

**Factors Influencing the Intentions of Singaporean Tourists to Revisit  
Malaysia**

**CH'NG LI GUAT**

**Research report in partial fulfillment of the requirements for the  
degree of Master of Business Administration**

**UNIVERSITI SAINS MALAYSIA**

**2010**

## **ACKNOWLEDGEMENT**

Foremost, I would like to express my sincere gratitude to my supervisor, Mr. Soh Keng Lin for his continuous support and guidance throughout the completion of the thesis. He always provides me the valuable advice and comments during the process of research and the thesis write up. Mr. Soh's professional knowledge and guidance have been of great value for me in the whole process of doing the thesis.

My grateful thanks are also extended to my co-supervisor, Dr. K. Jeyaraman for his hard work, valuable advice, suggestion and assistance throughout the research process.

Besides, I would like to thank all the respondents who completing the questionnaire and providing me valuable information for this research. I would like to express my thanks to my course mates' motivation and supports for the completion of the thesis.

Lastly, my special gratitude is dedicated to my family members for giving me motivation and support in doing this thesis.

Last but not least, I would like to thank to whoever offer their helping hands throughout the process of research.

## TABLE OF CONTENTS

	<b>Page</b>
<b>ACKNOWLEDGEMENTS .....</b>	<b>i</b>
<b>TABLE OF CONTENTS.....</b>	<b>ii</b>
<b>LIST OF TABLES.....</b>	<b>vii</b>
<b>LIST OF FIGURES.....</b>	<b>viii</b>
<b>ABSTRAK (MALAY).....</b>	<b>ix</b>
<b>ABSTRACT.....</b>	<b>xi</b>
<b>CHAPTER 1</b>	
1.1 Introduction.....	1
1.2 Background.....	1
1.3 Problem Statement.....	3
1.4 Research Objectives.....	4
1.5 Research Questions.....	5
1.6 Significance of the Study.....	5
1.7 Definition of Key Terms.....	6
1.8 Organization of Remaining Chapters.....	6
<b>CHAPTER 2</b>	
2.1 Introduction.....	8
2.2 International Tourism Development.....	8
2.3 Malaysia Tourism Development.....	10
2.4 The Relationship between Malaysia and Singapore.....	13
2.5 Tourism Strategic Planning.....	15
2.6 Consumer Behavior Model in Tourism.....	15
2.7 Literature Review of Tourism Demand.....	21
2.8 Theoretical Framework.....	24

2.9	Development of Hypothesis.....	25
2.9.1	Development of Hypothesis based in Stage 1.....	25
2.9.2	Development of Hypothesis based in Stage 2.....	26
2.9.3	Social Aspects.....	26
2.9.4	Destinations attractiveness.....	27
2.9.5	Economic Aspects.....	29

### CHAPTER 3

3.0	Introduction.....	30
3.1	Research Design.....	30
3.2	Method of Variables Measurement.....	31
3.3	Sampling Design.....	31
3.3.1	Population.....	32
3.3.2	Sample Size.....	32
3.3.3	Sampling Technique.....	32
3.4	Questionnaire Design.....	32
3.5	Data Collection Method.....	33
3.6	Statistical Analyses.....	33
3.6.1	Descriptive Analysis.....	34
3.6.2	Paired <i>t</i> -Test.....	34
3.6.3	Factor Analysis.....	34
3.6.4	Reliability Analysis.....	35
3.6.5	Correlation Analysis.....	36
3.6.6	Regression Analysis.....	36
	3.6.6.1 Simple Regression Model.....	37
	3.6.6.2 Binary Logistic Model.....	37

## **CHAPTER 4**

4.1	Introduction.....	38
4.2	Profile of Respondents.....	38
4.3	Tourists Profile- Travelling.....	39
4.4	Paired <i>t</i> -Test.....	41
4.5	Goodness of Measures.....	43
4.5.1	Factor Analysis.....	43
4.5.1.1	Factor Analysis of Independent Variables.....	43
4.5.1.2	Factor Analysis of Mediating Variables.....	47
4.6	Reliability Test.....	50
4.7	Descriptive Analysis.....	51
4.8	Correlation Analysis.....	51
4.9	Hypothesis Testing.....	52
4.9.1	Regression Analysis.....	52
4.9.1.1	Simple Regression Analysis.....	53
4.9.1.2	Binary Logistic Analysis.....	56
4.10	Summary of Results.....	57

## **CHAPTER 5**

5.1	Introduction.....	59
5.2	Recapitulation of the Study Findings.....	59
5.3	Discussion.....	61
5.4	Implications.....	65
5.5	Limitations.....	65
5.6	Scope for Future Study .....	66
5.7	Conclusion.....	66

REFERENCES.....	70
APPENDIX A: QUESTIONNAIRE.....	81
APPENDIX B: FREQUENCY TABLES.....	86
APPENDIX C: t-TEST.....	90
APPENDIX D: FACTOR ANALYSIS.....	93
APPENDIX E: RELIABILITY ANALYSIS.....	100
APPENDIX F: DESCRIPTIVE STATISTICS.....	109
APPENDIX G: PEARSON CORRELATION MATRIX.....	110
APPENDIX H: SIMPLE REGRESSION ANALYSIS.....	111
APPENDIX I: BINARY LOGISTIC ANALYSIS.....	132

## LIST OF TABLES

Table 4.1 <i>Demographic profile of Singaporean tourists</i> .....	39
Table 4.2 <i>Tourists profile- travelling into Malaysia</i> .....	40
Table 4.3 <i>The paired t-test results for social aspect</i> .....	42
Table 4.4 <i>The paired t-test results for destination attractiveness</i> .....	42
Table 4.5 <i>The paired t- test results for economic aspects</i> .....	43
Table 4.6 <i>The factor analysis result for social aspects with respect to tourism importance</i> .....	45
Table 4.7 <i>The factor analysis result for destination attractiveness with respect to tourism importance</i> .....	45
Table 4.8 <i>The factor analysis result for economic aspects with respect to tourism importance</i> .....	46
Table 4.9 <i>Variables in the components corresponding to tourism important</i> .....	46
Table 4.10 <i>Result of factor analysis for social aspect with respect to tourist satisfaction</i> .....	48
Table 4.11 <i>Result of factor analysis for destination attractiveness with respect to tourist satisfaction</i> .....	48
Table 4.12 <i>Result of factor analysis for economic aspects with respect to tourist satisfaction</i> .....	49
Table 4.13 <i>Variables in the components of tourist satisfaction</i> .....	49
Table 4.14 <i>Summary of Reliability Analysis</i> .....	50
Table 4.15 <i>Descriptive Statistics of Variables</i> .....	51
Table 4.16 <i>Pearson Correlation Result Matrix</i> .....	52

*Table 4.17: Regression Analysis for Social Aspects, SSa.....54*

*Table 4.18: Regression Analysis for Social Aspects, SSb.....54*

*Table 4.19: Regression Analysis for Destination Attractiveness.....54*

*Table 4.20: Regression Analysis for Economic Aspects.....55*

*Table 4.21: Binary logistic regression analysis results.....57*

*Table 4.22: Summary of Hypothesis Testing for Simple Regression.....58*

*Table 4.23: Summary of Hypothesis Testing for Binary Logistic Regression.....58*

## LIST OF FIGURES

<i>Figure 2.1.</i> Model of Comparison Process.....	18
<i>Figure 2.2.</i> Research Model.....	25
<i>Figure 4.1.</i> Research of Simple Regression Model.....	55

## **ABSTRAK**

Industri perlancongan menjadi sebuah industri yang penting di banyak negara kerana ia menyumbang kepada pertukaran wang, menambahkan peluang pekerjaan, and mengelakkan kekurangan peluang pekerjaan. Selain daripada itu, industri perlancongan juga menyumbang kepada penamabahan gaji, pertumbuhan ekonomi, simpanan, pelaburan and aktiviti perniagaan. Dengan itu, sektor kerajaan dan sektor peribadi patut berusaha untuk menambahkan kepuasan pelancong dari Singapore dan seterusnya mengekalkan kedudukan yang kukuh dalam industri perlancongan yang senget.

Tujuan kajian ini adalah untuk mengkaji hubungan di antara faktor kepentingan perlancongan dan kepuasan pelancong dari aspek sosial, penarikan tempat perlancongan, dan aspek ekonomi. Selain daripada ini, kajian ini juga mengenalpasti faktor kepentingan perlancongan yang mempengaruhi pelancong dari Singapore untuk melancong semula ke Malaysia. Tambahan pula, kajian ini juga mengkaji pengaruh kepuasan pelancong terhadap hubungan factor kepentingan perlancongan dengan niat untuk melawat semula ke Malaysia.

Sejumlah 123 soal selidik telah dikumpul dan dianalisis. Kajian mendapati faktor kepentingan perlancongan mempunyai pengaruh positif dengan kepuasan pelancong. Pelancong dari Singapore berpuas hati dengan tujian melawati kawan dan saudara-mara di Malaysia tetapi tidak berpuas hati dengan keselamatan di Malaysia. Selain daripada ini, kajian ini juga membuktikan kepuasan dalam melawati kawan dan saudara mara memberi pengaruh yang signifikan kepada pelancong dari Singapore untuk melawat semula ke Malaysia. Dengan itu, kajian ini adalah penting untuk

membantu dalam merumus strategi pemasaran untuk menggalakkan pelancong melawat semula ke Malaysia.

## **ABSTRACT**

The tourism industry is becoming an important sector in many countries because it contributes to foreign exchange earnings and creates employment opportunity. It specifically contributes to the increase of personal income, economic growth, savings, investments and business activities. And with the increasing competitiveness in the tourism industry it is imperative for the public and private sectors to improve the tourist satisfaction.

The first objective of this study is to investigate the correlation between (i) social aspects, (ii) destination attractiveness and (iii) economic aspects and the tourist satisfaction. This study also identifies the social aspects, destination attractiveness and economic aspects that might encourage Singaporean tourists to revisit Malaysia. The second objective of this study is to investigate the mediating effect of tourist satisfaction in the correlation between the (i) social aspects, (ii) destination attractiveness and (iii) economic aspects and the intention to revisit Malaysia.

A total of 123 questionnaires were collected and analyzed. The study found tourism importance(s) were correlated positively with tourist satisfaction. Singaporeans were satisfied with visiting friends and relatives in Malaysia but dissatisfied with the safety and security. This study acknowledges the significant mediating role of tourist satisfaction in the relationship of visiting friends and relatives with the intention of Singaporeans to revisit Malaysia. Therefore this study has affirmed the factors which should be considered while formulating a strategic marketing plan to persuade Singaporean tourists to revisit Malaysia.

# **CHAPTER 1**

## **INTRODUCTION**

### **1.1 Introduction**

This Chapter shall give an introduction to this study and consists of seven sections. The first two sections describe the background of the study and the grounds of concern. The rest of the following sections illustrate the purposes of the research, the research questions, significant of the research, the definition of the key terms and the organization of the remaining chapters.

### **1.2 Background**

Tourism industry becomes an important sector in many countries because it contributes to the foreign exchange earnings. Besides, tourism industry also creates a lot of employment opportunity and hence prevents the increasing rate of unemployment. Other advantages contributed by tourism industry are increasing income, economic growth, savings, investment and business activities. Besides, the tourism industry helps in generating the strong flow through- effect other industries such as transportation, retail and construction (Hui et al., 2007).

Since the tourism industry provides a lot of benefits to the country, it is imperative for the public and private sectors to improve the satisfaction of the tourists and consequently survive in the competitive tourism industries. Satisfaction can bring positive behavioral effect and provide valuable managerial guidance to the industry (Kozak, 2001a). According to Nuzuar (2005), the societal marketing strategies must be adopted in order to survive by generating the satisfaction among the interacting hosts and tourists. As a consequence, the higher profitability will be lead by the

increasing customers' loyalty (Anderson et al., 1994; Rust & Zahorik, 1993). Therefore, the satisfaction level should be examined carefully in order to sustain in the tourism industry.

Some studies investigated the factors that affected the tourists' satisfaction. Haber and Lerner (1998) revealed that the entrepreneurs and their personal characteristics were the most influencing the tourist satisfaction. Besides, the entrepreneurs' skills and the scenery appeared to be the important factors in correlated to tourists' satisfaction. The findings also showed that the tourists' satisfaction was positively correlated to the ventures' profitability.

Bigne et al. (2001) revealed that the revisit intention is the consequence of the tourist satisfaction model. Satisfaction has been regarded as the most well known evaluation construct in describing the intention to revisit (Bigne et al., 2001; Bowen, 2001; Kozak(a), 2001; Kozak & Rimmington, 2000; Um et al., 2006). Besides, number of previous visit (Court & Lupton, 1997; Kozak(a), 2001; Petrick et al., 2001) and quality related construct (Chen & Gursoy, 2001; Yuksel, 2001; Frochot & Hughes, 2000; Baker & Crompton, 2000) were the influential factors for the intention to revisit.

Tourists from neighboring Singapore, Thailand, Indonesia and Brunei accounted for 72.8% of the total tourist arrivals into Malaysia in 2007 (Immigration Department of Malaysia, 2008). There were 9,010,218 tourists from Singapore from January to October 2008. The arrivals from Indonesia, Thailand, Brunei and China were 1,959,382, 1,243,355, 823,960 and 802,956 respectively (Malaysian Tourism Report Q1, 2009). Referring to eTravel Blackboard Report (2009), the top ten tourist with the total arrivals for June 2009 were Singapore (1,222,096), Indonesia (215,948), Thailand (107,526), Brunei (107,083), China (including Hong Kong &

Macau) (58,351), India (57,603), Australia (39,536), the Philippines (37,701), the United Kingdom (32,962) and Japan (25,924).

However, the outbreak of Severe Acute respiratory Syndrome (SARS) and the uncertainties of worldwide geopolitical caused the number of tourists decreased (Pine & Mckercher, 2004; Malaysian Tourism Report Q3, 2009). Besides, economic crisis and the Influenza A (H1N1) caused the drop off of Asian source markets in tourism industry (Tourism Highlights 2009 Edition).

For the empirical study, Singaporean tourists were selected as the respondents because Singapore was the main contributor for Malaysia in terms of tourist arrivals and consequently revenue for Malaysia. Therefore, a study of tourism leading to a better understanding of its tourism importance is essential to help increase the influx of Singaporean tourists. Besides, the level of satisfaction in social aspects, destination attractiveness and economic aspects were investigated so that the study can help in formulating the appropriate strategies by both government authority and private enterprises to improve the low satisfaction factors and enhance the high satisfaction factors in order to retain the Singaporean tourists in Malaysia.

### **1.3 Problem Statement**

Malaysia GDP has varied over years with respect to individual sectors of Malaysian economy such as agricultural, service and industry. In 2008, the contribution of agricultural sectors, industry sector and service sector are 10.1%, 43.7% and 46.3% respectively (The World Factbook, 2009). Tourism contributes to a large part of the Malaysian service economy, increasing the foreign exchange earnings, create employment opportunities, increase savings and attract investments. Hence, it is

important to have continuous improvement in this industry in order to survive in the competitive market by studying intentions to revisit.

The Singaporean tourists were the main contributor to Malaysia tourism revenue. Therefore, this study is to determine the important factors that may enhance tourism activities and consequently to sustain the influx of Singaporean tourists.

The global economic downturn from the financial crisis, the rising of the oil price, fluctuations of the exchange rate and the outbreak of influenza A (H1N1) virus had caused the downward trend of tourism. In 2008, Asia and the Pacific experienced a decreasing in the international tourist arrivals from +9.6% in 2007 to only +1.2% in 2008. The increasing of the aviation fuel prices caused the increasing of the tourism prices (Tourism Highlights 2009 Edition). Therefore, precautions to mitigate the effects of the unexpected must be taken.

Furthermore, most of the research dwelled on attracting new tourists instead of intentions to revisit. However, the cost to retain the repeaters was lower compared to attract new tourists (Um, Chon & Ro, 2006; Oppermann, 1998). Besides, the return of the tourist is a positive indicator of the tourist satisfaction (Oppermann, 1998). So, this study is essential to help formulate a strategic marketing plan to persuade Singaporean tourists to revisit Malaysia.

#### **1.4 Research Objectives**

The major objectives of this paper are to:

1. To determine the correlation between (i) social aspects, (ii) destination attractiveness and (iii) economic aspects on the tourists satisfaction level.
2. To identify the social aspects, destination attractiveness and economic aspects that could encourage Singaporean tourists to revisit Malaysia.

3. To determine the mediating effect of tourists satisfaction in the correlation between the (i) social aspects, (ii) destination attractiveness and (iii) economic aspects and the intention to revisit Malaysia.

## **1.5 Research Questions**

The following questions are addressed in order to achieve the study objectives:

1. What is the correlation between the social aspects, destination attractiveness and economic aspects with the tourist satisfaction level?
2. Which aspect can significantly influence Singaporeans' intention to revisit Malaysia?
3. Do tourist satisfactions have mediating effect in the correlation between the social aspects, destination attractiveness and economic aspects and their intention to revisit Malaysia?

## **1.6 Significance of the Study**

This study is useful to provide a better understanding of the Singaporean tourist on their satisfaction and dissatisfaction in relation to the three aspects. Thus, the tourism related agents, government or private sectors can have the subsequent improvement of low satisfaction factors. Besides, the identification of significant factors influencing the intention of Singaporeans to revisit Malaysia for the purpose of making strategic marketing plans can be made to encourage Singaporean tourists to revisit Malaysia. Moreover, by identifying the significant factors that attributing the revisit intention can help in maintaining the tourism sustainability. Furthermore, this study is to identify the tourist satisfaction as a mediating variable in the relationship of intention to revisit and tourism importance. Hopefully, the findings of the study will offer some

valuable guideline for the private and government sectors to enhance in the tourism development.

### **1.7 Definition of Key Terms**

A definition of key terms of all variables of this study is described to provide clarity.

The following contains the definition of key terms and their sources.

#### **Satisfaction**

Satisfaction is defined as customer judgment about the product or service fulfillment (Oliver, 1997).

#### **Revisit**

Revisit is defined as a second or repeated visit (The American Heritage® Dictionary of the English Language, 2007).

#### **Destination Attractiveness**

Destination attractiveness is defined as the feelings, beliefs, images, and opinions that individuals have about the perceived capacity of a destination to provide satisfaction (Hu & Ritchie, 1993).

### **1.8 Organization of Remaining Chapters**

This section will outline the chapter organization of this study.

#### **Chapter 1**

Chapter 1 contains the overview and the direction of the study. It highlights the background of the study, problem statements, research objectives, the purpose of conducting the study and the significance of the study.

## **Chapter 2**

Chapter 2 contains relevant theories and literature from past research to strengthen the framework of the study. Most of the topics will cover tourism activities and development in Malaysia, relationship between Singapore and Malaysia, reasons Singaporean travel into Malaysia and benefits of travelling between these two nations.

## **Chapter 3**

Chapter 3 contains research methodology detailing the research site, sampling procedures, measurement instruments used for each construct in the framework, and purposes of statistical analyses to be used in this study.

## **Chapter 4**

Chapter 4 discusses the data analysis and result which reporting the profile of the respondents, goodness of measures, testing of the hypothesis and the summary of research result.

## **Chapter 5**

Chapter 5 reports the discussion and conclusion of the research. This chapter will recapitulate the study, discuss the findings, implications, limitations, and suggest for the future research. Finally, this chapter gives the conclusion of the research.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter consists of literature review for this study. It starts with the description on the development of international and Malaysia tourism industry, followed by the explanation of relationship between Singapore and Malaysia. The next session is to describe the theory of consumer behavior and the literature review of tourism demands. The review of literature leads to the development of the theoretical framework and hypothesis.

#### **2.2 International Tourism Development**

The world tourism organization 2000 claimed that the tourism is the fastest growing industry in the world and it is increasing steadily all over the world in 20<sup>th</sup> century (Cho, 2001). The growth rate of tourism industry is depending on the growth rate of national economy (Awang et al., 2008). Moreover, tourism contributes to the countries' employment opportunities, the growth rate and increasing the gross domestic product (GDP), earns the foreign exchange and increase the travel expenditure which normally includes the expenditure on hotel, restaurants, entertainments, transportation, medical, recreation, and gifts (Jang et al., 2004). At the same time, Lim et al. (2008) believed that International travel and tourism are the most dynamic sectors in the modern economy because the growth of international tourism has brought up the global economy over the previous five decades. By the way, tourism has become one of the important international trade categories reaching

US\$11 trillion with the overall export in 2008. Tourism export had contributed to 30% of the world's commercial service export and 6% of the overall exports of goods and service. Besides, worldwide, tourism contributed 5% of the gross domestic product (GDP) (Tourism Highlight 2009 Edition).

Recently, the June edition of UNWTO World Tourism Barometer (2009) showed that the tourist arrivals had been decreased for 8% between January and April compared to last year. The global economic crisis from the financial crisis, rising oil price, fluctuations of exchange rate and the outbreak of H1N1 have affected the tourism industry. Therefore, the worldwide growth in the international tourist arrivals was expected to decrease from 4% to 6% in 2009.

In 2008, Asia and the Pacific experienced a decreasing in the international tourist arrivals from +9.6% in 2007 to only +1.2% in 2008. The increasing of the aviation fuel prices caused the increasing of the tourism prices. However, Malaysia grows at the 5% which is the above average rates (Tourism Highlights Edition 2009). Recently, Asian countries are encouraging the medical tourism as the theme. The major destinations in the Asian medical tourism market are Thailand, Singapore, Malaysia, India and Philippines. Thailand is famous of cosmetic surgery. On the other hand, Singapore and India are having the technology and cost advantage respectively (Medical Market Tourism Report Edition 2009).

By the way, World Tourism Organization (UNWTO) identified the World's Top Tourism Destinations. In 2007, France is the first in the ranking of the world's major destinations in terms of arrivals and followed by Spain, United States, China and Italy. The Tourism 2020 Vision is the World Tourism Organization's long term outlook to access the development of the tourism up to 20 years of the new

millennium. This Tourism 2020 Vision project forecasts to have 1.6billions by year 2020 (Tourism Highlight Edition 2009).

### **2.3 Malaysia Tourism Development**

Malaysia can be regarded as a relatively new tourist destination because the development started in the middle of 1980s. Tourism industry was treated as the catalyst of the economy growth. The growth of Malaysian tourism was fantastic. Bernama, 2010 stated that Malaysia documented 23.65 million tourists' arrivals in 2009 which is higher than the 22.05 millions arrivals in 2008.

In 1987, Ministry of Culture, Arts and Tourism had been established by government. In 2004, the National Tourism Master Plan introduced Ministry of Tourism to monitor, manage, and synchronize all the tourism activities. Referring to the Malaysia Tourism Report 2009, its Prime Minister, Najib Razak expected the tourist arrivals to fall by at least 9% in 2009 because of threats such as the global economic downturn, regional security concern and H1N1. These are serious threats and poses challenges. The evidence of these threats can be seen in the declining hotel occupancy rates. Malaysia Airlines also declared its first loss since 2006. Even though Malaysia is facing some challenges that might affect its tourism industry, the government remained positive by launching activities to boost the tourism.

Malaysia is well known for its cultural diversity, historical heritage and natural environment. Recently the Medical Tourism Market Report 2009 highlighted the Malaysian government is promoting medical tourism by extending the visa period for health tourists to six months. Malaysia welcomes medical tourists from Indonesia, Vietnam and Cambodia. It is famous for health tourism because of its low medical

costs and expenses. The Eighth Malaysia Plan (2001-2005) saw 44 private hospitals participated in health tourism.

Malaysia also organized the fly-drive holiday and it was involved by 120 international participants who enjoyed the trip (Bamber, 2006). News from Business Line (2009) also revealed that Malaysia launched a new tourism initiative which was “One Malaysia, endless experiences” campaign with the purpose to explore the possible tourism, cultural exchanges and investment. Hence, Malaysia implemented few strategies such as increasing the flight frequency, tourism package offers and easier visa formalities. Besides, Tourism Minister, Datuk Seri Dr. Ng Yen Yen pointed that 1Malaysia F1 team will able to boost the spot tourism in Malaysia because it can attract the tourists and Malaysians to witness for the events. Moreover, the world class events such as Malaysian Open Tennis tournament and the Malaysia Grand Prix F1 race were the sport tourism products that can increase the number of tourists (MySinChew, 2009). Further, Datuk Seri Dr. Ng Yen Yen also encouraged the tourism operators to promote the themed packages such as cultural tourism, village tourism, heritage tourism, and history tourism in order to attract more tourists from all over the world (Bernama, 2009).

There were few marketing strategies and promotion in Ninth Malaysia Plan (2006-2010) in an effort to promote Malaysia tourist destinations in the worldwide especially on drawing the great attention of the tourists from short- haul and regional markets of ASEAN, China, India, Japan and West Asia. Besides, the tourism activities for the long- haul market were also introduced. Tourism campaigns such as ‘Think Tourism’, ‘Mesra Malaysia’, and ‘Malaysia Welcomes the World’ were established in order to raise the awareness of tourism related personnel no matter public or private sectors.

By the way, Tourism Malaysia Chairman Victor Wee stated that visitors from Singapore account for almost half of the total arrivals to Malaysia because of the easy accessibility to Malaysia. The open skies agreement with the increasing of new direct flight to many places in Malaysia such as Kuala Lumpur, Ipoh, Langkawi, Penang, Kuala Terengganu caused the tourist form Singapore increase sharply (Straits Times, 2009). Norlida and Redzuan (2008) also revealed that Singapore will be the leading country from the study of forecasting Malaysia tourism demand.

Statistics from Research Unit of Tourism Malaysia (2007) revealed that 50% of the international tourists are from Singapore with 9.6 million arrivals from January to November 2007. Besides, in 2006, the statistics from state government showed that 23,500 visitors are from Singapore and they brought in RM5.3 million a day. Thus, large numbers of tourism revenues were contributed by Singapore. On the other site, the Visitor Arrival Statistics showed that 255, 645 of Malaysian went to Singapore in January- May 2009. The tourism industry will be the vital source of new growth which will provide more opportunities of investment, job, and entrepreneurship. The development allocation for the tourism industry accounted for RM1.8billion under the Ninth Malaysia Plan (2006-2010) with the main focus on upgrading the facilities and infrastructure, and maintenance.

The Malaysian economic growth fell by 1.7% to 4.6% in 2007. Towards the end of 2008, countries in East Asia and Pacific regions were significantly affected by an economic downturn. However, according to the Malaysian Tourism Minister, Datuk Seri Azalina Othman, Malaysia still could survive the tourism industry in spite of the economic crisis because the arrival of visitors continued to increase steadily. Media release from communications and publicity division, Tourism Malaysia (2009) stated that Malaysia recorded a total of 17,378,040 tourists' arrivals during the first

nine months of 2009 and it showed the increasing of 6.4% compared to the data showed in year 2008. The ninth Malaysia Plan 2009 revealed that the tourist arrivals increased at the average rate of 10% every year from 2000- 2005. Tourists from the Association of South- East Asian Nations (ASEAN) contributed for more than 70% of the total arrivals in Malaysia. At the same time, ASEAN also contributed 68.7% of the tourist receipts and the foreign exchange earnings for 79% from tourism increase at an average annual growth rate of 12.4%.

Local government was persuaded to enhance the tourism sector as a potential sector because it is able to give a big contribution to Malaysia's economy growth. Malaysia boosted the tourism industry by introducing Visit Malaysia 2007 to attract foreigners to visit Malaysia. In addition to Visit Malaysia 2007, the Ninth Malaysia Plan (2006-2010) was introduced to focus on being the leading global tourist destination and promote the domestic tourism by improving the infrastructures and facilities as well as developing more innovation tourism products and service. Moreover, the government also granted income tax exemption to local tour operators from 2007- 2011. The private and public sectors play important roles in improving the competitiveness of the tourism products and services in order to sustain the interest of tourists to visit Malaysia.

#### **2.4 The Relationship between Malaysia and Singapore**

Singapore is located south of Malaysia. Johor Bahru is just across the causeway from Singapore and it receives more than 60% of the country's annual 16 millions foreign tourists via Johor- Singapore causeway and Tuas Second Link. With the North- South Highway, Johor acts as the gateway for the Singaporean to all part of Peninsular Malaysia.

An average of 900,000 Singaporeans across the Causeway to Johor every month and an average of 51,000 Malaysians travel to Singapore every month. Johor Bahru and Singapore has the close economic relationship. Johor- Singapore is linked by geography, history, investment, political and tourism relations. Johor Bahru is an important industrial, logistical centre, commercial hub and tourism for southern Malaysia. It is also the largest industrial center which includes petrochemical refinery, electronics, and shipbuilding in Malaysia.

Singapore is one of Malaysia's important foreign investor because Singaporeans like to purchase factories, land, and conduct business in Malaysia because of a favorable currency exchange rate. Most of Singapore's firms are small and medium enterprises (SMEs). Kassim (2006) from IDSS Commentaries indicated that Johor is the biggest recipient of Singapore tourists, industries and foreign direct investments. Johor will always be the favorite choice for Singapore when it comes to the setting up of labor- intensive companies. Besides, Singaporeans prefer to have entertainment, to shop, and to eat in Johor Bahru because of the favorable currency exchange rate. This is major contribution to Malaysia's economy. On the other hand, many residents in Johor Bahru work in Singapore because of the higher salaries. These workers enjoy the lower living cost in Johor Bahru and while earning the higher Singapore Dollar.

As for political relations, Lee (2003) had highlighted that Johor supplies Singapore with 214 million liters of raw water a day under water agreements signed in 1961 and 1962. In turn, Johor will buy an average of 37 million gallons per day of treated water from the Singaporean treatment plant in Johor. Thus, both Johor and Singapore is inextricably intertwined between two neighbours in political relations.

## **2.5 Tourism Strategic Planning**

Jeyaraman et al. (2008) suggested some tourism strategic planning. The melting culture should be encouraged in order to improve tourism industry. Besides, the tourist information centers should be set up to increase the awareness of historical building. Lastly, the local tourism official should be trained and encouraged to promote the attractive place in Malaysia. Besides, UNWTO recommended that by having the trade promotion, simplifying regulation, building infrastructure and rationalizing taxes. The public and private parties should have well collaboration in order to bring the tourism sector to the successful (UNWTO World Tourism Barometer, 2009). Ninth Malaysia Plan (2006- 2010) highlighted that the efforts on making the tourism information available to the potential tourists should be emphasized so that the tourists can have better planning on the schedules. Furthermore, the usage of e- tourism allowed tourists or tourism related personnel for better accessibility of the timely information.

## **2.6 Consumer Behavior Model in Tourism**

The study of consumer behavior helps the organization to strategize the marketing strategies by understanding the customers' need. As in the tourism industry, the consumer behavior model had been adapted to understand the tourists' behavior while making the marketing decisions. Besides, the consumer behavior model helps the tourism agencies and government to improve their tourism campaigns by knowing tourists' needs. Zhou et al. (2004) stated that majority of tourism demand model developed from consumer behavior theory which assumes that the consumption level is depending on the consumers' income, the good's price, related good's price

(substitutes and complements) and other factors. A systematic and thoroughly understanding of buying process is the main goal of the pioneering model of consumer behavior (Howard, 1994; Runyon, 1980).

The consumer behavior model includes a lot of areas. Basically, it is a study on how people obtain, use and dispose the products or services and it is involving the dynamic interactions and exchanges. The American Marketing Association defined that the consumer behaviors as the dynamics interaction of affective, cognition, behavior and the environment by which human beings conduct the exchange aspects of their lives (Anna, 2004). Besides, Solomon (1996) pointed out the official definition of consumer behavior as the process and activities when people search to buy products and services. These processes include selecting, purchasing, using, evaluating, and disposing of products and services in order to satisfy their needs and desires. According to Schiffman and Kanuk (1997), the study of the consumer behavior focusing on how individuals make decisions to spend their available resources such as effort, money and time on the desired items. Moreover, the new penguin business dictionary (2003) defined the consumer behavior as a branch of marketing that investigate the purchasing of goods and services.

Solomon (1996) proposed a consumer behavior model which illustrated both customer and marketer perspective from the stage of pre-purchase right through post-purchase. Figure 2.1 explains some of the issues that are addressed during each stage of the consumption process. Solomon (1996) highlighted that people can act as influences on the buying processes and the organizations can also be involved in the buying process. Many of the marketing activities concentrated on adapting product offerings to particular circumstances of target segment needs and wants. A consumer

was defined as a person who recognizes a need or desire, proceeds with purchase and then disposes the products. Therefore, identifying the benefits of the products is the main point in the Solomon consumer behavior model. Tourism is a service rather than a good (product), which may have a considerable effect on consumer behavior. The research model and focus of this research is found and described within Solomon's stage of post-purchase. Therefore this research relies and dwells upon the post-purchase stage of Solomon (1996). From the consumer's perspective, this research investigated tourism importance that can significantly influence the intention of tourists to revisit Malaysia. Besides, the tourist satisfaction level in social aspects, economic aspects and destination attractiveness is studied to find out if Singaporean tourists were satisfied with the tourism industry in Malaysia. The outcome of this study will make known to the tourism agencies and the Malaysian government the factors significantly influencing Singaporeans to revisit Malaysia and consequently plan for suitable strategies in promoting Malaysia tourism destinations.

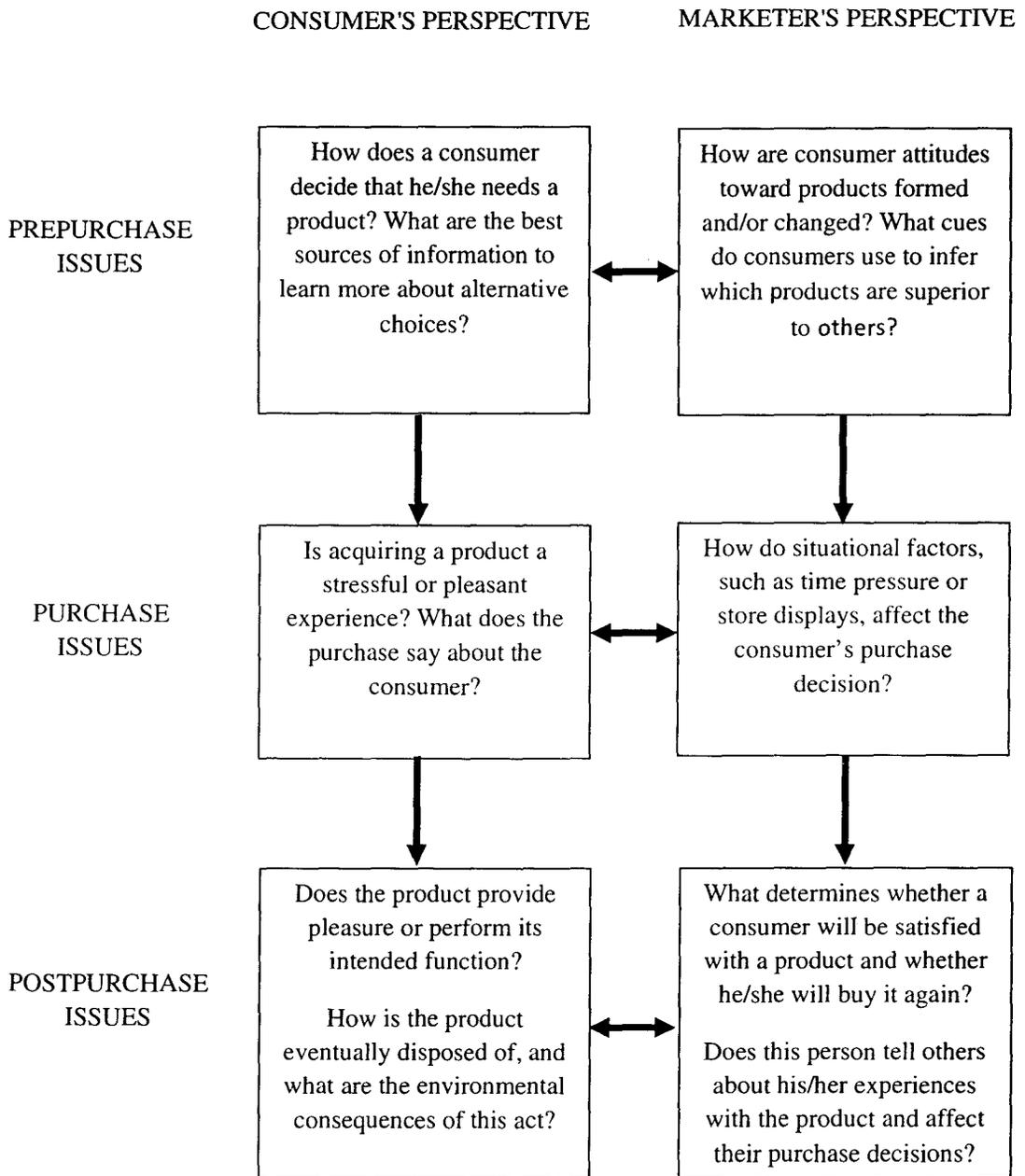


Figure 2.1 Model of comparison process.

Existing tourism demand literature concerning consumer behavior were based on economic theory on the notion that individuals act rationally to maximize their satisfaction in the purchase of goods and services (Schiffman & Kanuk, 1997). The important factors in economic theory that influence demand for consumer goods are the price of the products or services, the price of substitute and the consumer income.

The price elasticity studied the sensitivity of the tourism demand with the changes of the tourism product prices. The value of income elasticity examined the responsiveness of the tourism demand to the changes of the income level for the customers in the origin country. Besides, the price elasticity of the substitute destination stated the changes of tourism demand with the price changes of substitute (Song et al., 2003). In this study, economic variables had been studied as one of the aspects to understand the tourism importance and tourist satisfaction of Singaporeans.

Satisfaction is an important term in general consumer behavior research because it can bring the positive behavioral outcomes and it helps to provide the managerial guidance in industry by understand the satisfaction (Danaher & Heddrell, 1996; Kozak, 2001b). Assessing satisfaction is an important basic of competitive advantage by improving service to the customers. Therefore, there is a need to investigate the relationship between tourism importance and intention to revisit with the tourist satisfaction as mediating variables in order to gain an in- depth understanding of the tourists' after their visit to Malaysia. According to Anderson et al. (1994), the satisfaction is based on the result of all the services they experienced.

Satisfaction was defined as the customer judgment about the product or service fulfillment (Oliver, 1997). Satisfaction means the intent to purchase again and the high profitability that satisfaction customer will recommend to others (Collier, 1994). Reid and Reid (1993), Gitelson and Crompton (1984) emphasized the most influencing and powerful advertisement by the satisfied tourists because they will promote the attractive destinations and word of mouth. Satisfaction happened when the needs, desires and expectations have been met and the customers will feel fulfilled and delight. Having satisfied customers will encourage the positive word- of mouth commendation (The New penguin Business Dictionary). Anton (1996) stated that the

satisfaction is a state of mind in which customers' needs are being met or exceeded and resulting in repurchase and loyal. According to Kozak and Rimmington (2000); Tribe and Snaith (1998), tourist satisfaction had been measured using a multi- item scale, which refers to the total evaluation for the destination attribute. The satisfaction level was measured based on the destination attributes such as physical attractiveness, natural environment, shops, accommodations, heritages and others.

The annual numbers of arrival are tourists from both first- timers and repeaters. The marketing strategies for both first- timers and repeaters are different. The first- timers were influenced to visit the destination because of diffusion process in their society group. While the repeater groups may be motivated by the new destination attractions or marketing promotion strategies. Most of the destination attractiveness was relying on the repeat visitation because retaining cost for the repeaters will be cheaper than attracting the comers (Um et al., 2006; Darnell & Johnson, 2001). Therefore, the repeat visitation is an important phenomenon in tourism industry.

Satisfaction is a favorite field of study to explain the revisit intention among the researchers (Bigne et al., 2001; Bowen, 2001; Kozak 2001a; Kozak & Rimmington 2000; Mazursky 1989; Oh, 1999). This is because the customer satisfaction was found to be significant to the repeat sales and loyalty among the customers with the tourism context that the tourists will revisit to the origin country (Kozak & Rimmington, 2000; Weber, 1997). Besides, the concept of satisfaction is important in influencing the repeat purchase and word- of mouth (WOM) publicity (Cronin & Taylor, 1992; Fornell, 1992; Halstead & Page, 1992). Many studies explored the effect of overall satisfaction towards intention to revisit (Um et al., 2006; Alegre & Garau, 2010).

Many destinations rely on the revisit intention (Darnell & Johnson, 2001; Gitelson & Crompton, 1984) and hence it is important to study the factors contributed to revisit intention. Tourist satisfaction influenced the choice of destination, the consumption of products and services, and the decision to return (Kozak & Rimmington, 2000). Academic literature has confirmed that satisfaction is a good prediction indicator of the tourists repurchasing choices (Choi & Chu, 2001; Petrick, 2002, 2004; Tam, 2000). There were the empirical studies showed the evidence of the influence of satisfaction on tourists' future behavioral intentions (Baker & Crompton, 2000; Petrick, 2004). From the economy aspect, repeat visit in tourism industry is an imperative phenomenon for group or individual attraction (Darnell & Johnson, 2001).

On the other hand, John et al. (2000) identified the barriers to repeat visitation which are include distance, accessibility, travel cost, age, security, time limitation, financial limitation, poor health and disabilities.

## **2.7 Literature Review of Tourism Demand**

Scholars have been studied the factors that can affect the tourism destinations, numbers and durations of visiting. The result of tourism demand is different depending on country or region and method used for analyzing.

Norlida and Redzuan (2008) discovered the economic factors such as tourism price, substitute price, travelling cost, income and exchange rate are the major determinants for the short or long run Malaysian tourism demand by using the autoregressive distributed lag (ARDL) framework. Besides, the lagged dependent and dummies for the economic crisis and SARS were included as short run determinants.

John et al. (2000) revealed the repeat tourists were influenced most by regular visit to friends or family and the ease of travel. The study also pointed that the first-time visitors will be more impressed with the destination's culture and the man-made environment if compared to the repeat tourists.

Besides, Qu and Lam (1997) stated the best travel demand for Mainland Chinese tourists to Hong Kong from 1984 to 1995. The independent variables were level of disposable income per capital, level of consumer prices, currency exchange rate and the dummy variables were includes package sightseeing tours, Tiananmen Square incident, Gulf War and relaxation of visa requirements. By the OLS multiple regression analysis, travel demand model of the study were disposable income per capital and relaxation of visa requirement. Besides, Seo et al. (2008) identified the Industrial Production Index (IPI) and real exchange rates posed an important effect on the conditional correlations of Korean outbound tourism demand with Jeju Island, Thailand, Singapore and Philippines by using Vector Error Correction (VEC) models.

On the other hand, the international tourism demand to Aruba from United States, Venezuela and the Netherlands had been investigated by Croes and Sr. (2005) by applying the Box-Cox statistical method to determine the appropriate functional form. The findings showed that the price and exchange rate were the significant tourism demand for Venezuelan tourists. As for all the countries, the most important independent variables were income variables, exchange rates and relative prices.

In addition, Lim et al. (2008) analyzed the income effects on the long and short distance international travel from Japan. The restricted ARIX Model showed the importance of income effects on Japanese demand for long distance travel to New Zealand, but not significant effects on short distance travel which is Taiwan.

Song et al. (2003) revealed the cost of tourism, income elasticity, and the prices of tourism in the competing destinations were the important determinants of the tourism demand for Hong Kong tourism. Jang et al. (2004) studied the travel expenditure patterns for the Japanese travelers to US by examine the characteristics and income level of Japanese pleasure travelers. This study pointed out that the Japanese travelers with companions will spend more if compared to Japanese who travel by themselves. Moreover, the higher income travelers will tend to spend more than others.

There are several factors that contributed to the tourism industries. In 1991, Getz recognized the festivals and special events can contribute in improving the relationship between the hosts and guests and ultimately contribute to the sustainable development. Parrilla et al. (2007) highlighted that the seasonality in tourism may because of regular temporal variations in natural phenomena and social factors and policies pertaining to specific customs and legislated holidays. Besides, the natural phenomena which related to climate (temperature, rainfall, snow, sunlight- for sea, hiking, sun, ski vacation) will affect the tourism industry.

Reisinger and Turney (2002) stated that the cultural background can provide accurate criteria for positioning and targeting. Hence, the understanding of tourists' culture can help in sustaining the value chain of tourism.

Furthermore, Kara et al. (2003) identified the relative weights of the economic, social and environmental determinants of tourism revenue at popular tourism destinations in turkey. The private or public authorities should improve the quality of physical, social environment and economic development but to discourage the price increasing.

In order to maintain the sustainable value chain, the suitable marketing for understanding the travelling factors that influence the people's choice of destination is vital in developing the suitable marketing strategies (McGuiggan et al., 1995). Successful tourism marketing needs an understanding of factors that boost the destination's reputation. As a result, suitable strategies should be implemented in order to attract more tourists from Singapore.

## **2.8 Theoretical Framework**

The theoretical framework is described in this section. Although there are extensive studies on tourism demands by applying various theory such as economic theory, pull and push theory, Combination of Lancasterian product characteristics approach and Koppelman's consumer transportation model and consumer behavior theory, there is very little literature discuss the tourism importance by categorizing the factors into different aspects such as social, economic and destination attractiveness. Hence, this study will use the consumer behavior theory to investigate the significant factors that influence the Singaporean tourists to revisit Malaysia. The satisfaction of the tourists were measured based on three aspects which are social, destination attractiveness and economic aspects. Besides, the tourism importances were studied based on these three aspects as well.

The research Model in stage 1 is to study the correlation between tourism importance and the tourist satisfaction. The stage 2 studies the correlation between tourism importance and the intention to revisit Malaysia. Besides, the model is study the effect of tourist satisfaction as mediating variables in the correlation between tourism importance and the intention to revisit Malaysia.