

CHAPTER 1

INTRODUCTION

1.1 Background

“Tourism is a smokeless industry which plays an essential role in creating new careers paths and products. It also enhances the activity of foreign exchange market and investments”(Bhutia, 2014). This research has its nativity in tourism industry of Myanmar. Many researchers have been written about the influence that service quality of a destination, competency of tour guides and customer satisfaction have on revisit intention. The success of the tourism industry and ultimately of the destination depend on the quality of service providers working in the industry. It has been found out that the higher satisfaction on quality service and competency, the higher revisit intention. To amplify the understanding of how service quality of the destination, competency and customer satisfaction influence on revisit intention which is important for success of the tourism industry, emphasis is on the tourism industry of Myanmar.

The people who are driving the tourism industry to a faster growth are people from millennial generation. They tend to spend more money on travelling compared to other generations such as baby boomers and generation X. Generation Z also have a tendency to spend their incomes for travelling. Millennials are working and saving money for vacation since they grow up in a digital era that makes them easier to access

trips with less cost and more wonderful, exotic destinations. They spend 35 days to travel in a year on average which is more than any other generations. Due to the fact that they have opportunity for remote working and technology to help them to work from everywhere, millennials tend to travel frequently. Moreover, people from millennial generation devote cultural experience and want to enrich social experience. Instead of flaunting luxurious trips, they prefer authenticity, fulfillment and sustainability (Sofronov and Independen, 2018). This characteristic leads to creating a new business trend called millennial tourism. This new trend of tourism business is digitalized with online booking system, online sales through various travel website and applications in order to meet the millennial people's buying habits. It is also important to provide facilities such as digital gadgets and 24 hours wifi or internet since millennial people want to be online all the time in order to use maps and sharing their experiences on various social platforms. The consideration for vacation happens when there is desire for relaxation, trying out new way of living style and spicing up the ordinary life. Food tour, sightseeing, living a local life style and partying are the most appealing destination activities for millennials (Rita *et al.*, 2018). Therefore, the millennial travel business also includes arranging trips to village with unique culture, homestay with locals, exploring organic farms and hiking and exotic photo spots that are instagrammable in other words, worth sharing photo spots on social platforms,

Tour guides as mediators or brokers in tourism industry are essential assets in controlling the flow of information, forming structural holes in communication

network. Hence a guide has to magnify his abilities, either those he possesses or those that he does not, especially communication ability (Berto, 2018).

The tourism industry has been working to find out the ways to enhance the tour guides' competencies that are essential to achieve the standard performance for tour guide profession (Prebensen *et al.*, 2018). Outstanding tour guides should have adequate knowledge, supreme communicative skills and good attitude and work ethic. These competencies are the basic qualifications of tour guides. For the betterment of the career, tour guides must take these important steps (Lin, Lin and Chen, 2017).

A research is conducted in order to establish an understanding of the mediating effect of customer trust on service quality and customer loyalty relationship in Malaysia rural tourism industry (Osman and Sentosa, 2013). This result is differ from the results of the research, "An Empirical Investigation of Service Quality, Tourist Satisfaction and Future Behavioral Intentions among Domestic Local Tourist at Borobudur Temple" (Canny, 2013). According to the results of the study, it is revealed that service quality has no significant relationship on customer satisfaction (Canny, 2013). There is a significant direct effect of service quality on customer behavioral intention while customer satisfaction acting as a mediator. It is proven that customer satisfaction strengthens the influence of service quality on customer behavioral intention (Olorunniwo and Hsu, 2006). Managers need to understand that customer loyalty is influence by various aspects which will help to establish applicable program of for providing better customer service and raising customer loyalty and higher market share (Malik, Ghafoor and Iqbal, 2012). There are six factors affecting the service quality in

tourism. These factors are destination, hotel, accommodation, interactions, environment and value. These dimensions are main contributors in tourists' satisfaction and customer behavioral intention (Haghkhah *et al.*, 2011). The role of service quality has more complexities than previously explained. Not only it is a determining factor of value perception but also directly affects behavioral intentions (Cronin, Brady and Hult, 2000). This indicates that service quality will have an impact on the intentions of customer behavior when customers get satisfaction with the service of the company. Some research also suggests that service quality of the hotel will have an impact on satisfaction and the intentions of customer behavior and service quality had indirect influence on behavioral intentions through tourist satisfaction (Adinegara *et al.*, 2017).

This research is devoted on the current situation of Myanmar's tourism industry. Tourism is one of the most progressive and interesting industry in the world. Tourism is closely related to a multi-sector development of a country. It impacts of the economy, cultural preserving, social life and image of a country. Tourism also provides a vital role for income of a country. . It is a smokeless industry which can bring plenty of opportunities to the society and foreign income to the particular country. Most importantly, tourism plays an important part of human resource development of a certain country. There are two main sectors of tourism. They are domestic tourism and international tourism. The tourism industry is made up of the following goods, services and activities: (1) Transportation: airlines, boats, bus lines, ferry boats, personal vehicles, railroads, petroleum supplies, taxi, cabs and car rentals.

(2) Accommodation: hotels, guest houses, resorts and spas, bed and breakfasts, camping and caravan sites, cruise liners and vacation properties. (3) Catering and retail: clothing and footwear, food and beverages, photography, reading material, recreational equipment, restaurants and bars, souvenirs, gifts and luggage. (4) Recreational and cultural activities: nature and wildlife, parks and beaches, participation sports and sporting events, gambling, historic sites, hunting and fishing, motion pictures, zoos and botanical gardens, museums, dramatic arts and music.

(5) Travel related services: tour operators, travel agents, credit cards, currency exchanges, travel insurance and travellers' cheques. All these factors are both directly and indirectly related to human resource development of a country.

Myanmar is a country with strategic location that exists between India and China, Southeast Asia. It has been facing rapid increase in international tourist arrivals and tourism receipts. It has becoming a prominent tourist destination for international travelers keen to experience abundant wealth of cultural and natural heritage, genuine hospitality, and spiritual values. Myanmar is receiving much attention in tourism and having increased number of visitors when compared to periods before 2014. The most famous tourist attractions are Bagan, Mandalay, Yangon, Kalaw, Ngapali beach, GoteHtaik Viaduct, Myiek Islands and, Innlay Lake. Bagan is home to almost 3000 pagodas from 11th-13th century. The hot air balloon service and the sunset over Ayeyarwaddy River grab many travelers' attention.

Mandalay, the last capital of Myanmar offers many interesting destinations. It is also known as the most cultural preserved city in Myanmar. Many traditional

handicrafts such as gold leaves industry and stone carving industry can be seen. Mya Nan San Kyaw Palace and Kuthodaw Pagoda, which is recorded as the world's largest book, are must-go destinations. Kalaw is located in hilly region and it offers good trekking and hiking points for the tourists. GoteHtaik Viaduct is known as one of the most scared viaducts in the world. Yangon, the formal capital and economic center Myanmar, is a worth-seeing destination. A city tour around Yangon offers many historical sites as well as modern lifestyle. There are many other attractive places which has not uncover to the world markets. In order to raise more incomes and to upgrade tourism industry as a main sector of economy, Myanmar government has made a plan called "The Master Plan of Myanmar Tourism. The master plan of Myanmar tourism is to develop the following sectors,

- a. Tourism-related human resource development
- b. Managing negative social, economic & environmental impacts
- c. Improving management of cultural heritage sites
- d. Pro-poor tourism products & services
- e. Product development & marketing (Ministry of Hotel and Tourism, 2017)

Table.1.1 Numbers of tourists visited to Myanmar according to year

Year	Tourist Arrivals
2006	630061
2007	716434
2008	731230
2009	762547
2010	791505
2011	816393
2012	1058995
2013	2044307
2014	3081412
2015	4681020
2016	2907207
2017	3443133
2018	3551428

Source: (Ministry of Hotel and Tourism, 2018)

Table 1.2 Numbers of Tourists Visited to ASEAN

Destination Country	2014	2015	2016	2017	2018
Brunei Darussalam	3,885,537	218,213	218,809	258,955	278,136
Cambodia	4,502,775	4,775,231	5,011,712	5,602,157	6,201,077
Indonesia	9,435,411	10,406,759	11,519,275	14,039,799	15,810,305
Lao PDR	4,158,719	4,684,429	4,239,047	3,868,838	4,186,432
Malaysia	27,437,315	25,721,251	26,757,392	25,948,459	25,832,354
Myanmar	3,081,413	4,681,020	2,907,207	3,443,133	3,549,428
Philippines	4,833,368	5,360,682	5,967,005	6,620,908	7,127,678
Singapore	15,095,152	15,231,469	16,403,595	17,424,611	18,508,302
Thailand	24,779,768	29,881,091	32,529,588	35,591,978	38,277,300
Viet Nam	7,874,312	7,943,651	10,012,735	12,922,151	15,497,791
ASEAN (ASEAN Stats, 2018)	105,083,770	108,903,796	115,566,365	125,720,989	135,268,803

This table shows a huge gap between the number of tourists visited to Myanmar and the number of tourists visited to other ASEAN Countries. Although Myanmar is emerging as a new destination for the tourists around the world, the tourism sector of country is still need to be improved. This research is to examine the effect of perceived service quality, customer satisfaction and competency of tour guides of revisit intention, which plays an important role in enhancing the development of tourism industry.

1.2 Problem statement

According to the explanation mentioned in the background, researcher take focus on observing the effect of competency, customer satisfaction and service quality on revisit intention.

1. Does service quality of the destination have significant effect on revisit intention?
2. Does competency of tour guides have significant effect on revisit intention while customer satisfaction is used as an intervening variable?
3. Does customer satisfaction have significant effect on revisit intention?

1.3 The Purpose of the Study

The purpose of the study is to observe the effect of competency of tour guides, service quality on revisit intention. Specific objective of the study are

1. To measure the effect of service quality of the destination on revisit intention
2. To measure the effect of competency of tour guides on revisit intention while customer satisfaction is used as an intervening variable
3. To measure the effect of customer service on revisit intention

1.4 The Benefit of the study

The benefit of this research can be divided into theoretical benefit and practical benefit.

1.4.1 Theoretical Benefits

The results of this study can help to assess the current situation of tourism Industry and provide suitable suggestions in order to identify measures to bring positive impacts for development of tourism industry in Myanmar.

1.4.2 Practical Benefits

The results of this study are expected to provide useful input and contributions for the tourism industry to achieve the goals and success of corporate organization and in improving employee performance.