

Servicescape, Customer Satisfaction and Loyalty in Ghanaian Hotels

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Abstract

The hotel industry is one of the fastest growing industries in Ghana, due to the influx of tourist activities and government policies to improve tourism for economic gains. Currently, many new hotels and international chains are competing for a greater market share in Ghana. The highly competitive nature of the industry requires creative strategies to remain competitive. Since hotels offer both tangible and intangible services, managers must focus on the service environment which is the intangible elements of hotel service delivery to differentiate their services from their competitors in order to ensure customer loyalty and remain competitive. This study investigated customer perceptions of hotel service environment to determine their level of satisfaction and their loyalty behaviours. Using a cross-sectional survey design and convenient sampling techniques, questionnaires were administered to one hundred and fifty (150) customers of 1-3 star hotels in Ghana. Data was analysed using descriptive statistics and regression analysis. The study revealed high scores for equipment, smell and lighting elements of the service environment, but scored low on music, furnishing, temperature and cleanliness and customer service. A strong relationship between customer satisfaction and customer loyalty was also established.

Keywords: Customer loyalty, Customer satisfaction, Ghana, Hotels, Servicescape,

1.1 Hotel Industry in Ghana

The hotel industry in Ghana has witnessed a tremendous growth in recent times. This growth could be attributed to Ghana's relative political and economic stability in a region known for civil wars and conflict (Nartey, et al, 2013). The industry was however not properly developed until the economic reforms programme which was launched by the government of Ghana in 1983 as part of the IMF and World Bank conditionality for economic assistance for developing countries (Appiah Kubi, 2001; Konadu-Agyemang, 2001). Until then, few hotels operating in Ghana were government owned. By the year 2007, the hotel population in Ghana had grown from 751 in 1997 to 1,437 (GTB, 2013). By 2010, provisional figures were 1,797 (Ghana Tourism Authority, 2010). In addition to that, Ghana has also become the new darling for hoteliers and investors in West Africa since the discovery and drilling of oil in commercial quantities by the last quarter of 2010. In the year 2011 alone, 11 new international hotels were proposed in Ghana, equating to just over 1,750 new bedrooms (Harper, 2012). It is therefore not surprising that several international hotel chains such as Movenpick, kempinki, Bestwestern and Holiday Inn currently operate in Ghana. Table 1 shows trends in hotel accommodation from the year 2004 to 2010.

Table 1: Trends in hotel accommodation – number of rooms and beds, 2004-2010

YEAR	NO OF HOTELS	NO OF ROOMS	NO OF BEDS
2004	1315	18079	23538
2005	1345	18752	23924
2006	1427	22835	27839
2007	1432	20788	26057
2008	1595	24410	29645
2009	1775	26047	31702
2010	1797	27873	34058

Source: Ghana Tourist Board 2010 in Ahiawodzi, 2013

In addition, numerous other unrated hotels also operate in Ghana. These trends indicate an increasing growth in hotel population in Ghana. Hotel managers need to strategise to remain competitive.

1.2 Related Studies

The importance of attaining distinctive atmosphere, servicescape or environment has gained growing attention among hotel managers since it is considered one of the key factors in attracting and satisfying customers in hotels (Han & Ryu, 2009; Yang & Namkung, 2009; Liu & Jang, 2007). The servicescape or physical environment of any business is an important determinant of Consumer Psychology Behaviour (Ryu & Jang, 2007). Bitner (1992) defined service environment as the built environment, which has artificial physical surroundings as opposed to the natural or social environment. The service environment remains critical in forming initial impression of the customer which could predict customer intentions (Dong & Siu 2013).

Customers of hotels usually spend hours or days in hotels for various reasons. In doing so, they consciously or unconsciously sense the physical surroundings which impacts on their future intentions. In addition to food service, pleasant physical setting, interior design and décor, pleasing music, subdued lighting, unique color scheme, ambience, odor, spacious layout, appealing table settings and attractive service staff all goes to determine to a large extent the degree of overall customers satisfactions and loyalty (Han & Ryu, 2009; Kim & Moon, 2009). Customers seek evidence of quality service by observing the tangible elements or physical surroundings (Berry & Parasuraman, 1991). In a hotel, for example, there are many facilities that are used for different purpose which the environment must depict through its designs. The use of different furnishing, colour scheme or to differentiate one space from the other helps customers to understand and evaluate the service environment (Rutes et al. (2001). Understanding consumers' evaluating process and the different purpose of private and public space will enable service providers make better decisions in increasing a pleasant servicescape for specific service settings. According to Rutes et al. (2001), a private setting such as a hotel guestroom has a greater influence on guests' overall hotel experience than a public setting.

Hotels aim to provide customers a feeling of a home (Siguaw & Enz, 1999) in order to provide a harmonious and comfortable environment where guests can feel at home. The best hotel design should create a residential feel (Siguaw & Enz, 1999). Rutes et al. (2001) suggest that, the overall layout and design of a hotel lobby must provide guest circulation from the entrance to the front desk to elevators in a logical and convenient fashion. The satisfied employee who is affected positively by these environmental elements will deliver better service to customers because, they are happy with their service environment. Service environment plays a critical role in not only customer evaluation of the standard of service, but also offers opportunities for managers to influence customer satisfaction (Namasivayam & Lin, 2008). Managers could use service environment to enhance customer services, attract new customers and ensure customer loyalty. Consumers seek evidence of the eventual quality of the intangible service from observing the tangible elements such as music, colour, temperature and lighting (Bitner, 1992). Feelings and attitudes experienced by customers through the service provided by hotels, form customer perception of service quality. Based on their personal perceptions of the services, customers generally form their perceptions (Ramzi & Mohammed, 2010). There is a constant dynamic interaction within the natural systems with the capacity to effect significant changes in the physical environment (Wahab & Pigram, 1997; Hasan, 2000). The nature of development of these resources has the potential to frustrate or promote growth.

Numerous studies have examined the influence of service environment in a variety of service settings and found its impact on customer satisfaction, service quality and customer loyalty. Wakefield and Blodgett (1994) investigated the effect of the servicescape on customer satisfaction and repatronage. Results of that study indicated that, servicescape quality does play an important role in determining customer attraction and behavioural response to the service. In addition, Van Heerden et al (2009), studied the relationship between atmospherics, servicescape and destination attractiveness of a holiday destination in South Africa and found a positive correlation between the tourists' perceptions of atmospherics, the servicescape and destination attractiveness. The positive relationship between these variables influence satisfaction and loyalty. A number of studies have also established the closeness of customer satisfaction with loyalty (Skogland & Siguaw, 2004). This implies that, when customers are satisfied with the service environment, they are likely to be loyal. There is the need for hotel managers to focus on the service environment to attract and retain customers.

1.3 Research Method

The study targeted customers of licensed 1-3star-rated hotels in Ghana. This category of hotels was targeted because a large proportion of hotels in Ghana were found in this category and in order to improve upon representation, data was collected across the three categories of hotels. Using a cross-sectional survey design, one hundred and fifty (150) customers of these hotels were conveniently sampled. Questionnaires were self-administered to ensure accuracy. Convenience sampling technique was adopted for the data collection. The questionnaire contained questions covering elements of hotel service environment and respondents were asked to indicate their agreement or otherwise relating to each statement using 7-point likert scale. Out of the one hundred and fifty (150) questionnaires administered, one hundred and forty-three (143) representing 95% were filled and returned. The filled questionnaires were screened and the badly filled ones were discarded from the analysis. Finally, one hundred and twenty (120) questionnaires were found suitable for the analysis.

1.3.0 Results and Discussions

1.3.1 Reliability test

To determine the reliability of the items under each element of the service environment, Cronbach Alpha Test was carried out. This was employed to ascertain whether the items under each service environment were correlated with each other. The higher the correlation among the items of the scale, the more consistent the data collection instrument for the study. Generally, the accepted Cronbach Alpha Value is 0.7 and above, while a

reliability coefficient of 0.6 is acceptable for exploratory research. In this study, the Cronbach Alpha Reliability Test (α) of the scales was 0.898, suggesting that, all the items under the scale were worthy and adequate for retention.

1.3.2 Demographic Characteristics

The demographic characteristics of respondents as shown in *Table 2*, which indicates that most of hotel customers were female and belong to the age bracket of 21-40 years representing (54%).

Table 2: Demographic characteristics of respondents

Characteristics	Frequency	Percentages
Gender		
Male	55	46
Female	65	54
Age (years)		
Below 20	4	3.3
21-30	39	32.5
31-40	39	32.5
41-50	28	23.3
51-60	6	5.0
Above 60	4	3.0
Qualification		
PhD	15	12.5
Masters	21	17.5
Bachelors	43	35.8
HND	25	20.8
SHS/JHS	10	8.3
Others	6	5.0
Nationality		
Ghanaian	90	75
other Africans	18	15
European	1	0.8
North American	5	4.2
Asian	4	3.3
South American	1	0.8
Others	1	0.8
Income status of respondents C		
1000-2000	51	42.5
2000-3000	39	32.5
3000-4000	12	10
5000 and above	18	15
No. of times visited hotel		
3-6 times	60	50
7-10 times	35	30
more than 10 times	25	20

This implies that, most of the respondents were made up of young people. Furthermore, majority of the respondents were literate, holding a minimum of a Bachelor degree also representing (35.8%). The customers of the hotels involved were mostly Ghanaian businessmen (75%) whose monthly income was between C1,000- to C2000; an indication of an average worker-status in Ghana. Majority of the respondents were frequent customers of the hotels which implies that, customers may be loyal to the hotel.

1.3.3 Elements of the Hotel Service Environment

Using a seven-point Likert scale (1 = Strongly Disagree, 2= Disagree, 3=Moderately Disagree, 4= Neutral, 5= Agree, 6= Moderately Agree and 7 = Strongly Agree), respondents were requested to rate their degree of agreement against each of the elements of service environment to indicate their level of satisfaction. The mean ratings by the respondents for the elements as shown in *Table 3* indicated that most of the elements had mean value from 4.0 and above; an indication of neutral response on the Likert scale.

Table 3: Mean score and ranking of service environment elements

Elements of service environment	Mean score from respondents	Ranking
Music	4.23(±0.25)	11
Cleanliness	4.36 (±1.02)	8
Temperature	4.34(±0.79)	9
Lighting	4.58(±0.05)	3
Smell	4.67(±0.01)	2
Design	4.47(±0.65)	5
Equipment	5.27(±0.07)	1
Furnishing	4.23(±0.67)	10
People	4.50(±0.70)	4
Employees	4.46(±0.55)	6
Customer service	4.41(±0.79)	7

This implies that, customers were satisfied with the service environment of the hotels. Analysis of Variance (ANOVA) shows that, generally there were no significant differences ($p > 0.05$) between elements. However, based on the mean values, equipment is ranked to be the first element that customers were satisfied with. Equipment is a tangible element of hotel environment which is often the focus of hotel managers, since equipment plays an important role in the functioning of the hospitality business. Thus, it is not surprising that customers rated it as the first element that meets their expectation in the hotel. The second important element was the smell in and around the hotel. It is very obvious that, the environment of a hotel must be neat and free from unpleasant smell. The third key influencing element is the lighting system of the hotel. This implies that, the lighting system is adequate in the hotels. This shows that, the various kinds of lights being used in the hotel have a key role in influencing customer satisfaction and loyalty in the hotel. According to studies, brighter lighting influenced customers' choice of hotels especially in the restaurants (Knez and Kers, 2000; Ryu and Han 2011).

Temperature, furnishing and music were the elements ranked as 9th, 10th and 11th respectively. According to the study, these elements did not meet the customers' expectations (Petzer & Mackay, 2014). Some hotels have different kinds of rooms; some with the air conditioning systems while the other lack airconditioners. Hence, it is the choice of the customer to determine their preference depending on the purchasing power of the customer. Some hotel managers are reluctant to use airconditioners due to expensive electricity cost in Ghana. This could lead to a lot of discomfort because of the relatively high temperature conditions in Ghana. It is therefore not surprising that, customers were not satisfied with the temperature of the hotels. Furnishing is ranked among the least elements of the hotel. Most often, some hotels in this category spend less capital on hotel furnishing because of the types of customers who patronise such hotels. It was observed that, one to two-star hotels in Ghana were mostly patronized by middle to low income earners who were perceived to be only interested in basic furnishing. This implies that, customer perceptions of service quality may be the same across all categories of customers. In this study, music was ranked last, indicating that, customers were least satisfied with the type of music being played at the hotels. The impact of music on hotel businesses have also been well researched. According to Magnini & Parker (2009), music has psychological influences on a hotel's physical environment. According to the authors, music can cause guests to spend more time and money in an establishment, influence buyer/ seller interactions, improve customers' attitudes during a wait, amend guests' perceptions of brand personality and décor and enhance employee productivity. Numerous other studies have also confirmed the positive impact of music on customers behaviour (Lin, 2010; Sullivan, M. (2002). Yet, hotel managers appear unaware of the role of music in the service environment.

Customer service and cleanliness were also ranked 7th and 8th respectively. This means customers were less satisfied with customer service and cleanliness elements of the service environment.

Customer loyalty is also very important in the hospitality industry. According to Ramzy & Mohammad (2010), the hotel industry need to concentrate on maintaining customer's loyalty, since the business depends on building long term relationships with customers. Most of the respondents in this study agreed and ranked themselves loyal customers of the hotels (mean score 5.85) as shown in *Table 4*.

Table 4: Scoring of customer loyalty items

Customer loyalty items	Mean score from respondents
Consideration of oneself as a loyal guest of the hotel	5.85(±1.97)
Intention to use the hotel more often in future	4.77(±1.81)
Continued usage of the hotel once I am in that area	5.14(±1.91)
Continued usage of the hotel even if the price is increased	4.48(±1.94)
Will not switch to a different competing hotel if they offer a better service or discount	4.44(±2.02)
Recommendation of the hotel to a friend	5.26(±1.86)
Likely to make negative comments about the hotel to a friend and family	3.51(±2.15)

This implies that, respondents were loyal customers who derived satisfaction from the service environment of the hotel. As a result of this, customers will recommend the hotels to their friends, representing a mean score of 4.96. Further analysis of the result indicated that, most of the respondents will continue using the hotel. Most of the respondents also indicated that, they were unlikely to make negative comments about the hotel. This showed that, the customers were loyal to the hotels studied.

Correlation Matrix performed between elements of service environment and customer loyalty pointed towards positive and significant relationship between the elements and customer loyalty (Table 5).

Table 5: Correlation matrix between elements of service environment and customer loyalty

	Loyal guest	Future use	Not switching	Continuous usage	Competition but Not switch	Recommend to friend	No negative comments
Music	0.25**	0.47**	0.23**	0.60*	0.52**	0.67**	0.43**
Cleanliness	0.58**	.399**	0.45**	0.87	0.66**	0.77**	0.67**
Temperature	0.31**	0.39**	0.37**	0.19**	0.79**	0.26**	0.37**
Lighting	0.30**	0.41**	0.28**	0.24**	0.81**	0.15*	0.56**
Smell	0.34**	0.39**	0.19*	0.40	0.57**	0.25**	0.26**
Design	0.29**	0.53**	0.13*	0.04*	0.06	0.24**	0.75**
Equipment	0.52**	0.87**	0.88**	0.92**	0.29**	0.28**	0.40
Furnishing	0.40*	0.30	0.394**	0.27*	0.31**	0.09	0.13*
People	0.72*	0.53	0.314**	0.77	0.52**	0.37**	0.15
Employees	0.45	0.18**	0.019	0.47**	0.13*	0.43**	0.48*
Customer service	0.90*	0.34	0.58**	0.93*	0.94**	0.43**	0.59*

** Pearson Correlation is significant at the 0.01 level (2-tailed).

*Pearson Correlation is significant at the 0.05 level (2-tailed).

The correlation between customer service and loyalty remain strongest (p-values 0.90). Customer service is influenced by the people performing the service. This could explain the strong correlation between loyalty and people p-values 0.72. Other high influencers are cleanliness (p-values 0.58) and equipment (p-values 0.52). Service elements with low correlation include music (p-values 0.25) and design (p-values 0.29). This implies that the elements of service environment were the major driving factors that influenced customers to be loyal to these hotels.

The relationship between customer satisfaction and customer loyalty was also investigated using Pearson Product-Moment Correlation Coefficient. Preliminary analysis was performed to ensure no violation of the assumptions of normality, linearity and homoscedasticity. There was a strong correlation between the two variables $r = .766$, $n = 120$, $p < 0.0005$ (Table 6) with customer satisfaction associated with customer loyalty.

Table 6: Correlation of customer satisfaction and loyalty indicators

		satisfied	loyal because
satisfied	Pearson Correlation	1	.766**
	Sig. (2-tailed)		.000
	N	120	119
loyal because	Pearson Correlation	.766**	1
	Sig. (2-tailed)	.000	
	N	119	119

** Correlation is significant at the 0.01 level (2-tailed).

It is important that, managers pay particular attention to the people, equipment and cleanliness to ensure customer satisfaction and loyalty.

1.4 Conclusions and Recommendations

The main purpose of this study was to explore customer perceptions regarding elements of hotel servicescape to determine their satisfaction and loyalty behaviours. The results indicate that, customer satisfaction regarding hotel servicescape were satisfactory which supports findings of Hans & Ryu (2009) who also found that, physical environment enhanced customer satisfaction level and directly/indirectly influenced customer loyalty. Firstly, this study exposed the level of performance of hotels regarding the quality of service environment. Secondly, customer perceptions regarding the quality of service environment of Ghanaian hotels has also been determined. It could be concluded that, Ghanaian hotels are performing well in some areas of the service environment. For example, customers were satisfied with the equipment, smell and lighting systems at the hotels. The hotels need to improve on the quality of music, furnishing, cleanliness and customer service to meet customer expectations. The findings from this research also offers hotel managers and owners valuable information and insights with which to design the service environment, improve customer satisfaction, customer loyalty and their competitiveness in the ever competitive Hotel Industry in Ghana.

1.5 Limitations

This study suffers a number of research limitations: Firstly, non-probability convenience sampling was used for data collection which is prone to selection bias (Saunders et al, 2012). Secondly, the study used a small sample size. Data was collected from only fifteen (15) hotels and one hundred and fifty (150) customers. Similar studies used a much larger sample size (Harris & Ezeh, 2008), which means that, this result may not be generalised to represent all hotels in Ghana. However this study could form the basis for further research into the subject.

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