



## **IMPACT OF CUSTOMER ORIENTATION OF SERVICE PROVIDERS ON SERVICE PERFORMANCE: EMPIRICAL STUDY OF J&K TOURISM SECTOR.**

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### **ABSTRACT**

*The concept of customer orientation has been an extensively researched topic in the field of marketing for the past few decades. It has received significant amount of attention from researchers and business professionals alike in developed countries. Most of the studies conducted in these countries have shown a positive impact of customer orientation of the service providers on the performance of service. However in a developing country like India there remains a deficiency of such empirically supported studies. Consequently, the present paper attempts to plug this gap by making an attempt to analyze the impact of customer orientation of service providers on service performance (tourist satisfaction) in the context of tourism sector of the state of J&K. Scales from previous research works are adopted to measure the constructs studied in current research, however, the same were modified both linguistically and contextually to suit the needs of the study. Data analysis revealed that there exists a significant impact of customer orientation of the service providers of the tourism sector on the service performance (tourist satisfaction). The results obtained are also discussed in the light of their managerial implications.*

**Keywords:** tourism sector, customer orientation, tourist satisfaction, service performance.

## Customer Orientation

Due to fierce competition in the marketplace, globalization and an explosion of technology in recent years businesses face a need to exploit new opportunities. For this purpose various concepts and approaches have been propounded, including customer orientation. The past few years have witnessed great interest in the construct of customer orientation and interest from academic community has been growing. To achieve market success and sustain a competitive advantage, businesses need to exploit new opportunities, develop new products and/or services and markets (Berthon, McHulbert, & Pitt, 2004) as well as place customer orientation at the heart of the firm's competitiveness (Deshpande, Farley, & Webster, 1993).

Ruekert (1992) defines customer orientation as the "degree to which the business unit obtains and uses information from customers, develops a strategy which will meet customer needs, and implements that strategy by being responsive to customers' needs and wants". According to this definition, "the customer" is the most critical external environmental factor in developing a market orientation, and organizations should develop a customer-focused strategy. It has been argued that the role of marketing is central to the successful implementation of business strategies because the current competitive business environment calls for a continuous emphasis on delivering superior quality products and services to customers (Day & Wensley, 1988). The traditional emphasis of marketing orientation is customer oriented, focusing on consumer needs and making profits by creating customer satisfaction (Kotler & Armstrong, 1994). Due to the unique characteristics of services, the satisfaction of customer needs is more critical for service businesses than other sectors. The service provider and the services are often seen as synonymous in the eyes of the customer (Bowen & Schneider, 1985; Daniel & Darby, 1997), as Bowen and Schneider (1985) note, "Employees not only deliver and create the service, but are actually a part of the service in the customer's view". As a result any service provider's level of customer orientation is considered an important leverage for economic success (Hennig-Thurau, 2004; Sergeant & Frenkel, 2000).

Customer contact personnel have a major influence on the formation of expectations, managing and controlling customer experiences and in shaping the overall evaluation of the service received by clients (Bateson, 1992; Daniel & Darby, 1997; Lovelock, 1981). Hennig-Thurau (2004) notes that, due to the inherent intangibility and heterogeneity characteristics of service industries, customers often rely on the behavior of service employees when judging the

quality of a service. An enhanced sense of customer-orientation within the firm is a key element leading to successful external marketing, enhanced customer satisfaction, and increased overall performance of the firm and the organization (Dowling,1993).Customer orientation, thus can be defined as the tendency or predisposition of service providers to meet the needs of customers in the context of service provision (Brown et al., 2002).

On the basis of the assertions of the marketing concept, customer orientation should have a favorable impact on business performance (Deshpande ´ et al., 1993), and presumably, this should be true regardless of whether customer orientation is viewed from the perspective of product or service provision as in the tourism industry.

### **Service performance (Tourist satisfaction)**

Tourist satisfaction is important to successful destination marketing because it influences the choice of destination, the consumption of products and services, and the decision to return (Kozak & Rimmington, 2000).An understanding of satisfaction must be a basic parameter used to evaluate the performance of destination products and services (Noe & Uysal,1997; Schofield, 2000).Among the tourism literature, an assessment of tourist satisfaction has been attempted using various perspectives and theories. Most of the studies conducted to evaluate consumer satisfaction have utilized models of expectation/disconfirmation(Chon, 1989; Francken & Van Raaij, 1981; Oliver,1980), equity (Fisk & Young, 1985; Oliver & Swan,1989), norm (Cadotte, Woodruff, & Jenkins, 1987), and perceived overall performance (Tse & Wilton, 1988).

According to the expectation-disconfirmation model contributed by Oliver (1980), consumers develop expectations about a product before purchasing. Subsequently, they compare actual performance with those expectations. If the actual performance is better than their expectations, this leads to positive disconfirmation, which means that the consumer is highly satisfied and will be more willing to purchase the product again. If the actual performance is worse than expectations, this leads to negative disconfirmation, which means that the consumer is unsatisfied and will likely look for alternative products for the next purchase.

Chon (1989) found that tourist satisfaction is based on the goodness of fit between his/her expectation about the destination and the perceived evaluative outcome of the experience at the destination area, which is simply the result of a comparison between his/her previous images of

the destination and what he/she actually sees, feels, and achieves at the destination. Oliver and Swan (1989) were interested in equity theory. Consumer satisfaction can be seen as a relationship between the costs of what the consumer spends and the rewards (benefits) he/she anticipates. Here, price, benefits, time, and effort are major factors in determining satisfaction (Heskett, Sasser, & Schlesinger, 1997). Thus, it can be said that if tourists receive benefits or value based on their time, effort, and money for travel the destination is worthwhile.

Latour and Peat (1979) suggested the norm theory. Norms serve as reference points for judging the product, and dissatisfaction comes into play as a result of disconfirmation relative to these norms. Several authors replaced 'norm' with 'ideal standard' in the literature (Sirgy, 1984). Francken and van Raaij (1981) hypothesized that leisure satisfaction is determined by the consumers' perceived disparity between the preferred and actual leisure experiences, as well as the perceptions of barriers (both internal and external) that prevented the consumer from achieving the desired experience. This theory uses some form of "comparison standard" consumers compare a product they have purchased with other products. Tourists can compare current travel destinations with other alternative destinations or places visited in the past. The difference between present and past experiences can be a norm used to evaluate tourist satisfaction. Therefore, comparing current travel destinations with other, similar places that they may have visited can assess the satisfaction of tourists.

Tse and Wilton (1988) developed a perceived performance model. According to this model, consumer dissatisfaction is only a function of the actual performance, regardless of consumers' expectations. In other words, the actual performance and initial expectations should be considered independently, rather than comparing performance with past experiences. Therefore, in this model, tourists' evaluation of their satisfaction with travel experiences is considered, regardless of their expectations. This model is effective when tourists do not know what they want to enjoy and experience and do not have any knowledge about their destination circumstances, and only their actual experiences are evaluated to assess tourist satisfaction.

Tourists may have varying motivations for visiting particular destinations, and also may have different satisfaction levels and standards. Therefore, a model that integrates the approaches used by previous models may be most effective in assessing tourist satisfaction.

## **Customer orientation and Service Performance (tourist satisfaction): Linkage**

Customer oriented organization has a clear image of customers, pursuant to which it selects target markets and creates products and services (Nwankwo, 1995). It is necessary to identify and understand the needs of a specific target market. These needs become wishes that are directed towards products/services that will achieve their satisfaction. Therefore, the main task of a customer oriented organization is to identify customer needs in target markets, and according to them adjust its marketing mix in order to achieve customer satisfaction (Ćirić, 2013). Any service organization that wishes to obtain a long term market position must focus on customers, their satisfaction, and continuously work on the improvement of customer satisfaction (Ćirić, Klincov, 2008). Research conducted by Macintosh (2007) emphasize very explicitly the importance of front office employees, especially in case of service organizations. According to the results obtained, customer orientation of front office employees directly positively affects customer loyalty and positive recommendations. Therefore, he suggests that particular attention must be paid to the selection, training and motivation of employees that shall be customer oriented.

Customer oriented organization works intensively on providing the expected value to the customer. In customer oriented organizations, management and employees are fully engaged and motivated to meet the customer's expectations and provide him with maximum level of satisfaction. Implementation involves the process of conversion of marketing plan into actions that should lead to the execution of planned objectives (Novaković Rajčić, 2008), but even the best marketing plan shall not be effective if the company does not have any customer oriented staff that shall be able to implement the defined plan in an appropriate manner.

In light of the above discussion we propose the following hypothesis:

**H1:** Customer orientation positively influences Tourist Satisfaction.

### **Data collection and the sample**

Data has been collected from the tourism sector of the state of Jammu and Kashmir. The respondents were selected on the basis of the principles of stratified sampling procedure using Jammu, Kashmir and Ladakh as different strata. The sample included service providers (hotel and resort employees and tour and travel agencies employees) and customers (tourists). A total of

597 questionnaires measuring the level of customer orientation were distributed to the service providers of the state, out of which 354 were returned (response rate = 59.29%). Furthermore, as many as 334, out of 705, customer questionnaires were returned by tourists visiting the valley regarding their level of satisfaction, indicating a response rate of 47.37%.

### **Research instrument and scale purification**

The research instruments used during the present study were adopted from previous works after having been adjusted contextually and linguistically so as to serve the purpose of the study.

Customer orientation was measured with a 9-item set, based on one proposed by Deshpande et al (1993). Each item was measured on a 5-point scale, where 1 indicated "strongly disagree" and 5 indicated "strongly agree". The reason for adopting this scale was due to it being highly customer centric and being adopted for similar purposes by Deshpande & Farley, 1998, 2000, 2005; Deshpande, Farley, & Webster, 2000.

We used the four item scale developed by Yoon and Uysal (2005) to measure Tourist satisfaction. A combined approach of the various views on measuring tourist satisfaction via models of expectation/disconfirmation (Chon, 1989; Francken & Van Raaij, 1981; Oliver, 1980), equity (Fisk & Young, 1985; Oliver & Swan, 1989), norm (Cadotte, Woodruff, & Jenkins, 1987), and perceived overall performance (Tse & Wilton, 1988).

### **Analysis and Results**

#### *Descriptive statistics*

Construct	Mean score	% of mean score	Standard deviation
Customer orientation	2.83	56.6	0.647
Tourist satisfaction	2.91	58.2	0.612

## Impact of customer orientation on tourist satisfaction

Path	Effect	Remarks
Customer Orientation → Tourist Satisfaction	.308* ( $R^2 = .31$ )	Positive impact

\*  $P < .05$

### Goodness-of-fit indices

$\chi^2 = 41.34, p < .05$ ; GFI = .93; AGFI = .90; RMR = .03; RMSEA = .02

### Conclusions and recommendations based on analysis

The purpose of this research was to investigate the extent to which customer orientation impacts tourist satisfaction. The study reinforces the marketing theorists view (Donavan, Brown, & Mowen, 2004) that service firms who focus their activities on the needs of their customers, i.e., are customer oriented are better in terms of performance and overall customer satisfaction. In the light of above it is recommended to act proactively, i.e. try to pre-determine what it is that customers want and expect, and to base its customer strategy on such information. There is a scope of improvement in the degree of customer orientation that service providers depict (mean score =2.83) especially given the impact level that customer orientation has on tourist satisfaction (0.308).

Customer oriented service providers work intensively on providing the expected value to the customer. As a customer oriented service provider in the tourist sector one should be fully engaged and motivated to meet the customer's expectations and provide him with maximum level of satisfaction.

### Limitations and Future research

Data is collected from only the state of Jammu and Kashmir. Therefore, more studies need to be conducted in other geographical areas in order to generalize our results. It would be useful to

replicate this study and repeat this model testing approach using a completely new sample. More variables could be incorporated for both customer orientation and tourist satisfaction.

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