

# Customer Satisfaction in The Hospitality Sector: a Narrative Literature Review

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**Abstract** -The research aims to create a narrative literature review with the title *Customer satisfaction in the hospitality sector, in particular in the area of hotels, restaurants, and online travel agencies. The research uses three journals as data sources, namely: (1) a journal on customer satisfaction with hotels based on analysis of reviews generated by consumers; (2) a journal on factors that influence customer satisfaction in the restaurant business based on empirical studies from Bangladesh; and (3) a journal on the factors that affect customer content from online travel agencies in India. The study has two research questions, namely: (1) What are the customer satisfaction factors in hospitality? (2) Are there differences in customer satisfaction in the areas of hotels, restaurants, and online travel agencies? The results of this study show that: (1) customer satisfaction factors in hospitality include intrinsic and extrinsic factors that have a different impact depending on the type and level of product or service offered; and (2) there are differences in customer satisfaction in the areas of hotels, restaurants, and online travel agencies caused by different characteristics, expectations, and preferences of customers in each area. This research provides some recommendations to hospitality entrepreneurs on how to identify factors that affect customer satisfaction and adapt them to market conditions and segmentation.*

**Keywords:** *customer satisfaction, hospitality, hotels, restaurants, online travel agencies.*

## I. INTRODUCTION

Hospitality is a sector that operates in the field of providing services to guests or consumers, especially in terms of accommodation, food and beverages, recreation, and transportation. Not only that, hospitality has close links with the tourism sector, as both focus on providing a satisfying and enjoyable experience for tourists. Some examples of those that are included in the hospitality sector are hotels, eateries, and online travel agencies. Hotels provide temporary accommodation for guests with a variety of facilities and services. Eatery is a business that provides food and beverages to guests with varied concepts and menus.

The three have an important role to play in supporting the development of the tourism sector, which is one of the most strategic and potential economic sectors in the world. According to data from the World Tourism Organization (UNWTO), the tourism sector contributed 10.4 percent of global gross domestic product (GDP) in 2019 and absorbed some 330 million jobs (Azanella & Nugroho, 2020).

However, the hospitality and tourism sectors are also facing many challenges and problems, especially as a result of the ongoing COVID-19 pandemic. According to data from the World Travel and Tourism Council (WTTC), the tourism and travel sector has experienced a decline of 49.1% in its contribution to global GDP in 2020, from 10.4% in 2019 to 5.5% in 2020. According to statistics from Statista, the global hotel occupation rate will decline by 46.3% in 2020 (Statista, 2021). According to data from McKinsey, demand for outdoor food and beverages has fallen by 40% in 2020, which is equivalent to \$239 billion less than in 2019 (Kuijpers et al., 2020). According to Phocuswright data, global online travel agent sales (OTAs) will have fallen by 57% by 2020, falling from \$712 billion in 2019 to \$307 billion in 2020 (Kapoor et al., 2016).

One factor that can help the hospitality and tourism sectors rise and flourish in the midst of the COVID-19 pandemic is customer satisfaction. Customer satisfaction is the level of happiness or pleasure experienced by a customer after using a company's product or service. Besides, customer satisfaction is also crucial to the hospitality sector, as it can affect the loyalty, reputation, and profitability of the company.

Therefore, hotel owners, eateries, and online travel agents strive to be able to adapt the products or services offered to the expectations and needs of customers, as well as improve the performance and quality of

the company by creating a competitive advantage that can distinguish the company from its competitors and offer added value and differentiation that can attract and retain customers.

Based on the exposure above, what are the customer satisfaction factors in the hospitality sector, especially in hotels, eateries, and online travel agencies? The next question is, are there differences in the factors that affect customer satisfaction at hotels, dining establishments, and online travel agencies?

Customer satisfaction is one of the key factors that determine the success and sustainability of a business, especially in the hospitality sector. Hospitality is the sector that operates in the field of guest services, such as hotels, eateries, and online travel agencies. To measure and increase customer satisfaction in the hotel sector, it is necessary to understand the theories related to the concepts and factors that affect client satisfaction.

The Quality of Service Theory was developed by Parasuraman, Zeithaml, and Berry and states that customer satisfaction is the result of a comparison between the quality of service expected and the service perceived (Rangkuti, 2017). The quality of the expected service is influenced by factors such as needs, experience, and communication. The service perceived is affected by five dimensions, namely physical proof, reliability, responsiveness, assurance, and empathy. This theory can be applied to measuring and improving the quality of services in the hotel, eatery, and online travel agency industries.

While the Disconfirmation of Expectations theory was proposed by Oliver in 1980 to measure customer satisfaction based on the difference between expectations and perceived performance (Albahar et al., 2023), this theory assumes that customers have certain expectations before buying or using a product or service, and then they will compare those expectations to perceived performance. If the performance is perceived to be satisfactory or above expectations, then the customer will feel positive confirmation (Hossain et al., 2023). This theory can be applied to develop marketing strategies that offer added value, differentiation, and loyalty through unique and exciting experiences in the hotel, eatery, and online travel agency industries.

The three-factor customer satisfaction theory is also known as the Kano-Seraku theory or the Kano revision theory, which is the development of the Kano model theory that has only two categories, namely must-be and attractive (Lee et al., 2023), (Hu et al., 2023).

According to (Jin et al., 2022), the three-factor customer satisfaction theory is a theory that classifies the attributes of a product or service into three categories, namely: 1 Performance Factor: Attributes related to the functional performance of the product or services, such as speed, accuracy, quality, etc. These attributes have a positive influence on the satisfaction of the customer; the higher the performance, the more satisfied the customer is. 2 Excitement Factors: Attributes related to things that should surprise or satisfy the client, like bonuses, rewards, additional features, etc. These attributes also have a negative influence on customer satisfaction, but they are not expected by the customer, so if there is one, it will increase satisfaction, but if there are none, it will decrease satisfaction. 3 Basic Factors: Attributes related to those things that must be in products or services, such as price, availability, security, etc.

This theory can help a company determine the attributes of products or services that are important to customers, allocate resources effectively, and increase customer loyalty by meeting customer needs, expectations, and wishes (Chen et al., 2022).

## **II. METHOD**

A narrative literature review is a method that identifies, analyzes, and summarizes literature that has been previously published (Sandi, 2023). It aims to provide a general picture of a topic, problem, or phenomenon based on relevant and credible sources (Cook et al., 2023).

According to (Vada et al., 2023), the steps in writing a narrative review of the literature are: (a) determining the topic of research; (b) identifying and selecting sources relevant to the topic to be discussed; (c) evaluating the sources selected based on criteria such as the reputation of the index, the publisher's reputation, the quality of the journal, the relevance of the content, and the completeness of the data; (d) creating a matrix or table to organize and compare different sources; (e) analyzing and interpreting the results of the narrative review literature.

In this study, the research topics identified by the author are customer satisfaction in the hospitality sector, which specializes in the hotel, eatery, and online travel agency industries. The sources selected consisted of three prestigious journals covering Q1, Q2, and Q3 topics of the three industry topics. These three sources provided a table to help the author analyze his comparisons. Based on the tables that have been made, the author makes results, discusses them, and draws conclusions and research suggestions.

## III. RESULT AND DISCUSSION

## A. Result

The author uses three journal references to be analyzed using the narrative literature review method. The three journals are presented in Table 1.

Tabel 1. Reviewed Journal

Title	Author & journal name	Variable	Analysis Method
“Comprehending customer satisfaction with hotels Data analysis of consumer-generated reviews”	Hongxiu Li , Yong Liu , Chee-Wee Tan , Feng Hu (2020)  International Journal of Contemporary Hospitality Management Vol. 32 No. 5, 2020 (Scopus Q1)	1. value (price) 2. location 3. room 4. service 5. hygiene	MySQL and the textcat package in R software
“Factors affecting customer satisfaction in eatery business -an empirical study from bangladesh”	Subrata Talapara, Gilberto Santos, Anindya Gaine (2022)  International Journal for Quality Research 16(1) 163–176  (Scopus Q3)	1. price (excessively expensive food) 2. slow service 3. uninteresting food in the advertisement 4. uncomfortable seating arrangements 5. poor food quality 6. insufficient amount of pre-tasting 7. noisy atmosphere with loud music heard 8. inadequate lighting conditions 9. restaurants that do not have privacy 10. restaurants that do not accept payment with electronic cards, 11. unpleasant scents 12. unclean toilets 13. paying service fees 14. the absence of take-home facilities	Interpretive Structural Model (ISM)
“Factors affecting customer satisfaction of online travel agencies in India”	Sabyasachi Dutta, Ram Kumar Chauhan, Kavita Chauhan (2017)  Tourism and Hospitality Management (Scopus Q2)	1. Perceived quality 2. Customer expectation 3. Perceived Value	ACSI

## 1. Hotel Industry

With increasing competition, hotels must be able to meet and exceed customer expectations in order to maintain their loyalty and reputation. This first journal(Li et al., 2020) discussed the factors that influence customer satisfaction with hotels based on data analysis from reviews made by consumers online. The purpose of this journal is to reveal how the role of hotel attributes as fundamental factors, performance, and excitement

can vary according to the star rating of hotels and different customer segments. The method used is a dummy variable regression with online review data from TripAdvisor that covers five hotel attributes, namely value (the level of correspondence between the price paid and the quality received by the customer), location (the degree of ease of hotel access to tourist attractions, public transport, airports, city centers, etc.), room (the quality of hotel rooms, including size, decoration, technique, and comfort), service (hotel service quality, including hospitality, professionalism, responsiveness, and personalization of hotel staff), and hygiene (hotel hygiene level, including rooms, bathrooms, beds, and other facilities). The data used is 412,784 consumer reviews from TripAdvisor for hotels in five major cities in China: Sanya, Beijing, Guangzhou, Shanghai, and Hangzhou.

The results of research in this journal found that most hotel attributes are a basic factor for hotels with a 4-5 star rating for domestic and international customers. This means that customers have high expectations of the performance of this hotel attribute, and if it is not fulfilled, they will be disappointed. However, if the hotel attribution is met, they won't feel happy; just take it for granted.

There are a number of hotel attributes that act as performance or excitement factors for hotels with a rating of 2–3.5 stars for domestic and international customers. Such performance factors are hygiene for 3–3.5-star hotels for local customers and rooms and services for 2–2.5-star hotels for international customers, while those that include excitement factor are locations for 2-2.5-star hotels for international clients.

This journal concludes that hotel star ratings influence the asymmetric impact of hotel attributes on customer satisfaction. The higher the hotel star rating, the more the hotel attribute is the underlying factor. This indicates that customers expect more from hotels with a high star rating than from hotels with a low star rating. In addition, the journal also indicates that customer origin (domestic or international) also moderates the asymmetric impact of hotel attributes on customer satisfaction. It shows that customers have different preferences and standards depending on their cultural background.

This study is in line with the research carried out (Kim & Kim, 2022) in terms of identifying customer satisfaction factors for hotels based on online review data, both numerical ratings and text reviews, for selected hotels. There are six factors associated with customer satisfaction for a hotel: facilities, infrastructure, location, catering facility, value creation, and service.

## 2. Industry eatery

Customer satisfaction is one of the important factors that determines the success of a business, especially in the field of eating. In this second journal, (Talapatra et al., 2022) discussed the satisfaction of the younger generation of customers with their food facilities. The aim is to identify and analyze the factors that affect customer satisfaction in the food business in Bangladesh. This journal uses a questionnaire to gather data from 10 restaurants in Khulna, Bangladesh. The data was then analyzed using ISM to form a structural model that showed a causal relationship between customer satisfaction factors. Interpretive Structural Modeling (ISM) is a method used to analyze the interaction between factors that affect client satisfaction (Ebrahimi et al., 2023), (Guerrero et al., 2023).

As for the results of this journal, it was found that there are 14 factors that can be grouped into five levels based on interaction and interdependence between factors: (a) level 1 factors are the factors that most influence customer satisfaction, such as overpriced food prices, slow service, unadvertised food, and uncomfortable seating; (b) level 2 factors are factors influenced by level 1, such as poor food quality, insufficient number of waiters, loud noise and music, poor lighting, and low privacy; (c) Level 3 and 4 factors are autonomous factors, i.e., not affected or significantly affected by other factors such as bad smell and hygiene in the bathroom; (d) Level 5 factors are linkage factors, that is, have a high dependence and influence on other factors, like paying for services that are not allowed to bring home food.

This journal provides both theoretical and practical contributions to literature and the restaurant industry. Theoretically, the journal identifies customer satisfaction factors and their association with the use of ISM, which is a method rarely used in this context. Practically, it provides insights for restaurant managers to identify key factors that influence client satisfaction and plan strategies to improve it. The journal also suggests advanced research to statistically validate the relationship between these factors.

The results are in line with a study (Achmadi et al., 2023) that used questionnaires as a data collection tool for 261 clients. The data was analyzed using SEM PLS with the help of Smart PLS software, and it was found that the quality of service and product quality had a positive impact on customer satisfaction.

## 3. Industry: online travel agency

In the third journal, (Dutta et al., 2017) conducted research aimed at identifying factors that affect customer satisfaction with online travel agencies in India and testing the relationship between those factors and customer loyalty. The testing used the American Customer Satisfaction Index (ACSI) model to measure

customer satisfaction as a latent variable influenced by customer expectations, perceived quality, and perceived value, as well as influencing customer complaints and customer loyalty (Demydyuk & Carlbäck, 2023). The data was collected through an online survey of 384 respondents who used online travel agencies such as MakeMyTrip, Yatra, or Cleartrip in India. The data were analyzed using structural equation modeling (SEM).

Based on the SEM analysis, the author finds that there is no positive relationship between the value of the perceived service and customer satisfaction offered by online travel agencies. However, there is a positive link between customer expectations and the satisfaction offered by online travel agency. This study contradicts (Gaurav et al., 2018) who found that perceived values have a positive and significant influence on tour and travel customer satisfaction in India.

This research has contributed to the development of the theory and concept of customer satisfaction for online travel agencies in India. It also helps managers to scientifically allocate their resources to the variables that most impact client satisfaction. Customer expectations are an important factor in the Indian online travel market, as they have a major impact on product quality and value.

### **B. Discussion**

From the three journals reviewed, it can be concluded that customer satisfaction in the hospitality sector is influenced by various factors, both intrinsic and extrinsic. Intrinsic factors are factors that relate to the product or service itself, such as quality, price, and conformity to expectations. Extrinsic factors are factors that are related to the environment or situation around the products or services, such as location, hygiene, noise, and privacy.

These intrinsic and extrinsic elements have a different impact on customer satisfaction, depending on the type and level of product or service offered. The first log indicates that for hotels with high star ratings, most intrinsic factors are basic factors, that is, factors that must be met to avoid customer dissatisfaction. Whereas for low-star rating hotels, some intrinsic factors are performance factors or excitement factors, which are factors that can increase customer satisfaction if they exceed their expectations.

The second journal shows that for the restaurant business, intrinsic and extrinsic factors have complex interactions and dependencies. Using the ISM method, the second journal identifies five levels of factors that affect customer satisfaction, from the most dominant to the weakest. Level 1 factors are the intrinsic factors that most influence customer satisfaction, such as the price of food, service, and advertising compliance. Level 2 factors are intrinsic and extrinsic factors that are influenced by level 1 factors such as food quality, number of servants, noise, lighting, and privacy. Level 3 and 4 factors are autonomous external factors, i.e., not affected or significantly affected by other factors, like bad smells and hygiene in the bathroom. Level 5 factors are inherent and external linkage factors that have a high dependence and influence on other factors like paying service fees and not being allowed to bring home food. The third journal indicates that, for online travel agents, intrinsic factors have a greater influence on customer satisfaction than extrinsic ones. The third journal used the SEM method to test the relationship between the value of service perceived, customer expectations, quality of service experienced, and customer satisfaction. The results showed that there was no positive relationship between the value of services perceived and client satisfaction, which means that customers did not feel the added value of using an online travel agency. However, there was a positive relationship between customer expectation and customer content, which meant that customers felt satisfied if the online travel agent could meet their expectations. Furthermore, there is a positive link between the perceived quality of the service and customer satisfaction, meaning that customers were satisfied when the online tour agency could provide quality services such as ease, speed, and security.

From the three journals, it can be seen that there are differences in customer satisfaction in the areas of hotels, restaurants, and online travel agencies. These differences are due to differences in customer characteristics, expectations, and preferences in each area. Therefore, it is important for product or service providers in the hospitality sector to know the factors that affect customer satisfaction and adapt them to market conditions and segmentation. Thus, they can increase customer loyalty and retention, as well as improve their performance and competitiveness in a competitive hospitality industry.

Thus, the first question about any customer satisfaction factor in hospitality has been answered. These factors include intrinsic and extrinsic factors that have a different impact depending on the type and level of the product or service offered.

To answer the second question about whether there are differences in customer satisfaction in the areas of hotels, restaurants, and online travel agencies, the answer is yes. The differences are due to different characteristics, expectations, and customer preferences in each area.

#### IV. CONCLUSION

Customer satisfaction factors in hospitality include intrinsic and extrinsic factors that have a different impact depending on the type and level of product or service offered.

There are differences in customer satisfaction in hotels, restaurants, and online travel agencies. These differences are due to different characteristics, expectations, and customer preferences in each area. Hotels with a high star rating have more intrinsic factors, which are the underlying factors, while hotels with low star ratings have more extrinsic factors, which are performance or excitement factors. Restaurants have complex interactions and dependencies between intrinsic and extrinsic factors, which can be grouped into five levels based on their influence on customer satisfaction. Online travel agents have intrinsic factors that are more dominant in influencing customer satisfaction, such as expectations and the perceived quality of service.

The author recommends that hotel, eatery, and online travel agency entrepreneurs consider intrinsic and extrinsic factors to increase customer satisfaction.

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