

Special Issue 2020 on Resilience Building & Recovery of Tourism Development

Volume: 4 Special Issue, 2020
International Tourism Research Conference
ISSN 2602-8662, ISBN: 978-955-703-080-7
Pages 60-69

KEY DETERMINANTS OF CUSTOMER LOYALTY AND SATISFACTION OF THE MIDDLE EAST INBOUND TOURIST TO SRI LANKA

Manori L. Guruge¹, Achintha Koswatta² and Suranga Silva³

*^{1&2}Department of Economics, University of Colombo, Sri Lanka
lasanthi.manori@gmail.com*

*²Lecturer in Economics, The Open University of Sri Lanka
hmkos@ou.ac.lk*

³drsuranga@econ.cmb.ac.lk

Abstract

More pointedly, it is important to reiterate the role of customer loyalty and satisfaction in determining the level of attraction of new tourists and their contribution to the growth of the hospitality and tourism industries. In this direction, this study closely examines the key determinants of customer loyalty, satisfaction and motivation of the Middle East inbound tourist to Sri Lanka and what degree of impact it creates and in which ways? This study will attempt to uncover this question in which it contends the purposive sampling method in collecting data from the tourist in explaining how exactly do these variables interact each other. Reconfirming the existing theoretical and empirical literature, findings from the data collection and analysis indicate that destination image, service quality and customer satisfaction are key determinants of customer loyalty of Middle East Tourists visiting Sri Lanka. Within this framework, the conceptual model developed in the study indicates that approximately 92.8% of the variance in customer loyalty of Middle East inbound tourists visiting the country can be directly attributed to the combined influence of destination image, serviced quality and customer satisfaction. To address the poor destination image and low levels of satisfaction with service quality in the industry,

the researcher recommends that industry and its key stakeholders implement the strategies including, allocation of more accommodation for middle east tourists, introduce more middle eastern cuisine, increase accessibility to Sri Lanka, introduce entertainment, leisure, sports and activities for families and children and also the government should encourage participation in these activities via special incentives, tax concessions, etc.

Keywords: *Inbound Tourism, Customer Loyalty, Customer Satisfaction*

1. Introduction

Fiduciary, satisfaction, and loyalty are the key drivers that can hamper a pool of opportunities to attract tourists into the destination in the field of tourism economics. This study attempts to investigate the determinants of loyalty and satisfaction which makes the pathways stronger and more attractive from Middle-East inbound tourists to Sri Lanka's various destinations which ultimately drives the country's economy towards its fortune and prosperity.

1.1 Background and the Significance of the Study

According to the recent report of the Sri Lanka Tourist Development Authority, the sole mode of travel media was air which has been recorded as 93 percent. Tourist arrivals in terms of continents, Europe records the highest percentage of tourist arrivals to Sri Lanka that is 49%. And Asia & Pacific, Eastern Europe, the Middle East, North America are showing a fairer rate of tourist arrivals respectively. Therefore, the visible truth is tourists from these countries are intentionally visiting Sri Lanka as the country is having all favourable conditions to attract tourists to the destination. Middle East as a region, for some years contributes to the tourism industry in Sri Lanka at a moderate rate which gives the country potential for a boom in the tourism sector by experimenting with new arrivals with different interests. The salient feature in this region is that almost all the countries record higher per-capita income, strong cultural bonds between communities, steady socioeconomic linkages (Bandusena et al, 2020) which ultimately shows compassionate loyalty comes from various sources such as good word of mouth, social media, and various other sources which makes Sri Lanka ultimately a well-established tourist destination (Kaldeen et. al., 2020). Another reason for this attraction is basically because of the economic integration which comes from the expatriate workers employed in the Middle East and with the heavy crude oil imports which almost solely come from the same region. Therefore, this study intends to study the determinants of tourists' satisfaction from the Middle-East to Sri Lanka to suggest some policy incentives to encourage the tourism industry towards the Middle-East region to ensure the strong long lasting source of income to the Sri Lankan economy.

1.1. Research Problem

There is a visible upsurge in Middle-East tourists towards all over the destinations speckled in the world (Boulding,1956; Embacher and Buttle,1989). Regrettably, Sri Lanka was not able

to increase it by attracting at least a small proportion from this growing tourist of Middle East throughout the study period. According to Gallarza et al (2002) service quality, value for money, perceived risk, pricing, time and effort invested in product, service or location research, aesthetics, etc are key antecedents of customer loyalty in the tourism industry. This is extremely concerning as this limit the opportunity of the tourism industry to capitalize on this positive influx of tourists' arrivals Middle East while leaving the industry vulnerable to competitor activities which in turn could have a detrimental impact on tourist arrivals to the country from this region and the overall growth and prosperity of the Sri Lanka's tourism industry.

1.3 Objectives

The main objective of this study is to identify the key determinants of customer loyalty, satisfaction and motivation of Middle East inbound tourist to Sri Lanka

Specific Objectives of this study includes;

- To understand the trends and patterns of the tourists from Middle-East to Sri Lanka
- To study the impact of destination image on customer loyalty, satisfaction and motivation of Middle East Tourist visiting Sri Lanka and to make some policy recommendations.
- To empirically measure the impact of service quality on customer loyalty, satisfaction and motivation of Middle East tourists visiting Sri Lanka

2. Review of Literature

The empirical body of literature including Mayo (1973) defines image as the manner in which an individual organizes the various stimuli he or she is bombarded with on a daily basis and how this facilitates the individual's ability to make sense of the world. Svetlana and Juline, (2010). Destination image has been a primary subject of tourism related research over the last forty years . Boulding (1956) image define as an individual's perception of any object or thing that they are aware of. Assael (1984) defines destination image as an individual's overall assessment of a particular destination that is developed based on information obtained from numerous sources over a time, as per Embacher and Buttle (1989) destination image is the specific perception or assessment of a particular destination held by an individual or a group of people, whilst according to Kim and Richardson (2003) destination image is the "totality of impressions, beliefs, ideas, expectations and feelings accumulated towards a place over time by an individual or group of people". Empirical research has identified a number of factors, ranging from value for money, to customer satisfaction, service quality, price, risk associated with the purchase, customer experience, synergy and social bonding, brand association and value, customer habits and past associations with the brand, consumer demographics (Mubarak, 2020), etc which influence customer loyalty Patrick and Norman,(2001). As per Hernandez et al (2006) in addition to the antecedents identified by Gallarza et al (2006) cognitive images of service quality, natural resources and entertainment, along with affective images are key factors which influence customer loyalty in the tourism industry. This

importance of cognitive and affective images on customer loyalty is supported by Chi et al (2008) research also revealed that overall destination image and destination image attributes such as accommodation, accessibility, attraction, behaviour and attitude of the local community, activities and amenities at the destination significantly influence customer loyalty towards the destination.

3. Methodological Considerations

The study comprises with a conceptualization of the literature, epistemological validity and the empirical evidence from the selected research area. The three hypotheses are as follows;

3.1 Research Hypotheses

H1: there is significant relationship between Destination image and customer loyalty of Middle East inbound tourist Sri Lanka

H2: there is significant relationship between services quality and customer loyalty of Middle East inbound tourist Sri Lanka

H3: there is significant relationship between customer satisfaction and customer loyalty of Middle East inbound tourist Sri Lanka

3.2 Research Design

In this study the extent of researcher interference with the study was minimal. The unit of the analysis of the study is the individual tourist, since all the data were collected from the tourist who stay in Colombo Hotels . The current study is a cross- sectional study as data are gathered just once.

3.3 Sources of Data

The study consists with both primary and secondary data. Primary data collected from middle east tourist using questionnaires to identify customer loyalty determination for visit to Sri Lanka.

Locally published newspaper articles, magazines, journal articles, research reports and various other sources referred to do the analysis. Secondary data gathered from Sri Lanka Tourism Development Authority, UNWTO reports.

3.4 Research Population, sample and data collection methods.

Research population for this study are all Middle Eastern inbound tourists the country in a calendar year. Sample size has been calculated using a sample size calculator with a confidence level of 95% and a confidence interval of 5%. Sample size derived from the sample size calculator was 208. Given the scale and width of the Sri Lanka tourism industry the sample

respondents was selected from Middle East tourist to residing in the Colombo hotel over the period 1st January , 2019 to 28th February 2019. The Hotels were selected as it is the hotel that attracts the largest number of Middle East tourists annually. Purposive sampling methods were used to collect data from the tourist.

In statistics, Regression Analysis is a collective name for techniques for the modeling and analysis of numerical data consisting of values of a dependent variable and one or more independent variables. In addition to the regression analysis, some supportive statistical techniques are used in the study.

4. Results and Discussion

4.1 Sample profile of the study

250 questionnaires were distributed to collect data and 228 were returned. From those, 20 questionnaires were incomplete. Altogether 208 questionnaires were used in the analysis.

4.2 Regression Analysis

Multiple regression analysis were used to analysis the data.

4.2.1 Multiple Customer Loyalty and Destination Image, Service Quality

This relationship was measured using the following hypothesis,

H1: There is a significant relationship between customer loyalty and destination image

H2: There is a significant relationship between customer loyalty and services quality

The table 4.1 below provides the model-fit results of the ‘Enter’ simple regression test using the above independent variables and customer loyalty as the dependent variable. Model 1 shows a significant ($p < 0.05$) F value. The R^2 for this model is 0.612, which indicates that 61.2% of the variations in customer loyalty are explained by the regression. The Durbin- Watson statistic for this model is 1.986 which is not an issue for the model.

Table 4.1: Model Summary- Customer loyalty and Destination image, Service quality

| Model | R | R Square | Adjusted R Square | Change Statistics | | | Durbin-Watson |
|-------|-------------------|----------|-------------------|-------------------|----------|-------------|---------------|
| | | | | R Square Change | F Change | Sig. Change | |
| 1 | .885 ^a | .612 | .610 | .612 | 142.614 | .000 | 1.986 |

a. Predictors: (Constant), destination image, service quality

b. Dependent Variable: customer loyalty

Table 4.2 below provides statistics relating to the independent variables of the Model given in table 4.1. It shows that independent variable making a contribution to the variation in customer loyalty.

Table 4.2: Coefficients – customer loyalty and destination image, Services quality

| Model 1 | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|-------------------|-----------------------------|------------|---------------------------|--------|------|
| | B | Std. Error | Beta | | |
| (Constant) | 25.044 | 2.331 | | 12.566 | .000 |
| Destination image | 0.643 | .043 | 0.742 | 10.032 | .000 |
| Services quality | 0.621 | .053 | 0.712 | 9.113 | .000 |

a. Dependent Variable: customer loyalty

Multiple regression model;

$$Customer\ Loyalty = \beta_0 + \beta_1 Destination\ Image + \beta_2 Services\ Quality + U$$

$$CL = 25.044 + \beta_1 0.643 + \beta_2 0.621 + U$$

The *b* value of this model is 0.643 which depicts a positive relationship between the destination image and customer loyalty. The significance value of the predictor ($p < 0.05$) suggests that the predictor significantly contributes to the model.

In summary, the data supports H₁. From the results of the statistical tests it is clear destination image and customer loyalty.

Table 4.2 provides a *b* value of 0.621 which indicates a positive relationship between customer loyalty and service quality. The significance value of the predictor ($p < 0.05$) suggests that the predictor significantly contributes to the model.

In summary, the data supports H₂. From the results of the statistical tests it is clear that customer loyalty is related to services quality.

4.2.2 Regression on Tourist satisfaction and Customer loyalty.

The relationship was measured using the following hypothesis,

H3: there is significant relationship between tourist satisfaction and customer loyalty.

Table 4.3 shows the model- fit results of the simple regression test using the independent variables mentioned and customer loyalty as the dependent variable. The model shows a significant value ($p < 0.05$). Model has an R^2 of 0.543 indicating that 54.3% of the variations in customer loyalty are explained by the regression.

Table 4.3: Model Summary- tourist satisfaction and customer loyalty.

| Model | R | R Square | Adjusted R Square | Change Statistics | | | |
|-------|-------------------|----------|-------------------|-------------------|----------|-------------|-----------------|
| | | | | R Square Change | F Change | Sig. Change | F Durbin-Watson |
| 1 | .737 ^a | .626 | .628 | .626 | 251.160 | .000 | 2.048 |

a. Predictors: (Constant), Customer loyalty

b. Dependent Variable: Tourist satisfaction

The Durbin – Watson statistic for this model is 2.048 which indicate that the residuals of this model are independent.

Table 4.4 below provides statistics relating to the independent variable of the model in 4.3. Customer loyalty to contribute to the variation in Tourist satisfaction .

Table 4.4: Coefficients – Tourist Satisfaction and Customer Loyalty

| Model 1 | Unstandardized Coefficients | | Standardized Coefficients Beta | t | Sig. |
|------------------|-----------------------------|------------|-----------------------------------|--------|------|
| | B | Std. Error | | | |
| (Constant) | 23.764 | 2.055 | | 11.566 | .000 |
| Customer Loyalty | .606 | .038 | .737 | 15.848 | .000 |

a. Dependent Variable: Tourist satisfaction

$$\text{Tourist Satisfaction} = \beta_0 + \beta_1 \text{Customer Loyalty} + U$$

$$\text{Tourist Satisfaction} = 23.764 + \beta_1 0.606 + U$$

4.4 provides a b value of 0.606 which indicates a positive relationship between the dependent variable and independent variable. The significance value of the predictor ($p < 0.05$) suggests that the predictor significantly contributes to the model.

5. Conclusion and Policy Recommendations

The main purpose of the study was on exploring key determinants of customer loyalty of Middle East inbound tourists Sri Lanka. Data were collected using a questionnaire from Weston province and sample considered of the tourist stayed in Colombo city hotels. As

tendency, most of middle age (36-45 years) tourists 48% desire to come to Sri Lanka. Most of the respondents were graduates or diploma holders. Findings from the data collection and analysis indicate that destination image, service quality and customer satisfaction are key determinants of customer loyalty of Middle East Tourists visiting. The conceptual model developed in this study indicates that approximately 92.8% of the variance in customer loyalty of Middle East inbound tourists visiting the country can be directly attributed to the combined influence of destination image, serviced quality and customer satisfaction. To address the poor destination image and low levels of satisfaction with service quality in the industry, the researcher recommends that industry and its key stakeholders implement the strategies including, allocation of more accommodation for middle east tourists, introduce more middle eastern cuisine, increase accessibility to Sri Lanka, introduce entertainment, leisure, sports and activities for families and children and also the government should encourage participation in these activities via special incentives, tax concessions, etc.

References:

- Alcaniz, E. B.(2005). Relationships among residents' image, evaluation of the stay and post-purchase behaviour. *Journal of Vacation Marketing*,11(4), 291-302.
- Assael, H. (1987). *Consumer Behavior and Marketing Action* (3rd ed.) Boston, MA: Kent Publishing.
- Baker, D. A., & Crompton, J. L. (2001). Quality, satisfaction, and behavioral intentions. *Annals of Tourism Research*, 27 (3), 785 – 804.
- Bandusena, P., Kaldeen, M., & Silva, D. S. (2020). 2 Urbanization and urban tourism in Sri Lanka. *Tourism in Asian Cities*, 31-50.
- Boulding, K.(1956). *The Image – Knowledge in Life and Society*, Ann Arbor. Michigan: University of Michigan Press.
- Castro, C. B., Armario, E. M., & Ruiz, D. M. (2007). The influence of market heterogeneity on the relationship between a destination's image and tourists' future behavior. *Tourism Management*, 28, 175–187.
- Chi, C.G.Q. (2005).A study of developing destination loyalty model. Doctoral thesis, Oklahoma State University
- Chi, C.G.Q. (2002).A study of examine destination loyalty model. Doctoral thesis, Oklahoma State University
- Chi, C. G.,& Qu, H. (2008). Examining the structural relationships of destination image, tourist satisfaction and destination loyalty: An integrated approach. *Tourism Management* 29(4), 624-636
- Coban, S. (2012). The Effects of the Image of Destination on Tourist Satisfaction and Loyalty: The Case of Cappadocia. *European Journal of Social Science*, 29(2), 222-232.
- Embacher, J., & Buttle, F. (1989) A repertory grid analysis of Austria's image as a summer vacation destination.*Journal of Travel Research*, 27(3), 3-7.
- Gallarza, M. G., Saura, I. G., & Garcia, H. C. (2002). Destination image: Towards a conceptual framework. *Annals of Tourism Research*, 29 (1), 56 - 78.
- Gitelson, R. J., &Crompton, J.L. (1984). Insights into the repeat vacation phenomenon. *Annals of Tourism Research*, 11, 199-217.
- Hernandez L., Solis, M.M., Moliner, M.A.,& Sanchez, J. (2006). Tourism destination image, satisfaction and loyalty: a study in Ixtapa-Zihuatanejo, Mexico. *Tour Geographies*, 8(4), 343–358

- Hwang, S.N., Lee, C., & Chen, H.J. (2005). The relationship among tourists' involvement, place attachment and interpretation satisfaction in Taiwan's national parks. *Tourism Management*, 26(2), 143-156.
- Ibrahim, E. E. (2005). A positioning strategy for a tourist destination, based on analysis of customers' perceptions and satisfactions". *Marketing Intelligence & Planning*, 23(2), 172-188.
- Javier, S., & Bigné, J. E. (2001) Tourism image, evaluation variables and after purchase behaviour: inter-Relationship. *Journal of Tourism Management*, 22, 607-616.
- Kaldeen, M. (2020). Impact of marketing and content trust of social media on millennials travelers as adprosumers: evidence from accommodation sector. *Journal of Critical Reviews* 7(15).
- Kim, H. & Richardson, S. L. (2003). Motion picture impacts on destination images. *Annals of Tourism Research*, 30(1), 216-237.
- Lee, T.H. (2009). A structural model to examine how destination image, attitude, and motivation affect the future behavior of tourists. *Leisure Science*, 31(3), 215–236
- Lee, J., Graefe, A. R., & Burns, R. C. (2007). Examining the antecedents of destination loyalty in a forest setting. *Leisure Sciences*, 29(5), 463-481.
- Mayo, E. J. (1973). Regional Images and Regional Travel Behavior. *The Travel Research Association Fourth Annual Conference Proceedings*, 211-218. Sun Valley, ID
- Mubarak Kaldeen, Samsudeen Sabraz Nawaz , Azizul Hassan (2020). Impact of IT infrastructure and knowledge management capability on organisational performance of star hotels in Sri Lanka. *Journal of Critical Reviews*, 7 (12), 1023-1029. doi:10.31838/jcr.07.12.181
- Murphy P., Pritchard M.P., & Smith, B. (2000). The destination product and its impact on traveler perceptions. *Tour Manage*, 21(1), 43–52.
- Majid (2010). The usefulness of selected variables for predicting activity loyalty. *Leisure Science*, 13, 205–220.
- Oom D.V,P.; Silva, J. A.; Mendes, J.; & Guerreiro, M. (2006). Tourist Satisfaction and Destination Loyalty intention: A Structural and Categorical Analysis, *International Journal of Business Science and Applied Management*, 1(1), 25-44
- Oppermann, M. (2000). Tourism Destination Loyalty. *Journal of Travel Research*, 39 (1), 78 – 84.
- Petrick, J. D. M., & Norman, W. (2001). An examination of the determinants of entertainment vacationers' intentions to visit. *Journal of Travel Research*, 40, 41–48.
- Prayag, G. (2008). Image, satisfaction and loyalty, the case of Cape Town. *Anatolia International Journal of Tourism Hospitality* 19(2), 205–224.
- Ryan, C. (1995). Learning about tourists from conversations: the over-SSs in Majorca. *Tourism Management*, 16: 207-16.
- Sri Lanka Tourism Development Authority. (2019). Annual Statistical Report – 2019, Sri Lanka Tourism Development Authority.
- Svetlana, S., & Juline, E. M. (2010) Destination Image: A Meta-Analysis of 2000-2007 Research. *Journal of Hospitality Marketing & Management*, 19(6), 575-609.