Integrating Muslim Customer Perceived Value, Satisfaction, Loyalty and Retention in the Tourism Industry: An empirical study

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ABSTRACT

In recent years, customer value has been the favorable theme for numerous tourism studies and reports. However, although Muslims make up one of the largest tourist markets in the world, perceived value of tourism offering oriented toward this market has not been clearly defined. Furthermore, there is a lack of systematic empirical evidence regarding the effects of Muslim Customer Perceived Value (MCPV) on consumer satisfaction, customer loyalty and customer retention. Therefore, the purpose of this paper is to identify the MCPV dimensions, to examine the interrelationships between MCPV, customer satisfaction, customer loyalty and Muslim customer retention, and to develop and test a conceptual model of the consequences of MCPV in the tourism industry. Moreover, 13 hypotheses were developed and tested using a sample of 221 Muslim tourists. Exploratory and confirmatory factor analysis were used to test the validity of the measures, while the structural equation modeling has been used in hypotheses testing. The strength of the relationship between the constructs indicates that features of the suggested MCPV model are crucial to achieving Muslim customer retention in the tourism industry. Findings also suggest that the availability of the suggested Islamic attributes value, along with conventional value dimensions, could satisfy Muslim tourists when they buy a tourism package. Copyright © 2013 John Wiley & Sons, Ltd.

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KEY WORDS customer value; Muslim; tourism and hospitality; customer loyalty; customer retention; customer satisfaction

INTRODUCTION

Despite a long-term interest in the understanding of consumer value, its relationship with customer satisfaction, customer loyalty and eventually customer retention to a service firm is still unclear. Customer value is central to management thinking, especially for high-performing organizations, which strive to satisfy customers at all times. According to Eid (2007), customer value is becoming a priority because of very powerful economic, technological and social forces that have effectively made the traditional business models irrelevant in the contemporary business and technological environment. According to Choi and Chu (2001), to be successful in the hospitality and tourism industry, companies must provide superior customer value, and this must be carried out in a continuous and efficient way. Furthermore, tourism companies should improve the quality of their services offerings and ensure that the needs and expectations of their customers are being met.

Meanwhile, there are new trends and developments such as the investment and adoption of business practices based on the Islamic principles of Shari’ah ‘Islamic law’ (Essoo & Dibb, 2004; Meng, Tepanon, & Uysal, 2008; Weidenfeld & Ron, 2008; Stephenson, Russell, & Edgar, 2010; Zamani-Farahani & Henderson, 2010; Fakharyan, Jalilvand, Elyasi, & Mohammadii, 2012; Zamani-Farahani & Musa, 2012). For example, Esso and Dibb (2004) found that religion influences tourism behavior among Hindus, Muslims and Catholics. Weidenfeld and Ron (2008) also found that religion influences the destination choice, tourist product favorites and selection of religious opportunities and facilities offered. Meng et al. (2008) found that tourists select destinations that are supposed to best fulfill their internal desires or preferred destination attributes. Finally, Zamani-Farahani and Musa (2012) explored the influence of Islamic religiosity (measured on dimensions of ‘Islamic Belief’, ‘Islamic Practice’ and ‘Islamic Piety’) on the perceived socio-cultural impacts of tourism among residents in two tourist areas in Iran.

However, although Muslims make up one of the largest tourist markets in the world as Muslim population constitutes an international market of 2.1 billion possible customers (Muslim population worldwide, 2013) and marketing scholars have long studied ‘perceived value’ and proposed various conceptualizations of the term (Holbrook, 1994; Petrick, 2002; Benkenstein, Yavas, & Forberger, 2003; Oh, 2003; Kwun, 2004; Gallarza & Saura, 2006; Sanchez, Callarisa, Rodriguez, & Moliner, 2006; Nasution & Mavondo, 2008; Roig et al., 2009), perceived value of tourism offering oriented toward this market and the consequences of creating Muslim Customer Perceived Value (MCPV) have not been clearly defined (Stephenson et al., 2010; Zamani-Farahani & Henderson, 2010; Laderlah, Ab Rahman, Awang, & Man, 2011; Zamani-Farahani & Musa, 2012; Fakharyan et al., 2012). Hence, full-scale research conducted in a more robust manner must be undertaken.

Undoubtedly, although previous studies provide empirical evidence of the existence of the cognitive and affective dimensions of perceived value (see, for example, Petrick, 2002; Oh, 2003; Kwun, 2004; Gallarza & Saura, 2006; Nasution & Mavondo, 2008; Sanchez, Roig et al., 2009), none of them studies the overall perceived value of a purchase from an
Islamic perspective. Evaluation of the value of tourism products in the case of Islamic tourism participation entails a completely different process because of the requirements of the Islamic Shari’ah. Participation of Muslims in tourism activities requires acceptable goods, services and environments. Therefore, any attempt to design a scale of measurement of the overall MCPV of a purchase, or to identify its dimensions, must not only reflect a structure that identifies functional and affective dimensions but also the Shari’ah-Compliant attributes.

Therefore, the purposes of this research are to identify MCPV dimensions and develop items of measuring these dimensions, to develop and clarify a conceptual model integrating MCPV, customer satisfaction, customer loyalty and their consequences on customer retention and to specify and test hypothesized relationships derived from the conceptual framework. In the following sections, first, the development of the conceptual model and the hypotheses of the study are presented. Next, the methodology of the study is discussed followed by the analysis and results. More specifically, the conceptual model is tested using path analysis, with the AMOS 19 structural equation modeling package, and data collected by mail survey of 221 Muslim tourists. Finally, the conclusions and their implications are discussed.

LITERATURE REVIEW, CONCEPTUAL MODEL AND HYPOTHOSIZED RELATIONSHIPS

The conceptual model of this study is drawn from two streams of research: tourism and hospitality literature, and current marketing theory. Figure 1 shows the conceptual model with the hypothesized linkages between the constructs. These linkages deal with two sets of hypotheses:

(1) The effect of the MCPV on customer satisfaction and customer loyalty.
(2) The effect of customer satisfaction and customer loyalty on customer retention.

Islamic tourism

Islamic tourism is deeply rooted with the Islamic Shari’ah where every Muslim is demanded to visit the holy city of Makah (in the Kingdom of Saudi Arabia) to conduct Hajj (the fifth pillar of Islam) if he/she can afford to do that financially and physically. Accordingly, any Muslim that does not actually live in that holy city needs to conduct tourism activities to fulfill his/her Shari’ah requirements. Furthermore, millions of Muslims travel to the holy city of Makah every year to perform Umrah. As a result, according to the latest information provided by the National Statistical Office of Saudi Arabia, during 2010, 14,757 million tourists visited the Kingdom of Saudi Arabia (National Statistical Office of Saudi Arabia, 2011). Almost all these millions visited the Kingdom of Saudi Arabia for conducting Islamic tourism.

However, Islamic Shari’ah has a great impact on traveling and encouraging tourism. When looking at Shari’ah and Islamic religious principles generated from the Qur’an (Islam’s holy book) and Sunnah (teachings, guidance and practices of Prophet Mohammad), it is found that travelers are considered to be closer to God and their Doaa (asking God for something) and prayers are more responded to while traveling. Furthermore, the religious responsibilities and duties for travelers are less as a traveler can pray shorter prayers, can postpone prayers and can postpone his/her fasting during the holy month of Ramadan.

However, Muslims practice two different types of tourism activities. First, pilgrimage-tourism activities or what is called Hajj. Hajj in Islam is performed in the Kingdom of Saudi Arabia within a specific geographical territory (Almasha’er Almoukadasa) include the holy mosque in Makkah, Arafat, Muzdalifah and Mina. It is performed in specific period, from the 8th to the 13th of the 12th month (Dhul-Hijja) according to the Hegira calendar. Allah (SWT) Says in the holy Quran, (Surat Albakara), verse number 197: ‘Al-Hajj Ashoron Maalomat’ which means that Hajj is performed only at a particular time of the year (Eid, 2102). Muslims who are taking place in this great event should act...
in a good manner. Allah says in the holy Quran, chapter 2 (Surat Albakara), verse number 197: ‘If any one undertakes that duty therein, Let there be no obscenity, nor wickedness, nor wrangling in the Hajj’. It means that whoever decides to go for Hajj should have good manners, so, there shouldn’t be any immortality, sensuality or arguments in Hajj.

The second type of tourism activities that could be practiced by Muslims is called Islamic tourism, and this is the core theme of this article. According to Jafari and Scott (2013), Islamic tourism is essentially a new ‘touristic’ interpretation of pilgrimage that merges religious and leisure tourism. Thus, it is ‘unlike mass tourism which for Muslims is “characterized by hedonism, permissiveness, lavihness”’ (Sonmez, 2001, p. 127). Islamic travel instead is proposed as an alternative to this hedonic conceptualization of tourism.

Muslims are encouraged to practice such type of tourism activities for historical, social and cultural encounters, to gain knowledge, to associate with others, to spread God’s word and to enjoy and appreciate God’s creations (Timothy & Olsen, 2006). Undoubtedly, religious beliefs influence and direct Muslim adherents to travel to particular sites and influence their attitudes and behavior, perceptions and perhaps emotions at those sites (Jafari & Scott, 2013). Therefore, trends in forms of religious tourism may vary between adherents of different faiths.

### Customer perceived value

In recent years, customer perceived value has been the object of interest by many researchers in hospitality and tourism industry. Some studies treated perceived value as two crucial dimensions of consumer behavior: the functional (value is for instance linked to perceived prices through what is known as transaction value) (see, for example, Grewal, Monroe, & Krishnan, 1998; Cronin, Brady, & Hult, 2000; Oh, 2003).

Undoubtedly, hospitality and tourism activities need to resort to fantasies, feelings and emotions to explain the tourist purchasing decision. Many products have symbolic meanings, beyond tangible attributes, perceived quality or price (Havlena & Holbrook, 1986). Furthermore, as perceived value is a subjective and dynamic construct that varies among different customers and cultures at different times, it is necessary to include subjective or emotional reactions that are generated in the consumer mind (Havlena & Holbrook, 1986; Bolton & Drew, 1991; Sweeney & Soutar, 2001). Havlena and Holbrook have demonstrated the importance of the affective component in the experiences of buying and consuming in leisure, esthetic, creative and religious activities (Havlena & Holbrook, 1986).

Therefore, many studies adopt a wider view that treats the concept of customer perceived value as a multidimensional construct (See, for example, De Ruyter, Wetzelss, Lemmink, & Mattson, 1997; De Ruyter, Wetzelss, & Bloemer, 1998; Sweeney, Soutar, & Johnson, 1999; Rust, Zeithaml, & Lemmink, 2000; Sweeney & Soutar, 2001). For example, Sweeney et al. (1999) identifies five dimensions: social value (acceptability), emotional value, functional value (price/value for money), functional value(performance/quality) and functional value (versatility); Kwun (2004) considers brand, price and risk as the precursors of the formation of value in the restaurant industry; Benkenstein et al. (2003) conclude that satisfaction with leisure services is a function of cognitive and emotional (psychological) factors; and Petrick (2002) scale consists of five components: behavioral price, monetary price, emotional response, quality and reputation.

However, although these studies provide empirical evidence of the existence of the cognitive and affective dimensions of perceived value, none of them studies the overall perceived value of a purchase from an Islamic perspective. Evaluation of the value of tourism products in the case of Islamic tourism participation entails a completely different process because of the requirements of the Islamic Shari’ah. Participation of Muslims in tourism activities requires acceptable goods, services and environments. Therefore, any attempt to design a scale of measurement of the overall MCPV of a purchase, or to identify its dimensions, must not only reflect a structure that identifies functional and affective dimensions but also the Shari’ah-Compliant attributes.

### Islamic attributes value

Undoubtedly, religious identity appears to play an important role in shaping consumption experiences including hospitality and tourism choices among Muslim customers. It is a religious compulsion for all Muslims to consume products that are permitted by Allah (God) and falls under the jurisdiction of Shari’ah. In Islam, Shari’ah-Compliant tourism products generally refer to all such products that are in accordance with the instructions of Almighty Allah (God) and Prophet Mohammad (may peace be upon him). Shari’ah designates the term ‘Halal’ specifically to the products that are permissible, lawful and are unobjectionable to consume. Shari’ah-Compliant tourism products may therefore add value to Muslim consumers’ shopping experiences through Islamic benefits that contribute to the value of the shopping experience.

Shari’ah principles are requirements for every Muslim, and sensitivity toward application of these principles is important because religious deeds are not acceptable if they are not conducted appropriately. A typical Muslim is expected to do regular prayers in clean environments and fast in Ramadan. In Islamic teachings, Muslims are also expected to abstain from profligate consumption and indulgence (Hashim, Murphy, & Hashim, 2007). In addition, Shari’ah principles prohibit adultery, gambling, consumption of pork and other haram (forbidden) foods, selling or drinking liquor and dressing inappropriately (Zamani-Farahani & Henderson, 2010). Therefore, Shari’ah compliance should be a prerequisite for high value tourism experiences for Muslims.

Based on the aforementioned discussions, two conclusions can be introduced to help in building an effective scale to measure MCPV. Firstly, the view of perceived value as a cognitive variable is not enough, because it is necessary to incorporate the affective component. Secondy, Muslim tourist evaluates not only the traditional aspects of value (cognitive and affective components) but also the religious identity related aspects that contribute to the value creation. This overall vision underlies the multidimensional approach to MCPV.
Customer satisfaction

According to Rodriguez del Bosque and San Martin (2008), consumer satisfaction is not only cognitive but also emotional. Although the literature contains significant differences in the definition of satisfaction, there are at least two common formulations of satisfaction (Ekinci, Dawes, & Massey, 2008; Nam, Ekinci, & Whyatt, 2011): one is transient (transaction-specific), whereas the other is overall (or cumulative) satisfaction. Transient satisfaction results from the evaluation of activities and behaviors that take place during a single, discrete interaction at a service encounter (Oliver, 1997). A key implication of this definition suggests that transient satisfaction should be captured immediately after each service interaction with the service provider (e.g. satisfaction with a specific employee) (Nam et al., 2011).

On the other hand, overall satisfaction is viewed as an evaluative judgment of the last purchase occasion and based on all encounters with service provider (Ekinci et al., 2008; Nam et al., 2011). Transaction-specific satisfaction is likely to vary from experience to experience, whereas overall satisfaction is a moving average that is relatively stable and most similar to an overall attitude towards purchasing a brand. Therefore, this study follow Oliver (1997) and view consumer satisfaction as a consumer’s overall emotional response to the entire service experience for a single transaction at the post purchasing point.

Customer loyalty

Loyalty is the most powerful outcome of consumer satisfaction. It is a multidimensional construct that has been conceptualized and operationalized in many different ways in the marketing literature (Oliver, 1999). For example, Oliver (1997) proposes three components of satisfaction: cognitive, affective and conative. The latter includes the use of repeat usage. Also, intention to return is highly correlated with other outcomes of satisfaction. However, despite the large number of studies on customer loyalty, it has been seen from two perspectives: behavioral loyalty and attitudinal loyalty (e.g. Dick & Basu, 1994; Nam et al., 2011). Behavioral loyalty refers to the frequency of repeat purchase. Attitudinal loyalty refers to the psychological commitment that a consumer makes in the purchase act, such as intentions to purchase and intentions to recommend without necessarily taking the actual repeat purchase behavior into account (Jacoby, 1971; Jarvis & Wilcox, 1976).

Customer retention

There is only one valid definition of business purpose: to create and retain a customer. It is the customer who determines what the business is (Drucker, 1954). Generally speaking, there is no clear definition of a successful tourism organization. A successful tourism organization is one that succeeds in meeting the business objectives. These objectives can be customer acquisition, customer retention, customer satisfaction, customer loyalty, better customer service or any other objectives that are set by the organization. MCPV includes the delivery of sustained or increasing levels of satisfaction, and the retention of customers by the maintenance and promotion of the relationship (Palmer, Lindgreen, & Vanhamme, 2005).

Hypotheses

Homburg and Bruhn distinguish between the constructs of customer retention, customer loyalty and customer satisfaction, which they see as linked by a two-stage causal chain (Homburg & Bruhn, 1998). Therefore, they suggest distinguishing between the constructs of customer retention, customer loyalty and customer satisfaction, which they see as linked by a two-stage causal chain. Accordingly, customer satisfaction is a direct determining of customer loyalty, which, in turn, is a central determinant of customer retention. Customer satisfaction and customer loyalty constructs are affected by the different elements of MCPV.

However, the different constructs of MCPV, the theoretical differentiation of customer retention, customer loyalty and customer satisfaction that can be derived from the literature, and the two-staged causal links between these constructs will next be considered with regard to their specific relevance for the tourism industry.

Effects of Muslim Customer Perceived Value on customer satisfaction

Previous work shows that various measures of customer value are positively correlated with satisfaction (Lam, Shankar, Erramilli, & Murthy, 2004; Spiteri & Dion, 2004). Yet none of these measures includes items similar to the notion of Muslim attributes value. For example, studies conducted by Battour, Ismail, and Battor (2011) identified Islamic attributes of destinations that may attract Muslim tourists such as the inclusion of prayer facilities, Halal food, Islamic entertainment, Islamic dress codes, general Islamic morality and the Islamic call to prayer. This study recommended that Islamic attributes of destination should be developed for the purpose of empirical research. Ozdemir and Met (2012) also argued that as Muslims typically observe a dress code and avoid free mixing, some hotels in Turkey offer separate swimming pool and recreational facilities. Thus, a key question here is whether Muslim customers’ perception of such Islamic attributes leads to satisfaction outright.

Derived from previous works on the multidimensional nature of consumption value, we can assume that positive and negative value dimensions could have positive and negative effects on the Muslim customer perceived value construct. Thus, the six dimensions of Sanchez et al. (2006) study could be considered: among them, we choose functional value (quality and price), emotional value and social value. But, considering the special nature of Muslim tourists, we shall add another positive input of perceived value (Islamic attributes value). The research hypotheses supporting this proposal are then as follows:

H1: The perceptions of benefits referred to quality will have a positive impact on Muslim customer satisfaction

H2: The perceptions of price will have a positive impact on Muslim customer satisfaction

H3: The perceptions of benefits referred to emotional value will have a positive impact on Muslim customer satisfaction
H4: The perceptions of benefits referred to social value will have a positive impact on Muslim customer satisfaction

H5: The perceptions of benefits referred to Islamic attributes value will have a positive impact on Muslim customer satisfaction

Effects of Muslim Customer Perceived Value on customer loyalty

Based on the literature review, loyalty is measured as a direct result to customer satisfaction (Heskett, Sasser, & Schlesinger, 1997). However, many researchers suggest that satisfying customers may not be sufficient to create loyal customers. For example, conditions like a quality, cost, effort perceptions, pleasure perceptions or personal characteristics may contribute directly to loyalty behavior or shape the influence of satisfaction (Lam et al., 2004). Most of these factors are studied under the concept of customer value (e.g. risk in Day & Crask, 2000). Therefore, a critical question is whether MCPV might serve as a type of relationship switching barrier that operates in part independently from satisfaction and directly influences customer loyalty. We propose the following hypothesis to investigate this question:

H6: The perceptions of benefits referred to quality will have a positive impact on Muslim customer loyalty

H7: The perceptions of price will have a positive impact on Muslim customer loyalty

H8: The perceptions of benefits referred to emotional value will have a positive impact on Muslim customer loyalty

H9: The perceptions of benefits referred to social value will have a positive impact on Muslim customer loyalty

H10: The perceptions of benefits referred to Islamic attributes value will have a positive impact on Muslim customer loyalty

Effects of Muslim customer satisfaction on loyalty

Customer satisfaction is expected to be positively related to customer loyalty (Zeithaml, Parasuraman, & Malhotra, 2000). Reichfeld and Schefer (2000) argue that loyalty is a more important customer consideration than even price. In fact, these authors present evidence that there is a high cost associated with low levels of loyalty. Loyalty is a sophisticated construct. Generally speaking, satisfaction implies loyalty, but not vice versa. Consequently, there is an asymmetric relationship between loyalty and satisfaction. Many other studies have shown that loyalty is measured as a direct consequence to customer satisfaction (Heskett et al., 1997). Therefore, the following hypotheses can be developed:

H11: Muslim customer satisfaction will have a positive impact on Muslim customer loyalty

H12: Muslim customer satisfaction will have a positive impact on Muslim customer retention

H13: Muslim customer loyalty will have a positive impact on Muslim customer retention

Data collection

The generalizability of the study relied on the representativeness of the respondents. Therefore, a representative selection of Muslim tourists was made from a database of Muslim tourists. Several international tourism organizations that are located in UK, Egypt and United Arab Emirates were contacted to give us access to their tourist database, of which three prominent ones accepted to give us such access. The three organizations have been reassured that only members of the research team will have access to the data they give and the completed questionnaire will not be made available to anyone other than the research team. A database of Muslim tourists has been made for data collection purposes.

The criteria for selecting customers to participate were simple. First, customer should be Muslim. Second, customer should have bought a tourism package during the last two years. Finally, customers should come from different countries. This techniques resulted in a database of 6454 Muslim customers. A systematic random sampling method has been used to draw a sample of 1000 customers. Systematic random sampling uses the same statistical principles as simple random sampling, that is, p-values and confidence intervals are calculated the same way. However, systematic random sampling does not involve separate random selection of each unit. For this reason, systematic random sampling is often used to select large samples from a long list of units. A research packet, which contained a covering letter and an anonymous [self-administering] questionnaire, was e-mailed to the customers and a web link of the online survey has also been given in the e-mail. A total of 242 respondents returned questionnaires, but 21 were omitted from analysis due to missing data, leaving a total of 221 useful responses or a 24.71.96% overall response rate.

RESEARCH METHODOLOGY

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The sample was dominated by male respondents (66.1%), and this is normal because there are some restrictions in Islam that prevents a woman from traveling on her own. In terms of age, most were younger than 45 years [76.9%], and a few respondent [approx. 8.6%] were older than 55 years. Approximately 62.4% of the respondents had at least some college education, with 37.6% having earned a post graduate degree. With respect to the income level, 21.3% of the respondents reported a household income between $1000 and $1999 per month, 23.1% reported a household income between $2000 and $3999 per month, 17.2% reported a household income between $4000 and $5999 per month and 17.2% reported a household income more than $6000 per month. Finally, we have respondents from 28 different countries, which include Bangladesh, Egypt, France, India, Indonesia, Iraq, Ireland, Jordan, Kingdom of Saudi Arabia, Kuwait, Lebanon, Libya, Malaysia, Morocco, Oman, Pakistan, Palestine, Qatar, Singapore, Spain, Sudan, Syria, Tunisia, Turkey, United Arab Emirates, UK, USA and Yemen.

Research instrument development – measures

We measured the five constructs (functional value (quality), functional value (price), emotional value, social value and Islamic attributes value) by multiple-item scales adapted from previous studies. All items were operationalized using a five-point Likert-type scale.

Firstly, in conceptualizing the cognitive value (functional value), the original Sweeney and Soutar (2001) scale of cognitive value is used in this study. According to Sweeney and Soutar (2001), cognitive value is a dimension that consists of two constructs – quality and price. Four five-point Likert-type questions have been used to measure each one of them. Secondly, in conceptualizing the affective value (Emotional), we follow Sanchez et al. (2006) defining it as a dimension that consists of two constructs – emotional value and social value – measured by four 5-point Likert-type questions. We borrowed or adapted these items from Gallarza and Saura (2006); Sanchez et al. (2006) and Sweeney and Soutar (2001).

Secondly, in conceptualizing the Islamic value, the development of the research instrument was based mainly on new scales, because we could not identify any past studies directly addressing this construct. However, three main sources have been used for this purpose; Qur’an (Islam’s holy book) and Sunnah (teachings, guidance and practices of Prophet Mohammad) and a thorough review of the literature in which the variable is used theoretically or empirically (Hashim et al., 2007; Stephenson et al., 2010; Zamani-Farahani & Henderson, 2010; Battour et al., 2011; Laderlah, Ab Rahman, Awang, & Man, 2011; Fakharyan et al., 2012; Zamani-Farahani & Musa, 2012). For example, Studies conducted by Battour et al. (2011) identified Islamic attributes of destinations that may attract Muslim tourists such as the inclusion of prayer facilities, Halal food, Islamic entertainment, Islamic dress codes, general Islamic morality and the Islamic call to prayer. Similarly, Ozdemir & Met (2012) argued that as Muslims typically observe a dress code and avoid free mixing. However, the three sources lead us to measure the Islamic attributes value by four 5-point Likert-type questions.

Finally, in conceptualizing the MCPV consequences, customer satisfaction, customer loyalty and customer retention are used in this study – measured by four items each in each category. We borrowed or adapted these items from Cronin et al. (2000); Murphy, Pritchard, and Smith (2000); Petrick (2002) and Eid (2007).

ANALYSIS AND RESULTS

First, the psychometric properties of the constructs were assessed by calculating the Cronbach’s alpha reliability coefficient and the items-to-total correlation (Nunnally & Bernstein, 1994). As can be seen form Table 1, all scales have reliability coefficients ranging from 0.812 to 0.946, which exceed the cut-off level of 0.60 set for basic research (Nunnally, 1978).

To meet the requirements for satisfactory discriminant validity, Table 2 shows that the variances extracted by constructs (AVE) were greater than any squared correlation among constructs (the factor scores as single-item indicators have been used to calculate the between-constructs correlations); this implied that constructs were empirically distinct Fornell and Larcker (1981). This indicates that each construct should share more variance with its items than it shares with other constructs. In summary, the measurement model test, including convergent and discriminant validity measures, was satisfactory.

Next, confirmatory factor analysis has been used to assess the measurement models. Before building a model that will consider all the dimensions of value together, it is also important to highlight, from a methodological point of view, that individualized analysis of each of those dimensions will be made (the measurement model), in order to carry out a prior refinement of the items used in their measurement. Having established the five dimensions of the scale, we conducted a confirmatory factor analysis. For this research, we chose to use both the structural model (includes all the constructs in one model) and the measurement model (separate model for each construct).

First, as suggested by many researchers (See, for example, Fornell & Larcker, 1981; Bollen, 1989; Liang & Wang, 2004; Hair et al., 2006; Hooper, Coughlan, & Mullen, 2008; Cater & Cater, 2010), a null model, in which no factors were considered to underlie the observed variables, correlations between observed indicators were zero and the variances of the observed variables were not restricted, was tested against a series of models, namely, a one factor model (suggesting that the observed variables represent a single value dimension), a three factor model (in which price and quality are suggested to represent a single functional dimension rather than two dimensions, emotional and social values are suggested to represent a single emotional dimension rather than two dimensions, and Islamic attributes are suggested to represent a single Islamic dimension rather than two dimensions), and a five-factor model (in which the dimensions are as proposed in the earlier discussion).
The results, shown in Table 2, support the proposed five-factor solution, comprising the quality, price, emotional, social and Islamic attributes value dimensions. Not only did this model have the lowest $\chi^2$ and highest adjusted goodness-of-fit index (GFI), but also the highest comparative fit index (CFI) and the lowest root mean square residual. Several fit statistics were utilized to evaluate the acceptability of each of the factor model. As recommended by Bentler and Bonnet (1980), the GFI was utilized and deemed acceptable if above the recommended value of 0.90. Additionally, the CFI also was used and acceptable model fit is demonstrated with CFIs above 0.90, as well. Furthermore, adjusted GFI and root mean square residual also were provided. Standard cutoffs for the aforementioned indices, as proposed by experts (Bentler, 1990; Hu & Bentler, 1995; Joreskog & Sorbom, 1982), are provided in Table 2.

Finally, given that the purpose of the study is to test the hypothesized causal relationships among the constructs of the model, we used the structural equation-modeling package of AMOS 19. We used the factor scores as single-item indicators and performed a path analysis, applying the maximum likelihood estimates (MLE) method, following the guidelines suggested by Joreskog and Sorbom (1982).

The application of the MLE method for estimating the model demands that the constructs should satisfy the criterion of multivariate normality (Bagozzi & Yi, 1988). Therefore, for all the constructs, tests of normality, namely skewness, kurtosis and mahalanobis distance statistics (Bagozzi & Yi, 1988), were conducted. These indicated no departure from normality. Thus, as normality was confirmed for all the constructs, we proceeded in using the MLE method to estimate the model. Figure 2 illustrates the path diagram for the causal model. It also presents the estimated standardized parameters for the causal paths, their levels of significance and the square multiple correlations for each construct.

A more detailed analysis of the results and measures for model fit are reported in Table 3. Because there is no definitive standard of fit, a variety of indices are provided along with suggested guidelines. The chi-square statistic of the model was very small ($\chi^2 = 10.962$) and insignificant ($p = 0.082$), indicating a very good fit. Additionally, the results of the rest measures, together with the squared multiple correlations, indicate that the overall fit of the model to the data is quite strong.

<table>
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<th>Table 2. Discriminant validity results</th>
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<td>Construct/items</td>
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<td>Quality</td>
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<td>Social</td>
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<td>Islamic physical attributes</td>
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*Correlation is significant at the 0.05 level, **Correlation is significant at the 0.01 level (two-tailed).
The diagonals represent the average variance extracted and the lower cells represent the squared correlation among constructs.
Because the causal effects of the suggested factors may be either direct or indirect, that is, mediated via the effects of other variables, or both, the total causal effects were computed. More specifically, the indirect effects are the multiplicative sum of the standardized path coefficients. The total effects are the sum of the direct effect and all the indirect effects. Table 4 shows the direct, indirect and total effects of the suggested factors.

However, our findings generally support our conceptual model. The results place support to most of the hypotheses. Table 5 shows the estimated standardized parameters for the causal paths. Apart from the social value (H7) (standardized estimate = 0.039, \( p > 0.05 \)), the suggested factors are positively affecting the customer satisfaction, namely quality value (H1) (standardized estimate = 0.253, \( p < 0.01 \)), price value (H3) (standardized estimate = 0.146, \( p < 0.05 \)), emotional value (H5) (standardized estimate = 0.200, \( p < 0.05 \)), and Islamic attributes value (H9) (standardized estimate = 0.327, \( p < 0.01 \)).

Similarly, Apart from the price (H4) (standardized estimate = −0.057, \( p > 0.05 \)), the suggested factors are positively affecting the customer loyalty, namely quality value (H2) (standardized estimate = 0.223, \( p < 0.05 \)), price value (H6) (standardized estimate = 0.033, \( p < 0.10 \)), emotional value (H8) (standardized estimate = 0.005, \( p < 0.05 \)), Islamic attributes value (H10) (standardized estimate = 0.201, \( p < 0.01 \)) and customer satisfaction (H11) (standardized estimate = 0.562, \( p < 0.05 \)).

With respect to the customer retention, it was found that the two suggested variables, namely customer satisfaction (standardized estimate = 0.441, \( p < 0.01 \)) and customer loyalty (standardized estimate = 0.373, \( p < 0.01 \)), have significant and positive effects upon customer retention, supporting the hypotheses H12 and H13. The aforementioned significant relationships provide empirical support to the theoretical views that state that customer satisfaction and customer loyalty are facilitators of customer orientation (Anderson et al., 1994; Reichheld, 1993).

**DISCUSSION**

The purpose of this article is (1) to offer some useful and practical guidelines for tourism organizations and other types of businesses wishing to successfully understand MCPV and (2) to enhance our understanding of its impact on customer satisfaction, customer loyalty and customer retention.
This study provides new theoretical grounds for studying the Muslim Customer Perceived Value (MCPV). It also supplies tourism organizations with a number of operative dimensions that may be essential if they are to remain competitive in the dynamic marketplace. Not only does this study provide an empirical assessment of the essential elements of customer value, but it also assesses the critical factors for targeting and creating value for Muslim customers. These Critical Success Factors (CSFs) include five basic categories: (1) quality value; (2) price value; (3) emotional value; (4) social value; and (5) Islamic attributes value.

There has been little empirical research that examines customer value from the perspectives of the Muslim customers. In service industries, like tourism, the consumption experience is intangible, dynamic and subjective (Havlena & Holbrook, 1986; Bolton & Drew, 1991; Sweeney & Soutar, 2001), and therefore it is not acceptable to assume that the dimensions of value are applicable to different customers and cultures. The reliabilities, factor structure and validity tests indicate that the 20-item MCPV scale and its five dimensions have sound and stable psychometric properties. The scale demonstrates that Muslim consumers assess products, not just in functional terms of expected quality of the tourism product, price of the tourism product, the enjoyment delivered from the tourism product (emotional value) and what the tourism product communicates to others (social value); but also in terms of providing tangible attributes that result on the delivery of Shari’ah-Compliant tourism products such as Halal food and the availability of Shari’ah compatible art, fun and entertainment tools.

This means that Muslim tourist’s decision should not be seen from a purely rational point of view. The experiential view provides new keys to the valuation made by Muslim tourists and therefore to the most important attributes that

<table>
<thead>
<tr>
<th>Table 4. Direct, indirect and total effect of the MCPV Constructs</th>
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<tr>
<td><strong>Criterion variable</strong></td>
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<tr>
<td>Customer satisfaction</td>
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<td>Customer retention</td>
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<th>Table 5. Standardized regression weights</th>
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<tr>
<td><strong>Predictor variables</strong></td>
</tr>
<tr>
<td>Quality value</td>
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<td>Price value</td>
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<td>Emotional value</td>
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<td>Social value</td>
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<td>Islamic attributes value</td>
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<td>Quality value</td>
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<tr>
<th>Statistic</th>
<th><strong>Suggested</strong></th>
<th><strong>Obtained</strong></th>
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<tbody>
<tr>
<td>Chi-square significance</td>
<td>≥0.05</td>
<td>0.034</td>
</tr>
<tr>
<td>Goodness-of-fit index</td>
<td>≥0.90</td>
<td>0.987</td>
</tr>
<tr>
<td>Adjusted goodness-of-fit index</td>
<td>≥0.80</td>
<td>0.905</td>
</tr>
<tr>
<td>Comparative fit index</td>
<td>≥0.90</td>
<td>0.995</td>
</tr>
<tr>
<td>Root mean square residual</td>
<td>≤0.10</td>
<td>0.080</td>
</tr>
</tbody>
</table>

$p < 0.10$, **$p < 0.05$, ***$p < 0.01$, ns is not significant.

Muslim Customer Perceived Value

This study provides new theoretical grounds for studying the MCPV. It also supplies tourism organizations with a number of operative dimensions that may be essential if they are to remain competitive in the dynamic marketplace. Not only does this study provide an empirical assessment of the essential elements of customer value, but it also assesses the critical factors for targeting and creating value for Muslim customers. These CSFs include five basic categories: (1) quality value; (2) price value; (3) emotional value; (4) social value; and (5) Islamic attributes value.

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This means that Muslim tourist’s decision should not be seen from a purely rational point of view. The experiential view provides new keys to the valuation made by Muslim tourists and therefore to the most important attributes that
will later affect their satisfaction, loyalty and retention. Cognitive elements (quality and price) and affective elements (emotions and social recognition) play a fundamental role but it would not be possible to understand the behavior of Muslim tourists without incorporating the Islamic attributes into the study. We were surprised, however, to find that price value has shown only a negligible negative impact on customer loyalty. However, upon closer examination of our study, this should not have been unexpected. This negligible negative direct effect (−0.057) is offset by the indirect positive effect (0.082) of the price value on customer loyalty.

The findings of this research support previous theoretical views of different researchers. For example Salazar (2005) argued that understanding Islamic values must be seen in local contexts as a type of ‘Glocalization’ and call for a dramatic change that moves the concept of value-in-use to a more descriptive ‘value-in-context’ concept (Vargo, 2009). The results also support Lusch and Vargo’s view that ‘value is always uniquely and phenomenologically determined by the beneficiary’ and is also idiosyncratic, experiential, contextual and meaning laden. Certainly, this embraces a multiple perspective (Lusch & Vargo, 2011).

**Muslim Customer Perceived Value consequences**

The findings show that customer satisfaction is directly affecting customer loyalty, which, in turn, is a central determinant of customer retention. Customer satisfaction and customer loyalty are affected by the MCPV dimensions. It means that acquiring a better understanding of Muslim customers allows tourism companies to interact, respond and communicate more effectively to significantly improve retention rates. The results clearly demonstrated that customer satisfaction and customer loyalty have catalytic influence on Muslim customer retention. Overall, customer satisfaction and customer loyalty explain 61% of Muslim customer retention. The results further support previous research that a two-stage causal mechanism should be assumed in which customer satisfaction drives customer loyalty, which in turn has impacts on customer retention (Gerpott, Rams, & Schindler, 2001).

With regard to the business implications, recognition of the importance of the different dimensions of MCPV should enable tourism and hospitality companies to develop more sophisticated positioning strategies. Our results show the importance of Islamic attributes value on Muslim consumer’s willingness to buy a tourism product normally considered as functionally and affectively oriented. This has substantial implications for marketing strategy. For example, tourism and hospitality companies should develop a hospitality and tourism market that represents Shari’ah compliant tourism products. Such initiatives illustrate the potential tourism companies have in establishing and developing forms of hospitality and tourism grounded in principles and behavioral codes that represent national society and culture. Tourism and hospitality institutions can improve the chance of their selection by identifying and marketing their ability to meet the Muslim tourist needs.

An additional implication related to the urgent need for tourism organizations to readdress its hospitality and tourism products in association with culturally oriented particularities and distinctions. Such innovation requires investment in product development, research and marketing, integral to a broader development that ought to consider Islam as a cultural philosophy. Merging elements of the conservative Islamic lifestyle with the modern tourism industry could present new tourism options and spheres (Al-Hamarneh & Steiner, 2004).

**CONCLUSION AND RESEARCH IMPLICATIONS**

The key contribution of this study is that it provides a more comprehensive model of the consequences of MCPV with tourism services. This claim is based on the grounds that we found strong support for 11 of the 13 hypotheses in our model. Overall, the study findings indicate that (1) MCPV has five dimensions-quality, price, emotional, social and Islamic attributes value; (2) MCPV is an antecedent of Muslim customer satisfaction; (3) MCPV is an antecedent of Muslim customer loyalty; and (4) both Muslim customer satisfaction and Muslim customer loyalty have positive effects on intention to return.

As with any study, there are certain limitations that should be recognized. First, one of the limitations of this research is that it is specific to one culture (Islamic) and one service sector (tourism industry). Second, we assessed MCPV using only five constructs; quality, price, emotional, social and Islamic attributes value; while there is evidence that MCPV is a much broader construct that might include reputation (Nasution & Mavondo, 2008) and religiosity (Zamani-Farahani & Musa, 2012). Finally, the data are cross-sectional in nature and hence it is not possible to determine causal relationships. Thus, to provide an even more convincing case for causal interpretations of variable correlations, additional longitudinal research is needed in which exogenous factors are captured before data on endogenous criteria are collected.

The direction for future research, which emerged from our findings, is to improve our understanding of the MCPV in other types of business. For example, each MCPV discussed in this study warrants more in-depth study in other services industries such as banking and insurance. Given the importance associated with the MCPV, a potentially fruitful area would be to develop the quantification of MCPV into an ‘index of practice’ so that tourism companies could determine the level of performance on a time-based approach. The results from an audit, with regard to the index, could pinpoint areas that need attention and improvement.

Future research may choose to focus on one or more of the Islamic attributes to generate an in-depth knowledge to inform both theoretical and practical applications. Researchers could use these factors to assess the success of tourism companies in attracting Muslim tourism. On the other hand, the MCPV measurement must be subjected to review, critique and discussion for an extended period before getting general acceptance. Additional items might be tried in each category. Finally, different constructs could be tried to measure the MCPV effect. To this end, a very promising research approach is to study the on sequences of MCPV for the tourist’s post-purchase behaviors. More specifically, we suggest analyzing the causal relationship between perceived value and satisfaction and loyalty.
ACKNOWLEDGMENT

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REFERENCES


