UNIVERSITI PUTRA MALAYSIA

CONSUMER INVOLVEMENT, CONSUMER ONLINE ENGAGEMENT, AND CONSUMER LOYALTY IN AIRLINE AND HOSPITALITY SERVICES AMONG GENERATION X AND Y

LEONG MEI KEI

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By

LEONG MEI KEI

Thesis Submitted to the School of Graduate Studies, Universiti Putra Malaysia, in Fulfillment of the Requirements of the Degree of Doctor of Philosophy

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Abstract of thesis presented to the Senate of Universiti Putra Malaysia in fulfillment of the requirement for the degree of Doctor of Philosophy

CONSUMER INVOLVEMENT, CONSUMER ONLINE ENGAGEMENT, AND CONSUMER LOYALTY IN AIRLINE AND HOSPITALITY SERVICES AMONG GENERATION X AND Y

By

LEONG MEI KEI

July 2018

Chairman : Syuhaily Osman, PhD
Faculty : Human Ecology

Previous studies had explicitly examined the constructs of consumer involvement, consumer online engagement, and consumer loyalty. However, only few researchers have conducted studies to understand the relationships between these constructs especially across generations. Furthermore, studies on consumer loyalty have become the central focus of various parties as it is the major determinant of market growth and an influencer which affects consumer behaviour. Thus, the main objective of this study was to examine the dimensions of consumer involvement (importance, pleasure, sign, risk consequence, and risk probability) in influencing consumer loyalty among Generation X and Y in airline and hospitality services context. This study also looked at the mediating effect of consumer online engagement (with its dimensions of affective, behaviour, and cognitive engagement) on the relationship between consumer involvement and consumer loyalty. The moderation effect of Generation X and Y was examined in the study to ascertain the differences between the two generations on the relationship between consumer online engagement and consumer loyalty. The conceptual framework was developed based on the reasoned linkage between the variables and the theoretical foundations of the Service Dominant Logic Theory, the Consumer Engagement Model, and the Three H’s Model. Convenience sampling method was used to collect the data of 390 respondents through Facebook. Meanwhile, this research had acquire the desired number of respondents, with an approximately equal number of respondents from Generation X and Generation Y. The self-administrative questionnaires were widely distributed by using an online survey platform known as Survey Monkey. The collected data were statistically analysed by using Statistical Package for the Social Sciences (SPSS) and Smart PLS software. The basic analysis such as descriptive analysis was performed by using SPSS, while the inferential analysis such as Structural Equation Modelling was carried out by using Smart PLS. Based on the findings, it was observed that the level of...
consumer loyalty portrayed towards the airline and hospitality services among the Generation X and Generation Y were between moderate and high. The results also discovered that there were significant relationships between dimensions of consumer involvement (importance, pleasure, and sign) and consumer loyalty. The dimensions of consumer online engagement (affective and behaviour) were distinguished as the mediator for the relationship between consumer involvement and consumer loyalty. The mediator effect was partially mediated the relationship between consumer online engagement and consumer loyalty. Nonetheless, the cognitive engagement does not display any mediation effect on the relationship between consumer involvement and consumer loyalty. As for the moderator of Generation X and Y, the result displayed significant moderation effect with regards to the consumer online engagement and consumer loyalty relationship. The moderator of Generation X and Y has increased the direct variance explained within the model from 19.5% to 32.3%. This study has contributed to the existing body of knowledge by providing support for the importance of consumer involvement and consumer online engagement towards consumer loyalty, based on theoretical reasoning and empirical findings. The findings of the study have also highlighted some important implications, while some recommendations for future researchers have also been put forward to facilitate the understanding of consumer loyalty.
Abstrak tesis yang dikemukakan kepada Senat Universiti Putra Malaysia sebagai memenuhi keperluan untuk ijazah Doktor Falsafah

PENGLIBATAN PENGGUNA, KETERLIBATAN PENGGUNA DALAM TALIAN, DAN KESETIAAN PENGGUNA DALAM PERKHIDMATAN PENERBANGAN DAN HOSPITALITI DALAM KALANGAN GENERASI X DAN Y

Oleh

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Julai 2018

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Kajian terdahulu telah meneliti secara jelas konstruk penglibatan pengguna, keterlibatan pengguna dalam talian, dan kesetiaan pengguna. Walau bagaimanapun, hanya segelintir sahaja penyelidik yang telah menjalankan kajian untuk memahami hubungan antara konstruk-konstruk ini. Terutama, kajian ini merupakan penentu utama pertumbuhan pasaran serta dapat mempengaruhi tingkah laku pengguna. Oleh itu, tujuan utama penyelidikan ini ialah untuk memeriksa dimensi penglibatan pengguna (kepentingan, keseronokan, tanda-tanda, kesan risiko, dan kebarangkalian risiko) dalam mempengaruhi kesetiaan pengguna dalam kalangan Generasi X dan Y dalam konteks perkhidmatan penerbangan dan hospitaliti. Kajian ini turut melihat kesan pengantarana keterlibatan pengguna dalam talian (dengan dimensi afektif, tingkah laku, dan keterlibatan kognitif) terhadap hubungan antara penglibatan pengguna dan kesetiaan pengguna. Kesimpulan ini menunjukkan Generasi X dan Y turut dikaji untuk menentukan perbezaan antara dua generasi dalam hubungan antara keterlibatan pengguna dalam talian dan kesetiaan pengguna. Kerangka konsepsiutal telah dibangunkan berdasarkan perkaitan bersebab antara pembolehubah dengan asas-asas teori Logik Perkhidmatan Dominan, Model Keterlibatan Pengguna, dan Model Tiga H. Kaedah pensampelan mudah telah digunakan untuk mengumpul data daripada 390 responden melalui Facebook. Sementara itu, kajian ini telah mendapatkkan bilangan responden yang dikekendalikan, dengan bilangan responden yang lebih kurang sama daripada Generasi X dan Y. Soal selidik tadbir sendiri telah diedarkan secara meluas dengan menggunakan satu platform kajian selidik dalam talian yang dikenali sebagai Survey Monkey. Data yang terkumpul telah dianalisis secara statistik dengan menggunakan Pakej Statistik untuk Sains Sosial (SPSS) dan perisian Smart PLS. Analisis asas seperti analisis deskriptif telah dijalankan dengan menggunakan SPSS, sementara analisis inferensi seperti
Pemodelan Persamaan Struktur (Structural Equation Modeling) telah dijalankan dengan menggunakan Smart PLS. Berdasarkan hasil kajian, didapati tahap kesetiaan pengguna yang ditunjukkan terhadap perkhidmatan syarikat penerbangan dan hospitaliti tempatan dalam kalangan Generasi X dan Y adalah berada di antara tahap sederhana dan tinggi. Hasil kajian juga menunjukkan terdapat hubungan yang signifikan antara dimensi penglibatan pengguna (kepentingan, keseronokan, dan tanda-tanda) dan kesetiaan pengguna. Dimensi keterlibatan pengguna atas talian (afektif dan tingkah laku) telah dikenali pasti sebagai pengantara bagi hubungan antara penglibatan pengguna dan kesetiaan pengguna. Kesan pengantaraan adalah sebahagianannya diperantarakan bagi hubungan antara penglibatan pengguna dan kesetiaan pengguna. Namun begitu, keterlibatan kognitif tidak memaparkan sebarang kesan pengantaraan ke atas hubungan antara penglibatan pengguna dan kesetiaan pengguna. Bagi penyederhana Generasi X dan Y pula, hasil kajian menunjukkan kesan penyederhanaan yang signifikan terhadap penglibatan pengguna atas talian dan kesetiaan pengguna. Perantara bagi Generasi X dan Y telah meningkatkan variasi langsung yang diperjelaskan dalam model daripada 19.5% kepada 32.3%. Kajian ini telah menyumbangkan kepada perkembangan ilmu pengetahuan yang sedia ada dengan menyokong kepentingan penglibatan pengguna dan keterlibatan pengguna dalam talian terhadap kesetiaan pengguna, bersandarkan hujah teori serta penemuan empirikal. Hasil kajian ini juga telah menekankan beberapa implikasi penting serta menyumbangkan cadangan kepada para penyelidik akan datang dalam usaha memperoleh pemahaman tentang kesetiaan pengguna.
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Finally, I also would like to give my special appreciation to my dearest family and fiancé for their continuous support over all these years. I would not be able to complete the journey without their moral support. Thank you very much.
I certify that a Thesis Examination Committee has met on 16 July 2018 to conduct the final examination of Leong Mei Kei on her thesis entitled "Consumer Involvement, Consumer Online Engagement and Consumer Loyalty in Airline and Hospitality Services Among Generation X and Y" in accordance with the Universities and University Colleges Act 1971 and the Constitution of the Universiti Putra Malaysia [P.U.(A) 106] 15 March 1998. The Committee recommends that the student be awarded the Doctor of Philosophy.

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This is to confirm that:

- the research conducted and the writing of this thesis was under our supervision;
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Name of Member of Supervisory Committee: Associate Professor Dr. Mohamad Fazli Sabri
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CHAPTER 1

INTRODUCTION

1.1 Background of the Study

Consumers’ lifestyle is changing as their work life change. Non-flexible working hours and overtime have increased the chances of having stress (Shagvaliyeva & Yazdanifard, 2014). A stress-related survey had reported 70% of the Malaysian workers feel stressed due to the economic instability (Kumar, 2013). The inflation has increased the cost of living (Islam, Ghani, Mahyudin, & Manickam, 2017) and the imposition of goods service tax has posts a challenge to consumers (Ahmad, Ismail, & Halim, 2016). According to Agarwal, Chomsisengphet, Ho, and Qian (2013), the imposition of goods service tax has encouraged consumers to travel to other countries with lower tax imposition for purchasing lower-priced products. Besides that, consumers also travel to other countries for vacation purposes (Wong, Cheung, & Wan, 2013).

There has been an unprecedented economic growth in the tourism and hospitality industry. In 2016, both travel and tourism industry generated US$7.6 trillion including accommodation, transportation, entertainment, attraction services and other supporting services (Tourism Wide, 2017). Hospitality becomes the major economic and social development to yield various opportunities for a country in terms of business, trade, capital investment, employment, and entrepreneurialism.

In 2014, travel and tourism industry generated a total of US$7.6 trillion, contributing to a 10% of global gross domestic product and 277 millions of employment opportunity for the world’s economy (Turner, 2015). The revenue is generated from hotels, travel agents, airlines and other passenger transportation services. In addition, the revenue is generated indirectly from the restaurant and leisure industries. According to Hamid and Cheng (2012), examples of hospitality and tourism activities are Meeting Incentive Convention and Exhibition (MICE) centres, museums, recreational activities and selected sport centre activities. Among various services providers, hotel is the largest service provider in the industry followed by airline services (Thomas & Wolfgang, 2010).

Furthermore, hotel and airline sectors are interrelated services sectors and both sectors represent the travel and tourism service industries (Motiani, Patil, & Borkar, 2013). In a study conducted by Tse and Poon (2016) found out that airlines and hotels are sharing the similar common phenomenon such as overbooking, cancellation, and walk-in issues unlike other sectors such as restaurant. Besides that, these two sectors play an essential role in supporting each other by having continuous tourism value chain (Trade and Development Board, 2013) and the services between these two sectors were closely associated (Cho, Fan, & Zhou, 2008; So, King, & Sparks, 2012).
Furthermore, these two sectors were contributing a huge amount on the gross domestic products and also offering numerous employment opportunities (Turner, 2017) which have made the airline and hospitality services as the research interest of the current study. Present study refers airline and hospitality services as the service provided by the company.

In airline and hospitality service sector, Internet has enabled consumers to gain a greater bargaining power for various products by the high level of exposure to various products and services (Hamid & Cheng, 2012). In this regard, the internet has changed the way of interactivity of the world population and communication between organizations and consumers. An approximately of 3.9 billion of the worldwide population used the internet (Internet World Stats, 2017). Due to the growing popularity of the Internet (Xiang, Wang, O’Leary, & Fesenmaier, 2015), most tourism and hospitality firms have created new ways to stay connected with their customers through interactions other than service experience (So, King, Spark, & Wang, 2016). One of the ways is to stay connected through social media platform to establish consumer online engagement. Social media is defined as a second generation of Web development and design to facilitate communication, and secure information sharing, interoperability as well as collaboration on the World Wide Web (Paris, Lee, & Seery, 2010). One of the most popular social media platforms is Facebook, which has more than two billion users (Statista, 2018).

The majority of the social media users are Generation X and Y who book their hotel rooms and flight tickets online (Dhanapal, Vashnu, & Subramaniam, 2015). According to Dhanapal et al. (2015), common products Generation X and Y in Malaysia like to purchase are airline or railway tickets, cinema tickets, and holiday packages as shown in Table 1.1. In Southeast Asia, travel services are the most commonly purchased items including movie tickets, live performance, exhibitions, and sports games. In Malaysia, six out of 10 Generation X and Y consumers would plan to purchase flight tickets (67% and the highest worldwide) and make hotel and tour reservation (62% and the second highest worldwide) online within six months. Moreover, 58% of the Malaysian consumers (the third highest worldwide) would purchase event tickets online (Nielsen, 2014). Thus, Generation X and Y are the research interest of present study because they are the major consumers for airline and hospitality service. Besides that, they are also active as social media users and purchase the services through online.
Table 1.1: Commonly Purchased Product by Generation X and Y

<table>
<thead>
<tr>
<th>Variables</th>
<th>Baby Boomers</th>
<th>Generation X</th>
<th>Generation Y</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Online (%)</td>
<td>Retail (%)</td>
<td>Online (%)</td>
</tr>
<tr>
<td>Groceries</td>
<td>1</td>
<td>99</td>
<td>6</td>
</tr>
<tr>
<td>Cosmetics</td>
<td>10</td>
<td>90</td>
<td>15</td>
</tr>
<tr>
<td>Books/CDs</td>
<td>26</td>
<td>74</td>
<td>30</td>
</tr>
<tr>
<td>Clothes</td>
<td>9</td>
<td>91</td>
<td>16</td>
</tr>
<tr>
<td>Furniture</td>
<td>5</td>
<td>95</td>
<td>14</td>
</tr>
<tr>
<td>Electronic gadgets</td>
<td>21</td>
<td>79</td>
<td>30</td>
</tr>
<tr>
<td>Computers/Mobiles</td>
<td>19</td>
<td>81</td>
<td>30</td>
</tr>
<tr>
<td>Airline/Railway</td>
<td>51</td>
<td>49</td>
<td>59</td>
</tr>
<tr>
<td>Cinema tickets</td>
<td>65</td>
<td>35</td>
<td>72</td>
</tr>
<tr>
<td>Holiday packages</td>
<td>49</td>
<td>51</td>
<td>58</td>
</tr>
</tbody>
</table>

(Source: Dhanapal et al. 2015)

However, the global competition has changed the growth of tourism industry significantly by tremendous increasing of competition faced by the hospitality company. Those firms have faced challenges of increasing their market share to stay competitive and remain in the marketplace. Even though the airline and hospitality sectors have matured, there is a tough competition growing among enterprises in the international tourism. To increase the competitiveness of hospitality firms, one of the important methods is to build consumer loyalty as consumer loyalty is considered as essential to the success of the organization (Kim, Vogt, & Knutson, 2015). Consumer loyalty is a long-term repetitive purchase experience. Consumers are likely to build a strong bond with the service providers which benefits both of the consumers and the marketers. From a marketing perspective, marketers can retain new and old consumers by building up consumer loyalty (Gaurav, 2016). Loyal consumers are less likely to be price sensitive and not prone to choice switching behaviour (Malik, Ali, & Ibraheem, 2017).

In view of the consumers, loyal consumers may feel the strong emotional connection with the service providers (Thomson, MacInnis, & Park, 2005) they are most likely to feel concerned by the service provider and increase the empathy between both parties. Consumers will not be neglected when they are being taken care of by the service provider to retain their loyalty. Hence, this may increase consumer emotional wellbeing. Specifically, loyal consumers tend to reduce their decision-making process and influence their purchase behaviour (Sharma, Bholka, Malyan, & Patni, 2013). For instance, a loyal passenger will choose to travel for subsequent trips to reduce his or her selection time. Thus, building consumer loyalty benefits both marketers and consumers.

Another interesting concept related to consumer loyalty is consumer involvement. Hurley (2004) states that high level of consumer involvement is required to build consumer loyalty. Marketers strive to ensure that consumers can participate in the activities organised by them. At the same time, marketers also strive to gain consumers’
interest to increase their level of involvement. According to Te’eni-Harari and Hornik (2010), interested consumers are more willing to get involved in activities and events organised by marketers. Marketers can establish their own symbolic values to distinguish themselves with other competitors by providing promotional prices and prestigious values to appeal their customers by providing enjoyment and pleasurable feel to the consumers. They introduce state-to-the-art technology in an attempt to reduce consumers’ complexity when making purchases in the evaluation process by introducing easy to access technology based online purchase. These components of consumer involvement are expected to encourage consumers’ participation that induces their loyalty.

This study extends previous research on consumer loyalty by examining consumer involvement in airline and hospitality services. According to Morgan and Hunt (1994), hospitality marketers believe that relational engagement can facilitate consumer longevity associated with consumer loyalty. Consumer online engagement plays a crucial role in the relationship between consumer involvement and consumer loyalty in which this research employs consumer online engagement as the mediating role.

From a theoretical view, this research provides an enhanced understanding of the impact of consumer involvement on consumer loyalty in airline and hospitality services. This study examines consumer online engagement as a mediator whereas Generation X and Y as a moderator. Meanwhile, from a practical perspective, this research enables the marketers to understand consumer loyalty and build consumer loyalty with a strategic way in order to ensure a long-term relationship. Concurrently, consumers are able to understand their own behaviour in airline and hospitality sectors.

1.2 Problem Statement

Hospitality industry is considered as a job creator in Malaysia. Based on a report delineated by Turner (2017), tourism and travel industry has contributed 1.7 million jobs, including the indirect support of the industry. In 2016, the industry contributed RM58.0 billion to gross domestic product and created 639,500 job opportunities in hotel, airline, travel agent and transportation services (Turner, 2017). As this industry continues to grow, the competitiveness becomes stronger (Roy, 2010) due to the changes in global and business environment. This can be seen as the numbers of hotels and airlines companies accelerate in Malaysia. Based on the Malaysian Association of Hotels (2017), the registered number of hotels in 2014 has shown a leap increase of 443 hotels compared to 2011.

Despite the increasing number of hotels and airlines in Malaysia, one of the airlines in Malaysia had reported the loss in recent years. According to Malaysia Airline Quarterly Report (2014), the company lost approximately RM 827 million in September 2013 and continued to lose RM1323.7 million in September 2014. The loss was caused by the airline tragedies in 2014. These tragedies caused six straight
quarterly loss for the company. Particularly, the accident caused a decrease of 6.7% in bookings as compared to other airlines companies (Travel Updates, 2014). According to Sithraputhran (2014), Malaysia Airline earning per customer dropped tremendously as the competition intensified.

Efforts invested to build customer loyalty have been proven to pay valuable dividends (Yang & Lau, 2015) since consumer loyalty is a long-term basis relationship and it helps to retain customers. According to Yoo and Bai (2012), brand loyalty is considered as a significant indicator of marketing success in most industries. It is imperative for hotels and airlines companies to stay competitive with the proliferation of new brands and build consumer loyalty. This aspect has attracted considerable attention from marketers and researchers to understand consumer loyalty.

Meanwhile, consumer loyalty is essential to be cultivated by services company due to the decision paralysis that has been a worrisome phenomenon among consumers. Broniarczyk and Griffin (2014) mentioned that making a decision is not simple because of task complexities, trade-off difficulties, and individual preferences. Besides that, the abundant choices of airline and hotels companies available in the marketplace have increased the probability of having decision paralysis among the consumers. Decision paralysis happens among consumers who cannot make a right choice of the products or services. This is an important issue as it may cause trouble to the consumers when they are unable to make a correct selection, it is likely to burden them during decision-making process (Cartwright, 2011). The abundance of choices available in the market has burdened the consumers to evaluate and subsequently choose a suitable service. The decision paralysis can increase the chances of the consumers to get into a dilemma due to the difficulty they faced during the decision making process.

They may experience the risk after making a wrong choice that not suitable for them. For instance, a budget hotel without the lift is not suitable and inconvenient to the handicapped guests. In response to this issue, building consumer loyalty is essential to be built from the consumer perspective to minimise decision paralysis. When a service is suitable for the consumers, they may be loyal to the service and they need not make a selection repetitively which reduce their frequency of decision making (Magatef & Tomalieh, 2015).

Moreover, building consumer loyalty is also important in enable consumers to be less vulnerable to scams and threats. This is because loyal consumers would be continuously transacting with the same service provider and reduce booking from new service company. According to the American Hotel & Lodging Association (2015), 15 million hotel bookings are from rogue cases indicated that consumers do not get what they want, suffering from inconvenience, and paying for the cancellation fee. Thus, loyal consumers are generally more confident in their purchase decisions.
Consumers now demand service companies to be empathetic and interact with the consumers on regular basis (Worth, 2017). Furthermore, following the increasing availability of airline and hospitality services, consumers demand has increased and shifted from purchase-based transactions to interaction-based purchasing (Llopis, 2014). Consumers now will see purchasing airline and hospitality services is beyond a one-time cash transaction and it is more of an in-depth customer-company relationship building. Hence, consumer loyalty should be built to increase satisfaction.

Understanding factors that influence consumer loyalty is challenging. Previous researchers have endeavoured to examine different antecedents of consumer loyalty such as price (Zaw & Chaipoopirutana, 2014), satisfaction (Kashif, Shukran, Rehman, & Sarifuddin, 2015), service quality (Shamsudin, Razali, & Hassim, 2015), company reputation (Ali, Gao, & Rehman, 2014), and commitment (Pratminingsih, Lipuringtyas, & Rimenta, 2013). Although previous studies have tried to investigate these antecedents, consumer loyalty remains ambiguity that demand further exploration (Kim, Lee, & Lee, 2007). Despite the close linkage in the concept of involvement and consumer loyalty (Khan & Rizwan, 2014) limited studies have actually investigated the relationship between consumer involvement and consumer loyalty in airline and hospitality.

In addition, the dimensionality of consumer involvement is inconsistent. Hollebeek, Glynn, and Brodie (2014) considered consumer involvement as a unidimensional construct. Some other researchers (e.g., Michaelidou & Dibb, 2008; Hanzae, Khoshpanjeh, & Rahnama, 2011) considered it as a multidimensional construct. Thus, the current research includes five dimensions of consumer involvement, specifically importance, pleasure, risk consequence, risk probability, and sign as suggested by Srivastava and Sharma (2011) to have a comprehensive insight into consumer involvement.

Present study also aimed to examine the relationship between consumer involvement and consumer loyalty and further elaborate the relationship by considering consumer online engagement as the mediator. As mentioned earlier, the increasing usage of the social media has provided the insufficient understanding on consumer involvement, consumer online engagement, and consumer loyalty from airline and hospitality services. In a typical consumers process, consumers will firstly get themselves involved by having interests towards the services. Subsequently, they will start to follow the the social media of the service companies and started to think of the products. With the prolong exposure to the service company, consumers will gradually become loyal consumers.
Previous studies (Hollebeek et al., 2014; So, King, & Sparks, 2014) have proposed that consumer involvement may influence consumer engagement and in turn modify their loyalty, thus urging researchers to unearth the underlying relationship between these variables. Given that the empirical studies conducted to determine the relationship of consumer involvement, consumer online engagement, and consumer loyalty were limited, current study consider consumer online engagement as the mediator of consumer involvement and consumer loyalty.

Furthermore, most studies have been inconsistent with the dimension of consumer online engagement. This variable can be unidimensional or multidimensional. Numerous approaches that made for both uni-dimension and multi-dimension views are presented in research. Several researchers (e.g., Bowden, 2014; Vivek, Beatty, & Morgan, 2012) have focused on one dimension of consumer engagement. Nonetheless, previous researchers (Brodie, Hollebeek, Juric, & Ilic, 2011; So et al., 2012) have disclosed that uni-dimensional engagement is simple yet unable to reflect the comprehensive concept of consumer engagement. Further, Jaakkola and Alexander (2014) explained that customers has multiple ways to stay engaged and not limiting themselves on behaviour engagement. Thus, multi-dimensional of consumer online engagement was used.

Dwivedi (2014) adopted vigor, dedication, and absorption dimensions of consumer brand engagement. However, this set of multi-dimensional engagement has the possibility of overlapping. The definition of vigor and absorption dimension is closely interrelated. According to Dwivedi (2014), vigor refers to the high level of energy and mental resilience with the brand while absorption refers to the concentration and happiness while interacting. Meanwhile other researchers have used cognitive, emotional, and behavioural dimensions as brand engagement dimensions (Brodie, Ilic, Juric, & Hollebeek, 2013; Hollebeek, 2010), while others have used cognitive, affective, and activation dimensions (Hollebeek et al., 2014). However, due to the inconsistency of dimensions adopted by previous studies, this research applies affective, behavioural, and cognitive as the dimensions of consumer online engagement. This is because affective, behaviour, and cognitive dimension is the root of the affective, activation, and cognitive dimension (Erdogmus & Tatar, 2015). Further, applying this set of dimension could obtain a comprehensive understanding on this construct.

Besides that, previous studies have examined the difference in consumer loyalty of various industries among Generation X and Y (Gurau, 2012; Spáčil & Teichmannová, 2016; Yang & Lau, 2015). Despite variety of studies have been conducted, the differences of Generation X and Y in consumer loyalty have made it stand out to be a moderator in this study. For example, Mansori, Cheng, and Lee (2012) have found Generation X and Y is able to moderate the relationship between perceived benefits and website characteristics. However, to the best of the researcher’s knowledge, none of them has looked into Generation X and Y to moderate the relationship between consumer online engagement and consumer loyalty.
According to Gibson, Greenwood, and Murphy (2009), Generation X and Y have different degrees of loyalty could probably influence the relationship between consumer online engagement and consumer loyalty. This is because of the cultural differences, environment, and exposure that mould the Generation X and Y to be dissimilar in term of their loyalty (Alwin & McCammon, 2003). Thus, generation differences may have the ability to influence the strength or direction of a certain relationship. Generation differences is a vital component of measuring the changes of consumer preferences (Jennings, Giorgio, Murali, & Goggin, 2014). Additionally, in recent years Generation X and Y were deemed as important consumers due to their exploration, emotion, and interaction with the airline and hotels brand (Tutek, Gebbie, & Chan, 2015). Therefore, this research is conducted to investigate the moderating effect of Generation X and Y on consumer loyalty.

### 1.3 Research Questions

This research intends to study consumer loyalty in airline and hospitality services with the mediating effect of consumer online engagement and moderating effect of Generation X and Y. This research also makes an effort to answer the following questions:

1. What is the level of consumer loyalty in airline and hospitality services among Generation X and Y?
2. How does consumer involvement affect consumer loyalty in airline and hospitality services?
3. Does consumer online engagement mediate the relationship between consumer involvement and consumer loyalty?
4. Do Generation X and Y moderate the relationship between consumer online engagement and consumer loyalty?

### 1.4 Significance of the Study

This study can be discussed from theoretical and practical significance. The present study is expected to benefits academicians, airline and hospitality marketers, and consumers in understanding consumer behaviour. The findings are expected to provide enlightenment about the relationship between consumer involvement, consumer online engagement, and consumer loyalty in airline and hospitality services.
1.4.1 Theoretical Significance

This research integrates Service-Dominant Logic theory and 3H’s Model to explain the foundation of the conceptual framework. Many researchers (Chathoth, Ungson, Harrington, & Chan, 2015; Hollebeek et al., 2014; Hollebeek, Srivastava, & Chen, 2016; Kandampully, Zhang, & Bilgihan, 2014; Kumar, Aksoy, Donkers, Venkatesan, Wiesel, & Tillmanns, 2010) have applied Service-Dominant Logic theory to serve as the basis of consumer engagement variable. There are limited researchers (Blazquez-Resino, Molina, & Esteban-Talaya, 2013) that applied Service-Dominant Logic theory to explain consumer loyalty. Thus, this research uses Service-Dominant Logic theory as a theoretical foundation to explain consumer online engagement and consumer loyalty in airline and hospitality services. Additionally, application of a single theory is insufficient to act as the basis of this research framework due to the complexity of the framework with numerous constructs and dimensions. It is best to apply combinations of theory and models to fully explain the conceptual framework. Hence, 3H’s Model is applied to elucidate the dimensions of consumer online engagement: affective, behavioural and cognitive. In 3H’s Model, the component of head, hands, and heart is fundamental explanation of consumer online engagement phenomena with respect to the dimensionality. Prior to this study, Reitz (2012) had applied this model to explain consumer engagement dimensions in a social media context of study. To date, there is no research done to integrate both Service-Dominant Logic theory and 3H’s Model. This research is beneficial for academicians to improve their understanding of consumer online engagement and consumer loyalty in airline and hospitality services.

This study incorporates Generation X and Y to moderate the relationship between consumer online engagement and consumer loyalty. According to Beldona (2005), a group of individual with the same birth will share a mutual experience. Thus, the generational cohorts possible share the mutual behaviour. Previous studies have compared the differences in consumption behaviour of smartphones, apparels, and banking among Generation X and Y (Gafni & Geri, 2013; Giovannini, Xu, & Thomas, 2015; Heaney, 2007). Other researchers such as Yang and Lau (2015) had compared Generation X and Y loyalty at luxury hotel in China. Yang and Lau (2015) examined Generation X and Y as a moderator to test the relationship between perceived hotel quality and consumer loyalty in China. However, no known study has considered Generation X and Y as a moderator to explain the relationship between consumer online engagement and consumer loyalty.

Apart from that, this research investigates consumer online engagement to mediate the relationship between consumer involvement and consumer loyalty. Dwivedi (2015) used consumer engagement as an independent variable. Hollebeek et al. (2014) incorporated consumer engagement to mediate the relationship between consumer involvement and self-brand connection with brand usage intent. Altschwager, Conduit, Bouzdine-Chameeva, and Goodman (2014) examined consumer brand engagement to mediate the relationship between experience and brand purchase intention. However, these researchers tested consumer engagement inconsistently. For instance, Hollebeek
et al. (2014) and Altschwager et al. (2014) considered consumer involvement as a unidimensional construct in online brand communities and wine industry, respectively and used consumer engagement construct as cognitive, affection and activation. On the other hand, Altschwager et al. (2014), used consumer engagement as a unidimensional construct. Furthermore, these studies do not focus in the airline and hospitality services but focus on online brand communities and wine industry respectively.

Consumer online engagement has been considered as a comprehensive dimension and is one of the significance of this study. The previous research had difficulties in identifying the dimensionality of consumer engagement as several researchers (e.g., Van Doorn, Lemon, Mittal, Naas, Pick, Pirner, & Verhoef, 2010; Verhoef, Reinartz, & Krafft, 2010) claimed that consumer engagement is behavioural. On contrary, some researchers (Dwivedi, 2015; Hollebeek et al., 2014; Vivek et al., 2012) have viewed consumer engagement as a multidimensional construct in a broader perspective and consist of several dimensions. The complexity in determining the dimensionality of consumer online engagement is undeniable. Dessart, Veloutsou, and Morgan-Thomas (2015) suggested that empirical studies have to confirm the dimensionality of consumer engagement. Hence, this study empirically tests consumer online engagement as a mediator with affective, behavioural and cognitive dimensions to gain a complete review.

Additionally, this research has also employed consumer online engagement as the mediator between the relationship of consumer involvement and consumer loyalty. Past studies (Zhao, Lynch, & Chen, 2010) had used consumer engagement as the mediator between consumer involvement and brand usage intention. However, no prior study has been conducted to examine the mediating effect of consumer online engagement with its dimensions individually on the relationship between consumer involvement and consumer loyalty. Therefore, this study examines consumer online engagement as the mediator and tests the mediating effect separately according to their dimensions.

This study focuses on the dimensionality of consumer involvement, specifically importance, pleasure, sign, risk consequence, and risk probability. Although previous researchers had studied consumer involvement but there are inconsistency in identifying the dimensions of consumer involvement. Consumer involvement can be multidimensional, which is usually applied in goods industry, (Choubtarash, Mahdieh, & Marnani, 2013; O’Cass, 2003; Rahbarian & Meshkani, 2013). However, some researchers (e.g. Dimanche, Havitz, & Howard, 1991; Hochgrafe, Faulk, & Vieregge, 2009) had applied multiple dimensions of consumer involvement construct in service industry. Since no prior study has tested the multidimensionality of consumer involvement, this present study proposes consumer involvement as a multidimensional construct in airline and hospitality service sectors in Malaysia.
Lastly, this study examines the relationship between consumer involvement and consumer loyalty in airline and hospitality services in Malaysia. Some researchers have studied consumer involvement as an independent variable, whereas some as a moderator. Past studies conducted in Malaysia that investigated the relationship between consumer involvement and consumer loyalty looked into sportswear and mobile phones (Lada, Sidin, & Cheng, 2015; Vazifehdoost, Vaezi, & Jafari, 2015).

Generally, most researchers focused on loyalty-related variables such as satisfaction, trust, word of mouth, and commitment (Amim, Ahmad, & Lim, 2012; Akhter, Abbasi, Ali, & Afzal, 2011; Megdadi, Aljaber, & Alajmi, 2013; Sarwar, Abbasi, & Pervaiz, 2012; Virvilaite, Tumasonyte, & Sliburyte, 2015). Given that limited available studies, this research attempts to fill in the research gap by explore the relationship between consumer involvement and consumer loyalty in airline and hospitality services further.

1.4.2 Practical Significance

This thesis is beneficial for consumers by serving as a guidelines to Generation X and Y. Consumers who born between the years range as determined by Generation X and Y will further recognize themselves. This research determined to reveal the behavior differences of Generation X and Y towards consumer loyalty in airline and hospitality services through social media. Their engagement though online social media could influence their loyalty may not only depending on their age range but more towards other factors. Through this study, they could further get to know their cause of engagement and degree of loyalty that could influence them to make a wiser choice in the market.

Next, consumers could read this research and serve as an information source for their own knowledge. Current research has examined consumer involvement, consumer online engagement, and consumer loyalty though online social media. This research further delineates that consumers could involve through importance, pleasure, sign, risk consequence, and risk probability and slowly turn to loyal consumers. This research provides understanding of consumer involvement, consumer online engagement and consumer loyalty of which may better prepare consumers to become knowledgeable consumers. Many marketing strategies have been designed to capture the attention from consumers before purchasing decisions are made. Consumers have to understand the marketing strategies and knowledgeable enough to judge the strategies developed by the marketers in order to become competent.

This research could also serve as a detailed input to the study materials in the subject regarding consumer loyalty to the education provider. This research has provided a comprehensive review of the consumer involvement, consumer online engagement, and consumer loyalty among Generation X and Y in airline and hospitality services. The findings could enhance the understanding of the students of consumer science to another in depth level. Educating students at the young age regarding consumer
behavior could boast the knowledge of the people. Students at the younger age are able to remember the importance of consumer knowledge deeply for their self-protection. Besides that, the information could also spread to a wider range of coverage range. Students could use a layman terms and creative graphical content to spread the information to encourage better understanding of common consumers.

On the other hand, this research is also beneficial to the marketers by increasing the awareness of consumer loyalty’s importance specifically in airline and hospitality services. Building consumer loyalty can provide numerous advantages to the marketers. One of the advantages is ensure their success and profitability as loyal consumers are likely to repurchase and spend more on the services (Dehghan & Shahin, 2011). Consumer loyalty is stronger in service industry due to human involvement during purchasing process (Rai & Srivastava, 2012). Marketers are required to build consumer loyalty in order to attain and maintain a long-term relationship with consumers. Thus, this study is significant to the marketers to cultivate consumer loyalty.

Furthermore, this research highlights the essential elements of consumer online engagement in airline and hospitality services. Consumer online engagement can identify the intermediary process between consumer involvement and consumer loyalty. This study will benefit both marketers and managers to understand the importance of consumer online engagement to consumer loyalty. They can develop programs or strategies to engage their consumers effectively. Knowledge on the influence of consumer online engagement is crucial for marketers to formulate persuasive marketing strategies. The current research is expected to provide marketers and academicians with knowledge on consumer online engagement and consumer loyalty in airline and hospitality services.

Next, this study provides suggestions for marketers to create marketing strategies for Generation X and Y. By possessing target marketing, marketers can ensure better implementation of marketing strategies for different consumers. Previous researchers have found out that Generation X and Y may behave differently in term of loyalty. Yang and Lau (2015) found out that Chinese consumers, Generation X and Y, had different ways of building loyalty for luxury hotel. The authors noted that Generation Y were price conscious and regarded lower priced goods as inferior goods, while Generation X were generous and loyal to high quality products and services. This research enables the marketers to identify the differences between both the generations and customise a loyalty program for them.
1.5 Research Objectives

The objectives of the present study are:

1. To measure the level of consumer loyalty in airline and hospitality services among Generation X and Y.
2. To determine the relationship between consumer involvement (importance, pleasure, sign, risk consequence, and risk probability) and consumer loyalty in airline and hospitality services.
3. To determine the mediating effect of consumer online engagement (affective, behaviour, and cognitive) on the relationship between consumer involvement and consumer loyalty.
4. To ascertain the moderating effect of Generation X and Y on the relationship between consumer online engagement and consumer loyalty.

1.6 Research Hypotheses

This research investigates the relationship between consumer involvement and consumer loyalty in airline and hospitality services. Russell-Bennett, McColl-Kennedy, and Coote (2017) revealed that category involvement posts as a potential driver of consumer loyalty. Furthermore, Mashayekhi, Khodabakhsh, and Tabatabyi (2014) noted that one of the loyalty key driver is consumer loyalty. Thus, the below hypothesis were proposed:

H1: There is a significant relationship between consumer involvement and consumer loyalty.

Chalil and Dharmmesta (2015) discovered that highly involved consumers found products or services to be compatible with their hobby and were willing to search for more information regarding the products or services. During the search, consumers tended to be exposed to airline and hospitality services and would gradually build loyalty with the service company. Thus, this research believes that positive importance in consumer involvement would positively influence the consumer loyalty. The following hypothesis is proposed:

H1a: There is a positive relationship between importance and consumer loyalty in airline and hospitality services.
Consumers feel pleasure when using services offered by the airline or hotels. In airline services, consumers enjoy the in-flight environment provided by the airline company such as the seats, music, food, space, and personal television, all of which determine whether the journey is pleasurable or otherwise. When products or services provided sufficient emotional appeal and pleasure value, consumers tended to have favourable feeling towards the company (Chaudhuri & Holbrook, 2001) and eventually become loyal consumers of the service company. Thus, the pleasure value positively influences consumer engagement. The proposed hypothesis is as follow:

H1b: There is a positive relationship between pleasure and consumer loyalty in airline and hospitality services.

The perceived symbolic value is usually associated with the individual’s social status, personality, and identity (Chalil & Dharmmesta, 2015). For instance, hotel regarded as a high social class hotel service could enable consumers to gain prestige from the consumption of the hotel services. Firat, Kutucouglu, Arikan Saltik, and Tuncel (2013) found that the symbolic value of a product or services can influence consumer’s consumption behaviour. In a study of marketing branding, (Li & Sun, 2015) found that symbolic value is essential in the consumer’s loyalty towards the brand. In this study, it is believed that consumers associate airline and hospitality services with their image, personality or social status. Therefore, this research proposed the following hypothesis:

H1c: There is a positive relationship between sign and consumer loyalty in airline and hospitality services.

Grebitus, Colson, and Menapace (2011) indicated that consumers with higher risk consequences tends to make frequent purchase of higher priced items than usual consumers. They will spend more time in making decision, because once they are purchasing higher priced items, they are not afford to make a mistaken item or wronged choice. This may be due to the price they have paid for the item. Thus, for the item they care, they would spend more time to make the decision. Customers’ concern on towards the certain service company on their purchasing behavior and attitude are considered as a term of loyalty in terms of emotional attachment (Levy & Hino, 2016). This may reasonable to conclude that risk consequences will positively influence consumer loyalty.

H1d: There is a positive relationship between risk consequence and consumer loyalty in airline and hospitality services.
According to Dowling (1986), perceived risk is the negative perception of the consumers to the service company due to the recognition of loss. Consumers foresee high possibility of mistaken purchase and incompatibility to the services. Thus, consumers are prone to the risk taken. This happen because the consumers do not trust the service company. According to Pratminingsih, Lipurintyas, and Rimenta (2013), trust is positively strong in influencing loyalty. Consumers who does not trust the service company are unable to build consumer loyalty. Hence, the aforementioned argument hypothesized that:

H1e: There is a negative relationship between risk probability and consumer loyalty in airline and hospitality services.

According to Hollebeek et al. (2014), consumer involvement is a precursor of consumer engagement. Involved customers are prone to have emotional attachment and respond shifty towards marketing effort and promotions (Flynn, 2012). Thus, involved consumers have greater willingness to be engaged with the service company and its marketing strategies. Harrigan, Evers, Miles, and Daly (2017) suggested that consumer engagement and its dimensions of affective, behaviour, and cognitive are able to influence behavioural intention of loyalty. Besides that, other researchers (Bowden, 2009; Hollebeek, 2011) also proposed that consumer engagement is the predictor of loyalty. Thus, this research proposed that consumer involvement is significantly influencing consumer online engagement and its dimensions and in turn influencing consumer loyalty over time. The following hypotheses were presented.

H2: Consumer online engagement mediates the relationship between consumer involvement and consumer loyalty.

H2a: Affective engagement mediates the relationship between consumer involvement and consumer loyalty.

H2b: Behaviour engagement mediates the relationship between consumer involvement and consumer loyalty.

H2c: Cognitive engagement mediates the relationship between consumer involvement and consumer loyalty.

According to Lissitsa and Kol (2016), Generation X and Y are characterized by higher rates of Internet adoption compare to those older generations. Surprisingly, their levels of loyalty are different. According to Reisenwitz and Iyer (2009), Generation X is more loyal than Generation Y. The possible reason is Generation Y is a heavy user of internet who accept new technologies and build a close relationship with others
through internet (Kumar and Lim, 2008). Besides that, Generation Y also exposed with excessive choices and promotions offers by various companies. Therefore, generation differences could give impact to the changes of consumer behaviour and moderate the relationship of consumer online engagement and consumer loyalty. The following hypothesis was proposed:

H3: Generation X and Y moderates the relationship between consumer online engagement and consumer loyalty.

1.7 Scope and Limitations of Study

This research aims to examine the relationship between consumer involvement, consumer online engagement, and consumer loyalty. To be precise, this study focuses specifically on hotel and airline sectors. Therefore, the respondents are limited to those who had previously booked hotel or purchased airline tickets through online.

This study also attempts to explore the mediating effect of consumer social engagement on the relationship between consumer involvement and consumer loyalty. Since the mediation role of consumer engagement is focusing on social media engagement, the selected respondents are those active social media users determined by equation calculation. In order to ensure the respondents are active in social media, ‘Survey Monkey’ is used to distribute the questionnaire. It is an online survey software which enables the researcher to pre-determine the respondent criteria. Self-administrative questionnaires are distributed online through Facebook. Since the number of online users was unknown, hence the sample size of this research is determined through equation calculation. Total of 422 respondents online users in this study are selected by using online survey software through social media. In addition, non-probability sampling method specifically convenience sampling technique are used to gain sample from the unknown population.

Furthermore, this research investigates the moderating effect of Generation X and Y on the relationship between consumer online engagement and consumer loyalty. It is important for the researcher to ensure that the respondents are in the age range between 18 and 53. Besides that, an equal portion of Generation X and Generation Y is required to ensure the accuracy of the data in examining the moderation effect of Generation X and Y. As a summary, fulfilment of the pre-determined criteria is essential in obtaining suitable respondents. The pre-determined criteria are include of age, purchasing experience, and online social media user to ensure the research data are appropriate and met the scope of the study successfully.
However, there are two limitations observed in this research. The first limitation is non-probability sampling and sample size does not guarantee the generalisation of the samples. The second limitation is this research cannot control the truthfulness of the respondents when answering the questionnaire. This research is expected to bring valuable information on the relationship between consumer involvement, consumer online engagement, and consumer loyalty in airline and hospitality services.

1.8 Definitions of Main Terms

1.8.1 Consumer Involvement

Conceptual: An individual’s level of interest and personal relevance in relation to a focal object or decision in terms of one’s basic values, goals and self-concepts (Zaichkowsky, 1985).

Operational: Consumer involvement is defined as the level of importance, pleasure, sign, risk consequence, and risk probability among consumers towards the airline and hospitality service company.

i. Importance

Conceptual: Importance refers to the perception of consumers in a product with personal meanings (Laurent & Kapferer, 1985).

Operational: Importance is defined as the degree of significance of a service to a consumer whereby the service represents some personal meanings. Importance also means a consumer’s interest towards the airline and hospitality services company.

ii. Pleasure

Conceptual: Pleasure is felt by the consumers through an emotional evaluation during actual service consumption (Westbrook, 1987). Bigne, Andreu, and Gnoth (2005) defined pleasure as the degree of a good feeling.

Operational: Pleasure refers to the level of happiness, enjoyment, delightful, and comfort of consumers while they are exposed to the airline and hospitality services.
iii Sign

Conceptual: Sign refers to the distinguisher of an object with another in order to form a name (Bastos & Levy, 2012).

Operational: Sign is a symbolic value and hidden meaning of an airline or hospitality service company that differentiates a company from another.

iv Risk Consequence

Conceptual: Risk consequence is the consumer perception in the consequences after a mistaken choice is made (Laurent & Kapferer, 1985).

Operational: Risk consequence measures the level of importance to uncertain consequences after the consumers made a wrongful mistake by choosing an unsuitable airline and hospitality service company.

v Risk Probability

Conceptual: Risk probability is defined as a consumer’s perception in probability of making a wrong choice (Laurent & Kapferer, 1985).

Operational: Risk probability is defined as the degree of possibility of selecting an inappropriate airline and hospitality service provider by consumers.

1.8.2 Consumer Online Engagement

Conceptual: Consumer online engagement is defined as a cognitive, affective and behavioural commitment to an active relationship with the brand (Wirtz, Den Ambtman, Bloemer, Horvath, Rameseshan, Van De Klundert, Gurhan, & Kandampully, 2013).

Operational: Consumer online engagement is a personal online connection manifested through affective, behaviour and cognitive responses beyond purchasing behaviour. Online engaged consumers also hold a strong bond with the airline and hospitality service company.
i Affective Engagement

Conceptual: Affective engagement is a consumer’s enduring level of emotion with an engagement object (Calder, Isaac, & Malthouse, 2013).

Operational: Affective engagement measures a consumer’s emotional attachment and connection with the airline and hospitality service company. Affective engaged consumers may have favourable feeling towards the service company.

ii Behaviour Engagement

Conceptual: According to Van Doorn et al. (2010), behaviour engagement is an action beyond purchase transaction, which is the manifestation from the motivational drivers.

Operational: Behaviour engagement is an action performed by a consumer who connects an airline and hospitality service company greater than purchasing behaviour. Behaviour engaged consumers may react positively and share the posts of the service company.

iii Cognitive Engagement

Conceptual: Cognitive engagement refers to the mental states of a consumer based on the experiences with the engagement focus object (Mollen & Wilson, 2010).

Operational: Cognitive engagement is the degree of a consumer’s mental connection and attachment to the airline and hospitality service company. Cognitive engaged consumers may continuously thinking of the service company.

1.8.3 Consumer Loyalty

Conceptual: According to Oliver (1997), customer loyalty is defined as a deeply held commitment to repurchase or re-patronise a preferred product/service in future, thereby causing repetitive same-brand or same brand-set purchasing.

Operational: Consumer loyalty is defined as repeated repurchase of hotel rooms or flight tickets and hold favourable attitudes to the services. It refers to the possibility of recommending the services to potential consumers.
1.8.4 Social Media

Conceptual: Social media is equipment to shared content, opinions, views, and ideas through online (Nair, 2011).

Operational: Social media is a tool of communication between consumers and service providers. Social media is also a user-generated content website on the internet which allow the interactivity of service company and consumers. The social media sites are including of Facebook, Twitter, and Instagram.

1.9 Organization of Thesis

Consumer loyalty has been prominent in tourism and hospitality industry. The invention of technology has provided consumers more options to choose from. If a company wants to enhance consumer loyalty to enable consumers to make repetitive purchase, it needs to consider how consumer involvement influences consumer loyalty. This thesis consists of five chapters.

Chapter One discusses the research background and outlines the problem statement and research objectives. It delineates the research questions, hypotheses, and significant of the study. The primary areas are consumer loyalty, consumer involvement, consumer online engagement, and the moderating effects of Generation X and Y.

Chapter Two reviews previous research theoretically and empirically in the area of hotel and airline sector. This chapter presents the relationships between the research variables that are illustrated in the proposed conceptual model. This chapter also explains the theoretical foundation and research framework.

Chapter Three discusses the research methodology including research design, sample size, sampling procedure, and instruments development. This chapter includes assessment of pre-test, data collection technique, and data analysis such as descriptive statistics and structural equation modelling (SEM).

Chapter Four delivers the results of the data analysis. This chapter delineates the results of the respondents’ profile, online social media usage patterns, and relationships between the variables.

Chapter Five presents the summary of the findings, conclusions, and recommendations for future research. This chapter also discusses the managerial and academic implications and limitations of the present research.
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