

## Hospitality Net - Article

For more news visit: <http://www.hospitalitynet.org>

---

### Understanding Guest Satisfaction | By Patrik Hellstrand

30 November 2009

As the hospitality industry becomes more competitive, economic pressures increases and the industry continues to expand, there is an obvious need to retain clientele as well as increasing profitability. It is therefore unsurprising that hospitality management professionals strive to improve guest satisfaction, and short- and long-term revenues. The management professionals whom are striving for these results however often have limited understanding of research surrounding the paradigms of guest satisfaction, and the consequent effects it has on guest loyalty and financial performance. This article will discuss some of the driving theories of guest satisfaction.



#### Existing Research

Though over 15,000 trade and academic papers discussing guest satisfaction has been published since the 1960s (Ekinci et al., 2004, p. 189), one can note by researching that limited attention has been paid to the value perception and expectations guests have towards product delivery, and the effects price guests pay for an experience has on satisfaction and future spending. Furthermore Voss et al. argues that the role of pricing in relation to guest satisfaction has been largely ignored within the little research that does exist (Cited in Mattila et al., 2003, p. 328), which makes existing research less applicable as the price paradigm is often excluded. Considering that guest's expectations has gone up in the past 30 years within the hospitality industry, and continue to do so, does not make it any easier for management to understand what guests expect.

#### Loyalty Equals Better Performance

The reason why loyal guests are so important is: 1) because it costs three to five times as much to attract new guests than to retain existing ones; 2) because previous guests strongly influence others by word of mouth recommendation (Conlon et al., 2004, p. 434). Most hospitality professionals do understand the undisputed research on guest service which proves that: 1) Companies that have more satisfied guests experience higher guest loyalty; 2) Companies with higher guest loyalty, perform better financially compared to their competition. Kristiansen et al. (1992), Zeithaml et al. (1996), McColl-Kennedy and Schneider (2000) all found in studies conducted that satisfied guests are key to long-term business success (Cited in Gilbert et al., 2006, 298). This long-term success is based on guest loyalty and retention which consequentially results in future revenue (Ibid). Another theoretical and empirical study on guest satisfaction and performance (including repeat purchase intentions) suggest that satisfaction levels can be directly linked to financial performance (Gupta et al., p. 284, 2007). This is a fairly easy concept to grasp, but understanding guest satisfaction is not as easy.

#### Perception

The hospitality industry must charge guests different rates depending on demand to stay profitable, thus effective yield management is within the industry extremely important. Due to this, guests are likely to experience fluctuations in their value perception. This supposition is based on research by Zeithaml that argue amongst other things that value is low price (Cited in Petrick, 2004, p. 398). Due to the complexity of the guest experience, guests are likely to search for evidence of value and satisfaction from three distinct sources: 1) people; 2) process; 3) physical environment; or what has been dubbed as the servicescape (Mattila, 1999, p. 42). There are a number of theories surrounding the satisfaction and service paradigm of which five of them will be discussed in this article. These theories of interest are ones that relate to antecedents and decedents of satisfaction.

#### Servicescape

The 'servicescape' is a general and widely used term to describe the physical surroundings of a service environment (Reimer et al., 2005, p. 786) such as a hotel or cruise ship. The service offered is to some extent intangible which makes it very difficult for guests to gauge what is good and not so good about the services offered. Therefore, guests are sometimes unconsciously trying to obtain as much information as possible through experiences to decrease information asymmetries (Reimer et al., 2005, p. 786). This causes guests to look for quality signals or cues which would provide them with information about the service (Ibid), which leads us to 'cue utilization theory'.

#### Cue utilization theory

Cue utilization theory argues that products or services consist of several arrays of cues that serve as surrogate indicators of product or service quality (Reimer et al., 2005, p. 786). There are both intrinsic and extrinsic cues to help guests determine quality, where the intrinsic cues provide information on the physical attributes of the

product or service, whereas extrinsic cues are product related and provide information such as brand and price (Ibid). Consequentially, due to the limited tangibility of services within a hospitality environment, guests are often left to accept the price of the experience and the physical appearance or environment of the hotel or cruise ship itself as quality indicators.

### **Stimulus-organism-response theory**

One of the basic frameworks that help us understand how behavior is impacted by the physical environment is the stimulus-organism-response theory which in a hospitality environment states that the physical environment acts as a stimulus, guests are organisms that respond to stimulus, and the behavior directed towards the environment by guests is a direct response to the stimulus (Mattila, 1999, p. 42). It can be very difficult for guests to evaluate the service quality, as the experience as a whole can be somewhat overwhelming. To make the service-evaluation process simpler, guests turn to the physical environment, the hotel or cruise ship itself, to look for tangible evidence that indicate that either 'yes' this is a great hotel or cruise ship or 'no' this is not up to expectations (Mattila, 1999, 42). It is therefore important to understand that the physical environment can have a profound effect on guest satisfaction. One study also found that the satisfaction levels lodging guests had were influenced by several dimensions such as room cleanliness, room to be in working order, staff friendliness and attentiveness (Mattila et al., 2003, p. 330). It was also found that guests had a very low tolerance for any of these dimension to be far from their expectations (Ibid). It has been found that not only the quality of above mentioned services correlate to overall satisfaction, but also the room design and the physical property impact satisfaction levels (Mattila et al., 2003, p. 330).

### **Disconfirmation theory**

Moving along to theories on satisfaction, many researchers have argued what the definition of satisfaction really is, and many theories have been proposed. Amongst the most popular theories is the 'disconfirmation theory' which argues that "satisfaction is related to the size and direction of the disconfirmation experience that occurs as a result of comparing service performance against expectations" (Ekinci et al., 2004, p. 190). Szymanski and Henard found in their meta-analysis that the disconfirmation paradigm is the best predictor of customer satisfaction (Cited in Petrick, 2004, p. 398). Though many models exist such as the disconfirmation theory and other theories such as the performance-only approach, the technical and functional dichotomy approaches, the service quality versus service satisfaction approach and the attribute performance approach, it is agreed amongst all theories that satisfaction is a post-consumption evaluation by the guest (Gilbert et al., 2006, p. 299).

### **Fulfillment response**

Oliver offers an updated definition on the disconfirmation theory which states "Satisfaction is the guest's fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under- or over-fulfillment" (Cited in Ekinci et al., 2004, p. 190). Based on this definition it can be assumed that the fulfillment response is a positive feeling experienced by guests as pain reduction occurs when a problem is solved or alleviated (Ibid). Oliver however also argues that positive feelings can occur not only by the unexpected effects of over-fulfillment, but also by under-fulfillment which can occur when the damage or pain a problem causes is less than expected (Ibid). These definitions are very interesting as they point towards two ideas: "Firstly, satisfaction is the result of direct experiences with products or services; and secondly, it occurs by comparing this experience against a standard (e.g. expectations)" (Ekinci et al., 2004, p. 191). The major shortcoming of the disconfirmation theory should however be noted, which is that the model indicates that if one's expectations are decreased, satisfaction must inevitably increase (Petrick, 2004, p. 398).

### **Repurchase intentions**

Past research indicates that satisfaction is an excellent predictor of repurchase intentions (Petrick, 2004, p. 397). Anderson et al. (1994), Fornell (1992) and Yeung et al. (2000) also found through several empirical studies that satisfaction, and also quality, are key drivers in a company's financial performance (Cited in Matzler et al., 2006, p. 180). These findings point towards the importance for hospitality companies to fully understand and recognize what drives guest satisfaction and focus on the areas which are performing poorly and consequentially have a negative effect on guest satisfaction.

### **Evaluations**

When discussing satisfaction, it is important to understand that guest's evaluation of service comprise of two basic distinct dimensions: service delivery and service outcome (Mattila, 1999, p. 42). Research indicates that how the service was delivered (perceived functional quality) is more important than the outcome of the service process (technical quality) (Ibid). This research clearly indicates that effort by staff have a strong effect on guest's satisfaction judgments.

### **Dissatisfaction**

Having thoroughly discussed satisfaction, it is important to also discuss dissatisfaction and why it occurs. Dissatisfaction towards the service often simply occurs when guest's perceptions do not meet their expectations. There are several specifics to why dissatisfaction would occur within a hospitality environment, such as: 1) the company not understanding what guests want, and can therefore not deliver; 2) false or incorrect advertising which causes guests to have unrealistic expectations; 3) staff not able or willing to deliver adequate service. On a more theoretical level, dissatisfaction can be explained by Parasuraman's gap model which proposes that ten dimensions determine service quality: "reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding/knowing the guests, and tangibles" (Cited in Haksik et al., 2000, p. 218). Above essentially propose that the differences between expected performance and perceived performance on each of the above dimensions will determine the overall received service quality (Ibid). Dissatisfaction could therefore arise if the perceived performance falls short on any or all of the expected performance dimensions; this is based on the disconfirmation theory.

## Conclusion

In conclusion, though there is a great deal of research on guest satisfaction within a hospitality environment, the role of pricing in relation to guest satisfaction has been largely ignored. Undisputed research on guest service proves that companies that have more satisfied guests experience higher guest loyalty, and perform better financially compared to their competition.

Guests are likely to experience fluctuations in their value perception as value can include low price in the minds of guests, and as the service offered is to some extent intangible. Guests are also sometimes unconsciously trying to obtain as much information as possible through experiences to decrease information asymmetries, and guests are therefore often left to accept the price of the experience and the physical appearance of the hotel or cruise ship itself as quality indicators.

Amongst the most popular satisfaction theories is the disconfirmation theory which argues that satisfaction is related to the size and direction of the disconfirmation experience that occurs as a result of comparing service performance against expectations. Basically, satisfaction is the result of direct experiences with products or services, and it occurs by comparing perceptions against a standard (e.g. expectations). Research also indicates that how the service was delivered is more important than the outcome of the service process, and dissatisfaction towards the service often simply occurs when guest's perceptions do not meet their expectations.

## References

- Ekinci Y. & Sirakaya E. (2004). 'An Examination of the Antecedents and Consequences of Customer Satisfaction'. In: Crouch G.I., Perdue R.R., Timmermans H.J.P., & Uysal M. *Consumer Psychology of Tourism, Hospitality and Leisure*. Cambridge, MA: CABI Publishing, pp. 189-202. [Online]. Available from: <http://site.ebrary.com.ezproxy.liv.ac.uk> (Accessed: January 8, 2008).
- Mattila A. & O'Neill J.W. (2003). 'Relationships between Hotel Room Pricing, Occupancy, and Guest Satisfaction: A Longitudinal Case of a Midscale Hotel in the United States', *Journal of Hospitality & Tourism Research*, 27 (3), pp. 328-341, Sage Publications [Online]. DOI: 10.1177/1096348003252361 (Accessed: December 29, 2007).
- Conlon D.E., Van Dyne L., Milner M. & Yee K. (2004). 'The Effects of Physical and Social Context on Evaluations of Captive, Intense Service Relationships', *Academy of Management Journal*, 47 (3), pp 433-445, Business Source. [Online]. Available from: <http://web.ebscohost.com.ezproxy.liv.ac.uk/ehost/pdf?vid=5&hid=2&sid=90fbfe55-16b8-4d22-9994-f32279b38f98%40SRCSM1>"><http://web.ebscohost.com.ezproxy.liv.ac.uk/> (Accessed: January 5, 2008).
- Gilbert R.G. & Veloutsou C. (2006). 'A cross-industry comparison of customer satisfaction', *Journal of Services Marketing*, 20 (5), pp. 298-308, Emerald Group Publishing Limited. [Online]. DOI: 10.1108/08876040610679918 (Accessed: January 4, 2008).
- Gupta, S., McLaughlin, E., & Gomez, M. (2007). 'Guest Satisfaction and Restaurant Performance', *Cornell Hotel and Restaurant Administration Quarterly*, 48 (3), pp. 284-298, Sage Publications [Online]. DOI: 10.1177/0010880407301735 (Accessed: December 29, 2007).
- Petrick J.F. (2004). 'The Roles of Quality, Value, and Satisfaction in Predicting Cruise Passengers' Behavioral Intentions', *Journal of Travel Research*, 42 (4), pp. 397-407, Sage Publications [Online]. DOI: 10.1177/0047287504263037 (Accessed: January 4, 2008).
- Mattila A. (1999). 'Consumers' Value Judgments', *The Cornell Hotel and Restaurant Quarterly*, 40 (1) pp. 40-46, Sage Publications [Online]. DOI: 10.1016/S0010-8804(99)80013-5 (Accessed: February 9, 2008).
- Reimer A. & Kuehn R. (2005). 'The impact of servicescape on quality perception', *European Journal of Marketing*, 39 (7/8). 785-808, Emerald Group Publishing Limited. [Online]. DOI: 10.1108/03090560510601761 (Accessed: February 12, 2008).
- Matzler K., Renzl B. & Rothenberger S. (2006). 'Measuring the Relative Importance of Service Dimensions

in the Formation of Price Satisfaction and Service Satisfaction: A Case Study in the Hotel Industry', Scandinavian Journal of Hospitality and Tourism, 6 (3), pp. 179-196, Informaworld. [Online]. DOI: 10.1080/15022250600872850 (Accessed: January 6, 2008).

- Haksik L., Lee Y. & Dongkeun Y. (2000). 'The determinants of perceived service quality and its relationship with satisfaction', Journal of Services Marketing, 14 (3), pp 217-231, MCB UP Ltd [Online]. DOI: 10.1108/08876040010327220 (Accessed: February 18, 2008).

## **ORGANIZATION**

SQInsight Hospitality Consulting

[www.sqinsight.com/](http://www.sqinsight.com/)

14343 Burbank Blvd. | Suite 303

USA - Sherman Oaks, CA 91401

Phone: (818) 268-8793

Email: [phellstrand@sqinsight.com](mailto:phellstrand@sqinsight.com)

Follow us on:  

---

Copyright© 1995-2010 Hospitality Net™. All rights reserved.  
Trademarks and product names are the property of their respective owners.