

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

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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.

KEYWORDS

Customer Orientation, Egypt, Firm Performance, Innovation Orientation, Safety and Security Measures, Services Marketing Strategy

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, & 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).

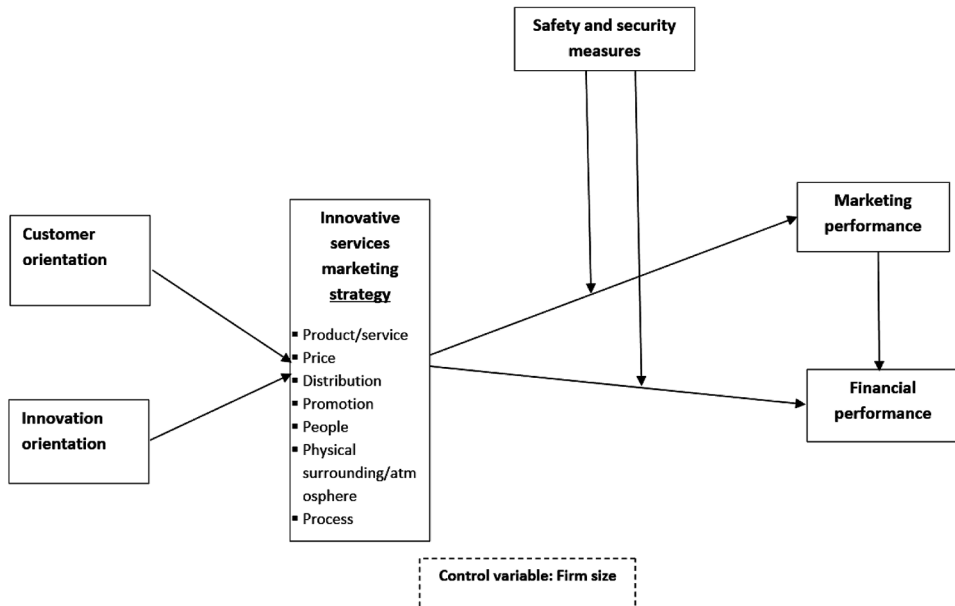
Extant body of research have investigated how customer orientation and innovation orientation contribute to business performance (e.g., Jaworski & Kolhi, 1993; Narver & Slater, 1990; Ordanini & Parasuraman, 2011; Slater & Narver, 1994). While some studies assume a direct effect of customer orientation 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 performance, and (3) the moderating role of safety and security measures on the links between innovative services marketing strategy and both market performance and financial performance.

The remainder of the study is organized as follows. In the next section, we describe the conceptual framework and present the research hypotheses. Subsequently, the research methodology adopted for carrying out our research is explained by describing the data collection and the measurement of variables. Then, the results of the analysis are presented followed with discussion of the main findings and theoretical, managerial and policy maker implications. Finally, the limitations and suggestions for future research are presented.

Figure 1. Conceptual model



CONCEPTUAL FRAMEWORK AND RESEARCH HYPOTHESES

Customer Orientation

Consistent with previous research, we define customer orientation as the set of beliefs that places customer's interests and needs first and ensure long-term customer satisfaction in order to create a long-term profitable firm (Deshpandé, Farley, & Webster, 1993; Homburg, Müller, & Klarmann, 2011). To deliver superior customer value, a travel agency has to continuously respond to the changing customer needs and wants by being innovative. Moreover, extant body of research (e.g., Deshpandé, Farley, & Webster, 1993; Jaworski & Kolhi, 1993) considers customer orientation the hub of market orientation because offering superior customer value is often a major goal of companies.

Innovation Orientation

To maintain competitive advantage in today's marketplace, firms need to constantly innovate their service offerings and service processes. Service innovation enhances value creation (Moller, Rajala, & Westerlund, 2008) and contributes positively to sales revenue, market performance, and customer value (Chapman, Soosay, & Kandampully, 2003; Köseoglu, Parnell, & Doyle, 2015; Thakur & Hale, 2013).

Innovation orientation has gained massive interest in management and marketing research. Innovation orientation refers to the degree of openness of introducing and accepting new ideas as part of a firm's values and beliefs towards innovation (Hurley & Hult, 1998; Tajeddini, 2010). Siguaw, Simpson, and Enz (2006) defined innovation orientation as a company's philosophy that views innovation as the driving force to its learning, strategy, and functional interaction. In line with previous research, innovation orientation refers to the organization orientation that helps in developing a culture that encourages and supports the adoption of new technologies and the introduction of new products, services or ideas (Hurley & Hult, 1998; Zhou, Gao, Yang, & Zhou, 2005). Consistently, Hurley and Hult (1998) examined the outcomes of innovation orientation and concluded that innovation orientation is a crucial driver for encountering obstacles and improving a firm's ability to successfully introduce, adopt or implement new systems, processes, services or products.

Since innovation orientation leads to the implementation of innovative behavior (Grissmann, Plank, & Brunner-Sperdin, 2013; Orfila-Sintes, Crespi-Cladera, & Martinez-Ros, 2005), therefore, the innovation orientation should be reflected in observed action performed by the firm as reflected in the implemented firm strategies.

Innovative Services Marketing Strategy

Marketing strategy is considered as a long-term direction that allows an organization to use its limited resources, capture great opportunities, and respond to the changing marketing environment to achieve competitive advantages (Baker, 2008).

The unique characteristics of services create special problems and challenges that require extending the traditional marketing strategies (Product, Place, Pricing and Promotion) used in marketing goods to include additional three strategic elements (People, Process and Physical evidence) (Akroush, 2011; Booms & Bitner, 1981; Ennew & Watkins, 1992; Levitt, 1981; Zeithaml & Bitner, 2000). Services marketing strategy is defined as “the set of tools available to an organization to shape the nature of its offer to customers” (Al-Dmour, Al-Zu’bi, & Kakeesh, 2013, p.11). It worth note here that we refer to innovative service marketing strategy for developing innovative set of tools (product, place, pricing and promotion, people, process and physical evidence) to better meet customers’ needs and wants. Therefore, emerging importance of innovative service marketing strategy for firms that would like to sustain its competitive advantages cannot be overlooked. It is apparent that when products/services become more similar or a unique competitive advantage cannot be sustained and/or nourished, service innovation becomes a valuable mean for a company to boost its market share and profitability (Berry, Shankar, Parish, Cadwallader, & Dotzel, 2006; Chen, Tsou, & Huang, 2009).

Firm Performance

The vast majority of research divides business performance measures into marketing performance or non-financial performance such as firm’s image and reputation, customer loyalty, or customer satisfaction and financial performance which includes measures such as stock prices, revenues, or profit (e.g., Blazevic & Lievens, 2004; Gupta & Zeitham, 2006).

Safety and Security Measures

Nowadays, safety and security become one of the most challenging issues in tourism industry. Safety and security is considered the most critical driver of a destination’s allure (Boakye, 2012; Pizam, Tarlow, & Bloom, 1997; Rittichainuwat & Chakraborty, 2012; Sonmez & Graefe, 1998) and as a result a major aspect in the individual’s decision making process regarding travel choices. Consequently, all destinations endeavor to advertise themselves as the most safe and secure place. Nevertheless, the painful reality is that tourists has been found to be particularly prone to crime, terrorism, food safety, health issues and natural disaster (Boakye, 2012; George, 2003; Mawby, Barclay, & Jones, 2010).

Safety refers to protection of customers and employees from potential harm, damage and/or death (Enz, 2009; Rittichainuwat & Chakraborty, 2012). Security is the safeguard against loss of life, luggage and belongings (Enz & Taylor, 2002; Rittichainuwat & Chakraborty, 2012).

George (2003) suggested that feeling unsafe or threatened at a destination makes the tourist build up a negative attitude toward the destination. This contributes negatively to the destination’s tourism industry and can consequently decline the tourism to the area as the tourist might not visit the destination again because of its unsafe and unsecure reputation, he or she might not participate in any activity in the destination’s holiday, and is likely to communicate his/her bad experience with others, making prospective tourists decide not to choose this destination.

Scholars highlighted that functional, physical, financial, social, and psychological risks are related to travel pleasure (see for example; Björk & Kauppinen-Räsänen, 2013; Quintal, Lee, & Soutar, 2010). According to Sönmez and Graefe (1998), tourists’ safety concern is a parallel concept to risk. Other studies perceive safety and security as the subsets of risk. For example, Maser and Weiermair

(1998) identified the most important risks associated with travel are diseases, crime, natural disasters, hygiene, transportation, culture/language barriers, uncertainty of destination laws, and regulation. After the 9/11 incident on the World Trade Centre, the concept of risk started to be a global problem that must be regarded. Since then, a wide range of studies focused on risk perception because of the new elements which appeared within tourism security issues due to globalization in order to bring safety and security to tourists (Abdel-Azim, 2010; Hall, Timothy, & Duval, 2004; Kozak, Crotts, & Law, 2007; Kuto & Groves, 2004).

The Mediating Role of Innovative Services Marketing Strategy

The question of whether attitude influences behavior has been gaining high attention by researcher in psychology and marketing discipline for decades. Results demonstrated that management's attitude towards customers and innovation essentially guides management's innovation behavior. Accordingly, we argue that management's attitude towards customers and innovation is likely to direct their innovation behavior when designing marketing strategy. Our argument is generally supported by previous research (e.g., Hult, Hurley, & Knight, 2004; Hurley & Hult, 1998; Hurley, Hult, & Knight, 2005) which suggested that it is important for a company to maximize its human capital by urging new ideas, sharing knowledge, encouraging and supporting creative employees, and hiring managers who welcome and encourage novel ideas that will result in the development of new products and services. Furthermore, previous research suggested that customer-oriented companies are more likely to offer innovative products and services that better match customers' needs and wants (e.g., Atuahene-Gima, 1996; Sandvik & Sandvik, 2003). Adopting novel products or services by the customer-oriented firm help them to build and maintain relationships with their customers and to retain customers in the long-run (Narver & Slater, 1990; Theoharakis & Hooley, 2008; Wang, Chen, & Chen, 2012). Chen, Tsou, and Huang (2009) concluded that service delivery innovation has a positive impact on the non-financial performance of the firm. When a service provider offers innovative services that responds to customer needs, the likelihood that customers visit the same company more frequently in the future increase and thus enhance customer retention (Anderson, Fornell, & Lehmann, 1994). Moreover, when customers expect to get satisfactory services, they become more willing to pay extra money (Moreau & Herd, 2010), which might increase the financial performance of the company. In the tourism industry, a number of authors documented that new innovative products and services enhance the financial performance and marketing performance of a hotel (eg., Chadee & Mattsson, 1996; Oh 1999; Ottenbacher, Gnoth, & Jones, 2006; Storey & Easingwood, 1998).

Elaborating on the findings outlined above, we propose that innovative service marketing strategy improves a firm's ability to enhance customer loyalty through a simpler service delivery process, clearer communication of service offering, and designing a service that better satisfy customer's particular needs. Consequently, customers will prefer to patronize existing service providers. Simultaneously, the better innovative service marketing strategy, the more values that customer gets such as convenience for customers, which enhance the image and reputation of the firm.

Our study emphasizes the importance of innovative service marketing strategy as a mediator that marries both customer and innovation orientation to performance. The major argument is that customer orientation and innovation orientation enforce the implementation of innovative service strategy which consequently lead to higher customer spending, retention and satisfaction. In service innovation research, authors documented that market orientation - organization performance link is mediated by innovation behavior. For example, in the banking sector, Han, Kim, and Srivastava (1998) concluded that innovation behavior mediates the market orientation and performance link. Likewise, research conducted in the hospitality industry (such as Agarwal, Erramilli, & Dev, 2003; Grisseman, Plank, & Brunner-Sperdin, 2013; Sandvik & Sandvik, 2003) found that the customer orientation-performance chain is mediated by innovation-related mechanisms. Sandvik and Sandvik (2003) investigated the impact of customer orientation on firm performance and concluded that "new-to-the market products" serves as a mediator to the customer orientation-business performance link.

Agarwal, Erramilli, and Dev, (2003) conducted research in global hotel chains and concluded that administrative and technological innovation serve as a mediator in the market orientation -financial performance relationship. Chen, Tsou, and Huang (2009) concluded that innovative oriented firm is more likely to accept and develop new service ideas, and emphasize new methods for service delivering. However, innovative orientation is not enough to enhance the firm performance. Therefore, this orientation should be reflected in actual behavior that demonstrates this innovative behavior. Likewise, Grisseman, Plank, and Brunner-Sperdin (2013) revealed the potential mediation effect of innovation behavior to the relationship between the organization orientation (both customer orientation and innovativeness) and the firm performance.

Based on the above argument, we extend previous findings which focused on single elements of the services marketing mix and suggest that not only innovative services and/or product (e.g., Theoharakis & Hooley, 2008; Wang, Chen, & Chen, 2012) or innovative service delivery (Avlonitis, Papastathopoulou, & Gounaris, 2001; Chen, Tsou, & Huang 2009) boost the marketing and the financial performance of the firm but also innovative service marketing mix strategy enhances the marketing and the financial performance of the firm. In other term, customer oriented and innovative oriented firms strive to customize their offering to satisfy customers' needs and interests in addition, they create innovative culture which encourage an open atmosphere, and accentuate creativity which make them match or leapfrog the advantages of competitors. These orientations are demonstrated in creating innovative customer oriented services marketing mix, which in turn enhance the marketing and the financial performance of the firm. Therefore, we suggest that customer-oriented and innovative - oriented companies are more likely to employ innovative customer oriented marketing strategy, which in turn are expected to enhance perceived image, customer satisfaction, loyalty, competitive position, sales, market share, and the profitability of the firm (see Figure 1). Accordingly, we postulate the following hypotheses:

H1: Innovative services marketing strategy mediates the relationship between (a) customer orientation (H1a) and (b) innovation orientation (H1b) and marketing performance.

H2: Innovative services marketing strategy mediates the relationship between (a) customer orientation (H2a) and (b) innovation orientation (H2b) and financial performance.

The Moderating Effect of Safety and Security Measures to the Innovative Services Marketing Strategy - Firm Performance Link

In recent years there has been increase in the rate of crime incidents, violence, and terrorism at international tourist destinations such as Egypt, Lebanon, Kenya, Spain, and Yemen which in turn raised the media attention and tourists' concerns about safety and security of these destinations (George, 2003; Seabra, Dolnicar, Abrantes, & Kastenholz, 2013).

The high load that prospective tourists place on safety and security when deciding which destination to visit, the quality and enjoyment of the experience, and their level of satisfaction, increases the importance of safety and security as an essential factor for the development of tourism industry in any destination (Chan & Lam, 2013; Pizam, Tarlow, & Bloom, 1997; Neumayer, 2004; Tasci & Boylu, 2010). Sonmez and Graefe (1998, p. 120) argued 'if the destination choice is narrowed down to two alternatives which promise similar benefits, the less costly one—one that is safe from threat—is likely to be chosen'.

The World economic forum incorporates safety and security as important factors in judging the quality of the tourist product or service (TTC, 2015). Therefore, for a tourism product or service to fulfill the safety and security standard of the World Travel and Tourism Competitiveness Index (WTTTCI), it should not make the life, health and/or other interests of the consumer vulnerable to threat. These high concerns of safety and security for tourists make any travel agents ignoring this responsibility tends to lose out on the intense competition for the tourist's dollar (Boakye, 2012).

Therefore, these increased threats of terrorism, crime, and natural disasters, in addition to the needs to comply with the UNWTO standards set pressure on tourism service providers to employ safety and security measures such as installing safety devices (Rittichainuwat & Chakraborty, 2012). Moreover, travel agents avoid booking a hotel or sending their clients to a potentially unsafe destination without having proof of issuing a warning (Cavlek, 2002; Rittichainuwat & Chakraborty, 2012; Wilks & Page, 2003). However, some managers viewed safety and 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; Pizam, Tarlow, & Bloom, 1997; Neumayer, 2004; Tasci & Boylu, 2010), safety and security and their impact on tourist firm performance have received limited empirical attention of researchers and yet to date there has been scant research that has explored the moderating role of safety and security measures of destination.

In Egypt, the latest incidents after the Egyptian Revolution become the main concern to the Egyptian tourism industry. Egypt is in a poor rank in the hierarchy of safe and secure destinations. As per the Travel and Tourism Competitiveness Index (TTCI) rankings issued by World Economic Forum (Travel and Tourism Competitiveness Index, 2013), Egypt was placed on the 140th position out of 140 economies compared with 2011 where Egypt was on the 135th position out of 139 economies. According to the TTCI, safety and security is the 3rd most important factor for a foreign tourist while deciding his/her holiday to any international destination. Therefore, to strengthen the position of Egypt as one of the safest and secure destination and a country to visit, more research are needed to investigate how managers spending will contribute to the influence of innovative marketing strategy on the firm performance.

Accordingly, we propose the following hypotheses:

- H3:** Safety and security measures moderate the relationship between innovative services marketing strategy and marketing performance, such that innovative services marketing strategy has a stronger positive impact on marketing performance if safety and security measures are high.
- H4:** Safety and security measures moderate the relationship between innovative services marketing strategy and financial performance, such that innovative services marketing strategy has a stronger positive impact on financial performance if safety and security measures are high.

Link between Marketing Performance and Financial Performance

Financial performance refers to the company's profitability and ability to generate sales and returns (Green & Inman, 2005; Green, Whitten, & Inman, 2012). Market performance focuses on the firm's ability to attract, satisfy, develop and retain customers by providing products, services, and other elements that fit their needs (Leonidou, Leonidou, Fotiadis, & Zeriti, 2013; Moorman & Rust, 1999). A positive relationship between market and financial performance is well established in the literature (e.g., Chen, Tsou, & Huang, 2009; Homburg, Grozdanovic, & Klarmann, 2007; Leonidou, Leonidou, Fotiadis, & Zeriti, 2013; Ramaswami, Srivastava, & Bhargava, 2009).

More specifically, market performance enhances financial performance because (1) satisfying customers enhances repeat purchases, decreases complaints, encourages customers to buy other company products, and motivates them to spread positive word-of-mouth (Leonidou, Leonidou, Fotiadis, & Zeriti, 2013; Szymanski & Henard, 2001); (2) attaining customer loyalty increases the likelihood of the firm to build and develop a steady customers base who are ready to pay a premium price for its products (Day & Wensley, 1988); and (3) developing customers enables the firm to deeply penetrate and/or widen its market (Chen, Tsou, & Huang, 2009; Homburg, Grozdanovic, & Klarmann, 2007). Thus, we propose the following hypothesis:

- H5:** The firm's market performance has a positive impact on financial performance.

Control Variables

Past literature documents that firm performance may be influenced by firm size (e.g., Chen, Tsou, & Huang, 2009; Green, Whitten, & Inman, 2012; Tanriverdi, 2006). Accordingly, firm size was included as control variable in the analysis. This enhances the ability to identify the nature of relationship between the variables of interest more effectively. Firm size was measured by asking respondents to indicate the number of employees. Consistent with prior research, the firm size variable was transformed by taking the logarithm of the number of full-time employees to lessen univariate non-normalities and account for nonlinear effects (Bobillo, Lo'pez-Iturriaga, & Tejerina-Gaite, 2010; O'Cass & Ngo, 2012).

RESEARCH METHODOLOGY

Selection of Tourism Sector

Over the past decade, tourism has become an increasingly significant economic factor in Egypt (The Central Bank of Egypt, 2015). Tourism in Egypt is a principal generator of income and foreign exchange earnings with total contribution 12.8% of GDP (WTTC, 2015) and provides the country with a total tourism revenues of 5.07 US \$ billion in 2014 (The Central Bank of Egypt, 2015). Since 2011 and following the 25th of January Egyptian Revolution, the tourism industry is suffering tremendously compared to 2010. In 2010, tourist arrivals and receipts were 14 million and \$ 12,528 billion respectively. In 2011, tourist arrivals decreased to 9,497 million and tourism receipts decreased to \$8,707 billion. In 2013, the Egyptian tourism industry saw a significant drop in arrivals, due to the political tension in the country, where arrivals dropped to 9,174 million and tourism receipts dropped to \$6,044 billion leading to an overall decrease of 34% and 52% respectively in 2013 as compared to 2010 (WTO, 2014).

Data Collection and Sample

To test the hypotheses, data was collected from managers of travel agencies in the Egyptian tourism industry. Consistent with prior research investigating management orientation and the firm performance (Ordanini & Parasuraman, 2011; Thakur & Hale, 2013), we conducted a survey of managers using questionnaire to test our conceptual model. The questionnaire was divided into five sections: first, we asked respondents about their customer orientation, innovation orientation, and innovative services marketing strategy. Second, respondents were then asked about their marketing performance. Third, respondents were then asked about their financial performance. Fourth, respondents were asked to rate the safety and security measures implemented by their travel agency. The last part comprised descriptive questions about the manager and their company's characteristics.

Out of the 300 travel agents operating in Egypt to bring inbound tourists (Egypt's information portal statistics, 2015), one hundred sixteen managers of travel agents agreed to participate. Out of the 116 questionnaires we sent out, 104 were returned, yielding a response rate of 90%. Despite the small sample size, it is still comparable to, if not higher than, similar travel agent studies, such as Bigne, Aldas and Andreu (2008) with a 101 sample size. In the Egyptian tourism industry, the majority of companies are small or medium-sized enterprises (Mohamed & Abd El Warth, 2012). Our sample profile showed that 29.8% of managers were female and 70.2% were male. Majority (43.3%) of the surveyed companies had over 20 years of operation in the tourism industry. Half (50%) of the surveyed companies are small companies with less than 50 full time employees (see table 1).

Measurement

All items used in this research were adapted from valid scales in the literature. All of the constructs were measured using multi-item scales (Churchill, 1979). Respondents were asked to indicate their

Table 1. Demographic characteristics of sample

Item	Frequency	Percentage (%)
Gender		
Female	31	29.8
Male	73	70.2
Tenure		
3 years and fewer	2	1.9
Over 3 years to 5 years	3	2.9
Over 5 years to 10 years	7	6.7
Over 10 years to 15 years	16	15.4
Over 15 years to 20 years	31	29.8
Over 20 years	45	43.3
Full time employees		
Less than 50	50	48.1
50–99	39	37.5
100–299	8	7.7
300–999	1	1.0
1000–1999	3	2.9
2000–4999	3	2.9
5000 or more	0	0

level of agreement with each statement on a 7-point Likert scale (1 = strongly disagree; 7 = strongly agree). Malhotra, 2012.

Customer orientation was operationalized as a 4-item scale adapted from Licata, Mowen, Harris, and Brown (2003). *Innovation Orientation* was operationalized as 6-item scales adapted from Chen, Tsou, and Huang (2009). *Innovative services marketing strategy* was operationalized as a higher-order construct consisting of seven first-order constructs (namely; product/service, price, place/distribution, promotion, people, physical evidence, and process) and was measured using 35 items adapted from Akroush (2011) and Yoo, Donthu, and Lee (2000). *Marketing performance* was measured using 8 items drawn from Vorhies and Morgan (2005) and Leonidou, Leonidou, Fotiadis, and Zeriti (2013). *Financial performance* was measured by adapting Chen, Tsou, and Huang (2009)'s 5-item scale. *Safety and security measures* were operationalized as a 10-item scale adapted from Vinayek and Malhotra (2012). Firm size was measured by asking respondents to identify the number of full-time employees (Chen, Tsou, & Huang, 2009; Murray, Gao, & Kotabe, 2011).

RESULTS

Reliability and Validity

Internal consistency reliability of the scale was measured using Cronbach alpha. Cronbach's alpha values for each of the constructs were above 0.70 and ranged from 0.78 to 0.98, demonstrating evidence for the reliability of the measures (Nunnally, 1978).

To test for validity, we examined content validity and construct validity. To ensure content validity, we relied on established scales and appropriate amendments are made according to the context of the study. In addition, the questionnaire was inspected by three academics to evaluate the wording and

completeness of each measure in relation to the construct definition. To assess construct validity, we tested for convergent validity and discriminate validity. To assess convergent validity, KMO and Bartlett's test was assessed and are above 0.7 and the result of Bartlett's Test of Sphericity is also significant ($p > 0.000$). The factor loadings of each item on their hypothesized construct are equal or above the desired cut-off point of 0.7 except for one item (the factor loading was 0.65). AVE was calculated for each construct. These values ranged from 0.53 to 0.82, exceeding the threshold value recommended by Fornell and Larcker (1981). Therefore, findings provide evidence for the convergent validity of our measures (Hair, Black, Babin, & Anderson, 2010). Table 2 displays the psychometric properties of the latent constructs and the wording of the items.

To assess the discriminant validity, the square roots of the AVE values were consistently greater than all corresponding correlations as shown in Table 3 and thus fulfilling the discriminant validity for each construct (Fornell & Larcker, 1981).

Next, the study statistically examined the possibility of common method bias. In particular, we carried out the Harman's single factor test (Podsakoff & Organ, 1986). An unrotated factor analysis using the eigen value-greater-than-one criterion results in a solution that accounts for 81% of the total variance, and the first factor accounts for only 42% of the variance. Therefore, no general factor is apparent. Thus, Harman's single factor test provides evidence that common method bias is unlikely to be a serious problem.

Hypothesis Test

We test the main effect, mediating effect, and moderating effect in turn using Hierarchical Regression method.

Mediated Effects

Hypothesis 1a-1b proposes mediating effect of innovative services marketing strategy to the relationship between customer orientation (H1a) and innovation orientation (H1b) and marketing performance. To test the mediation effect, we applied Baron and Kenny's (1986) approach of mediation analysis and examined the suggested four conditions that should hold to verify mediation (Frazier, Tix, & Barron, 2004, pp. 125-128). The first condition is the existence of a significant relationship between the predictor variable and the outcome variable. Second, the predictor should be significantly related with the mediator. Third, the existence of a significant relationship between the mediator and the outcome variable. Finally, the relationship between the predictor and the outcome is not significant (for full mediation) or is significantly reduced (for partial mediation) when the mediator is introduced to the model. In an attempt to examine those conditions, first, we found that there was no significant direct relationship between customer orientation and marketing performance (Model 2, $\beta = 0.05$, n.s.), however, there is a significant direct relationship between innovation orientation and marketing performance (Model 2, $\beta = 0.34$, $p < 0.01$). Second, a significant relationship was found between the predictors (customer orientation and innovation orientation) and innovative services marketing strategy as the mediator (Model 8, $\beta = 0.50$, $p < 0.01$ and $\beta = 0.30$, $p < 0.01$, respectively). Third, a significant relationship between the mediator (innovative services marketing strategy) and the outcome (marketing performance) was found (Model 3, $\beta = 0.42$, $p < 0.01$). Fourth, despite that the insignificant direct relationship between customer orientation and marketing performance remain insignificant (at $p < 0.01$) when innovative services marketing strategy was introduced into the model, the relationship between innovation orientation and innovative services marketing strategy is significant (Model 3, $\beta = 0.21$, $p < 0.05$) and the relationship between innovative services marketing strategy and marketing performance (Model 3, $\beta = 0.42$, $p < 0.01$). In addition, the adjusted R^2 is 0.38. This means that innovative services marketing strategy fully mediates the relationship between customer orientation and marketing performance¹. Therefore, H1a is supported. However, innovative services marketing strategy partially mediates the relationship between innovation orientation and marketing performance since the significant relationship between innovation orientation and marketing

Table 2. Scales of constructs and descriptive statistics

Constructs and Scale Items		Item Mean (s.d.)	Construct Mean (s.d.)	Factor Loading	α	AVE
Customer orientation (CO) – (adapted from Licata, Mowen, Harris, & Brown, 2003)			6.33(0.95)		0.89	0.80
CO1	Our company tries to get customers to discuss their needs with the company.	6.02(1.40)		0.78		
CO2	Our company tries to help customers achieve their needs.	6.39(0.98)		0.91		
CO3	Our company take a problem-solving approach with our customers.	6.41(0.94)		0.96		
CO4	Our company is able to keep the best interest of the customer in mind.	6.40(0.98)		0.90		
Innovation orientation (IO) – (adapted from Chen, Tsou, & Huang, 2009)			5.66(1.18)		0.92	0.75
IO1	Our company pays close attention to innovation.	6.01(1.22)		0.86		
IO2	Our company emphasizes the need for innovation for development.	5.51(1.44)		0.88		
IO3	Our company promotes the need for development and utilization of new resources.	5.45(1.34)		0.90		
IO4	Our company nurtures, accepts, and measures innovation.	5.36(1.40)		0.89		
IO5	Management actively seeks innovative ideas	6.02(1.17)		0.79		
IO6	Employees are encouraged for new ideas even the ones that might fail ^(d)	4.66(1.95)		–		
Services marketing mix strategy (SMM)			6.04(0.91)		0.86	0.62
Product/service (SMM_S) (adapted from Akroush, 2011)			6.03(1.00)		0.81	
SMM_S1	Our company provides distinctive services to tourists/ customers.	6.39(0.97)		0.80		
SMM_S2	Our company cares about our tourists' opinion in the development of new services.	5.55(1.68)		0.70		
SMM_S3	Our company deals with tourism service providers that have a distinctive brand in the market.	6.08(1.012)		0.88		
SMM_S4	Our company provides tourists with updates about developed service products.	5.56(1.49)		0.70		
SMM_S5	Our company provides tourists with a variety of services that meet their needs.	6.49(0.84)		0.86		
Price (SMM_P) (adapted from Yoo, Donthu, & Lee, 2000)			6.53(0.77)		0.82	
SMM_P1	Our company provides tourists with more than one paying facility/ option.	6.41(1.12)		0.74		

continued on following page

Table 2. Continued

Constructs and Scale Items		Item Mean (s.d.)	Construct Mean (s.d.)	Factor Loading	α	AVE
SMM_P2	Our company's prices are appropriate to tourists	6.57(0.82)		0.96		
SMM_P3	The prices are appropriate compared to the quality of services provided.	6.52(0.89)		0.94		
SMM_P4	The prices are competitive compared to the other tourist companies.	6.28(0.98)		0.70		
Distribution (SMM_D) (adapted from Yoo, Donthu, & Lee, 2000)			4.82(1.70)		0.89	
SMM_D1	Our company has many branches within different regions.	4.00(2.65)		0.83		
SMM_D2	The numbers of hotels that deal with our company are more than those that deal with our competitors.	4.84(1.94)		0.79		
SMM_D3	Our company's location is appropriate for tourists.	5.59(1.42)		0.69		
SMM_D4	The website essential base for our company (paying the bills, detailed bill sent on the customer e-mail.... etc.) is satisfactory.	4.49(2.30)		0.87		
SMM_D5	Our company website is well-organized.	4.37(2.23)		0.87		
SMM_D6	Signs of our company's location are available.	4.933(1.81)		0.80		
Promotion (SMM_PR) (adapted from Yoo, Donthu, & Lee, 2000)			5.78(1.08)		0.79	
SMM_PR1	Our advertising campaigns seem very creative, compared to campaigns for competing companies.	5.43(1.18)		0.84		
SMM_PR2	The advertisements are frequently seen through media such as newspapers, magazines, and social media	4.72(1.77)		0.77		
SMM_PR3	In general, I can feel that there is credibility in our advertisements.	6.11(1.19)		0.85		
SMM_PR4	Our company gives tourists special offers from time to time (e.g., package deals, coupons, etc.).	6.51(0.90)		0.73		
SMM_PR5	Our company cares about cultural activities and program sponsorship (i.e.: independent day festival, social events, sport games, etc.) ^(d) .	4.41(2.00)		-		
SMM_PR6	Our company encourages our customers/ tourists to use word of mouth and recommend our company to others ^(d) .	6.25(1.10)		-		

continued on following page

Table 2. Continued

Constructs and Scale Items		Item Mean (s.d.)	Construct Mean (s.d.)	Factor Loading	α	AVE
People (SMM_PE) (adapted from Akroush, 2011)			6.52(0.85)		0.98	
SMM_PE1	Our staff is able to provide the required services quickly.	6.54(0.85)		0.95		
SMM_PE2	Most of the time our staff is able to answer our customers/ tourists inquiries.	6.54(0.82)		0.93		
SMM_PE3	Our staff is well-trained and know how to deal with customers.	6.53(0.86)		0.97		
SMM_PE4	Our staff treats each tourist as a special and valued customer.	6.55(0.83)		0.97		
SMM_PE5	Our staff is always willing and ready to deliver the service to the tourists.	6.50(0.80)		0.96		
Physical evidence (SMM_PH) (adapted from Akroush, 2011)			5.85(1.12)		0.92	
SMM_PH1	Our staff appears in attractive uniforms.	5.49(1.49)		0.87		
SMM_PH2	Public facilities (i.e.: waiting space ...etc.) of the company are comfortable and attractive.	5.75(1.15)		0.94		
SMM_PH3	Our company uses modern and sophisticated equipment.	5.83(1.16)		0.95		
SMM_PH4	The overall atmosphere is comfortable.	6.20(1.00)		0.87		
Processes (SMM_PO) (adapted from Akroush, 2011)			6.59(0.82)		0.97	
SMM_PO1	The procedures to get the required services are easy, quick and immediate.	6.40(0.90)		0.84		
SMM_PO2	Our company delivers services as promised.	6.56(0.88)		0.87		
SMM_PO3	Our company provides services to customers free of errors.	6.37(0.97)		0.82		
SMM_PO4	Our company deals with the tourists in confidentiality and privacy.	6.60(0.80)		0.89		
SMM_PO5	Our company handles complaints seriously.	6.62(0.86)		0.85		
SMM_PO6	Our company is committed to all of the conditions offered to tourists in the purchase policy.	6.66(0.79)		0.90		
Marketing performance (MAP) – (adapted from Vorhies and Morgan, 2005; Leonidou, Leonidou, Fotiadis, & Zeriti, 2013)			5.52(1.20)		0.96	0.80
MAP1	Rate of acquiring new customers.	5.30(1.38)		0.89		

continued on following page

Table 2. Continued

Constructs and Scale Items		Item Mean (s.d.)	Construct Mean (s.d.)	Factor Loading	α	AVE
MAP2	Rate of retaining existing customers.	5.20(1.41)		0.87		
MAP3	Rate of increasing sales from existing customers.	5.18(1.36)		0.86		
MAP4	Customer satisfaction.	5.71(1.22)		0.92		
MAP5	Customer loyalty	5.59(1.27)		0.93		
MAP6	Reputation among customers	5.77(1.28)		0.91		
MAP7	Service quality offered to customers	5.76(1.23)		0.92		
MAP8	Occupancy rate	5.06(1.30)		0.85		
Financial performance (FP) – (adapted from Chen, Tsou, & Huang, 2009)			5.88(1.06)		0.94	0.82
FP1	We have enhanced sales and profitability of the firm.	5.90(1.13)		0.83		
FP2	We have been profitable.	6.07(1.00)		0.92		
FP3	We have achieved profit objectives.	5.78(1.31)		0.92		
FP4	We have achieved sales objectives.	5.84(1.22)		0.94		
FP5	We have achieved market share objectives.	5.68(1.29)		0.92		
Safety and security measures (SSM) – (adapted from Vinayek and Malhotra, 2012)			6.13(1.04)		0.87	0.53
SSM1	We strictly apply travel laws and regulations.	6.58(0.96)		0.75		
SSM2	We maintain the safety of luggage.	6.73(0.79)		0.75		
SSM3	We maintain the safety of tourists.	6.74(0.75)		0.74		
SSM4	We handle tourist grievance efficiently.	6.67(0.85)		0.74		
SSM5	We protect tourists against political stability.	5.72(1.82)		0.71		
SSM6	We protect tourists against begging and cheating.	5.86(1.60)		0.78		
SSM7	We protect tourists against terrorism.	5.53(1.88)		0.70		
SSM8	We protect tourists against general corruption level.	5.43(1.83)		0.73		
SSM9	We ensure the availability of updated tourist information ^(d) .	5.61(1.68)		-		
SSM10	We ensure the presence of tourism police in tourist areas.	5.61(1.73)		0.65		

Notes: All variables were measured on a seven-point scale ranging from strongly disagree (1) to strongly agree (7). except for marketing performance was measured on a seven-point scale ranging from strongly worse than competitors (1) to strongly better than competitors (7).

Table 3. Discriminant and convergent validity

	Customer Orientation	Innovation Orientation	Services Marketing Strategy	Marketing Performance	Financial Performance	Safety Measures
Customer orientation	0.89					
Innovation orientation	0.53	0.87				
Services marketing mix strategy	0.68	0.61	0.79			
Marketing performance	0.29	0.46	0.53	0.89		
Financial performance	0.44	0.53	0.7	0.60	0.91	
Safety and security measures	0.45	0.24	0.38	0.11	0.34	0.73

Note: The square roots of AVE on the diagonal appear in boldface.

performance is reduced (Model 3, $\beta = 0.21$, $p < 0.05$) when services marketing strategy is added to the model. Thus, H1b is supported.

Similarly, to test hypothesis 2a-2b, we examined the mediating effect of innovative services marketing strategy to the relationship between each of customer orientation and innovation orientation as predictors and financial performance as outcome variable. First, we found that there was a significant relationship between customer orientation and financial performance (Model 5, $\beta = 0.21$, $p < 0.05$) and a significant relationship between innovation orientation and financial performance (Model 5, $\beta = 0.36$, $p < 0.01$). Second, a significant relationship was found between the predictors (customer orientation and innovation orientation) and innovative services marketing strategy as the mediator (Model 8, $\beta = 0.50$, $p < 0.01$ and $\beta = 0.30$, $p < 0.01$, respectively). Third, a significant relationship between the mediator (innovative services marketing strategy) and the outcome (financial performance) was found (Model 6, $\beta = 0.65$, $p < 0.01$) and the adjusted R^2 is 0.50. Fourth, the significant direct relationship between customer orientation and financial performance becomes insignificant (at $p < 0.1$) when innovative services marketing strategy was introduced into the model. This means that innovative services marketing strategy fully mediates the relationship between customer orientation and financial performance, thus yielding support to H2a. In addition, the significant relationship between innovation orientation and financial performance is reduced ($\beta = 0.16$, $p < 0.1$) when innovative services marketing strategy is added to the model. This finding means that innovative services marketing strategy partially mediates the relationship between innovation orientation and financial performance. Therefore, H2b is supported. Table 4 provides summary of hypotheses results.

Moderated Effects

Safety and security measures were hypothesized to alter the relationship between innovative services marketing strategy and marketing performance (H3), and financial performance (H4). To model these effects, we introduced a latent interaction term of innovative services marketing strategy and safety and security measures to the model. "If the interaction term is significant then the effect of the predictor variable (X) on the outcome variable (Y) is dependent upon the levels of the moderator variable (M). The product term provides empirical evidence that the nonlinear combination of two variables X and M accounts for a unique amount of variability in the outcome variable Y above and

Table 4. Results of mediation effect

	Marketing Performance			Financial Performance			Innovative Services Marketing Mix Strategy	
	M1	M2	M3	M4	M5	M6	M7	M8
Independent variable(s)								
Customer Orientation		0.05 (0.12)	-0.16 (0.14)		0.21** (0.11)	-0.11 (0.11)		0.50*** (0.07)
Innovation Orientation		0.34*** (0.10)	0.21** (0.10)		0.36*** (0.09)	0.16* (0.08)		0.30*** (0.06)
Mediating Variable								
Innovative Services Marketing Mix Strategy			0.42*** (0.16)			0.65*** (0.12)		
Control variable								
Firm size	0.45*** (0.46)	0.35*** (0.44)	0.29*** (0.43)	0.32*** (0.43)	0.18** (0.39)	0.08 (0.34)	0.32*** (0.37)	0.15** (0.27)
Constant	5.04*** (0.14)	2.83*** (0.68)	1.95*** (0.69)	5.59*** (0.13)	2.37*** (0.59)	1.15** (0.54)	5.78*** (0.11)	1.60*** (0.41)
F- statistic	26.46	16.29	16.82	11.61	17.23	27.31	11.98	44.46
R²	0.21	0.33	0.41	0.10	0.34	0.52	0.10	0.57
Adjusted R²	0.20	0.31	0.38	0.09	0.32	0.50	0.10	0.56

Figures in parentheses are standard errors

*** p<0.01; ** p<0.05; * p<0.1

beyond the linear main effects of the two variables (X and M)” (Little, Card, Bovaird, Preacher, & Crandall, 2007, p. 217). Prior to creating the interaction term, we mean centered the predictor variable (i.e., innovative services marketing strategy) and the moderating variable (i.e., safety and security measures), to reduce multicollinearity (Aiken, West, & Reno, 1991). As illustrated in Table 5, significant moderating effect was found for the relationship between innovative services marketing strategy and marketing performance (Model 12, $\beta = 0.25$, $p < 0.05$) and the adjusted R^2 is 0.40, supporting H3. However, insignificant negative moderating effect was found for the relationship between innovative services marketing strategy and financial performance (Model 16, $\beta = -0.14$, $p < 0.1$), thus H4 was not supported.

The Relationship between Marketing Performance and Financial Performance

Hypotheses H5 proposes that there is a positive relationship between marketing performance and financial performance. As illustrated in Table 6, marketing performance was found to significantly affect financial performance (Model 18, $\beta = 0.58$, $p < 0.01$) and the adjusted R^2 is 0.35, thus H5 was supported.

DISCUSSION AND IMPLICATIONS

Our study is considered the first to jointly investigate the mediating and moderating variables to the firm’s customer and innovation orientation and its business performance. By measuring both a travel agency’s service marketing strategy and its safety and security measures, the study helps to gain deeper

Table 5. Results of moderation effect

	Marketing Performance				Financial Performance			
	M9	M10	M11	M12	M13	M14	M15	M16
Independent variable(s)								
Innovative Services Marketing Mix Strategy		0.43*** (0.11)	0.45*** (0.12)	0.55*** (0.12)		0.67*** (0.09)	0.63*** (0.09)	0.58*** (0.10)
Moderating Variable								
Safety and security measures			-0.06 (0.10)	0.01 (0.10)			0.10 (0.08)	0.06 (0.08)
Interaction								
Innovative Services Marketing Mix StrategyX Safety and security measures				0.25*** (0.06)				-0.12 (0.05)
Control variable								
Firm size	0.45*** (0.46)	0.31*** (0.43)	0.31*** (0.44)	0.30*** (0.42)	0.32*** (0.43)	0.10 (0.34)	0.11 (0.34)	0.12 (0.34)
Constant	5.04*** (0.14)	1.78*** (0.64)	2.01*** (0.73)	0.69 (0.85)	5.59*** (0.13)	1.07*** (0.51)	0.74 (0.57)	1.31 (0.68)
F- statistic	26.46	29.82	19.94	17.86	11.61	51.58	35.13	27.23
R²	0.21	0.37	0.37	0.42	0.10	0.50	0.51	0.52
Adjusted R²	0.20	0.36	0.35	0.40	0.09	0.49	0.50	0.50

Figures in parentheses are standard errors

*** p<0.01; ** p<0.05; * p<0.1

insights into the relationships between the company's orientation and the business performance of travel agencies. Therefore, our study provides insights to academics, managers, and policy makers by helping them to identify factors that contribute to travel agency success.

This study extends our understanding of the relationship between firm orientation (both customer and innovation orientations) and firm performance (both market and financial). Our study also demonstrated that strategies focusing on customers' needs significantly and positively influence tourism innovation strategies. This finding is in line with previous research which argues that the firm orientation influences the implemented strategy. In addition, innovation services marketing strategy was found to enhance market and financial performance. This finding is supported by several studies (e.g, Akroush, 2011; Al-Dmour, Al-Zu'bi, & Kakeesh, 2013; Mintz & Currim, 2013) that argue the 7Ps of services marketing positively influence the service firm performance.

The study extends views that supported that the relationship between firm orientation and the firm performance is mediated by innovation strategy (e.g., Fraj, Matute, & Melero, 2015; Kirca, Jayachandran, & Bearden, 2005; Ordanini & Parasuraman, 2011; Sandvik, Duhan, & Sandvik, 2014). More specifically, our study examined for the first time the mediation effect of innovative services

Table 6. The relationship between marketing performance and financial performance

	Financial Performance	
	M17	M18
Independent variable		
Marketing performance		0.58*** (0.08)
Control variable		
Firm size	0.32*** (0.43)	0.06 (0.41)
Constant	5.57*** (0.13)	3.00*** (0.41)
<i>F- statistic</i>	11.61	29.21
<i>R</i> ²	0.10	0.37
Adjusted <i>R</i>²	0.09	0.35

Figures in parentheses are standard errors

*** p<0.01; ** p<0.05; * p<0.1

marketing strategy. Mediation analysis shows that the effect of customer orientation on market and financial performance indicators is fully mediated with innovative services marketing strategy. Therefore, firms that are customer oriented implement innovative service marketing strategy, which in turn will result in better marketing performance. Customers who gets innovative service marketing strategy that fits their needs are willing to pay premium price, which in turn boosts the financial performance of the firm. Therefore, we suggested that while being customer driven and/or innovation oriented alone is insufficient to attain competitive success, it does facilitate innovative marketing strategy that increases the firm performance.

Furthermore, mediation analysis shows that the effect of innovation orientation on marketing and financial performance indicators is partially mediated with innovative services marketing strategy. This finding might be because the effect of innovative services marketing strategy needs longer time to boost the financial performance. In addition, the partial mediation of innovative services marketing strategy in the innovation orientation - firm performance linkage suggests the existence of other potential variables that might play a mediating role to the above-mentioned relationship (Zhao, Lynch, & Chen, 2010).

Moreover, despite the importance of safety and security in customers' decision to visit a destination, yet no attention was given to the role of safety and security measures in enhancing the firm performance. Findings demonstrated a moderating effect of safety and security measures to the innovative services marketing strategy - marketing performance link. Our study yields support to the importance of spending on the safety and security measures such as photo ID checks, CCTV monitoring, guard presence, and emergency power supply in case of blackouts (Rittichainuwat & Chakraborty, 2012; Kwortnik, 2005; Milman, Jones, & Bach, 1999) because they will strengthen the positive effect of the tourism strategy, namely innovative services marketing strategy on the marketing performance of the travel agency. However, safety and security measures were found to have a significant negative moderating effect on the relationship between innovative services marketing strategy and financial performance. This finding might be because the effect of spending on safety and security needs longer time to enhance the financial performance compared to marketing performance. Therefore, spending more on safety and security might result in negative effect of innovative services marketing strategy in the short term but in the long term, it might enhance the effect of innovative services marketing strategy on financial performance.

Our study supports previous findings which revealed positive impact of market performance on financial performance (e.g., Chen, Tsou, & Huang, 2009; Homburg, Grozdanovic, & Klarmann, 2007; Leonidou, Leonidou, Fotiadis, & Zeriti, 2013). These indicate that acquiring, satisfying, and attaining loyal customers enhance the ability of the firm to build and develop a steady customer's base who are ready to pay a premium price for its products. Thus, increasing the firm sales, revenue and profitability.

Our study has implication for both travel agency and policy makers. First, we concluded that in order for a travel agency to be successful, its marketing strategy should be innovative and its investment decision making should focus on safety and security measures to enhance the effect of customer orientation and innovation orientation on market and financial performance. Accordingly, managers need to comprehend and apply the concept of customer orientation and innovation orientation especially in the tourism sector, which is characterized by bundled services, being customer and innovation oriented include providing memorable experiences and superior up-to-date service delivery process. Our finding supports the notion of Tajeddini and Trueman (2012), who emphasized that managers in the hospitality industry have to consistently update its bundle of service offering to satisfy the changing needs of their current and potential customer groups. Therefore, today's travel agency should search for novel products and services, employ a simpler service delivery process, offer a clearer communication of service, provide competitive prices, design a service that better satisfy customer's particular needs, and hire more competent service providers. This implies that customer and innovative orientated management in the tourism industry require agencies to constantly develop new service bundles and find innovative and creative solutions. By doing so, travel agencies will improve their financial performance and their ability to attract, satisfy and retain more customers.

Second, investing on safety and security measures may be a more cost-effective long-term strategy -rather than a short term one- to ensure the safety and security of destinations and guests. Therefore, (a) Travel agencies which represent the private sector should cooperate with the public sector which represent policy makers to create the highest safety environment for tourists, whether through local community which they can assist the police work or through travel information sources which should give adequate information for tourists about tourism safety. (b) The authorities should take violence crime, sexual harassment and fraud incident with tourists more seriously because such incidents have a negative effect on decreasing the willingness to revisit when he /she knows the destination is unsafe or even more not recommending this destination. (c) The policy makers, government officials and the ministry of tourism of Egypt should take revolutionary change to improve safety and security in Egypt and only then the rank of Egypt can be enhanced globally compared to other destinations. (d) Travel agents should work with the Egyptian ministry of tourism and develop tourism marketing campaign to improve the reputation and image of Egypt as a safe and secure destination to increase the willingness of tourists to come to Egypt. (e) Tourism planners need to be aware of which risks might cause stress among tourists, an awareness that should be reflected on marketing strategies. This has a particular importance for Egypt where tourism is considered as the largest export sector and a major producer of foreign exchange. (e) Travel agents should also do some awareness seminars for tourists about the potential dangerous spots they plan to visit to handle their own safety when difficulties arise. They should deploy traveler tracking system that allows identification and communication with travelers at risk in crisis situations and for prevention. Travel agents should invest in more effective technology to secure the safety of the visitors such as technological devices with GPS programs to keep track of the tourists anywhere. (f) Destination managers must have a well-developed and well-communicated safety proposal in terms of destination offering and communication/information materials. (g) Travel agencies should recognize the value of innovative customer oriented services marketing strategy as a catalyst in improving firm performance; both financial and non-financial.

LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

This paper is not free of limitations. However, these limitations present some promising opportunities for future research. First, despite the fact that the tourism industry encompasses a wide range of sectors such as restaurants, accommodation, transportation, and entertainment, which are also different in customer and innovation orientation, our paper focuses on travel agency only, which affects the generalizability of the results. Therefore, we call for more research to replicate the study in different sectors of the tourism industry. Second, this study employed a cross sectional design which hinders the ability to infer causality. Future research can employ longitudinal designs to infer the causal relationship between variables. Third, the partial mediation of innovative services marketing strategy in the innovation orientation - firm performance linkage suggests the existence of other potential variables that might play a mediating role to this relationship. Therefore, future research is recommended to explore what other variables mediate the above-mentioned relationship. Fourth, the analysis revealed insignificant effect of the firm size on the firm's financial performance. Future research is recommended to measure how the effect of innovative services marketing strategy and safety and security measures on the financial performance differ for large, medium, and small firms. Finally, one of the most interesting findings emerging from the analysis was the significant negative moderating effect of safety and security measures on the relationship between innovative services marketing strategy and financial performance. Future research is recommended to carry a longitudinal study to see the moderating effect of safety and security measures over a longer time frame.

CONCLUSION

The purpose of this study was to examine the interplay between customer orientation, innovation orientation and business performance in the tourism industry and disclose some important implications for academics and practitioners. Findings demonstrated that a travel agency's ability to transform its customer orientation and/or innovation orientation into enhanced sales depends on its ability to offer innovative service marketing strategy. A travel agency that is skilled and competent of meeting or exceeding its customers' needs through innovation behavior and mechanism is more capable to outstand its competitors in terms of both effectiveness (i.e., higher revenues and lower cost) and efficiency (i.e., better customer value). In other term, we found that there is a positive relationship between the firm orientation (i.e., customer orientation and innovation orientation) and business performance (i.e., financial performance and marketing performance), but this link is mediated by innovative service marketing strategy. Moreover, this study supported the importance of safety and security measures in improving the marketing performance because they strengthen the positive effect of the tourism strategy, namely innovative services marketing strategy on the firm's marketing performance.

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ENDNOTES

- ¹ Zhao et al. (2010) suggest that a full mediation is verified if the direct effect between the predictor and the outcome variable do not exist but the indirect effects between the predictor and the mediator and between the mediator and the outcome variable is significant. Zhao et al. (2010, p. 200) named this type of mediation “*Indirect-only mediation*”.