CHAPTER 1

INTRODUCTION OF THE STUDY

1.1 INTRODUCTION

India is a country of huge tourism opportunities as it is consist of various cultural values, festivals and places of interest. Tourism and hospitality as a key sector of Indian economy plays a crucial role in the growth of developing the Brand India. The tourism sector contributes approximately 12.4% of the total employment in India. On an international level, tourism stands at fifth in export category. India is has always been a popular tourist destinations offering a wide variety of places to explore and activities to do. Delighting backwater, hills stations, scenic beauty and landscapes are the major attractions of India. Historical monuments, old forts, beautiful and serene beaches, places of religious interests add to the glamour of the country. Tourism is not a fun time activity and entertainment act but energizing and enriching activity. Tourism is the right act for a developing country like India that is on the path of economic growth through change and transformation of the economy. Sustainable tourism has huge scope in India by convergence of landscapes with scenic beauty, techno capes and media escapes. India’s tourism industry has witnessed an increasing and positive trend recently, paying positive returns to both consumers and producers.

The tourism and hospitality sector in India is highly positive with a large number of hotel chains setting up their expansion plans here. This new sense of optimism arises because of a volatile economic environment for most part and the sector hopes that plans and schemes announced by the government, including related to e-visas, visa on arrival scheme and specially dedicated funds for developing tourist circuits, would lead to good business. India is one of the the fastest tourism market in the world. Tourism in India is one of the largest service industries contributing approximately 6.23 % to National Gross Domestic Product and providing 8.78% of the total employment opportunity.WTTC's annual economic impact report of 2014 for India shows that travel and economic contribution of tourism is expected to grow outperforming the general economy by 2.5%.
Inbound tourism is witnessing a growing trend in terms of both in terms of foreign tourist arrivals and international tourism receipts earnings. Ministry of tourism has announced schemes that it proposes to extend visa on arrival and electronic travel authorization for tourists from 180 different countries and to increase the speed of application process for those still requiring a paper visa. It is also planning to issue visa in three days for such cases.

1.1.1 Contribution of Travel and Tourism Industry towards Global Economy

India’s travel and tourism industry has been of the most profitable sector in the country. It also has resulted in contributing a huge amount of foreign exchange to the exchequer. Tourism sector of India is one of the largest service industries when it comes to the contribution to GDP and Foreign exchange earnings as well as employment to millions. This sector in fact is expected to generate around US$ 42.8 billion by 2017. Foreign tourist arrival during of June 2013 stood at .44 million as compared to foreign tourist arrivals of .43 million during June 2012 indicating a growth of 25% and domestic tourism is expected to increase by 15% to 20% over the next five years to come.

Indian tourism industry is witnessing a wide spread growth of increasing inbound tourism by the growing Indian middle class. There has been a rising inflow of foreign tourists and successful government campaigns for promoting Incredible India. Government has also allowed 100% foreign investment under the automatic approval route in the hotel and tourism industry. As a result India has the potential of becoming a major global tourist destination as this sector is expected to contribute around US$ 77 billion by 2021. India is currently ranked 12th in the Asian Pacific region and has secured 68th position overall in the list of world’s most attractive destinations. Due to globalization, competition in tourism has shifted from interim to competition between destinations. Service Quality has become a crucial concept in this growing age of competition in destination management. Expectations of the tourist visiting varied places are constantly rising in the changing scenario of tourism industry. In this situation, Service Quality is a necessary and winning strategy that can help in attaining a competitive edge. Therefore it is very important to know the quality of service, the destination is offering to tourist from the point of view of the customer
especially in India which has a bright scope of tourism with varied culture and numerous attractive destinations.

In this context, the study will present the synoptic view of the strategies and policies formulated for promoting tourism in Uttar Pradesh and will measure the service quality of destinations from customers’ point of view. The study is about developing a scale for measuring service quality in tourism industry with special reference to Uttar Pradesh. A close focus on the demand side and basic service quality dimensions that affects tourists’ perception about destination service quality will also be studied. Gap analysis between expectation of the customer and perception of the services received by the tourist will be studied on the basis of dimensions that will be developed to measure service quality in tourism industry exclusively. The present study will help in throwing light on the fact that for which dimension gap is lowest ( providing highest satisfaction to the customer) and for which dimension gap is highest ( providing lowest satisfaction to customer), the possible reasons behind the same phenomenon and suggestions for improvement. Throwing light on dimension with highest satisfaction level will help in identifying and reinforcing strategies responsible for customer satisfaction or in other words customer delight. On the other hand dimension with lowest satisfaction level will help in identifying the weak areas that need improvement for a better situation of tourism industry in Uttar Pradesh.

1.2 Customer Satisfaction and Service Quality

In today’s fast changing and ever increasing competitive market, the bottom line or basic objective of any company’s marketing strategy and tactics is to make profits and to contribute to the growth of the company. Increasing Customer satisfaction, good service quality and retention are global issues that affect almost all types of organizations. Many companies are therefore interested in studying, evaluating and implementing the marketing strategies aiming at improving the retention of customers and maximizing share of customers in view of the positive and beneficial effects on the financial performance for the firm. There has been a strong support for the adoption of customer retention as one of the key performance indicator that clearly reflects how a company is performing. A study by Reichheld and Sasser (1990) showed a high correlation between customer retention and profitability in a range of industries. However, the fragmented and variety of media choices and the ever
changing nature of the market, coupled with an increased number of more demanding and affluent consumers, is causing a big challenge to marketing practitioners in retaining their customers.

Service Quality and customer satisfaction have always been recognized as important factors playing a crucial role for success and survival in today's competitive market because of which considerable research has been conducted on these two concepts. Also the quality and satisfaction concepts have been linked to various intentions of customers like purchase and loyalty intention, willingness to spread positive word of mouth, referral and complaint intention by many researchers (Olsen, 2002; Kang, Nobuyuki and Herbert, 2004; Söderlund and Öhman, 2005).

Customer satisfaction has always been the subject of considerable interest by marketing practitioners and academics since 1970s. Companies and researchers tried to measure customer satisfaction in the early 1970s, on the theory that increasing the level of customer satisfaction would help them to prosper. Throughout 1980s, researchers relied on customer satisfaction and quality ratings obtained from surveys for performance monitoring, compensation as well as resource allocation (Bolton, 1998) and began to examine further the determinants of customer satisfaction (Swan and Trawick, 1981; Churchill and Surprenant 1982; Bearden and Teel, 1983). In the 1990s, however researchers and organisations have become extremely concerned about the financial implications and results of customer satisfaction (Rust and Zahorik, 1993; Bolton, 1998). While satisfaction has been examined by many researchers in different industries, service quality is also likely to affect the intention of consumer behaviour. Cronin, Brady and Hult (2000) stated that examining just one variable at a time may limit the understanding of consumer decision making and this may lead to inappropriate and incorrect marketing strategies. This view is supported by Caruana (2002) and it is crucial to study the effect of other constructs such as quality on behavioral intentions in addition to customer satisfaction. Hence their study incorporated service quality into the model in examining customer’s intentions in the restaurant context.

There are many researchers who have given different definition of service quality in different ways and manners. For example, Bitner, Booms and Mohr (1994) have defined service quality as the consumer’s complete impression of relative inferiority
or superiority of the organization and its services. On one hand some researchers view service quality as a form of attitude representing a long run overall evaluation, on the other hand Parasauraman, Zeithaml and Berry (1985) defined service quality as ‘a function of the differences between expectation and performance along the quality dimensions’. This definition is at par with Roest and Pieters’ (1997) definition that quality of service is a realistic and cognitive difference between experiences based norms and performances concerning service benefits. Many researchers conceptualize customer satisfaction as an individual’s feeling of happiness or disappointment resulting from comparing the product’s perceived performance in relations to their expectations. Generally, there are two conceptualizations of satisfaction which are transaction specific and cumulative satisfaction. Transaction specific is customer’s evaluation of their experience and reactions to a particular service encounter and cumulative satisfaction refers to the customer’s complete evaluation of the consumption experience to date.

1.2.1: Distinction between Service Quality and Customer Satisfaction

Table 1.1: Distinction between Service Quality and Customer Satisfaction

<table>
<thead>
<tr>
<th>Customer Satisfaction</th>
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<tbody>
<tr>
<td>Customer satisfaction can arise from any dimension, whether it is related to quality or not.</td>
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<tr>
<td>Customer satisfaction judgments can be formed by non-quality issues, such as needs, equity, perceptions of fairness</td>
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<tr>
<td>Customer satisfaction is supposed to have more conceptual antecedents.</td>
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<td>Satisfaction judgments require experience with the service or provider.</td>
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<th>Service Quality</th>
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<tr>
<td>The dimensions forming the base of quality judgments are rather specific.</td>
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<tr>
<td>Expectations for quality are based completely on ideals or perceptions of excellence.</td>
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<tr>
<td>Service quality has lesser conceptual antecedents.</td>
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<tr>
<td>Quality perceptions do not need any prior experience with the service or provider.</td>
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Source: Adapted from various sources (Taylor, 1994; Oliver, 1993; Rust and Oliver, 1994; Spreng and Mackoy, 1996; Choi et al., 2004; Grace and O’Cass, 2005)
1.2.2 Relationship between Service Quality and Satisfaction

There are two different points of views for studying the relationship between quality and satisfaction. Satisfaction is an antecedent of service quality and main cause for achieving high level of the same. On the other side it is stated that service quality is the cause of customer satisfaction. The behavioral intentions are one of the most important factors that help managers to increase profits in the service sector. A positive attitude towards the brand enhances the probability of repeated buying behavior and recommendation to other consumers. Concerning the influences of satisfaction and quality on these intentions, Taylor and Baker (1994) suggested that satisfaction should be described as a moderator between service quality and purchasing intentions. Cronin and Taylor (1992), Woodside, Frey and Dale (1989) also concluded that satisfaction of consumer is a cause of their purchasing intentions. A different point of view is that service quality judgments mediate satisfaction and purchasing intention.

1.2.3: Destination Service Quality Management

Various research works in the field of tourism have focused on the study of overall satisfaction for particular tourist destinations (Kim 2012). Research on customer satisfaction on the basis of quality and its individual factors is important for destination managers as it helps them in improving the core product and the promotion of the region within the target groups (Yoon and Uysal, 2005). The specificity of a tourist destination makes it compulsory to apply integrated quality management that also involves evaluating the satisfaction of visitors to a destination with the key quality factors. Several research works in the field of tourism have focused on the study of overall satisfaction of customers in particular tourist destinations. Factors that helps in deciding about quality of destination are: Natural Attractions, Cultural and Social attractiveness, Quality accommodations, Quality dining and food facilities, quality experience and activities, transport accessibility, Local transport facilities, proper availability and quality of tourist information, quality of roads, attitude of local residents, offer of product package, image of destinations, value for money, perceived safety and uniqueness of place.
Tourism is a service industry where clients cannot sample their destination before going to the destination by purchasing a holiday experience and because many organizations are involved in delivering services to tourists during their destination stay with the potential for lack of coherent service standards. Mackay (1989); Woods and Deegan (2003) mention that providing good quality tourism experience is the basic objective. Both the concept of service quality and tourism industry is of complex nature because this sector comprises of a diversity of hospitality services being provided by various service providers. Similarly, the tourism experience encompasses various degrees of interactions with host community, business and government. Another factor is that tourism industry is a labour intensive industry that has huge potential for quality. So quality service is difficult to assess in tourism destination. Each service organization that is providing services to visitors can contribute to the destinations’ quality. As a whole total quality service is possible only with contribution of each individual organization’s service quality.

1.3 BACKGROUND OF THE STUDY

Tourism is taken as one of the most profitable sector to earn foreign currency earning, for creating employment and contributing to the poverty alleviation in the rural areas program in developing countries. It is estimated that tourism sector is expected to generate 2.5 crore jobs during the 12th Five Year Plan. Destination quality of service is the key factor for promotion of destination. By providing high quality services, tourism service providers are more likely to entice visitors who are visiting for the first time and repeat visitors. Tourists who have a quality experience are likely to spread positive word of mouth that creates business by existing visitors and potential new business. However if good quality of tourism experience is not attained then reverse is also possible.

In tourism industry, customers/tourists are not in dependent position. The degree of domination is high if the customers can dictate their demand on the service organizations and low if service organizations can dictate its demand. In tourism sector, customers’ dominance even increases. Due to this, there is a growing attention for quality in the tourism industry from customers’ perspective (Fache 2000). Likewise consumers’ attitude has changed due to factors such as new means of communication, increase in the number of destinations and tourist products, facilities for reservation and the average level of education.
Providing quality of services to visitors depends on destinations’ ability to exceed the expectations of the visitors. Improvement in destination’s service quality can be initiated by measuring service quality as perceived by tourists, correcting the quality problems and finding new way of innovations. But it is observed that perception of manager for service quality differs with the customers’ perception of quality. So study is required to understand how customers perceived the level of service quality. In case of a tourism destination, it is very important to know the quality of service quality the destination is offering to tourists from the side of customers. To measure the quality of a destination, operational instruments are needed. As such no specific scale has been developed that can measure the destination service quality level as a whole especially that is specific to a particular state. Scales developed are either sports specific or sector specific. As tourism industry represents an amalgamation of different sectors (transportation sector, hospitality sector, hotel industry, leisure and sports), need is to develop a scale that can measure the perception expectation gap of the tourists on all the related dimensions. Also it is important to see and analyze the role of service quality in delivering satisfaction or delight to the tourists visiting Uttar Pradesh and the success or the performance of tourism industry to a great extent depends upon word of mouth publicity.

1.4 RESEARCH OBJECTIVE

Primary Objective

- To develop a scale this is meant specifically for measuring service quality in tourism industry in Uttar Pradesh.
- To research and analyze the role of service quality for creating customer satisfaction in tourism industry in Uttar Pradesh.

Secondary Objectives

- To identify the dimensions of service quality and their corresponding measurement variables in tourism industry from customers’ point of view point by focusing on Uttar Pradesh.
- To find out the expectations of customers/tourists visiting Uttar Pradesh with regards to different dimensions of service quality.
• To find out the perceived service quality level with regards to different dimensions of scale calculated of customers/tourists visiting Uttar Pradesh.
• To find out the differences between expectations and perceptions of the tourists regarding the above mentioned dimensions of scale.
• To identify dimensions where gap score is minimum i.e. identifying dimension providing highest level of customer satisfaction in terms of service quality.
• To identify dimension with highest gap score i.e. identifying dimensions providing lowest level of customer satisfaction in terms of service quality.
• To offer suggestions and recommendations for reinforcing the positive strategies and removing the negatives points creating dissatisfaction.

1.5 RESEARCH QUESTIONS

Specific Research Questions (For providing information about destination Service Quality)

• What expectations does customer have on Destination Uttar Pradesh for service quality to become satisfied?
• What perceptions does customer have about the service quality at destination Uttar Pradesh?
• What are the differences between the expectations and the perceptions?

Others

• What is the present situation of tourism in Uttar Pradesh?
• What is the level of security existing in the state of Uttar Pradesh especially for female tourists who prefer to travel alone?
• What are the existing attractions of Uttar Pradesh?
• How are the existing accommodation and restaurants and dining facilities in Uttar Pradesh?
• What entertainment facilities are available in Uttar Pradesh?
• What types of shopping facilities are available in Uttar Pradesh?
• How are the conferences and convention facilities in Uttar Pradesh?
• What are the existing transportation facilities in Uttar Pradesh?

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• What are the existing facilities of information centres, banking and money exchange in Uttar Pradesh?
• What other infrastructures are available in Uttar Pradesh?
• Are these attractions and other services and facilities are constraining tourism development in Uttar Pradesh?
• How is tourism managed and administered in Uttar Pradesh?
• What are the revisit intentions of tourists to Uttar Pradesh?

1.6 Hypotheses

The study has the objective to propose basic dimensions of destination service quality. Past service quality researches have shown that service quality is a multi dimensional construct (Parasuraman et al., 1988; 1991; Carman, 1990; Cronin and Taylor.) However, destination service quality is different from the general service quality construct. In destination, tourists receive services provided by different service providers in a single visit. Thus, following hypotheses is proposed for the destination service quality.

1.7: HYPOTHESES

Hypothesis 1: Service Quality in Tourism Industry is a multi dimensional construct

Hypothesis 2a: There is a significant difference in the preference for various tourism factors across the people of different age groups.

Hypothesis 2b: There is a significant difference in the preference for various tourism factors across the people of different income groups.

Hypothesis 2c: There is a significant difference in the preference for various tourism factors across the people of different professional groups.

Hypothesis 2d: There is a significant difference in the preference for various tourism factors across the people of different gender.

Hypothesis 2e: There is a significant difference in the preference for various tourism factors across the people of different countries.
Hypothesis 2f: There is a significant difference in the preference for various tourism factors across the person who uses different modes of booking (online v/s offline mode)

Hypothesis 3: The proportion of tourists to specific city of Uttar Pradesh who have visited it once, more than once or never is same against the alternate hypothesis that proportion of tourists to specific city of Uttar Pradesh who have visited it once, more than once or never is not same.

Hypothesis 4: There is no significant reason among the tourists as they make a choice of U.P. as a tourist destination against the alternate hypothesis that most people visit U.P. primarily because of a specific reason.

Hypothesis 5a: The overall satisfaction of the tourists with respect to the service quality of tourism in U.P. is high.

Hypothesis 5b: The intention to make a visit to U.P. as an alternative destination choice for their qualitative destination is high.

Hypothesis 6: There is no significant difference in the relative importance of the various reasons for ‘not visiting’ Uttar Pradesh against the alternate hypothesis that either poor safety, poor infrastructure, expensive state, Poor Transport or Lack of scenic beauty is identified as the most pertinent factor demographic profile wise in deciding against Uttar Pradesh as a preferred tourism alternative.

Hypothesis 7: There is no significant difference in the relative importance of the various factors for improving the tourism service quality in U.P. against the alternate hypothesis that the logistics, health and hygiene, security and hospitality is identified as the most pertinent factor for improvement in the service quality in U.P.

1.8 SIGNIFICANCE OF THE STUDY

The present study is conducted in Uttar Pradesh (India) in order to identify comprehensively the dimensions of service quality in tourism because apart from two major studies covering India as a destination (Chaudhary, 2000; Edward, 2006) no other study has covered this destination so comprehensively. Research done in other
developing countries like in Turkey (Diaz, 2001) appears to be the representative of research in developing countries but it cannot be generalized for Asian countries because the cultural fabric of Turkey is lot more westernized than that of the Asian countries such as India, Sri Lanka and Thailand. The nature of tourist destination is also different in these Asian countries as compared with European destinations.

Different research work has been conducted to measure service quality in tourism industry (Hudson and Shephard, 1998; Fick and Ritchie, 1991; Lockwood, 1994; Weiermair and Fuchs, 1999, 2004). Main methods used by Researchers for measuring service quality in tourism sector are Important – Performance Analysis, Critical Incidents Techniques, SERVPERF, and SERVQUAL. Researchers have customized SERVQUAL to measure service quality in different sectors of tourism industries. Khan (2003) developed ECOSERV to measure the perception of eco-tourists. Knutson et al. (1991) developed LODGSERV to measure service quality in lodging industry. Similarly Knutson et al (1995) developed DINESERV to measure the service quality in dining restaurant. Tribe and Snaith (1998) developed HOLSAT modifying SERVQUAL to measure the satisfaction of holiday experience. However, the present study will focus on measuring customer satisfaction in service quality in destination Uttar Pradesh. The information available from the study will be useful in identifying the dimensions where the service providers need to improve most. Also the information revealed from the present study will be helpful to UP tourism department as well. The findings of the present study are expected to be of immense business value to both tour operators as well as destination managers.

1.9 STRUCTURE OF THESIS

The present thesis is organized into seven chapters.

Chapter 1 is about the introduction aspect.

Chapter 2 is literature review that deals with the work of other researchers, their findings and suggestions in the topic of service quality in general and service quality and customer satisfaction in tourism industry.
Chapter 3 is about evolution and present situation of tourism in Uttar Pradesh. Its sub parts discuss the introduction to tourism, categories of tourism, tourism policy and planning.

Chapter 4 is about service quality. Its sub parts consist of introduction to quality, concept of service, concept of service quality, measurement of service quality and development of SERVQUAL and alternative ways of measuring service quality.

Chapter 5 is related to Research Methodology. It explains objectives, hypotheses, research design, development of research instrument, data collection, and statistical tool of analysis and limitations of study.

Chapter 6 is about analysis and findings of surveys. It provides results of the statistical analysis for measuring tourists’ judgment on destination service quality in Uttar Pradesh and result of hypothesis testing.

Chapter 7 discusses key findings and proposes recommendations for tourism development in Uttar Pradesh. The chapter ends with conclusion and prospects of tourism development in Uttar Pradesh

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