The Formation of Tourist Loyalty: A Lesson from Indonesian Agro Tourism Sector

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Abstract

Purpose: The objective of this study is to examine the relationship between experiential quality toward satisfaction, subjective well-being, and Indonesian agro-tourism' tourist loyalty.

Design/methodology/approach: Two hundred and eight Indonesian tourists which has been visited agro-tourism destination in Indonesia were selected as participants for this study. Data was collected with self-administered questionnaires and analysed by using the variance based Structural Equation Modelling (SEM) or Partial Least Square (PLS) analysis.

Findings: This study empirically confirm a positive and significant effect of agro-tourist experiential quality toward tourist satisfaction. In addition, we also found that tourist satisfaction fully mediated the relationship between agro-tourist experiential quality toward Indonesian tourist loyalty. We also confirm that tourist subjective well-being could be determined by tourist satisfaction and has a positive significant effect toward tourist loyalty.

Research limitations: Some limitations were acknowledged upon the completion of research objectives such as the generalisability of findings, the bias from self-administered questionnaire used in this study and the variables used in predicting loyalty.

Practical implication: Following the findings of this study, we encourage the management of agro-tourism destination in Indonesia to prepare a well-planned marketing strategic that could improve tourist experience, to improve their satisfaction and hopefully increasing the chance of their revisit intention in the future.

Originality/value: The novelty proposed on this study was our conceptual model that has been confirmed to be fit to measure and examined the role of agro-tourist experience quality on building tourist satisfaction, subjective well-being, and Indonesian agro-tourism' tourist loyalty.

Paper type: Research paper

Keywords: Agro-tourist experiential quality, Subjective well-Being, Tourist satisfaction, Tourist loyalty

Introduction

Tourism sector is a sector significantly contributes to the Indonesian economy. Prior to the corona virus pandemic, the average tourism sector grew by 7% annually. However, with the restrictions imposed by the government in order to restrain the spread of the Corona virus, the tourism sector has experienced a significant decline. Therefore, to maintain its sustainability, a tourist destination must have a strategy to maintain its sustainability.

Agriculture-based tourism or often referred to as Agro-tourism is one type of tourism destinations developed by the Indonesian government. As an agricultural country, there are many areas having great potency to be developed as an Agro-tourism. In general, Agro-tourism is a combination of two sectors, namely the agricultural sector and the tourism sector. Integrating these two sectors is very beneficial especially for the agricultural sector because it will reduce the process of marginalisation (Windia et al., 2012). As part of the tourism sector, Agro-tourism is also required to maintain its sustainability. In marketing theory, having loyal customers will provide many advantages for the company (Andreassen & Lindestad, 1998; Hapsari et al., 2017) because loyal customers will make repeat purchases and provide positive recommendations to other consumers. Therefore, by maintaining its sustainability, Agro-tourism will be able to enhance long-term relationships with the tourist leading to the loyalty.

Visiting experience is an important factor for a tourist to revisit a tourist destination. Research conducted by Wu and Li (2014) on heritage tourism shows that an experience quality will increase the desire of tourists to revisit the destination. Recent study conducted by Wu et al. (2017) also confirmed that experiential quality plays an important role as the determinant of a long-term relationship between tourist and the management of rural tourism.

Previous studies noted that experiential quality is an essential predictor of loyalty (Hussein, 2018; Wu & Li, 2014). Unfortunately, these studies did not provide a clear process of how experiential quality affects tourist loyalty. To fill the identified research gap, this study inserts the construct of tourist satisfaction as a mediating variable. This mediating variable is expected to explain the process of how experiential quality affects loyalty. The inclusion of tourist satisfaction as a mediator is due to the fact that previous studies in the field of tourism explained that satisfaction is a determinant for a tourist to revisit a destination (Dean & Suhartanto, 2019; Guntoro & Hui, 2013; Lee et al., 2011) and satisfaction is the result of experiential quality (Wu et al., 2019)

To improve the comprehensiveness of this study, we include subjective well-being as another variable that could determine the tourist loyalty. Recent studies on tourism and hospitality industry have confirmed the important role of subjective well-being as the determinant of tourist loyalty (Chen et al., 2016; Su et al., 2016). It is suggested that having subjective well-being is one of tourist purposes in visiting a tourism destination. Scholars (Chen et al., 2016; Su et al., 2016) suggested that high level of subjective well-being could improve tourist revisit intention. Although this variable has been acknowledged as an essential variable in tourism domain, according to the author's knowledge, currently there is no research that integrates subjective well-being with tourist experience quality and satisfaction within the agro-tourism sector. Integrating subjective well-being in the conceptual model will enhance the knowledge about the formation of agro-tourist loyalty.

Following the research gap explained previously, the objective of this study is to examine the relationship between experiential quality, tourist satisfaction, subjective well-being, and tourist loyalty comprehensively on the agro-tourism sector. The findings of this study should provide a theoretical and practical contributions.

Literature Review
Tourist Satisfaction and Experience Quality
Tourist satisfaction is the gap between expectations and the reality perceived by tourists after visiting a tourist attractiveness (Oliver, 2010). A tourist can feel satisfied or dissatisfied after visiting a tourist destination. Tourist satisfaction is created when the reality is better than expectations. Conversely, dissatisfaction is created because the fact that tourists get is lower than expected.

Prior research suggested that the experience quality play an important role in creating satisfaction. A good experience obtained after visiting a tourist destination will increase the breadth of tourists. Research conducted by Wu et al. (2017) on rural tourism destinations found the important role of experience quality on satisfaction. This study pointed that the higher experience quality a tourist gets, the more satisfied the tourist on their visit. The influence of experience quality on satisfaction is also confirmed by Hapsari (2018) on the artificial tourism destinations. Following the results from previous studies, the first hypothesis proposed in this study:

H1: Experience quality provides a positive and significant effects toward tourist satisfaction

Loyalty, Satisfaction and Subjective Well Being of Agro-Tourism Travelers

In the context of marketing management, customer loyalty is a form of long-term relationship created between consumers and companies. Previous research explains that having loyal customers will provide greater benefits than attracting new consumers (Hapsari et al., 2017). In addition, loyal consumers will be more tolerant of mistakes made by the company (Hapsari et al., 2020). Scholars suggested that customer satisfaction has a critical role in creating loyalty. Consumers who are satisfied with the purchased goods or services have a tendency to make repeat purchases and will recommend the product to other consumers. This is because the satisfied consumers feel that what they get has exceeded the expected value, which means that the goods or services consumed are able to meet and even exceed expectations. Recent studies demonstrated the positive effect of customer satisfaction on customer loyalty (Channoi et al., 2018; Hussein, 2018). Based on these studies, this study predicts that tourist satisfaction will positively affect Agro-tourist loyalty.

Marketing studies have empirically validated the role of satisfaction on loyalty. Bakar et al. (2017) confirmed that satisfied customer has higher chance of become loyal than those who did not satisfied. The effect of satisfaction on loyalty has also been proven by Channoi et al. (2018) in the tourism sector. In addition to having an important role in creating loyalty, previous researchers have succeeded in proving the role of satisfaction on the creation of subjective well-being. Research conducted by Chen et al. (2016) on tourists in China show that the satisfaction obtained by tourists after visiting tourist attractions will create subjective well-being. The finding is supported with the finding by Su et al. (2018) on natural tourism tourists in China. Therefore, this study expects that the satisfaction of Agro-tourist will generate subjective well-being. Following the literature review, the second and third hypotheses proposed in this study are:

H2: Tourist satisfaction provides a positive and significant effect toward Agro-tourist loyalty
H3: Tourist satisfaction provides a positive and significant effect toward subjective well-being

Apart from satisfaction, scholars (Majid & Sadiq, 2017; Su et al., 2016) have proven the important of subjective well-being on the formation of consumer loyalty. These studies show that consumers perceived high subjective well-being will do other transactions in the future. Therefore, it is predicted that the subjective well-being obtained by tourists after visiting agro tourism will affect their loyalty. Based on this, this research formulates a hypothesis:

H4: Subjective well-being positively and significantly influences the loyalty of visitors to Agro-tourism

We also predict the mediating role of tourist satisfaction as he mediation for the indirect effect of agro-tourist experiential quality on tourist loyalty. Thus, the final hypothesis proposed on this study is as follow:

H5: Agro-tourist experiential quality indirectly affects tourist loyalty through tourist satisfaction

Based on studies of the literature, the conceptual model to be tested in this study is depicted in Figure 1.
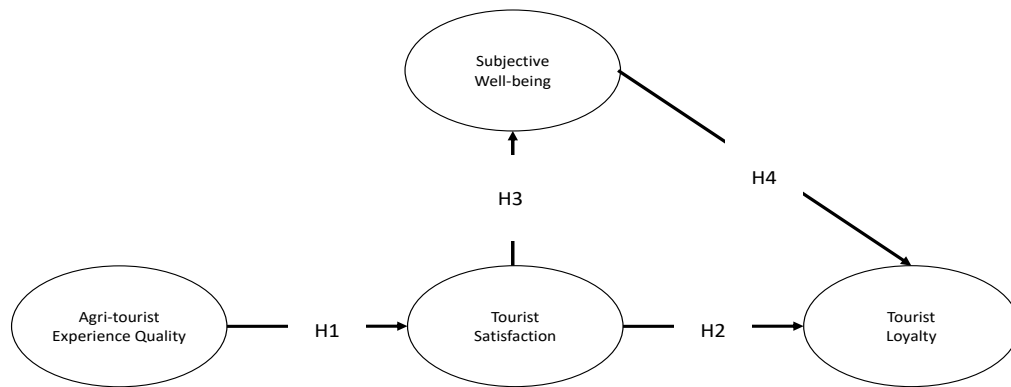
H5 : Tourist satisfaction mediates the effect of Agri-tourist experience quality on Tourist loyalty

Figure 1: Conceptual Model

Method
The objective of this study is to scrutinise the relationship of Agro-tourist experiential quality, tourist satisfaction, subjective well-being, and tourist loyalty. Based on the research objectives, this research was conducted using an explanatory research approach. To test the causal relationship, variance based Structural Equation Modelling (SEM) or Partial Least Squares (PLS) analysis with smartPLS 3.2 was used for this study. Prior to hypotheses testing, we conducted outer and inner model evaluation to examine the robustness of proposed measures and model. The outer model evaluation is conducted to evaluate the measurements used this study, which consists of three steps test: the convergent validity test, the discriminant validity test, and the reliability test. The inner model evaluation is conducted by examining the Coefficient of determination (R^2) score and Goodness of Fit (GoF) value. The hypotheses testing is determined by setting the confidence interval to 5%.

Data was collected using a self-administered questionnaire. Questionnaires were circulated to 250 participants, while only 208 questionnaires might be analysed. The questionnaires were divided into two sections. The respondents' profiles were asked in the first section while the second part asks about the variables to be analysed.

Findings
Outer Model Evaluation
To determine if the measurement used on this study passed the convergent validity test, we examine both the outer loading and Average Variance Extracted (AVE) score. To pass the test, a variable must have outer loading exceeds 0.7 and AVE above 0.5. The value of the outer

loading and AVE for the proposed measurement on this study are above the cut-off value. Following Fornell-Larker's (1981) suggestion, discriminant validity test could be done by examining and comparing the square root of AVE between variables. The measurement for this study is considered passed the discriminant validity test if the square root of AVE for each construct is higher than their correlation with other variables. We found no issue on the discriminant validity test as the square root of AVE for all variables within the model are higher than their correlation with other variable. Reliability is evaluated by estimating the value of composite reliability. To passed the reliability test, each construct should have composite reliability score exceeds 0.7. For this study, all constructs have composite reliability above 0.7. Following the result of outer model evaluation, we could conclude that the measurement proposed for this study is valid and reliable. The summary of outer model evaluation for this study is shown in Table 1.

Table 1: Outer Model Evaluation

	Items	Outer Loading	CR	AVE	Fornell-Larcker			
					AGTEQ	SWB	TS	TL
Agro-Tourist Experiential Quality	EQ1	0.770	0.876	0.639	0.800			
	EQ2	0.812						
	EQ3	0.821						
	EQ4	0.794						
Subjective Well-being	SWB1	0.816	0.882	0.652	0.753	0.807		
	SWB2	0.790						
	SWB3	0.813						
	SWB4	0.809						
Tourist Satisfaction	TS1	0.786	0.880	0.647	0.742	0.732	0.805	
	TS2	0.737						
	TS3	0.847						
	TS4	0.843						
Tourist Loyalty	TL1	0.871	0.825	0.613	0.606	0.671	0.634	0.783
	TL2	0.786						
	TL3	0.681						

Inner Model Evaluation

Inner model evaluation is conducted to examine the strength of the proposed structural model. The inner model evaluation is done by evaluating the score of coefficient of determination (R^2) and the Goodness of Fit (GoF) value. The results of the estimation of the inner model show that the R^2 value varies between 0.495 and 0.551 and the GoF value is 0.879. Inner model evaluation explained that the proposed conceptual model is robust. Following the result of the inner model evaluation, we could continue use the proposed model for the hypotheses testing stage. The summary of inner model evaluation is shown on the Table 2.

Table 2: Inner Model Evaluation

	R^2
SWB	0.536
TRV	0.495
TS	0.551

$$\text{GoF} = \sqrt{R^2 \; x \; \overline{AVE}} = 0.879$$

Hypothesis Testing

The first hypotheses predict that agro-tourist experience quality could provide a positive and significant effect on tourist satisfaction. The finding indicates that Agro-tourist experiential quality influence tourist satisfaction positively and significant (b = 0.741; t = 23.541). These findings support Hypothesis 1. The second hypotheses proposed that tourist satisfaction could provide a positive and significant effect toward tourist loyalty. The estimation shows that tourist satisfaction is a factor having a positive and significant influence on loyalty (b = 0.301; t = 3.109). Hypothesis 2 is accepted. Besides having an influence on tourist loyalty, satisfaction is also proven as an important variable in creating subjective well-being (b = 0.733; t = 23,778). Therefore, the proposed third hypotheses is supported. The proposed fourth hypotheses is also supported, following the statistical results (b = 0.453; t = 4,908). Thus, we conclude that there was a positive and significant effect of subjective well-being on loyalty. Finally, the fifth hypotheses that proposed an indirect effect of agro-tourist experience quality toward tourist loyalty with tourist satisfaction as mediation is also supported (b = 0.223; t = 3.113). The summary of hypotheses testing is shown on Table 3.

Discussion

Following the result of our first hypotheses test, we confirmed that agro-tourist experiential quality is one of important determinant of tourist satisfaction. The good experiences that tourists get as a result of visiting Agro-tourism tourist destinations will increase tourist satisfaction. Our first finding supported several of previous research which also provide a strong suggestion for the tourist destination management especially in the agro-tourism sector to strengthening their marketing strategy that could improve their visitors experience quality (Wu & Liang, 2009; Wu & Cheng, 2019).

As a concept that has been widely researched, this study shows that Agro-tourism tourist satisfaction has an important influence in the process of fostering long-term relationships with tourists. Specifically, this study proves that customer satisfaction could provide a positive and significant effect toward tourist loyalty. The finding supports the results of previous studies (Hussein, 2018; Kusumawati et al., 2020) which prove the important role of satisfaction on loyalty. Besides having an important role in increasing loyalty, satisfaction has also been confirmed as an important determinant of tourist' subjective well-being. The confirmation on our third hypotheses proves that tourists who are satisfied with their visits to Agro-tourism destinations will have high subjective well-being. Our third finding supports previous studies which also confirmed satisfaction as the determinant for subjective well-being (Majid & Sadiq, 2017; Su et al., 2016).

Theoretical, Practical and Social Implications

After completing the research objective, additional interesting finding is also found on this study. This study predicted an indirect effect of Agro-tourist experiential quality toward tourist loyalty with the mediation of satisfaction, which is confirmed following the result of our fifth hypotheses testing. This finding theoretically explained that tourist encounter for both directly and indirectly with the all elements of Agro-tourism will enhance tourist satisfaction as an individual's internal state. Satisfaction is the key factor for a tourist to revisit the Agro-tourism. Hence, the good experiential quality will create satisfaction which is finally leading to loyalty. Apart from the indirect effect of Agro-tourism experiential quality on tourist loyalty, this study contributes to literatures by showing the essential role of subjective well-being in affecting tourist loyalty. This significant effect implies that Agro-tourism management must be able to enhance individual's subjective well-being as it will bring the tourist to revisit the destination.

Limitations and Suggestions for Future Research
Although this research provides some practical and theoretical contributions, there are still some limitations that need to be reported. First, the sample involved in this study are tourists who visit Agro-tourism tourist destinations. Therefore, this study finding cannot be generalised to other tourist destinations. To get a more comprehensive understanding of the relationship between the variables tested, future research can replicate it in other tourist destinations. In addition to being related to the sample, this study uses a self-administered questionnaire as a research instrument. The use of a self-administered questionnaire has the potential to create bias. Although it could not eliminate the possible bias, several steps were taken to reduce bias, such as giving an anonymous questionnaire and making short statements so that respondents could easily understand them. Finally, this study only focuses on experience quality, satisfaction, subjective well-being and loyalty. To increase predictive power, further research can add other variables such as destination image and perceived value.

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