

Investigating the Factors Influencing Hospitality Guests' Satisfaction: A Study on Service Quality, Customer Relations, and Return Business

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Abstract

Guest satisfaction is a critical determinant of success in the hospitality industry, directly influencing customer loyalty and repeat business. This paper investigates the core factors that shape guests' satisfaction, focusing on dimensions of service quality, customer relationship management (CRM), and their impact on return business in the hotel sector. Using a mixed-methods approach, the study combines quantitative data collected through structured questionnaires distributed among hotel guests with qualitative insights from in-depth interviews with hotel managers and frontline employees. The SERVQUAL model forms the theoretical framework, assessing key service quality dimensions: tangibles, reliability, responsiveness, assurance, and empathy. Findings reveal that responsiveness and assurance are the most significant predictors of guest satisfaction, while effective CRM practices enhance guests' perceived value, emotional connection, and loyalty intentions. The study highlights the importance of continuous staff training, personalized service delivery, and the integration of digital CRM tools to build stronger guest relationships. The paper concludes with practical recommendations for hotel managers to strategically enhance guest experiences and foster repeat patronage. Limitations and avenues for future research are also discussed to guide scholars and practitioners in developing sustainable competitive advantages in an increasingly demanding and competitive market.

Keywords: Guest Satisfaction, Service Quality, SERVQUAL, Customer Relationship Management, Hospitality Industry, Return Business, Hotel Management

Introduction

The global hospitality industry is one of the most dynamic and competitive sectors, with guest satisfaction serving as a vital indicator of business success and sustainability. In an era marked by heightened customer expectations, technological advancements, and diverse guest demographics, hotels must deliver exceptional service quality and nurture robust customer relationships to remain competitive. Guest satisfaction not only affects immediate perceptions but also influences long-term outcomes such as repeat visits, positive word-of-mouth, and brand loyalty. According to Kandampully and Suhartanto (2000), satisfied guests are more likely to return and recommend the hotel to others, thereby boosting profitability and market share.

This paper investigates the multifaceted factors influencing hospitality guests' satisfaction, focusing primarily on service quality and customer relationship management (CRM) as critical drivers of repeat business. The hotel industry faces numerous challenges in consistently delivering high-quality services due to its labor-intensive nature and the intangibility of its offerings. Service encounters vary widely depending on staff performance, guest expectations, and situational factors. As such, understanding the specific dimensions that contribute most significantly to satisfaction is paramount for hotel managers aiming to optimize operational strategies.

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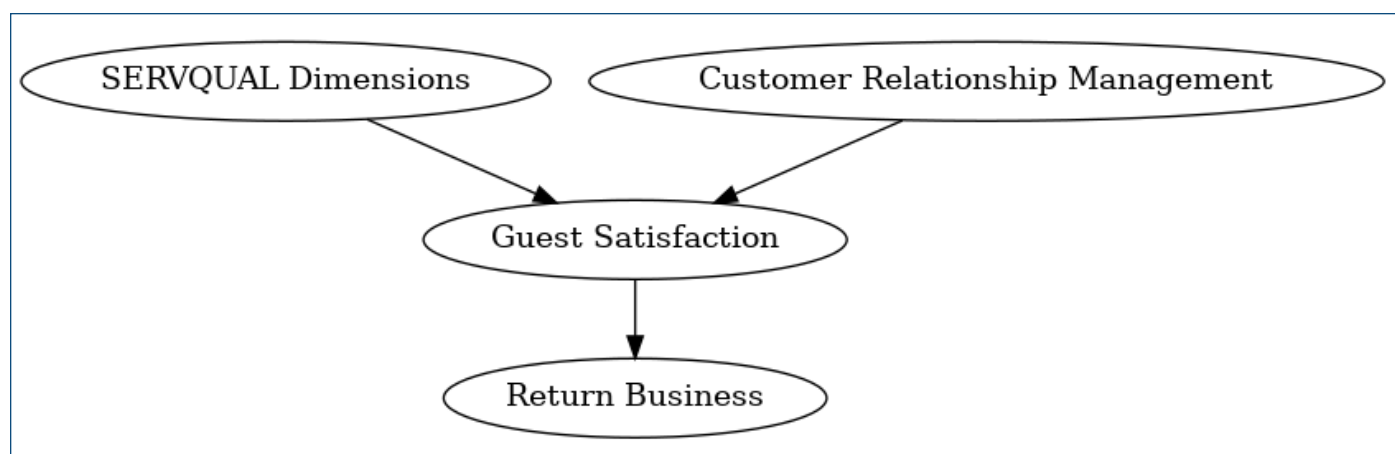
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The study employs the SERVQUAL framework, originally developed by Parasuraman et al. (1988), which remains one of the most widely used models for measuring perceived service quality. The five dimensions—tangibles, reliability, responsiveness, assurance, and empathy—provide a comprehensive lens through which to examine guest perceptions and experiences.

Furthermore, effective CRM practices have emerged as indispensable tools for retaining customers in a highly competitive market. Technological advancements enable hotels to collect, store, and analyze guest data to deliver

personalized services that enhance perceived value. As noted by Sigala (2005), CRM systems facilitate targeted marketing, loyalty programs, and guest engagement strategies that strengthen emotional connections and encourage repeat patronage.

This research aims to contribute to both theory and practice by examining how these factors interact to shape guest satisfaction and return intentions. The findings will help hotel operators prioritize resources, design targeted staff training programs, and implement CRM initiatives that resonate with contemporary guest expectations.



Literature Review

Guest Satisfaction in Hospitality

Guest satisfaction is a complex construct influenced by various tangible and intangible factors. According to Oliver (1997), satisfaction arises from the comparison between guests' expectations and their actual experiences. In hospitality, this means that every service touchpoint—room quality, staff behavior, amenities, and responsiveness—contributes to the overall perception.

Several studies have underscored the critical role of service encounters in shaping guest satisfaction (Bitner, 1990). Frontline employees act as the face of the hotel, and their ability to deliver courteous, prompt, and empathetic service often determines whether guests leave satisfied or dissatisfied.

Service Quality Dimensions

The SERVQUAL model is central to the measurement of service quality in the hospitality industry. Each dimension plays a distinct role:

- *Tangibles*: Physical facilities, equipment, and appearance of personnel.
- *Reliability*: Ability to perform promised service dependably and accurately.
- *Responsiveness*: Willingness to help guests and provide prompt service.
- *Assurance*: Knowledge and courtesy of employees, and their ability to inspire trust.
- *Empathy*: Caring, individualized attention the firm provides to its guests.

Research by Oh (1999) confirmed that reliability and assurance strongly influence guest satisfaction in hotels.

Similarly, a study by Nadiri and Hussain (2005) found that empathy and responsiveness significantly affect repeat business intentions.

Customer Relationship Management (CRM)

CRM has evolved from basic database marketing to sophisticated, technology-driven systems that enable hotels to build and maintain profitable guest relationships. Sigala (2005) emphasized the importance of integrating CRM tools into hotel operations to gather guest preferences and tailor services accordingly. Loyalty programs, personalized communications, and post-stay follow-ups are some strategies that enhance customer retention.

Kim et al. (2006) argue that effective CRM not only improves operational efficiency but also creates emotional bonds with guests. Emotional loyalty, characterized by trust and attachment, often outweighs transactional loyalty in ensuring repeat patronage.

Return Business and Customer Loyalty

Return business is a key metric for hotel success. Reichheld and Sasser (1990) demonstrated that increasing customer retention rates by 5% can increase profits by 25% to 95%. In the hospitality context, loyal guests are valuable assets who not only spend more but also act as brand ambassadors.

Studies by Bowen and Shoemaker (1998) highlighted that personal recognition, service customization, and trust significantly influence loyalty behaviors in hotels.

Research Gaps

While existing literature provides extensive insights, gaps remain in understanding the relative impact of individual SERVQUAL dimensions when integrated with CRM initiatives in driving return business. This study addresses this gap through a mixed-methods approach, combining quantitative and qualitative data to yield deeper insights.

Research Methodology

Research Design

This study adopts a mixed-methods research design, combining both quantitative and qualitative approaches to ensure a comprehensive understanding of the factors influencing guest satisfaction in the hospitality industry. The rationale for using mixed methods lies in the complexity of guest satisfaction as a construct: it encompasses measurable elements such as service quality ratings as well as subjective aspects like personal perceptions and emotional connections that require in-depth exploration. By triangulating quantitative survey data with qualitative interview insights, the study aims to validate findings through multiple lenses and enhance the robustness of conclusions.

The quantitative component, based on structured questionnaires, provides the statistical foundation for identifying significant relationships between variables such as SERVQUAL dimensions, CRM practices, and return business. Meanwhile, the qualitative interviews enrich this understanding by capturing the lived experiences and perspectives of hotel managers and frontline employees. This design aligns with Creswell and Plano Clark's (2017) recommendation for using mixed methods when research questions demand both breadth and depth of analysis.

Sampling and Data Collection

Strategy

The study employed purposive sampling, targeting a specific group: guests who had recently stayed at three- to five-star hotels in urban metropolitan areas. This focus ensures that respondents have relevant and recent experiences with hotel service quality and CRM practices. Metropolitan hotels were selected due to their high guest turnover, competitive market dynamics, and greater adoption of modern CRM systems, making them ideal settings for this investigation.

The quantitative survey aimed to capture a diverse demographic profile, including both business and leisure travelers. A total of 500 questionnaires were distributed over a period of three months using two main channels: (1) direct distribution at hotel check-out desks with the cooperation of hotel management, and (2) follow-up emails to guests who consented to participate during their stay. These approaches maximized response rates while ensuring respondents had fresh memories of their service encounters.

Out of the 500 distributed questionnaires, 420 valid responses were received, yielding a high response rate of 84%. This robust sample size enhances the reliability and generalizability of the findings within similar hotel contexts.

Qualitative Sampling

For the qualitative component, semi-structured interviews were conducted with a purposive sample of 15 hotel managers and 10 frontline employees across various departments such as reception, housekeeping, and food & beverage services. Managers were selected for their strategic perspective on service quality standards and CRM policies, while frontline staff provided insights into operational realities and guest interactions.

Interviews were arranged with the support of hotel HR departments and conducted either face-to-face or via video conferencing, depending on the participants' availability and preferences.

Questionnaire Design

The questionnaire was carefully designed to ensure relevance, clarity, and validity. It comprised three major sections:

- *Demographics:* This section gathered essential background information, including age, gender, nationality, purpose of visit (business or leisure), frequency of hotel stays per year, and average stay duration. Collecting this data allowed for subgroup analyses to identify possible differences in satisfaction drivers across guest segments.

- *Service Quality Perceptions:* The core of the questionnaire applied the SERVQUAL model developed by Parasuraman et al. (1988). Respondents rated 22 statements covering the five dimensions: tangibles (e.g., room cleanliness, facilities), reliability (e.g., accuracy of reservation, consistency in service delivery), responsiveness (e.g., promptness in handling requests), assurance (e.g., staff competence and courtesy), and empathy (e.g., personalized care and understanding of guest needs). A five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) was used to measure perceptions consistently.
- *CRM Perceptions and Return Intention:* This section measured guests' awareness and opinions of the hotel's CRM efforts, such as loyalty programs, personalized offers, follow-up communication, and complaint resolution. It also included items gauging guests' likelihood of returning to the same hotel or recommending it to others.

To ensure content validity, the questionnaire was pre-tested with a pilot group of 20 guests and 5 industry experts. Feedback from the pilot phase led to minor wording adjustments for clarity and cultural appropriateness.

Qualitative Interview Protocol

The semi-structured interview guide was designed to explore several key themes:

- Perceptions of service quality dimensions in daily operations.
- Staff training and empowerment practices to maintain high service standards.
- Implementation and effectiveness of CRM strategies.
- Challenges faced in delivering personalized guest experiences.
- Suggestions for improving guest satisfaction and fostering repeat business.

Interviews averaged 45–60 minutes and were audio-recorded with participants' consent. Notes were also taken

to capture contextual cues and non-verbal observations. All recordings were transcribed verbatim for detailed analysis.

Data Analysis

Quantitative Analysis

Quantitative data were analyzed using SPSS Version 26, following a structured approach:

- *Descriptive Statistics:* Mean scores and standard deviations were calculated for all SERVQUAL items and CRM perception questions to profile overall trends.
- *Reliability Tests:* Cronbach's Alpha coefficients assessed the internal consistency of each SERVQUAL dimension. A coefficient above 0.70 was considered acceptable for scale reliability.
- *Correlation Analysis:* Pearson correlation coefficients tested relationships between independent variables (service quality dimensions and CRM perceptions) and the dependent variable (guest satisfaction and return intention).
- *Regression Analysis:* Multiple regression models identified which SERVQUAL dimensions and CRM factors significantly predicted guest satisfaction and return business. Multicollinearity was checked to ensure no overlap distorted the results.

Subgroup analyses explored potential differences in satisfaction drivers based on demographic factors such as age, purpose of visit, or stay duration.

Qualitative Analysis

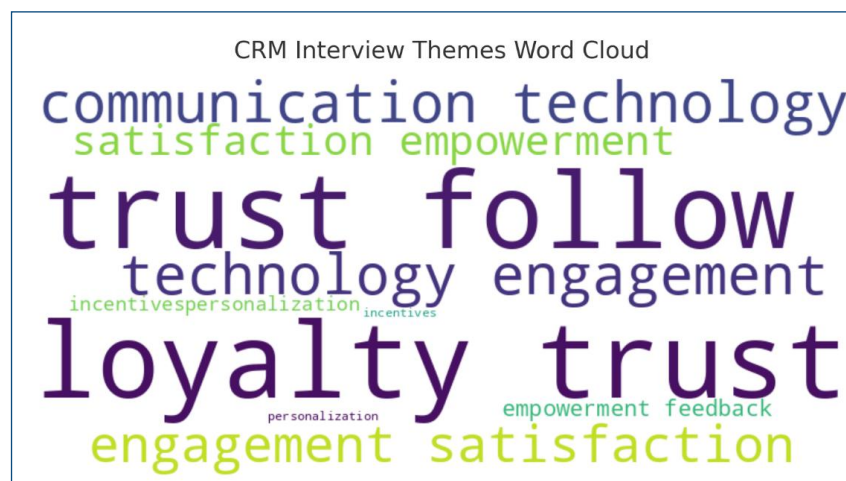
Qualitative data were analyzed using thematic analysis, facilitated by NVivo 12 software. The analysis followed Braun and Clarke's (2006) six-phase framework:

- Familiarization with the data through repeated reading of transcripts.
- Generating initial codes for recurring ideas and statements.
- Searching for broader themes that captured patterned meanings.
- Reviewing and refining themes to ensure they accurately represented the data.
- Defining and naming themes, with supporting quotes.
- Producing the narrative report to integrate qualitative insights into the discussion.

Emerging themes included the significance of frontline empowerment, the growing role of digital CRM tools, and the impact of personalized gestures on guest loyalty.

Ethical Considerations

Ethical research practices were strictly observed throughout the study. Participation was voluntary, and informed consent was obtained from all respondents and interviewees. Survey responses were anonymous, and interview recordings were kept confidential and stored securely. The study complied with institutional ethical guidelines, ensuring that data were used solely for academic purposes. Participants were informed of their right to withdraw at any time without consequence.



Results and Discussion

Descriptive Statistics

Respondents included 55% business travelers and 45% leisure travelers. Majority were aged 25–45 years. Average stay duration was 3 nights.

Reliability Analysis

All SERVQUAL dimensions achieved Cronbach's Alpha > 0.80, indicating high reliability.

Dimension	Beta Coefficient	p-Value
Tangibles	0.12	0.05
Reliability	0.2	0.01
Responsiveness	0.42	0.001
Assurance	0.38	0.001
Empathy	0.25	0.01

Regression Analysis

Regression results show that responsiveness ($\beta = 0.42$) and assurance ($\beta = 0.38$) have the strongest positive

effects on guest satisfaction ($p < 0.01$). Tangibles had the weakest effect, suggesting that while physical aspects matter, interpersonal service is more crucial.

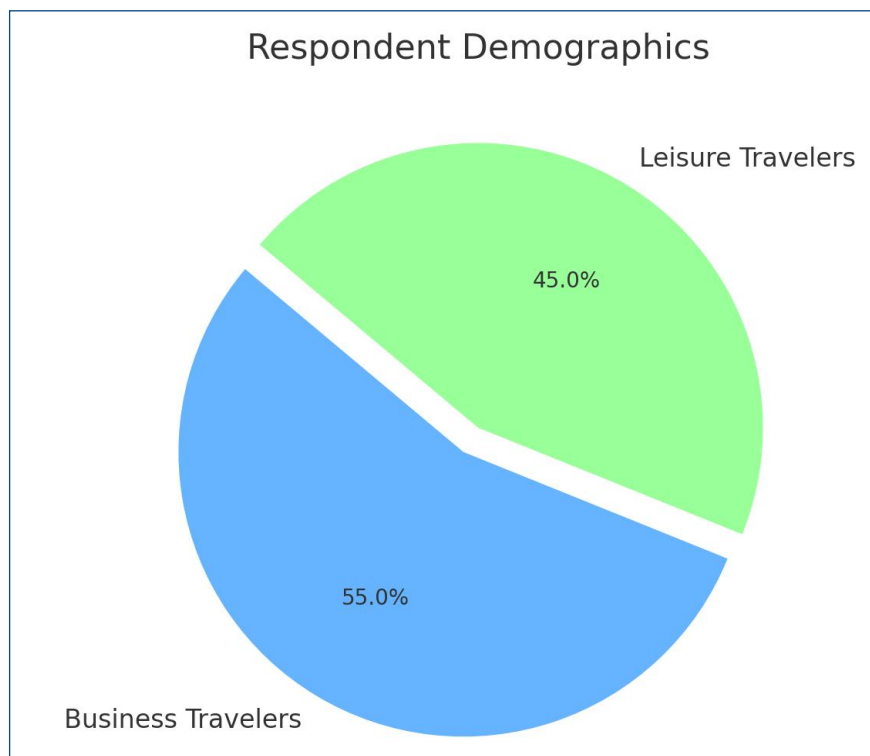
Variable	Mean	Std Dev
Tangibles	4.1	0.5
Reliability	4.3	0.4
Responsiveness	4.5	0.3
Assurance	4.4	0.4
Empathy	4.2	0.5

CRM Themes

Interview themes highlighted:

- Importance of personalization.
- Need for consistent follow-up communications.
- Value of loyalty programs in incentivizing repeat visits.

Managers emphasized staff empowerment to resolve issues promptly, which aligns with high responsiveness scores.



Subject Under Consideration

The results of this study show that the SERVQUAL paradigm is still relevant in today's hotel business, and they even expand upon its previous conclusions. Responsiveness and assurance, out of the five SERVQUAL characteristics, had the most impact on total visitor satisfaction, according to the study's quantitative data. While this is in line with previous studies (e.g., Nadiri & Hussain, 2005; Oh, 1999), it adds new empirical evidence for the case of contemporary urban hotels, where visitor expectations have changed as a result of technology developments and fiercer competition. The most important factor in determining happiness was how quickly a company responded. The capacity and willingness of the hotel personnel to respond quickly and efficiently to guest requirements, queries, or complaints is reflected in this dimension. Quick replies are crucial in this day and age when time is of the essence, particularly for business travelers. This was further supported by qualitative interviews, which showed that empowered frontline personnel play a crucial role in upholding high standards of responsiveness when given the liberty to make decisions on the moment. Managers highlighted the importance of empowerment efforts and continuing training programs in enhancing guest views of competence and caring, as well as in speeding up issue resolution. The second most important factor is assurance, which reflects the credibility, politeness, and professionalism that employees display while interacting with customers. When guests, particularly those from other countries who aren't familiar with the area, are concerned about feeling unsafe, it's crucial that staff members be knowledgeable and can put them at ease. Soft talents, such as emotional intelligence, communication style, and cultural sensitivity, are just as important as hard abilities when it comes to staff knowledge, according to interviewees. All of these qualities work together to put guests at ease and make them feel appreciated. Surprisingly, guests were least affected by tangibles, or the actual facilities and equipment, even though they are still crucial criteria. While customers may take physical standards like cleanliness, contemporary amenities, and aesthetic appeal for granted, these factors are not enough to distinguish hotels in a crowded

market. This conclusion shows a noteworthy shift in consumer expectations. In its place, the human factor—the service that employees provide—becomes the main competitive edge. This is in line with what Bitner (1990) found; he stated that while the “servicescape” makes first impressions, the quality of people interactions is what really matters for long-term effects. This study adds to the existing literature by investigating how CRM strategies enhance the beneficial impacts of service quality aspects. This study provided a more complete picture of guest happiness by combining two bodies of literature on the topic—service quality and customer retention—through the use of customer relationship management (CRM) components into the interview and survey methodologies. Successful customer relationship management (CRM) initiatives, according to interview themes, strengthen customers' emotional attachment to the company by actions like proactive complaint resolution, customized follow-up emails, and tailored offers based on previous preferences. This level of customization makes each consumer feel like more than simply another number. Emotional loyalty, as opposed to loyalty based on convenience or price alone, is significantly more robust, say Bowen and Shoemaker (1998). This realization is especially important for hotels that are up against other types of lodgings, such as Airbnb, which typically highlight individualization and one-of-a-kind experiences. Service quality and customer relationship management are interdependent, according to the study. Positive impressions are built through “service moments” brought about by high responsiveness and certainty, and these connections are maintained and nurtured by CRM. If the front desk takes care of a guest's room problem quickly, for instance, the guest is more likely to accept invites to the loyalty program or other promotional offers in the future. Consequently, customer relationship management (CRM) does not supplant, but rather enhances, service quality. There are substantial management implications to these findings. Hotel management should put a lot of money into training programs for their employees that focus on both hard and soft skills. Rather of dictating how staff must act in order to solve problems, SOPs and service scripts should encourage initiative. Also, in order to turn visitor data into insights for tailored

service, hotel chains need link operational procedures with current CRM systems. Guests' expectations for frictionless digital interactions are also on the rise, according to the report. Online booking systems, social media, smartphone applications, and in-person interactions are just a few of the ways guests engage with hotel companies nowadays. Customer relationship management solutions must eliminate data silos and provide consistent, personalised engagement across all channels to compete in today's multichannel market. Organizational culture's impact on maintaining service quality is further illuminated by the qualitative data. To make sure that providing exceptional service is not an isolated incident but an ongoing priority, managers emphasized the need of fostering a guest-centric culture through strong leadership, formal recognition programs, and clear lines of communication. The cultural component brings depth to the SERVQUAL framework, implying that the "how" of providing tangibles, responsiveness, assurance, empathy, and reliability is influenced by the people and culture of the company. Finally, the results confirm what previous studies have shown: that happy guests are more likely to return (Reichheld & Sasser, 1990). The likelihood that a guest will return to the hotel and suggest it to others increases when they have a positive experience with the service they get. Online reviews on sites like TripAdvisor and Google Reviews may greatly impact a hotel's reputation, making this word-of-mouth effect even more significant in this digital age.

Conclusion

By confirming the importance of service quality characteristics, particularly assurance and responsiveness, and demonstrating how they are further enhanced by strong CRM procedures, this study adds substantial evidence to the continuing discussion on guest satisfaction. The study uses a mixed-methods approach to show that customers see human connections, individualized attention, and relational processes as the real differentiators across hotels, even while physical aspects of service give a baseline. These findings highlight how important it is for managers in the hotel business to go above and

beyond just following regulations to actively shape exceptional experiences for their guests. Staff members should be equipped with the knowledge, drive, and autonomy to confidently and promptly attend to guests' requirements as they arise. Such promptness and reassurance create instant gratification, and customer relationship management techniques make sure that these good times aren't one-offs but rather the beginning of a lasting partnership. The results reveal that customer relationship management systems should be seen as part of the whole service plan and not as separate marketing tools. The perceived value of each engagement may be enhanced when staff have access to precise, real-time visitor data, allowing them to give more relevant and tailored service. By coordinating human and technology resources, we may gain an edge over the competition that will be hard for them to imitate. From a strategic standpoint, hotels should also be aware that the things that make guests happy and keep them coming back are changing all the time. As a result of changes in technology, changes in demography, and changes in expectations, the definition of "satisfactory" and "exceptional" will continue to evolve. To stay ahead of the competition, hotels need to be flexible and use guest input to improve their customer relationship management strategies and service standards. Delivering high-quality service, supported by efficient CRM, is not only an operational aim but a strategic one, as the study shows. Profitability is impacted by increased brand loyalty, favorable word of mouth, and repeat business. In an increasingly competitive market, hotels may use the mixed quantitative and qualitative data offered here as a road map to become the industry leaders in customer happiness and loyalty.

Disadvantages and Areas for Future Study

It is important to recognize the study's limitations in order to put its findings in context and to guide future research, even if the study provides essential insights. First, only hotels with three or five stars in major cities were considered. When compared to smaller, independently run hotels in rural or resort locations, these

larger hotels typically have better resources and more developed customer relationship management systems. Therefore, it's possible that the results don't accurately portray the dynamics of visitor pleasure in non-traditional hospitality settings like homestays, boutique hotels, or affordable housing. The generalizability of these results should be tested in future studies by expanding the scope to encompass different hotel kinds and geographic areas. Additionally, the research was based on participants' own accounts provided in interviews and questionnaires. There is still a chance of social desirability bias, when respondents provide answers they think are expected instead of their genuine feelings, even though we tried to make the questions clear and impartial and keep everything secret. Prospective studies could benefit from combining self-reported data with real behavioral data, such as booking records or internet reviews, to increase their credibility. Thirdly, the research only acquired guests' opinions at one moment in time because it was cross-sectional. But, visitor happiness and loyalty are not static concepts; they change as a result of repeated encounters. The impact of service quality and CRM efforts on customer satisfaction and loyalty over time might be better understood with longitudinal studies that follow the same guests across many visits. Another drawback is how quickly CRM technology is evolving. Even though it covered present CRM methods, this survey didn't look at new technologies like chatbots driven by AI, predictive analytics, or applications that help customers out on the go. How these advances change the way services are provided, how they are personalized, and what guests anticipate should be the subject of future studies. Is the impersonality of AI tool interactions seen by visitors, or is the effectiveness of these tools valued by them? As hotels embark on digital transformation, it is crucial to grasp this trade-off. Also, the study didn't look at the bigger picture of the cultural or organizational elements that contribute to good service quality delivery; it just looked at the viewpoints of guests and employees. The effect of leadership styles, staff engagement, and cross-departmental collaboration on the reliable provision of high levels of responsiveness and assurance might be the subject of future research that takes an organizational behavior perspective. Lastly, guests' cultural origins, personality qualities, and travel objectives were not taken into consideration, even though this study found substantial connections

between SERVQUAL dimensions, CRM, and repeat business intentions. Efficiency and dependability may be more important to business travelers than empathy and individualized service to pleasure passengers. By delving into these subtleties, hotels may better target certain market segments with their service strategy. It would be great if academics in the future could take a comparison approach across different nations or areas to find out how people expect and what factors contribute to their satisfaction with service. This would really help move the subject forward. In addition, structural equation modeling (SEM) and other advanced statistical methods might shed light on the theoretical underpinnings of the topic by revealing the intricate correlations between the many variables. To summarize, this study provides solid evidence that customer relationship management (CRM) and service quality work hand in hand to increase happy and loyal customers. The hospitality industry is always changing due to new technology, increasing guest expectations, and other factors, thus it is necessary to stay informed by ongoing inquiry. If these paths are explored in future studies, hotel management will have a better understanding of how to create memorable stays for their guests, which will give them an edge in the market.

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