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**Impact of Service Quality on Customer Satisfaction in
Boutique Hotels**

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Abstract

Purpose: The aim of the study was to assess the impact of service quality on customer satisfaction in boutique hotels.

Methodology: This study adopted a desk methodology. A desk study research design is commonly known as secondary data collection. This is basically collecting data from existing resources preferably because of its low cost advantage as compared to a field research. Our current study looked into already published studies and reports as the data was easily accessed through online journals and libraries.

Findings: The study revealed that high-quality service significantly enhances customer satisfaction, leading to increased loyalty and repeat patronage. Key dimensions of service quality, such as responsiveness, reliability, assurance, empathy, and tangibles, play crucial roles in shaping guests' perceptions. For instance, personalized attention and unique, aesthetically pleasing environments typical of boutique hotels contribute positively to the overall guest experience. Additionally, well-trained, courteous staff and prompt service responses further elevate satisfaction levels. The intimate and distinctive atmosphere of boutique hotels allows for tailored experiences, which are

highly valued by guests seeking exclusivity and comfort. Ultimately, superior service quality not only meets but often exceeds guest expectations, fostering a strong emotional connection and ensuring that customers are not only satisfied but also likely to advocate for the hotel through positive word-of-mouth and online reviews. This relationship underscores the necessity for boutique hotels to continually invest in service quality improvements to sustain and enhance customer satisfaction in a competitive market.

Implications to Theory, Practice and Policy: Servqual model, expectation-confirmation theory (ECT) and Herzberg's two-factor theory may be used to anchor future studies on assessing the impact of service quality on customer satisfaction in boutique hotels. Boutique hotels should prioritize ongoing training programs that focus on key service quality dimensions, such as responsiveness and empathy. Policymakers should work with industry stakeholders to establish clear service quality standards specific to boutique hotels.

Keywords: *Service Quality, Customer Satisfaction, Boutique, Hotels*

INTRODUCTION

Customer satisfaction, commonly measured by customer satisfaction surveys and repeat visitation rates, is a critical indicator of business success. In the USA, customer satisfaction scores (CSAT) have shown varying trends across different sectors. For instance, the 2023 North America Hotel Guest Satisfaction Index indicated that average hotel occupancy rates reached 63.8%, reflecting high customer satisfaction and repeat visits despite a slight decrease from pre-pandemic levels (J.D. Power, 2023). In Japan, customer satisfaction in retail, particularly in convenience stores, remains high, with repeat visitation rates driven by efficient service and product variety. Surveys have shown that 61% of Japanese consumers are willing to pay more for a positive experience, indicating high satisfaction levels (HubSpot, 2023). Similarly, in the UK, customer satisfaction surveys reveal high satisfaction in the financial services sector, with a significant portion of customers indicating their likelihood to revisit and recommend services to others (Retently, 2023).

In developing economies, customer satisfaction trends can vary significantly. For example, in India, customer satisfaction in the e-commerce sector has seen a marked improvement, with companies like Flipkart and Amazon investing heavily in customer service and return policies. A 2022 study highlighted that 58% of Indian consumers are satisfied with their online shopping experiences, contributing to high repeat visitation rates (Journal of Business Economics, 2023). Similarly, in Brazil, customer satisfaction in the banking sector has improved due to increased digital banking services, with a notable rise in repeat visitation rates as customers appreciate the convenience and security of online transactions (HubSpot, 2023). These trends demonstrate that developing economies are rapidly catching up with developed nations in terms of customer satisfaction, driven by technological advancements and improved service quality. In India, for instance, a study showed that repeat visitation rates to retail stores increased significantly when customer satisfaction improved, demonstrating a direct correlation between satisfaction and loyalty (Kumar & Rani, 2020). Similarly, in Brazil, customer satisfaction surveys revealed that 70% of customers preferred businesses with better after-sales service, leading to higher repeat visitation rates and customer loyalty (de Oliveira, 2021). These findings highlight the importance of tailored customer service strategies in developing economies to enhance satisfaction and encourage repeat business.

In Kenya, the tourism sector has shown a significant increase in customer satisfaction. A 2023 study found that 67% of tourists expressed satisfaction with their experiences, which has positively impacted repeat visitation rates (Tourism Management Journal, 2023). This improvement is attributed to enhanced infrastructure and better service delivery. Similarly, in Indonesia, customer satisfaction in the hospitality industry has risen due to investments in customer service training and facility upgrades. Surveys conducted in 2022 revealed that 55% of hotel guests reported high satisfaction levels, leading to more frequent repeat visits (International Journal of Hospitality Management, 2023). These examples illustrate how strategic investments in service quality and infrastructure can drive customer satisfaction and repeat visitation in developing economies.

Similarly, in Nigeria, a survey indicated that 60% of customers who experienced high levels of satisfaction with their initial purchase returned to the same business within six months (Ogunleye, 2019). This trend reflects the growing importance of customer-centric approaches in fostering long-term relationships and repeat business in Sub-Saharan economies. The adoption of mobile technology and digital platforms has further facilitated better customer service, leading to improved satisfaction and repeat visitation rates across the region.

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In Sub-Saharan Africa, customer satisfaction is increasingly being recognized as a crucial driver of business success. A study in Kenya found that businesses that prioritized customer feedback and improved service quality saw a 25% increase in customer satisfaction and a corresponding 18% rise in repeat visitation rates (Mutua, 2020). This suggests that active engagement with customer needs and expectations can significantly enhance satisfaction and loyalty in these markets.

Sub-Saharan economies present a unique landscape for customer satisfaction. In South Africa, the telecommunications sector has seen significant improvements, with repeat visitation rates increasing due to better network coverage and customer service. A 2021 study revealed that 54% of customers are satisfied with their telecom providers, marking a steady increase from previous years (Journal of Business Economics, 2023). In Nigeria, the retail sector has experienced a rise in customer satisfaction, particularly in urban areas where consumers value accessibility and product availability. Surveys conducted in 2022 showed that 48% of Nigerian consumers are satisfied with their shopping experiences, highlighting the sector's growth potential (Retently, 2023). These trends indicate a positive trajectory for customer satisfaction in sub-Saharan economies, driven by improvements in service delivery and infrastructure.

Service quality is a critical factor in customer satisfaction and is typically measured using the SERVQUAL model, which encompasses five dimensions: tangibles, reliability, responsiveness, assurance, and empathy. Tangibles refer to the physical aspects of the service environment, such as cleanliness and appearance, which can significantly influence customer perceptions. Reliability involves consistently delivering promised services accurately and dependably, while responsiveness denotes the willingness to help customers promptly. Assurance relates to the knowledge and courtesy of employees and their ability to inspire trust and confidence. Empathy entails providing caring and individualized attention to customers (Guesalaga & Pitta, 2014).

The relationship between service quality and customer satisfaction is well-established, with each SERVQUAL dimension contributing to overall satisfaction in unique ways. For instance, reliability and responsiveness are crucial as they directly affect the efficiency and effectiveness of service delivery, leading to repeat visits and positive word-of-mouth (Kumar, Batista, & Maull, 2011). Assurance and empathy help build customer trust and emotional connections, which enhance customer loyalty. Tangibles, while often overlooked, create the first impression and set the tone for the overall service experience. Studies have shown that improvements in these dimensions lead to higher customer satisfaction scores and increased repeat visitation rates, demonstrating the direct impact of service quality on customer loyalty and business success (Mualla, 2019).

Problem Statement

The impact of service quality on customer satisfaction in boutique hotels is a crucial area of research, especially given the unique nature of boutique accommodations, which emphasize personalized service and distinctive experiences. Despite the growing popularity of boutique hotels, there is limited empirical research examining how the various dimensions of service quality—tangibles, reliability, responsiveness, assurance, and empathy—affect customer

satisfaction in this sector (Park, 2019; Mohsin & Lockyer, 2019). Existing studies have predominantly focused on large hotel chains, leaving a gap in understanding the specific service quality needs and expectations of boutique hotel guests (Wu & Ko, 2020). Moreover, the hospitality industry has undergone significant changes in recent years due to technological advancements and shifting consumer preferences, further highlighting the need for updated research in this area (Albayrak, 2021). Addressing this gap can provide valuable insights for boutique hotel operators aiming to enhance customer satisfaction and foster loyalty in a competitive market (Hsieh & Yuan, 2022).

Theoretical Framework

Servqual Model

The SERVQUAL model, developed by Parasuraman, Zeithaml, and Berry in the 1980s, identifies five key dimensions of service quality: tangibles, reliability, responsiveness, assurance, and empathy. This model measures the gap between customer expectations and perceptions of service received. The SERVQUAL model is directly relevant to studying boutique hotels as it provides a comprehensive framework to assess the specific areas of service quality that impact customer satisfaction. Boutique hotels rely heavily on personalized and high-quality service, making this model essential for identifying strengths and areas for improvement (Mohsin & Lockyer, 2019).

Expectation-Confirmation Theory (ECT)

ECT, proposed by Richard L. Oliver, posits that customer satisfaction is determined by the comparison between pre-purchase expectations and post-purchase perceptions of performance. If the perceived performance exceeds expectations, customers are likely to be satisfied (Richard L. Oliver). This theory is crucial for understanding customer satisfaction in boutique hotels, as these establishments often promise unique and personalized experiences. Understanding the gap between expectations and actual experiences can help boutique hotels tailor their services to better meet customer needs and enhance satisfaction (Hsieh & Yuan, 2022).

Herzberg's Two-Factor Theory

Herzberg's two-factor theory differentiates between hygiene factors (which can cause dissatisfaction if missing but do not motivate if increased) and motivators (which can lead to high satisfaction and motivation). In the context of service quality, hygiene factors might include cleanliness and basic amenities, while motivators could involve exceptional service and personalized experiences (Frederick Herzberg). This theory helps in identifying which aspects of service in boutique hotels are basic expectations (hygiene factors) and which ones can enhance customer satisfaction significantly (motivators). By focusing on both, boutique hotels can ensure they meet basic needs while also exceeding expectations through unique, high-quality service (Albayrak, 2021).

Empirical Review

Nishanth and Rao (2021) investigated how different dimensions of service quality affect customer satisfaction in boutique hotels in India. The researchers conducted a survey with 300 hotel guests and utilized structural equation modeling for data analysis. Their findings revealed that responsiveness and assurance significantly enhance customer satisfaction levels. Specifically, guests reported greater satisfaction when staff were attentive and provided reliable information. The authors recommend that boutique hotels prioritize ongoing training and development programs for their staff to improve these critical service quality dimensions. By

focusing on these areas, boutique hotels can foster higher customer retention and loyalty, ultimately leading to improved business outcomes in a competitive hospitality market.

Khan and Rahman (2020) examined the relationship between service quality and customer satisfaction in boutique hotels in Malaysia. Using a quantitative approach, they surveyed 250 hotel guests and applied statistical analysis to assess the data. The study found a strong correlation between high service quality and elevated customer satisfaction, emphasizing that dimensions like reliability and responsiveness were particularly impactful. The authors highlight the importance of investing in comprehensive staff training and development programs to ensure consistent service quality. By maintaining high service standards, boutique hotels can significantly improve the overall guest experience, which is essential for fostering long-term relationships and repeat business in the hospitality industry.

Lee and Park (2019) investigated the impact of service quality on customer satisfaction in South Korean boutique hotels. Employing a mixed-method approach, they gathered data through 150 surveys and interviews with hotel guests. The study concluded that dimensions such as empathy and tangibles significantly influence customer satisfaction levels. Guests reported higher satisfaction when they felt cared for and when the hotel environment was aesthetically pleasing. The authors recommend that boutique hotels focus on creating unique atmospheres that reflect local culture and personal touches. By prioritizing these aspects, boutique hotels can offer more personalized and memorable experiences, leading to higher customer satisfaction and loyalty.

Singh and Mishra (2022) assessed the impact of service quality on customer satisfaction in boutique hotels in India. The researchers analyzed data from 400 customers using regression analysis, identifying reliability as a significant factor influencing customer satisfaction. Guests expressed greater satisfaction when services were delivered consistently and as promised. The study highlights the importance of implementing robust service delivery mechanisms to enhance reliability and overall guest satisfaction. The authors recommend that boutique hotels prioritize quality control measures, staff training, and operational consistency to maintain high service standards. These strategies can lead to increased customer loyalty and improved business performance in a competitive market.

Zhang and Wu (2023) analyzed the influence of service quality on customer satisfaction in boutique hotels across China. Conducting a quantitative study with a sample of 500 guests, the researchers found that assurance and responsiveness were key predictors of customer satisfaction. Guests indicated that they felt more satisfied when staff demonstrated competence and provided prompt service. The study emphasizes the importance of regular customer feedback assessments to identify areas for service improvement. The authors recommend that boutique hotels adopt systematic approaches to evaluating and enhancing service quality, ensuring they meet guest expectations effectively while fostering positive relationships with customers.

González and García (2019) explored the relationship between service quality and customer satisfaction in boutique hotels in Spain. Utilizing a qualitative approach, they conducted 100 interviews with hotel guests. The study revealed that personalized services significantly enhance customer satisfaction, highlighting the need for boutique hotels to create unique and tailored guest experiences. Guests expressed a strong preference for hotels that could provide individualized attention and customized services. The authors recommend that boutique hotels prioritize personalization and unique offerings to foster deeper guest relationships and loyalty. This strategic focus can lead to positive word-of-mouth and repeat business, essential for long-term success in the hospitality sector.

Fernández and Suárez (2020) investigated the role of service quality in customer satisfaction within boutique hotels in Latin America. The study involved a survey of 350 guests, revealing that responsiveness and empathy were the strongest predictors of customer satisfaction. Guests felt more satisfied when staff were attentive and empathetic to their needs. The authors recommend training staff in emotional intelligence to enhance these service quality dimensions, suggesting that such training can lead to improved guest experiences and higher satisfaction rates. By focusing on these essential service aspects, boutique hotels can create a welcoming atmosphere that promotes customer loyalty and positive reviews.

METHODOLOGY

This study adopted a desk methodology. A desk study research design is commonly known as secondary data collection. This is basically collecting data from existing resources preferably because of its low cost advantage as compared to field research. Our current study looked into already published studies and reports as the data was easily accessed through online journals and libraries.

RESULTS

Conceptual Gaps While studies such as those by Nishanth and Rao (2021) and Khan and Rahman (2020) identify individual service quality dimensions impacting customer satisfaction, there is a need for a more integrated framework that considers how these dimensions interact with one another. Further research could explore the interplay between multiple dimensions and their collective impact on customer satisfaction. Although Fernández and Suárez (2020) highlight the importance of empathy in service quality, there is limited exploration of how emotional intelligence training for staff affects various service quality dimensions beyond responsiveness and empathy. Research could delve deeper into how emotional intelligence influences overall service quality in boutique hotels.

Contextual Gaps Studies have predominantly focused on traditional service quality dimensions, but there is insufficient research on how the unique characteristics of boutique hotels (e.g., design, theme) contextualize service quality and customer satisfaction. More nuanced studies could investigate how boutique hotel attributes influence guest perceptions. Research like that of Lee and Park (2019) suggests that local culture impacts guest satisfaction, yet there is a lack of comprehensive studies examining how cultural factors shape customer expectations and satisfaction across different regions. Future studies could consider the role of cultural context in shaping service quality perceptions.

Geographical Gaps While existing studies cover various countries, there remains a gap in research from regions such as Africa and the Middle East. There is a need for empirical studies that explore service quality and customer satisfaction in boutique hotels within these underrepresented geographical areas to provide a more global perspective (Fernández and Suárez, 2020). Current research primarily focuses on single-country studies, which limits understanding of regional differences. Comparative studies that analyse service quality and customer satisfaction across multiple regions could provide valuable insights into best practices and contextual variations in the boutique hotel sector.

CONCLUSION AND RECOMMENDATION

Conclusion

The impact of service quality on customer satisfaction in boutique hotels is a critical area of study that highlights the importance of various service dimensions. Research consistently shows that factors such as responsiveness, assurance, empathy, and reliability play significant

roles in shaping guest experiences. High service quality not only enhances customer satisfaction but also fosters loyalty and repeat business, which are essential for the long-term success of boutique hotels. Furthermore, the unique characteristics of boutique establishments necessitate tailored service approaches that reflect local culture and individual guest needs. As the hospitality landscape continues to evolve, ongoing training and development for staff, along with systematic evaluations of service quality, will be crucial for boutique hotels aiming to maintain high standards and meet diverse customer expectations. Overall, prioritizing service quality is fundamental to achieving sustained customer satisfaction and competitive advantage in the boutique hotel sector.

Recommendation

The following are the recommendations based on theory, practice and policy:

Theory

Future research should focus on developing integrated frameworks that explore the interplay between various service quality dimensions and customer satisfaction. This will enhance theoretical understanding and provide a holistic view of customer experiences in boutique hotels. Theories should incorporate emotional intelligence as a vital factor influencing service quality. Research should examine how emotional intelligence among staff impacts customer interactions and satisfaction.

Practice

Boutique hotels should prioritize ongoing training programs that focus on key service quality dimensions, such as responsiveness and empathy. Implementing regular workshops and simulations can help staff improve their interpersonal skills and service delivery. Hotels should adopt personalized service strategies tailored to individual guest preferences. Utilizing customer data and feedback can inform customized experiences that enhance satisfaction and loyalty. Implement systematic approaches to assess service quality regularly. Collecting guest feedback through surveys and reviews can identify areas for improvement and ensure high service standards are maintained.

Policy

Policymakers should work with industry stakeholders to establish clear service quality standards specific to boutique hotels. These standards can guide hotel operations and ensure consistency in service delivery. Encourage boutique hotels to adopt sustainable service practices that not only enhance customer satisfaction but also align with social responsibility goals. This can include training staff on eco-friendly practices and promoting local culture. Funding and support for research initiatives focused on service quality in boutique hotels should be prioritized. Policymakers can foster partnerships between academia and the industry to drive evidence-based practices that improve customer satisfaction.

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