

A Customer Relationship Management System for the MICE industry in Sri Lanka – “MICESL”

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Abstract— *A significant segment of the Tourism industry is MICE Tourism, which refers to Meetings, Incentives, Conventions and Exhibitions. MICE Tourism entices revenue to the host country. However, the Sri Lankan MICE industry is unable to accumulate the total revenue from MICE activities, resulting in a negative impact to the growth of the country. Therefore, the research focus was on the impact of Sri Lankan service industry and destination image on MICE Tourism. As a result, a literature survey, web-based questionnaires and semi-structured interviews was conducted to analyse the problem domain in the industrial expert’s viewpoint. A sample of 100 was used to conduct this survey. Based on the survey the key findings of this research was that Sri Lanka has established plans to improve the infrastructure of the country to attract and accommodate more MICE tourists. However, the image of Sri Lanka is not well developed and the service quality of the hospitality and transport industry plays a major role in a MICE tourist perception of the country. Thus, based on the findings of the research it was considered to develop functional online collaboration platform as a website between organizations, hospitality and transport industry of Sri Lanka for attraction of MICE tourists.*

Keywords— Customer Relationship Management, Customer Satisfaction, Destination Image, MICE industry, Service Quality

I. INTRODUCTION

In Sri Lanka, the Tourism Industry is a fast growing industry that has recorded US \$ 1.8 billion revenue in the year 2013 (Sirimane, 2014). The industry has continued to diversify and grow over the past few years. Mendis (2013), states that the industry is promoting Sri Lanka’s other prospects to the travel tourism, particularly, event tourism.

Event Tourism is a methodical planning, development and marketing of events. The strategy is to focus on a market segment that consists of those who travel to events, or who can be motivated to attend events, or who can be motivated to attend events while been away from home (Lau, 2009). Events can be categorized into different categories based on their form and content. They are, Cultural events, Sporting events and Business events (Lau, 2009). Business events are “increasing its popularity every day, and in some cases it becomes the main type of tourism in the destination” (Gurkina, 2010, p.1) and MICE Tourism has become a main focus in many countries that represents a sector of tourism that is of business events and activities.

MICE Tourism is a rewarding business that has shown a steady growth over the past few years in Sri Lanka. “MICE tourists represent the ‘up-market’ calibre of tourists spending three to four times a year more than an average holiday maker” (Mendis, 2013). The motive of tourists who travel to attend MICE occasions is beyond leisure tourism.

The MICE Industry is considered to play a great role with the country’s economy. It also enhances several additional industries, such as, hospitality, transport, and insurance. In addition, this segment contributes towards the reinforcement of the local trade; creation of employment possibilities and development of improved infrastructure.

It has been identified that experience is a new source of value to the customer. They seek not only for a “good quality product or service, but for the outstanding and unique experience which will last for a life time. Usually people tend to look for the experience in the service oriented sectors” (Gurkina, 2010, p.8) Therefore as tourism is a service oriented industry, tourists who travel on business purposes look for experiences that will be

different however memorable. "Although experiences are intangible, people will desire to get them, due to the reason that those things and memories stay with them through their lives." (Gurkina, 2010, p.1) Therefore, industries are required to improve tourist expectation, to build a creative image of the country and industry, "attract more customers, and working on their satisfaction and loyalty." (Gurkina, 2010, p.1)

A. Research Aim

The main aim of the of this research is to identify the barriers to the performance of MICE Tourism, the service factors that affect the related industries and the impact of MICE Tourism on Sri Lankan Tourism Industry, in-order to design, develop and evaluate a business solution supported by an information systems (IS) solution, to promote Sri Lankan MICE Tourism Industry.

The research attempts to study the following:

- The performance of MICE Tourism and its effect to the Tourism Industry and country's development.
- Contribution of hospitality and transport industries to MICE Tourism.
- The effect of destination image on MICE Tourism.

II. LITERATURE REVIEW

In early days, the main focus on meetings was discussions on common interests. However, due to industrialization, the requirement for business meetings increased rapidly. Yet with the expansion of the government organizations, an increase in multi-national organizations, development in professional groups, need for management training and continuing professional development and the development of subject specialization, generated a need for MICE industry to begin (Lau, 2009).

MICE tourism is a fast growing segment, in which North America and Europe are leaders in the world exhibition and convention market. However, Asia is a strong growing region since the 1960s and accounts for more 39% of business trips and takes in 48% of business travellers (Lau, 2009). Therefore, this industry is business oriented, which involves mandatory travel. It is evident that the attendance to MICE occasions of these tourists, involve the industries such as tourism and hospitality.

1) Reasons to have MICE Tourism in Sri Lanka: Many authors and reports state that Sri Lanka has a variety of locations in which meetings, incentives, conferences and exhibitions can be held. Jayasuriya (2013), states that Sri Lanka is a favoured "destination for incentive tours for many multinational companies." However, as a country, Sri Lanka needs to invest on infrastructure development in the hospitality and transport industries, in-order to improve on MICE tourism.

B. Tourist's Expectations

Tourist expectation is an important factor considered since it can influence the tourist's decision making process and awareness of the destination. Therefore, the service sector of a country can play a major role to adjust customer "perceptions to their expectations in order to justify their beliefs or predictions, thus removing their psychological conflicts" (Bosque, 2008, p.139). There are three main factors that influence a tourist expectation. They are;

- Past Experience
- Word of Mouth Communication
- Predetermined image of a tourist destination

C. Service Quality

A sector that is positioned to benefit directly from the anticipated boom in tourism is the Sri Lankan Hotel Industry" (Illangasekera and Weeralingam, 2011). When considering the industrial structure, the hospitality industry consists of many hotels and other establishments such as guest houses and inns that have been approved by the SLTDA. The 2012 annual report submitted by the Central Bank of Sri Lanka, states that hotels and restaurants in Sri Lanka have shown a growth of 22.3% in the year 2013 when compared with the growth rate of 20.2% in the year 2012 (Central Bank Sri Lanka, 2013).

In order to have a competitive advantage, hotels are turning towards performance measurement and management (Wadango et al., 2010). Therefore, every hotel aims at customer satisfaction by enhancing the value of its product and services in which "the overall process by which consumers assess the quality of a service or product is considered to be very complicated" (Singh and Grover et al., 2007, p.1724).

According to Kotler, a service can be defined as “any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything” (Singh and Grover et al., 2007, p.1724). The “overall process by which consumers assess the quality of a service or product is considered to be very complicated” (Singh and Grover et al., 2007, p.1724). The quality of service is an important factor for a successful business. “In hotel industry, service quality, as an extremely subjective category, is crucial to the satisfaction of the client. It is therefore imperative for managers in hotel industry to apply the SERVQUAL model for the measurement of service quality in their own hotel company, in order to satisfy the guest’s expectations and ensure a position on the growing global tourist market” (Gržinić, 2007, p.95).

III. RESEARCH QUESTION

What is the connection if any between service quality, destination image and towards customer satisfaction of tourists as applicable in the context of Sri Lankan MICE Tourism?

IV. THEORETICAL FRAMEWORK

Independent Variable	Customer Satisfaction	
	Service Quality	Destination Image
Indicator	Tangibility	
	Reliability	
	Responsiveness	
	Assurance	
	Empathy	

Table 1-Dimensions of Independent Variables

The theoretical framework relates to the “philosophical basis on which the research takes place” and it contains “implications for every decision made in the research process” (McCann, 2006). Philosophies relating to a wide range of tangibility, reliability, responsiveness, assurance and empathy factors and destination image influencing tourist expectations were studied. The theoretical framework of this research is as follows.

Destination image is a “real service expectation communicator.” When considering the high levels of ambiguity, tourists consider their fixed “images as a signal of the true capabilities” of the destination. Bosque et al. (2006) states that earlier studies have shown a positive relationship between

destination image and service industries such as, hospitality, travel agencies and financial services. “In tourism, destination image is a mental representation of the place that helps individuals to anticipate their destination experiences. Therefore, image moulds the expectations that individuals have of a tourist destination before the visit. The more favourable the preconceived image of a destination, the higher the tourist expectations.” (Bosque et al. 2008, p.141)

Chingang Nde and Lukong (2010), states that “services are mostly described as ‘intangible’ and their output viewed as an activity rather than a tangible object which is not clear because some service outputs have some substantial tangible components like physical facilities, equipment and personnel.” “A service design which details a service, service system and the service delivery process must consider customers, staff, technology, the physical environment, and the consumption goods. In summary, it is eminent for service firms to consider the physical aspects of quality in order to offer high service quality.”

Customer satisfaction can be defined in terms, of customer loyalty, customer relationship within an organization. Customer satisfaction is highly important in the service industry since it decides the customers’ future behaviour. (Gurkina, 2013)

“A firm in order to compete successfully must have an understanding of consumer perception of the quality and the way service quality is influenced.” (Seth, Deshmukh and Vrat, 2005, p. 915) In a service industry it is difficult to measure quality because it is intangible and subjective. Irrespective the diversity of service settings, “there is a core of concepts widely accepted as intrinsic to services. The recognition of intangibility has brought up the recognition that service quality perceptions result from a comparison of customer expectations with service performance. “(Senge and Oliva, 1993, p. 481)

V. CONCEPTUAL MODEL

Theory confirms that service quality factors and destination image illustrated in Figure 1 influences tourist expectations. This study further discuss on the applicability of tourist expectation related to MICE Tourism and its performance.

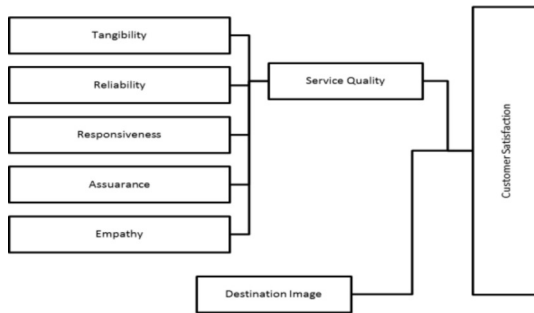


Figure 1- Conceptual Model

A. Hypothesis Developed

The identification of the independent variables are insufficient, in order to respond to the research question. Hence, it is essential that the identified the variables along with their indicators are tested to conclude if they have a positive or negative result on MICE Tourists. In order to evaluate the independent variables two hypothesis were developed.

B. Formulated Hypothesis (H)

H1 – Perceived service quality positively influences customer satisfaction of tourists in Sri Lankan MICE Tourism

H2 – Perceived destination image positively influences customer satisfaction of tourists in Sri Lankan MICE Tourism

C. Research Plan

The study follows the inductive research approach as the research methodology for the project. The inductive approach moves from a specific observation to a broader generalization, also known as the ‘bottom up’ approach. The main research is based on identifying the barriers to MICE tourism. Therefore, it is required to find the factors, which are the key causes for the identified problems. When the factors are identified, is when a business solution can be proposed, which leads to the reason that the deductive method was not chosen.

VI. DATA ANALYSIS AND FINDINGS

A. Data Gathering Techniques

According to the accuracy, ease of study, time, lack of error and applicability to the project several techniques were selected in order to gather quantitative and qualitative data for the research. The techniques selected are,

- Quantitative
 - Pencil Based Questionnaires
 - Web Based Questionnaires
- Qualitative
 - Observation
 - Telephone Interviews
 - Face to Face Interviews

B. Sampling Methods

In order to analyse the data gather via questionnaires convenience sampling where, the questionnaire was emailed to personnel belonging to the hotel industry, transport industry and airline services and snow ball sampling where, recommendations from top end personal of Foreign affairs was used in order to reach more organizations and hotels. Judgement Sampling were used for interviews conducted because, the interviews involved, top end personnel in the industry, representing many organizations and the government.

C. Analysis

The rate of responses have been carried out according to the below formula;

$$(Number\ of\ Completed\ Surveys) / (Number\ of\ Surveys\ given\ out) * 100$$

Post the completion of data collection a couple statistical tools were selected to analyse collected responses as well as test the conceptual model that has been formulated together with 2 hypothesis that examine the relationship between 4 paradigms. Therefore, structural equation modelling was selected as the suitable technique for testing the model. Table 3 shows the correlation of the perceived and expected customer satisfaction in terms of service quality and destination image.

Table 2-results for factors generating customer satisfaction

Variable	Measure	Correlation	Cronbach's α
Service Quality	Tangibility	0.67	0.83
	Reliability	0.82	0.87
	Responsiveness	0.78	0.90
	Assurance	0.85	0.87
			0.86

	Empathy	0.82	0.91	
Destination Image	Infrastructure	0.75	0.65	
	Socio- Economic Environment	0.62		
	Natural Environment	0.56		
	Cultural Environment	0.39		
	Atmosphere	0.63		

The scale measuring service quality and destination image was a 5 pointer Likert scale. These measures allowed an affective evaluation of both variables made it possible to capture the image of both tourists and the industrial personnel.

The data gathered through the analysis phase was fed into the PSPP system in order to prove the hypothesis formulated. The following shows the correlation between service quality and its dimensions.

- Tangibility and service quality has a correlation of 0.67
- Reliability and service quality has a correlation of 0.82
- Responsiveness and service quality has a correlation of 0.78
- Assurance and service quality has a correlation of 0.85
- Empathy and service quality has a correlation of 0.82

Therefore the results above show that the service quality dimensions have been implemented by the hospitality and transport industry. Furthermore there is a 0.89 correlation between service quality and customer satisfaction.

The following shows the correlation between destination image and its dimensions.

- Infrastructure and Destination image has a correlation of 0.75
- Socio Economic Environment and Destination image has a correlation of 0.62

- Natural Environment and Destination image has a correlation of 0.56
- Cultural Environment and Destination image has a correlation of 0.39
- Atmosphere and Destination image has a correlation of 0.63

Therefore the results above show a positive relationship between destination and its dimensions. Destination image and Customer Satisfaction has a correlation of 0.70. Therefore the following formulated hypotheses were proven.

- Perceived service quality positively influences customer satisfaction of tourists in Sri Lankan MICE Tourism
- Perceived destination image positively influences customer satisfaction of tourists in Sri Lankan MICE Tourism

With the above hypotheses proved, it has been identified that there is a strong connection between service quality, destination image and customer satisfaction. Therefore, above evaluation and data analysis responses the research question.

D. Findings of Analysis

Accordingly, it is identified that the hospitality, and transport industry can play a major role in customer satisfaction of a MICE Tourists because the involvement with MICE tourists is often. The findings of the research is categorized into two main sections, service quality and destination image.

1) Overall customer satisfaction: The overall customer satisfaction level of MICE Tourists is highly dependent on two factors service quality of the hospitality and transport industry and destination image of which both hypothesis was proved to have a positive impact. The overall customer satisfaction and its relationship between the two variables of which service quality contributes to 69% of customer satisfaction and destination image contributes to 31%.

VII. PROPOSED SOLUTION

The proposed solution is a common platform which is intended to bring revenue to Sri Lanka and to promote Sri Lankan MICE tourism by joining forces of different industries together. In addition, it provides details for MICE tourists to explore Sri Lanka during their visit.

IX. CONCLUSION

In conclusion, it should be noted that the main issues of MICE industry in Sri Lanka was service quality and destination image. This could be overcome by addressing the problem to the industries and enabling them to solve their problems and in addition the invention of the virtual framework that will help organizations and industry to build public image thereby, building the destination image. From the perspective of Tourist Board, it is a valuable opportunity for the industries to perform their tasks to assist the growth of the MICE industry.

With the relevant literature the author was able to identify the solution to the encountered problem. However, the feasibility of the solution was a great concern in the industries viewpoint.

X. RECOMMENDATIONS

Based on the project carried out the author decided to address some recommendations as further enhancement of the project.

- Tourist Board of Sri Lanka could be the initiative to promote MICESL website as a better market place to gain users. It will enhance the credibility of the source and have stakeholder acceptance.
- It is a value addition to provide industries with assist in service quality of the market place.
- The country has to improve the coordination between all the stakeholders involved in business tourism, both public and private ones.

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