Tourist Satisfaction in the Malaysia Tourism Industry: Relationship between Service Innovation and Destination Image

(Kepuasan Pelancong dalam Industri Pelancongan Malaysia: Hubungan antara Imej Inovasi dan Destinasi Perkhidmatan)

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ABSTRACT

Malaysia has often been recognized by both local and international tourists as a premier visiting destination. Perception of a tourist destination, thus, has an important bearing on eventual tourist satisfaction. This study examines various aspects of service innovation that influence destination image in the Malaysian tourism industry. Data collected through self-administered questionnaires from 550 tourists using a convenience sampling approach were subjected to a reliability test, followed by multiple linear regression analysis to assess the proposed research hypotheses. The findings show that four variables of service innovation (product innovation, process innovation, organisational innovation and marketing innovation) were significantly and positively associated with destination image that, in turn, reflected tourist satisfaction. Nevertheless, the nationality of the tourist had a mediating effect on the relationship between destination image and tourist satisfaction. Tourism practitioners could benefit from these findings when the principles they espouse are applied to tourism management. At the same time, academic researchers would derive a better understanding of the factors that enhance destination image and, ultimately, tourist satisfaction.

Keywords: Service innovation, marketing innovation, organisation innovation, destination innovation.

ABSTRAK

Malaysia sering diiktiraf oleh pelancong tempatan mahupun pelancong antarabangsa sebagai destinasi lawatan utama. Oleh itu, persepsi pelancong terhadap Malaysia sebagai destinasi pelancongan mempunyai kaitan penting dengan tahap kepuasan mereka. Kajian ini mendalami pelbagai aspek inovasi perkhidmatan yang mempengaruhi imej Malaysia sebagai destinasi pelancongan. Data dikumpulkan dari 550 pelancong melalui soal selidik yang dikendalikan sendiri dengan menggunakan pendekatan pensampelan mudah. Data yang dikumpul telah melalui ujian reliabiliti dan diikuti oleh analisis regresi linear berganda untuk menilai hipotesis penyelidikan yang dicadangkan. Hasil kajian menunjukkan bahawa empat pemboleh ubah inovasi perkhidmatan (produk inovasi, inovasi proses, inovasi organisasi dan inovasi pemasaran) secara signifikan dan positif dikaitkan dengan imej destinasi yang sejurusnya mencerminkan kepuasan pelancong. Turut didapati, kewarganegaraan pelancong mempunyai pengaruh mediasi terhadap hubungan antara imej destinasi dan kepuasan pelancong. Penemuan dari kajian boleh memanfaatkan pengamal industri pelancongan dengan menerapkan penemuan kajian ini dalam tugas pengurusan pelancongan. Pada masa yang sama, penyelidik akademik akan dapat pemahaman yang lebih baik mengenai faktor-faktor yang meningkatkan imej destinasi dan seterusnya kepuasan pelancong.

Kata kunci: Inovasi perkhidmatan, inovasi perkhidmatan, inovasi organisasi, inovasi destinasi.

INTRODUCTION

Malaysia has unveiled a rising trend in the local tourism and hospitality industry, more so in recent years. Well-informed by the country's Prime Minister, Mahathir Mohamad, the industry managed to fulfil a total of 15.2% in Malaysian GDP as of the year 2018, which outshined the recorded 14.1% for the previous year; whilst, securing a foothold as few major contributors to the country's economy. Such favourable trend is utmost apparent from both domestic and international perspectives, with both domestic and inbound tourists held respective RM82.7 billion and RM87.7 billion in national revenue within the same year ("Tourism Satellite Account 2018," 2019). Continued through the year 2019, an RM21.4 billion receipt in the first quarter has outperformed its preceding year by a whopping 16.9% (Tourism Malaysia 2019); thus, manifested reliable growth upon the

country's tourism industry. Followed by the international reputation recognized by MasterCard's 2018 Global Destination Cities Index, Kuala Lumpur has prevailed as the 7th most visited city (NST 2018). Beyond the capital city, Malaysia has been of utmost evident as a household preference among vibrant travellers worldwide.

Tourism organisations improve their services when they continually review feedback from tourists. Acknowledged that customer is "king", fundamental objective across successful tourism organisations falls upon customer satisfaction earned via proficient servicing staffs. While constant improvement of products and services is inevitably necessary, tourism operators need to do more to stay ahead of competitors. To proceed beyond the well-trodden path, tourism organisations need to be more creative and innovative (Hall & Williams 2019; Omerzel 2016) in generating feasible ideas, further executing compelling strategies to engage potential customers.

Rogerson (1983) describes innovation as an idea, practice, process, or product that an individual would perceive as a novel (Mansori, Sambasivan & Md-Sidin 2015). Where the definition narrows down specifically to service innovation, service innovation can be considered an effective alteration in service delivery, or a supplementary service in itself that enhances the consumer's service experience (Gadrey, Gallouj & Weinstein 1995). Service delivery wise, innovation is determined to encompass organisational management on internal arrangements, which allow staffs of service organisations to contribute to their development by developing and implementing new ideas (Hertog 2000). In the longer term, tourism innovation can be expected to enhance destination image and increase tourist satisfaction in the process (Gupta, Malhotra, Czinkota & Foroudi 2016; Hertog 2000).

Despite its obvious importance in the service sector, the tourism industry has not received its due share of attention in term of research focused on service innovation, whereas literature on innovation contains many entries on management innovation in product-oriented companies (Bukhari, Munif & Faiz Hilmi 2012; Hall & Williams 2019). More often than not, service quality is reflected through perceived destination image, pending customer satisfaction and actual visits (Lee, Pan & Chung 2019). Innovation in tourism has not been a well-studied topic (Hall & Williams 2019; Mansharamani 2005); it remains an underdeveloped area of research, with consensus in opinions a relative scarcity. Yet, such does not exclude service-based innovations as potential elements that nurture tourists' patronage through developing a positive destination image (Akroush et al. 2016) . The approach by Cheng, Nikhashemi and Dent (2020) has further acknowledged service innovation, which constituted the aspects of product, process, organisation and marketing, as a notable predictor in fostering tourist satisfaction and retention. Whereas, a study by Ristawati, Saufi and Rinuastuti

(2019) further acknowledged destination image as an intermediate construct that yields satisfaction from both innovation value and experience. On the verge of being recognized as a developed country, Malaysia has undeniably upheld the requirement to undertake researches that appraise fields of tourism innovation (Zawislak & Marins 2007). An additional concern is then placed on the influence of cultural backgrounds on destination relevance, specifically among international tourists (Chen & Rahman 2018).

Principally, the role of service innovation towards image formation remains exploratory upon engaging tourists' requirements and demand. This study, thus, aimed to assess the influence of service innovation on destination image; subsequently, the influence of destination image on tourist satisfaction as moderated between both local and inbound tourists within the Malaysian tourism industry. Essentially, the tourism industry would benefit from the implementation of recommendations derived from these findings. At the same time, academic researchers would understand better the factors that improve destination image and tourist satisfaction.

LITERATURE REVIEW

From the commercial perspective, the term 'innovation' was primarily attributed by Schumpeter (1934) as any contemporary product, process, market, as well as a source of raw materials (Schumpeter 2017). Transcend initial application on tangible goods, innovation within the service industry has begun to gain increased prominence. Expanded upon by Gadrey et al. (1995) and Hall and Williams (2019), service innovation can, thus, be understood as a process and organisational innovations that encompass areas of service offerings.

Overall literature defines business innovation as in a wide range from the implementation of new procedures in management, task organisation, operational settings and know-hows of existing manpower; installation of alternate production, supply and distribution systems; to reconsideration, renewal and expansion of product and service lines available to the market (Dostie 2018; Gallego, Rubalcaba & Hipp 2013; Gupta et al. 2016; Khazanchi, Lewis & Boyer 2007; Malhotra, Dash & Gupta 2013; Mansori et al. 2015; Rogers 2010; Sundbo & Gallouj 1999).

The current study hereby aligned the definition of service innovation to that of business innovation as advocated by Sundbo and Gallaouj (1999), which comprised product innovation, process innovation, organisational innovation, and market innovation being the four preeminent segments. More often than not, marginal regulations towards organisational procedures would be preferred for such innovation over revolutionary transformations (Brem, Nylund & Schuster 2016).

EXPECTANCY-DISCONFIRMATION THEORY

The expectancy-disconfirmation theory has often been employed to investigate the consumption process within areas of social studies (Agyeiwaah at al. 2016). As illustrated by Oliver and Winer (1987), expectation, being a virtual component that signifies one's assumption and premature assessment of specific market offering before actual consumption, is directly associated with future ambiguities and occurrences, while established as a judgmental benchmark upon actual consumption. The expectancy-disconfirmation paradigm is, thus, described by Oliver (1977) as the psychological ideology that proposed expectation, performance evaluation, followed by the disconfirmation between both aspects, as the preconditions towards consumer satisfaction.

According to Oliver (1980), the concept of expectancy-disconfirmation is built above five fundamental stages that span from the consumers' pre-purchase assumption to their post-experience evaluation. Primarily, expectations are generated among consumers concerning a particular product or service. Such is followed by actual purchase and consumption; which, directly allowed them to appraise the products' attributes in fulfilling their presumed expectation. Herewith, the outcome that felt short or surpassed their expectations would entail both negative and positive disconfirmations; in turn, affect their satisfaction level. Achievement of the latter would, nonetheless, motivate retention and positive recommendations, vice versa (i.e. expectation → consumption → evaluation → satisfaction level → post-consumption conception). Further explained by Pizam and Milman (1993), expectancy-disconfirmation presents a reliable approach in assessing tourists' fulfilment towards a visited destination. Such is exemplified through its adoption in examining factors that influence satisfaction within the tourism industry (Boley, McGehee & Hammett 2017). With previous studies encompassed areas of workforce competency (Ottenbacher et al. 2016), communication approach (Burgoon & Le Poire 1993), as well as locational factors (Agyeiwaah et al. 2016); applicability of the discussed conceptual paradigm is hereby confirmed. The framework by Khetsoongnoen and Klieb (2019) has further assigned the concept in illustrating the interrelationship between service quality and satisfaction. With the proximity of expectancy-disconfirmation in representing the researched area within this study, the discussed concept is hereby adopted towards the development of the researched framework.

DESTINATION IMAGE

Destination image is proposed by Fakeye and Crompton (1991) as a personalized cognitive depiction of perceptions, and comprehensive understanding with regard to a specific destination. It represents an individual's apprehensions and anticipations with reference to the conception, appeal, feeling and a thorough outlook concerning a specific location (Énalan & Soteriades 2012; Hanna et al. 2018; Veasna, Wu & Huang 2013; Zhang et al. 2014). As suggested by Khuong and Phuong (2017), destination image holds a similar influence to perceived service quality and perceived value in affecting word-of-mouth among visiting tourists through the development of destination satisfaction. The variable has then demonstrated a prevalent tendency in affecting the revisiting intention among tourists. Such has gone beyond the mere significance of the marketing mix (Irfan et al. 2020). Primary discovery by Tilaki et al. (2016) further recognized destination image as a determinant to tourist satisfaction prior behavioural intention.

Fundamentally, destination image was often investigated upon the causal association succeeding service quality. Whereas, it demonstrates a positive influence towards determining the satisfaction among fellow visitors. With this in mind, destination image hereby holds considerable influence on the decision making process of fellow tourists in determining their choice of visiting destination, followed by subsequent satisfaction regarding their vacation experience.

PRODUCT INNOVATION

As defined by Mansori et al. (2015), product innovation involves the introduction of brand new or significantly enhanced products or services into the market. It, therefore, represents the improvement made towards the goods or services that can be commercialised. Product innovation has come to precede performance improvement within the marketplace (Artz et al. 2010; Cho & Pucik 2005; Koellinger 2008). Emphasis is brought to the territories of sustainability, clientele, technological orientation, innovativeness, risk management, structured collaboration and workforce training in essentially allowing travel practitioners to preserve the continuous operations of an enterprise (Assaker, Vinzi & O'Connor 2011; Dwyer & Edwards 2009). Acknowledged that offerings and markets would need to be adequately unique to achieve product differentiation, the relevance of product development has received vast recognition across diverse businesses (Klaus 2006; Kuncoro & Suriani 2018).

Cultural wise, a study by Al-ansi and Han (2019) further placed destination performance as a crucial prerequisite to the constructive destination image, while dominates both the tourists' attitude and future visitation. Such endeavour is directly associated with the value-creation tendency of products and services as offered within a destination; which in turn, promotes favourable domestic experience (Choe & Kim 2018). Nonetheless, effectiveness is recognized over the tourists' individual pursuits towards preference concerning specific offerings of a destination (Abdillah 2019). Favourable destination image is presumably achievable shall domestic offerings are in congruence to the tourists' underlying travelling desire. The findings by Rátz (2017) suggested the

positive impact of minimal service innovation in meeting the scene of tourism glocalization (i.e. niche product offerings within a destination that caters to diverse international segments), the consequent of product innovation within this context can be far-reaching.

Moreover, the fundamental factor that facilitates product innovation and development has perpetually fallen on the aspect of monetary profitability among business operators (Koellinger 2008). However, undertaken operations are required to emphasize on the aspects of service quality and variations as procedures that facilitate destination-related excitements among potential visitors (Dabphet 2017). Such practices could be multi-faceted in uplifting tourists' perceptions towards the image of a particular destination, which comprised eco-tourism, event tourism, voluntary tourism, professional tours, as well as loyalty programs as subjects of product innovations. The first hypothesis for this study is, therefore, postulated as follows:

H_1 Product innovation possesses a positive influence on destination image.

PROCESS INNOVATION

Recognized as an evident shift in current production function parallel to decreased variable costs across the production cycle of existing tangible and intangible offerings, the intention of process innovation seeks greater productivity (Greenberg, Hill & Newburger 2019). Therefore, business growth hereby arose as the primary objective for process innovation in developing original or improved techniques of manufacturing existing goods or services (Najafi-Tavani et al. 2018; Stanković & Đukić 2009). Process innovation in a business contributes to sustainability and competitiveness. Significance corresponding to tourist destinations has been placed in determining imperative process elements that require innovation. As such, prior experience, word-of-mouth, and competencies of tourism organisations to forge a favourable destination image would essentially establish tourists' perceptions towards particular destinations (Stanković & Đukić 2009). Innovative pursuits among tourism practitioners would genuinely precede both product and process innovation, which further promotes effective marketing innovation (Sari et al. 2019). Often, preferences of new and returning tourists are affected by the mentioned process components.

Likewise, the importance of service innovation is further extended towards stages of the product lifecycle besides delicate efforts in managing product pricing, to achieve heightened production capacity (Chenavaz 2012). Improved productivity among tourism corporations is deemed attainable through aggregating components within an organisation's process, with that of skill development, human resource management, and ICT operation (Greenberg et al. 2019). Acknowledged, sustainable companies increase the adoption of process innovation as a means of maintaining a competitive advantage. Hogan and Coote (2014) further placed market competitiveness as a direct consequence of performance-based innovation towards the general management of an organisation. Amidst constructing enduring customer relationships within the marketplace, process innovation aids to secure a corporation's continuity. The organisational environment which placed employees as essential assets in offering effective self-managed contact points and constructive servicing feedback is hereby highlighted (Sørensen & Jensen, 2019). As explained by Najafi-Tavani et al. (2018), process innovation is being regarded as an instrument that adds value to offered products, drives service improvements, to obtain customer recognitions. Essentially, organisational performance would be influenced by the adoption of new technologies, alongside organisational innovation (Sapprasert & Clausen 2012).

Being an essential element to service innovation, process innovation has demonstrated a positive association to consumers' satisfaction and retention in various servicing industries, besides contributing to a favourable organisational image (Cheng, Cham, Dent & Lee 2019). Similarly, innovation applied towards organisational processes within the tourism sector proceeds as a value-added performance to offered services. A study by Ng, Ahmad and Jusoh (2016) has further revealed personnel supports as the greatest pull factor towards tourism servicing. Decisions made across new and rebound visitors would then be affected by elements constituted such process. Herewith, the second hypothesis postulated upon reviewed compendium as follows:

H_2 Process innovation possesses a positive influence on destination image.

ORGANISATIONAL INNOVATION

Organisational innovation is described by Sundbo and Gallouj (1999) as a contemporary structure of an organisation or its management. Whereas, Sapprasert and Clausen (2012) have presented the notion where the performance of an organisation is essentially influenced by organisational innovation, besides advancement in the adoption of technology. Performance-based innovation undertaken towards a firm's general managers have been recognized to boost organisational competitiveness within the marketplace (Armbruster et al. 2008; Hogan & Coote 2014; Michaelis & Markham 2017). Cultural affinity aside, customer-employee interaction has emerged as a substantial contributor in ensuring satisfaction among visiting tourists. The findings by Hayati and Novitasari (2017) have further acknowledged servicing quality within components of attractiveness, available amenities and convenience as the antecedents towards visitors' fulfilment. With Yang, Chen and Huang (2017) proposing the importance of customer orientation

and customer-organisational identification in yielding market retention, organisational innovation is then presented by Oluwayemisi and Olarewaju (2018) for ensuring customer satisfaction, through the practice of continuous organisational learning.

Remarked by Gallego et al. (2013), modest and minimal revolutions through organisational innovation, while being fairly inconspicuous, would manifest immerse enhancements to the quality of product offering, as well as robustness in administrative costs, adaptability, and accelerated productivity. Multiple pieces of research have demonstrated a positive relationship between organisational innovation and performance, which promotes sales growth (Carboni & Russu 2018; Gallego et al. 2013; Hogan & Coote 2014; Sapprasert & Clausen 2012). Additionally, efforts put into organisational innovation would promote work quality and efficiency, improve the networking system, and enhance a firm's readiness to grasp and exploit new technologies and know-how (Carboni & Russu 2018). Proficiency in both networking and information transfer would hereby entail enhanced innovativeness, promote market competitiveness and improve overall operational effectiveness. However, such cases have contradicted the findings by Lita, Faisal and Meuthia (2020) where organisational innovation, while being directly dependent on a firm's cultural setting and business direction, does not necessarily represent enhanced performance. Having said that organisational innovation being a stepping stone towards operational improvements, the situation is rather circumstantial.

Even so, the fulfilment of underlying expectations among customers is fundamentally aimed for organisational innovation as a means to assure satisfaction (Hogan & Coote 2014). Organizational proficiency would then be dependent on disposable resources (both tangible and intangible), knowledge transfer and operational improvement, as well as a product innovation (Agusetyaningrum, Mawardi & Pangestuti 2016). In this regard, innovation from both aspects of internal administration and external trading is not to be overlooked among tourism practitioners (Zuñiga-Collazos 2018). Extensive consideration has, nonetheless, recognized organisational innovation as a potential factor that influence the perceived destination image among tourists. Therefore, the third hypothesis is postulated as follows:

H$_3$ Organisational innovation possesses a positive influence on destination image.

MARKETING INNOVATION

As understood from Sundbo and Gallouj (1999), marketing innovation encompasses initiations of new market behaviours, with either the discovery of an unexploited market segment or the introduction of a distinct industry into an existing market. Intended for

realizing and expanding the sales market, marketing innovation hereby comprises the development of an entirely original marketing strategy, as well as promotional strategies that have undergone cumulated alterations (Énalan & Soteriades 2012; Gupta et al. 2016). Attention is brought to the convenient and pleasure-seeking mindset of fellow tourists throughout their touring experience, with expectations fall beyond basic obligations to cover comprehensive packages in transit, entertainment, accommodation, and diverse other relatable services. The complexity of an all-inclusive tourism package would demand close exchange and collaboration between practitioners within the tourism industry in developing attractive programs that succeed in appealing destination marketing. Surpassing singular control, adjoined efforts in collaborated marketing appear as paramount that decides the efficiency of destination marketing, followed by its eventual success (Gupta et al. 2016).

There is also a growing demand for destination marketing, given both customer requests and intensified competition among tourism destinations. As far as realizing success within the international tourist trade concerned, the need for the collaborative endeavour in destination marketing between tourism organisations is emphasized. Such a venture primarily encompasses assessing niche segments inside the existing market, as well as determining a relatively unexplored market segment (Kotler et al. 2018; Malhotra et al. 2013). Discussed repercussions have identified marketing innovation as a direct antecedent to differentiation and cost leadership within the business front; in turn, bring about tenable competitive advantage (Amit & Schoemaker 1993; Narduzzo & Volo 2018). A study by Paliwoda et al. (2009) further revealed collaborative innovation that enables well-customized product offerings and promotional blueprints as the determinant of a firm's overall competitiveness. Accounting for effectiveness in managing a company's business environment, whilst sustaining and flourishing within the competitive global economy, marketing innovation has, thus, been deemed an indispensable asset and proficiency (Grewal & Tansuhaj 2001; Narduzzo & Volo 2018). Specifically, the marketing alliance incorporating tourism companies is necessary against competitions over the international scale (Gupta et al. 2016; Kotler et al. 2018).

Realized that the hotel and hospitality industry falls heavily above the ground of experiential marketing, on-site encounters would, nonetheless, develop a foothold in driving visitors' satisfaction (Abedi & Ghelich Khani 2016). Hereafter, increased dependency over marketing tools from diverse platforms has prevailed as the comprehensive approach that develops destination image, amidst assisting consumers' travelling decision. Beyond the marketing efforts among tourism companies, market evaluation is extensively allocated on user-generated content regarding actual travelling experience (Kim et al. 2017). Multiple research has further acknowledged the

importance of actual experience in developing consumers' perception, further positive recommendations regarding the visited destination (Michael, James & Michael 2018). Additionally, buzzes, as generated through actual tourist experience, would yield greater market influence over that of organisation-generated information. Yet, such does not exclude the element of familiarity through successful knowledge transfer from both parties in generating destination preference. The effectiveness of organisation-generated marketing remains vaguely confirmed within the currently investigated context. In this regard, the fourth hypothesis is, therefore, speculated as follows:

H_4 Marketing innovation possesses a positive influence on destination image.

TOURIST SATISFACTION

Satisfaction is the extent to which contentment, enjoyment or disappointment when a product meets or fails the expectation of the customer (Kotler et al. 2018). In a study that examined cruises as a recreational experience by Meng, Liang and Yang (2011), satisfaction, alongside perceived value and post-purchase behavioural intention, were found to be significant elements that positively associated with cruise image to voyagers' satisfaction. Tourism wise, the relationship between destination image and visitors' satisfaction has gained extensive justification through studies by Assaker et al. (2011); Meng et. al. (2011). As understood from Loi et al. (2017), revisit intention is generated from a positive destination image, specifically through the indirect formation of satisfaction. However, such is not the case by Permana (2018) who has proposed the absence of direct causation between both satisfaction and destination image, despite satisfaction being determined as a direct predictor of tourist retention. Mansori and Chin (2019); Veasna et al. (2013) have further proposed destination image as the indirect predictor to satisfaction on a specific destination, through the development of positive destination attachment. Destination image as investigated by Králiková1, Peruthová and Ryglová (2020) has also shown to exert a direct association on satisfaction, particularly from the aspects of location's attractiveness, uniqueness and cultural politeness. Recognized that satisfied tourists possess a greater likelihood for positive word-of-mouth on the visited destination, this is indirectly dependent on the image of the visited location. Herewith, propositions are presented upon two dissimilar perspectives, namely 1) the direct and 2) indirect correlation between destination image and satisfaction.

The current study, thus, focused on assessing the relevance of the first perspective within the context of tourism, following the fifth hypothesis being postulated as:

H_5 Destination image possesses a positive influence on tourist satisfaction.

THE MODERATING EFFECT OF NATIONALITY

In the hospitality industry, tourists' nationality plays a critical role in influencing attitude and behaviour (Pantouvakis & Renzi 2016). This might be due to the differences in experiences and cultural backgrounds (Cheng, Gan, Imrie, & Mansori 2019; Pantouvakis & Bouranta 2013; Pantouvakis & Renzi 2016). A study by Dündar and Güçer (2015) has found that the tourists' perceptions of the destination image of a particular location are influenced by their nationality. Dündar and Güçer (2015) further argued that the perceived destination image differs with nationalities. Cheng et al. (2019) added on by proposing that the degree of tourists' satisfaction varies as they have different levels of expectation towards service consumption. This might be attributed to differences in past experiences, peer influences, and marketing activities practised by service firms.

While common ground remains existential, multiple studies have suggested a difference between domestic and international tourists in evaluating their destination preference. The phenomena is further extended towards the visitors' behavioural inclination upon their visitation, in terms of monetary spending, lodging duration and geographical excursion (Dean, Novianti & Noor 2020). Cultural predisposition is inevitably highlighted where lower rating among international tourists towards a travelling experience as compared to their domestic counterpart has been the result of diminished cultural congruency and local interactivity. With four main considerations as outlined by Lee et al. (2018) that explain cultural distance within the context of tourism (i.e. societal layout, individual relationship, accommodative setup, and verbal interaction), the similarity in lifestyle practices between both the hosts and the visitors has further showcased greater relevance towards the experiential benefits of a visit. A study by Báez-Montenegro and Devesa-Fernández (2017) has then highlighted travelling motivations between both international and domestic tourists as a crucial factor that guides organisational endeavours in cultivating cultural tourism.

Realized that various studies have investigated the perceptions among international tourists towards localized ambiance and domestic offerings visitors' nationality has prevailed in multiple occasions as an accounted factor upon assessing both destination preference and travelling experience (Pantouvakis & Patsiouras, 2016). These findings have indicated that the relationship between destination image and tourist satisfaction can be potentially affected by their nationality. Hence, the following hypothesis is developed:

H_6 Nationality possesses a moderating effect on the relationship between destination image and tourist satisfaction.

Based on the previous discussion, Figure 1 illustrates the conceptual framework for the present study.

RESEARCH METHODS

The nature of this study has been founded upon causal research, in assessing the significance of service innovation within the Malaysian tourism front, while analyzing components outlined for service innovation as per the currently investigated context. The scope of service innovation was hereby identified through the definition by Sundbo and Gallaouj (1999), with its components segmented upon *product innovation, process innovation, organisational innovation,* and *marketing innovation*. Following this, previous literature had been used as the basis in operationalizing the measurement of investigated constructs including service innovation, destination image, and tourist satisfaction (*please see Table 1*). A 7 point Likert-scale was then adopted in measuring all the considered items, where 1= strongly disagree and 7= strongly agree.

A systematic sampling approach was employed in this study. Specifically, the target population consisted of 550 individuals who had travelled in Malaysia during the period of data collection. Data collection was proceeded through the use of a self-administrated questionnaire, consisted of both scaled variables and demographic enquiries. The required data had further been collected among tourists at various hotels and tourism hot-spots across Kuala Lumpur. A screening question was asked to secure that the tourists had spent at least one night at a hotel in Malaysia, to prevent response error. The distributed questionnaire would require approximately 15 minutes toward completion. Ultimately, the collected data was analyzed through statistical methods including descriptive analysis and structural equation modelling. With 550 questionnaires being distributed among the targeted respondents, a total of 540 questionnaires were returned. Accounting for 68 questionnaires being rejected because of missing data, this amounted to 472 responses in usable data. In ensuring heightened validity and reliability of the collected data, feedbacks with missing data should be removed before structural equation modelling (SEM) analysis (Hair et al. 2010). Therefore, samples with missing data were necessarily excluded following the employment of SEM for this study.
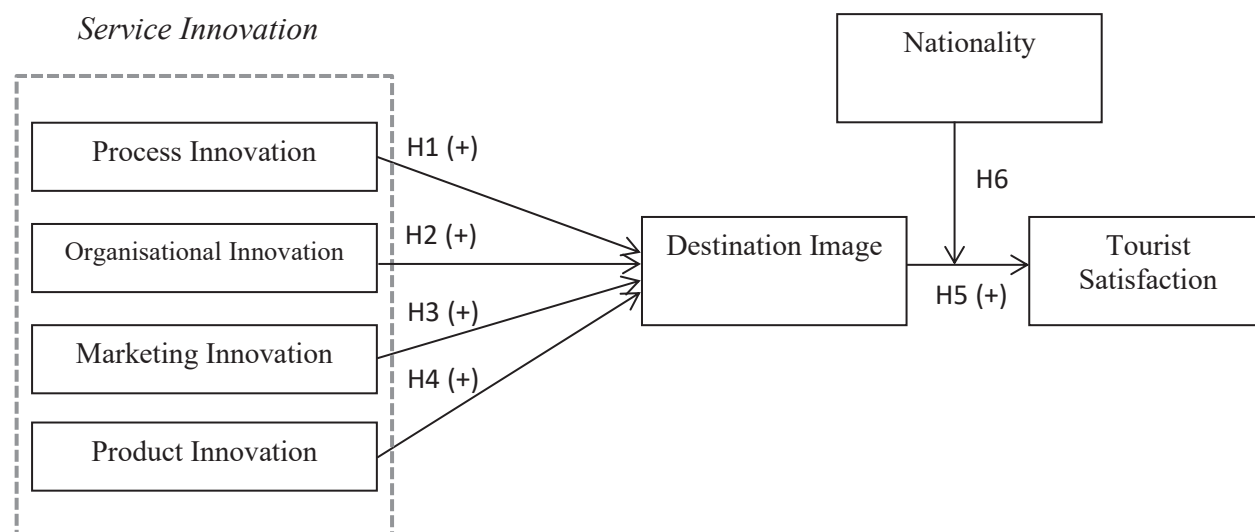

FIGURE 1. Conceptual Framework

TABLE 1. Measurement constructs

Variables	Source
Service Innovation	Cheng (2014)
1. Product Innovation	
2. Process Innovation	
3. Organisational Innovation	
4. Marketing Innovation	
Destination Image	Veasna et al., (2013)
Tourist Satisfaction	Veasna et al., (2013)

DATA ANALYSIS

RESPONDENTS' PROFILE

The respondents' demographic profile was tabulated in Table 2. With reference to Table 2, the information reveals 53.1 per cent of the tourists who had travelled in Malaysia were female tourists, with the remaining being males. In term of the age group, the majority of the respondents comes from the age group between 30 to 40 years old. Nationality wise, most of the respondents are international tourists, which composed 68.3 per cent of the total respondents. Whereas, most of the responses for this study come from a Diploma and Bachelor's Degree holders, which consisted of a total of 59.9 per cent.

CONFIRMATORY FACTOR ANALYSIS
FOR CONSTRUCTS

Since the constructs were adopted from exiting literature (e.g. product innovation, organisational innovation, process innovation, marketing innovation, destination image, and tourist satisfaction), the recommendation is placed on employing confirmatory factor analysis (CFA) in addressing the validity and reliability aspects of the constructs (Hair et al. 2010; Hair et al.1998). As understood from Fox et al., (2017), CFA, being regularly employed in social science researches, is a statistical approach within structural equation modelling (SEM) implemented towards assessing adopted constructs are in coherence to the applied theory. On the other hand, Guo, Aveyard, Fielding, Sutton and Howard (2008) further confirmed the use of model fit, convergent validity, and discriminant validity as the basis of evaluations via CFA for the measurement model. Indices including Chi-square, degree of freedom, normed chi-square, goodness-of-fit (GFI), Root Mean Square Error of Approximation (RMSEA), Comparative Fit Index (CFI), and parsimony comparative fit index (PCFI) were hereby used to determine the model fit for this study. Fitness consideration in accordance to the past literature has placed recommendations of a threshold value for normed chi-square within the range of 1.0 to 5.0, GFI exceeding a value of 0.90, RMSEA below the value of 0.08, CFI exceeding 0.90, and PCFI exceeding 0.50. Under circumstance of this study, Chi-square= 459.133, df= 283, normed chi-square= 1.622, GFI = 0.907, RMSEA = 0.044, CFI =0.962, and PCFI= 0.837 were yielded for its measurement model, further indicating that the model is well-fitted.

In assessing the convergent validity, three main criteria as outlined by Fornell and Larcker (1981) were based on its establishment. Conditions are placed upon factor loading (preferably exceeds a value of 0.60), average variance extracted (preferably exceeds a value of 0.50), and composite reliability (preferably exceeds a value of 0.70). As seen through Table 3, factor loadings for the entirety of the measurement items have been recorded over 0.60, the values for the constructs' average variance extracted are being recorded at over 0.50, while the values of composite reliability have been determined at over 0.70. These, thus, established existing composite reliability for the current study. Additionally, discriminant validity was addressed within this research by assessing the correlation matrix by comparison between the examined constructs and the squared values of their AVE (Fornell & Larcker, 1981). With reference to Table 3, the correlation values of the constructs (off-diagonal) have emerged smaller to all the values for their corresponding squared AVE (diagonal and bold); in turn, confirmed the establishment of discriminant validity within this study.

PATH ANALYSIS

All the hypothesized relationships for the current study were tested in this section through the use of AMOS. Herewith, the model fit indices for the structural model are recorded at Chi-square= 707.297, df= 310, normed chi-square= 2.272, GFI = 0.865, RMSEA = 0.063, CFI =0.914, and PCFI= 0.807; which, identified the structural model to be reasonable fit. The statistical outputs are as tabulated in Table 4. As observed, a significant positive impact has been demonstrated by all the investigated dimensions for service innovation on tourists' perception of the destination image. The findings, thus, exemplified that process and product innovations, as well as organisational and marketing innovations independently hold 99 per cent and 95 per cent in confidence level, respectively. Among all the dimensions in service innovation, it was found that process innovation has the most powerful influence on destination image. Besides, the positive influence of destination image on tourist satisfaction is also revealed through the statistical output ($\beta = 0.395$, p <0.001).

MODERATING EFFECT OF NATIONALITY

As for hypothesis 6, the moderating effect of nationality was conducted based on the suggestion by prior literature (e.g., Cheng et al. 2017; Gaskin 2011). Continue with the pre-determined approach, respondents' nationality was divided into two distinct categories, i.e. Malaysian and Non-Malaysian (International). The moderation effect of customers' nationality within the relationship between destination image and tourist satisfaction would then be gauged through assessing the value of the z-score. With this, moderation effect prevails for a variable in the case when the value of z-score is upper than 1.96 (p-values < 0.05). As referred to in Table 5, the z-score of 2.698 (p<0.001) indicates that the relationship between destination image and tourist satisfaction is moderated by their nationality. The findings further reflect diverging influence the image of Malaysia as a destination holds on tourists' satisfaction between both domestic and international tourists, whereby the effect is stronger

TABLE 2. Respondent demographic profiles (n= 472)

	Descriptions	Percentage
Gender	Male	46.9
	Female	53.1
Age	Below 30	30.8
	30-40 years old	54.3
	Above 40	14.9
	Malaysian	31.7
Nationality	Non-Malaysian	68.3
	High School	14.3
	Diploma & Bachelor	59.9
Education	Master & Doctoral	18.0
	Professional Certificate 7 Others	7.8

TABLE 3. Test results on discriminant and convergent validity

	F.L	CR	AVE	DI	PRDI	OI	PROI	MI	SAT
Destination Image	0.715 -0.795	0.861	0.553	0.744					
Product Innovation	0.688- 0.814	0.889	0.672	0.227	0.820				
Organisational Innovation	0.754 - 0.856	0.883	0.655	0.183	0.092	0.809			
Process innovation	0.704- 0.929	0.865	0.562	0.404	0.103	0.026	0.750		
Marketing Innovation	0.622 – 0.798	0.800	0.504	0.284	0.052	0.180	0.229	0.710	
Tourist Satisfaction	0.689 - 0.775	0.855	0.542	0.380	0.052	0.190	0.265	0.287	0.737

Factor loading; CR= *composite reliability*; AVE= *average variance extracted.*

TABLE 4. Path analysis

Hypothesized Paths	S.E	C.R	P-Value	Decision
Product Innovation → Destination Image	0.216	3.768	0.000	Supported
Process Innovation → Destination Image	0.339	5.356	0.000	Supported
Organisational Innovation → Destination Image	0.166	2.806	0.005	Supported
Marketing Innovation → Destination Image	0.200	3.090	0.002	Supported
Destination Image → Tourist Satisfaction	0.395	5.999	0.000	Supported

Note: S.E = *Standardized Estimate*, C.R = *Critical Ratio*

among international tourists. Hence, it is reported that hypothesis 6 was supported.

DISCUSSION AND IMPLICATIONS OF THE STUDY

The findings as obtained in this study have confirmed the influence of service innovation on destination image; in turn, affects tourist satisfaction. As relationships suggested, service innovation, with account for components of product innovation, process innovation, organisational innovation, and marketing innovation would significantly affect tourists' perceptions towards the image of a particular location. Such perception formed would further act as a direct predictor of their satisfaction regarding a touring experience. These results have, therefore, provided supportive affiliation to earlier researches that explore the area of service innovation in the tourism industry (e.g., Énalan & Soteriades 2012; Mahmoud, Hinson & Anim 2018; Marasco et al. 2018). In particular, consistency is discovered that of service marketing theory where customers' satisfaction is directly affected by their perceptions concerning service quality in general. Yet, the extent to which destination image influences satisfaction is moderated by an individual's nationality.

Differentiations in marketed products through continuous development is deemed necessary towards achieving organisational success (Weiermair 2006). Coming to the context of the tourism industry, importance has been placed on impressing tourists that a certain destination is more unique or has more to

TABLE 5. Moderating effect of nationality

Relationship	Malaysian		non-Malaysian (International)		
	Estimate	P	Estimate	P	z-score
Destination Image → Satisfaction	0.113	0.148	0.372	0.000	2.698***

offer. Tourists are attracted to destinations that promise better or uncommon experiences, as well as value for money. Consequently, results obtained hereby confirmed process innovation as a crucial element in determining tourists' preferences and satisfaction. Therefore, tourism organisations should take cognizance of tourists' past holiday experience, word-of-mouth recommendations, and the firm's competency as these factors influence tourists' perception of a destination under consideration (Stanković & Đukić 2009). Properly managed, these components would construct a favourable image in the minds of tourists, thus making it a preferred choice as a holiday destination.

Moreover, the findings have also supported the proposition by Armbruster et al., (2008), where organisational innovation and destination image are linked, and the former reflects the firm's strategic market positioning as well as its future performance. In relation to marketing innovation, tourism organisations have to be creative to remain competitive when publicizing their products and services. Énalan and Soteriade' s, (2012) observation on tourists' expectations for high standards of service should be heeded and tourism organisations should, accordingly, consider marketing all-rounded packages that incorporated well-thought coordination via relatable services (e.g., transportation, accommodation and entertainment), with sufficient flexibility to cater to the needs of the individual client. Innovation in destination marketing should, therefore, aim at enhancing the tourist's stay, making the experience hassle-free and, ultimately, more enjoyable. In short, collaboration and cooperation with various stakeholders in the tourism industry are one aspect of service innovation that tourism operators cannot afford to overlook.

Noted that the study has identified tourist satisfaction being directly affected by their destination image, the implication is made where tourist satisfaction is more likely achievable for a location that they have previously travelled; provide their perception on the destination image is positive. Reflected through the expectancy-disconfirmation paradigm, previously formed expectations are, nonetheless, the foundation that directly benchmarked tourist satisfaction. However, the claim has partially deviated the conception by Oliver (1980) where expectations were based upon previously unconsumed offerings. Rather, tourists' presumptions and standards concerning particular services are directly associated with an experience, which altered their initial expectations. With multiple literature support the causal associations between service experience, satisfaction, destination image and loyalty (Dean et al. 2020), disconfirmation

emerged as a volatile cognition over static rudiment towards consumers' subsequent judgment (i.e. following altered mindset upon each service encounter). Such is not to say that pre-visit expectation being a negligible factor as it ultimately founded the tourists' satisfaction level upon their first contact point. The current study being solely cross-sectional, the longitudinal potential of the adopted theory is hereby confirmed.

The limitations of the expectancy-disconfirmation paradigm as outlined by Yüksel and Yüksel (2001) have been specifically confirmed through the current study. Besides the possible longitudinal setup of expectation formation towards affecting consumption satisfaction, the issue is recognized in the lack of standardization in terms of formed expectations. As illustrated through the differing impact of destination image on satisfaction between both domestic and international tourists, inconsistency existed towards the measurement of disconfirmation. Herewith, satisfaction fell short of standardized assessment over the experienced service (e.g. higher and lower consumer expectation level presented a dissimilar degree of service fulfilment). While destination image as developed through components of service innovation would undeniably entail tourist satisfaction, the adopted theory displayed a generalized nature, upon forgoing the circumstance of market segmentation.

On the other hand, the finding that satisfaction in relation to destination image is moderated by nationality implies that tourism operators would require to manage tourist expectations differently by considering cultural disparities of clients that. As tourism expands globally, and as tourism organisations jostle with one another to grab their share of the lucrative trade, a major challenge for tour operators is their ability to fulfil the requirements of their customer base from diverse nationalities with regard to communication, expectations, meals, entertainment and leisure pursuits, as well as cultural taboos. Attractions in a destination can vary widely from cultural events (festivals, places of worship, etc.), nature attractions and adventures (forests, geological formations, etc.) food and even shopping. How enamoured tourists might be to any particular type of attraction could also depend on how different or novel that attraction is as compared with what they are accustomed to in their home country. While the findings have indicated that international tourists are more easily satisfied with their trip based on the image of the destination as compared to the domestic tourists, it is equally important to ensure that local visitors enjoy their holiday experience as they could help project a positive image of their holiday destination to others, including friends from overseas.

Policymakers and industry players should collaborate closely in promoting and improving Malaysia's image as the first choice for a tourist destination. Improving existing amenities at tourist spots and providing relevant training for service providers could potentially enhance the image of the country. Malaysia receives millions of international tourists every year and it is important to provide the best level of hospitality and avoid any possible communication problems between service operators and their clients. Official tour guides should be fluent not only in English but competency in other languages like Mandarin, Japanese and Arabic would be additionally advantageous. They also need to be professionally trained and knowledgeable, not only in the history and geography of the country but world events and current affairs as well. Ideally, they should also be trained to be more sensitive to different cultural sensitivities so that tourists of various nationalities would not be unwittingly offended when they are being served. To maintain the retention rate, experienced tour guides should be rewarded with incentives so they do not leave the industry. Such measures would surely augur well for the satisfaction of tourists but also the image of Malaysia as the destination of holiday-makers.

Accounting for the advancement of multimedia platforms as viable marketing tools, tourism organisations are required to partake in the digital bandwagon towards both brand marketing and customer servicing (Truong 2020). Marketing innovation among industry practitioners being a fundamental to message conveyance; buzz marketing (i.e. word-of-mouth) has indisputably held greater value in terms of trustworthiness and influence. The revelation, thus, emphasized the importance of every customer-organisation touchpoint in shaping favourable perceptions; whilst, prompting positive destination recommendations. Retraced upon the foundation of expectancy-disconfirmation, overall service quality as offered by tourism practitioners should meet, if not, exceed customers' expectations, in order to ensure a constructive chain reaction (touchpoint → positive experience → satisfaction → positive buzz). With this being said, tourism organisations should diversify their innovative endeavour across aspects of offerings (service excellence), delivery (personnel training) and administration (management efficiency) in implementing customers' requests; which in turn, generate effective brand communication (be it the tourism entity or the visited destination) as a comprehensive measure towards an expansive and long-lasting market patronages.

LIMITATIONS AND FUTURE STUDIES

The results of this study should be used and generalized by considering the following limitations. Firstly, the survey was conducted from limited tourist spots and airports, which may restrict the geographical diversity of the collected responses. With this, the respondents' views might not reflect those who choose other destinations in the country. Secondly, a cross-sectional design has been employed for this study with data being collected at one point in time. As such, the results may not define clearly any cause-effect relationship. Thirdly, to ensure ease of completion and cooperation of respondents, the questionnaire used a 7 point Likert-scale. Ideally, open-ended responses would help the researcher elicit more appropriate answers. The respondent might give information that throws light on the point raised. However, in this study, the participants had to respond only to the statements concerning selected variables by indicating the degree of their agreement.

In order to validate and reassess the impact of service innovation on the Malaysian tourism industry, some follow-up recommendations for future studies are as follows. First, future studies should involve larger sample sizes. For instance, as an international tourist destination, it is important to ensure that tourists from countries like China and the Middle-East be explicitly included in the sampling as they seem to have increased in numbers in recent years. The questionnaire should also be multilingual as not all tourists are proficient in English. Second, future studies might take into consideration other variables that are not covered in the present study to identify further predictors of tourist satisfaction.

CONCLUSION

Several areas in tourism innovation were previously presented for generating heightened destination attraction, while enhance tourist satisfaction. This study has further demonstrated the importance of service innovation, *viz.* areas of product innovation, process innovation, organisational innovation, and marketing innovation towards affecting destination image; which in turn, yields tourist satisfaction. Primary discovery hereby acknowledged the need for tourism organisations towards an in-depth understanding of their business environment in accordance with the market demand. Following prevailed industrial competitiveness, an improvement in a country's destination image is emphasized to secure a larger slice of the tourism market. Minded that the "Visit Malaysia Year" emerged as an ideal that solidified Malaysia as a renowned tourism destination above the international stage, procedural improvement should be enforced to achieve operational efficiency (i.e. affordability), without undermining the need for product/service customization, administrative excellence and market planning.

However, the significance of nationality as a moderator has further recognized the need for a comprehensive gauge upon the visitors' cultural origin. Positive disconfirmation as proposed within the expectancy-disconfirmation theory holds dissimilar descriptions across individuals from different upbringings (i.e. local and international tourists). Embracing the

mindset where "grass is always greener on the other side", a shortfall in domestic preference reflect greater efforts required by tourism organisations in cultivating a satisfactory destination image among local tourists. Despite multiple events and deals organized towards attracting inbound visitors, negligence of domestic travellers as a vital market segment can be of utmost devastating (from the aspect of short-term profitability, cash flow, and long-term destination image). Such, yet again, highlighted the need for service customization upon cultural-related pursuits and catering. Obtained findings have, thus, uncovered the chained influence of 1) service enhancement in constructing destination image, and 2) destination-based perception on visitors' satisfaction; 3) without overlooking diverging expectations between the local and international tourists.

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