

# SERVICE QUALITY OF MICE (MEETING, INCENTIVE, CONFERENCE AND EXHIBITION) INDUSTRY

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***Abstract—The Indonesian Tourism Sector is a potential advantage that contributes to economic growth and overall national income. MICE (Meeting, Incentive, Conference and Exhibition) Industry is a tourism industry that focuses on sectors that meet the needs in organizing a meeting forum both nationally and internationally. Nowadays, hotel's function has increased, it is not only used for weddings, but also for company meetings, and launching new products for a company. A company has a potential market share through meeting the customer service quality level in order for the needs and expectations of customers can be fulfilled. This is the influence of Reliability, Responsiveness, Assurance, Empathy, and Tangibility to Customer Satisfaction. There are 40 Event Organizer companies in Medan City. The result shows that Reliability, Assurance, Tangibility, Responsiveness, have a positive and significant influence on Customer Satisfaction. Furthermore, Empathy has a positive and insignificant influence on Customer Satisfaction.***

***Key Words—Service Quality, Customer Satisfaction, MICE Industry, Event Organizer***

## I. INTRODUCTION

The Indonesian Tourism Sector has the potential to contribute to the economic growth and overall national income. MICE (Meeting, Incentive, Conference and Exhibition) Industry is a tourism industry that focuses on sectors that meet the needs in organizing a meeting forum both nationally and internationally. The MICE market has many stakeholders, including, but not limited to, convention and visitors bureaus (CVBs), convention centers, labor unions, trade associations, hotels, meeting planners, restaurants, and whole destination cities (Professional Convention Management Association Education Foundation, 2007). The industry is multi sector of hospitality services, including lodging, food and beverage, catering, convention services, convention facilities supply,

transportation, tourism, retail, and entertainment and thus bears great importance for the local economy of a destination (Yang & Gu, 2011).

Nowadays, hotel's function has increased, it is not only used for weddings, but also for company meetings, and launching new products for a company. A company has a potential market share through meeting the customer service quality level in order for the needs and expectations of customers can be fulfilled. In meeting the expected needs of the customers, the hotel must possess service standards that apply nationally and internationally, both covering facility, service standard, and guarantee so that the hospitality industry is able to compete thoroughly. At present, there are still several hotels that do not meet the standards of MICE events. According to Fitri (2019), Medan City does not yet to have representative and standard meeting / exhibition center for MICE standards. Therefore, in holding events such as Meetings, Incentives, Conferences and Exhibitions, specifically those that require a minimum capacity of 500 people, the hotel industry in Medan has yet to fulfill the need. For instance, to carry out exhibition activity, which requires a hotel that can accommodate a capacity of more than 500 people and equipped with a comfortable ballroom, has not been able to meet the increasing demand. Due to the fact that not all hotels in Medan City have the facilities needed by these customers.

Apart from the above phenomena, other factors also greatly influence the development of the hospitality industry. These factors can be physical evidence, responsiveness, assurance, empathy, and tangibility. To meet the increasing demand and be able to compete in similar industries, of course these factors must become a concern and require maximum effort in synergizing all of these factors simultaneously. As a form of mutually beneficial cooperation, the hospitality industry ought to have clients who use the hospitality services continuously. One client who uses hospitality service is the Event Organizer. This service is very much in need of the hospitality industry as Event Organizer (EO) utilizes hotels as the venue for their events. In other

words, one of the determinants of the success of an event designed and implemented by an EO is very much dependent on how comfort and security is felt by the participants in the hospitality industry where the event takes place.

The objective of this research is:

1. To analyze the influence of Reliability, Responsiveness, Assurance, Empathy, Tangibility on Customer Satisfaction;
2. To analyze the influence of Responsiveness on Customer Satisfaction;
3. To analyze the influence of Assurance on Customer Satisfaction;
4. To analyze the influence of Empathy on Customer Satisfaction;
5. To analyze the influence of Tangibility on Customer Satisfaction.

## II. LITERATURE REVIEW

Satisfaction is a person's feeling of pleasure or disappointment emerging after comparing the performance (results) of products thought with the expected performance (or outcome). If the performance is below expectations, the customer is not satisfied. If the performance meets his/her expectations, the customer is satisfied. If performance exceeds expectations, the customer is very satisfied and happy (Kottler, 2009). SERVQUAL (Parasuraman et al., 1985, 1988) scale was originally developed by Parasuraman et al. in 1985 by comparing expectations with perceptions on 10 service quality aspects. By 1988, this scale was further identified with 5 dimensions of service quality namely Tangible, Reliability, Responsiveness, Assurance and Empathy.

According to Tjiptono (2008:80) a company has the potential to increase market share through meeting the customer service quality level. An adequate service quality will provide a good identity for the company in the eyes of the customer. Next, in accordance with Brad (2010), customer satisfaction is the level of a need, desire, and expectation of customers that can be fulfilled which will result in repeat purchase or continued loyalty.

### A. *Service Quality to customer Satisfaction*

The researchers also highlighted the importance of service quality with direct effects on customer satisfaction as well as indirect effects on customer loyalty (Hossain, 2012; Al Khattab & Aldehayyat, 2011; Karunaratne & Jayawardena, 2010). Customer satisfaction has become a vital concern for companies and organizations in their efforts to improve product and service quality, and maintain customer loyalty within a highly competitive marketplace (Awwad, 2012).

According to Chen et al (2012), the followings are the operation definitions of the five aspects: (1) Tangibility: the appearance and the convenience of the tangible facilities, convenient transportations, and the looks of the serving staff. (2) Reliability: the serving staff's ability to reliably and precisely execute and accomplish guaranteed service. (3) Responsiveness: the serving staff's willingness to help and offer service timely. (4) Assurance: the serving staff's professional knowledge, ability, and manners can be trusted. (5) Empathy: the serving staff are able to show their consideration and special attention.

After empirical research, Cronin & Taylor (1992) found that the service quality is the antecedent of customer satisfaction. And the service quality has significant effect on purchase willingness. Ruyter, Bloemer & Peeters (1997) and Hurley & Estelami (1998) also proposed that there is causal relationship between service quality and satisfaction, in which service quality is the main cause having effect on satisfaction. Long term customer satisfaction is the goal of the companies so they can survive (Hadiati & Ruci, 1999). Related to customer satisfaction, service quality can affect customer satisfaction. The quality of service establishes a strong relationship between the customers and the companies (Sriwidodo & Indriastuti, 2010). The organization can be successful in providing service when the services meet the expectations of customers (Hossain & Islam, 2012). Customer satisfaction is the priority for the growth of any organization (Hamza, 2009).

### B. *Reliability to Customer Satisfaction*

Reliability is a second dimension of service quality which can also affect customer satisfaction. If the company can provide the services which are promised, it will lead to customer satisfaction (Miswanto and Yessi, 2017). Finally, reliability was frequently seen as the ability of service providers to implement promised service dependably and accurately (Juwaheer & Ross, 2003; Osman & Sentosa, 2013; Raza et al., 2012). *H<sub>1</sub>: Reliability has a positive and significant effect on customer satisfaction.*

### C. *Assurance to Customer Satisfaction*

Customer Services in the form of a guarantee (assurance) is to increase confidence and customer confidence affect customer satisfaction. Assurance deals with the courtesy of employees and their ability to increase customers' confidence. With the guarantee of treatment of employees, customers will be more satisfied (Miswanto and Yessi, 2017). Fourthly, assurance was usually referred to as credibility, competence and security in delivering services (Juwaheer & Ross, 2003; Osman & Sentosa, 2013; Raza et al., 2012). *H<sub>2</sub>: Assurance has a positive and significant effect on customer satisfaction.*

D. Tangible to Customer Satisfaction

Tangibility was often viewed as the appearance that service providers gave in terms of good facilities, equipment, personnel and communication materials when delivering services (Sureschandar, et al., 2002; Osman & Sentosa, 2013; Raza et al., 2012). This is supported by a research of Masruri (2013) which states that tangibles positively affect customer satisfaction. Thus the respondents perceive physical evidence (tangibles) to affect their satisfaction. *H<sub>3</sub>: Tangibles has a positive and significant effect on customer satisfaction.*

E. Empathy to Customer Satisfaction

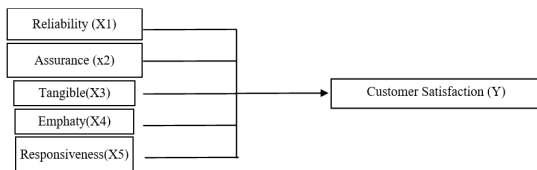
Service in the form of attention (empathy) can affect customer satisfaction. Empathy may be the help provided by the employees (Miswanto and Yessi, 2017). Empathy was related to caring, attention and understanding the customer needed when providing services (Juwaheer & Ross, 2003; Osman & Sentosa, 2013; Raza et al., 2012). *H<sub>4</sub>: Empathy has a positive and significant effect on customer satisfaction.*

F. Responsiveness to Customer Satisfaction

Responsiveness was often defined as the willingness of service providers to provide service quickly and accurately (Juwaheer & Ross, 2003). Employees who can provide service quickly affect customer satisfaction. The third dimension of the quality service is responsiveness. It is the willingness of employees to assist customers and provide fast service or responsiveness. The faster employees respond questions or customer demand, the level of customer satisfaction will be higher (Miswanto and Yessi, 2017). *H<sub>5</sub>: Responsiveness has a positive and significant effect on customer satisfaction.*

III. RESEARCH FRAME WORK

According to Zeithamal, et.al (2013):



Reliability, Assurance, Tangible, Empathy, Responsiveness have positive and significant on customer satisfaction.

A. Definition Of Operational Variables

Reliability (X<sub>1</sub>) is the ability to accurately provide services that have been promised in advance. Assurance (X<sub>2</sub>) is the knowledge of the personnel of service providers regarding products or services offered which can build consumer confidence. Tangible (X<sub>3</sub>) is a form of facilities and infrastructure owned by the company such as equipment, buildings, employees, and forms of communication material. Empathy (X<sub>4</sub>) is a form of

caring and giving personal attention to consumers. Responsiveness (X<sub>5</sub>) is the willingness of the service providers to help and meet the consumer demand quickly, precisely, and based on clear information. Customer Satisfaction (Y) is a feeling that can be felt by the guests of 4 Star Hotel Medan after comparing the performance / results they feel with what they expect.

IV. METHODS

The research type is a case study located in Medan. The population in this research is 40 Event Organizer companies that utilize 4-star and 5-star hotels in the use of Meetings, Incentives, Conferences and Exhibitions. The samples selected by utilizing the simple random sampling. A simple random sample is a subset of a statistical population in which each member of the subset has an equal probability of being chosen. The number of samples is 40 Event Organizers by using census sampling method.

This study used two types of data resources, which are: (1) Distribution of Questionnaires, and (2) Documentation Study. Multiple linear regression analysis is used as the data analysis technique to discover the influence of the independent variables, which are Performance Reliability (X<sub>1</sub>), Assurance (X<sub>2</sub>), Tangibility (X<sub>3</sub>), Empathy (X<sub>4</sub>), Responsiveness (X<sub>5</sub>) to the dependent variable, which is Customer Satisfaction (Y). Also, this research is using descriptive statistical analysis method.

TABLE 1. VALIDITY TEST ITEM-TOTAL STATISTICS

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
VAR00001	99.13	730.051	.837	.969
VAR00002	99.00	737.034	.634	.970
VAR00003	98.70	745.734	.677	.970
VAR00004	98.97	736.447	.655	.970
VAR00005	98.93	735.720	.680	.970
VAR00006	98.93	729.513	.745	.970
VAR00007	99.00	737.034	.634	.970
VAR00008	99.70	731.941	.748	.970
VAR00009	99.80	726.234	.816	.969
VAR00010	99.63	727.689	.793	.969
VAR00011	99.70	731.941	.748	.970
VAR00012	99.90	733.541	.734	.970
VAR00013	99.80	726.234	.816	.969
VAR00014	99.63	727.689	.793	.969
VAR00015	99.97	734.654	.733	.970
VAR00016	99.80	744.234	.561	.970

VAR00017	99.63	741.482	.573	.970
VAR00018	99.63	728.240	.703	.970
VAR00019	99.57	731.702	.681	.970
VAR00020	99.60	740.731	.567	.970
VAR00021	99.43	738.806	.689	.970
VAR00022	99.60	740.731	.567	.970
VAR00023	99.43	738.806	.689	.970
VAR00024	99.20	742.579	.583	.970
VAR00025	99.03	732.585	.770	.969
VAR00026	99.13	735.430	.627	.970
VAR00027	99.20	746.166	.582	.970
VAR00028	99.17	751.109	.433	.971
VAR00029	98.97	736.447	.655	.970
VAR00030	99.13	735.430	.627	.970
VAR00031	99.43	738.806	.689	.970
VAR00032	99.60	740.731	.567	.970
VAR00033	98.93	735.720	.680	.970
VAR00034	99.20	746.166	.582	.970
VAR00035	99.20	742.579	.583	.970
VAR00036	99.63	727.689	.793	.969
VAR00037	98.93	735.720	.680	.970
VAR00038	98.97	736.447	.655	.970

Source: Processed Data (2019)

In table above, it can be seen all the statements are valid, due to Corrected Item-Total Correlation value on each statement is above 0.361, hence it can be concluded 38 (thirty eight) statements in the questionnaire of this study are valid. Due to the result of reliability test, all of Cronbach Alpha is > 0.80. Based on the result above, all questions are reliable.

**A. Results**

**TABLE 2. MULTIPLE LINEAR REGRESSION ANALYSIS**

No	Variables	Coefficients	t-Values	Significant
1	Constant	11.595	2.207	0.034
2	Reliability (X1)	-0.556	-7.729	0.000
3	Assurance (X2)	0.843	3.000	0.005
4	Tangibility (X3)	0.461	7.212	0.000
5	Empathy (X4)	0.015	0.145	0.886
6	Responsiveness (X5)	-0.611	-2.812	0.008
7	R <sup>2</sup> = 0.792			
8	(F-Statistic = 25.822)			

Source: Processed Data (2019)

It is found the Multiple Regression Analysis Model is:

$$Y = 11.595 - 0.556X_1 + 0.843X_2 + 0.461X_3 + 0.015X_4 - 0.611X_5 + e \tag{1}$$

Table 1 shows the four predictor variables, partially Reliability (Sig. = 0.000 < 0.05), Assurance (Sig. = 0.005 < 0.05), Tangibility (Sig = 0.000 < 0.05) and Responsiveness (Sig = 0.008 < 0.05) are significantly affecting to Customer Satisfaction on MICE industry. On the other hand, the remaining one variable, which Empathy (Sig. = 0.886 > 0.05) is insignificantly contributing to customer satisfaction on MICE Industry. The coefficient determination of this research is 0.792, which means that contributed Reliability, Assurance, Tangibility, Empathy, and Responsiveness 79.2% to explain Customer Satisfaction on MICE Industry. While the remaining of is explained by other variables.

**B. Discussion**

According to the data above, it is obtained the variables that have a significant influence on customer satisfaction are:

1. Reliability, this exhibits that reliability factor that describe physical evidence and support from the hotel industry is an essential factor that are first considered by customers for the implementation of planned event. So that EO as an intermediary between the hotel industry and customers must be able to combine the desires of customers with physical evidence owned by the hotel in order to satisfy the clients and customers.
2. Assurance, this shows that the guarantee factor in the form of security, as well as the comfort provided by the individual of the hotel is a factor in the success of an event. This guarantee will give a great confidence to the customer that the event to be held can run as expected.
3. Tangibility, this displays that the hotel must have a standard certification that is recognized by national and international institutions, especially those related to customer satisfaction, which will be an additional value for the hotel to be used as a place of activity due to its reputation. This is supported by a research of Masruri (2013) which states that tangibles positively affect customer satisfaction. Thus the respondents perceive physical evidence is considered important by customers.
4. Empathy, this illustrates that the empathy factor is not the main factor in determining customer satisfaction because empathy is not accompanied by supporting service and facility that will become

the factor that decreases the level of customer satisfaction. In addition, for customers, the speed of service will be more felt than just emphasize after their expectations are not fulfilled.

5. Responsiveness, this proves that customer satisfaction is a measure of the success of a service industry, especially hospitality service, which emphasizes on how the human resources, especially employees, providing safe and comfortable hotel service for the customers through rapid response to complaints and requests from customers.

#### V. CONCLUSION

The conclusion of this study is Reliability, Assurance, Tangibility, and Responsiveness have positive and significant influences on Customer Satisfaction in MICE Industry. Meanwhile, Empathy is insignificantly influencing Customer Satisfaction in MICE Industry. In general, in order to increase Customer Satisfaction, it ought to focus on the improvement of Reliability, Assurance, Tangibility, and Responsiveness.

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