# ELABORATION OF LITHUANIAN TOURIST SATISFACTION INDEX MODEL

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## Abstract

Whereas tourism can be named as one of the most emerging areas of service sector in Lithuania, the research **aims** to develop Lithuanian Tourist Satisfaction Index. While developing the index, core variables (components of the index) are determined and their impact on tourist satisfaction measured.

Lithuanian Tourist Satisfaction Index is elaborated by following stages: 1. Manifest and latent variables (causes and consequences of tourist satisfaction) are determined based on the analysis of previous scientific researches; theoretical model of Tourist Satisfaction Index is elaborated; 2. Theoretical model of Tourism Satisfaction Index is being verified providing a questionnaire research with Lithuanian tourists who had visited foreign countries; 3. The impact of model's variables on tourist satisfaction with a specific country is determined; 4. After generalizing Tourist Satisfaction Indexes with different countries, main variables having impact on Lithuanian tourist satisfaction are determined; general Lithuanian Tourist Satisfaction Index Model is composed.



**Keywords:** customer satisfaction, Lithuanian tourist, satisfaction index, tourist satisfaction.


## INTRODUCTION

Customer satisfaction research is one of the most popular scopes in marketing research. Generally, customer satisfaction is being determined by calculating Customer Satisfaction Index which is based on a specific model. In the world there is a wide variety of national and international models of customer satisfaction indexes. After calculating the index, a level of customer satisfaction with a product, organization, or a sector is determined. Whereas tourism is considered as a driver of economic growth and one of the leading service

industries in many countries (Klimek, 2013), tourist satisfaction measurement becomes a relevant topic among scholars.

While calculating country's customer satisfaction index, country-specific factors affecting its customer satisfaction have to be determined. Various authors from all over the world have revealed different determinants and indexes of Tourist Satisfaction (Krešic, Prebežac, 2011; Song et al., 2011; Al-Majali, 2012; Siri et al., 2012; et al.). One of the many reasons for this distinctions may be due to dissimilarities among people in different countries, their values, habits, beliefs, cultural heritage, way of life, etc. (Quintal, Polczynski, 2010). This makes a suggestion that people living in different countries are affected by different determinants of tourist satisfaction with their destination. Therefore, the scientific **problem** solved in the article rises with the question: what is Lithuanian tourist satisfaction and what are the factors determining their satisfaction?

Whereas tourism can be named as one of the most emerging areas of service sector in Lithuania, the research **aims** to develop Lithuanian Tourist Satisfaction Index. While developing the index, core variables (components of the index) are determined and their impact on tourist satisfaction measured.

On purpose of developing a research model for Lithuanian tourist satisfaction, theoretical analysis and synthesis are provided. Tourists' attitudes and evaluations towards selected countries are determined providing the questionnaire research. Structural equation modelling (SEM) using partial least squares (PLS) path modelling methodology is applied for statistical analysis.

## LITERATURE REVIEW

In recent years the conception of customer satisfaction became very popular and important in most of all business sectors. Tourism industry is a large business sector and from

a tourism point of view, the same conception of customer satisfaction applies to tourists because they are also subscribers to the services provided (Salleh et al., 2013).

In the largest part of customer satisfaction research methodologies, e.g. American Customer Satisfaction index, European Customer Satisfaction index, Norwegian Customer Satisfaction barometer, Swedish Customer Satisfaction barometer, etc. (Johnson et al., 2001), as well as in the tourists satisfaction researches (Som et al., 2011; Salleh et al., 2013), the main consequence of satisfaction is considered to be loyalty to the destination.

On the other hand, determinants of tourist satisfaction in different countries diverge. Various authors from all over the world have revealed different determinants and indexes of Tourist Satisfaction (see Table 1).One of the many reasons for this distinctions may be due to dissimilarities among people in different countries, their values, habits, beliefs, cultural heritage, way of life, etc. (Quintal, Polczynski, 2010). This makes a suggestion that people living in different countries are affected by different determinants of tourist satisfaction with their destination.

*Table 1*. **Determinants of Tourist Satisfaction indicated by various authors**

| **Authors (references)** | | | | |
|---|---|---|---|---|
| Siri et al., 2012 | M. M. Al-Majali, 2012 | Song et al., 2011 | Krešic, Prebežac, 2011 | Song et al, 2012; PolyU Tourist Satisfaction Index Report, 2013 |
| **Country (index)** | | | | |
| India | Jordan | China | Croatia (Index of destination attractiveness) | Hong Kong (Overall Tourist Satisfaction index) |
| **Determinants of tourists satisfaction** | | | | |
| Hotel / Lodging attributes | Perceived risk | Tourist characteristics | Accommodation and catering facilities | Attractions |

| | | | | |
|---|---|---|---|---|
| Local transport, food outside hotel attributes | Image | Perceived performance | Activities in destination | Hotels |
| Shopping, local people, airport attributes | Service climate | Assessed value | Natural features | Immigration |
| Activity attributes | - | Expectations | Destination aesthetics | Restaurants |
| Attraction attributes | - | - | Environmental preservation | Retail Shops |
| Information service attributes | - | - | Destination marketing | Transportation |

*Source:* self-elaboration based on D. Krešic, D. Prebežac (2011), H. Song et al. (2011), M. M. Al-Majali (2012), R. Siri et al. (2012), H. Song et al. (2012), PolyU Tourist Satisfaction Index Report (2013), M. Salleh et al. (2013).

Nevertheless, many different determinants of customer satisfaction may be included as manifest variables in the others determinants, for example: *attractions* and *retail shops* in the Overall Tourist Satisfaction index may be included as manifest variables for latent variable *activities in destination* in the Index of Destination Attractiveness, as well as *hotels* and *restaurants* may be included for variable *accommodation and catering facilities*.

Therefore, it could be stated that though there are many different determinants, most of them correspond to each other or may be a context of the other determinants. Accordingly, Index of Destination Attractiveness has less generalized groups of determinants of tourist satisfaction in comparison with Overall Tourist Satisfaction index. Consequently, Index of Destination Attractiveness may include all the determinants from the Overall Tourist Satisfaction index

and even more factors that may influence particular country's tourist satisfaction level with their destination.

## RESEARCH METHODOLOGY

*Selection of the theoretical Lithuanian Tourist Satisfaction Index model*. Based on the analysis of the scientific literature, the following latent variables constituted the theoretical Lithuanian Tourist Satisfaction Index model, used for the research: accommodation and catering facilities, activities in destination, natural features, destination aesthetics, environmental preservation, destination marketing, overall satisfaction, loyalty. All the determinants of customer satisfaction from the Overall Tourist Satisfaction index were included in the model as the manifest variables of their corresponding latent variables. Considering that all manifest variables of the exogenous latent variables in the model define their construct, changes in the construct do not necessarily impact all its observed items, manifest variables do not covary and define different aspects of the latent variables, these constructs are considered to be formative (Andreev et al, 2009). Contrarily, constructs of latent variables *satisfaction* and *loyalty* are reflective (Tenenhaus et al., 2005). Endeavoring to make a deeper analysis, the assumption was made that there can exist a possibility of exogenous variables direct effect on loyalty. Consequently, structural equations representing the model are:

1) $Satisfaction = \beta_{70} + \beta_{71}\, Accommodation\ and\ catering + \beta_{72}\, Activities\ in\ destination + \beta_{73}\, Natural\ features + \beta_{74}\, Destination\ aesthetics + \beta_{75}\, Environmental\ preservation + \beta_{76}\, Destination\ marketing + \zeta_7$
2) $Loyalty = \beta_{80} + \beta_{81}\, Accommodation\ and\ catering + \beta_{82}\, Activities\ in\ destination + \beta_{83}\, Natural\ features + \beta_{84}\, Destination\ aesthetics + \beta_{85}\, Environmental\ preservation + \beta_{86}\, Destination\ marketing + \beta_{87}\, Satisfaction + \zeta_8$

Subsequently, theoretical Lithuanian Tourist Satisfaction Index model used for the research consists of eight latent variables (six exogenous and two endogenous). All manifest variables formed a questionnaire for respondents' evaluations (*the questionnaire is available from the authors upon request*). 10-point evaluation scale was applied for the questionnaire. Authors (Coelho, Esteves, 2006) highlighted that the accuracy of the satisfaction researches results is higher when the 10-point scale is used for the research.

*The sample*. The total sample size (based on the recommendations for customer satisfaction researches) was 251. The survey was conducted on the summer of 2013. Achieving to increase the variety of the respondents, the survey was handled both, in person and via the Internet. 27 percent of male and 73 percent of female participated in the survey. 41 percent of the respondents' indicated their income between 1000 and 2000 Litas (national currency: 1 Litas = 0.2896 Euro; further - Lt) per month, 21 percent – more than 3000 Lt and the same percent of respondents indicated their income less than 1000 Lt per month; 17 percent of respondents' income were indicated to be between 2001 and 3000 Lt per month.

## ANALYSIS OF THE RESEARCH RESULTS

Achieving to determine Lithuanian tourists' traveling patterns, respondents were asked about their traveling companions: were they travelling to the destination as tourists alone, or with friends, or family. 40 percent of the respondents stated that they were travelling with family, 29 percent – with friends, 26 percent – with family and friends, and only 5 percent of respondents were travelling alone. Accordingly, it can be stated that most of Lithuanian tourists' prefer traveling with a company.

Twelve most popular outbound countries (Great Britain, Czech Republic, Slovakia, Austria, France, Spain, Portugal, Italy, Greece, Turkey, Egypt, and Tunisia) were given for respondents' evaluation. Distribution of the destinations identified by respondents is shown in

Figure 1. Every fourth respondent indicated Turkey as the main travel destination. 13 percent of respondents indicated Spain, 10 percent – Italy. All the rest specified countries were indicated by less than 10 percent of respondents each. 17 percent of respondents chose the option "Other" and indicated these countries: Papua New Guinea, Poland, Malta, Sweden, Latvia, Belgium, USA, Germany, Finland, Croatia, Norway, Albania, Jamaica, Netherlands, Bulgaria, Switzerland, and Australia. Hence, more than a half of the respondents chose southern European countries as their destination.

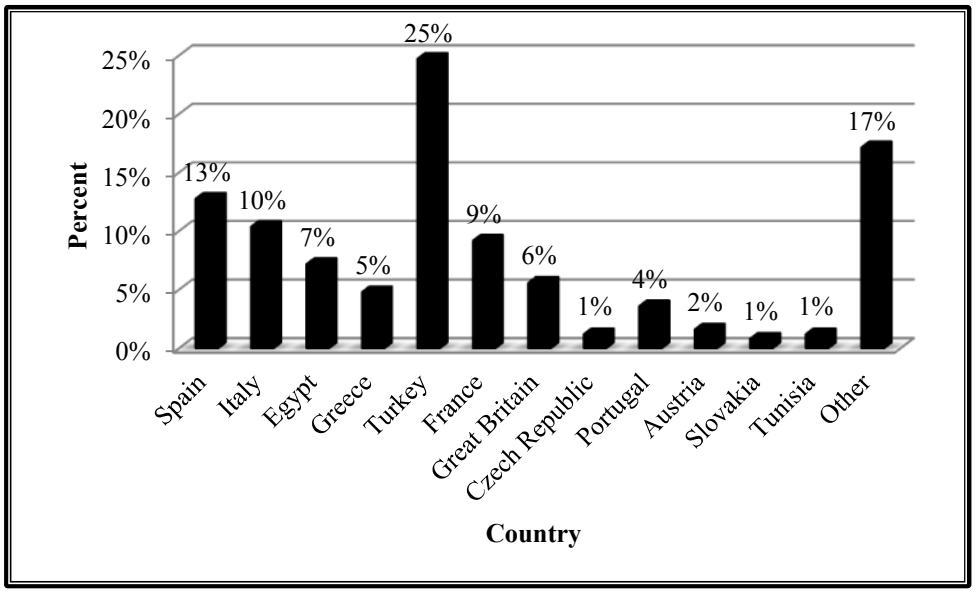


*Figure 1*. **Distribution of travel destinations evaluated, N = 251**

The theoretical Lithuanian Tourist Satisfaction index model had two latent variables, which had no positive neither negative statistically significant direct impact on tourist satisfaction, as well as total impact on loyalty (see Table 2). According to J. F. Hair et al. (2011), non-significant impacts do not support the proposed causal relationship. These variables were *accommodation and catering* and *destination aesthetics*. These findings imply the assumption, that whatever the services of accommodation and the aesthetics of the tourist destination were, this does not influence Lithuanian tourist's satisfaction with the country. Additionally, *accommodation and catering* and *destination aesthetics* have no even indirect impact on loyalty to Lithuanian tourists' destination. Variables *activities in destination*,

*destination marketing*, and *environmental preservation* directly and statistically significantly impact *satisfaction*, but their direct influence on *loyalty* is non-significant. On the other hand, these variables have significant total effect on *loyalty*. Only variable *natural features* directly and significantly impacts both: *satisfaction* and *loyalty*.

*Table 2*. **Path Coefficients, Total Effects and their significances at the theoretical model**

| Variables | Path Coefficient | T Statistics (path coefficient) | Total Effect | T Statistics (total effect) |
|---|---|---|---|---|
| Accommodation and Catering -> Loyalty | -0.0434 | 0.6167 | 0.0509 | 1.0339 |
| Accommodation and Catering -> Satisfaction | 0.0634 | 1.0308 | 0.0634 | 1.0308 |
| Activities in destination -> Loyalty | 0.0949 | 1.5441 | 0.1531 | 3.3427 |
| Activities in destination -> Satisfaction | 0.1909 | 3.2291 | 0.1909 | 3.2291 |
| Destination aesthetics -> Loyalty | 0.0100 | 0.1666 | 0.0429 | 0.7583 |
| Destination aesthetics -> Satisfaction | 0.0535 | 0.7651 | 0.0535 | 0.7651 |
| Destination marketing -> Loyalty | 0.0916 | 1.1100 | 0.2735 | 4.215 |
| Destination marketing -> Satisfaction | 0.3409 | 4.2919 | 0.3409 | 4.2919 |
| Environmental preservation -> Loyalty | -0.0538 | 0.9987 | 0.1328 | 3.102 |
| Environmental preservation -> Satisfaction | 0.1655 | 3.0884 | 0.1655 | 3.0884 |
| Natural features -> Loyalty | 0.1935 | 2.7902 | 0.3854 | 5.4112 |
| Natural features -> Satisfaction | 0.2353 | 3.5773 | 0.2353 | 3.5773 |
| Satisfaction -> Loyalty | 0.8021 | 22.4681 | 0.8021 | 22.4681 |

Consequently, the new PLS Path model of Lithuanian Tourist Satisfaction index was constructed of six latent variables: activities in destination, natural features, environmental preservation, destination marketing, overall satisfaction, loyalty. Each latent variable had two to three manifest variables.

The sufficient degree of convergent validity of reflective constructs indicated by AVE values, were high above 0.5. Values of Composite Reliability and Cronbach's Alpha were obtained higher than 0.7 and this displays the internal consistency reliability of reflective

constructs. R square values of endogenous latent variables in the structural model were substantial (see Table 3).

*Table 3*. **Values of AVE, Composite Reliability, R Square and Cronbach's Alpha**

| Variables | AVE | Composite Reliability | R Square | Cronbach's Alpha |
|---|---|---|---|---|
| Loyalty | 0.911 | 0.9534 | 0.6631 | 0.9024 |
| Satisfaction | 0.787 | 0.917 | 0.693 | 0.8631 |

All exogenous latent variables had a moderate effect size on endogenous latent variable satisfaction. Hence, the highest effect size is created by variable '*destination marketing'*. Variable '*natural features'* had a great effect size on satisfaction too (see Table 4).

*Table 4*. **Effect size $f^2$**

| Variables | $f^2$ |
|---|---|
| Activities in destination -> Satisfaction | 0.08 |
| Destination marketing -> Satisfaction | 0.17 |
| Environmental preservation -> Satisfaction | 0.07 |
| Natural features -> Satisfaction | 0.16 |

Reflective measurement model obtained discriminant validity at two criteria. In view of the first criterion, the lowest value of $\sqrt{AVE}$ was obtained greater than the latent construct's highest correlation (see Table 5) with any other latent construct. In view of the second discriminant validity assessment criterion, all manifest variables' loadings of their corresponding latent variables were higher than its' cross loadings. Consequently, the reflective measurement model was considered as reliable and valid with reference to discriminant validity, convergent validity and internal consistency reliability.

*Table 5*. **Latent variables' correlations**

| Variables | Activities in destination | Destination marketing | Environmental preservation | Loyalty | Natural features | Satisfaction |
|---|---|---|---|---|---|---|
| Activities in destination | 1 | - | - | - | - | - |
| Destination marketing | 0.5363 | 1 | - | - | - | - |

| | | | | | | |
|---|---|---|---|---|---|---|
| Environmental preservation | 0.3268 | 0.6508 | 1 | - | - | - |
| Loyalty | 0.5551 | 0.6509 | 0.4644 | 1 | - | - |
| Natural features | 0.5169 | 0.5791 | 0.425 | 0.6463 | 1 | - |
| Satisfaction | 0.5982 | 0.751 | 0.6058 | 0.8017 | 0.6747 | 1 |

Outer loadings of reflective measurement model are represented in Table 6. All outer loadings are higher than 0.8. As a result, manifest variables of reflective measurement model were identified as reliable.

*Table 6*. **Outer loadings of reflective constructs**

| Variables | Loyalty | Satisfaction |
|---|---|---|
| Manifest variable of *Satisfaction* No. 1 | 0 | 0.938 |
| Manifest variable of *Satisfaction* No. 2 | 0 | 0.8964 |
| Manifest variable of *Satisfaction* No. 3 | 0 | 0.8231 |
| Manifest variable of *Loyalty* No. 1 | 0.9513 | 0 |
| Manifest variable of *Loyalty* No. 2 | 0.9576 | 0 |

Evaluating cross-validated redundancy measures for the endogenous latent variables, the chosen omission distance $d$ was 7 ($251 / 7 \neq integer$). All cross-validated redundancy values ($Q^2$) for endogenous latent variables are above zero (see Table 7). Consequently, structural model is assessed as displaying predictive relevance.

*Table 7*. **Stone-Geisser's $Q^2$**

| Total | SSO | SSE | 1-SSE/SSO |
|---|---|---|---|
| Satisfaction | 753.0000 | 342.7093 | 0.5449 |
| Loyalty | 502.0000 | 201.3042 | 0.5990 |

Formative indicators' weights and their significance are shown in Table 8. All formative indicators' weights are moderate and significant (95 % significance level).

*Table 8*. **Formative indicators' weights and their significance**

| Number of manifest variable of specified latent variable | Original Sample | Standard Deviation | T Statistics |
|---|---|---|---|
| 1 -> Activities in destination | 0.4836 | 0.1472 | 3.2858 |
| 2 -> Activities in destination | 0.4039 | 0.1843 | 2.1919 |
| 3 -> Activities in destination | 0.2774 | 0.1417 | 1.9572 |

| | | | |
|---|---|---|---|
| 4 -> Destination marketing | 0.7193 | 0.0844 | 8.5254 |
| 5 -> Destination marketing | 0.4138 | 0.0995 | 4.1601 |
| 6 -> Environmental preservation | 0.3968 | 0.1438 | 2.7586 |
| 7 -> Environmental preservation | 0.2559 | 0.0927 | 2.7592 |
| 8 -> Environmental preservation | 0.5612 | 0.1421 | 3.9492 |
| 9 -> Natural features | 0.4197 | 0.0971 | 4.3239 |
| 10 -> Natural features | 0.5523 | 0.0925 | 5.9736 |
| 11 -> Natural features | 0.3284 | 0.0858 | 3.8293 |

When applying formative constructs, it is important to avoid multicollinearity problems. The variance inflation factor (VIF) for the exogenous latent variables is provided in Table 9. J. F. Hair et al. (2011) detailed that the value of VIF must be less than 5 in order to claim that multicollinearity is not the problem. As it can be seen in Table 9, all the values of VIF for each exogenous variable is less than 3; accordingly, in this case multicollinearity problems have been avoided.

*Table 9*. **Collinearity Statistics**

| **Variables** | **Collinearity Statistics** | |
|---|---|---|
| | **Tolerance** | **VIF** |
| Activities in destination | .646 | 1.548 |
| Destination marketing | .418 | 2.394 |
| Environmental preservation | .571 | 1.752 |
| Natural features | .600 | 1.668 |

Path coefficients, total effects and their significances for the Lithuanian Tourists Satisfaction index model are shown in Table 10. Variable *'activities in destination'* has a direct significant average impact on *satisfaction* and indirect significance average total impact on *loyalty*. *Destination marketing* has a great direct significant impact on *satisfaction* and the average indirect significant total impact on *loyalty*. *Environmental preservation* has a direct significant average impact on *satisfaction* and indirect significance average total impact on

*loyalty*. Variable '*natural features'* of the destination directly significantly affects *satisfaction* and *loyalty*. Impact on satisfaction is average as well as direct impact on loyalty, though total effect on loyalty is substantial. Satisfaction directly significantly affects loyalty and this effect is the strongest in the whole model.

*Table 10*. **Path Coefficients, Total Effects and their significances**

| Variables | Path Coefficient | T Statistics | Total Effect | T Statistics |
|---|---|---|---|---|
| Activities in destination -> Loyalty | | | 0.1325 | 3.4242 |
| Activities in destination -> Satisfaction | 0.1974 | 3.41 | 0.1974 | 3.41 |
| Destination marketing -> Loyalty | | | 0.2402 | 3.8371 |
| Destination marketing -> Satisfaction | 0.358 | 4.4563 | 0.358 | 4.4563 |
| Environmental preservation -> Loyalty | | | 0.1254 | 3.367 |
| Environmental preservation -> Satisfaction | 0.1868 | 3.3335 | 0.1868 | 3.3335 |
| Natural features -> Loyalty | 0.1935 | 2.7902 | 0.3854 | 5.4112 |
| Natural features -> Satisfaction | 0.286 | 4.8766 | 0.286 | 4.8766 |
| Satisfaction -> Loyalty | 0.6712 | 11.1104 | 0.6712 | 11.1104 |

The Index values of latent variables are shown in Table 11. The worst evaluated variable was '*environmental preservation'*. *Activities in destination* was evaluated quite well, considering that index values above 75 scores were regarded as high, predicting business success in the future. Then again, taking under consideration that all variables' scores (except *environmental preservation*) achieve the high level, *activities in destination* was assessed as the worst variable in the high scores level group.

*Table 11*. **Index values of latent variables**

| Variable | LV Index Values |
|---|---|
| Activities in destination | 82 |
| Destination marketing | 83 |
| Environmental preservation | 73 |
| Loyalty | **87** |
| Natural features | 84 |
| Satisfaction | **84** |

*Destination marketing* almost achieves the level of satisfaction, and *natural features* even encounters the level of satisfaction. Bearing in mind that five variables in the model

directly and / or indirectly positively affect tourist loyalty, it is expected and proved that tourists' loyalty for their destination has the highest index score.

## DISCUSSION

The analysis of the research results suggests that *accommodation and catering* and *destination aesthetics* does not have a statistically significant direct or indirect impact on satisfaction and loyalty in terms of Lithuanian tourists. Considering that the research specifically contains tourists approach and most of the Lithuanian tourists have the average income (according to Statistics Lithuania (2013), average 2012Q2 income was 1745.8 Lt), it can be assumed that most of decisions for *accommodation and catering* is based on the price. Consequently, because of the own tourist decision, this does not influence the satisfaction level with the abroad country, as well as their loyalty to the destination. Therefore, it can be stated that if tourists were dissatisfied with the accommodation and catering, but satisfied with the country itself, it may not decrease the loyalty to the country, just to the specific accommodation and catering facilities they were dissatisfied with. As for *destination aesthetics*, the assumption could be made that the aesthetics of the destination had no impact on tourist satisfaction because was considered more like the natural characteristics of the country; respondents perceived that the destination must be in such condition of aesthetics that it was.

As a result, Lithuanian Tourist Satisfaction index model is provided in Figure 2.

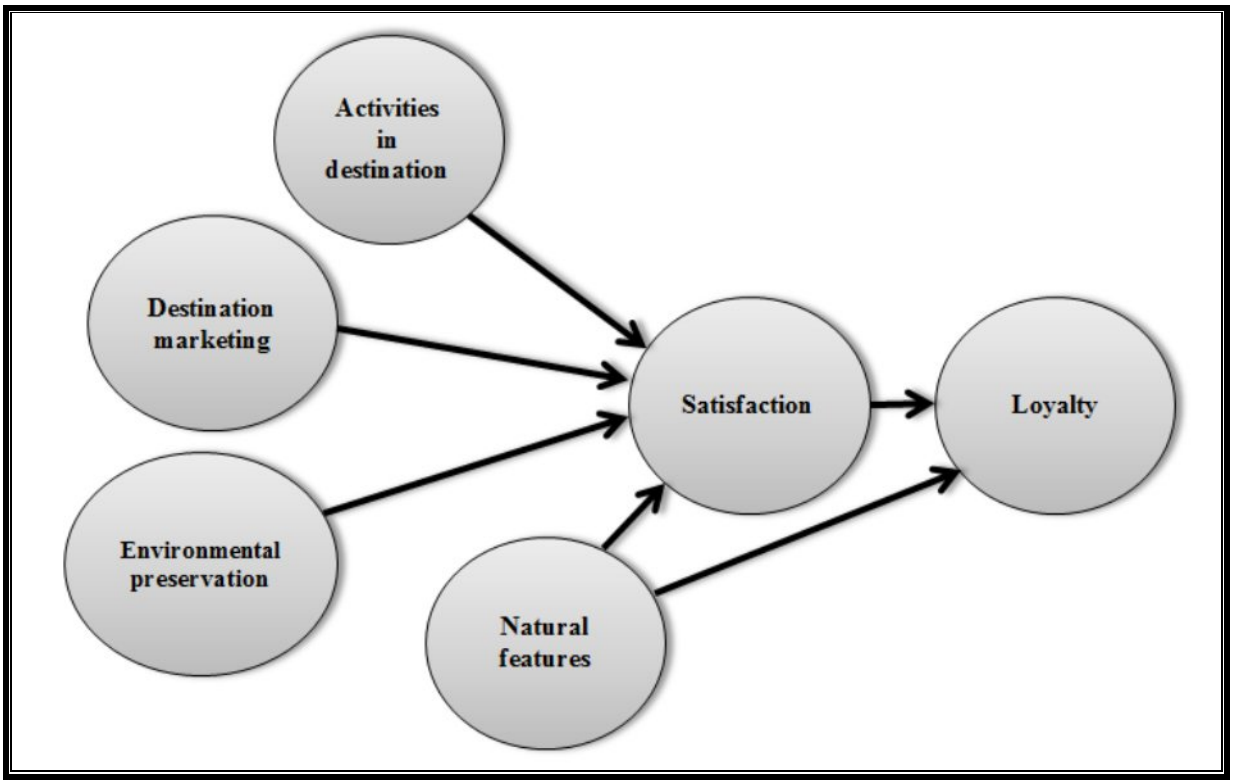


*Figure 2*. **Lithuanian Tourist Satisfaction index model**

The model contains four exogenous latent variables and two endogenous latent variables. All the exogenous latent variables: activities in destination, destination marketing, environmental preservation, and natural features, are the determinants of tourist satisfaction. These determinants directly positively and significantly affect satisfaction. Therefore, enhancing one or more of these determinants would have a positive effect on satisfaction. In addition, the variable '*natural features'* directly positively and significantly affects *loyalty*. Moreover, enhancing the index scores of natural features would have a direct positive effect on both: satisfaction and loyalty. Because of the great direct positive and significant effect of satisfaction to loyalty, enhancing one or more determinants of satisfaction would have indirect and positive effect on loyalty, too.

## CONCLUSIONS

There are various different Tourist Satisfaction indexes developed all over the world due to dissimilarities among people in different countries. Despite this, the analysis of the scientific literature led to the conclusion that most of the determinants of tourist satisfaction defined in different indexes correspond to each other and could be connected.

The analysis of the research results shows that most of Lithuanian tourists prefer traveling with a company and the most popular destination among Lithuanian tourists is southern European countries.

Activities in destination, destination marketing, environmental preservation and natural features of the country are the determinants of Lithuanian tourists' satisfaction. Furthermore, Lithuanian tourists' satisfaction and natural features of the country are two determinants that directly affect Lithuanian tourists' loyalty to the country.

Consequently, it could be stated that if natural features of the destination are not striking, then marketing of the destination should be improved in order to increase Lithuanian tourists' loyalty to the particular destination.

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