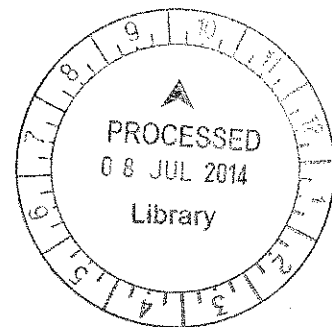


INTI INTERNATIONAL UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION

The mediation of novelty-seeking tendencies in tourists'
revisit intention: A case from Singapore

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ABSTRACT

Prior research evidence has been set on the relationship between perceived values, satisfaction, and destination image and revisit intentions of tourists. Yet, limited research focused on the mediation role of novelty-seeking tendencies between perceived values, satisfaction, and destination image to revisit intentions.

To respond this call to explore the mediation role of novelty-seeking tendencies, this study is designed to extend the previous research by examining the relationship between perceived values, satisfaction, and destination image to revisit intentions. This research probes into the mediation of novelty-seeking tendency theory when examining the revisit intentions of tourists in Singapore. 324 respondents were sought using questionnaire as a tool using convenient sampling.

The research hypotheses were tested using PLS estimation technique version 2.0 while descriptive analysis was done using SPSS statistical software version 20. This research revealed the significant effect perceived value, satisfaction, and destination image has on novelty-seeking tendencies. It has also been found that although perceived value and destination image has no direct relationship with revisit intention, it has an indirect relationship through novelty-seeking tendencies. Though, satisfaction is found to have a direct relationship with revisit intention. Therefore, novelty-seeking tendencies mediates the relationship between perceived value and destination image to revisit intention although there is no mediation found of novelty-seeking tendencies between satisfaction and revisit intention.

The discussion collates the empirical evidence and contribution. Theoretical and practical implications followed by recommendations for future research are provided.

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Abubakar Ayodele M.
April 28th 2014

DECLARATION BY CANDIDATE

I hereby declare that this thesis is my own work and effort and that it has not been submitted anywhere for any award. Where other sources of information have been used, they have been duly acknowledged.

Name: Abubakar Ayodele M.

Date: 28th of April 2014

Signature:

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CHAPTER 1: INTRODUCTION

1.1 Chapter Overview

The opening chapter presents the research overview beginning with the research background followed by the problem statement and research objectives in line with the literature. The assumptions made are also highlighted together with the discussion of significance of the research. The limitations of the research are then elaborated along with the research scope. The chapter will conclude with operational definitions along with the structure of the thesis as well as a brief summary of the areas that have been discussed in the chapter.

1.2 Background

It has been widely acknowledged in the body of literature that tourism has become one of the most prominent economic sectors worldwide as it signifies a main source of revenue such as employment, taxes, income, and exports (Su and Lin, 2014; Tang and Abosedra, 2014). According to Travel and Tourism Council (WTIC), USD 5992 billion was contributed by the tourism sector (international and domestic) to the global economy in the year 2011. In addition, research shows that due to its strong and established linkage effects, the tourism sector contributing 9 percent of employment opportunities worldwide which has provides over 260 million job opportunities (Su and Lin, 2014). Moreover, in comparison with manufacturing sector, it is evident that the tourism industry is more environmentally sustainable as stated by the World Bank Carbon Finance Unit (CFU) (Su and Lin, 2014). Therefore, tourism is now the choice for growth among many nations as this will enhance 'green' economic development.

Within this approach, the tourism industry is significantly contributing to the economy of different countries such as Singapore. Singapore being a small island state depends on international tourists than domestic tourism. In this regard, numbers of tourists that visit the country are sensitive to events and other external factors (Ministry of Trade and Industry Singapore, 2012). Moreover, tourism industry accounts for 4 percent of Singaporean economy and have contributed to over 160,000 jobs within the country (Ministry of Trade and Industry Singapore, 2012). Therefore, the tourism sector is a crucial an important constituent the

Singaporean economy that contributes vastly on Gross Domestic Product (GDP) and creating jobs.

According to the chief executive of Tourism Promotion Board of Singapore “*tourism plays a key role in reinforcing Singapore’s status as a vibrant global city that is a magnet for capital, businesses and talent. It also enhances the quality and diversity of leisure options for residents and helps to create a living environment that Singaporeans are proud to call home*” (Singapore Tourism Board Annual Report, 2013). Hence, it is evident that Singapore gives a paramount value to the sector as it vastly contributes to the country’s economy.

In line with this, research based on tourists’ intention to revisit a destination and their return behavior has elevated in the literature over the past 20 years (Opperman, 1997; Kozak, 2001; Jang and Feng, 2007; Hui, Wan, and Ho, 2007; Assaker and Hallak, 2013). The connection between satisfaction and behavioral intention is a recurring theme in the literature; especially when researched on the service sector (Rust and Oliver, 1994; Dolnicar, Coltman, and Sharma, 2014). On-going research and analysis within the field enhances the importance of tourists’ intention to return to a destination (Dolnicar, Coltman, and Sharma, 2014).

The satisfaction of tourists has been discussed in previous literature as one of the core concepts of tourist behavior studies (Alegre and Garau, 2010; Lee, Jeon and Kim, 2011; Taplin, 2012; Correia, Kozak and Ferradeira, 2013; Huang, Weiler and Assaker, 2014). It is advocated from an ample body of literature that satisfaction is directly antecedent of several behavioral intention forms (Oliver, 1993; 1999; 2009; Park and Jang, 2014). Reichheld (1993) cited by Zhang, Fu, Cai and Lu (2014) revealed the significance of customer loyalty. It has further been extended by Reichheld and Sasser (1990) cited by Zhang, Fu, Cai and Lu (2014) whereby the authors stated that in the service industry more than 5 percent upsurge in retention of customers that yields 85 percent additional profit. In a similar vein, a body of literature states the importance of customer satisfaction in the tourism industry (Baker and Crompton, 2000; Song, Veen, Li, and Chen, 2012; Sun and Kim, 2013; Huan, Weiler and Assaker, 2014).

However, Assaker and Hallak (2013) revealed the importance of expanding the previous literature by extending the return intentions of tourists to revisit a destination. Furthermore, it is crucial to examine the tourists with a degree of novelty-seeking tendencies. Novelty is defined as

“consumers’ tendency to purchase and try new products, as opposed to purchasing the same item on a repeated basis” (Kahn, 1995; Assaker and Hallak, 2013).

Synthesizing numerous researches that has been conducted earlier, an insight on the link between satisfaction and behavioral intention has been identified (Park and Jang, 2014; Zhang, Fu, Cai and Lu, 2014). Literature has also noted the imperativeness of destination image and novelty-seeking when examining the tourist return intention (Assaker and Hallak, 2013). Perceived value is also an important factor noted in the literature (Bigne, Sanchez and Andreu, 2009). Henceforth, this study will explore the tourists’ re-visitation intention.

1.3 Problem Statement

Examining temporal dimensions of tourist revisit intention has been identified as a significant gap in the tourism literature. According to Assaker and Hallak (2013), sufficient research has not been conducted to explore the temporal dimensions such as revisit intentions of tourists. Therefore, this study will narrow this gap by examining the temporal dimensions of revisit intentions. As tourism contributes significantly to the world’s economic growth, individual countries should give a paramount importance in probing revisit intentions of tourists. In line with this, tourism accounts for a significant amount of GDP and jobs in Singapore. As mentioned earlier, in Singapore tourism contributes to over 4% of GDP and for over 160,000 jobs. Therefore, this study will be undertaken in the context of Singapore as the country must give utmost importance to study temporal dimensions of revisit intentions and narrow this important research gap.

Furthermore Assaker and Hallak (2013) noted the importance for future studies to focus on determinants such as perceived value. However, limited research has examined perceived value (Bigne, Sanchez and Andreu, 2009); hence it has not been fully explored as a determinant to examine tourist revisit intention to a destination. Therefore, this research will probe into the relationship amid perceived value and intention to revisit Singapore tapering the research gap. Moreover, novelty-seeking tendencies as a moderating factor has not been fully explored in tourism research as well (Assaker and Hallak, 2013). Hence, this study will also attempt to fill

the research gap by exploring the moderating effect of novelty-seeking tendencies of tourists when returning to a destination.

To date, tourism research has primarily focused on evaluating the linkages between destination image, satisfaction, and perceived value to tourists' revisit intention (Dodds, Monroe and Grewal, 1991; Jones, Mothersbaugh and Beatty, 2000; Nguyen and Leblanc, 2001; Burnham, Frels and Mahajan, 2003; Bigne, Sanchez and Andreu, 2009). Similarly, countable number of research has also focused on how a mediating determinant such as destination image affecting tourists' revisit intention (Chew and Jahari, 2014). However, research with novelty-seeking tendencies as a moderator is abundant. Although literature has primarily emphasized on the importance of novelty-seeking tendencies (Assaker and Hallak, 2013) such importance has not been explored in Singapore. There is, therefore need to investigate the role of novelty-seeking tendencies that mediates between destination image, perceived value, satisfaction, and revisit intentions of tourists in the Singaporean tourism sector.

Singapore being a small island state, it greatly depends on international tourism compared to domestic tourists. Therefore, numbers of tourists that visit the country are sensitive to external factors and events (Ministry of Trade and Industry Singapore, 2012). According to Ministry of Trade and Industry Singapore (2012), it is projected that tourism sectors is responsible for 4 percent of the nation's economy and have delivered job opportunities exceeding 160,000. Hence, tourism sector is an essential factor of the Singaporean economy that widely contributes to the country's economy in terms of jobs and Gross Domestic Product (GDP). Thus, importance of tourist revisit intention should be further investigated. Henceforth, this study will serve implications to the tourism sector in Singapore which highly contributes to the country's economy.

Within this approach, this study will be drawn on theories from marketing, psychology, and tourism whereby the model will illustrate causal relationships among constructs such as destination image, perceived value, satisfaction, revisit intention, and the moderating effect of novelty-seeking tendencies. The main theoretical lens adopted in this study will be novelty-seeking theory proposed by Hebb and Thompson (1954) which delivers a strong theoretical ground in explaining destination choice behavior because consumers seek optimum levels of stimulation. (Bello and Etzel, 1985; Babu and Bibin, 2004).

research can aid in developing policies that will promote tourism and increase tourist satisfaction. Also could spur government implementing new novelty projects that will flood the country with tourist which effect will be evident on the nation's economy.

The importance of study to industry

In order to portray Singapore as a ravishing tourism destination, attention must be given to sustainable development through strategic interventions that will enhance the performance in the industry. The results obtained from this study will assist the tourism sector in reinforcing satisfaction and novelty-seeking tendencies which will lead to tourists revisit intention. It is pivotal because the literature depicts that satisfaction and novelty-seeking tendencies play a vital role when tourists intend to revisit a destination (Bigne, Sanchez and Andreu, 2009; Assaker and Hallak, 2013). Thus, by investigating the moderating link between destination image, perceived value, perceived quality, switching costs and satisfaction, novelty-seeking tendencies to revisit intention in the tourism sector will help organizations that work on attracting tourists to attain their strategic goals as well as competitive advantage.

The importance of the study to academia

In line with the above mentioned, this research will also have a significant effect on the academia as it will narrow the research gap by probing the moderating effect of tendency to seek novelty and satisfaction, leading to tourists' revisit intention towards a destination. The research framework used in this research can be a basis for future research.

1.6 Limitations of the Study

Similar to any other research this research also subject to several limitations. First, this study is limited to the tourists visiting the harbor front center in Singapore. However, obtaining more respondents from other tourist attractive destinations will be more beneficial. However, due to

time constraints and ethical related considerations, this study will focus on tourists in harbor front center.

Second, data will be collected by tourists using a single measured tool (survey questionnaire) and therefore the findings could be affected by common method variance. However, research may be subjected to common method bias. Nevertheless, it is assumed that the responses received by the tourists are not influenced by any factors like common method bias that has been made throughout the research and are discrete. This is mainly because the study heavily relied on a few tourists compared to the number of tourists visiting the country risking the common method bias. Common method bias is defined as *"variance that is attributable to the measurement method rather than to the construct of interest. The term common method refers to the form of measurement, at different levels of abstraction such as content specific items, scale type, response format and the general context"* (Fiske, 1982 as cited by Podsakoff, MacKenzie, Lee and Podsakoff, 2003).

Third, the data analysis technique adopted in the research which is PLS will be associated with limitations as well. The limitation for PLS is there is a greater risk of overseeing the sensitivity and 'real' correlations to the comparative scaling of the descriptor constructs (Huang, Wu and Tsai, 2012).

1.7 Scope of the Study

The sample of the research has been gathered from tourists visiting Singapore. The sample of this study will be gathered from Harbourfront Centre (Ferry Terminal) based in Singapore where most tourists can be reached. Tourists above 18 years of age that are visiting Singapore will be chosen as the unit of analysis. SPSS software has been used with specific focus on descriptive analysis. Structural Equation Modeling (SEM) has been used focusing on Partial Least Squares (PLS) precisely Smart PLS version 2.0 has been carried out for regression and factor analysis.

On a general note, the research has focused on studying the mediation of novelty-seeking tendencies in tourists' revisit intentions in the Singapore.