

Analysing Service Quality at Budget Hotels of Nagpur, Maharashtra Using SERVQUAL Model

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Abstract

This research aimed to evaluate the service quality of budget hotels located in the city of Nagpur, Maharashtra. The study specifically focused on budget accommodations within the Nagpur region, which the Maharashtra Tourism Development Corporation, the state's principal tourism development agency, has designated as an administrative area. Hotels were chosen based on their location within this region and their proximity to popular tourist destinations. The study's population comprised 20 budget hotels in Nagpur, from which a sample of 07 guests (from each budget hotel), all of whom had used the services of a budget hotel, was selected to assess service quality using the five dimensions of the SERVQUAL model. A questionnaire containing 22 attributes derived from the SERVQUAL dimensions was developed and distributed to these guests to gather information about their expectations before and their perceptions after their stay at a Nagpur budget hotel. Subsequently, the collected data was analyzed using the SERVQUAL methodology to pinpoint any existing service quality gaps.

Keywords: Budget Hotel, Guest Experience, Service Quality, SERVQUAL

INTRODUCTION

Over the years, considerable attention has been directed by both academic scholars and industry professionals towards measuring quality within the manufacturing sector. However, the necessity of effectively managing service quality has grown substantially, driven by the increasing demand for enhanced guest service (Wu et al., 2012). Consequently, there has been a rise in research investigations focusing on service quality across various global regions (Gummesson, 1991). Given the inherent complexity of defining service quality, ongoing discussions persist regarding the optimal approaches

to conceptualize and quantify it. The development of service quality metrics that are specific to particular industries and countries remains a crucial need (Karatepe et al., 2005; Crick & Spencer, 2011). Today's hospitality guests demand more sophisticated services (Anwar, 2017). Before implementing management strategies aimed at improving service quality, it is essential to understand the presence of guests and the level of experience and satisfaction they anticipate. In essence, a satisfied guest is one for whom the service received aligns with their expectations. However, meeting guest expectations presents a significant challenge within the hospitality industry. Kotler and Armstrong (2001) highlighted that a successful modern guest-oriented approach is now a prerequisite in the hospitality sector. Maharashtra possesses a substantial number of small and medium-sized enterprises that, while unable to afford premium hotel accommodations for their employees, are still willing to pay for rooms in budget hotels. This has contributed to the expansion of the budget segment within the hospitality industry, targeting primarily mid-level business travelers. The hotel industry has recognized the potential of this market and is actively pursuing growth in this area. Economic progress and the significant expansion of trading activities in India have led to increased travel among individuals involved in trade. Specifically, business professionals working in small and medium-sized businesses frequently need to travel and are consistently on the move for work-related purposes (Sunday Business, 2009). To accommodate this trend, numerous hotels, though often small in scale, have emerged adhering to a "no frills" philosophy while offering the ambiance and comfort comparable to star-rated hotels at a considerably lower cost. Considering

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India's expanding middle class, comprising 80 million families, budget hotels now represent a largely untapped market with significant potential demand.

REVIEW OF THE LITERATURE

Within the hotel sector, guest loyalty, enhanced guest experience, improved brand image, cost efficiencies, and better overall business performance can stem from service quality, considering both guest expectations and perceptions (Choi & Chu, 2001; Ramanathan & Ramanathan, 2011). Consequently, enhancing service quality stands as a critical factor influencing the success of hotel business performance, proving essential for generating financial gains and establishing a sustainable competitive advantage for the hotel in the long run (Zhang et al., 2011). However, some research suggests potential issues with the fundamental concepts and empirical evaluations of service quality (Badri et al., 2005; Jabnoun & Khalifa, 2005; Landrum et al., 2007). Unlike the quality of tangible goods, the quality of services lacks objective measurability (Zeithaml et al., 1990; Crick & Spencer, 2011). This arises from the possibility that service quality frameworks developed for a specific culture or industry may not be directly applicable in a different context (Mattila, 1999; Hsieh & Tsai, 2009; Salaza et al., 2010). In other words, the interpretation of service quality is likely to vary based on differences across countries and industries. Additional factors contributing to the challenge of defining and measuring service quality in the hotel industry include ambiguous standards, short distribution channels, the importance of reliability and consistency, direct interpersonal interactions, and fluctuating demand (Akibaba, 2005; Sohrabi et al., 2012). According to Anwar (2016), "A person's feeling of pleasure or disappointment resulting from comparing a product's perceived performance or outcome about his or her expectation."

Maharashtra holds a significant position as one of the most important states in the western part of India, boasting six UNESCO World Heritage Sites, hill stations, water reservoirs surrounded by semi-evergreen forests, numerous wildlife sanctuaries, natural parks, and more (MTDC, 2020). Notably, Maharashtra ranks as India's second top state in terms of foreign tourist arrivals (FTA), recording 1.5 million such arrivals in 2022 (India Tourism Statistics at a Glance - 2023). As a result, Maharashtra experiences a substantial influx of

both domestic and international tourists throughout the year. With the increasing popularity of budget hotels in the tourism and hospitality sector, travelers now have a wider range of accommodation choices (Abukhalifeh & Chandran, 2020). By definition, a budget hotel is a basic lodging establishment that offers guests affordable accommodation and meals (Zieliska & Bak, 2020). The primary objective of budget hotels is to attract the maximum number of tourists while operating on minimal profit margins, all while maintaining a high occupancy rate (Ruetz & Marvel, 2011). The core concept of a budget hotel is to provide guests with clean rooms, a pleasant atmosphere, adequate safety, and essential amenities for a budget-friendly stay (Tourism Finance Corporation of India Limited, New Delhi, 2007). Within Maharashtra, Pune, Mumbai, and Nagpur stand out as significant and developed cities. Over the past two and a half decades, these cities, particularly Pune and Nagpur, have witnessed substantial transformation. Nagpur, the most populous district in Maharashtra, located in the Vidarbha region, is widely recognized as the state's winter capital and is also known as Orange City due to its abundant orange production (Kandpal, 2018). Historically, Nagpur was under the rule of the Mauryan, Shunga, and Satavahana dynasties from the fourth century BCE to the second and third centuries CE. Numerous structural stone temples, including the Kalika Devi temple at Katol, the Karpura and fort at Ramtek, the trigarbha (triple shrine) temple, and sculptures of Vishnu and Mahalakshmi of Parseoni, have been constructed throughout its history (Billimoria, R., 2022). The Nagpur district possesses considerable wealth in minerals, fossils, plant life, and fauna. The city of Nagpur is home to Deekshabhoomi, a prominent Buddhist pilgrimage site, and is also considered the commercial and political hub of the Vidarbha region (MTDC, DoT, 2025).

Drawing upon this model, Parasuraman et al. (1985) developed the SERVQUAL scale. Initially featuring ten dimensions of desirable service attributes, the SERVQUAL scale was subsequently refined in 1988, consolidating these into five core dimensions: responsiveness, reliability, tangibles, assurance, and empathy. However, researchers applying SERVQUAL across various industries found it necessary to remove or add specific items to tailor the scale to the unique characteristics of different service contexts (Van Dyke et al., 1997). In the development of hotel quality measurement, these five SERVQUAL dimensions were

utilized to uncover any potential additional dimensions, particularly those specific to the hospitality industry. These dimensions are defined as follows:

- *Responsiveness*: The capacity to help guests and deliver prompt service.
- *Reliability*: The ability to provide the promised service dependably and accurately.
- *Tangibles*: The physical appearance of facilities, equipment, personnel, and communication materials.
- *Assurance*: The knowledge and politeness of the hotel staff, along with their ability to inspire trust and confidence in guests.
- *Empathy*: Understanding guests on an individual basis, giving them attention, and relating to them personally.

The SERVQUAL scale assigns two scores for each dimension: one reflecting guest expectations (E) and other indicating guest perceptions (P) of the service providers' performance. Guest expectations represent "wants or desires of the guest" (Miller, 1977), or what they believe providers ought to offer, and can also be predictions of future service encounters. These expectations are formed before the service is utilized. In contrast, guest perceptions are measured directly during and after their experience with the service, revealing their evaluations of what they received from the service (Abdulla et al., 2017).

According to Parasuraman and his colleagues, the difference between these two scores represents service quality (Q), as expressed by the following equation:

$$Q = P - E$$

The key to enhancing service quality lies in increasing this gap score to a positive value. A negative value for this gap score signifies guest dissatisfaction. Guest feedback is used to calculate this score. Given that each dimension contributes differently to overall service quality, each must be appropriately weighted when calculating the overall service quality score.

Statement of the Problem

Budget hotels face several challenges, including a scarcity of qualified personnel, issues with the hotel environment, insufficient training resources, and a limited capacity to

meet the needs of tourists (guests) staying at the hotel (Mastura & Siti, 2011).

Following a review of existing literature and the researcher's own observations of budget hotels in Nagpur, Maharashtra, it can be inferred that the role of budget hotels in tourism development is often overlooked by state tourism planners and governmental bodies alike. The researcher noted a significant opportunity and necessity for enhancing service quality within budget hotels, as their employees often lack adequate training and skills. The demand for budget hotel rooms has gained increasing importance, particularly as the country focuses on domestic tourism and an emerging global trend of youth travellers.

The research gap was identified after a thorough examination of the literature, which revealed a lack of extensive research in the area of service quality within budget hotels. Furthermore, no literature specifically addressing budget hotels in the state of Maharashtra was found. Consequently, the researcher identified a significant research gap concerning the evaluation of budget hotels and guest experience in the city of Nagpur, Maharashtra, through a perception study of guests utilizing the SERVQUAL method.

Objective

The objective of this research is to analyze guest experiences within the budget hotels of Nagpur, Maharashtra, through the application of the SERVQUAL Model.

Hypothesis

It is hypothesized that the service quality of budget hotels in Nagpur, Maharashtra, is not satisfactory from the perspective of guest experience, consequently leading to guest dissatisfaction with the services provided by these hotels.

METHODOLOGY

This study employed both primary and secondary data collection methods. Following a comprehensive review of

the existing literature, a questionnaire comprising 22 key attributes was developed. This questionnaire incorporated core aspects of hotel services and their service quality, based on the five primary dimensions of the SERVQUAL model, to capture guest experiences. Subsequently, the questionnaire was distributed through a survey conducted across 20 budget hotels located in Nagpur, Maharashtra, and its surrounding popular tourist areas. Budget hotels with a single room tariff ranging between ₹1000 and ₹2000 were categorized as budget and mid-range hotels for the purpose of this study. A convenience sample of 07

guests was selected from each of the 20 chosen hotels, resulting in a total of 140 guest respondents. These guests were asked to complete the questionnaire to determine the service quality gap and their overall experience.

Analysis

The collected data was then analyzed by calculating the weighted mean of guest perceptions and expectations. Following this, the SERVQUAL method was applied to identify any existing service quality gaps.

Nagpur

Sr. No.	SERVQUAL Dimensions	Wt. Mean of Guest Expectation (Before Stay)	Wt. Mean of Guest Perception (After Stay)	Servqual Gap (Q=P-E)
1	Reliability	4.08	3.77	-0.31
2	Assurance	3.92	3.61	-0.31
3	Tangibles	3.9	3.59	-0.31
4	Empathy	3.77	3.43	-0.34
5	Responsiveness	3.8	3.49	-0.31
Total		3.89	3.58	-0.31

Source: Guest survey.

RESULTS AND DISCUSSION

The discrepancies observed between guest expectations and perceptions reflect the service quality of the hotels from the guests' viewpoint. A positive gap (+) signifies commendable service quality, indicating that the hotel provides services exceeding guest expectations. Conversely, a negative gap (-) suggests poor service quality, with the hotel delivering services below expectations. A zero gap (0) implies that the hotel's service quality adequately meets the guests' needs. The findings of this study reveal a very minor negative gap of -0.31.

This result indicates that, overall, the service quality of hotels in Nagpur, Maharashtra, was perceived as good, with the hotels generally providing services that surpassed guest expectations, thereby contributing to a positive guest experience.

CONCLUSION

This study contributes to a more profound understanding of guest experiences within the budget hotel sector

of Nagpur, Maharashtra, particularly the relationship between service quality experiences and guest perceptions. The analysis conducted reveals no significant disparity between guest satisfaction and the service quality of Nagpur's budget hotels, with only a very slight difference identified. In conclusion, this research suggests that the service quality of budget hotels in Nagpur, Maharashtra, was generally good, and that these hotels often delivered services that went beyond guest expectations, ultimately enhancing guest satisfaction.

SUGGESTIONS

Staff Training and Development

- *Effective Guest Services:* Implement rigorous training programs for hotel staff to enhance their skills in guest handling, guest interaction, complaint resolution, and communication.
- *Collaboration with Academia:* Encourage hotel staff to participate in relevant academic workshops and seminars, offering certifications to upgrade their expertise in areas such as tourism and hospitality.

Room Amenities

- *Smart Rooms*: Budget hotels should increasingly focus on incorporating smart amenities into their rooms. This could include integrating current technologies like voice assistants for controlling in-room electronics such as lights, fans, and temperature.
- *Sustainable Planning*: Adopt eco-friendly practices by using sustainable amenities like toiletries and implementing water conservation measures, such as setting a limit on daily water usage per room.
- *Room Comfort*: Ensure that all room amenities contributing to a comfortable guest stay, such as the bed, pillows, hair dryer, and tea maker, are well-maintained and readily available to guests.

Tour Packages Facilities for In-House Guests

Budget hotels should explore innovative approaches from a tourism perspective by offering local sightseeing package tours specifically for their in-house guests. This strategy has the potential to increase the hotel's revenue, generate additional income streams, and create employment opportunities.

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