BUSINESS TOURISTS’ LOYALTY TO TOURIST DESTINATIONS

Martaleni

Gajayana University of Malang
INDONESIA
E-mails: martaleni@yahoo.com

ABSTRACT

This study aims at examining and analysing the correlation between the strength of destination image as well as business tourists’ satisfaction and loyalty. The correlations constitute direct correlation between the former and the latter; and indirect one between the image and loyalty, requiring the presence of satisfaction. To solve research problems addressed in this study, quantitative approach was implemented. The research sample was business tourists conducting meetings, incentives, conventions, and exhibitions (MICE) in greater Malang, Indonesia. Seventy three business organisations were selected as the data sources. The data were collected for three months and were then analysed using descriptive and inferential statistics. The findings show that high destination image can directly increase business tourists’ loyalty. Similarly, indirect correlation between destination image and business tourists’ loyalty requiring the presence of satisfaction shows a positive effect.

Keywords: Tourists’ Loyalty, Destination Image, Tourists’ Satisfaction, Business Tourists

INTRODUCTION

Because of flight regulations, technology sophistication, e-commerce existence, and demographic changes, travelling and tourism that increase a nation’s foreign exchange grow rapidly and help provide new employment (Mak, 2004). Tourism is one of the strategic industries gaining a lot of national and international attention. In Indonesia, tourism development gets a strong support from the government. This is proved by the issuance of law on tourism numbered ten in 2009. Tourism does not only generate foreign exchange but also functions as an agent of development and a means of unity. In line with the target of tourism growth in Indonesia which keeps increasing every year, regional governments of individual province have set many integrated tourism resorts. The next tourism pattern is that tourists will travel in a new way. Participants of MICE will bring their family (spouse and children) because their business trip is combined with family holiday. Because of this, most of them will extend their stay at the MICE site (Yoeti, 2006).
Greater Malang which includes Malang county, Malang regency, and Batu county, is part of Indonesia. Therefore, local governments of the counties and regency have to improve roles of local tourism, so that they can contribute to the development of greater
Malang as well as Indonesia. In addition, greater Malang is known as an education city offering cool climate and less costly tourism (Martaleni, 2011). Actually, natural resources of greater Malang can very much support tourism growth. However, a maximum attempt to accelerate economy growth via tourism there has not yet been done. Such attempts could include the improvement of tourists’ satisfaction and loyalty as well as the creation of positive destination image. Destination image constitutes tourists’ belief in and impression towards a tourist destination. This can bring positive effects on satisfaction (Chi and Qu, 2008; Hankinson, 2005). Tourists’ satisfaction and high destination image can bring positive effects on loyalty (Brunner et al, 2006; Chen and Chen, 2010; Faulant et al, 2008; Hankinson, 2005; Ibrahim and Gill, 2005; Kandampully and Hu, 2007; Martaleni, 2011).

From the above-mentioned studies, it is obvious that research on the correlation between destination image as well as tourists’ satisfaction and tourists’ loyalty has widely been conducted. However, little has been done to examine the roles of image and consumers’ satisfaction towards business tourists’ loyalty. Based on the background of the study and the existing problems, the purpose of this study is to:

1. examine the correlation between the strength of destination image and tourists’ satisfaction,
2. examine the correlation between the strength of destination image and tourists’ loyalty,
3. examine the correlation between the strength of tourists’ satisfaction and tourists’ loyalty,
4. examine the indirect correlation between the strength of destination image and tourists’ loyalty which requires the presence of satisfaction.

Based on the review of theories and empirical studies, a conceptual framework showing structural connections among variables can be seen in Chart 1 below.

![Conceptual framework of the study](image)

**RESEARCH HYPOTHESES**

Hypotheses tested in the present study formulated based on the review of theories and empirical studies are:

1. H1: The higher the destination image, the higher the tourists’ satisfaction.
2. H2: The higher the destination image, the higher the tourists’ loyalty.
3. H3: The higher the tourists’ satisfaction, the higher the tourists’ loyalty.
4. H4: The higher the destination image – requiring the presence of tourists’ satisfaction – the higher the tourists’ loyalty.

RESEARCH METHODOLOGY
To solve research problems addressed in this study, quantitative approach was implemented. It helped the study reach the research purpose, i.e. to prove the effects of destination image and tourists’ satisfaction on tourists’ loyalty, and to provide a basis for decisions made by relevant parties (Creswell, 2009; Malhotra, 2005). This empirical study was carried out at tourist destination of greater Malang which includes Malang county, Malang regency, and Batu county. The choice of this research site was made in order to obtain more comprehensive information on tourists’ perceptions towards greater Malang, remembering that it was also the research site of previous studies. In addition, greater Malang is one of the main tourist destinations in East Java which has attractive profiles for its beautiful natural views and cool climate (Martaleni, 2011).

Research sample of this study was domestic business tourists coming from outside greater Malang who conduct MICE there. To ensure the coverage of experience and perception, data were collected through purposive sampling. Thus, our decision was used as the basis for ensuring that the sample included managers or event leaders of the organisations: large corporations, professional bodies, business event agents, or other business organisations. All in all, 73 business organisations were selected as the data sources.

Data were collected for three months (February-April 2012). There were two types of data source: primary and secondary. The data were collected through questionnaires which contained close-ended questions. To answer the questions, respondents were required to choose one option best suiting their opinion. The answers were quantified and measured using a five-point Likert-scale, spanning from ‘totally disagree’ to ‘absolutely agree’. Respondents were also interviewed. The interviews were carried out to clarify certain matters and the outcomes would facilitate the discussion of the quantitative results. Each interview took about 45 minutes.

Two data analytical techniques were implemented: descriptive and inferential statistics. Descriptive statistics was used to describe each respondent’s characteristics, whereas the inferential one – the Partial Least Square (PLS) – was used to examine the effects of destination image as well as tourists’ satisfaction on tourists’ loyalty.

FINDINGS
Tests for Research Instruments
Validity and reliability of the research instruments were tested. Pearson test was run to ensure the validity, i.e. between the individual and whole items. Test results for validity of destination image (X1), tourists’ satisfaction (X2), and tourists’ loyalty (Y) show that all correlation values of all dimensions and items are above 0.3. Therefore, all the dimensions and question items for all the variables are valid. The results of reliability test show that the alpha coefficient is above 0.60 indicating that all the variables are reliable. Thus the instruments used to collect data for all variables are valid and reliable.
Goodness of Fit Test to Measurement Model (Outer Model)
Goodness of fit test to outer model for each variable which uses reflective indicator is basically the measurement of convergent validity, discriminant validity, and composite reliability. The test results meet the requirements of convergent validity, and all the constructs meet the criteria of discriminant validity and composite reliability.

Goodness of Fit Test to Structural Model (Inner Model)
Goodness of fit test uses predictive-relevance ($Q^2$) value. The test results show that the predictive-relevance value is 0.7704 or 77.04% indicating that the model has predictive value which is relevant. The value of predictive-relevant which is 77.04% indicates that the heterogeneity of data that can be explained by the model is 77.04%. In other words, 77.04% of information inside the research data can be explained using the model. The remaining amount, 22.96%, is explained by other variables which are not included in the model and by errors. Based on this value, 77.04%, the resulted PLS model is good enough because it can explain 77.04% of the information.

DESCRIPTION OF RESEARCH VARIABLES
The description of each variable in this study is presented in the form of frequency and percentage of participants’ responses as well as interpretation criteria for score average. This average is classified into five: (1) very low (the average of 1.00-1.80), (2) low (1.81-2.60), (3) medium (2.61-3.40), (4) high (3.41-4.20), and (5) very high (4.21-5.00).

The Variable of Destination Image (X1)
This variable has three dimensions: attractiveness (X1.1), emotional benefit (X1.2), and functional benefit (X1.3). The score average for the overall dimension of attractiveness is very high, 4.21, and of emotional and functional benefits is high, 4.12 and 3.93 respectively. This means that tourists valued the dimension of functional benefits high. The score average for the overall variable of destination image is 4.09 which lies on the criteria of ‘high’. This means that participants valued the variable of destination image high.

The Variable of Tourists’ Satisfaction (X2)
This variable contains three indicators: overall satisfaction for attractiveness (X2.1), overall satisfaction for emotional benefits (X2.2), and overall satisfaction for functional benefits (X2.3). The score average for tourists’ overall satisfaction is 3.93 for destination attractiveness, 3.75 for emotional benefits, and 3.68 for functional benefits. The score average for the overall consumers’ satisfaction variable, 3.79, lies on the criteria of ‘high’. This means that the participants were highly satisfied for the tourist destination.

The Variable of Tourists’ Loyalty (Y)
This variable has three indicators: intension to revisit (Y1), recommendation to visit (Y2), and bringing others to visit (Y3). The score average for the ‘intention to revisit’ is 4.15; the ‘recommendation to visit’, 4.25; and the ‘bringing others to visit’, 4.21. Thus, the score average for the overall tourists’ loyalty variable is 4.20, and this lies on the criteria of ‘high’. This means that participants had high loyalty to the destination.
RESULTS OF HYPOTHESES TESTING
Testing inner model (structural model) is basically testing research hypotheses. The hypotheses testing in this study was done using t-test for each partial direct influence. The results are presented in Table 1 below.

Table 1 The results of hypotheses testing within Inner Model: Direct Influence

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Dependent Variable</th>
<th>Coefficient</th>
<th>T-statistics</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Destination image (X1)</td>
<td>Tourists’ satisfaction (X2)</td>
<td>0.701</td>
<td>11.119</td>
<td>0.000*</td>
</tr>
<tr>
<td>Destination image (X1)</td>
<td>Tourists’ loyalty (Y1)</td>
<td>0.450</td>
<td>4.746</td>
<td>0.000*</td>
</tr>
<tr>
<td>Tourists’ satisfaction (X2)</td>
<td>Tourists’ loyalty (Y1)</td>
<td>0.351</td>
<td>4.394</td>
<td>0.000*</td>
</tr>
</tbody>
</table>

Source: Data were analysed in 2012

Note: * indicates significance at 5%

The results of hypotheses testing can also be seen in Chart 2 overleaf.

Based on the results of hypotheses testing, some explanation can be offered as follows:

1. As regards direct correlation between destination image and tourists’ satisfaction, the inner weight coefficient is 0.701; T-statistics, 11.199; and p-value, 0.000. The value of T-statistics which is more than 1.96 and the p-value which is less than 0.05 indicate that there is a significant direct correlation between destination image and consumers’ satisfaction. The positive value of inner weight coefficient indicates that the correlation between them is positive. This means that the higher the image, the higher the satisfaction.

2. Concerning direct correlation between destination image and tourists’ loyalty, the inner weight coefficient is 0.450; T-statistics, 4.746; and p-value, 0.000. The value of T-statistics which is more than 1.96 and the p-value which is less than 0.05 indicate that there is a significant direct correlation between destination image and tourists’ loyalty. The positive value of inner weight coefficient indicates that the correlation between them is positive. This means that the higher the image, the higher the loyalty.
With regard to direct correlation between tourists’ satisfaction and tourists’ loyalty, the inner weight coefficient is 0.351; T-statistics, 4.394; and p-value, 0.000. The value of T-statistics which is more than 1.96 and the p-value which is less than 0.05 indicate that there is a significant direct correlation between tourist satisfaction and tourists’ loyalty. The positive value of inner weight coefficient indicates that the correlation between them is positive. This means that the higher the satisfaction, the higher the loyalty.

Based on the explanation earlier, there are three significant direct correlations among the tested hypotheses. Besides, within PLS, there is an indirect correlation. Such correlation is presented in Table 2 below.

**Table 2 The results of hypotheses testing within Inner Model: Indirect Influence**

<table>
<thead>
<tr>
<th>Indirect Influence</th>
<th>Coefficient of Direct Influence</th>
<th>Coefficient of indirect Influence</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1→X2→Y</td>
<td>X1→X2 = 0.701</td>
<td>X2→Y = 0.351</td>
<td>0.246</td>
</tr>
</tbody>
</table>

As seen in Table 2, there is an indirect correlation between destination image and tourists’ loyalty which requires the presence of satisfaction. The coefficient of the indirect correlation is 0.246. Because direct correlations between destination image and tourists’ satisfaction and between tourists’ satisfaction and tourists’ loyalty are both...
significant, it can be inferred that there is a significant indirect correlation between destination image and tourists’ loyalty requiring the presence of the tourists’ satisfaction.

**DISCUSSION**

**Effects of Destination Image on Tourists’ Satisfaction**

Inner model coefficient value proves the existence of positive effects of destination image on tourists’ satisfaction. This means that the higher the image of greater Malang as an education city having a safe, attractive, and cool environment, the higher satisfaction tourists have. This image brings emotional benefits of a pleasant destination; an area suitable for many types of event; and an area with high reputation, friendly people, nationally-scaled ranking. This all also increases tourists’ satisfaction.

Greater Malang as a tourist destination provides functional benefits in the forms of easily-accessible transports, sufficient infrastructures, multi-service-standard hotels, many venues, and good shopping centres. This all increases tourists’ satisfaction as well. This finding parallels the finding of a study conducted by Razari et al (2012) in Iran stating that image, satisfaction, and loyalty influence one another positively in a company. Similarly, a research study carried out in the US by Chi and Qu (2008) which examined correlations between destination image as well as tourists’ satisfaction and tourists’ loyalty analysed using Structural Equation Modelling found that there was a significant correlation between image and satisfaction, and both had certain effects on loyalty. Hankinson (2005) in a study about destination image states that the strength of relationship between image and received quality are very much influenced by perceptions towards functional attributes.

Findings in previous studies indicate the importance of high image creation in order to increase tourists’ satisfaction. This applies to greater Malang as a tourist destination. Stakeholders are hoped to create and strengthen greater Malang image. Findings in this present study can be used as a basis to do such image improvement. The first one is increasing destination attractiveness through the improvement of image as an education city offering a safe, beautiful, and cool environment. The second is increasing emotional benefits of the destination as a pleasant city suitable to conduct many types of event which has high reputation, friendly people, and nationally-scaled ranking. The third is increasing functional benefits by providing easily-accessed transports, sufficient infrastructures like roads to tourist destinations, multi-service-standard hotels, a large number of venues, and interesting shopping centres.

The existence of a positive correlation between destination image and tourists’ satisfaction in this study is supported by evidence collected through in-depth interviews with participants and observation in the field. It is found that business tourists are attracted to conduct MICE in greater Malang and are satisfied in doing so there because of their positive image towards the resort due to its atmosphere, i.e. cool climate. This is also supported by the results of descriptive analysis disclosing that from three indicators composing destination image, destination attractiveness has a ‘high’ score (4.21).

**Effects of Destination Image on Tourists’ Loyalty**

Inner model coefficient value empirically proves that destination image has positive effects on tourists’ loyalty. This means that the higher the image greater Malang has as a
tourist destination (an education city offering a safe, beautiful, and cool environment), the higher the intention of tourists to revisit, recommend to others, and bring others to conduct MICE there.

Greater Malang image gives emotional benefits: a pleasant destination suitable to conduct many types of event and which has high reputation, friendly people, and nationally-scaled ranking. Greater Malang also gives functional benefits through the provision of easily-accessible transports, sufficient infrastructures, multi-service-standard hotels, a large number of venues, and good shopping centres. This all also increases tourists’ loyalty.

Findings in the present study strengthen the theory of the correlation between destination image and consumers’ loyalty. According to Kotler and Keller (2006), someone who has high image and faith on a certain product may become loyal to it. Findings in the study parallel findings in studies conducted in Iran (Ali and Aram, 2011; Razari et al, 2012), in Austria on hotels (Coban, 2012; Faullant et al, 2008; Lertputtarak, 2012; Mohamed, 2008; Mohamad et al, 2012), in Mauritius on hotels (Kandampully and Hu, 2007), in Taiwan on tourism (Chen and Tsai, 2007), and in Switzerland on tourism (Brunner et al, 2008). However, findings in the present study contradict findings in studies conducted in Portugal (Correia and Valle, 2007) and in Indonesia (Martaleni, 2011) disclosing that high image did not increase consumers’ loyalty.

Contradiction of findings in the present study and those in the study carried out by Martaleni (2011) can be caused by different characteristics of research participants, sample size, and time when the research was carried out. In Martaleni’s previous study (2011), the participants were individual tourists whose number was large, whereas in the present study, the participants are business tourists whose number is small (less than 100). Findings in the initial study showed that destination image did not positively influence business tourists in choosing venue for future events; in recommending the venue to others; and in bringing others to the venue, i.e. greater Malang. This may be caused by the fact that many factors influence business tourists in deciding where their event should be held, like reasonable cost and emotional bond between the tourists and tourist destination management. Emotional bond between business tourists and tourist destination businessmen is normally stronger than that of individual tourists and destination businessmen. This makes a good sense due to business tourists’ higher quantity and quality of visit to the tourist destination. As regards the contradiction between findings in the present study and those in a study carried out in Portugal by Correia and Valle (2007) on why people travel to exotic places, different research site may lead to different findings.

**Effects of Consumers’ Satisfaction on Consumers’ Loyalty**

Based on the inner model coefficient value, it can be concluded that tourists’ satisfaction has positive effects on tourists’ loyalty. In this study, this means that the higher the tourists’ satisfaction for attractiveness, emotional benefits, and functional benefits of greater Malang, the higher the tourists’ intention to revisit, recommend it to others, and brings others to conduct events there.

Above-mentioned finding in the present study strengthens a theory proposed by Zeithaml and Bitner (2004) stating that there is an important relationship between satisfaction and loyalty. Such relationship gets stronger when the consumers are very
satisfied. Therefore, companies whose goals are to satisfy their consumers should not only deal with loyalty but also contentment. Consumers are contented finding what they experience is much better than what they wish. This empirical finding supports findings in tourism studies carried out in Turkey (Coban, 2012), Spain (Gallarza and Saura, 2006), Taiwan (Chen and Tsai, 2007), Switzerland (Brunner et al, 2008), and the US (Hutchinson et al, 2009). It also supports findings in a study conducted by Wang Xia et al (2009). All these studies disclose the same finding showing that the more satisfied the consumers are, the more loyal they are. However, the degree of increase in both variables varies from study to study. Mittal and Lassar (1998), on the other hand, state that satisfaction does not always have positive effects on loyalty. Meanwhile, Espiritu-de Mesa and Del Rosario (2013) argue that membership status of event venue influences potential of revisit, i.e. elite members influence sale increase more than non-elite ones. These differences in research findings can then be explained by the presence of different components composing the variable of satisfaction and types of membership valid to event venue. Consumers’ satisfaction in previous studies can be supported by ‘technical quality’ compared to ‘functional quality’. This is the pattern of effects of services given to tourist destination which is lower than that given to motor industries. Improving destination image generally will increase business tourists’ Intention to revisit the destination, to recommend it to others, and to bring others to conduct business events there. This can also increase the number of tourists that visit and extend their stay in the tourist destination.

The correlation between tourists’ satisfaction and loyalty to greater Malang is only 0.351. This low degree of correlation can be resulted from the score average for satisfaction which is not very high (3.79). Consequently, tourists are not very loyal. This means that tourists are not very much encouraged to revisit greater Malang, to recommend it to others, and to bring others to conduct events there. In practice, however, someone who is not satisfied for a certain product may still be loyal to it expecting no other producers produce better.

**Effects of Destination Image on Tourists’ Loyalty Requiring the Presence of Satisfaction**

Inner model coefficient value shows that destination image has effects on tourists’ loyalty provided that satisfaction is present. This means that the higher the image greater Malang has as a tourist destination (an education city offering a safe, beautiful, and cool environment); the image gives emotional benefits of a pleasant destination suitable to conduct many types of event and which has high reputation, friendly people, and nationally-scaled ranking; and greater Malang also gives functional benefits through the provision of easily-accessible transports, sufficient infrastructures, multi-service-standard hotels, a large number of venues, and good shopping centres, the higher loyalty tourists have as long as they are highly satisfied.

Findings in this study show that satisfaction is an essential condition for loyalty. In other words, without a satisfaction, loyalty would never occur. This indicates that loyalty to greater Malang will take place if tourists have already been satisfied. Thus, what makes tourists satisfied has to be met if they want the tourists to be loyal (Ahmad and Hashim, 2010; Ali and Aram, 2011; Jamaludin, 2012). Greater Malang attractiveness as a safe, cool education city is scored high (4.21) by tourists. Therefore it
should be maintained, or even better be increased. This finding also parallels findings in a study examining consumers’ satisfaction, image, and loyalty carried out by Faulant et al (2008) stating that high satisfaction and image have effects on loyalty. Brunner et al (2006) state that satisfaction and image are important factors in service business for their effects on loyalty.

CONCLUSION AND SUGGESTION
Based on the research findings, it can be concluded that high greater Malang image as an education city offering a safe, beautiful, and cool environment contributes to the improvement of tourists’ satisfaction. Greater Malang image which brings emotional benefits of pleasant destination suitable to conduct many types of event and which has high reputation, friendly people, and nationally-scaled ranking also improves tourists’ satisfaction. Greater Malang which gives functional benefits through the provision of easily-accessible transports, sufficient infrastructures, multi-service-standard hotels, a large number of venues, and good shopping centres increases tourists’ satisfaction too. The higher satisfaction tourists have for destination attractiveness, emotional benefits, and functional benefits, the higher intention they have to revisit greater Malang, to recommend it to others, and to bring others there. Then, if tourists are satisfied with the destination, high destination image will improve loyalty to the destination.

This empirical study offers implications for few parties as follows:

1. Future researchers can expand the coverage of variables because business tourists’ way of viewing destination image and satisfaction covers more dimensions than simply evaluating image after enjoying a vacation.
2. Tourist destination management – relevant government department – and individual tourism place management have to work hard in order to improve and strengthen destination image so that they can successfully compete in the tourism marketing. This is essential because destination image plays an important role in the post-service and word of mouth process.
3. It is compulsory to create a long-lasting, good relationship with business tourists. This can be done through intensive, continuing communication even when they are away holding no business event there. Such communication indirectly strengthens emotional bond between tourist destination management and business tourists.

Limitation
A couple of unavoidable limitations can be noted in the present study. The first one is that findings in this study do not provide a holistic description of destination image because this study only focuses attention to business tourists. It is suggested that future researchers broaden the perspective by combining the involvement of not only individual and business but also domestic and international tourists. The second limitation is that a few participants did not share sufficient information concerning their visit to greater Malang due to their hectic schedule. To minimise the recurrence of this in future research, it is suggested that researchers implement a more professional approach in negotiating time with business tourists so that they are happy to share all invaluable information they have.
REFERENCES


Undang-Undang Republik Indonesia No 10 Tahun 2009 tentang Kepariwisataan [Indonesian Law on Tourism Numbered 10, 2009].

