Tourists’ Shopping Expectation, Perceived Value and Shopping Satisfaction in Malaysia

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Abstract
The tourism industry is one of the most important industries to help a country in improving its economy. With the arrival of every foreign tourist, a country’s total receipts will simultaneously increase due to a tourist’s needs and want which are translated through the spreading of various economic activities. Among favorite economic activities during vacation is shopping. This study will explore the relationship between shopping expectation and perceived value, the relationship between shopping expectation, perceived value and disconfirmation, the relationship between perceived value, disconfirmation and shopping satisfaction and, the relationship between disconfirmation and shopping satisfaction. The Expectation-Confirmation Theory (ECT) involves three main antecedents which are the expectation, disconfirmation and perceived performance. For this study, ECT was used to formulate a proposed model for this study which will enhance Malaysia’s position as a shopping hub.

Keywords:
Shopping tourism, shopping expectations, perceived value, shopping satisfaction, expectation-confirmation theory (ECT)
1 Introduction

According to the Ministry of Tourism, Arts, and Culture, Malaysia attracted 25,948,459 tourists in 2017. Despite the number, tourist arrivals in 2017 dropped 3% compared to 2016 which garnered 26,757,392 tourists. Malaysia is the second most-visited South East Asian country with 25.95 million tourists in 2017 after Thailand. RM82.2 billion in revenue from a 0.1% growth in tourist receipts shows that shopping, which is considered a recreational activity in Malaysia, has become one of the Malaysian economic contributors. In 2014, the World Tourism Organisation’s (UNWTO) first ‘Global Report on Shopping Tourism’ acknowledged shopping’s influential impact on worldwide tourism trends.

In 2017, the Ministry of Tourism, Arts and Culture has launched activities directly related to shopping which are the 1Malaysia Super Sale (1-31 March), 1Malaysia Mega Sale Carnival (15 June-31 August) and the 1Malaysia Year-End Sale (1 November-31 December) which will be held every year and are marked in the Malaysia Calendar of Events. Malaysia is not the only country in which tourists enjoy shopping; there are a few other tourism destinations that have a high rate of shopping tourism, such as South Korea (Lee & Kim, 2018), Thailand (Yodsuwan, Pianluprasidh & Butcher, 2018) and China (Kim, 2018). There are cases in which shopping activity is the main agenda for tourists to travel (Wong & Wang, 2013). According to Jin, Moscardo, and Murphy (2017), shopping tourism is defined as a “recreational activity in which tourists browse, select and purchase goods to take home during their travel.” Thus it is necessary to recognize the components of shopping preferences in Malaysia to increase the quality of shopping therein.

Pacific Asia Travel Association (PATA, 2018) stated that there are three types of shopping tourists: the souvenir shopper, the journey shopper, and the list shopper. Souvenir shoppers are individuals who look for local items directly related to their destination. They shop for mementos of their trip or a gift to take back to families and friends. Journey shoppers’ shop as a major activity during their journey and will buy through their entire travel journey. List shoppers are those who travel with a shopping list of goods to purchase. They are travelers who do not only make purchases for themselves but also for families and friends. Also, PATA also stated that China had laid the road for tourist spending over the past decade. There is a correlation between Chinese tourist arrivals and the increase in retail revenue. Many shopping destinations focus on this market by accepting Chinese payment methods, offering Asian cuisine, employing Chinese speaking staff and ensuring their product mix is attractive to the Chinese consumer. When it comes to festive seasons such as Chinese New Year and Mid-Autumn Festival, many destination and retailers market focus on Chinese customers or tourists. Other than in China, shopping tourism is on the rise among emerging and growing regional markets including Indonesia, India, Philippines and Vietnam.

Recognizing the potential of the retail sector to further boost shopping tourism in Malaysia, in 2002, the government through Tourism Malaysia had established a
secretariat known as the Shopping Secretariat Malaysia (SSM). SSM’s vision is to streamline all efforts in intensifying the development of the shopping sector as a major component of Malaysia’s tourism economics. The SSM strategy is to develop initiatives and collaborations with relevant parties in order to position the shopping sector at a higher level. Their mission is to promote Malaysia as a world-class shopping destination to international and domestic tourists. SSM plays three major roles which are in line with its efforts to boost the local tourism and retail industries by increasing tourist arrivals and tourists’ spending. First, SSM plans marketing campaigns, shopping events and activities to highlight shopping experiences to tourists. Second, SSM forms strategic partnerships and creates marketing initiatives with domestic and international trade and retail industry players. Third, SSM facilitates and coordinates shopping-related government policies as well as private-public sector initiatives that promote the country as one of the world’s best shopping destinations.

Simultaneously, SSM works with the Malaysia Shopping Malls Association (PPK), or also known as BBKLCC Tourism Association Kuala Lumpur, Batu Road Retailers Association (BARRA), Malaysia Retailers Association (MRA) and the Malaysian Retailers Chains Association (MRCA) to achieve various promotional efforts to boost the shopping sector. In Malaysia, there are three major national sales campaigns which are Malaysia Super Sales, Malaysia Mega Sale Carnival, and Malaysia Year End Sale. The government also provides two main incentives for tourists which are Duty-Free Shopping and Tourist Refund Scheme (TRS). These incentives attract tourists to come and spend more in Malaysia. According to the statistics of Tourism Malaysia (2018), in 2016 and 2017, the total tourism revenue in Malaysia is the same which is RM82.1 billion, an increase of 15.8% compared to RM69.1 billion in 2015. This total shows that the tourism industry gives an impact on economic activities, and the retail sector is one of the most dynamic industries in Malaysia.

The objective of this study is to develop a conceptual model to identify the relationship between tourists’ shopping expectation, perceived values and shopping satisfaction in Malaysia in the context of shopping tourism. This research will use the ECT to test the relationship between each variable. ECT was developed to explain customer decision-making (Oliver, 1997), which has been a popular approach to measuring customer satisfaction in marketing. Based on this theory, customer satisfaction has three main antecedents which are the expectation, disconfirmation and perceived performance. For this study, ECT is applied for tourists’ shopping satisfaction. Tourists’ shopping satisfaction has three antecedents which are shopping expectation, perceived value, and disconfirmation. For example, if the perceived value of a service positively exceeds the shopping expectation, it results in positive disconfirmation. This relationship leads to more shopping satisfaction in tourists. Therefore, varying shopping expectations of tourists will show a critical role in explaining the differences in tourists’ shopping satisfaction. To maintain domestic buyers and also to attract tourists, who have become an important market for retailers in tourist destinations such as Malaysia, acknowledging these three variables is important and should be strengthened and
upgraded from time to time. This research proposes a research proposition for each variable to show the relationship between them. The next section of this paper presents the literature review, followed by the presentation of the conceptual model and research proposition, and the conclusion to summarize the study in general.

2 Literature Review

2.1 Shopping Tourism

Tourism Malaysia had clustered eight major shopping destinations in Malaysia which are Klang Valley, Penang, Johor, Malacca, Kota Kinabalu, Sabah, Federal Territory of Labuan, Kuching and Miri in Sarawak, and Langkawi in Kedah. Each cluster has its shopping attractions, from a string of midrange to exclusive and award-winning world-class outlets, to old-world stores, street markets, handicraft centers, heritage bazaars, to premium and duty-free outlets. These varied attractions have a great contribution towards making Malaysia one of the leading shopping destinations in Asia over the years. The increasing importance of shopping as a tourist activity is demonstrated by the prosperity of the retail trade in various tourism markets (Jansen-Verbeke, 1998; Norman, 1998).

Shopping is a popular and pervasive contemporary tourist activity (Turner & Reisinger, 2001; Goeldner, Ritchie & McIntosh, 2000; Franks & Enkawa, 2009; Barutcu, Dogan, & Unguren, 2011; LeHew & Wesley, 2007; Murphy, Moscardo, Benckendorff & Pearce, 2011) and a big component of travel expenditures generators. Statistics show that on average, a leisure travel spending (inbound and domestic) generated 77.5% of direct Travel & Tourism GDP in 2017 (USD4,233.3bn) compared with 22.5% for business travel spending (USD1,230.6bn) as stated by World Travel Tourism Council (WTTC) in 2018. For international tourists, shopping accounts for nearly 50% of the spending at the destination (Mak, Tsang & Cheung 1999). Also, recent research indicates that shopping during vacations is one of the important planned activities of tourists before their travel (Xiang, Magnini & Fesenmaier, 2015), and shopping is one of the top most often searched keywords for travel information seekers on destination websites (Pan & Fesenmaier, 2006). Thus, it is not surprising that tourist shopping behavior is a phenomenon of growing importance that grabs the attention of tourism scholars and the industry. Promoting tourism shopping is important for destinations because it is a critical force that can attract tourists and extend their stays. Thus, shopping can be considered as one of the best ways to enhance economic benefits in a local community without necessarily increasing the number of tourist arrivals.

2.2 Expectation Confirmation Theory (ECT)

Extant literature has reported a wide use of the expectation-confirmation theory for study of consumer behavior about their post-purchase (e.g., repurchase intention, complaining behavior) and service marketing in general (Oliver, 1980; Anderson & Sullivan, 1993; Dabolkar, Shepard & Thorpe, 2000; Oliver, 1993; Patterson, Johnson &
Spreng, 1997; Tse & Wilton, 1998). This theory seeks to explain post-purchase or post-adoption satisfaction as a characteristic of expectations, perceived performance, and disconfirmation of beliefs. Disconfirmation includes confirmation (actual performance meets the expected standard), negative disconfirmation (actual performance fails to meet the expected standard) and positive disconfirmation (actual performance exceeds the expected standard) (Che, Huang, Hsu, Tseng & Lee, 2010; Chiu, Hsu, Sun, Lin, & Sun, 2005; Churchill & Surprenant, 1982; Hsu, Chiu, & Ju, 2004). Applying the ECT to the proposed model, the relationship between the shopping expectation, perceived value and shopping satisfaction by tourist can be identified. The information that will be received from this study will help Malaysia to attract more tourists to visit Malaysia and provide services based on the findings of the study.

Figure 1 illustrates the conceptual model for shopping expectation, perceived value, disconfirmation, and shopping satisfaction. ECT is widely used for measuring customer satisfaction in marketing. For this study, ECT is applied in a shopping tourism context. This research will help to identify the relationship between the variables and to finalize the characteristic of each variable.

Based on ECT, consumer focuses on repurchase intention. There are four constructs regarding the expectation-confirmation theory. First, consumers form an initial expectation of the product or service to purchase. Second, following a period of initial consumption confirmation, they form a perception about its perceived performance. Third, they form the perceived performance of the product or service and determine the extent to which the expectation is fulfilled. Fourth, they accessed the expectation and perceived the performance of the product or service to determine the level of their satisfaction.

3 Proposition Development

3.1 Shopping Expectation

Shopping expectation can be referred to as consumer imagination assumption about the goods or service before shopping. Expectations also develop through advertisement from retailers, word of mouth from other people and reviews that other
people made through the Internet like the blog and social media. Bosque et al. (2006) suggested that expectations are formed through experience, the tourists’ level of previous satisfaction with the service, communication from the service provider such as a promise, and the tourists’ perceived image of the service. According to Stevens (1992), understanding the expectation of tourist helps to create a successful destination marketing, attracting tourist to consume goods and services and having them to decide to revisit. Therefore, understanding their expectations will give important clues in developing destination attractiveness and improving tourist goods and services. The number of studies investigating aspects of customer satisfaction in tourism, travel, hospitality, and recreation is increasing (Kozak & Rimmington, 2000). In the service sector, customer expectation is an affective variable (Sadeh et al., 2012). The study of the levels of expectations and satisfaction has paramount significance in so far as sustained development of tourism at the given destination is concerned (Lather, Singh & Singh, 2012). Expectations are always changing because consumers are aware of alternative service providers in the ever-growing tourism industry. According to ECT, consumer expectations directly influence their satisfaction level with the services received. This positive relationship between expectations and satisfaction has been empirically proven in various contexts (Fornell et al., 1996; Bosque et al., 2006; Xia et al., 2009). From the perspective of marketing, tourist experiences reflect all consumption experiences, and any gaps between tourist expectations and the perceived results of their feelings are regarded as quality issues (Sheng & Chen, 2013). Below are the propositions developed as per discussed above.

*Proposition 1: There is a significant relationship between shopping expectation and perceived value.*

*Proposition 2: There is a significant relationship between shopping expectation and disconfirmation.*

### 3.2 Perceived Value

Perceived value is the customer’s perception of what they lose and what they achieve in return (Hajiha, Shahriari & Vakilian, 2014). According to Zeithaml (1988), perceived value is defined as “consumers’ overall assessment of the utility of a product (or service) based on perceptions of what is received and what is given” (Zeithaml, 1988), which reflects the trade-off between perceived benefit and perceived risk. Perceived benefit is related to the benefits users obtain from the products or services, while perceived risk refers to the costs incurred to obtain the products or services (Zeithaml, 1988; Wood & Scheer, 1996). Carlson, O’Cass, and Ahrholdt (2015) explored the effect perceived value had on user’s behavior and fragmented into different dimensions such as utilitarian value and hedonic value. Chiu, Wang, Fang, and Huang (2014) found that utilitarian and hedonic values positively affect business to consumer (B2C), users’ repeat purchase intention, and they found moderation of the effects of utilitarian value and hedonic value on repeat purchase intention. Perceived utilitarian and hedonic shopping values significantly influence consumer satisfaction in the mall
(Kesari & Atulkar, 2016). According to Rintamäki, Kanto, Kauusela, and Spece (2006), utilitarian and hedonic values are important for motivating user behavior on social commerce context. Similarly, it can also be applied to shopping tourism context. Perceived value will significantly affect shopping satisfaction and is a suitable element that should be studied in this proposed research.

**Proposition 3:** There is a significant relationship between perceived value and disconfirmation.

**Proposition 4:** There is a significant relationship between perceived value and shopping satisfaction.

### 3.3 Disconfirmation

Disconfirmation is defined as tourist’s perceptions of the congruence between shopping expectations and perceived value. According to McKinney, Yoon and Zahedi (2002), disconfirmation is judgments resulted from consumer comparing their expectations and their perceptions of performance received. This definition is similar to the concept of expectation congruency suggested by Spreng, Richard, Scott, and Richard (1996). Specifically, once consumers form their expectations, they compare their perceptions of product performance (based on their purchasing experiences) to the pre-established levels of expectation. Disconfirmation occurs when consumer evaluations of product performance are different from their pretrial expectations about the product (Olson & Dover, 1979). Conceptually, there has been a debate regarding how to measure the disconfirmation construct. According to MacKinney et al. (2002), there are two main approaches. First, to compute disconfirmation by subtracting expectation from the perceived performance. Second, to measure disconfirmation directly as an independent construct of the perceived gap. Van, Thomas, Leon, and Victor (1997) suggested the measurement of one's perception of service quality with a disconfirmation measurement. Several studies in marketing use the subjective disconfirmation approach, considering disconfirmation as an independent construct that influences consumer satisfaction (Oliver 1977, 1980; Churchill & Surprenant 1982 Spreng et al. 1996; Cronin, Jr. & Taylor, 1992). According to the literature review, disconfirmation will significantly affect shopping satisfaction and is a suitable element that should be studied in this proposed research.

**Proposition 5:** There is a significant relationship between disconfirmation and shopping satisfaction.

### 3.4 Shopping Satisfaction

Shopping satisfaction refers to the quality of product or service that consumer received that meets the need, wants and expectation during shopping. According to Oliver (1980), satisfaction is defined as users’ evaluations of social commerce based on their needs and expectation. Satisfaction is also defined as users’ positive emotional state derived from using the service (Hsu & Lin, 2016). In a commercial context, satisfaction is an important factor affecting the purchase intention (Hsu & Lin, 2016;
Zhang, Gupta & Gao., 2015). Zhang et al. (2015) found that satisfaction has a significant impact on consumers' continuance intention. From this research, satisfaction effect on shopping response behavior must be identified. Satisfaction research in tourism has specified that satisfaction with different attributes of the destination determines the overall satisfaction with the stay (Alegre & Cladera, 2012). According to Suhartanto (2018), a shopping process involves tourists evaluating each shopping element separately. The researcher also stated that tourists would be satisfied with their experience of buying the souvenir. The souvenir shopping experience is the function of satisfaction with each shopping attribute. Thus, it is important that tourist’ shopping satisfaction is included in this research as one of the determinants in shopping tourism.

Proposition 5: There is a significant relationship between disconfirmation and shopping satisfaction

4 Discussion

The objective of this proposed research is to develop and apply the theoretical model to study shopping tourism in Malaysia. In this proposed research, the relationship between shopping expectation, perceived value, and shopping satisfaction will be investigated to get more information. Also, this research aims to explore the suitability of each variable’s element in Malaysia shopping context because existing research have focused on the western setting. Tourist preferences and expectation are usually different depending on the shopping destination. Many factors will influence their preferences and expectation. In measuring shopping satisfaction, a critical task is to identify the key construct of shopping satisfaction and to develop validated instruments to measure them. Information from literature and the result from this proposed research will have immediate implications for a business operation involving tourists.

Shopping has become a common activity among tourists. Retail managers need to monitor the satisfaction of customers especially tourists. They can provide, for example, the services or items tailored to tourists’ shopping expectation. Managers need to recognize the shopping expectation and performance that tourists want in retrieving and delivering the product or service needed by tourists. This is important because tourists who are dissatisfied with the service or product offered will leave without making a purchase or they will not be interested to buy or re-visit Malaysia again. Therefore, the information about shopping expectation from tourists is very important to make sure that tourists will be satisfied.

Furthermore, tourists will have many experiences in various shopping destinations. Therefore, measuring their expectation and the disconfirmation of their shopping expectation in Malaysia shopping landscape can be of value in analyzing tourists’ shopping expectation. However, retailers cannot examine whether their shop or market meet tourists’ expectations. So, this research will help retailers to examine whether their service and product offered to meet tourist expectation by examining shopping expectation and disconfirmation.
5 Conclusion

Practically, this study will provide valuable information to many parties especially to the Ministry of Tourism, Arts and Culture, Malaysia Shopping Secretariat, and retailers about the shopping expectation, perceived value and shopping satisfaction of tourists in Malaysia’s shopping landscape. To acquire potential tourists, their needs and demands should be acknowledged. Also, customer satisfaction has a great impact on the entire business operations. All the valuable information will be beneficial to the retailers especially on their strategic planning such as producing the right product and providing the best service for tourists or displaying the offer that tourist cannot resist. All these strategies will help to generate income and profit which in turn will boost Malaysia’s economy. Acknowledgment

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6 References


