

AN EMPIRICAL STUDY OF HOSPITALITY INDUSTRY WITH RESPECT TO EFFECT OF CUSTOMER EXPERIENCE ON CUSTOMER'S REVISIT INTENTION

Aparna J Varma, GSSSIETW

Ranjith P V, CMS Business School, Jain (Deemed-to-be-University)

Ashwini J, Bahadur Institute of Management Sciences

ABSTRACT

Customer experience management is the latest buzzword in the service and in the manufacturing industry. But the concept is highly relevant when it comes to service sector due to its characteristics of intangibility. There are many cues a customer will rely upon while choosing a service. This study focuses on the customer experience management of select resorts in Karnataka. Customer experience is shaped by the customers' expectations and the service encounters which happens during a service interaction. This study has considered the role of five variables: Price, Food Quality, Ambience, Technology and Social environment that leads to customer revisit intention.

Keywords: Hospitality Industry, Customer Experience Management, Revisit Intention

INTRODUCTION

Hospitality Industry in India is witnessing a healthy growth due to the major economic factors like increase in disposable income, growing middle class and double income families. The industry is continued to be the main drivers of economy due to the high potential of tourism in India. The contribution to the GDP from this sector accounts 7.5 percentages. The industry statistics shows that the hotels in India provide 42.6 million jobs and 8.1% of the total employment opportunities created in the country. The major challenge faced by heavily taxed industries ranging from 20-30 %, the growth in this industry is substantially high owed by the potential of tourism in India. The major revenue generation for a hotel happens through room rentals and food and beverages. All the hoteliers are investing their time in exploring the ways to increase this usage rate. One of the most promising strategies engaged for this is to enhance the customer experience management. Many studies in this filed have given valuable insight on the various factors affecting this strategy.

LITERATURE REVIEW

Customer experience is all about how a customer perceives his interaction with his service provider and encompasses all kind of factors like service environment, staff, physical evidence and self-service technologies (Sirapracha & Tocquer, 2012; Hwang & Seo, 2016). Different studies have proved that customer experience management can help a brand to achieve high brand equity (Bitner et al., 1992; Gilboa & Rafaeli, 2003; Berry & Carbone, 2007; Chang & Chieng, 2006).

The psychological perceptive of customer experience says that the cognitive and affective assessment of all service encounter will influence the purchase behavior of a customer (Lovelock et al., 2004; Verhoef et al., 2009; Lemke et al., 2011; Klaus & Maklan, 2013). Johnson et al., (2009) researched the role of perceived quality, price and emotions in customer experience. They could find a predominance of perceived quality than perceived price towards satisfaction. Morgan, et al.,

(2009) have come up with a new perceptive of theoretical metaphor in service delivery. This study throws light on the strategic evaluation of the critical incidents between three factors; restaurant, diner and other guests. The managers can play the service delivery act on by focusing on the extended Ps staff as People /actors, processes as script and physical evidence as stage to intensify the customer experience.

Satish & Venkatesh (2010) conducted a study on coffee lovers to know the factors influencing the experience that leads to customer satisfaction and loyalty. Staff service and product quality have emerged as the predominant factor affecting the dependent variables. Anderson and Mossberg (2004) have considered six factors to evaluate the expectation and perception to measure the dining experience of the customers. The authors have identified that customers gave more significance to social needs in the evening and physiological needs in the afternoon. Nambisan, et al., (2002 & 2007) have studied the relationship between customer, technology and new product development process. According to him technological advancement has created a great platform for a firms' customer to be the co-creator in new product development process.

The role of employees in creating customer experience was widely researched in various industries (Ryu, 2008; Namasivayam et al., 2014; Schneider et al., 2014; Ren et al., 2016). Nasermodeli, et al., (2013) have investigated the impact of social environment on customer experience and it was found that social environment is related to sensory and emotional experience. Research on pricing and customer experience management revealed that higher the price of a product/service higher will be the customer expectation for the experience. (Linda & Newton, 2006; Schmitt, 2010; Schmidt et al., 2012).

OBJECTIVE OF THE STUDY

Customer experience management is a win-win strategy that can be designed by any business establishment to survive in today's competition. Customer experience includes every point of interaction a customer will have with the business and related services. The authors could find comparatively very less research on this topic in the area of hospitality sector.

Hence the purpose of this study is to investigate the relationship between select variables that shape customers' experience in hospitality sector in Karnataka and its effect on their revisit intention.

SCOPE OF THE STUDY

The customers don't buy product or services; they buy experience when they make their purchase decision. Also, it is evident from the various studies that retaining a customer is more profitable than gaining a new one. This study will help marketers to close the gap between what is expected by the customer and what is being delivered by reevaluating the marketing strategies.

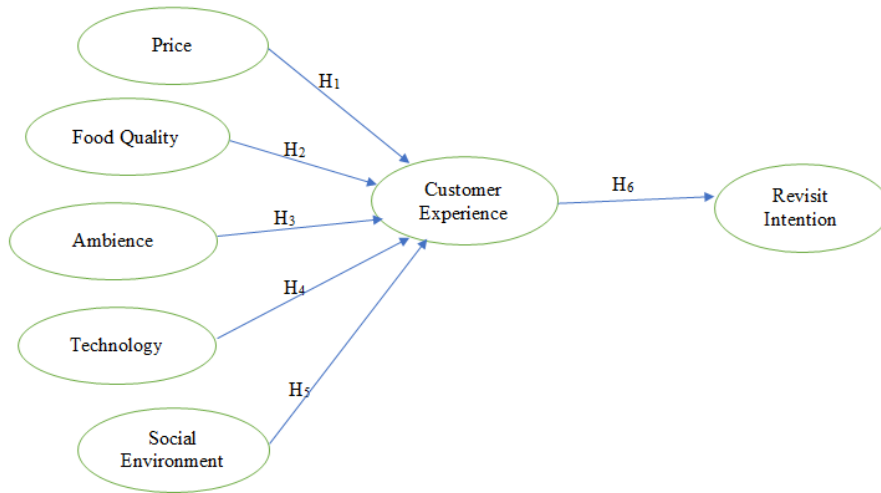
RESEARCH METHODOLOGY

The study is descriptive in nature. A conceptual framework on customer experience management has proposed for the study based on the available researches in the area of interest.

The researchers have done primary data collection using convenient sampling method with the help of a structured questionnaire from 100 customers of select resorts in Mysore, Karnataka.

A field study approach was used to get authentic information from the respondents' who were experiencing the service from the select resorts. All the statement was measured using a 5-point Likert scale from 1 strongly disagree to 5 strongly agree. Descriptive statistics has used to understand the demographic characteristics of the respondents meanwhile correlation study was

used to know the strength of relationship between the select variables. Regression analysis has conducted to test the proposed hypotheses using SPSS version 21 (Figure 1).



**FIGURE 1
CONCEPTUAL MODEL**

Research Hypotheses

- H1: There is a significant relationship between price and customer experience*
- H2: There is a significant relationship between food quality and customer Experience*
- H3: There is a significant relationship between ambience and customer Experience*
- H4: There is a significant relationship between technology and customer experience*
- H5: There is a significant relationship between social environment and customer experience*
- H6: There is a significant relationship between customer experience and revisit intention*

FINDINGS AND DISCUSSIONS

Table 1 PROFILE OF THE RESPONDENTS		
Characteristics	Category	Frequency
Gender	Male	58
	Female	42
Age	Less than 25 years	30
	25 years – 34 years	34
	35 years – 44 years	25
	45 years – 54 years	8
	55 years and above	3
Annual Income	Less than 5,00000	26
	5,00000 – Less than 10,00,000	40
	10,00,000 – Less than 15,00,000	27
	More than 15,00,000	7
Occupation	Home maker	13

	Business	32
	Government sector	15
	Private sector	40
Purpose of Visit	Official	32
	Leisure trip	68

Reliability Test

Reliability test has been used to test the Reliability of the scale used for data collection. Cronbach's Alpha index was calculated to measure the Reliability of the questionnaire. The items having a coefficient value of 0.70 and more are considered as adequate. In this study 7 factors with 33 items are considered for the study with the help of SPSS 21. The overall reliability of all variables is 0.873, which means the results of all variables are reliable for further study" (Table 2 & Table 3).

Cronbach's Alpha	No. of Items
0.873	33

Sl. No	Dimensions	Cronbach's Alpha	No. of Items
1	Price	0.855	4
2	Food Quality	0.848	3
3	Ambience	0.85	5
4	Technology	0.856	5
5	Social Environment	0.862	6
6	Customer Experience	0.845	4
7	Revisit Intention	0.844	6

CORRELATIONS

The correlation table explains the correlation between Customer Experience and Social Environment, Food, Technology, Price, Ambience (Table 4).

	1	2	3	4	5	6
1. Price	1					
2. Food	0.575**	1				

3.Ambience	0.566**	0.484**	1			
4.Technology	0.442**	0.478**	0.563**	1		
5.Social Environment	0.403**	0.358**	0.460**	0.441**	1	
6.Customer Experience	0.441**	0.481**	0.494**	0.324**	0.614**	1
**Correlation is significant at the 0.01 level (2-tailed)						

From the above table it can be observed that social environment is showing a high positive correlation since the correlation value is 0.614.

Testing of Hypotheses

To test the hypotheses H_1 to H_5 multiple regression analysis was used (Table 5).

Table 5					
REGRESSION ANALYSIS					
Regression Analysis between independent variables and customer experience					
	R	R²	Adjusted R²	Standard error of Estimate	
	0.712	0.508	0.481	2.33384	
ANOVA	Sum of Squares	df	Mean Square	F	Sig.
Regression	527.789	5	105.558	19.38	0
Residual	512.001	94	5.447		
Total	1039.79	99			
Coefficients	<i>B</i>	Std. error	β	T	Sig.
(Constant)	-0.551	1.746		-0.316	0.753
Price	0.206	0.103	0.195	1.994	0.041
Food	0.281	0.132	0.199	2.122	0.036
Ambience	0.162	0.099	0.162	1.631	0.106
Technology	-0.134	0.084	-0.149	-1.592	0.115
Social Environment	0.376	0.071	0.455	5.329	0

Note: (1) a. Predictors: (Constant), Social Environment, Food, Technology, Price, Ambience (2) Dependent Variable: Customer Experience

From the above table it can be observed that the R Square score is 0.508 and adjusted R Square score is 0.481. These scores can be interpreted that the variables used to identify the effect of customer experience can explain the 50.8% of the equation. Also, it is evident that the

Regression Model is significant since $p < 0.05$. Also, the relationship between 3 variables price, food, and social environment with customer experience are significant since the $p < 0.05$. Whereas the relationship between the other two variables like ambience and technology with customer experience are not significant since the $p > 0.05$. If Food value increases one unit then customer experience ascends to 0.036 units. Similarly, if ambience increases one unit then customer experience ascends 0.106 units.

H₆: Regression analysis between customer experience and revisit intention

	R	R²	Adjusted R²	Standard error of Estimate	
	0.735	0.54	0.535	2.88174	
ANOVA	Sum of Squares	df	Mean Square	F	Sig.
Regression	954.916	1	954.916	114.989	0
Residual	813.834	98	8.304		
Total	1768.75	99			
Coefficients	B	Std. error	β	T	Sig.
(Constant)	7.57	1.381		5.482	0
Customer Experience	0.958	0.089	0.735	10.723	0

Note: (1) Predictors: (Constant), Customer Experience. (2) Dependent: Revisit Intention

From the above table 6 it can be observed that R square score is 0.540 and adjusted R Square score is 0.535. These scores convey that the variables used to identify the effect of customer experience can explain the 54.0 % of the equation. From the above table 6 it is clear that there is a significant relationship between customer experiences and revisit intention since $p < 0.05$.

CONCLUSION

Customer experience include all the interactions a customer will go through with the service provider during the purchase process (Kadampully, 2018). Henceforth it is necessary for any organization to provide a top-notch customer experience for its customers to build a long-term relationship (Chareon, 2003). This study elucidates the relationship of price, food, social environment, technology and ambience with customer experience management. Cronbach's alpha is more than 0.8 which means that the study is reliable. The researcher could find a positive correlation between the select variables and customer experience. In this study it is statically proved that there is significant effect of price, food, and social environment in creating a positive customer experience. Also there is a positive correlation between customer experience and revisit intention. So, it can be concluded that a well-defined a holistic customer experience strategy is the need of the hour to earn the satisfaction and loyalty of the customers and the companies can concentrate on the above mentioned factors so as to make customer experience more worthwhile.

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