Positioning Malaysia as a Tourist Destination Based on Destination Loyalty

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Abstract

This study was conducted to ascertain the image of Malaysia as a tourist destination and examines the construct’s influence on tourists’ destination loyalty. Questionnaires were distributed to the departing foreign tourists at two of Malaysia’s international airports. The collected data was analyzed using Structural Equation Modeling (SEM). The findings of the study indicate that Malaysia was perceived as providing an adventurous holiday with the chance to see wildlife, nice beaches and offering a lot in terms of natural scenic beauty with good amenities. The study also suggests that there is a positive significant relationship between destination image and destination loyalty.

Keywords: destination image, SEM, destination loyalty, Malaysia

1. Introduction

Globally, one of the most vibrant economic generators is tourism (Habibi, Abdul Rahim, Ramachandran, & Chin, 2008) and the industry has become one of the largest and fastest growing economic sectors over the past six decades (Tourism Malaysia, 2011). Similarly, in Malaysia tourism industry also becomes one of the important sectors that contributed to the nation’s economy (Ministry of Tourism, 2009) and experiencing growth in tourist arrivals and tourism receipt. Although the tourism industry was a late entrant to the mainstream of the Malaysian economy (Asian Strategy and Leadership Institute, 1997), it has shown a remarkable performance in term of tourist arrivals and receipts (Tourism Malaysia, 2011). The tourism industry ranked as the second sector contributing to the economy after manufacturing with RM50.2 billion and RM55.0 billion of Gross Domestic Product (GDP) during 2008 and 2009 respectively (Ministry of Tourism, 2008 and 2009). In addition, between 2006 and 2010, the revenue from the tourism industry increased by 55.6% from RM36.3 billion to RM56.5 and tourist arrivals increased by 41.4% from 17.4 million to 24.6 million (Tourism Malaysia: Facts & Figures, 2011).

Acknowledging the great potentials in the tourism industry, it was identified as one of the National Key Economic Areas in the Government Transformation Program to achieve the country’s Vision 2020 to become an advanced nation by year 2020 (PEMANDU, 2010).

The competitive situation and challenges within the tourism industry worldwide entail a better understanding of destination image and destination loyalty to achieve Malaysia’s aspiration to retain its international reputation as one of the most desirable destinations in Asia and become a developed country by year 2020. The unstable increase in tourists’ arrivals from 2004 to 2010 supports the claim that the tourism industry is very competitive (Tourism Malaysia, 2011). Thus, an effective strategy has to be outlined to ensure progressive growth within the industry to support the nation’s aspiration to become a developed nation by 2020. Changes within the environment and an increasingly competitive international tourism industry call for an effective positioning strategy that would enhance the steady growth within the industry (Buhalis, 2000). Therefore, the government, through the Malaysia Tourism Promotion Board (Tourism Malaysia), has undertaken enthusiastic efforts promoting Malaysia, especially at the international level, to attract foreign tourists to Malaysia. However, according to the Bucket Theory of Marketing, attracting new tourists and increasing the revenue from existing customers are said to “fill the bucket”. When tourists stop purchasing or a decreased arrival for a period of time is portrayed as “a hole in the bucket”. In order to plug up the leaks in the bucket, efforts should be undertaken to understand the post-behavioural intentions of foreign tourists. Despite tourism’s increasing importance in the Malaysian economy, the study on post-visit behavioural intentions has attracted relatively little attention in the
empirical literature on tourism marketing. Based on the above setting, it is crucial to focus on examining existing tourists’ destination loyalty exhibited through their intention to return (purchase intention/loyalty) and recommendation through word-of-mouth (WOM). The move to study destination loyalty meets the desire to understand factors that lead to customer retention.

Specifically, this study captures the perceived image of Malaysia as a travel destination among foreign tourists and measures the attributes of tourists’ destination loyalty in order to identify the specific positioning strategy meeting a particular market niche. Secondly, the study attempts to examine the predicting role of destination image on the formation of destination loyalty of foreign tourists. The study extends the current literature on this relationship by providing empirical evidence of their applicability in the Malaysian context. Investigating the perception of foreign tourists towards Malaysia as a preferred holiday destination would provide useful insights to Destination Management Organization (DMO), tourism marketers and tourist officers in projecting the right image of Malaysia as one of the world’s premier travel destinations.

2. Literature Review

Tourism-marketing literatures suggest that destination image is an important concept and the understanding of the concept should be expanded through marketing research. Buhalis (2000) suggests that research on destination does not receive sufficient interest among researchers and this is mirrored by the inadequate literatures on destination marketing. Moreover, Gallarza et al. (2002) argue that the study on destination image is important and relevant to tourism marketing, however the research faces many challenges due to its complex characteristics and multidimensionality. It is noted that pioneering studies on destination image dated back to the early 1970s (Lopes, 2011). The earlier definition of destination image by Hunt (1971) which states that destination image is the impression that a person or persons hold about a state in which they do not reside provides a narrow definition of destination even though it may be a well-defined geographical areas such as a country, an island or a town (Hall, 2000). The work of Crompton (1979) which suggests that an image as the sum of beliefs, ideas and impressions that a person has of a destination, is parallel to the one given by Kotler et al. (1994). Choi et al. (1999) also maintained that destination image is people’s belief, idea or impression about a place. The recent definitions of destination has been expanded to include a perceptual concept of destination which can be interpreted subjectively by tourists depending on their travel itinerary, cultural background, purpose of visit, educational level and past experience. Baloglu and McCleary (1999) propose a model of destination image formation and postulated that an image is formed by two major forces: stimulus factor (external stimulus, physical object and previous experience) and personal factors (motivation, personality, motivation, age, education, marital status and the like).

The competitive situation within the global tourism industry requires a destination to position itself differently from the competing destinations. In order to gain the competitive edge, a tourism destination has to ascertain the correct image indicating the type of tourism offering to the potential target. In addition, destination image guides promotional activities of a destination. Positioning a tourism destination can gain a competitive edge but, prior to that, the target market’s perception of Malaysia as a travel destination has to be ascertained (Mahadzirah et al., 2012). Kotler (2000) suggest that the concept of positioning is not limited to a brand, company, service, person, but is also applicable to a place. The process of successful positioning starts with the host country’s destination-management office (DMO) ascertaining the main attractive attributes of the destination that are meaningful and become the “pulling” factor to tourists visiting the destination. Different tourist segments may have different interests and perceptions of a tourist destination and this requires the DMO to develop appropriate destination-positioning strategy based on the identified image for the different target markets. Successful destination marketing requires selecting the right target market and offering the most suitable combination of local tourism products and services Buhalis (2000). Based on the above argument, it is important to ascertain Malaysia’s destination image from the customers’ perspective which can then be used to guide promotional activities to attract foreign tourists travelling to Malaysia.

Tourist’s image of a destination is formed through communication and their past experiences. There are two components of destination image: perceptual and affective (Baloglu and McCleary (1999). Cognitive or perceptual component refers to beliefs and knowledge about a destination and affective refers to feelings about a destination. Buhalis (2000) stated that destination image is manifested by six dimensions namely, attractions (natural, man-made, artificial, purpose-built, heritage, special events), accessibility (entire transportation system comprising routes, terminals and vehicles), amenities (accommodation and catering facilities, retailing, other tourists service), activities (all activities available at the destination and what consumers will do during their visits), ancillary services (services used by tourists such as banks, telecommunication, post, newsagent, hospital, etc.) and available packages (pre-arranged packages by intermediaries and principals). This definition is parallel
to the one defined by Echtner and Ritchie (1993) as consisting of two main components comprising those that are attribute-based and those that are holistic. Each of these components contains functional, more tangible aspects of destination image, and psychologically represents the more abstract aspects of destination-image characteristics. Therefore, it is postulated that:

H1: Malaysia destination image is manifested by several underlying dimensions.

There are two possible outcomes of tourists’ experience visiting a destination: positive and negative experience. Positive tourists’ experience of a destination may lead to their intention of revisiting the destination or recommending it to friends and family. Negative experience may lead to negative word-of-mouth and no intention of revisiting. These arguments are set forth based on the profound work by Zeithaml et al. (1996) postulating that favourable behavioural intentions are associated with a service provider’s ability to get its customers to: (1) Say positive things about them, (2) recommend them to other customers, (3) remain loyal to them, (4) spend more with them, and (5) pay price premiums. A number of subsequent studies have used one or more of these five proposed constructs to examine the outcomes of successful business. For instance, Baker and Crompton (2000) used items adapted from the scale developed by Zeithaml et al. (1996) to operationalise behavioural intention in the exploration of its relationship with the perceived performance quality. Cronin et al. (2000) undertook to examine the effects of quality, value, and customer satisfaction on behaviour intention using items measuring the underlying behavioural intentions dimensions postulated by Zeithaml et al. (1996). Kuenzel and Katsaris (2009) summarised post-visit behaviour into two dimensions namely, intention to return (purchase intention/loyalty) and recommendation through word-of-mouth (WOM). The importance of WOM communication in the service sector is documented in several studies (Davis et al. 1978; Day, 1980; George & Berry, 1981; Hartline & Jones, 1996; Zeithaml et al. 1993). Therefore, the following is proposed:

H2: Tourist destination loyalty is exhibited by two underlying dimensions of positive recommendation and revisit intention.

Despite the tourism increasing importance in Malaysian economies, the studies on post-visit behavior intentions were limited (Mahadzirah et al., 2012). Tasci and Gartner (2007) noted that destination image was treated as an independent variable influencing behavioural intention. Moreover, previous studies such as Hunt (1975), Pearce (1982) have illustrated that there is a positive relationship between destination image and behavioral intention. The findings are parallel to the earlier work of Bigne, Sanchez, and Sanchez (2001) who found that tourism image is a direct antecedent of perceived quality, satisfaction, intention to return and willingness to recommend the destination. Moreover, Chen and Tsai (2007) suggested that destination image has both direct and indirect effects on behavioural intentions. Tourists’ overall experience consuming a combination of local tourism products and services develop their image of a destination after their visitation (Buhalis, 2000). Thus perceived attractiveness, rather than overall satisfaction, is the antecedent of revisit intention (Um, Chon, & Ro, 2006). Positive destination image will result in tourist’s satisfaction and has an influence on tourist behavioural intentions (Chi & Qu, 2008). According to Gover, Go, and Kumar (2007), successful marketing communication strategies can significantly influence travel behaviour and further illustrates that destination image has an influence on behavioural intention (destination loyalty). Based on the above arguments, the following is hypothesised:

H3: The more favourable the destination image, the more positive the tourist destination loyalty.

3. Methodology

Empirical data were gathered in a cross-sectional survey among European tourists who departed from two major airports of Malaysia: Kuala Lumpur International Airport (KLIA) and Low Cost Carrier Terminal (LCCT). Respondents were given a set of self-administered questionnaires while they were waiting for boarding announcements for their flights in the waiting room. They were asked to rate their perceptions of Malaysia using 25 destination image items adapted from the work of Echtner and Ritchie (1993) on a number of 7-point rating scale ranging from 1 as “strongly disagree” to 7 as “strongly agree”. In addition, respondents were asked to rate their post visit outcome on destination loyalty using a 7-point Likert scale ranging from 1 as “least likely” to 7 as “most likely” adapted from Zeithaml et al. (1996). Finally, they were asked to provide their demographic data, which is important to provide insights related to their background and characteristics.

Since accurate data pertaining to the size of this population was not available, the research engaged in creating a sampling frame as suggested by Burns and Bush (2010). A total number of 1000 questionnaires were distributed at the international departure halls and 842 questionnaires were obtained. A sampling frame was created based on the 842 returned questionnaires. Statistical Package for Social Science (SPSS) software was used to select respondents using “Random Sample of Cases”. From the created sampling frame, a total of 420 cases
(representing approximately 50 percent of the population in the sampling frame) were selected for the study. After a data-cleaning process, a total of 312 cases were subjected to further analysis.

4. Finding and Discussion

The majority of the respondents were identified into the age groups of between 20-36 (68%) years old and male tourists comprised the majority of respondents (63%). Most of the respondents interviewed (82%) indicated that the purpose of their visits to Malaysia were to spend their holidays, travelling either with their spouse or friends (60%) and this was their first trip to Malaysia (58%).

The collected data was subjected to exploratory factor analysis (EFA) to determine the underlying dimensions of the constructs in this study. Confirmatory factor analysis (CFA) and structural equation modelling (SEM) were applied to the data set to test the conceptual model and examine the relationships between each pairs of variables as suggested in the hypothesis. A reliability analysis (Cronbach’s alpha) was performed for destination image and destination loyalty. Cronbach’s alpha values of 0.7 or more are considered to be acceptable good indication of reliability (Nunnally & Bernstein, 1994). The resulting Cronbach’s alpha values of the reliability test performed on destination image and destination loyalty are 0.71 and 0.73 respectively. Thus, in this case we can comfortably conclude that both destination image and destination loyalty have acceptable internal consistency.

Figure 1 illustrates the structural model. The model suggests that there are two underlying factors of destination image labelled “natural attraction” and “amenities and activities”. Table 1 indicates that there are four items measuring destination loyalty. SEM was performed to explain the relationships among these multiple variables (Hair et al., 2010). Insignificant p-value (0.105) suggests that the null hypothesis is not rejected. Thus there is no significant difference between the actual and predicted metrics (Ho, 2006). The attained value of relative chi-square is 1.28 (less than 2 or 3) and it is regarded as acceptably fit (Kline, 1998; Ullman, 2001). Universally-accepted statistical indexes, such as Goodness-of-Fit Index (GFI) and Adjusted Goodness of Fit Index (AGFI), were used to assess the goodness-of-fit of the proposed model, with values closer to 1 indicating good fit (Byrne, 2001). The values of Goodness-of-Fit Index (GFI) and Adjusted Goodness-of-Fit Index (AGFI) attained for the proposed model are 0.97 and 0.95 respectively. It is therefore concluded that the hypothesised model proposed in the study fits the sample data adequately well.

![Figure 1. Structural model of destination image and destination loyalty](image-url)
Table 1. Reliability of items measuring destination image and satisfaction

<table>
<thead>
<tr>
<th>Construct</th>
<th>Items</th>
<th>Mean</th>
<th>SD</th>
<th>Loading</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Image</strong></td>
<td><strong>Factor 1: Natural attraction (DF1)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>A holiday in Malaysia is a real adventure. (D20)</td>
<td>5.38</td>
<td>1.16</td>
<td>0.65</td>
</tr>
<tr>
<td></td>
<td>Malaysia offers the chance to see wildlife. (D38)</td>
<td>5.61</td>
<td>1.17</td>
<td>0.84</td>
</tr>
<tr>
<td></td>
<td>Malaysia has nice beaches for swimming. (D42)</td>
<td>5.46</td>
<td>1.32</td>
<td>0.66</td>
</tr>
<tr>
<td></td>
<td>Malaysia offers a lot in terms of natural scenic beauty. (D46)</td>
<td>5.82</td>
<td>0.94</td>
<td>0.80</td>
</tr>
<tr>
<td><strong>Factor 2: Amenities and activities (DF2)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>There are few first class hotels in Malaysia. (D10)*</td>
<td>4.93</td>
<td>1.71</td>
<td>0.59</td>
</tr>
<tr>
<td></td>
<td>There is a little to see in Malaysia. (D12)*</td>
<td>5.79</td>
<td>1.31</td>
<td>0.92</td>
</tr>
<tr>
<td></td>
<td>There is a little to do in Malaysia. (D13)*</td>
<td>5.79</td>
<td>1.38</td>
<td>0.93</td>
</tr>
<tr>
<td><strong>Destination loyalty</strong></td>
<td>Will say positive things about Malaysia to other people. (L1)</td>
<td>6.23</td>
<td>0.77</td>
<td>0.87</td>
</tr>
<tr>
<td></td>
<td>Will suggest Malaysia to friends and relatives as a vacation</td>
<td>6.13</td>
<td>0.87</td>
<td>0.95</td>
</tr>
<tr>
<td></td>
<td>destination to visit. (L2)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Will encourage friends and relatives to visit Malaysia. (L3)</td>
<td>6.05</td>
<td>0.92</td>
<td>0.93</td>
</tr>
<tr>
<td></td>
<td>Will consider Malaysia as a choice to visit in the future. (L4)</td>
<td>5.74</td>
<td>1.19</td>
<td>0.76</td>
</tr>
</tbody>
</table>

Note: * Reverse item.

Baseline comparisons indexes, Normed Fit Index (NFI), Tucker-Lewis Index (TLI) and Comparative Fit Index (CFI), another set of goodness-of-fit statistics, are used to support the fitness of the hypothesised model. The value of Normed Fit Index (NFI), Tucker-Lewis Index (TLI) and Comparative Fit Index (CFI) ranges from 0 to 1, with values closer to 1.00 being indicative of good fit (Byrne, 2001). In this case, NFI, TLI and CFI values of 0.97, 0.99 and 0.99 respectively, are consistent in suggesting that the hypothesised model represented an adequate fit to the data. The value of Root Mean Square Error of the Approximation (RMSEA) for the proposed model is 0.03, less than 0.08, indicating reasonable error of approximation, implying that the model is acceptably fit (Hair et al, 2010). Based on the above goodness-of-fit statistics, there are enough supports to conclude that the hypothesised model fits the data gathered well and further analysis can be done. The path coefficients for the full model are positive and significant (p-value < 0.05). The findings of the study suggest that all the research hypotheses are confirmed.

5. Conclusion

The study empirically tested a model to examine the relationships between destination image and destination loyalty. The overall image of Malaysia as a tourist destination is positive. The findings also suggest that Malaysia was perceived by international tourists as offering natural scenic beauty that has nice beaches, offers the chance to see wildlife, and coming to Malaysia was a real adventure. Additionally, Malaysia was also perceived as providing good amenities and was full of activities. Malaysia should capitalise on these attributes as the unique selling proposition when promoting Malaysia at the international level, especially European countries, and positioning itself as a nature-based tourism destination. The findings of the study also indicated that destination image has a significant influence on tourists’ intentions to revisit and disseminate positive-word-of-mouth. Results of this study reveal that examining the behavioural intentions of foreign tourists, which are influenced by favourable destination image, provides better understanding of customer retention. The findings suggest that if foreign tourists perceived favourable destination image, they are more willing to spread positive word-of-mouth as well as to undertake repeat visitations in the future.

From a practical standpoint, the findings offer important implications for the development of destination-marketing strategies. In today’s competitive climate, creating and managing the right destination image have become vital for effective positioning and differentiation. More specifically, destination marketers should concentrate on formulating effective destination image, which must be able to distinguish itself from the other competing countries to attract the incoming of international tourists who have several selections of travel destinations in their choice set. Ascertaining the important attributes that are meaningful and attractive from the tourists’ minds, achieved through research, is essential in formulating successful positioning strategy. In this particular case, Tourism Malaysia is suggested to capitalize on these attributes (natural scenic beauty, nice beaches, the chance to see wildlife, a real adventure with lots of activities and supported with good amenities) to
develop the positioning strategy. The effort should be followed with selecting the right target market and offering the most suitable combination of local tourism products and service packages that support the above image to ensure the success of Malaysia’s destination marketing.

This research was undertaken not without limitations. These limitations would probably become opportunities for future research. Firstly, the survey was conducted only over a period of 10 days in the month of May 2009 and failed to capture tourists visiting Malaysia the year round. Secondly, measurement of image was only conducted among current tourists visiting Malaysia and excluded potential tourists. Third, this study did not examine the mediating effect of tourist satisfaction on the relationship between destination image and destination loyalty. Therefore, future research should undertake to examine destination image → trip satisfaction → destination loyalty sequence of relationship.

References


