A SERVQUAL BASED APPROACH TO ASSESSING CUSTOMER SATISFACTION FOR HOSTELLING INTERNATIONAL USA

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THESIS: A SERVQUAL BASED APPROACH TO ASSESSING CUSTOMER SATISFACTION FOR HOSTELLING INTERNATIONAL USA

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ABSTRACT

The perception of hostels in the hospitality industry is undergoing a metamorphosis with investors and venture capitalists scouting for more locations for hostel developments in U.S. Compared with hotels, there is a research deficiency regarding service quality in hostels.

The purpose of this study is to examine some of the variables contributing to overall satisfaction of 36 Hostelling International USA (HI-USA) properties, then use the SERVQUAL dimensional model as a lens to examine and assess service quality for Hostelling International USA. The methodology of this research is based on secondary data provided by HI-USA. The data was collected by HI-USA through their proprietary booking system and after-stay surveys. A multiple regression analysis was performed to assess on survey attributes. The study discovered the attribute “comfort” as most significant among the six attributes survey by HI-USA and suggests that reliability, as a dimension of service quality, should be the focus in order to achieve customer satisfaction in hostels. The operational and managerial implications of this study should assist operators and owners in improving service quality to increase customer satisfaction in the hostel sector. The study sheds light on the expanding hostel sector and contributes to an increase in research regarding hostels in this hospitality segment of hotels.

Keywords: Hostels, Service Quality, Customer Satisfaction, SERVQUAL, HI-USA
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CHAPTER 1

INTRODUCTION

Quality plays an important role in the survival and success of a business in any industry including hostels. Service quality contributes to customer satisfaction, customer retention, customer loyalty and profitability. Over the past two decades, researchers have devoted considerable attention to studying service quality and past studies generally agree that service quality is a multi-dimensional construct although considerable debate exists regarding the number and type of dimensions (Birgit, 2009). Service with its unique characteristics of intangibility, heterogeneity, inseparability and perishability often makes it difficult for the hospitality industry to establish standards for performance or the ability to assess and measure service quality. While researchers have contributed an extensive amount of studies to the study of service quality and customer satisfaction in the hospitality industry, compared with hotels, there is a distinct research deficiency in the hostel sector.

The purpose of this study is to shed light on the expanding hostel sector in the hospitality industry and identify ways to measure service quality and customer satisfaction for Hostelling International USA (HI-USA). The aim of this study is to examine some of the variables contributing to overall satisfaction, then to use the SERVQUAL dimensional model as a lens to assess service quality for HI-USA. The operational and managerial implications of this study may assist in improving service quality to increase customer satisfaction in the hostel sector of hospitality industry. The value of the study is to contribute to an increase in research regarding hostels in the hospitality industry.
Internationally, as one of the world’s largest international membership organizations, Hostelling International (HI) has more than 3.7 million members, 4,000 unique hostels in 90 countries with approximately 35 million hostel beds affiliated with their network, and offers many member benefits in addition to physical facilities (Hostelling International USA, 2015; Chandrasekaran & Paterik, 2002). Domestically, HI – USA operates 55 hostels across 18 states and has been ranked as one of the best hostel large chains. This study of 36 HI-USA properties through secondary data was collected by the HI-USA proprietary system. This preliminary assessment of service quality for HI- USA provides a broad picture of hostels in the U.S.

Research shows that the structure of hostels with common areas has proven beneficial for cross-culture understanding. Cross-culture understanding is an advantage for businesses with global exposure. Traditionally, hostels were establishments that provided inexpensive food and basic lodging for students, workers and travelers. Internal spaces of hostels were usually designed or manipulated for maximum room capacity with bunk beds and shared common areas. Even though the structure of the hostel space was not designed for communication, recent research (Bowen & Daniels, 2010) indicates that hostels were found to provide unique environmental conditions that promote equality and facilitate cross-cultural understanding. This qualitative study was based on interviews of tourists who stayed in hostels regarding their travel experience. The interviews revealed that the structure of hostelling space played a major role in pushing travelers to communicate with people who they were sharing space with. These travelers also pointed out that this communication opportunity not only challenged preconceived notions, but also enhanced personal growth, and expanded global perspectives.
One phenomenon of the post-economic turndown of the recent past is the resurgence of lodging investors aggressively entering the hostel market. The hostel sector in the hospitality industry has been hindered not only by a dearth of academic studies but also business investment because information on the configuration of individual properties and the ratio of beds to rooms is not routinely available. This lack of transparency extends to the nature of the businesses themselves, which were predominantly owner operated with little need to disclose operating data (Douglass, 2013). The current hostel market no longer intimidates venture capitalists and other investors due to an increase information accessibility and market expansion. In recent years, both U.S. and European hotel and hostel operators and investors have been scouting locations in major cities such as New York, San Francisco, Washington D.C. and Los Angeles for hostel development. According to a series of Wall Street Journal articles, hostel operators like Freehand, Beds &Bars; big venture capital firms like Sydell Group and Patron Capital Partners have been spending millions of dollars to acquire, renovate or build hostels in the U.S.

Given the increased interests by venture capitalists, hostels are undergoing a metamorphosis, demonstrating a significant transformation by reforming people’s perceptions and providing higher-level service quality is now expected for customer satisfaction. Modern hostels complete with en-suite bathrooms, rooftop yoga, swimming pools, language workshops and cocktail receptions are pushing people to change their perceptions of hostels from cheap budget lodging to a new more full service hybrid.

Hostels in Europe have been growing more upmarket for several years and this trend is likely to continue grow both in Europe and in the United States as the traveler
demand for cutting edge design and quality of experience. In fact, luxury hostels are
growing in popularity in the United States as the perception of hostels change from that
of simply budget accommodation to one that provides a more localized and holistic
traveler experience in the new sharing economy. Also, older population demographics
increasingly choose to stay in hostels and it will become more common for hostels to
offer the comfort and convenience of private en-suite rooms alongside dorms
(IBISWorld, 2014). Following this trend, the retirement of baby-boomer segment
travelers in the U.S. will likely becoming new target markets in this expanding sector of
hospitality industry.

Although more investment dollars are entering the hostel market, and the future of
the market is positive, hostels are facing more competition than ever and the increasingly
competitive environment makes it essential for hostel owners and operators to focus on
service quality. Nowadays, hostels are not only constrained by same room rate hotels as
competitions, but also face the rise and rapid growth of websites like Airbnb, Travelmob
and Homeaway. According to IBIS World, Airbnb alone now has over 300,000
accommodation listings around the world and has booked 4 million guests since 2009, the
majority of these reservations are in the United States. Like in any other industry or any
other sector of tourism, hostels must change and adapt their concepts, products and
services to match the ever-changing needs and service preferences of key market
segments (Hecht & Martin, 2006). Measuring and improving service quality is vital for
hostels to remain competitive within the hospitality industry and to better prepare for
challenges in the future.
CHAPTER 2
LITERATURE REVIEW

Service Quality and Customer Satisfaction

From the beginning of the 1960s when marketing experienced a fundamental shift from product orientation to customer orientation, customers have been considered to be the focal point of all marketing activities (Pizam, 2010). Businesses also began to shift from focusing on product quality to service quality. Numerous researchers and practitioners have defined service quality in the past. Parasuraman, Zeithaml & Berry (1985) defined service quality as “the degree fit between customers’ expectations and perceptions of service”. Czepiel (1990) defined service quality as the customer perception of how well a service meets or exceeds their expectations. Liljander & Strandvik (1993) defined quality as the result of a comparison between the expectations of a customer prior to the service and the experience after receiving the service. According to Avelini-Holjevac, service quality is "achievement of estimated standards and their constant maintenance" (Blešić et al., 2011). Parasuraman, Zeithaml & Berry (1985) concluded that there are three underlying themes of service quality past literature: 1) Service quality is more difficult for the customer to evaluate than good quality; 2) service quality perceptions result from a comparison of customer expectations with actual service performance; and 3) evaluations of quality are not made solely on the outcome a service, they also involve evaluations on the process of service delivery.

No matter how service quality is defined, there is no doubt that service quality plays a significant role in customer satisfaction. Sureshchandar, Rajendran & Anantharaman (2002) point out that customer satisfaction is the response of the
completion of customer needs and customer satisfaction is defined through the lenses of
different perspectives. Service quality and customer satisfaction are two constructs
closely related, and an increase in one is likely to lead to an increase in another. Customer
satisfaction affects customer retention and customer loyalty, which eventually leads to
economic profitability. Providing a high level of service quality ensures customer
satisfaction.

Assessment of Service Quality

The assessment of service quality in the hospitality industry is complex. Hospitality
products pose special challenges in quantifying quality (Pizam, 2010). Lovelock & Wirtz (2011)
proposed hard measures and soft measures of service quality. Hard measures can be counted,
timed or measures through audits. Soft measures are not easily observed, must be collected
by communicating customers, employees or others. Product quality can be examined
with specific hard measures. Additionally, service quality outcome and measurement is
dependent on factors such as type of service setting, situation, time and need. In addition
to these factors, customer's expectations towards particular services also change with
respect to factors like increase in the number of encounters with a particular service, and
competitive environment (Seth, Deshmukh & Vrat, 2005). Hospitality establishments not
only need to acknowledge the four characteristics of service (intangibility, heterogeneity,
inseparability and perishability) but also to consider that in hospitality environment, the
expectations and perceptions of customers are heightened because the customers are
more involved in the performance and execution of the service (Johns, 1992).
During the past three decades, researchers and practitioners have developed numerous models in order to measure service quality (Parasuraman, Zeithaml & Berry, 1985; Lovelock, 1994; Bennington & Cummane, 1998; Candido & Morris, 2000; Brady & Cronin, 2001; Luk & Layton, 2002; Getty & Getty, 2003; Chiu & Lin, 2004; Gupta, McDaniel & Herath, 2005; Urban, 2009; Durvasula, Lysonshi & Madhavi, 2011; Calabrese & Scoglio, 2012). Among them, the SERVQUAL model developed by Parasuraman, Zeithaml and Berry (1985) has been the most used and is considered one of the best-received and most heuristically valuable contributions to service literature (Brown & Bond, 1995; Mauri, Minazzi & Muccio, 2013). Since it was introduced, it has served as the basis for quality measurement of hotel and tourist services in numerous research projects.

The SERVQUAL Model

The SERVQUAL model is a quality management framework that depends on the psychological dimensions that form the basis of a customer’s perceived quality of a service. It has served as the basis for quality measurements of hotel and tourist services in numerous research projects and is considered the most common method for measuring service quality (Blešić et al., 2011; Mohammad, Gambo & Omirin, 2012). The purpose of using SERVQUAL is to provide a diagnostic methodology for uncovering broad areas of a company’s shortfalls and strengths (Parasuraman, Zeithaml, & Berry, 1988).

Gap Analysis

In order to comprehend service quality and develop a model with validity and reliability, Parasuraman, Zeithaml & Berry (1985) conducted an exploratory, qualitative study based on the investigation of key attributes of service quality from both the
viewpoint of customers and service providers. Consistent patterns emerged from the research results and formed a set of key discrepancies. These discrepancies were considered major hurdles in attempting to deliver services that customers perceive as being of “high” quality (Parasuraman, Zeithaml & Berry, 1985). The framework used to identify those service problem discrepancies is called “gap analysis” and it serves as a foundation for the SERVQUAL model.

According to the gap analysis theory: Gap 1, referred as the knowledge gap or the listening gap, is the discrepancy between customer expectations and management's perceptions of those expectations. This gap occurs when management does not listen to or misunderstand what customers want. The misunderstanding might be caused by the internal communication problem of the company during the delivery of customer reports. Conducting extensive and comprehensive marketing research and delivering research results accurately is an effective way of reducing the gap.

Gap 2, the design gap, is the difference between management's perceptions of customer's expectations and the delivery of service quality specifications. The design gap occurs when management become aware of what customers want but have difficulty in establishing specifications to deliver what customers want, due to resource or market restraints, or the absence of a total management commitment to service quality (Parasuraman, Zeithaml, & Berry, 1988). For instance, management knows customers expect uniformity in professional appearances and services, however, there is not enough funds for providing uniforms or conducting systematic training for each employee.

Gap 3, known as the performance gap, is the discrepancy between service quality specifications and the service actually delivered. “Everything involves a person, so it is
hard to maintain standardized quality’’(Parasuraman et al. 1994). Even when guidelines exist for performing services and treating customers correctly, high quality service performance may not be a certainty (Parasuraman, Zeithaml, & Berry, 1988). Because service providers are individuals from different backgrounds, the variability of performance can be affected by factors such as the service providers’ experiences, type of training received or their emotion intelligence under different circumstances.

Gap 4 is called the communication gap, the discrepancy between service delivery and communications to the customer about service delivery. Overpromising in an advertisement but not delivering what had promised is a common example of the mistakes marketers make that causes this gap. In addition, “word of mouth” can also create misconception regarding the company for its customers.

Gap 5, the accumulation gap, is the difference between customer expectations regarding the service and their perceptions of the service performance. Both customers and service providers contribute are responsible for this gap. As illustrated in Gap Analysis (Figure 1), the proceeding four gaps are caused from the service provider’s side of the transaction, nevertheless, a customer’s past experiences, personal needs and “word of mouth” communications with others also contributes to their expectations of service.
Later researchers examined and discovered more gaps based on the original gap analysis theory. Frost and Kumar (2000) evaluated the original gap analysis and brought attention to the role of the internal customer (front-line staff) and internal suppliers (support staff) in the service quality paradigm and proposed three “internal” gaps including internal gap 1: The difference in the support staff’s perception (internal supplier) of front-line staff’s expectation (internal customers). Internal gap 2: The
difference between service quality specifications and the service actually delivered resulting in an internal service performance gap. Internal gap 3: The difference between the front-line staff’s expectations and the perceptions of support staff (internal supplier) regarding service quality. Luk & Layton (2002) proposed two more gaps to reflect the differences in the understanding of customer expectations by manager and front-line service providers and in customer expectations and service providers' perception of such expectations.

Subsequently, Shahin & Samea (2010) proposed eight additional gaps (Figure 2) based on the components of ideal standards; translation of strategy and policy into service quality specifications; service quality strategy and policy; employee perceptions of customer perceptions; and management perceptions of customer perceptions. The eight new service quality gaps are: 1) Management perception versus service quality strategy and policy; 2) service quality strategy and policy versus service specifications; 3) service specifications versus ideal standards; 4) service specifications external communication; 5) customers’ perceptions versus management perceptions; 6) the discrepancy between management perceptions and service quality strategy; 7) customers’ perceptions versus employee perceptions; and 8) the discrepancy between employee’s perceptions and management perceptions of customer. The detailed investigation of service though more service quality gaps provides a more comprehensive look of causes of service problems. However, compared with the original gap analysis, newly proposed gaps are less used and need further investigations regarding validity.
SERVQUAL Dimensions

Based on the original Gap Analysis, Parasuraman, Zeithaml & Berry (1985) conceptualized the SERVQUAL model. The original SERVQUAL model revealed ten evaluative dimensions with 34 questionnaire items. The dimensions included: Access, communication, competence, courtesy, credibility, reliability, responsiveness, security, tangibles and understanding/knowing the customer. The dimensions function as a reliable
conceptual framework to provide guidance for investigating service quality problems and for improving service quality.

Later, Parasuraman, Zeithaml, & Berry (1988) refined the original model to five dimensions with 22 questionnaire items. Three of the original dimensions remained and seven other dimensions were combined into two dimensions after model scale purification and elimination of items with low item-to-total correlations. Reliability, tangibility and responsiveness remain; the seven dimensions of communication, credibility, security, competence, courtesy, understanding/knowing customers and access were merged into two categories of dimensions assurance and empathy. The five dimensions with concise definitions are: Reliability (ability to perform the promised service dependably and accurately), assurance (knowledge and courtesy of employees and their ability to inspire trust and confidence), tangibles (physical facilities, equipment, and the appearance of personnel), empathy (caring, individualized attention that the firm provides its customers) and responsiveness (the willingness to help customers and provide prompt service). Among these five dimensions, the most important service quality dimension impacting customers is reliability. Customers have consistently stated that a company’s ability to deliver promises is the most vital factor to provide service quality (Pizam, 2010).

**SERVQUAL Dimensional Applications**

With the development of the SERVQUAL model, multiple service quality measurement scales have been developed either mirrored or based on the SERVQUAL model, such as LODGSERV (Knutson et al., 1989); SERVPERF (Cronin & Taylor,
Applications of the SERVQUAL model dimensions in hospitality and tourism have been refined in order to better fit the measurement of service quality in different hospitality establishments. For example, the LODGESERV (Knutson et al., 1989), designs its assessment scale and specific service items based on reliability (e.g., equipment works is dependable and consistent, problems are addressed quickly and on time), assurance (trained and experienced employees, guests feel comfortable, the company supports their employees, the staff are knowledgeable), responsiveness (prompt service, staff is shifted where needed, accommodating special requests), tangibles (neat personnel, quality food and beverage, attractive rooms, the décor reflects concept, attractive public areas) and empathy (guests feel special and valued, no “red tape”, employees are sympathetic, convenient hours, guests needs are anticipated, complimentary services are available, healthy menus).

DINESERV (Stevens, Knutson & Patton, 1995) specifies the tangible dimension includes visually attractive parking areas and building exteriors; visually attractive dining area; staff members who are clean, neat and appropriately dressed, the décor is in keeping with its image and price range; menu are easily readable; menus that reflect the restaurants image; a dining area that is comfortable and easy to move around in; restrooms that are thoroughly clean; and comfortable seats in the dining room. Reliability dimension includes timely service; effective service recovery strategies; effective and consistent services; provide a correct guest check; serve food as exactly ordered. The responsiveness dimension includes employees helping each other maintain speed and
quality of service during busy times; providing prompt and quick service and giving give extra effort to handle special requests. Assurance dimension includes employees who can answer guests requests completely; make guests feel comfortable and confident in their interaction with employees; personnel who are both able and willing to provide information about menu items including the ingredients, and methods of preparation; make guests feel personally safe; personnel who appear well trained, competent and experienced; managers providing employees support, so that they can do their job well. The empathy dimension includes employees who are sensitive to individual needs and wants, rather than always relying on policies and procedures; making guests feel special; anticipating individual needs and wants; employees who are sympathetic and reassuring if something is wrong; and seem to have the customers’ best interest at heart.

LQI (Getty & Getty, 2003), known as lodging quality index relies on three original dimensions reliability, tangibility and responsiveness but added additional two dimensions communication and confidence. These original dimensions are intended to measure areas of perception including reliability (whether the reservation was handled efficiently, whether room was ready as promised); tangibility (functionality and appearance of the property related to the front desk, the hotel’s interior and exterior, its aesthetic surroundings, cleanliness and adequate lighting of the hotel, and the ambiance of hotel restaurants and shops) and responsiveness (willingness of the staff to respond promptly to guests’ requests and to solve their problems efficiently, and prompt room service). The communication dimension is designed to investigate whether staff exercises good listening and communication skills, whether they make the effort to identify the customer’s particular needs and explain clearly the charges located on the folio of the
guest. The dimension of confidence reflects areas such as whether the hotel provided a safe environment or whether employees treated guests with respect and were polite when responding to questions.

Lam and Zhang (1999) modified and applied SERVQUAL model dimension to travel and tourism resulting in four dimensions. Besides the three original dimensions of reliability, tangibles and empathy, responsiveness and assurance were combined as one dimension for measuring service quality provided by travel agents in Hong Kong. The four dimensions and their specifications including reliability (accuracy of service, solving customer problems, completion of promised tasks); tangibility (appealing office décor, advanced reservation technology and neat appearance of employees), empathy (convenient operating hours, individual attention by the provider, personal attention by employees, having the customer’s best interest in mind, adequate capacity, sufficient resources, employee product knowledge, promotional strategies to market and maintaining a quality service image), responsiveness and assurance (staff willing to help, prompt service, consistent courtesy, understanding of the customer’s needs and instilling confidence in customers).

Besides hospitality industry, SERVQUAL also had been applied to other sectors such as Healthcare (Carman, 1990; Headley and Miller, 1993; Lam, 1997; Kilbourne et al., 2004); Banking (Mels et al., 1997; Lam, 2002; Zhou et al., 2002); Telecommunications (van der Wal et al., 2002); Retail (Parasuraman et al., 1994); Information systems (Jiang et al., 2000); and Education (Cook and Thompson, 2000). The SERVQUAL model remains a major reference point of baseline instrument in service quality literature.
CHAPTER 3

METHODOLOGY

Data Collection

Our research is based on a secondary data provided by Hostelling International USA. The data was collected by Hostelling International USA through their proprietary booking system and after-stay surveys undertaken from 2014 to 2015. Guest information, collected through their proprietary booking system, includes year of birth, nationality, and length of stay. After-stay surveys used in this study were sent out after guests checked out of hostel. Guests were asked to respond either “yes” or “no” regarding whether their entire stay met their expectations. Guests were also asked to rate each of 7 attributes on a five-point scale from 5-“Great” to 1-“Get with it” regarding their experiences. The 7 attributes probed were overall satisfaction, cleanliness, comfort, friendliness, safety and security, providing environmental sustainability, and an authentic and local experience.

The attribute of overall satisfaction is intended to investigate the guest satisfaction during their entire stay at the hostel. The attribute of cleanliness is intended to investigate a guest perception of cleanliness regarding hostel facilities including the lobby, bathroom, bed and common areas. The attribute of comfort is intended to investigate the guest perception of whether their entire stay was easy and effortless from the moment they checked in to their check-out including whether the check-in and check-out process was “stress free”, availability of the room upon arrival, whether the atmosphere was pleasant and the bed was comfortable and whether the billing was correct. The attribute of friendliness is intended to investigate guest perception of whether the staff was
“willing and ready” to help during their stay at the hostel. The attribute of safety and security is intended to investigate whether guests felt safe at the hostel. The environmental sustainability attribute is intended to measure the guest’s perception of whether the hostel achieved the guest’s expected standard of environmental responsibility, for example placing enough recycling bins around the hostel facility, composting food waste, and providing reasonable water pressure for faucets, toilets and showerheads. The attribute of “authentic and local” is intended to investigate the guest’s perception of whether the hostel was unique compare to chain lodging competitors and reflected the culture of local community.

Use of SERVQUAL Model

Using SERVQUAL service quality dimensions as a lens can better diagnose and categorize attributes or variables that contribute to service quality. According to Parasuraman, Zeithaml & Berry (1991), since SERVQUAL is the basic “skeleton” underlying service quality, minor modifications in the wording of items to adapt them to a specific setting is appropriate. Context-specific items can be used to supplement SERVQUAL, although items that do not fit under any of the five dimensions previously identified should be treated separately.

Based on the literature review of past studies such as LODGESERV (Knutson et al., 1989), DINESERV (Stevens, Knutson & Patton, 1995), LQI (Getty & Getty, 2003), and Lam and Zhang (1999) ’s application on tourism as well as other various studies of the service quality dimensional applications from the past decades. In this study, cleanliness is regarded as a tangible since the survey was intended to investigate the customer’s perceptions on cleanliness of the hostel facilities and it fits under the
SERVQUAL definition of tangibles (appearance of physical facilities, physical evidence of the service, equipment, personnel, and communication materials). Comfort is regarded as an indication of reliability since the survey was intended to measure whether the stay was “stress free” including the check-in process and the comfort level of beds. Falling under the dimension of reliability (ability to perform the promised service dependably and accurately). Friendliness is regarded as responsiveness since the survey was intended to measure the friendliness of the hostel staff and fits under the SERVQUAL dimension of responsiveness (willingness to help customers and provide prompt service). Safety and security aligns with the dimension of assurance (freedom from danger, risk or doubt; feeling safe in the transaction of the service; knowledge and courtesy of employees and their ability to inspire trust; physical safety and financial security). Environmental sustainability is regarded as empathy (caring, individualized attention provided to its customers, understanding specific needs) since the survey was intended to investigate the customer perception of whether the hostel operation was providing the necessary environment to meet the customers’ need regarding environmental responsibility (e.g., the amount of recycling bins and water pressure of the shower).

Authentic and local was not categorized in this study since SERVQUAL and other related literature do not provide a dimension that specifically fulfills the intention of investigating guest’s perception of whether the hostel was unique and reflected the culture of local community compare to chain lodging corporations. However, future studies may consider this attribute as an empathy dimension since Lam & Zhang (1999) suggested that promotion strategies to project image should be categorized under empathy dimension, nonetheless, more studies are needed to test for validity.
Data Analysis

A total of 7732 survey responses were collected. Among the collected data, 7271 or 94% respondents stated that their hostel stay met their expectations, 461 or 6% of the surveyed respondents responded that the hostel stay did not meet their expectations.

The collected data also indicated regarding length of stay that among all respondents, the majority of the respondents (70%) stayed at the hostel less than 4 nights, 28% of the respondents stayed between 4 to 9 nights and 2% of the respondents stayed more than 9 nights at the hostel. The longest stay at the hostel was 29 nights.

As shown in Table 1, the leading demographic of respondents was as follows: 171 respondents (2.4%) were between age 0-19, 5534 respondents (71.5%) were between age 20-39, 1343 respondents (17.3%) were between age 40-59, and 684 respondents (8.8%) were above age 60. The demographics regarding nationality resulted in the following distribution: 3345 (43.2%) respondents were domestic (United States). The remaining top 6 nationalities were Brazil 460 (5.9%), Australia 398 (5.1%), Germany 340 (4.4%), United Kingdom 327 (4.2%), China 288 (3.7%), and France 272 (3.5%). 2302 or 30% of the respondents either did not respond their nationalities or were linked with nationalities other than the seven nations cited above. A sample size of 5408 was determined after testing assumptions of normality, linearity, multicollinearity, independence of errors, influential errors (Mahalanobis) and homoscedasticity. A correlation analysis was used to investigate the correlations between all variables. Multiple regression analysis was performed using SPSS to examine the relationship between dependent variable (overall satisfaction), and independent variables (cleanliness, comfort, friendliness, safety and security, environmental responsible, authentic and local).
Table 1

Demographic Information for Collected Sample

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CHAPTER 4
RESEARCH FINDINGS

A descriptive analysis was undertaken in order to better understand the characteristics of guest ratings in each variable on satisfaction. Aggregated mean scores for the seven variables including overall satisfaction, cleanliness, comfort, friendliness, safety and security, environmental sustainability, and authentic and local, were calculated for comparison. The descriptive statistics table found below (Table 2) summarizes the results: The mean of rating for the dependent variable of overall satisfaction is 4.652 and the means ratings of independent variable ranges from 4.510 (comfort) to 4.797 (safety and security). Since the study is based on a 5-point scale, results indicate a positive trend from a majority of the respondents. Safety and security was the most satisfied attributes. The standard deviation for overall satisfaction is 0.4763 and the standard deviation of independent variable ranges from 0.4024 (safety and security) to 0.6308 (comfort) is close to 0 indicating that most observations cluster around the average.

Table 2

Descriptive Statistics

<table>
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<th>Variable</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Satisfaction</td>
<td>4.652</td>
<td>.4763</td>
<td>5408</td>
</tr>
<tr>
<td>Cleanliness</td>
<td>4.680</td>
<td>.4910</td>
<td>5408</td>
</tr>
<tr>
<td>Comfort</td>
<td>4.510</td>
<td>.6308</td>
<td>5408</td>
</tr>
<tr>
<td>Friendliness</td>
<td>4.745</td>
<td>.4607</td>
<td>5408</td>
</tr>
<tr>
<td>Safety and Security</td>
<td>4.797</td>
<td>.4024</td>
<td>5408</td>
</tr>
<tr>
<td>Environmental Sustainability</td>
<td>4.688</td>
<td>.4903</td>
<td>5408</td>
</tr>
<tr>
<td>Authentic and Local</td>
<td>4.575</td>
<td>.6114</td>
<td>5408</td>
</tr>
</tbody>
</table>
A model summary of SPSS provides the data regarding the ability of regression analysis about the regression line’s ability to account of the total variation in the dependent variable. A result of $R=0.726$ indicates that a correlation between the observed and predicted values of dependent variable. Adjusted $R^2=0.527$ indicates that approximately 53% of the variance in the dependent variable from overall satisfaction can be explained by the six independent variables (cleanliness, comfort, friendliness of staff, safety and security, environmental responsible, and authentic and local). It is important to stress that the results are an overall measure of the strength of the independent variables as a group not the impact of any specific independent variable individually. ANOVA tests were carried out to assess whether the dependent variable attributes made any difference in guests’ overall satisfactions regarding the hostels. ANOVA showed the result with F-statistics of 1005.498 and P-value of 0.000, which indicates the regression model is statistically significant.

A correlation analysis was conducted to measure the relationship among all variables. The correlations table (Table 3) demonstrates that the highest correlation is between overall satisfaction and comfort (.590), which indicates that comfort as an attribute significantly contributes to overall satisfaction. The weakest correlation is between comfort and friendliness (.337) suggesting that there is not a strong correlation between those two variables.
Table 3

Correlations

<table>
<thead>
<tr>
<th></th>
<th>Overall Satisfaction</th>
<th>Cleanliness</th>
<th>Comfort</th>
<th>Friendliness</th>
<th>Safety and Security</th>
<th>Environmental Sustainability</th>
<th>Authentic and Local</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Satisfaction</td>
<td>1.000</td>
<td>.544</td>
<td>.590</td>
<td>.444</td>
<td>.520</td>
<td>.517</td>
<td>.498</td>
</tr>
<tr>
<td>Cleanliness</td>
<td></td>
<td>1.000</td>
<td>.501</td>
<td>.357</td>
<td>.476</td>
<td>.471</td>
<td>.365</td>
</tr>
<tr>
<td>Comfort</td>
<td></td>
<td></td>
<td>1.000</td>
<td>.337</td>
<td>.396</td>
<td>.446</td>
<td>.364</td>
</tr>
<tr>
<td>Friendliness</td>
<td></td>
<td></td>
<td></td>
<td>1.000</td>
<td>.433</td>
<td>.425</td>
<td>.428</td>
</tr>
<tr>
<td>Safety and Security</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.588</td>
<td>.467</td>
</tr>
<tr>
<td>Environmental Sustainability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.518</td>
</tr>
<tr>
<td>Authentic and Local</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Regression analysis were used to understand the key predicting attributes of a guest’s overall satisfaction and the relationship between one dependent variable and six independent variables. As shown in the coefficients table (Table 4), all six independent variables were statistically and positively significant regarding the overall satisfaction in HI Hostels. All six independent variables VIF values were less than 5 (VIF<5), which confirm that multicollinearity did not represent a significant issue in the study. The impact of six variables on overall satisfaction was significant at p < .05 (cleanliness: Beta = 0.188, t = 15.920; comfort: Beta = 0.309, t = 27.156; friendliness: Beta = 0.109, t = 9.869; safety and security: Beta = 0.138, t = 11.032; environmental sustainability: Beta = 0.077, t = 5.991; authentic and local: Beta = 0.167, t = 14.345). The table also suggests
that in general, the overall satisfaction is mainly derived from the attribute of comfort with the highest (.309) Beta value and highest (27.156) t value.

Based on the regression results, the regression prediction equation can be presented as:

\[
\text{Overall Satisfaction} =
0.485 + .182 \text{ (Cleanliness)} + .234 \text{ (Comfort)} + .113 \text{ (Friendliness)} + .163 \text{ (Safety and Security)} + .075 \text{ (Environmental Sustainability)} + .130 \text{ (Authentic and Local)}
\]

Table 4

\[\text{Coefficients}\]

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>95.0% Confidence Interval for B</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Error</td>
<td>Beta</td>
<td>t</td>
</tr>
<tr>
<td>(Constant)</td>
<td>.485</td>
<td>.061</td>
<td>7.941</td>
<td>.000</td>
</tr>
<tr>
<td>Cleanliness</td>
<td>.182</td>
<td>.011</td>
<td>.188</td>
<td>15.920</td>
</tr>
<tr>
<td>Comfort</td>
<td>.234</td>
<td>.009</td>
<td>.309</td>
<td>27.156</td>
</tr>
<tr>
<td>Friendliness</td>
<td>.113</td>
<td>.011</td>
<td>.109</td>
<td>9.869</td>
</tr>
<tr>
<td>Safety and Security</td>
<td>.163</td>
<td>.015</td>
<td>.138</td>
<td>11.032</td>
</tr>
<tr>
<td>Environmental Sustainability</td>
<td>.075</td>
<td>.013</td>
<td>.077</td>
<td>5.991</td>
</tr>
<tr>
<td>Authentic and Local</td>
<td>.130</td>
<td>.009</td>
<td>.167</td>
<td>14.345</td>
</tr>
</tbody>
</table>

\(a. \text{Dependent Variable: Overall Satisfaction}\)

\(*P < .05\)
CHAPTER 5
CONCLUSIONS

The results of our research demonstrate that hostel guests are generally satisfied with service quality available at Hostelling International USA properties. Most of their guests (94%) responded that their hostel stay “met their expectations”. The majority of guests that stayed at their hostels were domestic travelers between the ages of 20-39 consistent of the prevailing perception that hostels are usually a young travelers’ choice. However, future investors need to keep in mind that an important merging older demographic might be a compelling future trend in the U.S. for hotels because of the retirement of baby boomers.

The results of our study also indicate that the most important factor in predicting overall satisfaction for Hostelling International USA is comfort. By using SERVQUAL service quality dimensions as a lens to analyze data, our study suggests that reliability is the most important dimension for customer satisfaction for Hostelling International USA. These results are consistent with the original study of SERVQUAL model findings that the most important service quality dimension to customers is reliability. It is also compatible with the previous finding that customers have consistently stated that a company’s ability to deliver promises is the most vital factor to provide service quality (Pizam, 2010).

Current hostel operators should strive to improve service quality by emphasizing the various attributes identified regarding the service quality dimension of reliability. Those include having the room ready upon guest’s arrival, providing comfortable beds, and having correct billing records. Future hostel investors should investigate service
quality beforehand as another indication of long-term financial viability to ensure investments by focusing on reliability in service quality of hostels since reliability is the most important dimension that contributes to guest’s satisfaction.

There are three major limitations of the study. Major criticism regarding the SERVQUAL model includes the assumption that customers already have expectations before being provided any service and omitting the role of the price plays in customer expectations. Nonetheless, due to the significance of SERVQUAL, it is a starting point for a number of theoretical and practical studies that have gone beyond American and European boundaries (Mauri, Minazzi & Muccio, 2013). The other limitation of this study is the data sample size. The large sample size in this study may have played a role in the resulting significance of values since they reflect the population mean. Finally, the existing survey was not designed and structured specifically for measuring service quality though the SERVQUAL model, thus preventing taking full advantage of the SERVQUAL model. Further studies could design more questions related to hostels that better fit under the five dimensions in order to more effectively measure service quality in this expanding sector of hospitality industry. At last, the study merely measured guest perceptions of their stay at the hostel on a range of attributes including cleanliness, comfort, friendliness, safety and security, environmental responsibility, and authentic and local but presented only a general question regarding their measuring expectations. Measuring both detailed expectations and perceptions would be far more beneficial to improving service quality in the hostel sector since the comparison would provide a much more complete picture regarding what a guest wants. In addition, as suggested by the original authors of the SERVQUAL model (Parasuraman, Zeithaml & Berry, 1985), it
would be more valuable to use the SERFVQUAL model periodically to track service quality trends instead of “one time” use for assessment. A periodic measurement would provide a more comprehensive picture of trends on which service quality could be improved.
REFERENCES


