

Chapter 42

Exploring the Mediating and Moderating Role of Services Marketing Strategy and Safety and Security Measures in the Tourism Industry

Rania B. Mostafa

Damanhour University, Egypt

Lamiaa I. Hefny

Pharos University, Egypt

ABSTRACT

The purpose of this paper is to investigate the mediating and moderating role of innovative services marketing strategy and safety and security measures in the tourism industry. Data were collected from 104 managers of travel agencies operating in Egypt. Mediation and moderation analysis were carried out to test the research hypotheses using Hierarchical Regression method. Findings reveal that a travel agency's ability to transform its customer orientation and/or innovation orientation into enhanced business performance depends on its ability to offer innovative service marketing strategy. Moreover, this study supported the importance of safety and security measures in improving the firm performance because they strengthen the positive effect of the tourism strategy, namely innovative services marketing strategy on the marketing performance. The research highlights the importance of innovative services marketing strategy and safety and security measures for academics, travel agency's managers and policy makers.

INTRODUCTION

In an age of globalization, technological advancement and declining tourism demand, competition in the tourism industry has become increasingly severe (Grissemann, Plank, & Brunner-Sperdin, 2013). Travel agencies that track and react to meet customers' needs and preferences perform at superior levels while achieving chronic success and sustaining a robust competitive position (Grissemann, Plank, &

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Brunner-Sperdin, 2013; Zhou, Brown, Dev, & Agarwal, 2007). Customer orientation and innovation orientation in this context allow travel agencies' managers to introduce new services that enhance quality, thereby both satisfying the changing requirements of prospective customers and boosting their market share, sales and profits (Chen, Tsou, & Huang, 2009). This is particularly vital for the Egyptian tourism industry, which consists predominantly of small- and medium size companies that are unable to attain a low-cost advantage (Mohamed & Abd El Warth, 2012). Travel agencies in emerging countries, such as Egypt, therefore can sustain their competitive position by pursuing differentiation strategies, offering innovative services, and providing quality standards that meet their customers' expectations (Pikkemaat, 2008; Weiermair & Fuchs, 1999). As a result, companies adopt customer orientation and innovation orientation to increase the likelihood of offering services and products that meet customers' needs and wants (e.g., Atuahene-Gima, 1996; Campbell & Cooper, 1999; Grisseman, Plank, & Brunner-Sperdin, 2013; Jaworski & Kolhi, 1993).

Extant body of research have investigated how customer orientation and innovation orientation contribute to business performance (e.g., Jaworski & Kolhi, 1993; Narver & Slater, 1990; Ordanini & Parasuraman, 2011; Slater & Narver, 1994). While some studies assume a direct effect of customer orientation and innovation orientation on the firm performance (Avlontis, Papastathopoulou, & Gounaris, 2001; Lievens & Moenaert, 2000; Narver & Slater, 1990; Nijssen, Hillebrand, Vermeulen, & Kemp, 2006; Thakur & Hale, 2013), others assume the relationship is not direct but mediated by the strategies implemented by the firm (Agarwal, Erramilli, & Dev, 2003; Chen, Tsou, & Huang, 2009; Fraj, Matute, & Melero, 2015; Jaworski & Kolhi, 1993; Kirca, Jayachandran, & Bearden, 2005; Ordanini & Parasuraman, 2011; Sandvik & Sandvik, 2003; Sandvik, Duhan, & Sandvik, 2014). In the tourism industry context, limited studies have considered potential mediation effects in the customer orientation and innovation orientation–performance chain (Grisseman, Plank, & Brunner-Sperdin, 2013). One issue that warrants particular attention is the distinctive role of customer orientation and innovation orientation in developing a sound innovative services marketing strategy, as well as the impact of this strategy on the business performance. As a result, the current research explores the mediating role of innovative services marketing strategy to the customer orientation and innovation orientation–performance link.

Furthermore, safety and security is seen as a necessity for a flourishing tourism industry in any destination (Chan & Lam, 2013; Pizam, Tarlow, & Bloom, 1997; Tasci & Boylu, 2010) because people's perception of the safety and security of a destination is expected to influence their destination choice, quality experience evaluation, satisfaction and enjoyment judgment, and word-of-mouth intention. In other words, a lack of safety and security for tourists affects the two most important components of tourism, specifically the decision as to whether tourists visit, and the range of activities that they participate in at the destination (George, 2003). However, some managers viewed security as a non-revenue-generating, non-productive expense and consequently did not see a need to enhance their safety and security systems (Chan & Lam 2013). Despite the crucial importance of safety and security as a pre-requisite for an affluent tourism industry in any destination (Chan & Lam, 2013; Neumayer, 2004; Pizam, Tarlow, & Bloom, 1997; Tasci & Boylu, 2010), safety and security and their impact on travel agency performance have received limited empirical attention from researchers and yet to date there has been scant research that has explored the moderating role of safety and security measures of destinations.

Our study aims to fill this void in the tourism industry literature by proposing and testing an integrated model of the drivers and outcomes of innovative services marketing strategies pursued by travel agencies. Specifically, we focus on (1) the mediating role of innovative services marketing strategy between the firm orientation-firm performance link, (2) the effect of the firm's market performance on its financial

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