



# Role of perceived value in relationship between destination image and visitor satisfaction

*Strategic study with reference to mediating role of perceived value with emphasis on Kerala*

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## Abstract

Over the years, a large number of tourism researchers argue that destination image is one of the most important elements for gaining competitive edge and a significant predictor of tourists' satisfaction. The conceptualization of destination image is complex and context oriented. However, in Kerala context, there is a lack of research in this area. Hence, this study analyses the factors of destination image and its impact on perceived value as well as satisfaction. This study also attempts to empirically test the mediating role of perceived value on the link between destination image and tourists' satisfaction. A conceptual model encompassing the dimensions of destination image, perceived value and satisfaction in the tourism setting has been developed. The model is then empirically tested using Smart PLS 2.0 software. Empirical results, based on the samples of 262 randomly selected tourists from Kochi area support that destination image, as a multidimensional factor, in association with perceived value significantly affect tourists' satisfaction. A more comprehensive model can be developed considering some other context specific antecedent variables. Managerial implications have been drawn and further research is suggested.

**Key Words:** Destination image, perceived value, tourist satisfaction, mediation

## 1.0 introduction

Overall destination satisfaction largely depends on the accumulated level of satisfaction with all the services a tourist receive (Chen & Kerstetter, 1999). This view also indicates the necessity of understanding the role of destination image in understanding tourists' behavior. Moreover, changing behavior of the tourists is alarming and understanding the role of tourism destination image in the mind of the tourists is essential for the success of this industry (Joppe et. al, 2001). In recent years, tourist perception, emotions, destination image, perceived value, satisfaction and loyalty has gained considerable attention in tourism research. It is assumed that a positive destination image will result in positive perceived value, which eventually affect satisfaction. However, the conceptualization of the relevant elements contributing in the formation of destination image is an issue of considerable debate (Jeong and Holland, 2012). Hence, it is time for the practitioners and academics to conduct further context specific research to explore more about destination image and its impact in a particular tourist setting.

This study also aims in investigating the mediating role of perceived value in the link between destination image and satisfaction. Moreover, most of the existing destination image studies are mainly Asian focused and almost very few in Kerala perspective. Hence, this study aims in filling this gap in the literature.

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## 2.0 Literature Review and Hypothesis Development

### 2.1 Destination Image

Destination image can be viewed as a set of beliefs, ideas, and impressions that people have about a destination (Dadgostar and Isostalo, 1992; Richardson and Crompton, 1988). Both cognitive and affective evaluations have a direct impact on the overall image (Baloglu and McCleary, 1999; Beerli and Martin, 2004). Their results provide a strong support to the intervening role of affective evaluation between cognitive evaluation and overall destination image, as well as the interactive effects of the two components in forming overall destination image. Based on the conceptual and empirical perspectives from the literature, the following hypotheses are postulated.

*Hypothesis 1: Cognitive destination image positively influences overall destination image.*

*Hypothesis 2: Affective destination image positively influences overall destination image.*

### 2.2 Destination image and perceived value

Destination image can be defined as a tourist's general impression of a destination (Fakeye & Crompton, 1991), that is, it is 'sum of beliefs, ideals and impressions' that a visitor has toward a certain place (Kozak & Andreu, 2006; Assaker & Hallak, 2013). Destination image has direct influence on tourists' intentions (Chen and Tsai 2007

*Hypothesis 3: Destination image positively influence perceived value.*

### 2.3 Perceived value and tourists' satisfaction

Many interesting factors tourists may consider before considering a place to travel such as natural environment, availability of attractions and amenities (Murphy et al., 2007), quality of different tourism services, service provider's reputation (Yuksel and Yuskel, 2001). Moreover, the service cost and travel cost also significantly influence site selection process. Thus, the following hypothesis is proposed:

*Hypothesis 4: Perceived value has a positive effect on tourist satisfaction*

### 2.4 Destination image and satisfaction

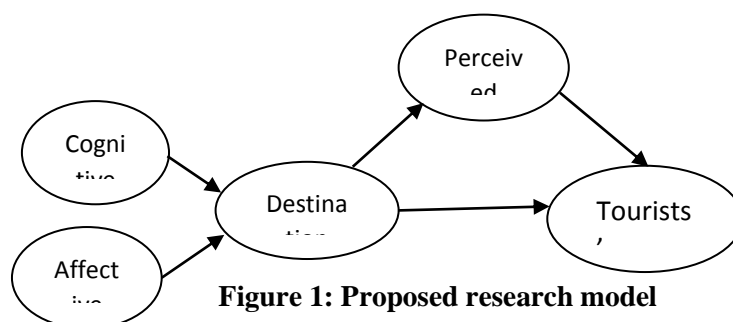
Satisfaction can be seen as a tourist's post purchase assessment of the destination (Oliver, 1980). Previous studies show that the image of a destination is a critical factor in influencing tourists' satisfaction (Kandampully and Suhartanto, 2000; Loureiro and Gonzalez, 2008; O'Leary and Deegan, 2005). Therefore, the following hypothesis regarding the impact of a destination's overall image on satisfaction is formed:

*Hypothesis 5: Overall destination image positively influences tourists' satisfaction.*

### 2.5 Perceived value as a mediator of the link between destination image and satisfaction

Several scholars have empirically investigated the relationship between destination image and tourists' satisfaction however, produced mixed results (Bonney-Claudet & Ghantous (2013). Recent literature identifies other variable, such as perceived value play a vital role in the destination image and satisfaction link (Ramseook-Munhurrin et al. 20015; Bonney-Claudet & Ghantous, 2015). From the literature, it is apparent that destination image indirectly influences satisfaction via the trip-quality perceived value (Chen & Tsai, 2007). The evidence therefore, shows that perceived value has positive image on satisfaction. Hence, the following hypothesis can be conceptualized.

*Hypothesis 6: Perceived value mediate the relationship between destination image and tourists' satisfaction. Based on the above discussion, the conceptual framework for this study is presented in Figure 1*



**Figure 1: Proposed research model**

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### **3.0 Methodology**

#### ***3.1 Research Approach and sample***

The study followed a quantitative research approach. Data have been collected from the tourists visiting various tourist destinations in Kochi, Kerala. A questionnaire administered data collection method has been employed to obtain data on the variables encompassed in this study namely destination image, perceived value and tourist satisfaction. Respondents of different tourist spots of Kochi and Mattanchery have been included in the survey. The spots were selected based on their popularity and on judgement. Initially, a total of 300 tourists were randomly included in the survey. Of the sample 47.5% belongs to 25 years age group, 42.3% belongs to 25-35 years, 10.2% ranges between 35 years and above age group. 79.4% respondents are male and 20.6% are female tourists.

#### ***3.2 Data Collection and Measure***

The participation of respondents was voluntary and mall intercept interview method is used to collect data (Malhotra, 2004). Questionnaire was prepared with the help of previous research and review of related literature. There were 27 items in the questionnaire where 16 items have been included to measure cognitive image, five items to measure affective image, three items for destination image, five items for perceived value and another five items to measure tourists' satisfaction. Following the pre-tests some of the items were slightly modified to better fit in the context of this study. All measures used 7-point Likert scales with the anchors 1= strongly disagree to 7= strongly agree.

#### **4.0 Data Analysis**

Out of 300 respondents, a total of 262 successful responses are considered for analyzing the data. The remaining 38 questionnaires are dropped for non-response. This study adopted a partial least squares (PLS) approach using Smart PLS 2.0 (Ringle et al., 2005) software to estimate the measurement and structural parameters in the structural equation model. PLS path modelling was chosen because it is more suitable for small data sets, and does not entail multivariate normal data (Chin, 1998; Tenenhaus et al, 2005). PLS is also appropriate where measurement scales have few items, and distributional characteristics are unknown (Hair et al, 2011). Significance testing of the PLS path modelling is based on bootstrapping procedures. Thus, this study investigated both measurement and the structural models by using Smart PLS 2.0 (Ringle et al., 2005).

### **5.0 Results**

#### ***5.1 Measurement model***

This study used SmartPLS2.0 M3 to analyze the research model. The test of the measurement model includes the estimation of the internal consistency and the convergent and discriminant validity of the instrument items. The measurement model of all constructs initially evaluated the adequacy of each multi-item scale. This study measures internal consistency, reliability, convergent validity, and discriminant validity prior to testing the hypotheses. Table 1 and 2 represent the results of Partial Least Square (PLS) analysis.

The revised model with 23 items was further tested using SmartPLS2.0M3 (Ringle et al., 2005) and found all items exceeding cut-off value 0.6 (see Table 1). The results affirmed that all items are sufficient to represent their respective construct. The composite reliability and average variance extracted for all measures exceeded the cut-off value (0.70 or more and 0.50 respectively), suggesting adequate reliability of the measures (see Table 1).

**Table 1: Measurement items and validity assessment**

Constructs and items	Factor Loading	(CR)*	Cronbach's alpha	AVE
<b>Perceived value (PV)</b>				
PV1	0.714	0.795	0.728	0.59
PV 2	0.733			
PV 3	0.692			
PV4	0.738			
PV5	0.812			
<b>Cognitive Image (CI)</b>				
CI 1	0.704	0.798	0.728	0.54
CI 2	0.612			
CI 3	0.695			
CI 4	0.701			
CI 5	0.733			
<b>Affective Image (AI)</b>				
AI1	0.785	0.804	0.739	0.55
AI2	0.697			
AI3	0.689			
AI5	0.722			
<b>Destination Image (DI)</b>				
DI1	0.792	0.815	0.718	0.69
DI2	0.775			
DI3	0.651			
<b>Tourists' Satisfaction (TS)</b>				
TS1	0.654	0.825	0.746	0.56
TS2	0.712			
TS3	0.701			
TS4	0.705			
TS5	0.721			

\*CR = Composite Reliability

Measures are also considered to have adequate discriminant validity if the square root of the average variance extracted (AVE) for each construct is larger than the correlation between the construct and any other construct in the model (Fornell and Larcker 1981; Henseler, 2009). All constructs in the estimated model fulfilled this condition (see Table 2). Finally, it can be concluded that the results exhibited satisfactory discriminant validity of the tourist satisfaction model.

**Table 2: Discriminant validity**

	CI	AI	DI	PV	TS
<b>CI</b>	<b>0.774*</b>				
<b>AI</b>	0.459	<b>0.735</b>			
<b>DI</b>	0.512	0.612	<b>0.830</b>		
<b>PV</b>	0.412	0.596	0.513	<b>0.721</b>	
<b>TS</b>	0.568	0.651	0.639	0.617	<b>0.748</b>

\*Note: Bold figures on the diagonal are the square root of the AVE.

## 5.2 Assessment of the structural model

### Path coefficient ( $\beta$ ) and statistical significance of t-value

The results of the structural model indicate that all proposed relationships received strong support and all of the proposed hypotheses are confirmed. The results reveal that cognitive image (CI), and affective

image (AI), exhibit a positive influence on image of a destination. Hence, H1 and H2 is supported. Therefore, H3 is supported ( $\beta= 0.35, t= 4.136, p< 0.01$ ).

### 5.3 Mediating Effect of Perceived Value (PV)

This study proposes perceived value as mediators between Destination image (DI) and tourist's satisfaction (TS). This conception refers that, DI positively affects PV, which consequently lead to better satisfaction. This study followed the procedure proposed by Baron and Kenny (1986) to test the mediating effect. If the indirect effect of DI on TS is significant as compared to the direct effect of DI on TS, this will support to establish the significant role of PV in implementing CSR. Hence, the final model argues that DI is positively associated with tourists' satisfaction though the effect is indirect. The existence of full mediation also demonstrates that DI in conjunction with perceived value helps in achieving better tourists' satisfaction.

## 6.0 Discussion and Conclusions

Tourists' satisfaction depends on many factors upon which destination image and perceived value play the most significant role. Previous studies explore the antecedents of tourist satisfaction from a single perspective and solely on western perspectives. This study emphasized on an integrated tourist satisfaction model considering a developing country perspective like Kerala. To develop an integrated model this study first identifies the key issues related to destination image and then investigates its impact on tourists' satisfaction. It has been recommended that destination image studies should capture the destination's attribute-based and holistic components, and include functional (cognitive) and emotional (affective) characteristics (Echtner and Ritchie, 1993; Tapachai and Waryszak, 2000). Accordingly, the findings of this study also revealed that destination image is determined by cognitive and affective images.

The empirical results suggest that cognitive image along with affective image significantly affect destination image formation process. Customers may feel happy and satisfied with a destination with positive impression about that destination and/ or previous experience, but their perceived value could be low because of high cost. Findings also reveal that perceived value of a destination could be an important predictor of tourist satisfaction and can offer a greater competitive advantage. Moreover, perceived value mediate the relationship between destination image and tourists' satisfaction.

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