

SERVICE QUALITY, CUSTOMER SATISFACTION AND LOYALTY: A COMPARATIVE STUDY OF HOTEL WITH RETAIL BAKING, HOSPITALS AND RETAIL SERVICES INDUSTRIES

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Abstract: This exploratory research aims to determine whether there are perceived and significant differences with respect to service quality (SQ) attributes offered by four different service industries; viz.; *Banks, Hotels, Hospitals and Retail stores* in Goa. The SERVQUAL model (Parasuraman et al., 1988) was used to measure service quality perception. This study will attempt to validate the relationship between SQ and customer satisfaction and also attempt to validate any potential mediating effect that customer satisfaction may have on the relationship between SQ and Customer Loyalty. The findings of the research indicate that the attributes: *perceived tangibility* and *perceived responsiveness* were higher in Hospitals, followed by hotels, as compared to Banks and Retail Stores. *Perceived empathy* of Hospitals was higher as compared to Hotels, Banks and Retail Stores. The *perceived assurance* attribute of SQ about Hospitals was higher as compared to Hotels, Banks and Retail Stores. These findings confirm the work of Caruana (2002) and Agus et al. (2007) regarding the relationship between SQ dimensions and customer satisfaction, with the exception of Banks as it was observed that customers associated satisfaction with SQ attributes. The research confirms the mediating role of customer satisfaction between SQ and customer loyalty.

Keywords: Service Quality; Customer Satisfaction; Loyalt.

QUALIDADE DO SERVIÇO, SATISFAÇÃO DO CLIENTE E LEALDADE: UM ESTUDO COMPARATIVO DO HOTEL COM BANCOS, HOSPITAIS E SERVIÇOS DE VAREJO

Resumo: Esta pesquisa exploratória tem como objetivo determinar se existem diferenças percebidas e significativas em relação aos atributos de qualidade de serviço oferecidos por quatro diferentes indústrias de serviços: *bancos, hotéis, hospitais e lojas de varejo*, em Goa (Índia). O modelo SERVQUAL (Parasuraman et al., 1988) foi usado para medir a percepção da qualidade do serviço. Este estudo tenta validar a relação entre a qualidade do serviço e a satisfação do cliente, bem como o efeito mediador potencial que a satisfação do cliente possa ter na relação entre a qualidade do serviço e a fidelidade do cliente. Os achados da pesquisa indicam que os atributos *tangibilidade percebida* e *responsividade percebida* foram maiores nos Hospitais, e em seguida nos hotéis, do que nos bancos e Lojas de Varejo. A *empatia percebida* dos Hospitais foi maior em comparação aos hotéis, bancos e lojas de varejo. O atributo de *garantia percebida* da qualidade do serviço sobre os Hospitais foi maior quando comparado aos hotéis, bancos e lojas de varejo. Esses achados confirmam o trabalho de Caruana (2002) e Agus et al. (2007) sobre a relação entre as dimensões da qualidade do serviço e a satisfação do cliente, com exceção dos Bancos, pois foi observado que os clientes associaram a satisfação com os atributos de qualidade do serviço. Esta pesquisa confirma o papel mediador da satisfação do cliente entre a qualidade do serviço e a fidelidade do cliente.

Palavras-chave: Qualidade de Serviço; Satisfação do Cliente; Lealdade.

CALIDAD DEL SERVICIO, SATISFACCIÓN DEL CLIENTE Y LEALTAD: UN ESTUDIO COMPARATIVO DEL HOTEL CON BANCOS, HOSPITALES Y SERVICIOS DE VENTA AL MINOREO

Resumen: Esta investigación exploratoria tiene como objetivo determinar si existen diferencias significativas y percibidas con respecto a los atributos de calidad del servicio ofrecidos por cuatro industrias de servicios diferentes: *bancos, hoteles, hospitales y tiendas minoristas* en Goa (India). El modelo SERVQUAL (Parasuraman et al., 1988) se utilizó para medir la percepción de la calidad del servicio. Este estudio intenta validar la relación entre la calidad del servicio y la satisfacción del cliente, y también el posible efecto de mediación que la satisfacción del cliente pueda tener en la relación entre la calidad del servicio y la lealtad del cliente. Los hallazgos de la investigación indican que los atributos de: *tangibilidad percibida* y *responsividad percibida* fueron mayores en los hospitales, seguidos de los hoteles, do que los bancos y las tiendas minoristas. La *empatía percibida* de los hospitales fue mayor en comparación con los hoteles, bancos y tiendas minoristas. El atributo de *garantía percibida* de la calidad del servicio sobre los hospitales fue mayor en comparación con los hoteles, bancos y tiendas minoristas. Estos hallazgos confirman el trabajo de Caruana (2002) y Agus et al. (2007) sobre la relación entre las dimensiones de la calidad del servicio y la satisfacción del cliente, con la excepción de los bancos, ya que se observó que los clientes asociaron la satisfacción con los atributos de calidad del servicio. Esto, la investigación confirma el papel mediador de la satisfacción del cliente entre la calidad del servicio y la lealtad del cliente.

Palabras clave: Calidad del servicio; Satisfacción del cliente; Lealtad.



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1 INTRODUCTION

Service oriented business success is dependent upon a high-quality relationship with customers (Panda, 2003). This relationship determines customer satisfaction and in turn loyalty and therefore success. Past research in service quality has highlighted the influence customer relations on several outcomes namely, increasing sales, profit (Levesque & Mc. Dougal, 1996; Kish, 2000; Duncan & Elliot, 2002), market share (Fisher, 2001), superior performance (Poretla & Thanassoulis, 2005), implications on customer engagement and loyalty development (Newman, 2001; Szymigin & Carrigan, 2001; Caruana, 2002; Ehigie, 2006). One of the biggest challenges in business today is to facilitate conditions that ensure customer loyalty, which studies suggest leads to repurchase intentions. (Newman, 2001; Szymigin & Carrigan, 2001; Caruana, 2002; Ehigie, 2006).

In an evolutionary sense, the theory of economic development cycle starts first with agricultural development, followed by industrial development, then technological development, and finally service sector development. India has bypassed industrial development and moved directly to service sector development. The service sector contribution to India's gross domestic product (GDP) has been measured at 57% and it is the fastest growing sector of the economy (IBEF, 2015). The Indian services sector has attracted the highest amount of FDI equity inflows in the period April 2000-September 2014, amounting to about US\$ 40,684.98 million which is about 18 per cent of the total foreign inflows, according to the Department of Industrial Policy and Promotion (DIPP). The HSBC Purchasing Managers Index (PMI) for services stood at 52.2 points in July 2014, expanding for the third month in a row (IBEF, 2015), which signifies an increasing demand for service procurement within India.

Goa is the smallest state of India by size but is fastest growing, with 13.5 % compounded annual growth rate (CAGR). Its economy is driven primarily by mining, pharmaceuticals and tourism. It has reported the second-highest per capita NSDP in the country in 2013-14. The average gross state domestic product (GSDP) growth rate was at about 13.5 per cent between 2004-05 and 2012-13 (IBEF, 2015). The ban on mining has affected not only employment but also took a toll on the government exchequer. Now banking, hotels, hospitals and organized retail are gaining momentum and becoming a support for the

ailing Goan economy and employment. Goa is now looked upon as a promising destination for investment with an influx of USD\$3.3 billion, of which 77.1% has gone into service-oriented industries (IBEF, 2015). This is a clear indicator of the importance with which the service sector is viewed within the Goan economy. There is an imperative to improve and attract more service industries. Competitive pressure ensures that entrepreneurs have to focus on better quality in order to arrive at a condition ensuring customer loyalty. This research will therefore examine the highly important, yet unexplored area of service quality perception among different industries in Goa. This study will utilize empirical evidence to examine the relationship between service quality and service loyalty with customer satisfaction as the mediating variable across different service industries.

This study fills an important knowledge gap by adding valuable knowledge, providing new perspectives, and presenting new possibilities for consideration. This paper offers valuable inputs for different stakeholders within service-oriented industries; especially for service providers, customer's, the government, and also NGO's in the region under study.

2 LITERATURE REVIEW

2.1 Service Quality

With the increase in Globalization, there is an ongoing challenge for the business community to remain competitive. Brands take years to build but can figuratively fall in a day – Blackberry, Kodak, Blockbuster. Success lies in survival through differentiation and having that element of differentiation that can facilitate a competitive asset. One such competitive asset is the delivery of superior service quality. Research has demonstrated that through the delivery of superior service quality, an organization can achieve customer satisfaction, which in turn leads to customer loyalty (Caruana et al., 2000; Caruana, 2002). Researchers in the past have found it difficult to define the concept of quality and definitions of quality vary across authors, hence measuring, analyzing, and comparing the true essence of quality has a practical challenge. Some prominent definitions include '*fitness for use*' (Juran, 1988), '*conformance to requirements*' (Crosby, 1984), '*one that satisfies the customer*' (Eigler and Langeard, 1987). Quality implies '*zero defects*' in the firm's

offerings as per the Japanese production philosophy. Quality definitions in the earlier as were focused on the goods sector, but in the mid eighties with the recognition of the importance of other services, new and more numerous theories relating to quality of service were proposed (Parasuraman et al., 1985).

The definition of service quality revolves around two words: expected and actual, which refers to the difference between a customer's expectations about a service and their actual experience when the impact of the service is felt (Lehtinen and Lehtinen, 1982; Lewis and Booms, 1983, Gronroos, 1984; Parasuraman et al., 1985; 1988; Caruana, 2002). As research in this field started gaining momentum, different frameworks were proposed to measure the customer's general expectation of how a service provider in that industry should perform.

Among the many models, the most popular model used for evaluation of service quality is **SERVQUAL**, which to date is considered comprehensive (Parasuraman et al. 1985). The attributes studied were: *tangibles, reliability, responsiveness, competency, courtesy, assurance, credibility, security, access, and understanding*. Parasuraman et al. (1988) later reduced its ten dimensions to five using factor analysis. Based on these five dimensions, a 22-item survey instrument for measuring service quality was been developed. The following attributes were proposed under these five dimensions:

1. *Tangibles* - The Physical facilities like ambience, equipment and appearance of service delivery personnel.
2. *Assurance* – Ability to display supremacy of knowledge in order build trust and confidence in prospective customer.
3. *Empathy* – Ability to make the customer comfortable by giving individual attention and caring for the customer.
4. *Reliability* – Its ability to perform the service dependably and accurately as promised.
5. *Responsiveness* – Its willingness to help customers and provide prompt service by service providers.

The nineties era saw a competitor to SERVQUAL and the evolution of the original model called "SERVPERF" put forward by Cronin and Taylor (1992). Numerous studies have compared the SERVQUAL

and SERVPERF models. SERVPERF is a contributing framework under certain conditions but SERVQUAL is still the preferred framework within the research fraternity.

Various research have been carried out using SERVQUAL in different industries The importance of service quality attributes vary across industries, such as in **banking**, responsiveness and empathy were found to be the most important predictors of quality (Mesay Sata Shanka, 2012), while in other studies reliability and responsiveness (Jain et al., 2012) and assurance had high contributions than reliability towards service quality perceptions in banking (Malik et al., 2011). In **hospitality** it was found that attributed importance varied with the type of hotel i.e. reliability and tangibility were two important quality parameters for customers of medium and low category hotels (Kumar 2011), while in Malaysia Assurance and Empathy were considered to be better predictors of Service Quality (Kim-Soon et al. 2014). Omanukwue (2011) found staff behavior and interactions were important aspects of service quality perceptions. In a study with regards to service quality of **retail stores** (Baker et al., 1994), attributes such as design (physical architecture), social (employee service), and ambience (music, lighting) were found to be important quality parameters desired by customers.

Similarly a study on service quality of **hospitals** (Wong, 2002) indicated assurance, empathy and responsiveness were important. Jabnoun and Chaker (2003) used the service quality model for hospitals in the UAE and found empathy, tangibles, reliability and administrative responsiveness dimensions as crucial indicators of service quality. The literature clearly suggests service quality attributes differ across industries the present study applies the SERVQUAL model to four categories of industries (Hospitality, Retail, Banks, and Hospitals) in order to understand on how perceptions about service quality attributes differ among selected industries in Goa.

2.2 Customer Satisfaction

Customers are the DNA of any business and customer satisfaction is considered an important goal as it leads to future purchases and also positive word of mouth publicity (Mittal & Kamakura, 2001). Customer satisfaction is considered one of the most important outcomes of all marketing activities in a market-oriented firm. The prime objective of

satisfying a customer is customer retention, expansion to grow new customers and to gain higher market share, all of which lead to improved profitability (Barsky, 1992; Carev, 2008). The literature draws a clear line of difference between service quality and customer satisfaction, and customer experience is not required to evaluate the former as it can be evaluated on the basis of knowledge about the service provider, while is an actual output of the entire customer experience (Liljander & Strandvik, 1993).

Previous studies on service quality and satisfaction indicate positive relations between service quality and customer satisfaction (Parasuraman et al., 1988). Also, research conducted by Sureshchandar et al., (2002) shows that there is a two-way relation between satisfaction and service quality. Qualitative interviews were conducted to build a scale to measure customer satisfaction. The following hypotheses can be drawn from the existing literature:

	Hypothesis	Bank	Hospital	Retail	Hotel	
1	Tangibles will have no association with customer satisfaction	H ₁ Tb	H ₁ TbB	H ₁ TbH	H ₁ TbR	H ₁ TbHo
2	Reliability will have no association with customer satisfaction	H ₁ Rb	H ₁ RbB	H ₁ RbH	H ₁ RbR	H ₁ RbHo
3	Assurance will have no association with customer satisfaction	H ₁ Ab	H ₁ AbB	H ₁ AbH	H ₁ AbR	H ₁ AbHo
4	Empathy will have no association with customer satisfaction	H ₁ Eb	H ₁ EbB	H ₁ EbH	H ₁ EbR	H ₁ EbHo
5	Responsiveness will have no association with customer satisfaction	H ₁ REb	H ₁ REbB	H ₁ REbH	H ₁ REbR	H ₁ REbHo

* Tb = Tangibility; Rb = Reliability; Ab = assurance; Eb = empathy; REb = Responsiveness, B = Bank; H = Hospital; R = Retail; Ho = Hotel.

Source: proper elaboration.

2.3 Service Loyalty

The Oxford Dictionary defines loyalty as a state of being true to allegiance. When a company delivers superior value, it leads to higher market share, increasing revenues, decreasing per capita costs and an increase in customer loyalty (Reichheld, 1993). Benefits of customer loyalty are seen to be two fold; viz.; for the organizations as well as for the customers; which has been researched extensively.

Benefits of customer loyalty for the organization can be broadly categorized as (1) the cost of acquiring a new customer is always more than the cost of maintaining an existing one (Sheth and Parvatiyar, 1995; Zeithaml Berry and Parasuraman, 1996); (2) loyal customers are less price sensitive to competitors' offers (Bowen and Shoemaker 1998); (3) loyal customers provide word of mouth publicity and referrals at no cost (Bowen and Shoemaker 1998); and finally (4) loyal customers tend to buy additional products with less marketing efforts (Gremler et al. 1997).

The benefits of customer loyalty which the customers can enjoy are (1) reduced purchasing risk and fosters confidence in the service provider (Gremler et al. 1997); (2) personal attention, special services and preferential treatment (Gremler et al.

1997; Gwinner et al. 1998); and finally (3) various other social benefits (Berry and Gresham, 1995).

In the nineties research on customer loyalty was articulated in terms of product or brand loyalty, with very little focus on loyalty towards service providers or organizations (Gremler and Brown, 1996). Interpersonal relationships with customers was considered a key ingredient to develop service loyalty as opposed to tangible products (Macintosh and Lockshin, 1998), which was further confirmed with need for person-to-person interactions being a crucial element in the marketing of services (Surprenant and Solomon, 1987; Crosby et al., 1990; Czepiel, 1990).

Services are intangible in nature and customer loyalty may act as a hurdle to customers switching to competitors (Zeithaml, 1981; Klemperer, 1987). Further research on loyalty of service established links between loyalty and perceived service quality. Intangible attributes such as reliability and confidence have a major influence in nurturing loyalty (Dick and Basu, 1994).

Initially service loyalty was measured in behavioral terms (Liljander and Strandvik, 1995) i.e repeat purchasing, but this was criticized on the basis of having a narrow view with later research highlighting loyalty as a dynamic process (Day, 1969) and that customers could not be categorized as loyal purely on

the basis of repeat purchases. Reason for a low degree of repeat purchasing could be because of situational factors such as variety seeking and non-availability.

Therefore, it was seem that to study loyalty only in terms of behavioral aspects was incorrect. The eighties era saw researchers coining a new perspective i.e. the cognitive side to customer loyalty (Lee and Zeiss, 1980).Cognitive loyalty primarily focused on the ability to recall the first choice of service providers among alternatives available, which had a major impact on purchase decisions ((Newman and Werbel, 1973; Bellenger et al., 1976; Dwyer et al., 1987, Anderson, 1996; Fornell et al., 1996).

In the nineties loyalty got an additional attribute with the inclusion of the attitudinal outlook of

Hypothesis		Bank	Hospital	Retail	Hotel	
6	Tangibles will have no association with customer loyalty	H ₁ Ta	H ₁ TaB	H ₁ TaH	H ₁ TaR	H ₁ TaHo
7	Reliability will have no association with customer loyalty	H ₁ Ra	H ₁ RaB	H ₁ RaH	H ₁ RaR	H ₁ RaHo
8	Assurance will have no association with customer loyalty	H ₁ Aa	H ₁ TaB	H ₁ TaH	H ₁ TaR	H ₁ TaHo
9	Empathy will have no association with customer loyalty	H ₁ Ea	H ₁ EaB	H ₁ EaH	H ₁ EaR	H ₁ EaHo
10	Responsiveness will have no association with customer loyalty	H ₁ REa	H ₁ REaB	H ₁ REaH	H ₁ REaR	H ₁ REaHo

* Ta = Tangibility; Ra = Reliability; Aa = assurance; Ea = empathy; REa = Responsiveness, B = Bank; H = Hospital; R = Retail; Ho = Hotel.

Source: proper elaboration.

Ehigie (2006) suggests that there is a significant positive relationship between customer satisfaction and customer loyalty/retention. As such, customer

customers (Biong, 1993; Hallowell, 1996), which for instance can mean customers willingness to give a positive referral and recommend a service provider to other customers (Selnes, 1993).

In order to measure Loyalty, a scale of 12 items was developed factoring in Behavioural, Attitudinal, and Cognitive determinants, using a 5 point Likert scale. Further research in loyalty of service has established links between loyalty and perceived service quality and intangible attributes such as reliability and confidence playing a major role in building loyalty among customers (Dick and Basu, 1994). The following hypotheses can be drawn from the existing literature:

satisfaction in this research acts as a mediator between service quality and customer loyalty.

Hypothesis		Bank	Hospital	Retail	Hotel	
11	Customer loyalty will not mediate customer satisfaction towards service quality	H ₁	H ₁ B	H ₁ H	H ₁ R	H ₁ Ho

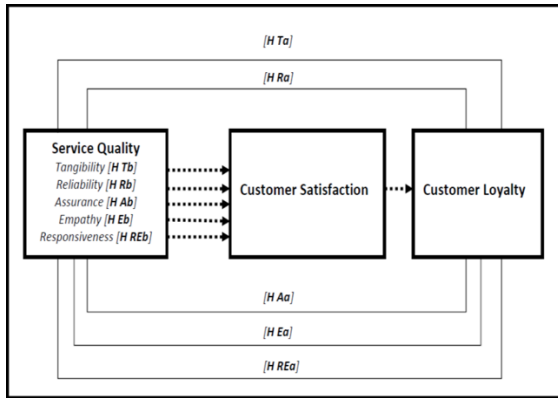
Source: proper elaboration.

3 METHODOLOGY

Customers from four service-oriented industries in Goa were surveyed using structured questionnaire examining their perceptions of the quality of the services offered by the firm and their behavioral intentions regarding service loyalty. In total, 600 questionnaires were circulated during August – December 2014, with 150 in each of the industries/sectors. Of the 574 received, only 399 were usable, with a response rate of 66.6%. The response in terms of industry was: "Banks" 102, "Retail Stores" 100, "Hotels" 100 and "Hospitals" 97. Service Quality perceptions were measured with the SERVQUAL scale (Parasuraman et al. 1985, 1988), a 20 item survey

instrument with five dimensions. Customer satisfaction was measured by 7 statements prepared from qualitative pilot interviews with academicians working in the area of service quality. Customer loyalty was measured using (Parasuraman et al. 1988) 12 statement regarding Behavioral, Cognitive, and Affective aspects of loyalty using Likerts scale. Small adaptations were made to Service Quality and Customer Loyalty according to Service Setting. Anova with Scheffes Test was used to study the difference in perception about services quality attributes across industries. A multiple regression technique was used to study the association between customer loyalty, service quality, and customer satisfaction.

Exhibit 1: Research Structure



Source: proper elaboration.

4 ANALYSIS

The profile of respondents are shown in Table 1. Respondents were customers who have used these services in September, October, November, 2014. Age ($\chi^2 = 47.35, p < 0.05$) showed significant association with respect to various sectors under

study, with approximately 67 % of respondents from Banks, 85 % of respondents from Retail, 77 % of respondents from Hotels and 85% of respondents from Hospitals, belonging to age groups 18–50 years. Income also showed significant association ($\chi^2 = 98.17, p < 0.05$), with the majority of respondents having income less than 0.5 million.

Gender ($\chi^2 = 41.77, p < 0.05$) also had a significant association with the sectors under study, apart from customers of Hospitals, all sectors approximately showed equal representation of both genders. Education ($\chi^2 = 68.97, p < 0.05$) was also significant with the majority of respondents in all four service industries having qualifications of graduates or post graduates, suggesting higher levels of understanding of services.

Number of visits ($\chi^2 = 20.52, p < 0.05$) and type of organization ($\chi^2 = 104.88, p < 0.05$) also showed significant association.

Table 1: Personal profile of respondents.

		Bank (n=101)	Retail (n=100)	Hotels (n=100)	Hospitals (n=97)	Chi Square
Age	Up to 18	26	3	7	10	47.35*
	18 - 30	36	47	61	63	
	30 - 50	31	38	26	22	
	Above 50	8	12	8	2	
Income (INR)	Up to 0.2 million	68	61	36	40	98.17*
	0.2 – 0.5 million	20	31	22	45	
	0.5 – 0.8 million	6	7	15	10	
	0.8 – 1.0 million	1	1	24	2	
	Above 1.0 million	6	0	5	0	
Gender	Male	48	51	49	72	41.77*
	Female	53	49	51	25	
Education	Up to 10th	13	27	1	5	68.970*
	10 – 12th	21	21	12	8	
	Graduation	42	38	54	38	
	Post Graduation	24	14	33	46	
	Doctorate	1	0	0	3	
Marital Status	Married	42	47	41	44	0.895
	Unmarried	58	53	59	56	
No. of Visits	1 st Time	12	24	8	13	20.52*
	Few Times	36	42	37	37	
	Most often	39	27	48	35	
	Always	13	7	7	15	
Type of Organisation	Government	53	16	32	28	104.88*
	Private owned	28	65	77	64	
	Don't Know	19	19	1	8	

Source: Data from empirical research.

Table 2 represents a reliability coefficient of major variable which are used in this research. Cronbach's alpha in all cases was beyond standard 0.6 (Kline, 2000). Only in case of a tangibility scale, the reliability is 0.560, but as it is conceptually related it was deemed appropriate and included (Diekhoff 1992; Nunally, 1978). The results of the ANOVA test

(refer Table 3) indicated that there were statistically significant differences (0.05) between industry groups for four service quality attributes, i.e., Tangibility, Responsiveness, Empathy and Assurance. The Reliability construct did not show significant difference across the selected industries.

Table 2: Reliability Coefficient for the major variables.

Variable	No. of items	Cronbach's Alpha			
		Bank	Hotel	Hospitals	Retail
Tangibles	4	0.560	0.876	0.786	0.647
Reliability	4	0.694	0.874	0.695	0.675
Responsiveness	4	0.710	0.864	0.675	0.823
Empathy	4	0.669	0.871	0.835	0.686
Assurance	4	0.660	0.873	0.695	0.799
Customer Satisfaction	7	0.850	0.937	0.641	0.837
Customer loyalty	12	0.815	0.928	0.809	0.761

Source: Data from empirical research.

Table 3: Test of significance between selected industries and Service quality attributes (one-way analysis of variance with Scheffe test).

Service Quality		Industry				F ratio	Scheffe test (p<0.05)
		Banks (B)	Hotels (H)	Hospital (HS)	Retail (RS)		
Tangibility	Number	4	4	4	4	19.31*	Ho, H > B Ho, H > R
	Cronbach's α	0.560	0.876	0.786	0.647		
	Mean	3.38	3.95	3.93	3.48		
Responsiveness	Number	4	4	4	4	12.06*	Ho, H > B Ho > R
	Cronbach's α	0.710	0.864	0.675	0.823		
	Mean	3.50	3.85	4.14	3.72		
Reliability	Number	4	4	4	4	1.15	-
	Cronbach's α	0.694	0.874	0.695	0.675		
	Mean	3.59	3.86	3.88	3.83		
Empathy	Number	4	4	4	4	25.09*	Ho > B, R, H
	Cronbach's α	0.669	0.871	0.835	0.686		
	Mean	3.50	3.77	4.31	3.55		
Assurance	Number	4	4	4	4	13.84*	Ho > B, R, H
	Cronbach's α	0.660	0.873	0.695	0.799		
	Mean	3.44	3.77	4.31	3.58		

* p < 0.05, B = Bank; H = Hospital; R = Retail; Ho = Hotel.

Source: Data from empirical research.

To study relation between the service quality attributes, customer satisfaction and customer loyalty 3 models were tested, viz., **Model 1:** Service Quality attributes (IDV) and Customer loyalty (DV); **Model 2:** Service Quality attributes (IDV) and Customer satisfaction (DV); and **Model 3:** Service Quality attributes (IDV), Customer satisfaction (IDV) and Customer loyalty (DV). The regression analysis did not

Table 4. Results of Multiple Regressions reveal an association (refer Table 4) between Service Quality attributes (IDV, i.e., Independent Variable) and Customer loyalty (DV, i.e., Dependent Variable) variables across all the industries. All the hypotheses were accepted and it can be concluded that there was no association between service quality attributes and customer loyalty across all service industries in Goa.

Table 4. Results of Multiple Regressions.

Industry		Tangibility	Responsiveness	Reliability	Empathy	Assurance	Satisfaction	R ²
Hotels	Loyalty	0.698	0.441	0.441	- 0.019	0.093	-	0.742
	Satisfaction	0.196*	0.247*	0.200*	0.199*	0.66	-	0.646
	Loyalty	- 0.038	0.332*	0.051	- 0.106	0.064	0.439*	0.635
Hospitals	Loyalty	- 0.67	- 0.246	0.018	0.054	0.251	-	0.277
	Satisfaction	- 0.095	0.076	0.253*	0.251*	0.060	-	0.436
	Loyalty	- 0.018	0.266*	- 0.096	- 0.064	0.251	0.444*	0.481
Retail	Loyalty	0.52	0.100	- 0.063	0.250	0.303	-	0.684
	Satisfaction	0.031*	- 0.074	- 0.032	0.166	0.430*	-	0.404
	Loyalty	0.041	0.128	- 0.051	0.189	0.144	0.371*	0.544
Banks	Loyalty	0.66	-0.128	0.112	-0.025	0.154	-	0.278
	Satisfaction	0.181	- 0.115	- 0.004	0.142	0.228	-	0.151
	Loyalty	- 0.027	0.070*	0.114	- 0.098	0.037	0.511*	0.474

Source: Data from empirical research.

To study the association between service quality attributes (DV) and customer satisfaction (IDV) regression model was used (refer **Table 4**) and these revealed that in *Hospitals*, all hypotheses were accepted apart from **H1RbH** and **H1EbH**, which suggests that Reliability and Empathy have significant positive effects on Customer satisfaction. In *Retail*, all hypotheses were accepted apart from H1TbR and H1AbR, which suggests, Tangibility and Assurance are key for achieving customer satisfaction in *Retail*. Lastly *Hotels*, all hypotheses were rejected apart from **H1AbH** (Assurance), implying the positive effect Tangibility, Reliability, Empathy and Responsiveness had on satisfaction of customers in *Hotels*.

Model 3 tested the mediating effect of customer satisfaction variable on the relation between service quality attributes and customer loyalty. The results shows an increase an increase in explanation power of the model i.e Coefficient of determination (R²)when customer satisfaction variable is added to the existing model .So the hypothesis was rejected and it revealed the mediating effect of customer satisfaction all service industries under the scope of this study. This study uniquely helps to discover the relationship between service quality attributes and in specific which internal service quality attributes has more impact on customer satisfaction and loyalty.

Chart 1. Results of Hypothesis' Test.

	Hypothesis	Bank	Hospital	Retail	Hotel	
1	Tangibles will have no association with customer loyalty	H ₁ Ta	H ₁ TaB	H ₁ TaH	H ₁ TaR	H ₁ TaHo
2	Reliability will have no association with customer loyalty	H ₁ Ra	H ₁ RaB	H ₁ RaH	H ₁ RaR	H ₁ RaHo
3	Assurance will have no association with customer loyalty	H ₁ Aa	H ₁ TaB	H ₁ TaH	H ₁ TaR	H ₁ TaHo
4	Empathy will have no association with customer loyalty	H ₁ Ea	H ₁ EaB	H ₁ EaH	H ₁ EaR	H ₁ EaHo
5	Responsiveness will have no association with customer loyalty	H ₁ Rea	H₁REaB *	H ₁ REaH	H ₁ REaR	H ₁ REaHo
6	Tangibles will have no association with customer satisfaction	H ₁ Tb	H ₁ TbB	H ₁ TbH	H₁TbR *	H₁TbHo

7	Reliability will have no association with customer satisfaction	H ₁ Rb	H ₁ RbB	H ₁ RbH *	H ₁ RbR	H1RbHo
8	Assurance will have no association with customer satisfaction	H ₁ Ab	H ₁ AbB	H ₁ AbH	H ₁ AbR *	H ₁ AbHo
9	Empathy will have no association with customer satisfaction	H ₁ Eb	H ₁ EbB	H ₁ EbH *	H ₁ EbR	H1EbHo
10	Responsiveness will have no association with customer satisfaction	H ₁ REb	H ₁ REbB	H ₁ REbH	H ₁ REbR	H1REbHo
11	Customer loyalty will not be mediated by customer satisfaction towards service quality	H ₁	H ₁ B*	H ₁ H*	H ₁ R*	H ₁ Ho*

Source: Data from empirical research.

5 CONCLUSION

The main aim of this study was to assess the service quality of various service industries (viz.; Bank, Hospital, Retail, and Hotel) in Goa, India and its impact on perceived customer satisfaction. This study also tested the possible relationship between customer satisfaction and customer loyalty. A theoretical framework for service quality was developed based on an extended literature review. Perceptions about service quality attributes as per the SERVQUAL model (Parasuraman et al. 1985, 1988) were analyzed across the four selected service industries and results show customers are largely satisfied and rated all service quality attributes of Hospitals and Hotels better than Banks and Retail Stores except for reliability. This could be explained because Goa is an international tourism hub with many travelers and the hotel industry caters to many different needs. Also staff with multiple linguistic abilities contributed to a higher observed responsiveness and empathy, which was highly appreciated by customers. This study also suggests a deteriorating quality of perceptions of service in the banking retail industry.

The results also confirmed the theory regarding the relationship between service quality dimensions and customer satisfaction among Hotels, Hospitals and Retail stores which was found to be significant. The Banking industry results were surprising as the majority of respondents were not significantly associating the attributes of the SERVQUAL model as the reasons for their satisfaction. This may be explained by the advent and increasing ubiquity of IT. Personal contact between customers and bank employee has been reduced. Also, with a large amount of job shifting and transfers, understanding and empathy levels amongst staff has taken its toll. The findings suggest that Banks have to focus on working developing strategies to counter the perceived reduction in confidence in terms of service

quality among customers. With the common rules of operation being set by regulators, Banks should list service quality amongst their differentiation strategies.

Customer satisfaction in Hospitals is driven by reliability and empathy of staff towards customers/clients. Retail store data indicates that the elements of Tangibility and Assurance drive customer satisfaction. Tangibility did not show significant association, so in order to succeed in the retail space, entrepreneurs should invest in better infrastructure, displays and return policy etc., all of which will improve perceptions of service quality. With regards to the Hotel industry, service quality perceptions can be improved by training employees to be responsive and courteous. Using industry associations, client testimonials will help to build a perception of reliability in the minds of consumers, which in turn would lead to much higher customer satisfaction.

This study also confirmed that service quality attributes as per the SERVQUAL model (Parasuraman et al. 1985, 1988) did not show a direct association with customer loyalty but when the mediating variable of customer satisfaction was introduced, results showed congruence with the theoretical concepts. This leads to some important questions: Is the SERVQUAL model equally relevant across all industries or is there is a need to customize? The present study attempts to address this gap in the literature and contributes to our understanding of the importance of building loyalty with customers, which cannot be achieved without attaining customer satisfaction.

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