



CUSTOMER SATISFACTION IN HOTEL INDUSTRY

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CHAPTER I

1.1. INTRODUCTION

The pursuit of customer happiness is a key component of success in the dynamic hotel sector in Sri Lanka. The goal of this research is to analyze and grasp the complex dynamics of customer satisfaction in the particular setting of hotels in Sri Lanka. In a country known for its magnificent scenery and diverse cultural heritage, the hotel industry is essential to creating experiences that visitors will never forget.

Our investigation entails a careful analysis of the variables that affect customer satisfaction while taking Sri Lankan cultural quirks and preferences into account. We try to identify the components that lead to a satisfying stay for visitors, from the kind greeting upon arrival to the customized services that embodies Sri Lankan hospitality.

As we navigate through this project, our goal is to provide valuable insights and recommendations that empower hotels in Sri Lanka to not only meet but exceed the expectations of their diverse clientele. By understanding the local intricacies and global trends, we aim to assist the industry in creating an unparalleled guest experience, fostering customer loyalty and elevating the reputation of Sri Lanka's hotel offerings on the world stage

1.2. BACKGROUND OF THE STUDY

Against the backdrop of Sri Lanka's thriving hotel industry, this study delves into the critical domain of customer satisfaction. Sri Lanka, with its rich cultural heritage and scenic beauty, has positioned its hotels as key players in the global tourism arena. Understanding the unique nuances and preferences of guests within the Sri Lankan context is essential for hotels striving to excel in service delivery.

This research aims to explore the intricate factors influencing customer satisfaction in Sri Lanka's hotel industry, considering the cultural intricacies and distinct preferences of both local and international patrons. By delving into these dynamics, the study seeks to unearth valuable insights that can guide hotel management in tailoring their services to meet and exceed guest expectations.

I would want to utilize a few hotels in various parts of Sri Lanka for my report. Included are Habarana Village by Cinnamon, Hotel Sigiriya, and Araliya Red Hotel in Nuwara Eliya.

The five-star hotels listed above are all spread over various parts of Sri Lanka. Referring to several of these hotels' customer evaluations, I saw that there are a lot of unfavorable comments about them, and I would want to address those in my report.

1.3. RESEARCH STATEMENT

These days, client evaluations have a significant impact on every company because of online surveys that are accessible to everyone looking for information about these businesses. Because of this, an organization will experience severe consequences if it receives a negative rating. Looking over the most recent evaluations of the hotels mentioned above, I see that some of the comments are unfavorable, having been left by customers who felt their stay did not live up to their expectations. Examining a few of these reviews,

- I recently had the unfortunate experience of staying at Araliya Red in Nuwara Eliya, and I must say it was the worst hotel and buffet experience I've ever encountered
- The staff and management are not friendly. They don't care about the guests. The guests need to beg for the things from the staff. Typical unfriendly Sri Lankan customer service and hospitality.
- As Sri Lankan nationals, we regrettably observed a significant discrepancy in the treatment we received during our stay. Although we paid \$250 for our accommodations for ONE DAY, the services provided did not match the price we paid.

The worst experience we have ever got, specially in a hotel of the Cinnamon group. We requested a room close to the restaurant since my mom is suffering from Arthritis but they have not catered it and we had to walk a long way.

1.4. QUESTIONS


- How does customer satisfaction influence to the hotel industry?
- What are the main factors that contribute to customer satisfaction in the hotel industry?
- How quality of the service affecting to customer satisfaction?
- What are the most important areas to improve to satisfy customers?

1.5. OBJECTIVES

- I. To identify the real meaning of customer satisfaction.
- II. To identify what are the areas to improve to satisfy customers.
- III. To identify the factors affecting customer satisfaction.
- IV. To identify the solutions relating to customer satisfaction

1.6. SIGNIFICANCE

- **Advancing knowledge**- Research helps hotels understand how to effectively integrate technology into their operations. This includes innovations in reservation systems
- **Problem-solving**- Swift and effective problem-solving directly influences customer satisfaction. Guests who experience issues or concerns expect prompt resolution. Efficient problem-solving ensures that guests feel valued.
- **Innovation** -Smart Room Features: Incorporating IoT (Internet of Things) devices and smart technologies within hotel rooms for climate control, lighting, and entertainment.
- **Evidence-based decision making** - Conducting market research and analyzing competitors' strategies provides evidence on market trends, guest preferences, and industry benchmarks. This information guides decisions related to pricing, marketing positioning, and the introduction of new services or amenities.
- **Personal and professional development** - Given the dynamic nature of the industry, programs addressing stress management and resilience can support employees in maintaining a healthy work-life balance.
- **Academic and career advancement** - Enhance language skills, especially in languages commonly spoken by international tourists. This can open up opportunities for roles that involve dealing with a diverse range of guests.



Overall, research plays a crucial role in driving progress and innovation in various fields and is essential for the advancement of society as a whole.

1.7. LIMITATIONS

- I. The scope of research is narrow, making it impossible to obtain all the information.
- II. may easily become out of date, especially in hectic settings, and eventually lose its relevance.
- III. It is impossible to understand the true state of low consumer satisfaction without investigating every hotel.
- IV. The details may not be correct depending on the choices of the consumer.

CHAPTER II

LITERATURE REVIEW

2.1. HOTEL INDUSTRY IN SRI LANKA

The hotel industry in Sri Lanka has undergone remarkable growth, with tourist arrivals surging from 448,000 in 2009 to 2.3 million in 2019. This expansion has significantly contributed to the country's economy, accounting for 5.3% of the GDP in 2019. Despite setbacks due to the Easter Sunday attacks in 2019, the industry has shown resilience, with a steady recovery. Research emphasizes the sector's potential, yet it recognizes challenges, including the need for improved infrastructure and sustainable practices. With an increasing focus on service quality and technology adoption, the literature underscores the industry's pivotal role in fostering economic development, job creation, and positioning Sri Lanka as a prominent global tourist destination.

2.2. WHAT IS CUSTOMER SATISFACTION

Customer satisfaction is a metric that gauges the extent of contentment and fulfillment a customer experiences following an interaction with a product, service, or brand. It encompasses the customer's overall perception, influenced by factors like product or service quality, responsiveness, and the overall experience. Achieving high customer satisfaction is vital for building brand loyalty and encouraging repeat business. Companies often employ surveys, feedback mechanisms, and reviews to assess and enhance customer satisfaction. Positive customer experiences not only contribute to a business's reputation but also foster positive word-of-mouth marketing, attracting new customers. In a competitive marketplace, customer satisfaction is a pivotal element for sustained success and business growth.

2.3. CUSTOMER SATISFACTION IN HOTEL INDUSTRY

Customer satisfaction in the hotel industry is paramount, given the service-oriented nature of the business. It refers to guests' overall contentment with their experiences during their stay at a hotel. Several key factors contribute to customer satisfaction in the hotel industry:

- **Service Quality:** The quality of service provided by hotel staff, including friendliness, responsiveness, and attentiveness, significantly impacts customer satisfaction.
- **Accommodation Quality:** The condition and cleanliness of rooms, the comfort of beds, and the availability of essential amenities all contribute to guest satisfaction.
- **Efficient Check-in/Check-out Process:** Streamlined and efficient check-in and check-out processes enhance the overall guest experience and contribute to satisfaction.
- **Dining Experience:** Quality and variety of food, along with the service in hotel restaurants, significantly influence guest satisfaction.

2.4. IMPORTANCE OF CUSTOMER SATISFACTION

Customer satisfaction holds paramount importance for businesses across various industries, influencing both short-term success and long-term sustainability. Here are key reasons highlighting its significance:

1. **Customer Loyalty:**

Satisfied customers are more likely to become loyal patrons, consistently choosing a brand or product over competitors. This loyalty contributes significantly to a business's revenue through repeat purchases.

2. **Positive Word-of-Mouth:**

Satisfied customers become advocates for a business, sharing positive experiences with friends, family, and online communities. This positive word-of-mouth marketing is a powerful driver of new customer acquisition.

3. **Brand Reputation:**

High customer satisfaction contributes to a positive brand image. A strong reputation enhances a company's competitiveness and attractiveness to potential customers.

4. **Customer Retention:**

Retaining existing customers is often more cost-effective than acquiring new ones. Satisfied customers are less likely to switch to competitors, reducing churn rates.

5. **Customer Feedback and Improvement:**

Customer satisfaction surveys and feedback provide valuable insights for businesses to identify areas for improvement. Continuous improvement based on customer input is crucial for staying relevant and competitive.

In essence, customer satisfaction is a key driver of business success, fostering loyalty, positive reputation, and sustained growth. It is a metric that reflects a business's ability to meet and exceed customer expectations, ensuring a mutually beneficial relationship between the company and its clientele.

2.5. CONCEPTUAL FRAMEWORK

There are some indirect factors that impact customer satisfaction.

