

**AN EXPLORATORY STUDY OF BRAND EQUITY AND
MALAYSIAN CONSUMER PURCHASE INTENTION
TOWARDS HOTEL ACCOMMODATION**

by

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LIST OF ABBREVIATIONS AND SYMBOL

I	Corporate brand equity (CBE)
II	Gross Domestic Product (GDP)
III	Information Technology (IT)
IV	National Consumer Complaints Centre (NCCC)
V	Partial Least Squares (PLS) – Structural Equation Modeling (SEM)
VI	Statistical Package for Social Science (SPSS)
VII	United Nations Educational, Scientific and Cultural Organization (UNESCO)
VIII	World Heritage Site (WHS)

ABSTRACT

Hotel accommodation are one of the important services sector that contribute to the growth of Malaysian GDP and facing challenges with the rapid changes in economic, social, political, demographic, competition, technological and others that led to consumer behavior changes. In this globalization environment, hoteliers facing stiff competition to attract more visitors for both local and foreign travelers with their limited resources. To stay sustainability, brand equity plays an important role for marketer on market positioning. Thus, Aaker's Brand Equity Model is adopted in this study to examine the impact of brand awareness, brand loyalty, brand associations, perceived quality and brand image as independent variable to brand equity and the influence of brand equity on Malaysian consumer purchase intention towards hotel accommodations. Data obtained from 234 valid questionnaires from Penang convenience sampling consumers were analyzed by using Statistical Package of Social Science (SPSS) and Partial Least Squares (PLS) –Structural Equation Modeling (SEM).

This study revealed that brand loyalty, brand associations, perceived quality and brand image have significantly and positively impact to brand equity and finally brand equity have significantly and positively impact on Penang, Malaysia consumers' purchase intention in hotel accommodation. Nevertheless brand awareness do not show positive impact to the brand equity which hotelier may explore the indirect relationship through moderator or mediator. In view of this study limit to Penang

consumer respondents only was not large and diverse enough to fully represent the entire population, future study may apply to whole Malaysia as sampling. Besides others variable such as consumer involvement, firm equity and marketing mix can be consider to compliment the study. This study findings offers some insights through marketing strategy to optimize the resources and maximize the organization performance by increase the revenue. Finally lead to positive economic growth by enriching consumer's life style and increasing community's income.

ABSTRAK

Penginapan hotel merupakan salah satu sektor perkhidmatan yang penting dalam perkembangan GDP Negara Malaysia. Sektor ini menghadapi saingan hebat kesan dari perubahan tingkah laku pengguna dengan perubahan dalam ekonomi, sosial, politik, demografi, persaingan, teknologi and sebagainya. Pada era globalisasi ini, sumber yang terhad menjadi halangan dan saingan antara pengusaha-pengusaha hotel untuk menarik penginap tempatan mahupun pelancong asing. Justeru, ekuiti jenama memainkan peranan yang penting supaya pengusaha hotel mampu mengekalkan kuasa persaingan dalam kedudukan pasaran. Kajian ini menggunakan “*Aaker’s Brand Equity Model*” untuk mengkaji ekuiti jenama dan pengaruh ekuiti jenama terhadap hasrat pembelian pengguna di Malaysia. Pemboleh ubah bebas dalam kajian ini merangkumi, kesedaran jenama, kesetiaan jenama, persatuan jenama, kualiti dilihat dan imej jenama. Kaedah Persampelan Mudah digunakan untuk memperolehi data daripada 234 soal selidik yang sah di Pulau Pinang. Seterusnya, data diselidik dengan perisaian “*Statistical Package of Social Science (SPSS)*” dan “*Partial Least Squares (PLS) –Structural Equation Modeling (SEM)*”.

Keputusan daripada kaji selidik menunjukkan bahawa kesetiaan jenama, persatuan jenama, kualiti dilihat dan imej jenama memberi impak yang besar kepada penginapan hotel di Pulau Pinang. Namun, kajian ini tidak menunjukkan kesan positif dalam kesedaran jenama. Oleh itu, perhotelan boleh meneroka hubungan tidak langsung melalui “*moderator*” atau “*mediator*”. Memandangkan kekangan dalam kajian ini yang melibatkan maklumbalas responden di Pulau Pinang dan persampelan ini tidak mewakili keseluruhan populasi di Malaysia. Penglibatan pengguna, ekuiti

firma dan campuran pemasaran boleh dipertimbangkan untuk kajian lanjutan. Kajian ini menawarkan strategi pemasaran seperti mengoptimalkan sumber dan memaksimumkan prestasi organisasi untuk meningkatkan hasil sektor penginapan hotel. Akhirnya membawa kepada pertumbuhan ekonomi yang positif seterusnya meningkatkan taraf hidup pengguna dan menambahkan pendapatan masyarakat.

Chapter 1

INTRODUCTION

1.0 Introduction

This chapter introduces the research outline of the study. Begins with the background of the study, the problem statement of the selected research followed by research objectives and research questions. Definition of key terms are included and a short summary of remaining chapter is presented in this research.

1.1 Background

1.1.1 Hotel Industry in Malaysia

In today's competitive and dynamic environment, the services sector has successfully played its role as one of the main economic builders to many economies throughout the world. For instance, it is the leading sector in Gross Domestic Product (GDP) contribution for countries like US, Japan, Brazil, India, and Singapore. Nowadays, most governments are putting greater emphasis on services sector in their economic planning and the same goes to our country, Malaysia. Based on Economic report (2013/2014) forecast in year 2014 services contribute 55.4% to the overall Gross Domestic Product (GDP) with 3.1% growth compare to 2013 (refer table 1.1.1).

Table 1.1.2 shows accommodation and restaurant service sector contribute 2.5% of the overall GDP. Since 2005, Malaysia moving steadily towards a diversified service-based economy with goal to achieve service-based economy country by 2020. Malaysian GDP has increased about 150% to RM434 billion in 2013 from RM176 billion in 2005 (Business Circle, 2014). However, the manufacturing sector has only increased its contribution to GDP by 75% to RM193 billion in 2013, from RM110 billion in 2005. Thus it is important to sustain the

growth of service industry that trigger by the demand and change of business environment (Business Circle, 2014).

Table 1.1.1: *Gross Domestic Product (GDP) by sector 2012-2014*

Gross Domestic Product (GDP) by Sector 2012 – 2014 (at constant 2005 prices)									
	Change (%)			Share of GDP (%)			Contribution to GDP growth (percentage point)		
	2012	2013 ¹	2014 ²	2012	2013 ¹	2014 ²	2012	2013 ¹	2014 ²
Agriculture	1.0	2.7	3.0	7.3	7.2	7.0	0.1	0.2	0.2
Mining	1.4	2.2	3.1	8.4	8.2	8.1	0.1	0.2	0.3
Manufacturing	4.8	3.2	3.8	24.9	24.5	24.2	1.2	0.8	0.9
Construction	18.1	10.6	9.6	3.5	3.7	3.9	0.6	0.4	0.4
Services	6.4	5.5	5.7	54.6	55.0	55.4	3.5	3.0	3.1
Add: Import duties	15.6	9.5	4.0	1.3	1.4	1.4	0.2	0.1	0.1
GDP	5.6	4.5 – 5.0	5.0 – 5.5	100.0	100.0	100.0	5.6	4.5 – 5.0	5.0 – 5.5

¹ Estimate.

² Forecast.

Note: Total may not add up due to rounding.

Source: Department of Statistics and Ministry of Finance, Malaysia.

Source: Department of Statistic and Ministry of Finance, Malaysia, Economic report, 2013/2014, p76

Table 1.1.2: *Services Sector Performance 2012-2014*

Services Sector Performance 2012 – 2014 (at constant 2005 prices)						
	Change (%)			Share of GDP (%)		
	2012	2013 ¹	2014 ²	2012	2013 ¹	2014 ²
Intermediate services						
Finance and insurance	7.8	2.8	3.6	9.4	9.2	9.1
Real estate and business services	7.2	6.8	6.8	5.5	5.6	5.7
Communication	9.2	9.4	9.6	3.8	4.0	4.2
Transport and storage	4.9	5.2	6.2	3.6	3.7	3.7
Final services						
Wholesale and retail trade	4.8	5.7	5.9	14.2	14.4	14.5
Accommodation and restaurant	5.4	5.7	6.6	2.5	2.5	2.5
Utilities	4.3	5.1	5.5	2.5	2.5	2.5
Other services	3.9	6.3	6.2	5.0	5.1	5.1
Government services	9.5	5.0	4.4	8.0	8.0	8.0
Total	6.4	5.5	5.7	54.6	55.0	55.4

¹ Estimate.

² Forecast.

Note: Total may not add up due to rounding.

Source: Department of Statistics and Ministry of Finance, Malaysia.

Source: Department of Statistic and Ministry of Finance, Malaysia Economic report, 2013/2014

Hospitality industrial includes accommodation, food and entertainment that helping people to feel welcome and relax to enjoy (Barrows, Powers & Reynolds, 2012). Malaysia with improvement activities in tourism and hospitality sector resulted attracts most foreign visitors among ASEAN countries (Pratruangkrai, 2013). Hospitality, food, safety, people with multiracial and multi-cultural are the major attraction of Malaysia for both local and foreign traveler. Leisure travel remain steady in local market, from MasterCard survey 47% preference international destination whereby 50% interest in domestic destinations (The Star Online, 2013). The top three local destination are Sabah, Malacca and Penang offering tropical rain forest, crystal clear water beach resort, UNESCO World Heritage archaeological sites and Malaysia has many more to offer. Hospitality and tourism industry will continue to grow, correspondingly enhance the country economic growth and reduce the external spending with the growth of living standard (The Star Online, 2013). This is aligned with Visit Malaysia year 2014 campaign to promote domestic tourism besides attract the foreign visitors (Mustafa & Koh, 2013).

Accommodation is the primary service that hoteliers provide to traveler (Anuar, Musa & Khalid, 2013). Accommodation expenditure of RM5.513Million which is amounted 10.2% of total domestic expenditure in year 2013, raised from RM4.475Million with only 9.4% in year 2012. Hotel is rank the second rank in type of accommodation besides friends and relative house refer table 1.1.3 and table 1.1.4 (Domestic Tourism Survey, 2013).

Table 1.1.3: Components of expenditure of domestic tourism, 2012 and 2013

Component	Total Expenditure (RM million)		Percentage Share (%)	
	2012	2013	2012	2013
A. Expenditure by domestic visitors	40,769	47,558	85.3	88.0
Shopping	14,892	15,670	31.1	29.0
Transportation	10,728	13,515	22.4	25.0
Food & beverage	5,712	7,500	12.0	13.9
Accommodation	4,475	5,513	9.4	10.2
Expenditure before the trip/packages/entrance frees/tickets	820	1,228	1.7	2.3
Other activities	4,142	4,137	8.7	7.6
B. Expenditure by visited households	7,009	6,457	14.7	12.0
Total expenditure (A+B)	47,778	54,016	100.0	100.0

Source: Domestic Tourism Survey (2013), p.18

Table 1.1.4: Types of accommodation used by domestic tourists, 2013

	Relatives' House	Hotel	Chalet	Homestay	Apartment	Rest home
2012	83.0%	14.1%	1.2%	0.9%	0.4%	0.3%
2013	77.3%	17.2%	2.9%	1.0%	0.9%	0.7%

Source: Domestic Tourism Survey (2013), p.20

Despite increasing growth of demand in hotel accommodation, this has attract more investor and trigger increase of hotel room supply (refer table 1.1.5). Furthermore, Malaysian Tourism Board statistics Malaysia recorded a total of 57.1 million hotels guests on year 2013 where the 22.8million were domestic visitors (Malaysia Hotel Guests by State Report, 2013). Table 1.1.6 shows as of February 2013, Penang have total 150 hotels from multiple hotel rating consist of 14649 rooms with average hotel occupancy rate 2% slightly higher than overall Malaysia occupancy rate refer table 1.1.7.

Table 1.1.5: *Hotel Accommodation, 2011-2018*

Table: Hotel Accommodation, 2011-2018								
	2011	2012	2013e	2014f	2015f	2016f	2017f	2018f
Number of hotels and establishments '000	2.71	2.72	2.76	2.84	2.91	2.98	3.05	3.13
Number of hotels and establishments '000 % change y-o-y	14.36	0.63	1.32	2.83	2.54	2.34	2.48	2.49
Hotel rooms '000	193.34	195.45	197.56	202.19	206.45	210.51	214.89	219.44
Hotel rooms '000, % change y-o-y	14.74	1.09	1.08	2.34	2.11	1.96	2.08	2.12
Occupancy rate %	60.60	62.40	63.33	63.70	63.86	63.92	63.94	63.95

e/f = BMI estimate/forecast. Source: Tourism Malaysia, BMI. Occupancy Rate = Room occupancy rate

Source: *Malaysia Tourism Report (2014)*

Table 1.1.6: *Malaysia and Penang: Existing Hotels and Total Rooms, as at February 2013*

	Penang		Malaysia	
	No. of Hotel	Total Rooms	No. of Hotel	Total Rooms
5-Star	9	3180	93	35012
4-Star	13	4,122	117	30,190
3-Star	10	1,619	209	37,365
2-Star	11	1,047	191	14,386
1-Star	3	126	115	5,484
3-Orchid	3	247	120	4,362
2-Orchid	4	145	203	5,877
1-Orchid	10	200	166	3,943
Unrated	87	3,963	1,420	50,252
TOTAL	150	14,649	2634	186,871

Source: *Penang Real Estate Market Research Report H1 2013, p.11*

Table 1.1.7: *Average Occupancy Rate of Hotels, 2012 and 2013*

	2012	2013
Penang	64	64.2
Malaysia	62.4	62.6

Source: *Tourism Malaysia Corporate Website*

Consumers' expectation change with the rapid changes in economic, social, political, demographic, competition, technological and others (Abdullah & Hamdan, 2012). However new generation travellers that account for 40-50% of business client are keen to pay more to demand on higher quality and branded accommodation (Khosia, & Sathyanarayanan, 2014). Influence of perceive online review have biggest impact follow by price and friends' recommendations for Malaysian accommodation booking (The Star online, 2014b). Information Technology (IT) adoption in Malaysia provide convenience information pertaining to the hotels (Anuar, Musa & Khalid, 2013) besides visitors have more choice selection on their accommodation led by increase of hotel room supply, also influence by on line review, price offer and friend recommendation (The Star online, 2014b). Abdullah and Hamdan (2012) also supported that consumers encircled by unlimited choices, hoteliers need to differentiate their brand among the pool for consumer easily to recognize. Hence stronger brand is crucial in this competitive business and it is essential to improve the competitive advantage by strengthen brand equity.

1.1.2 Brand equity and purchase intention

Brand equity is burning topic in several marketing research trigger the marketers and companies to realize owning strong brand is crucial to achieve product differentiation and competitive advantage. According to Business Times (Malaysia) (2013), brand distinctiveness helps consumers able to think of the brand from time to time, during purchase decision thus attract and retain customers. Brand equity (Aaker, 1991) is "added value" to a product, from the branding perspective not only beneficial to the company but also to the customers as cited in (Buil, Martínez, & de Chernatony, 2013) (Evangelista & Dioko, 2011) (Chahal & Bala, 2012) (Huang, Wang, Tseng, & Wang, 2011) (Jahanzeb, Fatima & Butt, 2013) (Silva, Nikhashemi, Haque, Yasmin & Khatib, 2012) and (Tong & Hawley, 2009).

Few places in Malaysia including Melaka and George Town, archaeological sites at Perak and Gunung Mulu National Park been accept as world Heritage sites (refer World Heritage Site website), this has initiate the growth of hotel accommodation industry in Malaysia and attract participate of global hotel chain. Malaysia Tourism Report (2014) report that in 2013 there are total of 2760 hotels include the 18hotels that manage by global chain like Marriott, Park Royal Four Point and others that have better brand positioning in the market place. Boutique heritage hotel as well is new choice for consumer (Tan, 2013). Thus both oversea and domestic visitors have unlimited choice and they are willing to pay more for quality and branded accommodation (Khosia, & Sathyanarayanan, 2014). According to Nielsen Global Survey online research, 44% of consumer intent to make online purchase of hotel reservation within six month of their online browsing especially. Information Technology (IT) adoption in Malaysia (Anuar, Musa & Khalid, 2013) combine with perceive online review been proven have biggest impact to Malaysian accommodation booking (The Star online, 2014b) created easy access and unlimited choices environment is affect the consumer purchase intention led to stiff competition among the hotel accommodation providers. Hoteliers need to differentiate their brand among the pool for consumer easily to recognize, stronger brand is crucial thus is essential to strengthen the brand equity.

1.2 Problem Statement

Accommodation is prime service that hoteliers provide to traveler (Anuar, Musa & Khalid, 2013) an important segment support to the tourism sector in Malaysia; as shown in data of Ministry of Tourism Malaysia, there are 3094 hotels registered in Malaysia (Malaysia Hotel & Room Supply by State, 2013). Each of accommodation provider identify and differentiate themselves by brand, symbol and logo whether it's in luxury, middle end, budget or lately establish boutique heritage hotel (Penang) category. George Town's World Heritage Site status

(WHS) awarded by UNESCO in 2008 has attract more mid- to high-end travelers with 70% are oversea visitors and 30% domestic travelers and have 70% occupancy rate on boutique heritage hotel (Tan, 2013). Meanwhile, this become challenges for budget hotels in George Town to maintain the same occupancy rates of 66% as year 2012 as commented by The Malaysian Budget Hotel Association Penang secretary Arthur Chin.

According to Majeed (2014) Malaysia National Consumer Complaints Centre (NCCC) reported 2313 complaints against travel and leisure industry on year 2013 result from consumers are smarter, vocal and more aware of their rights. From records there is complaint against a resort that charge RM830 but provide unpleasant experience to a local family had successfully received apologized and complimentary stay from the provider (Unpleasant experience, 2011). Another consumer complaint been filed against iTune management that not deliver promises and satisfy hotel service is published on NCCC website as well (iTune, 2011). Above statistic and incidents are transparent to consumers, can be extract from NCCC office website easily through internet, spread through word of mouth, online review and social media that eventually have impact to consumer purchase intention. Malaysia society that always strengthen consumer protection against unethical businesses, has educate people on consumer right and set up promptly access channel such as second Tribunal Court at Seberang Prai (The Sun Daily, 2014), consumer become smarter and reactive to unfair deals, understand brand equity from consumer perspective is important to stay competitive on hotel accommodation.

New generation travellers are willing to pay more to have quality and brands product or service (Khosia, & Sathyanarayanan, 2014). According to The Star Online (2014c), Marriot Rewards is ranked the top in overall customer satisfaction among the hotel loyalty programme by the hotel guest. The loyalty membership report that 19% of guest that sign up the hotel loyalty programme result from the recommendation of friend and family. Hence brand loyalty

play an important role on consumer decision and influence others to join the membership. The TripAdvisor chief marketing officer also comment that travelers able to recognize the superior service brand among the millions of choice and spread the word around (The Star Online, 2014d). Hence it is crucial for hoteliers to recognize the impact of brand equity.

Increased of tourists visit has trigger development of budget hotels, motels, hostels and home-stay businesses include urban centres and hot spot tourism Island like marine ecotourism and heritage area (Jaafar, 2012). Coupled with the increase of hotel in conversion from office lot and others ageing unoccupied building (The Edge, 2014). According to Daily Property News (2013) occupancy rate decline on Penang city hotel in 2012 due to slowdown in the corporate market and 50 percent of occupancy are support by domestic visitor compare to 45 percent at 2011. As of 2013, Malaysia have total of 2760 hotels include the 18hotels that manage by global chain compete each other on the average occupancy rate 63.33% compare to Hong Kong with 80% occupancy rate (Malaysia Tourism Report, 2014) . Anticipate domestic visitor will continue grow to comprise 60 percent of the total occupancy (Daily Property News, 2013). Hotel industry involve either domestic or foreign visitor is facing stiff competition, hotelier needs creatively strengthen and differentiate their service to attract more visitors (Utusan Online, 2014). The Nation (2013) observation from Hotwire.com. senior manager Michelle Rosinsky that 75 percent of European hoteliers survey indicated that provide pricing discount to traveler have negative impact on brand. Hoteliers have to strengthen the marketing strategies and differential their service among the industry to stay sustainability in their business. Thai hotelier Dusit Thani PLC (DTC) that founded in 1966 build up the brand equity as competitive edge to expand the business and become one of Asia leading hotel brand (Asia News Monitor, 2014) demonstrate the realize of brand equity as important role in business .

Brand is a distinguishing name and or symbol become value added for the company and consumer to differentiate goods or service that appear to be identical since 1835 (Aaker, 1991). Stronger hotel brand conveying significant benefits to firm (Kam & King, 2009) and brand associate by image is led to competitive advantage and attracting more visitors (Camarero, Garrido & Vicente, 2010).

A lot of comprehensive brand equity research been done on both product and service industry worldwide including hotel accommodation. However in view of their researches limitation, constructive suggestions been proposed for future research to enhance the understanding of brand equity and the effect to purchase intention model as below.

Research from Buil, Martinez and de Chematony (2013) on six brand particular in UK and Spain suggested future study on effect of perceived quality, brand associations and brand loyalty to brand equity and also brand equity to purchase intention extend to others product, services and brands in others countries or cultures. At the same time, Shamin and Butt (2013) that studied on influences of brand equity toward purchase intention of mobile and sets in Malaysia also suggested to explore brand equity and purchase intention study on service brands. Nevertheless brand associations, brand loyalty, perceived quality and brand awareness should be carry some value during analyses on relationship that influence brand equity (Tong & Hawley, 2009).

Review performed by Jahanzeb, Fatima and Butt (2013) on Bank industry in Pakistan, suggested to explore others variable besides service quality and brand equity to manipulate for specific outcome as the impact is varies from country to country and segment to segment. Findings from India healthcare sector researched on influence of perceived quality, brand loyalty and brand image to brand equity, suggested future work to consider brand association and brand awareness as explicit components and replicate in other health service or non-health

environments (Chahal & Bala, 2012). According to hospital service research of service brand equity influence by brand awareness, brand associations, perceived quality, brand trust and brand loyalty suggested replicate this model with different product and service category (Kumar, Dash & Purwar, 2013).

Review performed by Liu et al (2013) suggested further research across different hotel service categories as current study show brand associations, brand awareness and brand image have significant and positive impact to brand equity in context of economy hotel at China and Taiwan. Research on effect of brand awareness, brand loyalty, brand associations and brand image to brand equity in tourism is limited to Muslim Malay market for Korea, may not apply to other research settings (Im, Kim, Elliot & Han, 2012). Hence this studies suggested further investigation to assess the robustness of this model within a tourism context in Malaysia (Im et al, 2012). However Hung, Lin and Yang (2011) confirmed social and economy background influence the brand equity perception and results are vary from service to physical products thus is essential to conduct future research on local context of hotel brand equity model that influence by brand awareness and brand loyalty to promote dynamic thinking.

Hotel industry facing internal competitors and also expose to un-control matter from economy, political, terrorism and other security matter like recent incident; the crash of Flight MH17 in Ukraine and disappearance of Flight MH370 (The Star Online, 2014a). Threat of un-control matter happen anyway like Vietnam anti-China protests, Thai anti-government protest and also kidnapping that happened in Sabah Malaysia. Besides un-control matter threat and internal competition, Malaysia is facing strong challenges from our neighbor countries especially Thailand and Singapore that are aggressively develop and improve on tourism and hospitality service to gain more visitors (The Nation, 2013).

As mentioned in Asia News Monitor (2014), sensitivity and volatile is nature of hotel industry, thus brand equity is important to strengthen the hotelier competitive edge in order to protect and attack among the competitors. This study intent to investigate the relationship of brand awareness, brand loyalty, brand associations, perceived of quality and brand image to brand equity and it influence on Malaysian consumer purchase intention towards hotel accommodations.

1.3 Research Objectives

Therefore, this study attempts to achieve two main objectives as follows:

- To examine whether the brand awareness, brand loyalty, brand associations, perceived of quality and brand image have relationship to brand equity.
- To examine whether brand equity have relationship on purchase intention towards hotel accommodation.

1.4 Research Questions

In order to support research objectives, below are the key questions to answer:

- Do brand awareness, brand loyalty, brand associations, perceived of quality and brand image have positive and significant impact on brand equity?
- Do brand equity have positive and significant impact on purchase intention towards hotel accommodation?

1.5 Significance of Study

This study is using previous theoretical survey and original Aaker's Brand Equity Model to validate and applying to actual scenario of hotel accommodation in Malaysia in regard of theoretical and practical contribution. Directly or indirectly bringing benefits to all

consumer as their requirement on hotel accommodation service have been evaluated for future service enhancement and improvement.

1.5.1 Theoretical contributions

In view of theoretical contribution, this study intent to investigate the relationship of brand awareness, brand loyalty, brand associations, perceived of quality and brand image between brand equity and relationship of brand equity on purchase intention towards hotel accommodation. The outcome of this study enable hotelier understand the effect of brand equity and purchase intention towards hotel accommodation as well as gain competitive advantage. Significant of theoretical contribution of brand equity in hotel industry which is highly competitive in Malaysia has create the need to further understand the impact of brand equity towards purchase behavior.

1.5.2 Practical contributions

Nevertheless practical contribution of this study, not only to be a reference to Malaysia hotel industry on significant of brand awareness but repositioning their market strategy, resources to effectively attracting, create customer loyalty by prioritizing customer needs that influence customer purchasing behavior. The practical contribution of this study would identify what components that significantly influence the purchase behavior on hotel accommodation and its relationship of brand equity towards purchase intention. This study would create awareness and providing necessary information to customer on hotel brand equity and help to associate the hotel facilities, services, commitment and others with customer requirement for wiser choice of selection in the future. Finally this would contribute and support the objective of Visit Malaysia year 2014 which lead to positive economic growth and achieving service-based economy country by 2020. It also contribute to consumer's life style enrichment and increasing community's income.

1.6 Definition of Variable

The following are the variables used in the study and it is defined to meet the purpose of understanding the concepts and further discussion in the study.

1.6.1 Brand Awareness

- Brand awareness is symbols that consumer can recognize and recall the characteristics of the brand (Li, Gu & Yang, 2010).

1.6.2 Brand Loyalty

- Brand loyalty is consumer's behavioral perception by subjective evaluation on the product or service (Tsai, Lo & Cheung, 2013).

1.6.3 Brand Associations

- Brand associations defined as another part of customers' knowledge equity about the brand that influence the perception of superiority or inferiority of a brand (Kumar, Dash & Purwar, 2013).

1.6.4 Perceived Quality

- Perceived quality defined as subjective judgment of the quality and attributes of a product or service and is the consumer's perception of the hotel's facilities and service quality (Li, Gu & Yang, 2010).

1.6.5 Brand Image

- The customer expected unique experience, favorable feeling and attitude attained from brand symbols and superficial knowledge about the brand (Li, Gu & Yang, 2010).

1.6.6 Brand equity

- Brand Equity is a consequence of brand management strategies that buildable and measureable (Kam & King, 2009).

1.6.7 Purchase Intention

- Purchase Intention is measuring customer's future contributions to a brand trigger by their interest in buying associate with the possibility of buying a product or service (Wang, 2014). Purchase intention of hotel accommodation is a dependent variable in this study.

1.7 Summary

This chapter explain background of study and motivation together with research problem and questions to justify the research definition of terms. After this outline, subsequent chapter consist of Chapter 2 to Chapter 5. Chapter 2 review the literature on each variable, theoretical framework, develop of hypotheses and supporting theories. However Chapter 3 study design, respective variables, population and sampling method, measurement and data analysis by using Statistical Package for Social Science (SPSS) and Partial Least Squares (PLS) – Structural Equation Modeling (SEM). Chapter 4 report results of the respondents' profile, descriptive of the analysis and summary result of hypothesis test related to the variable. Finally Chapter 5 comprehended discussion on the interpretation of the test result and conclude limitation of this result with suggestion for future research.

Chapter 2

LITERATURE REVIEW

2.0 Introduction

In this research, literature review is focus on previous researches that relate brand awareness, brand loyalty, brand associations, perceived of quality and brand image to brand equity and brand equity to purchase intention on different context and culture. Independent variables (IV) like brand awareness, brand loyalty, brand associations, perceived quality and brand image is examine to determine the relationships to brand equity. At the same time brand equity as dependent variable (DV) to examine the influence on Malaysian consumer purchase intention towards hotel accommodations.

2.1 Purchase Intention towards Hotel Accommodation

Purchase intention defined as probability of consumer willingness to buy certain product or service habitually used to measurement the intent of consumers' behaviour in marketing researches (Huang et al, 2011). Purchase intention also refer to level of commitment of consumer behavior towards the brand after hunt on relevant and external environment (Huang et al, 2011). Furthermore, in Kim and Ko (2011) study mentioned purchase intention is attitudinal variable to measure customer future contribution to brand and able to build up immediate using Dolce & Gabbana fashion show case as example. As define by Kotler, Keller, Ang, Leong and Tan (2012) during selection among alternative brands, purchase intention formed with influence from attitudes by others and unexpected situation before the purchase decision.

Wang (2014) defined purchase intention as attitude variable to quantify future contributions of consumer to a brand. Technology change and evolve of electronic commerce

change consumer purchase behavior by ease in accessing information for comparison among alternative offering and offer appropriate purchase opportunities that trigger intention to purchase (Ghorbani, Ansari & Nafar, 2014). However Porral and Mangin (2014) that study on retailer private label at Spanish concluded that brand equity have positive and significant impact to purchase intention. This also supported by Chang and Liu (2009) studies of service brand equity in Taiwan, consumer willing to carry on use the service provide by a specific suppliers. Brand equity also impact purchase intention on research of 6 Best Global Brands product in UK and Spain (Buil, Martinez & Chernatony, 2013). Research of smartphone in Pakistan discovered that brand equity positively influence future purchase intention (Shamin & Butt, 2013). Similarly Huang et al (2011) also show significant positive impact of brand equity to improve purchase intention

According to Aaker (1991) the brand's price premium is not the best way to quantify the brand equity for product that have fairly similar character like air travel and cigarettes. Preference, attitude or intent to purchase are alternative measurement of customer evaluation about the impact of brand name. Thus, purchase intention is good to measure the result of brand equity on customer willingness to use the service brand. Brand equity is important and impact the purchase intention in multiple researches business, and each dimension contribute different weighted when apply to different culture and product.

2.2 Brand Equity

Equity represented a brand name is important intangible assets that do not involve asset depreciation (Aaker, 1991). Brand equity financially motivate brand value for accounting purpose and strategy-based motivate to improve marketing productivity (Keller, 1993). However Kotler et al (2012), define brand equity as added value endowed to both product and service. Brand equity comprehends the intangible strength in the market that allow products or

services with a stronger brand name to distinguish among the pool become outstanding with competitive edge and create purchase intention follow by purchase decision. Strong links between brands and consumers help companies to build up long term relationship with their customer by retain existing customer and attract more new customer (Wang, 2014).

Brand equity is an important marketing element that been recognized by a lot of research across different culture in different product or service category. Frequently identified as overall brand equity (Buil, Martinez & de Chernatony, 2013, Im et al, 2012, Kim & Hyun, 2010, Tong & Hawley, 2009, Xu & Chan, 2009), customer-based Brand Equity (Kumar, Dash & Purwar, 2013, Rosa & Herman, 2009, Shamin & Butt, 2013) , and experience based brand equity (Hung, Lin & Yang, 2012) besides called as brand equity itself (Aghaei, Vahedi, Kahreh & Pirooz, 2014, Camarero, Garrido & Vicente, 2010, Chahal & Bala, 2012, Kam & King, 2009). Observed from previous researches customer-based brand equity (CBBE) refer to value of the brand that determined by customers' links to product brand and corporate brand equity (CBE) (Hung, Lin & Yang, 2012). However their research creatively simulated the model to be brand experience-based brand equity on luxury hotel. Despite of adoption or adaption the brand equity model, all researches in this literature review are refer to the consumer or customer perspective brand equity rather than company perspective or employee perspective.

According to Buil, Martinez and de Chernatory (2013) brand equity as core concept of marketing will help companies to protect and enhance valuable asset. Brand equity not only consider essential for product also vital for services (Chahal & Bala, 2010) However Kam and King (2009) consider Customer-based brand equity as effective tools for hotel managers. In the study of Li, Gu and Yang (2010) that focus on four and five star hotel in Beijing, defined hotel brand equity as change of hotel brand knowledge held by the consumer and observed from Western research brand equity divide into financial perspective, market competitiveness

perspective and consumer perspective. This also support by Xu and Chan (2009) studies that adopt consumer perspective combine with Aaker (1991), Keller (1993) and extend Berry (2000) model to evaluate the Hong Kong hotel brand equity. As define by Berry (2000) brand equity can be positive or negative, positive brand equity is the degree of marketing advantage a brand would hold over an unnamed or factiously named competitor.

Brand equity building is essential for heavily branded product in highly competitive and brand mindful market, marketing with limited resources apply branding strategic across the appropriate dimension of brand equity to improve overall brand equity value (Tong & Hawley, 2009). At the same time brand awareness, brand association, perceived quality, brand trust and brand loyalty also been examined in India Hospital service (Kumar, Dash, & Purwar, 2013). Perceived quality, brand awareness, brand image studies by Li, Gu and Yang (2010) in Beijing on four and five star hotel. Meanwhile brand awareness, brand loyalty and brand associations studies by Im et al (2012) in Malaysia on tourism. Observation from the researches six dimensions of consumer behavior brand awareness, brand loyalty, brand associations, brand image, brand attitude and perceived of quality are frequently been identify for testing on various products or services on degrees of contribution to brand equity with adopt or adapt Aaker's brand equity model.

Brand equity is important to strengthen the hotelier competitive edge in order to protect against the sensitive and volatile nature of this industry. Through fulfill the customer experiential socio-psychological needs able to successfully create and differentiated brand image and brand equity among competitor (Xu & Chan, 2009). Whereas Huang et al (2011) studies, implied that maintaining product quality and create service differentiate from competitor is important in cultivating brand equity. Brand equity add value to branded product comparative to unbranded product (Kim & Hyun, 2011).

2.3 Brand Awareness

Chattopadhyay, Duta and Sivani (2010) defined brand awareness as accessibility of the brand in the customer's memory. Brand awareness as foundation of brand equity refer to consumer ability to recognized or recall the brand under different conditions and brand recognition is crucial inside the store whereby brand recall is important outside store (Kotler et al, 2012). Refer to Im et al (2012) conceptualizes study, brand awareness consist of brand recognition and recall and knowledge. However Aaker (1991) mentioned brand awareness consist of continuum range from unaware of Brand, Brand Recognition, Brand Recall and top of Mind refer to The Awareness Pyramid. Nowadays, researchers identified brand awareness as dimension during generation of hotel brand equity (Li, Gu & Yang, 2010). Recall or recognise the brand will remind the consumer about the brand product or service during consideration of any potential purchases or recommendation require.

According to Aghaei et al (2014) brand awareness increase in customer viewpoint will increase the brand equity. In Spain retailer from consumer standpoint brand awareness have higher influence on private label brand equity (Porral & Mangin, 2014). Whereas IT software in Korea research finding imply that brand awareness with association have strong impact on brand equity (Kim & Hyun, 2011). Kumar, Dash and Purwar (2013) also support positive relationship to brand equity on hospital service in India, as well as line companies' research in Kuwait (Rosa & Hernan, 2009).

Slogan and symbol involvement, publicity activities like advertisement and event sponsorship are approaches that able to create or maintain awareness about the brand (Aaker, 1991). Among brand associations, brand loyalty and brand awareness model of Muslim tourism destination, brand awareness have stronger relationship with brand equity (Im et al, 2012). Kam and King (2009) study in Australia hotel brand equity mention that company's presented

brand and external brand communications is influence brand awareness. Thus different culture provide different outcome of brand awareness in service industry. Findings from Casinos study Tsai, Lo and Cheung (2013), enhancing brand awareness and brand loyalty is increasing brand equity as well as trigger revisit intention.

According to Hong Kong hotel research, advertisement and word of mouth used to generate brand awareness and brand associations to influence customer brand choice, familiarity of brand name able to trigger positive response in the event that information is limited to consumer (Xu & Chan, 2009). This is supported by economy hotel research by Liu, Ge, Lin, Kuo and Tsui (2013) and Li, Gu and Yang (2010) research in four and five star hotel in Beijing as well.

Result found that most of service industry studies especially from hotelier, brand awareness been identified as significant positive contributor to brand equity in varies countries regardless of the star-rating.

2.4 Brand Loyalty

Aaker (1991), defined brand loyalty as “*attachment that a customer has to a brand*” (p.39). Brand loyalty provides predictability and security of firm demand and create barriers enter to competitor create powerful means to secure firm competitive advantage (Kotler et al, 2012). Brand loyalty as core dimension of brand equity (Aaker, 1996) firm should treat customers as their brand assets (Aaker, 1991). According to Sival et al (2012) studies brand loyalty characterize as consumer’s overall buying behaviors pattern within a product class and mainly relate to use experience.

However China sport wear researches recognize brand loyalty not only driven by marketing strategies, also by the other three brand equity dimensions; perceived quality brand

awareness and brand associate (Tong & Hawley, 2009). In IT software sector, brand loyalty also has significant positive impact on brand equity (Kim & Hyun, 2009).

Nevertheless in Camarero, Garrido and Vicente (2010) study of Spain art exhibition demonstrated both external and internal visitor display same loyalty as key factor in brand equity. Thus membership program able to further encourage visitor involvement and commitment. Although India healthcare segment not legitimate to involve in commercial advertising brand loyalty that build through experience and share among the friend still have strongest relationship to brand equity (Chahal & Bala, 2012). The satisfied patients prefer visit same hospital for future treatments when needed and through word of mouth may recommend to their friends or vice versa. Brand loyalty is associated with service loyalty for hospital service in India Kumar, Dash and Purwar (2013). Thus user experience sharing is a very powerful influence tool with non-advertisement cost involves yet able to create brand loyalty and trigger future purchases.

Customer brand loyalty formed through obtain brand name awareness and brand meanings from experiences the service perform by hotelier (Xu & Chan, 2009). This study found that brand loyalty have significant and positive effect to brand equity. Nevertheless Rosa and Herman (2009) study on line companies concluded brand loyalty is the strongest determinant of brand equity and ease of use on web functions enhance customer loyalty towards the service brand. Nowadays, customers become more sophisticated with more brand choice available, combine with rapidly change in casino market, building brand loyalty has become a critical and challenging task (Tsai, Lo & Cheung, 2013).

2.5 Brand associations

Brand associations that rated as second dimension of customer-based brand equity in past research; refer to “*anything linked in memory to a brand*” (Aaker, 1991, p.109). It has

been described as heart of brand equity and key component of competitive advantage (Moradi & Zarei, 2012). This dimension consider as part of customer's knowledge equity about the brand (Kumar, Dash & Purwar, 2013). Brand Associations consists of three major categories attribute, benefit and attitudes (Aaker, 1991). Higher level strength of association trigger by stronger link of experience or exposure to network and contribute to marketing positioning when related to image concepts (Aaker, 1991). According to Xu and Chan (2009) the brand's symbol or logo, hotel' physical appearance, star rating, history and brand reputation, relative price, location and user image are define as hotel brand associations.

A studies consist of 300 respondents in one of the Malaysia private universities resulted brand associations have significant and positive impact to brand equity (Severi & Kwek, 2013). Tong and Hawley (2009) literature, findings brand associations create firm value by enable consumer retrieve information and generate feeling and reason to buy. This studies of sportswear in China market also show brand associations have significant and positive relationship to brand equity. Nevertheless Buil, Martinez and de Chernatory (2013) observed from literature that firms is able to differentiate and position their product through brand associations also construct customer favorable attitude and belief. It shown that brand associations have significant and positive relationship towards brand equity however is lower compare to brand loyalty and perceived quality.

However, Kumar, Dash and Purwar (2013) studies is align with Chahal and Bala (2012) suggestion and found that brand associations have positive relationship towards brand equity for hospital service in India. In studies of tourism by Im et al (2012) brand associations shown significant and positive effect on brand equity. However in hotel studies by Liu et al (2013) brand associations is one of important component of brand equity and have positive effect.

2.6 Perceived Quality

Constantly deliver high quality service is able to manage service differentiation and stay outstanding among the competitor like Singapore Airline on their high quality service (Kotler et al, 2012).

Perceived service quality define as overall perception about the quality of a product or service when compare among available product or service, able to delight patients with “service plus” that associate high quality professional service by delivering best patient care (Chahal & Bala, 2012). However Aaker (1991) define “*perceived quality as the customer’s perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives*” (p.85). As define by Chattopadhyay, Duta and Sivani (2010) perceived quality is the consumer’s subjective judgment about a product’s whole excellence or superiority. It also act as variable that assess to describe consumers’ behavioral intention (Moradi & Zaarei, 2012). However Chen and Tseng (2010) conclude from literature review that perceived quality has been broadly agreed as a dynamic element affecting consumer behavior and discovered have positive and significant effect to brand equity on research of airline in Taiwan.

In service industry, achieved high quality do not determine that the service firm is having high perceived quality rating, nevertheless competency of quality provider and appearance become indicator of professionalism (Aaker, 1991). Intangibility and inseparability as nature of hotel led to perceived quality is based on customer’s feeling or experience judgment (Li, Gu & Yang, 2010). As result perceived quality and information cost saving have positive effect on brand equity.

On product wise, significant positive effect support relationship of perceived quality to brand equity by Buil, Martinez and de Chernatory (2013) research in United Kingdom and