



A Study on Relationship between Service Quality and Customer Loyalty with Reference to Online Hotel Booking Apps

Dr. Sindhu S. Nair¹, Badusha Muhammed², Dr. Sreedhar P. Nair³

¹Associate Professor of Economics, St. Michael's College, Cherthala, Kerala

²Research Scholar in Commerce, University of Kerala

³Head of the Department of Commerce, St. Michael's College, Cherthala, Kerala

ABSTRACT: Expedious development of e-commerce sector in hotel and tourism industry helped a competitive edge to the hotel industry to expand their online market space. In order to be successful in the market it is not sufficient to attract new customers, managers must concentrate on retaining existing customers implementing effective policies of customer satisfaction and loyalty. Online hotel reservation system is the best platform as it is beneficial to both customers and hotel management. Hotel booking procedure must be unblemished and convenient to attract new and existing customers through digital platforms. This article explores the relationship between service quality and customer loyalty with reference to online hotel booking apps. This study evaluates the appropriateness of service quality measurements in the context of online hotel booking apps. The scope of the study is to identify the factors attracting the users who use online hotel booking apps that helps to increase their loyalty in Kerala. The data are collected throughout structured questionnaire by using non-probability sampling method. The study reveals that there is a significant positive relationship between service quality and customer loyalty among online hotel booking apps.

KEYWORDS: Customer Loyalty, E-Commerce, Online Hotel Booking Apps, Service Quality.

INTRODUCTION

The evolution of Information and Communication Technology empowered the hotel industry to change their business operations rapidly. From the time being, it is no confusion that large number of hotels consequently enhances the requirements of integrating information technologies into their overall business operations. Third party booking apps are the best example of the integration of IT sector and hotel industry (Kim, Kim, & Park, 2017). Before the entrance of these kinds of online hotels booking apps in hotel industry, customers used direct booking or phone booking methods to book a room. Mobile application stores such as play store and app store have a wide variety choice of third party online booking apps for smart phones. Hotel booking apps like Make my trip, Trip Advisor, Booking.com, Agoda etc offers various discount benefits for consumers. During the past decade significance of hotel booking apps has increased rapidly (Guttentag, Smith, Potwarka, & Havitz, 2017). It is well easy for a customer to go through the procedure of hotel booking through mobile apps because they are not sidetracked to hotel's own website. Such easier experience boosts the intention of hotel booking for their next choice. Customers trust on online hotel booking websites affects the customer loyalty by creating more legitimacy than the competitors and such honesty builds the loyalty towards hotel booking apps (Baki, 2020). In this context this study is intend to explore the perception of consumers on customer loyalty on hotel booking apps.

Online website design strategies can create a short-term orientation for consumers and it leads to create a buying impulse among them and it works as an antecedent of online buying intention (Pena-García, Gil-Saura, Rodríguez-Orejuela, & Siqueira-Junior, 2020). So, creation of website quality or service quality leads to intention to repurchase from the same websites or apps. Former study on online buying behavior has been debated that loyalty on the online website appreciatively influences the intention of a consumer to buy from that website (Alharthey, 2020). Good communication, usefulness of the website and security is work as an independent variable to customer trust or loyalty (Agag & El-Masry, 2016). At the same time trust and commitment act as a mediator of intention to revisit the website in future and it confirms that there is a relationship between service quality and customer loyalty or their repurchase intention. There is a good impact on repurchasing behavior during the presence of good quality of service and that will ensure profitability of a company (Wilkins, Merrilees, & Herington, 2007). Endless communications with consumers and cross checking of service confrontation are obligatory function of management to assure the superior service quality (Prayudha &



Harsanto, 2014). According to (Gilbert & Veloutsou, 2006) they stated that Major aspect of a company's success depends on its service quality because of its closeness with consumer satisfaction especially in service sector. Furthermore, for attaining a good perfection in the area of hotel industry, management who are sophisticated in this business must concentrate on service quality. Service quality evolves a significant impact on consumers' fulfillment, and it creates a tendency of a repurchasing behavior (Wilkins, Merrilees, & Herington, 2007). (Parasuraman, Zeithaml, & Berry, 1985) explained service quality as the efficiency of the company to obey with consumer hope. SERVQUAL Model developed by (Parasuraman, Zeithaml, & Berry, 1985) is the best model to find out the difference between the perception and consumer expectation and it is widely used model in service sector. It helps to measure the service quality with the five variants such as empathy, reliability, assurance, tangible and responsiveness. (Fick & Ritchie, 1991) Researchers in tourism sector accepted that SEVQUAL instrument is a better instrument to measure service quality. There is a trend exists on consumers to give their customer reviews on websites and apps of various service providers after their experience. Consumers spend their time hugely in social medias than any other activities. Moreover, it is clear that the influence of various brand exposures on product or service choices in social media has become a new and striking activity of consumers (Humphrey, Rinaldo, & Laverie, 2017). Thus, the consumers will read the past experiences of previous consumers review on hotel booking apps. Such review may affect the purchase decision of new consumers and it will predict the loyalty factor. It is much important to measure the service quality provided by hotels when a customer booked that hotel from a hotel booking app. There may be some problems felt by consumers during visiting the hotel. Customers will be satisfied with the e-service quality of the hotel booking apps, but may not satisfied with the actual service that experienced in hotel. Bad experience felt by those customers will write their reviews on those hotel booking apps or website and these service quality during stay may negatively affect the loyalty of the brand. Thus, another research question addressed in this study is to find out the perception of consumers on service quality during stay.

To embolden repurchasing behavior and to form customer loyalty, organization should upgrade their target of e-business transactions from e-commerce and e-service transactions – all the hints and confrontation that happen before and after transactions (Zeithaml, Parasuraman, & Malhotra, 2000). So, the importance of service quality was shifted to e-service quality during this technological era and organizations should keep their focus on these changes. Website design, security or privacy showed a positive relationship on e-service quality where customer service indicated a negative relationship on e-service quality (Rita, Oliveira, & Farisa, 2019). Having a measure of perceived e-SQ would greatly enhance an organization's competence to seizure customer perceptions of this important driver of online purchase (Zeithaml, Parasuraman, & Malhotra, 2000). It would also allow analyst to study such problems as customer loyalty on the Website and E service quality. But on another study website design and customer service showed their role as an antecedent of e-service quality with a strong relationship, while security have not much significance to predict e-service quality (Blut, Chowdhry, Mittal, & Brock, 2015). Different studies on studying the attributes of e-service quality showed different results. In this context this study is trying to examine the different perception of consumers on different attributes of service quality and e-service quality of hotel booking apps.

In the present era most of the organizations are focusing on retaining their existing customers. For a continuous growth in sales and build a brand value customer loyalty and customer retentions is very much important. Increased consumer retention can lead to a progressive growth in the organization's consumer base which is an essential element during the period of negative sales growth, and profits bagged from every individual consumer grow the longer the customer remains loyal to the organization (Sirohi, McLaughlin, & Wittink, 1998). Customer Loyalty is advised as a tool for customer relationship management. The risk factor of gaining a new consumer is significantly more than to retain an existing consumer. Loyal customers may motivate their friends and relatives to consume from a specific organization or service provider and they rethink before changing their mind to purchase from other organization or services. Customer loyalty is not gained by an accident, they are constructed through the sourcing and design decisions (Thomas & Tobe, 2012). On another study it founds that service quality doesn't have a significant direct effect on customer loyalty, but it has an indirect positive effect on customer loyalty. At the same time the variable customer satisfaction act as a mediating variable between service quality and customer loyalty. Different studies on these variable shows different results and distinctive relationships in disparate geographical areas or population. Thus, there exist an opportunity to find out the relationship between service quality and customer loyalty in a new geographical area. So, this study aims to examine relationship between service quality and customer loyalty of hotel booking apps in Kerala context.



STATEMENT OF PROBLEM

With the raise of online trading and service rendering platforms, service quality of e-service providers has been recognized as an important factor in determining success level of online hotel industry. But the reality is that a number of online hotel booking apps are opened their ventures in this e-commerce platform. It means that there is no monopolistic approach in this sector and customer has a wide choice. High competition in this sector is to retain the existing customers. New shopping habits resulted in a growing number of studies about customer satisfaction, trust, acceptance, service quality, customer perceptions and customer loyalty. This study examines the above-mentioned topic in Kerala with the aim of understanding relationships between Service Quality and Customer Loyalty with reference to hotel booking apps.

OBJECTIVES OF THE STUDY

1. To find out the perception of consumers on E Service quality of hotel booking apps
2. To find out the perception of consumers with Service quality during hotel stay
3. To find out the perception of consumers on Customer Loyalty on hotel booking apps
4. To study the relationship between Service quality and Customer Loyalty on hotel booking apps

RESEARCH METHODOLOGY

The present study is descriptive and analytical in nature that it tries to identify the various characteristics of the research problem under study and the present situation of the issue. The independent variable in this study is service quality and e-service quality while customer loyalty as the dependent variable. The SERVQUAL model (Parasuraman, Zeithaml, & Berry, 1985) is adapted to construct the questionnaire for this study to measure the service quality and some modifications are made according to the objectives and area of the study. In order to measure the e-service quality construct under this investigation, used scales and measures adopted by previous researchers for similar studies are used. E-service quality of online hotel booking apps is measured using various dimensions and items suggested by (Ladhari, 2010). To measure the various constructs of E-Service Quality, Responsiveness (Ho & Lee, 2007), Page design (Lee & Lin, 2005), Easy to use/ Usability (Jeong, Oh, & Gregoire, 2003), Security/privacy (Parasuraman, Zeithaml, & Malhotra, E-S-QUAL: A Multiple - Item Scale for Assessing Electronic Service Quality, 2005) and Information quality (Jeong, Oh, & Gregoire, 2003) are selected as the measure attributes. To measure the depended variable Customer Loyalty for this paper is an adaption of model proposed by (Sirohi, McLaughlin, & Wittink, 1998) and necessary additions and alterations are made in the context of hotel booking apps. The universe of the study is limited to customers of different districts in Kerala. Data were collected from 130 samples by using non probability sampling technique. Both descriptive and inferential statistics are used to analyze the collected data. Mean scores, skewness, correlation, regression and one sample T test are the tools used for analyzing the data.

DATA ANALYSIS

Table 1. Reliability analysis

Scale	Cronbach's Alpha
E Service Quality	.764
Service Quality	.751
Customer Loyalty	.824

Table 1 presents the reliability analysis of identified scales. (Nunnally & Bernstein, 1994) suggest 0.70 as an acceptable reliability coefficient. So, the scales and sub scales identified were found to have high reliability

NORMALITY

The value of skewness is .091 which lies between -2 and +2. The value for asymmetry between -2 and +2 is considered acceptable to prove normal distribution (George & Mallery, 2010). Thus the study goes with the parametric tests for inferential statistical analysis to test the hypothesis of this study.



Table 2. Statistical significance of different variables

Variable	N	Mean	SD	t value	DF	Std. Error	P Value	Inference @5% level of significance
ESQ	130	3.71	.387	20.764	129	.034	<.001*	Significant
SQ	130	3.52	.480	12.228	129	.042	<.001*	Significant
CL	130	3.63	.587	12.217	129	.052	<.001*	Significant

#One sample T test

H01: Sample mean is not significantly different from population mean

One sample t-test was conducted to examine whether observed means are different from theoretical means with respect to E Service Quality (ESQ), Service Quality (SQ) and Customer Loyalty (CL). The results indicate that there are significant differences between the population mean (M=3.00) and sample means of E Service Quality (M=3.71; SD=.387), Service Quality (M=3.52; SD=.480), and Customer Loyalty (M=3.63; SD=.587). The estimated values of these items are $t(129) = 20.764$, $p = .000$, $t(129) = 12.228$, $p = .000$, and $t(129) = 12.217$, $p = .000$ respectively for these variables. Since, all the rest results appeared statistically significant we have ample empirical evidence to infer that the perceptions of the subjects of the study on ESQ, SQ, and CL do not coincide with the population perception.

Table 3. Perception of different gender groups on ESQ, SQ and CL

Variable	F	P value	t value	DF	Std. Error	P Value	Inference @5% level of significance
ESQ	.026	.875	-1.255	128	.069	.212	Not Significant
SQ	.175	.677	-.636	128	.092	.526	Not Significant
CL	.265	.608	-1.014	128	.104	.312	Not Significant

#Independent sample t test

H02: There is no significant difference on perception of different gender groups on ESQ

H03: There is no significant difference on perception of different gender groups on SQ

H04: There is no significant difference on perception of different gender groups on CL

There was no significant difference on ESQ ($p= 0.211596$), SQ ($p=0.526146$) and CL ($p=0.312396$) between different gender groups. Independent sample t test also indicates that perception of Male and Female consumers on ESQ, SQ and CL has no significant difference as all the variables show p values greater than 0.05. Thus, the result failed to reject the null hypothesis.

Table 4. Perception of different experienced consumers on ESQ, SQ and CL

Variable	F	P value	Inference @5% level of significance
ESQ	9.295	.000	Significant
SQ	12.149	.000	Significant
CL	53.745	.000	Significant

#One-wayanova

H05: There is no significant difference on perception of different experienced consumers on ESQ

H06: There is no significant difference on perception of different experienced consumers on SQ

H07: There is no significant difference on perception of different experienced consumers on CL

Consumers of hotel booking apps were grouped according to the year of experience in using hotel booking apps into three categorical variables viz., less than one year, one to three year and above three years. There was a significant difference in ESQ($p=0.000171$), SQ ($p=0.000015$) and CL ($p=1.2267E-17$) between different experienced consumers and it is statistically significant.



Table 5. Correlation between study variables

	E Service Quality	Service Quality	Customer Loyalty
E Service Quality	1	.709**	.595**
Service Quality		1	.485**
Customer Loyalty			1

** . Correlation is significant at the 0.01 level (2-tailed).

H08- There is no significant relationship between service quality and customer loyalty.

Table 5 presents the results of correlations analysis regarding the intra and inter-relationship among E Service Quality, Service Quality during stay and Customer Loyalty. Karl Pearson’s coefficient of correlation was used for the purpose. The results indicate that, there exist significant high degree positive relationship between E Service quality and Customer Loyalty($r = .595$). It can also be observed that there is a moderate positive relationship between Service quality and Customer Loyalty (.485). Based on the above results, relationship between Service Quality and Customer Loyalty is positive and statistically significant.

Table 6. Regression summary

Model	Values
R value	.603
R square	.364
Adjusted R square	.354
F value	35.737
P value	<.001**

**Significant @1% level of significance

The results of multiple regression presented in Table 6 revealed that there is a significant correlation between Service Quality and Customer Loyalty (.603). The coefficient of determination (R Square) was found to be .364. This implies that 36 per cent of variance in Customer Loyalty by Service Quality. Significant F-value denotes the availability of evidence to conclude that Service quality is useful for predicting Customer Loyalty.

FINDINGS AND DISCUSSIONS

Data were gathered through online questionnaire method from consumers of hotel booking apps in Kerala. For the survey, a total of 147 survey questionnaires were collected, but 17 invalid questionnaires were eliminated and 130 questionnaires retained for analysis for this study. The basic attributes of respondents are shown in this section, including two major items in this study: gender and year of experience in using hotel booking apps. In the aggregate sample, 57.7% of respondents are men and 42.3% are women. To analyze the different perception of different experienced group over ESQ, SQ and CL a categorical variable was collected according to their year of experience on using hotel booking apps and it founds that 47.7% of respondents are using hotel booking apps for more than three years, while 20.8% and 31.5% of respondents are using hotel booking apps for 1 to 3 year and less than 1 year respectively. Further descriptive statistical analysis by questionnaire items for the respondents are discussed here. These include 13 items of ESQ, six items of SQ and five items of customer loyalty. All variables adopt a 5-point likert type scale. The result of means and standard deviations indicated that, for the construct of e-service quality, respondents tend to perceive high levels of agreement on the measurement items with mean scores over 3.71. These results seem to indicate that the respondents have positive evaluations that describe the responsiveness, website design, easy to use/ usability, security/privacy and information quality. The results also affirms that the respondents tend to have high levels of agreement on Service Quality during hotel stay, with a mean score of 3.52. These results seem to indicate that the respondents are got impressed or satisfied with their experiences on hotel booking apps. Second stage of analysis of the collected data through inferential statistics shows that the collected data is highly significant for generalizing with the study population. The reliability of scales used in this study was calculated by Cronbach's coefficient alpha. The coefficient alpha values exceeded the minimum standard of 0.7 (Nunnally & Bernstein, 1994)providing good estimates of internal consistency reliability. Coefficient alpha values ranged .764, .751 and .824 for the constructs ESQ, SQ and CL respectively.



All constructs obtained an acceptable level of a coefficient alpha above .70, indicating that the scales used in this study were reliable. The result of one sample t test infers that the perceptions of the subjects of the study on ESQ, SQ, and CL do not coincide with the population perception and the result rejects the first null hypothesis. The study found that, there is no significant difference on the perception of male and female consumers of hotel booking apps in Kerala on ESQ, SQ and CL. The study framed with an important research question to identify whether there is any statistically significant difference between different class of experienced consumers of hotel booking apps on perception of ESQ, SQ and CL. The result of the study showed a statistically significant difference among different experienced group of consumers among ESQ, SQ and CL. Thus, experience on usage of hotel booking apps may affect the purchase decision or repurchase intention of an existing consumer.

With the quick development of hotel and tourism industry parallelly, SQ is fetching very important in upgrading customer loyalty. But SQ in the context of hotel booking apps is contrasting from that in traditional e-commerce viz., online shopping, telecom services and e-banking services. Thus, SQ and ESQ should be studied and the relationships between SQ and customer loyalty should be studied in hotel booking apps context. This study found that E service quality and Service quality have a relationship among customer loyalty. In other words, E service quality and service quality influence the loyalty of customer of hotel booking apps. These finding of the study aligns to studies by (Agag & El-Masry, 2016)(Alharthey, 2020).

CONCLUSION

Through the emergence of online hotel booking apps, it is both benefit to the hotel management and consumers. To compete with the competitors, hotel management must implement effective strategies to attract new customers as well as existing customers. The research was aimed to evaluate the correlation of e-service quality, service quality and customer loyalty of consumers of hotel booking apps in Kerala. As per this research it is found that there is a significant relationship between service quality and customer loyalty among online hotel booking apps. The value of R- square is 36% that service quality is useful for predicting customer loyalty. These findings help the online hotel booking apps to promote the use of these apps by the customers by attracting them through various factors. According to this research analysis of perception of consumers on hotel booking apps in Kerala, there are some limitations which can be taken into consideration for further research in this context. Future researchers can expand the geographic dimension for research as this work is only based on the consumers in Kerala, to have a strength generalization, it is suggested that future researchers can consider other states and other e-service supporting apps.

REFERENCES

1. Agag, G., & El-Masry, A. A. (2016). Understanding the determinants of hotel booking intentions and moderating role of habit. *International Journal of Hospitality Management*, 52-67.
2. Alharthey, B. (2020). The Role of Online Trust in Forming Online Shopping Intentions. *International Journal of Online Marketing*, 32-57.
3. Baki, R. (2020). Analysis of Factors Affecting Customer Trust in Online Hotel Booking Website Usage. *European Journal of Tourism, Hospitality and Recreation*, 106-117.
4. Blut, M., Chowdhry, N., Mittal, V., & Brock, C. (2015). E-Service Quality: A Meta-Analytic Review. *Journal of Retailing*, 1-22.
5. Fick, G. R., & Ritchie, J. B. (1991). Measuring Service Quality in the Travel and Tourism Industry. *Journal of Travel Research*, 2-9.
6. George, D., & Mallery, P. (2010). *SPSS for Windows Step by Step: A Simple Guide and Reference*. Boston: Pearson.
7. Gilbert, G. R., & Veloutsou, C. (2006). A cross-industry comparison of customer satisfaction. *Journal of Services Marketing*, 298-308.
8. Guttentag, D., Smith, S., Potwarka, L., & Havitz, M. (2017). Why Tourists Choose Airbnb: A Motivation-Based Segmentation Study. *Journal of Travel Research*, 1-18.
9. Ho, C.-I., & Lee, Y.-L. (2007). The development of an e-travel service quality scale. *Tourism Management*, 1434-1449.
10. Humphrey, W. F., Rinaldo, S. B., & Laverie, D. A. (2017). Brand choice via incidental social media exposure. *Journal of Research in Interactive Marketing*, 110-130.



11. Jeong, M., Oh, H., & Gregoire, M. (2003). Conceptualizing Web site quality and its consequences in the lodging industry. *International Journal of Hospitality Management*, 161-175.
12. Kim, S. Y., Kim, J. U., & Park, S. C. (2017). The Effects of Perceived Value, Website Trust and Hotel Trust on Online Hotel Booking Intention. *Sustainability*, 1-14.
13. Ladhari, R. (2010). Developing e-service quality scales: a literature review. *Journal of Retailing and Consumer Services*, 464-477.
14. Lee, G. - G., & Lin, H. - F. (2005). Customer perceptions of e-service quality in online shopping. *International Journal of Retail & Distribution Management*, 161 - 176.
15. Nunnally, J., & Bernstein, I. (1994). *Psychometric Theory* (3rd ed.). New York: McGraw-Hill.
16. Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1985). A Conceptual Model of Service Quality and Its Implications for Future Research. *The Journal of Marketing*, 41-50.
17. Parasuraman, A., Zeithaml, V. A., & Malhotra, A. (2005). E-S- QUAL: A Multiple - Item Scale for Assessing Electronic Service Quality. *Journal of Service Research*, 213-233.
18. Pena-García, N., Gil-Saura, I., Rodríguez-Orejuela, A., & Siqueira-Junior, J. R. (2020). Purchase intention and purchase behavior online: A cross-cultural approach. *Heliyon*, 1-11.
19. Prayudha, A. N., & Harsanto, B. (2014). Measuring Service Quality In Hotel X Bandung . *International Symposium on Technology Management and Emerging Technologies*, 230-234.
20. Rita, P., Oliveira, T., & Farisa, A. (2019). The impact of e-service quality and customer satisfaction on customer behavior in online shopping. *Heliyon*, 1-14.
21. Sirohi, N., McLaughlin, E. W., & Wittink , D. R. (1998). A Model of Consumer Perceptions and Store Loyalty Intentions for a Supermarket Retailer. *Journal of Retailing*, 223-245.
22. Thomas, B., & Tobe, J. (2012). *Anticipate: Knowing What Customers Need Before They Do*. Wiley.
23. Wilkins, H., Merrilees, B., & Herington, C. (2007). Towards an understanding of total service quality in hotels. *International Journal of Hospitality Management*, 840-853.
24. Zeithaml, V. A., Parasuraman, A., & Malhotra, A. (2000). *A Conceptual Framework for Understanding e-Service Quality: Implications for Future Research and Managerial Practice*. Cambridge: Marketing Science Institute.

Cite this Article: Dr. Sindhu S. Nair, Badusha Muhammed, Dr. Sreedhar P. Nair (2022). A Study on Relationship between Service Quality and Customer Loyalty with Reference to Online Hotel Booking Apps International Journal of Current Science Research and Review, 5(4), 1356-1362