



UNIVERSIDAD POLITÉCNICA DE VALENCIA

FACULTAD DE ADMINISTRACIÓN Y DIRECCIÓN DE

EMPRESAS

Máster en Gestión de Empresas, Productos y Servicios

CUSTOMER SATISFACTION AND CUSTOMER LOYALTY,

CASE STUDY OF RADISSON BLU HOTEL GUWAHATI

Akhil Chandra Pegu

Tutor - Lourdes Canos Daros

Abstract

Purpose - The purpose of this paper is to examine the relationship between customer satisfaction and customer loyalty of a hotel and the importance of luxury hotel from the manager's point of view.

Design/Methodology/Approach – Qualitative methods of research were conducted for the research. For this research data were collected through interviews and open-ended questionnaires and also Journals, paper, article, reports etc. were used to review the past literature related to the topic. The managers and the employees were targeted for the interviews and questionnaires.

Findings – The findings of the study shows that the relationships between customer satisfaction and customer loyalty are quite complicated. Depending on the situation sometimes high level of satisfaction can build loyalty and sometime not. The finding also indicates that luxury hotel has its importance in today's world due to the growth in the living of standard, tourism, etc.

Research Limitation/Implications – The research was conducted on a single hotel in the region of Guwahati not on all Indian hotels and the sample size selected for the research was limited. Furthermore for the research, the interviews and questionnaire were conducted and distributed only to the manager and employees. Restriction for the interview of the customer was one of its drawbacks. Maybe information from the customer would have boost up the results.

Originality/Value – This research is significant because it will also help to understand the impact of customer satisfaction on customer loyalty. It will also describe in details about the importance of luxury hotels from manager point of view.

Keywords - Customer Satisfaction, Customer Loyalty, Luxury hotels, Services, Radisson Blu hotel.

Acknowledgement

First and foremost, special thanks to Professor Lourdes for her support and guidance throughout the thesis. I thank her for the time and advice that she gave me to complete for the final TFM. I would also like to give special thanks to all the faculties of Business Administration for their sharing of knowledge and help during my journey of two years in Valencia, Spain

I also wish to thanks the Erasmus Mundus (NAMASTE program) for giving such a wonderful opportunity and support to study for my Master at Universitat Politecnica De Valencia, Spain. I also thank OAI (Oficina de Acción Internacional) for their support and help during my stay at Valencia.

Last but not least, thanks to the managers and employees of the hotel for providing their valuable time and helping for collecting information and filling up the questionnaire.

Akhil Chandra Pegu

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Chapter 1: Introduction

1.1 Background of the research

Due to increase in travelling in the 21st century, there has been dramatic growth in the competitiveness of the hotel industry. Studying from the manager's and employee's point of view can help to overcome the competitiveness in the hotel industry and ensuring continuity of the business. Understanding the customer can bring crucial success to the hotel industry (Goeldner et al., 2000). Providing customer satisfaction is very important from the management point of view because it can results to customer loyalty and can bring advantages to the firm (Sudin, Tenaga, & Sudin, 2016). Just attracting new customers is not sufficient to be successful in the market but it is also necessary to retain the existing customers by implementing the effective policies of customer satisfaction and customer loyalty (Dominici & Guzzo, 2010).

Dubois & Laurent (2005) showed that customer satisfaction is very important aspects in the hotel industry and it is considered more important in luxury hotels where high quality services are expected. Customer satisfaction is the pleasure feeling which is given by the customer when the services received by them exceeds their expectations.

Customer satisfaction and customer loyalty are interrelated and it has been widely accepted that customer satisfaction has direct and positive/negative effect on customer loyalty (Qiu, Haobin Ye, Bai, & Wang, 2015). Those customers that are satisfied with the product and services of the hotels become loyal customer and keep spreading the good name of the hotel. On the other hand if they are disappointed they would probably like to switch off to some other brand and talk bad about the brand.

Customer satisfaction is quite relative to different customers because some services may not be appreciated as much as appreciated by some others customers. For example, the preferences of a foreign customer visiting Radisson Blu hotel may differ from a customer visiting from India. Therefore for efficient functioning, adaptive employees should be employed by the hotels who can meet the preferences of different customer accordingly.

According to Anggia, Kristian, & Panjaitan (2014), Customer loyalty is the behavior of the customer in a long time to choose the same product or services. It is an intangible asset and act as competitive advantages that increase the corporate profits to any organization because a customer will buy or willing to pay more if they are satisfied.

Customer loyalty has been divided into two ways as regard of behavior or attitude (Jacoby, 2015). The behavior explains about the customer's behavior on purchasing of product repeatedly from the same supplier. The attitude explains about the customer's intention to repurchase and recommend which indicates the sign of a loyal customer. Those customers are likely to remain loyal with the company who has the motive of repurchasing and recommending.

For the hotel industry, both customer satisfaction and customer loyalty are considered to be important. But for the luxury hotels those two factors are more important, where high quality services are being expected by the guest (Dubois & Laurent, 2005).

There is no accurate definition for the term luxury hotel because explaining the word 'luxury' itself is a big challenge. According to Dubois et al., (2005) the word luxury has been derived from the Latin word 'Luxus' which means soft or extravagant living, over-indulgence and luxuriousness. In simple word we can say that luxury means receiving various high quality services from the service provider. Ministry of tourism under the Government of India and

Malaysian Tourist board has declared the four star, five star and deluxe five star hotels to be luxury hotel (Ekiz, Khoo-Lattimore, & Memarzadeh, 2012; Mohsin & Lockyer, 2010).

Al Khattab and Aldehayyat (2011) in their paper explained that price is the key indicator to decide whether the hotel is luxury or not. According to them high prices differentiate the luxury hotel from non-luxury hotel. A Luxury hotel provides better quality products and services at a rate higher than the non-luxury hotel

The objective of this paper is to study about the relationship between the customer satisfaction and customer loyalty and also the importance of luxury hotel from both the managers and employees point of view. This study fulfills the goal by using qualitative technique and explains from the manager and employees point of view in relation to satisfaction, loyalty and luxury.

1.2 Research Objectives and Questions

The principal objective is to examine with semi structured interviews, the relationship between customer satisfaction and customer loyalty and also the impact/effect of customer satisfaction, customer loyalty and luxury on Radisson Blu hotel.

The research questions are -

1. What is the relationship between customer satisfaction and customer loyalty?
2. What is the importance of luxury hotel from manager's point of view?

The secondary objectives are -

1. To study how customer satisfaction can bring customer loyalty towards the hotel.
2. Seeking for ideas or solutions for the hotel to keep retaining customer satisfaction through its services.
3. To conduct for a semi structured interview of the managers and employees.
4. To highlight the importance of luxury from the manager points of view.
5. To describe some of the facilities and quality services provided by Radisson Blu hotel to its customers.

1.3 Significance of the study

Understanding customer satisfaction and customer loyalty are very important aspects of every successful business. This study is significant because it will help the hotel management to understand the importance of satisfaction from the manager point of view. This paper will also help to understand the impact of customer satisfaction on customer loyalty. It will also describe in details about the luxury hotels from manager point of view and highlight some of the facilities and services which are provided by Radisson Blu hotel.

1.4 Tourism and Hotel Industry in India

Tourism and hospitality industry are considered as a very important tools for the development of a nation. Tourism consists of several components such as hotel, accommodation, food, leisure, recreations, etc. It is a major source of income for many countries across the globe and it also contributes highly towards the GDP of a country. Globally the travel and tourism contributed a total of US\$ 7.6 trillion to world GDP and also provided 292 million jobs worldwide (WTTC, 2017).

For a developing nation like India, tourism plays a major role in its economic growth as well as in foreign exchange earnings. With an approx. of 1.3 billion people, India is experiencing a significant growth in tourism and hospitality sector. In India, the tourism industry had a total contribution of US\$ 208.5 billion towards its GDP (9.6% of GDP) in the year 2016 and supported more than 25 million jobs i.e. 5.8% of total employment (IBEF, 2017).

Government of India introduced a new visa reform in the year 2014. The launching of E-Visa has led to tremendous growth in the number of tourist visiting India. Issuing of E-Visa has increase with nearly 1,079,696 visitors in the year 2016 (IBEF, 2017).

In the year 2016 regarding the Foreign Tourist Arrivals in India, it witnessed a growth of 10.7%. The FTA was 8.89 million in 2016 as compared to 8 million during 2015. The foreign exchange earnings from tourism were (approx. US\$ 23.1 billion) INR 155650 crore (Ministry of Tourism annual report 2016-17). The number of domestic tourist visits also increased from 1.29 billion in the year 2014 to 1.44 billion in the year 2015 (Ministry of Tourism, India 2016).

Increase in the numbers of visitors has affected the average room rates in India, which attracted several international companies to invest in India. Seeing this as an investment opportunity

several international companies like Accor, Intercontinental hotel group and Hilton announced major investment plans in India (IBEF 2008). The entry of those international companies brought a new concept of hotel business to India. They introduce new global human resource practices and implemented new strategy which made a major contribution towards the hotel industry in India.

Hotel Industry in India

The hotel industry is considered as the backbone of the tourism sector. Hotel is often referred as 'Home away from home'. According to Oxford dictionary, a hotel is an establishment that provides accommodation, meals, and other services for travelers and tourists. Sheela (2002) in her book 'Economics of Hotel Management' described hotel as the place where tourist stops being a traveler and becomes the guest. According to her, some hotel offers full range of services and accommodation or some hotel may only provide basic services. Depending on the level of star, the hotel can provide various other services which may include suites, public dining, and banquet facilities, lounge, and entertainment facilities, etc.

Hence a hotel is a second home which provides food, lodging and beverage on payment to the traveler. Traditional hotels used to offer only room and restaurant but now the modern hotels in addition to the services of traditional hotels also provide different services and accommodation starting from travel service, internet, bar, café, organizing of events and meeting, conference rooms, business class lounge and swimming pool, fitness center, spa, laundry services, etc.

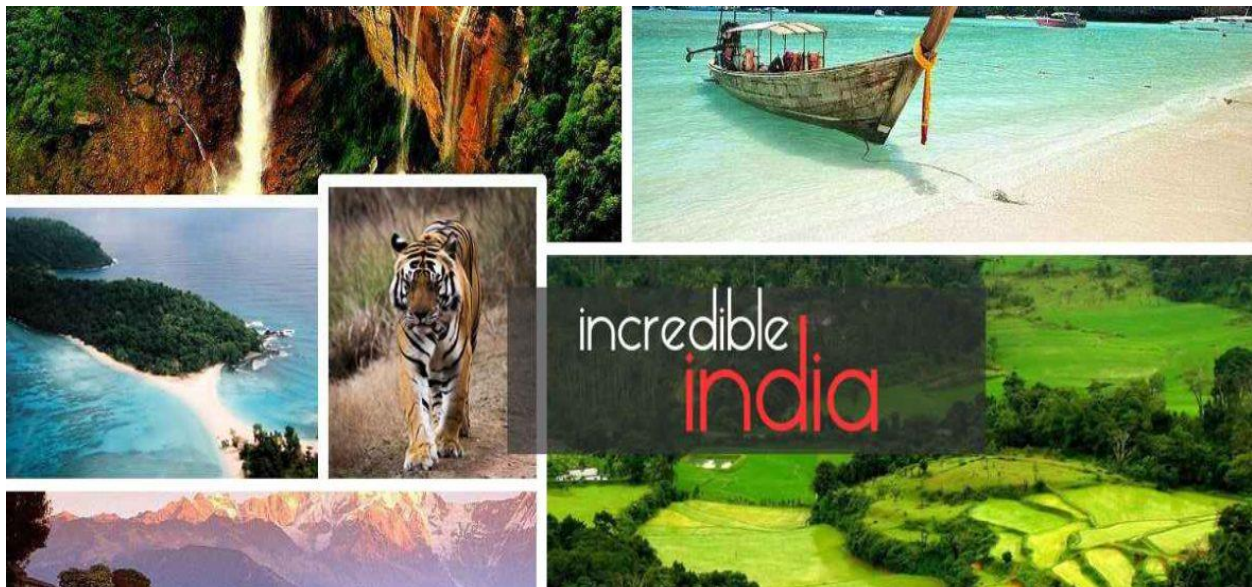
Hotel industries being a global industry are spread across the world and became an integral part of lifestyle for many people. Due to its tremendous spreading the challenges faced by the hotel industry is the competition among its competitors and growing volume. Increasing in customer

demands and market competition has brought new challenges to the hotel manager. Therefore the hotel managers are seeking to implement new strategies to satisfy customer that can bring customer loyalty.

In the recent years, the hotel industry in India had a tremendous contribution to the tourism sector. Campaign for '*Incredible India*' and '*Atithi Devo Bhavah*' (Guest is God) has increase in the growth of domestic and international tourism in India. In the year 2002 Government of India launched a marketing campaign called '*Incredible India*' to promote India as an internationally tourist destination. '*Atithi Devo Bhavah*' is a TV advertisement campaign which spreads awareness regarding hospitality to provide friendly attitude towards foreign tourist visiting India (IBEF 2017). Government of India organizes for campaign from time to time to promote tourism and increase the numbers of tourist.

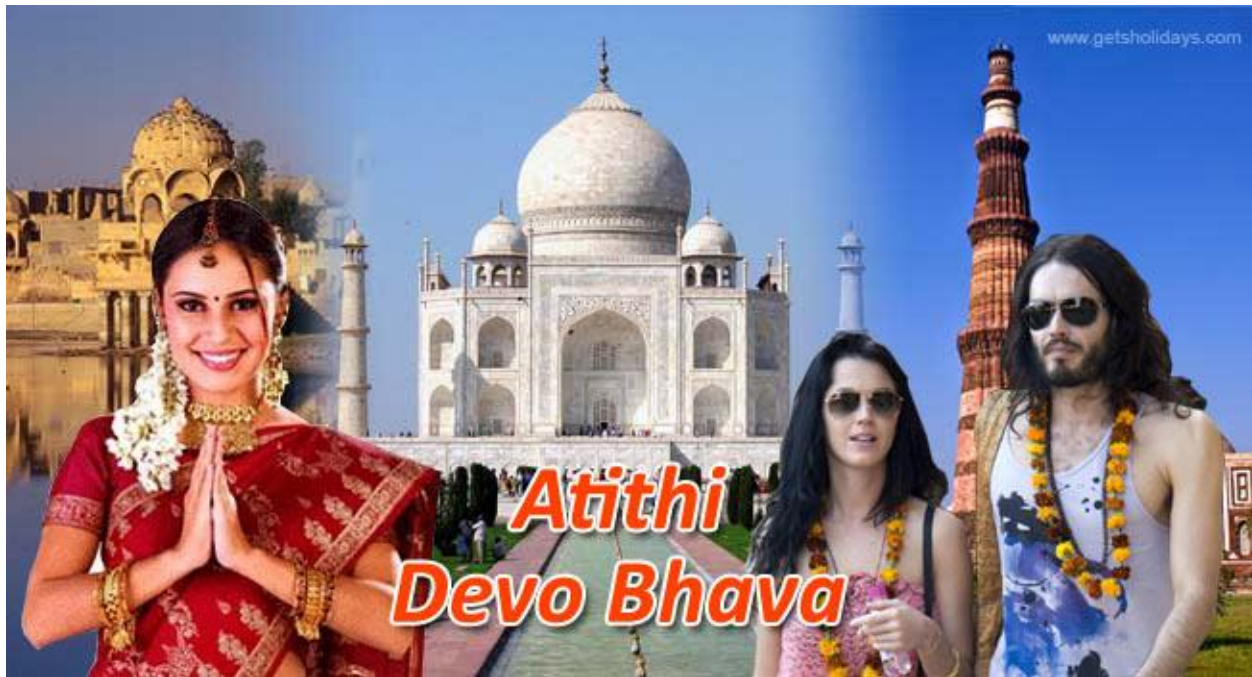
In Figure 1 we can see some of the photos related to *Incredible India* and *Atithi Devo Bhavah*.

Figure 1: Incredible India



Source – Internet www.incredibleindia.org

Figure 2: Atithi Devo Bhava (Guest is God)



Source – Internet (<http://blog.getsholidays.com/>)

Figure 3: Namaste (Greetings)



Source – Internet (<http://blog.getsholidays.com/>)

Guwahati – An overview

Guwahati being the largest and the fastest growing city of Assam is one of the most important tourist destinations in India. Assam being a state is located at the north eastern part of India and is known for natural scenario, wildlife sanctuary, hills and resort, tea gardens, one-horn Rhino, etc. It has both the world largest and smallest river island i.e. Majuli and Umananda.

Some of the major key industries of Assam are – Tea; coal, oil and gas; Agriculture and Horticulture; Tourism; Traditional Cottage Industries; Sericulture, etc. Tourism being a major industry plays a dominant role in the contribution towards the GSDP (Gross State Domestic Product). At current prices, in the year 2015-16 the GSDP of Assam was US\$ 30.72 billion (Directorate of Economic and Statistic of Assam, 2016).

The financial assistance from the Central and State Government has resulted to the development of infrastructure of hotels and many other facilities. The state tourism department both individually and jointly with private sector has taken various steps for its promotion and infrastructure development in the state. Jointly with the private sector, the state tourism has started the project of building more five star hotels at Guwahati.

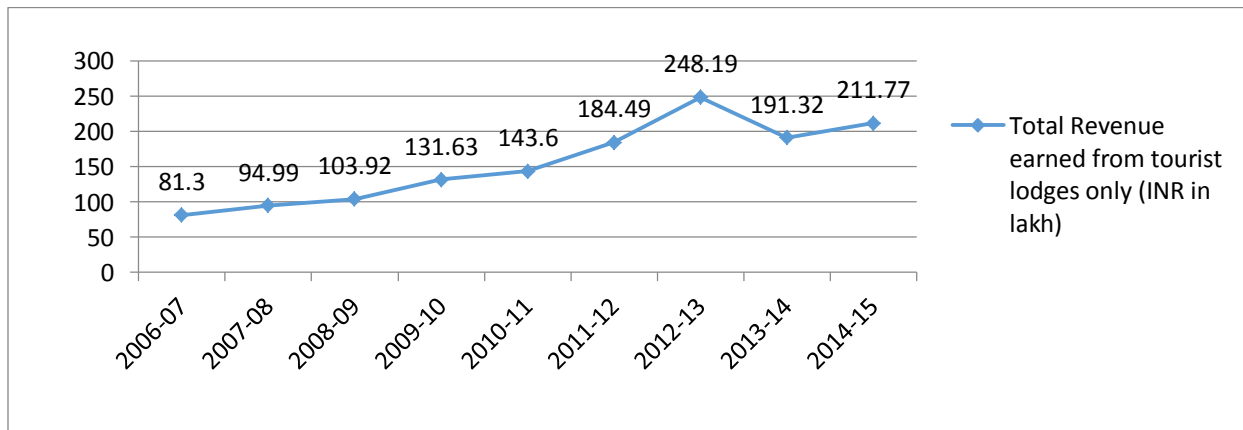
Below in the table 1 is shown the numbers of domestic and foreign travelers that arrived in Assam and stayed in tourist lodges and star hotel during the year 2006 – 2015. In case of travelers that stayed in tourist lodges there were seen a rapid increase and decrease in numbers but regarding the travelers that stayed in star hotels it kept on increasing. As reported in the table 2, the total revenue that was earned from tourist lodges during the year 2006 - 2015 are shown. It kept on increasing from the year 2006 but a slide decrease can be seen in the year 2013 – 14.

Table 1: Number of Indian and Foreign tourist to Assam

Year	Tourist staying in Tourist Lodges		Tourist Staying in other accommodation like star Hotel etc.	
	Indian	Foreign	Indian	Foreign
2006-07	20279	649	3459591	13008
2007-08	24057	960	3465757	12839
2008-09	26439	674	3672267	13859
2009-10	25665	664	3869860	14030
2010-11	25831	594	4101616	15039
2011-12	26439	696	4381897	15964
2012-13	22057	711	4522609	16997
2013-14	26394	726	4417999	18360
2014-15	21092	422	4842734	19583

Source- Compiled based on data provided by Directorate of Tourism, Assam 2016

Table 2: Revenue earned from Tourist Lodges only



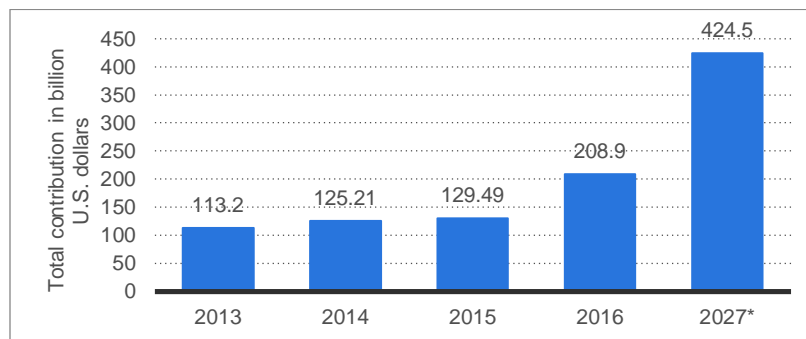
Source- Compiled based on data provided by Directorate of Tourism, Assam 2016

1.5 Recent Growth and Trends in Indian Tourism

With the growth in travel and tourism in the recent years, the Indian tourism and hospitality industries has emerged a dramatic growth in the service sector. Tourism other than contributing to the foreign exchange for the country also helps in generating employment opportunity. According to (IBEF, 2017), the tourism industry is expected to generate 13.45 million jobs in different segments, in restaurants (10.49 millions), Hotels (2.3 millions) and travel agents/Tour operators (0.66 millions). There are increases in the numbers of foreign tourist as well as domestic travelers thus leading to growth in GDP.

1.5.1 Gross Domestic Product

Table 3: Total contribution of T&T to GDP of INDIA

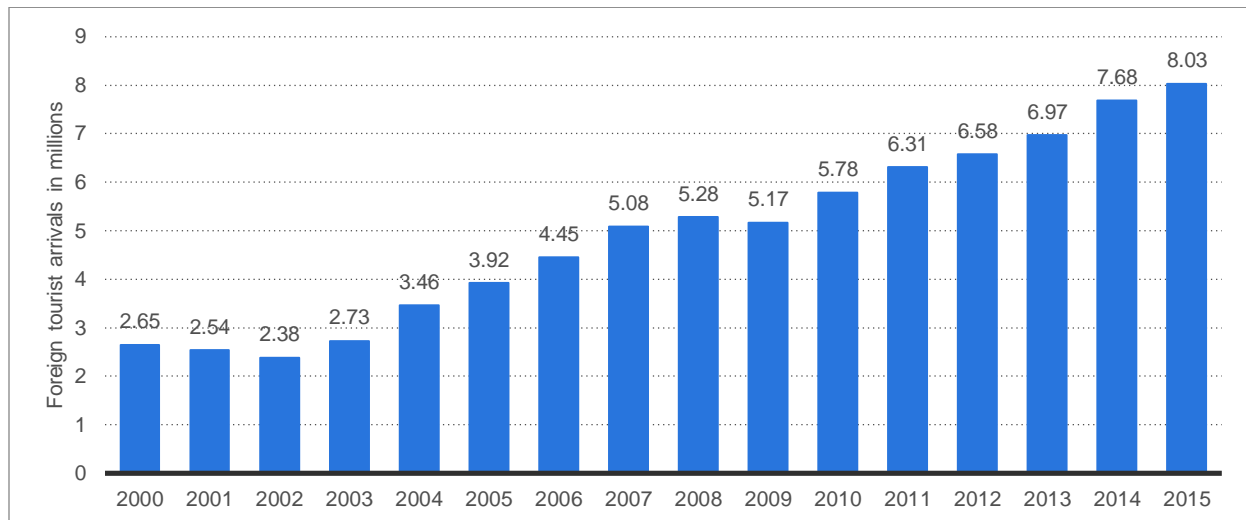


Source: WTTC, © Statista 2017

The table 3 shows the total contribution of travel and tourism towards the GDP of India. There were slight increase from the year 2013 – 2015 but during the year 2016 it raised up to US\$ 208.9 billion and by the year 2027 it is expected to raise up to US\$ 424.5 billion. Regarding the total contribution towards GDP in 2016 by travel and tourism, India ranked 3rd in position among 184 countries (IBEF, 2017).

1.5.2 Foreign Tourist Arrivals

Table 4: Foreign Tourist Arrivals in India

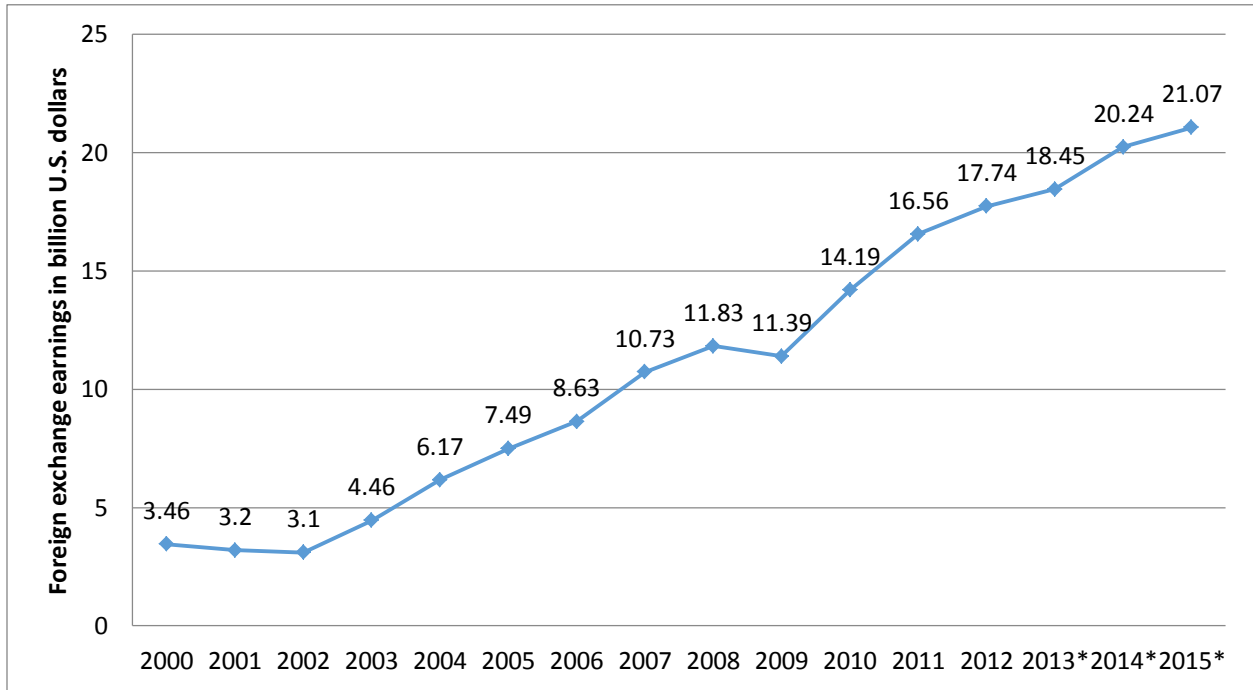


Source - Ministry of Tourism (India) 2017

The foreign tourist arrivals in India increase dramatically between the years 2000 - 2015 from 2.65 million to 8.03 million. The figure kept on increasing apart from the slight dipped during the year 2001, 2002 and 2009. According to (WTTC, 2017), the travel and tourism total contribution to India's GDP will increase by 6.4% annually from 2014 to 2024. In 2014 most of the tourists were from USA followed by Bangladesh and UK and in the year 2015 the tourism made a total contribution of US\$ 124.81 billion to India's GDP (Ministry of Tourism, 2017).

1.5.3 Foreign Exchange Earnings

Table 5: Foreign Exchange Earnings in India

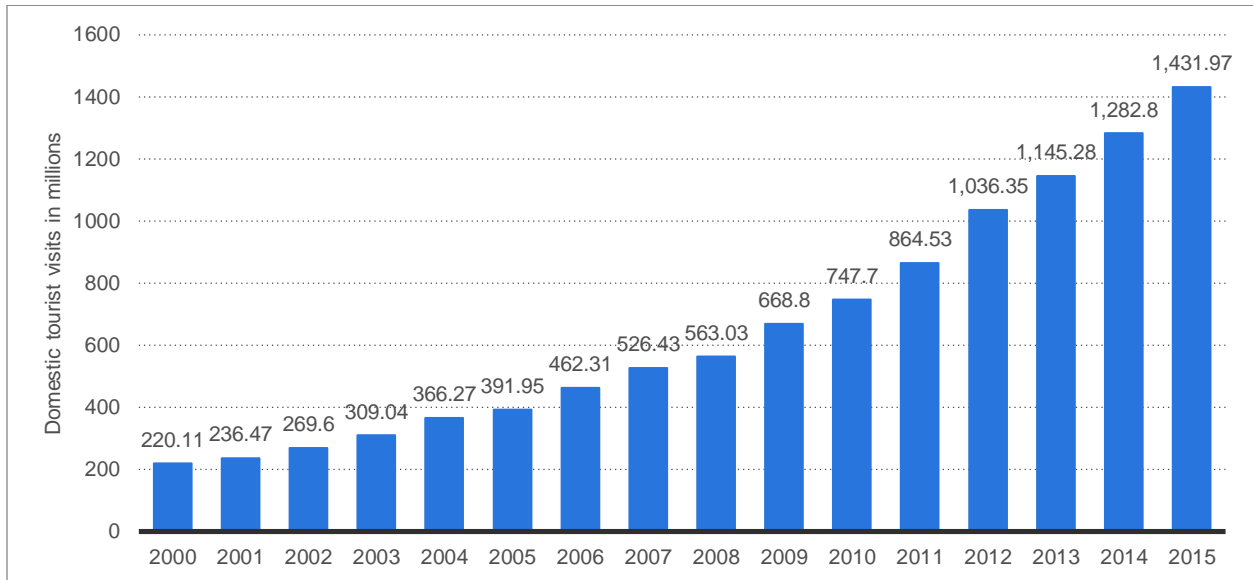


Source- Ministry of Tourism (India) 2017

In the table 5 is shown the foreign exchange earnings from tourism in India from the year 2000 to 2015. There are slight increases every year other than the dropdown in the year 2001, 2002 and 2009. In 2015 the foreign exchange earnings from tourism amount to US\$ 21.07 billion (Ministry of Tourism 2017). Tourism in India is a great source of foreign income to the country and contributes highly towards the development of the nation.

1.5.4 Domestic tourist visitors

Table 6: Domestic tourist visitors in India

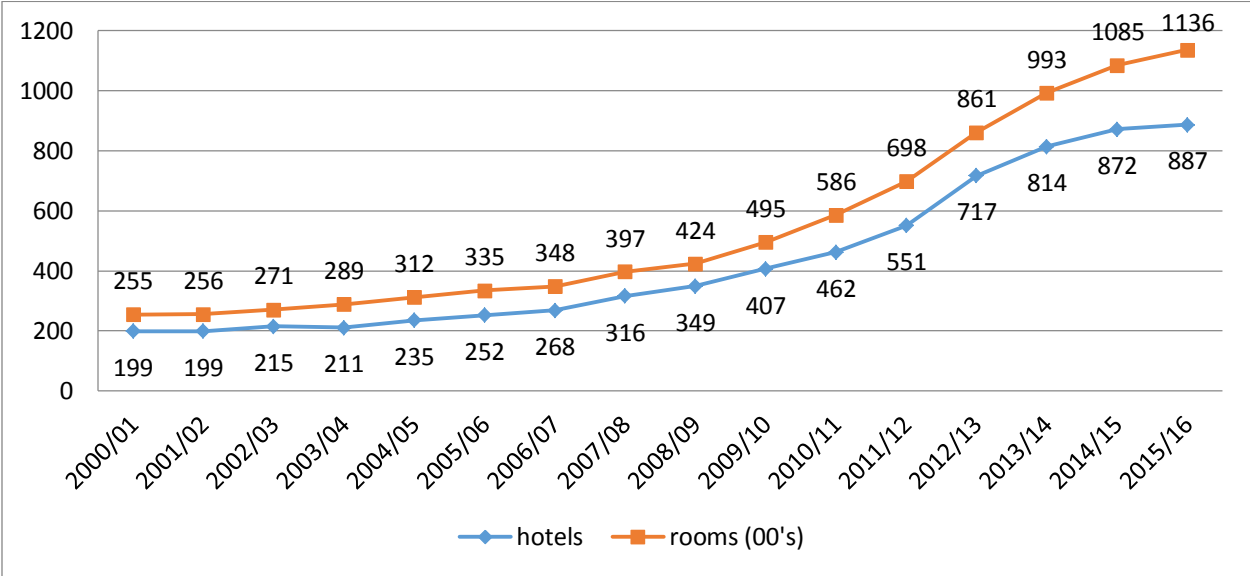


Source – Ministry of Tourism, India 2017

The table 6 shows the numbers of domestic tourist visits in India during the year 2000 to 2015. A steady growth can be seen during those years. Compared to the year 2000 where 220 million domestic tourists visited within India has increased to 1.44 billion in the year 2015 (Ministry of Tourism, India 2017). In the recent years as can be seen in the table, the numbers of domestic tourist has increased which also has helped in increasing the GDP as well as employment opportunities in India.

1.5.5 Numbers of Hotels and Rooms

Table 7: Numbers of hotels and rooms in India



Source –HVS Global Hospitality Services © Statista 2016

Table 7 highlights about the recent growth in the numbers of hotels as well as in the numbers of rooms in India. Consistently growing since 2000/2001 from just 199 hotels with about 25,500 organized rooms to 887 hotels with a count of about 113,600 rooms in the year 2015/16 has led a tremendous growth of the hotel industry in India (HVS Global 2016).

1.6 Radisson Blu Hotel

The Radisson Blu Hotel is a five-star hotel which is situated at NH-37, Guwahati. Guwahati, being the capital of the Province of Assam is a small town which is located in the North- Eastern part of India (see Figure 4). The hotel is located just a few minutes away from Deepor beel which is a freshwater lake that includes varieties of bird and wildlife sanctuary.

Figure 4: Radisson Blu hotel



Source – Internet (www.radissonblu.com/en/hotel-guwahati)

Being situated outside the city, the hotel enjoys a peaceful location with plenty of greenery. Providing business class, family accommodation and 196 rooms, Radisson Blu stands as one of the most luxurious hotels in Guwahati. The hotel offers different amenities such as LED televisions and free high speed wireless internet. It also offer different types of services/facilities like restaurant, bar, café, organizing of events and meeting, conference rooms, business class lounge and swimming pool, fitness center, spa and many other guest services.

1.6.1 Facilities and Services

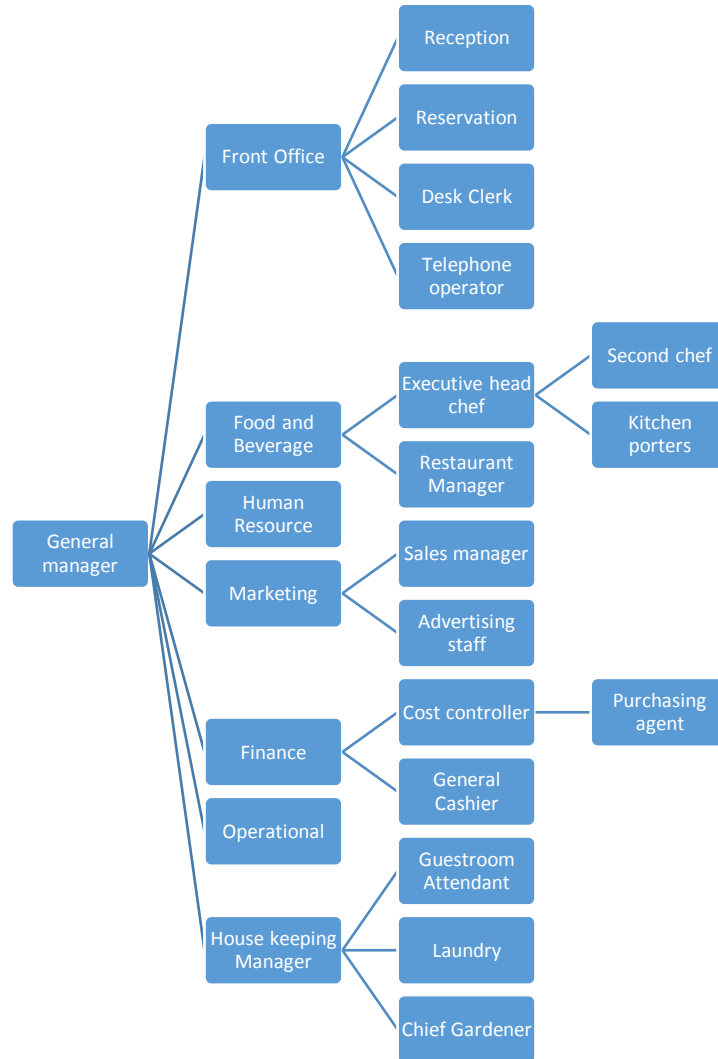
To highlight some of the services and facilities that are being provided by Radisson Blu hotel is one of the objectives of this research. Located at a beautiful city Guwahati, the Radisson Blu hotel provides its guest with a host of quality services to make it as pleasurable as possible. The attentive staff provides a 24 hour room services. Some of the services and facilities that are being provided by Radisson Blu hotel are the following-

- Deluxe rooms – with a total capacity of 196 rooms which includes standard room, business class rooms, studio suites, executive suites and deluxe suites. Their inviting rooms show lovely décor with beautiful bedding. It also includes other amenities like LED televisions, high speed wireless internet along with computer, complimentary fruit, etc.
- Restaurants and Bar – Radisson Blu provides different dining in a stylish manner which includes a courtyard and poolside seating. They offer varieties of Pan-Asian dishes, Open for meal café B-you provide international buffets on Indian and Mediterranean items. The bartender can give expertly mixed cocktails along with other finest wines and international beers.
- Meetings – The hotel provides, from an outdoor lawn to classic boardroom to accommodate varieties of events with classic style. Meeting services includes fully equipped business center, catering options, conference hall and high tech equipment.
- Health club – It also provides varieties of recreational services related to health for healthy body and relaxed mind. Some of the services are fitness center, swimming pool, beauty salon, spa, gym, guest services, etc.

- Events – Organizing of events is another service that is offered to the customer. Events on different occasions like marriage, birthdays, parties, anniversaries etc., are also organized by the hotel to the guest.
- One touch service – Related to guest needs, whether it is for room service, special request or any information required. All are taken care with the one touch service. The one touch service is a button which is provided in every room.
- Travelling – It also helps its customer in arranging for necessary tour and transportation by booking and providing vehicles and persons for travelling and accompanying throughout the whole event.
- Other services – Some of the other services that are offered by the hotels are the following –
 - 24 hour availability
 - Free internet
 - Express checkout
 - Express laundry
 - Grab and run
 - Super breakfast
 - Gift card

1.6.2 Organizational Chart of Radisson Blu

Figure 5: Organizational Chart of Radisson Blu



Source – Prepared based on information provided by the Manager

The organizational chart of the Radisson Blu hotel is shown in the figure 5. With the help of smart art, the organizational chart is prepared and it is based on the information provided by the manager. It is shown in hierarchy way starting from the top level of management to the bottom level.

1.7 Organization of the study

This work consists of five chapters. The first chapter gives the objectives of the study and identifies the research aims. This chapter also provides about the background of the research along with a brief summary of tourism and hotel industry in India. It also highlights some of the recent growth and trends.

The second chapter reviews some of the literature related to the research objectives. It provides the perception of different authors related to customer satisfaction, customer loyalty and luxury.

The third chapter explains about the methodology and techniques that were used to fulfill the research objectives. This chapter also explains the various methods of data collection required for the research.

The fourth chapter discuss about the findings of the research by analyzing the data that are collected for the research. It is divided into two parts: Findings from the Interviews and Findings from the Questionnaire. It also shows the answer to the research questions and ideas/solution for customer satisfaction

The fifth chapter presents the conclusion of the research along with the limitation and future research suggestion.

Chapter 2: Literature review

2.1 Customer Satisfaction

According to Cambridge dictionary, 'customers' are those persons who buy service and goods. Satisfaction means creating specific value by providing goods and services to the client so that the client remains loyal with the organization (Wicks & Roethlein, 2009). So, customer satisfaction means the person receiving the expected/better level of goods and services from the organization and remaining loyal with it.

Li, Chang & Chuang (2013) wrote that satisfaction is a feeling that varies on different customer as it depends on expectation, perception, personal preference and motivation, etc. If the service or product fails to meet the expectation of the customer, the customer will be unsatisfied. On the contrary if the product meets with the expectation of the customer, the customer will be satisfied.

Dominici & Guzzo (2010) in their paper described that only attracting new customer is not sufficient to be successful in the market but it is also to concentrate on retaining the existing customer. They describe customer satisfaction as business philosophy that creates value for customer, managing their expectations and satisfying their needs. According to them management focusing on customer satisfaction can have positive image and increase customer loyalty. Hotel industry is an industry which provides homogenous services so to exist in the market the individual hotels must be able to satisfy their customer in a better way than their competitors (Choi, & Chu, 2001).

Oliver (1980, p. 460) gave the definition of satisfaction as 'a function of an initial standard and some perceived discrepancy from the initial reference point. He used the expectation

disconfirmation model to suggest the point at which consumers develop expectations about a product. After the product being used, the customer compares its performance and quality against its expectations. William (2002) also pointed out that satisfaction brings customer positive attitude towards the product or services whereas dissatisfaction brings negative attitude. From Oliver (1980) and William (2002) we can say that highly satisfied customer are those, who receive better performance than expectations, which can cause the customer to purchase the same product again.

From the above discussion and viewpoint of various authors it is clear that customer satisfaction is necessary for the survival and existence of the hotel. Customer satisfaction depends on the types and quality of services that are being provided by the hotels. So providing ideas on what the Radisson blu hotel needs to improve and concentrate to retain customer satisfaction is one of the objectives of this paper.

2.2 Customer Loyalty

Cunningham, (1956) described Customer loyalty as the quantity of customer's total purchase to a product. Loyal customers are those customers who purchase the same product or services from the same service provider and continue to maintain a positive relation with the service provider (Kandampully & Suhartanto, 2000). Customer loyalty can be obtained by providing quality services to the customer, which can also results to customer satisfaction.

Customer can be loyal due to the satisfaction received in the product or services and wants to continue the relationships. They may also be loyal due to high switching barriers. To keep the

customer exists, companies consider the customer satisfaction is the only strategy (Sudin, Tenaga, & Sudin, 2016). Many authors have found that customer satisfaction has a positive impact and relation with customer loyalty.

According to (Dominici & Guzzo, 2010) in order to obtain customer loyalty, service provider should provide high quality service so that they can obtain high levels of customer satisfaction. Gaining high levels of customer satisfaction can help in gaining more customer loyalty because the more satisfied the customer are, they are more likely to come back to the same hotel. For a long term relationship, customer relationship is the beginning of customer loyalty.

Shoemaker & Lewis (1999) in their paper explained that for long term existence of the hotels, just finding new customer is not sufficient. The authors believed that to be successful and exist in future, the firm should practice customer loyalty. Customer loyalty can help in bringing back the old customer.

From the discussion above, we can say that customer loyalty shows whether the customer will remain as a client with the company or not. Money cannot purchase customer loyalty and attracting new customer will cost more than retaining the old customer. Rather than attracting new customer it is better for the hotel to retain the existing customer by providing quality services for customer satisfaction.

A review of research and a semi structured interview to manager is necessary to provide an idea about the relationship between customer satisfaction and customer loyalty. To go for a semi structured interview is another aim of this research paper.

2.3 Luxury hotels

According to Dubois et al. (2005) the word luxury has been derived from the Latin word ‘Lexus’ which means soft or extravagant living, over-indulgence and luxuriousness. It has been seen throughout the ages that luxury has a close relation with hospitality and is considered as an experience than a product (Curtis, 2001).

The ministry of tourism, Government of India and Malaysian Tourism Board has recognized luxury hotels as four star, five star and five star deluxe hotels (Ekiz, Khoo-Lattimore, & Memarzadeh, 2012; Mohsin & Lockyer, 2010). Here for the purpose the studying the term ‘luxury hotels’ the five star hotel are being participated.

Talbott (2004) mentioned that to be considered as a luxury hotels, the hotels should meet this four requirements; style, comfort, service and pampering. As long as it meets the requirements it will be considered as luxury hotels whether it may be a chain hotel or independent hotel. Luxury hotels are those four to five star rated, deluxe hotels that provide quality services to the customer. Most of the researchers in their papers have mentioned the four stars, five star hotels, and deluxe hotels as the example of luxury hotels (Davidson, Timo, & Wang, 2010; Wu & Liang, 2009).

Most of the studies related to luxury hotels are being provided in business reports prepared by Industrial practitioner (HVS Reports, 2017; STR Global, 2016). Academically very limited work has focused on the various aspects of luxury hotels. So, explaining luxury hotel and its importance from manager point of view is one of the objectives of this work.

2.4 Relationship between customer satisfaction and customer loyalty

Bowen et al. (2006) studied the relationship between the customer satisfaction and customer loyalty and implement some method for the hotel to identify attributes which can increase customer loyalty. The results of their research showed that customer satisfaction is not equal to loyalty. Their results showed nonlinear and unequal relationship between satisfaction and loyalty.

Shoemaker & Lewis (1999) in their paper described that customer loyalty is not equal to customer satisfaction. Satisfaction measures the customer expectation at a given transaction, whereas customer loyalty measures the customer repurchase and re-engage in an activities. According to them a customer can have satisfaction without loyalty but the customer cannot be loyal without satisfaction.

There are many reasons for which customer loyalty may not be the results of customer satisfaction. Some of the reasons given by (Shoemaker et al. 1999) are – Even though the travelers may be satisfied with the service but due to not returning to the area may lead to disloyalty. Some travelers may be price sensitive and though they may be satisfied with the services, but price sensitivity may lead to disloyalty. Lack of encouragement to visit again may be another reason for disloyalty. For example, sometime the receptionist may forget to request the customer to visit again which can make the customer disloyal even though they are satisfied with the service of the hotel.

Most of the papers showed that customer satisfaction is not equal to customer loyalty. Though they may not be equal but both are quite interrelated. This paper aims at describing the relationship between them.

Chapter 3: Methodology

3.1 Research methods

Research methods are set of tools and techniques that are used to gather information or data and analyzing it in relation to the research objectives (Slevitch, 2011). The choice for the research method should be based on the research objectives. To have a detailed understanding of the phenomenon, mostly a qualitative method of studying is likely to be used (Bazeley, 2009). Qualitative methods can highlight issues and provide possible explanation. This possibility of providing explanation and highlighting issues are the positivity of qualitative method.

The principal research objective of this paper is to highlight the relationship between customer satisfaction and customer loyalty. Conducting of research is needed in order to collect information from the managers and employees regarding the perception of customer satisfaction, customer loyalty and luxury hotels.

3.1.1 Qualitative Methods

Qualitative methods are quite related with qualitative phenomenon. It can include case study, group discussion, individual interviews, observations, distribution of qualitative questionnaires, etc. Qualitative research can help to express the feelings and thinking's of an individual.

Qualitative data can be express in text format (data can also be collected through observation, images or videos etc. and can also be converted into text format) and provide more depth of a person's attitudes and experiences (Altinay & Paraskevas, 2008). The hotel industry often uses traditional method and asks its guests to evaluate on their services in some form. Using this old method it is quite difficult to reach to the depth of understanding because the guest evaluates

their satisfaction level in some numerical form rather than describing in words. Explaining the satisfaction level in words would help the hotel management to understanding more effectively (Kwortnik, 2003).

3.1.2 Case study

Case study research is a means of conducting enquiry in the social sciences. It is a common approach among the qualitative researchers and an exploration of multiple perspectives (Thomas, 2011). According to (Hyett *et al*, 2014) case is an object that is to be studied for some particular purpose. Classification of case studies can lead to development of study design and explains the research objectives. Case study can be explained as an interest in individual case than the approaches used for inquiry. The researcher informs about the selection of methods and use sources of knowledge such as people interaction, observation, etc. (Stake, 1998).

Three types of cases were proposed by (Stake, 1995). They are the intrinsic case, the instrumental case and the collective instrumental case. The intrinsic case provides understanding of the details of a single case. The instrumental case study is use to build theory or provides understanding on an issue. The collective case study is a multiple case study and each case study is being concentrated on its own entirety.

Researchers who use case study are advised to find out the common and particular about the case. This involves in depth consideration of the historical background, nature and other contextual factors of the case (Stake, 1998).

Using a qualitative case study approach can be more relevant for this research. It can help to find in more depth about the objectives and factors that are taken into consideration for the hotel.

3.2 Sampling

Wilmot (2005) mentioned that non-probability samplings are used in qualitative research as it doesn't have any aim to represent any sample statistically. He also highlighted that for qualitative research the issues that should be considered while determining the sample size depends on the homogeneous or heterogeneous nature of the sample.

Different sampling approaches are being used by researcher for quantitative and qualitative research. Quantitative methods depend on randomly selected larger sample size whereas qualitative methods focus in the depth of the research relatively on small sample size, even single sample (n=1) can also be taken into consideration that are purposefully selected (Wilmot, 2005; Patton, 1990). Of all the managers and employees only 2 managers and 3 employees agreed to be interviewed. Then a total of 50 questionnaires were distributed, but complete fill up of the questionnaire were received only from 20 samples.

3.3 Data collection

For continuing the research, the data were collected through various sources. The descriptions about the sources are shown below.

3.2.1 Interview – One of the important source of data collection for this research is the qualitative interview. Qualitative interview not only helps in gaining information from the participant point of view but also helps to understand why they have such viewpoint (Smith *et al.*, 2008). For the research the interviews went well but regarding the number of participants only few managers and employees could be interviewed. The reasons were their busy schedule and while some of them were not willing to go for the interview. A total of only 2 managers and 3 employees could only be interviewed. The interviewers were given the name as Manager A and Manager B and the Employees as Employee A, Employee B and Employee C.

3.2.2 Questionnaire – A questionnaire is another important source of data collection which can be both qualitative and quantitative in nature. It is a set of questions which are distributed to the sample for collecting information. For this research, the qualitative open ended questions were being distributed to the managers and employees. Qualitative open ended questions can help to study more deeply regarding the perception of the manager or employees of the Radisson Blu hotel. A total of 50 questionnaires were distributed but complete fill up of the questions were received only from 20 samples.

3.2.3 Data from other sources – Secondary data were collected from different sources like journals, research papers, annual reports, magazines, etc. Websites of the hotel and trip advisor were also used for collecting information. Papers were downloaded from website like Emerald, Science direct, IEEE, Poli buscador, etc.

3.4 Data analysis

For this thesis, data were collected from three sources (Interview, Questionnaire and secondary data), and all of these data helped in the description of relationship between customer satisfaction and customer loyalty. After the interviews and collecting of the questionnaires the analysis of the data begins.

Conducting of analysis is one of the biggest challenges in qualitative research. Now will the analysis be done manually (using hard copy) or some kind of computer application will be used to analyze for the qualitative research. For this research the researcher decided to use manual analysis of data using hard copy, pen and highlighter.

After the recorded interviews were fully transcribed in papers the analyze process started along with the distributed questionnaire. The goal of the qualitative data analyze was to find out the relationship between satisfaction and loyalty and state out the importance of luxury from the manager point of view.

The transcribed interviews and the questionnaires were read several times in order to have an overall idea of the data. The researcher highlighted the important part or key words based on the literature and objectives and wrote in a separate form. Then after going through the interviews and questionnaires, the researcher could have an idea of the manager and the employees perception regarding the relationship between customer satisfaction and customer loyalty; importance of luxury hotels.

Once the analysis was completed, the researcher ranked the data according to the concept. Then, the researcher tries to establish the relationship between customer satisfaction and customer loyalty and the importance of luxury hotels.

Chapter 4: Findings

The purpose of this paper was to examine with semi structured interviews, the relationship between customer satisfaction and customer loyalty. Along with the Questionnaire, It further conducted a semi structured interview with the some managers and employees and then highlighted the importance of luxury from the manager point of view. It also highlighted some of the quality services and facilities provided by Radisson Blu hotel (Shown at chapter 1).

Radisson Blu hotel is a five star hotel which is located at Guwahati. With a capacity of total of 196 rooms it provides a host of best quality services to its customer. Some of the services/facilities provided by Radisson Blu are restaurant, bar, café, organizing of events and meeting, conference rooms, business class lounge and swimming pool, fitness center, spa and many other guest services. As a five star hotel, people expect more high quality services from such hotel and factors like customer satisfaction, customer loyalty and luxury plays a very important role for its existence.

This chapter provides the findings resulting from the analysis of the interviews and questionnaires received from Radisson Blu hotel's managers and employees. The analysis combined the answers of the managers and employees on their concept regarding satisfaction, loyalty and luxury hotel. The findings were sub categorized into two parts;

- 1) Finding from the Interviews
- 2) Findings from the Questionnaire

4.1 Findings from the Interviews

Customer Satisfaction

The first part of this study for which data were analyzed was customer satisfaction followed by customer loyalty and luxury hotels. Most of the concepts of both the managers and the employees regarding the customer satisfaction were quite similar. But they have some points which makes different.

Managers explained that customer satisfaction is a feeling which makes the customer happy based on the services provided by the hotel. Manager A said that satisfaction can be received by the customer when they get the better quality services as expected or more than that. And yes it has a very important role for the hotel, because if customer are not satisfied than it can lead to a bad reputation of the hotel. Employee A said that customer satisfaction is when the customer received the value of the services in a better way than expected.

Manager B explained that different customer has different opinion or expectation from different services. According to him some of the problems faced by the hotels are lack of proper training of the employees, rude behavior of the customers, time management of services, etc. Employee B said that unavailability of labor forces on time, unable to provide the services on time ordered by the customer.

Customer Loyalty

All the managers and the employees had the same perspective regarding the impact of satisfaction on loyalty. They explained that if the customers are satisfied with the product or

service then they can be loyal because they believe that if they can provide better quality service which can give satisfaction then definitely they can have the customer revisit the hotel.

Luxury Hotels

The managers and the employees agreed that Luxury has a major contribution in attracting customers. Manager A explained that luxury can be characterized by the different physical environment of a 5 star hotel. It can be well designed, well placed, well-structured etc. and definitely such types of well environment feeling can make the customer more attracted towards the hotel.

4.2 Findings from the Questionnaire

Customer Satisfaction

Most of the answers received through questionnaire were quite similar. They provided the same concept regarding customer satisfaction. Some of them are highlighted – According to Participants A, Customer satisfaction means getting a good feedback from the customer after availing all the facility provided by the hotel. Customer gives good feedback if they are satisfied with the services. Participants B described that customers are guests, so it is important for the customer to be happy while staying at the hotel i.e. customer satisfaction from the perspective of the hotel. According to participant C, if a customer feels comfortable in the hotel along with all the facilities provided then it can be said as customer satisfaction.

According to the participants some of the important factors that can influence the customer are –

- Providing full facilities to the customer beyond their expectation
- Professional behavior towards the guests
- Taking good care of their customer needs and order
- Loyal towards the customer
- Listening to the complains and taking proper measure

Customer Loyalty

Participant B described that customer satisfaction has a deep relation with customer loyalty. He feels that if the hotel is unable to provide satisfaction to the customer then the customer will not be loyal and would like to switch to another hotel. Participants D mentioned that it depends upon the situation because sometime due to less number of five star hotels, even though the customer may not be satisfied with the services or facilities but will have to be loyal due to the less numbers of hotel. Participant G gave the answer that customer satisfaction and customer loyalty both are interrelated. According to him a customer will be satisfy if he is happy with the services and if he is happy he will be show loyalty towards the hotel.

Participant J explained that customer would be loyal if he is satisfied with the services and according to him loyalty comes after satisfaction and both are important for any hotels. Regarding the necessary of loyalty for the existence of hotel Participants K explained that Customer loyalty is not necessary for the existence of the hotel because the customer even though may want to be loyal but may not have another opportunity to visit the hotel again. But

Customer satisfaction is more important and necessary for his/her visit in future. Participants L explained that a customer may be loyal or may not be loyal but satisfaction is more important.

Luxury hotels

Almost all the participants gave almost the same feedback regarding concept of luxury hotels. According to Participants G explained that luxury hotels means those place where all the high quality facilities are available such as high quality rooms, beds, halls, available of 24 hour services, organizing of events etc. Participants N explained that luxury hotels are those hotels which has a standard of living and provides better quality services in compared to the normal hotels. Participants M explained that luxury hotels means five star hotel where the customers are impressed by everything that is offered to them.

Participants G explained that yes, luxury has an importance in today's world due to the growth in the living standard of the people. For example Business class people, VVIP, etc. may not be interested in that hotel that doesn't provide luxury facilities. And regarding the effect of luxury on customer it depends upon some situation like customer choice, business market of the city.

Participants H explained that luxury is a very important factor for a five star hotel because being considered as a luxury hotel the high class people or important persons makes the reservation for spending their days and nights in such hotel.

Answer to the research questions

1. What is the relationship between customer satisfaction and customer loyalty?

Both the managers and the employees considered customer satisfaction as a sentiment and it has an impact on customer's loyalty. Managers and employees explained satisfied customers as those customers who are satisfied with the services and goes for re-booking. Re-booking makes the customer loyalty towards the hotel.

Based on the findings, the researcher can conclude that the relationships between customer satisfaction and customer loyalty are quite complicated. Depending on the situation sometimes it can show good relationships between them and sometime not. The finding shows that if the hotel is able to provide satisfaction to the customer then the customer becomes loyal and would not like to switch to another hotel. The findings also shows that sometimes satisfied customer may not be loyal. One participant responded that even though the customer may be satisfied with the services but may not be loyal due to his no more visiting to that place again.

2. What is the importance of luxury hotel from manager's point of view?

Luxury hotels are those five star hotels which provides its customers with varieties types of quality services. The manager pointed out that luxury hotel has its importance in today's world due to the growth in the living of standard, tourism, meeting of business class people, etc. and customers expect for luxury from such hotels. According to one of the respondents, the business class people or VIP's may not be interested in a hotel that doesn't provide facilities like the luxury hotel. So we can conclude that luxury hotels are required to meet the need of such customers and thus luxury hotels are important.

4.3 Ideas/Solution/Recommendation

To provide some ideas or solution to the hotel to keep retaining customer satisfaction was one of the secondary objectives of this research. After analyzing of the interviews and questionnaire the following solutions were recommended.

1. Proper Training – As mentioned by one of the manager that lack of proper training is one of the problem that the hotel is facing. Proper training of the employees/staff can boost up their performance towards the customer and will be able to provide excessive hospitality which can lead to good reputation of the company.
2. Hiring more Labor – Hiring of more labor can lead to available of the labor on time. One of the employees stated that due to unavailability of labor forces on time sometimes they couldn't provide the services to the customer on time. So hiring for more labor force can provide a solution to this problem.
3. Professional Employees – The Manager also said that sometimes they have to face the rude behavior of the customer due to various problems. So the hotel should hire professional employees so that they can handle the problem easily and satisfy the customer.
4. Time management – Organizing for programs regarding time management to the employees in time to time can make the employees use of the time effectively and efficiently.
5. Service Quality – Improvement in the quality of services can also help in providing better quality of services to the customer which also can help in increasing customer satisfaction.

Chapter 5: Conclusion

This final chapter highlights the research objectives, summary of the literature review and methodology, findings of the research and also the limitations of the research.

The main purpose of this research was to study the relationship between customer satisfactions and customer loyalty and also to highlights the importance of luxury hotels. To highlight some of the services and facilities provided by Radisson Blu hotel.

Shoemaker & Lewis, 1999; Bowen et al, (2006) mentioned in their papers that customer satisfaction and customer loyalty are not equal. Their research showed that a customer can be satisfied without being loyal but a customer cannot be loyal without satisfaction. Most of the researchers in their papers have mentioned the four stars, five star hotels, and deluxe hotels as the example of luxury hotels (Davidson, Timo, & Wang 2010, Wu & Liang, 2009). Talbott (2004) considered luxury hotel to be of style, comfort, service and pampering. Luxury hotel are high star hotels which provides high quality services.

For this research, qualitative methods of research have been used. Data has been collected through interviews and questionnaire. The interview and questionnaire survey method was conducted to find out the manager and employees perception about satisfaction, loyalty and luxury hotels.

The findings from the interviews and questionnaire shows that the relationships between customer satisfaction and customer loyalty are quite complicated. Depending on the situation sometimes it can show good relationships while sometimes not. As discussed in the answer to the research questions if the hotel is able to provide customer satisfaction then the customer becomes

loyal and would not like to switch to another hotel. It also shows that sometimes there may not be any relationships between them because even though the customer may be satisfied with the services but may not be loyal due to his no more visiting to that place again.

5.1 Limitation of the Research

The first limitation for this study was that it was conducted only on the manager and employees of the hotel and the opinion of the manager and employees were only collected. Also demographic data of the manager and employees were not allowed to be collected. Restriction of having an interview with the customer or distributing the questionnaire to the customer from the hotel was also a limitation for this study. Maybe studying from the customer's point of view would have led to better results. The third limitation was that the managers were not willing to provide information regarding the data of the hotel due to the hotel policy regarding the disclosure of information. The fourth limitation was that the sample size was very small i.e. only 5 participants participated for the interview and 20 participants for the questionnaire.

Lastly, using case studies only from Guwahati can also be a limitation, because the concept about customer satisfaction, customer loyalty and luxury may be different in different parts of the world.

5.2 Future Research

This research developed an understanding of the relationship between the satisfaction and loyalty of five star hotels, using the case studies of Radisson Blu Hotel. On the basis of this research, the relationship between satisfaction and loyalty was more complicated. Many more relationship can be there between them. Therefore conducting more research to explore the relationship between them would provide a better finding to the relationship.

This research also explained the concept of satisfaction, loyalty and luxury hotels from the managers and employees point of view. If the manager and employees have better understanding of satisfaction and loyalty then it can help them to deliver a better experience of their services.

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Appendices

Appendix 1 - Interview questions/ Discussion

1. Structure of the hotel
2. What is customer satisfaction and explains its importance for your hotel
3. What are the problems or challenges that you are facing to enhance customer satisfaction?
4. What is the impact of customer satisfaction on customer loyalty?
5. Do you think luxury has a major part in attracting customer?

Appendix 2 – Questionnaire

Dear Sir/Madam,

My name is Akhil Chandra Pegu and currently I am working for my Final Master Thesis (TFM) on ‘Satisfaction and Loyalty of a Consumer, Case study of Radisson Blu hotel Guwahati’ under Universitat Politecnica de Valencia, Spain. I would like to seek the permission to collect information from managers and employees through open ended questionnaires and interviews. The information collected here will not be shared and will be intended only for academic purpose

Your co-operation will be highly appreciated

Thank you

A. Customer Satisfaction

- 1.1 In your opinion, what does customer satisfaction mean to you?
- 1.2 What are the important factors you need to consider that can influence the customer?

B. Customer Loyalty

- 2.1 Relation between customer satisfaction and customer loyalty
- 2.2 How is customer loyalty necessary for the existence of your hotel?

C. Luxury Hotel

- 3.1 What is luxury hotel?
- 3.2 Describe the importance of luxury from your point of view and its effect on the customer.