SMART

Journal of Business Management Studies

(A Professional, Refereed, International and Indexed Journal)

Professor MURUGESAN SELVAM, D.Litt

Founder - Publisher and Chief Editor
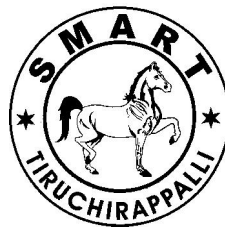
UGC Approved Journal - 36131

SCIENTIFIC MANAGEMENT AND ADVANCED RESEARCH TRUST (SMART)

TIRUCHIRAPPALLI (INDIA)

www.smartjournalbms.org

MEASURING CUSTOMER SATISFACTION AND SERVICE QUALITY IN TOURISM INDUSTRY

Tohid Kachwala*

Professor, School of Business Management, NMIMS University, Mumbai
tkachwala@gmail.com

Amit Bhadra

Associate Professor, School of Business Management, NMIMS University, Mumbai
amit.bhadra@nmims.edu

Aditya Bali

Ph.D Student, School of Business Management, NMIMS University, Mumbai
aditya79b@yahoo.co.in

and

Chandan Dasgupta

Professor, School of Business Management, NMIMS University, Mumbai
chandan.dasgupta@nmims.edu

Abstract

Measuring Customer Satisfaction (CS) and Service Quality (SQ), in the Tourism Industry, is warranted by the significance of the tourism segment and the competition amongst different tourism destinations. The quality of services improves competitiveness and customer loyalty. Tour operator is the key player, influencing the quality. He is the principal service provider who is responsible for delivering the promised service mix, including all arrangement such as flights, transportation, accommodation, excursion and guidance, throughout the service delivery period. Many of the tour operators are struggling to provide quality services.

* Corresponding Author

1. Introduction

Tourism provides employment, which improves the livelihoods of the local residents / communities, that are poor in material wealth but rich in culture and heritage. Tourism development helps in maintaining the natural surroundings and encouraging the development of infrastructure like roads, health care facilities, hotels etc. that benefits the host community catering to the needs of visitors. The tourism industry knows that customer satisfaction and service quality are crucial to long term success. Poor quality results in dissatisfied customers, customer complaints and adverse word of mouth communication **(Crosby, 1979).** Providing quality tourism services expands faithful customer base **(Marcjanna, 1998).** Managers in tourism are continuously improving the quality of their services and the level of customer satisfaction, in the belief that this effort will create loyal visitors **(Tian-Cole and Crompton, 2003).** Tourist's perception of quality has a positive and significant effect on his or her satisfaction. The significance of providing quality tourism services is about balancing customers' perceptions and their expectations. Tourists have expectations and their perception / satisfaction levels are functions of their expectations **(Korzay et al., 2005; Hui, et. al., 2007).**

2. Review of Literature

The value of tourism industry was revisited and the SERVQUAL model was used, as a framework for defining, the real meaning of customer satisfaction in tourism. Gap analysis was used to illustrate how tourism-related organizations can improve their service quality. Service quality is a necessary and winning strategy in the tourism industry for the new millennium **(Augustyn, M., and Ho., S. K., 1998).** This study assesses the satisfaction of different tourist groups, using a conceptual model, that combines the concepts of the Expectancy Disconfirmation Paradigm. A sample of 424 tourists, departing from Singapore Changi International Airport, was surveyed with a structured questionnaire. Price was insignificant in shaping overall satisfaction levels for all groups of tourists. Accommodation and food were significant. There was no single factor that appealed to all the groups of travellers. It was also found that all tourists were willing to recommend Singapore to their relatives and friends and they were willing to revisit Singapore in the future **(Hui, T. K., et al., 2007).** Efforts aimed at evaluating quality in leisure, tourism and hospitality have concentrated predominantly on measuring perceived service quality, using the SERVQUAL scale, either in its original form or with modifications. The focus on measuring consumer satisfaction may limit the potential scope of the quality-measurement process. This is particularly true in assessing the quality of complex services such as those found in the leisure, tourism and hospitality sectors, which may require the application of a range of measures that will collectively contribute to the identification of quality levels **(Marcjanna, M. A., 1998).** When a restaurant does not measure up to their standards, how does a restaurant operator determine what guests think of the operation? To gauge consumers' opinions before the customers desert in droves, a restaurant operator can use the reliable questionnaire, called 'Dineserv' **(Stevens, P., Knutson, B., and Patton, M., 1995).** At the transaction level, satisfaction is the affective, psychological response to a destination while service quality is a cognitive belief about the destination's features or attributes. Both overall service quality and overall satisfaction are attitudes with cognitive and affective components **(Tian-Cole, S., and Crompton, J. L., 2003). Burkhart and Medlick (1981)** defined tourism as 'a temporary short term movement of people (tourists), to destinations outside the place, where they normally live and work and their activities during their stay at this destination'. **World Tourism Organization (2003)** has stated quality in tourism as 'result of a process which implies

the satisfaction of all the legitimate product and service needs, requirement and expectation of the consumer, at an acceptable price, in conformity of the underlying quality determinant such as safety and security, hygiene, accessibility, transparency, authenticity, and harmony of the tourism activity concerned with human and natural environment'. Service Quality and Customer Satisfaction are similar concepts and many investigators are employing SERVQUAL dimensions to study customer satisfaction **(Snoj and Mumel, 2002).** SERVQUAL **(Parasuraman, A., Zeithaml, V.A. and Berry, L.L. (1994)** has been extensively used to assess customer satisfaction and service quality in tourism business **(Kettinger and Lee (1997).** According to **Ryan (1999),** SERVQUAL for tourism cannot capture all factors of customer satisfaction and service quality in the tourism business.

3. Statement of the Problem

The objective of any tourism experience is to produce high quality, holiday experience for tourist. Quality management programs such as total quality management, employee involvement, can provide tourist with quality services. In travel and tourism, business delivery of high quality services to customers is a key performance factor. Therefore, service quality measurement becomes relevant in services operations and marketing.

4. Need of the Study

Successful service providers are able to hold on to existing tourists and also obtain new tourists. Provision of customer satisfaction and service quality will lead to the success of the tourism industry **(Stevens, et. al., 1995).** Research has revealed that high service quality contributes significantly to tourist satisfaction and develops enduring association with tourists, which in turn bring about customer trustworthiness **(Hui, et. al., 2007).** The need for the present study was to measure customer satisfaction and service quality in tourism business, to facilitate improvement in the services of the tour operators.

5. Objectives of the Study

The main objective of the study was to classify the important elements of customer satisfaction and service quality, in tourism business, to know the statistical significance of the dimensions of customer satisfaction and service quality in the tourism industry and to find out the correlation between the customer satisfaction and service quality dimensions, in tourism business.

6. Hypotheses of the Study

This study proposes the following eight hypotheses, based on the dimensions for measuring customer satisfaction and service quality, in tourism. The assumption of this study is that each of the eight factors is individually and jointly influencing Customer Satisfaction and Service Quality in Tourism Industry.

NH-1: Factor of tangibility does not significantly influence Customer Satisfaction and Service Quality in Tourism Industry.

Tangibility dimension refers to relaxed leisure atmosphere, well dressed and neat appearance of service personnel, closeness to nature, variety of benchmarks, appealing accommodation facilities, sight-seeing and relaxation / recreational facilities at tourist spots, good climate, abundance of cultural heritage, availability of food at accommodation and tourist spot / outings.

NH-2: Factor of reliability does not significantly influence Customer Satisfaction and Service Quality in Tourism Industry.

Reliability dimension refers to providing service/s at the promised time, easy access to service personnel when needed, providing services free from errors, performing services right every time, providing correct and accurate information to tourists.

NH-3: Factor of responsiveness does not significantly influence Customer Satisfaction and Service Quality in Tourism Industry.

Responsiveness dimension refers to cultivation of friendly relationship with tourists, tour operators/tour guides act on participants' suggestions, sincere and keen interest in solving the problems of tourists, tourists being attended to quickly by the staff and the service persons do not neglect tourists' services when they are busy.

NH-4: Factor of assurance does not significantly influence Customer Satisfaction and Service Quality in Tourism Industry.

Assurance dimension refers to politeness of staff at accommodation, trustworthiness and honesty of staff at accommodation, receptiveness of people at tourist spot / outings to help, courtesy of people at tourist spot / outings, honesty of people outside accommodation and safety and security at the tourist spots/places of visit.

NH-5: Factor of empathy does not significantly influence Customer Satisfaction and Service Quality in Tourism Industry.

Empathy dimension refers to individual attention to tourists, best tourist interest at heart, providing diversified service based on tourists' needs and proper health care to tourists.

NH-6: Factor of amenities does not significantly influence Customer Satisfaction and Service Quality in Tourism Industry.

Amenities refer to availability of telecom services, money exchange facilities, internet connectivity and medical.

NH-7: Factor of worth for money does not significantly influence Customer Satisfaction and Service Quality in Tourism Industry.

Worth for Money refers to the price value of accommodation, goods in shops, tour package, local conveyance, food and domestic flight.

NH-8: Factor of cleanliness and hygiene does not significantly influence Customer Satisfaction and Service Quality in Tourism Industry.

Cleanliness and Hygiene refers to cleanliness and hygiene of tourist spot / outings, conditions of streets, food, airports, and accommodation.

7. Research Methodology

7.1 Sample Selection

The two hundred and fifty respondents, to the Questionnaire, were working students of Part - time MBA and Executive MBA programme of School of Business Management of NMIMS University–Mumbai and they were selected randomly, on the basis of their roll numbers. The respondents were regular, leisure domestic tourists, travelling in and around India.

7.2 Data Collection

The questionnaire for measuring customer satisfaction and service quality in Tourism, was distributed to the students who were regular leisure, domestic tourists, in and around India. Expert opinions were taken from Tour Operators, for validating the factors for measuring customer satisfaction and service quality in Tourism Industry. Responses were obtained, on a five-point Likert Scale, with value 1-Not essential and value 5 - Absolutely essential.

7.3 Period of the Study

The responses were collected, during the period, from October 2016 to February 2017.

7.4 Tools Used

The Researcher **(Kachwala, 2015)** had used the mean, standard deviation, Karl Pearson correlation coefficient and standard t-tests.

8. Analysis of Data

The relative importance, for each of the hypothesized eight factors (Tangibility, Reliability, Responsiveness, Assurance, Empathy, Amenities, Worth for Money, Cleanliness and Hygiene), was obtained by scoring each factor such that the sum of the scores for the eight factors was 100. **Table-1** shows the relative importance of the eight service factors. Worth for Money was rated the most important while empathy was rated the least important.

Each of the hypothesized eight factors was analyzed, for descriptive statistics and testing of hypothesis. **Table -2** shows that the mean values, for all the eight factors, are high ((3.81-4.78) on a scale of 1-5). This is a clear indication that the hypothesized eight factors of service quality are important. Worth for Money emerged as the most important for tourism (this is in line with our observations of **Table-1**). The t statistics, for all the eight factors, were high, which means that each of the eight factors was statistically significant. The service quality factors are inter-related and interdependent.

Table-3 shows that there is a moderate to high degree of positive correlation between the eight factors (Karl Pearson's correlation coefficient values ranged between 0.47 and 0.81). Hypothesis testing of means (One Tailed Test): For a Likert scale 1-5, the expected value was taken as 3. The following structure of *t - test* was applied, for the eight factors, individually:

H_0: Mean d"3 (The null hypothesis is that the population mean is less than or equal to 3). Assuming $\alpha = 0.05$ (for single tailed test), t-statistic= 1.65, t-statistic = (actual mean- expected mean) / standard error of mean. Based on the value of t-statistic, all the eight hypotheses **NH -1** to **NH-8** were rejected.

9. Findings of the Study

The essential quality factors are service characteristics, that fulfil basic expectations and therefore, their absence was tremendously disappointing. Based on the 250 responses, the following elements, for the eight dimensions, were observed, to be essential in Tourism: Tangibility dimension - closeness to nature, good climate, abundance of cultural heritage, sight-seeing and relaxation/recreational facilities at tourist spots, availability of food at accommodation and tourist spot / outings. Reliability dimension - providing services free from errors, performing services right every time. Responsiveness dimension - sincere and keen interest in solving the problems of tourists, tourists being attended to quickly by the staff. Assurance dimension - honesty of people at tourist spots (ticket counters, etc.), safety and security at the tourist spots/places of visit. Empathy dimension - best tourist interest at heart, proper health care to tourists. Amenities dimension- internet connectivity while travelling, accommodation, tourist spots/places of visit, money exchange facilities at tourist spot / outings, accommodation, airports and medical help at accommodation. Value for Money dimension – price value of the tour package, price value of food at tourist spot / outings. Cleanliness and Hygiene dimension - hygiene of tourist spot / outings, conditions of streets, food, airports/train stations, and accommodation.

Desirable quality factors are service characteristics that satisfy in proportion to their level of presence. Customers feel harmless and protected in their transaction with tour operators on account of these factors. Tangibility dimension - ambience of the location for having a relaxed leisure time, appealing accommodation facilities (staff and prices). Reliability dimension - providing prompt service/s within the promised time, easy access to service personnel when needed, providing correct and accurate information to tourists (though information desks, kiosks, signs, and maps). Responsiveness dimension - cultivation of friendly relationship with tourists, tour operators/tour guides act on participants' suggestions, the service persons do not neglect tourists' services when busy. Assurance dimension - politeness of staff at accommodation, trustworthiness and honesty of staff at accommodation, receptiveness of people at tourist spot / outings to help, courtesy of people at tourist spot / outings (hospitality, behaviour, and friendliness). Empathy dimension - individual attention to tourists, providing diversified service based on tourists' needs. Amenities dimension - telecom connectivity at the accommodation, while travelling, medical help at tourist spot /

outings. Value for money dimension - price value of accommodation, of goods in shops, of local conveyance (like buses, taxis), price value of domestic fiight.

Non Critical quality factors are service characteristics that are not perilous for the customers. The absence of these service quality elements would not cause customer discontent. Based on the 250 responses, the following elements, for the eight dimensions, were observed to be non-critical in Tourism: Tangibility dimension - variety of benchmarks (e.g. museums), well dressed and neat appearance of service personnel. For each of the eight factors, the "t value" was statistically significant **(Table-2).**

10. Conclusion

The factor of Worth for Money represents the hardware side of service quality like price value of accommodation, goods in shops, tour package, local conveyance, food and domestic fight. The factor of cleanliness and hygiene, on the other hand, represents the soft touch of service quality like cleanliness and hygiene of tourist spot / outings, conditions of streets, food, airports and accommodation. Therefore the study concludes that each of the eight factors, individually significantly, influences Customer Satisfaction and Service Quality.

11. Limitations

The study was limited to only one city due to time constraints and practical difficulties. The respondents, for the study, were identified as per ease of availability (In house Working Part Time MBA students and Executive MBA programme of School of Business Management of NMIMS University - Mumbai). Therefore, the sample drawn was not a truly random sample.

12. Scope for Future Research

In future, research could be undertaken to select the respondents, from different courses and different divisions, to avoid a selection bias.

13. References

Augustyn, M., and Ho., S. K. (1998). Service Quality and Tourism. *Journal of Travel Research*, 37(1), 71-76.

Burkhart and Medlick (1981). Tourism past, present and future. 2nd edition, London Heinemann

Crosby, P. B. (1979). Quality is Free: The Art of Making Quality Certain. New York: American Library.

Hui, T. K., et al. (2007). Tourists' Satisfaction, recommendation and revisiting Singapore. *Journal of Tourism Management*, 28(4), 965-975.

Kachwala T (2015). Service Quality in Organized Retail Shop from Customer's point of view, *Smart Journal of Business Management Studies*, 11 (2), 61-72.

Kettinger, W. J., et al. (1997). Service Quality. *MIS Quarterly*, 21(2), 223-241

Korzay, M., et al. (2005). Satisfaction and dissatisfaction of Japanese tourists in Turkey. *An International Journal of Tourism and Hospitality Research,* 16(2), 176-193.

Marcjanna, M. A. (1998). The road to quality enhancement in Tourism. *International Journal of Contemporary Hospitality Management,* 10(4), 145-158

Parasuraman, A., Zeithaml, V.A. and Berry, L.L. (1994). Alternating scales for measuring service quality: a comparative assessment based on psychometric and diagnostic criteria, *Journal of Retailing,* 70 (3), 201-230.

Ryan, C. (1999). Consumer Behaviour in Travel and Tourism. New York: Haworth Hospitality Press, 267-286.

Snoj, B. and Mumel, D. (2002). The measurement of perceived differences service quality – the case of health spas in Slovenia, *Journal of Vacation Marketing,* 8 (4),

Stevens, P., Knutson, B., and Patton, M. (1995). DINESERV: A Tool for Measuring Service Quality in Restaurants. *Journal of Cornell Hotel and Restaurant Administration (Quarterly),* 56-60.

Tian-Cole, S., and Crompton, J. L. (2003). A Conceptualization of the Relationship between Service Quality and Visitor Satisfaction, and their Links to Destination Selection. *Journal of Leisure Studies,* 22, 65-80.

World Tourism Organization (2003). www.world.tourism.org/quality/ quality_menu.htm

Table-1: Relative importance of Customer Satisfaction & Service Quality Factors for Tourism

Service Quality Factors	Tangibility	Reliability	Responsive-ness	Assurance	Empathy	Amenities	Worth for Money	Clean and Hygiene
Average (sum100)	14	10	6	5	4	16	25	20
Rank	4	5	6	7	8	3	1	2

Source: Primary Data using SPSS 16

Table-2: Descriptive Statistics

Service Quality Factors	Tangibility	Reliability	Responsiveness	Assurance	Empathy	Amenities	Worth for Money	Clean and Hygiene
Mean	4.55	4.51	4.32	3.92	3.84	4.61	4.81	4.78
Std Deviation	0.65	0.81	0.84	0.62	0.91	0.51	0.68	0.52
Std error	0.04	0.05	0.05	0.04	0.06	0.03	0.04	0.03
statistics	37.70	29.48	24.85	23.46	14.60	49.91	42.09	54.12

Source: Primary Data using SPSS 16

Table-3: Correlation Table

Service Quality Factors	Tangibility	Reliability	Responsive-ness	Assurance	Empathy	Amenities	Worth for Money	Clean and Hygiene
Tangibility	1.00	_	_	_	_	_	_	_
Reliability	0.49	1.00	_	_	_	_	_	_
Responsiveness	0.62	0.68	1.00	_	_	_	_	_
Assurance	0.47	0.68	0.65	1.00	_	_	_	_
Empathy	0.69	0.73	0.48	0.62	1.00	_	_	_
Amenities	0.74	0.68	0.51	0.62	0.59	1.00	_	_
Worth for Money	0.62	0.74	0.48	0.57	0.62	0.59	1.00	_

Source: Primary Data using SPSS 16