

Determinants of tourists' loyalty: a descriptive study of a coastal tourist destination

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Abstract:

This study aims at examining the relationship between destination quality, prices and safety on tourists' loyalty. The research was based on a representative sample of tourists ($n=874$) aged 18 or older. The sample was stratified by country of origin according to guests in the Algarve in 2019. The data were collected through a survey of tourists in the Algarve, Portugal in 2022. A logit model was estimated to identify determinants of a destination on tourists' loyalty. Results revealed that the surveyed tourists perceived the Algarve as tourist destination with a high level of quality and a good value for money. Crime and violence are not a primary concern for most tourists during their holiday at the Algarve. Finally, most respondents intend to revisit the Algarve within five years. The results provide evidence that destination quality and prices explain tourists' loyalty. The theoretical and managerial practical implications, limitations, and potential directions for future research are discussed.

Keywords: destination quality, destination prices, safety, tourists' loyalty, Algarve.

1. Introduction

Coastal destinations have become popular destinations for tourists in recent decades (Ghosh, 2011; Hall, 2001; Houston, 2013). Roughly 40% of the world's population lives within coastal zones (Revenga *et al.*, 2001), many of which rely on coastal tourism as a source of income (Ghosh, 2011). Attracting repeat visitors is more cost-effective than reaching new ones (Lau & McKercher, 2004; Shoemaker & Lewis, 1999). Since only over half of the tourists to destinations are repeat visitors (Wang, 2004), it is extremely important for regional and national stakeholders to identify the determinants of tourists' loyalty in order to design effective marketing actions.

Tourism has affected coastal destinations through increased business activities, income generation and employment (Hassan & Shahnewaz, 2014), but only a few studies have been conducted to identify determinants of the destination on tourists' loyalty for sun and sea tourist destinations. There is plenty literature about the impact of tourist satisfaction on loyalty (e.g. Wang & Li, 2023), but little is known about the impact of destination prices services quality on loyalty.

This study aims to fill those two gaps by producing new insights from a tourist coastal destination located in the southwest of Europe. The study's main objectives are to assess determinants of revisit intentions of a coastal destination, the Algarve, Portugal. The study's findings provide empirical insights into the post-pandemic visitor profile of tourists in the Algarve. The outcomes can be helpful to the tourism market and contribute to enriching coastal tourism literature.

2. Methodology

2.1 Study Area

The Algarve is the southernmost region of Portugal, occupying an area of 4,997 km² divided into 16 municipalities. It is one of the two Portuguese regions registering a population growth over the last ten years, leading to a population of 467,495 in 2021. In 2022, the Algarve welcomed 28.9 million guests and 77 million overnight stays. In the first two months of 2023, total overnight stays grew by 23.7% for residents and 26.9% for non-residents, in comparison to the same period in 2020 when the destination was still open (INE, 2023). The questionnaire was distributed to respondents in person at Faro Airport and other Algarve's touristic spots. It was available in English, German, French, Spanish and Portuguese, allowing respondents to answer in their preferred language.

2.2 Sampling, data collection and analysis

The questionnaire was designed in English and then translated into Portuguese, French, German, and Spanish using a back-to-back translation method. Finally, a pre-test in Portuguese verified the validity and flow of the questionnaire. The questionnaire consisted of 27 closed-ended and 14 open-ended questions. Questions aiming to measure tourists' perceptions about destination's quality, prices and safety as well as their loyalty were evaluated on Likert-type scales, ranging from (1) "strongly disagree" to (5) "strongly agree".

The population consisted of international and national tourists, over 18, visiting the Algarve in the high season of 2022 that spent at least one night and a maximum of 12 months in the destination. The data was collected in the coastal city of Algarve, Portugal, by a team of trained interviewers on weekdays and weekends from June until August 2022 (high season). Respondents were personally approached by the interviewers applying a systematic sampling method. A proportional stratified sample was designed in order to ensure the surveyed sample reflected the distribution of tourism demand per country of origin according to guests in the Algarve in 2018 (INE, 2019). Using the formulae of the stratified sampling with proportional allocation, a global sample size of 1,000 residents was planned for high season, setting the desired confidence level of 95% and a maximum sampling error of 3%. A total of 1,047 tourists completed the survey, of which 974 were valid questionnaires. Incomplete questionnaires with non-response rates above 10% were discarded, as the missing data could compromise the study's statistical results. It was ensured that the sample's representativeness was maintained despite the discarded questionnaires.

After reaching the targeted sample size, the data were processed and analysed using the IBM SPSS Statistics. The statistical data analysis techniques include descriptive statistics and a binary logistic model. Intention to revisit the tourist destination was the dependent variable of the model, coded as 1 for "Yes" and 0 for "No". Independent variables regarding destination overall quality, prices and safety were used as independent variables.

3. Results

3.1 Sample profile

The characteristics of the surveyed group are shown in Table 1. Most of the surveyed tourists belong to the female gender (53.8%), aged between 25 and 64 years old (68.8%), followed by young people aged between 18 and 24 (16.7%). Still, concerning age, the average

is around 40.3, the minimum is 18, the maximum is 80, and the SD is 12.4 years. In terms of marital status, most are married or live together (55.5%), followed by singles with 35.1%. Regarding academic qualifications, most tourists have a university education level (54.8%), followed by a high school (35.1%). In terms of occupation, the majority are employed (64.9%), followed by entrepreneurs (15.2%) and students (10.6%). Finally, about one-quarter of tourists reported a net monthly income of 706€-1.000€ or 1.001€-2.000€.

Characteristic	n	%	Characteristic	n	%
Gender			Occupation		
Male	524	53.8%	Employed	632	64.9%
Female	442	45.4%	Entrepreneur	148	15.2%
Other	2	0.2%	Unemployed	23	2.4%
NR	6	0.6%	Student	103	10.6%
Age Group			Retired	34	3.4%
18 – 24 years	163	16.7%	Homemaker	5	0.5%
25 – 64 years	670	68.8%	NR	29	3.0%
65 and more	25	2.6%	Net Monthly Income		
NR	116	11.9%	Until 705€	136	14.0%
Marital Status			706€ - 1,000€	253	26.0%
Single	342	35.1%	1,001€ - 1,500€	234	24.0%
Married/Living Together	541	55.5%	1,501€ - 2,000€	128	13.1%
Divorced/Separated	64	6.6%	2,001€ or more	99	10.2%
Widowed	8	0.8%	NR	124	12.7%
NR	19	2.0%	Note: NR – Non-response		
Education Level					
Primary School	45	4.6%			
High School	342	35.1%			
University	534	54.8%			
NR	53	5.5%			

Table 1. Sample characteristics

Tourists from fifty-eight countries of origin are included in the survey. The participant's country of origin presents the data and closely reflects the distribution of origin markets reflected in the statistics of priority markets of the Algarve Tourism Board. Most participants originate from Portugal (28%), the UK (29%), and Germany (10%) (Figure 1).

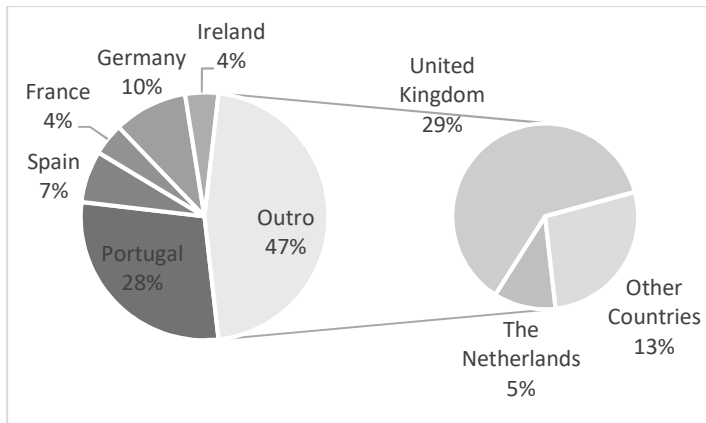


Figure 1. Country of origin

3.2 Destination quality, prices, safety and loyalty

After presenting the profile of the sample, this section highlights the perceptions of tourists about several destination characteristics (Table 2). Service quality in the Algarve in terms of accommodation, restaurants, local trade stores and shopping centres is considered of high quality. The overall quality of tourist services was regarded as very good (3.97) by the respondents. Accommodation services received, on average, the highest quality ratings (4.02), and traditional stores and shopping centres the lowest. In addition, tourists perceived the Algarve as tourist destination as a good value for money (3.28). Price of accommodation services are perceived, on average, higher (3.41) than restaurants and traditional stores.

Results presented in Table 2 reveal that crime and violence are not a primary concern for most visitors during their holiday at the Algarve (2.44). However, the Dutch respondents indicate a more significant problem than other main origin markets. Global threats, such as terrorist attacks, are of low consideration for most surveyed individuals during their stay at the Algarve (2.20), with the Netherlands showing the most significant concern. Finally, an epidemic outbreak is of the lowest concern to tourists visiting the Algarve (2.49).

Most respondents intend to revisit the Algarve within five years, with no revisitation intentions voiced only by 12.5%. Tourists from the domestic market (Portugal), the United Kingdom and Ireland indicate the highest openness to revisit. Examining the revisit intentions per country origin, statistically significant differences can be observed. Germans show the lowest interest in revisiting the Algarve (61.1%). Of the other key origin markets, most offer a high revisit intention with the highest being shown by respondents from the UK (90.2%) and Portugal (98.9%). The overwhelming majority of respondents (94.7%) indicated recommending the Algarve to their family and friends.

Variable	Mean	SD
The overall quality level of tourist services	3,97	0,66
The quality level of accommodation services	4,02	0,73
The quality level of restaurants and similar services	3,91	0,78
The quality level of local trade/traditional stores	3,76	0,74
The quality level of shopping centers/malls	3,73	0,77
The overall level of prices	3,28	0,80
The level of prices in accommodation services	3,41	0,84
The level of prices in restaurants and similar services	3,27	0,84
The level of prices in local trade/traditional stores	3,13	0,73
Generally, the Algarve is a safe tourism destination	4,23	0,61
The possible existence of crime and violence was a concern during my visit to the Algarve	2,44	1,16
The possibility of global threats, such as those posed by terrorist attacks, was a concern during my visit to the Algarve	2,20	1,17
The possibility of the occurrence of epidemics, such as COVID-19, was a concern during my visit to the Algarve	2,49	1,14

Note: Five-point Likert scale.

Table 2. Tourists' perception about the tourist destination characteristics

3.3 Determinants of loyalty

The logistic regression model was used to identify determinants of the intention to revisit the Algarve. The results presented in Table 3 show that the null hypothesis of the test of overall model significance (Lagrange multiplier test) is rejected ($p < 0.01$), but the null hypothesis of the Hosmer–Lemeshow test is not rejected ($p > 0.05$), which shows that the fitted model is correct. Both pseudo- R^2 measures indicate a satisfactory model quality.

Analysing Table 3, the results partially meet the authors' expectations regarding dimensions in the model as predictors of tourists' revisit intention. Results show that when there is a one-unit increase in the overall quality level of tourist services at the destination it increases the probability of tourists' revisit intention by 23.8% (*odds ratio* of 1.238), which is supported by the literature. Results also show that a one-unit increase in the overall level of prices decreases the odds of revisit intention by 31.8%, that is, intention to revisit the Algarve is 0.682 times as likely with a one unit increase in the perception of high level of prices at the destination (e.g. from 1 to 2, or 2 to 3). The literature usually presents destination quality as a relevant attribute influencing behavioral intentions (e.g. Wang & Li, 2023), but little is known about the effects of prices on loyalty. Finally, results show that the perception of a safety destination does not directly explain tourists' loyalty.

After testing, an improvement in the model was noteworthy, and the constant-only model predicted revisit intention of 56.5%, the predictor model presented a rate of 87.4% and a good

model adjustment can be concluded according to the area under the ROC curve presenting 0.763. In general, an AUC of 0.5 suggests no discrimination (i.e., ability to predict alumni with and without intention to collaborate), 0.7 to 0.8 is considered acceptable (Hosmer & Lemeshow, 2000, pp. 160-164).

	Coefficient	Standard Error	p-value	Exp(coefficient)
The overall quality level of tourist services	0.214***	0.050	<0.001	1.238
The overall level of prices	-0.383**	0.129	0,003	0.682
Generally, the Algarve is a safe tourism destination	0.089	0.174	0.611	1.093
Constant	0.844	0.918	0.358	2.325
Test	χ^2	df	p value	
Score test (LM test)	16.682	3	0.001	
Hosmer and Lemeshow test	13.713	7	0.078	
Cox and Snell $R^2=0.108$				Nagelkerke's $R^2=0.121$

Note: * p -value<0.05; ** p -value<0.01; *** p -value<0.001

Table 3. Determinants of intention to revisit the destination (logistic regression)

4. Discussion and conclusion

Using a sample of tourists in the Algarve region, the current study proposed a model to identify determinants of the destination on tourists' loyalty in a sun and sea tourist destinations. The results provide evidence that destination quality and prices explain tourists' loyalty, but perception of a safety destination is not a key determinant of loyalty.

The validation of the proposed model proves the relevance of the topic and the necessary attention to be given to the relationship between destination's level of prices and quality of services and their relationship with tourists' loyalty. These constructs prove to be decisive in the destination co-creation branding of a tourism destination. Therefore, this study represents an important contribution to the Algarve tourism destination as it focuses on destination's characteristics potential role as determinants of loyalty. Indeed, the destination brand can benefit from the involvement of private and public tourism-related stakeholders in its co-creation, alongside other stakeholders, as several authors previously advocate. For this purpose, those responsible for developing the destination, namely the DMOs, must monitor destination's characteristics and support for its improvement.

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