Quality assurance systems in the hotel industry

Quality assurance systems in the upscale hotel sector

1. Introduction

Quality assurance systems are an important element of any business strategy. As Porter (1985 and 2004) suggests, quality is now seen as a major force for gaining competitive advantage, particularly with the consumer. There is no commercial activity where this is more important than in the hotel sector. As Yavas et al (1995) state, " *the question is no longer whether to have quality assurance programmes, but rather how to make these programmes work,*" within this sector of hospitality.

It can be argued that in terms of quality assurance systems delivery the hotel sector is in a distinctive position, particularly when it is related to service satisfaction (Parasuraman 1997, Schiffman and Kanuk 2000). Unlike most other industries, where customer contact and engagement during a visit might be fleeting, as happens in retail shop environment, a hotel's interaction with customers can last from a few hours to several days. Furthermore, as Kandampully et al (2001, p. 28) the quality of the hotel product also has to take into account the " *customer-to-customer interactions*."

Following a brief literature review, the intention of this essay is to examine quality assurance systems and evaluate the effect that these systems have upon service quality and customer satisfaction within the upscale Hotel market.

2. Literature Review

Quality assurance and management within the hotel environment is focused upon satisfying the customer. Therefore, this review concentrates on the existing literature relating to customer satisfaction and the various methods and frameworks of service quality related to this focus.

2. 1 Customer satisfaction

Academic literature relating to customer satisfaction falls within two main categories, these being the psychological perceptions of the customer and the practical ways in which customer satisfaction can be implemented to help a business achieve its objectives. In the hotel sector, this objective is " *to try and engender a high level of customer satisfaction in order to positively influence our customers' repurchasing and communicative behaviour* " (Hennig-Thurau and Hassen (2000, p. 62).

However, to achieve this aim the business has to understand what drives customer satisfaction. Christopher (1984), Holbrook (1999), Schiffmand and Kanuk 2000 and Brennen (2003) all agree that satisfaction is related to the consumer's perception or judgement of a product experience and value when set against their expectations and the payment made. Zeithaml's (1998, p. 14) describes it as follows, being that " *Perceived value is the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given ... value represents a trade-off of the salient give and get components* ," in other words the cost paid is measured against the value expected . Therefore, it can be suggested that the greater the service quality the higher the satisfaction (Kandampully

et al. 2001, p. 8) and, conversely, the higher the price the greater the perception of value.

Bostepe (2007) further identifies that, within a service environment such as a hotel, consumer satisfaction does not simply rely upon the quality of service satisfaction received from business employees, although this is an essential element. The physical environment, for example the décor, bedrooms and other facilities offered, are also elements of the consumer's perceived value and service satisfaction. If any of these are deemed as sub-standard, particularly when related to the price paid, this will reduce the customer's enjoyment and levels of satisfaction.

It follows therefore that only by concentration upon providing quality within all of these areas of the product will the business be able to assure satisfaction and encourage customer loyalty (Holbrook 1999, p. 121), which Porter (1998), Parasuraman (1997) Agrawal (2000) and Harrison (2003) all agree is essential to competitive advantage.

2. 2 Methods used to measure customer satisfaction and service quality

There are numerous " quality assurance" measurement systems and standards available for use within the business environment. Customer feedback is one such measurement. Client feedback can be achieved by two methods. The first way is to provide questionnaires that hotel guests are asked to complete before the end of their stay. The second is to rely upon externally conducted questionnaires, interviews and polls, which can be conducted on a continuous basis.

However, whilst comments and responses provided by customers may act as a good testimonial for the business (Porter 1998, p. 1478), these systems have their drawbacks. In addition to the fact that not all customers might respond, the design of the process itself is often flawed (Kandampully et al 2001) and can therefore be misinterpreted. For example, a simple complaints procedure would not necessarily identify areas of quality success. Secondly, these feedback processes tend to lack definition. Their use may therefore be inhibited by the fact that they do not provide management with sufficient detail to be able to locate and resolve the specific areas of the business where deficiency of service quality is occurring. Furthermore, a system of continuous surveys adds to the business administration costs and, in addition, raises the inherent issue of sampling (Visit Britain 2008 b). Evidence of these limitations can be seen in a recent survey conducted by Visit Britain (2008 a) (see figure 1).

Whilst it is clearly apparent from these results that customer satisfaction in related to encouraging loyalty and retention, as well as being inherently useful in turning existing customers into promotional tools for the hotel, this does not provide management with a detailed analysis of the areas where satisfaction has been achieved or denote what areas were not satisfying.

To provide detailed quality service observations therefore, a more robust quality assurance system is required and most of these are based upon variations of the " Total Quality Management" (TQM) system (Dotchin and Oakland 1994 and Ziethaml et al 2000). These methods are designed to assess and monitor the level of quality being maintained throughout all areas of the business process and its supply chain, from an internal as well

as external viewpoint. One such variation, particularly applicable to the hotel industry, is the SERVQUAL method, which originated from the works of Parasuraman et al (1991).

3 SERVQUAL Measurement

Kandampully et al (2001, p. 68) observe that many academics and practical studies have used SERVQUAL as a " *true measure of customer service* " and that it has been " *extensively applied* " (Shahin 2005, p. 4) in service based organisations. Amongst these service industries will be included the hospitality and hotel sector of the tourism industry.

Despite the fact that recent researches have sought to extend the elements of quality measurement with the SERVQUAL model, fundamentally it is still based upon the level of quality assurance to be measured and gained within five key sectors of the business processes, which are: –

1. *Tangibles – Physical facilities, equipment and appearance of personnel.*
2. *Reliability – Ability to perform the promised service dependably and accurately.*
3. *Responsiveness – Willingness to help customers and provide prompt service.*
4. *Assurance – (including competence, courtesy, credibility and security). Knowledge and courtesy of employees and their ability to inspire trust and confidence.*
5. *Empathy – (including access, communication, understanding the customer). Caring and individualized attention that the firm provides to its customers.*

Source: Sahney et al 2004

The SERVQUAL measurement can be used internally, through measurement against preset quality assurance standards such as the ISO 9001 Quality certification process (BSI 2008) and the " Star Rating system" operated by Visit Britain (2008) in conjunction with the Automobile Association. In this case the hotel services and processes are measured against pre-determined sets of quality criterion and monitored at least annually by those who regulate these standards. The internal quality assurance programme is also complemented by external consumer questionnaires and interview surveys.

The SERVQUAL quality assurance method has been in existence for some years and is " *tried and tested"* (Shahin 2005, p. 5), making it a firm favourite within the hotel service industry, where managers are comfortable and confident with the outcomes of these measurements. An element of SERVQUAL that is considered particularly important in this respect is the fact that the system and its measurements are monitored and updated on a regular basis (Holbrook (1999), Sahney et al (2004) and Boztepe (2007)), for example annually (Shahin 2005, p. 6). Both ISO 9001 and the " Star Rating" systems conform to these determinants.

4 Quality assurance in Upscale Hotels

As will be seen from the following analysis, the " quality assurance" systems applied to the hotel in terms of both the internal industry " Star Rating" and external SERVQUAL systems are virtually synonymous in terms of the standards and factors they rely upon for measurement. To maintain their

perception as upscale or " 5 star" hotels, in each of these cases the hotel will have to achieve much higher levels of standards.

4. 1 Star Rating system

Although the Star Rating system is formatted in a slightly different way to SERVQUAL, the quality elements of this process are still graded in a similar manner. The main difference is the fact that there are minimum quality requirements before the hotel will even be considered for a rating. However, even these equate to the tangible element of the SERVQUAL system (figure 2).

Once the minimum entry requirements have been met, to assess which star level is applicable to the establishment independent inspectors will monitor five quality bands and award a quality percentage to each. These percentages determine what rating the establishment has achieved (figure 3).

Figure 3 Quality bands for star rating

Star rating	Bands
One star	30-46%
Two stars	47-54%
Three stars	55-69%

| Four Stars | 70-84% |
| Five Stars | 85-100% |

Source: Visit Britain (2005, p. 6)

Furthermore, this standard of quality has to be achieved across a range of five product elements, which include cleanliness, service, food quality, bedrooms and bathrooms. Simply complying in one of the areas is not sufficient to earn the highest star. Therefore, if the hotel fails to achieve the required 85-100% standards during an annual monitoring it risks its rating being downgraded to four stars or a lower standard. For instance, in the example shown below (figure 4), despite the fact that the hotel being monitored has achieved the five star requirements in three of the five bands, its failures in the other two would demote it to a four star hotel.

Figure 4 Quality bank achievement

Level Standard	1	2	3	4	5
Cleanliness				X	
Service					X
Food					X

quality

| Bedrooms | X |
| Bathrooms | X |

Source: adapted from Visit Britain (2005, p. 7)

4. 2 SERVQUAL system

When using the SERVQUAL system, which is largely based largely upon the results of customer satisfaction surveys, although all hotels would be looking to achieve the maximum " service quality" satisfaction level of 100% in terms of the overall scoring, there is a significant difference in the way this would be achieved when related to the different standard of establishments. To provide an example of how this equates in practice, the following is a comparison between the SERVQUAL requirements of a 5 star hotel against lower rated hotel, such as the budget Travelodge hotel chain (figure 5).

Figure 5 SERVQUAL comparisons

SERVQUAL criterion	5-star hotel	Travelodge
Tangibility	20%	20%
Reliability	20%	30%
Responsiveness	20%	15%
Assurance	20%	25%

Empathy	20%	10%
Total	100%	100%

It is apparent from the above comparison that the 5-star establishment requires their quality of service to be more balanced, in other words no one area of their product should be delivering a lower quality of service than any other. However, with the budget chain, which operates on a low cost strategy that eliminates much of the human resources and food elements, these specific areas are shown to have less importance to the business, but need to be compensated by increased levels of satisfaction in other areas of quality if the business is to remain successful.

4. 3 Findings

What is immediately apparent from the analysis of the two quality assurance systems identified above as being used within the hotel sector is their compatibility. This not only applies to the systems per se, but also to the measurement of the results. In both cases an upscale hotel would need to achieve a balanced score with high ratings in all of the quality determinants if it is to maintain its market position and be perceived by the potential customer as a quality (5 star) hotel. Conversely, the lower quality hotels pay less attention to those areas of the standards that are more directly related to the quality of service provided by their human resources, relying instead upon other elements to satisfy customer quality perception, such as low cost (Porter 2004).

Whilst it could therefore be stated in simple terms that quality assurance is related to the price being paid for the product, what research such as that conducted by Shahin (2006), Ziethaml et al (1990) and Holbrook (1999), and the fact that all hotels, irrespective of their standards, operate quality assurance systems, shows is that price is simply one element required to fulfill customer satisfaction needs.

Whatever price is being charged for the hotel product the customer will still weigh the experience received against the value they expect from the product enjoyed at that price (Zeithaml 1988 and Parasuraman et at 1994). A customer who decides to spend a greater amount of his or her disposable income on arranging to stay in a 5-star hotel will have a much greater value expectation than one who chooses a budget hotel stay. The former will expect the service quality to exist in all aspects of the hotel product. This includes the décor and the ambiance of the environment, the facilities that are being offered, including meals and room service, and the performance of the hotel's human resources. If these quality expectations are not met that customer will perceive that they have not received value for money and therefore will view the experience as less than satisfactory. Therefore, they will be unlikely to promote the hotel in a positive manner to others or re-use it.

5 Conclusion

It is apparent that in the case of an upscale or5-star hotel the combination of the industry " Star Rating" and " SERVQUAL" quality assurance systems will have a significant impact upon their service quality and the level of customer satisfaction achieved from using the product.

In terms of the " Star Rating" system, the higher the star rating the greater the expectation of the customer in terms of their perception of the quality that will be found in this establishment. Therefore, the five star establishments are likely to attract customers who wish to avail themselves of the higher quality experience.

With regard to the external " SERVQUAL" system of measurement, because these are results from customer experiences, the greater the levels of quality achieved in the areas measured, the more likely it is that customers will be retained and act as recommenders to other potential customers.

In both cases therefore, it can be concluded that the quality assurance system is designed to achieve competitive advantage by attracting additional market share, thus improving the hotel's revenue and profitability levels.

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