Determinants of Customer Satisfaction Level in Tourist Hotel Industry

Dr. H. M. R. P. Herath [1], Ms. N. H. K. Cooray [2], Mr. H. S. P. Perera [3]

Senior Lecturer, University of Kelaniya, Sri Lanka [1]
Lecturer (Probationary), Rajarata University, Sri Lanka [2]
Director, Suresh Suppliers, Sri Lanka[3]

Abstract: Tourism industry today is one of the world's fastest growing industries. Sri Lanka with itsglorious past has ensured that the present and subsequent generations that have plenty ofhistorical and cultural heritages to be proud of. Tourism Industry is playing a vital role in theGDP of Sri Lankan Economy. In today's context the tourism industry is growing rapidly afterthe war in Sri Lanka. Therefore tourist hotels and Sri Lankan government are responsible toattract the tourists to the country so they must precisely identify what their needs and wantsare, particularly with what they are unsatisfied. Therefore identifying determinants ofcustomer satisfaction level in tourist hotel industry is very crucial to increase the customersatisfaction in Tourist Hotels.

The main objectives of the study is to find out the determinants of customer satisfaction level of tourist hotel industry in the North of Colombo and measure the relationship between the identified determinants and customer satisfaction level of tourist hotel industry in the North of Colombo.

The data were collected from 100 tourists based on convenience sampling technique. These 100 tourists were boarded in the North of Colombo Hotels. The data were collected through a structured questionnaire and the hypotheses were tested using correlation analysis which clearly identifies the relationship between the dependent and the independent variables.

This data was further analyzed on different factors and researcher tried to find out the impact of various factors on overall tourist satisfaction. The recommendations were also then made for the Sri Lanka tourist hotels to enhance their level of customer satisfaction.

Keywords: Customer Satisfaction, Tourism industry, Service Quality, Service Features

Introduction

the level of direct influence made by the travel and tourism industry over the world's Gross Domestic Production (GDP), it has been recorded that in 2015 it was US$2.2 trillion (2015 prices) and tourism industry has contributed to generate employment opportunities for 108 million individuals worldwide(World Travel & Tourism Council , 2016).It has also been identified as the one of the highest total contribution as a whole when considering both direct and indirect contribution. As the economic contribution made by tourism industry it has been identified that Sri Lanka's natural and historical heritages add more value for touristsso and the government is encouraging the tourism industry with its positive interventions (Sri Lanka Tourism Development Authority , 2014). When considering the recent developments of tourism industry as shown in Figure 1 a significant growth is apparent from 2009 and the reason behind this can be the peaceful situation emerged in Sri Lanka with the terminationof civil war.
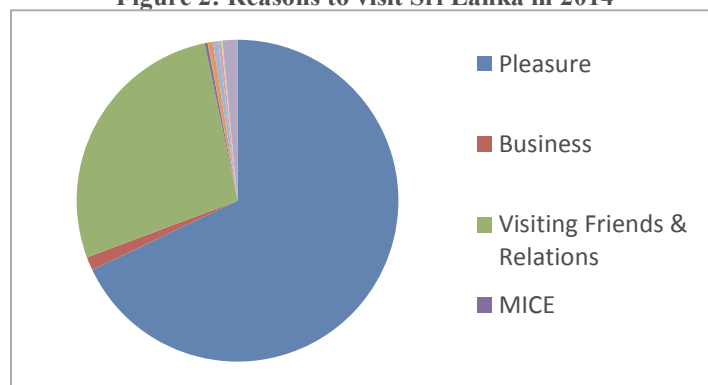
Figure 1: Number of Tourist arrival in 2006-2014
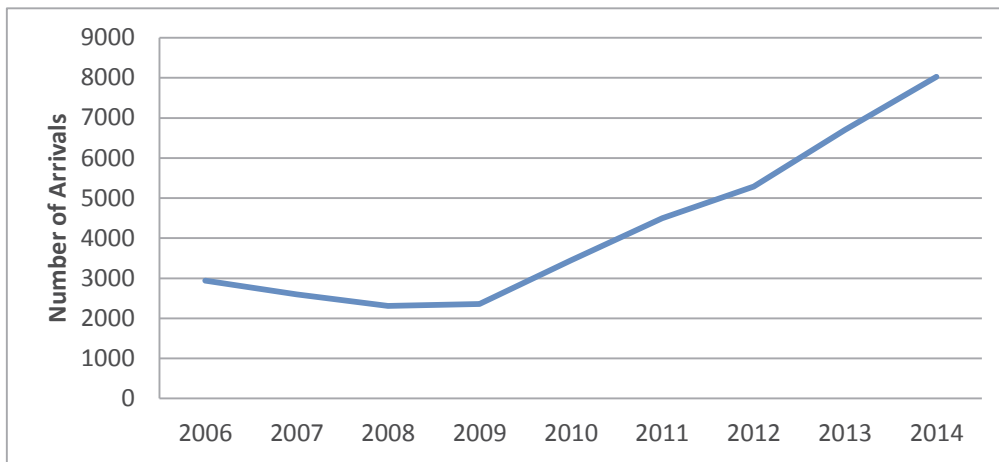
Source: Sri Lanka Tourism Board Authority (2014)

Figure 2 analyses the different reasons for tourists to visit Sri Lanka and "pleasure" is the most popular among many other reasons (business, visiting friends and relations, etc).

Figure 2: Reasons to visit Sri Lanka in 2014

The reason of "pleasure" being the top reason for tourists tovisit Sri Lanka means thatconsumer satisfaction become very critical to make them coming again. Nearly 99% of the tourist travel by air, arrives through the Bandaranayake International Airport rather Mattala Airport making the North of Colombo mostly visited by the tourists.The Bandaranayake International Airport is used as the port in their travelling in arrival as well as in departure too(Sri Lanka Tourism Development Authority , 2014).

With this context the north of Colombo can be identified as one of the popular destinations in Sri Lanka of tourists. Increasing the level of customer satisfaction therefore becoming very important to ensure repeat visits and create a positive word of mouth. It will eventually lead to economic growth in the country as well.

Research Problem

On this backdrop this study is therefore focused on the identifying and analyzing the factors affecting on customer satisfaction in the tourist

hotel industry with a special reference to the north of Colombo as the tourist destination.

Objectives of the Study

In order to solve the research problem following objectives are designed to achieve;

- To identify the determinants of customer satisfaction level in thetourist hotel industry of the North of Colombo.
- To critically assess the relationship of each identified factorsand customer satisfaction level of tourist hotel industry in the North of Colombo.
- To recommend the best strategies to be implementedby the hotel owners in the North of Colombo.

Literature Review

Pearce (1996) in his book identified the five broad areas of attractions, transportation, accommodation, support facilities and infrastructure of tourist destinations in defining the tourism as an industry. Further he has explained that the other essential services during their stay potential is clear that transport services to travel well to suit attractions sites are very important. The essential functionality of travel, accommodation and alike facilities has a direct influence over the consumer satisfaction on the services provided by the players in the industry (Pearce, 1996).

Tourism often from one's usual environment is defined as business organizations and those involved and to facilitate travel and its related activities. The approach to define a tourist is a challenge, compared to the consumer products, many business travelers and tourists are been defined in different perspectives (Nelson, 1993). For example, the organization that serves more than restaurant food consumption by tourists in the area can be considered as the players in the tourism industry for the residents and local attractions, tourists can be visit the location (Brohman, 1996).

Conservation of the natural world is the latest trend in the field of tourism and it is desired to remain well integratedand "ecotourism" can be identified as the part of the attitude change of the consumers towards the sustainable development with the environment protection (Briassoulis, 2003).

4.1 Tourism and Customer Satisfaction

The study of tourist satisfaction is a critical issue not only for academics and managers, but also for individuals themselves (Moutinho, 1987).The use of the term "tourism" hashed to arrange of complex meanings which have become associated with the movement of people, a sector of the economy and also an identifiable industry.

Understanding what drives satisfaction for a tourist is one of the most relevant areas of research for the tourism industry (Ramchurjee, 2013), as satisfied tourists tend to transmit their positive experience to others and to repeat their visit (Cordente-Rodríguez, 2010). The literature reveals that the level of tourist satisfaction with a particular trip is the result of different factors (Peter, 1996) which are generally assessed as a comparison between the tourist's perception of the products and services he receives and the expectations generated before and during his trip (Bigné, 2008).As a result of such interest, numerous studies have been carried out to measure the degree of tourist satisfaction, but very few studieshave focused on analyzing the background behind this. In a highly competitive market, being able to offer an attractive tourist destination implies,having a deep understanding of the motives that lead a tourist to choose one particular destination among all the alternatives, the activities available to the tourist at the destination, and degree of satisfaction with the product he/she receives (Jang, 2007).In this sense, the causal relationship between motivation, activities performed at destination, and tourist satisfaction have only been superficially discussed both conceptually and empirically (Yoon, 2005).

Choosing a holiday destination is a rational decision process involving different factors (Uysal, 1996) the tourist feels the need to travel and looks for a "product" which initially may offer the greatest satisfaction to fulfill that need. In such a process, the tourist feels 'pushed' by internal and emotional factors, as well as attracted by the characteristics of the destination and the availability of activities (Uysal M. J., 1994).An especially interesting aspect of this argument is whether external sources of motivation have a greater effect than internal sources of motivation on the level of tourist satisfaction (Yoon, 2005). This study contributes to the literature by providing insights of the relationships that exist between tourist satisfaction and its background.

4.2 Factors Effecting on Customer Satisfaction on Tourist Destination

Although all the manufactured goods usually address the traditional four elements of the marketing mix product, price, place, and promotion the distinctive characteristics of services like tourism, require attention to additional strategic elements. The 7Ps model highlights seven strategic decision variables for managers of service organizations: product elements, place and time, promotion and education, price and other user outlays, physical environment, process and people (Hanlan, 2005). Further Hanlan (2005) suggest that following factors are mostly considered by the tourists as the determinants of their satisfaction.

4.2.1 Service Quality

Service quality is a customer perception of how well a service meets or exceeds their expectations (Czepiel, 1990). It is considered as a key factor to enhance customer satisfaction. Even the study of (Cronin Jr, 1992)found it a key antecedent to customer satisfaction. Service quality not only play vital role to satisfy customers (Gržinić, 2007) but also considered as a value driven for consumers and a way to position product in a dynamic environment so understanding the customers' requirement about

the service quality and catering the need in this regard is beneficial in many ways.

Medlik (1973) noted that the tourist product is to be considered as an amalgam of three main components of attractions, facilities at the destination and accessibility of the destination'. In other words, the tourist product is 'not as airline seat or a hotel bed, or relaxing on a sunny beach but rather an amalgam of many components, or a package while, Victor (2001) indicated that there are five main components in the overall product, and they are: destination attractions and environment, destination facilities and services, accessibility of the destination, images of the destination, and price to the consumer.

4.2.2 Service Features

Service features can be defined as the quality or the user requirements related to the matters such as frequency, reliability, regularity, suitability, location, safety and convenience (Lubbe, 2003). Among all these factors, reliability is treated as the important service feature in a way to enhance customer satisfaction (Xiao, 2007) but according to Ahmed et al., (2007) convenience and service specific factors (e.g. competitive interest rates) are the two core ingredients to satisfy customers. If service providers fail to properly tackle such behavior, it can have severe ramifications. But service features vary from environment to environment. However, considering hotel environment, service features such as modus operandi of the attendants, service initiative of attendant, environment and adornment of reception hall are key variables which lead towards customer satisfaction (Shi, 2007).

4.2.3 Distance to the Destination

The literature dealing with the choice of holiday destination considers that the distance to that destination may play a dual role: it can represent a dissuasive element for certain holiday options, while others conclude that it represents a factor of attraction (Armario, 2008).

Tourists choose more distant destinations depending on their desires and time availability. Therefore, distance to the holiday destination is a key variable in the relationship between the level of a tourist's satisfaction and the motives to make the trip.

Distance to the destination is a clearly relevant variable in the holiday decision process (Nyaupane, 2003). However, no clear consensus exists within the literature about its influence. Studies such as those (Nyaupane, 2003) suggest that its role is restrictive given its direct effect on variables such as time and cost (Gallarza, 2012) which suggest that tourists would prefer closer destinations.

Methodology

This is a descriptive study which aims at revealing the present situation of the determinants of customer satisfaction of the tourists.Secondary data were obtained fromMinistry of tourism, Central Bank of Sri Lanka, Sri Lanka Tourist Board and other related Journalswhileprimary data were obtained through a questionnaire which was filled by interviewing the tourists as some of the tourists could not understand English so a service of interpreter was used. Data collected from 100 respondents selected on a convenient base and collected data was analyzed using the SPSS package.

The chosen geographical rangefor the North of Colombo wasKatunayaka to Chilaw. This is according to the classification made by the (Sri Lanka Tourism Development Authority , 2014) with the purpose of identifying the different geographical regions of the countryon the development of the tourism industry.

5.1 Conceptual Framework

The reviewed literature supports the relationship shown below, between the customer satisfaction of tourists and the factors affecting on it.

The following hypotheses were also developed to achieve the objectives of the research;
- H1: There is a significant relationship between Service Quality and Customer Satisfaction Level in tourist hotel industry in the North of Colombo.
- H2: There is a significant relationship between Service Features and Customer Satisfaction Level in tourist hotel industry in the North of Colombo.
- H3: There is a significant relationship between Distance to Destination and Customer Satisfaction Level in tourist hotel industry in the North of Colombo.

The operationalization of the variables has been developed based on a comprehensive review of literature by identifying the dimensions of the variables identified and the measuring indicators of them.

Table 1: Operationalization of the Variables

	Variables	Dimensions	Indicators	Measurement Criteria
Independent Variables	Service Quality	Accommodation	Hygiene in the lodging Environment.	Five point Likert scale
		Food and Beverage	Quality Food and Beverage	
		support service	Extra services to the guests.	
		shops and stores	Availability of shops & stores.	
		Price	Reasonable pricing menu of hotel.	
		Payment Method	Payment settlement methods.	
		Speed of service	Responding time of the hotel staff on requirement	
	Service Features	Reliability	Offering of services in a promised manner of time.	Five point Likert scale
		Regularity	Offering of previously arranged services from the first meeting and onwards.	
		Suitability	Customized product offerings according to the customer.	
		Safety	Protecting privacy of the tourists	
		Convenience	Handiness in using services of the hotel	
	Distance to Destination	Transportation Cost	Price of transport cost in the destination.	Five point Likert scale
		Mode of Transportation	Fulfillment with Transport modes available.	
		Time of relaxation	Time to relax with the transportation systems.	
Dependent Variable	Customer satisfaction	Customer satisfaction on activities available Emotional Satisfaction	Level of satisfaction on different activities for tourists at the different destinations Emotional satisfaction by characteristics of the destination	Five point Likert Scale

5.2 Data Analysis

A simple correlation analysis was run in order to test the acceptance or rejection of the hypotheses at 95% of confidence level. The following table shows the summary of the results of the hypotheses testing.

Table 2: Summary of the Hypotheses Tested

Hypotheses	Correlation Analysis	Result
Relationship between Service Quality and Customer Satisfaction.	Correlation =0. 917 Significance of p = 0.000	**Accepted – H :1** There is a positive, strong relationship between Service Quality and Customer Satisfaction.
Relationship between Service Features& Customer Satisfaction.	Correlation = 0.889 Significance of p = 0.000	**Accepted – H :2** There is a positive relationship between Service Features Customer Satisfaction.
Relationship between Distance to the Destination & Customer Satisfaction	correlation = 0.832 Significance of p = 0.000	**Accepted – H :3** There is a positive relationship between Distance to the Destination & Customer Satisfaction.

Findings

It can be seen from above analyzed data, "Service Quality" is the most influencing determinant in customer satisfaction of tourist hotel industry in the North of Colombo.The second important factor is "Service Features" followed by "Distance to the Destination". This shows that tourists are not likely to select a Hotel service provider just because the provider is famous, reputable, or recommended by others. They are more likely to select a Hotel service provider that provides them good services, and maintains good relationship with them. In other words, Hotel service firms may attract existing customers to use their services. Thus Hotel service providers should put more emphasis and effort on delivering better customer services.

"Transport cost of the destination" seems to be the most influencing factor under "Distance to the destination". This shows the rising concerns of cost issues. As mentioned earlier in section, "Transport modes available" factor associated with tourists needs is also an important factor which has to be concerned.

Thus, it seems that tourists are worried about the transport modes available in the North of Colombo and it seems that tourists are very alarmed about "transport modes" when selecting Hotel service provider.

Although all the independent variables shows a significant influence over the consumer satisfaction the service quality is having the highest level of influence on the consumer satisfaction in the tourism industry which will provide the better insights for the investors as well as for the authorized bodies in developing the policies and marketing strategies.

The findings communicate more important insights, knowledge and implications for hoteliers to broadentheir thinking and identify their current situations. Customer satisfaction is more important for the success of business organizations. Therefore, the managers should thoroughly concerns about the each and every aspects of a hotel as the satisfied customers make repeat visit and talk favorably about their satisfaction. This will eventually

spread positive word of mouth and publicity about the hotel.

Recommendations

- Keeping in view of the findings through the study, managers in hotel industry may particularly focus on the following;
- Hotels should understand the needs of the customer and provide courteous serviceefficiently in catering such needs.
- Employees at hotels are the key personals who form the impression of the hotel.Therefore; their appearance needs to be neat. They should strive to provide each customer a personalized touch. So, their commitment with their respective hotel is lasting.
- Customers normally prefer hotels which have broad product lines, quality offerings atreasonable prices and convenient location. Therefore managers should also have keen focus at these factors.

Further Research

In this study, the choice of population was limited to a hotel industry, which has a tendency to limit the generalizability of the findings in the context of other industries. Therefore, future research could be conducted on multipleangels covering the tourism industry. Since this study was conducted solely in the North of Colombo, future researchers may also look forward to carry these types of researches in different regions of the country.

The impact of the certain variables and their influence in shaping service quality and service features need to be further explored. This study also does not separate the population sample into separate geographical locations. For instance, a tourist who arrives from different countries may have different expectation and perception towards customer services offered by the hoteliers, owing to the different culture, level of education and some other demographic factors. It can therefore suggest for further research to assess the satisfaction level with demographic profile (especially with country of residence) in a more intense manner to verify the same research conceptual framework for different countries.

REFERENCES

[1] Armario, E. M. (2008). Tourist satisfaction: an analysis of its antecedents. . Universidad, Sociedad y Mercados Globales (pp. 367-382). Asociación Española de Dirección y Economía de la Empresa (AEDEM).

[2] Bigné, E. G. (2008). Advanced topics in tourism market segmentation. . Tourism Management: Analysis, Behavior and Strategy, CAB International, , 151-174.

[3] Briassoulis, H. (2003). Crete: Endowed by nature, privileged by geography, threatened by tourism?. . Journal of Sustainable Tourism, 97-115.

[4] Brohman, J. (1996). New directions in tourism for third world development. . Annals of tourism research,, 48-70.

[5] Cordente-Rodríguez, M. (2010). The Sense Of Service At Tourist Destinations. . International Journal of Management and Information Systems, 17.

[6] Cronin Jr, J. J. (1992). Measuring service quality: a reexamination and extension. . The journal of marketing, 55-68.

[7] Czepiel, J. A. (1990). Service encounters and service relationships: implications for research. . Journal of business research, 13-21.

[8] Gallarza, M. G.-S. (2012). Customer value in tourism services: meaning and role for a relationship marketing approach. . Strategic Marketing in Tourism Services. Bingley, UK: Emerald,, 147-163.

[9] Gržinić, J. (2007). Concepts of service quality measurement in hotel industry. . Ekonomska misao i praksa , 81-98.

[10] Hanlan, J. &. (2005). Image formation, information sources and an iconic Australian tourist destination. Journal of Vacation Marketing, 163-177.

[11] Jang, S. S. (2007). Temporal destination revisit intention: The effects of novelty seeking and satisfaction. Tourism management, 580-590.

[12] Lubbe, B. (2003). Tourism management in southern Africa. Pearson South Africa.

[13] Medlik, S. &. (1973). The tourist product and its marketing implications. International Tourism Quarterly, 28-35.

[14] Middleton Victor, T. C. (2001). Marketing in travel and tourism.

[15] Moutinho, L. (1987). Consumer behaviour in tourism. . European journal of marketing, 5-44.

[16] Nelson, J. G. (1993). An introduction to tourism and sustainable development with special reference to monitoring. . Tourism and sustainable development: Monitoring, planning, managing,, 3.

[17] Nyaupane, G. P. (2003). Does distance matter? Differences in characteristics, behaviors, and attitudes of visitors based on travel distance. . Proceedings of the 2003 Northeastern recreation research symposium (pp. 74-81). United States Department of Agriculture.

[18] Pearce, P. L. (1996). Tourism community relationships. . Pergamon: Oxford.

[19] Peter, J. P. (1996). Understanding consumer behaviour. . Irwin Professional Publishing.

[20] Ramchurjee, N. A. (2013). Understanding the relationship between tourists' motivations and their experience and satisfaction. . International Journal of Development and Sustainability, 1758-1769.

[21] Shi, J. H. (2007). Evaluation of hotel service quality based on customer satisfaction. . International Conference on Service Systems and Service Management (pp. 1-5). IEEE.

[22] Sri Lanka Tourism Development Authority . (2014). Annual Statistical Report 2014. Colombo : Sri Lanka Tourism Development Authority.

[23] Uysal, M. J. (1994). Environmental attitude by trip and visitor characteristics: US Virgin Islands National Park. . Tourism Management, 284-294.

[24] Uysal, M. M.-M. (1996). The Australian international pleasure travel market: Motivations from a gendered perspective. . Journal of Tourism Studies,, 45.

[25] World Travel & Tourism Council . (2016). Travel & Tourism Economic Impact Summary 2016. United Kingdom: World Travel & Tourism Council .

[26] Xiao, H. &. (2007). The use of tourism knowledge: Research propositions. . Annals of Tourism Research, 310-331.

[27] Yoon, Y. &. (2005). An examination of the effects of motivation and satisfaction on destination loyalty: a structural model. . Tourism management, , 45-56.