

A Study on International Tourists' Satisfaction with ABC Duty Free Shops in Bangkok

Rui Zuo

Abstract—This study analyst the relationship between international tourists' perceived quality, perceived value and satisfaction at duty-free shops in Bangkok. The researcher collected 400 primary data in equal proportion both from Suvarnabhumi International Airport and ABC Downtown Complex. The target population was constitute international tourists' who chose to travel to Bangkok by airplane, and who had post-purchase experience at duty-free shops in Bangkok during October and November, 2014. In order to analyze the data in details, researcher used both descriptive and inferential analysis to analyze international tourists' behavioral characteristics, perceived quality and perceived value and satisfaction at duty-free shops in Bangkok.

Keywords—Destination loyalty, second wave of Chinese outbound tourism, service quality, tourist characteristics, tourist satisfaction

I. INTRODUCTION

THE global duty free market is retailing industry closely related to tourism industry. World travel retail business developed more than 60 years ago. It is a multi-billion dollar industry to attract tourists' sight. Duty-free retailing is without any doubt a phenomenon of the second half of the twentieth century, since it is fully lined with the important growth in travel. Duty-free shops are those retail outlets of different brands which can sell products to different tourists or customers without paying for the taxes or duties when those customers or tourists go out of the country, and this motivate tourists' shopping at duty-free shops because it not only provides lower price and high quality products, but also, it offers the special characteristics of products to satisfy tourists' needs and want, such as limited edition for travelers and souvenir gifts. Today, the global duty-free market is becoming popular, as more people began to recognize and get familiar with the duty-free business. As a duty-free operation, it is not only to increase the sales profit, but also to promote the brand images in global duty-free market.

The travel retail industries not only sell merchandise at airports and on airplanes, but also at tourism centers and in downtown branches. Downtown duty-free shop developed in

Asia in 1964 when Japanese retailers established the first duty-free shops around the region, then travel retailer businesses increased within the region among countries, therefore, the Asian duty-free business began to grow. Consequently, Thailand became the most popular travel destination among Southeast Asian countries, welcoming a lot of passengers traveling through the International Airports in Thailand. The Airports Authority of Thailand reported 151.51% increase in net profit ending in 30 September 2013, to 16.35 billion Baht. In particular revenue from duty-free concessions held by ABC International Group grew by 1.42 billion Baht.

ABC International Group (ABCIG) is the leading travel retail in Thailand, and it manages and operates the largest duty-free and tax-free shopping service at the five international airports in Thailand. The duty-free and tax-free item in ABC International Group covers fashion & accessories, perfumes cosmetics & skincare, liquor & tobacco, electronics devices, sportswear, package food and souvenirs & Thai crafts. In October, 2009 ABC was conferred the Emblem of the State, the figure of Garuda by appointment of His Majesty the King of Thailand. Moreover, ABC International Group received many national awards, global awards and industry award, ABC International Group continuous develops their business and outstanding good performances in the next a few years.

II. LITERATURE REVIEW

Ophuis & Trijp (1995) mentioned the **perceived quality** of individual is based on a comprehensive perception process. The evaluation of quality of one specific product can be measured based on previous experience of customer or other customer suggestion, and that can push those customer to make decision. But different customers have different perception abilities, different personal preferences and previous experience which can cause the perceived quality to be different. For the purpose of this study, the respondents based on their perceived quality involved in the **shopping environment, product features and customer service**, evaluate their satisfaction at the ABC duty-free shop in Bangkok.

Perceived value of customer is based on the evaluation of customer, who evaluated what they received and what they paid, and this value is based on the difference between the benefit of customer received and the cost they paid to acquiring or utilizing the service (Fornell, Johnson, Anderson, Cha & Bryant, 1996). Then, many researchers also found that the perceived value is caused by the comparison of customer toward what they are giving and what they are getting, and

Rui Zuo is with Graduate School of Business, Assumption University, Bangkok, Thailand.

customer satisfaction level will depend on the comparison between customer expectation and the perceived value of customer (Ravald & Gronroos, 1996). What's more, functional and affective value can be included in perceived value, and can be psychologically compared between the benefit gained and perceived sacrifice also caused the perceived value of customer. In essence, perceived value is framed as a positive assessment of consumption experience within the direct sales channel such as duty-free shops. For the purpose of this study, the respondents could depend on their perceived value fewer than two main factors: perceived **functional value** and perceived **affective value** to evaluate their satisfaction of ABC duty-free shop in Bangkok (Gronroos, 1997).

According to Kotler (2000) and Arnould, Price & Zinkhan (2003), stated that **tourist satisfaction** is fulfillment (including level of under-fulfillment or over-fulfillment) response and a judgment about the value of marketing offer depending on their perception to make tourists buying decision. In addition, the level of tourist satisfaction depends on their perceived performance of the overall post-purchase decision making, implying a joint evaluation of the product purchased by tourists at ABC duty-free shop in Bangkok.

Based on the literature review, some previous studies include customers' shopping behaviors and customer satisfaction in the duty-free shops (Kwan, 2009), duty-free purchasing opportunities of passengers focused on simulating passenger flows (Kleinschmidt et al., 2011), marketing strategy which includes the atmosphere, the offer, and the customer service influencing customer behavior in the duty-free market (Rossi & Tasca, 2012), sales promotion influence the customer behavior at the duty-free shop (Park, Choi & Moon, 2013), environment and in terms of servicescape and ambience in Suvarnabhumi International Airport's lounge (Batra, 2014), and in-flight shopper different from non-shoppers in terms of socioeconomic, motivational, and attitudinal characteristics (Huang & Kuai, 2006). Therefore, these studies provide a guiding framework or foundation to build up a constructive model to investigate research objectives.

III. RESEARCH FRAMEWORK

The framework

The model was formulated to illustrate the theoretical systems so that they can be tested and examined. Oh (1999), and Hellier, Geursen, Carr & Rickard (2002) analyzed the perceptions that were shown to influence customer satisfaction through perceived quality. Chakrapani (1998) states firms need to serve customer with better products to satisfy their needs and wants, therefore, product feature is one of the significant items which can affect tourists' satisfaction. In addition, Turban, Lee, Warkentin & King (2002) expressed the better service of seller, the higher customer satisfaction, so the second items of perceived quality is customer service. According to Booms & Bitner (1982) a firm's environment influences the perception of customer satisfaction, therefore, shopping environment become last significant items of perceived quality which can affect the perception of tourists' satisfaction. Based on the literature review, there are three items of perceived quality variable

which were named product feature, customer service and shopping environment to investigate the relationship with international tourists' satisfaction at duty-free shop in Bangkok.

Furthermore, Oh (1999), Hellier, Geursen, Carr & Rickard (2002), Sanchez, Callarisa, Rodriguez & Moliner (2006) and Anwar & Gulzar (2011) studied that there is a positive influence of perceived value on customer satisfaction. Sweeney & Soutar (2001) used a structure initial scale to measure the satisfaction level, consisting of several items of functional value and affective value. Rossi & Tasca (2012) found that low price can better attract customer to purchase and product price incentive effects on customer satisfaction, so functional value is one of the significant items which can affect tourists' satisfaction. According to Sanchez, Gallardo, Arribas & Castro (2004) feelings and emotions are very intensive involved in customer's thinking and understanding, this research contributes to the affective components in the value perceived by tourists, so another item of perceived value is affective value. Depending on the previous studies, functional value and affective value were two items selected to determine the relationship with international tourists' satisfaction at duty-free shop in Bangkok.

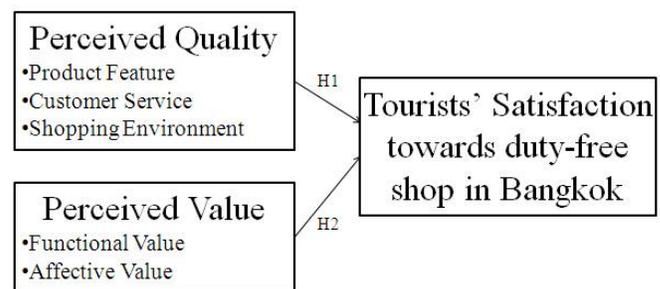


Fig. 1 Developed by the researcher for this study

There are 2 hypotheses in this study:

Ho1.1: There is no significant relationship between international tourists' perceived quality of product feature and satisfaction at duty-free shops in Bangkok.

Ha1.1: There is a significant relationship between international tourists' perceived quality of product feature and satisfaction at duty-free shops in Bangkok.

Ho1.2: There is no significant relationship between international tourists' perceived quality of customer service and satisfaction at duty-free shops in Bangkok.

Ha1.2: There is a significant relationship between international tourists' perceived quality of customer service and satisfaction at duty-free shops in Bangkok.

Ho1.3: There is no significant relationship between international tourists' perceived quality of shopping environment and satisfaction at duty-free shops in Bangkok.

Ha1.3: There is a significant relationship between international tourists' perceived quality of shopping environment and satisfaction at duty-free shops in Bangkok.

Ho2.1: There is no significant relationship between international tourists' perceived value of affective value and satisfaction at duty-free shops in Bangkok.

Ha2.1: There is a significant relationship between international tourists' perceived value of affective value and satisfaction at duty-free shops in Bangkok.

Ho2.2: There is no significant relationship between international tourists' perceived value of functional value and satisfaction at duty-free shops in Bangkok.

Ha2.2: There is a significant relationship between international tourists' perceived value of functional value and satisfaction at duty-free shops in Bangkok.

IV. RESEARCH METHODOLOGY

A. Questionnaire Design

The questionnaire was composed of three parts: Screening Question, Purchase Behaviors and Shopping Experience, Quality, Value and Satisfaction.

The third part of the questionnaire asked the respondents about their perceived quality, perceived value and satisfaction with ABC duty-free shop in Bangkok, comprising 30 questions on Five-point Likert scale measured as, 5=Strongly agree, 4=Agree, 3=Neither agree nor disagree, 2=Disagree and 1=Strongly disagree. Five-point Likert scale usually applied to measure respondents' attitudes by asking the extent to which agree or disagree with a particular statement. The mid-point on Likert scale used in this study can avoid forcing respondents to choose agree or disagree options which might evoke misleading conclusions. Moreover, applying the mid-point on Likert scale could avoid any confusion on whether the questions are interpreted in the same way for respondents. A pre-test that offers feedback is performed to check accuracy of data collected.

B. Sampling Procedures

A pre-test was conducted through distributing 30 questionnaires at Suvarnabhumi International Airport on 5th and 6th August, 2014. Then throughout October and November 2014, the researcher spent 2 weeks and 6 hours per day to collect 200 questionnaires from arriving lounge of Suvarnabhumi International Airport. During the survey period, the questionnaires were given to the international tourists at Suvarnabhumi International Airport following their purchases at ABC duty-free shop. The researcher selected tourists who appeared available to answer the questionnaires during the survey period.

Moreover, throughout October and November, 2014, researcher spent 1 week and 6 hours per day to collect 200 questionnaires from the rest area of ABC Downtown Complex. During the survey period, the questionnaires were given to the international tourists after they purchased at the ABC Downtown Complex and stay at the rest area to wait for their friends and relatives. Observing the ethical issues of conducting a research, at first, the researcher screened tourists to ensure their post purchase experience at the duty-free shops in Suvarnabhumi International Airport and ABC Downtown Complex.

V. DATA ANALYSIS

In this research, a total of 400 questionnaires were distributed and collected in order to study the relationship between perceived quality and perceived value with international tourists' satisfaction at the duty-free shops in Bangkok. To understand and to be familiar with the characteristics of respondents, the researcher selected some factors such as gender, region, air travel frequency, travel reason, purchase frequency, time spent at duty-free shop, purchase ability, purchase expectation, purchase preference and purchase product category for this study. Out of 400 international tourists in this research, in terms of gender, 52.3% of respondents were male; the majority respondents came from Asia (71.5%) especially Chinese tourists (51.3%); most of them visited Thailand to spend holidays; the frequency of travel by air is an important factor to buyer behavior at duty-free shop in Bangkok, the highest percentage in terms of every time in a year (29.8%); 31.5% of respondents almost every time purchase at duty-free shops when they declare travel by air; most of them declared they usually stay at the duty-free shop 1 hour to 2 hours (30%); the highest proportion 30.8% of respondents purchased at duty-free shop claimed they spend an average between 1,000 Baht to 5,000 Baht (around \$30-\$150 US dollar); almost half of respondents declared value price (45.5%) is their main purchase expectation of duty-free shop in Bangkok; the most purchase preference of respondents belongs to product features (39.5%); the product categories that respondents bought most were Cosmetics & Fragrances (47%), purchased at duty-free shop respectively.

TABLE I
SUMMARY OF DESCRIPTIVE PROFILE OF RESPONDENTS

Variables	Highest Mean	Lowest Mean
Perceived Quality	4.44 (Strongly Agree) "clean and hygiene environment (inside and entrance) is evident"	3.67 (Agree) "appropriate suggestion and recommendation"
Perceived Value	3.91 (Agree) "I think service of ABC duty-free shop is acceptable"	3.42 (neither Agree nor Disagree) "the prices of the product purchased were acceptable"
Tourists' Satisfaction	3.99 (Agree) "In general, I'm satisfied with duty-free items that I purchased in the ABC duty-free shop"	3.86 (Agree) "I think my choice of ABC duty-free shop was wise when purchasing duty-free items"

Based on Table 6.2, the highest and the lowest means in terms of perceived quality statement are "clean and hygiene environment (inside and entrance) is evident" and "appropriate suggestion and recommendation" belong to 4.44 (strongly agree) and 3.67 (agree) level respectively. Additionally, the highest mean (m = 3.91) in terms of perceived value statement is "I think service of ABC duty-free shop is acceptable" belong

to agree level and the lowest mean ($m = 3.42$) is “the prices of the product purchased were acceptable” belongs to neither agree nor disagree level. Furthermore, “In general, I’m satisfied with duty-free items that I purchased in the ABC duty-free shop” is the statement with the highest mean in terms of tourists’ satisfaction, is 3.99 belong to agree level and “I think my choice of ABC duty-free shop was wise when purchasing duty-free items” with the lowest mean 3.86 in terms of tourists’ satisfaction belong to agree level.

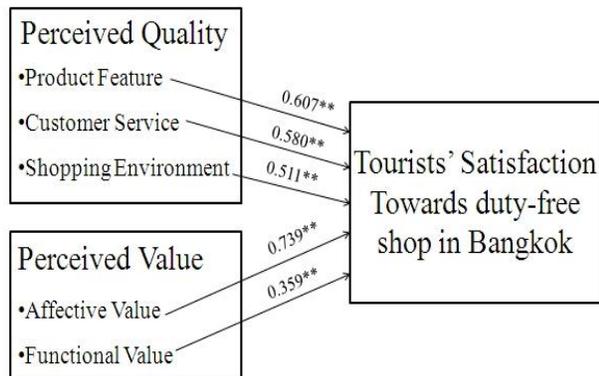


Fig. 2 Conceptual Frameworks and Coefficient of Correlation

Hypothesis 1.1 (H1.1): There is a strong positive significant relationship between international tourists’ perceived quality of product feature and satisfaction at duty-free shops in Bangkok.

Hypothesis 1.2 (H1.2): There is moderate positive significant relationship between international tourists’ perceived quality of customer service and satisfaction at duty-free shops in Bangkok.

Hypothesis 1.3 (H1.3): There is a moderate positive significant relationship between international tourists’ perceived quality of shopping environment and satisfaction at duty-free shops in Bangkok.

Hypothesis 2.1 (H2.1): There is a strong positive significant relationship between international tourists’ perceived value of affective value and satisfaction at duty-free shops in Bangkok.

Hypothesis 2.2 (H2.2): There is a weak positive significant relationship between international tourists’ perceived value of functional value and satisfaction at duty-free shops in Bangkok.

VI. CONCLUSIONS

The study provides an explorative approach of the international tourists’ perceived quality and perceived value of their post-purchase experience at duty-free shops in Bangkok to evaluate their satisfaction. The purpose of this study is to determinate which factors from product features, shopping environment, customer service, affective value and functional value are the most important factors to influence tourists’ satisfaction. In order to understand tourist’s viewpoint, the researcher analyzed tourists’ perceived performance at duty-free shops in Bangkok.

As hypothesized, the researcher applied an exploratory factor analysis to extract perceived quality of three factors and

named them product feature, customer service and shopping environment. Thus the analysis showed that there was a strong positive relationship between product feature and international tourists’ satisfaction, factors of customer service and shopping environment had a moderate positive relationship with international tourists’ satisfaction at duty-free shops in Bangkok.

Additionally, perceived value extracted to affective value and functional value was applicable in this research. There was a strong positive relationship achieved by affective value of perceived value and international tourists’ satisfaction and functional value factor had a weak positive relationship with international tourists’ satisfaction at duty-free shops in Bangkok.

REFERENCES

- [1] Anwar, S. & Gulzar, A. (2011). Impact of Perceived Value on Word of Mouth Endorsement and Customer Satisfaction. *International Journal of Economics and Management Sciences*, Vol.1(5) , pp. 46-54.
- [2] Batra, A. (2014, July). The Role of Airport Servicescape: The Transient Community Perspective. *Tourism Dimensions*, ISSN NO.2349-7394, Vol.1(1) , pp. 27-37.
- [3] Booms, B.H. & Bitner, M.J. (1982, May). Marketing Services by Managing the Environment. *Cornell Hotel and Restaurant Administration*, Vol.12(1) , pp. 35-40. <http://dx.doi.org/10.1177/001088048202300107>
- [4] Chakrapani, C. (1998). How to Measure Service Quality & Customer Satisfaction:the Informal Field Guide for Tools and Techniques, 2nd Edition. Chicago: American Marketing Association.
- [5] Eric J. Arnould, Linda Price & George M. Zinkhan. (2003). *Consumers*. New York: McGraw-Hill/Irwin.
- [6] Fornell, C., Johnson, M.D., Anderson, E.W., Cha, J. & Bryant, B.E. (1996). The American Customer Satisfaction Index: Nature, Purpose, and Findings. *Journal of Marketing*, Vol.60(4) , pp. 7-18. <http://dx.doi.org/10.2307/1251898>
- [7] Gronroos, C. (1997). Value-Driven Relational Marketing: From Products to Resources and Competencies. *Journal of Marketing Management*, Vol.13 (5) , pp. 407-419. <http://dx.doi.org/10.1080/0267257X.1997.9964482>
- [8] Hellier, K., Geursen, M., Carr, A. & Rickard, A. (2002). Customer Repurchase Intention: General Structural Equation Model. *European Journal of Marketing*, Vol.37(11/12) , pp. 1762-1800. <http://dx.doi.org/10.1108/03090560310495456>
- [9] Huang W. H. & Kuai L. (2006). Short Communication: The In-Flight Shopper. *Journal of Air Transport Management*, Vol.12 , pp. 207-211. <http://dx.doi.org/10.1016/j.jairtraman.2006.01.008>
- [10] Kotler, P. (2000). *Marketing Management*.10th edition. New Jersey: Prentice Hall.
- [11] Kwan, S. L. (2009). A Customer Survey of Chinese Travelers in Airport Duty-Free Shops Case: Finnair and Finavia. *International Business-to-Business Marketing*,Laurea University of Applied Sciences.
- [12] Kleinschmidt, T., Guo, X., Ma, W. & Yarlagadda, P.K.D.V. (2011). Including Airport Duty-Free Shopping in Arriving Passenger Simulation and the Opportunities this Presents. *Airport of the Future*, Queensland University of Technology. <http://dx.doi.org/10.1109/WSC.2011.6147752>
- [13] Oh, H. (1999). Service Quality, Customer Satisfaction, and Customer Value: A Holistic Perspective. *International Journal of Hospitality Management*, Vol.18 (1) , pp. 67-82. [http://dx.doi.org/10.1016/S0278-4319\(98\)00047-4](http://dx.doi.org/10.1016/S0278-4319(98)00047-4)
- [14] Peter A. M. Ophuis & Hans C. M. Van Trijp. (1995). Perceived Quality: A market Driven and Consumer Oriented Approach. *Food Quality and Preference*, Vol.6 (3) , pp. 177-183. [http://dx.doi.org/10.1016/0950-3293\(94\)00028-T](http://dx.doi.org/10.1016/0950-3293(94)00028-T)
- [15] Park, J.W., Choi, Y.J. & Moon, W.C. (2013). Investigating the Effects of Sales Promotion on Customer Behavioral Intentions at Duty Free Shops: An Incheon International Airport Case Study. *Journal of Airline and Airport Management*, Vol.3(1) , pp. 18-30. <http://dx.doi.org/10.3926/jairm.18>

- [16] Ravald & Gronroos. (1996). The Value Concept and Relationship Marketing. *European Journal of Marketing*, Vol.30 (2) , pp. 19-30.
<http://dx.doi.org/10.1108/03090569610106626>
- [17] Rossi, S. & Tasca, C. (2012). Consumer Behavior and Marketing Strategies in the Duty Free Market: An Explorative Study on Offer, Customer Service and Atmosphere. Department of Business Studies, Uppsala University.
- [18] Turban, E., Lee, J., King, D. & Chung, H. M. (2002). *Electronic Commerce: A Managerial Perspective*, 2nd Edition. Upper Saddle River, NJ: Prentice Hall.
- [19] Sanchez, J., Callarisa, L., Rodriguez, R.M. & Moliner, M.A. (2006). Perceived Value of the Purchase of a Tourism Product. *Tourism Management*, Vol.27 , pp. 394-409.
<http://dx.doi.org/10.1016/j.tourman.2004.11.007>
- [20] Sweeney, J.C. & Soutar, G.N. (2001). Consumer Perceived Value: The Development of a Multiple Item Scale. *Journal of Retailing*, Vol.77 (2) , pp. 203-220.
[http://dx.doi.org/10.1016/S0022-4359\(01\)00041-0](http://dx.doi.org/10.1016/S0022-4359(01)00041-0)
- [21] Sanchez, E., C. Gallardo, M.A. Gaertner, A. Arribas & M. Castro. (2004). Future Climate Extreme Events in the Mediterranean Simulated by a Regional Climate Model: A First Approach. *Global Planet, Change*, Vol.44 , pp. 163–180.
<http://dx.doi.org/10.1016/j.gloplacha.2004.06.010>