A Study on the Improvement of the Intention for Revisit and Recommendation of Harbor Duty Free Store Customer

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Abstract

This study aims to investigate a method with which one could enhance duty-free stores in island region through intensifying customers' revisit and recommendation intention. We proposed a research model that perceived service quality of customers influences revisit and recommendation mediated by customers' satisfaction. According to the survey conducted to 181 customers of harbor duty-free store, route to the shop, time available for shopping, and convenience facility were variables significant to increase the quality of service and in turn, customer satisfaction. Moreover, high customer satisfaction appeared to enhance revisit and recommendation intentions of customers. Through such results, this research indicates theoretical implication that there should be a discussion concerning service quality unique to the duty-free shop, and managerial contributions that investment on layout design of stores is significant in operations of harbor duty-free stores.

Keyword: Duty Free Store, Revisit, Recommendation, Satisfaction, Service Quality

1. Introduction

Both domestic and foreign tourists heading to Jeju Island, Incoming tourists have exceeded 10 million people in 2013 and now reached 10.85 million; Jeju Island is expected to attract up to 11 million tourists in 2014. This is partly due to the nomination of UNESCO designations in all three natural sciences and New seven wonders of Nature for its gift of nature, yet such feat is also attributable to development of sightseeing merchandise of Jeju and service quality enhance which was possible by development of the hospitality industry. Increasing number of tourists can be seen as positive influence to Jeju economy; earning in Tourism business reached ₩

6.5 trillion. According to data published by the Bank of Korea, gross margin of Jeju tourism industries are as follows: tourist accommodation business and restaurants about ₩ 1 trillion, transportation around ₩ 0.7 trillion, and retail business including duty-free shop and markets about ₩ 1.2 trillion. Among them increasing growth of retail business including duty-free industry is notable. Gross margin, which was only about ₩ 0.4 trillion in 2006, reached ₩ 1.2 trillion in 2013. Such feat is almost three times increase in only six years.

Among them, duty-free industry constitutes a large portion. For recent 3 to 4 years, Duty-free industry in Jeju has shown growth rate of 50~60% annually, and it is assumed to record

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a growth of ₩ 1 trillion of revenue in 2014. Duty-free business can be seen as exporting industry not only in tourism business but also in economic perspective.

Inseparability is one of distinguishing characteristics of service from manufacturing sector. While production and consumption and separated in manufacturing, service products are delivered at the place of customer's consumption. For example, Chinese patients have to visit Korea to receive medical care of Korean hospital and enjoy medical tourism program. Duty-free stores are significant contributor in attracting foreign tourists in this regard. And, duty-free industry generates jobs more than manufacturing sector, which will be beneficial in this growth without employment era.

Customers purchase a product or service with higher perceived value. Perceived value of customers in the purchasing process is obtained by comparing the costs invested, and the quality perceived. Intangible and inseparable characteristics of services limit simple value equation of cost and quality relationship. Especially, customers ambiguously perceive cost by integrating monetary cost and acquisition cost. Thus, the service quality has been left as only managerial way to improve service value in service delivery process.

We explore the elements of service quality to enhance duty-free industry in the island. Considering high quality of luxury brands in a duty-free store, we more focus on process quality rather than outcome quality of service product. Research models based on the relationship among elements of process quality, customer's perceived satisfaction, customers intention of revisit and recommendation has been suggested. Based on data analysis from the respondents who use the services of duty-free stores in port, we try to find key elements to elevate customers' satisfaction that will influence customers' intention of revisit and recommendation eventually.

The rest of the paper is organized as follows.

Section 2 proposes the theoretical background of this research by reviewing the literature on service quality, revisit and recommendation intention, and duty-free industry in Jeju Island. Then we suggest a research model of the causal relationships among the variables and related hypotheses. In Section 3, we describe the details of survey design and present the statistical analysis and hypothesis test results from the analysis. Finally, we discuss our findings to provide theoretical implications and managerial contributions along with future research directions in Section 4.

2. Theoretical Background and Research Model

2.1. Tourism in Jeju and Duty-Free industry

2.1.1. Tourism in Jeju

Until 2008, Jeju tourism business demonstrated fluctuation of increase and decrease less than 10%. That is; Jeju maintained 5 million people accounting both domestic and foreign tourists. However, factors including inauguration of Jeju Tourism Organization, efforts put into enhancing tourism marketing, improvement in reception of tourists, demand of domestic tourism due to global economic crisis, Olle trail and nomination of the World Natural Heritage contributed to environment-friendly image of Jeju island. Such phenomenon led Jeju to attract tourists of about 6 million people in 2009, about 7 million people in 2010, about 8 million people in 2011, about 9 million people in 2012, which is 10~16% annual increase; Jeju island is positively in its heyday.

Such accomplishment is also remarkable compared to other tourist attractions in islands around the world. Even compared to Hawaii, Okinawa, Hinan, and Bali(which are all main sites of island tourism). As shown in <table 1>, Jeju island is demonstrating impressive growth with superior gap in the total number of tourists.

<Table 1> Comparison of tourists among major islands (2009-2012)

		2009	2010	2011	2012
Jeju	Number of tourists	6,523	7,578	8,740	9,691
	Growth %	12.1	16.2	15.3	10.9
	Domestic tourists	5,891	6,801	7,695	8,010
	Growth %	11.6	15.4	13.1	4.1
	Foreign tourists	632	777	1,045	1,681
	Growth %	17.0	22.9	34.6	60.8
Hawaii	Number of tourists	6,517	7,083	7,299	7,998
	Growth %	-4.5	8.7	4.0	9.6
	Domestic tourists	4,376	4,693	4,761	5,397
	Growth %	-4.1	7.2	2.7	5.3
	Foreign tourists	2,140	2,389	2,537	2,600
	Growth %	-5.3	11.7	6.5	19.8
Okinawa	Number of tourists	5,650	5,855	5,479	5,836
	Growth %	-6.5	3.6	-6.4	7.8
	Domestic tourists	5,420	5,570	5,199	5,459
	Growth %	-6.4	2.8	-6.7	6.3
	Foreign tourists	230	285	280	376
	Growth %	-8.5	23.6	-1.7	34.5
Hinan	Number of tourists	22,503	25,873	30,013	33,203
	Growth %	9.2	15.0	24.3	10.63
	Domestic tourists	21,951	25,210	29,198	32,388
	Growth %	11.9	14.8	15.8	10.92
	Foreign tourists	551	663	814	815
	Growth %	-43.7	27.3	18.6	0.13
Bali	Number of tourists	2,229	2,493	2,756	2,892
	Growth %	13.3	11.8	10.6	4.9

* unit : thousand person, %

* Source : Jeju tourism organization internal data.

Therefore, the revenue of Jeju tourism industry is rapidly increasing. Since 20009, it showed annual growth of 20~30%. Among many factors, the growth of duty-free business accounts for a large portion. Chinese tourists, who are the absolute majority of foreign tourists, have large a demand for duty-free products and in turn contributes to the growth of Jeju duty-free business.

2.1.2. Duty-free industry in Jeju Island

Duty-free stores, according to customs law, is regulated under a title "stores of bonded area" and based on custom law article 196, is a shop selling products without tariff, VAT(value-added tax) or special consumption tax targeting tourists and Korean people leaving the country. Shops in bonded area or duty-free shop, is a store in bonded area in which they sell foreign products without import customs clearance. It aims

for promoting tourism, obtaining foreign currency and providing customers with a convenience in duty-free shopping. Mainly they are departure duty-free store located in international airports or ports, downtown duty-free store, and diplomat duty-free store where one sells foreign products to diplomats in Korea. In total, currently 32 duty-free shops are operating in Korea.

In 2007, Jeju, in order to provide convenience and meet needs of duty-free shopping of increasing foreign and domestic tourists, opened duty-free stores only for the domestic population in Jeju international airport and Jeju Convention Center under Jeju special self-governing province law. Public enterprises including Jeju Tourism Organization (hereafter, JDC), Jeju Free International City Development Center (hereafter, JDC) are now operating those stores.

The purpose of establishing duty-free stores for domestic people is to reserve public funds with the profit of duty-free store business. JTO collects funds for foreign marketing aimed to attract foreign tourist, and JDC provides that funds for Jeju development projects.

<Table 2> Duty – free stores in Jeju island

	Organization	Duty-free stores
For domestic tourists	Jeju Free International City Development Center	JDC Jeju International airport
		JDC Jeju harbor 1
		JDC Jeju harbor 2
	Jeju Tourism Organization	JTO Jungmum
		JTO Sungsan harbor

* unit : thousand person, %

* Source : Jeju tourism organization internal data.

Followed by improvement of domestic tourists, duty-free stores(i.e., JTO in Jungmun and JDC in Jeju international airport) showed improvement in its revenue. But after 2012, as growth of domestic tourists declined, both growth and revenue of duty-free store are decreasing.

<Table 3> Revenues of duty-free store in Jeju island

	2009	2010	2011	2012	2013	2014(E)
JTO	197	354	422	410	412	452
JDC	2,706	3,019	3,383	3,428	3,480	4,000
Private Firm 'L' and 'S'	1,265	1,534	2,133	3,295	5,290	6,900

* Source : Jeju tourism organization internal data.

On the other hand, downtown duty-free stores for foreign tourists are expected to show continuous growth for several factors. These shops, subsidiaries of retail conglomerates, are operating in the best location with premium brands. Considering market, Influx of Chinese tourists are principal foreign tourists of Jeju nowadays, and cruise business that concentrates on shopping in day tour are expanding. Intangible assets such as similarity in culture with China and Japan (nations from which majority of tourists come from) and good service quality contributes to consumer satisfaction. Also, positive perception of Korean duty-free stores and benefit of enjoying shopping and tour at the same time are all considered as factors that shape auspicious future for the industry. In 2013, growth rate of principal duty-free shops in Jeju city was 50~60% Compared to 2012. And such result is also expected for 2014.

<Table 4> Total tourism revenues of major islands (2012)

	Jeju	Hawaii	Okinawa	Hinan
Total tourism revenues (billion KRW)	5,529.3	16,151.7	5,277.1	6,780.6

* Source : Jeju tourism organization internal data.

As illustrated, growth of duty-free industry in Jeju contributes greatly to the local community. Diverse influences such as attracting tourists, obtaining foreign currency, direct and indirect creation of jobs, and domestic market prosperity followed by increase in a number of tourists are all positive contributions.

As Jeju duty-free stores and shopping tourism are vitalizing, there is significant ongoing change in Jeju duty-free business. While tremendous expansion of demand is expected due to entering of new firm duty-free store in Jeju International airport, opening duty-free shop in Sungsan harbor, competition for the another duty-free store in Jeju city, there is unlimited competition to of Jeju duty-free business market. At the same time, constrain factors such as expansion of duty-free shops in main competing tourist cities, regulatory environment, service failure based on misunderstanding on tourist's national cultural background are posing threats to Jeju duty-free business.

Therefore, for enhancing competitiveness of duty-free store, service providers should not dismiss basic points. They are first, maintaining best service quality for current customers, and second, inducing continuous revisit from them, and lastly maintaining loyal customer in order to increase positive word-of-month.

2.2. Service Value

2.2.1. Service Value

Customers consider various factors in the purchasing decision. Thus, manufacturers or service providers invest huge efforts to identify the factors to receive customers' choice. Assuming that customers' decision are based on the rationale, customers perceive the value of purchasing decision when they earn more functions than their payment. Alternative to obtain the highest quality value for money will be selected by customer in purchasing tangible goods. The relationship presented above is expressed by the following formula.

<Equation 1>

$$Value = \frac{Quality}{Cost}$$

Customer's value evaluation for intangible service product appears to be different with that of tangible goods. While customers compare outcome performance (i.e., outcome quality) with pay monetary payment, they evaluate the Kindness and empathy of the service encounter (i.e. process quality). To elevate customer's perceived value, service providers have to manage process quality as well as outcome quality during service delivery. Considering intangible and inseparable characteristics of service production, customer would invest their cognitive efforts to investigate, compare, and evaluate the alternative. Thus, acquisition cost along with the monetary cost would be paid by customer in the process of purchasing service product.

<Equation 2>

$$Service\ Quality = \frac{Outcome\ Quality + Process\ Qulitiy}{Monetary\ Cost + Aquisiton\ Cost}$$

In order to improve perceived service value of customer, service providers have to decrease customers' perceived cost (i.e., monetary and acquisition cost) and increase customers' perceived quality(i.e., outcome and process quality). Existing studies suggest inconsistent effects of lowering perceived cost to elevate service value. Customers may consider the monetary cost and cognitive acquisition cost with Integrative manner. In addition, due to the nature of the service industry with low entering barrier, low-cost strategy would be readily copied by competitors. Outcome quality of service product cannot be experienced before buying decision, and the business models or ideas cannot be patented. Thus, efforts to increase outcome quality hardly differentiated with that of competitions. So, service providers concentrated process quality to deliver a higher level of service value, and the researches on services marketing and services operations widely discuss the way to improve the perceived process quality.

2.2.2. Service quality

Parasuraman et al, proposed PZB(Parasuraman, Zeithaml, and Berry) SERVQUAL model to reflect process orientated service quality(Parasuraman *et al.*, 1985). Authors initially suggested the service quality with ten elements and later they reduced the elements into five and proposed RATER(Reliability, Assurance, Tangibles, Empathy, Responsiveness) model in 1990. SERVQUAL models have been widely applied to a wide variety of service industries such as finance, education, healthcare, distribution. But, discriminant validities among five elements have been controversial, and different results have been suggested by different industries (Cronin and Taylor, 1994). Recently, e-SERVQUL has been emerged to reflect the trends of e-business, and the researches to identify the different characteristics of industries on process quality have been expanding (Fitzsimmons and Fitzsimmons, 2014).

<Table 5> Five Factors of SERVQUAL

Factors	Operational Definition
Reliability	the ability to perform the promised service dependably and accurately
Assurance	the knowledge and courtesy of employees and their ability to convey trust and confidence
Tangibles	the appearance of physical facilities, equipment, personnel and communication materials
Empathy	the provision of caring, individualized attention to customers
Responsiveness	the willingness to help customers and to provide prompt service

Existing researches were conducted by a method of applying existing rating scale (i.e., SERVQUL, E-S QUAL) to duty-free stores. Such cases may have based the research on a theoretical foundation, yet are limited in their contribution to the operation of duty-free stores. Therefore, this research aims to explore more direct factor that could assist management of harbor duty-free store. Approaches that relies itself on field knowledge in order to reflect features of individual industry can be stated as a study based on grounded theory.

Following the route customer took during shopping, we measured service quality of duty-free store with ten elements. In advance,

we divided customer's route into "behavior before arriving at duty-free store" and "behavior inside the store." In the next phase, we listed sub-dimensions of perceived service quality into consideration. These kinds of formation of measurement item was carried out based on experience of field workers who had attended tasks at duty-free stores. This process is to implicate more direct point for duty-free store operations. Ten elements of service quality have been considered in this study are listed at <table 6>.

<Table 6> Elements of Service Quality

Elements of Service Quality		Definition
To the shop	Location of Duty-free store	Duty-free store located at the right place considering route of tour
	route to Duty-free store	Road sign and direction were helpful to find duty-free store
	route to the shop	There was no difficulty to visit the store after arriving duty-story building.
In the shop	time available for shopping	I can use more time on shopping in the duty-free store.
	Variety of brands	There are lots of luxury brands
	Advertisement	They invest huge efforts on advertisement and PR.
	Promotion	They invest huge efforts on promotion such as gifts
	Cost competitiveness	Price is low in this duty-free store.
	Attitude of Salesperson	Attitude of the salesperson is excellent.
	convenience facility	This duty-free store is equipped with excellent convenience facility.

2.3. Satisfaction, revisit intention, recommendation intention

Satisfaction is positive output of customers' mental process, and such approach aims for a functional aspect of experience. Thus, the service provider should pursue the activities and involvement by which can satisfy the needs of the customer (Lee, 2014).

Satisfaction is an outcome that appears as a result of one's inner desire and motive. If the outcome is greater than desire and motive, customer will experience satisfaction. If not, customer would evaluate that service is not satisfactory. In other words, satisfaction is a magnitude of benefit and utility (which is subjective and cognitive) compared to economic, mental, and social cost customer paid. Satisfaction also bases on outcome and process, general and individual attribute,

service quality and image (Zeithaml *et al.*, 1996).

Scale used to measure satisfaction of the service receiver is divided into single item scale and multiple items scale. While single item scale fares better in its simplicity, it is difficult to control influence caused by exogenous variable. That is the reason why research using multiple items scale is increasing recently. However, in an exploratory study, single item scale can be more applicable to capture the wide spectrum of independent variables (Hong, 2004).

This study used single item scale measured by Likert scale which is divided into five interval scales ranging from 'very satisfied' to 'very dissatisfied.' This method, among many that measure satisfaction, is used by several preceding research. Also, because this research is a study on only duty-free shops, variables would not be influenced much by

exogenous variable.

Anchored on such existing researchers, this study posed a following hypothesis.

H 1: Service quality will have positive influence on satisfaction.

Revisit of tourists is influenced by not only customer satisfaction but also by factors like tourism enterprises, promotion of tourist sites, possibility of a visit, loyalty of customers. Therefore, modern marketing interprets revisit intention as re-purchase intention. Reason for continuous research in academic circles and marketing for the loyal customer is that it is more efficient to maintain current appealing group of customers than to find new customers (Baker and Crompton, 2000; Lo, 2007).

Users who have strong revisit intention create word-of-mouth effect, which in turn helps recruiting new customers. Therefore revisit intention indirectly tells the possibility of recommendation intention (word-of-mouth effect), thus enabling expansion of a pool of customers (Shoemaker and Lewis, 1999).

Indeed, there can be a dispute over whether such factors always lead to positive effects. In existing studies, they seem to have a positive effect. Therefore, this study also established that there would be a causal relation between revisit intention and recommendation intention (Anderson and Sullivan, 1993, Tribe, and Snaith, 1998, Sung-Kwon et al., 2009).

H 2: Satisfaction will have a positive effect on revisit intention

H 3: Satisfaction will have a positive effect on recommendation intention

3. Research methodology

3.1. Research Population and Sample

Research population is all who use duty-free stores of the island. As the geographical region is an island, it is separated from the mainland, and only approachable transportations are flights and vessels. One can approach all areas of the island by ship, and therefore duty-free shops too are running in ports. We conducted the survey targeting customers who use duty-free stores in port.

Population of this research is customers of "A" harbor duty-free shop in Jeju Island. Duty-free shops in port reflect general features of duty-free industry in the island, but considered in perspective of general duty-free stores, those features may act as limits. That is, for duty-free stores center on brands products or luxury goods, these shops lack accessibility to general public except few like passengers of cruise. More detailed explanation concerning the limits of generalization due to uncommon features of duty-free shops in ports has been discussed in the conclusion.

Samples in this research are the customers who experienced services of duty-free stores in a harbor. Researchers boarded on the vessels to find a customer who already experienced duty-free shopping experiences. We gathered the data at the end of July 2014.

181 data out of 265 (excluding missing variables) were used for the analysis. Descriptive statistics concerning main features of respondents are arranged in <Table 7>. By gender, female respondents were (53.1%) slightly larger in number, and by level of education, respondents who were attending or graduated university constituted the majority. Income bracket of ₩3 million to ₩4 million per month(26.0%) was the largest group responded, and those in their Thirties(49.2%) responded the most. According to professions, white collar workers (26.0%), followed by those dedicated to specialized jobs (18.8%), was the biggest group responded.

<Table 7> Descriptive Statistics for Respondents

Gender	Male	96	53.1%	Age	< 20	20	11.0%
	Female	83	45.9%		20s	49	27.1%
	Non-response	2	1.1%		30s	89	49.2%
Edu.	under High School	27	14.9%		40s	21	11.6%
	University graduated/ attending	116	64.1%		50s	1	0.6%
	Graduate School above	37	20.4%		N/A	1	0.6%
	Non-response	1	0.6%	Job	Public official /soldiers	26	14.4%
Earn.	< 1,000 thousand Won	14	7.7%		White collar jobs	47	26.0%
	1,000~2,000	28	15.5%		Service	11	6.1%
	2,000~3,000	27	14.9%		Specialized job	34	18.8%
	3,000~4,000	47	26.0%		Business	21	11.6%
	4,000~5,000	27	14.9%		Students	7	3.9%
	> = 5,000	30	16.6%		House Wives	24	13.3%
	N/A	8	4.4%		N/A	11	6.1%

3.2. Results of analysis

We conducted descriptive statistics and multiple regression analysis in this research. After conducting multiple regression analysis on the influence independent variables pose on mediating variables, we verified the influence antecedent variables have on following variables step by step. In the process, we did not use constructs and investigated the relationship among individual measurements. Therefore, a separate analysis on reliability and validity was not carried out. In this analysis, we used SPSS 18.0.

In H1 we attempted to investigate the impacts of ten service quality elements (which are independent variables) on satisfaction of duty-free shop users. As proposed on <Table 9>, route to the shop (β = 0.128, $p < 0.05$), time available for shopping (β = 0.175, $p < 0.05$), convenience facility in duty-free stores (β = 0.196, $p < 0.05$) positively influence on satisfaction of customers.

H2 is the verification of satisfaction of customers impacting their rate of revisit. Satisfaction (β = 0.802, $p < 0.001$) is proved as strong antecedent variable. Lastly, H3 is testing of how customer satisfaction influences recommendation intention. Satisfaction (β = 0.796, $p < 0.001$) too was proved to have strong influence on recommendation intention.

<Table 8> Summary for the Hypotheses testing

	Dep.	Antecedent Variables	β	Std.Err	t-value	p-value	Support
H1	SAT.	Location of Duty-free store	-0.049	0.062	-0.790	0.430	-
		route to Duty-free store	0.018	0.065	0.272	0.786	-
		route to the shop	0.129	0.060	2.131	0.035	*Yes*
		time available for shopping	0.175	0.073	2.414	0.017	*Yes*
		Variety of brands	0.144	0.090	1.600	0.112	-

	Dep.	Antecedent Variables	β	Std.Err	t-value	p-value	Support
H1	SAT.	Advertisement	0.016	0.076	0.211	0.833	-
		Promotion	-0.014	0.067	-0.210	0.834	-
		Cost competitiveness	0.051	0.071	0.717	0.474	-
		Attitude of Salesperson	0.053	0.091	0.581	0.562	-
		convenience facility	0.195	0.088	2.210	0.028	Yes
H2	REVI.	SAT.	0.802	0.062	12.879	0.000	Yes
H3	RECO.	SAT.	0.797	0.055	14.490	0.000	Yes

※ Legends: Dep. - Dependent Variable, SAT. - Satisfaction, REVI. - Revisit, RECO – Recommendation, Std.Err. - Standard Error

4. Conclusion

4.1. Summary of Results

In this research, we took customer satisfaction as antecedent variable into consideration of enhancing rate of revisit and recommendation of duty-free store customers. And in order to increase customer satisfaction, we proposed research model that enhances service quality with process perspective. Results show that customer satisfaction is an influential antecedent variable to both revisit and recommendation intention, and at the same time, serves as mediating variable between independent variable(service quality) and dependent variable(revisit and recommendation intention). Among ten suggested service quality element anchored on process quality perspective (independent variables), route to the shop, time available for shopping, and convenience facilities in the stores proved to be influential.

Items backed in H1 seem to demonstrate features of harbor duty-free stores in existing facilities. We conducted the survey in areas where duty-free stores rent space from harbor ferry terminal. Considering that those terminals were not built to accommodate shopping facilities, effective layout for duty-free stores hardly can be achieved. As customers have narrow waiting room and duty-free shop is running in the route of customers, consideration of convenience facility might be lacking. Such situation might cause customers to have difficulties in shopping comfortably. Thus, when such limitations implicated to harbor duty-free stores, it might act as constraints to duty-free shops

Variables dismissed in H1 can be grouped into two categories: one related to outside of duty-free stores, and the other related to inside operations. Variables of outside of the shop include 'Location of Duty-free store', 'Route to Duty-free store'. And variables inside the shop include 'Variety of brands', 'Advertisement', 'Promotion', 'Cost competitiveness', and 'Attitude of Salesperson'. It can be said that items related to outside of duty-free stores are the results that well reflect the characteristics of harbor duty-free stores. Customers do not visit terminal at the port for duty-free shopping, but visit to board on the ship. Thus, variables like location or route to duty-free store probably were out of customers' interest. It seems that this conclusion is due to the fact that related items inside stores are not factors that show the difference among other competing duty-free stores. That is because even in Jeju island, several duty-free stores share similar properties in the respect to price, promotion, advertisement, and kindness of salesperson. Therefore, such dimensions are not features of individual duty-free store, and it seems that stores could not draw more satisfaction from customers.

Results of H2 and H3 were along with those of preceding research. Existing studies too report that customer satisfaction will have a positive effect on revisit intention and recommendation intention. This study

proved that in the duty-free business, casual relationships among "Satisfaction → revisit intention and recommendation intention" is substantial.

4.2. Implications and limitations

This study contributes some theoretical implication to understand the dimension of process quality of duty-free stores. Realm of duty-free industry is a market where customers willing to pay a high price for high-quality products exist. For that reason, while there are needs to be a consideration on process quality rather than outcome quality. Existing research centers on the service encounter when discussing process quality. In this research we aim to investigate the dimension of process quality, concentrating on customer's route.

Managerially, the research has significance in that it concerns service quality that duty-free stores in the island, especially those operating in ports, should take care of. In operations of duty-free stores, launching brand products and a periodic promotion is a common affair. In this research, factors such 'Route to shops inside duty-free area', 'Convenience facility', and 'Time available for shopping', which concerns the layout, proved to be more influential than those mentioned in the sentence above. Therefore, service providers will be able to elevate customer satisfaction by arranging shops and procuring distance among stores. That is, if layout of the duty-free stores is similar to that of downtown duty-free shops, one could expect to attract more customers.

Most of duty-free stores in a harbor use the existing facilities in where tourists enjoy duty-free shopping under the time pressure. So the practices such as boarding time adjustment, enlargement of bonded zone, and redesigning layout can elaborate customers's satisfaction.

This research, conducted mainly through field study, contains limitation to some extent, and we aim to develop it in future study. We tried to measure the service quality according to the route of consumers, but had we based our study on classification standards suggested by existing research, and our study would have more implication on the theoretical side for its generalization. Moreover, as we employed our survey in harbor duty-free store of Jeju and targeted domestic consumers as samples, we were limited to extend our study to the island in overall. Future studies should consider both foreign and domestic consumers when studying duty-free stores to identify the characteristics of duty-free shopping in the island, yet this study conducted survey targeting only domestic consumers. Dismissed elements including diversity of brand-products and price competitiveness are considered variables that might prove meaningful in study of foreign users of duty-free shops. Therefore future study would have to enlarge the theoretical basis of concept of process quality based on consumer route, and would have to aim for extension of samples that could represent the consumer of duty-free shop of island region.

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