

# Service Quality and Customer Retention in Hotel Industry in Lira City

Ayo Harriet

Dr. Amir Kabunga

Mr. Obote Denis

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The hotel business is rapidly developing due to growing demands for such services as well as the growing opportunities for travel. The aim of this article was to assess the effect of the quality of hotel services on the retention of customers. This paper applied the SERVQUAL model for the purpose of examining the effects of the dimensions of service quality on customer retention in the hotel industry in Lira City and to investigate how the factors of reliability, Responsiveness and Tangibility among the five dimensions affects customer retention in hotels. Primary data was collected from the hotel customers using a 5-Likert type scale questionnaire. Demographics data was analyzed by descriptive statistics while the effect of service quality on customer retention was analyzed by using regression model. There were significant effects of some Servqual dimensions constructs of (reliability, responsiveness, and tangibility) and indicators of customer retention (customer trust, Word of Mouth, switching barriers). Constructs of Reliability R1 =Services promised was significant at 1% level, R2= Service performed right first time was significant at 1% level with the p-values of 0.0050 and 0.0013 respectively, for responsiveness as a service quality was not significant but some individual constructs of P2, P3 and P4 were significant at 1%, 5% and 10% respectively. For tangibility, only T1 and T4 turned to be significant. T4 is significant at 1% level with P-Value of 0.0055 and T1 is significant at 5% level with the p-value of 0.0163. The study thus demonstrated need for a continuous operational research and quick improvements by the proprietors of hotel industries given the stiff competitions and the dynamism of human conditions. It unfolded the fact that needs and wants of humanity are complex but require a resilient approach of adaptation and the forecasts for a better future of the business. Any laxity on supervision or acquisition of the appropriate facilities might hit a big blow on the hotel business.



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