



# Ensuring positive feedback: Factors that influence customer satisfaction in the contemporary hospitality industry



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## HIGHLIGHTS

- We examine the extent to which certain hotel features affect customer satisfaction in the European hospitality industry.
- Data were collected from one of the leading online hotel reservation service's systems.
- After controlling for the hotel classification, we identify eight additional factors that affect customer satisfaction.
- Our findings provide assistance to hotel managers in determining the optimal allocation of scarce financial resources.

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## ABSTRACT

This study provides insight into the hotel characteristics that have a significant association with customer satisfaction. Data related to a sample of 6768 hotels located in 47 capital cities in Europe are analysed by using a linear mixed model technique. The results confirm the findings of previous studies, which state that hotel star rating is the single most important factor that influences customer experience. Furthermore, the presence of air-conditioning devices in rooms, a bar located within the hotel area, access to Wi-Fi Internet free of charge, membership in a branded hotel chain and price have significant positive associations with customer satisfaction (*ceteris paribus*). Variables that appear to be adversely associated with customer satisfaction are distance from the city centre, size of the hotel, and general hotel price level in the city where the hotel is located.

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## 1. Introduction

Customer satisfaction is a business philosophy that highlights the importance of creating value for customers, anticipating and managing their expectations, and demonstrating the ability and responsibility to satisfy their needs (Dominici & Guzzo, 2010). Achieving and maintaining customer satisfaction is one of the greatest contemporary challenges faced by management in service industries (Yen-Lun Su, 2004). In the hospitality industry, customer satisfaction is the determinant of and the secret to success, as hotels

are not able to compete effectively without fulfilling their guests' wishes. Therefore, to expand and improve their businesses, hotel managers should have a clear perception of which factors provide customers with higher value (Narver, 2000). Customer satisfaction metrics can be valuable for improving this perception, as they provide hotel managers with information that is necessary to identify and understand the real requirements and needs of customers (Forozia, Zadeh, & Gilani, 2013).

Presently, one of the most prevalent methods used by customers to provide feedback on his or her satisfaction with the services provided is evaluating the hotel on one of the prominent online hotel booking websites according to how well it provided relevant aspects of service. These evaluations are commonly compiled to form a single figure called a rating score, which can be regarded as a comprehensive metric of customer satisfaction. In addition to being a means of providing hotel management with valuable feedback,

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rating scores also act as recommendations for future customers, thus affecting the overall reputation of a hotel.

Moreover, information regarding hotel characteristics, ranging from general aspects such as pricing and location, to more specific information itemising activities and facilities, and even details regarding pet policy or languages spoken by the staff, has become increasingly comprehensive and much more accessible to the public.

Although many authors have analysed data generated from online reviews (for a comprehensive review, see [Serra Cantallops & Salvi, 2014](#)), to the best of our knowledge, there is no study that takes full advantage of the abundance of available information with the aim of re-examining the extent to which certain hotel features affect customer satisfaction. To fill this gap, data have been collected from one of the leading online booking services and have subsequently been analysed and presented in this study. For each characteristic appearing to present a significant association with the average rating, we have determined the sign and magnitude of the association and have offered a hypothetical explanation.

The website [Booking.com](#)<sup>TM</sup> has a large market share, especially in Europe, operating on a commission-based model and allowing its registered users to carry out a complete booking procedure online quickly and securely. One of the main advantages of this internet-based service is its large and active community, which continually generates valuable feedback information. Shortly after a stay, a user is routinely invited via email to fill out a guest review form. The first part of the form allows users to evaluate the property they stayed in, using a standardised set of criteria—specifically: cleanliness, comfort, location, facilities, staff, and value for money—while the second part of the form gives users the option to write additional comments. Information received is then rendered anonymous, processed, summarised, and finally presented publicly in the guest reviews section of the page dedicated to the corresponding property. Some studies ([Dickinger & Mazanec, 2008](#)) demonstrate that, alongside the personal recommendations of friends, online reviews are the most important factor influencing the booking of accommodations.

The geographical focus of this study concentrates on Europe, and more specifically its capital cities. As their global market share has been contracting steadily recently, the cities of the Old Continent have had to adapt their marketing activities to offer new types of products ([World Tourism Organization, 2012](#)), such as city breaks. City tourism has recently become one of the key drivers of outbound tourism in Europe ([Dunne, Buckley, & Flanagan, 2007](#)), growing at a faster pace than coastal tourism. Some researchers ([Dunne et al., 2007](#)) emphasise the increased tendency of Europeans to take more frequent, albeit shorter, holidays, which has been further stimulated by the emergence of low-cost airlines. In light of the recent trends and fierce competition, the need to reassess customer preferences has greatly increased, making it an imperative endeavour in the hospitality industry.

## 2. Literature review

Customer satisfaction is the result of a customer's perception of the value received in a transaction or relationship, where value is equal to the perceived service quality relative to price and customer acquisition cost ([Blanchard & Galloway, 1994](#)). Service quality, in turn, is determined by how well customers' needs are met ([Lewis & Booms, 1983](#)).

Providing high-quality services and improving customer satisfaction are widely recognised as fundamental factors that boost the performance of companies in the hotel industry ([Barsky & Labagh, 1992](#); [LeBlanc, 1992](#); [LeBlanc & Nguyen, 1996](#); [Oppermann, 1998](#); [Stevens, Knutson, & Patton, 1995](#)), whereby hotels with good

service quality will ultimately improve their profitability ([Oh & Parks, 1997](#)). Therefore, it can be understood that in a highly competitive hospitality industry, which offers homogeneous services, individual hoteliers must be able to better satisfy customers than their counterparts ([Choi & Chu, 2001](#)).

Given the nature of the characteristics ascribed to hospitality service, research in this field often focuses on the measurement and analysis of transaction-specific customer satisfaction. Transaction-specific customer satisfaction, as defined by [Jones and Suh \(2000\)](#), is related to a specific encounter with the organisation (in this particular case, a stay in a hotel). For example, the empirical study conducted by [Ryan and Gu \(2007\)](#) showed that guests' satisfaction with regards to hotels is predominantly influenced by hotels' star ratings. Star ratings, which are primarily determined by physical aspects of a facility and its service quality, act to reflect the degree of luxury of a hotel, and moreover provide an effective proxy for prestige among international hotels ([Ingram & Roberts, 2000](#)).

The HOTREC association (Hotels, Restaurants & Cafés in Europe) has developed its own European Hotelstars Union system ([Hotelstars Union – Classification criteria 2010–2014, 2014](#)). The system includes a catalogue of criteria with 21 qualifications encompassing 270 elements, where some are deemed mandatory for acquiring a star, and others are optional. The main criteria focus on the areas of quality management, wellness, and sleeping accommodations.

However, despite the progress made towards the harmonisation of national classification standards, owing to cultural, national and other traditions, some European countries continue to employ private rating systems, which prevents the application of a single classification system worldwide ([European Consumer Centre Germany, 2009](#)).

This lack of cohesion among national rating standards and the resulting absence of minimal requirements for particular star ratings act to characterise star ratings as an imperfect measure of hotel quality and, furthermore, render any international assessment of the impact of star ratings on customer satisfaction inconclusive. As a result, this phenomenon has motivated the development of a significant body of research aiming to quantify the impact of various factors on customer satisfaction.

[Wuest, Tas, and Emenheiser \(1996\)](#) discuss the importance of various hotel facilities and attributes deemed necessary for achieving customer satisfaction. Attributes such as cleanliness, price, location, security, personal service, physical attractiveness, opportunities for relaxation, standard of services, appealing image, and reputation are recognised as critical determining factors in a number of studies ([Ananth, DeMicco, Moreo, & Howey, 1992](#); [Atkinson, 1988](#); [Barsky & Labagh, 1992](#); [Cadotte & Turgeon, 1988](#); [Knutson, 1988](#); [McCleary, Weaver, & Hutchinson, 1993](#); [Rivers, Toh, & Alaoui, 1991](#); [Wilensky & Buttle, 1988](#)). [Saleh and Ryan \(1992\)](#) find that, besides the tangible components of the hotel product, such as the presence of a restaurant or convenient parking, the aesthetics of the hotel, both interior and exterior, are of particular concern to customers. They also report that the longer the stay, and the more experienced the client as a user of hotels, the more important the client–staff relationship becomes. According to the results of the empirical study conducted by [Gu and Ryan \(2008\)](#), the main determinants of hotel guests' satisfaction are the external environment, reputation, and cleanliness of the rooms, while [Choi and Chu \(2001\)](#) concluded that staff quality, room quality, and value for money to be the most prevalent factors. Similarly, [Chaves, Gomes, and Pedron \(2012\)](#) established that rooms, staff, and location are the terms most frequently used to qualify the concepts of customer satisfaction with regards to hotels. Furthermore, according to [Mattila and O'Neill \(2003\)](#), price also plays a highly significant role in shaping perceptions held by guests

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