

CHAPTER II

LITERATURE REVIEW

2.1. Customers' Satisfaction

Many people believe that customer satisfaction is a condition where the needs and desires of someone are met as expected. Actually, there are many definitions and explanations related to customer satisfaction which support the previous statement. Rita et al. (2019) defines customer satisfaction is a level where the needs, wants and expectations of customers can be met which will result in repeated purchases or continued loyalty so that customer satisfaction or dissatisfaction is an after-purchase assessment where the performance of the product purchased meets customer expectations. To make the customers satisfied, we have to fulfill their needs and desires as expected. As well, Lim et al. (2020) state that when customers get the satisfaction they expect from the brand, it will result in customer loyalty indirectly. This means that the products or service given is in line with what they expect or hope to get from consuming the product or service which also explicitly tells that customers satisfaction is all about meeting the customers' expectation.

Customers are satisfied when their expectations are met, and they feel very happy. Satisfied customers tend to remain loyal longer. In addition, Kotler & Keller (2006) defines customer satisfaction as a "person's feeling of pleasure or disappointment, which resulted from comparing a product's perceived performance or outcome against his / her expectations". Customers' satisfaction can also affect to customer loyalty and their interest to stay again. Moreover, customer satisfaction is a significant determination of repeat purchases, positive word-of-mouth information, and customer loyalty (Kudeshia et al., 2016; Arghashi et al., 2021).

From the explanation above, it can be concluded that customers satisfaction is the customers' feeling of being pleased and satisfied by the fulfillment of their needs, wants, and expectations.

2.2. Service Quality

Service quality will determine how much customer satisfaction and reflect the performance of the service. Anwar & Qadir (2017) state that service quality can be perceived as an assessment of how competently a provided service measures to the guests' expectations. In details, Goetsch and Davis in Tjiptono (2003) state that quality is a dynamic condition associated with products, services, people, processes, and the environment that meet or exceed expectations. In addition, Kasmir (2005) says that services are provided as an act or act of a person or organization to provide satisfaction to customers. This action is taken to fulfill the customers' desire for a product or service that they need.

When defining the concept of service quality, one should always start with the customer, as quality is the most important factor for customers and also the basis of their opinion, which then results in the fact that service quality is achieved if customer expectations are met. According to Parasuraman (2010) (as cited in William, 2016), servqual (service quality) is based on the theory of disconfirmation of expectations and depends on the gap between customer expectations about services provided and evaluation of perceptions of services. Quality of service is an activity or benefit that can be provided by one party to another which basically intangible and does not result in the selection of things. In addition, it is important for the hotel to prove that it is trustable and worth the money customers paying. Anwar & Louis (2017) state that the consumer should feel safe when he or she consumes different services from a hotel and would like to feel secure during his stay. In this way, hotel will gain trust from customers which will make them feel satisfied of hotel's service itself.

Customers may estimate what the service performance will be or may think what the performance ought to be. Likewise, Sakhaei et al. (2014) state that customer satisfaction was a comparison between services or results accepted by the consumer with a hope that the services or results accepted met their expectations or more. Satisfaction is about how customers' needs and demands meet. It is possible that a customer who is satisfied with the service may be loyal towards it. Meanwhile, Munir & Lodhi (2015) say that it is impossible to happen

for the customer without satisfaction loyal towards the organization. All the definitions of service quality focus on meeting customers' needs and requirements and how well the service delivered matches the customers' expectations.

From the explanation above, it can be concluded that service quality is services provided by a company or a person in order to fulfill customers' need and desire of service or product.

2.3. Public Facilities

Hotel public facilities, as the name implies, are generally regarded as the responsibility of a hotel in the form of facilities provided which can be developed to fulfill customers' diverse needs. According to Kotler (2009) (as cited in William, 2016), facilities are everything that is physical equipment provided by the service seller to support consumer convenience. Public facilities are each facility that can develop and provide services to the visitors or customers to fulfill their diverse needs. In details, Gamal (2004) (as cited in Purnama, 2016) says that public facility is the completeness of tourist destination that is required to serve the needs of tourist in enjoying a tourist trip. This definition also applied to a hotel that serve the needs of customers who come in enjoying their stay.

A service can not be seen and can not be touched, and the physical aspect becomes important as a measure of service. Consumers who want to find comfort during the process of waiting for the implementation of services will be more comfortable when the facilities used by customers made comfortable and interesting. Moreover, Zakiah (2008) (as cited in Purnama, 2016) states that public facilities are infrastructure, as a complement of the main facilities that can make visitors will feel more comfort. Facilities can also be anything that allows consumers to gain satisfaction. According to Soenarno (2006), hotel facilities that could be enjoyed by customers were: lobby, exclusive way to shopping center, pick up facility in airport, outlets or stores around the hotel, babysitting facility, balcony, meeting room, business center, cake shop, coffee shop, 24-hours doctor, afternoon service, quick check-in / check-out process, 24-

hours room services, 24-hours security, 24-hours coffee shop, laundry, massage center, mini bar, restaurant, pool, sports field and travel agent. Public facilities in a hotel is including the facility design and aesthetic which could have a role in increasing customers satisfaction since it is created the first impression on guests who would like to stay in a hotel. Stipanuk (2006) describes that design in hospitality and tourism facilities as the core aspect that contributes to adding value for both operations by tourists.

From the definition above, it can be concluded that public facilities in hotel is all the infrastructure and facilities provided by the hotel to fulfill the basic needs of customers in order to enjoy their stay.

2.4. Customers' Satisfaction of Service Quality

Quality is closely related to customer satisfaction. In other words, customer satisfaction is the relationship between customer perceptions of the performance of the services and the expectation they had for those particular services. When making a product or service purchase, the main aim of every customer is to achieve satisfaction. Fida et al. (2020) state that there are higher probabilities of customer satisfaction when service quality is top-notch. Quality of a service depends on the level of customer satisfaction in using the service. When connected with the services of the hotel, then the hotel qualifies it by depending on the service to the customer who is satisfied or not.

We can say that if the service quality offered by the hotel is not fulfilled the perception of the customer, therefore, the customer will not be satisfied, or in other words, customer satisfaction is not existed. Fida et al. (2020) say that despite the impact of other factors such as price and product on customer satisfaction, service quality has been regarded as the main determinant of satisfaction. Most businesses including hotel focus on the quality of their services when attempting to boost their sales. Hence, this factor indicates that service quality is an essential aspect when studying customer satisfaction.

At the present time, the key success of competitive market depends on delivering a high quality of service and this will lead to increase the level of customers' satisfaction. Therefore, Ali (2021) adds that customers' assessment for the quality of services in hotel industries are very essential in developing the business. In details, hotels should provide a competitive service to satisfy their customers and gain customers' loyalty (Abdulla et al., 2017; Ali et al., 2021). In addition, one of the aspect that has become the most valued and the new competitive advantage to reach customers satisfaction of the hotel is speed. Speed is expected in real-time responsiveness, 24 hours a day and seven days a week. According to Hameed & Anwar (2018), speed is what the hotel industry consumer wants. Those who can fulfill are going to win, those who can't, will be passed by. When a manager knows the real needs of a client that help to focus on a major point for the encounter.

Hotel staff is also an important factor in business success (Anwar & Shukur, 2015), because employees who deliver and provide services to guests. For example, if hotel staffs do not deliver the right service to guests, it will lead to negative effect as a results guests might not come back to the same hotel. On the other hand, if hotel staffs are able to deliver the right service to their guests in this case guests will have positive experience and might come back again (Sultan et al. 2020). Besides, the staffs' look and appearance has become one of the important factor in achieving customer satisfaction. Nickson & Warhurst (2001) reported in their study that the need to look good and sound right did exist and was very important to employers in retail and hospitality. These employers believed that having staff that look good and/or sound right not only helped their companies create a distinct image on the high street, but also provided competitive advantage in the crowded retail and hospitality industries which also include hotels.

For the three star hotels or above, measurement of the service quality is a way to prove its quality. When travelers search for the hotels, they browse those websites. It is usual that travelers who care about high quality only look at some beginning pages which show the highest positions. In result, it is crucial to maintain service quality because most of the guests or customers tend to take a

look to the good part only which is service quality that has been given by the hotel staffs. If the service performance meets or exceeds customers expectation, the customers will be satisfied. On the other hand, customers are more likely to be dissatisfied if the service performance is less than what they have expected. In other word, service quality have positive and significant effect to customer satisfaction.

According to Endar Sugiarto (2002) (as cited in Mujiroh, 2005), to make customer loyalty become more closely attached and customers will not choose the other services, service providers including hotels need to master the five elements including speed, accuracy, security, hospitality, and convenience.

1. Speed

According to Tjiptono (2007) (as cited in Hutama, 2015), speed is generally an indicator of service quality where service quality itself can be interpreted as an effort to fulfill consumer needs and desires as well as the accuracy of delivery in balancing consumer expectations. It can be interpreted that the speed of service is how fast the economic activity carried out by an organization or company to interact with customers with the products or services provided. The speed of service in a service company will create an impression or good value from customers. What is meant by speed here is the time used to serve customers at least equal to the time limit in the service standards determined by the company. When a customer decides to buy a product, it is not only the price that is valued in money but also from the time factor.

2. Accuracy

This aspect relates to the ability of the staff to provide the promised services accurately, whether the products and services offered are in accordance with the intended price. Speed without accuracy in work does not guarantee customer satisfaction, because it cannot meet customer's desires and expectations. Therefore, accuracy is very important in service.

3. Security

In serving customers, service officers must provide a feeling of security to customers. Without a feeling of security, customers will think twice if they have to return to that place. The sense of security meant here is both physical security and psychological security. Security is the most important issue, because it can interfere with and hinder activities to be carried out. Security is not only meaningful from a criminal perspective, but also includes construction strength, spatial form, and clarity of function. In this case, hotels room also important to be considered as a safety aspect so that visitors feel safe and secure during their stay. With security, customers will feel at ease and have many opportunities to choose and decide what they want.

4. Hospitality

In serving the customers, staffs in hospitality industry are required to have a polite and friendly attitude. Therefore, hospitality is very important, especially in companies engaged in services. The friendly attitude referred to here is greeting and serving customers with a friendly and smiling face. If the service staff is professionally friendly to customers, the company will undoubtedly be able to further increase sales results because customer satisfaction will make customers loyal.

5. Convenience

If a sense of comfort can be given to customers, then customers will repeatedly use the services or products offered. If the customer feels calm, serene, in the service process the customer will provide an opportunity for the company to sell the products or services offered. Customers will also be more flexible in making choices according to what they want.

To measure the service quality, it can be seen from the dimensions of service quality by Tjiptono (2014), namely:

1. Physical evidence: Appearance of physical facilities, equipment, personnel, and communication materials;

2. Reliability: The ability to provide the promised service accurately and reliably;
3. Responsiveness: Willingness to help customers and deliver services appropriately;
4. Competence: Mastery of skills and knowledge needed to be able to provide services that customers need;
5. Politeness: Politeness, respect, attention and friendliness of front-line staff;
6. Credibility: Honest and trustworthy nature;
7. Security: Free from danger, risk or doubt;
8. Access: Ease of being contacted and found which also can be applied to the service in the form of product, for example easy access to the facilities provided;
9. Communication: Provide information to customers in a language they can understand and always listen to their suggestions and complaints;
10. Ability to understand customers: Attempt to understand customers and their needs.

2.5. Customers' Satisfaction of Public Facilities

Facilities are everything that makes it easy for customers to use the hotel's services. According to Tjiptono and Chandra (2016), facilities are physical resources that exist before a service can be offered to consumers. Facilities are supporting factors used by a company in increasing customer satisfaction, the better the facilities provided to consumers, the more customer satisfaction will increase. Kotler (2011) states that one of the efforts made by company management is directly related to customer satisfaction by providing the best possible facilities to retain customers. Facilities are important facilities and infrastructure in an effort to increase satisfaction by providing convenience, meeting the needs and comfort of service users. A study from Srijani (2017) states that facilities have a significant effect on customer satisfaction.

Public facilities are all of the things that you can enjoy and use whenever you stay at the hotel because it is provided for the guests or customers. Public facilities in hotel can affect customers satisfaction because providing a good public facilities is essential for the hotels since it built the customers satisfaction

level of the hotel. Good public facilities can make the customers comfortable and enjoy during their stay and it is safe to say that public facilities is one of the important elements to be considered to reach the customers satisfaction.

It can be said that from another point of view a facility is a means to facilitate the implementation of its function. Facilities are anything in the form of objects or services that are used to facilitate the customers or guests. If the completeness and comfort of provided public facilities meets or exceeds customers expectation, the customers will be satisfied. On the other hand, customers are more likely to be dissatisfied if the public facilities is less complete and comfortable than what they have expected. In other word, public facilities have positive and significant effect to customer satisfaction.

According to Nirwana (2014) (as cited in Utami, 2020), there are several factors that affect the facilities in a service including:

1. Facility Design and Aesthetics

Basically, aesthetics are elements that complement the basic functions of a product so that the performance of a product will be better in front of customers. In terms of comfort, aesthetics can be obtained in terms of shape or color, including the design of a product. According to Tjiptono (2006) (as cited in Alqadri, 2019), the design and layout of service facilities is closely related to the formation of customer perceptions. A number of types of services, perceptions formed from interactions between customers and facilities affect the quality of these services in the eyes of customers.

2. Function Value

Function value of facility means the primary activity for which a particular facility is used. It means that the facilities provided function well and can be used by the customers.

3. Supporting equipment

Supporting equipment means any equipment that support the availability / completeness of the facility itself. It usually in a form of material which functional for the customers and help to create the convenience for customers.

4. Uniform of Employees

Staffs must dress and appear neat and clean which means they must wear uniforms that are commensurate with attractive combinations according to their respective company standards.

In addition, According to Kotler (as cited in Apriyadi, 2017), the dimensions of facilities include: (1) Facility condition, (2) Completeness / Availability, (3) Interior design, (4) Exterior design.

2.6. Customers' Perception

Customers' perception is an important component of a business' relationship with the customers. According to Schmitz (2009) (as cited in Wardani, 2017), perception is the process of selecting, organizing, and interpreting information. Perception constitute the process that used by people to manage and interpret impression of their sense to give meaning to their environment. On the other hand, customers' satisfaction is a mental state which results from the consumer comparison of expectations prior to a purchase with performance perceptions after a purchase.

A study from Xu, Y. et.al. (2007) suggest that customer perceived service quality has a significant effect upon customer satisfaction; customer perception of relational benefits has a positive impact upon customer satisfaction, with trust being the most important indicator; customer satisfaction is positively related with loyalty in terms of positive word of mouth, willingness to pay more and to stay with the business.

A lot of studies show a positive relationship between customer satisfaction and customer loyalty (Churchill & Surprenant, 1982; Barsky, 1992; Gilbert & Horsnell, 1998; Dominici & Guzzo, 2010, Chavez, Gomes, Pedron, 2012; Dominici & Palumbo, 2013; Nomnga & Mhlanga, 2015) (as cited in Parzych & Vejmelka, 2022).

2.7. Previous Related Study

The results of research by Adelia, A. (2020) entitled “Pengaruh People, Fasilitas Fisik & Promosi Terhadap Kepuasan Pelanggan Pada Hotel Swarna Dwipa Palembang” shown that these three components have a positive and significant effect on customer satisfaction at Hotel Swarna Dwipa Palembang.

The results of research by Anugrah, P. K. (2019) entitled “Pengaruh Harga, Kualitas Pelayanan dan Fasilitas Terhadap Kepuasan Pelanggan Pada Hotel Arista Palembang” shown that these three components have a positive and significant effect on customer satisfaction at Hotel Arista Palembang.

The results of research by Syahdima, A. R. (2017) entitled “Pengaruh Kualitas Pelayanan Terhadap Kepuasan Konsumen Pada Hotel Grand Zuri Palembang” shown that service quality has a positive and significant effect on customer satisfaction at Grand Zuri Hotel Palembang where the dominant element is physical evidence (tangibles).

The results of research by Dewandi, et.al. (2018) entitled “Pengaruh Kualitas Pelayanan, Fasilitas dan Harga Terhadap Kepuasan Konsumen Pada Hotel Emilia Palembang” shown that these three components have a positive and significant effect on customer satisfaction at Hotel Emilia Palembang.

The results of research by Pratiwi, C. & Lestari, R. B. (2017) entitled “Manajemen Pada Hotel Novotel Palembang” shows that service quality has a positive and significant effect on customer satisfaction at Novotel Palembang Hotel where the dominant element is empathy.