

# **INTI INTERNATIONAL UNIVERSITY**

## **MASTER IN BUSINESS ADMINISTRATION**

### **FACTORS INFLUENCING MALAYSIAN TOURISTS' BRAND LOYALTY TOWARDS JAKARTA AS A TOURIST DESTINATION**

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## ABSTRACT

Tourism industry is now recognized as one of the important industry which is experiencing growth and able to survive in the midst of economic crisis. So many countries are currently vying each other to promote their respective tourism industries as one of the source country's income. The objective of this research is to get a better understanding on what Malaysian tourists' perception towards Jakarta as a tourist' destination and how influence factors impacting on Malaysian tourists' brand loyalty. The influencing factors that are implemented in this research are attractiveness, value, quality and risk of tourist destination. Questionnaires are disseminated to 200 Malaysian tourists who have been to Jakarta and several SPSS software has been used to analyze the results. The research findings show that value of Jakarta has a high influence on Malaysian tourists' brand loyalty. The results also show that overall factors have a positive influence toward Malaysian tourists' brand loyalty. Further recommendations and discussions of the results for further research are also provided.

**Keywords:** *Tourists' Brand Loyalty, Jakarta's tourism industry, Attractiveness, Value, Quality, and Risk of tourist destination.*

## DECLARATION

"I hereby declare that this research project is of my own work except for those summaries and information of which the sources are clearly specified."

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## CHAPTER I

### INTRODUCTION

#### 1.1 Background Analysis of Tourism Industry

In the past few decades, tourism has become one of the most popular leisure activities around the world. Through this activity, many people can get some excitement, for instance experiencing the beauty of nature, seeing the uniqueness of arts, understanding new cultures, tasting a variety of cuisines or to express their traveling hobby. According to the United Nations' specialized agency in tourism, United Nations World Tourist Organization (UNWTO), tourism has been defined as people's activities who like traveling and living in places outside from their daily environment for not more than one year in a row for vacation or business purposes (UNWTO, 1995).

In line with times, tourism is not merely regarded as an activity to seek pleasure yet also become an economic and social occurrence particularly for those countries who take some advantages from this activity. The presence of tourism industry has wide effects both at the individual and also in the community level. Therefore, its importance and widely influence have been recognized in the World Summit on Sustainable Development in August, 2002, which declared that due to the extensive influence on the economic, educational, social, and cultural sectors of country's societies and its international relations, tourism is considered as an essential activity for the continuation of a nation's life (Frangialli, 2002). It is reasonable that with the large number of people who travel to a certain tourist destination, it will increase demand for goods and services, as a result creating new job opportunities and additional income for its residents. Furthermore, because of its significant contribution as the world's largest foreign exchange earner, at this time so many countries are giving attentions to international tourism

development (Neto, 2003). The enormous impact of the tourism industry on country's national income is also mentioned by Paul Cheung, Director of UN Statistics Division, during his opening speech on Tourism Statistics regional workshop in Lao in 2009, he stated that the tourism industry currently has evolved into an important part of the country's economy progress. This was generated from the high number of investment in this industry for infrastructure development and provision of services for tourists. It can be conceivable that, so many countries rely on tourism as their major revenue, especially during the tough economic times (Cheung, 2009).

According to the facts released by the UNWTO, in 2009 the total number of foreign tourists who travelled abroad reached 880 million people (see Table 1.1), although the percentage of growth declined by 4.2% from year 2008, but the total income received is still relatively high which amounted US\$ 852 billion, more than doubled compared to nine years ago with the amount of US\$ 478 billion and estimated will achieve 1.6 billion people by 2020 (Cheung, 2009). In terms of region's most visited, Europe is in the top position during the period of 2007-2009 with total number of 460 million tourists came in 2009 (see Table 1.1). Even though the figures dropped by 5.7 percent compared to the previous year, yet it is still able to maintain its position. In addition, from the total income received, Europe also managed to record the highest income than the fourth other regions, with the total amount of US\$ 413 billion booked in 2009 (see Table 1.2).

**Table 1.1: International Tourists Arrivals by Region (million people)**

Region	2007	2008	2009	% Growth	
				2008-2007	2009-2008
Africa	44	47	46	2.4	-2.9
America	142	147	140	2.8	-4.6
Asia & The Pacific	184	185	182	1.1	-1.3
Europe	484	488	460	0.5	-5.7
Middle East	48	56	53	19.3	-4.9
Total	903	922	880	2.0	-4.2

Source: UNWTO Barometer, June 2010

Table 1.2: International Tourists Receipts by Region (US\$ billions)

Region	2007	2008	2009	% Growth	%Growth
				2008-2007	2009-2008
Africa	\$28	\$29	\$29	-3.8	-4.0
America	\$171	\$188	\$165	4.7	-9.8
Asia & The Pacific	\$189	\$207	\$203	4.6	-0.9
Europe	\$433	\$480	\$413	-1.2	-6.5
Middle East	\$34	\$38	\$42	4.8	-3.7
Total	\$856	\$942	\$852	1.4	-5.7

Source: UNWTO Barometer, June 2010

Next, in terms of arrivals by country of destination, France was in the first place as the world's most favorite tourist destination with the total number of 74.2 million tourists visited in 2009, followed by the USA, Spain, China, and Italy (see Table 1.3). On the other hand, in terms of tourist's receipts by country of destination, the USA led the position as the country that received the greatest income with the total amount of US\$ 93.9 billion from the tourist arrivals, in second place is occupied by Spain, followed by France, China, and Italy (see Table 1.4).

Table 1.3: International Tourists Arrivals by Country of Destination

Rank	Country	Regional Market	International Tourists Arrivals (million)		
			2007	2008	2009
1	France	Europe	80.9	79.2	74.2
2	United States	North America	56.0	57.9	54.9
3	Spain	Europe	58.7	57.2	52.2
4	China	Asia	54.7	53	50.9
5	Italy	Europe	43.7	42.7	43.2

Source: UNWTO Barometer, June 2010

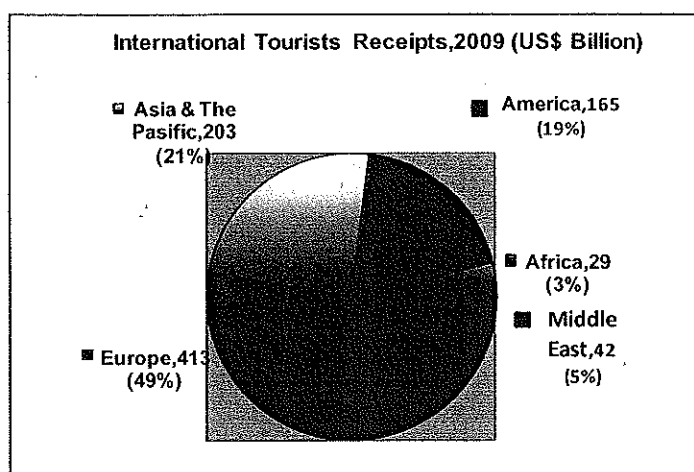
Table 1.4: International Tourists Receipts by Country of Destination

Rank	Country	Regional Market	International Tourists Receipts (US\$)		
			2007	2008	2009
1	United States	North America	96.9	110	93.9
2	Spain	Europe	57.6	61.6	53.2
3	France	Europe	54.3	56.6	49.4
4	Italy	Europe	42.7	45.7	40.2
5	China	Asia	37.2	40.8	39.7

Source: UNWTO Barometer, June 2010

The above explanation is summarized in the Figure 1.1 below, which can be seen that the largest percentage of income earner in international tourism is European region with the total amount of US\$ 413 billion. Followed by Asia Pacific region at the second place with total revenue amounting to US\$ 203 billion, and the rest are America (US\$ 165 billion), Middle East (US\$ 42 billion), and the last is Africa (US\$ 29 billion). This figure reveals that Asia Pacific becomes one of the strongest region that realizes the substantial contribution of tourism industry to country's income. Meanwhile, an in-depth discussion in this study will be focused on the Asia Pacific region particularly Jakarta as part of South East Asian region.

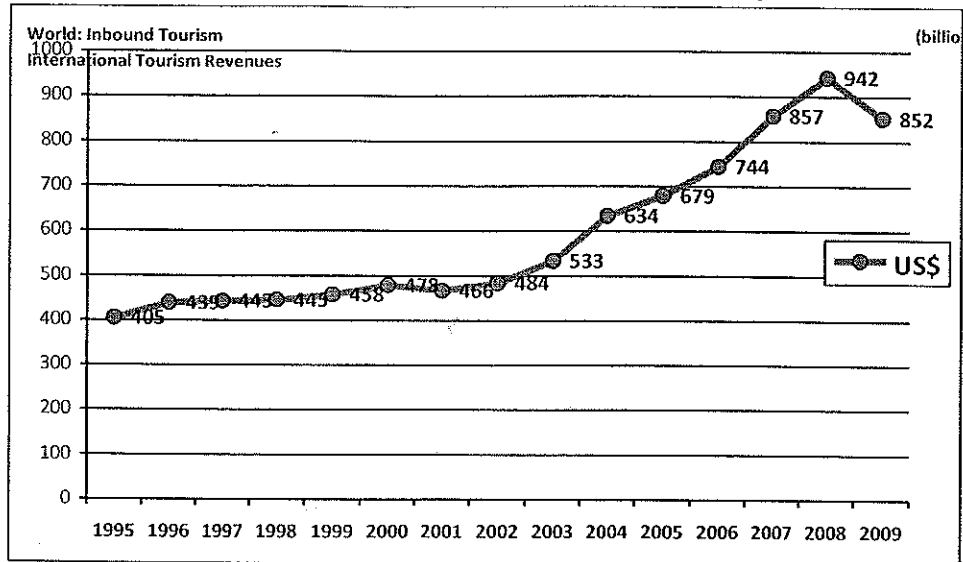
**Figure 1.1: Pie Chart for International Tourists Receipts in 2009**



Source: UNWTO Barometer, June 2010

The development of world tourism industry has also experienced a significant and sustained improvement for a period of approximately 14 years. In spite of the achievements in the year 2009 decreased compared to the previous year, yet the tourism industry is still showing its strength in defense and recover from the various crisis (see Figure 1.2).

Figure 1.2: International Tourism Revenues from 1995 up to 2009



Source: UNWTO World Tourism Barometer, June 2010

The world tourism industry downturn occurred in 2009 which is caused by several reasons, such as the global economic crisis, terrorist attacks, the United States invasion of Iraq, and the outbreak of H1N1 disease. Those negative things led to a decrease in the number of tourists who travel by 4% to 880 million people as compared to the previous year with amount 922 million visitors, which has directly reduced the income received by 5.7% as compared to 2008. However, those conditions do not last long; global tourism has risen from economic crisis with unexpected dynamism, boosted almost 7 percent in 2010 with the arrival of international tourists on average 6.7 percent at 935 million compared to 2009, higher than the pre-crisis period which only amounted 913 million in 2008. (UNWTO Barometer, June 2010). In addition, recent statement from Taleb Rifai, UNWTO Secretary General (CNN Travel, 2011) stated that Asia was the first region to recuperate and become the strongest accretion region in 2010, with international tourist entrances reaching 204 million compared to 2009 which is only amounted 181 million. In Africa also occurred a significantly increase in foreign



tourists arrivals, especially in South Africa due to their election as the host of FIFA World Cup 2010. On the other hand, the recovery was sluggish in European countries as the effect of the air traffic disturbance due to the volcanic explosion in Iceland and economic instability in the Euro Zone.

Nevertheless, some tourism enterprises have been struggling to get through these difficult times in the midst of fierce global competition. Meeting customers' satisfaction is a primary goal to obtain a high level of loyalty in each category of business (Munusamy et al, 2010). Therefore, some scholars have emphasized the importance of building customer loyalty as reinforcement of success particularly in tourism industry (Donnelly, 2009). Maintaining a long-term relationship with customers is the main key to compete with existing competitors, hence building customer loyalty is absolutely necessary because it would not only generate in consumers who remain towards the service for a longer period, but they are also able to purchase more from tourism services' provider (Peppers and Rogers, 2004).

On the other hand, according to McDowall (2010) customer loyalty in tourism industry has become a critical issue because of the character of this industry leads tourist difficult to stay loyal. He explained that the cooperation between industry and many other tourism organizations such as hotels, travel agents or tour provider makes consumers to be more loyal to them compared to the place of destination itself. For instance, visitors are likely to shift to other tourist destination in order to get a new experience but stay loyal to the tour agent. Another thing is visitors are likely to shift to other tourist destination in order to get new experiences and they tend to visit an entirely different place in every destination (Hanefors & Mossberg, 1999). Kozak, Huan & Beaman (2002) also declared the similar thing that tourists tend to be low loyalty towards their destination. Therefore, every marketer in this industry particularly destination management organizations (DMO) have concentrated on achieving customer loyalty and customer satisfaction for being

able to provide benefits in terms of competitive advantages and cost effectiveness. More than that, the intense of competition among tourist destination and a major challenge to keep customers more loyal to the place of destination shows the importance of market segmentation. Marketers are also required to ensure the satisfaction of tourists who visit for the first time and then invite them to become repeat visitors. At the same time, customer needs also must be fulfilled to maintain their loyalty (McDowall, 2010).

## 1.2 The Development of Indonesia' Tourism Industry

World tourism tendency signifies that Asia and the Pacific area occupied in the second position after Europe as the most favorite place to be visited in the world (UNWTO, 2007), and also recognition of cultural elements from a particular region has grown rapidly as one of the most important part of tourism industry (UWNTO, 2001). Those two things rouse Indonesia's position as one of tourist destination country, with a wealth nature and cultural diversity which is spread throughout territory. Moreover, the combination of tropical weather, a wide archipelago of 17,508 islands and the third longest coastline in the world after Canada and European Union create this nature heritage to be very unique and different from other countries in the world (The world fact book, CIA, 2006). It is also believed by Culture and Tourism Minister, Jero Wacik when launched "Wonderful Indonesia" a new slogan for Indonesian tourism promotion tool to replace the previous one "Visit Indonesia Year" in the early January 2011 that describes more detail about the beauty of Indonesian tourism which equipped by a rich variety of food, ancient and historical buildings, welcoming people and competitive prices. Indonesian territory which borders with neighboring countries such as Malaysia, Indonesia, and Papua New Guinea making Indonesia is easy to be visited as a place for seeking pleasure (The Jakarta Post, 2011). In the competitive arena of world tourism industry, Indonesia ranked thirty-sixth out of fifty countries in foreign tourists' arrival (0.71% of world total arrivals) with 6.3 million visitors in 2009 and thirty-seventh in tourists'

income earned US\$ 6.3 billion (UNWTO, 2010). At the regional level, Indonesia's position is still far behind Singapore, Thailand, and Malaysia which is ranked to nine out of tenth countries in terms of tourists' arrival (see table 1.5).

**Table 1.5: International Tourists Arrival in Asia Region from 2005 up to 2009**

Rank	Country	International Tourists Arrival in Asia Region (million)				
		2005	2006	2007	2008	2009
1	China	46,809	49,913	54,720	53,049	50,875
2	Malaysia	16,431	17,547	20,973	22,052	23,646
3	Hong Kong	14,773	15,822	17,154	17,320	16,926
4	Thailand	11,567	13,822	14,464	14,584	14,145
5	Macao	9,074	10,683	12,942	10,610	10,402
6	Singapore	7,079	7,588	7,957	7,778	7,488
7	Japan	6,728	7,334	8,347	8,351	6,790
8	Korea	6,023	6,155	6,448	6,891	7,818
9	Indonesia	5,002	4,871	5,506	6,429	6,452
10	Taiwan	3,378	3,520	3,716	3,845	4,395

Source: UNWTO Barometer, June 2010

However, in the economic growth of Indonesia, tourism has been acknowledged as one of the most important export commodity which is in the top five contributors as country's foreign exchange earner (see table 1.6). Its contribution reaching 10% from the total of foreign exchange received by this country amounted to US\$ 6.3 million in 2009. In the progress of tourism industry from 2007 to 2009, it has experienced a significant improvement, with an increase of 38% in 2008 and occupies the fourth position, and then penetrates to the third rank in 2009, although it had decreased by 15% due to the economic crisis (Indonesian Ministry of Culture and Tourism, 2010).

**Table 1.6: Structure of Gross Domestic Product by Industrial Origin 2007-2009**

2007		2008		2009	
Commodities	Receipts	Commodities	Receipts	Commodities	Receipts
Oil and Gas	22.088,60	Oil and Gas	29.126,30	Oil and Gas	19.018,30
Palm Oil	7.868,64	Palm oil	12.375,57	Palm oil	10.367,62
Rubber	6.179,88	Rubber	7.579,66	Tourism	6.302,50
Confection	5.712,87	Tourism	7.377,39	Confection	5.735,60
Tourism	5.345,98	Confection	6.092,06	Rubber	4.870,68

Source: Ministry of Culture and Tourism of the Republic of Indonesia, 2011

Furthermore, according to the Indonesian Ministry of Culture and tourism the average of foreign tourists' arrival to Indonesia is actually quite high above 15% even in 2008 its growth reached 17%. Unfortunately, the decline occurred in 2006 as a result of terrorist suicide bombing attacks in Bali in October 2005 which caused a decrease by 2.6% from the previous year, the decline was also caused by an outbreak of bird flu since 2005 (see table 1.7). Slightly improvement is also occurred in 2009 at 3.6% due to global economic recession which also affected to the tourism industry in Indonesia. This reduction will directly affect to the amount of foreign exchange received, which decrease by 1.4% as compared to the previous year which reached a total growth by 38%. Conversely, from January to February 2011 the number of foreign tourists who visited Indonesia reached 1.12 million of people, an increase by 9.83% compared to the same period in 2010 as many as 1.02 million people. Therefore, the Indonesian Ministry of Culture and Tourism estimates that foreign exchange earned by this country from tourists' arrival over the past two years has reached about U.S. \$ 2.79 billion with the assumption that the average expenditure of money of U.S. \$ 2,496 per visit (Indonesiafinancetoday.com, 2011).

This is in line with the Indonesian government's target in 2011 which is expecting the arrival of foreign tourists reached 7.7 million people which is an increase by 8 percent from the previous year and foreign exchange earnings is targeted to reach US\$ 7 billion.

**Table 1.7: Visitors Arrival in Indonesia**

	Visitors Arrival	%Growth			
		06-05	07-06	08-07	09-08
2005	5.002.101	-2.6			
2006	4.871.351		13		
2007	5.505.759			17	
2008	6.429.027				3.6
2009	6.452.259				

Source: Ministry of Culture and Tourism of the Republic of Indonesia, 2010

Table 1.8: Visitors Receipts in Indonesia

	Visitors Receipts (Million US\$)	%Growth			
		06-05	07-06	08-07	09-08
2005	4.521,89				
2006	4.447,98	-1.7			
2007	5.345,98		20		
2008	7.377,39			38	
2009	6.302,50				-1.4

Source: Ministry of Culture and Tourism of the Republic of Indonesia, 2010

Those achievements could be realized with the support from the Indonesian government through the Ministry of Tourism and Culture which acts as a facilitator for tourism activities undertaken by the private sectors so that they can grow rapidly. Assurance for the creation of a conducive and comfortable climate for perpetrators in this industry is also absolutely necessary so that they can exploit maximum ability and give their best appearance. Next, in accordance to the instructions of the President Republic of Indonesia in 2005 that the development in tourism sector is focused on improving the quality of service and convenience infrastructure for tourists, which can directly stimulate the number of foreign tourists coming to Indonesia. Hence, with the high number of incoming tourists would definitely have broad impact on increasing income and employment opportunities so that the communities can create sustainable development (Rastiyono, 2006).

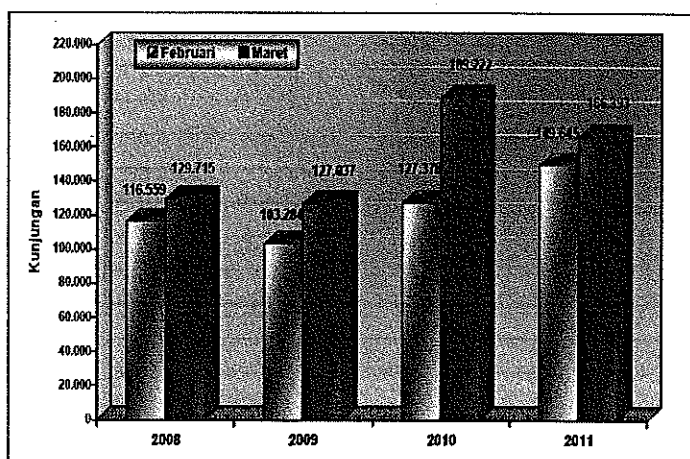
### 1.3 The development of Tourism Industry in Jakarta

In line with the development of tourism industry in Indonesia, Jakarta has also been exploring its tourism potential. As a capital city of the Republic of Indonesia which is geographically located in the north cost of West Java with an area of 637, 44 square km, Jakarta has been the center of a meeting of various ethnicities scattered throughout Indonesian territory. Compared with other provinces in Indonesia, Jakarta is a special district which is given autonomy because of its role as center of government, commerce, industry, and also has a broad communications network within the country as well as foreign countries. With all existing tourism facilities, such as modern transportation, excellent

accommodations, exciting entertainment areas as well as luxury shopping centers, Jakarta has been prepared as one of the world tourist destination (indonesia-tourism.com, 2010).

Moreover, as one of the most favorite tourist destinations among South East Asian countries in 2010 (toptouristplacesintheworld.com, 2010), Jakarta has been attracting foreign public' attention. According to official result from Jakarta's Central Bureau of Statistics, the number of tourists' arrival to Jakarta in 2010 reached 1,892,866 or an increase by 30.37 percent compared with the previous year with amounted to 1,451,914 people. Conversely, if compared with the number of foreign visitors in 2008, the number tends to decrease by 5.38% (see Figure 1.3).

Figure 1.3: Bar Chart for International Tourists Arrival to Jakarta



Source: Central Bureau of Statistics of Jakarta province, 2011

Furthermore, from the total of foreign visitors who come to Jakarta, the largest number of tourists is coming from Malaysia with a total of 356,626 visits (see Table 1.9). It shows that the top ten countries have greatly contributed to the country's economic development and for Jakarta's government and those countries could be a major target for the next tourism campaign. The remaining of 37 percent or 7

million visits comes from other countries such as the Taiwan, UK, Germany, and Philippines.

**Table 1.9: Number of Tourists Arrivals by country of origin**

Rank	Country of Origin	Total Visits
1	Malaysia	356,626
2	Singapore	161,526
3	China	159,786
4	Japan	110,091
5	South Korea	80,378
6	USA	68,911
7	Australia	65,733
8	Saudi Arabia	65,645
9	Netherlands	58,396
10	India	51,653
<b>Total</b>		<b>1,178,745</b>

Source: Central Bureau of Statistics of Jakarta province, 2011

The tourism sector in Jakarta also contributes significantly to the regional income which tends to increase from year to year. This is proven by the increased economic activity in trade transactions, such as shopping and hotel occupancy rates. Average income growth of Jakarta's tourism sector reached 10-15 % per year (Department of Tourism and Culture of Jakarta Province, 2010), which is due to the high of purchasing power of foreign tourists who come to Jakarta (see table 1.10). In 2010, the total regional income received by 1.8 trillion Rupiahs or equals to 217 million US dollars which increased by 7% compared to the previous year. As a city of destination, Jakarta has a wide selection of tourist attractions that can be visited, ranging from recreational parks, shopping events, variety of food, marine tourism and also historical buildings of Dutch government' heritage. In addition, the availability of public facilities, tourism facilities, accessibility and hospitality of the people could be some of the competitive advantages for Jakarta towards other place of destinations.

**Table 1.10: Average income growth of Jakarta's tourism sector 2006-2010**

Year	Total Regional Income Tax (Rupiahs)	Growth %
2006	1,077,627,466,830	22.53
2007	1,209,916,089,651	12.28
2008	1,524,882,384,329	26.03
2009	1,637,956,573,724	7.42
2010	1,867,949,106,953	14

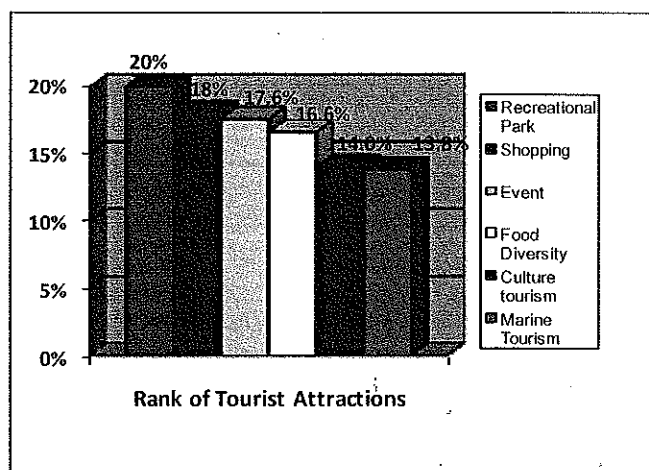
Source: Department of Tourism and Culture of Jakarta Province, 2011

Unfortunately, those developments had stagnated when Jakarta was confronted by several incidents, such as the bombing of Hotel JW Marriot and Ritz Carlton, the political elite disputes, and increasing the number of demonstrations which can directly devastate the image of Jakarta as city of tourism, it is in line with the statement from Deputy Minister for Industry and Trade Affair, Edy Putra Irawady (detikFinance, 2008). Therefore, the Jakarta' government has been confronted with several challenges to restore the image of Jakarta as a city which remains safe and attractive place to visit Various efforts have been made by the Jakarta' government which is focused on the establishment of Jakarta as a city of destination, trade and investment by launched a new tagline "Enjoy Jakarta" in March, 2005 (Department of Tourism and Culture of Jakarta Province, 2010). Branding as a city of trade and investment is carried out considering Jakarta as a port city and financial center so that many business activities could be done here. As important as the declaration of Jakarta as a city of tourism due to its rapid growth as a metropolitan city, rich in history and tradition of its people, which all are reflected through the diversity of cultural activities offered. There are so many annual events under Enjoy Jakarta' tagline such as Enjoy Jakarta Food Festival, Enjoy Jakarta Great Sale, Enjoy Jakarta Sport Festival, Jakarta Fair, Enjoy Jakarta Marine Festival, Enjoy Jakarta Music Festival, and Enjoy Jakarta Fashion Week which all are held to solicit foreign tourist' interest to come to Jakarta.



According to Jakarta agency of tourism and culture, tourist attractions in Jakarta have been divided into six categories, namely recreational parks, shopping activities, events, culinary, cultural and marine attraction (Department of Tourism and Culture of Jakarta Province, 2009). In 2009, from the sixth category of tourism destinations offered, recreation parks, shopping activities, and events become the most favorite tourist destinations for foreign tourists who visited Jakarta (see Figure 1.4 ) while marine attraction ranks last.

Figure 1.4: Graph Chart for Rank of Tourist Attractions in Jakarta



Source: Jakarta-tourism.go.id, 2009

Hence, to maintain its position in the midst of tight competition, the local government must have a powerful brand about Jakarta in the mind of tourists so that it would increase consumers brand loyalty (Rangkuti, F.,2006). It also becomes very meaningful, especially for those countries that had suffered due to the economic slump in the year of 1997 and 2000 which also had an impact on Indonesia. Other than that, this industry can also be very advantageous for Indonesia as a tourist destination, if it is able to attract more foreign tourist to come. This definitely can bring a lot of foreign exchange into the country and directly contribute to the Indonesia's national income.

As tourism industry continues to grow, providing the best quality of service in tourist destinations become more interesting topics to be discussed with an intention to clearly distinguish toward the various competitor that are showing some similarity on facilities and performances. Therefore, it is important for entrepreneurs in this industry and local government to get a better understanding of imaging products and services provided to visitors so that it will improve consumer loyalty.

In this current research will be focusing on the discussion about the brand image of Jakarta as one of the most favorite tourist destinations within South East Asian countries towards Malaysian consumers.

#### **1.4 Problem Statement**

Marketing experts as well as scientists recognize the importance of consumer loyalty in the sustainability of a business (Faullant, Matzler, and Füller, 2008). This is also necessary for city of tourist destination due to the increasing market saturation towards attractions and service offered, whereby a successful destination can be accomplished by determining the precise study of tourist motivation, tourist satisfaction, and loyalty (Yoon and Uysal, 2005). Another thing that affects on tourist loyalty towards tourist destination is the rising development of world tourism which triggered the high competition among other tourist destinations. In recent decades, many new attractions have emerged, some which already exist continue to develop and others decrease (Kozak and Rimmington, 2000).

However, the advancement of world tourism industry without an appropriate planning will cause various problems for the city that proclaimed itself as a place of destination (McDowall, 2010). Jakarta's position that lag behind Thailand, Malaysia, and Singapore in Southeast Asia tourism market becomes a major challenge that must be faced by Jakarta's government (Sunario, 2007). In fact, the total number of foreign tourists who visited Jakarta is still very less compared to

those three countries. As a comparison, according to the data from UNWTO from the total 62.5 million tourists who visited to South East Asian region in 2009, Malaysia received by 37% from the total visitors; Thailand by 22%; Singapore achieved 12% while Indonesia received only 10% in which 2.3% of it visited to Jakarta (UNWTO, 2009).

The other fact is shown from the level of competitiveness of Indonesian tourism which is still below of its neighboring countries. From the data released by World Economic Forum (WEE) in 2010, Indonesia's tourism index was at level 44<sup>th</sup> out of 139 countries were surveyed, or increased by ten levels compared to the year of 2009, yet the position is still far behind Malaysia which ranked 35<sup>th</sup> and Thailand was in the 41<sup>st</sup> position. Another facts presented from this forum are the low condition of tourism support facilities in Indonesia, such as the low conditions of infrastructure in Indonesia (position 82), road conditions (position 84), and the provision of electricity supply (position 97) (republika.co.id, 2011). Something to be noted that the success of a destination is not only based on the natural beauty and diversity of each destination, nor issue about less attractive price offered but also determined by several factors such as the regulation and government policies related to tourism, environmental policy, safety of destination, cleanliness, infrastructure, transportation, promotion, and human resources. Furthermore, the index rating of Indonesian tourism in the rank 44<sup>th</sup> is also based on perception of the world communities who give the impression that Indonesia is less safety, unclean, and disorganized (Sunario, 2007), whereas a good image of a tourist destination is absolutely required to influence travelers' decisions in choosing which destination to visit (Kotler, Haider and Rein, 1993; Mohamed et al, 2009) and determining tourist' behaviors after making purchase decisions such as evaluate the level of satisfaction and future behavior intentions (intention to make repeat visitation and eagerness to give recommendation to others) (Lee et al., 2005; Chen and Tsai, 2007). By indications of instability the number of tourists who visit Jakarta and the low level of Indonesia's tourism competitiveness index show that the level

of tourists' loyalty towards Jakarta is very low so that it can be concluded that Jakarta has failed to deliver its overall experiences to the customers.

Therefore, this current study is essential to be carried out to identify what factors influencing tourists' brand loyalty towards Jakarta as a tourist destination that would be focusing on Malaysian tourists' perception as the highest number of visits to Jakarta. The outcome of this study can support business actors in Jakarta's tourism industry to discover appropriate strategies that could improve their sales revenue. The most important thing is it can be used by Jakarta's government as recommendation to improve and maximize their effort in promoting Jakarta especially among Malaysian tourists.

### **1.5 Research Questions**

1. Do socio-demographic data of Malaysian tourists have a relationship towards their visit characteristics?
2. Do perceived attractiveness, perceived value, perceived quality, and perceived risk have a relationship towards Malaysian tourists' brand loyalty?
3. What are the major factors that significantly influence Malaysian Tourists' brand loyalty to visit Jakarta?

### **1.6 Research Objectives**

1. To identify relationship between socio demographic factors and visit characteristics of Malaysian tourists.
2. To identify relationship between attractiveness, value, quality, and risk of tourist's destination towards Malaysian tourists' brand loyalty.
3. To identify what major factor that has the most significant influence towards Malaysian Tourists' brand loyalty to visit Jakarta.

### **1.7 Significance of the Study**

This current study would be a considerable effort to obtain more in-depth views on tourists' loyalty towards place of destination. The study would be focusing on discussion about factors that influence Malaysian tourists' brand loyalty towards Jakarta as a city of destination. The achievement of this study can be used by business organizations in tourism industry as well as Jakarta's government to define a proper strategy so that they can improve their performance and provide the best quality of service. By doing that, Jakarta is expected to attract more tourists to come and maintain its tourists' loyalty who have been to Jakarta. As a result, it may lead to the increasing number of tourists who visit Jakarta and will also directly affect on regional as well as earnings for Jakarta's residents.

### **1.8 Limitations of the Study**

This current study contains some limitations that must be faced by current researcher. The first limitation is determining the independent variables under the group of factors that influence tourists' brand loyalty, as it is known that the topic about brand loyalty is not a new thing faced by any organization particularly in tourism industry. Therefore, there are various variables that are encouraged and have been successfully tested by previous researchers which categorized under factors that influence tourists' loyalty towards place of destination. The selection variables that had significant influence in this area could be interpreted as one the limitations in conducting this study. The next limitation is the presence of time and resources constraint in collecting main and secondary data. For gathering the main data, this current study would only be targeted on 200 Malaysian tourists who have been to Jakarta, where the data collection carried out at the Low Cost Carrier Terminal (LCCT) Airport, Kuala Lumpur. The main reason of the selection Malaysian tourists to become respondents in this study is considering to the high number of trips to Jakarta compared to visitors from other countries. Next, the secondary data would be obtained from the processing of variety sources such as

journal articles from previous researchers, books, and internet sources that all are related to the topics discussed in this current study.

The last constraint faced in this study is the refraction that occurred in relation to the sampling method used which is convenience sampling, where there will be a gap from the whole population could not be reached. Thus, the result obtained on a small group of respondents as actual population cannot be represented. Another thing is related to the target population in this study who are Malaysian, where the culture and habits might be different with other countries. So it will create a refraction of the assessment only on the local culture.

### **1.9 Assumptions of the Study**

1. With a target of 200 sample size then it is assumed to represent the whole Malaysian citizens who have been to Jakarta. As well as, the result from sample will signify the opinions from the population and they will answer truthfully.
2. As it is known that between Malaysia and Indonesia have several entrances and exit ways, however in this study assumed all the participants travelling by plane which landed at Low Cost Carrier Terminal Airport (LCCT), Kuala Lumpur.

### **1.10 Operational Definitions**

#### **(i) Demographic factors**

In this research, demographic factors are used to classify Malaysian tourists for statistical reason such as age, gender, marital status, occupation, as well as monthly income.

#### **(ii) Brand Loyalty**

In this study, the topic of brand loyalty in leisure destination is mainly essential with the aim to get repetitive visitation and powerful word of mouth