The study of effects of perceived benefits and risks on satisfaction and loyalty of international tourists in Thailand

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Abstract

The study aims to study effects of perceived benefits and risks on satisfaction and loyalty of international tourists in Thailand. Not only the relationship is studied, the significant factors which affect satisfaction and loyalty are also examined. This results from the decline in number of international tourists arrival in Thailand. Data of 400 were collected by questionnaires distribution to departure international tourists at Savarnabhumi airport. The scale of one-to-seven was used to measure level of satisfaction. The quantitative analysis and hypothesis tests were analyzed by using the Statistical Program for the Social Science (SPSS). The findings indicate a positive relationship between perceived benefits and loyalty of international tourists in Thailand, and a negative relationship between perceived risks and loyalty of international tourists in Thailand, accordingly. The results show that quality of the trip and fear of criminals are the most significant factors which affect loyalty of international tourists in Thailand.

Keywords: Perceived Benefits, Perceived Risks, Satisfaction, Loyalty, International Tourists
1. Introduction

Thailand has various types of tourist attractions combining of nature, temples, and cuisine. (Travel and Tourism Info, 2007). In economic aspect, service sector plays a significant role in Thailand’s economy as it contributed 37.2% of Thailand GDP in 2009. (Bank of Thailand). Tourism industry as well as other industries such as financial sector, education, hotels and restaurants, are also included in this sector. (Bank of Thailand). The tourism industry alone contributes approximately 6% of the economy and employs approximately 15% of the country. (Sriring, 2010). From the economic figure mentioned, tourism industry and service industry can be considered as an important industry which has significant influence on Thailand GDP since it is one of the major income generators to the country.

In tourism context, tourists are viewed as customers of the country and Thailand exports services to them. (Vogt & Wittayakorn, 1998). Shen et al (2009) stated that “tourism is export oriented industry”. Thailand Destination Marketing Organization, also known as Tourism Authority of Thailand (TAT), heavily promotes Thailand as a tourist destination since tourism industry significantly contributes the country’s GDP. (Tourism Authority of Thailand). Moreover, it can be interpreted that loyalty and satisfaction of international tourists in Thailand are important and are suggested to be studied as they are the guide of success of destination marketing. (Yoon & Uysal, 2003).

This research aims to study two factors affecting loyalty and satisfaction of international tourists in Thailand which are ‘perceived benefits’ and ‘perceived risks’ of the tourists towards visiting the country. The relationship between them is also aimed to be identified as well as the main factors which have highly significant impact on loyalty and satisfaction of international tourists in Thailand.

2. Literature Review

2.1. Perceived Benefits

To begin with, in terms of defining perceived benefits, there is no standardized and widely used definition of perceived benefits since the meaning of the term can be different depending on different types of products or services as well as different customer characteristics. (Zeithaml, 1988). In addition, Gallarza & Saura (2004) stated that perceived benefits could be identified as value for money in hospitality context.

After all, Zeithaml (1988) scoped down the definition of perceived benefits to value for money. However, Bolton & Drew (1991) argued that perceived benefit is more complex and cannot be viewed as an “overall” quality of goods and services. Furthermore, Cronin et al (2000) found that “value judgments”, also known as perceived benefits, have been shown to have effects on satisfaction, customer loyalty, and other important outcomes.

In addition, perceived benefit is also understood as a combination of two aspects; one consists of benefits received in terms of economic, social, and relationship, and another consists of sacrifices made such as price, time, effort, risks, and convenience by a particular customer. (Dodds et al, 1991).

According to Sanchez et al (2004), perceived benefit is conceived as a dynamic variable experienced before purchase, at the moment of purchase, at the time of use, and after use. Thus, Sanchez et al (2004) studied on six dimensions of perceived benefits which are;

1. Functional value of the travel agency (installations) refers to the physical travel agency office including its design, attractiveness, and location.
2. Functional value of the contact personnel of the travel agency (professionalism) including the travel
agents’ advice and knowledge about the product which is tourism package.

3. Functional value of the tourism package purchased (quality) composed of the well organized of the tourism package as well as the quality consistency.

4. Functional value price refers to value for money; whether the tourism packaged was reasonably priced.

5. Emotional value includes the tourists’ personal feeling whether they “like” the travel agency and the tourism packaged purchased.

6. Social value refers to the tourists’ personal feeling for purchasing tourism package with the travel agency. For instance, the travel agency is well known and purchasing packages from here would improve the way others perceive them.

Sanchez et al (2004)’s findings show that all six dimensions have significantly determined perceived benefits.

In this research paper, perceived benefit is scoped down to a value judgment (Cronin et al, 2000) of benefits received (Dodds et al, 1991) after visiting Thailand. (Sanchez et al, 2004). The benefits received is applied from the six dimensions of perceived benefits and this research paper focuses on the study of the third, forth, and fifth dimensions as follows. (Sanchez et al, 2004)

1. Functional value of the tourism package purchased (quality)
   This research paper studies perceived benefits of international tourists for visiting Thailand from the quality of the tourism package purchased.

2. Functional value price
   This research paper studies perceived benefits of international tourists for visiting Thailand from the perception of value for money.

3. Emotional value
   This research paper studies perceived benefits of international tourists for visiting Thailand from their personal feeling whether they “like” Thailand or not.

2.2. Perceived Risks

According to the concept of perceived risks introduced by Bauer (1960), risk is defined in terms of the consumer’s perceptions both of uncertainty and magnitude of the possible adverse consequences. (Dowling & Staelin, 1994). In addition, Lim (2003) stated that the more risks customers perceive, the less likely they will purchase. Likewise, Mitchell et al (1999) found that previous research provides concrete supporting evidence that risk perceptions have a direct effect on actual purchasing as well as purchase intentions. Beirman (2003) revealed that the perception of safety and security is one of the major components of perceived risks of tourists that affect the decision to visit a place. In addition, Roehl & Fesenmaier (1992) found that tourists make their travel decisions based on perceptions rather than reality. Mentioning the components of perceived risks associated with tourism, the study of Ankomah & Crompton (1990) showed that perceived risks in Africa have been identified as political and social instability, poor governance, war, terrorism, crime, health, unfriendly hosts, cultural and language barriers, primitive conditions, and economic concerns such as currency instability. Moreover, for the case study of Thailand, Rittichainuwat & Chakraborty (2009) found that the threat of terrorism and its attack causes tourists to have perceived risks of injury and loss of life and belongings, and consequently, this decreases tourist confidence in visiting the country. Rittichainuwat & Chakraborty (2009)’s findings show that perceived risks affect tourists’ traveling decisions. Furthermore, Mansfeld (2006) pointed that perceived risk is a perception of consumers regarding the “overall negativity” which affects traveling.

Lepp & Gibson (2003) categorized perceived risks of international tourists into seven factors as follows;

2. Crime which often happens to tourists as they carry large amount of money.
3. Political Instability which could lead to violence.
4. Terrorism as tourists often are targets.
5. Strange Food or unfamiliar food as well as the food quality.
6. Cross Cultural Differences concerning mainly about language differences.
7. Religious Belief such as unfamiliar perception and belief.

In this research paper, perceived risk is defined as tourists' perception of uncertainty and possible adverse consequences (Bauer, 1960), which negatively affects the purchasing decision (Lim, 2003), as well as purchase intentions (Mitchell et al, 1999). This research paper studies the seven perceived risks factors of international tourists (Health and Well Being, Crime, Political Instability, Terrorism, Strange Food, Cross Cultural Differences, and Religious Belief) of Lepp & Gibson (2003).

2.3. Satisfaction

According to Oliver (1997), satisfaction is considered as consumer judgment about goods and services.

Kozak & Rimmington (2000) pointed out that tourist satisfaction leads to successful destination marketing since it affects destination choice, products and services consumed, and returning or repurchasing decision. Satisfaction can be equated as the difference between comparing expectation of value before consumption and the perceived value after consumption of goods and services. (Parasuraman, 1997). Oliver R. (1980) pointed out the same point with additional information that when performance differs from expectation, it means dissatisfaction occurs. Churchill & Surprenant (1982) also stated the similar concept that customer satisfaction is customer’s comparison between expected performance with perceived actual performance.


In this research paper, satisfaction is defined as tourists’ feeling of pleasure from obtaining appealing services. (Husić et al, 2010). International tourists satisfaction could lead to successful in destination marketing because it could affect destination choice and returning decision. (Kozak & Rimmington, 2000).

2.4. Loyalty

According to Bowen & Shoemaker (1998), loyalty is the possibility of tourists returning as well as providing word-of-mouth. Chaudhuri & Holbrook (2001) pointed out that loyalty can be viewed into two categories which are “behavioral” and “attitudinal”. Behavioral refers to the actual repeat visitation of tourists while attitudinal refers to the loyalty intention. It is suggested that studying behavioral approach cannot capture the true reasons behind repeated visitation, whether tourists return to the destination due to attitudinal loyalty or not. (Dick & Basu, 1994).

In addition, Chen & Hu (2010) defined loyalty as “a customer's favorable attitude of enduring psychological attachment, resulting in preference, towards the provider based on experience.” While Jones & Sasser Jr. (1997) pointed out that loyalty is the “repurchase will” of certain products and services. In addition, Oliver (1999) defined loyalty as a “deeply held commitment” to repurchase certain products and services in the future. Moreover, customer loyalty can be defined and assessed by both attitudinal and behavioral measures. The attitudinal measure of customer loyalty is, for instance, “specific desire to continue a
relationship with a service provider” and the behavioral perspective leads to the concept of repeat patronage. (Chen & Tsai, 2008). Another definition of loyalty is the behavior of repeating purchase as well as the repeating purchase intention along with spreading word-of-mouth and recommending. (Lee et al, 2006)

In this research paper, loyalty is defined as the possibility of tourists returning (Bowen & Shoemaker, 1988) as well as spreading word-of-mouth and recommendations (Lee et al, 2006). Loyalty is categorized into behavioral and attitudinal (Chaudhuri & Holbrook, 2001) referring to repurchase and its intention. (Lee et al, 2006). This research paper focuses on “loyalty intention” of international tourists for visiting Thailand.

3. Methodology

This research uses a quantitative method of analyzing data by distributing questionnaires to international tourists in Thailand as a cross-sectional study.

3.1. Research Hypothesis

The followings are the research hypothesis designed to answer the research objectives;
H1: There is a positive relationship between perceived benefits and loyalty of international tourists in Thailand
H2: There is a negative relationship between perceived risks and loyalty of international tourists in Thailand
H3: There is a positive relationship between perceived benefits and satisfaction of international tourists in Thailand
H4: There is a negative relationship between perceived risks and satisfaction of international tourists in Thailand
H5: There is a positive relationship between satisfaction and loyalty of international tourists in Thailand.

3.2. Data Collection

The data collection technique was distributing questionnaires to international tourists in Thailand. The questionnaires were designed according to the factors mentioned in literature reviews. A pilot test was conducted by distributing the questionnaires to 40 random international tourists and the reliability result was 0.76.

The questionnaires were distributed at Suvarnabhumi airport from Monday to Sunday consecutively. In order to minimize bias, the questionnaires were distributed three times per day which are 10:00, 14:00, and 17:00. The questionnaires were distributed to random English-speaking international tourists by trying to avoid tourists coming from the same group.

3.3. Data Analysis

After the data collection process, the data were turned into information to analyze by using SPSS (Statistical Package for the Social Sciences) software. SPSS was used to run statistical tests on the data collected in order to be analyzed further using correlation to find relationship and significant factors affecting satisfaction and loyalty of international tourists in Thailand.

4. Results and Discussion

This Chapter presents the analysis result of the study on “The effects of perceived benefits and risks on satisfaction and loyalty of international tourists in Thailand.” The quantitative data was collected from 400 respondents through the questionnaires.

The analysis result was separately presented in the following parts;

Part 1 Tourist Information
The result from part 1 shows that the 400 questionnaires collected were distributed
randomly to international tourists in Thailand only.

Part 2  Perceived Benefits

2.1. Quality of the trip to Thailand
Based on the observation in part 2.1, the respondents’ overall attitude toward quality of the trip to Thailand is at medium level (X =4.08). When considering in details, the response was respectively in medium level with the following items: The trip to Thailand was well organized (X =4.14). Relative to the trips to other destinations I have had, the trip to Thailand has higher level of quality (X =4.06). The quality was maintained throughout the trip to Thailand (X =4.06). The result of the trip was as expected (X =4.05).

2.2. Price
Based on the observation of part 2.2, the respondents’ overall attitude towards price is at medium level. (X =3.96). When considering in details, the response was respectively in medium level with the following items: The price was the main criterion for the decision (X =4.03). The trip to Thailand was reasonably priced (X =3.96). It was a good purchase for the price paid (X =3.89).

2.3. Emotional value
Based on the observation of part 2.3, the respondents’ overall attitude towards Emotional value is at medium level (X =3.70). When considering in details, the response was respectively in medium level with the following items: I like to travel to Thailand (X =3.83). I am comfortable with the trip to Thailand (X =3.71). I feel relaxed traveling to Thailand (X =3.69). I enjoy the trip to Thailand (X =3.59).

According to the results of perceived benefits in total, the respondents’ overall attitude towards perceived benefits is at medium level. (X =3.91). When considering in details, the response was respectively in medium level with the following items: quality of the trip of Thailand (X =4.08). Price (X =3.96). Emotion value (X =3.70).

Part 3  Perceived Risks
Based on the observation of part 3, the respondents’ overall attitude towards perceive risks is at medium level (X =3.94).

When considering in details, the response was respectively agree with the following items: I would NOT travel to Thailand because I am scared of criminals (X =5.21). I would NOT travel to Thailand because I do not want to experience strange food (X =5.15). I would NOT travel to Thailand because the political situation is not stable (X =4.95). I would NOT travel to Thailand because I am scared of diseases (X =4.77). I would NOT travel to Thailand because I am scared of terrorism (X =4.44). The respondent are respectively slightly disagree with the following items: I would NOT travel to Thailand because of language and cultural differences (X =1.65).And the respondent are respectively strongly disagree with the following items: I would NOT travel to Thailand because of different religious belief (X =1.40).

Part 4  Satisfaction
As observed from part 4, the respondents’ overall attitude towards satisfaction is at strongly agree level (X =6.35). When considering in details, the response was respectively strongly agree with: I like the trip to Thailand (X =6.47). It was slightly agreed with: I am satisfied with the trip to Thailand (X =6.23).

Part 5  Loyalty intention
Based on the observation of table 8, the respondents’ overall attitude towards loyalty Intention is at strongly agree level (X =6.24). When considering in details, the response was respectively strongly agree with the following items: I want to take a trip to Thailand again (X =6.33). The respondent are respectively slightly agree with the following items: The trip was as expected (X =6.15).
Part 6 Hypothesis test

The hypotheses of this study are presented below.

**Hypothesis 1** There is a positive relationship between perceived benefits and loyalty intention of international tourists in Thailand.

- **H_o:** There is no positive relationship between perceived benefits and loyalty intention of international tourists in Thailand.
- **H_a:** There is a positive relationship between perceived benefits and loyalty intention of international tourists in Thailand.

The result of hypothesis test 1 indicates the level of the p-value at 0.273, which is more than the significant level (.05). Therefore we fail to accept H_a and fail to reject H_o. This can be interpreted that there is no positive relationship between perceived benefits and loyalty intention of international tourists in Thailand.

**Hypothesis 2** There is a negative relationship between perceived risks and loyalty intention of international tourists in Thailand.

- **H_o:** There is no negative relationship between perceived risks and loyalty intention of international tourists in Thailand.
- **H_a:** There is a negative relationship between perceived risks and loyalty intention of international tourists in Thailand.

The result of hypothesis test 2 indicates the level of the p-value at 0.714, which is more than the significant level (.05). Therefore we fail to accept H_a and fail to reject H_o. This can be interpreted that there is no negative relationship between perceived risks and loyalty intention of international tourists in Thailand.

**Hypothesis 3** There is a positive relationship between perceived benefits and satisfaction of international tourists in Thailand.

- **H_o:** There is no positive relationship between perceived benefits and satisfaction of international tourists in Thailand.
- **H_a:** There is a positive relationship between perceived benefits and satisfaction of international tourists in Thailand.

The result of hypothesis test 3 indicates the level of p-value at 0.028, which is less than the significant level (.05). Therefore we fail to accept H_o and fail to reject H_a. This finding signifies that there is a positive relationship between perceived benefits and satisfaction of international tourists in Thailand.

**Hypothesis 4** There is a negative relationship between perceived risks and satisfaction of international tourists in Thailand.

- **H_o:** There is no negative relationship between perceived risks and satisfaction of international tourists in Thailand.
- **H_a:** There is a negative relationship between perceived risks and satisfaction of international tourists in Thailand.

The result of hypothesis test 4 indicates the level of p-value at 0.022, which is less than the significant level (.05). Therefore we fail to accept H_o and fail to reject H_a. This finding signifies that there is a negative relationship between perceived risks and satisfaction of international tourists in Thailand.

**Hypothesis 5** There is a positive relationship between satisfaction and loyalty of international tourists in Thailand.

- **H_o:** There is no positive relationship between satisfaction and loyalty of international tourists in Thailand.
- **H_a:** There is a positive relationship between satisfaction and loyalty of international tourists in Thailand.

The result of hypothesis test 5 indicates the level of p-value at 0.671, which is more than the significant level (.05). Therefore we fail to accept H_o and fail to reject H_a. This finding signifies that there is a positive relationship between satisfaction and loyalty of international tourists in Thailand.

5. Conclusion and Recommendation

The results of the study indicate that quality of trip is the factor which has the most effect to
loyalty intention of international tourists in Thailand. Moreover, fear of criminals is the factor which has the most effect to loyalty intention of international tourists in Thailand. The mentioned factors can be useful for Thailand tourism marketers. Tourism marketers can promote Thailand tourism by focusing on these factors since they are the most significant ones.

The study also recommends other researchers to pursue further studies on each factor which affects loyalty intention of international tourists in Thailand in order to produce valuable information to be used as a marketing tool to promote Thailand as a tourism destination to international tourists.

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**Journal Papers**


