

Service Quality and Customer Satisfaction: A Study of Selected Hostels in Bangkok, Thailand

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Abstract

This research used the SERVPERF model as its conceptual framework to examine the contribution of service quality to customer satisfaction in hostels in Bangkok, Thailand. Adopting a qualitative approach and comparing customer comments on hostels from the Booking.com website and semi-structured interviews with hostel owners, the study found that service quality related to staff and facilities significantly influences customer satisfaction with the hostel business in Bangkok. Moreover, the study also found that location, which is not one of the dimensions of the SERVPERF model, is another factor that influences customer satisfaction with hostels.

Keywords: Customer satisfaction, Hostel, SERVPERF model, Service quality

Introduction

Recently, the number of solo travelers, tourists who travel alone, has been continuously increasing across the globe. The Visa Global Travel Intentions Study (2015), based on a survey of 13,000 tourists from 25 countries, reported that the number of solo tourists had increased more than 10 percent compared to the previous year, and is expected to continuously increase in the future. A high proportion of these solo travelers are young tourists aged between 18 and 30. They have different needs and behaviors in the way they spend money compared to other types of travelers. They also prefer to gain new experiences with both local people and tourists from other countries. Hostels and budget hotels with their simple and less expensive accommodation go a long way towards meeting these preferences (Raktham, 2016).

A hostel provides budget-conscious accommodation where several guests stay in the same room (Martell, 2017). It usually provides bunk beds in a dormitory-style room with shared bathroom, lobby and sometimes a kitchen. The rooms can be private, mixed or a single-sex dormitory. Hostels vary in providing common areas and communal facilities. Some provide toiletries and food while others provide just beds. Usually, hostels charge guests by the person instead of by the room as in a regular hotel. The main difference between hostel and hotel is the room; a hostel provides dormitory type stay while a hotel generally provides rooms with full privacy. Hostels provide a casual atmosphere, more interaction among guests and more community feeling as they share sleeping spaces and common areas. A hostel suits travelers with a tight budget and those that are looking to meet new friends and to have new experiences. A hostel is generally a safe place to stay

so long as the guests keep their personal belongings in a locker and are careful about their movements. Nevertheless, Craig (2013) mentions that travelers may prefer a hotel room to a hostel dormitory if traveling with family or they wish to have higher privacy and comfort.

The number of inbound tourists to Thailand has grown continuously since 2016. According to the Ministry of Tourism and Sports, Thailand (2017), the number of tourist arrivals in the first seven months of 2017 was 20.41 million, a 4.5 percent increase from the same period the previous year. The tourism revenue reached THB 1.03 trillion, an increase of 6.1 percent compared with the previous year. Their survey found that 55% of tourists are repeat visitors and 32% arrange their own travel, not with a travel agent. Most tourists come to Thailand for leisure (38%) and new experiences (27%). The important reasons that make tourists come to Thailand are natural beauty (49%), Thai culture and religion (32%), and value for money (32%).

During the past two years, more than 2,000 hostels have emerged, contributing around 12% of all tourist accommodation, which indicates the rapid growth in this sector. Besides, there are a significant number of younger tourists from European and Asian countries visiting Thailand due to the campaigns, among others, by low-cost airlines (MGR, 2016). The MGR (2016) Annual report further mentioned, 'Bangkok was the world's most visited city in 2016, with 21.47 million international tourists.' The value of the hostel industry and the change in traveling behavior towards budget-oriented holidays has also made many entrepreneurs turn their attention to the hostel business. The result is that there are a lot of vacant small-sized commercial buildings being renovated into stylish hostels to accommodate young backpackers with limited budgets. The hostel business has the opportunity to grow more than 10%, especially in the provinces where there are lots of tourist attractions and high economic growth such as Bangkok, Chiang Mai, and Phuket (Bangkok Biz News, 2016). Moreover, researchers forecast that the popularity of hostel business will further increase with the growth of the tourism industry in Thailand (CMMU, 2015).

Yet, current research on the services sector in Thailand focuses on areas other than hostels. Researchers study, for example, such areas as the competitiveness of low cost airlines (Srisook & Panjakajornsak, 2017), accommodation in Airbnb (Priporas, 2017), service quality in the Siam Commercial Bank (Suvittawat, 2015), critical success factors for e-commerce entrepreneurship (Sebora et.al., 2009), service innovation and business performance of Spa For Health (Deesomlert & Sawmong, 2013), and image creativity and service quality on customer satisfaction and firm performance (Issarapaibool, 2008).

In the context of the rising number of hostels needed to accommodate ever-increasing number of budget conscious solo travelers coming to Thailand, this research was intended to fill this gap by examining the contribution of service quality towards customer satisfaction in the hostel business. Hostels in Bangkok, Thailand are a relatively new type of tourist accommodation. The study provides data from both sides of the service transaction: the providers of services and the

customers who are the receivers of these services. It is hoped that the results of the study would provide useful information on the level and type of quality that hostel patrons prefer to experience.

The first part of the paper explained the hostel business, the overall tourism situation in Thailand, and the hostel industry in Bangkok followed by the research objectives and significance of the study. The second part reviews concepts of service quality, customer satisfaction and service quality measurement, and outlines a conceptual framework. The third part explains the research strategy, research approach, the sampling technique, data collection process, limitation, and ethical issues. The fourth part describes results of semi-structured interviews of five owners, and guest review comments from the Booking.com website. The fifth section discusses, interprets and explains the link between the conceptual framework and the findings. Finally, conclusions, implications, limitations and suggestions for further research are provided.

Literature Reviews and Conceptual Framework

Services, like all other commodities, are exchanged between providers and receivers. A service can be both tangible and intangible action. Tangible services are directed to customer's bodies, for example, services provided by beauty salons, while intangible services are directed to customer's minds (Entertainment, Gronroos, 1990; Narangajavana, 2007). Services are also an indicator of the performance and effort of service providers, i.e. they are different from a tangible object like 'goods.' However, it is hard to distinguish service from goods in practice, as both service and good purchases always support each other (Haksever et al., 2000). Parasuraman et.al. (1985) distinguished services from goods by three characteristics of services that are:

- Intangibility: Services are 'performances rather than objects' (p.42). They are unable to be touched or felt like goods. 'Most services cannot be counted, measured, inventoried, tested, and verified in advance of sale to assure quality' (p. 42);
- Inseparability: Most services are produced jointly by service providers and consumers working together;
- Heterogeneity: Provision of services, in particular with the ones that are delivered mostly by personnel, can vary from producer to producer and from day to day.

Zeithaml (1996) stated that 'Quality can be defined broadly as superiority or excellence' but quality has been defined and viewed from different perspectives across industry depending on the nature of the products and services of each industry. Service quality in this case, focuses on the customer (Narangajavana, 2007). Lovelock (2001) supported by Johnston (1995) argues that quality service satisfies customers by adequately fulfilling their needs and expectations. The most popular definition of the concept used by researchers is the gap between customers' expectation and their actual perceptions of performance (Parasuraman

et.al., 1985). Parasuraman et. al. (1985) argue that it is more difficult for customers to measure service quality compared to product quality. Perceived service quality is the result of evaluation processes where customers compare their expectations and the performance of actual service that they receive. This involves the evaluation of both process and outcome for the services provided.

Service quality influences customer loyalty (Henning-Thurau, et al., 2001) and is thus an important factor for company survival in competitive markets and for achieving success in business (Dawkins & Reichheld, 1990). Service quality is a strategic value for companies because it affects customer satisfaction and retention which in turn impacts on the performance of businesses (Dawkins & Reichheld, 1990). Thus, it is necessary for a company to understand customer expectations to improve its provision of high-quality services to make customers satisfied (Narangajavana & Hu, 2008).

Customers are one of the most important stakeholders as their purchases equal company income. Satisfaction means customers receive specific levels of perceived value from services and goods provided by a company and then remain positive towards the use of a company's services and goods (Wick & Roethlein, 2009). Customers have expectations on services or goods before purchasing and once they purchase and use services and goods, they compare the performance outcome that they received from a company with their expectation. Pizam and Ellis (1999) state that satisfaction is caused by confirmation between outcome and expectation. If a company receives positive feedback from customers, it is likely to increase repeat purchases. On the other hand, if customers leave with negative feelings, it is likely that there will be fewer repeat purchases (William, 2002).

Even though researchers have different views of service quality, they all agree that customers are the most important factor to be considered because their purchases equal many companies' income. Woodruff et. al. (1991) state that customer satisfaction is also an emotional response when they perceive that services and goods meet their expectation and value they pay. Customer satisfaction by comparing the services and goods that a company provides with customer expectation becomes one of the key factors influencing service quality and happens to be one of the cheapest ways to promote a company (Pizam & Ellis, 1999; Morgan et al., 2005; Mittal et al., 1999).

Companies live because of the existence of customers and one of the keys to success in business depends on the quality of services they provide to customers. If a company provides high quality service, this will result in satisfied customers (Dominici & Guzzo, 2010; Narangajavana, 2007). Both service quality and customer satisfaction are considered critical factors for success in any business, to gain competitive advantage, survive in the market and to retain customers for a long time (Gronroos, 1990).

In the hospitality industry, level of service quality provided may differ among hotels, among different customer segments and among countries (Boon-Itt & Rompho, 2012) but there does exist a positive relationship between customer satisfaction and quality of service. The hospitality industry must provide technical

facilities and systems to make sure that a customer's stay is convenient and safe. If the hospitality industry emphasizes customer satisfaction, this will help improve customer retention and increase the positive image of tourism (Dominici & Guzzo, 2010). Moreover, it has been shown that hotels with good quality of service will eventually gain profitability. Therefore, it is necessary that the management team of the hospitality industry have a good understanding of what will make customers satisfied with their stay (Alrawashdeh & Alrawashdesh 2014). In other words, customers' expectation has impact on productivity in the hospitality industry. According to Xie and Chaipoopirutana (2014), customer satisfaction and value perception is positively affected by service quality in Thailand. In addition, the hospitality industry must be conscious of the fact that the process of providing service to customers includes such factors as employees' attitudes and professionalism.

Assessing service quality may however be quite difficult given that it may depend on personal opinions of recipients. Additional difficulties arise from the fact that customers evaluate the quality of service not just by the outcome of a service but also by all the processes that are performed to provide the service outcome. Lovelock (2001) however, states that the management team must assess service quality to provide better service. There are two main models that focus on assessing service quality. The pioneering one, known as the SERVQUAL model, developed by Parasuraman et. al. (1985) compares the gap between customer expectations and their actual perception of service performance. The other, known as the SERVPERF model, was developed based on the SERVQUAL model by Cronin and Taylor (1992), but focuses only on the customer's actual perception of service performance and removes the expectation part. Both models have the same performance measurement scale, which includes five service quality dimensions: Tangibility, Reliability, Responsibility, Assurance, and Empathy.

For the hospitality industry, there are several different approaches to the measurement service quality. Brochado et.al. (2014) discussed modified versions of the SERVQUAL and SERVPERF models on different dimensions. The majority of researchers have used the SERVQUAL model in measuring service quality around the world, followed by the SERVPERF model. Numerous studies have emphasized the type of hospitality service that ensures the importance of the five service quality dimensions of these models (Babic et. al., 2015). Atkinson (1988) and Gundersen et al. (1996) stressed security and safety (assurance) dimension. Other studies have shown that employees' empathy and competence are very important elements of service quality perception (empathy, reliability and assurance) (Atkinson, 1988; Knutson, 1988), while Markovic et.al. (2004) noted that physical facilities are an important element of hotel service quality perception (tangibility).

Parasuraman et. al. (1985) reviewed previous research on service quality and summarized them into three main issues then used these issues to develop the service quality measurement model known as "SERVQUAL" in 1985. Parasuraman et. al. (1985) argue that perceived service quality is the gap between

customer's expectation which they define as "desires or wants of customers" and the actual service performance that customer get from the service. The SERVQUAL model focuses on the gaps in five areas. They are:

1. **The Gap between customer expectations and management perceptions:** This gap occurs when management team may or may not perfectly understand the desires or wants of customers leading to a gap between customer expectations and the actual management perception of customer expectations;
2. **The Gap between management perceptions and service quality specifications:** This gap occurs when a management team may perfectly understand customer wants but fail to specify customer expectations in products where customer expectations vary widely;
3. **The Gap between service quality specifications and service delivery:** This gap occurs when different employees respond differently to customer expectations despite services being specified;
4. **The Gap between service delivery and external communications:** This gap occurs when a company promises made through communication and advertising are in excess of what it can deliver; and
5. **The Gap between customer expectation and perceived service:** This gap occurs when what a customer expected differs from what s/he perceived to have received.

From these five gaps, Parasuraman et. al. (1988) determined 10 dimensions of service quality, but reduced these to five dimensions as the SERVQUAL Scale (Cronin and Taylor, 1992; Cronin and Taylor 1994). They are as follows:

1. **Tangibility** represents physical facilities, equipment and personnel appearance, which can mean superior hostel facilities, rooms, staff appearance, and language proficiency as well as attitude toward customers;
2. **Reliability** refers to delivery of services that have been promised. The promises that company make in promotional efforts can lead to customer expectations. The highest standard of consistency between promise and delivery is important to reliability;
3. **Responsiveness** is the willingness to help customers and provide prompt service. A responsive company should always make sure that customers receive quality service and keep checking service performance. Employees should be able to respond to customer requests whenever needed;
4. **Assurance** indicates the knowledge and friendliness of employees together with their skill to give confidence and trust to customers. Assurance consists of elements of the credibility, competence and security of a company. For example; the guarantee to keep the private information of customers carefully; and

5. **Empathy** includes personal and individual attention to customers. Empathy can be considered as the understanding of customers' needs (Juwaheer, 2004).

The SERVQUAL model is a tool to measure customer satisfaction toward different levels in service quality, in which customers assess service quality by comparing their expectations with their perception of what they receive from service providers. So, the simple equation for the model is $\text{Service Quality} = \text{Performance} - \text{Expectation}$. Currently, there are 44 items in total which are matched pairs used to measure these relationships: Twenty-two items for expectation and twenty-two items for perception. These items cover all of the five dimensions of service quality outlined above. In this approach, respondents are first asked about their expectations before purchasing services, and then asked about their perception of what they have received after purchase to see whether it matches with their expectation. Customers are considered satisfied with the service quality if the outcome is equal or positive. On the other hand, customers are not satisfied with service quality if the outcome is negative (Boon-Itt & Rompho, 2012).

Bootudom (2014) analyzed the dimensions of service quality in the SERVQUAL model in restaurants in Thailand and found that the five dimensions of service quality occur from two factors; employees and physical facilities. Employees relate to the responsibility, assurance and empathy dimensions while physical facilities relate to the tangibility dimension. Reliability relates to both employees and physical facilities. From these dimensions, we can see that employees play an important role in service quality measurement. Even though the SERVQUAL model has been used by numerous researchers to measure service quality it has been criticized on conceptual and operational grounds (Jain and Gupta, 2004). One problem is that the SERVQUAL model measures customer expectations and perception of service quality after the service has been provided which might cause biases in the scores. Thus, some researchers like Babakus and Boller (1992) have emphasized the need to develop a methodologically more precise measurement scale.

The SERVPERF model is an important variant of the SERVQUAL model developed by Cronin and Taylor in 1992. The SERVQUAL model has two parts: customer expectations and the services that customers perceive they have received. Cronin and Taylor (1992) called the second part of the SERVQUAL model service performance and argued that this part is enough to assess service quality. Thus, they remove the customer expectation part from their model. The model emphasizes actual customer perception of service performance and can be written in a simple equation as $\text{service quality} = \text{performance}$ (Brady et. al., 2002).

The SERVPERF model uses the same five dimensions as the SERVQUAL model. The SERVQUAL model is the more popular and is the first measurement tool of service quality. However, Cronin and Taylor (1992) argue that the SERVQUAL model is more effective in assessing customer satisfaction than the SERVQUAL model. Cronin and Taylor (1992) believed that "customers provided

their score by automatically comparing their expectation and actual perception,” so they argued that expectation measurement is not necessary.

The SERVPERF model was developed to overcome some of the conceptual problems around expectations in the SERVQUAL model (Buttle, 1996). Moreover, the SERVPERF model reduces the number of items to be measured by 50 percent from 44 items to 22 items. Several researchers suggest that the SERVPERF model with the customer expectation part removed is a better alternative than SERVQUAL model to measure service quality (Babakus & Boller, 1992; Brady et al., 2002). Bootudom’s (2014) Thai study show that the SERVPERF model is better for research on the measurement of service quality, while the SERVQUAL model is suitable for a management team to reform their service quality, as it has the diagnostic power to examine services better (Jain & Gupta, 2004).

In relation to the present study, most research on service quality in Thailand uses the SERVQUAL model as their main conceptual framework (Narangajavana, 2007; Bootudom, 2014; Xie & Chaipooipirutana, 2014). Our research, however, applied the SERVPERF model. As pointed out earlier, the SERVPERF model has rarely been applied to assess service quality in Thailand. Nevertheless, we use the service quality dimension of the SERVPERF model as our conceptual framework to examine the extent to which service quality contributes to customer satisfaction in the hostel market in Bangkok. Figure I shows the conceptual framework of the study.

Figure 1: The relationship between service quality and customer satisfaction



Method of data collection

This research, based on the SERVPERF model, examines the contribution of service quality to customer satisfaction in the hostel business in Bangkok. Using a cross-sectional design (Bryman and Bell, 2011), we collected data through semi-structured interviews and from the World Wide Web. Semi-structured interviews were conducted with owners of the five hostels based on a list of questions

developed from the original SERVPERF data collection instrument (Yarimoğlu, 2014). Interviews focused on such dimensions of service quality as general information about the hostels, their facilities, equipment, employees, and customer satisfaction. The semi-structured interviews were audio recorded and transcribed. The World Wide Web is an excellent source of large volume of information that can be collected very quickly and usually without any cost (Bryman & Bell, 2011). Data of all the guest reviews of the five hostels was collected from the Booking.com website. The guest reviews provided both positive and negative comments about those five hostels, which were then grouped in accordance with the SERVPERF model. Finally, the views of owners collected through semi-structured interviews were juxtaposed with guest review data to examine the extent of their similarities and differences.

The research used purposive sampling, a type of non-probability sampling method, to ensure persons sampled are related to the research question and objective of the research (Bryman & Bell, 2011). The research focused on the study of five successful hostels in Bangkok, Thailand by choosing them from the booking.com website, which is an online booking service website established in 1996 in Amsterdam. Booking.com claims that they have the world's largest selection of places to stay; more than 1,500,000 properties in 229 countries worldwide (Booking.com, 2017). The Website lists 402 hostels in Bangkok. Out of this population, hostels were selected that received top guest ratings in the 9-10 point range from more than 600 guest reviews, and charged a price ranging between JPY 1,000 to 2,000 per night per person. About ten hostels on the booking.com website matched the research criteria. An e-mail with an explanatory statement was sent to all hostels to get approval to collect data and to interview the owners of the hostels. Eventually five hostel owners allowed interviews and research on their hostels. Prior approval was collected from the interviewees and they were assured that strict confidentiality would be maintained in data dissemination to the public. Table 1 gives data for the hostels that participated in the study. Please note that, for reasons of confidentiality, we have replaced the names of hostels with numbers.

Table 1: Hostel Characteristics

Hostel No.	Guest rating	Number of reviews	Price
1	9.1	672	JPY 1,136
2	9.5	879	JPY 1,377
3	9.0	680	JPY 1,377
4	9.0	753	JPY 1,301
5	9.2	937	JPY 1,377

It should be mentioned here that the guest rating and reviews on the booking.com website come from the real experiences of guests. Booking. com (2017) sends an email to guests asking them to review the property they have stayed at. The website uses a rating score based on specific categories: for example, facilities, staff, and location. The system calculates each categories'

score, an overall score and then provides this on the website together with guest comments (Table 1).

After receiving approval from the owners of the five hostels, the researcher read the guest reviews on the booking.com website of each hostel and set a date for the interviews (Table 2).

Table 2: Dates of interviews with owners

Hostel No.	Interview Date
1	2017/08/30
2	2017/08/31
3	2017/09/01
4	2017/09/07
5	2017/09/11

Each of the interviews lasted 15-20 minutes. The interview was audio recorded and notes were taken to help with transcribing the interview, data processing, and the data analysis process (Bryman & Bell, 2011). After the interview, transcripts were produced. The researcher read the data and used an open-coding technique to refine the data and the information from semi-structured interviews of the owners into code. The code was developed from what the researcher read from guest reviews in accordance with the SERVPERF model. According to Bryman and Bell (2011), coding is a necessary step in the data analysis process. Thereafter, the researcher collected 3,921 comments from the guest reviews on the booking.com website of the five hostels and used an open-coding technique to categorize the data into groups. The open-coding mainly helped researcher to classify data into categories developed based on the research question and conceptual framework. Finally, the information presented in this paper has been collected from only five successful hostels in Bangkok and is therefore too small a sample to represent all the hostels in Bangkok. Thus, the results should be considered as preliminary and interpreted with extreme caution.

Findings

The results are divided into two parts. First we discuss the results of the semi-structured interviews with five owners on their management of hostel facilities, equipment, and staff. They gave their opinion also on what makes customers return to their hostels. The second part includes data collected from the internet involving guest reviews from the booking.com website. Guests gave both positive and negative comments on services that the hostel provided, especially about staff, facilities and equipment. Collected data revealed that there are other factors affected guest satisfaction and one of the most important one is location of hostels.

All five owners stated that they started their hostel business 2-3 years ago when the hostel business was yet to become popular in Thailand. Many of the owners had converted their own properties into hostels rather into hotels because the latter

usually involves higher costs and the major restructuring of buildings. They also had architects as co-owners that made it easy to design the hostels.

All interviewees confirmed that their customers booked their stay via such online travel agencies as Booking.com, Agoda, HostelWorld and the websites of their hostels. As one owner said: 'Customers booked through the HostelWorld and Booking.com websites and some booked via our hostel website.' Hostels participating in the study differed in targeting segments of the tourist market. Owners of two hostels focused more on customers from North America, United Kingdom and other countries in Europe. They argued that customers from these countries knew the basic hostel manners, and created fewer problems compared to the customers from Asian countries. As one owner says: '90% of [our] customers are mainly from America, UK and Germany. Another 10% are Asians and Thais.' The owner of another hostel added: 'Western and American customers never have any problems staying in hostels as they know the basic hostel manners. Most problematic customers are Asian, but we have to consider each individual.'

The other three hostels did not target nationalities, regions or ethnic groups. They had a mix of patrons from many different parts of the world including Asia and Thailand. One of the owners believed that having Thai customers demonstrated that their hostel was a successful one. As the owner says: '[Among our patrons] 50% are Western and 30 per cent are Asian. Another 20% are from Thailand which we really appreciate as Thai people have high standards for hostels and they know more about location and can access more places in Bangkok more than foreigners can. We have many repeat Thai customers. We think that we are successful.'

The majority of owners informed that they continuously change and renovate their facilities and equipment. One part of the renovation work involves the repair of damage caused by customers. Some hostels do repair work every day and so maintenance is the main cost of conducting the hostel business: 'As we have many customers so many people have been using facilities and there are many things to renovate. Maintenance cost is the main cost of our hostel' informed one owner. Another part of renovation work involves expanding buildings to have more accommodation resulting from increased number of patrons: 'We always do some renovation. We closed some part to extend the building, change floors and we have repair work almost every day', said another owner.

The hostels covered in this study have 5-10 full-time staff including house cleaners, and two of the five hostels have part-time staff for night shift and other activities. Thus, the hostels included in the study are small businesses where the staff work every day and most of them possess multi-tasking competence. The owners use a range of criteria to choose staff to work with hostels. Most owners, however, focus particularly on the possession of a service mindset and positive attitude because they believe that these are very important requirements of the service business. Interviews revealed that owners emphasized on the honesty of candidates as well when recruiting them. One owner states: 'We want staff who has good attitude and are optimistic. We do not choose the ones who are only good

at business because we believe that people with good attitude is the basis of good business.’ Another adds: ‘We choose based on their service mindset.’

One of the hostels recruit staff who possess diverse skills. For example, they recruit staff who are able to work with large numbers of people, and who have passion to help the community. As one of the hostel owners said: “We have three criteria in choosing staff. First, power of mind which is about their skill, what they are good at because everyone has different special abilities such as someone is good at hospitality, someone as chef or someone as disk jockey. Second, power of people which means ability to work with other people. Last, power of impact, as I mentioned before that our hostel has to work with community, so we want staff who have ideas and the passion to work with community, but this is not the main criteria’.

The majority of the respondents said that the only training they provide their staff was in computer skills. Staff learn hostel work practices by doing them and observing the experienced ones: ‘Our training program is more like training by doing and follow the experienced staff. At the end of the day, we will come to discuss and wrap up with staff about what they get from today and we might add something that they need to know’, informs one owner. The owners educate their staff about hostel work rules and procedures and the ways to serve customers. The owners are engaged in continuous communication with their staff and keep the staff informed of all important developments. In addition, all five hostels have a regulation that staff must inform patrons about the rules of stay in the hostels and the times different service functions e.g. changing bedsheets, are performed. As another owner states: *‘We inform customers the time a service will be performed; for example, bedsheet changing service – normally we change bedsheet when customer check-out but if customer stay at our hostel more than three days, we will ask them whether they want to change or not’.*

While two of the five hostels have a 24-hour reception service; the rest have it until 10pm or midnight. Even though these do not have a receptionist for 24 hours, they provide, on their hostel websites, such check-in information as telephone contact numbers and security codes of entrance door locks of the hostel for customers who come late. Moreover, some have night shift security guards. As one owner explains: *‘Normally our receptionists work until midnight. We inform on every online website of ours that we close at midnight but some customers with late night flights that cannot make it before midnight have to inform us first and we e-mail them our phone number and a pin code to open the door and how to enter when they arrive.’*

Each hostel staff has discretionary authority to make decisions by themselves when customers ask for help or have some problems, except the problems related to money and overbooking that owners ask staff to consult with them first before they make any decisions. However, the staff must report problems and solutions to the owners: ‘We give the decision to solve the problem to staff, they can make decision by themselves, but they have to report about the problem and solution that they deal with it’, informs one of the owners.

Staying in dormitory type rooms that customers share with strangers may make them feel unsafe. This study raised a question about what hostels do to make their customers feel safe during their stay. The hostels we studied take customer safety extremely seriously and they adopt several measures. Every hostel provides security cameras in necessary spots, keycards to open rooms, and lockers to keep valuables for all customers. The keycard and locker help to provide customer security at the basic level. Moreover, they have separate floors for persons of both genders and others for females only. One hostel has a keycard system that can be used only with one bed. As one owner explains: 'We provide keycard for each customer which they can use with only their own bed. If they sleep on the wrong bed, they cannot use the light and charger. This keycard helps us prevent customer to sleep on the wrong bed. Moreover, everyone has their own locker to keep their valuable stuff.'

The owners focused on their staff as well. In their opinion, staff have a role in making customers feel safe during the stay, which in turn depends on the way staff treat and help customers to make them feel that they can trust them and ask for any help. One way that hostels can earn customer trust is by informing them that things that are safe in Bangkok. As one owner says: *'I think the ways of earning trust depends on hostel staff. We always tell them we are there to help them, they can ask any question anytime and that they can trust us. For example, we warned our customers about dangerous areas of Bangkok that they should avoid and the types of TukTuk [three wheeled motorized cars] drivers who might overcharge the fare'*.

All hostel owners have said that they have many repeat customers. There are varieties of reasons behind customers coming back to their hostels to stay. Our interviewees claimed that the main reason is service quality. They further claimed that the hostel staff and the service mindset is the most important factor that makes customers return to the hostel, as they are the people who provide services directly to customers. As one owner claims: *'But in my opinion, staff are the most important factor to make customer come back to our hostel as they are the ones who provide service to customers. I think service quality is the main reason that makes customers satisfied with their stay'*.

Other reasons are location and price. One of the owners said that there are many hostels in Bangkok nowadays and if every hostel provides the same levels of service quality, customers will choose hostels based on location and price. As an owner explains: *'I think location is the most important reason that makes a customer to come back to our hostel as our hostel is located next to a mass transit line to the center of Bangkok and also to the airport link to Suvarnabhumi Airport. I think service is one of the reasons that makes a customer choose to come back but if every hostel provides the same service and type of room, so price will be the most important reason.'*

The booking.com website provides real opinions from real guests who stay at hostels (Booking.com, 2017). The website provides breakdown of review scores in such category as cleanliness, comfort, location, facilities, staff, value for money,

and free Wi-Fi. The comments from guest reviews have both a positive and negative side, which affects their decision about their next stay. The customers of five hostels commented on the service that staff provided, the facilities of the hostel, and its location. In three out of the five hostels, customers were highly satisfied with the service they received and with the staff. For the other two hostels, customers gave them the best scores on location, but were concerned about service from staff and facilities. Overall reviews were positive and that made them satisfied with their stay.

All customers received the same service but perceptions about it differed. All five hostels provided spacious beds with curtains for privacy, storage for valuables in the bed area and plug sockets for electronic devices. The majority of comments were on facilities and equipment and specifically on beds, bathroom, toilets, and their functionality. The guests, on average, found the facilities provided by hostels to be in good condition and commented that all five hostels maintained them at a high standard. However, some customers expressed concern about the cleanliness of beds and mattresses and some were bitten by bed bugs. For bathrooms and toilets, some customers were less than satisfied with cleanliness and with the toiletries that hostels provided for them. Most hostels studied do not have elevators and so the one with an elevator has an advantage. Some hostels received many negative comments about their steep and narrow stairways because customers found it extremely difficult to carry their luggage in them. Table 3 gives the review score on facilities and equipment of the five hostels.

Table 3: Review score on facilities and equipment

Hostel No.	Facilities	Cleanliness
1	9.1	9.2
2	9.6	9.9
3	8.8	9
4	9	9
5	9.1	9.3

Hostel 2 received the highest score from 85% of their customers for both facilities and cleanliness, as most of the guest said that their facilities are well equipped, modern, and usable. Customers mentioned that house cleaners clean multiple times a day keeping the premises extremely clean. *'This hostel [no.2] is the cleanest hostel that we have ever been in!'* – said a Turkish patron. A patron from the Philippines added *"Value for money with modern and super clean facilities. I recommend this place – [Hostel no 2]. An Australian patron supports: 'We couldn't have loved this hostel [no.2] more! The bathrooms are split into male/female and are on different floors, it seemed they were cleaned multiple times a day, and they were always extremely clean. We couldn't recommend it more.'*

Services provided by staff are the same, but quality provided may vary from staff to staff member. It is quite possible that the quality of service provided to customers is different and it is also possible that the perceptions of services

received differed from patron to patron. Almost all the guest reviews of all the five hostels included comments about staff. The majority of these reviews mentioned staff performance and focused on how reliable and helpful were the staff, and their feelings when dealing with staff. Table 4 gives the review score for the staff of the five hostels.

Table 4: Review score on staff

Hostel No.	Staff
1	9.2
2	9.8
3	9.2
4	9.3
5	9.1

According to these guest reviews, all five hostels received very positive comments about their staff. Customers mentioned that the staff were helpful, friendly, reliable, shared their experiences, and attended to all their requests. Moreover, staff always asked for both positive and negative feedback from customers to improve their service. Customers said that they were very satisfied with staff performance, and would definitely return to the hostel when they come to Thailand next time. As a patron from Chile reported on hostel 4: *'Staff was awesome and helpful whenever needed, and always asking for ways to improve the hostel for the convenience of the traveler. Great social vibes and they would definitely stay again.'* Another patron from Mexico reported on hostel no 2: *'Staff were amazing; they made me felt welcomed and had taken care of me since the very moment I arrived at the Hostel. They are such an amazing group of people that I can't thank enough. Having this attention makes you feel at home and in a place where you just want to arrive. You have to come to this Hostel if you are coming to Bangkok.'*

Customers mentioned that staff made them feel safe and secure during their stay. Staff always make sure that they take care of every customer need, and they can leave belongings with staff in case that there is not enough space in the locker or they are too heavy to carry to their rooms. Moreover, staff are polite, and some speak English fluently. Even though some hostel staff cannot speak English fluently, customers did not care much about this provided staff tried their best to help them. As one patron from Germany reported on Hostel 3: *'Staff is very friendly and try their best to help even if they did not speak English that well. Moreover, I could leave my luggage [with them] and hang around Bangkok without any worries.'*

The operating hour of staff is another important factor that customers mentioned. Only two out of five hostels have 24-hour operating service, which is a great help for customers because there are many who arrive in late-night flights and they need to check-in after normal operating hours. Even though every hostel has a policy and a way to deal with this, such as providing information about contact numbers and security codes to enter the hostel for customers, clients prefer

to see staff at the reception area 24-hours a day. As one British patron reports on hostel 1: *'Felt really secure as there is 24-hour reception and staff are available to help all the time'*. Another Malaysian patron comments on hostel 2: *'They also have a guardhouse near the back - he hands keys to those who check in after reception closes at 10pm but it would be nice if they have 24-hour staff'*.

Location is another important reason for customer decisions on where to stay. Hostels located next to the metro line to the center of the city and airport have more advantages than others. In addition, a good location can mean a hostel is within walking distance of tourist attractions and various restaurants. Table 5 gives the review score on the location of the five hostels.

Table 5: Review score on location

Hostel No.	Location
1	9.1
2	8.9
3	9.3
4	8.7
5	9.4

Two out of five hostels are located just next to the metro line. Many customers mentioned that they chose to stay in these hostels because of their convenient location. As one British patron wrote on hostel 5: *'The location is excellent (you can get to Suvarnabhumi airport in 30 minutes via the airport rail link). It's in a quiet side alley (but just about 20 steps in, not far from the main road at all) but didn't feel unsafe, even at around 11pm. I would definitely stay there again and would recommend others to stay as well'*. A patron from the Philippine adds convenience in accessing local food in commenting on hostel 3: *'I was so comfortable in that place. The neighborhood has a nice cafe around the corner and at night you can eat local food on the street'*. Some hostels are quite far from a metro line, and the way to these hostels is quite dark, which made some customers feel unsafe at night time. So, they received a lower score on location.

Discussion and concluding comments

The data collected from the semi-structured interviews with five hostel owners and the data from the booking.com website gives us a better understanding of hostel strategy of service quality, and the way service quality influences customer satisfaction in the hostel business. Juxtaposed data from owners and customers demonstrates that service quality strategies influences customer satisfaction resulting in high guest rating on the Booking.com website. From the guest reviews and rating, the study found that staff, facilities and equipment, and location affect customer satisfaction with a hostel, but service from staff had more influence on the total score than facilities and location, as customers were sensitive with service from staff more than the with other factors. It was found that if staff show their willingness to help customers; they overlook other limitations. For example, even though hostel 2 is not located close to a metro line or tourist attraction, the service

that they provided along with their clean facilities helped them receive the highest guest rating among the five hostels.

This research used the SERVPERF model with its five dimensions: tangibility, reliability, responsibility, assurance, and empathy, to assess the service quality of hostels and their influence on customer satisfaction. The guest review and semi-structured interview data show that staff/employees, facilities and equipment, and location are three factors that influence customer satisfaction. This was analyzed in three parts; facilities and equipment, staff/employees, and location and related to the five dimensions of the SERVPERF model.

In the SERVPERF model, the tangibility dimension represents physical facilities and equipment. It has been found that the facilities that the five hostels provided – spacious bed with curtain for privacy, storage for valuables, and plug sockets, together with cleanliness of facilities - influence customers to give positive comments about hostels. Existence of an elevator differentiated a hostel, in customer reviews, from others. In the customer reviews, hostels with the above-mentioned tangible facilities received higher scores and customers recommended them to their friends. The findings showed that facilities did have an effect on customer satisfaction, which resulted in a higher review score. Therefore, the tangibility dimension has a positive effect on customer satisfaction.

Staff with service mindset influenced customer satisfaction. Patrons in their comments on staff focused on their performance, their friendliness, their reliability, their sincere effort to understand the feelings of guests and who did their best in assisting customers with their requests. These comments approximate reliability, responsiveness, assurance, and empathy dimensions of the SERVPERF model. Even though some hostel staff could not communicate with guests in English fluently they made sincere efforts to understand the situations guests are in and tried their best to assist them. Guests reported that staff always made sure that they took care of every customer need and asked for both positive and negative feedback to improve their service quality. These comments approximate the reliability and responsiveness dimension. Customers reported that they felt safe and secure during their stay, and they could trust staff to take care of their belongings. These evaluations approximate the SERVPERF dimension of assurance. Customers appreciated a 24-hour receptionist service because it made them feel that there are staff available to help them at all times, which approximates the empathy dimension.

Location is not one of the dimensions of the SERVPERF model, but the results of this study show that it is another important factor that leads to customer satisfaction in the hostel business, and has an impact on customer decisions in choosing where to stay. Customers prefer to stay next to a metro line that can take them to the center of the city or the airports, where they can easily travel around, and that is near to tourist attractions. Hostel patrons prefer a convenient location because they travel with limited budget. Customers also prefer to stay in a safe area where they can walk around during both day and nighttime without worries about safety. Therefore, location is another dimension of accommodation in hostel

in addition to the other dimensions of the SERVPERF model that affects customer satisfaction.

Table 6: Summary table of three factors with SERVPERF model

SERV PERF Factors	Tangibility	Reliability	Responsibility	Assurance	Empathy
Facilities	√				
Staff/ Employee		√	√	√	√
Location					

This study found that service quality has a significant effect on customer satisfaction (Table 6). Hostel location, which is not one of the dimensions of SERVPERF model, has been found to be an additional factor influencing customer satisfaction. Figure 2 therefore adds location to the five dimensions of service quality, and shows its relationship to customer satisfaction.

Figure 2: The relationship between service quality, location, and customer satisfaction



This research examined the contribution of service quality towards customer satisfaction in a selected number of hostels in Bangkok, Thailand and found that staff with service mindset, tangible hostel faculties and good location influence customer satisfaction leading to customer loyalty and customer retention. The findings of this study supports Bootudom's (2014) claim that the dimensions of service quality occur from two broad factors: Staff and facilities. Staff is related

to the reliability, responsibility, assurance and empathy dimensions while facilities are related to the tangibility dimension. The findings of this study support those of Silva (2014) on service quality in Dublin hostels, of Wicks & Roethlein, (2009) in the hospitality industry, and those of Dominici and Guzzo (2010) on customer retention.

The research collected data from only five successful hostels in Bangkok, a relatively small sample, and thus its findings must be interpreted with extreme caution. However, to circumvent this limitation, the interview data were triangulated with thousands of comments from the booking.com website. It was found that these comments largely support the interview findings. For further research, data from unsuccessful hostels in Bangkok may be compared to assess the extent to which results of this study reflects the influence of service quality on customer satisfaction.

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