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Effects of marketing mix on customer satisfaction: empirical study on tourism industry in Malaysia

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Abstract

This study aims to investigate the impact of marketing mix element on customer satisfaction for tourism industry in context of Malaysia. A survey questionnaire is used to conduct this study. A sample of 123 tourism firms participated in the study. The findings reveal the significant positive relationship of seven marketing mix elements with customer satisfaction for tourism services in the context of Malaysia.

Keywords: Marketing mix, Tourism, customer satisfaction.

Introduction

These days, tourism is known as a trade and industry all over the world. There is much versatility in tourism and its importance is undeniable (Ai ling *et al*, 2007) [2]. Tourism plays a vital role to create personal values, to please and to recreate for the development of culture, mobilization of resources and development of other factors. In service based business, there is a great importance of consumer satisfaction and the strong linkage exists between consumer satisfaction and service provider profitability (Anna Leask, 2010) [3]. Tourist attraction has been in high competition during few years in Malaysia as well where a large range of attractions have been seen in order to ascertain that they maintain high level of visitor satisfaction. Therefore, a thorough knowledge on effects of marketing mix elements for satisfying tourists may help the tourism operators for developing their tactics and strategies for maximizing the satisfaction of visitors and profitability (Sarker, Aimin, & Begum, 2012) [13].

Research problem

In tourism sector, marketing mix is not possible to be separated from customer satisfaction. In order to maximize the market share of tourism firms in Malaysia, there is a need to evaluate the customer satisfaction with marketing mix and its effect on firms. Though the prior researches have made the large number of contributions to develop the linkage between customer satisfaction and marketing mix, the present study may make further addition by understanding the linkage between them.

Research objective

The present study aims to find the effect of marketing mix on customer satisfaction in tourism industry in context of Malaysia. Furthermore, this study also tries to understand the influence of all factors on customer's satisfaction at individual level

Literature review

There are four Ps of marketing mix which includes product place, price and promotion. However, there have been further elements found in the literature. Few authors have identified process, people and physical evidence as elements of marketing mix in addition to four elements discussed earlier. These 7Ps of marketing mix have been considered to have a significant impact on marketing for firms which are engaged in providing service to customers (Borden, 1984; Addmour and Ayish, 2005) [4, 1].

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Product

In service industry the product is intangible by nature. Similar to physical product like cars, service products perform the similar function. However, they are limited in measurement. They cannot be measured like physical products. Tourism industry can be an ideal example of product in service marketing mix.

Kotler and Armstrong (2010) ^[9] defines the product as anything which is offered to a market to attend, acquire, use or consume and it may satisfy the consumers. The characteristics of tourist product is nicely explained by Chris *et al.*, (2006) ^[5] who defines the tourist products as in opportunities in the market by recipients of the tourist market and its role to support the sustainable tourism design process. They further explain if the design of the elevation of the destination is viable, it must consist three factors namely climate, taverns-restaurants and parking areas.

Another study on tourist destination management reveals that two factors including innovative and well-coordinated tourism products are considered to be very important for tourism areas (Ljiljana *et al* 2009) ^[11].

Price

Pricing product is relatively considered better than pricing services. Moreover, the right decisions are well supported to trade for organizations through taking a good pricing policy (Consuegra *et al*, 2007) ^[6]. In order to encourage supplier for tourism services, the pricing strategy should be well supported from production cost side (Kotler and Armstrong, 2010) ^[9]. Furthermore, in tourism industry customer have the power to choose prices for the services they intend to choose. It is indeed, important to determine all prices and values. As a result, customer participation is increased in tourism. Therefore it can be concluded that a key to success in tourism is price. A prior research also reveals the five significant points regarding marketing mix which enhance tourism production (Hossain, 1999) ^[7]. The author found the better value of tourism for foreigner than expectations in Bangladesh context.

Places

Places help to identify the right service. Place plays a significant role in tourism field and it also provides some principles in combination with other factors to make decision to choose tourism services (Kotler and Armstrong, 2010) ^[9]. Place can provide time and distances as well. It also offers some novel ideas for travelling ways and declares some possible customers for tourism service. A prior research also explains about some marketing channels and put marketing mix with best distribution of services for many travel agencies (Leo Huang *et al*, 2009) ^[10].

Furthermore, it is very important to note that many researchers have found travel agency is considered to be at high priority among all distribution channels. However, some travel agency sites are second priority in comparison of other distribution channels. In one of the research conducted by Douglas who tries to develop a concept to study tourism distribution by offering model in order to fulfil tourist needs. Transportation facility is another important determinant in development of tourism services whereas infrastructure, security and social factors are also considered to play a positive role in progression of tourism industry (Musa, 2011) ^[12].

Promotion

Promotion being an important component of mix service marketing considered from the aspect of declaration mix, personal selling, public relations and direct marketing instruments used by organization for advertisement and marketing. Moreover, the marketers sell tourism products doing analysis and predict tourism market, design tourism products, packaging and pricing, enhance tourism products and some documents after value addition and expanding consumer products.

People

Though people are not considered as an essential marketing mix element, it plays an important role in human resource in the field of tourism marketing and looking for quality sightseeing and personal buying in hospitality sector (Kotler and Armstrong (2010) ^[9]. Compared Malaysia with other countries on the basis of training and development.

Process

Process means a mix of tourism wellness procedures and schedules of activities and routine work. Furthermore process flow facilitates customers without comparing process and suppliers. For example, it is not possible for the tourist to wait for a long time to gather information from the tourism office. Kannan & Srinivasan (2009) ^[8] explains that the tourism marketing includes planning a trip, location, plane tour, maps, tourism attraction, meals, souvenirs and momentous.

Physical evidence

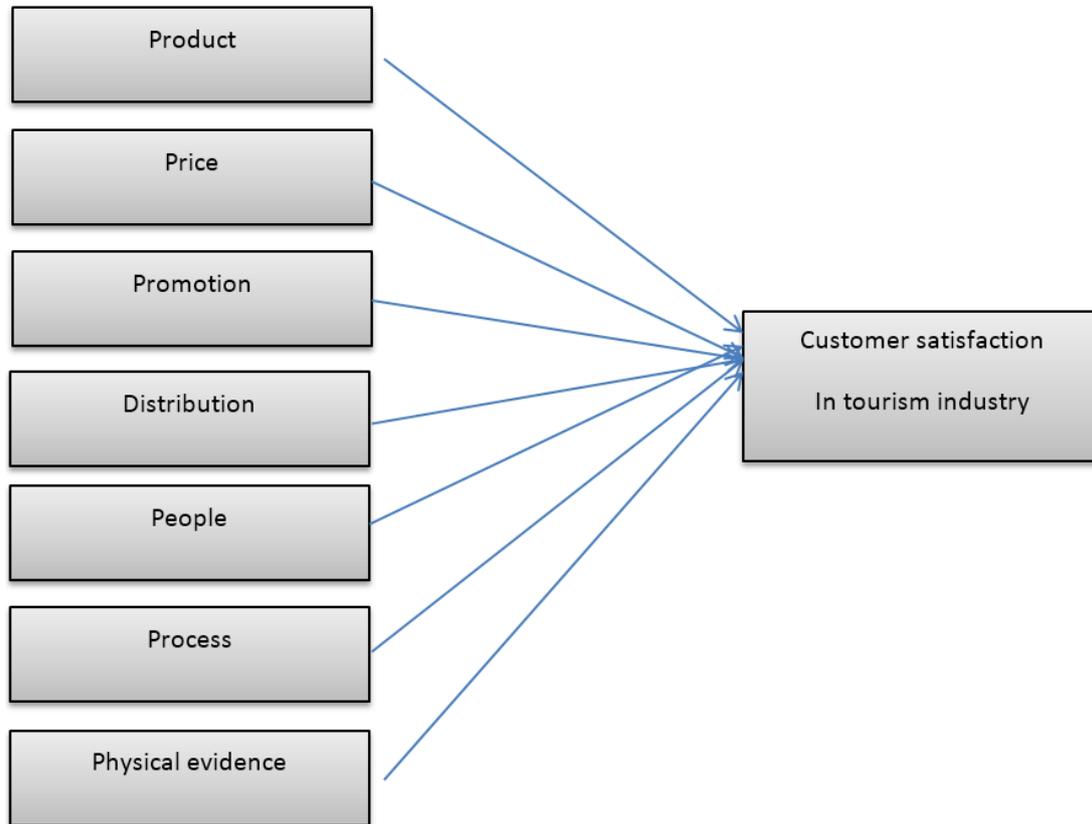
Physical evidence is related to the seller before the customer that the tourism product is nonprofit purpose, place, décor, people and everything else in the tourism office which may relate to the experience. For instance, when tour is made for a historical place the first time tourist may carry some beautiful memories but they also remember the factors other than the beautiful memories such as transport facilities, markets and the behavior of the local people towards tourist. Hence tourism is vital in travel experience.

Customer satisfaction

Marketing is said to be a social and managerial process providing individuals and groups with the thing they need and want by creating, offering and exchanging value products (Kotler and Armstrong, 2010) ^[9]. As general principle, an organization's success is affected by the level of consumer's satisfaction of their demand. It is great challenge for any organization to achieve highest possible level of consumers' satisfaction.

Research model

The research model is contains the marketing mix components including product, price, promotion, distribution, process, people and physical evidence. These components are independent variables of the study while customer satisfaction is the dependent variable in the research model.



Methodology

As this is a quantitative design a questionnaire was distributed to the tourism firms located in Malaysia to collect the relevant data. The sample size for the present research is 123 tourism service providers operating in Malaysia. The respondents are randomly selected. The data was analyzed using SPSS 21.0. The items of marketing mix were measured on 5 point likert scale ranging from 1 = strongly disagree to 5 = strongly agree for assessing the marketing mix factor that

affect the customers satisfaction. The factor of marketing mix including in the study were products/services, price, place, promotion, people, processes and physical evidence.

Analysis and results

The study includes 7 hypotheses which are based on the linear relationship and can be tested using linear regression due to the significance it presents are as follows.

Independent variables	Beta	T	Sig.	R	R Square	F	Sig.
Product	0.50	2.22	0.01	0.760	0.577	32.29	0.01
Price	0.47	2.10	0.00				
Promotion	0.49	2.30	0.02				
Distribution	0.46	2.31	0.01				
People	0.48	2.32	0.02				
Process	0.47	2.26	0.04				
Physical evidence	0.49	2.29	0.03				

Dependent variable: customer satisfaction

The results of data analysis depicts that hypothesis 1 is supported. The regression analysis shows a positive relation between product and customer satisfaction. Hypothesis 2 of the study is also supported by the results as the results show a positive relationship between price and customer satisfaction. The regression output of Hypothesis 3 also support the hypothesis presented by the study suggesting a positive relationship between promotion and customer satisfaction. The Hypothesis 4 results suggest a positive relationship between distribution and customer satisfaction as it was expected by the authors. The hypothesis 5 also presents a positive relationship between people and customer satisfaction as the regression analysis. The regression analysis of Hypothesis 6 supporting the expectation and finds a positive relationship between process and customer satisfaction. The last hypothesis of the study also supports the expected results and suggests that there is a positive

relationship between Physical evidence and customer satisfaction.

Conclusion

The study aimed to find out the relation between the marketing mix components and customer satisfaction in the tourism industry in Malaysia. The finding of the study shows that there is a significant positive relationship among the seven elements of marketing mix and customer satisfaction. Furthermore the results suggest that tourism industry in Malaysia should consider the importance of marketing mix while designing their marketing strategy. The findings of the study are helpful for the tourism industry of Malaysia in particular and the global tourism industry in general so as to focus on the improvement in particular elements as they have significant impact on customers' satisfaction towards the tourism.

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