Research Article

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Customer engagement for evaluating customer relationships in hotel industry

Abstract: Customer engagement can be used as a proxy in customer behaviour research for evaluating customer relationships towards a company and/or brand. Companies are increasingly recognizing the value of establishing close customer relationships. The objective of the research was to explore the associations among customer engagement dimensions and loyalty for evaluating customer relationships in hotel industry. Furthermore, the study evaluated the level and influence of new customers and repeat customer segments. The questionnaires were completed by 240 customers from five star hotels (30% customers) and four star hotels (70% customers) in Jammu and Kashmir, India. Descriptive, exploratory factor analysis, confirmatory factor analysis and regression analysis were used to test the constructs. The results suggested that customer engagement (CE) makes a substantial contribution to the prediction of loyalty in building customer relationships. The findings proposed that hoteliers can actively incorporate strategies to enhance CE, which eventually develops a sustainable loyal customer relationship. The results could be effective to hoteliers in engaging customers while marketing, branding, differentiating and segmenting its products and services in building loyal customer relationships. Moreover, segmenting the customers offers a deeper and more inclusive knowledge of nature of customer relationships and how engagement can be fostered and developed among diverse customer segments.

Keywords: Customer engagement; Customer loyalty; Customer relationship; Hotel industry

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1 Introduction

Indian hotel sector has recorded the maximum growth and development by the inflow of foreign tourists as well as enlarged tourist movement inside the country and has turn out to be one of the foremost players from the global perspective. For example, India will account for about 50 million outbound tourists by 2020, as predicted by the United Nations World Trade Organisation (2013). The India Brand Equity Foundation (2016) examined that hospitality sector is likely to create 13.45 million jobs across the sub-segments, for example, restaurants with 10.49 million, hotels with 2.3 million jobs, and travel agents/tour operators with 0.66 million jobs, respectively. Indian hotel industry has occupied a central position in the Indian service sector and had witnessed a remarkable intensification during the recent decade. The hospitality service sector has a significant potential for encouraging economic growth, enhancing the creation of new jobs, and developing the social environment (Langviniene & Daunoraviciute, 2015). Thus, customers are among the most vital assets of any hospitality business. Hence, developing and maintaining long term and engaging relationships with key customers is the essence for success of service sectors, such as the hospitality sector. Engagement also becomes important in evaluating the service performance based on customers' attitudes towards feelings of trust, confidence, integrity, passion and pride during customer provider relationship (McEwen, 2004). Therefore, it is vital for any hospitality business to look for prospects and to attain a competitive benefit by adopting various marketing practices and strategies; engagement clearly encompasses a key place in contributing to an understanding of service performance and customer outcomes (Rather & Sharma, 2016).

The customer provider relationship pattern has produced extensive academic attention in understanding several kinds of customer's relational behaviours with service providers. The intensity of relationship among the consumers and service providers has gained significant interest in the marketing literature (Mattila, 2006; Palmatier, Dant, Grewal, & Evans, 2006). Customer

relationships with service organizations establish the foundation for developing engagement. Customer engagement (CE) has emerged as an outstanding construct in current years and is increasingly receiving recognition among practitioners as well as academicians. Still, empirical investigation on CE is relatively limited. While hospitality companies have extensively adopted CE strategies for evaluating customer relationships, more understanding of this notion is important. CE has an enormous potential to effect customer behaviour and has been considered as a successful retention and acquisition strategy for establishing and sustaining the competitive benefits (Brodie, Ilic, Juric, & Hollebeek, 2013; Hollebeek, Glynn, & Brodie, 2014). In interactive and dynamic business settings, researchers recommended that CE nowadays signifies a strategic imperative for creating superior corporate performance, comprising superior competitive advantage, sales growth and profitability (Brodie, Hollebeek, Juric, & Ilic, 2011). Engaged customers may also contribute to organizational innovation processes, value, create brand referrals, co-create experience and customer loyalty (Brodie et al., 2013; Hoyer, Chandy, Dorotic, Krafft, & Singh 2010). Moreover, the nomological network of CE was largely conceptual and embryonic, hence building the chances to study empirically vital relationships, which have theoretical as well as managerial applications (Brodie et al., 2011; Vivek, Beatty, & Morgan, 2012).

To create long-lasting profitability, academicians and practitioners increasingly recognize the significance of developing stronger customer provider relationships by engaging customers with the company (Kumar et al., 2010). The significance of growing and maintaining strong and long-term customer relationships persists deeply and being recognized in scholarly literature stays a central focal point for the service contexts (Bowden, 2009b). In recent emerging interest regarding the relationship marketing concept, which is based on the principle that building and fostering robust customer brand relationships through the recognition of vital relational constructs positively influences business outcomes (Palmatier et al., 2006). These long-term relationships can raise productivity, efficiency and effectiveness. There has been considerable confirmation that strong relationships produce positive referral, superior customer retention, an amplified tendency to repurchase, and more extensively, customer loyalty (Hennig-Thurau, Gwinner, & Gremler, 2002; Palmatier et al., 2006). Hence, retaining present clients, and developing robust customer relationships is an essentially most cost efficient method than repeatedly looking for and gaining new customers (Anderson & Mittal, 2000). On the same view, CE is a phenomenon and a branding practice that stands on the crossroads of the relationship marketing (Ashley, Noble, Donthu, & Lemon, 2011; Brodie et al., 2011). Therefore, nowadays, top managers understand that they have to engage in relationship management, an attempt to generate and preserve enduring relations with consumers, and further, view loyalty as their supreme purpose in mounting effective engagement and business strategies (Berman & Evans, 2007; Reichheld & Schefter, 2000). Hence, cultivating and assessing engagement plays an important role in marketing practice (Sharma & Rather, 2016).

Literature relating to CE has been more in USA and Europe, hence there is a need to analyse the significance of CE in developing countries, specially investigating the engagement practices adopted for Indian customers. Despite the mounting attention in building customer engagement, the empirical research has been comparatively scarce and not well recognized, concerning the CE dimensions in increasing customer loyalty (Bolton 2011; Hollebeek, 2011a; Rather & Sharma, 2016; Sharma & Rather, 2016; So, King, Sparks, & Wang, 2014). Since limited research has been conducted in customer engagement with respect to hospitality sector (for example, Bowden, 2009b; So et al., 2014), further understanding of this concept is essential. Furthermore, the recent literature indicates that, there has been an inconsistency in the treatment of the dimensionality of CE (Brodie et al., 2011; Vivek et al. 2012). Further, there has been a need to examine the extent to which the customer engagement operates for different customer segments (Vivek et al., 2012). Sharma and Rather (2016) also recommended various socio-demographic factors, such as customer segments or customer status should be considered while doing future studies in order to measure the customer engagement levels in the service sectors, more particularly in hospitality sector. Researchers further suggested that customers can be segmented and classified with their propensity to engage and the types of engagement behaviours customers demonstrate (Van Doorn et al., 2010). Thus, the need for further research on customer engagement dimensions in four and five star hotels in different geographical contexts is very important and timely. Hence, this study is intended to address these research gaps with the objective to evaluate the relationship of dimensions of customer engagement and customer loyalty in building customer relationships, to know the level and influence of various constructs of the study among different customer segments/groups, and to resolving the applicability of customer relationship practices for star hotels in Jammu and Kashmir (J & K), India.

2 Literature review and hypotheses development

2.1 Customer Engagement (CE)

Customer engagement has been predicted to be among the top priorities for firms (Verhoef, Reinartz, & Krafft, 2010). Patterson, Yu, and Ruyter (2006) defined it as the level of customer's cognitive, physical, and emotional presence in a firm. It was also defined as the intensity of personal involvement and connection with the company offerings (Ashley et al., 2011; Vivek et al., 2012). Though many authors propose that the conceptualization of customer engagement requires outside pure action that should focus on incorporating both behavioural and

Table 1: Socio-Demographic Behaviour of Respondents

Demographics		Travel Behaviour	
Gender	Percentage	**Nature of visit**	Percentage
Male	55%	Recreation and Entertainment	61%
Female	45%	Adventaure	23%
Age (Years)		Religious	11,60%
20 – 30	20%	Offical visit	4%
31 – 40	39%	Others	0,40%
41 – 50	24%	**Frequency of stay at hotel**	
Above 51	17%	First time	50%
Qualification		Once in a year	39%
Matriculation	5%	Twice in a year	6%
Graduation	46%	More than twice a year	5%
post-graduation	41%	**Duration of stay (days)**	
Others	8%	Less than 3	48%
Income (Annual) INR (lakhs)		4– 6	45%
Below 5 lakh	12%	More than 7	7%
5 lakh -10	28%	**Source of information about the hotel**	
10 lakh -15	24%	Friends/Relations	20%
Above 15	36%	Previous visit	32%
Occupation		Tour operator /Travel agent	13%
Business	36%	Tourist information centre	7%
Service	21%	Internet	28%
Professional	33%	**Travel companion/s**	
Others	10%	Family	57%
Nationality		Friends	25%
Indian	60%	Relatives	6%
USA	8%	Partners	5%
UK	6%	Alone	3%
Russia	6%	Tour group	4%
Bangladesh	5%	**Customer status**	
Dubai	4%	First time/New customer	50,50%
Srilanka	4%	Repeat customer	49,50%
Saudi Arab	4%		
France	1,30%		
Indonesia	1,30%		
Canada	1,30%		
Denmark	1,30%		

psychological dimensions (Brodie et al., 2011; Hollebeek, 2011a; Patterson, et al., 2006; Vivek 2009). The review of literature reveals several dimensions of customer engagement, namely cognitive, emotional, and behavioural. Specifically, these three dimensions of engagement have been also widely cited in the literature (Brodie et al., 2011; So, King, & Sparks, 2012; So et al., 2014), although the specific expression of these generic dimensions may vary across specific engagement based concepts. However, CE in marketing literature has also been alienated into two categorizations – unidimensional conceptualizations that mostly involve the behavioural elements of CE (Kumar et al., 2010; Van Doorn et al., 2010), and multi-dimensional conceptualizations that involves all the three dimensions, namely, behavioural, cognitive and emotional (Brodie et al., 2011; Dwivedi, 2015; Hollebeek, 2011b; Rather & Sharma, 2016; Sharma & Rather, 2016; So et al., 2012; Vivek et al., 2012). Although various conceptualisations regarding the multi-dimensional construct of customer engagement have been anticipated that disclose the important theoretical/conceptual underpinning for CE (Brodie et al. 2013; Hollebeek 2011b; So et al., 2012), this research builds on So et al.'s (2014) conceptualisation of CE that includes the five dimensions, namely enthusiasm, attention, identification, absorption and interaction. Thus, these fundamental five dimensions of customer engagement jointly reveal the psychological or emotional and behavioural perspectives of CE.

Enthusiasm: It entails a person's intense excitement level and interest about the focus of engagement, for example service provider/offerings (Vivek, 2009; So et al., 2012). The literature recommends the outlooks of enthusiasm as positive excitement is an essential guide of CE towards service provider.

Attention: Similarly, marketing philosophy supports the insertion of attention as a facet of customer engagement. Engagement implies focused attention that encapsulates the customer's degree of attention regarding the provider (Lin, Gregor, & Ewing, 2008). Thus, attention demonstrating attentiveness of customers and concentration on offerings is measured as a vital customer engagement dimension.

Absorption: It has been a pleasant state that illustrates the consumers as completely happy, concentrated, and deeply engrossed when representing the role as a consumer towards service/brand (Patterson et al., 2006). It also represents one of the important dimensions of CE.

Interaction: So et al. (2012) pointed that interaction is an essential aspect, usually acknowledged in literature of CE and it entails the customers' online as well as offline involvement with the provider/offering or new consumers
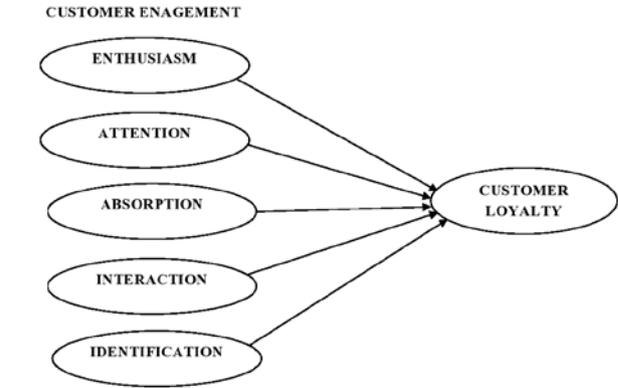

Figure 1: Research Model

beyond buying. Vivek (2009) proposed that interaction involves exchanging and sharing of opinions, ideas and feelings regarding the experience with offerings. For these reasons, it represents an essential behavioural dimension of customer engagement.

Identification: It is person's 'perceived oneness with or belongingness to an organization' (Bhattacharya, Rao, & Glynn, 1995, p. 46). It arises while customer perceives its self-image as overlapping the brand's image at the level of brand/offerings (Bagozzi & Dholakia, 2006).

2.2 Customer loyalty

It is implied that, a loyal customer is a customer who repurchases from the same service provider whenever possible, and who persists to recommend or retains a positive attitude towards that service provider (Kandampully & Suhartanto, 2000). Loyalty is a process of retaining or rising consumers' patronage over long term; thus, mounting the value of consumer to the company (Marshall, 2010). As investigated by Bowen and Chen (2001), selling products and services to new customers costs 3 to 6 times more than selling to existing (repeat) customers, and thus, marginal increases in customer retention can lead to dramatic increases in profits. Due to the number of benefits of a loyal customer base, the concept of loyalty has gained interest between academicians and professionals over recent years (Kucukusta, Mak, & Chan, 2013; Wilkins, Merrilees, & Herington, 2009) and has been regarded as an essential construct in attaining business achievements and enduring sustainability (Casalo, Flavian, & Guinaliu, 2007).

Additionally, loyalty has been identified as a significant indicator of marketing success in several industries, incorporating hospitality. Moreover, CE would guide to flourishing marketing outcomes like share of

wallet, loyalty, cross-selling and word-of-mouth (Vivek et al., 2012). Marketing researchers propose that CE can increase purchase decisions, attitudes, and loyalty (Hollebeek 2011a; Patterson et al., 2006; Sprott, Czellar, & Spangenberg, 2009) due to robust, long-term psychological connection supplemented by interactive brand experiences beyond purchase (Brodie et al., 2011). CE influences loyalty positively and significantly in the hospitality and tourism settings (So et al., 2014; Sharma & Rather, 2016). Hollebeek (2011a) anticipated an engagement based segmentation framework, resulting in dissimilarly engaged customer segments and diverse propensities to build several loyalty linked behaviours. Bowden (2009a) suggested a more current framework of customer engagement in marketing segments that the existing customers build on their transactional relationship with a provider or brand. He presented a theoretical framework of CE for segmenting the customer provider relationships on the basis of extent to which customers are whether new/first or repeat purchase customers.

Based on the literature review, the following hypotheses have been formulated:

H1: CE is a multidimensional construct reflected by the dimensions of attention, absorption, enthusiasm, identification, and interaction.

H2: CE influences the customer loyalty significantly and positively.

H2a: Enthusiasm influences the customer loyalty significantly and positively.

H2b: Absorption influences the customer loyalty significantly and positively.

H2c: Attention influences the customer loyalty significantly and positively.

H2d: Interaction influences the customer loyalty significantly and positively.

H2e: Identification influences the customer loyalty significantly and positively.

H3: There exists a significant difference between customer engagement and loyalty among the new customer groups.

H4: There exists a significant difference between customer engagement and loyalty among the repeat customer groups.

A conceptual model is proposed based on literature review. Figure 1 shows the theoretical model used in this study.

3 Research methodolgy

3.1 Research instrument and data collection

The scales adopted for this study were based on the previous work of the authors like Bowden (2011) and So et al. (2012 and 2014). The questionnaire consisted of two parts; part one consists of demographic information like age, gender, occupation, income and nationality of the respondents, nature of visit, frequency of stay at hotel, etc. The second part consisted of customer engagement and customer loyalty scales. Both the constructs were measured on a 7 point Likert scale (1 for strongly disagree and 7 for strongly agree) to express degree of agreement. The target population for this research was limited to those customers who had stayed at four and five star hotels at least once. These types of hotels were selected primarily because customer relationship building and customer loyalty are crucial elements of long-term financial success. The geographical area for data collection was Jammu and Kashmir, India. This area was selected because there are five prominent tourist cities situated in the areas, namely, Gulmarg, Srinagar, Pahalgam, Jammu and Katra. Furthermore, all the four star and five star hotels are located in these five particular cities. Hotel customers were interviewed using a structured questionnaire to find about their perception of customer engagement (enthusiasm, attention, absorption, interaction and identification) and their loyalty dimensions (attitudinal and behavioural intentions). Data was gathered from the hotel customers during a period of five weeks at different locations within the hotels (i.e., restaurants, rooms, hotel lobbies, etc.) of J & K, India. Therefore, to achieve the objectives of the study, a survey research approach was adopted in the process of data collection. The research used cross sectional design in which the data collected from the research respondents (customers) was carried out only once. The questionnaire was pretested with 25 respondents randomly selected from five of the star hotels to make sure that they understood the wordings and the meaning of the questions. The responses showed that the questions were well worded. To further reduce the errors linked with written questionnaires, respondents were given the opportunity to request for any extra explanations about the questionnaire. This was helpful in achieving content validity. The questionnaires were distributed to 300 customers at star hotels, out of which 240 were returned and deemed fit for the analysis, representing a response rate of 80%. The rate of response was high because of the personal delivery method utilized in the survey, which generally generates

high response rate (Malhotra, 2007). Out of these 240 respondents, 55% were males and 45% were females. An overwhelming 39% of customers were between 31 and 40 years of age, 24% of customers were between 41 and 50 years, 20% of customers were between 20 and 30 years and 17% of customers were above 51 years of age. 60% of customers are from India, 8% of tourists were from USA, 6% from UK and Russia, 5% from Bangladesh, 4% from Srilanka and Dubai. 50.5% respondents are first time customers and 45.5% are repeated customers of the hotels. The overall results are presented in Table 1.

3.2 Sample size and design

Sample size was decided with reference to the number of observations employed to examine the customer engagement dimensions and customer loyalty. Every item requires minimum 5 observations and maximum 10 observations (Hair, Black, Babin, Anderson, & Tatham, 2008). However, other authors advice differently. For instance, Tabachnick and Fidell (2007) note that for principal components analysis or factor analysis, the minimal ratio of 10 participants per item is sufficient. Though, they mention about 5 participants per item with good factor structure. So, in order to avoid the subjectivity of advices, as far as the adequacy of the sample size for assessing a measurement model is concerned, the KMO (Kaiser-Meyer-Olkin) measure of sample adequacy has to be higher than 0.8 (80%). Hence, the KMO value of 0.886 indicates that sample is adequate for the study, as shown in Table 2. This study construct restricted to 31 statements, so it was determined to take 300 as the sample size. This study used simple random sampling technique to collect data from four star and five star hotels. A list of four and five star hotels operating in J & K was procured from the Tourism Departments of J & K.

4 Analysis and results

With reference to Anderson & Gerbing (1988) and Hair et al. (2008), to purify the scale and lower the number of items. Scale purification includes exploratory factor analysis and confirmatory factor analysis, and an initial assessment of scale reliability, dimensionality, convergent and discriminant validity was adopted.

4.1 Exploratory factor analysis (EFA)

Exploratory factor analysis with varimax rotation was applied. Eigen value larger or equal to 1, communality larger than 0.50, Kaiser-Meyer-Oklin (KMO) value bigger than or equal to 0.50, and lowest factor loading equal to or larger than 0.50 standard were applied to purify the measurement statements (Hair et al., 2008). The exploratory factor analysis results reduced the 31 items into 30 items and the single item of interaction dimension was deleted due to cross and low factor loadings. The analysis produced five factors of CE that contributed to a reasonable 66.77% of the variance explained (Table 2).

4.2 Results of confirmatory factor analysis (CFA)

On the basis of above results, the authors also conducted a set of CFA related to the two rival models of CE. First, to confirm whether the five-dimensional model was the most suitable conceptualization of CE, CFA was conducted with all the items of five CE dimensions loading on a single latent CE construct. One factor model provided a considerably poor fit in contrast to the five-dimensional model, $\chi^2 = 1665.335$, df = 275, $\chi^2/df = 6.056$. Consequently, a five-factor model was investigated, namely, enthusiasm, attention, absorption, identification, and interaction reflecting a second-order factor. The five-factor model achieved an excellent fit ($\chi^2 = 351.550$, df = 198, $\chi^2/df = 1.776$). Therefore, the test of dimensionality offered confirmation in supporting the five-dimensional model of CE. All the results are detailed in Table 3. Both models showed that each path was significant, yet the fit measures differed considerably. These results present evidence of the unidimensionality of the measures, with each item loading on one predicted factor (Anderson & Gerbing, 1988). Convergent validity was evaluated from measurement model by determining whether each indicator estimated maximum likelihood loading on the underlying dimension was significant (Anderson & Gerbing, 1988). Further, standardised loadings ranged from 0.60 to 0.90, and all were significant with t values over 2.57 (Fornell & Larcker, 1981; Netemeyer, Bearden, & Sharma, 2003). This suggests that the measures indicate convergent validity. One item from attention and one more item from interaction were deleted due to low standard loadings. Hence, CFA reduced 25 items of CE into 22 valid and reliable items. The results are presented in Table 4. The overall goodness-of-fit indices of CFA indicate that all the fits of the measurement model are satisfactory (CFI, TLI, GFI, and NFI > 0.90;

Table 2: Exploratory Factor Analysis (EFA)

Dimensions	Loading	Communalities	Eigen value	Variance
Customer Engagement				
Absorption			9,27	38,63
When I am interacting with this hotel, I forget everything else around me (ABS1)	0,79	0,72		
Time flies when I am interacting with the hotel (ABS2)	0,82	0,81		
When I am interacting with hotel, I get carried away (ABS3)	0,78	0,77		
When interacting with the hotel, it is difficult to detach myself (ABS4)	0,79	0,77		
In my interaction with this hotel, I am immersed (ABS5)	0,61	0,52		
When interacting with the hotel intensely, I feel happy (ABS6)	0,54	0,51		
Enthusiasm			2,2	9,17
I am passionate about this hotel (ENT1)	0,81	0,71		
I am enthusiastic about this hotel (ENT2)	0,79	0,75		
I feel excited about this hotel (ENT3)	0,71	0,66		
I love this hotel (ENT4)	0,69	0,59		
I am heavily into this hotel (ENT5)	0,69	0,59		
Attention			1,69	7,04
I pay a lot of attention to anything about this hotel (ATT1)	0,56	0,56		
I like to learn more about this hotel (ATT2)	0,8	0,69		
Anything related to this hotel grabs my attention (ATT3)	0,63	0,56		
I concentrate a lot on this hotel (ATT4)	0,72	0,57		
I like learning more about this hotel (ATT5)	0,75	0,65		
Identification			1,49	6,23
When someone criticizes this hotel, it feels like a personal insult (IDN1)	0,81	0,79		
When I talk about this hotel, I usually say "we" rather than "they" (IDN2)	0,71	0,66		
This hotel successes are my successes (IDN3)	0,73	0,64		
When someone praises this hotel, it feels like a personal compliment (IDN4)	0,71	0,62		
Interaction			1,36	5,68
In general, I like to get involved in hotel discussions others in the hotel (INT1)	0,58	0,6		
I am someone who enjoys interacting with like-minded (INT2)	0,83	0,75		
In general, I thoroughly enjoy exchanging ideas with other people in the hotel (IN4)	0,84	0,8		
I often participate in activities of this hotel (IN5)	0,57	0,64		
Customer Loyalty			3,69	61,52
I would recommend this hotel to someone who seeks my advice (CL1)	0,77	0,59		
I would encourage friends and relatives to do business with this hotel (CL2)	0,83	0,7		
I would say positive things about this hotel to other people (CL3)	0,74	0,56		
I would do more business with this hotel in the next few years (CL4)	0,75	0,56		
I am a loyal customer of this hotel (CL5)	0,8	0,64		
I am willing to maintain my relationship with this hotel (CL6)	0,78	0,62		

Note. KMO = 0.886; Barlett's test chi-square = 3457.749, *df* = 276, *p* = .000; total variance explained = 66.77%

RMSEA < 0.08 (Bentler, 1992; Bentler & Bonett, 1980), as shown in Table 3. The overall measurement model of the CFA achieved an excellent fit with $\chi2$ = 351.550, df = 198, $\chi2/df$ = 1.776, p < .000, CFI = 0.93; TLI = 0.93, NFI = 0.94, GFI = 0.88, RMSEA = 0.05, SRMR = 0.41).

Reliability was also examined by calculating Cronbach's alpha and composite reliability. The values

Table 3: Comparisons of Models for Dimensionality

Rival Models	One-factor model	Five-factor model
χ^2	1665,335	351,55
df	275	198
χ^2/df	6,056	1,776
p Value	0.000*	0.000*
GFI	0,6	0,88
NFI	0,55	0,94
CFI	0,59	0,93
RMSEA	0,14	0,05

were well over the suggested thresholds (Fornell & Larcker, 1981; Hair et al., 2008) (Table 5). Discriminant validity refers to the fact that each factor should attain a different dimension from the rest. The average variance extracted (AVE) for dimensions ranged from 0.51 to 0.61, surpassing all phi-squared correlations (Fornell & Larker, 1981). These results suggest that the measures ensure discriminant validity (Table 5). Based on the theoretical foundation, the results present empirical evidence that the five dimensions of CE are conceptualised as interrelated first order factors loading onto a CE latent construct. All the constructs denote a strong matrix of factors underpinning customer engagement practice in the hotel industry.

4.3 Test of hypotheses

The results of regression model (Table 6) showed that there was significant relationship between overall customer engagement and customer loyalty (R^2 = 0.36, β = 0.60, F = 133.823, p <.05), which supports H2. This means absorption, enthusiasm, attention, interaction and identification jointly determine customer loyalty. An R-squared of 0.360 indicates that the independent variables (customer engagement) explained 36% of customer loyalty. Enthusiasm dimension was established to have the greatest influence on customer loyalty (β = 0.570, t = 15.725, p = .000 < .05) implying that passion, enthusiasm, excitement and love of customers about hotels can influence customer loyalty, hence, it supports H2a. This is followed by absorption, which was also found to be a significant predictor of customer loyalty (β = 0.473, t = 31.620, p = .000 <.05), which implies that customer interactions with hotel (staff, guests etc.), their immersion and happiness can affect customer loyalty, hence, it supports H2b. Similarly, identification was established to have better influence on loyalty (β = 0.464, t = 33.896, p = .000< .05) which implies

Table 4: Results of the Measurement Model

Dimensions of Customer Engagement	SL	SMC	CR
Absorption			
ABS1	0,79	0,628	10,86
ABS2	0,88	0,774	11,818
ABS3	0,85	0,73	11,55
ABS4	0,66	0,699	11,35
ABS5	0,67	0,442	9,326
ABS6	0,67	0,443	N/A
Enthusiasm			
ENT1	0,68	0,463	9,351
ENT2	0,73	0,531	9,986
ENT3	0,79	0,632	10,748
ENT4	0,75	0,555	10,201
ENT5	0,7	0,494	N/A
Attention			
ATT1	0,81	0,651	9,31
ATT2	0,81	0,658	9,336
ATT3	0,6	0,36	7,6
ATT	0,62	0,379	N/A
Identification			
IDN1	0,89	0,795	11,607
IDN2	0,78	0,613	10,657
IDN3	0,68	0,461	9,412
IDN4	0,68	0,462	N/A
Interaction			
INT1	0,83	0,692	13,613
INT4	0,6	0,356	9,53
INT5	0,9	0,806	N/A

Note: χ^2 = 351.550 (p < .05, df = 198); χ^2/df = 1.776; normed fit index = .889; comparative fit index = .948; Tucker–Lewis index = .939; square root mean residual = .041; root mean square error of approximation = .057; SL = standardized loadings; CR = critical ratio; SMC = squared multiple correlation, N/A = Not applicable.

personal compliments of customers, perceived oneness or belongingness with hotel, thus, accepting H2e. Moreover, attention was also found as a significant determinant of customer loyalty (β = 0.430, t = 16.587, p = .000 < .05) implying that customers' attention related to the hotel, their learning interests and concentration about hotel also affects customer loyalty, hence, it supports H2c. Similarly, in addition, interaction (β = 0.359, t = 25.657, p = .000 < .05) implying that generally customers like to participate in hotel discussions, they enjoy interacting with other like-minded people in the hotel, and in general, they like to participate in activities of the hotel can also affect customer loyalty, thus supporting H2d. It is also significant to

Table 5: Discriminant Validity, Reliability Analysis

Dimensions	α	R	AVE	ATT	ENT	ABS	IDN	INT
ATT	0,831	0,805	0,512	**0,716**				
ENT	0,858	0,852	0,535	0,556	**0,731**			
ABS	0,898	0,906	0,619	0,624	0,652	**0,787**		
IDN	0,835	0,847	0,583	0,527	0,527	0,583	**0,764**	
INT	0,802	0,825	0,618	0,515	0,31	0,435	0,575	**0,786**

α = Cronbach's alpha, R = Composite Reliability, AVE = Average Variance Extracted, ATT = Attention, ENT= Enthusiasm, ABS = Absorption, IDN = Identification, INT = Interaction. The bold diagonal factors are the square root of the variance shared between the constructs and their measures. Off diagonal elements are the correlations among constructs.

Table 6: Regression Model 1: Influence of Customer Engagement on Customer Loyalty

Dependent variable	Independent variable	R2	Adjusted R2	F	Beta	t-value	p-value	Contrast
CL	CE	0,36	0,357	133,823	0,6	11,58	0.000*	Supported
CL	ENU	0,325	0,322	114,748	0,57	15,725	0.000*	Supported
CL	ABS	0,223	0,22	68,417	0,473	31,62	0.000*	Supported
CL	ATT	0,185	0,181	53,863	0,43	61,587	0.000*	Supported
CL	INT	0,129	0,125	35,13	0,359	25,657	0.000*	Supported
CL	IDN	0,215	0,212	65,161	0,464	33,896	0.000*	Supported

Note. CL = customer loyalty, ABS= absorption, ENU= enthusiasm, ATT= attention, INT= interaction, IDN= identification, R2= R square, (*p < .05).

note that all the hypotheses were supported by the analysis (Table 6).

The results of regression model (Table 7) indicated that there is a significant positive relationship between customer engagement and customer loyalty among the 'new customers' (β = 0.58, 75, R^2 = 0.34, F = 57.57, p <.05). An R-squared of 0.34 indicates that the independent variables (customer engagement) explained 34% of customer loyalty of the 'new customer' segments supports H4. Similarly, the regression model (Table 7) further indicated that there is a significant positive relationship between customer engagement and customer loyalty among 'repeat customers' (β = 0.60, R^2 = 0.36, F = 70.62, p <.05). An R-squared of 0.36 indicates that the independent variables (customer engagement) explained 36% of customer loyalty regarding the 'repeat customers' groups that accepts the H4 of the study. The results are presented in Table 7.

Moreover, when the descriptive statistics of 'new customers' and 'repeat customers' on their customer engagement dimensions and loyalty variable were compared, which were measured on seven point-Likert scale, the 'new customers' had low mean values or averages as compared to the 'repeat customers' on customer engagement dimensions and loyalty variable. The results showed that new customers had lower satisfaction/agreement levels in comparison to the repeat customers, with respect to customer engagement and loyalty towards the hotels (Table 8).

5 Discussion

The purpose of the study was to evaluate the relationship between customer engagement and loyalty in developing customer relationships in the Indian hospitality sector. The literature has documented the emerging magnitude of customer engagement as a strategic necessity for developing customer relationships (Wang & Fesenmaier, 2004). Exploratory factor analysis and confirmatory factor analysis of all the dimensions were computed. Reliability and validity was established and confirmed in a five-dimensional CE construct, indicating that the multidimensional measurement of CE was reliable and valid. Contrasting the two rival models provided a solid foundation to an anticipated five factor model that accomplishes excellent fit for the survey data and showed that CE envisages loyalty in hospitality industry in promoting customer relationships. The results further indicated a significantly positive

Table 7: Regression Model 2: Influence of CE on CL (New Customers vs Repeat Customers)

Customer groups	Dependent variable	Independent variable	R2	Adjusted R2	F	Beta	p-value
New customers	CL	CE	0,342	0,336	57,578	0,584	0.000*
Repeat customers	CL	CE	0,361	0,356	70,629	0,601	0.000*

CL = customer loyalty, CE = customer engagement

Table 8: Descriptive statistics of New Customers and Repeat Customers

Constructs (New Customers)	M	S.D	t	df	Sig
Enthusiasm*	5,66	0,7	91,88	129	0.000*
Attention*	5,63	0,71	90,12	129	0.000*
Absorption*	4,96	0,88	64,02	129	0.000*
Interaction*	5,26	0,93	64,22	129	0.000*
Identification*	4,37	0,8	61,98	129	0.000*
Loyalty*	5,2	0,61	97,12	129	0.000*
Overall Customer Engagement	5,92	0,53	126,64	129	0.000*
Constructs (Repeat Customers)					
Enthusiasm*	5,89	0,54	107,75	99	0.000*
Attention*	5,78	0,59	97,4	99	0.000*
Absorption*	5,17	0,79	65,35	99	0.000*
Interaction*	5,58	0,84	66,42	99	0.000*
Identification*	4,66	0,87	53,45	99	0.000*
Loyalty*	5,43	0,57	93,97	99	0.000*
Overall Customer Engagement	6,12	0,5	121,94	99	0.000*

Note: *7 point Likert scale was used (1- strongly disagree and 7- strongly agree), SD= standard deviation, M= mean, P=significance (two tailed), df= degree of freedom, t = t value.

relationship between overall customer engagement and loyalty (F = 133.823, R^2 = 0. 36, β=60%, p <.05), which means absorption, enthusiasm, attention, interaction and identification jointly determine customer loyalty. An R-squared of 0.360 indicates that the independent variables (customer engagement) explained 36% of customer loyalty in developing customer relationships. Hence, authors found a significant relationship between customer engagement dimensions and customer loyalty that supported the theoretical studies conducted by Van Doorn et al. (2010), Brodie et al. (2011) and Bowden (2009a), and the empirical studies of Dwivedi (2015), Rather & Sharma (2016), Sharma & Rather (2016) and So et al. (2014). Additionally, the study also examined that the 'repeat customers' had more influence and more averages in contrast to 'new customers' groups. Furthermore, hypotheses were tested and all supported the literature and were found to be significant. Moreover, all the constructs represented a robust matrix of factors underpinning the customer engagement

practices in building customer relationships in the hotel industry of J & K, India.

6 Conclusions and implications

The study provides a vital contribution to the hospitality and marketing literature by offering CE dimensions gaining more comprehensions in customer emotional/psychological and behavioural connections (multidimensional) regarding the service contexts. Engaging customers and making them loyal, and building successful customer relationships has become important for achieving success in the highly competitive hospitality business. The rapid development of hotel industry makes it very competitive and demands the service providers to develop engagement and loyal base of customers to sustain and promote the relationships. As the review of literature

revealed, customer engagement is developed by various dimensions. All the five dimensions were identified to be significant in expressing CE. The findings recommend that while attempting to build customer engagement, marketers should focus on the enrichment of all of the five CE dimensions, with precise emphasis on absorption, enthusiasm, attention and identification, as specified by their high factor loadings as well as highest beta coefficients.

The findings of this study indicated that four and five star hotels need to integrate different engagement practices in order to win loyalty of customers to build relationships. For instance, to induce attention, hoteliers are required to offer information to their customer segments that can be pertinent, attractive or personal, as this type of information or awareness can increase attention of customers. Hoteliers can further increase enthusiasm, as it provides superior service offerings and features that delight customers, and build a positive brand image. Enthusiastic customers are more likely to explore the offering/activity and experiment with it. Their enthusiasm towards the use of focus makes them live in the moment, when they are engaged (Vivek, 2009). Engagement, which has been regarded as a condition of sustained attention, could be exemplified by involvement, full absorption, being completely occupied or engrossed in service/brand (Higgins & Scholer, 2009). In situations where customers are engaged, the organizations and their associated networks facilitate the absorption of the engaged customers. The customers' interactions with providers are elementary features of customer engagement that can be visualized as a sort of value in use, such as giving enjoyable and absorbing interactions (Dwivedi, 2015). Moreover, service provider needs to establish possibilities for interactions and incentives, for example, recognition and reward schemes to enhance participation of customer. Indeed, repeat interaction between customers and business providers offers several opportunities for relationship marketing to exist. To build solid identification, hoteliers should produce a distinctive and lucid identity, which is preferred by the target customer groups, as it allocates an enduring differentiation and assists to boost customer's identification with the service provider. Jointly, all these activities facilitate clients to engross themselves in interactive experience with service provider, so building their engagement with the service provider/offerings. As a result, the powerful effects of customer engagement on customer loyalty offers a good reason for hospitality business focusing on marketing practices and events, which are possibly to engage customers influencing their loyalty in building customer relationships. And CE can act as a proxy evaluation to strengthen the relationship among the clients and

service offerings (Bowden, 2009a). Hence, maintaining and evaluating engagement plays an imperative part in marketing practice. The evidence from this study also indicates that the 'new customers' have low averages and low regression weights as compared to the 'repeat customers', which have high averages and high regression weights among the constructs. Therefore, the management should be attentive of the differences concerning the service or offering aspects regarding the 'new customers' versus the 'repeat customers' groups and formulate its service evaluations so that the most efficient, effective, and customized marketing practices, such as, segmentation, differentiation, targeting, and positioning, could be extended to deal with diverse customer segments. This would facilitate marketers to recognize and target segments that are characterized by high levels of customer engagement. Recognizing the customer segments that are specifically eager to engage across the customer base can facilitate service firms to fine-tune their strategies. Considering these results, the marketers should formulate the most practical methods in managing their client base, in which the customers are actively moved from being early service contributor to a state of full engagement with the service provider. Recognizing the status of customers, their specific visitation patterns, expectations and needs has been essential at the beginning in generating successful action strategies for targeting the client base (Bowden, 2009b). Engagement strategies by companies are an expansion of building relationships with customers, both current as well as potential customers (Vivek et al., 2012). The study also provides the management a lens with which to recognize the levels existing in the customer provider relationships for different customer segments, and highlights the need for management programs that proactively manage the customer support of new or fresh and repeat customers, in order to promote relational and affective bonds among customers and service providers. Additionally, leveraging customer engagement can help the hospitality industries to fascinate and retain new consumers and to convert browsers to purchasers (Wang & Fesenmaier, 2004). Against this background, the hospitality sector is regularly re-appraising their business strategies while assessing the various strategic alternatives to ensure profitability and survival within the extremely competitive business surroundings (Rather & Sharma, 2016). Hence, the findings of the research enlarge the managerial comprehension of CE by demonstrating the value of building robust engagement, loyalty and customer relationships within the hotel industry.

7 Limitations and future research

The analysis of the results of this research should occur in light of some limitations. The results ought to be interpreted with care when used in dissimilar industries or diverse category of hotels. Future research should replicate the anticipated relationships in different sectors, for example, educational, telecom, banking, travel and tourism, and the cruise sectors, or dissimilar industries can present greater generalisability of the results. The literature also recommends that CE can influence other facets like long-term reputation of the firm, customer equity, brand recognition and financial results (Van Doorn et al., 2010). To identify the effects of CE on profitability or firm's performance would be an important field of future research. Future research can also include the actions of employees, internal marketing practices and service relationship variables, such as customer engagement and loyalty that affect the strength of customer relationships. Moreover, the essential customer relationship variables like customer experience, affective commitment, service innovation, customer emotions, may either act as antecedents or outcomes to customer engagement and to study the relationship among these variables in service contexts is the subject of future research (Sharma & Rather, 2016). To enhance extra customer relationship awareness, future research should consider the influence of other customer relationship related constructs like brand image, brand equity, involvement, satisfaction, commitment, customer interaction, co-creation and WOM on customer engagement, which may either act as antecedents or consequences to CE. Further, future research could be tested to identify the influence of socio-demographic variables (such as age, income, frequency and duration of visit) on CE dimensions and/or customer loyalty. Another important area for future research will be to test the influence or role of social media platforms and online brand communities on CE, generally in the service contexts, and particularly in the hospitality settings. It is because the social media platforms are the more extensive and interactive forms of communications that evaluate or influence the degree of relationships among customers. Though, this research has explored CE from a positive viewpoint. Another potential area for future research can be associated with negative actions of CE.

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