RESEARCH ARTICLE

A Structural Equation Modeling on Factors Related to Foreign Tourists' Destination Satisfaction and Destination Loyalty: The Case of Lanna Cultural Tourism in Thailand

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Abstract: Little is understood about factors associated with destination satisfaction and destination loyalty among foreign tourists in Thailand's cultural tourism in the Lanna or northern region. Systematic knowledge is needed to help further guide the development of a nuanced tourism strategy. Using structural equation modeling, this study determines the relationships of destination image, Thailand's brand equity, and 8Ps tourism marketing, with destination satisfaction and destination loyalty. Results suggest that each of the three model variables has a statistically significant positive relationship with destination satisfaction and destination loyalty. Destination satisfaction is influenced more strongly by destination image and by Thailand's brand equity than by 8Ps tourism marketing, while destination loyalty is influenced more markedly by 8Ps tourism marketing than by destination image and by Thailand's brand equity. While destination satisfaction influences destination loyalty, the extent of influence is only partial, suggesting that destination loyalty is dependent on other unexplored variables.

Keywords: destination image, Thailand's brand equity, 8Ps tourism marketing, destination satisfaction, destination loyalty

As a global and regional powerhouse in tourism, Thailand continues to draw tens of millions of and hundreds of millions of revenues from foreign tourists. Government data reveal that the Kingdom's number of foreign visitors from 2007 to 2014 increased steadily from 14.0 million to 24.8 million (Tourism Authority of Thailand, 2015). In 2014, revenues from foreign tourists reached an all-time high of 1.17 trillion baht, with each tourist found to have spent 47,272 baht per visit. In 2006, foreign tourists were reported to have come to Thailand for 8.62 days on average per visit. In 2018, the country's main tourism markets were China, Malaysia, South Korea, Lao PDR, Japan, India, and Russia (Tourism Authority of Thailand, 2018).

Despite being a phenomenally successful story known the world over, Thailand continues to evolve its tourism marketing strategies. Tourism is a bedrock of Thailand's economy, employing about 5.83 million

workers or 15.5% of the total labor force (World Travel & Tourism Council, 2018). The increasing competition from other countries, as well as the compelling need to sustain its tourism arrivals and revenues, are revitalizing the Kingdom's resolve to also adopt a more strategic and socially significant marketing approach, such as cultural tourism. As a primary feature of most developed tourism industries like those in Europe, cultural tourism promotes and markets tourist areas because of their significant historical and cultural features (Richards, 2005). Cultural tourists are thus keen to know about the art, festivals, and traditional folk heritage within a tourist destination. Because of its rich historical and cultural heritage, Thailand has been marketing various regional tourist destinations for cultural tourism, including its northern or Lanna region.

Lanna comprises eight provinces, namely, Chiang Mai, Chiang Rai, Mae Hong Son, Lampang, Lamphun, Phrae, Nan, and Phayao. Chiang Mai, once the center of the Lanna Kingdom, is now more than 700 years old, which means that it offers—along with others in the region—an array of ancient sites for foreign tourists to study and visit. Overall, the eight Lanna provinces have between 20 and 50 tourist attractions. Government figures suggest that the Lanna cultural tourism has been very successful in drawing foreign visitors. For example, in 2009–2015, the eight provinces had a cumulative total of 17.9 million foreign tourists, with the number expected to increase even more in the coming years. Chiang Mai, Chiang Rai, and Mae Hong Son are the destinations that invariably receive the highest numbers of foreign visitors in that particular order. Chiang Mai serves as the queen destination in Lanna, having been visited by 70% of the entire foreign tourists who visited the region (Office of the Prime Minister, 2017).

Lanna's enormous number of foreign tourists (surpassing even the national-level arrivals of other Asian countries) is indicative of the satisfaction and loyalty that this category of visitors has towards the region's cultural tourism and Thailand's foreign tourism as a whole. In the published research literature, while much is understood about factors related to destination satisfaction and destination loyalty (e.g., Ruiz, Gonzalez, & Zamora, 2018), less is known about the topic in the purview of Thailand's foreign tourism let alone its Lanna cultural tourism. Knowledge is needed to further invigorate the marketing strategies of the

cultural tourism of Lanna in the context of global and regional tourism-related challenges in the 21st century and beyond. This report discusses the relationships of destination image, destination brand equity, and tourism marketing with destination satisfaction and destination loyalty; and the relationship between destination satisfaction and destination loyalty.

Framework and Hypotheses

The conceptualized model comprising the five variables, namely, destination image, Thailand's brand equity, tourism marketing, destination satisfaction, and destination loyalty, including their hypothesized relationships, is shown in Figure 1.

Destination satisfaction refers to a set of pleasant feelings that foreign tourists would have when their expectations, including their perception of product elements experienced regarding a tourist area, are met and fulfilled (Prebensen, 2017). Destination loyalty is a strong feeling of support or allegiance to a tourist area which could manifest via services loyalty (i.e., sticking to a destination and not switching to others), attitudinal loyalty (i.e., informing others about how great the destination is and recommending it; Chen & Gursoy, 2001), and behavioral loyalty (i.e., revisiting the same tourist site). Both destination satisfaction and destination loyalty are indicative of the quality of service received at a tourist site as well of the purchase intention (Harris & Goode, 2004). Studies have shown that these two variables commonly occur as a result of many aspects, but for the present discussion, the analysis is limited to examining their relationships with destination image, Thailand's brand equity, and tourism marketing.

As a holistic concept, destination image is the expression of all objective knowledge, prejudices, imagination, and thoughts of foreign tourists about a particular location (Lawson & Baud Bovy, 1977). Said image is very important more than any other tangible resource in tourism, since the spectrum of perceptions, information, and emotions strongly serve as the foundation of tourism-related decisions, behaviors, and outcomes among foreign tourists. Studies have indicated that destination image is strongly related with destination or tourist satisfaction (Chon, 1990; Chi & Qu, 2008) and with destination or tourism loyalty (Chen & Tsai, 2007; Chi & Qu, 2008). Generally, the more positive the image of a destination to foreign
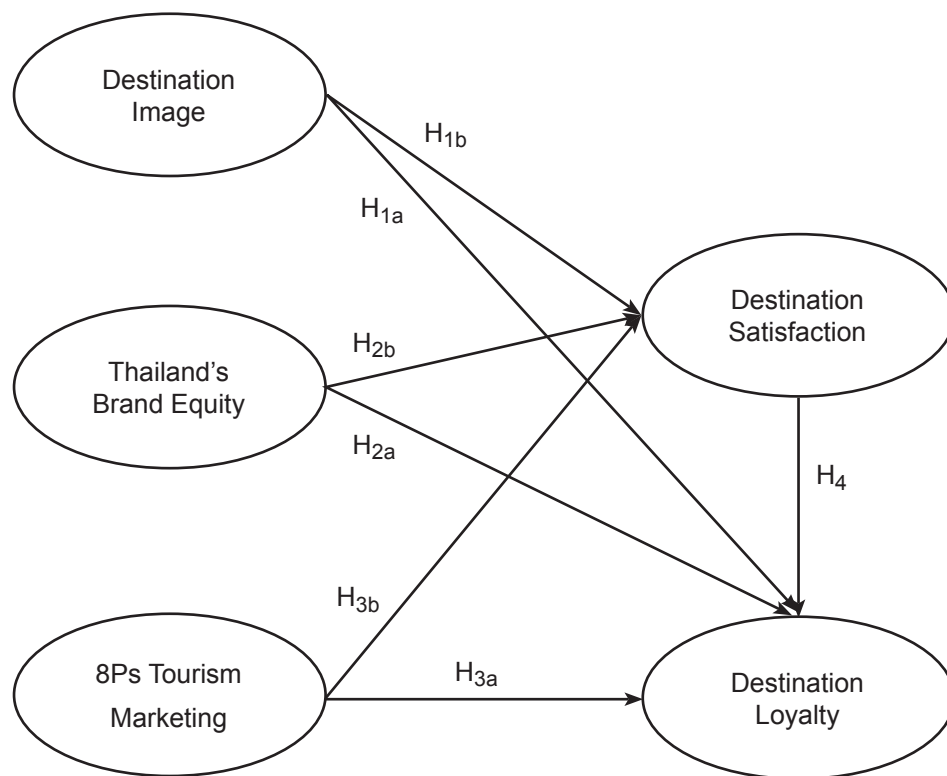
Figure 1. Study variables

tourists, the more likely these tourists would visit that destination, and when their expectations—in terms of the performance and value received at destination—are met (Chen & Tsai, 2007; Ozturk & Qu, 2008), this is likely to influence their destination satisfaction and destination loyalty. It is posited that destination image has a direct influence on loyalty to Lanna cultural tourism in Thailand (**Hypothesis 1a)** and that destination image has a direct influence on destination satisfaction and an indirect influence on loyalty to Lanna cultural tourism in Thailand (**Hypothesis 1b**).

The cultural tourism of Lanna cannot be divorced from the national tourism of Thailand, in particular from Thailand's brand equity or the commercial value of Thailand as a brand. More than its actual tourism products and services, Thailand's brand equity in tourism, which stands at moderate to high level across four indicators (i.e., affinity, safety and security, price competitiveness, and accessibility; Prucpairojkul & Triamsiriworakul, 2008) is key to globalizing Thailand's tourism industry. With a globally and regionally competitive Thailand brand equity, which is normatively equated with and actually experienced via the nation's premium tourism products and services, the national brand would continue to positively affect destination satisfaction and destination loyalty, including those related to Lanna cultural tourism, precisely because of the well-branded and well-executed tourism experience offered to foreign tourists. The brand is not just a premium identity but a premium experience, with memorable outcomes for the visitors. It is, thus, hypothesized that Thailand's brand equity has a direct influence on destination loyalty towards the Lanna cultural tourism (**Hypothesis 2a**); and that Thailand's brand equity has a direct influence on destination satisfaction and an indirect influence on destination loyalty to Lanna cultural tourism in Thailand (**Hypothesis 2b**).

Beyond destination image and Thailand's brand equity, tourism marketing mix is crucial (Srinivasan, 2009). In particular, the use of 8Ps tourism marketing, which zeroes-in on promoting a product, price,

promotion, place, people, planning, programming, and physical evidence is strategic. As an encompassing approach, the marketing mix captures all possible aspects of tourism that are markedly relevant to a successful visit of foreign tourists; thus, it leaves nothing to chance. Consequently, foreign visitors would perceive and experience tourism as a professional, mature, and a high-quality industry—for example with respect to people and place—which would lead to destination satisfaction and destination loyalty among foreign tourists (Bourdeau, 2005). It is posited that the 8Ps tourism marketing has a direct influence on destination loyalty towards Lanna cultural tourism in Thailand (**Hypothesis H3a**); and that it has a direct influence on destination satisfaction and an indirect influence on destination loyalty towards Lanna cultural tourism in Thailand (**Hypothesis H3b**).

Finally, destination satisfaction and destination loyalty are conceived in the model for their positive relationship. Since destination satisfaction results from having a positive experience related to a tourist site, it would form in foreign visitors a set of views and attitudes that are likely to influence their future decisions and behaviors (Kozak & Rimmington, 2000; Petrick & Backman, 2002). Repeat visits, which are an indicator of destination loyalty (Oppermann, 2000), could occur as a result of being satisfied with a previously-visited destination. In addition, foreign visitors with increased satisfaction are also predisposed to recommend a destination to others, which is another indicator of destination loyalty (Chi & Qu, 2007). Overall, highly-satisfied tourists tend to say and do many good things in their own effort of marketing a memorable destination. The multiplier effect of destination satisfaction is simply immense. It is hypothesized that destination satisfaction has a direct influence on loyalty to Lanna cultural tourism in Thailand (**Hypothesis H4).**

Methods

The data for this report were drawn from interviews with foreign tourists who visited Chiang Mai, Chiang Rai, Lampang, Lamphun, Phayao, Phare, Nan, and Mae Hong Son. A total of 680 foreign tourists, 70% of whom visited Chiang Mai, were selected using proportional stratified random sampling and were interviewed using a questionnaire.

The study variables were operationalized utilizing a set of Likert scale indicators which were subjected to a reliability test and were found to have a high level of internal consistency. Destination image was based on measures related to the physical atmosphere, accessibility, personal, and affective aspects (Cronbach's Alpha coefficient: 0.89); Thailand's brand equity had measures on brand satisfaction, brand relationship, brand meaning-association, brand meaning-overall, and brand awareness (0.93); and 8Ps tourism marketing utilized measures on product, price, promotion, place, people, planning, programming, and physical evidence (0.95). Destination satisfaction was measured using indicators on attribute satisfaction, met experience, and total satisfaction (0.87), while destination loyalty covered measures on services loyalty, attitudinal loyalty, behavioral loyalty, and composite loyalty (0.94). The SPSS 22.0 and LISREL 9.2 were used in performing confirmatory, causal and structural equation analyses.

Results

The participants interviewed for this study covered a fairly equal number of male and female foreign tourists, and a variety of nationalities (e.g., Americans, 16.9%; Chinese, 11.2%; British, 8.1%;, Germany, 7.4%; Italian, 6.3%;, and French, 6.2%). Of every 10 participants, about six (58.4%) had a bachelor's degree and were employed in varying occupations, some of whom as civil servants (27.2%) and business owners (13.5%). On the average, they earned a monthly income of at least 40,000 baht. Majority of the foreign tourists interviewed (56.3%) spent less than 1,000 baht per day during their visit to the Lanna region, for an average duration of 4–8 days.

Table 1 shows the correlations between the variables included in the model. Except for one, the variables are all statistically significantly positively related with each other—destination image, Thailand's brand equity, and 8Ps tourism marketing with destination satisfaction (<p=0.05 or <p=0.01), and Thailand's brand equity and 8Ps tourism marketing with destination loyalty (<p=0.05). There is no significant relationship between destination image and destination loyalty, which is to be expected given that destination loyalty is less likely to occur if foreign tourists have not yet visited and experienced a destination. Destination image has

the potential to influence destination loyalty through destination satisfaction, which may result during or after a visit to and an experience at a tourist site.

As part of the analysis and model testing, the common fit indices for examining the suitability of the model are used to determine their overall acceptability (Table 2). Data suggest that the fit indices rates are within acceptable ranges; it is concluded, therefore, that the modified model is consistent with the empirical data and can be used to describe the relationships between the component variables.

Results of the analysis of the causal influence, both directly and indirectly, of the destination image, Thailand's brand equity, and 8Ps tourism marketing on destination satisfaction and destination loyalty are given in Table 3 and illustrated in Figure 2. All

the hypotheses offered in this report are accepted. Specifically, the findings suggest that destination image has a direct influence upon destination loyalty (**Hypothesis 1a**) and that it has a direct influence on destination satisfaction and an indirect influence on destination loyalty (**Hypothesis 1b**); and that Thailand brand equity (**Hypothesis 2a)** has a direct influence on destination satisfaction and an indirect influence on destination loyalty (**Hypothesis 2b).** The evidence further indicates that 8Ps tourism marketing has a direct influence on destination loyalty (**Hypothesis 3a)** as well as a direct influence on destination satisfaction and an indirect influence on destination loyalty (**Hypothesis 3b).** Lastly, the results reveal that destination satisfaction has a direct influence on destination loyalty (**Hypothesis 4).**

Table 1
Correlations of Variables Included in the Model

Variables	1	2	3	4	5
1. Destination image	1	0.545**	0.456*	0.51*	0.08
2. Thailand's brand Equity		1	0.458*	0.52**	0.15*
3. 8P's Tourism Marketing			1	0.31*	0.34*
4. Destinations Satisfaction				1	0.42*
5. Destination Loyalty					1

*p<0.05, **p<0.01

Table 2
Fit Indices for the Conceived Model

Indices	Value	Acceptable range	Acceptability
X^2/df (X^2=381.765, df=140, p=0.00)	**2.07**	**<5.0**	+
Goodness of Fit Index	**0.97**	**>0.9**	+
Adjusted Goodness of Fit Index	**0.93**	**>0.9**	+
Incremental Fit Index	**0.99**	**>0.9**	+
Tucker Lewis Index	**0.98**	**>0.9**	+
Comparative Fit Index	0.99	>0.9	+
Root Mean Square Residual	0.008	<0.05	+
Root Mean Square Error of Approximation	0.040	<0.05	+

From the findings, it should be likewise noted that the direct influence of destination image and Thailand's brand equity on destination satisfaction is far stronger than the influence of 8Ps tourism marketing (0.510/0.520 versus 0.313). In addition, the total influence of Thailand's brand equity and 8Ps tourism marketing on destination loyalty relative to destination image is also stronger (0.617/0.692 versus 0.545). A closer scrutiny of this finding would indicate that, among destination image, Thailand's brand equity, and 8Ps tourism marketing, it is 8Ps tourism marketing that has the strongest direct influence on destination loyalty.I n other words, much of the total influence stemming from destination image and Thailand's brand equity on destination loyalty is indirect.

The coefficient of determination (R^2) suggests that 61% of the variance in destination loyalty and 75% of the variance in destination satisfaction can be explained by the three variables in the model, namely, destination image, Thailand's brand equity, and 8Ps tourism marketing.

Discussion

Using structural equation modeling, the study determined the influence of three variables—destination image, Thailand's brand equity, and 8Ps tourism marketing—on destination satisfaction and destination loyalty related to the Lanna cultural tourism in Thailand. The purpose is to gain scientific knowledge on this relatively unexplored subject to help further guide the forward trajectory of Thailand's cultural tourism, particularly that from the northern region. In light of the elevated cross-country competition for foreign tourists, evidence-based knowledge for marketing strategies is more than crucial (Sereetrakul, 2012).

The present analysis revealed that destination loyalty and destination satisfaction are independently well-explained by destination image, Thailand's brand equity, and 8Ps tourism marketing. In simpler terms, the factors that would make foreign tourists loyal to and satisfied with the Lanna cultural tourism in Thailand would be how these tourists view the destination, how they view and experience the brand, and how Thailand markets and delivers both the destination and the brand to them. Several studies—for example in Malaysia (Som, Som, Marsuki, Yousefi, & Abukhalifeh, 2012) and the US (Chi & Qu, 2008)—have also reported parallel findings. Common to the models generated by these studies, including the present one, is their use of an integrated approach, in which they examined a set of related rather than sporadic elements to explain destination loyalty and destination satisfaction. Indeed, destination image, Thailand's brand equity, and 8Ps tourism marketing, albeit three separate variables, are intertwining. While the first has to do with foreign tourists themselves and the other two relate with Thailand's tourism efforts, the worldwide reach of, as well as the carefully-designed and executed tourism efforts of the Kingdom (World Travel and Tourism Council, 2018), are also helping

Table 3
SEM Standard Coefficients of Influence

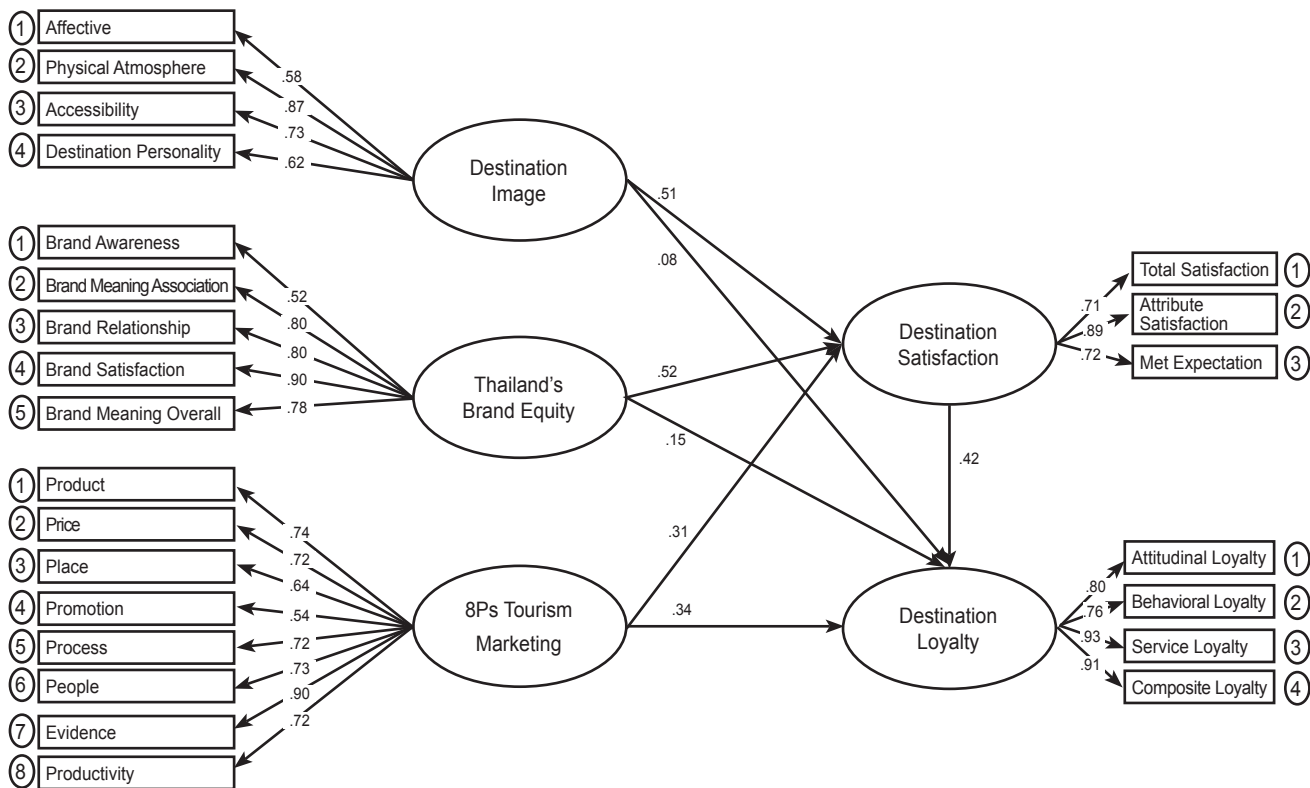| Variables	Destination Loyalty			Destination Satisfaction		
	Total effects	Direct effects	Indirect effects	Total effects	Direct effects	Indirect effects
Destination image	0.545**	0.0890*	0.456*	0.510*	0.510*	–
Thailand's brand equity	0.617*	0.159*	0.458*	0.520**	0.520**	–
8Ps tourism marketing	0.692**	0.0340**	0.352*	0.313*	0.313*	–
Destination satisfaction	0.422*	–	–	–	–	–
Structural Equation	Destination loyalty			Destination satisfaction		
R^2 (Coefficient of determination)		0.610			0.754	

*p<0.05, **p<0.01

Figure 2. The structural equation model of factors influencing the destination satisfaction and destination loyalty of foreign tourists to Lana cultural tourism in Thailand

form favorable destination ideas and images among the foreign visitors. Thus, there is always a very opportune circuit that develops in the process. The consideration of these three variables alone in Lanna cultural tourism strategy would be key to cultivating and sustaining destination satisfaction and destination loyalty among foreign tourists.

In considering the model, it must be emphasized, as further findings of the present study suggest, that there are nuances to the relationships between the three model variables with destination satisfaction and destination loyalty; and to the relationship between destination satisfaction and destination loyalty. Firstly, destination satisfaction is explained more by destination image and by Thailand's brand equity than by 8Ps tourism marketing, suggesting that the fulfillment of foreign tourists' expectations and the value of the Lanna cultural tourism itself are far more important influences than tourism marketing itself. This is hardly surprising. The prevailing tourism marketing strategy has eight components, and with

tens of millions of foreign tourists, it would be next to impossible for each to be fully liked by visitors. For example, while foreign visitors in Thailand express high regard for the country's physical evidence, price, people, and process, they only have moderate regard for its product, place, and promotion (Potjanajaruwit, 2015). Secondly, destination loyalty is explained more by 8Ps tourism marketing than by destination image and by Thailand's brand equity. In other words, allegiance to Lanna cultural tourism is attached to the operational aspects of tourism experience, such as physical evidence, price, people, and process. By experiencing the nitty-gritty of tourism, foreign tourists can experience the authenticity of cultural tourism, which could then influence the formation of their destination loyalty (Girish & Chen, 2017). Finally, while destination satisfaction influences destination loyalty, the extent, at B=0.44, is far less the total, indicating that other variables are affecting the said loyalty, which demands a further systematic investigation.

Overall, with tourism competition heating up globally and regionally, Thailand has to devise its tourism approaches more strategically and nuancedly. To further reinvigorate its Lanna cultural tourism, the Kingdom has to capitalize not only on the critical, but more crucially, on the relative importance of destination image, brand equity, and 8Ps tourism marketing vis-a-vis sustaining destination satisfaction and destination loyalty among its foreign tourists.

Acknowledgments

Conflict of interest

None.

Ethical clearance

The study was approved by the institution.

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