

BE-ci 2016 : 3<sup>rd</sup> International Conference on Business and Economics, 21 - 23 September, 2016

## Understanding Muslim Customer Satisfaction with Halal Destinations: The Effects of Traditional and Islamic Values

Errid Hadisyah Putra<sup>a</sup>, Sri Rahayu Hijrah Hati<sup>b\*</sup>, Sri Daryanti<sup>c</sup>

\* Corresponding author: Sri Rahayu Hijrah Hati, sri.rahayu72@ui.ac.id

<sup>a</sup>Management Department, Faculty of economics and Business Universitas Indonesia, Indonesia, erridhadisyahputra@gmail.com

<sup>b</sup>Management Department, Faculty of economics and Business Universitas Indonesia, Indonesia, sri.rahayu72@ui.ac.id

<sup>c</sup>Management Department, Faculty of economics and Business Universitas Indonesia, Indonesia, sri.daryanti@ui.ac.id

### Abstract

<http://dx.doi.org/10.15405/epsbs.2016.11.02.16>

Only limited research has examined the role of religion in a tourism context. This study examines the moderating role of religion in the relationships between value and customer satisfaction. This paper poses the question: Does religiosity moderate the relationships among traditional value, Islamic value and customer satisfaction with the halal destination? The study aims to test empirically the effect of traditional value and Islamic religious value on customers' satisfaction with a halal destination. Moreover, the study also analyses the moderating role of religiosity in the relationship between Islamic value and customers' satisfaction with a halal destination. A total of 295 questionnaires consisting of 40 items was distributed to Muslim tourists on-line through survey sites and off-line at Lombok Island. Lombok was employed because it was chosen as the Best Halal Tourist Destination and the Best Halal Honeymoon Destination during the World Halal Travel Awards 2015 held in Abu Dhabi. The direct relationships and moderation effects of religiosity were assessed using structural equation modeling with AMOS 18.0. The results clearly indicated that it is only traditional value which significantly and directly influences customers' satisfaction with a halal destination while Islamic value has no significant influence on customers' satisfaction. Islamic value, specifically non-physical Islamic attributes, significantly influences customers' satisfaction only under the moderation of religiosity. Thus, destination marketers should deliver highly traditional value to create high customer satisfaction with halal destinations. Marketers should also consider non-physical Islamic attributes such as segregation of service delivery when they target consumers with high religiosity to attract more Muslim tourists.

© 2016 Published by Future Academy www.FutureAcademy.org.uk

**Keywords:** Traditional value; Islamic value; Satisfaction.

## **1. Introduction**

Cultural factors which consist of culture, subculture, and social class significantly influence consumption and shopping behavior (Chang, 2005). Religion as part of the subculture also has an influence on the personal and social behavior of human beings (Alam & Hisham, 2011). Unfortunately, there is a dearth of research which assesses the impact of religion on consumer behavior as religion is considered to cover a small portion of cultural aspect (Alam & Hisham, 2011). In contrast, religion in the Islamic perspective is not considered part of a culture but a way of life (Khraim, 2010). Thus, religion shapes Muslim behavior including their consumption behavior (Alam & Hisham, 2011). Muslims who have a high level of religiosity evaluate everything within a religious framework and integrate this religious framework into their everyday lives (Mokhlis, 2006).

Religiosity which refers to one's belief in God and commitment to act in accordance with the rules set forth by God (McDaniel & Burnett, 1990), is also proven to have significant influence on Muslim consumer decision making with regard to the consumption of halal tourism (Eid & El-Gohary, 2015; Shakona et al., 2015). Halal tourism, a type of tourism that observes the precepts of Islam, is becoming popular all over the world, especially among Muslim consumers (Mohsin, Ramli, & Alkhulayfi, 2015). Some countries and many tourist operators have targeted Muslim consumers and families by providing halal tourism services which conform to Islamic etiquette, mannerisms, rules and regulations regarding conduct, dress, food and prayer (Zamani-Farahani & Henderson, 2010). In 2013, the Muslim community spent about US\$137 billion on tourism, a figure that is expected to reach \$181 billion by 2018 (State of the Global Islamic Economy Report, 2013).

The value perceived by a consumer is important in any consumption service (McDougall & Levesque, 2000). In conventional tourism, traditional value influences customer satisfaction (Williams & Soutar, 2009). There is a dearth of research which empirically investigates the relationships among value, satisfaction and behavioural intentions in the context of tourism (Baker & Crompton, 2000). As discussed earlier, the religious value significantly influences Muslim consumer behavior (Alam & Hisham, 2011). Therefore, Muslim customer satisfaction is significantly influenced not only by traditional value but also by Islamic value and religiosity. In previous studies, the impact of religious value as a dimension of perceived value and religiosity has rarely been measured (Eid & El-Gohary, 2015). Thus, it is important for scholars to simultaneously examine the influence of religious and traditional value on Muslim consumer satisfaction in the halal tourism industry.

## **2. Problem Statement**

Muslims perceive Islam as something more than just a religion; it is a way of life (Mustafar & Borhan, 2013). Therefore, Islam shapes Muslim behavior including their consumption behavior (Alam & Hisham, 2011). Eid & El-Gohary (2015) even found that Islamic value also significantly influences Muslim consumer decision making with regard to the consumption of halal tourism. Currently, very little research has examined halal tourism (Reisinger, Nassar, & Mostafa, 2015), specifically the

influence of religious value and religiosity on tourist customer satisfaction (Eid & El-Gohary, 2015). As the largest Muslim country in the world with a population of 218.68 million, or 10.51% of the world population in 2014 (World Muslim Population, 2016), Indonesia has a great potential as a tourist destination. One tourist destination in Indonesia, Lombok Island, was named the World's Best Halal Tourism Destination and World's Best Halal Honeymoon Destination in the halal arena of the World Travel Awards 2015 in Abu Dhabi, United Arab Emirates (Nugrahani, 2015). However, it is worth noting that all consumers, including Muslims, also assess any product and services based on its value (McDougall & Levesque, 2000). Thus, the current study will examine the influence of perceived value, not only traditional value but also Islamic value, on Muslim tourist satisfaction. In addition, the study will examine the moderating role of religiosity in tourist satisfaction.

### **3. Purpose of the Study**

The study aims to test empirically the effect of traditional value and Islamic religious value on customers' satisfaction with a halal destination. Moreover, the study also analyses the moderating role of religiosity in the relationship between Islamic value and customers' satisfaction with a halal destination.

### **4. Research Question**

The study questions whether there is an effect of traditional value, and Islamic value on customer satisfaction with the halal destination. Furthermore, the study also questions whether religiosity plays a moderating role on the two relationships; first, in moderating the relationship between traditional value and satisfaction; second, in moderating the relationship between Islamic values and satisfaction.

## **5. Literature Review and Hypotheses Development**

### *5.1 Traditional value*

#### *5.1.1 Quality value*

Perceived value is defined as a "consumer's overall assessment of the utility of a product (or service) based on perceptions of what is received and what is given" (Zeithaml, 1988, p. 14). From the conventional perspective, perceived value consists of quality value, price value, emotional value and social value (Sweeney & Soutar, 2001).

Quality value is a dimension of perceived value that refers to the utility value that comes from the perceived quality and expected performance of the product (Sweeney & Soutar, 2001). Based on consumer perception, quality is a subjective, abstract, global assessment which is usually made in the consideration set of consumers (Zeithaml, 1988). Perceived quality differs from objective quality because it is a subjective response to an object. Thus, marketers should understand how consumers form an impression of quality regarding a service or product (Zeithaml, 1988) because the quality of a

service positively affects customer satisfaction, which in turn positively influences behavioural intention (Cronin, Brady, & Hult, 2000). One study conducted in Taiwan found that experienced quality positively influences tourist satisfaction (Chen & Chen, 2010). Another study on cruise passenger behavioural intention showed that quality is the best predictor of tourist behavioural intention (Petrick, 2004). In the context of halal tourism, studies conducted on Muslim tourists from various countries have found a significant influence of quality value on customer satisfaction (Eid, 2015; Eid & El-Gohary, 2015). Based on the above discussion, the following hypothesis is developed:

H1: Quality value positively and significantly influences customer satisfaction.

#### *5.1.2 Value of money*

The second dimension of perceived value is price value, or the value of money (Sweeney & Soutar, 2001). Price value refers to being good for the price paid (Williams & Soutar, 2009). In the context of online retailing, the value of money together with efficiency and functional value contribute to customer satisfaction (Mathwick, Malhotra, & Rigdon, 2001). Many scholars have examined value for money as a factor related to tourist satisfaction and tourist loyalty (Kozak & Rimmington, 2000; Prebensen, Kim, & Uysal, 2015; Sanchez, Callarisa, Rodriguez, & Moliner, 2006; Williams & Soutar, 2009). In the context of halal tourism, tourists see price subjectively and consider its value as a key variable that influences their choice (Eid & El-Gohary, 2014). Thus, the following hypothesis is developed:

H2: The value of money positively and significantly influences customer satisfaction.

#### *5.1.3 Emotional value*

Another dimension of perceived value is emotional value (Sweeney & Soutar, 2001). Emotional value refers to a social-psychological dimension that relies on a product's capability to stimulate an emotional state or affective condition (Sheth, Newman, & Gross, 1991). In the context of tourism, emotional value is empirically related to tourist satisfaction (Prebensen et al., 2015; Williams & Soutar, 2009). For Muslim tourists, emotional value also influences their satisfaction as tourists (Eid, 2015). The theories discussed above lead to the following hypothesis:

H3: Emotional value positively and significantly influences customer satisfaction

#### *5.1.4 Social value*

The fourth dimension of perceived value is social value (Sweeney & Soutar, 2001). Social value refers to the utility gained from a product's ability to enhance the self-concept of a social consumer (Sweeney & Soutar, 2001). Many studies have found that social value significantly influences customer satisfaction in the tourism industry (Gallarza & Saura, 2006; Prebensen et al., 2015); therefore:

H4: Social value positively and significantly influences customer satisfaction.

## 5.2 Islamic value

### 5.2.1 Islamic physical attributes

The halal (or permissible in Islam) perspective not only refers to food and beverages but also applies to all facets of life (Mohsin et al., 2015). In the consumption of tourism services, Muslims also consider the halal-ness of the services based on Islamic value (Eid, 2015; Eid & El-Gohary, 2015). In the context of consumption, Islamic value dimensions refer to the attributes that have relevance or comply with the rules of Sharia or religious identity (Eid & El-Gohary, 2015). This Islamic value becomes an additional factor apart from cognitive and affective factors that contributes to the creation of value.

According to Eid and El-Gohary (2015), Islamic value consists of two dimensions: Islamic physical attributes and Islamic non-physical attributes. The religious elements of Islamic physical attributes and Islamic non-physical attributes may affect consumer satisfaction, especially among Muslims (Eid & El-Gohary, 2015). Islamic physical attributes are all Islamic attributes that can be seen and touched, such as the availability of places of worship, the availability of the Qur'an in a hotel room and toilets which comply with the rules of Sharia. Therefore:

H5: Islamic physical attributes positively and significantly influence customer satisfaction.

### 5.2.2 Islamic non-physical attributes

Islamic non-physical attributes refer to all attributes that can be viewed but not necessarily touched directly (Eid & El-Gohary, 2015). An example of Islamic non-physical attributes is the availability of television programmes in accordance with Islamic value (Eid & El-Gohary, 2015). Therefore:

H6: Islamic non-physical attributes positively and significantly influence customer satisfaction.

## 5.3 Religiosity

Religion plays a significant role in the lives of many people (Delener, 1990). In tourism services, religiosity also influences the satisfaction of consumers, especially adherents of Islam (Eid & El-Gohary, 2015). The level of religiosity influences the degree of compliance with the rules of Sharia; some Muslims who have low religiosity do not care whether physical attributes and non-physical attributes are in accordance with Islamic value (Eid, 2015; Eid & El-Gohary, 2015). For religious Muslims, the separation of service facilities between men and women and accommodations that do not violate Sharia rules are very important while for non-religious Muslims the separation of facilities is not important (Eid & El-Gohary, 2015). Therefore:

H7: Islamic religiosity significantly moderates the relationship between Islamic physical attributes and customer satisfaction.

H8: Islamic religiosity significantly moderates the relationship between Islamic physical attributes and customer satisfaction.

## **6. Research Method**

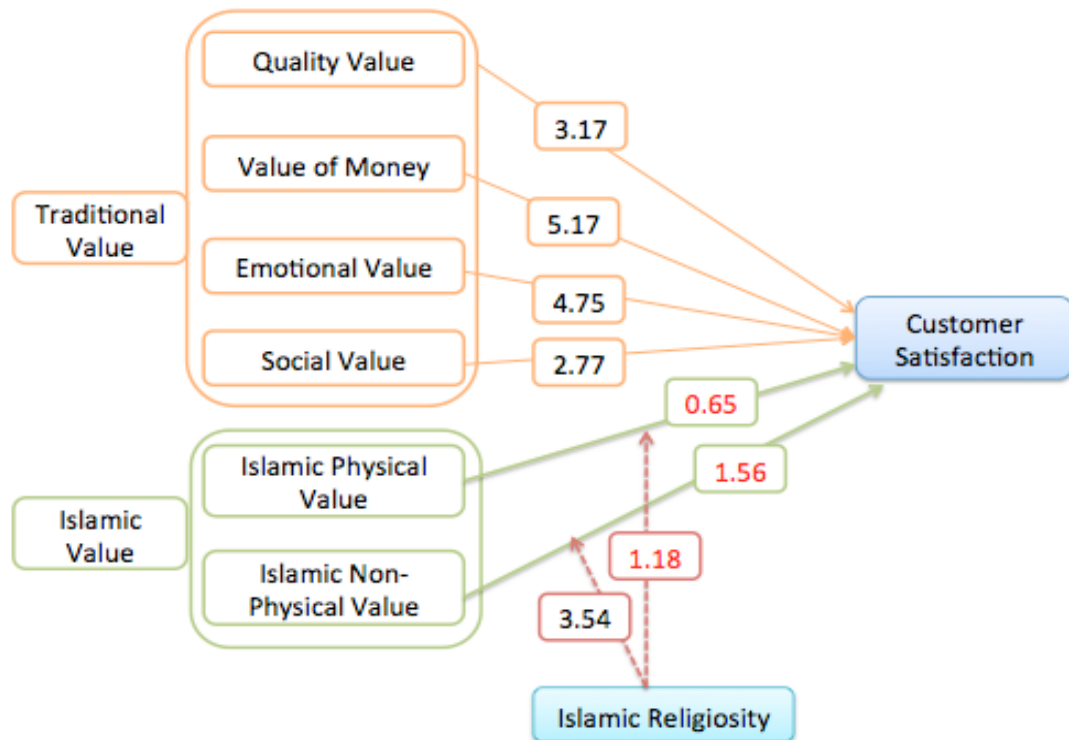
This study replicated the model used in previous studies conducted by Eid and El-Gohary (2014). Purposive sampling was employed to enable the researchers to focus on the characteristics of a Muslims tourist that are of interest so that the research questions. The minimum sample size was determined based on the theory of Hair, Sarstedt, Ringle, & Mena (2012) that states the minimum number of samples required for an analysis using Structural Equation Modeling (SEM) is the number of items in a questionnaire multiplied by 5. A total of 295 questionnaires measuring quality value, price value, emotional value, social value, Islamic physical attributes and Islamic non-physical attribute as independent variables; customer satisfaction as the dependent variable; and religiosity comprising Islamic belief and Islamic practice as moderating variable was distributed to Muslim tourists on-line through survey sites and off-line in Lombok Island. Lombok was selected because it was named Best Halal Tourist Destination and Best Halal Honeymoon Destination during the World Halal Travel Awards 2015 held in Abu Dhabi. The data were analysed using structural equation modeling with AMOS 18.0. Moderation effects of religiosity were also assessed using structural equation modeling.

## **7. Analysis**

Based on the structural equation modelling analysis shown in figure 1.1, one can conclude that all the traditional value dimensions (quality value, value of money, emotional value and social value) directly influence Muslims customers' satisfaction.

Thus, the first hypothesis of the study is accepted. The result of the current study supported many other studies conducted in both the Muslim (Eid, 2015; Eid & El-Gohary, 2015) and non-Muslim research context (Gallarza & Saura, 2006; He, Yan, Jin, & Yang, 2014). The quality value plays an important role in tourist satisfaction because value is considered the starting point in the formation of attitudes for consumers (tourists) who travel (He et al., 2014).

The second hypothesis, which tests the positive influence of value of money on satisfaction, is also supported. Therefore, based on research conducted by Eid and El-Gohary (2015), one can say that a positive consumer assessment of the efficiency of money can be used to positively increase the satisfaction gained by consumers where price is a key variable in choice.



**Fig. 1.** Hypothesis Testing

Testing of the third hypothesis showed that emotional value positively and significantly influences customer satisfaction. Therefore, the data support the research conducted by Eid and El-Gohary (2015) in the halal tourism context.

The fourth hypothesis, testing the influence of social value on Muslim tourist customer satisfaction, is also supported. Therefore, the data also support the research conducted by Eid and El-Gohary (2015).

In contrast, Islamic value, which consists of Islamic physical attributes and Islamic non-physical attributes, does not significantly influence Muslims' customer satisfaction, leading to the rejection of the fifth and sixth hypotheses. Evaluation of the role of value of a tourism object cannot be separated from the level of importance of Sharia in the life of the society (Jafari & Scott, 2014). Reisinger et al. (2015) initially hypothesised that the presence or absence of Islamic facilities has considerable influence in consumers' evaluations, but the results showed no significant effect. Islamic facilities are quite often found in various areas in Islamic countries and are not major considerations for the Indonesian people because such facilities are considered to be provided everywhere; they are not considered extra facilities (Reisinger et al., 2015). In addition, Islam provides relaxed rules for travellers so that when Muslim consumers travel their duty to worship is a bit loosened; for example, in this context, Muslims can perform two prayer obligations at one time, earlier or later; they can also delay or postpone fasting in the month of Ramadan (Eid & El-Gohary, 2015).

The previous argument also provides a rationale for rejection of the seventh hypothesis: the absence of influence from religiosity in moderating the relationship between these two variables can be caused by the ready availability of Islamic facilities, which makes people feel at home (Ryan, 2015). Therefore, religiosity is not an important concern for those with either a high or low level of religiosity.

However, the results of testing the eighth hypothesis show that Islamic non-physical attributes significantly influence Muslims' customer satisfaction after the level of religiosity is taken into account. To some extent, the results support the argument that the intensity of a person's religiosity exerts an influence on the assessment when a trip has been completed, including recommendations for existing facilities at these sites even for non-physical attributes (Shinde, 2015). Consumers with a high level of religiosity will prioritise Islamic non-physical attributes, which will affect their assessments of these factors versus non-Islamic factors (Eid & El-Gohary, 2015).

## 8. Conclusion

This study concludes that, among Muslims, the traditional values of quality value, value of money, emotional value and social value are considered important influences on the formation of customer satisfaction. In contrast, the influence of Islamic value, especially Islamic non-physical attributes, on Muslim tourists' customer satisfaction is moderately influenced by the religiosity level of the Muslim tourists.

## Acknowledgement

This work has been funded by the PITTA Grant to the Directorate of Research and Community Services at the Universitas Indonesia.

## References

- Baker, D. A., & Crompton, J. L. (2000). Quality, satisfaction and behavioral intentions. *Annals of Tourism Research*, 27(3), 785-804.
- Chang, L. C., & Chuang, H. (2005). The study of subculture and consumer behavior: An example of Taiwanese University students' consumption culture. *Journal of American Academy of Business*, 7(2), 258-265.
- Chen, C.-F., & Chen, F.-S. (2010). Experience quality, perceived value, satisfaction and behavioral intentions for heritage tourists. *Tourism Management*, 31(1), 29-35.
- Cronin, J. J., Brady, M. K., & Hult, G. T. M. (2000). Assessing the effects of quality, value, and customer satisfaction on consumer behavioral intentions in service environments. *Journal of Retailing*, 76(2), 193-218.
- Delener, N. (1990). The effects of religious factors on perceived risk in durable goods purchase decisions. *Journal of Consumer Marketing*, 7(3), 27-38.
- Eid, R. (2015). Integrating Muslim customer perceived value, satisfaction, loyalty and retention in the tourism industry: An empirical study. *International journal of tourism research*, 17(3), 249-260.
- Eid, R., & El-Gohary, H. (2015). The role of Islamic religiosity on the relationship between perceived value and tourist satisfaction. *Tourism Management*, 46, 477-488.
- Gallarza, M. G., & Saura, I. G. (2006). Value dimensions, perceived value, satisfaction and loyalty: an investigation of university students' travel behaviour. *Tourism Management*, 27(3), 437-452.



- Hair, J. F., Sarstedt, M., Ringle, C. M., & Mena, J. A. (2012). An assessment of the use of partial least squares structural equation modeling in marketing research. *Journal of the academy of marketing science*, 40(3), 414-433.
- He, Q., Yan, J., Jin, H., & Yang, Y. (2014). Quality-aware service selection for service-based systems based on iterative multi-attribute combinatorial auction. *IEEE Transactions on Software Engineering*, 40(2), 192-215.
- Jafari, J., & Scott, N. (2014). Muslim world and its tourisms. *Annals of Tourism Research*, 44, 1-19.
- Khraim, H. (2010). Measuring religiosity in consumer research from an Islamic perspective. *Journal of Economic and Administrative Sciences*, 26(1), 52-78.
- Kozak, M., & Rimmington, M. (2000). Tourist satisfaction with Mallorca, Spain, as an off-season holiday destination. *Journal of travel research*, 38(3), 260-269.
- Mathwick, C., Malhotra, N., & Rigdon, E. (2001). Experiential value: conceptualization, measurement and application in the catalog and Internet shopping environment. *Journal of retailing*, 77(1), 39-56.
- McDaniel, S. W., & Burnett, J. J. (1990). Consumer religiosity and retail store evaluative criteria. *Journal of the Academy of Marketing Science*, 18(2), 101-112.
- McDougall, G. H. G., & Levesque, T. (2000). Customer satisfaction with services: putting perceived value into the equation. *Journal of services marketing*, 14(5), 392-410.
- Mohsin, A., Ramli, N., & Alkhulayfi, B. A. (2015). Halal tourism: Emerging opportunities. *Tourism Management Perspectives*, 19, Part B, 137-143.
- Mokhlis, S. (2006). The effect of religiosity on shopping orientation: an exploratory study in Malaysia. *Journal of American Academy of Business*, 9(1), 64-74.
- Mustafar, M. Z., & Borhan, J. T. (2013). Muslim consumer behavior: emphasis on ethics from Islamic perspective. *Middle-East Journal of Scientific Research*, 18(9), 1301-1307.
- Nugrahani, N. (2015). Lombok named best halal tourism destination. Retrieved August 8, 2016, from <http://www.thejakartapost.com/news/2015/10/22/lombok-named-best-halal-tourism-destination.html>
- Petrick, J. F. (2004). The roles of quality, value, and satisfaction in predicting cruise passengers' behavioral intentions. *Journal of travel research*, 42(4), 397-407.
- Prebensen, N. K., Kim, H. L., & Uysal, M. (2015). Cocreation as moderator between the experience value and satisfaction relationship. *Journal of travel research*, 1-12.
- Reisinger, Y., Nassar, M. A., & Mostafa, M. M. (2015). Factors influencing travel to Islamic destinations: an empirical analysis of Kuwaiti nationals. *International Journal of Culture, Tourism and Hospitality Research*, 9(1), 36-53.
- Ryan, C. (2015). Halal tourism. *Tourism Management Perspectives*.
- Sanchez, J., Callarisa, L., Rodriguez, R. M., & Moliner, M. A. (2006). Perceived value of the purchase of a tourism product. *Tourism Management*, 27(3), 394-409.
- Shah Alam, S., Mohd, R., & Hisham, B. (2011). Is religiosity an important determinant on Muslim consumer behaviour in Malaysia?. *Journal of Islamic Marketing*, 2(1), 83-96.
- Shakona, M., Backman, K., Backman, S., Norman, W., Luo, Y., & Duffy, L. (2015). Understanding the traveling behavior of Muslims in the United States. *International Journal of Culture, Tourism and Hospitality Research*, 9(1), 22.
- Sheth, J. N., Newman, B. I., & Gross, B. L. (1991). *Consumption values and market choices: Theory and applications*: South-Western Publishing Company Cincinnati, OH.
- Shinde, K. A. (2015). Religious tourism and religious tolerance: insights from pilgrimage sites in India. *Tourism Review*, 70(3), 179-196.
- State of the global Islamic economy report. (2013). Paper presented at the Global Islamic Economic Summit, Dubai.
- Sweeney, J. C., & Soutar, G. N. (2001). Consumer perceived value: The development of a multiple item scale. *Journal of retailing*, 77(2), 203-220.
- Williams, P., & Soutar, G. N. (2009). Value, satisfaction and behavioral intentions in an adventure tourism context. *Annals of Tourism Research*, 36(3), 413-438.
- World Muslim population (2016). Retrieved July 14, 2016, from <http://www.muslimpopulation.com/World/>
- Zamani-Farahani, H., & Henderson, J. C. (2010). Islamic tourism and managing tourism development in Islamic societies: The cases of Iran and Saudi Arabia. *International journal of tourism research*, 12(1), 79-89.
- Zeithaml, V. A. (1988). Consumer Perceptions of Price, Quality, and Value: A Means-End Model and Synthesis of Evidence. *Journal of Marketing*, 52(3), 2-22.