% followed by customer service 76%. Value for money was given a rating score of 71% by business guests. Food quality scored 66%. Family friendliness of the hotels scored 58% but this factor was being rated by only 2 guests.

Figure 5. Leisure guest's ratings for Hilton hotels
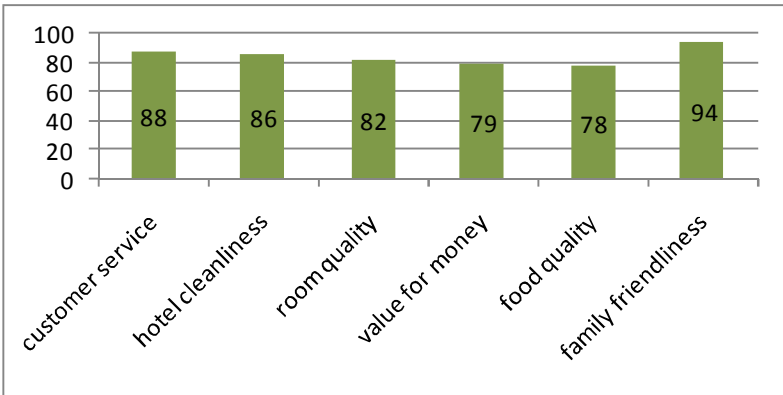
Figure 5 provides the result for the analysis of the ratings given by leisure guests for Hilton hotels. Family friendliness scored the best ratings i.e. 94% but this factor was being rated only by 10 guests which is very limited as compared to remaining 5 factors which were being rated by 103 guests. Customer service scored 88% followed up by hotel cleanliness with the score of 86%. Room quality and value for money scored 82% and 79% respectively. Rating score for food quality is 78% by leisure guests.

Figure 6. Leisure guest's rating for Holiday Inn Express Hotels
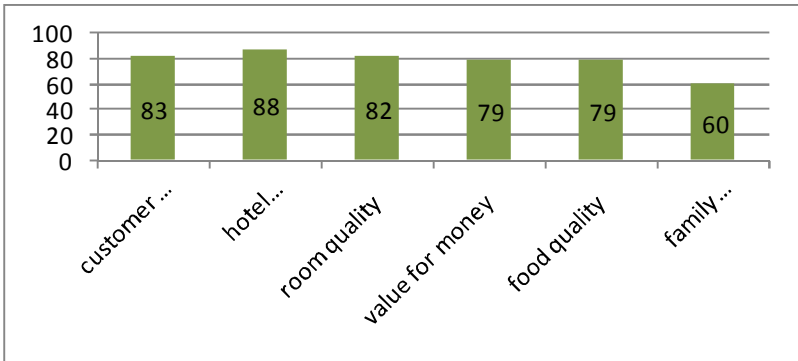
Figure 6 represents the result of the analysis of the ratings by leisure guests for Holiday Inn Express hotels. Holiday Inn Express hotels scored most in terms of hotel cleanliness with a rating score of 88%. Customer service scored 83% followed by room quality with the score of 82%. Value for money and food quality scored equal ratings i.e. 79%. Family friendliness scored 60%. Family friendliness for Holiday Inn Express was rated by 22 leisure guests.

Figure 7. Ratings for recommended and would stay again for Hilton Hotels
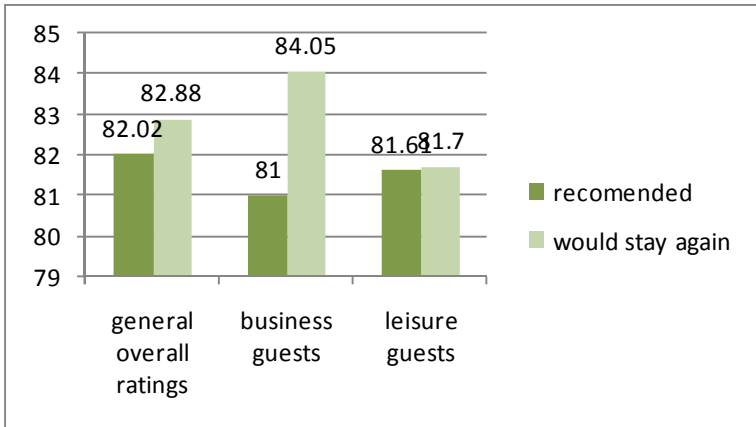
Figure 7 represents the results for the average percentage of the guests recommending the hotel to their friends and an average of the guests who said they would stay again at the same hotel. www.laterooms.com provides these figures for each hotel. The values used in this graph are mean value for all Hilton hotels analysed in this study based on 3 different rating criteria i.e. general overall ratings, business guest's ratings and leisure guest's ratings. For Hilton hotels 82.02% guests recommended the hotel to their friends and 82.88% said they would stay again at the same hotel. 81% business guests recommended the hotels to their friends and 84.05 said they would stay again at the same hotel. 81.61% leisure guests recommended the hotel and 81.7% said they would stay again at the same hotel.

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Figure 8. Ratings for recommended and would stay again for Holiday Inn Express Hotels
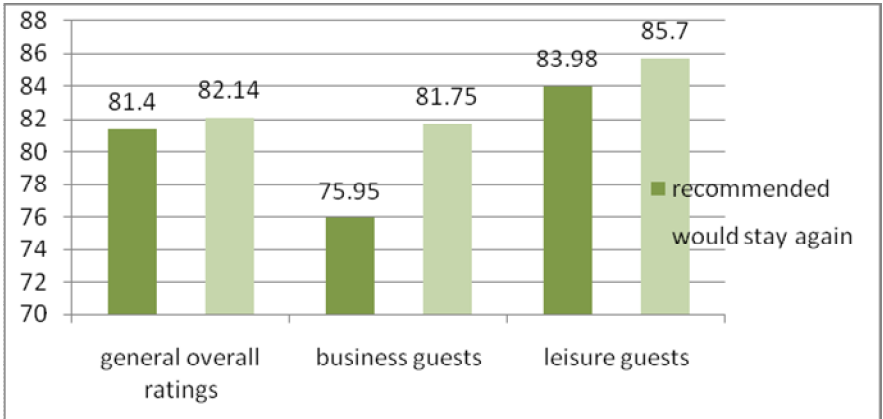
Figure 8 represents the percentage of the guests who have recommended Holiday Inn Express hotels and those who said would stay again at the same hotel. From general overall ratings 81.4% guests recommended Holiday Inn Express Hotels and 82.14% said would stay again. 75.95% business guests recommended and 81.75% said would stay again. 85.7% leisure guests of Holiday Inn Express hotels said they would stay again at the same hotel while 83.98% recommended hotels to their friends.

4b.) Findings:

This section presents a comparative analysis of the results and enlists the findings from it. For the comparison of the results, ratings for 8 different criteria are analysed to develop conclusion of the result and to enlist the key findings, both for Hilton hotels and Holiday Inn Express hotels. The criteria, used for comparison are:

- Customer service
- Hotel cleanliness
- Room quality
- Value for money
- Food quality
- Family friendliness
- Recommended hotel to friends
- Would stay again

Among these criteria customer service, hotel cleanliness, room quality, value for money, food quality and family friendliness represent the attributes which make guests to choose the same hotel again (customer loyalty).

All the rating values used are in percentage. A uniform method of calculation is being used to ensure constant reliability upon the results.

The comparison is being presented in 3 graphs:

i.) Graph 1 - General overall ratings for Hilton hotels v/s general overall ratings for Holiday Inn Express hotels along with general overall ratings for guests recommended hotel to their friends and said would stay again for both hotel groups.

ii.) Graph 2 - Business guest ratings for Hilton hotels v/s business guest ratings for Holiday Inn Express hotels along with ratings of business guests who recommended hotel to their friends and said would stay again at same hotel.

iii.) Graph 3 - Leisure guest ratings for Hilton hotels v/s leisure guest ratings for Holiday Inn Express hotels along with ratings for leisure guest who recommended hotel to their friends and said would stay again at the same hotel.

The graphs are followed by a comparative discussion and then key findings are listed followed by the discussion.

All graphs are presented in ratings v/s attributes (criteria) fashion, where horizontal axis represents the attributes (criteria) and vertical axis represents the ratings scored in attributes. All the values used in the graphs are in percents.

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Graph 1. General overall ratings (Hilton hotels v/s Holiday Inn Express)
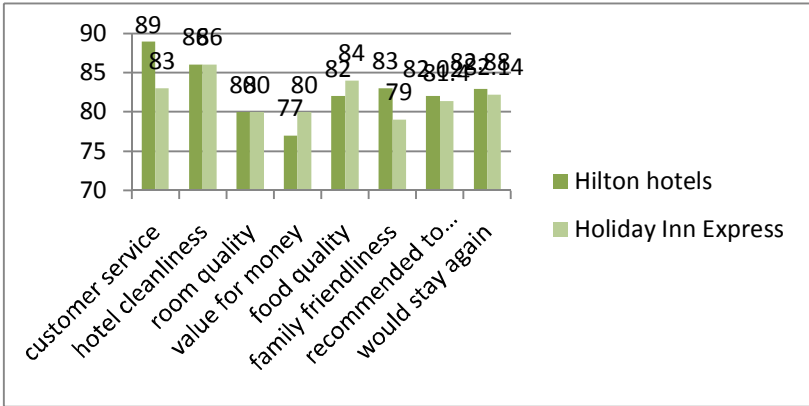
Graph 1 represents comparison of the rating scores of Hilton hotels and Holiday Inn Express hotels against total of 8 criteria studied. The graph indicates that 82.02% guests have recommended Hilton hotels to their friends and 82.88% guests have said they would stay again at the same hotel. For Holiday Inn Express this rating value is 81.4% and 82.14% respectively for the guests who have recommended the hotel to their friends and who said they would stay again at the same hotel. There is a difference of 0.74% and 0.86% in the rating scores for these hotels in both these attributes (recommended to friends and would stay again). This indicates that

both hotel groups retain almost same number of guests and are successful in getting almost equal recommendations from guests.

The graph also shows Hilton hotels have scored the most rating percentage for customer service i.e. 89% while the best for Holiday Inn Express is for hotel cleanliness which is 86%. Hilton hotels as well has scores exactly same ratings for hotel cleanliness as Holiday Inn Express has (86%), this the second best rating score among the six attributes. Second best score for Holiday Inn Express is 83% for customer service. Besides these two attributes both hotels have scored equal rating scores for room quality with 80% rating score. Though both groups have more rating scores for food quality and family friendliness (Hilton hotels 82% and 83% respectively; Holiday inn Express 84% and 94% respectively) than the above discussed three attributes i.e. customer service, hotel cleanliness and room quality. But when the comments posted along with the ratings were being studied, it was found that the most comments positive or negative were about these three attributes. For customer service, there were comments for example one guest of Hilton hotel, Cardiff city centre mentioned "very helpful staff. A special thanks to Ruth and Joy were fantastic. They packed our food before we left hotel to join the marathon. Definitely will come back here again and will recommend to our friends as well." There was a comment about the Holiday Inn Express hotel, London "staffs were busy in talking to each other rather than handling our

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check in, rest everything was but still very disappointed for customer service." Whereas for Holiday Inn Express hotel, Greenwich, London, comment was " staff gave us a stareny stare when we asked for iron in the room and said sorry we don't do room service.....would never come again here." Regarding hotel cleanliness guests commented "floor was not clean." Room quality was another attribute which was talked about in the comments there were comments such as "room was tidy and clean......stay was pleasant", "...were spots on the bed sheet, didn't look a fresh one." Another than these three attributes, value for money in case of Holiday Inn Express was much talked about in the comments. Guests commented "it was expensive compared to the services hotel gives, was not really a value for money, would not come back again if had to pay this much of amount again." Though Hilton hotel have scored 77% for value for money but this attribute was not mentioned in the comments by the guests. Most of the comments for Hilton hotels were focussed on customer service, hotel cleanliness, and room quality. These comments reflected that value for money is also a very critical attribute for Holiday Inn Express hotels to make the guests come back again at the same hotel. In case of food quality Hilton hotels scored 82% and Holiday Inn Express scored 84%. Guests commented about food quality as "breakfast could have been better, but overall satisfied with the hotel", another guest commented "food was not up to the

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standards, but in the second attempt it was better, overall happy." There were a very limited number of ratings for family friendliness for both hotel groups; Hilton hotels and Holiday Inn Express as discussed above in the results section. So that makes comparison with other attributes problematic and difficult. There were very limited number of comments for food quality but these comments reflected that food quality is not as much critical as the other three attributes discussed above; customer service, hotel cleanliness and room quality or even as the value for money for Holiday Inn Express hotels. To conclude, customer service, hotel cleanliness, and room quality are very critical in making the guests to come back again at the same hotel and also in getting recommendations from guests. Value for money is also very important for Holiday Inn Express hotels.

As Hilton hotels represent luxury hotels and Holiday Inn Express hotels represent budget hotel category, so we may conclude from above comparison that for :

Luxury hotels customer service, hotel cleanliness, and room quality are the most important attributes for making guests to come back again at the same hotel. Value for money is important for guest satisfaction, but it doesn't really make guests to come back but can disappoint guests. Food quality and family friendliness stays neutral attributes in case of making guests coming back to the same hotel, which means these attributes neither make guests to

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come back or not to make them come back again at the same hotel. These attributes can be ranked according to their importance in making guests come back again at the same hotel as:

1.) Customer service
2.) Hotel cleanliness
3.) Room quality
4.) Value for money
5.) Food quality
6.) Family friendliness

Whereas for budget hotels, hotel cleanliness, customer service, room quality and value for money are the critical factors for making guests to come back again at the same hotel. Family food quality and family friendliness prove to be the neutral for making guests to come back again at the hotel. Attributes for budget hotels can be ranked as:

1.) Hotel cleanliness
2.) Customer service
3.) Room quality and value for money
4.) Family friendliness
5.) Food quality.

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Graph 2. Business ratings (Holiday Inn Express Hotels v/s Hilton Hotels)
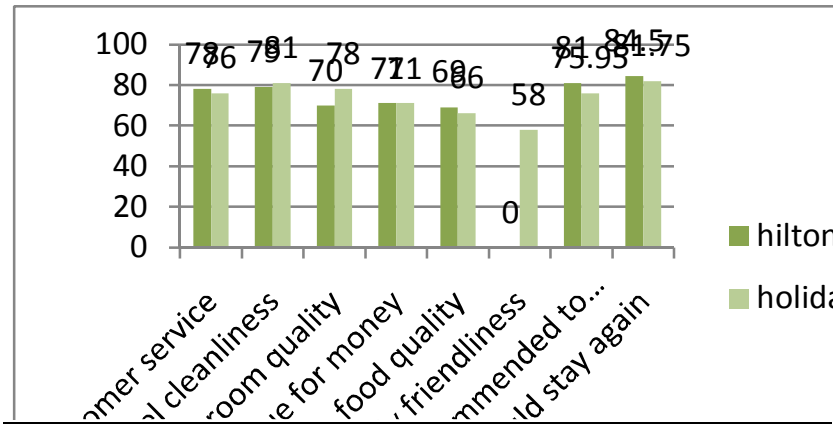
Graph 2 represents comparison between Holiday Inn Express hotels and Hilton hotels based on the ratings from business guests for both hotel groups. Graph shows 81% of the customers have recommended Hilton hotels to their friends while 84.5% guests said they would stay again at same hotel. For Holiday Inn Express hotels 75.95% guests recommended the hotels to their friends while 81.75% said they would stay again at the same hotel. While among attributes for Hilton hotels hotel cleanliness scored highest with78%. Hotel cleanliness also top scored for Holiday Inn Express with 81% rating score. For Hilton hotels second best score is for customer service (78%), while for Holiday Inn Express is room quality with score of 78%. Customer service for Holiday Inn Express stands at 3rd spot with rating score of 76% and for Hilton hotels on 3rd spot is value for money (71%). Value for money in

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terms of business guest for Holiday Inn Express scored 71%. For food quality Hilton hotels scored 69% ratings score and Holiday Inn Express scored 66%. Hilton hotels did not get any rating score from business guests for family friendliness but the score for the same attribute is 58% for Holiday Inn Express.

So these attributes can be ranked as follows for both hotel groups:

For Hilton hotels:

    1.) Hotel cleanliness

    2.) Customer service

    3.) Value for money

    4.) Room quality

    5.) Food quality

For Holiday Inn Express:

   1.) Hotel cleanliness

    2.) Room quality

    3.) Customer service

    4.) Value for money

    5.) Food quality

    6.) Family friendliness

To conclude hotel cleanliness is the most important and influencing factor for business guests irrespective of the hotel brand. Customer service and room quality are two other major influencing factors for business guests. Value for money is not so

critical factor for influencing business guests. For Holiday Inn Express hotel value for money stood 4th in rank list while for Hilton hotels it was at 3rd in list and scored just 1% higher rating score than room quality. Hilton hotel London and Edinburgh received negative comments from business guests. These comments were related to internet usage. One guest commented "I think net speed does not worth the amount I paid for this.......internet should be provided free atleast in public areas." Food quality and family friendliness attributes do not really influence repurchasing decision for both hotel groups.

Graph 3. Leisure guests ratings (Hilton hotels v/s Holiday Inn Express)
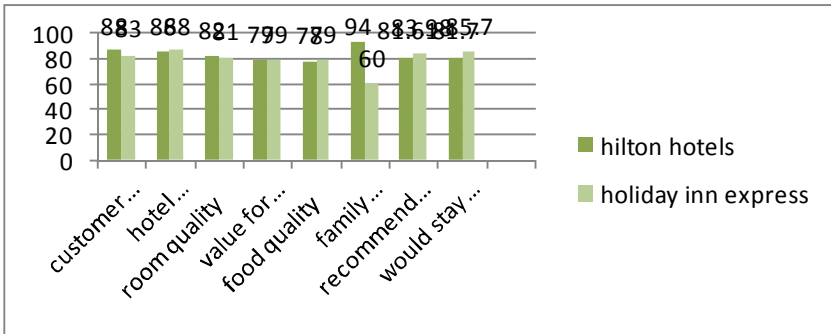
Graph 3 illustrates the comparison of guest ratings by leisure guests for both hotel groups i.e. Hilton hotels and Holiday Inn Express hotels. This graph shows that Hilton hotels have been recommended 81.61% of its leisure guests while 83.98% leisure

guests have recommended Holiday Inn Express to their friends. 81.7% guests have said that they would stay again with Holiday inn Express hotels while for Hilton hotels this number is 85.7%. Among the main attributes, highest rating score is for family friendliness for Hilton hotels (94%). But this attribute was rated only 10 guests, while average rating for other attributes are 103. So, this makes the analysis process problematic and unfair for comparison with other attributes. Apart from this, customer service has scored highest rating points with a score of 88% and for Holiday Inn Express hotels highest rating score is of 88% for hotel cleanliness. For Hilton hotels, London guest commented "it was our anniversary, and the staff made this day super special for us. Were upgraded the room.......thank you Hilton staff, definitely will be back again." Hotel cleanliness on other hand scored 2nd best rating scores for Hilton hotel with score of 86% and for Holiday inn Express hotels 2nd best rating scores have been for customer service by a rating score of 83%. Room quality grabbed 3rd best rating for both hotels with the scores of 82% and 81% respectively for Hilton hotels and Holiday Inn Express hotels. For Holiday Inn Express, Cardiff, guests commented "sofa cum bed was too small........." "hotel was at a convenient distance from O2 concert". It was being further followed up by value for money with an equal score of 79% each. For Hilton hotels London guests commented about the car park for they which they had to pay. On the other

hand guest felt delighted for getting free car parking on the premises for Hilton hotels. Then, comes food quality with score of 78% and 79% respectively for Hilton hotels and Holiday Inn Express hotel. Family friendliness scores a rating point of 60% for Holiday Inn Express hotels.

The attributes can be ranked below as :

For Hilton hotels

1.) Customer service

2.) Hotel cleanliness

3.) Room quality

4.) Value for money

5.) Food quality

6.) Family friendliness

For Holiday Inn Express hotels

1.) Hotel cleanliness

2.) Customer service

3.) Room quality

4.) Value for money

5.) Food quality

6.) Family friendliness

To conclude, for leisure guests of luxury hotels customer service, hotel cleanliness and room quality are the most influential attributes towards making the guests to come back and stay again

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at the same hotel. Though, value for money also plays an important role in making hotel selection decision. For leisure guests of budget hotels, hotel cleanliness, customer service, and room quality are highly influential attributes for retaining customers and getting further recommendations from guests. Value for money and food quality is the motivators behind making the decision about hotel selection and the perception.

Whole analysis of results is being concluded in table below as:

Table 4. Hotel wise ranking list for Hilton hotels and Holiday Inn Express hotels

Criteria	Hilton hotels	Holiday Inn Express hotels
General ratings	Customer service Hotel cleanliness Room quality Value for money Food quality Family friendliness	Hotel cleanliness Customer service Room quality and value for money Family friendliness Food quality.
Business guests ratings	Hotel cleanliness Customer service Value for money Room quality Food quality	Hotel cleanliness Room quality Customer service Value for money Food quality Family friendliness

leisure guests ratings	Customer service Hotel cleanliness Room quality Value for money Food quality Family friendliness	Hotel cleanliness Customer service Room quality Value for money Food quality Family friendliness

Table 4 summarises the result analysis. Irrespective of the hotel segments and the brands, it is evident from the table above, that customer service; hotel cleanliness and room service are highly influential factors. Better performance of the hotels in these factors may lead to improved customer loyalty and can help in getting recommendations from the guests. Value for money is another factor which influences customers in making their perception about repurchasing intention for a particular hotel. Food quality and family friendliness are neutral attributes. Better performance in these attributes help guests in making their perception about the hotel. But even if hotel does not perform well in these factors still, it does not really dissatisfy the guests.

4c.) Discussion:

Strong customer base is very essential for the survival of an organisation is this highly competitive market and maintaining greater customer loyalty is the best strategy to prosper (Earnst and young, 1996) cited in (Kandampully and Suhartanto, 2003). Holmund and Kock, (1996) cited in (Kandampully and Suhartanto, 2003). Customer loyalty leads an organisation to improved profitability (John and Shiang-Lih, 2001). When one organisation manages to retain only 5% more of its customers, the profit level of the organisation increases by 25% to 125% (Reichheld and Sasser, (1990) cited in John and Shiang-Lih, 2001). John and Shiang-Lih, (2001) also revealed that the customers who said will definitely return to the same hotel, 88.52 % of them returned and 96.9% of those customers spread a positive word of mouth about the hotel. In this research, both of the hotel groups i.e. Hilton hotels and Holiday Inn Express hotels in all categories in which ratings were being recorded (general ratings, business guest ratings and leisure guest ratings) scored on an average above 80% in terms of the guests who said would stay again at the same hotel and got recommended by an average of 80% of the guests. So, if these results are being applied to this theory of profitability by retaining customer, then atleast 64% guests would come back to the same hotels and are more likely to spread a positive word of mouth. Hence both hotel group are doing quiet well in terms of the retention of existing customer and generating higher profitability, because retention of only 5% more customers lead to 25% to 125% profit, so atleast 64% of customers coming back to the same hotel indicates that the hotels hold a strong loyal customer's pool. This equation verifies the statement made by Kotler et al., (2005) that loyal customers are less likely to complain and get unsatisfied than non –loyal guests. If the graphs are to be examined the rating scores for all attributes are very good at average score of 76%.

Apart from analysing the ratings for guests who recommended the hotel to their friends and said would stay again, 6 more attributes were being studied which accounts for the customer satisfaction. These attributes are: customer service, room quality, hotel cleanliness, value for money, food quality, and family friendliness. These attributes evolved through the discussion over the existing literature. Online ratings from laterooms.com were being used to examine the extent to which these attributes influence customer loyalty. For the comparative analysis these attributes were studied in three different categories for two hotel groups i.e. Hilton hotels and Holiday Inn Express hotels. Three different categories for analysis are: a.) based on general overall ratings b.) business guest ratings c.) leisure guest ratings. Now all these three categories will be discussed separately.

General overall ratings:

As it is evident from the table 4 that customer service, hotel cleanliness, room quality and value for money are important factors which influence customer satisfaction and hence customer loyalty. Food quality and family friendliness does not seem to have influence over overall customer satisfaction as it is evident from the comments discussed in the previous sub section "Findings." Even when guests did not like food but still they were not unhappy and commented that they would come back again. By observing the comments posted by guests over laterooms.com, it is clear that guests are hugely influenced by service quality, hotel cleanliness, and room quality. Guests commented "mattress was hard.......room was too small.. will not stay here again", "bed was not freshly done, i even found a dirty plate in room.....dirt was visible in room, not happy." Customer service is found to be the factor which vastly influences customer's perceptions. Comments about customer service are being discussed in previous sub section. Though for guests of Holiday Inn Express, value for money is also an important factor but this factor does not have much of influence over customer perception and their intentions to stay again at the same hotel. Though, these findings do not really comply with the literature available. Choi and Chu (2001) had the same attributes

on the listing except for the business facility. Otherwise they have on list service quality, value, room and front desk, food and accommodation and security. Matilla, (2001), also had the same attributes as food quality, service quality, ambience, value for money and convenient location. It was a research done on restaurants, so food quality can be taken rid of from this list, rest 4 attributes are same which are summarised in Table 1. Tsuar et al., (2002), stated physical quality and staff behaviour as the attributes towards the achievement of customer satisfaction which will lead to customer loyalty. The attributes studied in this research have hotel cleanliness and room quality as physical qualities, and staff behaviour fall under customer service. The general overall ratings based analysis for Hilton hotel, replicates itself with the study done by Ramanathan and Ramanathan, (2011). They also listed these attributes as:

Customer service

Hotel cleanliness

Room quality

Value for money

Food quality and

Family friendliness

For Holiday Inn Express also it is just one change in the listing of attributes as in table 4, hotel cleanliness goes in place of customer service and vice versa. The rating listing for Hilton hotels vary from the study of luxury hotels of Delhi done by Mohsin and Lockyr, (2010). That study by them lists as:

Cleanliness of the hotel

Value for money

Location/

Friendliness

Outside appearance of hotel

In study by Mohsin and Lockyr, (2010) found staff related factor at 4th place, which is a contrast to the results of this dissertation. Because, this research found customer service as the most significant factor. The comment about making anniversary day special of a guest empowers the statement made by Kotler et al.,(

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2005) that when the service above perceived quality is delivered customers feel delighted and delighted guests have more tendency of visiting the same hotel again. So it is not only about delivering the good service but it asks for extended service

Business guest ratings:

For business guests as well is a critical attributes for gaining customer loyalty or customer satisfaction. But for Hilton hotel's value for money makes a surprising entry into the rating list at 3rd spot leaving behind the room quality. Rest every attribute is at same position. In business rating both hotel groups opens with hotel cleanliness followed by customer service or room quality. Choi and Chu, (2001) studied attributes for business travellers to make a decision to choose a particular hotel. In their research they put room and front desk at top followed by service quality, security, value, business facility, and food and accommodation. In contrast to their study, the results discussed in previous sub section and also summarised in table 4 shows room quality to be at 4th place for Hilton hotels and 3rd place for Holiday Inn Express. Though, the outcome of the result analysis somehow matches to the results of study done by Matilla, (2001) for restaurants. Except for the food quality it also displays all the identical attributes such as service quality, ambience, value for money and convenient location. Sohrabi et al., (2012), did not rank the attributes which they explored in their study but the attributes which they suggested are important for making decision in hotel selection, covered a relatively larger area than the attributes developed from any other study covered in this research.

Leisure guest ratings:

An examination and analysis of the leisure guest ratings for both Hilton hotels and Holiday Inn Express again found customer service and hotel cleanliness being among top two factors based on ratings. Collectively it can be ranked as below:

Customer service/ hotel cleanliness
Hotel cleanliness/ customer service
Room quality
Value for money

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Food quality

Family friendliness

This ranking list is the same for Hilton hotel as was being found in the study by Ramanathan and Ramanathan, (2011) (see table 4 for ranking summary). Though it varies for Holiday Inn Express instead of being customer service on top, hotel cleanliness is top ranked for Holiday Inn Express. Ranking gained for these attribute also matches with the rankings found by Yavas and Babakus, (2005) in their study. They listed it as:

Customer service

Cleanliness of the hotel

Facilities at the hotel (can be interpreted as room quality because room also is a facility provided by the hotels.)

Price (value for money can be covered under it)

Food quality

Location

Comments were being posted by guests about the location of the hotels which were both positive and negative. For example positive comments were "brilliant....just ten minutes walk upto concert from hotel, loved it. Next time also will stay here" and the negative comments were "hotel is very close to tube station had to get up early because of tubes noise" or my room was facing the road...could not sleep whole night because of the noise." Attributes developed by Liu and Jang, (2009) also covers all these rankings for Hilton and Holiday Inn Express hotels. Attributes discussed by them are as under:

Service related attributes (customer service, staff behaviour etc)

Atmosphere related attributes may include hotel cleanliness part

Other attributes (may include room quality, value for money)

Food related attributes (food quality)

The attributes suggested by Dolnicar and Otter, (2003) do not really represent any of the above discussed attributes comparison. In their research they have indicated friendliness of staff and price of accommodation as more critical than service quality.

So from the discussion above we may conclude that service quality is a factor with huge effectiveness in influencing

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customers' decision making and helps in changing the perception of the guest about a particular hotel. Room quality and hotel cleanliness are also two significant attributes along with value for money in term of leisure guests. This research is being designed on the framework of Ramanathan and Ramanatan (2011). Their findings for the work in 2011 are similar to the findings of this research for Hilton hotels in terms of general rating and leisure guest ratings. Business guests ratings are different from the rating assessed by Ramanathan and Ramanathan, (2011). For Holiday Inn Express the ratings are very different from Ramanathan and Ramanathan, (2011). Key points from this analysis can be highlighted as below:

- Customer service, hotel cleanliness, and room quality are the most critical factor for influencing not only evolved by this research but by the whole literature discussed above in section 2 as literature review.
- For luxury hotel guests service quality is the most perceived factor, while for budget hotels hotel cleanliness is the most critical.
- Value for money is a motivator to make purchasing decision both for luxury and the budget hotels. It does not itself influences the decision making process.

Conclusion

While drawing conclusion from the literature review, it seems that the customer loyalty is something which is quite essential for organisations to attain but it's quite difficult to attain. The reason behind that is growth of the market and competition. Customers more options to choose from. If customers find their needs are not been fulfilled at this hotel then they tend to shift to another. So, it is very important for the hotel organisations to keep track of guest needs to retain them. Retaining the existing customers is cheaper than attracting the new ones. Such customers are not only profitable but are also easily satisfying and less complainants also (Kotler et al., 2005).

Customer satisfaction acts as mediator between various services provided to the guests and the customer loyalty. A satisfied customer can only become loyal to an organisation. So it is very important to focus on the factors which effects customer satisfaction. From literature review a list of tangible and intangible factors is being derived which effects customer satisfaction and hence influence customer loyalty. Customer service, room quality, hotel cleanliness, value for money, food quality, and family friendliness are the factors which influences customer loyalty in hotel industry (Ramanathan and Ramanathan, 2011).

By studying the online ratings, it is being concluded that, both budget and luxury hotels are performing well in terms of these factors and are able to get positive recommendations from the guests. Hotels have been able to make the guest come back again at an average of 80% and according to John and Shiang-Lih, (2001) will succeed in retaining atleast 60% of them.

Out of these factors, customer service has vital influence on customer loyalty. Room quality and hotel cleanliness are also very important factor for maintaining customer loyalty. Value for money does not directly influences the customer loyalty but is a motivational force behind changing the guests perception and

making them to stay again at same hotel. But a poor performance in any of the 3 factors customer service, room quality and hotel cleanliness may result in lowered value for money. Food quality and family friendliness are neutral, they neither encourage nor discourage from staying at same hotel again. These factors have same effect in case of both luxury hotels and budget hotels. However it was quite surprising finding that value of money have similar influence on both budget and luxury hotel customers.

5a.) Recommendations

For further research: For any further research in this subject, it is recommended to use a larger sample size than this one.
It is also recommended to use extended sources for data collection such as tripadvisor, laterooms.com as in this research only laterooms.com is being used to gather data.
Use of both qualitative and quantitative methods is recommended.

For industry:
Hotel managers are needed to focus on service quality. So, managers are recommended to develop frequent and updated training programs for their employee.
Hotel organisations are recommended to focus on customer retention by developing certain mechanisms to track the performance of the hotel in fulfilling guest's requirements.

5b.) Limitations:

Time available (3 months) for the completion of the research was a constraint in carrying out this research.
Because of limited time this research is limited to just 41 hotels.
Inexperience of the researcher: it was first experience of the researcher to carry out such research based work.
Data interpretation and result analysis was limited to graphs only.
Primary data used for this research is not very recent.
Only one website was consulted for data collection.

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About the book

The book is adapted from the masters' dissertation submitted by the author to Leeds Metropolitan University (now Leeds Beckett University), Leeds, UK. The book explores the factors influencing customer satisfaction and customer loyalty and the performance of the budget and luxury U.K. hotels in those factors was analysed. The data was collected from the customer reviews published on Laterooms.com.

About the author

Mr. Rakesh Ahlawat is an Assistant Professor in the School of Hotel Management & Tourism at Desh Bhagat University Mandi Gobindgarh Punjab, India. He has 7 years of teaching and 3 years of industrial experience. He is a doctoral student at Department of Management & Humanities, Sant Longowal Institute of Engineering & Technology, Punjab, India. He is UGC-NET qualified in Tourism Administration and Management. He has obtained his MBA (Hospitality Management) from Kurukshetra University and MSc (International Hospitality Management) from Leeds Metropolitan University, UK (now Leeds Beckett University). He has been actively