EXAMINING THE STRUCTURAL RELATIONSHIPS OF SERVICE RECOVERY, DESTINATION IMAGE AND BEHAVIOURAL INTENTIONS OF FOREIGN TOURISTS: A PROPOSAL

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-Abstract-
The tourism industry remains one of the important sectors expected to continually generate revenues and contribute to Malaysia's economic growth. The competitive situation within the tourism industry worldwide requires Malaysia to a develop strategic marketing strategy in line with tourist's preference to sustainably retain its reputation as one of the favourable tourist destinations in the region. A review of the literatures reveals that tourism is an image-driven industry, where tourists assess their travel experience as a whole and they associate destinations with the entire ranges of local producers and suppliers. Service failures in tourism industry are inevitable, hence this study attempts to examine the relationships between Service Recovery Satisfaction and post Destination Image from the perspectives of tourists. Such efforts would make tourism policy makers aware of the service recovery practices undertaken by the tourism organisations and collaborate with them to enhance the destination image. Based on the premise that customer loyalty has great benefits to entities such as tourist destination, this study develops a model to evaluate the effect of Satisfaction with Service Recovery on the Loyalty Intention of tourist and the relationship between Destination Image and Loyalty Intention. Randomly-selected respondents from the population of international tourists departing from international airports are selected to be involved in the study. Factor Analysis was used to test the factorial validity of constructs and Structural Equation Modelling was used to test the goodness of the proposed hypothesised model designed to consider Service Recovery, Destination Image and Loyalty Intention simultaneously. Findings of this study will provide useful insights to tourism organization pertaining to appropriate strategies that should be undertaken by

hoteliers to improve the image of the destination and ultimately influence tourist positive post-visit behaviours such as repurchase and dissemination of positive word-of-mouth.

1. INTRODUCTION

Millions of tourists travel temporarily away from home to experience hospitality and explore the world around them. This fact is supported by the growth in tourism numbers worldwide (Coathup, 1999; WTO, 2000). The movement generates demand and tourists participate in the purchase and consumption process of the tourism and hospitality product of their destination. The Tourism 2020 Vision study by WTO (2000) predicts that by 2020, Asia, particularly East Asia and the Pacific, will become the second-most visited region in the world. It is also reported that South Asia will experience the highest growth rates in tourism arrivals and receipts. The rapid growth of international tourism over the past three decades has attracted considerable attention in many developing nations, including Malaysia. International tourism not only contributes foreign exchange to the receiving country; it is also an important employment-generating activity and source of income (Liden and Tyler, 1992). Acknowledging the great potentials in the tourism industry, tourism was identified as one of the National Key Economic Areas (NKEAs) in the Government Transformation Programme to achieve the country's Vision 2020 to become an advanced nation by year 2020, economically, politically, socially, spiritually, psychologically and culturally (Government Transformation Programme: The Road Map, 2010).

The serious effort by the government to accelerate the development progress in the country's tourism industry over the next five years is reflected in the recently-announced Tenth Malaysia Plan (2011 – 2015). The plan targets an increase in the size of the sector's contribution by the factor of 2.1 by 2015, which would take annual tourism receipts to MYR115 billion and generate about 2 million jobs. This would upgrade Malaysia into the world's top 10 national tourism earners from 16th in 2008. A total figure of RM899 million was allocated in Budget 2010 to carry out several programmes outlined to attract foreign tourists visiting Malaysia, such as My Second Home (MM2H) programme, upgrading the quality of infrastructure in tourism centres, providing more attractive tourism products and events and internet-based advertising (http://www.btimes.com.my/Current News/BTIMES/articles/20091023183743/Article/index_html) Tourism ministry is

also formulating comprehensive strategies to increase average tourist spending from RM2,256 in 2009 to RM4,675 in 2020 and stay longer on their visits to Malaysia (http://www.nst.com.my/nst/articles/4boost/Article/ #ixzz12OQ81EV).

Though tourism is recognised as an important economic contributor to the nation, the industry is faced with immense pressure to significantly play a part in propelling the economy. The Malaysian tourism industry has been tested by several challenges. For example, in 2003, the number of the tourist arrivals was adversely affected, particularly by the outbreak of Severe Acute Respiratory Syndrome (SARS), as well as geopolitical uncertainties worldwide (Ninth Malaysian Plan, 2006). Recent news indicated challenging times ahead within the industry due to increase in oil prices and the global economic slowdown in 2008 (Menteri Pelancongan Malaysia, 2009). These changes within the environment and increasingly competitive international tourism industry (Buhalis, 2000) call for carefully-planned strategies that would sustain the growth within the industry and continually contribute to the nation's economic growth.

Total tourists' holiday experiences to a certain extent are affected by their experience staying at a hotel. Frequently, a tourist's major needs while they are away from home are accommodation; food and beverages; and transportation. It is reported that tourist spend almost 40 per cent on accommodation, 21 per cent on shopping, 16 per cent on food and beverages, 12 per cent on transportation and 11 per cent on other items such as entertainment and sightseeing (New Straits Times, June, 2003). Hence, destination marketing is complex (Tanja Dmitrovic et al, 2009) as when tourists visited a destination they "consume" a combination of all products, services, and experiences provided locally and therefore requires a high degree of integration among the different service providers such as taxi drivers, hoteliers, waiters and elements of the local attraction (Buhalis, 2000).

Buhalis (2000) also noted that managing and marketing destinations is challenging because of the variety of stakeholders (tourists, host population, tourism organisations and public sector and government) involved in the development and production of the tourism product. Investigating the impact of hotels' service recovery strategies on the image of the destination would provide insights to the tourist Destination Management Organization (DMO) in terms of suggesting appropriate strategies that should be undertaken by hoteliers to improve the image of the destination. Thus, DMO, in this case the Malaysia Tourism Promotion Board can coordinate and guide hoteliers towards developing an integrated marketing mix and delivery system.

Customer loyalty is a critical indicator of the successful marketing strategy (Flavian, Martinex, and Polo, 2001). A number of studies (Backman and Crompton, 1991; Croning, Brady, and Hult, 2000; Petrick, Morais, and Norman, 2001) illustrate that satisfaction, which in this case refers to tourist's satisfaction to service-recovery strategies, is the predictor to customer loyalty and it is transpired through their intentions to revisit and willingness to disseminate positive word-of-mouth (Oppermann, 2000). Moreover, Kuenzel and Katsaris (2009) stressed that the impact of hotel service-recovery process on the image of a destination was unexplored by researchers and therefore, they proposed a model suggesting studying the implications of hotel service-recovery process on the image of a destination. Understanding the relationship between service-recovery process and image of a destination from the perspectives of tourism organizations would make them aware of the local hotel service-recovery practices and collaborate with them to enhance the destination image. Therefore, it is the main aim of the present study to develop such a model of Service Recovery, Destination Image and Loyalty Intention.

2. OBJECTIVES OF THE RESEARCH

This research attempts to examine the effect of service recovery on the image of Malaysia as a tourist destination and tourist post-visit behavioural loyalty intention. Hence, the specific objectives of the research are as follows:
1. To investigate the effect of service-recovery strategy on the image of Malaysia as a tourist destination
2. To examine the effect of service-recovery strategy on tourist behavioural intention.
3. To identify the influence of Malaysia destination's image on tourist behavioural intention.
4. To propose strategies that would enhance Malaysia's image as a travel destination and tourist loyalty.

3. THEORETICAL OVERVIEW OF CONSTRUCTS AND CONCEPTUAL MODEL

3.1 Service Recovery
The nature of delivering services requires a high degree of contacts between hotel guests and personnel at different contact points in the service-delivery process (Lewis and McCann, 2004). Hotel service delivery is described as simultaneous

consumption and production where guest's satisfaction depends on the interaction between hotel guests and employees (Zeithmal et al., 2009). Since most often services are produced and consumed at the same time, it provides less room for employees to ensure that their service delivery would be free from problems or failures to meet guest's expectation. Service failure is deem to occur when service performance falls below customer's expectation which leads to customer dissatisfaction (Zeithmal et al., 2009) or any service-related problems experienced or perceived by consumers during service encounters (Maxham, 2001).

Understanding that service failures are inevitable and apt to occur at some point in the hotel service-delivery process, service-recovery strategies are required to recovery these service failures to reinstate or increase customer satisfaction. Kelley (1993) suggested that attempts should be made to recover from a service failure. Ironically, it is reported by Zeithaml, et al., (2009) that effective service-recovery strategies could in turn initially dissatisfied customer into loyal customer and generate positive word-of-mouth communication which in turn would have an impact on the image of a destination (Kuenzel and Katsaris, 2009). Lewis and McCann (2004) suggest that Justice theory is used to determine whether the service-recovery effort/strategies undertaken by the hotel were perceived by customers as fair or otherwise which comprised:

- Distributive justice – reflects the outcome of the recovery process, for example, compensation, repairs and replacement.
- Procedural justice – indicates the process undertaken to rectify the service failure, for example speed of response, accessibility and flexibility of the procedure, company policies.
- Interactional justice – referring to the manner in which the process is implemented and the customer is treated for example, provision of an apology.

3.2 Destination Image

Previous works on tourism destinations provide a narrow definition of destination which described it as a well-defined geographical areas such as a country, an island or a town (Hall, 2000; Davidson and Maitland, 1997). However, recent definition of destination expands 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, and there are six destination components (Buhalis, 2000) as follows:

- 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 services)
- Activities (all activities available at the destination and what consumers will do during their visits)
- Ancillary services (services used by tourists such as banks, telecommunications, post, newsagent, hospitals, etc).

Therefore, Tourism Destination Image is defined as people's belief, idea or impression about a place (Choi et al. 1999). 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 represent the more abstract aspects of destination image characteristics. Interestingly, studies such as Hunt (1975) and Pearce (1982) have illustrated that destination images have influence on tourist behaviour. Positive destination image will result in tourist's satisfaction and has an influence on tourist behavioural intentions (Chi and Qu, 2008).

3.3 Behavioural Intentions

Kuenzel and Katsaris (2009) described post-visit behaviour as intention to return (purchase intention/loyalty) and recommendation through word-of-mouth (WOM). Tourists' intention to return to a specific destination depends on their level of satisfaction/dissatisfaction and, as stressed by Yi (1990), there is positive relationship between satisfaction and purchase intention. Literatures (Mahadzirah and Pham, 2007; Oliver, 1999; Bitner 1990) suggest that customer loyalty is influenced by customers' satisfaction (travel satisfaction) and an unsatisfied tourist would not return (Dube et al. 1994). The importance of WOM the communication in the service sector is documented in several studies (Davis et al. 1978; Day, 1980; George and Berry 1981; Hartline and Jones, 1996).

3.4 Hypothesis

Figure 1 illustrates the proposed hypothetical model of Service Recovery, Destination Image and Behavioural Intention. The relationships depicted in the

model were drawn from the literature reviews. This study proposed the following hypotheses:

H1: Service-recovery Strategy has a significant and positive effect on Post-visit Behavioural Intention (a)

H2:   Service-recovery Strategy has a significant and positive effect on Destination Image (b)

H3: Destination Image has a significant and positive effect on Post-visit Behavioural intention (c)

H4: Destination Image mediates the relationship between Service-recovery Strategy and Behavioural Intention (b x c)

Figure 1: Model of the Relationships between Service-recovery Strategy, Post-trip Image of Destination and Post-trip Behavioural Intention
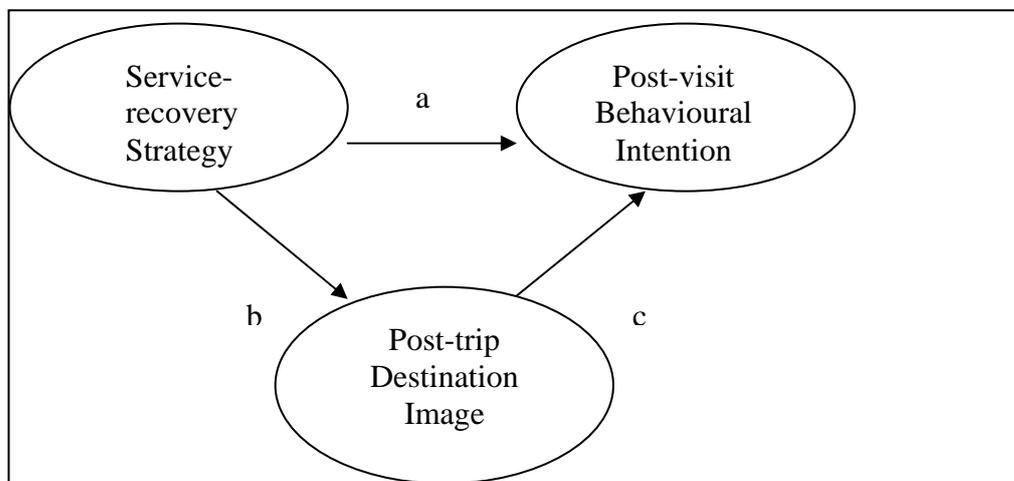
4. METHODOLOGY

This research will be conducted at the Kuala Lumpur International Airport (KLIA) because KLIA is the hub of the Malaysian Airlines System. The population of the research is the international tourist departing from the airport. The self-administered questionnaires will be distributed to a sample of international tourists who are able to understand the English Language in the month of June, December and March. Visitors to Malaysia for leisure or business and who have stayed for at least one day but less than one year (Mill and Morisson, 1985) will be the target respondents in the study. The sample size of the study is decided using the rule of thumb for factor analysis (Hair et al. 2006) that

suggest the sample must have more observations than variables and minimum absolute sample size should be a minimum of 5 and maximum of 10 observations. Using 10 as the number of observations with 60 variables, the total number of sample is therefore 600 respondents.

The first part of the questionnaire contains items on service-recovery strategies of hotel service failures using a 7-point Likert scale ranging from 1 as Very Dissatisfied to 7 as Very Satisfied. The second part of the questionnaire contains items that measure customer Behavioural Intention using a 7-point Likert scale ranging from 1 as Strongly Disagree to 7 as Strongly Agree. The items to measure the hotel Service Recovery and Behavioural Intention are adopted from the work of Lin (2006). The third part of the questionnaire contains items on image of Malaysia using a 7-point Likert scale ranging from 1 as Strongly Disagree to 7 as Strongly Agree. The items to measure the image of Malaysia as a tourist destination are adopted from the work of Echtner (1991). The last part of the questionnaire contains questions on the profile of respondents, which is important to provide insights related to their background and characteristics. The collected data will be subjected to several statistical analyses such as reliability test to assess the reliability of the instrument and Exploratory Factor Analysis (EFA) will be conducted to ascertain the underlying structure among the variables in the analysis. SEM using AMOS will be used to model the inter-relationship among constructs in the study simultaneously.

The data collected will be subjected to Confirmatory Factor Analysis (CFA) to assess the constructs before proceeding to testing the goodness-fit of the proposed research model using SEM. Universally-accepted statistical indexes, such as Goodness-of-Fit Index (GFI) and Adjusted Goodness of Fit Index (AGFI), will be used to assess the goodness-of-fit of the proposed model. Baseline comparisons indexes, Normed Fit Index (NFI), Tucker-Lewis Index (TLI) and Comparative Fit Index (CFI), another set of goodness-of-fit statistics, will also be used to support the fitness of the hypothesised model. The value of Root Mean Square Error of the Approximation (RMSEA) of the proposed model will also be ascertained to identify the reasonable error of approximation of the model before concluding that the proposed model is acceptably fit or not (Hair et al. 2006).

5. CONCLUSION

Managing and marketing tourist destinations is challenging because of the variety of stakeholders involved in the development and production of the tourism product. This paper explains the destination concept and attempts to synthesise a

model for strategic marketing and management of destinations. The findings of the study will provide insights pertaining to formulating tourism policy, especially in the aspects of hotels' service-recovery strategies to tourist Destination Management Organisation (DMO) in terms of suggesting appropriate strategies that should be undertaken by hoteliers to improve the image of the destination and ultimately influence tourist positive post-visit behaviours such as repurchase and disseminate positive word-of-mouth. Thus, DMO, in this case Malaysia Tourism Promotion Board, can coordinate and guide hoteliers towards developing an integrated marketing mix and delivery system.

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