

Study of Various factors determining Customer Demand in Tourism Industry in India

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ABSTRACT

Tourism Industry is one of the booming industries in India. Tourism Industry includes various allied sectors such as hotels, airlines, transport etc. Determining demands in Tourism Industry requires extensive efforts in terms of understanding customer need from various internal and external factors. Present study focuses on exploration of various external factors that lead to demand generation in Tourism Industry. This paper also focuses on nature and strength of relationship between these external independent factors on customer demand, which is dependent factor. This study analyses how each independent factor impacts demand generation individually and together as well.

1. Introduction

Tourism is a combination of industries. The accommodation, transportation and communication services contribute significantly to the development of tourism sector. For the development of tourism, it becomes significant that hotel industry, transport organizations, communication and information sectors are managed professionally. Because world tourism is an important part of the tourism sector, qualitative improvements in all areas is important. The services thus offered to the tourist should be so attractive and of international standardized that they themselves become motivational for a person factor to visit a place.

1.1 Definitions

"Tourism indicates a temporary, short-term movement of people to destination outside the place where they normally live and work and their activities during their stay at these destinations."

"Tourism is a pleasure activity in which money earned in one's normal domicile is spent in the places visited."

Irrespective a number of comments, arguments and frequent debates on the problem, it is true to say that tourism can be viewed as an industry. We consider it an industry whose products are used on the spot forming invisible exports. It is also a fragmented industry with high complexity due to the price sensitive nature of demand and the intangibility, non-durability and inseparability or we can also say that it is an industry with no significant boundaries or a hodge-podge of different component parts.

2. Significance of study

Organized tourism scenario is becoming more competitive in nature day by day in India. Big players like SOTC, TAJ, ITC are marking their strong presence in the segments. So, organized retail is facing competitive pressure not only from unorganised sector but also from firms inside the segments. So, sustain in such environment providing seamless and joyous travel experience to customers. It is also very much important to forecast customer demand very accurately.

Customer demand management is a recent concept and has not gained much importance from researchers and practitioners in India yet. This study can provide important inputs to study and recognize customer experience management in retail in Indian context. Main purpose of the research is to understand determinants of the customer Demand management in tourism

3. Literature Review

Fontana and Pistone (2008) have explained that tourism is a complex and highly competitive sector. In this scenario incoming tourism flows represent one of the key indicators for public institutions, that wish to adopt an informed decision making process for resource allocation.

Khan (2008) has done a case study on "Human Resource Development in Tourism Industry in India: A Case Study of Air India Ltd., New Delhi". The purpose of Human Resource Development is to improve the capacity of the human resource through learning and performance at the individual, process and organizational levels.

Nanthakumar, Subramaniam and Kogid (2012) argues that Malaysia is well-known for her 'blue' and 'green' tourism attractions. Malaysian government launched several tourism programs to encourage and attract international tourist arrivals into Malaysia. This study therefore attempts to forecast the tourism demand for Malaysia from ASEAN countries.

Rai, Chakrabarty and Sarkar (2014) have published a paper entitled as "Forecasting the Demand for Medical Tourism in India". The purpose of their study is to predict as precisely as possible the medical tourism demand in India.

Bhushan and Mir (2015) have published a paper entitled as "An Economic Evaluation of Indian Tourism Industry". They argue that the Indian tourism industry is playing an important role in economic development of many sectors of our economy by generating employment both for skilled and unskilled labour force, by improving living standard, particularly of remote rural areas, foreign exchange earnings, infrastructure development, and boosts the world famous Indian traditional Art and craft.

Li Mei (2015) has published a paper entitled as "Tourism Demand Forecasting by Improved SVR Model". The inboard tourism demand forecasting is very important to the development of tourism industry.

Wong, Song and Chon (2015) extend the existing forecasting accuracy debate in the tourism literature by examining the forecasting performance of various vector autoregressive (VAR) models. This study seeks to ascertain whether the introduction of the Bayesian restrictions (priors) to the unrestricted VAR process would lead to an improvement in forecasting performance in terms of achieving a higher degree of accuracy

Raghavendra, Shilpa and Vijayachandra (2016) say that tourism is an important sector of the Indian economy with considerable contribution in terms of Foreign exchange, income and employment opportunities.

Nouri and Soltani (2017) study the international demand for tourism in Cyprus as a destination place for seven main tourism sending countries, United Kingdom, Russia, Sweden, Greece, Germany, Netherlands and France. The ratio of tourists entering Cyprus was taken as dependent variable, and relative income, relative price, expectations and habits, international trade, infrastructures and unemployment were independent variables of the study.

Bonn and Harrington (2008) have examined the differences between three economic impact models: the capacity utilization model (CUM), Regional Economic Models, Inc (REMI) and the impact analysis for planning (IMPLAN) model with a view to providing insights into their applicability for hospitality and tourism educators and researchers. Four databases have been used to compare the results concerning total output, income and employment.

Baimai and Daniel (2009) the objective of this paper was to develop a useful framework for estimating demand for tourism in emerging markets. Tourism has become one of the most crucial sectors in a large number of emerging countries. Moreover, the tourism industry in such markets is forecasted to keep increasing in the next decade.

Tiwari (2012) asserts that the world is changing. Previously insignificant and disregarded markets are booming, replacing former superpowers now tired and worn out. The balance of power has shifted. And perhaps nowhere is this as apparent as in India. Tourism in and from India is not only at an all time high but is growing faster than in any other region

Vara Prasad and Sundari (2012) have considered tourism as one sector that shall propel growth, contribute foreign exchange, enhance employability and result in community development.

ansirani and Mangai (2013) have explained that industrial tourism has become increasingly popular in recent years, particularly in India. From power stations to distilleries and rope makers to chocolate manufacturers, all sorts of sites are opening their doors to the public.

4. Research Methodology

Research Methodology can be known as set of procedures and techniques used to design, implement, analyze and interpret the needed data with a view to solve research problems and achieve research objectives.

4.1 Research Objectives

- Identifying the determinants of demand along with the moderating variables, this can influence the statistical modeling of demand forecasting.
- Develop a metric for the measurement of Demand and validate and test the same.
- Collect the data from the tourists and analyse the same to seek relationship between the determinants and Demand Forecasting with and without the moderating influence of variables.
- Draw managerial implications based on the study and make suggestions for the tourism organizations to enhance demand management, so as to gain the competitive advantage.

4.2 Hypothesis

- H_{13a}: There is a significant influence of Situation Moderator on Customer Demand.
- H_{13o}: There is no significant influence of Situation Moderator on Customer Demand.
- H_{14o}: There is a significant influence of Consumer Moderator on Customer Demand.
- H_{14o}: There is no significant influence of Consumer Moderator on Customer Demand.
- H_{15a}: There is a significant influence of Individual Factors on Customer Demand.
- H_{15o}: There is no significant influence of Individual Factors on Customer Demand.
- H_{16a}: There is a significant influence of Economic Factors on Customer Demand.
- H_{16o}: There is no significant influence of Economic Factors on Customer Demand.
- H_{17a}: There is a significant influence of Geographic Factors on Customer Demand.
- H_{17o}: There is no significant influence of Geographic Factors on Customer Demand.
- H_{18a}: There is a significant influence of Destination Factors on Customer Demand.
- H_{18o}: There is no significant influence of Destination Factors on Customer Demand.
- H_{19a}: There is a significant influence of Political Factors on Customer Demand.
- H_{19o}: There is no significant influence of Political Factors on Customer Demand.
- H_{20a}: There is a significant influence of Cultural Factors on Customer Demand.
- H_{20o}: There is no significant influence of Cultural Factors on Customer Demand.

5. Data Analysis

5.1 Simple Regression analysis

One of the main research objectives of this study was to how and at which extent dynamic environment of the retail organization influence on the Customer Demand. There are

six factors which are explored through factor analysis whose impact shown on Customer Demand. The relationship between explored marketing factors and Customer Demand established through regression analysis.

5.1.1 Individual Factor environment

The relationship between Individual Factor and Customer Demand was examined using OLS method of estimation in simple linear regression. In the simple regression Average score of the Individual Factor inserted as the independent variable and Average Customer Demand treated as the dependent variable.

Regression model summary for Individual Factor environment

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.722 ^a	.521	.520	.53551
a. Predictors: (Constant), Individual Factor				

ANOVA for Regression of Individual Factor Environment

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	161.589	1	161.589	563.476	.000 ^b
	Residual	148.547	518	.287		
	Total	310.136	519			
a. Dependent Variable: Customer Demand						
b. Predictors: (Constant), Individual Factor						

coefficient for regression of Individual Factor Environment

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.232	.101		12.219	.000
	Individual Factor	.640	.027	.722	23.738	.000
a. Dependent Variable: Customer Demand						

The model summary of Individual Factor and Customer Demand is given in Table and it shows the coefficient of determination (R^2) under model which is 0.521, which meant the Individual Factor factor explained 52.1 percent of the variations in Customer Demand.

The ANOVA Table is used to assess the overall significance of the regression model. In Table, the F-value (563.476) and the p-value is 0.000. This meant that model is significant as p-values less than 0.05 at $\alpha = 0.05$ level, so it provides enough evidence for the significant of the model.

Further Table provides the coefficient of the model. According to the table t it can be said that Individual Factor

factor is significantly influence on the Customer Demand with the standardized beta weight of 0.722.

H1 is accepted as there is significant influence of Individual Factor environment on Customer Demand

4.5.2 Economic Factors

The relationship between Economic Factors and Customer Demand was examined using OLS method of estimation in simple linear regression. In the simple regression Average score of the Economic Factors is taken as the independent variable and Average Customer Demand treated as the dependent variable.

Regression mode summary for Economic Factors

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.587 ^a	.345	.343	.62645
a. Predictors: (Constant), Economic Factors				

ANOVA for regression of Economic Factors

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	106.854	1	106.854	272.283	.000 ^b
	Residual	203.282	518	.392		
	Total	310.136	519			
a. Dependent Variable: Customer Demand						
b. Predictors: (Constant), Economic Factors						

Coefficient for regression of Economic Factors

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.436	.132		10.919	.000
	Economic Factors	.577	.035	.587	16.501	.000
a. Dependent Variable: Customer Demand						

The model summary of Customer Demand and Economic Factors in Table, shows the coefficient of determination (R^2) under model which is 0.345, which meant the Economic Factors factor explained 34.5 percent of the variations in Customer Demand.

The ANOVA Table was used to assess the overall significance of the regression model. In Table, the F-value (272.283) and the p-value were 0.000. This meant that model is significant with p-values less than 0.05 at $\alpha = 0.05$ level that provide causal relationship between Economic Factors and Customer Demand.

The study examines the significance influence of Economic Factors on Customer Demand. Table provides the evidence for that as the p value which is 0.0000, is lesser than

the level of significant. As the p value is less than the significant level so the null hypothesis can be accepted and conclude than Economic Factors factor is significantly make impact on Customer Demand.

H5 is accepted as Economic Factors significantly influence the Customer

Demand

4.5.3 Geographic Factors

Below tables 4.49, 4.50 and 4.51 shows the relationship between store atmosphere and Customer Demand. In this single regression average score of store atmosphere is taken as independent variable and average score of Customer Demand is taken as dependent variable to understand influence of independent variable on dependent variable

Regression model summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.728 ^a	.530	.530	.53023
a. Predictors: (Constant), Geographic Factors				

ANOVA for regression of Geographic Factors

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	164.505	1	164.505	585.133	.000 ^b
	Residual	145.631	518	.281		
	Total	310.136	519			
a. Dependent Variable: Customer Demand						
b. Predictors: (Constant), Geographic Factors						

Coefficient for regression of store atmosphere

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.433	.091		15.770	.000
	Geographic Factors	.613	.025	.728	24.190	.000

a. Dependent Variable: Customer Demand

The model summary which is shown in the table provides the information regarding coefficient of determination of the model and which is .530, it means that Geographic Factors explained 53.0 percent of the variance in Customer Demand.

The ANOVA Table was used to assess the overall significance of the regression model. It shows p value 0.000 which is statistically significant at 5 % level of significant. The study examined the significance of Geographic Factors in Table 4.51. Geographic Factors have p-value of 0.000 which is significant, and the regression weight of Geographic Factors is 0.728, which is highest amongst all the determinants

H6 is accepted as there is significant influence of Geographic Factors on Customer Demand

4.5.4 Destination Factors

The relationship between Destination Factors and Customer Demand was examined using OLS method of estimation in simple linear regression. In the simple regression Average score of the Destination Factors is taken as the independent variable and Average Customer Demand treated as the dependent variable.

Regression model summary for Destination Factors

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.641 ^a	.411	.409	.59408

a. Predictors: (Constant), Destination Factors

The model summary of Customer Demand and Destination Factors in Table shows the coefficient of determination (R²) under model which is 0.411, which meant

Destination Factors explained 41.1 percent of the variations in Customer Demand. This is moderately good level of influence and null hypothesis is accepted.

ANOVA for regression of Destination Factors

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	127.319	1	127.319	360.751	.000 ^b
	Residual	182.817	518	.353		
	Total	310.136	519			

a. Dependent Variable: Customer Demand
b. Predictors: (Constant), Destination Factors

Coefficients for regression of Destination Factors

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.187	.077		28.481	.000
	Destination Factors	.425	.022	.641	18.993	.000

a. Dependent Variable: Customer Demand

The ANOVA Table was used to assess the overall significance of the regression model. In Table, the F-value (360.751) and the p-value was 0.000. This meant that model is significant with p-values less than 0.05 at α = 0.05 level. In indicate the causal relationship between Destination Factors and Customer Demand.

The study examines the significance influence of Destination Factors on Customer Demand. Table provides the evidence for that as the p value which is 0.0000, is lesser than the level of significant. As the p value is less than the significant level so it can be rejected the null hypothesis and conclude that Destination Factors is significantly make impact on Customer Demand.

H2 is accepted as there is significant influence of Destination Factors on Customer Demand

4.5.5 Political Factors

Below tables 4.55, 4.56 and 4.57 shows the relationship between store atmosphere and Customer Demand. In this

single regression average score of store atmosphere is taken as independent variable and average score of Customer Demand is taken as dependent variable to understand influence of independent variable on dependent variable

Regression model summary for political

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.756 ^a	.571	.570	.50693
a. Predictors: (Constant), Political Factors				

The model summary of Customer Demand and Political Factors factor in Table shows the coefficient of determination (R²) under model which is 0.571, which meant the Political Factors factor explained 57.1 percent of the variations in

Customer Demand. Value of R square is quite satisfactorily to understand significant influence of Political Factors on Customer Demand. Such strong influential relationship directs to accept the null hypothesis.

ANOVA for regression of Political Factors

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	177.023	1	177.023	688.874	.000 ^b
	Residual	133.113	518	.257		
	Total	310.136	519			
a. Dependent Variable: Customer Demand						
b. Predictors: (Constant), Political Factors						

coefficient for regression of Political Factors

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.491	.082		18.206	.000
	Political Factors	.566	.022	.756	26.246	.000
a. Dependent Variable: Customer Demand						

The ANOVA Table was used to assess the overall significance of the regression model. In Table, the F-value (688.874) and the p-value is 0.000. This meant that model is significant with p-values less than 0.05 at $\alpha = 0.05$ level.

The study examines the significance influence of Political Factors factor on the Customer Demand. Table provides the evidence for that as the p value which is 0.0000, is lesser than the level of significant. As the p value is less than the significant level so it can be rejected the null hypothesis and conclude that Political Factors is significantly make impact on Customer Demand.

H4 is accepted because significant influence of Political Factors on Customer Demand is observed

4.5.6 Cultural factors

The relationship between Cultural factors and Customer Demand was examined using OLS method of estimation in simple linear regression. In the simple regression Average score of the Cultural factors is taken as the independent variable and Average Customer Demand treated as the dependent variable.

Regression model summary for Cultural factors

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.700 ^a	.491	.490	.55222
a. Predictors: (Constant), Cultural factors				

The model summary of Customer Demand and Cultural factors in Table 5.56 shows the coefficient of determination (R²) under model which is 0.491, which mean the Cultural

factors factor explained 49.1 percent of the variations in Customer Demand. The value of R square is moderately

positive, which says that changes in Cultural factors elements will bring 49.1 % changes in Customer Demand.

ANOVA for regression of Cultural factors

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	152.173	1	152.173	499.016	.000 ^b
	Residual	157.963	518	.305		
	Total	310.136	519			
a. Dependent Variable: Customer Demand						
b. Predictors: (Constant), Cultural factors						

Coefficient for regression of Cultural factors

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.379	.101		13.717	.000
	Cultural factors	.600	.027	.700	22.339	.000
a. Dependent Variable: Customer Demand						

The model summary of Customer Demand and Cultural factors in Table 5.56 shows the coefficient of determination (R^2) under model which is 0.491, which mean the Cultural factors factor explained 49.1 percent of the variations in Customer Demand.

The ANOVA Table is used to assess the overall significance of the regression model. In Table, the F-value (499.016) and the p-value was 0.000. This meant that model is significant with p-values less than 0.05 at $\alpha = 0.05$ level.

The study examines the significance influence of Cultural factors factor on Customer Demand. Table provides the evidence for that as the p value which is 0.0000, is lesser than the level of significant. As the p values is less than the significant level so it can be rejected the null hypothesis and conclude that Cultural factors factor is significantly make impact on Customer Demand.

H3 is accepted as significant influence of Cultural factors on Customer Demand from above tables.

6. Conclusion and Findings

Study reveals that there is significant difference between average score of Individual Factor environment with reference to shopping experience, which means that people with different shopping experience have different perception towards Individual Factor environment available in the store. The mean and standard deviation values shows that people with lower shopping experience are more sensitive towards kind of environment created in the store then people with higher shopping experience. People with higher shopping experience are more as high sensitive as lower experience people but they also have strong perception towards Individual Factor environment.

The interesting finding of this study is regarding shopping experience and Economic Factors. The levene's test and ANOVA table shows that there is no significant difference

between variance of shopping experience and Economic Factors. It stands for that people with different shopping experience expects similarly effective and efficient service delivery system in any form. So, Customer Demanders should concentrate more on developing such systems on long basis.

As far as Customer Demand atmosphere is concern, the study reveals that there is significant difference between average score of various dimensions of atmospherics with regards to shopping experience. It is seen from the results of the study that people with lower shopping experience have developed more concerned perspective on Customer Demand atmospherics like music, lightings, store design etc then people with higher shopping experience. So, Customer Demanders should concentrate on designing more attractive atmosphere to attract people with lower shopping experience easily and quickly.

Destination factor is another determinant with significant difference in variance with reference to shopping experience. It can be said that people with less shopping experience as well as vey high shopping experience both seek very wide and deep Destination factors to find suitable match for their requirements. Travel managers need to come out with balanced Destination factors to cater to the needs of all types of customer.

Political Factors and Cultural factor both the determinants shows significant difference to in their respective average scores with reference to shopping experience. It can be said that people with lower shopping experience and higher shopping experience are more concerned about their perception on pricing and Cultural factoring activities of the store, which ultimately affect the Customer Demand management. Customer Demanders should learn more about customers changing Cultural factor preferences and affordability to match with Customer Demand strategy of the tourism sector.

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