Research Article | Open Access

Service Quality Perception Towards 'Three *Star Hotels'* in Hyderabad

Dr K. Mahender Reddy

Associate Professor- MBA Dept.
Samskruti Institute of Business Management, Turkayamzal, Hyderabad, Telangana.

Abstract: Hyderabad is now a global centre for IT, particularly with the development of Cyberabad and HITEC City (Hyderabad Information Technology and Engineering Consultancy City). The state government's strategic policies have fostered IT growth and attracted foreign investment, which has spurred the establishment of large international firms. The hospitality industry always focuses on service quality and service tangibility. Customers rate the hotel service performance based on service standards provided in Hotels is treated as benchmark for service. The issue of service quality is one of the essential areas of marketing theory and practice, as high quality can lead to customer satisfaction and loyalty, i.e. successful business results. It is vital for any company, especially in services sector, to understand and grasp the consumers' expectations and perceptions pertaining to the broad range of factors affecting consumers' evaluation of services, their satisfaction and loyalty. The questionnaire used for gathering data comprised 09 tangible attributes of service quality, which the respondents rated on a five-degree scale. In recent months, the rapid expansion of Hyderabad's infrastructure has significantly boosted the hospitality sector, resulting in record-high occupancy rates, average daily rates, and revenue per available room (RevPAR). The city is set to see a wave of new commercial developments, including Grade A tech parks in Madhapur, Kokapet, Gachibowli, and HITEC City.

Keywords: Tourist Hub, Multicultural, Affordable, Environment

I.   Introduction:

Today, hotel occupancies are largely driven by the Commercial and Extended-Stay segments, thanks to the presence of major companies like Deloitte, Microsoft, Amazon, and Tata Consultancy Services. The Meetings, Incentives, Conferences, and Exhibitions (M.I.C.E.) segment also plays a crucial role, with large corporate events often held in HITEC City at venues like the Hyderabad International Convention Centre (HICC) and HITEX (Hyderabad International Trade Expositions), driving strong room night demand for hotels across the city, along with demand from smaller events.

The providers and customers where the service provider understands the needs and demands of the customer and gives pleasure to the customers. Without delivering quality services the hospitality industry. Similar aspects of service quality were reported by Wuest (2001), in tourism, hospitality, and leisure businesses which raised guest satisfaction; enhanced service provider's image; ensuring customer security; generating traffic linking to profits, saving costs, and higher market share; and establishing a competitive edge, and customer demand.
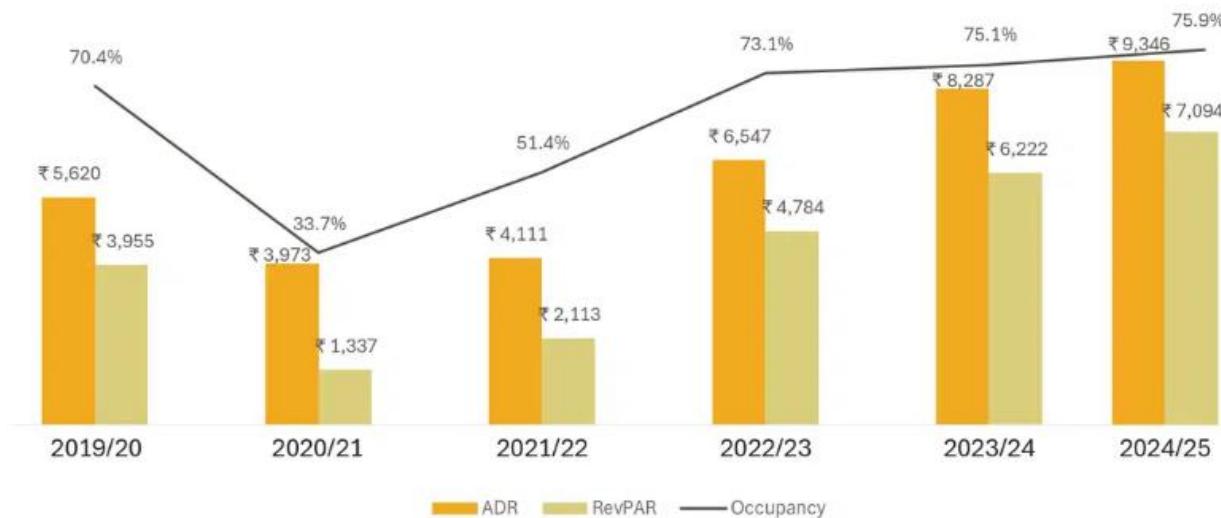
Fig 1: Hyderabad Hotel Market Overview

With the opening of the Rajiv Gandhi International Airport and the northwest expansion of the city, demand began shifting towards HITEC City (Hyderabad Information Technology and Engineering Consultancy City) and Gachibowli. Gachibowli has emerged as a thriving micro-market, attracting both international and domestic clientele. Historically, international customers have been a significant source of business for Hyderabad's hotels. Although the pandemic temporarily shifted the city's focus to domestic demand, with major IT firms establishing bases here, the return of international travel is expected to boost demand from regions like the US, UK, Middle East, and Africa. This influx of international visitors is anticipated to drive up average rates, particularly as international RFPs (Requests for Proposals) are negotiated at higher price points than their domestic counterparts. Hotel companies are also looking to increase contracted rates to counteract the rate stagnation experienced during the pandemic years. These areas, known for their booming IT sector, saw rapid development, eventually reaching saturation and forcing further expansion into emerging areas like Kokapet and Tellapur.

II. Literature:

Al Balushi, A., Musa, H. (2023) The German Hotel Association (IHA) emphasises that in future it will be crucial for the success of hotels that the concept and market positioning, as well as the quality of the offer, are consistent (Luthe, 2023). Also, at the UNWTO Conference on Quality Management, Romania UNWTO Secretary-General, Taleb Rifai stated "We live in an increasingly competitive sector. Quality standards provide a framework to guide stakeholders to improve their operations and services along the whole tourism value chain so as to create a complete and positive tourism experience"

Breaban, L., Hornoiu, R. (2023) "several contextual factors – including brand image, word-of mouth – influence customer loyalty within the hotel sector . Grasping the interaction between these theoretical perspectives and contextual elements is vital for constructing comprehensive models that adequately capture the intricate dynamics of customer loyalty in the hotel industry.

Hotel service is recently regarded as one of core businesses making up the tourism complex system which is one of the fastest growing industries in Vietnam during the past decade. The intensively competitive market requires hoteliers continuously renew and improve themselves to attract customers. In this context, the attention to service quality from the customer's perspective is considered as one of the most important factors deciding the success of tourism and hotel businesses. Therefore, the measurement of service quality and the evaluation of its impact on the customer satisfaction have been a great concerned topic for academics and practitioners in many

service industries including tourism and hotel industries.

Service quality is critical to the success of any service oriented organization. Since there is a high level of customer interaction with various aspects of the organization in the delivery and consumption of services (Kandampully, 2010). Customers assess the quality of service by comparing their perception of service delivery and services they receive.

Hence, service quality plays a crucial role in adding value to the overall service experience (Lau et al, 2005). Service quality is highly significant to attract and retain customers, to increase the market share and profitability, to reduce costs (Klidas et al, 2007; Sureshchanda et al, 2001)

The concept of service quality was started after there had been an increasing importance in the quality of goods served. Parasuraman et al. (1985) developed the SERVQUAL model wherein service quality is defined as the difference between a customer's general expectation of a service and his or her perceptions of service performance.

III. Methodology:

Objectives:

1) To examine the tangible things impact on Service quality in Hotels.

2) To study various factors that can influence Hotel premises.

3) To determine attracting tangible factors in hotel sector. .

Hypothesis:

H_{01}: There is no significant association between prompt room service impact on service quality
H_{02}: There is no significant association between employee Appearance and its impact on service quality
Sample:

Reputed 10 'Three Star Hotels' in Hyderabad which are in hospitality service from last 15 years are considered as sample for the proposed study, hotels like ITC Kakatiya, Western Ashoka and Katriya Hotels are name a few are considered as sample.

Sample Size:

A sample of 100 Hotel customers opinion was considered for data collection with the help of questionnaire in various above listed Hotels in Hyderabad.

Sampling Technique:

Random Sampling technique was adopted for the data collection process by visiting reputed 10 'Three Star Hotels' in Hyderabad city.

DATA ANALYSIS:

Frequencies

Qualification		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SSC	16	16.0	16.0	16.0
	10+2	27	27.0	27.0	43.0
	UG	45	45.0	45.0	88.0
	PG	12	12.0	12.0	100.0
	Total	100	100.0	100.0	

As per above descriptive, most of the respondents are educated people like under graduates and post graduates are participated in the survey.

Income		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20000-35000	15	15.0	15.0	15.0
	35001-50000	38	38.0	38.0	53.0
	50001-75000	34	34.0	34.0	87.0
	75000 & Above	13	13.0	13.0	100.0
	Total	100	100.0	100.0	

The income level of Hotel customers are revealed that, 38 % are getting up to 50,000 income and 34 % are earning up to 75,000/- salary and remaining 18 % are highly income people with up to 1 lakh.

Reliability

Reliability Statistics	
Cronbach's Alpha	**N of Items**
.778	10

Inference: Cronbachs alpha has been run for to check their reliability dimension of Tangibility. The above table displays some of the results obtained. The alphas for the all items are 0.778 > 0.7 indicates very good internal consistency among the given items.

Factor Analysis

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.515
Bartlett's Test of Sphericity	Approx. Chi-Square	141.451
	df	45
	Sig.	.000

Factor Analysis is a data reduction technique. It also helps in structure detection among the variables and further helps in studying the underlying crucial factors that cause the maximum variation. Before we proceed for factor analysis first the researcher tested the eligibility of the data by checking KMO- Bartlett's test which is a measure of sampling adequacy. The KMO value is 0.515 > 0.5 (accept for sampling adequacy)

Bartlett's Test of Sphericity indicates a measure of the multivariate normality of set of variables (Sig. value is less than 0.05 indicates multivariate normal and acceptable for factor analysis).

Com p onen t	\multicolumn{3}{c}{Initial Eigenvalues}			\multicolumn{3}{c}{Extraction Sums of Squared Loadings}			\multicolumn{3}{c}{Rotation Sums of Squared Loadings}		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.050	20.503	20.503	2.050	20.503	20.503	1.777	17.768	17.768
2	1.821	18.213	38.716	1.821	18.213	38.716	1.711	17.110	34.878
3	1.383	13.832	52.548	1.383	13.832	52.548	1.632	16.322	51.200
4	1.116	11.157	63.705	1.116	11.157	63.705	1.250	12.505	63.705
5	.823	8.227	71.933						
6	.728	7.283	79.215						
7	.712	7.122	86.337						
8	.622	6.221	92.558						
9	.428	4.277	96.835						
10	.317	3.165	100.000						

Total Variance Explained

Extraction Method: Principal Component Analysis.

Component Matrix[a]

	Component			
	1	2	3	4
1. The front desk was visually appealing	.214	-.093	-.330	.828
2.The guestrooms were quiet ,comfortable and inviting	.522	.442	-.205	-.168
3.The guestroom furnishings met my needs	.354	.579	-.340	.071
4.The TV, telephone, A/C, lights, and other mechanical equipment are good	.014	.633	-.437	.150
5.Room service offered a good variety of menu items	.445	.435	.542	.050
6.Room service served food at a satisfactory temperature	-.209	.495	.297	-.017
7. The facilities (health club, pool, meeting rooms, banquet halls, etc .) were clean	-.466	.527	-.091	-.326
8. The outdoor surroundings were visually attractive	.644	.092	.459	-.015
9. The hotel's interior and exterior were well maintained	-.783	.303	.020	.145
10. The Employees appeared in professional uniform	-.347	.264	.569	.494

Extraction Method: Principal Component Analysis.

a. 4 components extracted.

Rotated Component Matrix[a]

	Component			
	1	2	3	4
1. The front desk was visually appealing	-.086	.202	.033	.894
2.The guestrooms were quiet ,comfortable and inviting	.341	.604	-.221	-.096
3.The guestroom furnishings met my needs	.142	.746	-.028	.062

4.The TV, telephone, A/C, lights, and other mechanical equipment are good	-.170	.746	.164	.047
5.Room service offered a good variety of menu items	.747	.180	.295	-.073
6.Room service served food at a satisfactory temperature	.108	.168	.512	-.273
7. The facilities (health club, pool, meeting rooms, banquet halls, etc .) were clean	-.318	.316	.328	-.548
8. The outdoor surroundings were visually attractive	.794	.009	-.058	.037
9. The hotel's interior and exterior were well maintained	-.536	.009	.640	-.169
10. The Employees appeared in professional uniform	.125	-.179	.828	.159
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.				
a. Rotation converged in 6 iterations.				

Since the first factor in the ROTATED COMPONENT MATRIX is heavily loaded with the outdoor surroundings were visually attractive. The factor loading value is 0.794. This is highest in the first column of Rotated component matrix. First column represents the outdoor surroundings were visually attractive.

The second factor is heavily loaded with the guestroom furnishings met customers needs (0.747) and the TV, telephone, A/C, lights, and other mechanical equipment are good(0.747). The final list of 04 factors which collectively account for 63.70 % of the variance in the data is shown below

Sl.N0	Factor Name	Common Factor Name	Factor loading value
1	The outdoor surroundings were visually attractive		0.794
2	The guestroom furnishings met customers needs (0.747)		0.746
	The TV, telephone, A/C, lights, and other mechanical equipment are good		0.746
3	The Employees appeared in professional uniform		0.828
4	The front desk was visually appealing		0.894

Hypothesis Testing:

H_{01}: *There is no significant association between prompt room service impacts on service quality*

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	16.274[a]	12	.179
Likelihood Ratio	19.124	12	.086
Linear-by-Linear Association	.798	1	.372
N of Valid Cases	100		
a. 13 cells (65.0%) have expected count less than 5. The minimum expected count is .84.			

The above chi square value is greater than 0.05 (0.179 >0.05) , hence the null hypothesis is **accepted**, hence there is a significant relationship between qualification and tangibles in ' Three Star Hotels' means will have much concern about ambience and professionalism in the Hotels.

H₀₂: There is no significant association between employee Appearance and its impact on service quality

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	16.800ᵃ	12	0.21
Likelihood Ratio	19.044	12	.087
Linear-by-Linear Association	.132	1	.716
N of Valid Cases	100		
a. 13 cells (65.0%) have expected count less than 5. The minimum expected count is .84.			

The above chi square value is less than 0.05 (0.21 <0.05), hence the null hypothesis is **rejected**, hence there is no significant relationship between occupation and tangibles in ' Three Star Hotels', which means profession has no such impact on Hotel premises and surroundings.

IV. Discussion of Results:

The results of the meta-analysis will be interpreted considering the synthesized evidence, identifying key determinants of customer loyalty in the hotel industry, assessing the strength and direction of their effects, and exploring potential moderators that influence these relationships. The implications of the meta-analysis findings for theory, practice, and future research will be discussed, highlighting actionable insights that can support strategic decision-making and enhance customer loyalty initiatives within the hotel sector. There is difference between perceptions of service delivery and expectations of guests regarding the service quality of hotels. In others words, the expectations of customers have not been fulfilled in all the dimensions of service quality. So, the managers should understand the guests' expectation and standardize relevant services with their expectation. The hotel management should set the proper standards and support them with necessary resources and facilities and to minimize gaps in cooperation with the staffs to establish an organizational culture so that all would comply with the service quality rules and standards.

Hyderabad, an expanding centre for technology, business, and tourism, is experiencing a notable shortage in hotel capacity. Most of the current hotels were built in 2018/19, and until recently, there were no new upscale or luxury options available until The Leela Hyderabad opened in 2025. As the city attracts more IT firms, global conferences, and high-profile events, its existing hospitality infrastructure has proven insufficient. This surge in demand for quality accommodations, particularly in premium segments, has resulted in higher room rates and reduced availability.

References:
[1] Al Balushi, A., Musa, H. (2023). Analysing the impact factors of customer Loyalty among small and medium-sized Hotels in Dubai. International Journal of Professional Business Review, 8 (5), 1-21.

[2] Breaban, L., Hornoiu, R. (2023). Understanding Customer Loyalty in Romanian Wellness Spa Tourism: Insights from TRA Research. BASIQ 2023 International Conference, 04 (06), 167-175

[3] Briggs, S., Sutherland, J., & Drummond, S. (2007). Are hotels serving quality? An exploratory study of service quality in the Scottish hotel sector. Tourism Management, 28, 1006-1019.

[4] Butt, M. M., & De Run, E. C. (2010). Private healthcare quality: Applying a SERVQUAL model. International Journal of Health Care Quality Assurance, 23, 658-673.

[5] Curry, A., & Sinclair, E. (2002). Assessing the quality of physiotherapy services using SERVQUAL. International Journal of Health Care Quality Assurance, 15(5), 197-205.

[6] Enz, C.A. & Siguaw, J.A. (2000). Best practices in service quality. Cornell Hotel & Restaurant Administration Quarterly, 41(5), 20-29.

[7] Fick, G. R., & Ritchie, J. R. (1991). Measuring service quality in the travel and tourism industry. Journal of Travel Research, 30(2), 2-9.

[8] Freeman, K.D. & Dart, K. (1993). Measuring the Perceived Quality of Professional Business Services. Journal of Professional Services Marketing, 9, (1), 27-47.

[9] Frochot, I., & Hughes, H. (2000). HISTOQUAL: The development of a historic houses assessment scale. Tourism Management, 21, 157-167.