

**Perceived Quality, Satisfaction, and Loyalty at the Destination Level of Cox's Bazar,  
Bangladesh**

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## **Tourism Destination Loyalty Model: A Comprehensive Empirical Assessment of Cox's Bazar, Bangladesh**

### **Abstract**

This empirical assessment was conducted in developing a comprehensive tourism destination loyalty model of Cox's Bazar, Bangladesh. A conceptual model was developed and tested by a field study for making model context specific. In total 12 factors were used to develop the model. Then partial least square based structural equation modelling approach was used to test 22 relationships of proposed model on a sample of 602 visitors. Sixteen relationships were supported at different significant levels. It is expected that the results of this study will be supportive to improve present condition of tourism destination loyalty factors, particularly for beach based destination.

Keywords: Cues, Destination Loyalty, Formative and Reflective Constructs

### **INTRODUCTION**

The concept of loyalty has been used by academics and practitioners for a long time as an important benchmark for developing effective business strategy (Oppermann 2000). In the literature, loyalty behaviour has generally been regarded as a desirable area of research (Alegre and Juaneda 2006) because, among other things, it is thought that firstly, the marketing costs need to attract loyal visitors are lower than those required for non loyal visitors; secondly, a return (loyalty) is a positive indicator of one's satisfaction; thirdly, positive attitude of high repeaters increases their likelihood to return (Oppermann 1998; Alegre and Juaneda 2006). Studies have documented that a 5% increase in consumers' retention can generate a profit growth of 25–95% across a range of industries (Chi and Qu 2008). Furthermore, loyal consumers are more likely to act as free word-of mouth advertising agents that informally bring networks of friends, relatives and other potential consumers which account for up to 60% of sales to new consumers (Reichheld & Sasser 1990). With such exceptional returns, loyalty becomes a fundamental strategic component for business organizations (Chi and Qu 2008).

In spite of the significant importance of tourism destination loyalty, some issues have not been thoroughly investigated in developing a comprehensive loyalty model at the destination level. *Firstly* researches on loyalty in the context of tourism have mainly focused on activity loyalty and service-provider loyalty (Lee, Graefe, and Burns 2007). Only a few attempts have been made to investigate destination loyalty in taking some factors (Lee, Graefe, and Burns 2007; Chi and Que 2008). For example, existing studies were over emphasized on some factors such as quality, satisfaction, and loyalty, while overlooked others, such as, risk,

sacrifice, etc (Kaili, Ching and Kang 2007). This issue obviously narrows down research view only on certain factors. *Secondly*, in general destination loyalty depends on satisfaction, and satisfaction depends on how the consumers perceive quality of different services. The qualities of services vary with the variations of visitors perceptions of quality cues (intrinsic and extrinsic) associated with the products and services (Olson & Jacoby 1972; Shahid 1997). However, the degree to which cues' associations influence quality is yet to explore in tourism at the destination level. *Thirdly*, measurement practices in business research are conventionally based on reflective constructs (Diamantopoulos 2008). Although the distinction between formative and reflective measures dates back to more than 20 years (Fornell and Bookstein 1982), literatures that discuss formative measures and attempt to provide guidelines to researchers are relatively recent. Significant contributions on the topic made by Diamantopoulos and Winklhofer (2001), who attempt to provide certain guidelines on the development of formative measures. Jarvis, MacKenzie, and Podsakoff (2003), examine the difference between formative and reflective constructs and provide different rules for distinguishing between both. Recently some authors used concepts of formative construct along with other reflective constructs in the tourism (Murphy and Hofacker, 2009; Alvarez 2009; Zabkar, Brencic, and Dmitrovic 2010). Murphy and Hofacker (2009) draw the attention of tourism researchers to the distinction between formative and reflective measurement models, and emphasize the importance of developing research designs that provide better guidelines for the development and validation of formative constructs which is yet use in Bangladesh context. *Fourthly*, maximum destination loyalty studies borrowed constructs and their interrelationships from existing literatures which tested in Western and European cultures. These might be different for the third world countries like Bangladesh for cultural diversifications. *In addition*, even though researchers have tried to develop models to identify the factors responsible in formation destination loyalty, there has been little work done to further development the theoretical formation of loyalty applying existing behavioural theories. These gaps have provided an excellent opportunity for new research in developing a comprehensive destination loyalty model that could be allowed destination operators to concentrate on the necessary factors which makes visitors' loyal to the destination.

Thus, the fundamental objective of this study is to develop a comprehensive destination loyalty model and test empirically at the destination level of Cox's Bazar in Bangladesh. This paper is organized firstly, by providing a theoretical background to the initial proposed model. Secondly, this study discussed the field study for making the model context specific. Thirdly, authors presented the conceptual model using formative and reflective constructs (figure 1)

which was validated empirically. Then the different causal relationships used in the proposed model were discussed for empirical validity. Furthermore, presentation of the empirical results was followed by a discussion on the theoretical and managerial implications. In the final section, this research discusses limitations and offered further research directions.

#### **A BRIEF LITERATURE REVIEW FOR DEVELOPING MODEL**

In general, perceived value or customer satisfaction is widely known as a means to improve behavioural intentions and actual behaviour (Zeithaml, Berry, and Parasuraman 1996). Empirically, however, perceived value and perceived satisfaction are closely related constructs (Johnson, Herrman, and Huber 2006). A few researches used these two constructs separately within the same research setting (Lee, Graefe, and Burns 2007; Chen and Tsai 2006). In the context of our research we used perceived value and perceived satisfaction as synonyms for developing a comprehensive loyalty model. In this regard Dodds and Monroe (1985) have proposed and tested a model on how consumers make their value judgment. Dodds, Monroe, and Grewal (1991) and, Agarwal and Teas (2004) modified the model and tested it in different research settings. Research of Chi and Qu (2008) presents satisfaction as an antecedent of destination loyalty with the back of destination image and attribute satisfaction. Lee, Graefe, and Burns (2007) show the quality is the antecedent of satisfaction, and satisfaction is the antecedents of destination loyalty. Campo and Youge (2008) present price is the antecedent of quality and, quality is the antecedent of satisfaction, moreover, satisfaction is the antecedent of loyalty. This research also shows the direct relationship between quality and loyalty. Chen and Tsai's (2006) research shows that perceived quality is the antecedent of perceived value, and perceived value is the antecedents of satisfaction which leads destination loyalty. Lobato et al. (2006) represent cognitive effect and affective image are antecedents of satisfaction which is result of behavioural loyalty. In the research Backer & Crompton (2000) shows the different features as the opportunities which are used as antecedents of quality and, the quality of the opportunity as a direct antecedent of behavioural loyalty. Yuksel and Yuksel (2007) in their research show pleasure and arousal are antecedents of satisfaction and satisfaction is the antecedent of loyalty intention. It also shows that lesser perceived risk is associated with greater repurchase and recommendation. (Petrick 2004) research is highly related to research work of Zeithaml & Valarie (1988). Here intrinsic attribute and extrinsic attributes present as antecedent of perceived quality. Price and reputation are considered as extrinsic attributes. It has shown that reputation; monetary price and emotional response are antecedents of quality which lead consumers' perceived value. This value is directly antecedent of repurchase intention. In the research of Yuan and Jang

(2008) has shown that perceived quality is an antecedent of perceived satisfaction and satisfaction is the antecedents of perceived behavioural intention. In the empirical research of (Petrick 2004) has been proved that quality is the antecedent of both satisfaction and value which is antecedent of destination loyalty. Lee, Graefe, and Burns 2007) in their research shows that direct relationship with service quality and behavioural intention as well as service quality is an antecedent of satisfaction. Besides, satisfaction is considered as antecedent of behavioural intention.

After reviewing a number of empirical studies (Baker and Crompton 2000; Petrick 2004; Chi and Qu 2008; Zabkar, Brencic, and Dmitrovic, 2010 etc. all are not included for page limitations) it was found that different authors used more than 30 factors in different research settings as antecedents of loyalty (e.g. Destination Image, Attributes Satisfaction, Overall Satisfaction, Service quality, Satisfaction, Perceived price, Price promotion, Motivation, Behavioural Intention, Pleasure, Arousal, Reputation, Price, Monetary price, Behavioural Price, Value, Price fairness, Tangibility, Interaction, Empathy etc.) In fact, a comprehensive model for loyalty research should incorporate some additional factors that may influence the process of consumer choice decision making, warranty factors, sacrifice etc. As it is too difficult to build a comprehensive model using all factors, authors thus intended to develop a comprehensive but parsimonious model based on major established theories.

#### **BEHAVIOURAL THEORIES USED FOR PROPOSED MODEL**

In this section the authors considered Information Processing Theory (IPT), Theory of Reason Action (TRA), and Theory of Planned Behavior (TPB) as basis to develop a comprehensive loyalty model (Fig 1) to test the third world countries like Bangladesh. In the initial proposed model nine constructs were used as per seven chunks (seven plus or minus two) principles of Information Processing Theory (Miller 1956). Perceived quality (PQ) and perceived sacrifice (PSR) of the model were considered attitudinal behaviour and subjective norm of Theory of Reason Action (Ajzen & Fishbein 1980). The perceived risk (PR) construct was considered as behavioural control of Theory of Planned Behaviour (Ajzen 1991). PIA, PDB, PW, PSV, PIL, PRB, and PP (see figure 1 for definition) were considered as environmental (salient) belief of TRA and TPB (detail does not include for page limitation).

#### **RESEARCH MODEL**

We used both literature and field study for developing relationship among the different constructs which were discussed in previous sections. A conceptual model (see figure 1 for definition) was developed according to the hypotheses for empirical validation using the Partial Least Square (PLS) based Structural Equation Modelling (SEM) approach.

The relationships depicted in the proposed model (depicted in figure 1) were developed based on literatures and extensive field study for farther empirical testing at the destination level of Cox's Bazar, Bangladesh. Say for example; H1a: PIC→PQ (+) Baker and Crompton, 2000; Petrick 2004a; H1b: PIC→PR (-) Agarwal and Teas 2004; H1c: PIC→PS (+), Field Study; H2a: PDBI→PQ (+), Agarwal & Teas 2004; H2b: PDBI→PQ (+) Agarwal & Teas 2004; H3a: PW→PQ (+) Zeithaml, Parasuraman, and Berry 1985; Bearden & Shimp, 1982; H3b: Bearden & Shimp 1982; Shahid 1997; H4a: PP→PQ (+), Rao & Monroe 1988; Agarwal and Teas 2004, H4b: PP→PR(-), Berry and Parasuraman 1991; Agarwal & Teas 2004; H4c: PP→PR (-), Pertick 2004b; Oh 2000; H5a: PQ→PDL (+), Field study; Zabkar, Brencic, and Dmitrovic 2010; H5b: PQ→PS (+), Campo and Yague; 2008, Zabkar, Brencic, and Dmitrovic, 2010; H6: PR→PS (-), Agrawal and Teas (2004); Solomon 1992; Boshoff 2002; H7a: PSR→PS (+),Snoj, Korda, and Mumel 2004; Suri and Monroe 2003; H7b: PSR→PR (+), Field Study; H8: PS→PDL (+), Chi and Qu 2008; Zabkar, Brencic, and Dmitrovic. 2010; H9a: PSV→PQ (-), Field Study; H9b: PSV→PR (-), Field Study; H9c: PSV→PSR (+), Field Study; H10: PRB→PSR (+) Field Study; H11a; PIL→PR (-), Field Study; H11b: PIL→PSR (+), Field Study (detail does not include for page limitations)

At the construct level the proposed model has relied primarily on reflective constructs for the first order latent variables whereby the items are caused or driven by the construct and reflect a common theme. When different indicators of a construct represent reflections or manifestations, of a construct (Fornell & Bookstein 1982; Gefen, Straub, and Boudreau 2000) is called reflective construct. Such indicators are termed reflective because they represent reflections. Reflective indicators are to be internally consistent (Nunnally & Bernstein 1994; Roberts and Thatcher 2009); hence, it is expected that reflective indicators to be correlated. Since they are correlated, reflective indicators are interchangeable, meaning the removal of an indicator does not change the essential nature of the construct. Out of 12 construct three constructs; perceived intrinsic cues (PIC), perceived price (PP) and perceived sacrifice (PSR) were identified as formative constructs as per the direction of the indicators of these constructs. It is found at the construct level, there are two second order multidimensional latent constructs named as 'perceived price (PP) and 'perceived sacrifice (PSR)' have two more first order latent variables or sub-constructs. A second order construct was modelled as a higher level formative constructs (Rai, Patnayakuni, and Seth 2006). Formative constructs are formed by several indicators representing different independent phenomena (Chin 1998). Conceptually, formative indicators are assumed to be uncorrelated (Barclay, Higgins, and Thompson 1995). Therefore, removing a formative indicator implies

removing a theoretically meaningful part of the construct (Bollen & Lennox 1991). For example, price of this study is found as a monetary price and nonmonetary price, as well sacrifice was found as monetary sacrifice and non monetary sacrifice its real meaning may vary with changes in any one of its direction. In addition, at the destination level perceived intrinsic cues can be defined in terms natural and man-made in the tourism context. In fact, the decision was made about the three construct (PIC, PP, PSR) and included in the final model as formative constructs based on study of Jarvis, MacKenzie, and Podsakoff (2003)

### **RESEARCH METHODS**

This study used a combination of qualitative and quantitative methods which has become increasingly popular in recent years (Bryman 2006) as mixed methods approach. The method helps to increase the quality, accuracy, validity and reliability of data (Babbie 2004). The authors were interested in developing a comprehensive destination loyalty model in the context of Cox's Bazar, Bangladesh. They conducted 25 interviews in the field during March 2009 for contextualization (Quaddus and Xu 2005) conceptual model. Since this field interview was more exploratory in nature, they chose 'content analyses in analyzing interview transcripts (Berg 2001). Altogether, initially 19 factors and 114 measures were identified from different interviews via extensive content analyses. However, after three rounds of revisions total 12 factors and 71 measures were used for this study. The authors tried to label up the factors and measures in line with the literature (Lee, Graefe, and Burns 2007; Nadeau et al. 2008; Millan and Esteban 2004; Petrick 2004a; 2004b; Grouch 2007; Zabkar, Brencic, and Dmitrovic 2010 etc.) and extensive field study. Most of the measures of different constructs are very much destination specific (Table for measures does not include for page limitation)

#### ***Geographical Area for Final Survey***

In total 602 completed samples were collected from four spots of Cox's Bazar, Bangladesh with a set of four rounded pre-tested structured questionnaires between December 2009 and March 2010 in four phases using 6 point Likert Scale (1= Strongly Disagree and 6= Strong Agree). It is noted that Cox's Bazar, the world's longest (120 km) unbroken sandy beach, is a tourist capital of Bangladesh, sloping down to the blue waters of the Bay of Bengal against the charming background of a chain of hills that is covered with deep forests. It is an accumulation of miles of golden sands, surfing waves, rare conch shells, colourful pagodas, Buddhist Temples, tribes and delightful sea-foods. The shark-free beach is good for bathing, running, basking and swimming. The breath-taking beauty of the setting sun behind the waves of the sea is very attractive. Other attractions for visitors are the conch shell market, tribal handicrafts, and salt and prawn cultivation facilities. It is pertinent that when the winter

climate of many western countries becomes intolerable, this destination offers a comforting winter climate. Timing and climate will lead tourists from many western countries to visit this destination along with the national and local visitors. There are 117 residential hotels, 62 guest houses, 125 cottages where can accumulate 70, 000 accommodations per night (not enough) for visitors in this destination. Millions of national and local visitors visit this destination every year. At present more than 5 million foreign visitors visits this destination which is expected 13 million in 2020, and also expected contribution to GDP would be 4-5%.

### ***Measurement Model Analysis***

As stated earlier perceived intrinsic cue, perceived price and perceived sacrifice constructs were modelled as formative constructs whereas perceived quality, perceived destination brand image, perceived warranty, perceived Quality, perceived satisfaction, perceived seasonal variation perceived income level, perceived religious beliefs, and perceived destination loyalty were considered as reflective constructs. Research of Jarvis, MacKenzie, and Podsakoff (2003) was followed for construction the nature of constructs after evaluation of the field study based on indicators. Partial least Squares (PLS) v.3.00 is used to analyze the data as it is most appropriate as the model incorporated both formative and reflective indicators (Chin 1998; Diamantopoulos and Winklhofer 2001; Fornell and Bookstein 1982).

PLS considers all path coefficients simultaneously (thus allowing analysis of direct, indirect, and spurious relationships) and estimates multiple individual item loadings and weights (White, Varadarajan, and Dacin 2003). As per PLS based SEM in the measurement part item loadings less than 0.6 (Hulland 1999) were discarded from reflective constructs. But for 'formative' constructs only weights were considered (Santosa, Wei, and Chan 2005). In this regard multicollinearity among the seven proposed indicators for intrinsic cue as formative construct were assessed (Diamantopoulos and Winklhofer 2001). The tolerances levels were found from .74 to .90 for PIC which well above the common cut-off threshold of .30 (Zabkar, Bencic, and Dmitrovic 2010). Variance Inflation Factors are from 1.12 to 1.18 for PIC which is far lesser than acceptable level of 10 (Hensler et al. 2009). In addition, correlations of each indicator of the formative constructs with the overall perceived intrinsic extrinsic cues were positive and significant ( $p < 0.01$ ) level (Table does not provide for page limitation).

After discarding two measures from perceived destination brand image (PDBI1, PDBI6), one measure from perceived warranty (PW6), one measure from perceived quality (PQ1), and one ,measure from perceived risk (PR1) item reliability (loading) ranged were from .60 to .83 for reflective constructs of PQ, PW, PDBI, PS and PDL (Table 1). All the corresponding  $t$  value indicates the items were significant for the reflective constructs.



The weights were considered for formative constructs; perceived intrinsic cues, perceived price and perceived sacrifice. All, measures loading and corresponding  $t$  values were significant for the first order reflective construct (PMP, PNMP) for second order formative construct of PP. As such, for the second order formative constructs PSR were considered two antecedent reflective constructs i.e. perceived monetary sacrifice (PMPSR) and perceived non monetary sacrifice (PNMSR) loadings and associate  $t$  values were significant after discarding PMP3 and PNMP5 (Table 2).

Internal consistency values for reflective constructs of this study exceeded the .70 (Table 4) as suggested by Nunnally (1978), Begozzi and Yi (1998). The lowest internal consistency for perceived destination brand image was .80 while PDL had the highest of 0.895. For convergent validity we followed the suggestions provided by Fornell and Larcker (1981). It is found the range of average variance expected (AVE) from .50 to .66 (Table 3) for reflective constructs. Discriminant validity was assessed comparing the square roots of the AVE and the correlations of the constructs (Fornell and Larcker 1981). In this study, the assessment of discriminant validity did not reveal any problems for reflective constructs because the bolded, diagonal values are greater (.71 to 0.82) than the off-diagonal correlation values in their corresponding rows and columns (ranged from -.01 to 0.60) (Table 3).

### ***Structural Model***

The final structural model included the formative constructs of the perceived intrinsic cues, perceived price, perceived sacrifice of a destination's offerings, and reflective constructs of perceived quality, perceived destination brand image, perceived warranty, perceived satisfaction, and perceived destination loyalty, perceived seasonal variation, perceived income level and perceived religious belief.

Table 4 presents the results of tests of hypotheses with explanatory powers, estimated path coefficients (significant paths indicated with an asterisk), and associated  $t$ -value of the paths. Tests of significance of all paths were performed using the bootstrap re-sampling procedure. Path coefficient, indicted the strength of relationships between constructs. Sixteen (16) hypothesized paths in the research model were found to be statistically significant at different significance levels whereas six (H1b, H2a, H5a, H9a, H11a, H11b) were not supported. There were a significant impact of PIC, PW and PP on perceived quality with the path coefficient of .11, .42 and .311 respectively. The three constructs accounted for 44.6% of the variance explain of PQ. No negative impact was found of PIC on PQ but direct relationship on PS accounted with path coefficient of .21. No significant positive relationship between PDBI and PQ was found but significant negative relationship to PR was found with path coefficient

-.09. Perceived price had negative association with PR and relationship found with path coefficient of -.17. Thus, impact of PQ, PDBI, PW, and PP on PR accounted 16.1% variance in the model. For the antecedents of PSR, it was also observed a strong positive relationship between PP and PSR, and PRB to PSR with path coefficient of .30 and .09 respectively accounting for 19.6% variance. Relationship between PSV and PSR was found as per formulated hypotheses with the path coefficient .22 and associated t value 5.20 but not at predetermined acceptable significance relationship was found between PIL and PSR. For the antecedents of PS, both PIC and PQ were significant with path coefficient of .245 and 0.247 respectively, accounting for 33.2% variance explained. Satisfactory results were found for PR and PSR to PS as per formulated hypotheses. Finally, PS was found to have a direct antecedent of PDL with path coefficient of .61 and explained 35.7 % of the variance. In regard to the relationship between PIL to PR, and PIL to PSR expected to be negative and positive respectively. These expectations generated from the outcomes of field study. The results show no significant influence of PIL on PR ( $\beta = -.01$ ;  $t=.02$ ) and PIL on PSR ( $\beta = .06$ ;  $t=1.5952$ ). Therefore H11a and H11b are not supported. However, path coefficients indicate the direction of relationship between both components as formulated hypotheses. It is necessary to mention that the impact of perceived intrinsic cue, perceived warranty, and perceived price on perceived quality were very strong in the context of Cox's Bazar, Bangladesh.

### THEORETICAL DISCUSSION

Our comprehensive research model was developed based on TRA, TPB, and IPT related literature postulating direct and indirect links between PS and PDL, as well as between antecedents of PS. PQ, PR and PSR were considered main antecedents of PS. PW was considered as new construct and included in the loyalty model with other constructs. Direct relationship between PIA and PS was hypothesized based on field study. Relationship between PRB and PSR was also generated from the field study and tested along with other relationships in the model. Our findings confirmed the argument that strong visitors 'satisfaction' leads to destination loyalty and PS is the main antecedent of PDL and there is a direct relationship between PIC and PS. PS is formed in relation to PQ, PR and PSR. The discussion also reveals the important role of sacrifice on perceived satisfaction and perceived risk in the destination loyalty process. Sacrifice was positively influence satisfaction and negatively risk which was not proven prior research. With regards to the relationship of the three constructs; perceived seasonal variation, perceived income level, and perceived religious belief which generated from the field study and their relationship with other variables in the

destination loyalty process were found different results. An effective result has come out from the second order formative constructs of price and sacrifice which were divided monetary and non monetary price for price construct as well as monetary and non monetary sacrifice for perceived sacrifice construct. This constructs were not employed before any literature as presented in this study.

### **PRACTICAL DISCUSSION**

The findings lead to several important recommendations to academics and destination management practitioners. We found that visitors' satisfaction is the main antecedent of destination loyalty that should be managed and enhanced for sustainable loyalty. PQ and PIC are important factors in determining the perceived satisfaction. This suggested that once visitors become satisfied they had a greater tendency to continue to visit the same place. Therefore, policy makers should encourage service providers to keep the existing service as per expectation level of visitors, perhaps adding new services like good warranty facilities and increase security of the destination. Secondly, visitors did not think risk as an important factor for Cox's Bazar. In this respect, destination operators should take more measures of existing security system so that no uncertainty takes place in visitors' minds. Thirdly, destination operator should consider the price issue seriously as visitors thought that pricing system of tourism product was very inconsistent. Fourthly, visitor's religious belief leads them to sacrifice some unavailable services at the destination like; open wine drinking and free mixing with males and females. Some restricted forms can be followed by tour operators for visitors so that mutual interests can be maintained. Finally, when visitors gain positive experience with different products of the destination, they encourage other visitors for visiting to same destination.

The relationship between Perceived destination brand image and perceived quality was not supported statistically. Possible explanations of such a result could be, visitors thought the concerned destination was not only well-known in the home country but in the wider world. In addition, data were collected from the visitors who visited at least more than once. In such, there may not necessary to have the destination image, as in the mean time they were visited to destination. Besides, destination operators have no power to change physical existence of intrinsic cues like longest sandy beach and natural attractions. The relationship between perceived quality and perceived destination loyalty was not supported as visitors were more conscious about satisfaction. They were more relaxed to be satisfied first, than quality to loyalty in the context of Cox's Bazar, Bangladesh. In fact, this issue is still under consideration to look for its applicability for loyal visitors of third world countries. However,

destination operators should try to get visitors into the habit of visiting destination by advertising the facilities available. Once they become satisfied their stay will last longer and their behaviour will become conducive leading to sustainable loyalty.

### LIMITATIONS AND FUTURE RESEARCH DIRECTION

As with all research, this study had some limitations. First, on account of parsimony, our conceptual model includes constructs: destination quality, visitor satisfaction, sacrifice, destination loyalty in relation to intrinsic and extrinsic cues. Hence, it did not capture fully the comprehensiveness of tourism consumer behaviour, as other factors influence and interact with visitors' further behavioural intentions. Therefore, additional factor should be included in future studies like country image. Secondly, this study used the data collected from only one destination particularly beach based which may not be enough for general destinations. Thirdly, perceived intrinsic cue, perceived price and perceived sacrifice were used as formative constructs in this study which may not permit generalization of the relevant indicators across different destinations. Fourthly, in our research author pooled data from four points of the destination which might provide different results if data is collected from more points. Finally, this study did not consider the impact of moderating variables like gender, age and level of education etc. The authors believe that this may affect destination choice decisions differently. Therefore, immediate future research plan is to test data extensively considering moderating variables (gender, age, education) on the proposed model.

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**TABLE 1**  
**Assessment of Items Reliability and Internal Consistency for formative and Reflective Constructs**

| Items | W/L           | t-V     | Items | W/L           | t-V     | Items | W/L    | t-V     |
|-------|---------------|---------|-------|---------------|---------|-------|--------|---------|
| PIC1  | <b>0.3574</b> | 3.4094  | PMP   | <b>0.9996</b> | 26.5578 | PS3   | 0.7703 | 21.6394 |
| PIC2  | <b>0.3184</b> | 2.8945  | PNMP  | <b>0.0480</b> | 0.1554  | PS4   | 0.7179 | 16.1404 |
| PIC3  | <b>0.3987</b> | 4.0229  | PQ1   | -----         | -----   | PS5   | 0.7130 | 17.0232 |
| PIC4  | <b>0.2089</b> | 1.8866  | PQ2   | 0.7299        | 15.9738 | PDL1  | 0.8098 | 16.1756 |
| PIC5  | <b>0.0404</b> | 0.3814  | PQ3   | 0.6934        | 12.8305 | PDL2  | 0.8038 | 18.4871 |
| PIC6  | <b>0.2930</b> | 2.5654  | PQ4   | 0.7738        | 20.0054 | PDL3  | 0.8340 | 17.0870 |
| PIC7  | <b>0.0311</b> | 0.2796  | PQ5   | 0.6093        | 10.8617 | PDL4  | 0.7399 | 14.4548 |
| PDBI1 | -----         | -----   | PQ6   | 0.7654        | 15.9347 | PDL5  | 0.7784 | 17.8071 |
| PDBI2 | 0.7210        | 3.4365  | PR1   | -----         | -----   | PRB1  | -----  |         |
| PDBI3 | 0.7583        | 3.4186  | PR2   | 0.6533        | 4.9999  | PRB2  | 0.7773 | 5.7707  |
| PDBI4 | 0.7253        | 2.6913  | PR3   | 0.7702        | 7.7745  | PRB3  | 0.6636 | 4.0088  |
| PDBI5 | 0.6262        | 1.3534  | PR4   | 0.7054        | 5.6564  | PRB4  | 0.7773 | 5.0141  |
| PDBI6 | -----         | -----   | PR5   | 0.7458        | 8.2303  | PIL1  | -----  |         |
| PW1   | 0.7503        | 14.5883 | PR6   | 0.7229        | 6.8719  | PIL2  | 0.8454 | 6.6307  |
| PW2   | 0.8186        | 19.8911 | MPSR  | <b>0.6496</b> | 2.6128  | PIL3  | 0.8192 | 5.9185  |
| PW3   | 0.7459        | 17.3546 | NMPSR | <b>0.9673</b> | 11.6106 | PIL4  | 0.7702 | 4.0376  |
| PW4   | 0.7516        | 15.8068 |       |               |         | PSV1  | 0.7147 | 5.4575  |
| PW5   | 0.7225        | 15.6415 | PS1   | 0.7193        | 17.0153 | PSV2  | 0.7746 | 7.4705  |
| PW6   | -----         | -----   | PS2   | 0.7165        | 13.9028 | PSV3  | 0.7252 | 5.7058  |
|       |               |         |       |               |         | PSV4  | -----  |         |

Notes: W=Weight for formative items, L= Loading for Reflective items, PIC=Perceived Intrinsic Cues, PDBI=Perceived Destination Brand Image, PW= Perceived Warranty, PP= Perceived Price, PQ= Perceived Quality) PMP= Perceived Monetary Price, PNMP= Perceived Non Monetary Price, PMPSR=Perceived Monetary Sacrifice, PNMSR= Sacrifice Perceived Nonmonetary Sacrifice

**TABLE 2**  
**Assessment of Items Reliability for First Order Reflective Constructs**

| Items | Loadings | t-V     | Items   | Loadings | t-V     |
|-------|----------|---------|---------|----------|---------|
| PMP1  | 0.6931   | 29.8986 | PMPSR1  | 0.6658   | 21.9297 |
| PMP2  | 0.8154   | 33.1024 | PMPSR2  | 0.7756   | 41.0823 |
| PMP3  | -----    | -----   | PMPSR3  | 0.7887   | 36.3162 |
| PMP4  | 0.7936   | 31.5854 | PMPSR4  | 0.6735   | 20.7655 |
| PMP5  | 0.6810   | 27.2882 |         |          |         |
| PNMP1 | 0.6602   | 24.1822 | PNMPSR1 | 0.6585   | 13.7397 |
| PNMP2 | 0.7813   | 35.3449 | PNMPSR2 | 0.6667   | 14.9295 |
| PNMP3 | 0.8166   | 39.2976 | PNMPSR3 | 0.6350   | 13.1570 |
| PNMP4 | 0.6986   | 23.1881 | PNMPSR4 | 0.6241   | 13.0140 |
| PNMP5 | -----    |         |         |          |         |

PMP= Perceived Monetary Price, PNMP= Perceived Non Monetary Price, PMPSR=Perceived Monetary, PNMSR= Sacrifice Perceived Nonmonetary Sacrifice

**TABLE 3**  
**Correlation among Constructs and AVE**

| Cons. | PIA   | PDBI         | PW           | PP    | PQ           | PR | PSR | PS | PDL | PSV | PIL | PRB |
|-------|-------|--------------|--------------|-------|--------------|----|-----|----|-----|-----|-----|-----|
| PIA   | -     |              |              |       |              |    |     |    |     |     |     |     |
| PDBI  | 0.463 | <b>0.709</b> |              |       |              |    |     |    |     |     |     |     |
| PW    | 0.353 | 0.235        | <b>0.758</b> |       |              |    |     |    |     |     |     |     |
| PP    | 0.198 | .116         | 0.502        | ----- |              |    |     |    |     |     |     |     |
| PQ    | 0.296 | .152         | 0.604        | 0.537 | <b>0.715</b> |    |     |    |     |     |     |     |

|     |       |        |        |        |        |              |       |              |              |              |              |              |
|-----|-------|--------|--------|--------|--------|--------------|-------|--------------|--------------|--------------|--------------|--------------|
| PR  | 0.068 | -0.010 | -0.155 | -0.166 | -0.251 | <b>0.720</b> |       |              |              |              |              |              |
| PSR | 0.405 | 0.202  | 0.316  | 0.340  | 0.373  | 0.131        | ----- |              |              |              |              |              |
| PS  | 0.420 | 0.360  | 0.339  | 0.311  | 0.435  | -0.088       | 0.441 | <b>0.728</b> |              |              |              |              |
| PDL | 0.384 | 0.452  | 0.198  | 0.154  | 0.229  | 0.073        | 0.347 | 0.597        | <b>0.794</b> |              |              |              |
| PSV | 0.315 | 0.353  | 0.066  | 0.049  | 0.036  | 0.207        | 0.275 | 0.306        | 0.313        | <b>0.739</b> |              |              |
| PIL | 0.186 | 0.096  | 0.234  | 0.307  | 0.267  | -0.028       | 0.200 | 0.229        | 0.168        | 0.106        | <b>0.812</b> |              |
| PRB | 0.262 | .310   | .129   | .084   | .125   | .075         | 0.217 | 0.299        | 0.317        | 0.379        | 0.210        | <b>0.730</b> |

As PIC, PP and PSR are considered formative construct, there are no need AVE for discriminant validity.

**TABLE 4**  
**Tests of Hypotheses**

| HY  | PR          | PC (β) | t-value | HP   | PR          | PC (β) | t-V    | CO   | CR    | AVE   | R <sup>2</sup> |
|-----|-------------|--------|---------|------|-------------|--------|--------|------|-------|-------|----------------|
| H1a | PIC-PQ (+)  | 0.106  | 3.050*  | H5b  | PQ-PS (+)   | 0.245  | 6.38*  | PIA  | -     | -     | -              |
| H1b | PIC-PR (-)  | 0.062  | 1.078   | H6   | PR-PS (-)   | -0.077 | 1.960* | PDBI | 0.801 | 0.503 | -              |
| H1c | PIC-PS (+)  | 0.247  | 4.349*  | H7a  | PSR-PS (+)  | 0.260  | 6.464* | PW   | 0.871 | 0.575 | -              |
| H2a | PDBI-PQ (+) | -0.019 | 1.804   | H7b  | PSR-PR (+)  | 0.172  | 3.718* | PP   | ----- | ----- | -              |
| H2b | PDBI-PR (-) | -0.088 | 1.979*  | H8   | PS-PDL (+)  | 0.613  | 15.53* | PQ   | 0.839 | 0.511 | 0.446          |
| H3a | PW-PQ (+)   | 0.417  | 10.948* | H9a  | PSV-PQ (-)  | -0.034 | 0.938  | PR   | 0.843 | 0.519 | 0.116          |
| H3b | PW-PR (-)   | -0.140 | 2.416*  | H9b  | PSV-PR (-)  | 0.188  | 3.77*  | PSR  | ----- | ----- | 0.196          |
| H4a | PP-PQ (+)   | 0.311  | 7.643*  | H9c  | PSV-PSR (+) | 0.218  | 5.20*  | PS   | 0.849 | 0.530 | 0.332          |
| H4b | PP-PR (-)   | -0.166 | 2.528*  | H10  | PRB-PSR(+)  | 0.096  | 2.157* | PDL  | 0.895 | 0.630 | 0.357          |
| H4c | PP-PSR (+)  | 0.301  | 5.942*  | H11a | PIL-PR (-)  | -0.001 | 0.022  | PRB  | 0.773 | 0.533 | -              |
| H5a | PQ-PDL (+)  | -0.037 | 0.950   | H11b | PIL-PSR(+)  | 0.064  | 1.595  | PIL  | 0.853 | 0.660 | -              |
| -   | -           | -      | -       | -    | -           | -      | -      | PSV  | 0.782 | 0.546 | -              |

HY=Hypotheses, PR= Path Relation, PC=Path Coefficient, t-V= t -Statistics, CO=Constructs, CR=Composite Reliability, AVE= Average Variance Extracted, Significant \*p<0.05

**FIGURE 1**  
**A comprehensive Tourism Destination Loyalty**

