

UNIVERSITY OF SURREY

**SCHOOL OF MANAGEMENT STUDIES
FOR THE SERVICE SECTOR**



**THE ANTECEDENTS AND CONSEQUENCES OF BRAND EQUITY
IN THE HOSPITALITY INDUSTRY**

BY

JANG-HYEON NAM

**A DISSERTATION SUBMITTED IN FULFILMENT OF
THE REQUIREMENTS FOR THE AWARD OF THE
DEGREE OF DOCTOR OF PHILOSOPHY**

2008

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DECLARATION

I hereby declare that this thesis has been composed by myself and has not been presented or accepted in any previous application for a degree. The research, of which this is a record, has been completed by myself unless otherwise stated and, where the work is mine, it reflects personal views and values. All quotations have been distinguished by quotation marks and all sources of information have been acknowledged by means of references, including those from the Internet.

Janghyeon Nam

December, 2008

ABSTRACT

Emphasis on building and managing brand equity, as a primary driver of a hospitality firm's success, is of increasing interest. Building a brand with strong equity provides a number of potential benefits to a firm: greater brand loyalty, larger profit margins, effective marketing communication focus, and opportunities for brand-extensions. Although the issue of brand equity has emerged as one of the most important aspects of branding, little empirical evidence exists as to how to create brand equity and the nature of its antecedents and consequences, especially in the hospitality industry. Therefore, the thrust of this research is to develop and test a research model of the antecedents and consequences of brand equity in the hospitality industry – in particular, for the hotel and restaurant sectors. The important variables of the research model include: personal values as the independent variable, brand equity as the mediating variable, and brand loyalty as the dependent variable. In addition, value for money is proposed to moderate the relationship between brand equity and brand loyalty.

The specific objectives of this research are: 1) to identify the underlying dimensions of personal values and brand equity, 2) to investigate the mediating effects of brand equity on the relationship between personal values and brand loyalty, and 3) to examine whether or not value for money moderates the relationship between brand equity and brand loyalty. To achieve these objectives, this research uses several analytical techniques, which range from simple descriptive analysis, T-test, ANOVA test and correlation analysis to the more complex techniques of factor analysis, reliability analysis and regression analysis. Consumers (n=378), familiar with restaurant or hotel brands in the UK, provided the data.

The research resulted in several significant findings. First, five dimensions of personal values (“competence values,” “conformity values,” “compassion values,” “self-oriented values,” and “hedonism values”) and five dimensions of brand equity (“physical quality,” “staff behaviour,” “brand identification,” “lifestyle,” and “self-concept”) were found to be valid and reliable. Second, a complex set of positive relationships appeared between the confirmed dimensions of personal values and confirmed dimensions of brand equity. While all five dimensions of brand equity had a positive effect on brand loyalty, none of the dimensions of personal values had a

positive effect on brand loyalty. Testing the mediating effect of brand equity on the relationship between personal values and brand loyalty was not possible because the conditions to prove mediation of brand equity do not exist. Finally, among the five dimensions of brand equity, value for money had a significant moderating effect only on the relationship between the “brand identification” dimension of brand equity and brand loyalty.

This research makes several theoretical contributions to the literature and offers important implications for hospitality managers. The key contribution of this research is that it provides a comprehensive research model of the antecedents and consequences of brand equity in the hospitality industry. Furthermore, the results of this research are useful for identifying the role of brand equity in estimating brand loyalty and the strategies for strengthening customer loyalty for hospitality brands. However, this research is only the first step in developing a research model of antecedents and consequences of brand equity, and future research should build upon this research model and subject it to further, rigorous examination.

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CHAPTER 1

CHAPTER ONE

INTRODUCTION

1.1 Background of the Research

Increased competition in the hospitality industry has led many firms to focus on branding strategies in order to attain competitive advantages (Bailey and Ball, 2006). Branding plays a special role in hospitality firms because strong brands increase customers' trust of the invisible purchase (Berry, 2000). Thus, growing emphasis exists for building and managing brands as the primary driver for a hospitality firm's success (Kim and Kim, 2004). Over the last decade, firms have markedly increased their investments in building and maintaining their brands, and branding has enjoyed increased consideration as primary capital in many businesses (Del Rio et al., 2001). The view that a brand can be an important asset, which has value to both consumers and brand-owning firms, has conceptualization in the term, brand equity (Bailey and Ball, 2006). Basically, brand equity stems from the greater confidence that consumers place in a chosen brand than they do in its rejected competitors (Lassar et al., 1995). This confidence translates into a number of possible benefits to a firm: greater brand loyalty, larger profit margins, increased marketing communication effectiveness and brand-extension opportunities (Keller, 2001; Hsieh, 2004). Therefore,

brand equity has been regarded as a growing area of research (Yoo and Donthu, 2001; Kim et al., 2003).

Although the issue of brand equity has emerged as one of the most important aspects of branding, relatively limited research exists regarding brand equity within service sector brands, especially hospitality brands. This lack of literature arises from the fact that most researchers have concentrated on product brands (Kim et al., 2003). However, Prasad and Dev (2000) suggested that brands with strong equity would be an efficient path for hospitality firms to identify and differentiate themselves in the minds of customers. Moreover, because researchers have focused primarily on defining and measuring brand equity, little empirical research is forthcoming which studies the creation of brand equity or its antecedents and consequences. Accordingly, the purpose of this research is to contribute understanding of brand equity and its antecedents and consequences in the hospitality industry.

1.2 Objectives of the Research

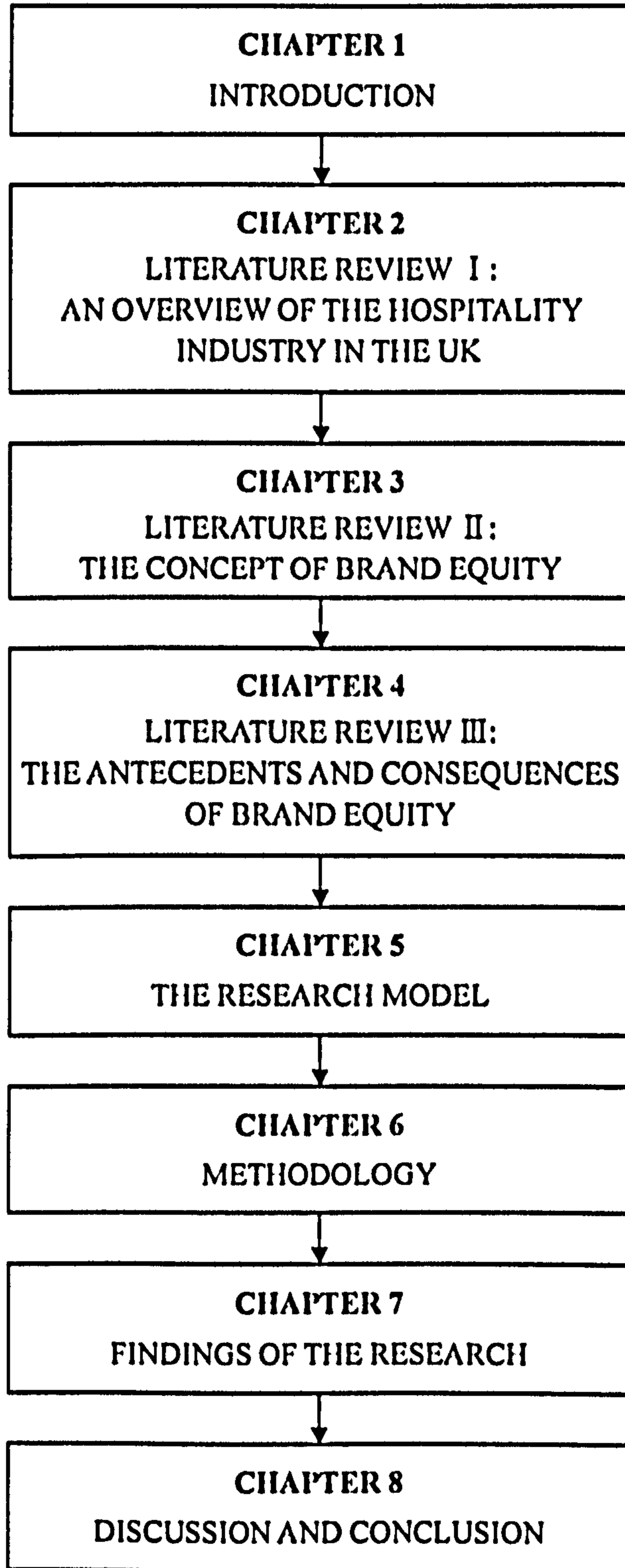
The main objective of this research is to investigate the antecedents and consequences of brand equity in the hospitality industry. Based on the above outlined general background, the objectives of this research are:

- i) To identify the underlying dimensions of personal values and brand equity.
- ii) To investigate the mediating effects of brand equity on the relationship between personal values and brand loyalty.
- iii) To examine whether or not value for money moderates the relationship between brand equity and brand loyalty.

1.3 Structure of the Thesis

The thesis consists of eight chapters. Figure 1.1 shows structure of the thesis.

Figure 1.1: Structure of the Thesis



Chapter 2 reviews the literature on the hospitality industry in the UK. The chapter begins with introducing the unique characteristics of the hospitality product in contrast to manufactured goods. Furthermore, background about the restaurant and hotel market and economic overview about performance of restaurants and hotels in the UK are also reviewed.

Chapter 3 reviews the literature on brand equity. Attention focuses especially on components of brand equity: self-concept, brand identification, lifestyle and perceived quality.

Chapter 4 reviews the literature on the antecedents and consequences of brand equity. This chapter begins with reviewing personal values as an antecedent of brand equity. In the following section, brand loyalty as a consequence of brand equity is reviewed. In addition, the customer satisfaction and value for money literature involving the definitions and different types of evaluations are presented.

Chapter 5 presents the research model. This chapter begins with a proposed research model, followed by the process of qualitative study to test the proposed research model, and a revised research model in light of the qualitative data. Furthermore, previous empirical studies which support the research are presented. The final part of this chapter addresses the research propositions based on the revised research model.

Chapter 6 describes the methodology for this research, including research philosophy, sampling design, questionnaire design and data analysis methods. This chapter presents the pre-test, which shows the process for generating the final questionnaire.

Chapter 7 presents the findings of this research.

Chapter 8 provides overall discussion and conclusions of the empirical outcomes obtained from the previous chapter and makes suggestions for further research in this field.

CHAPTER 2

CHAPTER TWO

LITERATURE REVIEW I : AN OVERVIEW OF THE HOSPITALITY INDUSTRY IN THE UK

2.1 Introduction

The word, "hospitality," derives from the Latin verb *hospitare*, meaning "to receive as a guest." This principal meaning focuses on a host who receives, welcomes, and caters to the needs of people temporarily away from their homes. The phrase "to receive as a guest" implies a host prepared to meet a guest's basic requirements: traditionally, food, beverages, and lodging. If the word *hospitality* refers to the act of providing food, beverages, and lodging to people, then the hospitality industry consists of businesses that do this (Dittmer, 2002).

The objective of this chapter is to provide an overview of the hospitality industry in the UK. The first part of this chapter addresses the characteristics of service products in contrast to manufactured goods. Then, a discussion of the history of the industry's growth and its significance follow. The next part of the chapter provides an overview of the UK hospitality industry, including restaurants and hotels. Finally, the last section provides an overview of the future growth prospects of the UK hospitality industry.

2.2 The Hospitality Industry

The hospitality industry is a difficult sector to define due to the significant mutual dependence among hospitality, leisure and tourism industries, and the dividing line between them is open to debate (Powers and Barrows, 2006). Jones (2002, p.1) mentioned that hospitality consists of two distinct services: “the provision of overnight accommodation for people staying away from home, and the provision of sustenance for people eating away from home or not preparing their own meals.” Guerrier et al. (1998, p.23) also defined hospitality industry as “the serviced provision of food, beverages, accommodation, leisure and other facilities purchased out of home.” The industry encompasses hotels, restaurants, pubs and clubs, guest houses, self-catering operations, leisure and sport facilities as well as public and private sector catering. Especially, hotel and restaurant ventures are now quite widely included in the hospitality industry, and are key members of that sector (Buttle, 1994).

2.2.1 Services and Goods

Since hospitality, as a product, is part of the service industry sector, distinguishing services from goods is essential. According to Gronroos (1990, p.27), service is:

An activity or series of activities of more or less intangible nature that normally, but not necessarily, take place in interactions between the customer and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems.

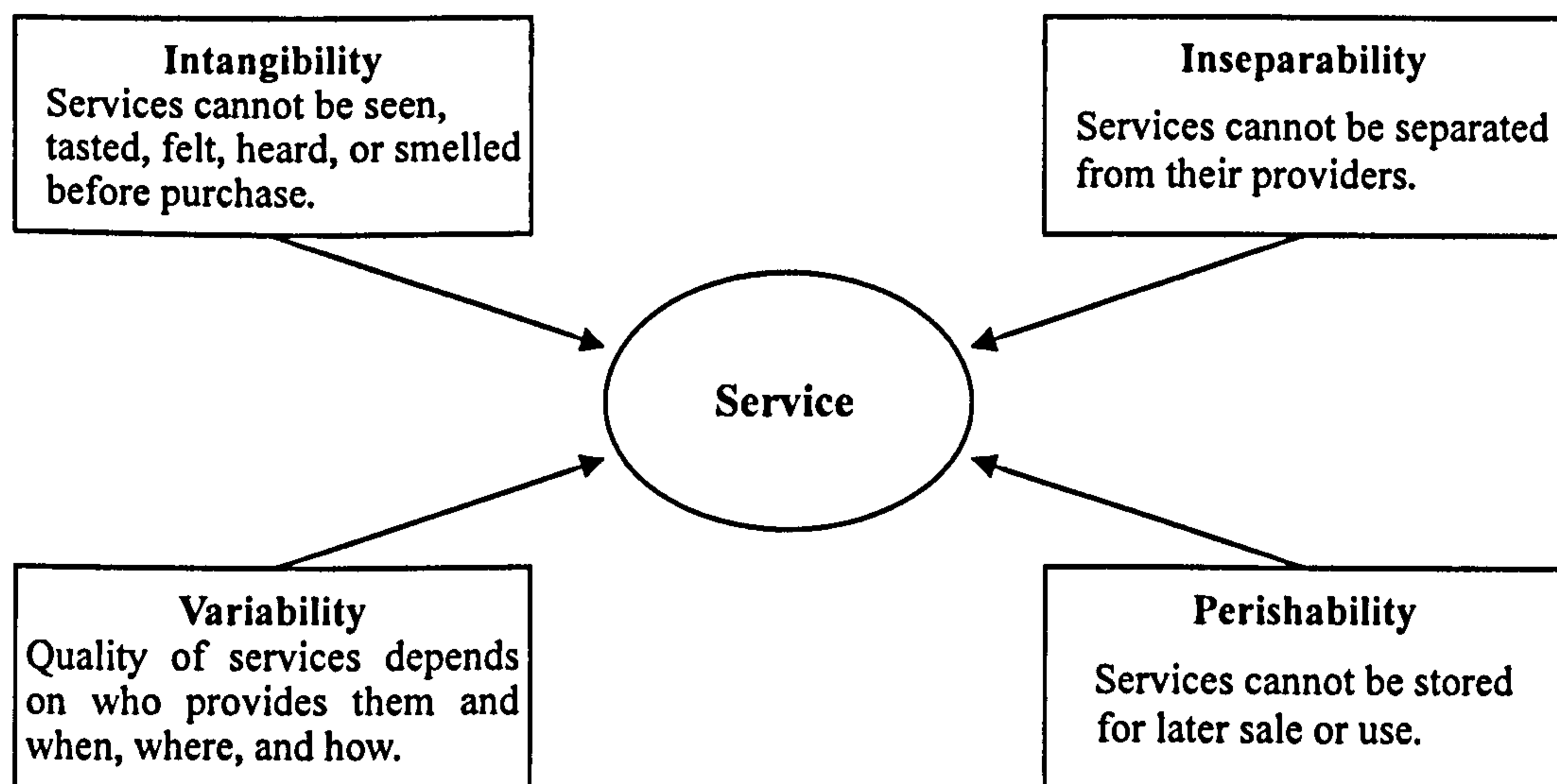
From a guest’s point of view, the service is an experience. It is the sum of everything that happens in connection with a transaction or series of transactions (Hsu and Powers, 2002). In addition, Hoffman and Bateson (1997, p.5) explained the distinction between services and goods: “Goods can be defined as objects, devices, or things; whereas services can be defined as deeds, efforts, or performances.” However, services are very difficult to define and to classify. This is due to the fact that the distinction between goods and services is not always clear (Hoffman and Bateson, 1997). The following section presents details of the

characteristics of services that differentiate them from goods.

2.2.1.1 Characteristics of Services

Services, including hospitality services, have a number of distinctive characteristics that differentiate them from goods. Four well-documented characteristics of services are intangibility, variability, perishability and inseparability. These must be acknowledged for a full understanding of hospitality products (Parasuraman et al., 1985). Figure 2.1 shows the characteristics of services.

Figure 2.1: Characteristics of Services



Source: Kotler et al. (2003, p.42)

As shown in Figure 2.1, first of all, the fundamental difference is intangibility. Intangibility is the most remarkable characteristic of service. Service cannot be tasted, touched, seen, or smelled prior to purchase (Bamert and Wehrli, 2005). When purchasing goods, the consumer employs many tangible cues to judge quality such as style, hardness, color, labels, packaging, and so on. When purchasing services, fewer tangible cues exist. In most cases, the service provider's physical facilities, equipment, and personnel are the limited tangible evidence (Parasuraman et al., 1985). This often creates difficulty for customers to assess a

service before buying, or even after purchasing (Jobber, 2004). Intangibility also means that the customer cannot own a service. Service is an experience rather than a possession. After buying the service, therefore, customers have nothing but memories of their experiences to consider and discuss (Lewis and Chambers, 2000).

Second, inseparability of production and consumption is another characteristic of services. Products are first produced then sold and later consumed. However, service, once sold, is commonly produced and consumed simultaneously (Zeithaml et al., 1985). Neither the customers nor the providers can entirely control the service quality in advance (Parasuraman et al., 1985). Further, inseparability means that services cannot be disassociated from providers, whether they are machines or people. The inseparability of service places more importance on the customer-producer interaction, thus becoming a significant determinant of perceived service quality (Kotler et al., 2003).

Third, variability is also a typical characteristic of services. As service involves people in production and consumption, the important potential for variability remains. No two service performances are exactly the same (Kotler et al., 2003). The quality and essence of a service can vary from producer to producer, from customer to customer, and from situation to situation. That makes service more difficult to standardize (Zeithaml et al., 1985).

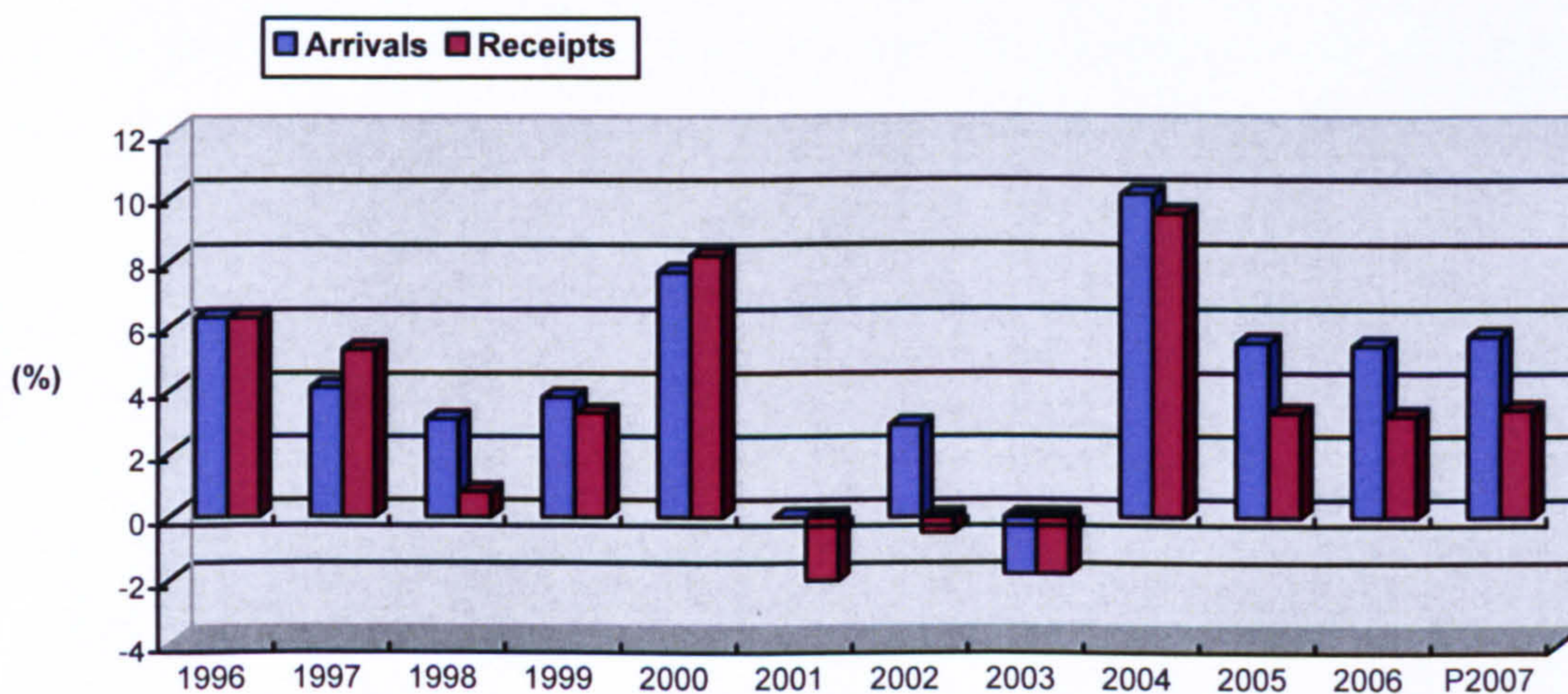
The last characteristic is perishability, which means that services cannot be held or stored. For example, a hotel room which remains unsold on one day cannot be held until a later date (Jones and Lockwood, 2004). Time is part of service and once that time passes, the service opportunity no longer exists (Adcock et al., 2001). When demand is steady, perishability of service is not a problem. When demand fluctuates, however, service businesses confront the problem that service cannot be accumulated as inventory. Therefore, matching supply and demand is important (Parasuraman et al., 1985).

2.2.2 Growth and Significance of the Hospitality Industry

Most countries in the world accept the hospitality industry as a major economic player, regardless of the differences in economy systems. The industry has a great impact on a country's national economy such as generating more revenues, creating more jobs, balancing the international trade payments, and improving infrastructure (Yu, 1999). The British Hospitality Association (2007) estimated that value of the hotel and restaurant industry in the UK economy is about 2.9% of gross domestic product (GDP), and the industry employed over 1.8 million people in 2006. Moreover, the hospitality industry has increasingly expanded in the last decades, and it is probably one of the world's fastest-growing industries (Clarke and Chen, 2007).

Although the primary focus of this research is on the hospitality industry, describing briefly interrelated aspects of the hospitality industry is necessary. From the perspective of the hospitality industry, the development of the hospitality industry directly associates with travel and tourism movement (Buttle, 1994). According to the National Restaurant Association (2006), more than two-thirds of restaurant operators consider tourists to be the main profit source for their businesses. Figure 2.2 represents the growth of international tourist arrivals and receipts from 1996-2007.

Figure 2.2: Growth of International Tourist Arrivals and Receipts, 1996-2007
(% annual change)



Note: P - Provisional **Source:** World Tourism Organization (2007)

Tourism remains the world's fastest growing industry with an annual average growth rate of over 4% in the number of travelers and over 3% in receipts from travelers between 1996 and 2007. The world's total arrivals have expanded over the last decades and so have receipts. Although the events of the 11th of September 2001 affected international tourism in the later years of this period, some recovery occurred in 2002. Travel arrivals and receipts declined again as a result of the war in Iraq and severe acute respiratory syndrome (SARS) in 2003, but 2004 showed a marked increase. The trend of the past four years, as shown in the Figure 2.2, is likely to continue – i.e. with receipts rising more slowly than arrivals. This is largely attributable to the fact that most current growth in tourism demand is for shorter trips, using low-cost/low-fare airlines. The average expenditure per trip is falling, and overnight volume also shows more modest growth (Key Note Hotel, 2007).

Undoubtedly the hospitality industry follows international tourist demand. Regional hospitality development patterns are parallel to regional international travel patterns. International travel by region can reveal travel patterns in different parts of the world and identify potential opportunities for hospitality expansion (Yu, 1999). Regionally, Europe is by far the most popular tourism destination with Asia and countries in the Pacific area representing a poor second. For 2006, Europe accounted for 54.4% of all international travel arrivals, Asia and the Far East 19.8%, America 16.1%, the Middle East 4.9% and Africa 4.8% (World Tourism Organization, 2007). Table 2.1 illustrates the leading ten countries by receipts from 2004 to 2006.

Table 2.1: International Tourism by Receipts: Leading Ten Countries, 2004-2006

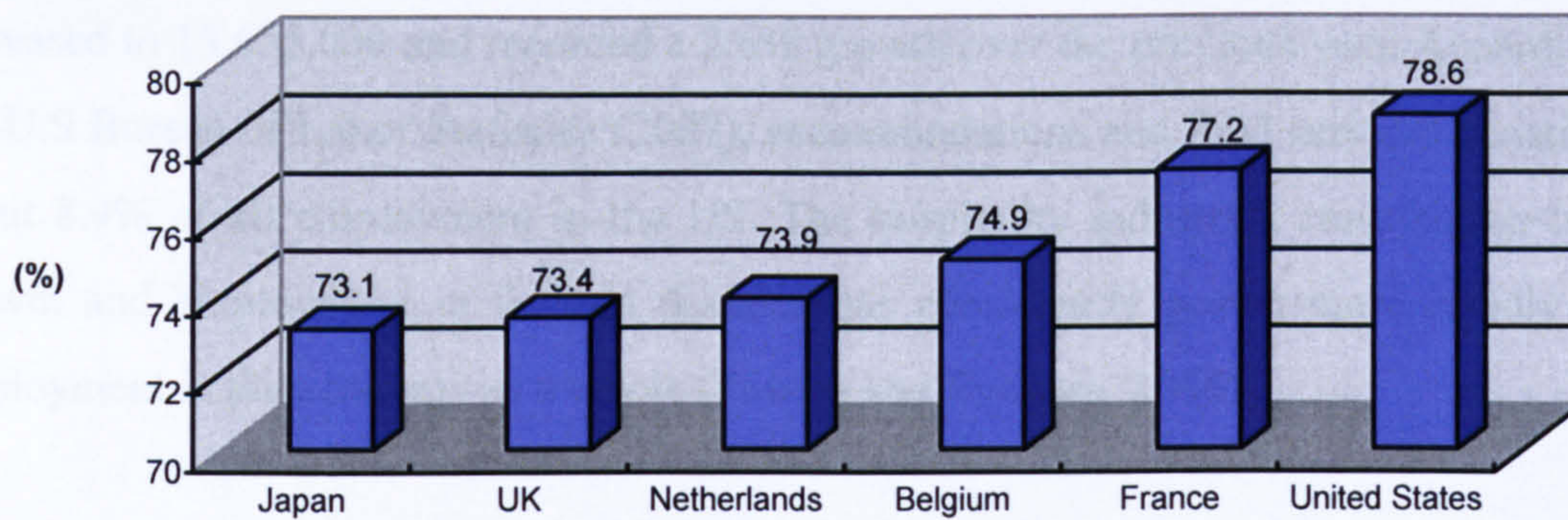
Rank	2004			2005			P2006		
	Country	Receipts (US\$m)	Arrivals ('000s)	Country	Receipts (US\$m)	Arrivals ('000s)	Country	Receipts (US\$m)	Arrivals ('000s)
1	USA	74,500	46,100	USA	81,800	49,200	USA	85,700	51,100
2	Spain	45,200	52,400	Spain	48,000	55,900	Spain	51,100	58,500
3	France	40,800	75,100	France	44,000	76,000	France	46,300	79,100
4	Italy	35,700	37,100	Italy	35,400	35,400	Italy	38,100	41,100
5	UK	28,200	27,800	UK	30,700	28,000	China	33,900	49,600
6	China	25,700	41,800	China	29,300	46,800	UK	33,500	32,713
7	Germany	27,700	20,100	Germany	29,200	21,500	Germany	32,800	23,600
8	Turkey	15,900	16,800	Turkey	18,200	20,300	Australia	17,800	5,000
9	Austria	15,300	19,400	Australia	16,900	5,000	Turkey	16,900	18,900
10	Australia	13,600	5,200	Austria	16,000	20,000	Austria	16,700	20,300

Note: P - Provisional Source: British Hospitality Association (2007, p.12)

As Table 2.1 shows, USA was a dominant country in both international tourist arrivals and receipts in 2006. Within Europe, France is still the most popular destination in terms of arrivals, but Spain earns more. The UK had a good year in 2006, and early figures for 2007 indicate further annual growth estimated at some 4% (British Hospitality Association, 2007). Clearly, Europe attracts the major share of tourist arrivals and receipts. Perhaps the high living standards enjoyed by the western and northern European countries, their long leisure time and most important, relatively small countries that are close to each other explain this pattern (Yu, 1999). Australia occupied the eighth position in terms of receipts in spite of having far fewer arrivals, in 2006, than any of the other leading countries (British Hospitality Association, 2007).

Hospitality is a very important component of the service sector in any country's national economy. The priority of economic development has shifted toward the service sector in the developed countries (Buttle, 1994; Yu, 1999). Figure 2.3 represents the contributions of the service sector to GDP in some developed countries in 2007.

Figure 2.3: Contributions by Service Sector to GDP in Developed Countries, 2007



Source: United Nations Conference on Trade and Development (2007)

As shown in Figure 2.3, in 2007, the service sector accounted for over 70% of GDP in the economies of developed countries such as Japan, UK, Netherlands, Belgium, France and the United States. Over the last few decades, the service sector, of which the hospitality industry is a part, has grown by nearly 20% in developed countries (United Nations Conference on Trade and Development, 2007). According to Lovelock and Wright (2002), such development trends are apparent, not only in those developed countries but also in other developing countries such as China, India and Mexico.

Employment statistics also reflect the increasing importance of the hospitality industry for national economics. According to the British Hospitality Association (2007), hospitality is the country’s most geographically wide-spread industry, offering employment to one in ten of the working population and accounting for one in five new jobs. Table 2.2 shows the contribution to employment in the US market between 2002 and 2007.

Table 2.2: Contribution of Hospitality Industry to Employment (000), December 2002-2007

Year	2002	2003	2004	2005	2006	2007
Number of Employees	12,112	12,320	12,632	12,907	13,288	13,635

Source: U.S. Bureau of Labor Statistics (2007)

As shown in Table 2.2, the number of hospitality-linked employees has steadily increased since 2002 in the US. In 2007, the number of employees in the hospitality industry increased to 13,635,000 and recorded a 2.6% growth over the previous year. According to the U.S Bureau of Labor Statistics (2007), accommodations and food services constituted about 8.4% of all employment in the US. The hospitality industry's contribution to job growth and employment in the last decades has consistently grown more rapidly than employment in the economy as a whole (Powers and Barrows, 2006).

Considering the various facts, the hospitality industry, now, shares significantly in the national economy, creating employment and contributing to wealth. Moreover, the hospitality industry has consistently expanded in the last few decades, and it will continue to grow. Based on these findings, an overview of the UK hospitality industry, especially the hotel and restaurant segments, appears in the following section.

2.2.3 Hospitality Industry in the UK

The hospitality industry is probably the world's fastest-growing, job-creating commercial sector, employing one in ten people worldwide (Powers and Barrows, 2006). Also, in the UK, the hospitality industry is one of the most significant sectors of the UK economy in terms of earnings and employment (British Hospitality Association, 2007). The following section presents details of the UK restaurant and hotel industry.

2.2.3.1 UK Restaurant Industry

The UK restaurant market features a mixture of individual, independent outlets and branded chains. The restaurant segment remains relatively resilient, since even in an economic downturn, people still enjoy eating away from home, and their tastes in food are eclectic (Key Note Restaurant, 2007). The restaurant business plays an important role in society, since eating out is now a part of most customers' lives. Eating out has steadily moved closer to a central position in the leisure lifestyles of UK consumers (Walker, 2008).

Thus, the market is expanding to allow growth for all types of restaurants with a variety of choices, ranging from traditional to newer additions such as Asian restaurants (Key Note Restaurant, 2006). Table 2.3 shows the number of UK VAT-based enterprises engaged in the operation of restaurants between 2002 and 2006.

Table 2.3: Number of UK VAT-Based Enterprises Engaged in Restaurant Business, 2002-2006

Year	2002	2003	2004	2005	2006	% change 2002-2006
Number of Restaurants	47,690	48,840	50,255	51,980	53,020	11.2%
% change year-to-year	-	2.4%	2.9%	3.4%	2.0%	

Source: Adapted from Key Note Restaurant (2007, p.21)

As shown in Table 2.3, the number of restaurant businesses registered for VAT has increased from 47,690 in 2002 to 53,020 in 2006 which shows that the UK restaurant market has been expanding since 2002. The market, traditionally populated by many small operators, has encountered an increased number of large operators. In 2005, 38.6% of all restaurant businesses had annual turnover of less than £ 10,000; this share is a decrease from 43.2% in 2002. Nevertheless, a mere 3.2% of restaurant businesses have a turnover in excess of £ 1m (Key Note Restaurant, 2006). Table 2.4 shows the total UK restaurant meals market by value at current prices from 2003 to 2007.

Table 2.4: Total UK Restaurant Meals Market by Value at Current Prices (£ m), 2003-2007

Year	2003	2004	2005	2006	2007	% change 2003-2007
Current Prices	11,355	12,025	12,600	12,875	13,100	15.4%
% change year-to-year	-	5.9%	4.8%	2.2%	1.7%	

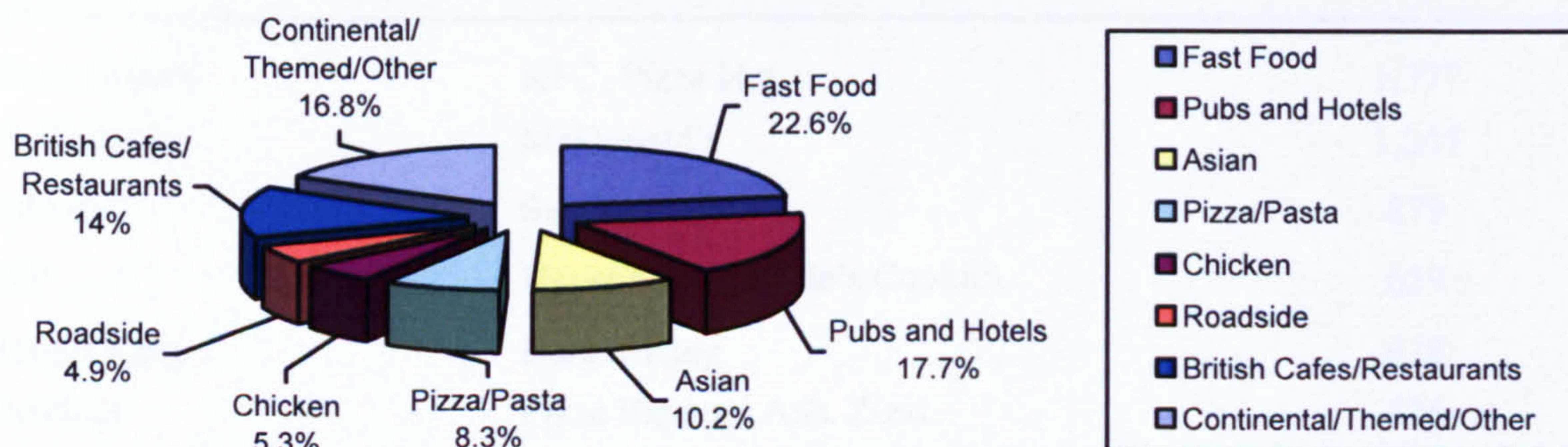
Note: P - Provisional Source: Adapted from Key Note Restaurant (2007, p.10)

Table 2.4 shows that the estimated value of the total UK market for restaurant meals had a

worth of £ 12.87bn in 2006, an increase of 2.2% over 2005. Key Note Restaurant (2007) estimates that the market will increase by a further 1.7%, to £ 13.1bn in 2007. Between 2003 and 2007, the projection for the restaurant market is for an increase of 15.4% at current prices. The UK market has been buoyant in recent years, with increases in the number of outlets and customer spending. This growth is due to the fact that eating away from home goes beyond simply satisfying hunger and has become a popular form of entertainment (Warde and Martens, 2000).

The UK restaurant market consists of different types of outlets in a range of different sectors. According to the Key Note Restaurant (2006), classifying the UK restaurant market results in nine types: fast food, pubs and hotels, Asian, pizza/pasta, chicken, roadside, British cafes/restaurants, and continental/themed/other. These very distinct styles of restaurants have significant market shares of the restaurant meals market in the UK. Figure 2.4 represents the market share based on these types of restaurants.

Figure 2.4: Market Share by Type of Restaurant (%), 2006



Source: Key Note Restaurant (2006, p.19)

As shown in Figure 2.4, fast food restaurants, as a whole, account for the largest proportion, 22.6%, of the UK restaurant market. The market shares of the second and third largest types of restaurant are continental/themed/others and pubs/hotels, accounting for 16.8% and 17.7%, respectively. In addition, British cafes/restaurants account for 14% of the UK restaurant market, Asian 10.2%, pizza/pasta 8.3%, chicken 5.3% and roadside

4.9%. Especially, chicken and pizza/pasta restaurants have shown the strongest growth since 2000. To a great extent, both sectors target families and young adults, and they have taken market share from fast food and from the more traditional British cafes/restaurants (Key Note Restaurant, 2006).

The UK restaurant market is essentially polarized between a handful of national chains and thousands of independents. In evaluating market leadership among restaurants, the most prominent are really the thousands of independent restaurants that account for more than half the supply in the UK. However, the fragmentation of the market means that only operators of multiple chains can really be described as market leaders. The easiest way to rank the multiples is by number of restaurants, but turnover per restaurant varies so widely that the number of outlets is not an accurate yardstick (Key Note Restaurant, 2005; 2006; 2007). Table 2.5 shows the leading chain restaurant operators in the UK by number of restaurants.

Table 2.5: Leading Chain Restaurant Operators by Number of Restaurants, 2007

Company	Brands	No. of Restaurants
Yum! Brands	KFC, Pizza Hut	1,377
McDonald's	McDonald's	1,247
Subway	Subway	879
SSP	Upper Crust, Millie's Cookies	639
Burger King	Burger King	638
Gondola	Pizza Express, Ask, Zizzi	525
Mitchells & Butlers	Harvester, Browns, Toby Carvery	477
Domino's	Domino's	470
Spirit Group	Chef & Brewer, Two for One, Miller's	402
Restaurant Group	Frankie & Benny's, Garfunkels	284
Wimpy	Wimpy	252
Whitbread	Beefeater, Brewer's Fayre	237
People's Restaurant Group	Little Chef	230
Tragus	Bella Italia, Café Rouge, Strada, Belgo, Mo Potter's	228

Source: British Hospitality Association (2007, p.64)

As Table 2.5 presents, the UK's largest operator is Yum! Brands, a chain of KFC and Pizza Hut, with a total of 1,377 restaurants. The vast resources of Yum! Brands, which claims to be the world's largest restaurant company in terms of system restaurants, have enabled KFC and Pizza Hut to expand rapidly and continuously in the UK. McDonald's Restaurants, easily the most ubiquitous single brand in the UK, as it is across the world, is second, in terms of restaurant numbers, with approximately 1,247. The next most numerous, totaling 879, is Subway. Other prominent players include SSP and Burger King, with 639 and 638 outlets respectively. In addition, Gondola (525), Mitchells & Butlers (477), Domino's (470), Spirit Group (402), Restaurant Group (284), Wimpy (252), Whitbread (237), People's Restaurant Group (230) and Tragus Holdings (228) are also major chain restaurant operators with regard to the number of outlets (British Hospitality Association, 2007).

2.2.3.2 UK Hotel Industry

The UK hotel industry is considered very important within the global market. UK is a major tourism destination for overseas visitors, and as such, attracts the major international hotel brands. The success of the hotel market is dependent on a range of factors, which means it is vulnerable to external influences. The UK hotel market recently has experienced some challenges, including the introduction of a smoking ban and unprecedented flooding in many regions across the country, but despite these, the hotel industry continues to be incredibly resilient (Key Note Hotel, 2007; British Hospitality Association, 2007). Table 2.6 shows the number of UK VAT-based enterprises engaged in hotel operation from 2003 to 2007.

Table 2.6: Number of UK VAT-Based Enterprises Engaged in Hotel Operation, 2003-2007

Year	2003	2004	2005	2006	2007	% change 2002-2006
Number of Hotels	9,530	9,030	9,110	8,925	8,810	-7.6%
% change year-to-year	-	-5.2%	-0.9%	-2.0%	-1.3%	

Source: Adapted from Key Note Hotel (2007, p.15)

As shown in Table 2.6, the number of enterprises involved in hotel operation in the UK has fallen by 7.6% between 2003 and 2007. Over a 5-year period, around 700 businesses have exited the sector. Since 2003, the percentage of enterprises with earnings less than £ 250,000 has fallen, while the proportion of enterprises with turnover of £ 500,000 or more has increased. This reflects small groups and independent operators leaving the hotel market, as well as a high level of consolidation resulting from mergers at the upper end of the market. Larger chains acquired smaller ones and have in turn been targets of other takeover groups (Key Note Hotel, 2007). Table 2.7 shows the total UK hotel market by value at current prices from 2002 to 2006.

Table 2.7: Total UK Hotel Market by Value at Current Prices (£ m), 2002-2006

Year	2002	2003	2004	2005	2006	% change 2002-2006
Current Prices	10,859	11,462	12,292	13,171	14,000	31.41%
% change year-to-year	-	5.6%	7.3%	7.2%	6.3%	

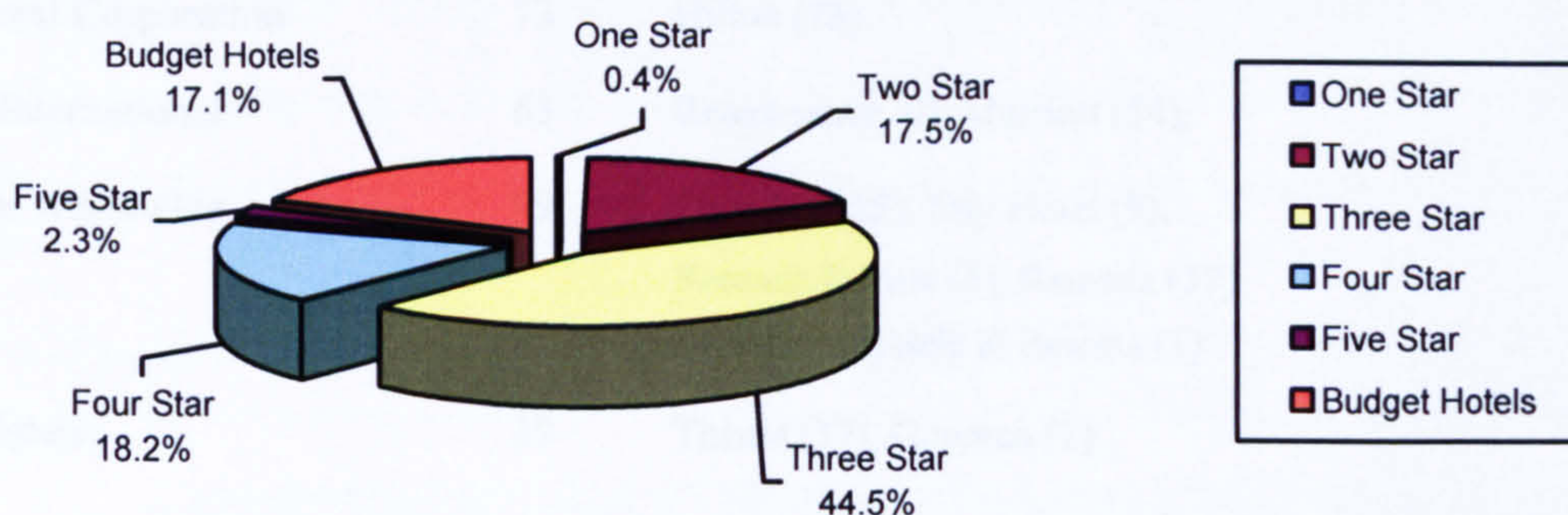
Source: Adapted from Key Note Hotel (2007, p.10)

As shown in Table 2.7, the UK hotel market has achieved year-to-year increases since 2002. Although 2001 marked a low point of the market because of the outbreak of foot-and-mouth disease early in the year and the events of the 11th of September 2001, the market has subsequently shown improvement with a gross income of 14,000 (£ m) in 2006. This trend is the result of several factors: First, the expansion of the budget hotel sector has enabled more customers to access the market. Second, a number of major players have invested to move from the middle of the market into 4-star and 5-star hotels, which has allowed charging higher prices. Third, positive economic conditions have provided a backdrop for larger travel budgets, both foreign and domestic. Growth levels are impressive, ahead of inflation, indicating a real expansion in the UK hotel market (Key Note Hotel, 2007; British Hospitality Association, 2007).

In July 2005, an announcement, for the first time, touted a single method for assessing and

rating serviced accommodations. This method arose from an agreement among the UK's main accreditation bodies including the National Tourist Boards, the Automobile Association and the Royal Automobile Club. Assessment of all accommodation occurs annually after January 2006, and operators choosing not to be rated under the new standards are excluded from all marketing activity and materials provided by tourist boards and guidebooks. According to the assessments, UK hotels receive a rating from one to five stars. Budget hotels are registered and listed but not graded (Key Note Hotel, 2006). Figure 2.5 represents the classification of hotels inspected by the Automobile Association in 2006.

Figure 2.5: Classification of Hotels Inspected by the Automobile Association, 2006



Source: Adapted from British Hospitality Association (2007, p.27)

As shown in the Figure 2.5, three star hotels, as a whole, constitute the largest proportion, 44.5% of the UK hotel market. Of UK hotels, 18.2% rate four stars, 17.5% rate two stars, 17.1% are budget hotels, 2.3% are five stars, and 0.4% rate one star. However, the larger chains have moved hotels into the budget, 4-star and 5-star sectors of the market, leaving lesser investment in the 3-star sector. Especially, budget hotels are, without doubt, the fastest-growing sector of the UK hotel industry with greatest scope for expansion (British Hospitality Association, 2007; Key Note Hotel, 2007).

The UK hotel market comprises a diverse group of operators. While the UK sector includes representatives of international chains and growing domestic chains, a considerable number of independent, owner-operator properties remain. However, in the UK hotel market, the major players are the chain hotels operated by groups such as Whitbread Hotel Company and InterContinental Hotels Group (Key Note Hotel, 2007; British Hospitality Association,

2007). Table 2.8 shows the leading UK chain hotel operators by number of rooms.

Table 2.8: Leading Chain Hotel Operators by Number of Rooms, 2007

Company	No. of Hotels	Brands	No. of Rooms
Whitbread Hotel Company	488	Premier Inn	32,600
InterContinental Hotels Group	241	InterContinental (1), Crown Plaza (15), Holiday Inn (116), Express by Holiday Inn (109)	32,540
Travelodge	310		18,950
Accor Hotels	119	Sofitel (2), Novotel (30), Mercure (26), Ibis (49) Etap (7), Formule 1 (5)	15,722
Hilton Hotel Corporation	73	Hilton (73)	15,300
Marriott International	63	Renaissance (9), Marriott (54),	13,041
Wyndham Worldwide	99	Days Inn (25), Day Hotel (9), Ramada Encore (5), Ramada (59) Wyndham Hotels & Resorts (1)	9,696
Thistle Hotels	39	Thistle (37), Guoman (2)	8,792
The Real Hotel Company/ Choice Hotels International	104	Clarion (3), Comfort (35), Quality (52) Sleep Inn (9), Stop Inn (5)	8,154
Carlson Hotels Worldwide	33	Radisson (11), Park Inn (14) Park Plaza (7), Country Inns & Suites (1)	7,069
Britannia Hotels	33		7,000
De Vere	57	De Vere Deluxe (8), De Vere Heritage (5) De Vere Venues (27), Village (17)	6,989

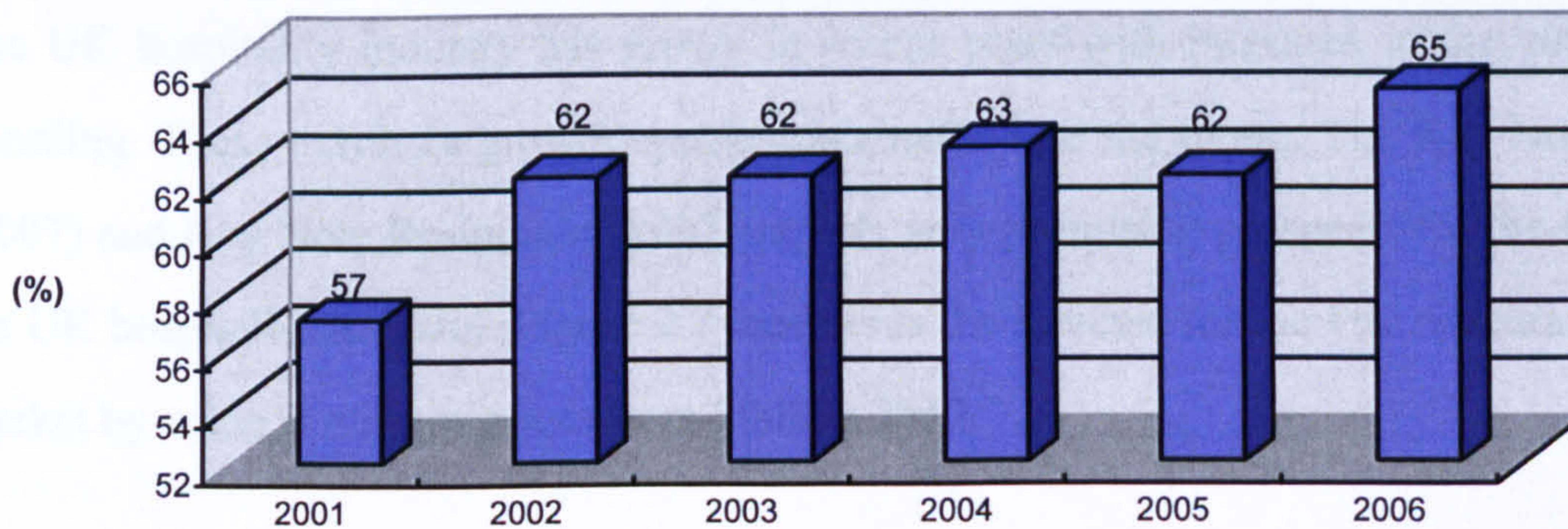
Source: British Hospitality Association (2007, p.28)

Whitbread Hotel Company leads the major players in the UK market. Whitbread consists of a chain of Premier Inn, created from Whitbread's merger of the Premier Lodge and Travel Inn brands and totaling 488 hotels and 32,600 rooms. InterContinental Hotels Group is second, in terms of hotel room numbers, including InterContinental, Crown Plaza, Holiday Inn and Express by Holiday Inn with 241 hotels and 32,540 rooms. The next most numerous is Travelodge, the nearest rival to Premier Inn, totaling 310 hotels and 18,950

rooms. Other major operators in the UK market (numbers of rooms for each are in parenthesis) include Accor Hotels (15,722), Hilton Hotel Corporation (15,300), Marriott International (13,041), Wyndham Worldwide (9,696), Thistle Hotels (8,792), The Real Hotel Company/Choice Hotels International (8,154), Carlson Hotels Worldwide (7,069), Britannia Hotels (7,000) and De Vere (6,989) (Key Note Hotel, 2007; British Hospitality Association, 2007).

The UK hotel market is oversupplied, as evidenced by room occupancy rates at the 60% level. Therefore, the hotel market has attempted to boost occupancy levels with packages and promotions that focus on domestic travellers and the leisure market. For instance, InterContinental Hotels Group undertook a direct marketing campaign to encourage continental travel, targeting both business and leisure markets (Key Note Hotel, 2005; 2006; 2007). Figure 2.6 shows the average room occupancy in UK hotels between 2001 and 2006.

Figure 2.6: Average Room Occupancy in the UK Hotels (%), 2001-2006



Source: Adapted from Key Note Hotel (2007, p.5)

As shown in Figure 2.6, average room occupancy marked a low point in 2001, due to the outbreak of foot-and-mouth disease, which led to restricted access in some areas of the country and served to discourage potential visitors. In addition, overseas tourism was affected by the terrorist attacks on the 11th September 2001. An ongoing improvement from 2002 to 2004 was reversed in 2005, as tourism reacted to the July bombings in London. In 2006, the hotel market experienced the highest levels of average room occupancy. This improvement in room occupancy rates has, in some cases, been at the

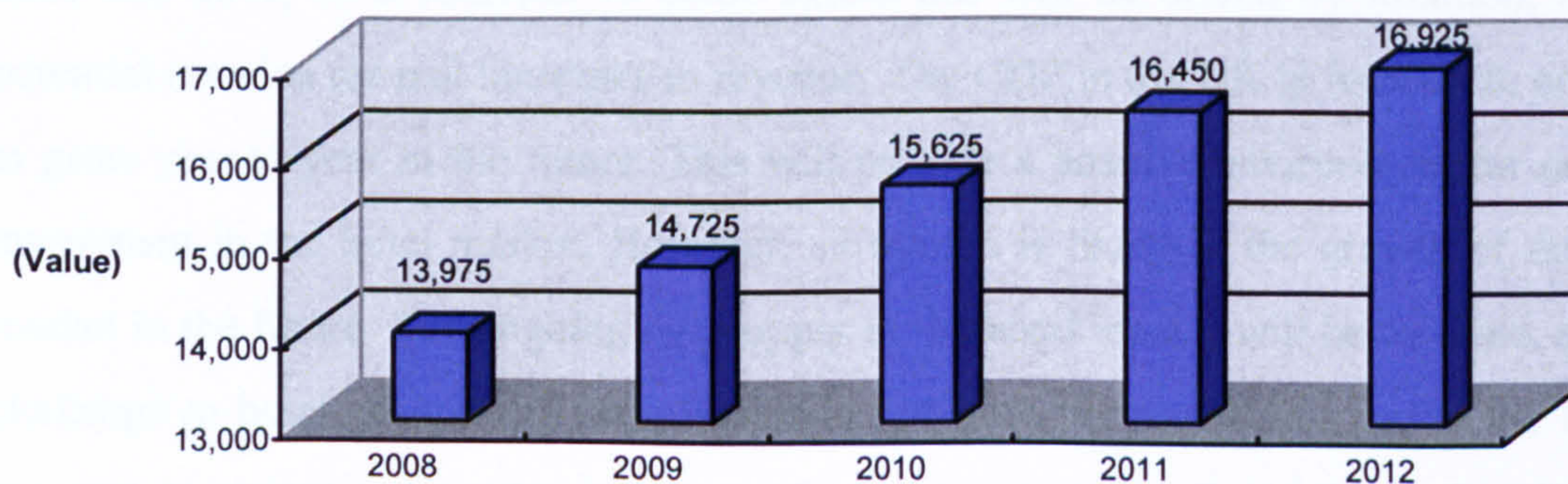
expense of room rates, with cheaper room prices being offered in order to improve volumes. However, even in these cases, a positive contribution remains for overall revenues, derived from additional services such as food and beverage sales (Key Note Hotel, 2005; 2006; 2007).

2.2.4 Future Growth

Tourism will become one of the largest industries in the world. With elimination of barriers to international travel and improving economies, global travel will continue to grow at a steady pace in the future. As an integral part of tourism, the hospitality industry will respond to the rapid growth of international travel by expanding operations globally. However, political, economic and technological changes can have a great impact on the development of hospitality businesses, and these forces will shape the future of the hospitality industry (Yu, 1999; Cetron et al., 2006).

The UK hospitality industry has grown in recent years with increases in the customers' spending. These trends in growth appear sustainable into the future. The Key Note Hotel (2007) and Key Note Restaurant (2007) reports very promising prospects for the future of the UK hospitality industry. Figure 2.7 represents the forecast for the UK restaurant meals market by value at current prices from 2008 to 2012.

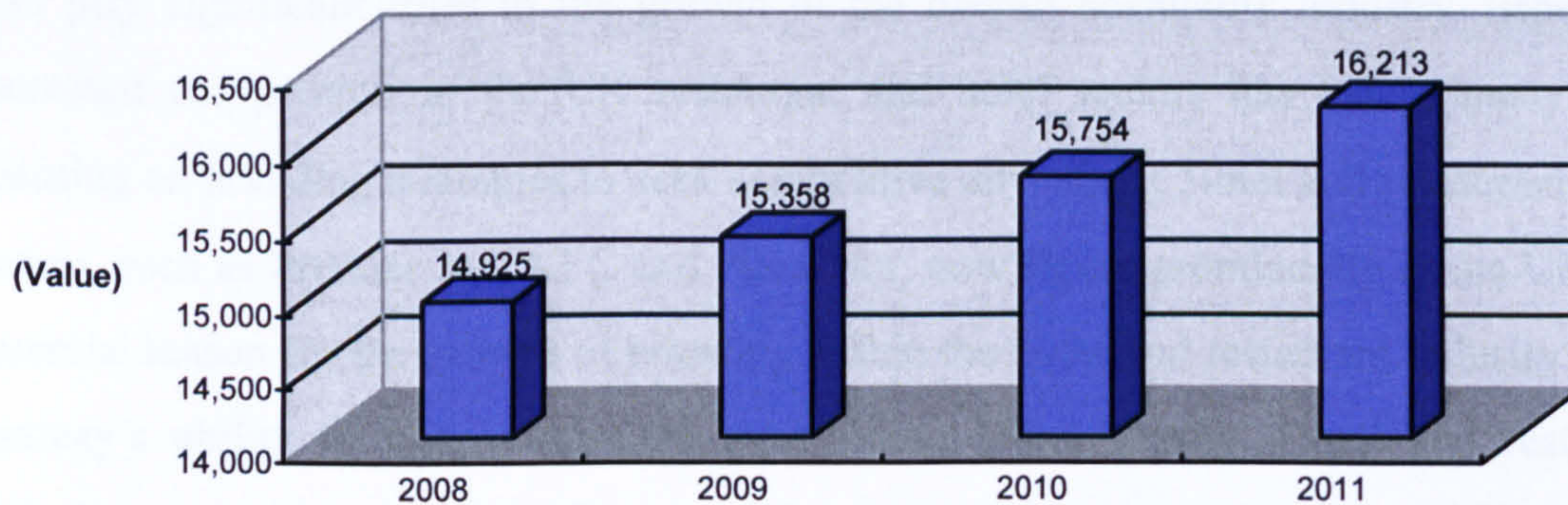
Figure 2.7: Forecast of UK Restaurant Meals Market by Value at Current Prices (£ m), 2008-2012



Source: Adapted from Key Note Restaurant (2007, p.67)

As shown in Figure 2.7, the value forecast of the UK restaurant meals market will grow by 21% at current prices, from 2008 to 2012. The expected market benefit is from a continued increase in the number of restaurant outlets in the UK, improvements in the variety and quality of food offerings and increasing tourism (Key Note Restaurant, 2007). In addition, the confident government predictions for GDP growth and low-level inflation indicate that the demand for restaurants is likely to be sustained in coming years (British Hospitality Association, 2007). In particular, the fast-food sector is expected to demonstrate the strongest growth by the power of US multinationals, followed by the pubs and hotels sector as a direct result of the smoking bans (i.e. pubs offering more food, more often) in the future (Key Note Restaurant, 2007). Figure 2.8 represents the forecast of UK hotel market by value at current prices from 2008 to 2011.

Figure 2.8: Forecast of UK Hotel Market by Value at Current Prices (£ m), 2008-2011



Source: Adapted from Key Note Hotel (2007, p.55)

As Figure 2.8 presents, the UK hotel market forecast shows an increase of 8.6% between 2008 and 2011, to £ 16.21bn. To some extent this will be driven by inflation, but the potential remains for real increases in revenue. The GDP in the UK is forecast to continue to grow year-to-year in the future. This will provide a positive environment for ongoing investment in the hotel market. However, slowdown is likely in the growth of the hotel market in the future. The ongoing oversupply in the hotel market will be an issue, and the challenge to hotel groups will be to maintain revenues per available room in the face of pressure to reduce room rates in order to increase occupancy. In addition, the UK hotel market remains vulnerable to external factors such as economic performance and the

possibility of further adverse international security issues (Key Note Hotel, 2005; 2006; 2007).

2.3 Summary

This chapter begins with an introduction of the unique characteristics of the hospitality product in contrast to manufactured goods. As part of the service industry, the hospitality industry shares four characteristics with the services sector: intangibility, variability, perishability and inseparability. Then, this chapter presents an overview of the hospitality industry in the UK from the perspective of current trends and future forecasts. Furthermore, this chapter outlines that the UK restaurant and hotel industries have been expanding and will continue to do so for the foreseeable future. Since the hospitality industry is regarded as a core constituent for the success of the UK's economy, restaurant and hotel businesses also play significant roles in the growth of the overall hospitality industry. Especially, increased competition in the UK restaurant and hotel sectors has led to many firms focusing on branding strategies to seek competitive advantage. Hotel and restaurant brand names, such as Premier Inn, KFC and Pizza Hut, now figure prominently in the UK. The essential reason for the growth of branding within the hotel and restaurant industry is this strategy's ability to keep customers by building brand loyalty. Hotel and restaurant operators, now, almost universally, accept that the right brands can build brand loyalty, and the growth in the prevalence of hospitality industry branding appears set to continue unabated in the UK.

CHAPTER 3

CHAPTER THREE

LITERATURE REVIEW II: THE CONCEPT OF BRAND EQUITY

3.1 Introduction

The growing emphasis on building and managing brand equity places those activities as the primary drivers for a hospitality firm's success (Kim and Kim, 2004). Building a brand with strong equity provides a firm with a number of possible benefits, such as greater brand loyalty, less vulnerability to competitive marketing actions, larger profit margins, potentially favorable customer reaction to price changes, increased marketing communication effectiveness, and brand-extension opportunities (Keller, 2001). Due to the significance in today's marketplace of building, maintaining and using brands to obtain a definite competitive advantage, the concept and measurement of brand equity has interested both academicians and practitioners for more than a decade, which evaluates brand equity to a primary research interest (Kim and Kim, 2004). Within this topic, various, clearly differentiated areas of interest have opened, resulting in highly diverse definitions of brand equity and in a great variety of proposed methods and approaches to measure it (Vazquez et al., 2002).

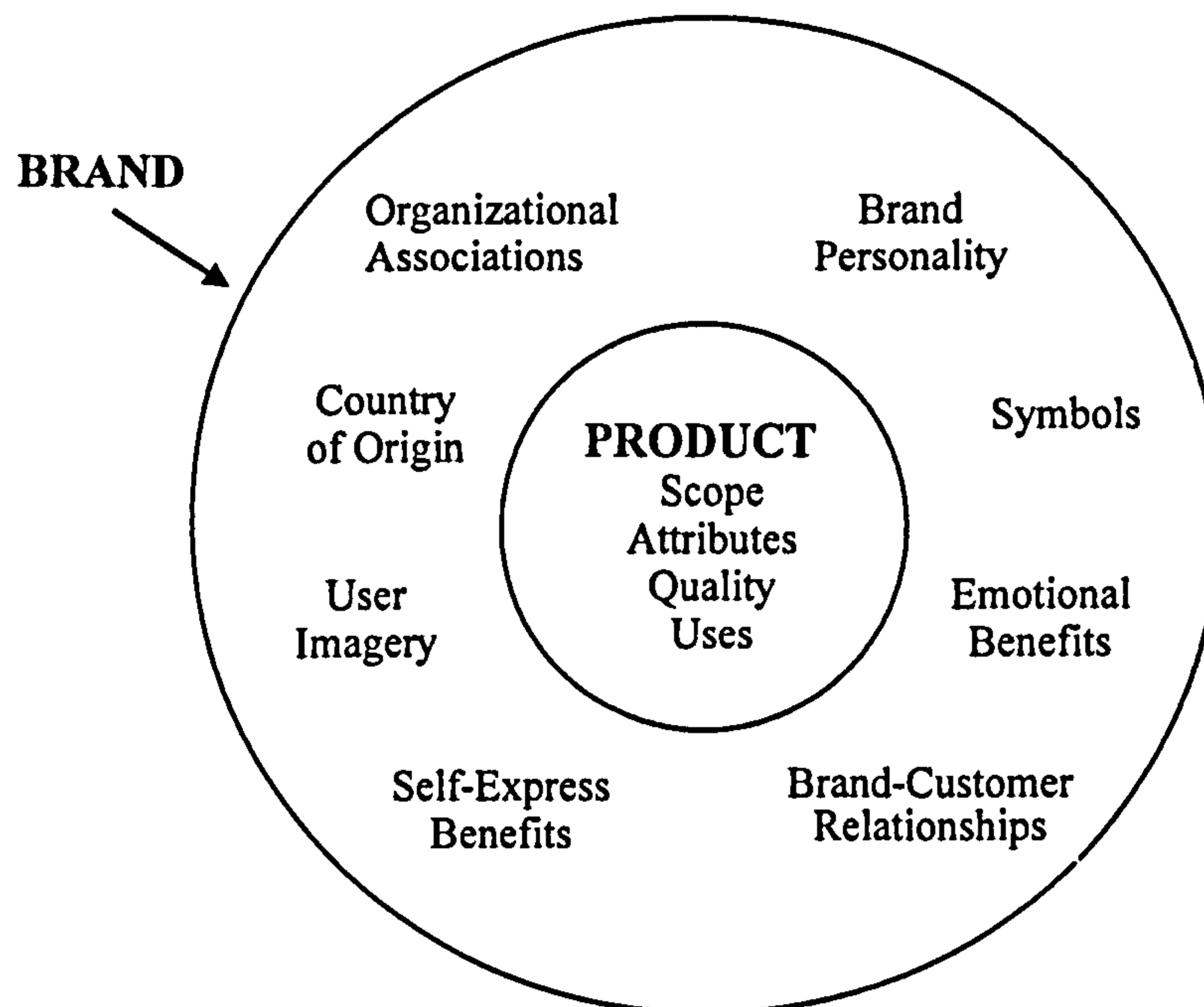
3.2 What is Brand?

Frequently what makes a business successful is not a product, but a brand (Pitta and Katsanis, 1995). For instance, most customers would perceive a bottle of Chanel perfume as a high quality, expensive product. But the same perfume in an unmarked bottle would probably be viewed as lower in quality, even though the fragrance is identical (Kotler et al., 2001). The notion of brand is a part of everyday life for both customers and companies. Virtually almost all facets of daily life encounter diverse brands (Morgan and Pritchard, 1998). Furthermore, brands provide the primary points of differentiation between competitive offerings, and as such, they can be critical to the success of companies (Wood, 2000). Therefore, branding has attained stature as one of the most important marketing strategies today (Morgan and Pritchard, 1998).

3.2.1 Product versus Brand

Before defining a brand, a brand must be distinguished from a product (Baker, 2003). In practice the term are often used interchangeably, although differences in meaning exist. The major difference between product and brand consists of the fact that a product is something that offers a functional benefit, while a brand is a name, symbol, design, or mark that enhances the value of a product beyond its functional value (Orth et al., 2004). Bailey and Ball (2006) also argued that a brand should be more than its physical components and embody, for the purchaser or user, additional attributes, which, while they may be intangible, can still be important considerations to the customer. These additional attributes distinguish a brand from a product (Jones and Slater, 2003). Aaker (1996) supported this argument by mentioning that a brand not only delivers its product attributes but also carries various non-product related attributes such as personality, emotional benefits and so on. Murphy (1990) maintained that brand is not only the actual product, but also the unique property of a specific owner. Brand develops over time so as to embrace a set of values and attributes – both tangible and intangible – which meaningfully and appropriately differentiate products which are otherwise very similar. Figure 3.1 represents the distinction between a product and a brand.

Figure 3.1: Brand is More Than Product



Source: Aaker (1996, p.74)

As shown in Figure 3.1, a product includes characteristics such as scope, attributes, quality and uses, while a brand includes these product characteristics and much more: brand personality, symbols, emotional benefits, brand-customer relationships, self-express benefits, brand user imagery, country of origin and organizational associations (Aaker, 1996). Similarly, Keller (2008) suggested that a brand can have dimensions that differentiate it in some way from other products designed to satisfy the same need. Consequently, a brand is more than a product.

3.2.2 Definitions of Brand

Several definitions of the notion of brand populate marketing literature, yet a comprehensive theory of the brand construct remains missing (De Chernatony and Riley, 1998). The various definitions of brand partly stem from differing philosophies such as product-plus and holistic view, and stakeholder perspective, i.e. a brand may be defined

from the customers' perspective and/or from the company's perspective. Besides, brands are sometimes defined in terms of their purpose and sometimes described by their characteristics (Wood, 2000).

Styles and Ambler (1995) identified two philosophical approaches to define a brand. The first is the product-plus definition which views brand as an addition to the product. The brand is primarily an identifier. Thus, branding would be one of the final processes in new product development (Ambler and Styles, 1996). In the product-plus view of understanding a brand, the American Marketing Association (1960) defined a brand as "a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors." This definition derives from the concept of the brand's logo and visual features as a basis for differentiation (De Chernatony and Riley, 1998). Although this definition is still popular among many researchers (e.g., Watkins, 1986; Aaker, 1991; Stanton et al., 1991; Doyle, 1994; Kotler et al. 1996), it received criticism for being too product-oriented with emphasis on visual features as differentiating mechanisms (Wood, 2000).

The second approach is the holistic view in which the focus is the brand itself. In this approach, brand encompasses much more than just product. The holistic approach defines a brand as "the promise of the bundles of attributes that someone buys and that provides satisfaction. These attributes that make up a brand may be real or illusory, rational or emotional, tangible or invisible" (Ambler and Styles, 1996, p.10). In line with this, brand is the sum of all elements of the marketing mix: product is just one element, alongside price, promotion and distribution (Wood, 2000).

In particular, understanding the absence of a clear and comprehensive definition of a brand, De Chernatony and Riley (1996) undertook an extensive literature review of the concept. Their content analysed over 100 articles from trade and academic journals. As a result of the content analysis of this literature, they identified 12 themes that represent the main elements of brand definitions. Table 3.1 shows these 12 themes.

Table 3.1: Themes of Brand Definitions

Themes	Descriptions
Legal Instrument	Branding represents an investment and legal ownership of title, as protection against imitators.
Logo	Understanding a brand as a name, sign, symbol, or design, or a combination of them to differentiate one from another.
Company	Brand as the corporate name for a firm
Shorthand	For customers, brands act as a shorthand device for identifying functional and emotional characteristics of products.
Risk Reducer	Brand acts as a guarantee of consistent quality.
Identity System	Brand is a strategy and a consistent, integrated vision.
Image	Brand is a perceived image in customers' minds.
Value System	Customers find value in a brand, in its heritage, in their personal experience with it, etc.
Personality	Brand represents psychological values by the association with human personality characteristics.
Relationship	Customers not just perceive brands, but also have inter-active relationships with them.
Adding Value	Brand provides no functional benefits over and beyond a product's functional characteristics.
Evolving Entity	Seeing brands evolving through five stages from the first stage of "unbranded commodity" to the stages of "references," "personality," "icon" and "brand as company," and finally to the stage of "brand as policy."

Source: Adapted from De Chernatony and Riley (1998, p.426)

As can be seen from Table 3.1, De Chernatony and Riley (1998) identified 12 main themes about the brand as a: (1) legal instrument, (2) logo, (3) company, (4) shorthand, (5) risk reducer, (6) identity system, (7) image, (8) value system, (9) personality, (10) relationship, (11) adding value, and (12) evolving entity. Although some overlap exists among the elements of different definitions, which are therefore not mutually exclusive, the twelve themes represent a categorization of the most important propositions in the branding literature (De Chernatony and Riley, 1998). Moreover, different themes illustrate the various perspectives from which the brand concept has been viewed. These include the

customer perspective (e.g., brand as shorthand and a risk reducer) and that of the brand owning company (e.g., brand as a legal instrument) (Bailey and Ball, 2006). As a result, a brand is regarded as multi-faceted concept with many meanings in the branding literature.

3.2.3 Functions of Brand

The role of brands has recently become a controversial issue (Baker, 2003). This situation generates questions: Why are brands important? What functions do they perform that make them so valuable? (Keller, 2008). However, brands obviously fulfill many functions for both customers and manufacturers. Figure 3.2 provides an overview of the different functions of brands according to these two parties.

Figure 3.2: Functions That Brands Play

CONSUMERS

- Identification of source of product
- Assignment of responsibility to product maker
- Risk reducer
- Search cost reducer
- Promise, bond, or pact with maker of product
- Symbolic device
- Signal of quality

MANUFACTURERS

- Means of identification to simplify handling or tracing
- Means of legally protecting unique features
- Signal of quality level to satisfied customers
- Means of endowing products with unique associations
- Source of competitive advantage
- Source of financial returns

Source: Keller (2008, p.7)

As shown in Figure 3.2, brands provide customers with important functions in a complex and crowded marketplace. For customers, brands effectively perform the function of

identifying the source or maker of a product and allowing customers to assign responsibility to a particular manufacturer (Keller, 2008). Brands also provide customers with information about product quality, thereby reducing customer search cost and perceived risk. As a result, brands work by facilitating and making more effective the customer's decision (Baker, 2003).

The meaning embedded in brands is quite profound. The relationship between a brand and the customers can be seen as a type of bond or pact (Fournier, 1998). Customers offer their trust and loyalty with the implicit understanding that the brand will behave in certain ways and provide them utility through consistent product quality and appropriate pricing, promotion, distribution programs and actions. To the extent that customers realize advantages and benefits from purchasing the brand, they are likely to continue to buy that specific brand (Keller, 2008). Moreover, brands fulfill status and prestige functions. Customers may seek psychological rewards for purchasing brands that symbolize status and prestige (Cravens and Piercy, 2006). This indicates that brand's benefits may not be merely functional in nature. Brands can serve as symbolic devices, allowing customers to project their self-images (Keller, 2008).

For manufacturers, brands can play the function of facilitation by making easier some of the tasks the manufacturers have to perform (Cravens and Piercy, 2006). Basically, brands serve an identification purpose to simplify handling or tracing for the manufacturer. A brand also retains intellectual property rights, giving some legal protection to the brand owner. The brand can be defended through registered trademarks, patents, copyrights etc. These intellectual property rights insure that the firm can safely invest in the brand and receive the benefits of a valuable asset (Keller, 2008).

In addition, a brand can endow a product with unique associations and meanings that differentiate it from competitive products. Brands can also signal a certain level of quality so that satisfied customers can recognize it quickly and make a repeat purchase (Keller, 2008). By creating positive associations, the firm can build a strong market share without sacrificing its product price which has benefits since the firm does not have to reduce its

profit margins in order to compete with other firms (Fill, 2006). Moreover, this provides predictability and security of demand for the firm and creates barrier to entry that creates difficulty for competitors to enter the market (Aaker, 1991). As a result, for manufacturers, brand can be seen as powerful means to build competitive advantage and protect financial returns.

3.3 Different Perspectives of Brand Equity

The literature illustrates that successful brands provide customers with a variety of benefits that influence positively their perceptions and subsequent behaviour related to that brand, and apparently, such brands can be important intangible company assets (Keller, 2001). The view that brands can be significant company assets, which have a value to both customers and brand owning companies, has been conceptualized in the term brand equity (Bailey and Ball, 2006). Brand equity has been one of the most important marketing concepts in both academia and practice, and has highlighted the importance of having a long-term focus within brand management (Srinivasan et al., 2005).

Brand equity is perhaps best viewed as the sum of the intangible values associated with a product or service and identified by a brand name or trademark (Francois and MacLachlan, 1995). Brand equity has been described as the added value that a brand name bestows on the product or service (Farquhar, 1989). Aaker (1991) defined brand equity as a set of brand assets and liabilities linked to a brand: The name and symbol that add to or subtract from the value provided by a product or service as accruing to a firm and/or to that firm's customers. Blackston (1995), on the other hand, referred to brand equity as brand value and brand meaning, where brand meaning implies brand saliency, brand associations, and brand personality, and where brand value is the outcome of managing brand meaning. Also, Keller (1993) defined brand equity as the differential effect of brand knowledge on a consumer's response to the marketing of the brand. Vazquez et al. (2002) described brand equity as the overall utility that the consumer associates with the use and consumption of the brand, including associations expressing both functional and symbolic utilities. One important consensus among all these definitions is that brand equity is the incremental

value added to a product or service by a consumer's associations and perceptions of a particular brand name (Srivastava and Shocker, 1991).

Although a variety of perspectives can define brand equity, usually three different perspectives for considering brand equity predominate: the customer-based perspective (the value of brand to the customer), the financial perspective (the value of brand to the firm), and the comprehensive perspective (the value of brand to both customer and firm) (Kim and Kim, 2004). Table 3.2 summarizes previous, related research on brand equity from customer-, financial-, and comprehensive-based perspectives.

Table 3.2: Previous Research on Brand Equity

Researchers	Concept	Measurement
Customer-based perspectives		
Srivastava and Shocker (1991)	Brand strength	Brand strength (customers' perception and behaviour) +fit=brand value (financial outcome)
Aaker (1991; 1996)	•Brand awareness •Brand loyalty •Perceived quality •Brand associations	Perceptual and behavioural conceptualization
Kamakura and Russell (1993)	Brand value	Brand value=tangible value + intangible value Segmentwise logit model on single-source scanner panel data
Swait et al. (1993)	Total utility	Equalization price measuring
Keller (1993);Keller(2001)	Brand knowledge	Brand knowledge=brand awareness+ brand image
Park and Srinivasan (1994)	Difference between overall preference and preference on the basis of objectively measured attribute levels	Brand equity=attribute based + non-attribute based
Blackston (1995)	Brand meaning	Brand relationships model: objective brand (personality characteristics, brand image) + subjective brand (brand attitude)
Francois and MacLachlan (1995)	Brand strength	Intrinsic brand strength Extrinsic brand strength
Cobb-Walgren et al. (1995)	•Brand awareness •Perceived quality •Brand associations	Relationship with brand preference and usage intentions (Aaker, 1991)
Lassar et al. (1995)	•Performance •Social image •Commitment •Value •Trustworthiness	Evaluate only perceptual dimensions Discover a halo across dimensions of brand equity
Agarwal and Rao (1996)	•Overall quality •Choice intention	Brand perception/brand preference/brand choice paradigm
Prasad and Dev (2000)	•Brand performance •Brand awareness	Hotel brand equity index=satisfaction +return intent + value perception +brand preference + brand awareness
Yoo and Donthu (2001)	•Brand loyalty •Perceived quality •Brand awareness/associations	Validating Aaker's conceptualization
Johnson et al. (2006)	•Personality (self-concept) •Brand identification •Lifestyle	Brand equity as a latent variable using multiple measures
Kayaman and Arasli (2007)	•Brand awareness •Brand loyalty •Perceived quality •Brand image	Perceptual and behavioural conceptualization
Kim et al. (2008)	•Brand loyalty •Perceived quality •Brand awareness/associations	Perceptual and behavioural conceptualization
Financial perspectives		
Simon and Sullivan (1993)	Incremental cash flows which accrue to branded products	Brand equity=intangible assets – (nonbrand factors + anticompetitive industry structure)
Comprehensive perspectives		
Farquhar (1989)	Added value with which a given brand endows a product	Respective evaluation on firm's, trade's, and consumer's perspective
Dyson et al. (1996)	•Brand loyalty •Brand attitude	Consumer value model: proportion of expenditure x weight of consumption
Motameni and Shahrokhi (1998)	Global Brand Equity (GBE)	Brand strength (customer, competitive, global potency) x brand net earnings

Source: Adapted from Kim and Kim (2005, p.553)

Brand equity may be viewed in the context of marketing decision-making. This concerns how consumers perceive product or service brands. The premise of the customer-based perspective is that the power of a brand lies in what customers have learned, felt, seen, and heard about the brand, over time. That is, the power of a brand is in what resides in the minds of customers (Keller, 2001). Thus, conceptualization of brand equity is from the perspective of the individual consumer, and customer-based brand equity occurs when the consumer is familiar with the brand and holds some favorable, strong, and unique brand associations in memory (Kamakura and Russell, 1991). The advantage of conceptualizing brand equity from customer-based perspective is that it enables marketing managers to consider how their marketing programs improve the value of their brands in the minds of consumers (Keller, 1993). As a result, effective marketing programs for branding foster greater confidence in consumers. This confidence induces consumers' loyalties and their willingness to pay a premium price for the brand (Kim and Kim, 2005).

The basis for the financial perspective is the incremental discounted future cash flows that result from a branded product's excess revenue compared to the revenue of an unbranded product (Simon and Sullivan, 1993). The asset representing the brand is a component of the firm's assets on the balance sheet (Kim et al., 2003). Simon and Sullivan (1993) presented a financial market value based technique for estimating a firm's brand equity. The stock, used as a basis, evaluates the value of the brand equities (Motameni and Shahrokhi, 1998). Based on the financial market's valuation of the company, this estimation technique extracts the value of brand equity from the value of a firm's other assets. The methodology separates the value of a firm's securities into tangible and intangible assets and then extracts brand equity from other intangible assets (Kim and Kim, 2004).

Last, the comprehensive perspectives incorporate both customer-based brand equity and financial brand equity. This approach appears to compensate for the insufficiencies that may exist when emphasizing only one of the two individual equities. For example, Dyson et al. (1996) described a survey research system designed to place a financially related value on the consumer-based equity of brand images and associations. Motameni and Shahrokhi (1998) suggested global brand equity valuations, which combine brand equity from the

marketing perspective and brand equity from the financial perspective.

3.4 Components of Brand Equity

Many researched contexts consider brand equity: personality (self-concept), brand identification, and lifestyle (Johnson et al., 2006); brand loyalty, brand awareness, perceived quality, brand associations, and other proprietary brand assets (Aaker, 1991); brand awareness and brand image (Keller, 1993); brand loyalty, perceived quality, and brand awareness/associations (Yoo and Donthu, 2001); incremental utility (Simon and Sullivan, 1993); performance, social image, commitment, value, and trustworthiness (Lassar et al., 1995); brand performance and brand awareness (Prasad and Dev, 2000); and overall quality and choice intention (Agarwal and Rao, 1996) (See Table 3.2).

Within marketing literature, operationalizations of customer-based brand equity fall into two groups: consumer perception and consumer behaviour (Cobb-Walgren et al., 1995; Yoo and Donthu, 2001). Aaker (1991, 1996) incorporated both perceptual and behavioural dimensions. The four dimensions of brand equity: brand loyalty, brand awareness, perceived quality, and brand image, suggested by Aaker (1991, 1996), have broad acceptance and employment by many researchers (e.g., Motameni and Shahrokhi, 1998; Low and Lamb, 2000; Prasad and Dev, 2000; Yoo and Donthu, 2001; Kayaman and Arasli, 2007; Kim et al., 2008). However, brand equity has operationalization by Lassar et al. (1995) as an enhancement of the perceived utility and desirability that a brand name confers on a product or service. According to research of Lassar et al. (1995), brand equity consists of only perceptual dimensions, excluding behavioural dimensions, such as brand loyalty, which differs from Aaker's (1991, 1996) incorporated dimension (Kim et al., 2003). Johnson et al. (2006) also only used the perceptual dimension. The brand equity measures of Johnson et al. (2006) included whether or not the brand reflects customers' personal lifestyles, whether or not the brand fits their personalities (self-concept), and brand identification. Lassar et al. (1995) and Johnson et al. (2006) strictly distinguished the perceptual dimensions from the behavioural dimensions so that behaviour is a consequence of brand equity rather than brand equity itself. Furthermore, Keller (2008) proposed that behavioural dimensions

should be excluded from brand equity because consumers may be in the habit of buying a particular brand without really thinking much about why. The present research focuses on a customer-based perspective and mainly adopts the components of brand equity from Johnson et al. (2006) measures. Moreover, perceived quality is included as a component of brand equity because previous researchers identified perceived quality as one of the key components of brand equity. Finally, this research considers only consumer perception as a component of brand equity, including self-concept, brand identification, lifestyle and perceived quality, thereby judging behaviour to be a consequence of brand equity. In the following section, four components of brand equity: self-concept, brand identification, lifestyle and perceived quality, are reviewed in detail.

3.4.1 Self-Concept

Self-concept can be a view of the totality of the individual's thoughts and feelings having reference to the person as an object of thought (Rosenberg, 1979). Self-concept is the individual's perception of personal abilities, limitations, appearance and characteristics, including one's own personality (Onkvisit and Shaw, 1987; 1994). Literature, considering self-concept for consumer research, has increased significantly in the past 30 years (Sirgy et al., 2000). The bulk of the research on self-concept attempted to explain consumer behaviour in terms of congruence of brands or products with the consumer's self-concept (Malhotra, 1987). The degree of congruence between consumer's self concept (self-image) and brand's image can have significant effects on consumers' brand evaluations, preferences and purchase intentions or motivations (Graeff, 1996).

3.4.1.1 Dimensions of Self-Concept

Earlier studies conceptualized self-concept as a unidimensional construct measuring actual self-concept. A number of investigators discussed self-concept as a single variable and treated it as the actual self-concept which refers to the entire way in which the individual sees the self in terms of self-evaluations and self-description (e.g., Birdwell, 1968; Green et

al., 1969; Grubb and Stern, 1971; Bellenger et al., 1976). In the dual self-constructs tradition, self-concept had conceptualization as having more than one component. Some investigators argued that treatment of self-concept must include two components – the actual self-concept and the ideal self-concept (e.g., Dolich, 1969; Delozier, 1971; Delozier and Tillman, 1972; Belch and Landon, 1977; Belch, 1978).

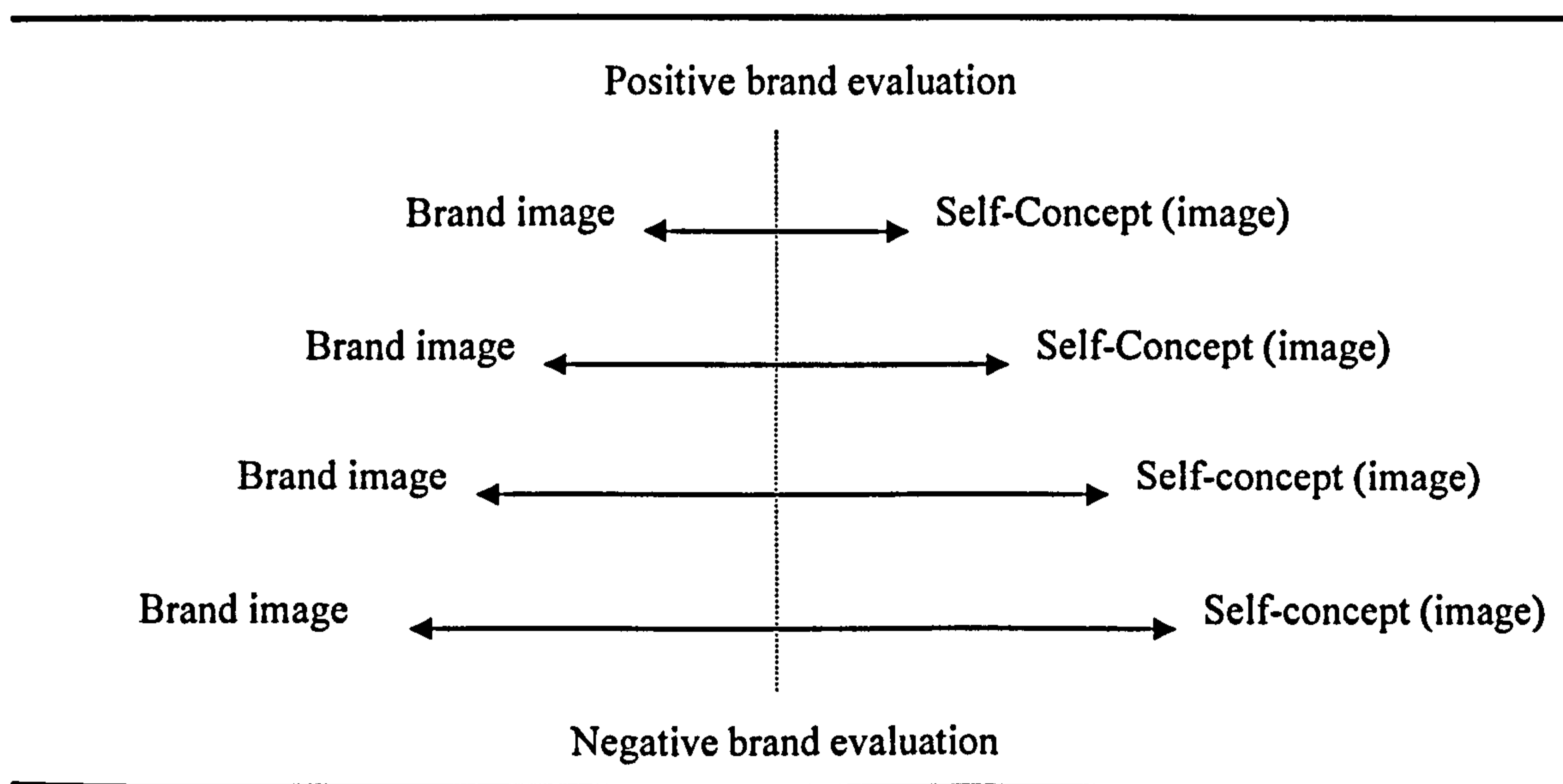
Other investigators went beyond the dimensional duality. Generally, consumer researchers used four aspects of self-concept in explaining and predicting consumers' behaviour (Sirgy and Su, 2000). Sirgy (1982) described four aspects of self-concept based on the individual's perspective: namely, actual self-concept, social self-concept, ideal self-concept, and ideal social self-concept. Actual self-concept is how a person perceives the self; whereas, social self-concept is how others see the individual. For example, a person may have a self-perception of being very friendly and modern; whereas others may perceive the individual as being as moderately friendly and somewhat traditional. Ideal self-concept is how a person would like self-perception to be at best; whereas the ideal social self-concept as how the individual would like to be perceived by others at best. Generally, an individual establishes an ideal self-concept as a reference point and compares it to an actual self-concept. A gap between the actual and ideal self-concepts stimulates the individual to strive for the ideal state (Hong and Zinkhan, 1995).

3.4.1.2 Theory of Self-Concept Congruence

In today's highly competitive business environment, a well positioned brand image is very important (Arnold, 1992). Marketers strive to create a brand images that are similar to (congruent with) the self-concepts of the target customers (Kapferer, 1992; Aaker and Biehl, 1993). Numerous studies have shown that one's self-concept affects purchase decisions, with research into the theory generally indicating that consumers have more favorable attitudes toward and are more likely to consummate purchases of products and brands perceived consistent with their own self-concepts (e.g., Sirgy, 1982; Onkvisit and Shaw, 1987; Malhotra, 1988; Graeff, 1996; Litvin and Goh, 2002).

Self-concept theory is the most relevant for marketers because it focuses on how an individual's self-concept affects purchasing behaviour. It recognizes that what people buy and own is a reflection of whom these people are (Assael, 1998). According to self-concept theory, people act in ways that maintain and enhance their self-concepts. One important way people maintain and enhance their self-concepts is through the products or brands they purchase and use. Accordingly, a consumer's self-concept (self-image) is defined, maintained, and enhanced through the products or brands they purchase and use. Consumers achieve self-consistency by holding positive attitudes toward, and purchasing brands that are perceived to be similar to their self-concepts. The self-concept congruence hypothesis states that consumers should have favorable attitudes and purchase intentions towards brands perceived to be congruent with their self-concepts. The more similar a consumer's self-concept is to the brand's image, the more favorable the evaluation of that brand should be (Graeff, 1996). This relationship between self-concept congruence (between brand image and self-concept) and consumers' brand evaluations appears in Figure 3.3.

Figure 3.3: Self-Concept Congruence Hypothesis



Source: Graeff (1996, p.6)

Two principles govern self-concept theory: the desire to attain self-consistency and the desire to enhance one's self-esteem (Assael, 1998). Buying products or brands that

consumers perceive to be similar to their self-concepts achieves self-consistency. Consumers choose products or brands because of the perceived consistency with the consumers' actual self-concepts, while other purchases help reach the standard set by the ideal self-concept. That is, congruence occurs between product or brand and self-concept (Solomon et al., 2002). The ideal self-concept relates to one's self-esteem. People tend to see themselves by how other people come to know and expect them to be. Self-esteem is the extent to which people approve of and accept themselves, and their feelings of self-respect (Mullins, 1996). The greater the difference between the actual self-concept and ideal self-concept, the lower an individual's self-esteem. Consumers' dissatisfaction with themselves could influence buying, particularly those products or brands that could enhance self-esteem. Such actions would enhance their self-esteem by drawing them closer to their ideal self-concept (Assael, 1998).

The desire for both self-consistency and self-esteem could conflict. Consumers who buy in accordance with their actual self-concept may be achieving consistency but may not be enhancing self-esteem. Generally, consumers buy products or brands that conform to their actual self-concepts. But if they have low self-esteem (that is, the presence of greater disparity between the actual and ideal self-concepts), they are more likely to buy based on what they would like to be rather than on what they are (Assael, 1998). Buying to achieve an unrealizable self-concept can lead to compulsive purchasing behaviour. Frequent purchasing is a means of overcoming the discrepancy between the real and ideal self-concept and relieving a sense of low self-esteem (Hanley and Wilhelm, 1992).

Sirgy (1982) conducted an extensive review of the literature and research of the self-concept theory. A specific value-laden self-concept (image) interacts with a corresponding value-laden product or brand image perception, and the result occurs in the following forms: positive self-congruence (comparison between a positive self-concept and a positive product or brand image), positive self-incongruence (comparison between a negative self-concept and a positive product or brand image), negative self-congruence (comparison between a negative self-concept and a negative product or brand image), and negative self-incongruence (comparison between a positive self-concept and a negative product or brand

image). Table 3.3 shows that the different self-concept/product or brand image congruence states influence purchase motivation differently.

Table 3.3: Effects of Self-Esteem and Self-Consistency Motives on Purchase Motivation/Intention

Self-Concept & Product/Brand Image (image)	Product/Brand Image	Result in	Self-image/Product-image congruence	Mediating Factors		Purchase Motivation
				Self-esteem motivation	Self-consistency Motivation	
				Leading to		
positive	positive		positive self-congruence	approach	+ approach	approach purchase motivation
negative	positive		positive self-incongruence	approach	+ avoidance	conflict
negative	negative		negative self-congruence	avoidance	+ approach	conflict
positive	negative		negative self-incongruence	avoidance	+ avoidance	avoidance purchase motivation

Source: Adapted from Sirgy (1982, p.290)

As shown in Table 3.3, positive self-congruence determines the strongest level of purchase motivation, followed by positive self-incongruence, negative self-congruence, and negative self-incongruence, respectively. In a positive self-congruence state, the customer feels highly motivated toward purchasing the product, mainly due to its self-esteem and self-consistency effects. The customer expects to increase self-esteem by purchasing the product. In the positive self-incongruence and the negative self-congruence states, the consumer may experience a conflict between self-esteem and self-consistency. In the negative self-incongruence condition, the customer has a negative attitude toward the product and will not purchase the product because it does not satisfy self-esteem and self-consistency motivations. Therefore, the resultant motivational state toward a given product is the net effect of the motivational state arising from need for self-esteem and self-consistency (Sirgy, 1982).

3.4.1.3 Measurements of Self-Concept Congruence

Different methods of measuring self-concept congruence have had wide testing among many researchers (Back, 2005). However, two methods of measuring self-concept congruence are primary. The traditional method of measuring self-concept congruence has its basis in tapping the respondent's perception of a product-concept (e.g., restaurant, hotel, retail shop) and the respondent's perception of self-concept in relation to the product-concept. Then, a discrepancy with each image dimension is mathematically computed, and the discrepancy scores are summed across all dimensions (Sirgy and Su, 2000). Indeed, most studies in consumer self-concept research measured self-concept congruence by using some kind of mathematical discrepancy index between customer self-concept and product-concept (Sirgy et al., 1997).

Although the traditional method for measuring self-concept congruence has most common employment, it has received a number of criticisms (Peter et al., 1993). Sirgy et al. (1997) identified methodological problems inherent in the discrepancy score measure of self-concept congruence. First is a problem with the use of the discrepancy score which resulted in inflated reliability scores, systematic correlations with their components, spurious correlations with other variables, questionable construct validity, and restricted variance (Sirgy et al., 1997). Second, the use of predetermined images forces an indication of congruence or incongruence with images that respondents may or may not associate with the product (Back, 2005). By having irrelevant image dimensions, the self-concept congruence score may have random errors in measurement (Chon, 1990). These problems relate, in part, to the assumption that self-concept congruence is a multidimensional, piecemeal process (Sirgy and Su, 2000).

After the analysis of the shortcomings of the traditional method, Sirgy et al. (1997) designed a new method to measure self-concept congruence. They argued that this revised method does not cue respondents to a specific image dimension. This new method cues respondents to conjure their own self-concept and guides them to indicate their global perception of the degree of match or mismatch between self-concept and product concept. In other words,

this measurement procedure captures self-concept congruence directly (not by measuring product concept separately) and globally (not by asking respondents to indicate their perception of self-concept congruence with predetermined images) (Sirgy et al., 1997). Figure 3.4 shows the different methods of measuring self-concept congruence.

Figure 3.4: Different Methods of Measuring Self-Concept Congruence

	Global Measures	Dimension-based Measures
Direct Measures	Problem-free	Problem: use of predetermined images
Indirect Measures	Problem: use of discrepancy scores	Problem: use of discrepancy scores and predetermined images

Source: Sirgy et al. (1997, p.232)

As shown in Figure 3.4, the new method assumes that self-concept congruence is processed globally and directly, not dimensional-based or indirectly as the traditional method assumed. In comparing the predictive validity of the new method with that of the traditional method, the new method appeared to be more predictive of various consumer behaviours and attitudes across six different studies. These findings were consistent across a variety of goods and services, across different consumer populations, and across different consumption settings (Sirgy and Su, 2000). After consideration of the Sirgy et al. (1997) and Sirgy and Su’s (2000) research, a new method to measure self-concept congruence directly and globally is the choice for the present research.

3.4.2 Brand Identification

Many people are likely to express themselves and/or enhance themselves by selecting particular brands. The degree to which the brand expresses and enhances their identities is

determined by their levels of brand identification (Kim et al., 2001a). Brand identification has its basis in the brand's ability to act as a communication instrument allowing the consumer to manifest the desire to integrate or, on the contrary, to dissociate with the groups of individuals who constitute the closest social circle. Consumers positively value those brands that enjoy a good reputation among the groups to which they belong or aspire to belong (Long and Shiffman, 2000). A consumer's identification with a certain brand makes that consumer differentiate the brand from others (Kim et al., 2001a).

3.4.2.1 Social Identification Theory

Any possible link between customer and brand is the result of an investigation occurring through social identification theory developed in social psychology (Kim et al., 2001a). People use various factors to classify themselves as belonging to a specific group. This phenomenon, widely accepted as being rooted in social life, is commonly termed: social identification. In social psychology, social identification means that a person adopts an identity as a member of a society. Social identification implies that an individual perceives membership in the group and that the association helps to define what is important (Mael and Ashforth, 1992). In general, the stronger the relationship between the group and its members, the greater the willingness of individual members to engage in behaviours that support the group. This effect, a psychological orientation of the self such that individuals define themselves in terms of their group membership, appeared in a variety of studies on identification (Fisher and Wakefield, 1998). When a person identifies with group, a perceived sense of connectedness to the group arises and defines the individual in terms of the group. Here, a group includes a reference group; it includes not only a group to which people belong but also a group to which they aspire to belong (Bhattacharya et al., 1995).

Social identification theory has wide use in social psychology and has application mainly for organizational identification (Kim et al., 2001a). An expression of identification with an organization is a special type of social identification (e.g., Hogg and Abrams, 1988; Lau, 1989; Mael and Ashfoteh, 1992; Bhattacharya et al., 1995). Studies of organizational identification divide into two types: First is a group of studies on the antecedents of

organizational identification. Such studies examined considerations such as the degree of competition with other organizations, satisfaction level, organizational prestige, tenure, and contact frequency (Kim et al., 2001a). Second is a group of studies on the effect of organizational identification. Organizational researchers consistently demonstrated that the identification of members, such as employees or alumni, leads to increased member loyalty to the organization (Adler and Adler, 1987) and decreased turnover (O'Reilly and Chatman, 1986). For example, Mael and Ashforth (1992) found that alumni who identified more strongly with their alma maters donated more money and participated more frequently. Dutton et al. (1994) argued that a positive relationship exists between identification and group cooperation. Shamir (1990) proposed that identification has a positive effect on the willingness to contribute to collective work. However, all these studies investigated organizational identification, not brand identification (Kim et al., 2001a).

3.4.2.2 Social Identification Processes

Social identification is a universal human process, which occurs across the whole human spectrum. Apparently, a fundamental part of being human is that people perceive others as being either "us" or "them." The psychological process of identifying with social groups is a fundamental adaptive mechanism, used by all human beings. Three psychological mechanisms operate in the process of social identification: categorization, social comparison, and the need for positive self-esteem (Hayes, 1998).

Categorization

Categorization is a cognitive mechanism. People generally divide the social world into two distinct categories: us and them, referred to as social categorization. In short, they view other persons as belonging to either their own group (usually termed the in-group) or another group (the out-group). Such distinctions have their bases in many dimensions, including race, religion, sex, age, ethnic background, occupation, and so on (Baron and Byrne, 2002). Young people, children, mothers, football supporters, Europeans, Volvo drivers, golfers, doctors, eco-freaks: these are all social categories, and represent only a very few of the many possible ones. Moreover, any one person can belong to a number of

different social categories: the same person might be a mother, a European, a Volvo driver, a golfer, and a doctor. Social categories can complement one another such as children and mothers; they can overlap, or they might have no connection at all with one another (Hayes, 1998).

Social Comparison

Social comparison is more evaluative than categorizing. It concerns comparing one group with another. Social groups differ from one another in power and status, and those differences are tremendously important, and thus, indicate the third mechanism of social identification: the human tendency to seek positive sources for self-esteem (Hayes, 1998). Social identification rests on intergroup social comparisons that seek to confirm or to establish an in-group, favoring evaluative distinctiveness between in-group and out-group. The motivation is from an underlying need for self-esteem (Hogg and Terry, 2000).

Self-Esteem

Self-esteem is a motivational mechanism. People need to feel good about themselves, and people are highly motivated to obtain respect from other people. So the social status of a particular group is an important factor in social identification: people can become angry or defensive if someone criticizes a group to which the individual belongs, because respect for the group matters (Hayes, 1998). Sometimes, of course, people do not identify with the social group to which others belong. Instead, people try to separate themselves from other members of the group, or leave the group and join some other social group, instead. Whether people actually identify with the group to which they belong depends on what membership has to offer. According to Tajfel and Turner (1979), people will come to identify with their social group if it provides a source of positive self-esteem. Belonging to a group must provide some reason for pride in membership. If pride of membership is absent, leaving the group becomes an option, or, if extrication is impossible, distancing becomes an alternative (Hayes, 1998).

3.4.2.3 Consequences of Social Identification

The consequences of social identification have had thorough study by organizational researchers as noted earlier (e.g., O'Reilly and Chatman, 1986; Mael and Ashforth, 1992; Dutton et al., 1994). Understanding the bases for strong relationships between individuals and their groups is of fundamental interest to consumer researchers and marketers. Companies, charities, educational institutions, religious organizations, sports teams, musical bands, and special interest groups depend on the support of customers, members, fans, and patrons in order to survive and prosper (Fisher and Wakefield, 1998). Numerous studies showed that identification in the customer arena also leads to high brand loyalty, repeat customer purchases, and positive word-of-mouth recommendations. Peter and Olson (1993) noted that 94% of Harley-Davidson buyers would again buy a Harley-Davidson, and according to Aaker (1994), 95% of Saturn buyers said they would recommend the car and retailer to others. Other research found ethnic or racial identification to be an important factor affecting a variety of consumption behaviours (e.g., Deshpande et al., 1986; Williams and Qualls, 1989; Stayman and Deshpande, 1989; Webster, 1994).

Because identification provides important insights into individuals' willingness to support groups through their consumption behaviours, many companies always seek identification. Customers who identify with a specific brand usually remain loyal to all the brand's products and/or services, while loyal customers, who do not identify with the brand, are loyal only to the particular product and/or service they like (Fisher and Wakefield, 1998). Thus, companies want to acquire brand loyalty and repeat sales by building an underlying theme or program that enables consumers to identify with the brand. Some companies do this by sponsoring worthy causes/charities or developing policies that create differentiation from competitors. Other companies use direct strategies to develop brand identification among their consumers. Because customer identification with a brand can lead to a competitive advantage such as brand loyalty, repeat purchase, and positive word-of-mouth recommendations, many marketing researchers suggested that the customer identification with brand should be a topic for investigation (Ferreira, 1996).

3.4.3 Lifestyle

Surprisingly despite the notable level of lifestyle marketing activity, the literature on the topic is scant (Helman and Chernatony, 1999). O'Shaughnessy (1987) took the view that consumer buying follows an overall consumption system or lifestyle; that an aspiration for the good life generates goals, some of which result in demand for specific brands that contribute to the desired lifestyle. Consumers develop repeat buying patterns because they learn that particular brands are especially satisfying, or they come to form personal attachments to the brands. This may occur because the brand fits well into a particular lifestyle (Foxall et al., 1998). Thus, perhaps customer use of a brand is a means of improving lifestyle (Onkvisit and Shaw, 1987). However, the marketing studies focused more on lifestyle as a segmentation variable and a research technique (lifestyle analysis) rather than in the broader and more illuminating sense O'Shaughnessy used (Helman and Chernatony, 1999).

3.4.3.1 Brand as Reflection of Lifestyle

Lifestyle, in its widest sense, covers not only demographic characteristics, but also attitudes toward life, beliefs and aspirations (Brassington and Pettitt, 2003). Although no commonly accepted definition of lifestyle exists for all marketers, the term refers, in general, to a person's unique patterns of living as expressed by individual activities, interests and opinions, all of which characterize differences among consumers. Consumers' lifestyles reflect the patterns of time, spending and feelings that constitute the reality of much of how life unfolds: what consumers think is important and interesting, how they spend their time and money, and how they view themselves and the world (Foxall et al., 1998; Solomon, 2002). Table 3.4 shows the dimensions that define lifestyle.

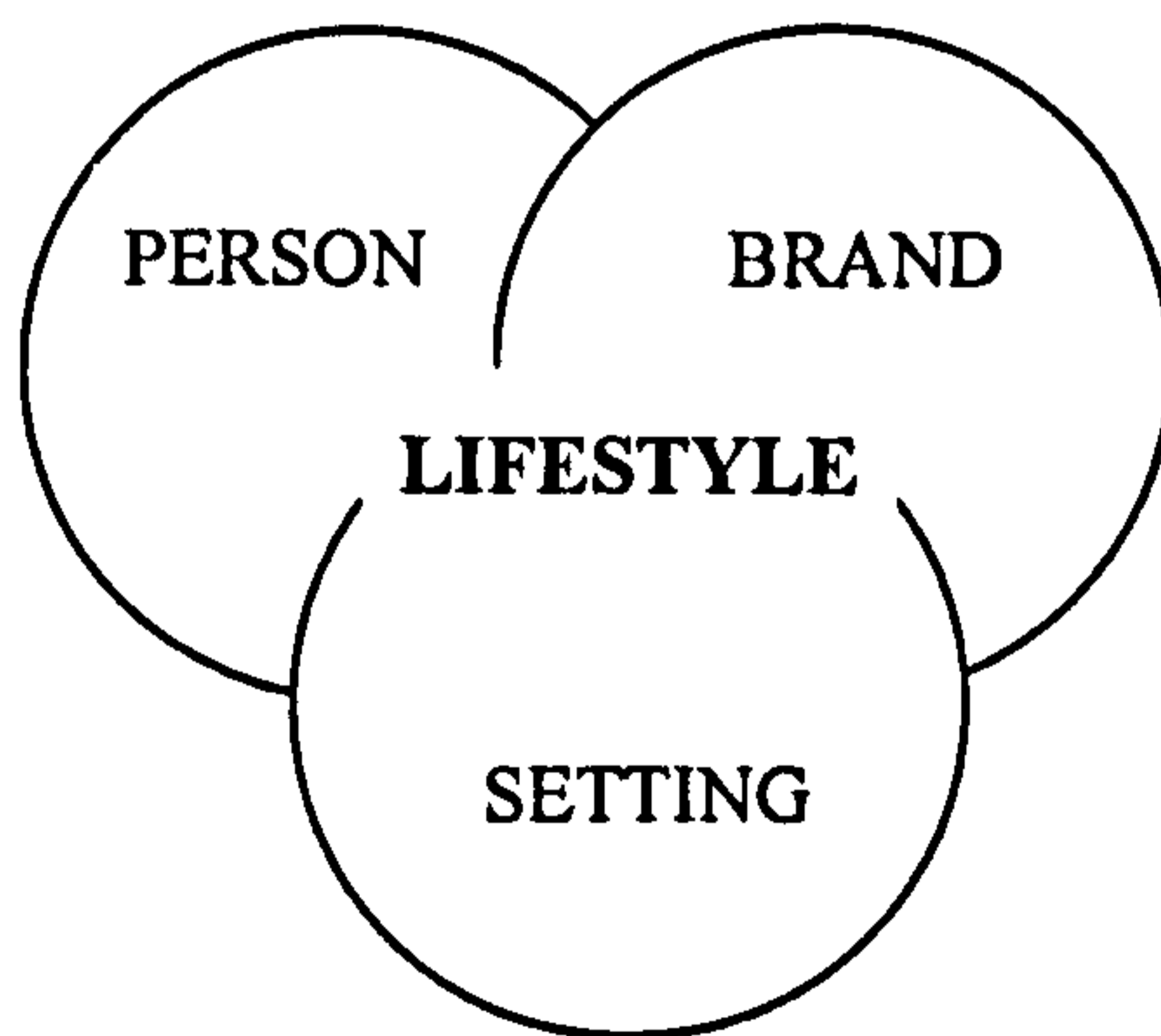
Table 3.4: Lifestyle Dimension

Activities	Interests	Opinion	Demographics
Work	Family	Themselves	Age
Hobbies	Home	Social issues	Education
Social events	Job	Politics	Income
Vacation	Community	Business	Occupation
Entertainment	Recreation	Economics	Family size
Club membership	Fashion	Education	Dwelling
Community	Food	Products	Geography
Shopping	Media	Future	City size
Sports	Achievements	Culture	Stage in life-cycle

Source: Adapted from Blackwell et al. (2006. p.279)

Solomon (2002) suggested that lifestyle consists of shared values or tastes, particularly those reflected in consumption patterns. He linked person, brand and settings to express lifestyle. The lifestyle brand comes with a social situation. People buy things that are associated with a lifestyle. Solomon (2002) believed that lifestyle is not simply allocating time and money, but rather, embracing the symbolic nuances that differentiate groups. Thus people, brand, and settings combine to express a certain lifestyle, as diagrammed in Figure 3.5.

Figure 3.5: Linkage Brands to Lifestyles



Source: Adapted from Solomon (2002, p.211)

Customers choose brands that help define a unique lifestyle because brands associate with a certain lifestyle. The adoption of a lifestyle marketing perspective implies that marketers must look at patterns of behaviour to understand consumers. Marketers can obtain a clearer picture of how people use brands to define lifestyles by examining how they make choices among a variety of brand categories. Therefore, an important part of lifestyle marketing is to identify the set of brands that seem to link the consumers' minds to a specific lifestyle, and then, attempt to position a brand by fitting it to the identified lifestyle (Solomon, 2002).

3.4.4 Perceived Quality

The perceived quality of a product or service is central to the theory that strong brands add value to consumers' purchase evaluations (Low and Lamb, 2000). Aaker (1996) and Zeithaml (1988) identified perceived quality as one of the key dimensions in usual associations with brand equity. Perceived quality is usually customers' perception or subjective judgment about a product's overall excellence or superiority (Zeithaml, 1988; Aaker and Jacobson, 1994). Personal product or service experiences, unique needs, and consumption situations may influence the consumer's subjective judgment of quality (Palmer, 2005). High perceived quality means that, through the long-term experience related to the brand, consumers recognize the differentiation and superiority of the brand. Perceived high quality drives a consumer to choose the brand rather than to other competing brands. Thus, the degree of perceived quality drives brand equity increases (Yoo et al., 2000).

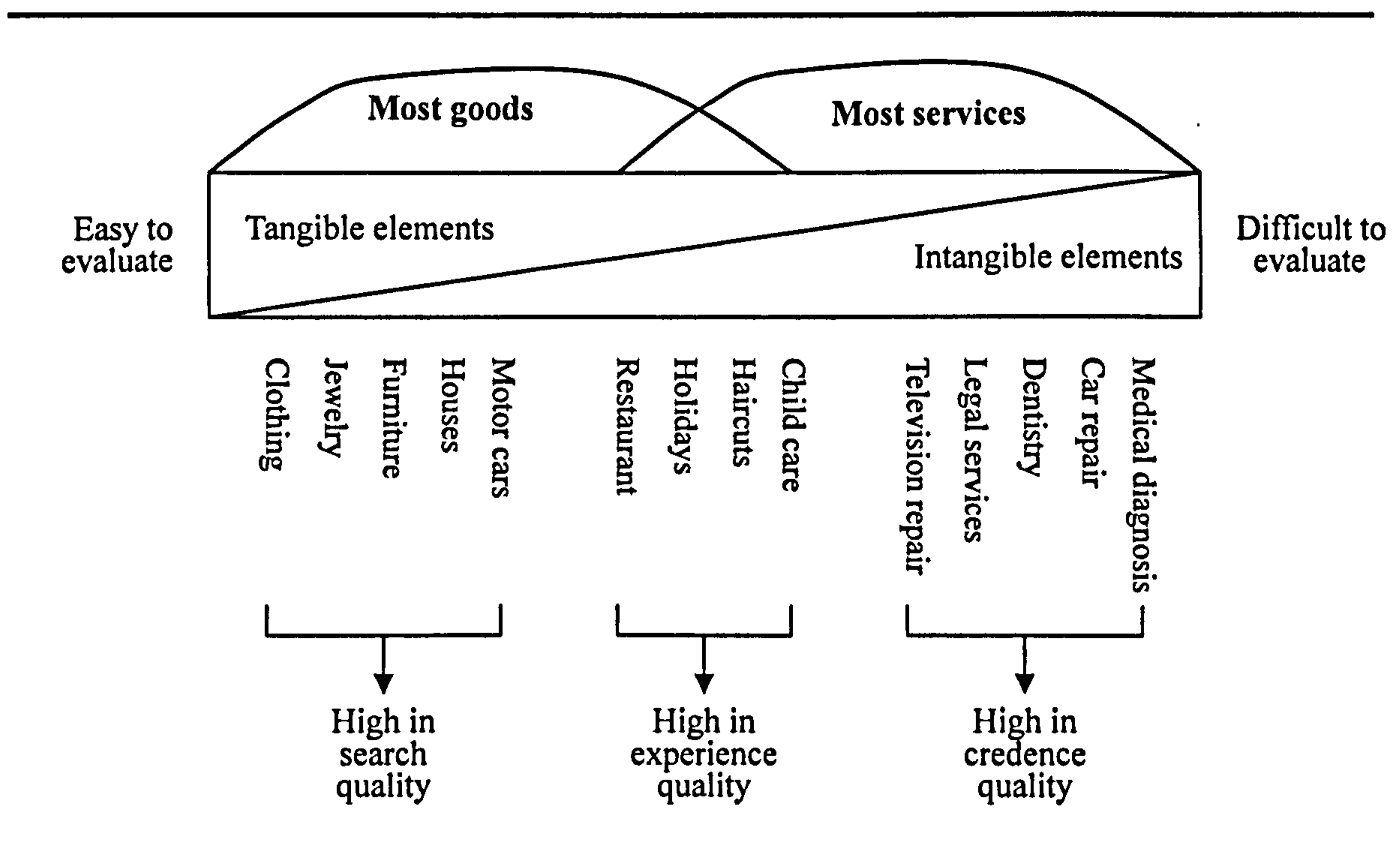
3.4.4.1 Perceived Quality in the Context of Service

Perceived quality is an elusive and indistinct construct. Consumers expect quality today more than ever before (Bamert and Wehrli, 2005). For companies offering good quality, the result often means differentiation from competitors. In other words, quality is an accepted competitive weapon (Parasuraman et al., 1985). The importance of perceived quality to business performance has been established both in a service context (e.g., Bowen and

Shoemaker, 1998; Pizam and Ellis, 1999) and in broader business contexts (e.g., Zeithaml et al., 1996; Bloemer et al., 1999). Especially, delivering perceived, high quality is an essential strategy for success and survival in today’s competitive service environment contexts (Saleh and Ryan, 1991).

Generally, attempts at defining quality have largely come from the manufacturing sector. However, knowledge about product quality is insufficient for understanding service quality. Perceived quality in the context of service is different from product quality because of the unique characteristics of service such as intangibility, variability, perishability and inseparability (Walker, 1995). Figure 3.6 shows the goods and services continuum ranging from tangible to intangible.

Figure 3.6: Goods and Service Continuum



Source: Walker (1995, p.6)

As shown in the Figure 3.6, most services are high in experience and credence quality, while goods are high in search quality. Search qualities are those that a consumer can evaluate prior to purchasing; experience qualities are those that can be evaluated only after purchase or during use, and credence qualities are those that consumers have difficulty

evaluating even after purchase and consumption. Because most services primarily contain experience and credence qualities, service quality is more difficult to evaluate than product quality (Walker, 1995).

3.4.4.1.1 Conceptualization of Service Quality

For a long time, service quality has been a subject of interest in business management (Martinez Caro and Martinez Garcia, 2007). Especially, interest in measurement of service quality is understandably high and delivery of higher levels of service quality is the increasingly offered strategy as key to service providers' efforts to position themselves more effectively in the marketplace (Cronin and Taylor, 1992). However, unlike product quality, which can be measured objectively by tangible indicators, such as durability and number of defects (Crosby, 1979; Garvin, 1983), service quality is an abstract and elusive construct because of its inherent characteristics that are difficult to measure (Parasuraman et al., 1985; 1988). Kurtz and Clow (1998) also argued that service quality is more difficult to evaluate than product quality.

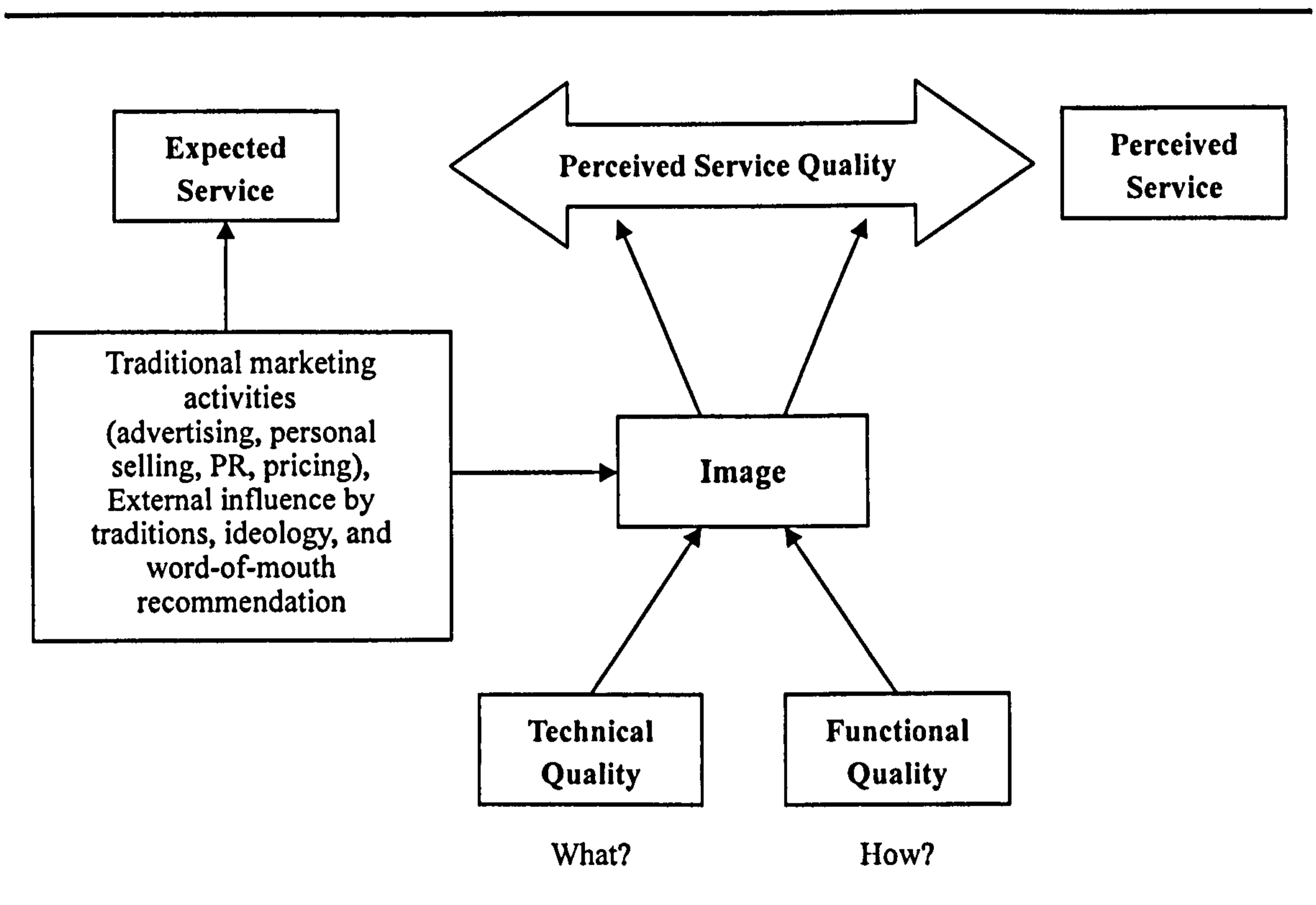
Given the complex nature of service quality, unsurprisingly divergent views exist for the best way to conceptualize and measure it (Palmer, 2005). Although the literature on service quality suggested a lack of consensus for conceptualizing or operationalizing perceived service quality (Cronin and Taylor, 1992; Rust and Oliver, 1994), generally, two different perspectives have been adopted regarding this issue: disconfirmation and performance-only approaches (Martinez Caro and Martinez Garcia, 2007).

The first perspective suggests that perceived service quality has its basis in the disconfirmation paradigm. Service quality is a comparison between consumers' expectations and their perceptions of the service actually received (Martinez Caro and Martinez Garcia, 2007). Using the disconfirmation paradigm has merit, because the measurement of expectations and perceptions separately provides managers or practitioners with better understanding of the dynamics of customers' assessments of service quality, over time. This permits quality evaluators, during a prescribed time period, to have close

control over the changing patterns of both expectations and perceptions of service quality (Parasuraman et al., 1993).

According to this approach, Gronroos (1984) developed the Nordic model. This model contended that perceived quality is essentially a function of expected service and perceived performance (Madanoglu, 2004). Figure 3.7 shows the Nordic model developed by Gronroos (1984).

Figure 3.7: Gronroos’s Nordic Model



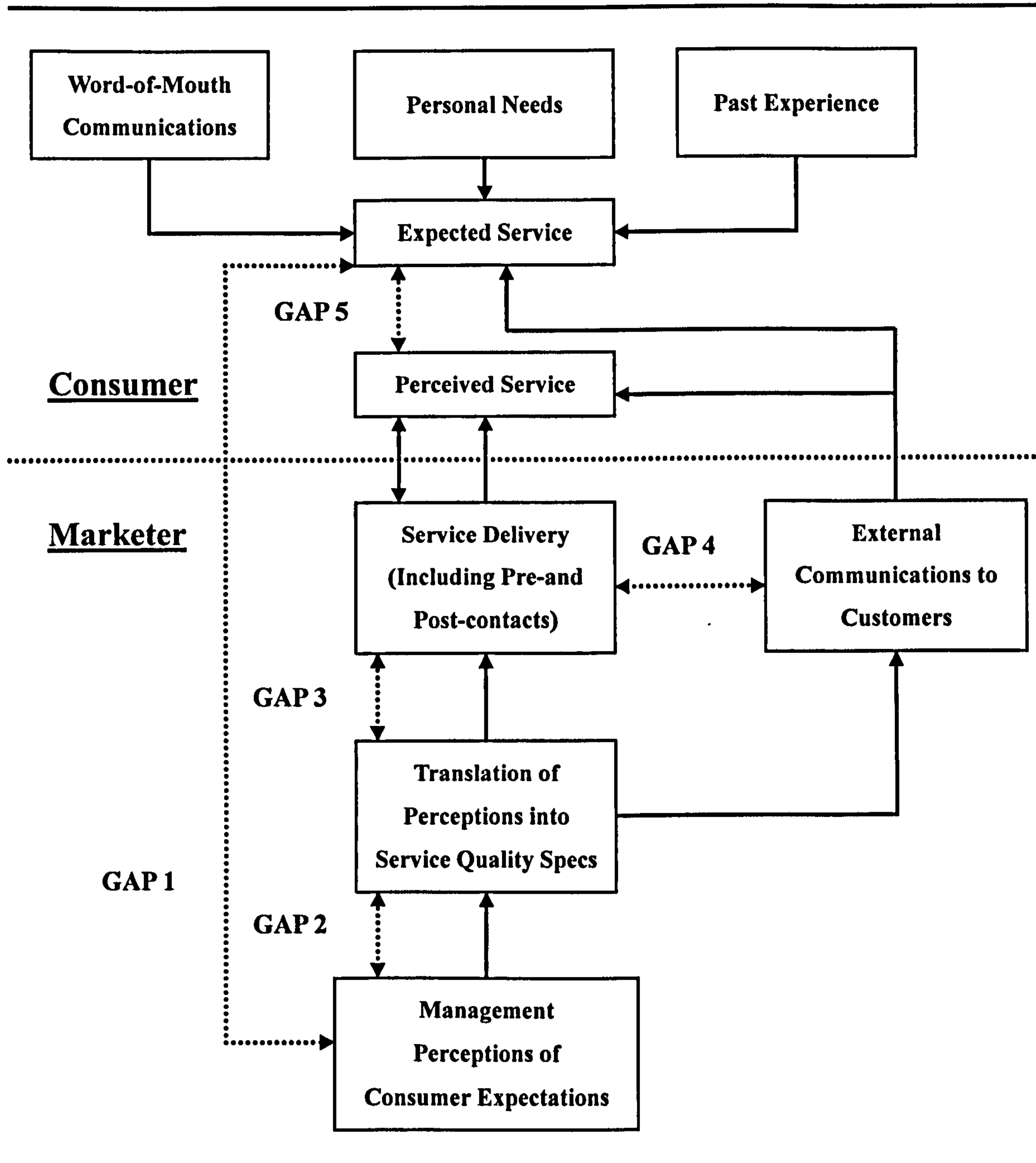
Source: Gronroos (1984, p.40)

As shown in Figure 3.7, Gronroos (1984) identified two dimensions in service quality. The first dimension is technical quality that refers to the outcome of the service performance; the second dimension is functional quality that refers to the subjective perception of delivery of the service. These two dimensions influence the image of the service provider. This image is important to most types of services because it can affect the perceived service quality in various ways; it can be thought of as a filter of perceived quality. This model

conceives service quality as the mixture of service delivery activities, service itself, and image, and emphasizes the comparison between expected service and perceived service when estimating the standard for service quality. Perceived service quality is not a straight sum of technical and functional quality; rather, in this model, it concerns the differences between expected and perceived service quality (Gronroos, 1990).

Moreover, based on the disconfirmation paradigm, Parasuraman et al. (1988) developed the SERVQUAL scale, in which service quality is the result obtained from completing a comparison between expectations and perceptions of performance. The SERVQUAL scale is based on the so-called gap model of service quality. The central idea in this model is that service quality is a function of the different scores or gaps between expectations and perceptions (Parasuraman et al., 1985). Figure 3.8 shows the gaps model for service quality.

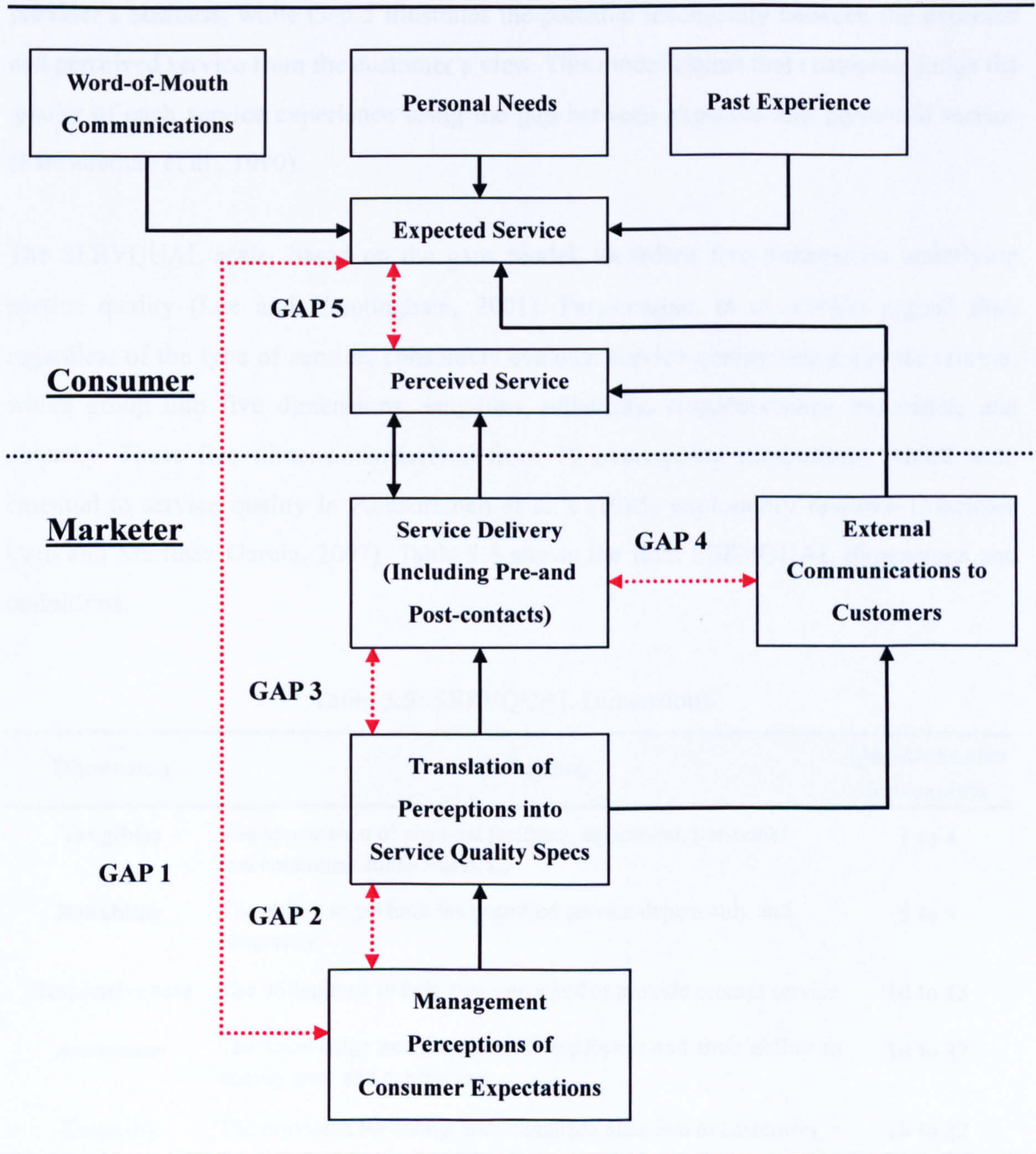
Figure 3.8: Gaps Model of Service Quality



Source: Parasuraman et al. (1985, p.44)

The gaps model of service quality identifies or explains the causes of service quality problems and customer dissatisfaction. The model helps find possible sources for quality problems through the identification of five possible discrepancies among the components of the basic structure, called quality gaps (Ingram and Daskalakis, 1999). According to Parasuraman et al. (1985), the causes of these five quality gaps are inconsistencies in the

Figure 3.8: Gaps Model of Service Quality



Source: Parasuraman et al. (1985, p.44)

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quality management process. Gaps 1 through 4 relate to shortages within the service provider's business, while Gap 5 illustrates the potential incongruity between the expected and perceived service from the customer's view. This model claims that customers judge the quality of each service experience using the gap between expected and perceived service (Parasuraman et al., 1990).

The SERVQUAL scale, based on the gaps model, identified five dimensions underlying service quality (Lee and Cunningham, 2001). Parasuraman et al. (1988) argued that, regardless of the type of service, consumers evaluate service quality using similar criteria, which group into five dimensions: tangibles, reliability, responsiveness, assurance, and empathy. These five dimensions derived from 10 overlapping dimensions, which were essential to service quality in Parasuraman et al.'s (1985) exploratory research (Martinez Caro and Martinez Garcia, 2007). Table 3.5 shows the final SERVQUAL dimensions and definitions.

Table 3.5: SERVQUAL Dimensions

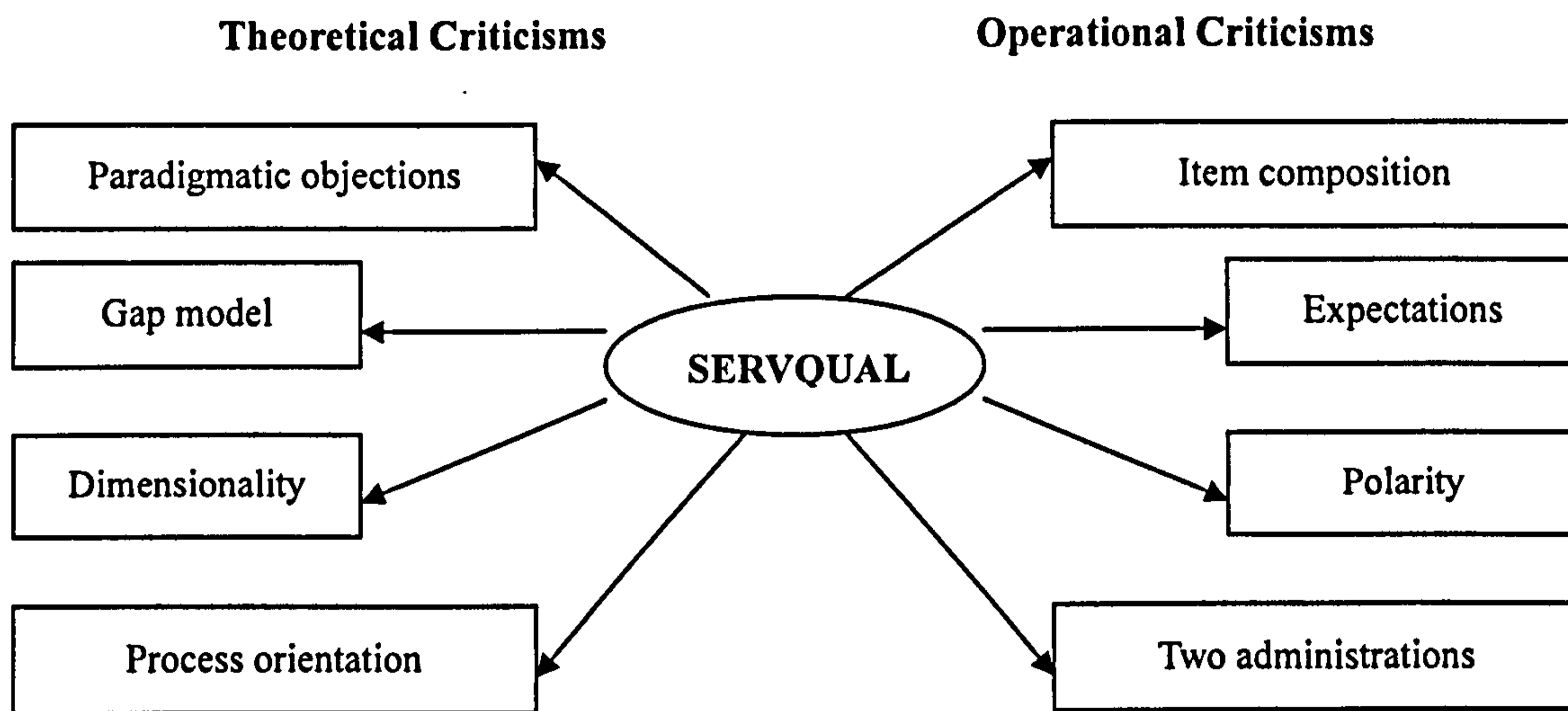
Dimension	Definition	Questionnaire Statements
Tangibles	The appearance of physical facilities, equipment, personnel and communications materials	1 to 4
Reliability	The ability to perform the promised service dependably and accurately	5 to 9
Responsiveness	The willingness to help customers and to provide prompt service	10 to 13
Assurance	The knowledge and courtesy of employees and their ability to convey trust and confidence	14 to 17
Empathy	The provision for caring, individualized attention to customers	18 to 22

Source: Williams (1998, p.101)

SERVQUAL can be considered one of the most useful tools for measuring service quality in many service industries (Lewis, 1993). SERVQUAL is a concise scale, easy to use by managers, and regarded as a standard by other service researchers (Llosa et al., 1998). The scale has had replication in numerous service classifications in order to assess its general

applicability (Hudson et al., 2004). Although both academics and practitioners have broadly utilized SERVQUAL since its inception in the mid-1980s, unresolved issues remain concerning the theoretical and operational structure of the SERVQUAL scale (Kozak et al., 2003). Figure 3.9 shows theoretical and operational criticisms of SERVQUAL.

Figure 3.9: Criticisms of SERVQUAL



Source: Adapted from Buttle (1996, pp.10-11)

As shown in Figure 3.9, after reviewing the related literature, Buttle (1996) made the case for theoretical and operational criticisms:

(1) Theoretical Criticisms

Paradigmatic objections

SERVQUAL is unwisely based on a disconfirmation paradigm rather than an attitudinal paradigm. Furthermore, SERVQUAL fails to draw on established economic, statistical, and psychological theory (Buttle, 1996).

Gaps model

Little evidence exists to support that customers estimate service quality in terms of P-E gaps. The difference between the perceived level of service (P) and the expected level of service (E) is calculated in order to estimate the gap between them (Buttle, 1996). Babakus and

Boller (1992) suggested that the use of different scores in multivariate analysis may suffer from low reliability and validity, and these scores do not provide information beyond what is already contained in the perception component of the SERVQUAL scale.

Dimensionality

Much important criticism concerns dimensionality in the SERVQUAL scale. The most serious is the number of dimensions and lack of stability from context to context. The five dimensions are not universal. The number of dimensions comprising service quality is context-dependent and a high degree of correlation exists among the five SERVQUAL dimensions. Thus, precise discrimination is lacking (Buttle, 1996).

Process orientation

SERVQUAL focuses on the process of service delivery, not the results of the service encounter. Critics argued that the result of the service encounter is missing from the Parasuraman et al. (1985) formulation of service quality (Richard and Allaway, 1993).

(2) Operational Criticisms

Item composition

Four or five items can not capture the variability within each service quality dimension. As a result, researchers sometimes used more than the 22 items for the SERVQUAL construct in their studies. For example, Carman (1990) used 40 items in hospitality service research and the Saleh and Ryan's (1991) study for the hospitality industry used 33 items.

Expectations

The term expectation has a number of meanings. Customers use standards other than expectations to estimate service quality, and SERVQUAL fails to include absolute service quality expectations. Teas (1993) suggested that respondents' interpretations of the expectation part of the SERVQUAL instrument are not controlled.

Polarity

The reverse polarity of items in the scale causes respondent error. Of the original 22 items

in the SERVQUAL scale, 13 have positive wordings and 9 have negative wordings. Parasuraman et al. (1988) used the negative items to reduce systematic responses. But this strategy seems to fluster respondents (Wason and Johnson-Laird, 1972).

Two administrations

The two-step design of the procedure can cause boredom and confusion. Bouman and Van Der Wiele (1992) suggested that respondents appear bored and often confused by the administration of expected and perceived versions of SERVQUAL. Boredom and confusion endanger data quality.

On the other hand, a second alternative perspective suggested that service quality should have measurement by a performance-only approach that focuses on customer perceptions rather than considering customer expectations together (Martinez Caro and Martinez Garcia, 2007). McDougall and Levesque (1994) proposed that including an expectation score on a service quality instrument may be unnecessary and inefficient. This is due to the fact that people tend to indicate consistently high expectation ratings and their perception scores rarely exceed their expectations (Babakus and Boller, 1992). This reasoning has given rise to the development of an alternative scale for SERVQUAL, such as SERVPERF (Cronin and Taylor, 1992).

Cronin and Taylor (1992) developed the SERVPERF model using the same 22 performance items from the Parasuraman et al. (1988) research. They posited that the performance only measure is a better means of measuring the service quality construct. This measure revealed more of the variance in an overall measure of service quality than did SERVQUAL. Brown et al. (1993) reported the same finding. They also indicated that a psychometrically superior assessment of service quality in terms of construct validity and operational efficacy is obtainable through performance only measure (Martinez Caro and Martinez Garcia, 2007). Although debate continues in the literature, over the inclusion of expectation in the measurement of service quality, the resulting, general agreement is that performance only measures are superior (e.g., Cronin and Taylor, 1994; Parasuraman et al., 1994; Teas, 1994). Therefore, the present research adopts a performance-only approach that focuses on

customer perception rather than considering customer expectation to measure perceived quality.

3.4.5 Brand Equity Research in the Hospitality Industry

Since brand is, apparently, a quick way for hospitality firms to identify and differentiate themselves in the minds of the customers, much research has been conducted regarding the branding phenomenon in the hospitality industry (Kim et al., 2003). However, relatively limited empirical research is forthcoming with respect to customer-based equity of service brands due to the fact that most studies focus on goods or have applied a non-altered framework to suggest brand equity value (Kim and Kim, 2005).

Muller and Woods (1994) made several proposals and suggestions regarding the importance of brand management rather than product management in the restaurant industry. They emphasized the need for a clear concept of “restaurant,” development of brand image, and dependability of brand name. Similarly, Muller (1998) stressed three key issues for service branding in order to build equity in the marketplace: quality products and services, an established, symbolic and evocative image, and execution of service delivery. He insisted that, through the combination of these three elements, in restaurant-brand development, the opportunity would come for charging premium prices and enhancing brand loyalty (Kim and Kim, 2005).

Cobb-Walgren et al. (1995) focused on a customer-based, perceptual measure of brand equity. This study employed the perceptual components of the Aaker’s (1991, 1996) dimension of brand equity: brand awareness, brand associations and perceived quality. Two sets of brands, from service categories (hotels) and from product categories (household cleansers), were the examples for examining the effect of brand equity on consumer preferences and purchase intentions. The key findings of this study indicated that the brand with the higher equity in each category generated significantly greater customer preference and purchase intentions.

Research by Prasad and Dev (2000) estimated brand equity in the lodging industry. They developed a customer-centric index of hotel brand equity considering customers as the source of all cash flow and resulting profits. Here, the customer-centric brand equity index is a measure for converting customers' awareness of a brand and their view of a brand's performance into numerical indices (Kim and Kim, 2005).

Kim and Kim (2005) examined the underlying dimensions of brand equity and how they affect firms' performances in the hospitality industry - in particular, luxury hotels and chain restaurants. The results of this empirical study indicated that brand loyalty, perceived quality, and brand image are important components of customer-based brand equity. Apparently, a positive relationship existed between the components of customer-based brand equity and the firms' performance in luxury hotels and chain restaurants.

Recently, Chen and Chang (2008) investigated the relationships between brand equity, switching costs, brand preference, and purchase intention in the airline industry. The findings not only revealed the effects of brand equity on brand preference and purchase intention, but also showed moderating effects of switching costs on the relationship between brand equity and purchase intention. More specifically, the effect of brand equity on purchase intention is significant in high-switching cost group, while the effect of brand equity on purchase intention is not significant in low-switching cost group.

3.5 Summary

This chapter deals with the concept of brand equity which, over the last several decades has been the subject of many studies. Previous research has defined brand equity variously reflecting different scholar's perspectives, but a basic consensus on the concept of brand equity remains. The agreement is that brand equity is the value added to the product or service by the name of a brand. The first part of this chapter outlines and discusses the meaning of a brand by identifying the difference between a brand and a product followed by the introduction of the various definitions of a brand from previous literature. The second

part of the chapter considers three different perspectives relating to brand equity: customer-, financial-, and comprehensive-based perspectives. Although a financial perspective may offer a more precise insight into the value of a brand, it may not be useful for managers' development of marketing strategies because the financial perspective is only limited to a brand's value estimation. The customer-based perspective is more practical in the sense that the information offers a strategic vision of customers' behaviour and a brand manager can develop brand strategies accordingly (Kim et al., 2008). In addition, within marketing literature, two different operationalizations of customer-based brand equity: perceptual and behavioural perspectives are delineated. Keller (2008) suggested that the behavioural perspective should be excluded from customer-based brand equity because consumers may be in the habit of buying a particular brand without really thinking much about why.

Therefore, the design of this research provides insights into the value of a brand by adopting the customer-based brand equity perspective and perceptual perspective. In particular, dimensions of brand equity, namely: self-concept, brand identification, lifestyle and perceived quality, are assumed to construct the context of customer-based brand equity, thereby leading to this study's review of the four dimensions in detail.

Finally, the chapter's last section provides a review of the existing brand equity research for the hospitality industry. While brand equity has emerged as one of the most important aspects of branding, studies which explain brand equity within the service industry, consideration of sector brands in the hospitality industry is conspicuously absent. However, no doubt remains that brand equity is a major source of competitive advantage for hospitality firms.

CHAPTER 4

CHAPTER FOUR

LITERATURE REVIEW III: THE ANTECEDENTS AND CONSEQUENCES OF BRAND EQUITY

4.1 Introduction

Since the term “brand equity” emerged in the 1980s, a burgeoning interest has arisen for the subject among marketing academicians and practitioners (Cobb-Walgren et al., 1995). However, researchers have focused primarily on defining and measuring the concept, and, to a lesser extent, understanding its antecedents and consequences. This chapter addresses both antecedents and consequences of brand equity. The first part of this chapter concerns personal values as an antecedent of brand equity. From the existing literature, it briefly defines the personal values, application to consumer behaviour and measurement. The second part of this chapter concerns consequences of brand equity such as brand loyalty. This part cites a wide body of literature about brand loyalty as a consequence of brand equity. It includes definitions, importance, typology, measurement and several critiques related to brand loyalty measurement. The final part of this chapter presents customer satisfaction and value for money literature involving the definitions and different types of evaluations.

4.2 Antecedents of Brand Equity

Personal values are generally the designated independent variables in the study of consumer behaviour and are accepted as powerful for exploration of, and as an influence on, consumer behaviour (Maio and Olson, 1994). Previous researchers held the personal values, explicit or implicit, function as grounds for behavioural decisions in general and consumer behaviours in particular (Homer and Kahle, 1988). However, Kahle (1980) argued that personal values have an indirect effect on consumer behaviour through less abstract mediating variables. In addition, the means-end chain model supports the associative links between personal values, less abstract variables and consumer behaviour. Thus, this research proposes personal values as a significant antecedent of brand equity.

4.2.1 Personal Values

Personal values research in consumer behaviour has received a substantial amount of attention from both academics and practitioners (Reynolds and Gutman, 1988). Even though the literature reflects an emerging interest, personal values do not have as wide application to direct examinations of consumer behaviour as might be expected. One reason is that personal values include broad-based concepts such as freedom, security, or inner harmony. However, because personal values drive much of consumer behaviour (at least in a very general sense), reasonably, therefore, virtually all consumer research ultimately relates to personal values (Solomon, 2002).

4.2.1.1 Definitions of Personal Values

The values concept is often the identifying factor for unknown or underlying variables in individual actions (Dibley and Baker, 2001). Values, understood to be intrinsic, lasting and relatively steady beliefs in an individual's life and defined as mental representations of needs, are an individual's general base for resolving conflict and decisions, and determining, regulating and modifying relationships between individuals, organizations and societies

(Lages and Fernandes, 2005). The intangible nature of personal values makes a definition difficult, and cognitive psychology provides a framework for exploration (Dibley and Baker, 2001).

Rokeach (1973, p.5) defined personal values as “an enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence.” Values are responsible for the selection and maintenance of the goals (or ends) toward which individuals strive, while simultaneously regulating the manner in which this striving takes place (Vinson et al., 1977). Grunert-Beckman and Askegaard (1997) suggested common acceptance for values being the point of intersection between individual and society because values help to know and understand the interpersonal world and guide the individual’s adaptation to surrounding conditions. According to Meglino and Ravlin (1998), values specify an individual’s personal beliefs: how one should or ought to behave in particular social environments.

Although a review of the literature on personal values yields a large number of definitions, five features are common to most. Accordingly, values are: (1) concepts or beliefs (2) about desirable end states or behaviours, (3) that transcend specific situations, (4) guide selection or evaluation of behaviour and events, and (5) rank according to relative importance. These five features describe the formal characteristics of personal values (Schwartz and Bilsky, 1987). Researchers described the nature and source of values as cognitive representations of three types of universal requirements: biologically based needs of the individual, socially based interactional needs for interpersonal coordination, and socially based institutional demands for group welfare and survival. Thus, values may be viewed at both individual (i.e., personal) and institutional (i.e., group) levels (Madrigo and Kahle, 1994). Rokeach (1973) noted that the latter are socially shared cognitive representations of group goals and demands, while the former are socially shared cognitive representations of personal needs and the means for satisfying them.

4.2.1.2 Applications of Personal Values to Consumer Behaviour

An accepted tenet is that personal values are powerful forces for governing the behaviour of individuals in all aspects of their lives (Rokeach, 1968; Yankelovich, 1981). As mentioned earlier, previous researchers held that values, explicit or implicit, function as grounds for behavioural decisions in general and consumption behaviours in particular (Homer and Kahle, 1988). Recent empirical studies provided some evidence that personal values may be useful in understanding behaviour as complex as the selection of a particular brand within a product class category (Pitts and Woodside, 1983). Using personal values in marketing plans and strategies could improve by relating consumers' behaviour with their values. Several attempts have tried to provide a theoretical and conceptual structure connecting personal values to consumers' behaviour (e.g., Young and Feigin, 1975; Howard, 1977; Vinson et al., 1977). These attempts subsume in the rubrics of means-end chain model and laddering (Gutman, 1982).

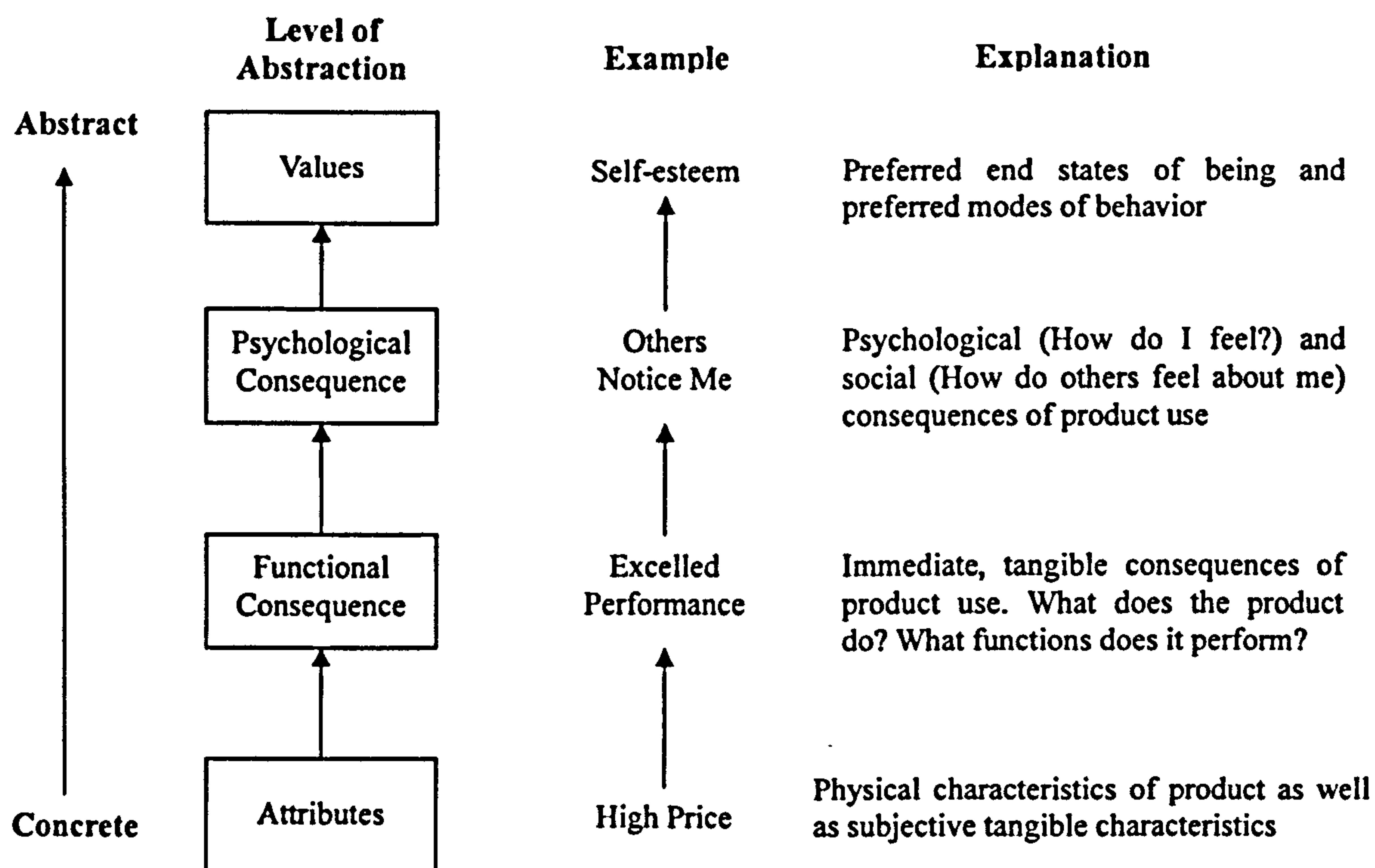
4.2.1.2.1 Means-End Chain Model

Gutman (1982) described the role of personal values in influencing consumer behaviour as a means-end chain model which is the connection between product attributes, consumer consequences, and personal values. Attributes are features or aspects of products or brands. Consequences accrue to people from consuming products or brands. These consequences may have undesirable or desirable benefits. The central aspect of the model is that consumers choose actions that produce desired consequences and minimize undesired consequences (Valette-Florence and Rapacchi, 1991).

The means-end chain model incorporates two fundamental assumptions about consumer behaviour: (1) that values, defined here as desirable end-states of existence, play a dominant role in guiding choice patterns, and (2) that people cope with the tremendous diversity of products or brands that are potential satisfiers of their values by grouping them into sets or classes so as to reduce the complexity of choice. In addition to these two assumptions about consumer behaviour that are essential to the particular form of the model, two other

assumptions are more general and posit that all consumers' actions have consequences, and that consumers learn to associate particular consequences with particular actions (Gutman, 1982). However, because the means-end chain contains consumers' personally relevant meanings for products and brands, the chain is unique to each consumer's background and personal interests. Thus, although some similarities exist, different consumers are likely to have different means-end chains for the same products or brands (Peter et al., 1999). Figure 4.1 presents four levels in the means-end chain and gives examples of each level.

Figure 4.1: Means-End Chain Model of Consumers' Product Knowledge



Source: Adapted from Peter et al. (1999, p.72)

As shown in Figure 4.1, the means-end chain model suggests consumer perceptions and product knowledge from a hierarchical organization that ranges from attributes to consumption consequences such as functional and psychological consequences to personal values (Young and Feigin, 1975; Gutman, 1982). This basic hierarchy starts with product attributes which have consumption consequences, each of which, in turn, supports one or

more important values in that person's life (Reynolds et al., 1995). Similar to the Hierarchy of Needs (Maslow, 1954), the means-end chain theory seeks to understand human actions - in this case purchase behaviour - as a method for satisfying different levels of needs. The means-end chain model suggests that concrete attributes link to self-relevance and more abstract associations (Wansink, 2003). In addition, the means-end chain model provides researchers with a theoretical framework used to assess how product or brand choices (at the subordinate level) lead to consumers' satisfaction of certain personal values (at the superordinate level). The model shows simple, associative links between four levels: product attributes leading to consequences or benefits such as functional and psychological consequences, which in turn, satisfy personal values (Dibley and Baker, 2001).

4.2.1.2.1.1 Laddering

Reynolds and Craddock (1988) applied the means-end chain model to the development of marketing strategies through a process they called laddering. Laddering refers to an in-depth, one-on-one interviewing technique to determine the links among product attributes, consumption consequences, and personal values (Valette-Florence and Rapacchi, 1991; Assael, 1998). Laddering consists of a series of directed probes based on distinctions mentioned by the consumers with respect to the product or brand. Consumers are helped to ascend the ladder through a series of probes that start with concrete product attributes and then uncover more abstract consumption consequences and even more abstract personal values (Assael, 1998).

The purpose of laddering is to elicit distinctions at higher levels of abstractions, thus uncovering the structural aspects of consumer knowledge as modeled by the means-end chain. In practice, a sequence of in-depth probes then traces the memory-network of connections or associations that eventually lead to personal values. This process, accomplished by some versions of the "Why is that important for you?" question, essentially uses the response at each level as the basis for the next probe. The final goal is to determine sets of links among the key perceptual elements across the range of: attributes, consequences, and values (Valette-Florence and Rapacchi, 1991).

Laddering is an effective method to evaluate and draw implications about the means-end chain model (Reynolds and Gengler, 1991). By identifying the connections between product attributes, consequences and values in the consumers' means-end chains, laddering helps managers understand the significance of product attributes to the consumer. Based on these consumer insights from the means-end chain model, marketing managers can develop more effective marketing strategies (Peter et al., 1999).

4.2.1.3 Measurements of Personal Values

For almost as long as personal values have been studied in consumer behaviour, methodology has been of interest to researchers (e.g., Rokeach, 1973; Vinson et al., 1977; Clawson and Vinson, 1978; Reynolds and Jolly, 1980; Kahle, 1983; Beatty et al., 1985; Munson and McQuarrie, 1988; Crosby et al., 1990). Clawson and Vinson (1978) implied that progress in methodological issues is crucial for understanding the relationship between consumer behaviour and personal values. The most widely used personal values inventories in consumer research are the Rokeach Value Survey (RVS), List of Values (LOV) and Value and Lifestyle (VALS).

4.2.1.3.1 Rokeach Value Survey (RVS)

The most commonly used instrument to measure personal values is Rokeach's (1973) value survey (RVS) (Munson and McQuarrie, 1988). The RVS consists of two lists of 18 items or values. One list contains values classified as terminal, ideal end-states of existence, and the other consists of instrumental values, ideal modes of behaviour (Pitts and Woodside, 1983). Table 4.1 shows the two types of values in the RVS.

Table 4.1: Two Types of Values in the Rokeach Value Survey (RVS)

Instrumental Values		Terminal Values	
Ambitious	Imaginative	A comfortable life	Inner harmony
Broad-minded	Independent	An exciting life	Mature love
Capable	Intellectual	A sense of accomplishment	Pleasure
Cheerful	Logical	A world at peace	National security
Clean	Loving	A world of beauty	Salvation
Courageous	Obedient	Equality	Self-respect
Forgiving	Polite	Family security	Social recognition
Helpful	Responsible	Freedom	True friendship
Honest	Self-controlled	Happiness	Wisdom

Source: Adapted from Bearden and Netemeyer (1999, pp.124-125)

As shown in Table 4.1, Rokeach (1973) differentiated between means and ends, and classified 36 values into two sets of 18: terminal values and instrumental values. Terminal values concern preferred end states of existence, such as happiness, security and accomplishment, while instrumental values concern modes of behaviour, such as being honest, courageous and broad-minded, which are effective in achieving those end states (Dibley and Baker, 2001). The instrument asks subjects to rank each set of values in order of importance as guiding principles in their lives (Madrigal and Kahle, 1994).

Much research has examined the RVS. For example, Munson and McQuarrie (1988) attempted to reduce the RVS to values most relevant to consumer behaviour and found three factors underlying the 24 consumer behaviour relevant values – “values to help fulfill adult responsibilities” factor, “values to help fulfill lifestyle goals” factor and “values to help relieve tension” factor. In another research, Crosby et al. (1990) found three dimensions for the instrument values: self-direction (9 items), conformity (5 items), and virtuousness (4 items) with composite reliability estimates of 0.87, 0.57 and 0.65, respectively, and three dimensions for the terminal values: self-actualization/hedonism (12 items), idealism (3 items), and security (3 items) with composite reliability of 0.62, 0.58 and 0.67, respectively (Bearden and Netemeyer, 1999).

Although the instrument has received criticism because of the difficulty associated with ranking so many items, the time required to complete the task, the impossibility of ties, and the lack of relevance of all values to daily life, considerable evidence exists for the RVS as an effective-value research instrument (Clawson and Vinson, 1978; Crosby et al., 1990). Especially, due to the problems involved with the ranking task, a number of studies in marketing have replaced the original ranking procedure with Likert-type scales (e.g., Vinson and Munson, 1976; Vinson et al., 1977; Reynolds and Jolly, 1980; Munson and McQuarrie, 1988; Crosby et al., 1990).

4.2.1.3.2 List of Values (LOV)

In response to criticisms of RVS, the more parsimonious List of Values (LOV) scale was developed and tested on a national probability sample (Veroff et al., 1981; Kahle, 1983). The LOV scale consists of nine values derived from Rokeach's (1973) list of terminal values: a sense of belonging, excitement, fun and enjoyment of life, self-fulfillment, being well respected, warm relationships with others, security, sense of accomplishment, and self-respect (Zins, 1998). Although based on the RVS, only sense of accomplishment and self-respect in the LOV scale are identical to RVS items. The choice of terminal values is due to their operation at a greater level of abstraction than instrumental values, and the terminal values appear to be more relevant to consumer behaviour (Howard, 1977; Pitts et al., 1991; Kamakura and Novak, 1992). Table 4.2 shows the List of Values.

Table 4.2: List of Values (LOV)

List of Values		
Self-fulfillment	Excitement	Sense of accomplishment
Self-respect	Sense of belonging	Being well respected
Security	Fun and enjoyment of life	Warm relationship with others

Source: Adapted from Bearden and Netemeyer (1999, p.117)

Several attempts offer to further condense the LOV items into a value system of fewer

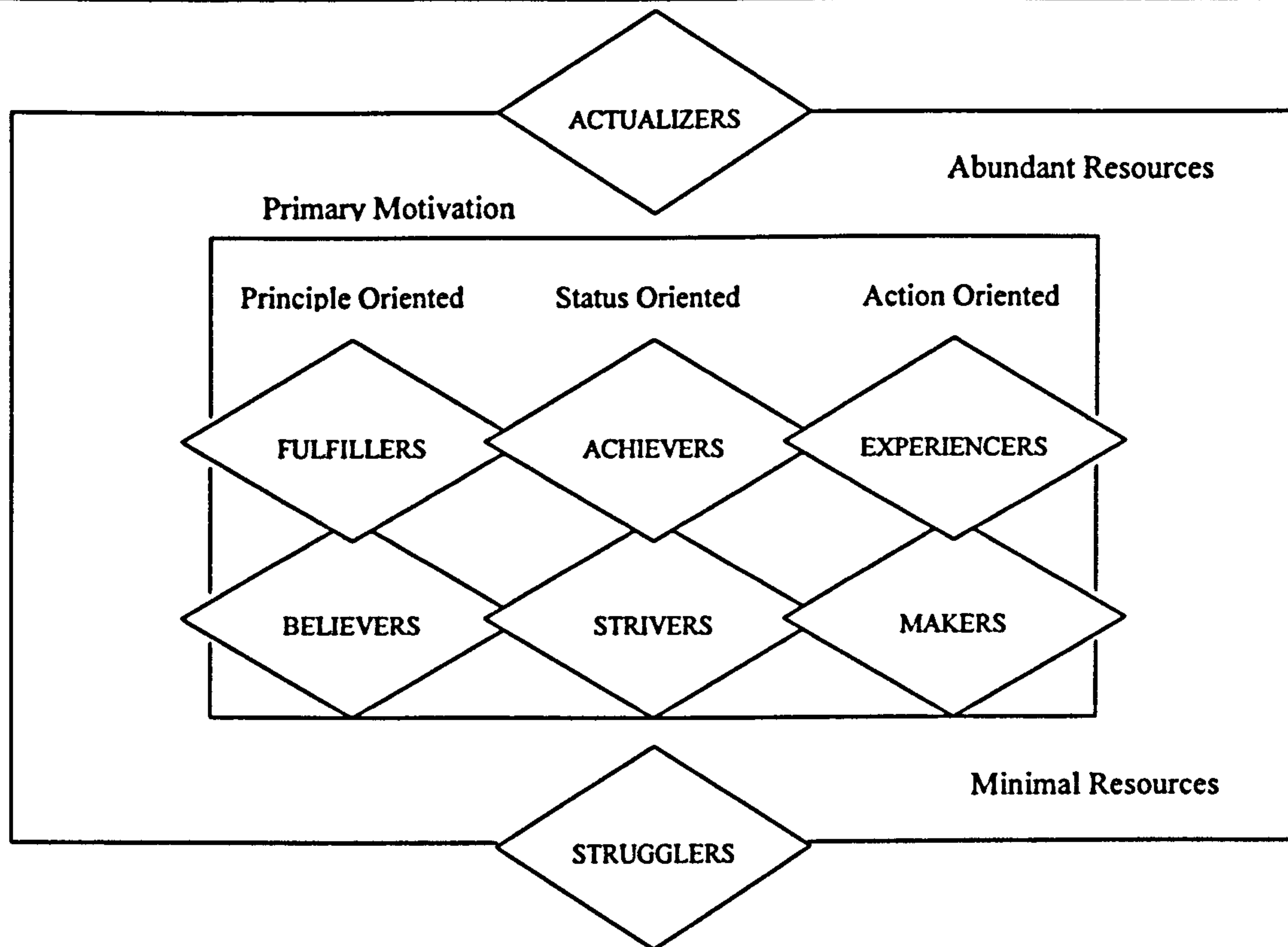
dimensions (Zins, 1998). According to Kahle (1983), the values of self-fulfillment, sense of accomplishment, fun and enjoyment of life, excitement, warm relationships with others and self-respect represent an internal orientation; whereas security, sense of belonging, and being well-respected reflect externally-oriented values. Internally-oriented individuals tend to be more self-motivated and believe that they are able to influence events and control outcomes in their lives. Externally-oriented individuals, on the other hand, tend to feel powerless and believe that forces outside of themselves determine solutions to problems (Madrigal, 1995).

Furthermore, LOV theory considers the importance of people in value fulfillment, which can occur through interpersonal relationships (warm relationships with others, sense of belonging), personal factors (self-respect, being well respected, self-fulfillment), or apersonal factors (sense of accomplishment, excitement, security, fun and enjoyment of life) (Chrysohoidis and Krystallis, 2005). However, Kahle et al. (1986) noted that the underlying structure may be contextual, thus factor loadings may vary slightly from one situation to the next.

4.2.1.3.3 Value and Lifestyle (VALS)

One of the more intriguing developments has been the Value and Lifestyle (VALS) methodology developed at SRI International by Mitchell (1983). The VALS (known as VALS 2 due to revision of the earlier VALS 1) began with Maslow's (1954) theoretical base of need hierarchy and the concept of social character (Kahle et al., 1986). The basis of VALS is from two key concepts: psychological attributes called orientations and key demographics dealing with resources. Resources encompass education, self-confidence, eagerness to buy and energy level, as well as income. Together orientation and resources are predictive of consumer buying behaviour, and VALS divides people into eight segments based on their answers to four demographic questions and 35 attitudinal statements (Morton, 1999). Figure 4.2 shows the VALS 2 segments.

Figure 4.2: VALS 2 Segments



Source: www.sric-bi.com/vals (2005)

As shown in Figure 4.2, VALS divides people into eight groups, each with distinctive characteristics: actualizers, fulfillers, achievers, experiencers, believers, strivers, makers and strugglers. The groups split on two dimensions. The vertical dimension represents consumers' resources. Actualizers have the most resources; strugglers the least. The horizontal dimension represents three different ways consumers see the world. The guides for principle-oriented consumers are their views of how the world is or should be and represent either fulfillers or believers. The opinions of others guide status-oriented consumers such as achievers and strivers. Action-oriented consumers, such as experiencers and makers, gain motivation from a desire for activity, variety, and risk taking. Of the two groups in each sector, one has abundant resources and another has minimal resources (Assael, 1998).

However, many of the specific questions in VALS have cultural bias aimed toward the US,

and previous research revealed that VALS relies heavily on demographic variables and does not relate to consumer behaviour as closely as do other systems such as RVS and LOV (Kahle and Kennedy, 1989). In addition, although many researchers have tested both RVS and LOV scales, the evidence that any one is better than the other is not very strong. One of the remaining debates of measuring personal values is whether to use RVS or LOV scales. From the previous research, both RVS and LOV scales have proven helpful as effective-value research instruments in understanding consumer behaviour (e.g., Vinson et al., 1977; Prakash and Munson, 1985; Beatty et al., 1985; Munson and McQuarrie, 1988; Madrigal and Kahle, 1994; Madrigal, 1995; Keng and Lui, 1997; Shim and Eastlick, 1998; Zins, 1998). Therefore, RVS and LOV are simultaneously adopted to measure personal values in the present research. Especially, this research adopts only instrumental values of RVS because LOV derives mainly from RVS's terminal values.

4.3 Consequences of Brand Equity

The issue of brand equity has emerged as one of the most critical areas for marketing management. Despite strong interest in the subject, little study exists which deals with what its precise consequences are (Cobb-Walgren et al., 1995). Among several consequences, a prominent one is brand loyalty. Providing customers with a strong brand is widely recognized as a means of improving brand loyalty (Johnson et al., 2006). Indeed, brand equity is commonly regarded as an important prerequisite for establishing brand loyalty. As brand loyalty is an essential goal of every hospitality business, developing a brand with strong equity has recognition as a major priority (Lassar et al., 1995; Hsieh, 2004). Thus, this research proposes brand loyalty as a significant consequence of brand equity.

4.3.1 Brand Loyalty

From a marketing strategy viewpoint, brand loyalty is a very important concept. Particularly in today's low-growth and highly competitive marketplace, the development and maintenance of brand loyalty occupies a place at the heart of companies' marketing

plans, and repeat patronization is often a more efficient strategy than one designed to attract new customers (Fournier and Yao, 1997). Retaining brand-loyal customers has become increasingly important in the hospitality industry because of the industry's highly competitive nature and its maturation in business life-cycles (Lewis and Chambers, 2000). Thus, practitioners and academics alike regard brand loyalty as strategic importance for a company's survival (Gounaris and Stathakopoulos, 2004).

Despite the amount of research on brand loyalty spanning the last three decades, neither a clear conceptual nor an operational understanding has been forthcoming (Bandyopadhyay and Martell, 2007). Plaguing brand loyalty research is the debate of whether or not to conceptualize and operationalize brand loyalty from an attitudinal or a behavioural perspective. Therefore, a consensus definition of brand loyalty remains elusive and vague (Peter et al., 1999).

4.3.1.1 What is Brand Loyalty?

Despite the many studies, previous research has been unable to contribute a clear conceptual understanding of brand loyalty (Bandyopadhyay and Martell, 2007). However, generally, brand loyalty is accepted as a two-dimensional construct (Day, 1969), comprising attitudinal brand loyalty and behavioural brand loyalty (Baldinger and Rubinson, 1996). Earlier research apprehended three approaches to brand loyalty in different ways: the behavioural approach which is purely behavioural, the attitudinal approach that considers loyalty as an attitude, and the composite approach that integrates both behavioural and attitudinal approaches (Odin et al., 2001).

4.3.1.1.1 Definitions of Brand Loyalty

Among academics and practitioners, little doubt exists that the concept of brand loyalty is of strategic importance for companies in order to obtain a sustainable competitive advantage. In spite of the numerous studies, the research paradigm is unique in its inability to produce a

generalized result, and has no consensus of definition and operationalization in marketing literature (Bandyopadhyay and Martell, 2007). For example, brand loyalty has various definitions: repeat purchase, preference, commitment, retention and allegiance. Furthermore, various aspects of brand loyalty, such as behavioural and attitudinal brand loyalty, further complicate the issue (Gounaris and Stathakopoulos, 2004). The consensus among researchers is that brand loyalty is a very complex construct. Evidence of this complexity is obvious from the lack of consistency in how brand loyalty has been defined (Javalgi and Moberg, 1997).

One group prefers to define brand loyalty in behavioural terms. For the defenders of the behavioural perspective: the individual who buys the same brand systematically is brand loyal (Odin et al., 2001). Behavioural definitions have their basis in the number of purchases for a particular brand (Bass, 1974; Tranberg and Hansen, 1986). Monitoring the frequency of purchases or the amount of brand switching among consumers in a product category measures the level of brand loyalty (Javalgi and Moberg, 1997). For instance, Hawkins et al. (1995) defined loyalty as consumers' actual behaviour to repeatedly purchase certain products or brands. Hammond et al. (1996) also defined behavioural brand loyalty as the customer's tendency to repurchase a brand as revealed through behaviour which directly impacts brand sales.

Another group defines brand loyalty from an attitudinal perspective which considers the psychological component of the commitment the consumer makes in the purchase act, without necessarily taking the effective purchase behaviour into account (e.g., Jacoby, 1971; Jarvis and Wilcox, 1976). Guest (1944) defined brand loyalty as the constancy of preference over a period of years in the life of the individual. Guest's (1944) "constancy of preference" idea coincided with the notion of attitudinal loyalty. Webber (1998) also maintained that brand loyalty is a strongly motivated and long standing decision to purchase a particular brand.

Many researchers express a need for the inclusion of attitude along with behaviour to define brand loyalty (Bandyopadhyay and Martell, 2007). Jacoby and Chestnut (1978) proposed

integration of the two notions of behaviour and attitude within the same conceptual definition. They are the first authors to propose a set of six necessary and collectively sufficient conditions. Accordingly, brand loyalty is: (1) the biased (i.e., nonrandom), (2) behavioural response (i.e., purchase), (3) expressed over time (4) by some decision making unit, (5) with respect to one or more alternative brands from of a set of such brands, and (6) functions from psychological (decision making, evaluative) processes. The authors stated that the evaluation process (the sixth condition) is what makes an individual develop a commitment to a brand. This notion of commitment, they argued, provides an essential basis of differentiating brand loyalty from other forms of repeat purchasing behaviour (Bandyopadhyay and Martell, 2007).

As mentioned previously, the common acknowledgement in the literature is that the majority of brand loyalties categorize as behavioural, attitudinal or composite, which implies that loyalty is a complex multi-dimensional concept (Day, 1969; Jacoby and Chestnut, 1978; Mellens et al., 1996; Baldinger and Rubinson, 1997; Farr and Hollis, 1997; Rundle-Thiele and Bennett, 2001). The following section presents three approaches to brand loyalty in detail: behavioural, attitudinal and composite approach.

4.3.1.1.1 Behavioural Approach to Brand Loyalty

Many researchers have defined brand loyalty strictly from a behavioural perspective with attention to consistent purchase behaviour of a specific brand over time (Bandyopadhyay and Martell, 2007). The defining element to brand loyalty is the consumer's overt purchase behaviour (Dekimpe et al., 1997). Thus, the common inference and definition are that brand loyalty is repeat purchase behaviour of a particular brand (Quester and Lim, 2003). Table 4.3 shows several examples of the behavioural definition researchers uses to describe brand loyalty.

Table 4.3: Examples of the Behavioural Definitions of Brand Loyalty

Author and Source	Behavioural Definitions
Cunningham (1956)	Single-brand loyalty is the proportion of total purchases represented by the largest single brand used. Dual-brand loyalty is the proportion of total purchases represented by the two largest single brands used.
Kuehn (1962)	Brand loyalty can be viewed as, at least in part, a function of the frequency and regularity with which a brand has been selected in the past.
Tucker (1964)	Brand loyalty is a biased choice behaviour with respect to branded merchandise.
Farley (1964)	Brand loyalty exists when a consumer selects the same brand for, at least, four successive trials.
Sheth (1968)	Brand loyalty is a function of a brand's relative frequency of purchase in both time-independent and time dependent situations.
Hawkins et al. (1995)	Brand loyalty is consumers' actual behaviour to repeatedly purchase certain brands.
Hammond et al. (1996)	Brand loyalty is the customer's tendency to repurchase a brand revealed through behaviour which can be measured and which impacts directly on brand sales.
LeClere and Little (1997)	Brand loyalty is the number of brands purchased in the previous year as a (negative) indicator of loyalty.

Many researchers' beliefs and their major assumptions are that repeat purchasing can capture the loyalty of a consumer towards the brand of interest. Thus, while some researchers observe purchasing patterns and made conclusions based on the proportion of purchases devoted to a particular brand (e.g., Cunningham, 1956; Blattberg and Sen, 1974), others focus on the purchase sequence (e.g., McConnell, 1968; Kahn et al., 1986).

However, behavioural approaches to brand loyalty have struggled, over the years, to (1) define brand loyalty - a complex multidimensional phenomenon - on a single behavioural dimension, and (2) distinguish between repeat purchase and brand loyalty (Jacoby and Kyner, 1973). Behavioural approaches do not allow distinguishing whether or not repeat buying is from habit, for situational reasons, or for more complex psychological reasons (Odin et al., 2001). Behavioural definitions are insufficient to explain how and why brand

loyalty is developed and modified in consumers' minds (Dick and Basu, 1994). The problem lies in the fact that the behavioural approach considers loyalty behaviour as being inherently inexplicable, or too complex to comprehend: the number of explanatory variables as well as their frequency of appearance makes any explanation of this behaviour impossible (Bass, 1974; McAlister and Pessemier, 1982). A major disadvantage of such a point of view arises: it implies an insurmountable difficulty for a company to influence repeat purchase behaviour, since this company has no definitive knowledge of the actual cause of loyalty (Odin et al., 2001).

Moreover, behavioural approaches to brand loyalty reflect only the convenience inherent in the repetitive and habitual behaviour rather than any real commitment to the brand purchased (Quester and Lim, 2003). Sharp et al. (2002) suggested that attitude is not relevant to determining brand loyalty. Their research is based purely on the notion that no true definition of brand loyalty exists, and that debating this topic is a waste of time. Habituals, as termed by Knox (1997), display only behavioural loyalty and are very likely to switch brands upon disruption of their routine purchase patterns. For habituals and/or spurious loyalists, the brand is not closely tied to the consumers' belief systems, so they can be easily attracted by a competing brand that offers a better deal, a coupon, or enhanced point-of-purchase visibility through displays. Therefore, the behavioural approach essentially fails to distinguish between habitual or spurious loyalty and true loyalty, and it may be misleading to infer brand loyalty from merely overt purchase behaviour (Quester and Lim, 2003).

4.3.1.1.1.2 Attitudinal Approach to Brand Loyalty

Responding to the need to define and explore brand loyalty in terms of its psychological dynamics (e.g., Jacoby, 1971; Jacoby and Kyner, 1973; Dick and Basu, 1994), attitudinal researchers emphasized the role of mental processes in building brand loyalty (Bennett and Rundle-Thiele, 2002). According to the attitudinal perspective, brand loyalty consists of a strong internal disposition towards a brand leading to repeated purchases (Gounaris and Stathakopoulos, 2004). Thus, in the attitudinal approach, based on brand preference, brand

commitment, or intention to buy, brand loyalty is an attempt on the part of consumers to go beyond overt behaviour and express their loyalties in terms of psychological commitments or statements of preference (Yoon and Uysal, 2005). Table 4.4 shows several examples of the attitudinal definitions used by researchers to describe brand loyalty.

Table 4.4: Examples of the Attitudinal Definitions of Brand Loyalty

Author and Source	Attitudinal Definitions
Guest (1944)	Brand loyalty is a consistency of preference over a period of years in the life of the individual.
Reynolds et al. (1974)	Brand loyalty is the tendency for a person to continue over time to exhibit similar attitude in situations similar to those previously encountered.
Abrams (1982)	Brand loyalty is being faithful to any one brand.
Elrod (1988)	Brand loyalty is fidelity or tenacious adherence to a brand.
Webber (1998)	Brand loyalty is a strongly motivated and long standing decision to purchase a particular product.

The main postulate of the attitudinal approach is the existence of a limited number of explanatory factors generating loyalty; the researcher can isolate these factors, and thus, can manipulate them. The researcher investigates the psychological commitment of the consumer in purchase without, necessarily, taking the effective purchase behaviour into account (Odin et al., 2001).

The psychological attachment or commitment that a consumer has towards a specific brand should undergo closer examination to provide a comprehensive understanding of brand loyalty. A richer understanding of brand loyalty in terms of its attitudinal constituents is very useful to marketers for selecting and developing their target markets as well as for developing loyalty-building and customer-retention strategies (Quester and Lim, 2003).

4.3.1.1.3 Composite Approach to Brand Loyalty

Many researchers have evaluated brand loyalty as encompassing both behavioural and attitudinal approaches and believe that behaviour alone does not reflect brand loyalty (Quester and Lim, 2003). Newman (1966) was first to challenge the approach of equating behaviour patterns with preferences to infer loyalty. Other researchers (e.g., Coulson, 1966; Day, 1969) highlighted the distinction between spurious loyalty as captured by the behavioural patterns and true loyalty that extends beyond the regular purchasing of a brand (Bandyopadhyay and Martell, 2007). Table 4.5 shows several examples of the composite definition used by researchers to describe brand loyalty.

Table 4.5: Examples of the Composite Definitions of Brand Loyalty

Author and Source	Composite Definitions
Jacoby and Kyner (1973)	Brand loyalty is the biased (i.e., nonrandom) behavioural response (i.e., purchase) expressed over time by some decision making unit with respect to one or more alternative brands out of a set of such brands, and is a function of psychological (decision making, evaluative) processes.
Wilkie(1994)	Brand loyalty is a favorable attitude toward, and consistent purchase of a particular brand.
Dick and Basu (1994)	Brand loyalty is the relationship between the relative attitude toward an entity (brand/service/store/vendor) and patronage behaviour.
Bloemer and Kasper (1995)	Brand loyalty not only concerns the behaviour of rebuying but also takes into account that actual behaviour's antecedents.
Oliver (1999)	Brand loyalty is a deeply held commitment to repurchase or repatronise a product or service, consistently, in the future, thereby causing repetitive same brand or same brand set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour.

In a similar vein, Baldinger and Rubinson (1996) expressed their belief that brand loyalty could be better understood by extending the behavioural definitions of loyalty so as to encompass attitudes (along with behaviour). Their premise is that classifying consumers behaviourally (in terms of their loyalty patterns) makes possible linking these behavioural segments to the underlying attitudes towards a brand.

4.3.1.1.2 Importance of Brand Loyalty

The success of a brand in the long term is not based on the number of consumers that buy it once, but on the number of consumers who become regular buyers of the brand (Jacoby and Chestnut, 1978, p.1).

This statement clearly illustrates the importance for companies to put emphasis on loyalty for their brands as a strategic marketing concept (Odin et al., 2001). Particularly in today's low-growth and highly competitive marketplace, retaining brand loyal consumers is critical for survival, and is often a more efficient strategy than attracting new customers (Rosenberg and Czepiel, 1983). Reichheld (1996) explained the advantages of brand loyalty:

Continues Profit

The advantages of customer loyalty are long-term and cumulative. The longer a customer remains loyal, the more profit a business receives from that single customer (Reichheld, 1996). Haywood (1989) stated that repeat patronage represents the backbone of all businesses.

Reduces Marketing Costs

Businesses must make investments in marketing, such as advertising, to attract new customers. Research shows that the cost of recruiting a new customer is five times more than the cost of retaining an existing customer (Reichheld and Sasser, 1990; Barsky, 1994). For loyal customers, these costs are eliminated and minimized (Reichheld, 1996).

Increases Per-customer Revenue Growth

Customer spending tends to increase over time. For example, a customer who repeatedly stays at the same hotel becomes more familiar with the hotel's full product line such as gift shops and banquet rooms. That customer will likely sample other product lines of the company, thus helping the company achieve a larger share of the customer's expenditures (Reichheld, 1996).

Decreases Operating Costs

For a loyal customer in a hotel, the front desk clerk does not need to spend time entering data into the computer, but instead retrieves the loyal customer's information for the existing database. Loyal customers' familiarity with the company's products makes them less dependent on its employees for information and service, thus decreasing servicing costs (Reichheld, 1996).

Increases Referrals

Loyal customers recommend businesses to friends and acquaintances. Referrals are a vital source for new customers, and customers who patronize on the strength of a personal recommendation tend to make quick purchase decisions (Reichheld, 1996).

Increases Price Premiums

Brand loyal customers pay more for a brand because they perceive some unique value in the brand that no other alternative can provide, and they are less likely to be lured away by a discount. Surveys stated that, on average, premium priced products earned 20% more than discount brands. Many people will pay more to stay in a hotel they know than to take a chance on a less expensive competitor (Reichheld, 1996).

Provides Competitive Advantage

As consumers become loyal to a brand, they become less sensitive to a price increases. Krishnamurthi and Raj (1991) demonstrated that brand-loyal consumers are less price sensitive as compared to non-brand loyal consumers. A company can maintain a higher price differentiation over the competition because of the product's ability to satisfy consumers' needs (Reichheld, 1996).

4.3.1.1.3 Typology of Brand Loyalty

Classifying loyalty has always been a contentious and difficult issue in research. Brand loyalty takes many different forms and these diverse types of classification have a variety of categorizations (e.g., Brown, 1952; Jacoby and Chestnut, 1978; Colombo and Morrison,

1989; Semon, 1993; Dick and Basu, 1994; Oliver, 1997; Gilbert, 1999).

Research conducted by Brown (1952), Colombo and Morrison (1989) and Gilbert (1999) proposed four types of brand loyalty according to purchasing sequence: hard core loyalty, soft core loyalty, shifting loyalty and switchers. In this model, hypothetically, the assumption is for five brands or five properties of brands from which consumers can choose: A, B, C, D and E. Table 4.6 shows types of loyalty, definition and purchasing sequences.

Table 4.6: Types of Brand Loyalty

Type	Definition	Sequence
Hardcore loyalty	Consumers who buy only one brand all the time	AAAAA
Soft core loyalty	Consumers who are loyal to two or three brands	ABABA
Shifting loyalty	Consumers who shift loyal from one brand to another	AACCC
Switchers	Consumers who show no loyalty to any brand	ABCDE

Source: Adapted from Gilbert (1999, p.242)

As Table 4.6 shows, hard core loyalists buy one brand all the time and demonstrate strong allegiance. They would, therefore, on five occasions, buy AAAAA, because they have undivided loyalty to the brand. Soft core loyalists are loyal to two or three brands. Thus, a buying pattern of ABABA represents a consumer whose loyalties are divided between two competing brands. Shifting loyalists vary their loyalty from one brand to another. The buying pattern AACCC suggests a consumer whose loyalty has shifted from one brand "A" to brand "C." Finally, switchers show no loyalty to any one brand. The pattern ABCDE suggests a switcher who is prone to buy when a deal offers an advantage, such as low-price offer, sales or extra benefits. They may also be variety shoppers seeking something different each time they purchase (Colombo and Morrison, 1989; Gilbert, 1999).

Dick and Basu (1994) suggested a typology of loyalty based on the cross classification of consumers' repeat patronage of a focal brand and relative attitude toward that brand: true

loyalty, latent loyalty, spurious loyalty and no loyalty. Attitude strength and attitudinal differentiation determines relative attitude (Javalgi and Moberg, 1997). Table 4.7 shows loyalty typology based on the attitude-behaviour relationship.

Table 4.7: Loyalty Typology Based on Attitude-Behaviour Relationship

Relative Attitude toward Focal Brand	Repeat Patronage of Focal Brand	
	High	Low
High	True Loyalty	Latent loyalty
Low	Spurious loyalty	No loyalty

Source: Dick and Basu (1994, p.101)

As Table 4.7 shows, high repeat patronage and high relative attitude characterize true loyalty. Truly loyal customers are obviously the ultimate goal for marketers (Javalgi and Moberg, 1997). Raj (1985) found that firms with large market shares also have larger groups of loyal consumers who have weaker motivation to search for alternatives, are more resistant to counter-persuasion from other brands, and are more likely to pass along positive word-of-mouth communication about the product or service to other consumers (Dick and Basu, 1994).

Latent loyalty exists when a consumer has a strong preference for or attitude toward a company's brand over its competitors' brands, but does not exhibit high repeat patronage due to some situational or environmental variable. For instance, a consumer may have a strong attitude about a particular Italian restaurant, but may not frequently visit that restaurant because of a desire for variety in meals or a lack of discretionary income that limits the number of patronizations (Javalgi and Moberg, 1997).

A low relative attitude accompanied by high repeat patronage is spurious loyalty characterized by non-attitudinal influences on behaviour (Dick and Basu, 1994). Spurious loyalty occurs when a consumer frequently purchases a brand, but sees no significant differences among brands. This could occur when no alternatives in a category exist, or if choice is strictly the manifestation of past experiences and habits (Javalgi and Moberg,

1997).

Finally, the no loyalty group displays weak or low levels of both attitude and repeat patronage. No loyalty exists when consumers see few differences between alternative brands and repeat purchase frequency is low. Brand switching is common and choice among brands is usually due to some situational factor, such as a brand on sale or an impulse purchase from an end-of-aisle display (Javalgi and Moberg, 1997).

Jacoby and Chestnut (1978) explored the psychological meaning of loyalty in an effort to distinguish it from behavioural meanings, and they recommended four loyalty categories: true focal brand loyalty (loyalty to the particular brand of interest), true multi-brand loyal which includes the focal brand, non-loyal repeat purchasing of the focal brand, and happenstance purchasing of the focal brand by loyal or non-loyal buyers of another brand. Happenstance purchasing includes any repeat-purchase sequence due to factors other than true psychological loyalty such as unavailability of one's favorite brand, surrogate purchasing, and temporary constraints (Oliver, 1997). Table 4.8 summarizes these patterns and others as loyalty categories.

Table 4.8: Jacoby and Chestnut's Loyalty Categories

Repeat Purchase of:	Psychological Loyalty to:			
	Focal brand	Multiple brands	Other brand	None
Focal brand	True loyalty	Multibrand-loyal	Nonloyal repeater	Happenstance buyer
Other brand	Happenstance Other-brand buyer	Multibrand-loyal	Other-brand-loyal	Happenstance buyer

Source: Adapted from Oliver (1997, p.390)

Table 4.8 clearly shows the folly of inferring loyalty solely from repeat-purchasing patterns. If one sees a pattern of repeat purchasing of a focal brand, true single-brand loyalty exists in only one of four situations. Alternatively, if one sees patterns of other-brand repeat purchasing and infers non-loyalty to the focal brand, this conclusion will be in error in two

of four cases, one of which includes multi-brand loyalty including the focal brand (Oliver, 1997). Jacoby and Chestnut (1978) stated that the only way to detect true single-brand loyalty is to examine the belief, affect (attitude), and intention structure (conative) of the orientation toward the focal brand. Therefore, three conditions must exist for true brand loyalty. First, the brand information held by a consumer (i.e., the consumer's beliefs) must point to the focal brand as being superior to what is known of competitive offerings. Then, the consumer's degree of affection must be higher than that for other offerings, so that a clear affective preference exists for the focal brand. Finally, the consumer must intend to buy the focal brand, as opposed to the alternative brands, when a purchase decision arises (Oliver, 1997).

Semon (1993) categorised loyalty as passive and active loyalty. Passive loyalty describes those consumers who continue to provide patronage since they perceive that a more attractive alternative is not available. In contrast, active loyalty represents customers who continue their loyal patronage because the company has made a positive impression. In today's competitive market, companies have to attempt to convert passive loyalty to active loyalty. If companies fail to do this, passive customers will easily become switchers owing to the proliferation of products or brands in the market (Semon, 1993).

Oliver (1997) proposed that three phases of loyalty - cognitive, affective, conative - which culminate in action loyalty. This perspective predicts that consumers become loyal in a cognitive sense, first, then later in an affective sense, still later in a conative manner, and finally, in a behavioural manner, which is action loyalty (Oliver, 1997, 1999).

In the first loyalty phase, the brand attribute information available to the consumer indicates that one brand is preferable to its alternatives. This stage is cognitive loyalty or loyalty based on belief only. Cognitive loyalty focuses on the brand's performance aspects. Cognition can have its basis in prior knowledge or on recent experience-based information. Loyalty at this phase is directed toward the brand because of this information (attribute performance levels); however, this consumer state is shallow (Oliver, 1999).

The next phase of loyalty is affect-based. Affective loyalty stems from the brand's likeableness. At this phase of loyalty development, a linkage or attitude toward the brand has developed on the basis of accumulated occasions of satisfaction. Commitment at this phase is affective loyalty, encoded in the consumer's mind as cognition and affect. Cognition is directly subject to counterargument; whereas, affect is integrated, and therefore, anchored, with both cognition and the consumer's overall evaluation of a brand (Eagly and Chaiken, 1993). Unfortunately, affective loyalty, even when driven by episodes of satisfaction, is insufficient to guarantee loyalty (Oliver, 1997).

The next phase of loyalty development is the conative (behavioural intention) loyalty stage, as influenced by repeated episodes of positive affect toward the brand. Conative loyalty occurs when the consumer focuses on the desire to repeat the purchase of that brand. This loyalty state contains the deeply held commitment to buy. However, this commitment is for an intention to repurchase the brand and is more akin to motivation. In effect, the consumer desires to repurchase, but similar to any good intention, this desire may be anticipated but realized action may be absent (Oliver, 1999).

Action loyalty is the last phase of loyalty and involves motivated intentions, in the conative loyalty state, transforming into readiness to act. At this phase, consumers, committed to the act of repurchasing, ignore and circumvent obstacles that prevent the act (Oliver, 1997).

4.3.1.2 Brand Loyalty Measurements

The measurement of brand loyalty has been of enduring concern to both academics and marketing practitioners and has been the subject of many different proposals which are particular to various fields (Uncles et al., 2003). In spite of the various brand loyalty measurements suggested in marketing literature, no consensus, definitively establishing how to measure brand loyalty, is forthcoming (Bennett and Rundle-Thiele, 2002). These diverse measurements of brand loyalty are in part due to the various aspects of brand loyalty and the fact that brand loyalty is a very complex construct (Ha, 1998). However, in general, measurement of brand loyalty has been according to one of the following:

behavioural measurements, attitudinal measurements, and composite measurements.

4.3.1.2.1 Behavioural Brand Loyalty Measurements

Many researchers (e.g., Blattberg and Sen, 1974; Kahn et al., 1986; Ehrenberg et al., 1990) have defined brand loyalty strictly from a behavioural perspective. A common theme across this stream of work is the attempt to look for a surrogate behavioural measure to operationalize brand loyalty. The major interest of behavioural measures resides in the fact that they measure effective behaviour and consider consistent, repetitious purchase behaviour as an indicator of loyalty (Odin et al., 2001; Bowen and Chen, 2001). Behavioural measurements are based on consumers' behaviour, often, actual purchasing behaviour, or in other cases, on reported purchasing behaviour, thus classifying consumers as loyal if they have purchased a particular brand repeatedly (Jacoby and Chestnut, 1978). Consequently, while some researchers observe purchasing patterns and derive conclusions based on the proportion of purchases devoted to a particular brand, others focus on the purchase sequence (Odin et al., 2001). The behavioural measurements can be further subdivided into brand purchase sequence, brand purchase proportion and brand purchase probability.

First of all, Brown (1952) suggested four purchase sequences based on six consecutive purchases, namely, undivided loyalty (purchase sequence: AAAAAA), divided loyalty (ABABAB), unstable loyalty (AAABBB), and irregular sequences (ABBACDB). Other authors (e.g., Tucker, 1964; McConnell, 1968) measured brand loyalty in terms of a criterion of three consecutive purchases. Classification of customers as loyal occurs when they have bought the same brand three times in a row. Another behavioural measure is the number of brand runs: consecutive sequence of purchasing the same brand (Frank et al., 1969). Brand loyalty, thereby, inversely relates to the number of brand runs within a given period: the lower the number of brand runs, the stronger the brand loyalty (Jacoby and Chestnut, 1978). The average length of brand runs is also proposed by Frank et al. (1969) as a way of measuring brand loyalty. Blattberg and Sen (1974) used long purchase sequences (31 or more consecutive purchases) to measure brand loyalty. They criticized Brown's

(1952) short purchase sequence as not being sufficient for predicting future purchase.

Second, the proportion of consumption measures is based on the actual consumption of goods or services. This approach usually combines volume, recent amount spent and frequency of purchase over limited time periods. Examples of this type of repeat buying measure include assessment of the proportion of consumption within a specific set of other goods and services located within a defined market or even within nominated retail locations (East, 1997). The proportion of purchases of a specific brand as compared to all purchases is used by a number of authors (e.g., Copeland, 1923; Brown, 1952; Lipstein, 1959). A number of different cutoff points are proposed, ranging from the exclusive purchase (100%) to about 50% purchase share. The higher the percentage is, the stronger the customer's loyalty to a particular brand. Cunningham (1956) extended the concept of one-brand loyalty to dual-brand or triple-brand loyalties, with loyalty defined as the percentage of total purchases devoted to the top two or three brands.

Third, the measure of repeat purchase probability is based on calculation of a series of previous purchases (Oppermann, 2000). For example, Frank (1962) showed direct relationships between both the number of previous purchases within a purchase sequence and the location of these purchases within the sequence and the probability of a future repeat purchase. Research demonstrated that the more often a consumer purchases the same brand within a purchase sequence, as well as the more recent the purchase of that particular brand, the higher the probability for repurchase of that brand. However, the probability of a repeat purchase reduces as the number of products bought in the same generic product category increases. This is due to the longer time span and the increased opportunities the consumer has to try competing brands (Day, 1969).

4.3.1.2.2 Attitudinal Brand Loyalty Measurements

Proponents of attitudinal measures argued that the behavioural measures do not distinguish between intentional loyalty and spurious loyalty. The latter type of buyers may lack any commitment to the brand but simply buy because of time convenience, monetary rewards, lack of substitutes or lack of information on substitutes (Oppermann, 2000). Furthermore,

the rationale underlying the attitudinal measure is that behavioural measures of brand loyalty are unable to offer an understanding of the factors causing the progress of brand loyalty. Attitudinal brand loyalty measures are an attempt on the part of consumers to go beyond overt behaviour and express their brand loyalty in terms of psychological commitment or statement of preference (Yoon and Uysal, 2005). Thus, attitudinal measures use data that reflects the emotional and psychological attachment inherent in loyalty (Bowen and Chen, 2001). Attitudinal brand loyalty measures are based on stated brand preference, brand commitment or intention to purchase (Mellens et al., 1996; Bennett and Rundle-Thiele, 2002).

One of the earliest uses of attitudinal measurements is Guest's (1942) brand preference study, whereby consumers are judged to be loyal to the brand that they named when asked, "Which brand do you prefer?" Later, Guest (1955) proposed that a positive attitude needs to exist over time. Thus, he realized that a favourable attitude at one point in time is insufficient, that a person needs to maintain an attitude for several years (Oppermann, 1999). Other measures concern the distance between acceptance and rejection (of brands) regions (e.g., Bennett and Kassarijian, 1972), cognitive loyalty (e.g., Jarvis and Wilcox, 1976), commitment (e.g., Beatty and Kahle, 1988), and intention to purchase (e.g., Byrnes, 1964; Juster, 1966; Zeithaml et al., 1996; Bloemer et al., 1999; Lee and Cunningham, 2001). Bennett and Kassarijian (1972) described loyalty in terms of acceptance and rejection regions, with brands scaled along a continuum of preference in which purchasing tendencies reflect zones of acceptance, neutrality, or rejection. The greater the distance between preference zones is, the greater the degree of attitudinal brand loyalty (Pritchard et al., 1992). Building on this work, Jarvis and Wilcox (1976) used the ratio of accepted and rejected brands in concert with a weighted index of brand awareness to define cognitive loyalty. In particular, Zeithaml et al. (1996) and Bloemer et al. (1999) used a comprehensive, multi-dimensional scale consisting of word-of-mouth communications, purchase intention, price sensitivity and complaining behaviour to measure customer's loyalty. Even though a number of different attitudinal brand loyalty measures have been proposed, Pritchard et al. (1992) suggested that psychometrically sound instruments to measure attitudinal brand loyalty remain absent.

4.3.1.2.3 Composite Brand Loyalty Measurements

Composite measures of brand loyalty integrating both behavioural and attitudinal measurements increase the predictive power of brand loyalty (Pritchard and Howard, 1997; Oppermann, 1997). The composite measurement has been applied and supported as a valuable tool to understand brand loyalty in several fields (Bowen and Chen, 2001).

One of the early proponents, Day (1969), argued that in order to be truly loyal, a consumer must both purchase the brand as well as have a positive attitude toward it which constitutes Day's (1969) loyalty index: the ratio of the proportion of purchases devoted to brand x to the initial attitude toward brand x. However, Day (1969) recognized several problems with this approach: First, while weights attach to both proportion of purchases and attitude, the exact, assigned weight is not obvious. Second, the index combines a one-time estimate (attitude) with an interval estimate (purchase probability). Thus, the possibility remains that the attitude component of the brand loyalty score may not be accurate during some of the time period required to estimate the purchase probability (Oppermann, 1997).

Other composite loyalty measures include price until switching, stated brand commitment, and information search. Although composite measurements seem to be very attractive and most comprehensive, few of these have followers, and only Day (1969)'s loyalty index appears to have been applied in several settings (Oppermann, 1997). However, as noted above, because of weighting applied to both behavioural and attitudinal components, as well as to the various components within each of those, composite loyalty measurement is not very practical (Oppermann, 2000).

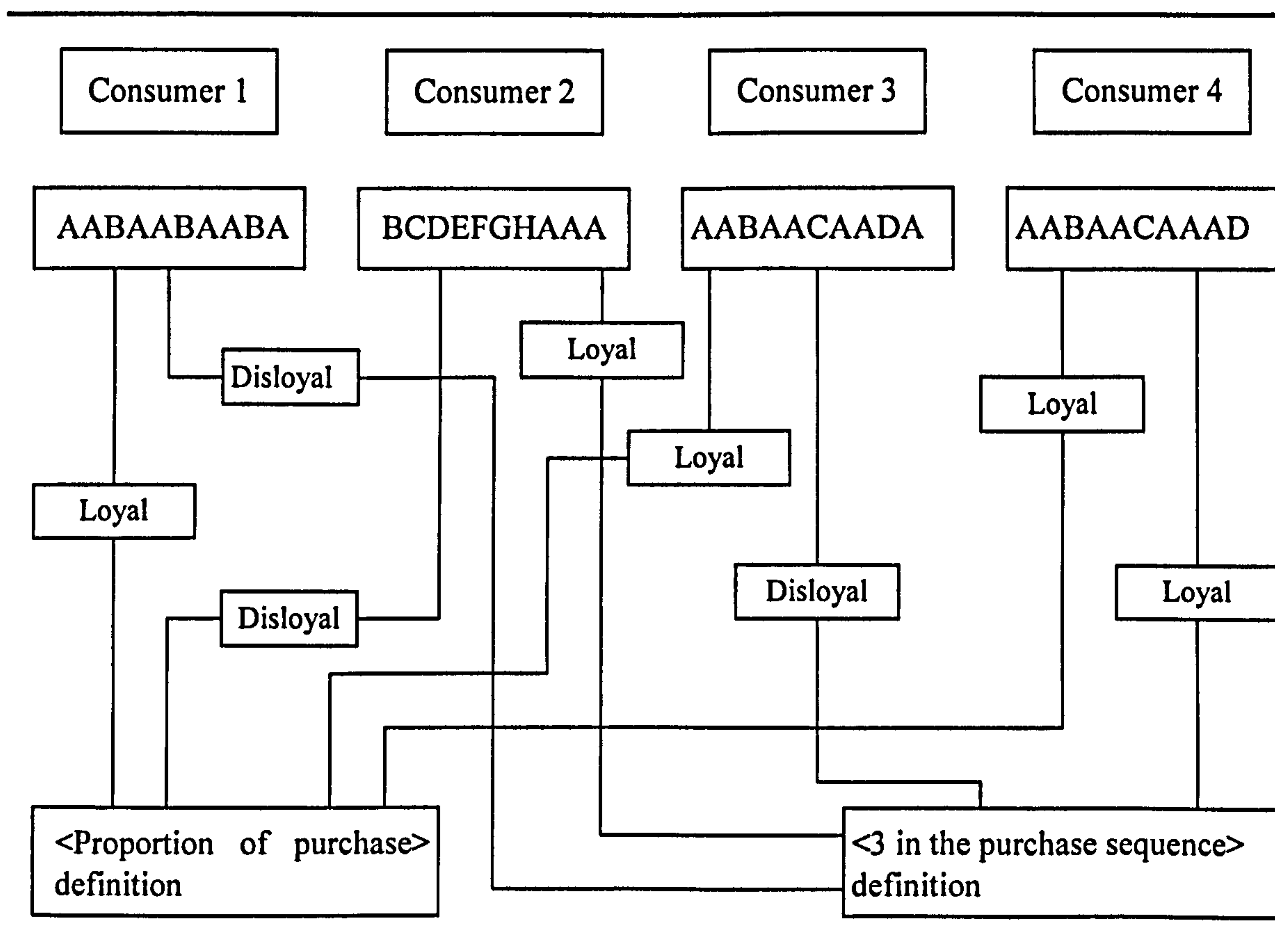
4.3.1.3 Critique of Brand Loyalty Measurement

The classic view of loyalty is that it is an abstraction which is difficult to define due to the fact that loyalty is a very complex construct and various aspects of brand loyalty exist (Ha, 1998). Abstraction has caused inherent criticisms of three brand loyalty measurements:

behavioural, attitudinal and composite.

Behavioural measures have received criticism on a number of accounts, ranging from the arbitrary nature of the cut-off criterion for loyalty, the simplistic nature of just using behavioural expression, to the lack of investigating factors that underlie disloyalty, etc. (Oppermann, 1999). The processing of behavioural measurement occurs in a dichotomous way - loyalty vs. disloyalty - which is singularly short of nuance, and requires a very arbitrary judgment for allocating a consumer to one or the other of the two categories (Odin et al., 2001). As an example, Figure 4.3 presents the loyalty for four consumers, according to two behavioural measurement methods.

Figure 4.3: Heterogeneity of Results Using Two Different Behavioural Measurements of Brand Loyalty



Source: Odin et al. (2001, p.77)

As noted in behavioural measurement, Cunningham (1956) measured brand loyalty by the purchase proportion of the same brand in the same sequence of purchases. The problem of

this measure is that it fixes an arbitrary loyalty threshold: When the purchase proportion devoted to the same brand is above 50%, the author estimates existence of brand loyalty (Odin et al., 2001). Following a slightly different approach, Tucker (1964) and McConnell (1968) suggested the criteria of three consecutive purchases: The consumer is brand-loyal when the sequence of purchase includes, consecutively, three identical brands. As shown in Figure 4.3, the measurement methods used in this example do not converge to render the same result: As an example, Consumer 1 is loyal in the framework of the proportion of purchase, but disloyal using the “3 in the purchase sequence” procedure (Odin et al., 2001).

The debate is that the behavioural measurement lacks a conceptual standpoint and produces only the static outcome of a dynamic process (Dick and Basu, 1994). This measurement does not attempt to explain the factors that affect brand loyalty and simply estimates frequencies with no examination of the reasons for purchases or the factors that may influence choices (Dick and Basu, 1994). Behavioural measurements do not enable the researcher to discern whether or not repeat buying is from habit, for situational reasons, or for more complex psychological reasons (Odin et al., 2001). Namely, in the behavioural measurement, brand loyalty for a hotel or restaurant may not be enough to explain why and how customers are willing to revisit or make a recommendation to other potential customers (Yoon and Uysal, 2005).

Attitudinal measures allow circumvention of a certain amount of criticism addressed to behavioural measures. In the first place, most of them are constructed around interval-type scales, which facilitate data collection. Moreover, attitudinal scales are no longer based on a loyal/disloyalty, oppositional construct, but on a degree of loyalty: thus, the goal is not to know whether an individual is absolutely loyal or not, but to know the intensity of loyalty to a product or brand. The nuance of this type of scale is, therefore, far more important (Odin et al., 2001). Despite these advantages, this type of scale suffers from some major drawbacks. The criticism bestowed on attitudinal measures is that they only rely on consumer declarations, and not on observed behaviour (Odin et al., 2001).

According to Jacoby and Chestnut (1978), data collected on the validity of attitudinal

measures have not been encouraging, and the measures used in one investigation did not significantly relate with other constructs such as brand commitment, perceived product importance and perceived risk. Pritchard et al. (1992) also proposed that psychometrically sound instruments to measure attitudinal loyalty remain absent.

To measure attitudinal loyalty, most research instruments use a whole battery of questions, making questionnaires very lengthy. In addition, to what extent attitudes change over time has not yet been explored (Oppermann, 2000). Even Guest (1955) suggested a positive attitude needs to exist over time; a person needs to maintain such an attitude for several years. Attitudinal measurements have been the focus of cross-sectional data rather than longitudinal evaluation of such attitudes. This is in contrast to the behavioural measures which almost exclusively rely on longitudinal data (Oppermann, 1999).

Composite measurement is an integration of behavioural and attitudinal measurements (Backman and Crompton, 1991). The argument is that customers who purchase and have loyalty to particular brands must have a positive attitude toward those brands (Yoon and Uysal, 2005). Composite measurement provides the expectation of greatest comprehensiveness and greatest allowance for accuracy in findings. Although composite measurement of loyalty seems to be very attractive, it also has serious inherent limitations, simply because of the weighting applied to both behavioural and attitudinal components, as well as, to the various sub-components within each of those major components. Oppermann (2000) noted that composite measurement is not necessarily the most practical. Due to resource and logistical constraints, composite measurement is not always possible (Rundle-Thiele and Bennett, 2001).

4.3.1.4 Brand Loyalty in the Hospitality Industry

Many hospitality firms are having difficulty increasing their market shares because of rising international competition, slower growth rates, decreased population growth, oversupply and mature markets (Tepeci, 1999). Hospitality firms may increase sales and their market shares by decreasing prices, expanding distribution channels, launching promotional

campaigns, and retaining current customers (Cravens, 2003). Among these strategies, brand loyalty strategies would be a more profitable approach because the hospitality business as a mature industry must pursue market share gains, rather than market growth gains (Jarvis and Mayo, 1986). Acquiring new customers is expensive because of advertising, promotion and start-up operating costs; serving current customers is cheaper (Reichheld, 1996). Therefore, brand-loyal customers can contribute a great deal to the bottom line of a hospitality company (Tepeci, 1999).

4.3.1.4.1 Brand Loyalty Research in the Hospitality Industry

Previous research recommended that loyal customers spend more than non-loyal customers, act as advocates for a brand by engaging in positive word-of-mouth, and are, therefore, at the heart of a firm's most valuable customer group (Russell-Bennett et al., 2007). Retaining customers in the hospitality industry has also become increasingly important because the industry is very competitive and is in its mature stage (Lewis and Chambers, 2000). Numerous practitioners and academics in the hospitality industry have recognized the benefits of creating and maintaining existing customers' brand loyalty, and brand loyalty have drawn renewed research attention in recent years (Le and Petrick, 2008).

Getty and Thompson (1994) studied relationships between quality of lodging, satisfaction, and the resulting effect on customers' intentions to recommend the lodging to other prospective customers. Their findings suggested that customers' intentions to recommend are a function of their perception of both their satisfaction and service quality with the lodging experience. Hence, they concluded that both service quality and customer satisfaction have a positive effect on customer loyalty.

Heung et al. (1996) investigated hotel brand loyalty in the free independent traveller's market. They adopted four brand loyalty categories: hard-core, soft-core, shifting loyal and switchers, and compared the four segments. Their results indicated that older travelers tend to be more brand loyal than younger travelers. Furthermore, frequent business travelers are

more brand loyal than occasional travelers.

Bowen and Shoemaker (1998) identified the economics of customer loyalty applied to the luxury hotel segment. In a study of American Express Platinum Card holders, who take at least six overnight business trip per year to luxury hotels, the researchers found that loyal customers are less likely to ask about price when making a reservation, and they also purchase other hotel services (e.g., laundry and restaurant meals) more frequently at hotels to which they feel loyal, as compared to purchases at hotels where little loyalty is in play.

Clark and Wood (1998) explored factors relevant to engendering consumer loyalty in restaurant choice. Findings suggested that the quality and range or types of food are key determinants in consumer loyalty. Additionally, tangible rather than intangible factors are of greater importance in consumer loyalty.

Kandampully and Suhartanto (2000) examined the relationship between customer loyalty and the two prerequisites: customer satisfaction and image in the hotel industry. The findings showed that hotel image and customer satisfaction with food and beverage, reception, housekeeping, and price are important factors in determining customer loyalty.

Back and Parks (2003) investigated the mediating effects of attitudinal brand loyalty on the relationship between customer satisfaction and behavioural brand loyalty. Moreover, they developed a robust brand loyalty measurement for the lodging industry by using attitudinal and behavioural brand loyalty constructs. The result of this investigation suggested that customer satisfaction has a significantly indirect effect on behavioural brand loyalty when mediated by attitudinal brand loyalty including cognitive-affective-conative brand loyalty stages.

Another study by Back (2005) explored the effects of image congruence on customers' post-purchasing behaviours focusing specifically on customer satisfaction and brand loyalty in the lodging industry. The key findings of this study indicated that social and ideal social image congruence have significantly direct effects on customer satisfaction and indirect effects on attitudinal brand loyalty.

Reich et al. (2005) examined the impact of product quality and service quality on brand loyalty for quick-service restaurants. The results showed that quick-service restaurants need to be more concerned with product quality especially taste, freshness, and temperature, and focus on their overall service quality to build brand loyalty. In addition, the results from correlation tests showed that brand loyalty for one brand may affect brand loyalty towards another brand.

Recently, Kim et al. (2007) investigated the effect of co-branding on customer satisfaction, which in turn leads to brand loyalty in the restaurant industry. The result indicated that some types of co-branding (i.e., price benefits and post-purchase services) can be an effective marketing strategy that allows restaurants to construct customer satisfaction and brand loyalty.

Although both researchers and practitioners recognized the importance of brand loyalty in hospitality, compared to brand loyalty research involving merchandise, studies on brand loyalty in service markets, such as hospitality, are still far from sufficient. In addition, numerous variables have been suggested as plausible antecedents of brand loyalty, but brand equity's determinant for customers' loyalty to a brand is not yet well understood in the hospitality settings.

4.3.1.4.2 Measurements of Brand Loyalty in the Hospitality Industry

The debate regarding the definition of brand loyalty and its subsequent measurement has occupied academic thought for over 30 years. However, commonly acknowledged in the literature is that the majority of brand loyalty measures categorize into behavioural, attitudinal or composite measurements (Day, 1969; Jacoby and Chestnut, 1978; Mellens et al., 1996; Farr and Hollis, 1997; Baldinger and Rubinson, 1997). Moreover, apparently, brand loyalty measurement varies across market types (Rundle-Thiele and Bennett, 2001). Rundle-Thiele and Bennett (2001) suggested that the type of market should drive the choice of brand loyalty measures used.

A review of the loyalty literature reveals that the measurement of brand loyalty is different for consumable goods markets, durable goods markets and service markets. This difference is largely attributable to the difference in market characteristics, namely brand switching, purchase frequency, loyalty types, share of category, proportion of sole buyers, commitment, intention to purchase, perceived risk, inertia, habit, satisfaction and involvement. The categories of consumables, durables and services are mutually exclusive categories as the market characteristics differ between each market type (Rundle-Thiele and Bennett, 2001). Table 4.9 summarizes brand loyalty characteristics according to the loyalty measurement approaches of each market types.

Table 4.9: Summary of Brand Loyalty Characteristics and Measures

	Consumables	Durables	Services
Behavioural Loyalty			
Brand Switching	Yes	No	No
Purchase frequency	High	Low	Medium to high
Loyalty type	Multi-brand	Sole brand	Sole or dual brand
Share of category (%)	Varies from 1 to 60	100	Typically 80 or higher
Proportion of sole buyers	Between 10 and 30 depending on number of brands		Approximately 80
Attitudinal Loyalty			
Commitment	Varied	Not known	Higher
Purchase intention	Varied	Not known	Higher
Loyalty Drivers			
Perceived risk	No	Yes	Yes
Inertia	No	No	Yes
Habit	Yes	No	Yes
Involvement	Low	High	High
Satisfaction	Varied	Not known	High
Relationship with Product/service provider	Low	Not known	High

Source: Adapted from Rundle-Thiele and Bennett (2001, p. 32)

As shown Table 4.9, service markets have many brand loyalty characteristics compared to

consumable and durable goods markets. Services are performances, rather than objects: The former cannot be seen, felt, tasted or touched in the same manner in which goods can be sensed (Zeithaml et al., 1985). Inseparability, intangibility, heterogeneity and perishability are the four characteristics most commonly used by researchers to differentiate between goods and services (e.g., Berry, 1980; Parasuraman et al., 1985; McGuire, 1999). Since services are intangible and heterogeneous, most customers will perceive higher risk in services than in goods. As perceived risk of a certain brand increases, the likelihood of loyalty to that brand increases (Javalgi and Moberg, 1997). Research demonstrates a strong correlation between perceived risk and brand loyalty (Bauer, 1960). Research into risk also supports this (e.g., Cunningham, 1956; Sheth and Venkatesan, 1968; Roselius, 1971). The implications of perceived high-risk on brand loyalty are also that purchasers of services tend to be less likely to switch brand in order to minimize the perceived risk (Rundle-Thiele and Bennett, 2001).

In service markets, relationships form a crucial part of the ongoing relationship between the service provider and customer (Caldow, 1998). Consumers may be more likely to remain loyal after they have established a relationship with the service provider. And, brand loyalty in service markets reflects inertia (Rundle-Thiele and Bennett, 2001). The role of affect in brand loyalty is very important (Dick and Basu, 1994; Gremler and Brown, 1998). In particular, the construct of satisfaction plays a key role in determining future patronage of the service provider (Rundle-Thiele and Bennett, 2001). Moreover, in any given time period, a customer typically does not share purchases for a product among a repertoire of brands and are solely or dually brand loyal. That is, customers typically designate a high share to a category of a given brand (Rundle-Thiele and Mackay, 2001).

Ideally, all brand loyalty research should incorporate both attitudinal and behavioural measures, as they are both complementary aspects of the one construct. However, due to resource and logistical constraints, this is not always possible, and thus, research includes only one measure. The variation between the characteristics of each market indicates that the measures used to capture brand loyalty should be very different. These characteristics indicate that in service markets many customers are loyal according to the behavioural

definition of loyalty due to a high share of category requirements despite intentions to change to a competing service during the next month. This indicates that attitudinal loyalty measures are useful in service markets. Moreover, collecting behavioural loyalty statistics can be difficult in service markets. Examining brand-switching patterns requires long time periods. And, in consumable markets where the market is stable and where a high degree of switching and low involvement and risk occur, behavioural measures are appropriate for predicting brand loyalty levels; while in unstable markets, a propensity exists towards sole brands and high involvement and risk; then, attitudinal measures may be better predictors of brand loyalty. Consequently, as high incidences of sole loyalty are present in service markets, attitudinal loyalty measures may be better predictors of brand loyalty (Rundle-Thiele and Mackay, 2001; Rundle-Thiele and Bennett, 2001). The hospitality industry is part of the service market, and thus, has similar characteristics with other service industries in the service sector. After considering various suggestions, the present research adopts attitudinal loyalty measures.

4.4 Customer Satisfaction

Customer satisfaction is one of the most widely researched topics in marketing and consumer research (Pappu and Quester, 2006). It is fundamental to the marketing concept: the notion of satisfying the needs and desires of consumers (Spreng et al., 1996) and is one of the most important outcomes of all marketing activities in a market-oriented firm (Kandampully and Suhartanto, 2000). Because satisfied customers are keys to long-term business success, both academics and practitioners also recognized the importance of customer satisfaction (Jones and Suh, 2000). Generally, customer satisfaction has been deemed to affect customer loyalty and a company's market share (Hansemark and Albinsson, 2004), and satisfied customers are thought to be less price sensitive, less influenced by competitors, buy additional products or brands and stay loyal longer (Dimitriades, 2006). Because customer satisfaction has been traditionally regarded as a fundamental determinant of long-term consumer behaviour, much of the research on customer satisfaction and customers' actual behaviour focused on the relationship between

satisfaction and loyalty (Cooil et al., 2007). Not surprisingly, many practical and theoretical models of customer loyalty have explored satisfaction as a key determinant in customers' decisions to keep or drop a brand, that is, continue or discontinue, a given product or brand relationship (Ha, 2006).

4.4.1 Definitions of Customer Satisfaction

From several studies, customer satisfaction is a well-known and established concept, and in marketing and consumer research, customer satisfaction is the basis for describing differences between specific alternatives and brands (Yi, 1990; Andreassen, 1994). Although customer satisfaction has acceptance as an important facet of marketing and consumer research, no general agreement exists for the concept's definition (Rogers et al., 1992). A review of existing literature shows the lack of a consensus for a definition among researchers (Giese and Cote, 2000). First, a basic definitional inconsistency surrounds the debate over whether or not customer satisfaction is a process or an outcome. Consumer satisfaction definitions either emphasize an evaluation process or a response to an evaluation process. Second, a discrepancy remains concerning the nature of customer satisfaction. Researchers represented customer satisfaction as either a cognitive response or an affective response. Finally, a disagreement occurs in the terms. Researchers used discrepant terms to mean satisfaction: consumer satisfaction, customer satisfaction, or simply, satisfaction. These terms are somewhat interchangeable in their use (Giese and Cote, 2000). Table 4.10 shows some of the existing definitions of customer satisfaction in marketing and consumer behaviour literature.

Table 4.10: Definitions of Customer Satisfaction

Author and Source	Definition
Howard and Sheth (1969)	The buyer's cognitive state of being adequately or inadequately rewarded for the sacrifices he has undergone
Westbrook (1980)	The favorability of the individual's subjective evaluation of the various outcomes and experiences associated with using or consuming the product
Swan et al. (1981)	A conscious evaluation or cognitive judgment that the product has performed relatively well or poorly or that the product was suitable or unsuitable for its use/purpose
Engel and Blackwell (1982)	An evaluation rendered that the consumption experience was at least as good as it was supposed to be with respect to alternatives
Churchill and Surprenant (1982)	An outcome of purchase and use resulting from the buyer's comparison of the rewards and costs of the purchase relative to anticipated consequences
Westbrook (1987)	Global evaluative judgment about product usage/consumption
Tse and Wilton (1988)	The consumer's response to the evaluation of the perceived discrepancy between prior expectations and the actual performance of the products as perceived after its consumption
Engel et al. (1990)	The outcome of the subjective evaluation that the chosen alternative meets or exceeds expectations
Gulledge (1990)	A result of what the customer thinks will happen interacting with what the customer thinks did happen
Yi (1990)	The customer's response to the assessment of the perceived discrepancy between some comparison standards, such as expectation, and the perceived performance of the product or service
Westbrook and Oliver (1991)	A post-choice evaluative judgment concerning a specific purchase selection
Johnson and Fornell (1991)	A customer's overall experience to date with a product or service provider
Anderson et al. (1994)	An overall evaluation based on the total purchase and consumption experience with a good or service over time
Halstead et al. (1994)	A transaction-specific affective response resulting from the customer's comparison of product performance to some pre-purchase standard
Walker (1995)	The result of a subjective comparison between expected and perceived attribute levels
Oliver (1997)	The summary psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the consumer's prior feeling about the consumption experience

As Table 4.10 shows, the number of definitions of customer satisfaction is considerable. Despite the existence of many ways to define customer satisfaction, apparently the definition receiving widest acceptance is that customer satisfaction is a post-choice evaluative judgment concerning a specific purchase selection (Selnes, 1993).

4.4.2 Different Types of Satisfaction Evaluations

Customer satisfaction is a complex construct receiving broad attention in marketing literature (Giese and Cote, 2000). While the theory and practice of customer satisfaction evaluations have made tremendous advances during the past three decades, debate continues concerning the best way to conceptualize and measure customer satisfaction (Boulding et al., 1993). In this light, not surprisingly, hundreds of articles conceptualizing and measuring customer satisfaction have proliferated (Jones and Suh, 2000). Despite the important debate in customer satisfaction literature, customer satisfaction research generally encompasses three different types of evaluations. Some researchers argued that customer satisfaction is a transaction-specific evaluation. Another researcher views customer satisfaction as an overall evaluation based on the total of purchase, consumption and experience. Other researchers proposed that customer satisfaction has evaluation in terms of whether the product or brand meets consumer needs and expectations (Pappu and Quester, 2006).

4.4.2.1 Transaction-Specific Satisfaction

Bitner and Hubbert (1994) proposed that transaction-specific satisfaction refers to the consumer's dissatisfaction or satisfaction with a discrete encounter. Transaction-specific satisfaction is an immediate post-purchase evaluative judgment or an affective reaction to the most recent transactional experience with the firm (Oliver, 1993). The transactional approach emphasizes encounter satisfaction, that is, satisfaction in a single transaction (Host and Knie-Andersen, 2004), and consumers are likely to comment on particular events of a transaction when asked about transaction-specific satisfaction (e.g., specific employee

actions) (Jones and Suh, 2000). Because transaction-specific satisfaction relates to a specific encounter with the organization and may vary from experience to experience, it may provide specific diagnostic information about a particular encounter (Aydin and Ozer, 2005). This perspective is consistent with the idea that every service consumption is a new experience. Because of the variability associated with service delivery and consumption, transaction-specific satisfaction may be more meaningful in some research areas (Matsuoka et al., 2003).

4.4.2.2 Overall Satisfaction

Bitner and Hibbert (1994) defined overall satisfaction as the consumer's overall satisfaction or dissatisfaction with the organization based on all encounters and experiences with that particular organization. Since overall satisfaction information arises from all previous experiences with the particular provider, it is a function of all previous transaction-specific satisfaction (Teas, 1993; Parasuraman et al., 1994). Overall satisfaction may refer to many transactions or just a few, depending on the number of times the consumer has used a particular provider (Jones and Suh, 2000). Overall satisfaction at time, t , will be based on overall satisfaction at time, $t-1$, which reflects all previous transaction-specific satisfactions, as well as the transaction-specific satisfaction that resulted from the information collected from the most recent transaction produced at time, t (Boulding et al., 1993). Thus, overall satisfaction updates after each encounter and is an aggregation of all previous transaction-specific satisfaction (Veloutsou et al., 2005).

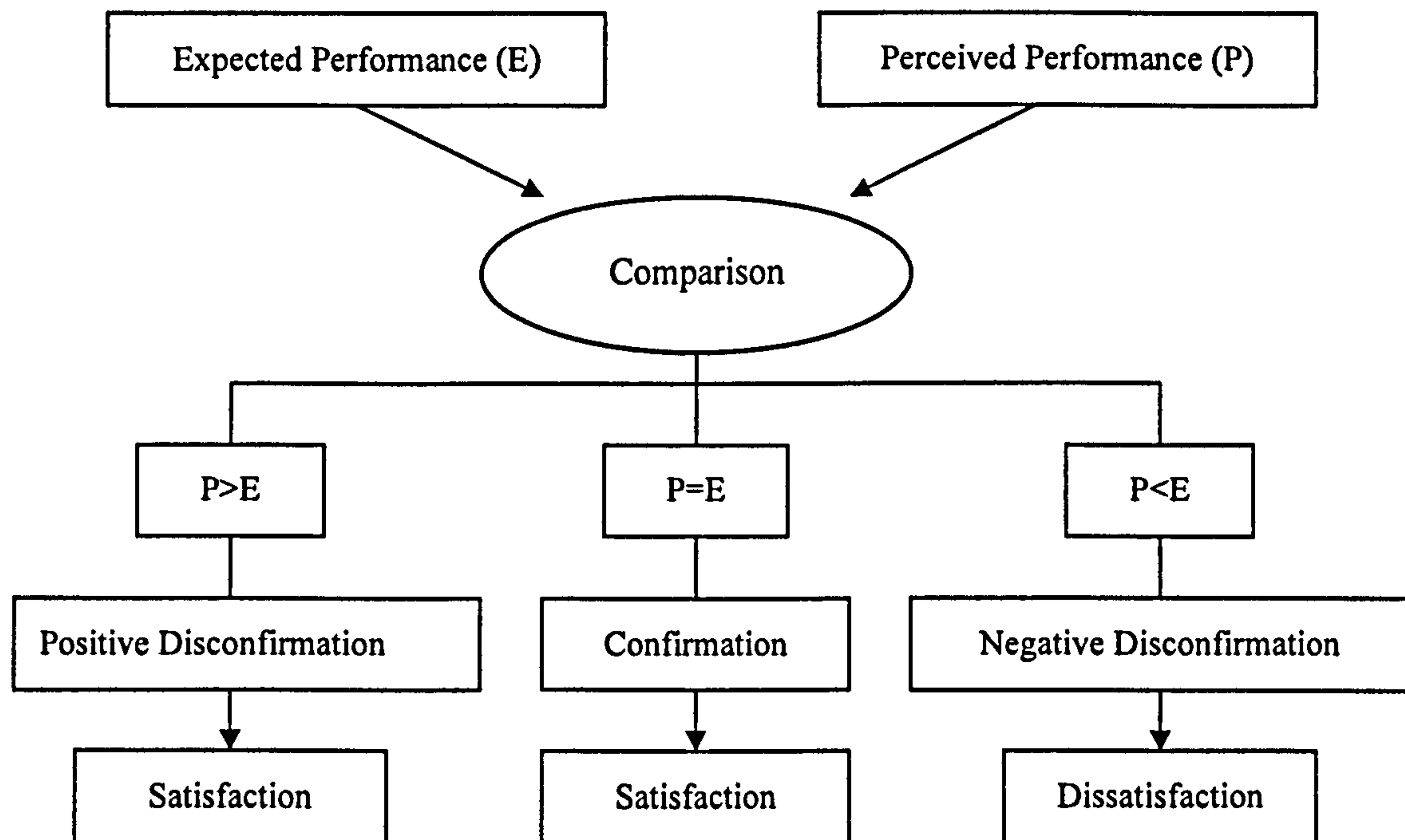
Whereas, transaction-specific satisfaction is likely to vary from experience to experience, causing varying levels; overall satisfaction is a moving average that is relatively stable and most similar to an overall attitude (Auh et al., 2003). Overall satisfaction is more like a stored evaluation in one's memory than an on-the-spot evaluation (Gilbert and Veloutsou, 2006). For example, a consumer may have a dissatisfying experience in one episode (transaction-specific satisfaction) yet still be satisfied with a provider as a whole (overall satisfaction), due to multiple previous satisfactory encounters (Jones and Suh, 2000). Although transaction-specific satisfaction evaluation may provide specific diagnostic

information about a particular encounter, overall satisfaction is a more fundamental indicator of the firm's past, current and future performance (Anderson et al., 1994). An important advantage of overall satisfaction over a more transaction-specific view is that it is better able to predict subsequent behaviours and economic performance (Fornell et al., 1996). This is because customers make repurchase evaluations and decisions based on their purchase and consumption experience to date, not just a particular transaction or episode (Johnson et al., 2001).

4.4.2.3 Expectancy-Disconfirmation Paradigm

Although a variety of theories and approaches to understand satisfaction exist, the generally accepted and most widely applied tool for conceptualizing and evaluating customer satisfaction is Oliver's (1980) expectancy-disconfirmation model, which views satisfaction with products or brands as a result of two cognitive variables: pre-purchase expectations and post-purchase perceptions. Based on this model, the influences on customer satisfaction are two factors: perceived performance and expectation. Perceived performance is consumers' perceptions after consumption and expectation is the desires of customers, more specifically what they believe a product or brand should or will be (Zeithaml and Bitner, 1996). Hung et al. (2003) suggested that understanding customers' expectations is necessary to achieve high customer satisfaction. Customer satisfaction obviously depends upon initial expectation levels, and if consumers already have high expectations, then satisfying customers can be a very difficult task (Evans et al., 2006).

The expectancy-disconfirmation model assumes that satisfaction or dissatisfaction is a function of the relationship between customer expectations and the extent to which these are either confirmed or disconfirmed by actual experience (Hemmington and Watson, 2002). Briefly stated, if the customer's perception of the encounter matches the expectation, the result is confirmed expectation and customer satisfaction. If perception and expectation differ, the expectation is disconfirmed and the customer may be variously satisfied or dissatisfied (Hoffman and John, 2002). Figure 4.4 shows the expectancy-disconfirmation model of customer satisfaction.

Figure 4.4: Expectancy-Disconfirmation Model of Customer Satisfaction

Source: Adapted from Walker (1995, p.7)

As Figure 4.4 shows, the customer's judgment of satisfaction or dissatisfaction takes one of three different forms. Although the word disconfirmation sounds like a negative experience, it is not necessarily so. If perceived performances are poorer than customers' expectations, negative disconfirmation occurs, which results in dissatisfaction. Positive disconfirmation, on the other hand, exists when perceived performances are better than customers' expectations. This situation leads to satisfaction or a pleasurable level of fulfillment. Finally, confirmation takes place when perceived performance matches customers' expectations. The expectancy-disconfirmation model can be an equation: customer perceived performance minus customer expectation yields satisfaction level. Thus, confirmation produces greater satisfaction than exists following negative disconfirmation. Positive disconfirmation evokes the highest levels of satisfaction (Hoffman and Bateson, 1997; Hemmington et al., 2005; Blackwell et al., 2006).

4.5 Value for Money

The value for money has not received as much attention in marketing literature as other constructs such as service quality and customer satisfaction (Bojanic, 1996). Only recently, however, both marketing scholars and practitioners began to recognize the influence that value for money has on customer behaviour, and value for money is emerging as a strategic imperative (Petrick and Backman, 2002; Lin and Wang, 2006). Research evidence suggested that customers who perceived that they received value for money are more satisfied than customers who do not perceived that they received value for money. Also value for money may be used by consumers to “bundle” various aspects of the service relative to competitive offerings (McDougall and Levesque, 2000). Knowing where value for money resides from the standpoint of customers has become critical for marketing scholars and practitioners, because greater levels of value for money lead to positive word-of-mouth communication, greater levels of brand loyalty, a stronger competitive position, and, ultimately, higher market share (Ulaga and Chacour, 2001). Particularly, many researchers have argued that value for money is important as it links to brand loyalty as it is widely accepted as a key determinant of brand loyalty (Parasuraman and Grewal, 2000).

4.5.1 Definitions of Value for Money

The value for money has been widely used in various disciplines, such as economics, accounting, finance, strategy, production management, and marketing. In marketing literature, researchers seemed to use different terminologies when referring the value for money such as customer value, consumer value, consumption value or perceived value; however, in actuality, all of the terms eventually refer to the same thing (Ulaga and Chacour, 2001). Furthermore, despite the increasing attention being focused on value for money, most definitions of value for money are still rather ambiguous, because this term typically relies on other terms such as utility, worth, benefits, and quality which are too often not well defined (Jensen, 2001). Consequently, a myriad of competing definitions exist for value for money in the literature. Table 4.11 presents an overview of definitions of value for money.

Table 4.11: Definitions of Value for Money

Author and Source	Definition
Hauser and Urban (1986)	The surplus of utility over price.
Zeithaml (1988)	Consumers' overall assessment of the utility of a product based on perceptions of what is received and what is given. In her definition, Zeithaml (1988) considered the following definitions: (1) value is low price, (2) value is whatever the consumer wants in a product, (3) value is the quality the consumer gets for the price, and/or (4) value is what the consumer gets for what they receive.
Monroe (1990)	Trade-off between the quality or benefits perceived for the product relative to the sacrifice perceived by paying the price.
Anderson et al. (1993)	The perceived worth in monetary units of the set of economic, technical, service and social benefits received by a customer firm in exchange for the price paid for a product, taking into consideration the available suppliers' offerings and prices.
Gale (1994)	Market perceived quality adjusted for the relative price of the product offered.
Woodruff and Gardial (1996)	Customers' perception of what they want to have happen (i.e. the consequences) in a specific use situation, with the help of a product or service offering, in order to accomplish a desired purpose or goal.
Woodruff (1997)	Customer's perceived preference for and evaluation of those product attributes, attribute performances, and consequences arising from use that facilitates (or blocks) achieving the customer's goals and purposes in use situations.
Parasuraman and Grewal (2000)	A function of a "get" component (the benefits a buyer derives from a seller's offering) and a "give" component (the buyer's monetary and non-monetary costs of acquiring the offering)
Rust et al. (2000)	Consumer's objective assessment of the utility of a product or service based on perceptions of what is given up for what is received.
Kotler et al. (2003)	The difference between benefits that the customer gains from owning and/or using a product and the cost of obtaining the product.

As Table 4.11 shows, the number of definitions of value for money is considerable in the literature. Although the literature contains a variety of definitions of value for money, most definitions present value for money as a trade-off between benefits and sacrifices perceived

by customers (Eggert and Ulaga, 2002). Perceived benefits are a combination of physical attributes, service attributes and technical support available in relation to a particular use situation (Monroe, 1990). Perceived sacrifices are sometimes described in monetary terms (Anderson et al., 1993). Other definitions describe sacrifices more broadly. However, what constitutes value for money appears to be highly personal, idiosyncratic, and may vary widely from one customer to another (McDougall and Levesque, 2000).

4.5.2 Measurements of Value for Money

In the field of marketing, the construct of value for money has been identified as one of the most important measures for gaining competitive edge (Parasuraman, 1997). However, many difficulties associate with measuring value for money. These difficulties mainly arise from the richness of the construct and the wide spectrum of other constructs involved in the formation of value for money (Al-Sabbahy, 2004). Thus, measurement of value for money varies among researchers and this has made the process of measurement a complicated and challenging task (Semon, 1998). Despite these difficulties, in general, measurement of value for money has been according to one of the following ways: global measurement and dimension-based measurement.

4.5.2.1 Global Measurement

Value for money is most commonly measured by using a self-reported, unidimensional measure asking respondents to rate the value for money they received for their purchases (e.g., the restaurant is good/bad value for money) (Gale, 1994). However, this self-reported, unidimensional measure which aims to capture customers' overall value judgment on a statement suffers from two apparent shortcomings (Al-Sabbahy et al., 2004): 1) It assumes that customers have a shared meaning of value for money (Petrick and Backman, 2002). Zeithaml (1988) suggested that quality and value are not well differentiated from each other and from similar constructs such as perceived worth and utility. Therefore, the argument is that the unidimensional measures of value for money lack validity (Woodruff and Gardial,

1996). 2) Another inherent problem is unidimensional measures of value for money result in the knowledge of rating for value for money, but gives no specific direction for improving value for money (Petrick, 2002). However, in general, global measurement aims to understand the role of value for money in the behavioural model either before or after purchase. Thus, global measurement is still one of the most popular methods in marketing research (Al-Sabbahy et al., 2004).

4.5.2.2 Dimension-Based Measurement

The central process of value for money originates from the trade-off between two components: benefits and sacrifices. Most researchers agree that value for money is multidimensional, and therefore, the use of unidimensional measurement does not capture the dimensions of this construct adequately (Al-Sabbahy et al., 2004). In response to shortcomings of unidimensional measurement, many researchers recommended that value for money be measured in terms of dimension-based measurement (Lee et al., 2007). Table 4.12 shows dimension-based measurement of value for money.

Table 4.12: Dimension-Based Measurement of Value for Money

Author and Source	Dimensions
Sheth et al. (1991)	•Social value •Emotional value •Functional value •Epistemic value • Conditional value
Groth (1995)	•Cognitive value •Psychological value •Internal value •External value
Gronroos (1997)	•Cognitive value •Emotional (Psychological) value
De Ruyter et al. (1997)	•Emotional dimension or intrinsic value •Functional dimension or extrinsic value •Logical dimension
Sweeney et al. (1999)	•Social value (acceptability) • Emotional value •Functional value (price/value for money) •Functional value (performance/quality) •Functional value (versatility)
Parasuraman and Grewal (2000)	•Acquisition value •Transaction value •In-use value •Redemption value
Sweeney and Soutar (2001)	•Functional dimension •Social dimension •Emotional dimension
Petrick (2002)	•Quality •Emotional response •Monetary price •Behavioural price •Reputation
Grewal et al. (1998); Al-sabbahy et al. (2004)	• Acquisition value •Transaction value

Source: Adapted from Sanchez et al. (2006, p.396)

As shown in Table 4.12, many researchers suggested different dimensions for value for money. In particular, for the purpose of better measuring and understanding value for money, some researchers have considered two dimensions: acquisition value and transaction value. Acquisition value refers to perceived net gains from the products or services customers acquire, while transaction value refers to perceived merits from arranging a good deal (Lee et al., 2007). However, since these two dimensions are so similar, researchers have had difficulty measuring acquisition value and developing a scale that discriminates it adequately from transaction value (Petrick and Backman, 2002). Research by Grewal et al. (1998) had success in the measurement and disentanglement of the dimensions of acquisition and transaction value by measuring the acquisition value with three statements and the transaction value with nine statements (Lee et al., 2007). Their measure of

acquisition value focused on good value for money, while measure of transaction value focused on the pleasure that buyers obtain from finding and taking advantage of a price deal. Principal components analysis of the scales in two different samples revealed that they discriminate from each other (Petrick and Backman, 2002). This measurement of value for money, adopted by Al-Sabbahy et al. (2004), is useful, with some modification for hospitality products.

Similarly, Parasuraman and Grewal (2000) proposed four dimensions for value for money: acquisition, transaction, in-use and redemption values. They defined acquisition and transaction value similarly to Grewal et al. (1998). In-use value is the utility gained from the usage of the product and/or service, and redemption value is residual gain at the end of the life of the product or the termination of the service (Lee et al., 2007). As implied by these definitions, value for money is a dynamic construct in that the relative emphasis on each dimension may change over time. For example, while acquisition and transaction values occur during and immediately following the purchase stage, in-use and redemption values take place only during later stages of product or service usage (Parasuraman and Grewal, 2000).

Although a variety of dimensions of value for money have been recommended by many researchers, no clear and widely accepted multi-dimensional measurement of value for money yet exists (Lee et al., 2007). However, a common point of these dimension-based measurements is that they generally aim to examine the factors that lie beneath the value for money, and give specific direction on how to improve value for money (Petrick, 2002). One of objectives of the present research is to examine whether or not value for money moderates the relationship between brand equity and brand loyalty. As mentioned earlier, researchers suggested that global measurement is appropriate for understanding the role of value for money in a research model. Therefore, this research adopts global measurement of value for money.

4.6 Summary

This chapter reviews the antecedents and consequences of brand equity. Although considerable brand equity research has been conducted, the antecedents and consequences of brand equity remain not well understood for the hospitality industry. This chapter divides, broadly, into four parts: The first part deals with personal values as an antecedent of brand equity. After a brief definition of personal values, the role of personal values in influencing consumer behaviour is described by the means-end chain model along with a review of the commonly used instruments to measure personal values: RVS, LOV and VALS. Subsequent to careful consideration of previous research, RVS and LOV are simultaneously adopted to measure personal values for the present research. The second section develops a description of brand loyalty as a consequence of brand equity. The literature review on brand loyalty includes definitions, importance, typology, measurements and several critiques related evaluating this parameter. Especially, in brand loyalty measurement, Rundle-Thiele and Bennett (2001) suggested classification of brand loyalty measurement based on varying market types. They proposed attitudinal measures are appropriate for predicting brand loyalty levels for service markets, such as the hospitality industry, where the market is not stable, and where the propensity is toward a sole brand and high involvement and risk. Therefore, the present research adopts attitudinal loyalty measures. The third part of this chapter reviews customer satisfaction. The existing customer satisfaction literature generally agrees that this parameter is a post-choice evaluative judgment about a purchase selection. In addition, this section explains different types of satisfaction evaluations such as transaction-specific, overall satisfaction and expectancy-disconfirmation satisfaction. The final section of this chapter, a discussion of value for money literature, involves the definitions and two different measurements: global and dimension-based measurements.

CHAPTER 5

CHAPTER FIVE

THE RESEARCH MODEL

5.1 Introduction

The previous chapters provide a broad theoretical overview of constructs in the research model. This chapter concerns development of the research model and propositions to achieve the objectives of the research. This chapter begins with a proposed research model, and the process of the qualitative study to test it. The result is a revised research model, modified in light of the qualitative data. In addition, previous empirical studies which show the relationships among personal values, brand equity, value for money and brand loyalty provide support for the final research model. Finally, research propositions, based on the revised research model, are formulated.

5.2 Research Model

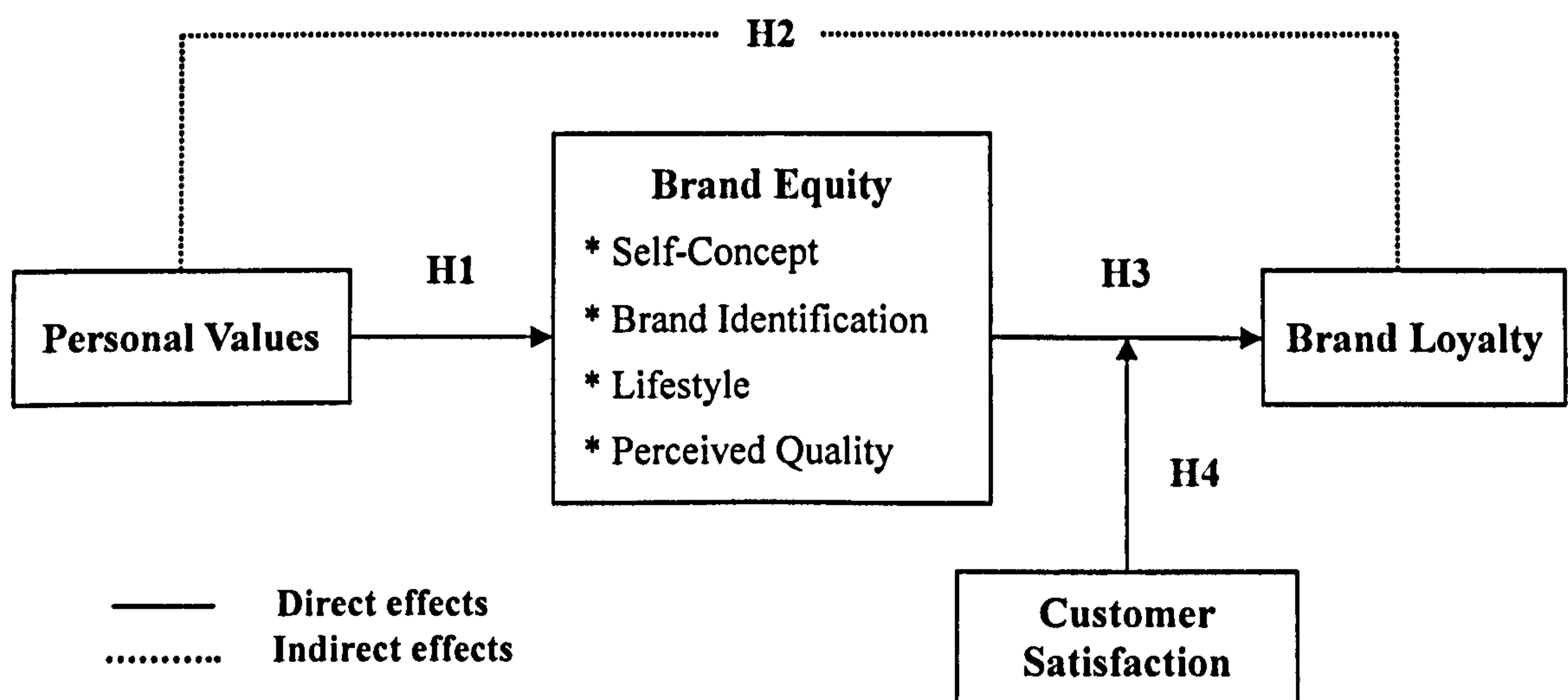
The main objective of this research is to investigate the antecedents and consequences of brand equity in the hospitality industry. Achieving the objective of the research depends on developing an appropriate research model. To develop the research model, this research

combines existing literature and qualitative data. Sieber (1973) suggested that using qualitative data supports the quantitative data through improving the conceptual development and instrumentation. Consequently, the proposed research model is revised in light of the qualitative data from in-depth interviews.

5.2.1 Proposed Research Model

The proposed research model is based on means-end chain model which supports the associative links between personal values, less abstract variables and consumer behaviour. Based on the means-end chain model and existing literature, four generated propositions, associated with the research model, focus on the interrelationships among personal values, brand equity and brand loyalty. In addition, the moderating effect of customer satisfaction on the relationship between brand equity and brand is proposed. Figure 5.1 depicts the proposed research model which outlines the antecedents and consequences of brand equity.

Figure 5.1: Proposed Research Model



As Figure 5.1 depicts, the important variables of this research model include personal values as the independent variable, brand equity as the mediating variable, and brand

loyalty as the dependent variable. In addition, customer satisfaction is the proposed moderator of the effect of brand equity on brand loyalty. The research model addresses the relationship among personal values, brand equity, customer satisfaction and brand loyalty. The following section presents the process of the qualitative study to test the proposed research model.

5.2.2 Qualitative Study: In-depth Interviews

Using a qualitative approach provides richer detail for exploring viewpoints in the early stage of research, allows acquisition of a better initial understanding of the problem and identifies phenomena, attitudes and influences (Maxwell, 1996; Healy and Perry, 2000; Rotchanakitumnuai and Speece, 2003). The main goal of this qualitative study is to test the proposed research model to explain relationships among variables, and to identify any missing variables. To accomplish this goal, qualitative study used in-depth interviews of customers.

In order to obtain information from the point of view of customers, five people (1 writer/semi-retired, 1 housewife, 1 student, 1 clerical worker and 1 manager) with high degrees of experience in branded hospitality consumption were interviewed over a period of ten days in September 2007. Customers in the Friary shopping center, Guildford were approached to explain the purpose of the research and to request permission for interviews. The reason for selecting a shopping center was that most hotels and restaurants were reluctant to have interviews of customers conducted inside their hotels and restaurants. For the purpose of this research, respondents who expressed low degrees of experience in branded hospitality consumption were not asked to participate in this study. Respondents who met this criterion and indicated an interest were interviewed at a location convenient to each respondent and £ 20 compensation was offered upon completion of each interview. The interviews occurred in a semi-structured format that allows respondents to express their own viewpoints. A set of interview topics (e.g., personal values, self-concept, brand identification, lifestyle, perceived quality and brand loyalty) were guides, and a list of probing questions (e.g., Is there anything else? Can you tell me more about that? Why do

you think so?) attempted to extract respondents' opinions.

Each interview typically began with several questions regarding the respondent's enjoyable/unenjoyable experiences at a hotel or restaurant (e.g., Recently, did you have any enjoyable/unenjoyable experience at a hotel or restaurant?). These early questions were intended to help respondents place themselves in the situation and also to aid in the recall of specific thoughts and feelings regarding their experiences. This was followed by questions asking their loyalty toward the hotel or restaurant brand they had experienced (e.g., How likely is it that you would visit this brand at the next opportunity?). Next, the respondents were instructed to capture the meanings of research variables (e.g., From your point of view, how would you describe quality for a hotel or restaurant?). In addition, the interview questions were intended to discover whether or not relationships exist among variables and to identify any missing variable in the research model (e.g., Do you think that your perceived quality influences your future purchase intentions? What makes brand loyalty to hotel or restaurant?). Interviews continued only as long as participants agreed, usually lasting 30-60 minutes. A sample transcript of these interviews appears in Appendix B.

The findings of these interviews supported the proposed research model's ability to explain relationships among variables. Interviewees generally mentioned that causal relationships among personal values, dimensions of brand equity and brand loyalty exist in branded hospitality consumption. However, one of the most important discrepancies between interview findings and the proposed research model is that customers are likely to consider whether or not they received "value for money" in making the decision to return to a given hospitality provider and to become brand-loyal customers. Interviewees affirmed that increased loyalty results from higher levels of value for money, rather than customer satisfaction, thereby suggesting that customer satisfaction, a moderating variable in the proposed research model, may be modified to consider value for money.

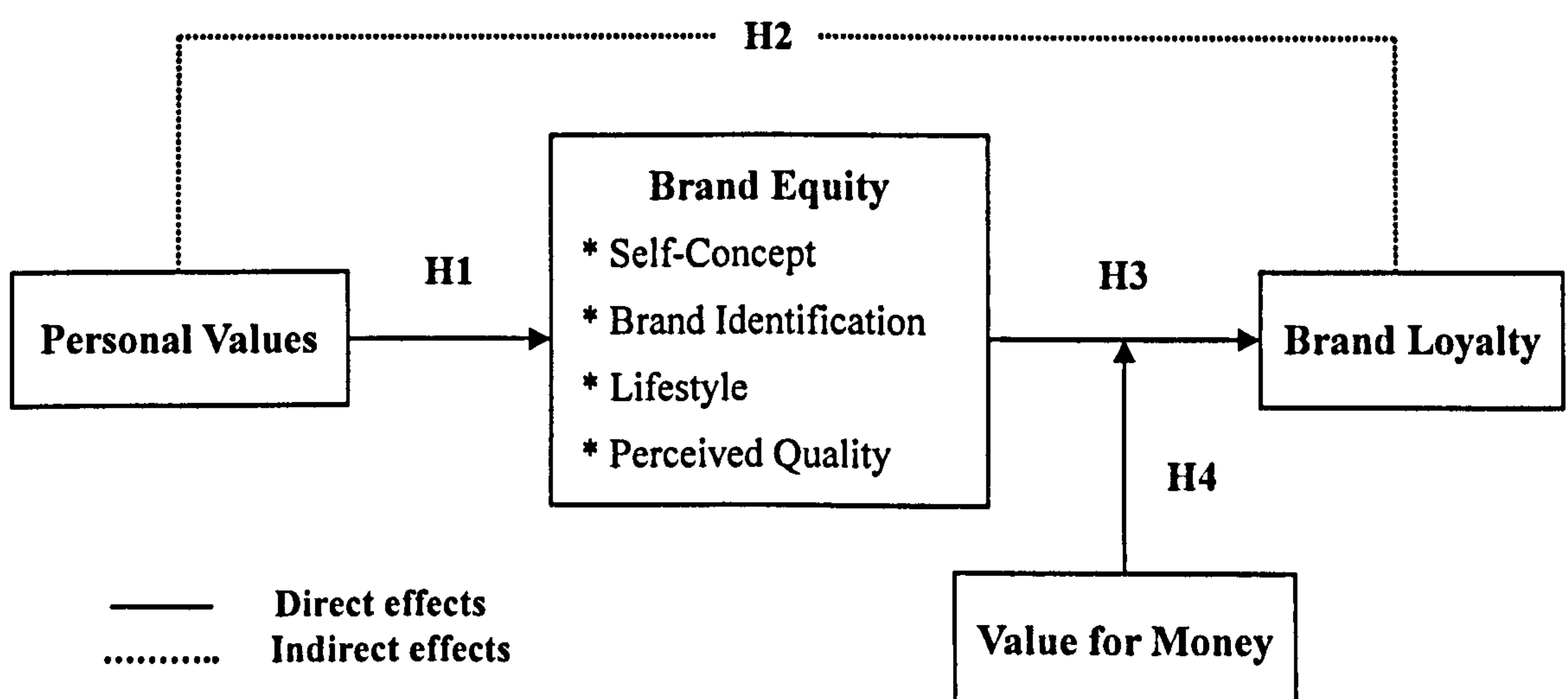
Although many researchers provided empirical evidence of a positive relationship between customer satisfaction and brand loyalty, the ways in which brand loyalty actually derive from customer satisfaction are not well understood (Back and Parks, 2003). For example, Shoemaker and Lewis (1999) found a weak link between customer satisfaction and brand

loyalty in the casino industry. Jones and Sasser (2000) found that the relationship between customer satisfaction and brand loyalty varies considerably from category to category. Bowen and Chen (2001) also found that customers must be extremely satisfied to show brand loyalty. Moreover, McDougall and Levesque (2000) claimed that value for money is more critical with respect to brand loyalty than customer satisfaction. Additional evidence for a positive relationship between value for money and brand loyalty appeared in Oh (1999), Tam (2000), Murphy et al. (2000), Petrick et al. (2001), Sirdeshmukh et al. (2002), Yang and Peterson (2004), Duman and Mattila (2005), Lin and Wang (2006), Lee et al. (2007), and so on (See Table 5.1). Consequently, a revision of the proposed research model is the result of qualitative data from in-depth interviews and existing literature.

5.2.3 Revised Research Model

The research model, revised on the basis of the qualitative data from in-depth interviews and existing literature, exchanges customer satisfaction, a moderating variable, for value for money, and this new variable becomes the moderator between brand equity and brand loyalty in the revised research model. Figure 5.2 exhibits the revised research model that guides this research.

Figure 5.2: Revised Research Model



As Figure 3.2 shows, brand equity is a multidimensional concept that consists of self-concept, brand identification, lifestyle and perceived quality. Personal values have a positive effect on brand equity, which in turn influences brand loyalty. In addition, the research model proposes that brand equity mediates the impact of personal values on brand loyalty. Finally, the value for money moderates the relationship between brand equity and brand loyalty. Many previous empirical studies investigated the relationships among variables of the research model in several settings and provided support for the final research model. Table 5.1 summarizes the previous empirical studies investigating the relationships among the focal variables in the research model.

Table 5.1: Summary of Empirical Studies Investigating the Relationships among the Focal Variables in the Research Model

Researcher	Category	Variables	Finding
Relationship between personal values and consumer behaviour			
Pitts and Woodside (1983)	Automobile, underarm deodorant, weekend recreation activity	Personal values, choice criteria, and purchase intention	<ul style="list-style-type: none"> • Strong relationships are found between personal values and choice criteria. • Weak relationships are found between personal values and purchase intention.
Homer and Kahle (1988)	Natural food shopping	Personal values, attitude and behaviour	<ul style="list-style-type: none"> • Personal values influence attitude, and attitude influences behaviour, but no direct effect exists between personal values and behaviour. • Personal values have only indirect effect on behaviour via attitude.
Madrigal and Kahle (1994)	Vacation activity	Personal values and preference	<ul style="list-style-type: none"> • Personal values are significant for predicting vacation activity preference.
Madrigal (1995)	Tourist destination	Personal values, personality types and Leisure travel styles	<ul style="list-style-type: none"> • Personal values are significantly related to traveler personality types. • Personal values are significant for predicting selection of leisure travel styles.
Keng and Liu (1997)	Asian setting (shopping mall)	Personal values and complaint behaviour	<ul style="list-style-type: none"> • Personal values are significant for predicting complaint behaviour.
Shim and Eastlick (1998)	Mall shopping	Personal values, attitude and behaviour	<ul style="list-style-type: none"> • Personal values influence attitude, and attitude influences behaviour, but no direct effect exists between personal values and behaviour. • Personal values have only indirect effect on behaviour via attitude.
Zins (1998)	Hotel	Personal values, lifestyle, vacation style and hotel choice	<ul style="list-style-type: none"> • Personal values have a positive effect on six out of eight lifestyle dimensions. • Personal values have a positive effect on vacation style but to a lesser degree than lifestyle. • Personal values are significant for predicting hotel choice.
Brunso et al. (2004)	Food	Personal values, lifestyle and behaviour	<ul style="list-style-type: none"> • Personal values influence lifestyle, and lifestyle influences behaviour, but no direct effect exists between personal values and behaviour. • Personal values have only indirect effect on behaviour via lifestyle

Researcher	Category	Variables	Finding
Jayawardhena (2004)	E-shopping	Personal values, attitude and behaviour	<ul style="list-style-type: none"> Personal values influence attitude, and attitude influences behaviour, but no direct effect exists between personal values and behaviour Personal values have only indirect effect on behaviour via attitude.
Relationship between brand equity (self-concept, brand identification, lifestyle and perceived quality) and brand loyalty			
Selnes (1993)	Life insurance, telephone company, college, salmon feed supplier	Brand reputation (or global evaluation of brand) and loyalty	<ul style="list-style-type: none"> Brand reputation has a positive effect on loyalty in all categories.
Boulding et al. (1993)	Hotel	Service quality and behavioural intention	<ul style="list-style-type: none"> Service quality perceptions positively affect behavioural intention.
Getty and Thompson (1994)	Hotel	Quality and behavioural intention	<ul style="list-style-type: none"> Quality has a positive effect on behavioural intention.
McAlexander et al. (1994)	Health-care sector	Service quality and purchase intention	<ul style="list-style-type: none"> Service quality has a positive effect on purchase intention.
Andreassen (1994)	Public service	Brand reputation (or global evaluation of brand) and loyalty	<ul style="list-style-type: none"> Brand reputation has a positive effect on loyalty.
Cobb-Walgren et al. (1995)	Two categories - hotel and household cleaner	Brand equity and purchase intention	<ul style="list-style-type: none"> The brand with the higher equity in each category generates significantly greater purchase intention.
Graeff (1996)	Athletic shoe	Self-concept and purchase intention	<ul style="list-style-type: none"> Self-concept congruence has a significant effect on purchase intention.
Zeithaml et al. (1996)	Computer, retail chain, automobile insurance, life insurance	Service quality and behavioural intention	<ul style="list-style-type: none"> Service quality strongly influences behavioural intention.
Bloemer and De Ruyter (1998)	Retail bank	Quality and loyalty	<ul style="list-style-type: none"> Quality has a positive effect on loyalty.
Bloemer et al. (1999)	Supermarket, amusement park, fast food restaurant, health care service	Service quality (reliability, assurance, empathy, tangibles and responsiveness) and service loyalty (word-of-mouth, purchase intention, price sensitivity, complaining behaviour)	<ul style="list-style-type: none"> Four different service type industries yield an intricate pattern of quality-loyalty relationships at the level of the individual dimensions.

Researcher	Category	Variables	Finding
Cronin et al. (2000)	Long distance carrier, Spectator sport, fast food, health care, entertainment, participation sport	Service quality and behavioural intention	• Service quality directly relates to behavioural intention.
Baker and Crompton (2000)	Festival	Quality and behavioural intention	• Quality has a positive effect on behavioural intention.
Kim et al. (2001a)	Cellular phone	Brand identification and brand loyalty (word-of-mouth reports)	• Brand identification has a direct effect on word-of-mouth reports and indirect effect on brand loyalty.
Del Rio et al. (2001)	Sports shoe	Lifestyle and behavioural intention (willing to recommend)	• Lifestyle has a positive effect on willingness to recommend brand.
Yoo and Donthu (2001)	Athletic shoe, film and Color television set	Brand equity and purchase intention	• Brand equity and purchase intention have a highly positive correlation.
Washburn and Plank (2002)	Co-branding (potato chip/ barbecue sauce and paper towel/disinfectant)	Brand equity and purchase intention	• Brand equity and purchase intention have a highly positive correlation.
Kumar et al. (2003)	B2C setting	Brand equity and relationship intention	• Brand equity has a positive effect on relationship intention.
Ekinci and Riley (2003)	Restaurant	Self-concept and behavioural intention	• Partly, actual and ideal self-concept congruence are statistically significant in predicting behavioural intention.
Orth et al. (2004)	Craft beer brand	Lifestyle and brand preference	• Consumer lifestyle relates to brand preference. • Consumer (lifestyle) segments differ significantly with respect to brand preference.
Gounaris and Stathakopoulos (2004)	Whisk	Brand equity and brand loyalty	• Brand equity relates to the brand loyalty types.
Reich et al. (2005)	Quick-service restaurant	Service quality and brand loyalty	• Service quality has a positive effect on brand loyalty.
Johnson et al. (2006)	Cellular phone	Brand equity (lifestyle, self-concept and brand identification) and loyalty intention	• Brand equity has a small negative effect on loyalty intention early in the life cycle, which become progressively positive over time.

Researcher	Category	Variables	Finding
Kressmann et al. (2006)	Automobile	Self-concept and brand loyalty	• Self-concept congruence has a positive effect on brand loyalty.
Chen and Chang (2008)	International airplane	Brand equity and purchase intention	• Brand equity has a positive effect on purchase intention.
Relationship between value for money and brand loyalty			
Dodds et al. (1991)	Calculator and Stereo	Perceived value and willingness to buy	• Perceived value has a positive effect on willingness to buy.
Bolton and Drew (1991)	Telephone service	Perceived value and customer loyalty	• Perceived value is a major determinant of customer loyalty.
Sweeney et al. (1996)	Electrical appliance	Perceived value and willingness to buy	• Perceived value influences willingness to buy.
Hartline and Jones (1996)	Hotel industry	Perceived value and word-of-mouth recommendation	• Perceived value has a positive effect on word-of-mouth recommendation.
Wakefield and Barnes (1996)	Minor league baseball	Perceived value and repatronage intention	• Perceived value has a positive effect on repatronage intention.
Patterson and Spreng (1997)	B2B service context	Value for money and repurchase intention	• The effect of value for money on repurchase intention is not significant. However, a significant correlation exists between them.
Sweeney et al. (1997)	Retail service setting	Value for money and willingness to buy	• Value for money has a positive effect on willingness to buy.
Sirohi et al. (1998)	Supermarket chain	Value for money and store loyalty intention	• The perception of value for money has a positive effect on the store loyalty intention.
Oh (1999)	Hotel industry	Perceived value and repurchase intention	• Perceived value has a positive effect on repurchase intention.
Tam (2000)	Restaurant Industry	Perceived value and behavioural intention	• Perceived value has a positive effect on behavioural intention.
Murphy et al. (2000)	Tourist destination	Perceived trip value and intention to return	• Perceived value positively affects intention to return.
Petrick et al. (2001)	Tourist destination	Perceived value and intention to revisit	• Perceived value has a positive effect on intention to revisit.

Researcher	Category	Variables	Finding
Petrick and Backman (2002)	Golf package	Perceived value and intention to repurchase	<ul style="list-style-type: none"> • Positive relationship exists between perceived value and intention to repurchase.
Sirdeshmukh et al. (2002)	Airline travel and retailing service	Perceived value and customer loyalty	<ul style="list-style-type: none"> • Perceived value is a major determinant of customer loyalty.
Yang and Peterson (2004)	Online banking	Perceived value and customer loyalty	<ul style="list-style-type: none"> • Perceived value has a positive effect on customer loyalty.
Duman and Mattila (2005)	Cruise vacation	Value for money and behavioural intention	<ul style="list-style-type: none"> • Value for money has a positive effect on behavioural intention.
Lin and Wang (2006)	Mobile commerce context	Perceived value and customer loyalty	<ul style="list-style-type: none"> • Perceived value has a positive effect on customer loyalty.
Lee et al. (2007)	Tourist destination	Perceived value and recommendation	<ul style="list-style-type: none"> • Perceived value has a positive effect on recommendation.

5.3 Development of the Research Propositions

According to Sekaran (2003, p.103), a proposition is a “logically conjectured relationship between two or more variables expressed in the form of a testable statement.” Testing the propositions and confirming the conjectured relationships allows obtaining reliable information on what kinds of relationships exist among the variables. Based on the research model, four propositions guide this research.

Effects of Personal Values on Brand Equity and Brand Loyalty

Generally, personal values function as an independent variable in the research of consumer behaviour. Frequently in research, values have acceptance as both a powerful means to explore, and an influence on, consumer behaviour (Maio and Olson, 1994). According to Homer and Kahle (1988), previous researchers held that personal values function as grounds for behavioural decisions in general and consumer behaviours in particular. The means-end chain model also predicts that consumption behaviours such as brand selection are a means to achieve the values’ desired end-states. In addition, the model provides a theoretical and conceptual structure connecting personal values, self-relevance and less abstract associations, and consumer behaviour (Shim and Eastlick, 1998; Wansink, 2003).

Recent empirical research provided some evidence that personal values may be useful in understanding consumer behaviour (Pitts and Woodside, 1983). Personal values are significant for predicting many consumer behaviours including selecting leisure travel style (Madrigal, 1995), preference for leisure activities on holiday (Madrigal and Kahle, 1994), hotel choice (Zins, 1998) and complaint behaviour (Keng and Liu, 1997). Moreover, research showed that personal values affect various aspects of consumption attitudes and behaviours: mall shopping attitude and behaviour (Shim and Eastlick, 1998), formation of attitude toward brands (Reynolds and Gutman, 1984; Perkins and Reynold, 1988), leisure travel behaviour (Zins, 1998) and food shopping attitude and behaviour (Homer and Kahle, 1988).

However, Kahle (1980) argued that personal values have an indirect effect on consumer

behaviour through less abstract mediating variables. According to Homer and Kahle (1988), the influence of personal values should theoretically flow from abstract values to self-relevance and less abstract association to specific behaviours. Several researchers have attempted to empirically test these theoretical models. Pitts and Woodside (1983) reported a strong relationship between values and brand choice criteria, but a very weak relationship between values and purchase intention. The research of Shim and Eastlick (1998), Homer and Kahle (1998) and Jayawardhena (2004) showed that personal values have a positive effect on attitude; attitude has a positive effect on behaviour, but no direct effect exists between personal values and behaviour. Brunso et al. (2004) also found that personal values have only indirect effect on behaviour through less abstract mediating variables. Moreover, as mentioned earlier, the means-end chain model supports the associative links among personal values, less abstract variables and consumer behaviour. Based on the means-end chain model and empirical evidence cited earlier, the possibility exists for flowing from personal values to brand equity as a mediating variable to brand loyalty. Hence, this research develops the following propositions to determine whether or not personal values have a significant relationship with brand equity and whether or not brand equity mediates the effect of personal values on brand loyalty.

P1: Personal values have a significant relationship with brand equity.

P1a: Personal values have a significant relationship with “self-concept” of brand equity.

P1b: Personal values have a significant relationship with “brand identification” of brand equity.

P1c: Personal values have a significant relationship with “lifestyle” of brand equity.

P1d: Personal values have a significant relationship with “perceived quality” of brand equity.

P2: Brand equity mediates the effect of personal values on brand loyalty.

Effects of Brand Equity on Brand Loyalty

Within marketing literature, operationalizations of brand equity usually fall into two groups: consumer perception and consumer behaviour (Cobb-Walgren et al., 1995; Yoo and Donthu, 2001). For example, Aaker (1991, 1996) proposed brand equity incorporates both perceptual and behavioural dimensions. However, Keller (2008) suggested that behavioural dimensions, such as brand loyalty, should be excluded from brand equity because

consumers may be in the habit of buying a particular brand without really thinking much about why. Lassar et al. (1995) and Johnson et al. (2006) also strictly distinguished the perceptual dimensions from the behavioural dimensions so that behaviour is a consequence of brand equity rather than brand equity itself. This research considers only perception as a dimension of brand equity, such as self-concept, brand identification, lifestyle and perceived quality, thereby judging brand loyalty to be a consequence of brand equity rather than brand equity itself.

Numerous researchers have investigated the relationship between brand equity and brand loyalty and provided empirical evidence of a positive relationship between the two. For example, Gounaris and Stathakopoulos (2004) claimed that brand equity relates to the brand loyalty-type an individual develops towards a specific brand. The research of Yoo and Donthu (2001), Washburn and Plank (2002) and Chen and Chang (2008) also found a highly positive relationship between brand equity and purchase intention. In particular, Cobb-Walgren et al. (1995) investigated the effect of brand equity on consumer preferences and purchase intentions using data from both service (hotels) and product (household cleaners) categories. They found that the brand with the higher equity in each category generates significantly greater preferences and purchase intentions. Furthermore, Johnson et al. (2006) found that brand equity, consisting of self-concept, lifestyle and brand identification, has a small negative effect on loyalty intention early in the product's life cycle, but becomes progressively more positive over time. Kumar et al. (2003) also demonstrated that brand equity has a positive effect on relationship intention. Based on the empirical evidence cited earlier, the intent of the following propositions is to determine whether or not brand equity has a significant relationship with brand loyalty.

P3: Brand equity has a significant relationship with brand loyalty.

P3a: "Self-concept" of brand equity has a significant relationship with brand loyalty.

P3b: "Brand identification" of brand equity has a significant relationship with brand loyalty.

P3c: "Lifestyle" of brand equity has a significant relationship with brand loyalty.

P3d: "Perceived quality" of brand equity has a significant relationship with brand loyalty.

Effects of Brand Equity and Value for Money on Brand Loyalty

Existing marketing literature does not satisfactorily explain the relationships among brand equity, value for money and brand loyalty. Although past researchers investigated brand equity, value for money and brand loyalty, an integration of these variables into a single model is not apparent. The expectation is, however, that both brand equity and value for money affect future behaviour or brand loyalty. As mentioned earlier, numerous researchers provided empirical evidence of a positive relationship between brand equity and brand loyalty. Also, cumulative insights from prior studies supported the general notion that value for money contributes to brand loyalty (Lin and Wang, 2006). Sirohi et al. (1998) claimed that value for money has a positive effect on loyalty intention. Similarly, Sirdeshmukh et al. (2002) found a link between value for money and customer loyalty using data from airline travel and retailing service contexts. In particular, the research of Hartline and Jones (1996), Oh (1999) and Tam (2000) found that value for money has a positive effect on behavioural intention in the hotel and restaurant industries. Additional evidence for a positive relationship between value for money and brand loyalty appeared in Dodds et al. (1991), Bolton and Drew (1991), Sweeney et al. (1997), Murphy et al. (2000), Petrick et al. (2001), Yang and Peterson (2004), Lee et al. (2007), and so on.

Accordingly, brand equity and value for money have been shown to have a positive effect on brand loyalty. Although past researchers have investigated the separate effects of brand equity and value for money on brand loyalty, any study which simultaneously examined both brand equity and value for money is not apparent. Therefore, the intent of the following propositions is to determine whether or not value for money moderates the effect of brand equity on brand loyalty.

P4: Value for money moderates the effect of brand equity on brand loyalty.

P4a: Value for money moderates the effect of “self-concept” of brand equity on brand loyalty.

P4b: Value for money moderates the effect of “brand identification” of brand equity on brand loyalty.

P4c: Value for money moderates the effect of “lifestyle” of brand equity on brand loyalty.

P4d: Value for money moderates the effect of “perceived quality” of brand equity on brand loyalty.

5.4 Summary

The main objective of this research is to investigate the antecedents and consequences of brand equity in the hospitality industry. To achieve this objective, this chapter develops a research model. In particular, this research combines the results of existing literature and qualitative data from in-depth interviews to develop the model. The important variables of the research model include: personal values as the independent variable, brand equity as the mediating variable, value for money as the moderating variable and brand loyalty as the dependent variable. In addition, previous empirical studies which support the relationships among the focal variables in the research model are presented. Finally, based on the research model, research propositions are developed. The next chapter discusses the many methodological issues related to the present research.

CHAPTER 6

CHAPTER SIX

METHODOLOGY

6.1 Introduction

This chapter discusses a number of methodological issues related to the present research. The first part of this chapter explains the philosophy behind this research. The second part concerns sampling design including sampling method and data collection method. Furthermore, a discussion of the questionnaire design includes the measurement of variables and questionnaire layout. This section also demonstrates the pre-test, which relates to the generation of the final questionnaire. The final part of this chapter demonstrates various data analysis methods selected for this research. These methods range from simple descriptive analysis, T-test, ANOVA test and correlation analysis to more complex techniques: factor analysis, reliability analysis and multiple regression analysis.

6.2 Research Philosophy

Research is the process which creates new knowledge. Actually, all theory and research efforts have underlying philosophical foundations (Hunt, 1990). The term research

philosophy relates to the development of knowledge and the nature of that knowledge. The research philosophy an investigator adopts contains important assumptions of the way in which a researcher views the world (Saunders et al., 2003). Although many researchers conduct sound research without thought of underlying philosophical considerations, some knowledge of research philosophies is useful because it helps to clarify the research design and facilitates the choice of an appropriate one (Blumberg et al., 2005). Within the field of social research, two distinguished research philosophies exist: positivism and interpretivism. The philosophical position of positivism is synonymous with the quantitative paradigm, while the interpretivism view of the world adopts a qualitative paradigm (Crotty, 1998). According to Reichardt and Cook (1979, p.9), “the quantitative paradigm is said to have a positivistic, hypothetico-deductive, particularistic, objective, outcome-oriented and natural science world view. In contrast, the qualitative paradigm is said to subscribe to a phenomenological, inductive, holistic, subjective, process oriented, and social anthropological world view.” Table 6.1 summarizes the opposing stances of positivism and interpretivism.

Table 6.1: Positivism and Interpretivism Compared

	Positivism	Interpretivism
Basic Principles		
View of the world	The world is external and objective.	The world is socially constructed and subjective.
Involvement of researcher	Researcher is independent.	Researcher is part of what is observed and sometimes even actively collaborates.
Researcher’s influence	Research is value-free.	Research is driven by human interests.
Assumptions		
What is observed?	Objective, often quantitative, facts	Subjective interpretations of meanings
How is knowledge developed?	Reducing phenomena to simple elements representing general laws	Taking a broad and total view of phenomena to detect explanations beyond the current knowledge

Source: Blumberg et al. (2005, p.21)

These differences in basic principles and assumptions have several implications for how researchers should conduct research. Positivism is a research philosophy adopting the philosophical stance of the natural science (Saunders et al., 2003). According to this view, positivism starts from the idea that the world can be described by objective facts, which are then examined. Hence, one needs to assess whether observations are indeed objective facts. The constructs used are operationalized to ensure that researchers observing the same phenomenon measure it in the same way (Blumberg et al., 2005). A common study structure in positivism is that researchers examine a research problem by testing whether or not theoretically derived hypotheses hold for the situations examined (Saunders et al., 2003). If the objective facts support the hypotheses, the derived fundamental laws are applicable and their validity is reinforced (Blumberg et al., 2005).

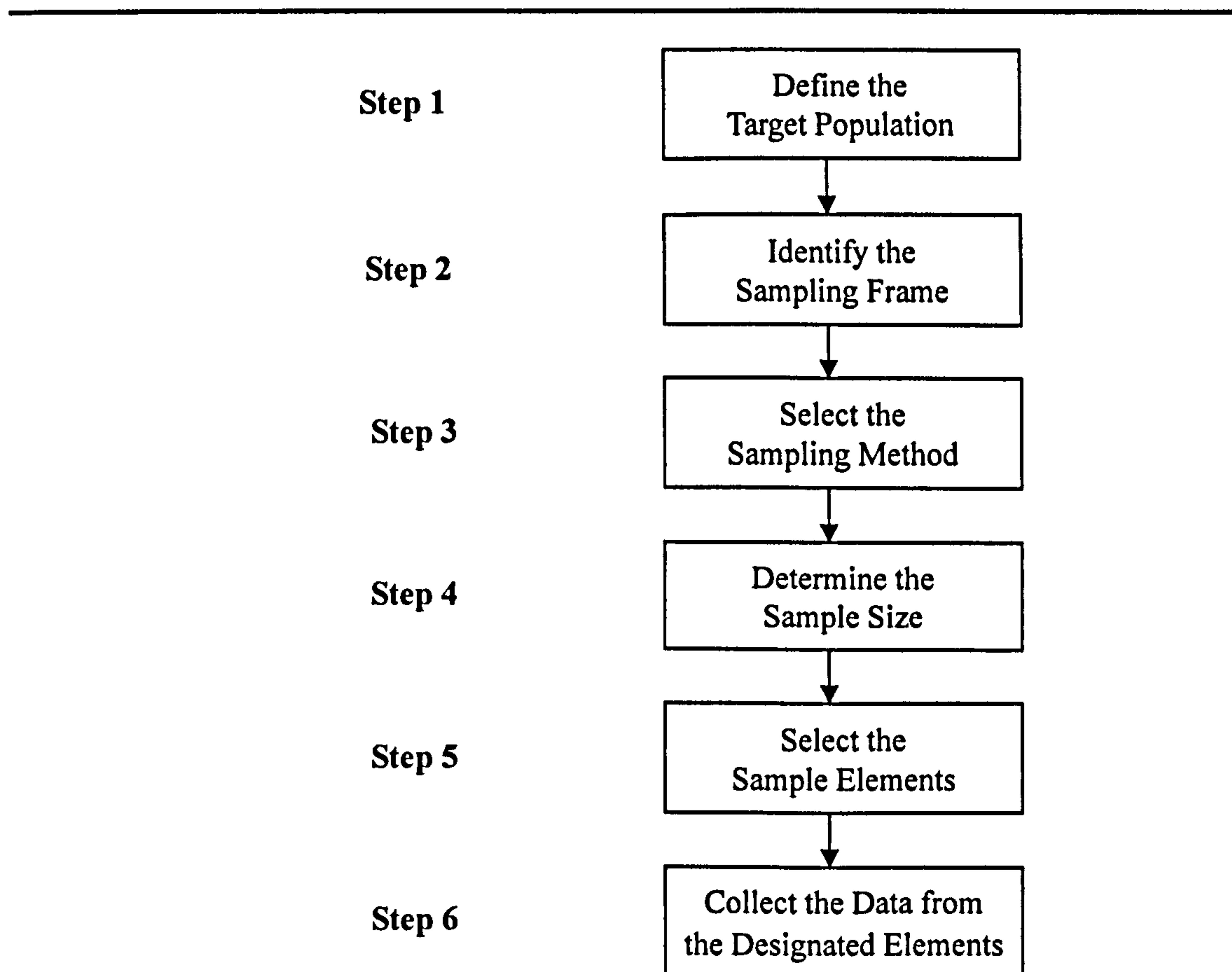
Unlike positivism, interpretivism is interested in subject meanings and interpretations of phenomena to detect occurrences in a specific situation. Because each observation is subjective, researchers rely, ideally, on multiple sources and different methods to collect information of phenomena (Blumberg et al., 2005). The common study structure for interpretivism is different from positivism. Interpretivism offers a thick and rich description of the investigated phenomena, whose interpretation provides understanding of what is happening (Jankowicz, 2005). In interpretivism, simple fundamental laws are insufficient to understand the whole complexity of social phenomena (Blumberg et al., 2005).

Although the present research investigates customer perceptions of hotel or restaurant brands, which is, at its center, interpretivism, the actual aim of this research is to test established hypotheses about associations among a set of research variables. Furthermore, present research seeks to achieve scientific rigour by using reliability and validity to evaluate the findings so that they are replicable and generalizable to other situations. These require taking into consideration the objectivity of the positivism. However, qualitative methodology provides information for further development of the research model. Therefore, some kind of interpretation is necessary for better understanding of the research findings. Accordingly, the present research adopts positivism and interpretivism simultaneously.

6.3 Sampling Design

Having clearly specified the problem and objectives of the research, the next stage in the process is to select an appropriate sample from which to collect the information (Churchill and Iacobucci, 2004). According to Hair et al. (2006), the sampling procedure plays an important role in the process of identifying, developing, and understanding research objectives that need investigation. Without a sound sampling procedure, data collection will include neither the proper respondents nor the appropriate number of them. Indeed, the study outcome is likely to be useless (Tull and Hawkins, 1993). Churchill and Brown (2004) suggested a useful six-step process to follow when drawing a sample of a population. Figure 6.1 shows that six-step process.

Figure 6.1: Sampling Design Process



Source: Churchill and Brown (2004, p.401)

Sampling design begins by defining the target population of the research from which to draw an inference (Churchill and Brown, 2004). The target population must have precise definition. Imprecise definition of the target population results in research that is ineffective at best, and misleading at worst (Malhotra, 2004).

Secondly, the identifying sampling framework provides a representation of the elements of the target population, and consists of a list of the elements from which to select the actual sample (Churchill and Brown, 2004). Having a complete sampling frame decreases the likelihood of drawing an unrepresentative sample. Sampling frames can be created from a number of different sources (e.g., customer lists from a company's internal database, telephone book, an organization's membership roster, a city directory, or a map) (Hair et al., 2006).

The third step in the sampling design process is selection of a sampling method, which closely relates to identification of the sampling frame since the choice of sampling method depends largely on the developed sampling frame (Churchill and Brown, 2004).

The next step requires determining the sample size. Sample size determination is significant from both a statistical and an economic point of view. In practice, no one number of subjects identifies a perfect sample size. However, generally, for more important decisions, the preference is for more data over less, and precisely gathered information is desirable. This calls for larger samples, but as the sample size increases, so do the resource (money and time) requirements (Malhotra, 2004).

The fifth step defines the need to choose the elements to include in the research, determine how to contact the prospective respondents, identified as part of the sample, and finally, collect the appropriate data from the designated respondents. Maintaining consistency and control is essential in this step (Hair et al., 2006).

Moreover, Hair et al. (2006) suggested that while keeping in mind the theoretical components, sampling issues, and advantage and disadvantages of the different sampling techniques, selection of the most appropriate sampling design should incorporate the seven

factors displayed in Table 6.2.

Table 6.2: Critical Factors in Selecting an Appropriate Sampling Design

Selection Factors	Questions
Research Objectives	Do the research objectives call for the use of qualitative or quantitative research design?
Degree of Accuracy	Does the research call for making predictions or inferences about the defined target population or only preliminary insights?
Availability of Resources	Does the research project confront tight budget constraints with respect to both dollars and manpower allocation?
Time Frame	How quickly does the research project have to be completed?
Advance Knowledge of the Target Population	Do complete lists of the defined target population elements exist? How easy or difficult is generating the required sampling frame of prospective respondents?
Scope of the Research	Is the research going to be international, national, regional, or local?
Statistical Analysis Needs	To what extent are accurate statistical projections required and/or testing of hypothesized difference in the data structures?

Source: Hair et al. (2006, p.343)

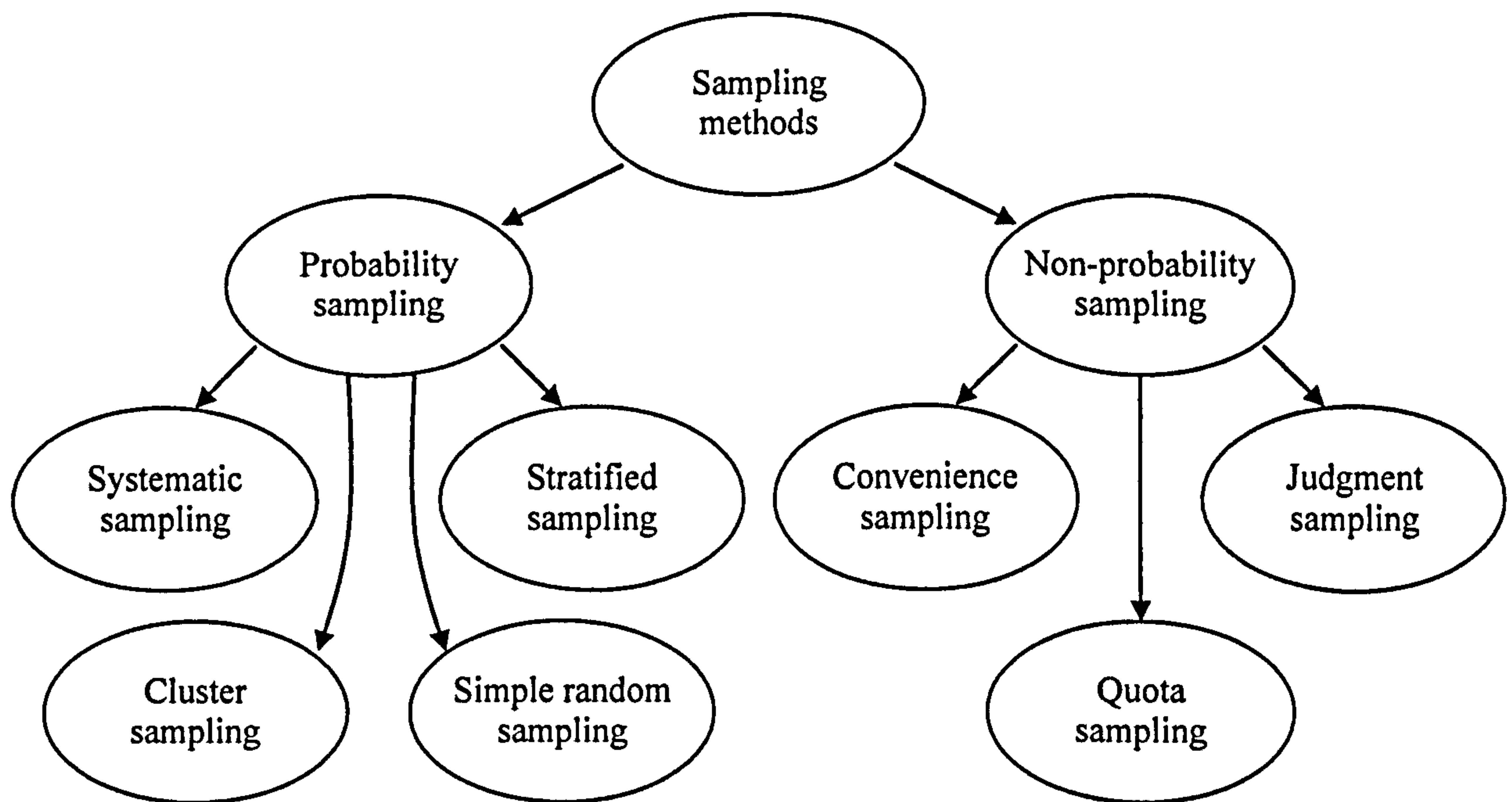
From the seven critical factors in selecting an appropriate sampling design, first of all, a full understanding of the research objectives provides the initial guidelines for determining the appropriate sampling design. Second, the desired degree of accuracy varies among research projects, especially when evaluating cost savings or other resource considerations. Guiding the selection of appropriate sampling designs is the desired level of accuracy. Third, availability of resources is a critical factor in selecting an appropriate sampling design. If financial and human resources are substantially limited, a less-time consuming sampling method rather than a more complex method is the necessary choice. Fourth, the time frame influences sampling design selection. Impending deadlines certainly eliminate more time-consuming sampling methods. Fifth, in many cases, a lack of definitive respondents in a population requires researchers to have a clear understanding of who is in the target population when selecting an appropriate sampling design. Sixth, the scope of the research, international, national, regional, or local, influences the choice of the sampling design.

Finally, the need for accurate statistical projections based on the sample results is often a criterion in selecting an appropriate sampling design (Hair et al., 2006).

Influencing the sampling design process for the present research are two suggestions: the six-step sampling design process suggested by Churchill and Brown (2004) (See Figure 6.1), and the seven critical factors in selecting an appropriate sampling design by Hair et al. (2006) (See Table 6.2). An outline of the specific sampling design and data collection method adopted for the present research appears in the following section.

6.3.1 Sampling Method

Sampling methods encompass two broad categories: probability and non-probability. Non-probability sampling includes classifications of convenience, quota, or judgment, while probability sampling can be systematic, cluster, simple random or stratified. Some of these have further sub-classifications (Churchill and Brown, 2004). Figure 6.2 shows the classification of sampling methods.

Figure 6.2: Classification of Sampling Methods

Source: Adapted from McDaniel and Gates (2006, p.305)

In probability sampling, each element in the defined target population has a known, nonzero probability of being selected for the sample (Hair et al., 2006). The probability of each element of the target population being selected for the sample may not be equal, but everyone has a known probability of selection. Therefore, researchers can calculate the selection likelihood for any given population element, because the final sample elements are the result of an objective, specific, mechanical process. Since objectivity is part of the element selection process, researchers are able to assess the reliability of the sample results. For this reason, probability sampling is the superior method, in the terms of inherent ability to estimate the amount of sampling error. Probability sampling is the usual method when the representativeness of the sample is of importance for wider generalizability (Churchill and Brown, 2004). Generally, probability sampling includes systematic, cluster, simple random, and stratified sampling (See Table 6.3).

Table 6.3: Probability Sampling Methods

Sampling Method	Description	Advantages	Disadvantages
Systematic Sampling	Every n th element in the population is chosen starting from a random point in the population frame.	Easy to use if population frame is available.	Systematic biases are possible
Cluster Sampling	Groups that have heterogeneous members are first identified; then some are chosen at random; all the members in each of the randomly chosen groups are studied.	In geographic clusters, costs for data collection are low.	The least reliable and efficient among all probability sampling designs since subsets of clusters are more homogeneous than heterogeneous.
Simple Random Sampling	All elements in the population are considered and each element has an equal chance of being chosen as the subject.	High generalizability of findings.	Not as efficient as stratified sampling.
Stratified Random Sampling	Population is first divided into meaningful segments; thereafter, subjects are drawn in proportion to their original numbers in the population.	Most efficient among all probability designs.	Stratification must be meaningful, but is more time-consuming than simple random sampling or systematic sampling.

Source: Adapted from Sekaran (2003, p.280)

In non-probability sampling, the probability of selecting each sampling element is not known (Hair et al., 2006). Thus, no way exists for ensuring that the sample is representative of the population. All non-probability samplings rely on personal judgment somewhere in the sample-selection process. This is in opposition to a mechanical procedure to select sample elements. Since non-probability sampling involves personal judgment in the selection process, assessing the probability of any population element being selected and the degree of sampling error involved is not possible (Churchill and Brown, 2004). Some non-probability sampling methods are more dependable than others, and those offer some important leads to useful information with regard to the population (Sekaran, 2003). Generally, non-probability sampling includes convenience, quota, and judgment sampling (See Table 6.4).

Table 6.4: Non-probability Sampling Methods

Sampling Method	Description	Advantages	Disadvantages
Convenience Sampling	The most easily accessible members are chosen as subjects.	Quick, convenient, less expensive.	Not generalizable at all.
Quota Sampling	Subjects are conveniently chosen from targeted groups according to some predetermined number or quota.	Very useful where minority participation in a study is critical.	Not easily generalizable.
Judgment Sampling	Subjects are selected on the basis of their expertise in the subject being investigated.	Sometimes, the only meaningful way to investigate.	Generalizability is questionable; not generalizable to an entire population.

Source: Adapted from Sekaran (2003, p.280)

As mention earlier, probability sampling enables researchers to judge the reliability of the sample results, something not possible with non-probability sampling regardless of careful judgment exercised in selecting elements (Hair et al., 2006). However, this is not to say that probability sampling will always be more representative than non-probability sampling. Indeed, a non-probability sampling may be more representative. The advantage of probability sampling is that it allows measurement of the sampling error that is likely to occur. With non-probability sampling, on the other hand, lower costs and time requirements are advantages over probability sampling. Moreover, non-probability sampling is reasonably representative if data collection is careful and thorough (Churchill and Brown, 2004). Table 6.5 provides a comparison of probability and non-probability sampling methods based on selected sampling factors.

Table 6.5: Comparison of Probability and Non-probability Sampling Methods

Comparison Factors	Probability Sampling	Non-Probability Sampling
List of the population elements	Complete list necessary	None necessary
Information about the sampling units	Each unit identified	Need detail on habits, activities, traits, etc.
Sampling skill required	Skill required	Little skill required
Time requirement	Time-consuming	Low time consumption
Cost per unit sampled	Moderate to high	Low
Estimates of population parameters	Unbiased	Biased
Sample representativeness	Good, assured	Suspect, undeterminable
Accuracy and reliability	Computed with confidence intervals	Unknown
Measurement of sampling error	Statistical measures	No true measure available

Source: Hair et al. (2006, p.331)

The population in the present research consists of native English speakers, familiar with restaurant and hotel brands in the UK. The reason for selecting these two categories - hotel and restaurant brands - mainly stems from the fact that hotels and restaurants are representative sectors properly reflecting the characteristics of the hospitality industry. Based on the above considerations, this research adopts a convenience sampling method. Two reasons underwrite the adoption of the convenience sampling method. First are the lack of an available sampling frame and the lack of specific population information. The assumption of convenience sampling is the fact that the target population is homogeneous, and samples, selected according to accessibility, are similar to the overall defined target population with regard to the characteristics being studied (Hair et al., 2006). Second, limited time and resources are available. Even though convenience sampling has disadvantages, marketing researchers use frequently this method because of its lower demand on resources (McDaniel and Gates, 2006). Convenience sampling enables gathering a large amount of data in a relatively short time and at lower costs (Hair et al., 2006).

6.3.2 Data Collection Method

For this research, data collection is through a personally administered questionnaire. The main advantage of this method is that data collection of all completed responses incurs minimal time and cost expenditures. This face-to-face method affords an opportunity to introduce the research topic and motivate respondents to offer frank answers. Moreover, it does not require significant skill to administer a questionnaire (Sekaran, 2003).

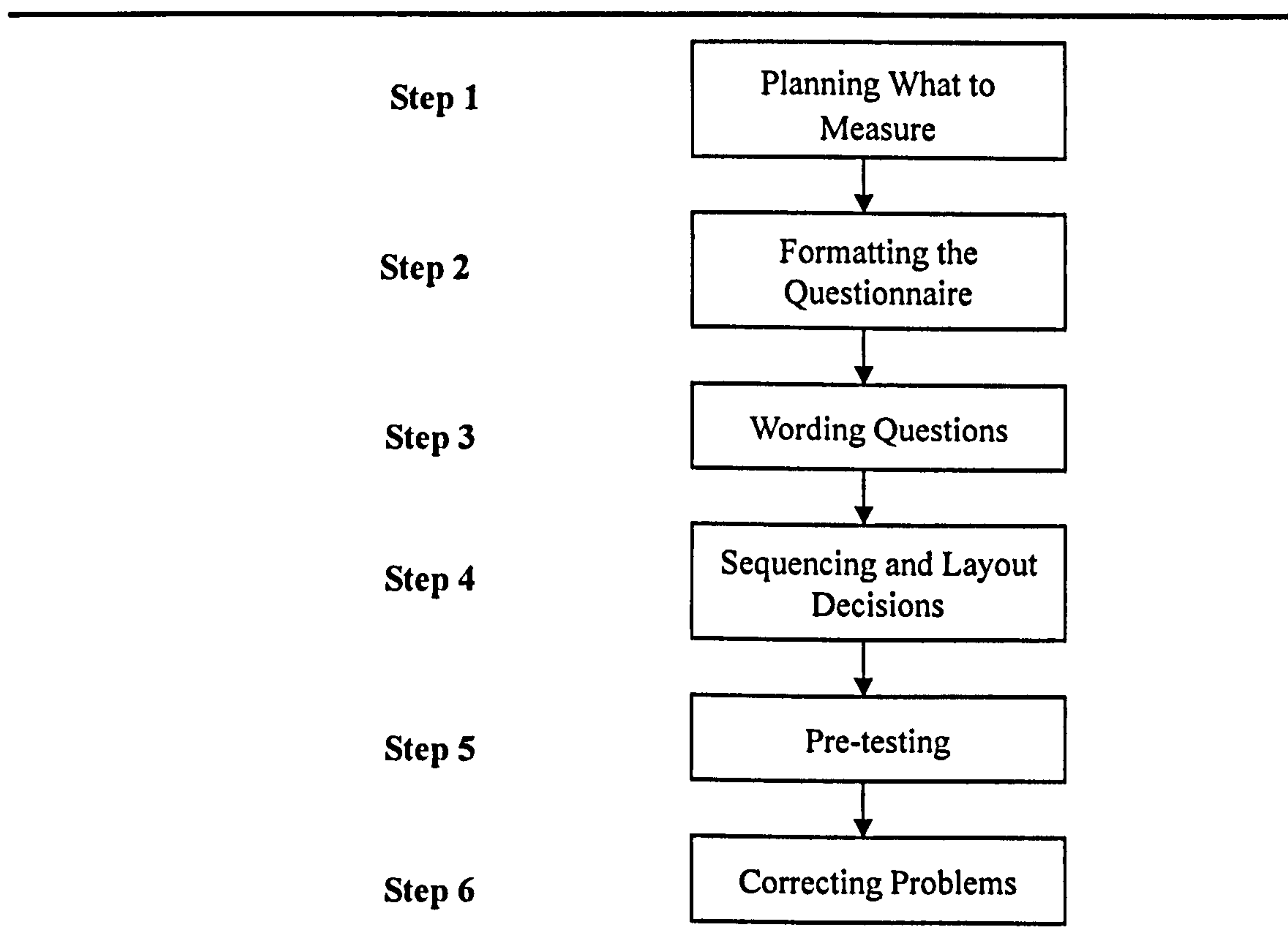
To participate in the survey, respondents were approached at different locations over a period of three weeks in November 2007: high street, shopping complexes and train stations. Further sampling occurred with selected respondents waiting for flights in the departure lounge of a major UK airport. The reason of selecting various locations for a survey site was that most hotels and restaurants were reluctant to allow surveys of customers inside their hotels and restaurants. In order to maintain consistency in the data gathering process, university students majoring in hospitality and tourism management became data collectors after receiving training. The respondents were approached and informed about the purpose of the research in advance of being given the questionnaire. Especially, questionnaire's pre-test revealed that non-native English speakers have some difficulties in understanding the context of some questions. Thus, target population was set as native English speakers who are familiar with restaurant and hotel brands in the UK. Screening questions were asked to identify if a respondent was a native English speaker and familiar with restaurant and hotel brands in the UK. Those who met these criteria were given a self-administered questionnaire, which they were instructed to complete and return directly to the students who had administered the survey. Whenever a respondent refused to participate, the trained students moved to the next available subject. A total of 579 people were approached, of which 397 (68.6%) completed the questionnaires. Of these, 19 were excluded, since they had not been fully completed. Thus, a total of 378 were used for further analysis. A method of increasing the response rate was the use of monetary incentives. The high response rate of 68.6% was partly attributed to the £ 2 gift (e.g., instant lottery ticket) offered in return for participation. Previous studies showed the effectiveness of using various monetary incentives for improving survey response rates (Brennan et al., 1991; Brennan, 1992).

6.4 Questionnaire Design

Questionnaire design is of key importance, and an appropriate questionnaire accomplishes the researcher's objectives (Aaker et al., 2004). Even though the value of a well-designed questionnaire cannot be overestimated, scientific principles that guarantee an ideal questionnaire do not exist (Malhotra, 2004). Much of the progress in questionnaire design has been, simply, a growing awareness of what to avoid and a few guidelines for developing questions that are not ambiguous (Churchill and Brown, 2004). Questionnaire design is a skill a researcher acquires through experience rather than by conforming to guidelines (Kinnear and Taylor, 1996).

Although each questionnaire design must creatively respond to the specific needs of the research, a sequence of logical steps aid developing a useful questionnaire. Figure 6.3 provides a flowchart of the process of questionnaire design.

Figure 6.3: Process of Questionnaire Design



Source: Adapted from Aaker et al. (2004, p.313)

The basic process of questionnaire design, adopted for the present research, derives from the suggestions of Aaker et al. (2004) who asserted that a primary necessity is to plan what to measure. This is a most difficult step in questionnaire design. Poor judgment and lack of thought may mean that the results are not relevant to the research objectives. Another consideration is the format of each question. Researchers must decide question content, and choose the nature of responses: open-ended, multiple choices, two alternatives, or scale representation. After evaluating each research question on the basis of comprehensibility, knowledge and ability, and willingness/inclination of a typical respondent to answer the question, attention focuses on determining the precise wording of the question. This is a critical task; poor question wording may cause respondents to answer inappropriately or inaccurately (as compared to their actual feelings) because of misunderstanding. The next step involves layout and sequencing choices. The fifth step is pre-testing the questionnaire among respondents similar to those who will be used as actual research subjects. This activity constitutes an experimental reading of the questionnaire by a test group of respondents to obtain feedback about logic and the likelihood of obtaining appropriate data for valid and relevant measurement. Finally, the comments from respondents are vital for discovering problems with the questionnaire, its administration, and its analysis. Input from the pre-test guides necessary revisions (Aaker et al., 2004; Churchill and Brown, 2004).

For this research, two different versions of the questionnaires target different segments of hospitality categories – hotel and restaurant. Questions in the two versions are similar except for the lists of the brand names and visit experience questions which use an appropriate word for the specific category. The final questionnaire for this research has three sections:

- Respondent's familiarity with a hotel/restaurant brand (e.g., degree of familiarity, frequency of restaurant visits/hotel stays, purpose for restaurant visit/hotel stay, satisfaction, value for money)
- Respondent's perceptions of a hotel/restaurant brand (e.g., perceived quality, brand identification, lifestyle, self-concept, brand loyalty)
- Respondent's personal values and socio-demographics (e.g., personal values, gender,

age, nationality, educational background, employment status, annual personal income)

The following section delineates the specific process of questionnaire design, adopted for this research.

6.4.1 Measurement of Variables

The measurement for all the variables in this research relies on previous research. Measurement for all items in this research uses a 7-point Likert-type scale. Table 6.6 shows the measurements including variables, question, scale and source.

Table 6.6: Measurement of Variables

Variables	Question	Scale	Source
Self-Concept (8)	The typical guest of this brand has an image similar to how I see myself.	Interval (7-point Likert-type)	Sirgy and Su (2000)
	The image of this brand is consistent with how I see myself.	Interval (7-point Likert-type)	Back (2005)
	The typical guest of this brand has an image similar to how I like to see myself.	Interval (7-point Likert-type)	Sirgy and Su (2000)
	The image of this brand is consistent with how I like to see myself.	Interval (7-point Likert-type)	Back (2005)
Brand Identification (6)	The typical guest of this brand has an image similar to how I believe others see me.	Interval (7-point Likert-type)	Sirgy and Su (2000)
	The image of this brand is consistent with how I believe others see me.	Interval (7-point Likert-type)	Back (2005)
Lifestyle (3)	The typical guest of this brand has an image similar to how I would like others to see me.	Interval (7-point Likert-type)	Sirgy and Su (2000)
	The image of this brand is consistent with how I would like others to see me.	Interval (7-point Likert-type)	Back (2005)
Perceived Quality (10)	This brand's successes are my successes. I am interested in what others think about this brand. When someone praises this brand, it feels like a personal compliment. If I talk about this brand, I usually say "we" rather than "they." If a story in the media criticizes this brand, I would feel embarrassed. When someone criticizes this brand, it feels like a personal insult.	Interval (7-point Likert-type)	Mael and Ashforth (1992)
	This brand reflects my personal lifestyle. This brand is totally in line with my lifestyle. Staying in this brand/visiting this brand supports my lifestyle.	Interval (7-point Likert-type)	Johnson et al. (2006) Vazquez et al. (2002) Del Rio et al. (2001)
Staff behaviour and attitude (5)	This brand has modern-looking equipment. This brand's facilities are visually appealing. Materials associated with the service (such as menus, furniture) are visually appealing at this brand. *Hotel - This brand gives you a visually attractive room. *Restaurant - This brand has a visually attractive décor. This brand is clean.	Interval (7-point Likert-type)	Ekinci et al. (1998)
	Employees of this brand listen to me. Employees of this brand are competent in their jobs. Employees of this brand seem to anticipate what I want. Employees of this brand are helpful. Employees of this brand are friendly.	Interval (7-point Likert-type)	Ekinci (2001) Madanoglu (2004)

Variables	Question	Scale	Source
<p>Personal Values (27)</p> <p>List of values (9)</p>	<p>Sense of belonging Excitement Warm relationships with others Self-fulfillment Being well respected Fun and enjoyment of life Security Self-respect A sense of accomplishment</p>	<p>Interval (7-point Likert-type)</p>	<p>Kahle (1983)</p>
<p>Instrumental values (18)</p>	<p>Ambitious (i.e., hard working, aspiring) Broad-minded (i.e., open minded) Capable (i.e., competent, effective) Cheerful (i.e., lighthearted, joyful) Clean (i.e., neat, tidy) Courageous (i.e., standing up for your beliefs) Forgiving (i.e., willing to pardon others) Helpful (i.e., working for the welfare of others) Honest (i.e., sincere, truthful) Imaginative (i.e., daring, creative) Independent (i.e., self-reliant, self-sufficient) Intellectual (i.e., intelligent, reflective) Logical (i.e., consistent, rational) Loving (i.e., affectionate, tender) Obedient (i.e., dutiful, respectful) Polite (i.e., courteous, well-mannered) Responsible (i.e., dependable, reliable) Self-controlled (i.e., restrained, self-disciplined)</p>	<p>Interval (7-point Likert-type)</p>	<p>Rokeach (1968; 1973)</p>

Variables	Question	Scale	Source
Value for Money (1)	Extremely bad value/Extremely good value	Interval (7-point Likert-type)	Al-Sabbahy et al. (2004)
Customer Satisfaction (1)	Completely dissatisfied/Completely satisfied	Interval (7-point Likert-type)	Spreng and Mackoy (1996)
Overall Brand Equity (1)	If there is another brand as good as this brand, I prefer to stay in this brand/ visit this brand.	Interval (7-point Likert-type)	Yoo and Donthu (2001)
Brand Loyalty (4)	I will recommend this brand to someone who seeks my advice. Next time I will stay in this brand/visit this brand. Even if another brand offers more attractive prices, I will stay in this brand/visit this brand. I will switch to other brands if I experience a problem with this brand.	Interval (7-point Likert-type)	Zeithaml et al. (1996); Bloemer et al. (1999)

(1) Brand Equity

The operationalizations of brand equity divide into consumer perception and consumer behaviour (Cobb-Walgren et al., 1995; Yoo and Donthu, 2001). Keller (2008) suggested excluding behavioural dimensions from brand equity because customers may be in the habit of buying a particular brand without really thinking much about why. Similarly, Lassar et al. (1995) proposed that brand equity consists of only perceptual dimensions, excluding behavioural dimensions such as brand loyalty. Johnson et al. (2006) also only used the perceptual dimension. The brand equity measures of Johnson et al. (2006) included whether or not the brand reflects customers' personal lifestyles, whether or not the brand fits their personalities (self-concept), and brand identification. Lassar et al. (1995), Johnson et al. (2006) and Keller (2008) strictly distinguished the perceptual dimensions from the behavioural dimensions so that behaviour is a consequence of brand equity rather than brand equity itself. The current research is designed to provide insights into the value of brand by adopting only consumer perception as a dimension of brand equity. In particular, components of brand equity, namely: self-concept, brand identification, lifestyle and perceived quality, are assumed to construct the context of customer-based brand equity.

Self-concept

Different methods of measuring self-concept have had wide testing among many researchers (Back, 2005). However, two methods of measuring self-concept are primary: traditional method and new method. The new method assumes that processing self-concept is global and direct, not dimension-based or indirect as the traditional method assumed. According to Sirgy and Su (2000), in comparing the predictive validity of the new method with that of the traditional method, the new method appeared to be more predictive of various consumer behaviours and attitudes across six different studies. Therefore, measurement of self-concept in this research uses the new method of Sirgy and Su (2000) and Back (2005). This method provides the respondents with direction and then asks a question:

Please take a moment to think about the _____ hotel/restaurant brand. Consider the kind

of person who typically visits _____ hotel/restaurant brand. Imagine this person in your mind and then describe this person using one or more personal adjectives such as organized, classy, poor, stylish, friendly, modern, traditional, popular, or whatever personal adjectives you can use.

As shown in Table 6.6, after direction, self-concept measurement uses 8 items which consists of actual self-concept (2 items), ideal self-concept (2 items), social self-concept (2 items) and ideal social self-concept (2 items) with a 7-point Likert-type scale, anchored from 1 = strongly disagree to 7 = strongly agree.

Brand identification

The second component of brand equity measurement – brand identification – uses 6 items, originally developed by Mael and Ashforth (1992). This 6-item scale is one of most widely used measurements of organizational identification. As shown in Table 6.6, these items are modified by changing the organization's name with the hotel/restaurant brand name. All items of brand identification use a 7-point Likert-type scale ranging from 1 = strongly disagree to 7 = strongly agree.

Lifestyle

The third component of brand equity measurement – lifestyle – uses 3 items adopted from Del Rio et al. (2001), Vazquez et al. (2002) and Johnson et al. (2006). As shown in Table 6.6, this research employs 3 items for lifestyle with a 7-point Likert-type scale anchored from 1 = strongly disagree to 7 = strongly agree: “This brand reflects my personal lifestyle.” “This brand is totally in line with my lifestyle.” And, “Staying in this brand/visiting this brand supports my lifestyle.”

Perceived quality

Generally, two different perspectives have been adopted regarding measurement of perceived quality: disconfirmation and performance-only approach. The performance-only approach focuses on customers' perceptions rather than customers' expectations together as the disconfirmation approach suggested (Martinez Caro and Martinez Garcia, 2007). McDougall and Levesque (1994) suggested that including an expectation score on a service

quality instrument may be unnecessary and inefficient due to the fact that people tend to indicate consistently high expectation ratings and their perception scores rarely exceed their expectations. Many researchers (e.g., Cronin and Taylor, 1992; Brown et al., 1993; Parasuraman et al., 1994; Teas, 1994) also posited that a performance-only approach is a better means of measuring service quality. Thus, the measurement scheme of this research is a performance-only approach that focuses on customers' perceptions rather than customers' expectations. That is, this measurement is very similar to SERVPERF rather than the well-known SERVQUAL. As shown in Table 6.6, the final component's measurement – perceived quality – uses 10 items adopted from Ekinici et al. (1998), Ekinici (2001) and Madanoglu (2004). These items consist of physical quality (5 items) and staff behaviour and attitude (5 items). Perceived quality items use a 7-point Likert-type scale ranging from 1 = strongly disagree to 7 = strongly agree.

(2) Personal Values

The most widely used personal values inventories in consumer research are the RVS and LOV (Beatty et al., 1985). The RVS consists of 18 instrumental values (ideal modes of behaviour) and 18 terminal values (ideal end-state of existence) (Pitts and Woodside, 1983). Unfortunately, RVS has encountered criticism for lack of relevance to the values of daily life. The response to this criticism is the development and testing of the more parsimonious LOV, which derives mainly from RVS's terminal values (Veroff et al., 1981; Kahle, 1983; Zins, 1998). Although many researchers have tested both RVS and LOV scales, the evidence that any one is better than other is not very strong. Both RVS and LOV scales have proven effective in several consumption areas (e.g., Vinson et al., 1977; Prakash and Munson, 1985; Beatty et al., 1985; Madrigal and Kahle, 1994; Madrigal, 1995; Keng and Liu, 1997; Shim and Eastlick, 1998; Zins, 1998). Therefore, this research employs RVS and LOV simultaneously. In particular, this research adopts only instrumental values of RVS because LOV arose from a theoretical base of values proposed by RVS's instrumental values. Finally, Table 6.6 shows 18 items of RVS's instrumental values and 9 items of LOV adopted for this research. All items of personal values use a 7-point Likert-type scale ranging from 1 = very unimportant to 7 = very important.

(3) Value for Money

In the field of marketing, value for money measurement has been according to one of two ways: dimension-based measurement and global measurement. The dimension-based measurements generally aim to examine the factors that lie beneath the value for money, and give specific direction on how to improve value for money. Global measurement generally aims to understand the role of value for money in the behavioural model (Petrick, 2002; Al-Sabbahy et al., 2004). One of the objectives of this research is to examine whether or not value for money moderates the relationship between brand equity and brand loyalty. Therefore, this research measures value for money by the global method, adopted from Al-Sabbahy et al. (2004). Respondents rate their evaluation of value for money on a 7-point Likert-type scale: from 1 = extremely bad value to 7 = extremely good value.

(4) Customer Satisfaction and Overall Brand Equity

Customer satisfaction and overall brand equity are used to examine the concurrent validity of brand equity scale. Churchill (1979) proposed that concurrent validity of the scale exists if it shows high correlation with other measures of a closely related or the same construct. Customer satisfaction measurement occurs with 1 item adopted from Spreng and Mackoy (1996). Respondents plot their satisfaction on a 7-point Likert-type scale ranging from 1 = completely dissatisfied to 7 = completely satisfied. Overall brand equity measurement uses 1 item adopted from Yoo and Donthu (2001), in which response is to: "If there is another brand as good as this brand, I prefer to stay in this brand/visit this brand." A 7-point Likert-type scale ranges from 1 = strongly disagree to 7 = strongly agree.

(5) Brand Loyalty

In general, measurement of brand loyalty has been according to one of three avenues: behavioural measurements, attitudinal measurements and composite measurements. According to Rundle-Thiele and Bennett (2001), different types of markets may require different methods for measuring brand loyalty. After considering brand loyalty characteristics and market type, they suggested that attitudinal measurements, such as brand preference, brand commitment and intention to purchase, are useful in the service market. Many researchers (e.g., Jain et al., 1987; Biong, 1993; Bloemer and Kasper, 1995;

Hallowell, 1996) maintained that behavioural measurement, such as purchase sequence, purchase proportion and purchase probability, may not yield a comprehensive insight into the underlying reasons for loyalty, and they suggested that brand loyalty should be approached as attitudinal constructs. Thus, this research measures brand loyalty with the attitudinal construct and uses 4 items adopted from Zeithaml et al. (1996) and Bloemer et al. (1999): “I will recommend this brand to someone who seeks my advice (word-of-mouth communications).” “Next time I will stay in this brand/visit this brand (purchase intention).” “Even if another brand offers more attractive prices, I will stay in this brand/visit this brand (price sensitivity).” And, “I will switch to other brands if I experience a problem with this brand (complaining behaviour).” All items of brand loyalty measurement use a 7-point Likert-type scale, ranging from 1 = strongly disagree to 7 = strongly agree.

6.4.2 Questionnaire Layout

The two different versions of the questionnaire target different segments of the hospitality categories- hotel or restaurant. All questions in the two versions are similar except for the lists of the brand names and visit experiences. The questionnaire includes three sections. In the first section, respondents receive a list of restaurant/hotel brands. Table 6.7 and Table 6.8 show the lists of restaurant and hotel brands included in the questionnaires.

Table 6.7: List of Restaurant Brands Included in the Questionnaire

<input type="checkbox"/> Angus Steak House	<input type="checkbox"/> Café Rouge	<input type="checkbox"/> Harvester	<input type="checkbox"/> Pizza Hut
<input type="checkbox"/> ASK	<input type="checkbox"/> Café Uno	<input type="checkbox"/> Harry Ramsden’s	<input type="checkbox"/> TGI Friday’s
<input type="checkbox"/> Burger King	<input type="checkbox"/> Chef & Brewer	<input type="checkbox"/> KFC	<input type="checkbox"/> Rat & Parrot
<input type="checkbox"/> Beefeater	<input type="checkbox"/> Chicago Rock Café	<input type="checkbox"/> La Tasca	<input type="checkbox"/> Richoux
<input type="checkbox"/> Bella Italia	<input type="checkbox"/> Costa Coffee	<input type="checkbox"/> Little Chef	<input type="checkbox"/> Starbucks
<input type="checkbox"/> Brewers Fayre	<input type="checkbox"/> Frankie & Benny’s	<input type="checkbox"/> McDonald’s	<input type="checkbox"/> Yellow River Café
<input type="checkbox"/> Brown	<input type="checkbox"/> Garfunkels	<input type="checkbox"/> Nando’s	<input type="checkbox"/> Wetherspoon
<input type="checkbox"/> Caffe Nero	<input type="checkbox"/> Hard Rock Café	<input type="checkbox"/> Pizza Express	<input type="checkbox"/> Wimpy
<input type="checkbox"/> Other Restaurant Brand _____	(Please describe)		

For the restaurants, thirty-two major, UK, restaurant brands constitute options in eight categories (fast food, pubs and hotels, Asian, pizza/pasta, chicken, roadside, British cafes/restaurants and continental/themed/other) (Key Note Restaurant, 2006; 2007).

Table 6.8: List of Hotel Brands Included in the Questionnaire

<input type="checkbox"/> Best Western	<input type="checkbox"/> Express by Holiday Inn	<input type="checkbox"/> Ibis	<input type="checkbox"/> Quality Hotel
<input type="checkbox"/> Britannia Hotels	<input type="checkbox"/> Forestdale	<input type="checkbox"/> Innkeepers Lodge	<input type="checkbox"/> Ramada Jarvis
<input type="checkbox"/> Comfort Inn	<input type="checkbox"/> Formule 1	<input type="checkbox"/> Jurys Inn	<input type="checkbox"/> Regal Hotels
<input type="checkbox"/> Corus	<input type="checkbox"/> Grand Heritage Hotels	<input type="checkbox"/> Macdonald Hotels	<input type="checkbox"/> Small Luxury Hotel
<input type="checkbox"/> Courtyard by Marriott	<input type="checkbox"/> Great Inns of Britain	<input type="checkbox"/> Marriott	<input type="checkbox"/> Swallow Hotels
<input type="checkbox"/> Crown Plaza	<input type="checkbox"/> Greene King Hotels	<input type="checkbox"/> Novotel	<input type="checkbox"/> Thistle
<input type="checkbox"/> Days Inn	<input type="checkbox"/> Hilton	<input type="checkbox"/> Old English Inns	<input type="checkbox"/> Travelodge
<input type="checkbox"/> De Vere	<input type="checkbox"/> Holiday Inn	<input type="checkbox"/> Premier Inn	<input type="checkbox"/> Young & Co
<input type="checkbox"/> Other Hotel Brand _____	(Please describe)		

For the hotel list, the Key Note Hotel (2006; 2007) identifies thirty-two major, UK, hotel brands. Before completing the questionnaire, respondents select one hotel/restaurant brand with which they are familiar from the list of brands.

The first section of the questionnaire establishes the degree of familiarity the respondents have with the brand. Familiarity assessment uses two questions: "How long have you been aware of this restaurant/hotel brand?" And, "How familiar are you with this restaurant/hotel brand?" In addition, to revitalize memories associated with the restaurant/hotel brand, the section includes questions regarding frequency of restaurant visits/hotel stays and purpose for restaurant visit/hotel stay. The final questions of the section deal with respondents' evaluations of satisfaction with and value for money for the hotel/restaurant brand.

The second section of the questionnaire involves questions measuring various components of brand equity, namely: perceived quality, brand identification, lifestyle and self-concept. In addition, this section involves questions measuring respondents' overall brand equity and brand loyalty. Figure 6.4 exhibits the directions and sample questions extracted from Section B of the questionnaire.

Figure 6.4: Directions and Sample Questions Extracted from Section B

Directions: Please take a moment to think about the overall image of the hotel brand that you selected in section A. Consider the kind of person who typically visits this hotel brand. Imagine this person in your mind and then describe this person using one or more personal adjectives such as organized, classy, poor, stylish, friendly, modern, traditional, popular, or whatever personal adjectives you can use. Once you have done this, tick (✓) your agreement or disagreement with each of the following statements. Use the scale of 1 (*strongly disagree*) to 7 (*strongly agree*).

Statement	Strongly Disagree ←————→ Strongly Agree						
	①	②	③	④	⑤	⑥	⑦
The typical guest of this hotel has an image similar to how I see myself.	①	②	③	④	⑤	⑥	⑦
The image of this hotel is consistent with how I see myself.	①	②	③	④	⑤	⑥	⑦
The typical guest of this hotel has an image similar to how I like to see myself.	①	②	③	④	⑤	⑥	⑦
The image of this hotel is consistent with how I like to see myself.	①	②	③	④	⑤	⑥	⑦

Directions: Please tick (✓) your agreement or disagreement with each of the following statements regarding the hotel brand that you selected in section A. Use the scale of 1 (*strongly disagree*) to 7 (*strongly agree*).

Statement	Strongly Disagree ←————→ Strongly Agree						
	①	②	③	④	⑤	⑥	⑦
If there is another hotel as good as this hotel, I prefer to stay in this hotel.	①	②	③	④	⑤	⑥	⑦
I will recommend this hotel to someone who seeks my advice.	①	②	③	④	⑤	⑥	⑦
Next time I will stay in this hotel.	①	②	③	④	⑤	⑥	⑦
Even if another hotel offers more attractive prices, I will stay in this hotel.	①	②	③	④	⑤	⑥	⑦
I will switch to other hotels if I experience a problem with this hotel.	①	②	③	④	⑤	⑥	⑦

The design of the last section of the questionnaire elicits respondents' personal values and socio-demographic profile information, such as gender, age, nationality, educational background, employment status and annual personal income. Figure 6.5 shows directions

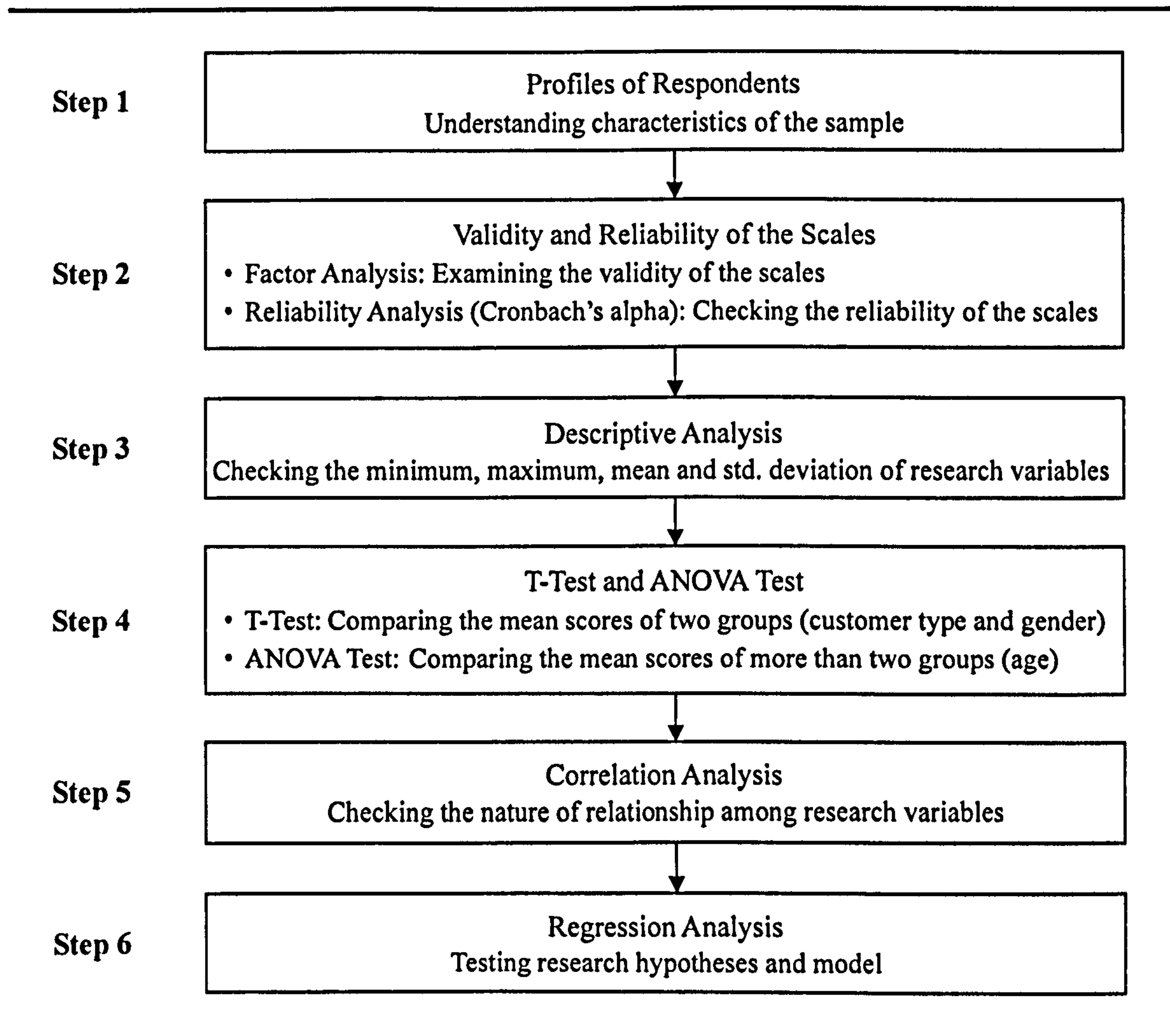
gauging anticipated reactions from a sample population, to check for ambiguities in the questions, respondents' levels of understanding of the questions, and to provide assistance for eliminating bias (Wright and Crimp, 2000). The pre-test is a means of discovering the faults in a questionnaire before using it in survey which provides data for research analysis (Proctor, 2005). A carefully executed pre-test avoids costly and time-consuming mistakes and enhances the accuracy of the findings of the final data (Wright and Crimp, 2000).

For the current research, a pre-test, conducted in February 2007, used the two different versions of the questionnaire - hotel and restaurant. Twenty people from different backgrounds became respondents for the questionnaire pre-test (6 academics, 7 students and 7 ordinary people). A careful choice of respondents incorporates fair representation of the target population (Wright and Crimp, 2000). Each respondent in the pre-test completed only one version of the questionnaire. Although most of the respondents found no comprehension problems, the pre-test procedure revealed that non-native English speakers have some difficulties in understanding the context of some questions, especially self-concept questions. Therefore, the target population was set as native English speakers. The final form of the questionnaire appears in Appendix A.

6.5 Data Analysis Methods

After collecting data from a target sample, the next step is to analyze the data to obtain meaning from the data (Sekaran, 2003). All previous steps in the research process support this search for meaning, and meaningful information occurs by careful analysis and interpretation of the collected data (Churchill and Iacobucci, 2004). This research employs several quantitative analysis techniques, which range from simple descriptive analysis, T-test, ANOVA test and correlation analysis to more complex techniques: factor analysis, reliability analysis and multiple regression analysis. Data analysis in this research uses the SPSS software program. Figure 6.6 provides a flowchart for the data analysis procedure

Figure 6.6: Data Analysis Procedure



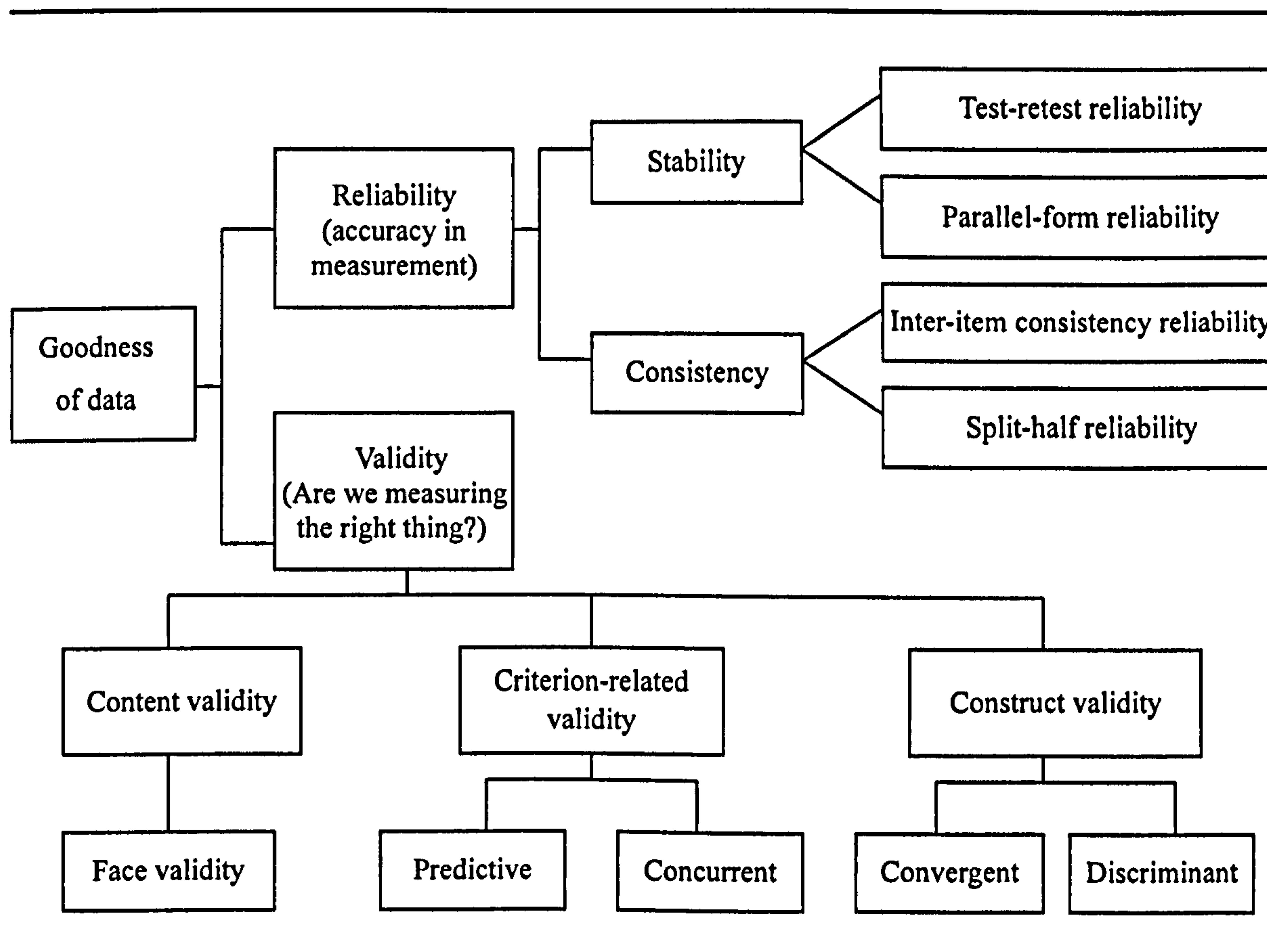
6.5.1 Step 1: Profiles of Respondents

The first step of the data analysis summarizes survey respondents using charts. Profiles of respondents arise from their socio-demographics (gender, age, nationality, educational background, employment status and annual personal income) and their visit/stay behaviour (frequency of restaurant visits/hotel stays and purpose for restaurant visit/hotel stay). The purpose of this data analysis is to understand characteristics of the sample.

6.5.2 Step 2: Validity and Reliability of the Scales

A critical matter of importance is assuring that the instrument developed to measure a particular concept is, indeed, accurately measuring the concept. The use of better instruments ensures more accuracy in results, which in turn, enhances the scientific quality of the research. Therefore, reliability and validity are of particular concern (Sekaran, 2003). Ideally, any measurement method used should be reliable and valid (Burns and Bush, 2006). Reliability refers to the consistency repeatedly reached. Validity refers to the degree to which the instrument actually measures its intended focus (Proctor, 2005). Very briefly, reliability concerns stability and consistency of measurement, and validity concerns the research measuring the appropriate concept (Sekaran, 2003). Various forms of reliability and validity appear in Figure 6.7.

Figure 6.7: Forms of Reliability and Validity



Source: Sekaran (2003, p.204)

Reliability is an indication of the stability and consistency with which the instrument measures the concept (Sekaran, 2003). Veal (1997) stated that a reliable instrument finds identical data at different times and from different samples of the population. Two assessments of stability are test-retest and parallel-form reliability. Test-retest reliability arises from repeating the measurement using the same instrument under as nearly equivalent conditions as possible. Comparing the results of the two measurements determines the degree of correspondence. The greater the difference, the lower is the reliability. Applying parallel-form reliability produces two equivalent forms of the measuring instrument for the same subjects (Tull and Hawkins, 1993). Both forms have similar items and the same response format, and the only changes are the wordings and the orders or sequences of the questions (Sekaran, 2003). Comparison of the results of the two instruments, item-by-item, determines degree of similarity. This also assumes that the greater the difference, the lower is the reliability.

Consistency is indicative of the homogeneity of the items in the measure that tap the construct (Tull and Hawkins, 1993). Two assessments of consistency are inter-item consistency and split-half reliability. Inter-item consistency reliability is consistency of respondent's answers to all the items in a measure. To the degree that items are independent measures of the same concept, they will correlate with one another. Cronbach's alpha is the most popular technique of determining inter-item consistency reliability. Split-half reliability reflects the correlations between two halves of an instrument (Sekaran, 2003). It divides the items in the instrument into two halves for comparison. High correlations between halves indicate high consistency (Malhotra, 2004). However, a problem with split-half reliability is that estimates of the coefficient of reliability are totally dependent on how the items have been split. Different splits result in different correlations (McDaniel and Gates, 2006). Thus, in almost all cases, Cronbach's alpha is a perfectly adequate technique for consistency assessment (Sekaran, 2003).

However, reliability is a necessary, but insufficient condition for a good measurement (Chisnall, 1997; Webber, 1999). Because validity operates on a completely different plane than reliability, perfectly reliable measurements that are invalid at the same time are

possible (Burns and Bush, 2006). Validity ensures the ability of an instrument to measure the intended concept (Sekaran, 2003). Table 6.9 lists several ways of assessing validity of measurement.

Table 6.9: Types of Validity

Validity	Description
Content validity	Does the measure adequately measure the concept?
Face validity	Do “experts” validate that the instrument measures what its name suggests it measures?
Criterion-related validity	Does the measure differentiate in a manner that helps to predict a criterion variable?
Concurrent validity	Does the measure differentiate in a manner that helps to predict a criterion variable currently?
Predictive validity	Does the measure differentiate individuals in a manner so as to help predict a future criterion?
Construct validity	Does the instrument tap the concept as theorized?
Convergent validity	Do two instruments measuring the concept correlate highly?
Discriminant validity	Does the measure have a low correlation with a variable that is supposed to be unrelated to this variable?

Source: Sekaran (2003, p.208)

Content validity, sometimes called face validity, is the representativeness or sampling adequacy of the content of the measurement instrument (McDaniel and Gates, 2006). The purpose of content validity is to assess whether or not the items adequately represent a performance domain or construct of specific interest (Crocker and Algina, 1986). Content validity involves a subjective judgment by an expert as to the appropriateness of the measurement. This is a common method used in marketing research to determine the validity of measurements (Kinnear and Taylor, 1996). In this research, in order to improve the face validity, a pre-test in the light of academics’ opinions was conducted, and the target population was set as native English speakers.

Criterion-related validity examines the ability of a measuring instrument to predict a

variable designated as a criterion (McDaniel and Gates, 2006). This validity is established when the measure differentiates individuals on a criterion it is expected to predict (Sekaran, 2003). Two subcategories of criterion-related validity are concurrent and predictive validity. Concurrent validity is the current extent to which one measure of a variable can predict a criterion variable (Tull and Hawkins, 1993). Predictive validity is the extent to which a future level of a criterion variable can be predicted by a current measurement (McDaniel and Gates, 2006). In this research, testing determines the brand equity scale's concurrent and predictive validity. Concurrent validity of the brand equity scale is examined by using customer satisfaction and overall brand equity, while predictive validity of brand equity scale is examined by using brand loyalty.

Construct validity is the most difficult type of validity to establish (Churchill and Brown, 2004). This validity indicates how well the results obtained from the use of the measure fit the theories around which the test is designed (Sekaran, 2003). Thus, construct validity requires a sound theory of the nature of the construct being measured and how it relates to another construct (Malhotra, 2004). Assessing convergent and discriminant validities establishes construct validity. Highly correlated scores obtained by two different instruments that purport to measure the same concept establish convergent validity. However, two instruments, measuring different concepts not highly correlated, support discriminant validity (McDaniel and Gates, 2006).

6.5.2.1 Factor Analysis

Factor analysis is one of the most widely used approaches in establishing construct validity (Crocker and Algina, 1986; Sekaran, 2003). Factor analysis is a multivariate statistical method used to summarize the information contained in a large number of variables into a smaller number of subsets or factors. The main purpose of factor analysis is to simplify the data (Hair et al., 2006). This method enables identification of the separate dimensions being measured by the survey and obtaining factor-loading for each variable of each factor (Proctor, 2005). In this research, factor analysis examines the validities of personal values

and brand equity.

Factor-loading refers to the correlation between each factor retained and each of the original variables. Each factor-loading is a measure of the importance of the variable in measuring each factor. Factor-loading can vary between +1.0 to -1.0 and is higher if a variable closely relates to a factor (Hair et al., 2006). With regard to determining the significance of factor-loading, Hair et al. (2006) suggested guidelines for identifying significant factor-loadings based on sample size (See Table 6.10).

Table 6.10: Guidelines for Identifying Significant Factor Loadings Based on Sample Size

Factor Loading	Sample Size Needed for Significance
0.30	350
0.35	250
0.40	200
0.45	150
0.50	120
0.55	100
0.60	85
0.65	70
0.70	60
0.75	50

Source: Hair et al. (2006. p.128)

The present research uses the guideline suggested by Hair et al. (2006) to identify significant factor-loadings. Consideration of sample size of present research establishes acceptable factor-loading and cut-off value.

6.5.2.2 Reliability Analysis

Reliability is a function of internal consistency of interrelatedness of items (Schmitt, 1996). A reliability analysis assesses the internal consistency among items. As Sekaran (2003) suggested, Cronbach's alpha is one of the most commonly used indicators of internal

consistency. Thus, after factor analysis, employing Cronbach's alpha estimates internal consistency reliability for the present research.

Cronbach's alpha can range from 0.0 to 1.0 and will be closer to 1 if internal consistency reliability is high (Pallant, 2005). Peterson (1994) suggested that the level of Cronbach's alpha should be between 0.60 at the minimum and 0.95 at the maximum depending on the type of research. Table 6.11 shows the acceptable levels of Cronbach's alpha summarized by Peterson (1994).

Table 6.11: Acceptable Level of Cronbach's Alpha

Authors	Situation	Recommended Levels
Kaplan and Saccuzzo (1982, p.106).	Basic research	0.70 - 0.80
	Applied research	0.95
Murphy and Davidshofer (1988, p.89)	Unacceptable level	Below 0.60
	Low level	0.70
	Moderate to high level	0.80 - 0.90
	High level	Above 0.90
Nunnally (1967, p.226)	Preliminary research	0.50 - 0.60
	Basic research	0.80
	Applied research	0.90 - 0.95
Nunnally (1978, p.245-246)	Preliminary research	0.70
	Basic research	0.80
	Applied research	0.90 - 0.95
Hair et al. (1998, p.612)	Exploratory research	0.60
	Common acceptable level	0.70

Source: Adapted from Peterson (1994, p.382)

One issue in assessing Cronbach's alpha is that it is quite sensitive to the number of items in the scale (Pallant, 2005). Because Cronbach's alpha has a positive relationship with the number of items in the scale, increasing the number of items, even with the same degree of intercorrelation, will increase Cronbach's alpha. Thus, scales with large numbers of items must have more stringent requirements. Although many different levels of Cronbach's alpha are acceptable, the generally agreed lower limit for Cronbach's alpha is 0.70 (Pallant, 2005; Hair et al., 2006).

6.5.3 Step 3: Descriptive Analysis

The third step of the data analysis is to obtain a general overview of the research variables by computing mean, minimum, maximum and standard deviation. Since descriptive analysis is the most efficient means of summarizing the characteristics of large data sets, use is typically in the analysis, and results become foundations for subsequent investigations (Burns and Bush, 2006; McDaniel and Gates, 2006). In this research, most commonly used statistics associated with frequencies: measures of central tendency (mean, minimum and maximum) and a measure of variability (standard deviation) are computed to describe all the research variables.

6.5.4 Step 4: T-Test and ANOVA Test

T-test and ANOVA test compare the mean scores of more than two groups. In this research, T-test identifies differences between two groups in terms of customer type and gender, and ANOVA test identifies differences among six age groups. To interpret the results of T-test or ANOVA test, the meaning of the F-ratio and p-value need to be delineated. A calculated F-ratio represents the variance between the groups, divided by the variance within the groups. So, the F-ratio is simply the ratio of these two estimates of variance. A large F-ratio indicates more variability between the groups, than within each group (Pallant, 2005). Thus, a large F-ratio leads to the rejection of null hypothesis with no difference in means across groups. However, large F-ratio does not indicate the rejection of null hypothesis, and p-value needs to be less than 0.05 for the F-ratio in order for it to be regarded as significant (Brace et al., 2006).

6.5.5 Step 5: Correlation Analysis

Correlation analysis, computed using the correlation coefficient, r , is a means of measuring the strength or closeness of the relationship between two variables (Fleming and Nellis, 1991). The correlation coefficient varies between -1.00 and 1.00, with zero representing

absolutely no association between two variables. Higher correlation coefficients indicate stronger levels of association between two variables. In addition, the correlation coefficient can be either positive or negative, depending on the direction of the relationship between two variables (Hair et al., 2006).

A correlation matrix provides an overview of significance levels, direction and strength of the relationship among all research variables, and the matrix is a table showing the intercorelations among all variables (Hair et al., 2006). This is particularly significant in research that uses regression-based data analysis and modeling techniques. Therefore, this research produces a correlation matrix to develop an initial sense of the type of correlations among the research variables prior to subsequent analyses.

6.5.6 Step 6: Regression Analysis

In the final stage of analysis for this research, regression analysis tests research hypotheses and the model. Regression analysis is a statistical technique based on correlation but allowing a more sophisticated exploration of the interrelationships among variables in a set (Pallant, 2005). In other words, regression analysis is a statistical technique used to analyze the relationship between a single dependent (criterion) variable and one or more independent (predictor) variables. The objective of regression analysis is to predict a single dependent variable from knowledge gained from one or more independent variables. Using one independent variable is simple regression; with two or more independent variables involved, it becomes multiple regression (Hair et al., 2006).

R square (R^2) statistic is the square of a measured correlation between the observed value and the predicted value and indicates the percentage of the variance in the criterion variable as explained by the entire set of predictor variables (Tull and Hawkins, 1993). Thus, the larger R^2 is, the more the dependent variable associates with the independent variable being used for prediction. However, although R^2 provides an indication of the explanatory power of the model, it does not indicate a level of significance. The F-ratio provides a measure of significance of the model. A larger F-ratio indicates that variance explains more in the

model. The p-value needs to be less than 0.05 for the F-ratio in order to be regarded as significant (Brace et al., 2006). The beta (β) value is a measure of how strongly each independent variable influences the dependent variable. Use of the beta (β) value allows direct comparison between independent variables to determine which variables have the most influence on the dependent variable. The beta (β) value is significant when the p-value is less than 0.05 (Hair et al., 2006).

In particular, Baron and Kenny (1986) suggested the methods in which mediating and moderating analyses could apply to regression analysis. They demonstrated the mediating and moderating effects of a proposed model by comparing it to a series of alternatively specified models. In this research, Baron and Kenny's (1986) methods using regression analysis examine the mediating effect of brand equity and moderating effect of value for money in the research model.

6.6 Summary

The methodology adopted for the present research is:

- The target population for this research consists of native English speakers who are familiar with restaurant and hotel brands in the UK.
- This research adopts convenience sampling.
- Data collection occurs through a personally administered questionnaire.
- Conducting a questionnaire pre-test identifies the faults in the questionnaire before the main survey.
- Data analysis is via the SPSS software program.
- Respondents' profiles include their socio-demographics (gender, age, nationality, educational background, employment status and annual personal income) and visit/stay behaviour (frequency of restaurant visit/hotel stay and purpose for restaurant visit/hotel stay).

- Factor analysis examines the validity of the scales.
- Reliability analysis (Cronbach's alpha) verifies the reliability of the scales.
- Descriptive analysis checks the minimum, maximum, mean and standard deviation of research variables.
- T-test compares the mean scores of two groups in terms of customer type and gender.
- ANOVA-test compares the mean scores of more than two groups in terms of age.
- Correlation analysis checks the nature of relationships among research variables.
- Regression analysis tests research model and hypotheses.

CHAPTER 7

CHAPTER SEVEN

FINDINGS OF THE RESEARCH

7.1 Introduction

This chapter presents the findings of the research. Analysis of the data used the Statistical Package for the Social Sciences (SPSS 14.0) which allowed factor analysis, reliability analysis, descriptive analysis, T-test, ANOVA test, correlation analysis and regression analysis. This research focuses on hotels and restaurants because their services represent frequent purchases and use by many customers of the hospitality industry. For the purposes of data analysis, two data sets merge to form a sample size of 378 which facilitates the use of a more robust statistical test of the research model. Hotels and restaurants are key components of the hospitality sector which means that they are likely to share many similarities. In addition, T-test revealed that only the “value for money” variable shows statistically significant differences between hotel customers and restaurant customers (See Table 7.10). This chapter consists of six parts. The first part profiles respondents in terms of their socio-demographics and visit/stay behaviour. The second section presents the validity and reliability of personal values, brand equity and brand loyalty scales. The third part presents descriptive analysis of the data, and the fourth section deals with T-test and

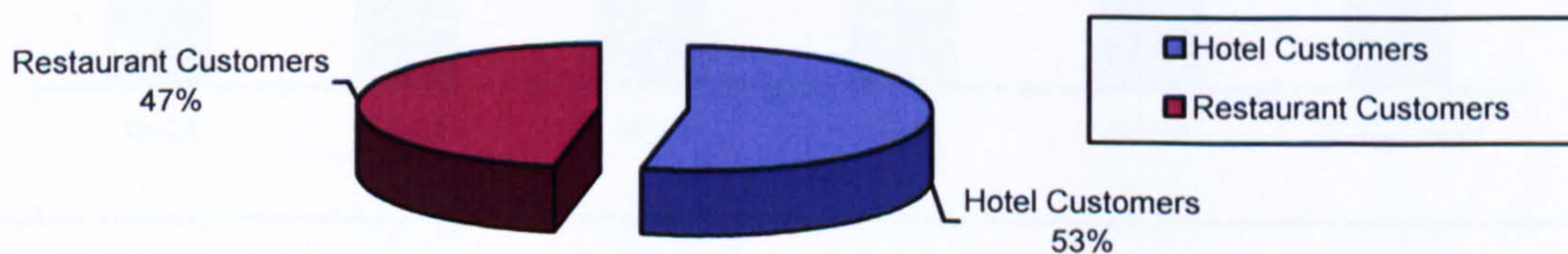
ANOVA test. The fifth section concerns correlation analysis among research variables. Finally, regression analysis tests the research model and hypotheses.

7.2 Profiles of the Respondents

The field survey, conducted in England in November 2007, involved randomly distributed questionnaires to individuals found in various places including a high street, shopping complexes, train stations and an international airport. Participants received one of two types of questionnaires (hotel or restaurant version). For a high response rate, an offer of a £ 2 gift (e.g., instant lottery ticket) encouraged participation. In particular, a questionnaire pre-test revealed that non-native English speakers have some difficulties in understanding the context of some questions. Therefore, all samples were from native English speakers. The survey produced responses from 397 individuals and among them, 378 were used for data analysis. The socio-demographic profiles and visit/stay behaviour (frequency of restaurant visit/hotel stay and purpose of restaurant visit/hotel stay) of the respondents are:

Customer type: Figure 7.1 shows the customer type respondents represent.

Figure 7.1: Customer Type Respondents Represent



From the 378 respondents, 199 were hotel customers, 53% of the total, while 179 restaurant customers constituted the remaining 47%. Figure 7.1 shows that a good balance was achieved for customer type.

Gender: Figure 7.2 shows the distribution of sample by gender.

Figure 7.2: Gender Distribution of Respondents

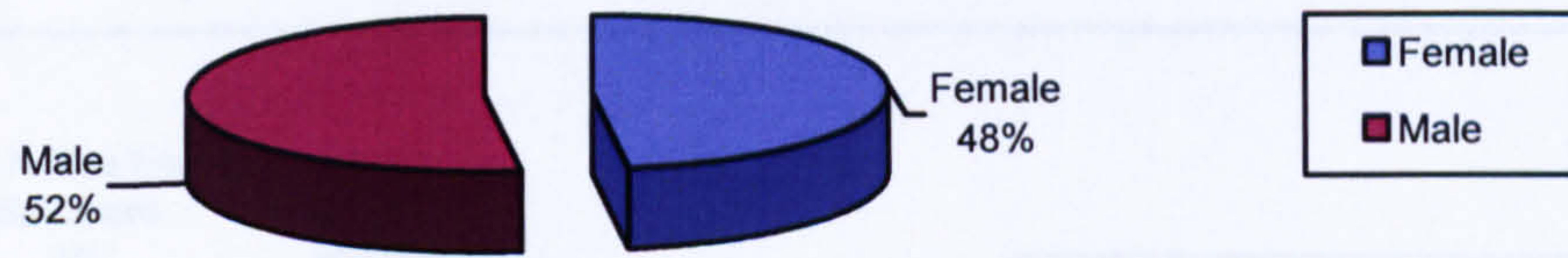
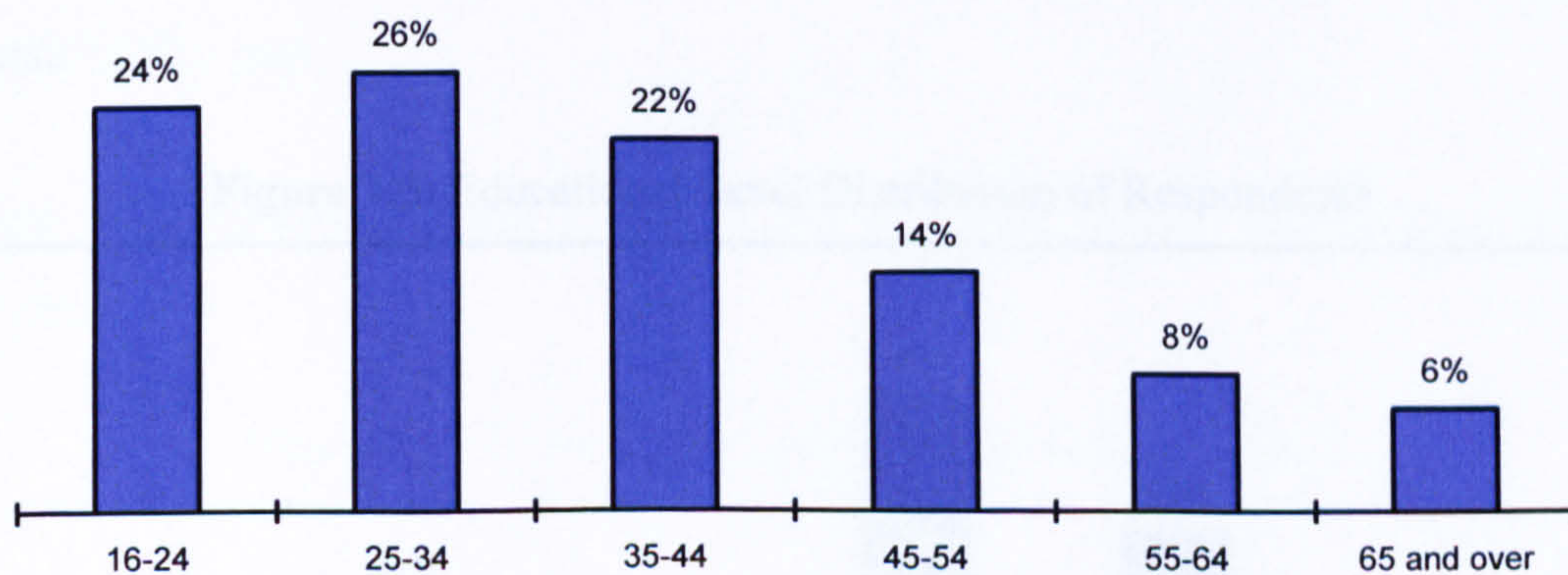


Figure 7.2 shows that the number of males (52%) was slightly more than that of females (48%) in the sample. As can be seen in Figure 7.2, a good gender balance was achieved.

Age Group: Six age groupings were used for this research. Figure 7.3 represents the distribution of age according to these age groups.

Figure 7.3: Age Group Distribution of Respondents

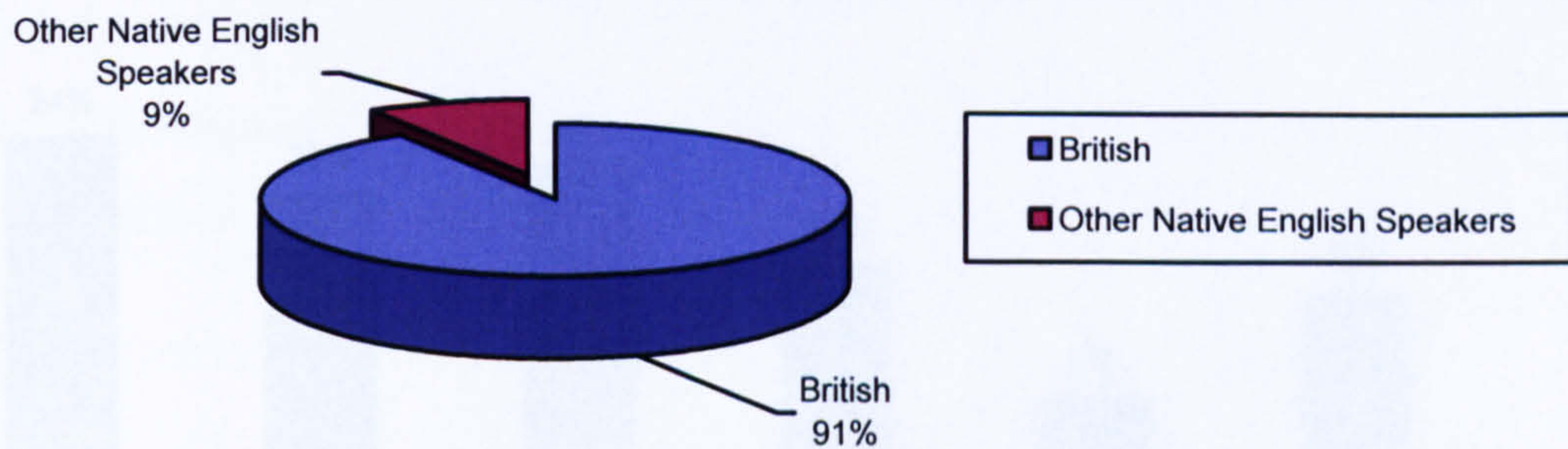


In terms of age, 24% of the respondents were between 16 and 24 years of age; 26% were between 25 and 34; 22% were between 35 and 44; 14% were between 45 and 54; 8% were between 55 and 64, and 6% were 65 and older. The 25 to 34 years of age group was the most populous. The age range was biased toward young people, with only 28% of the sampling being over 45 years old.

Nationality: Nationalities of respondents were classified into two groups. Figure 7.4

represents the nationality distribution of respondents.

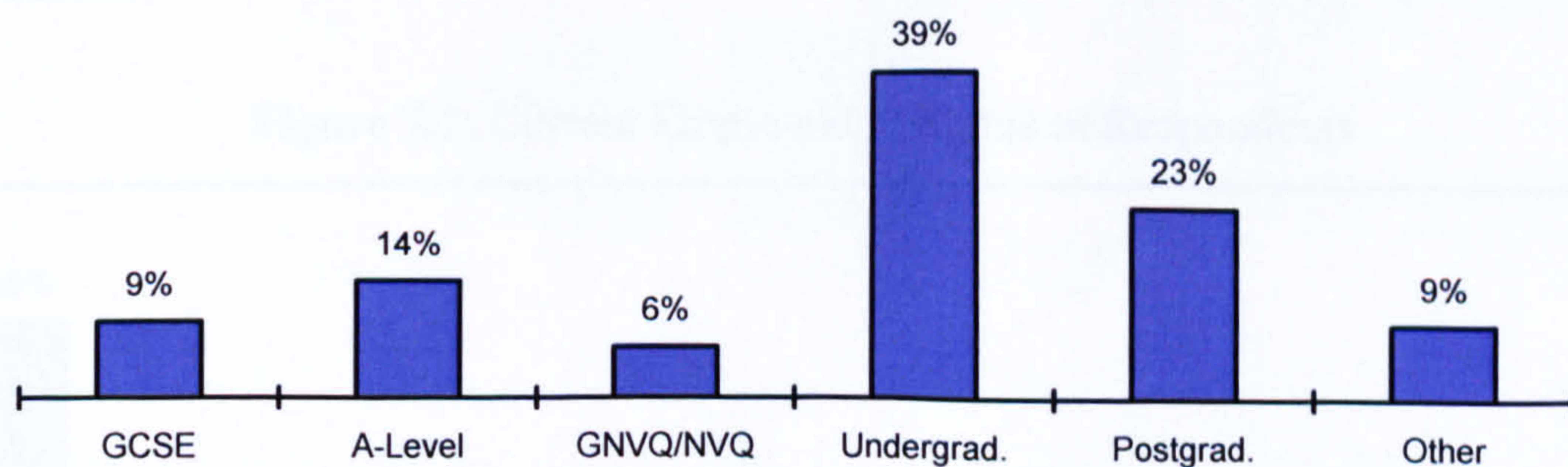
Figure 7.4: Nationality Distribution of Respondents



As mentioned earlier, all of the chosen respondents were native English speakers. Among them, 91% of the subjects identified themselves as British. The other 9% consisted of other native English speakers including Americans, Canadians, Australians and South Africans.

Educational Level of the Respondents: Figure 7.5 depicts the educational backgrounds of subjects.

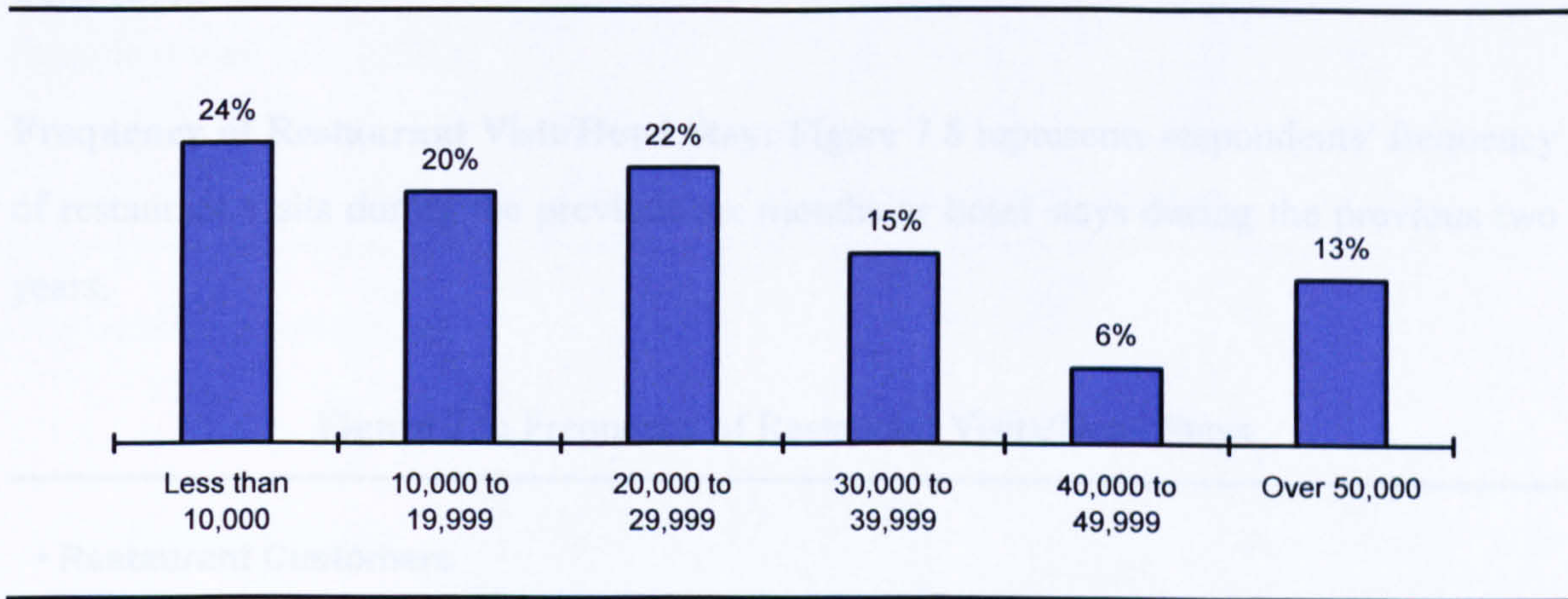
Figure 7.5: Educational Level Distribution of Respondents



The educational level categories reveal that the majority of the respondents had relatively high educational backgrounds as 62% of the sample held undergraduate or postgraduate degrees. Respectively, 9%, 14%, 6% and 9% of the respondents identified GCSE, A-level, GNVQ/NVQ and other qualification as their highest educational level attained.

Annual Personal Income: The distribution of average annual personal income of subjects appears in Figure 7.6.

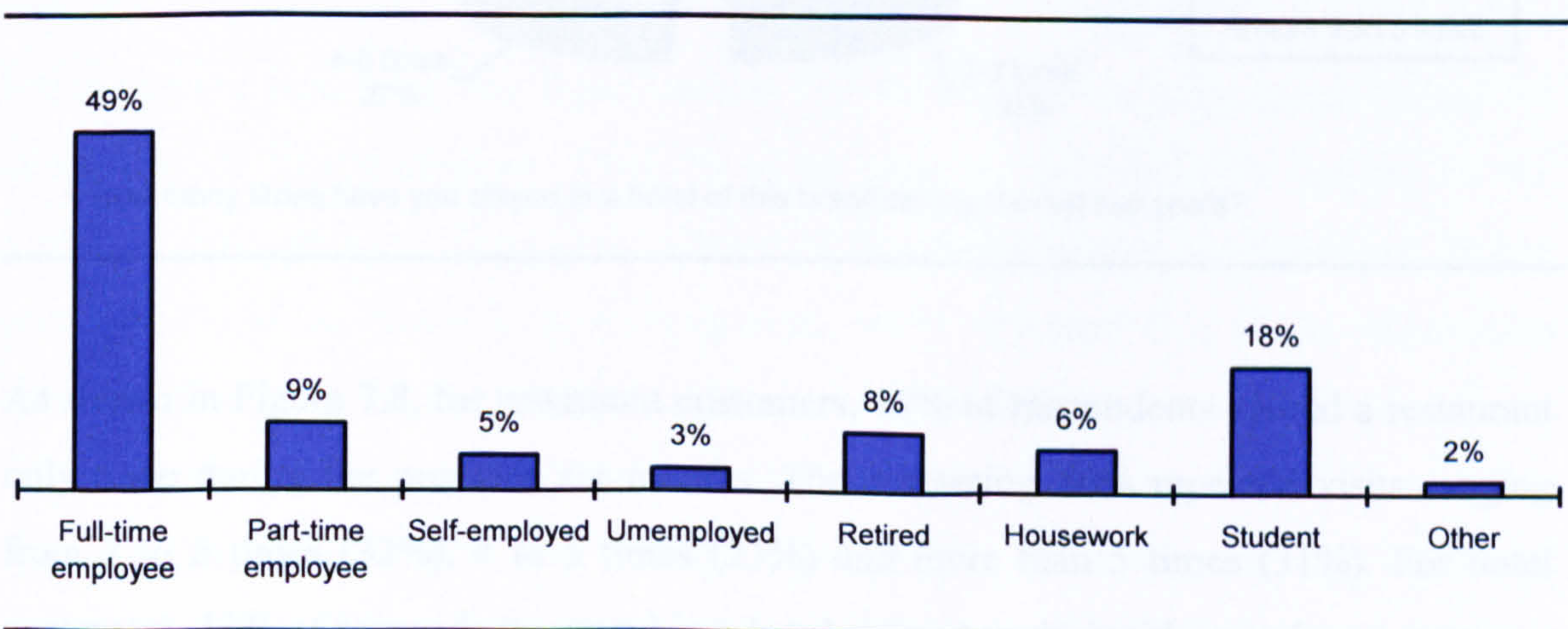
Figure 7.6: Distribution of Annual Personal Income of Respondents



Average annual personal income was categorized into six groups. Of the 378 respondents, 90 people responded that their annual personal income was less than £10,000, representing 24% of the sample. More than 30% of the respondents reported that they earn over £30,000 a year.

Current Employment Status: Figure 7.7 shows the current employment status of respondents.

Figure 7.7: Current Employment Status of Respondents

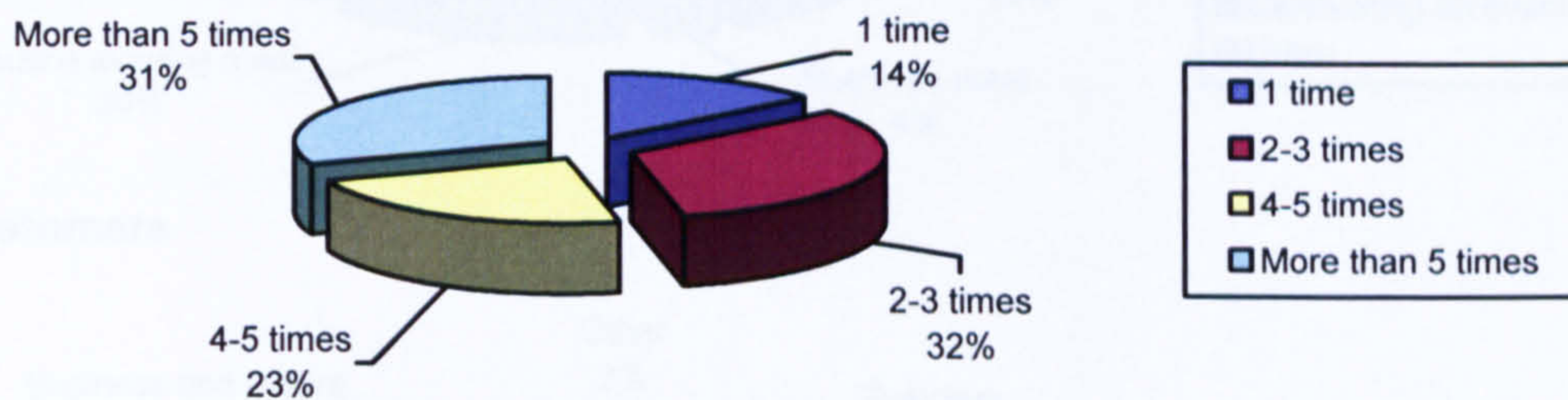


With regard to employment status of respondents, Figure 7.7 shows most of respondents belong to the full-time employee category (49%), followed by student (18%), part-time employee (9%), retired (8%), housework (6%), self-employed (5%), unemployed (3%) and other (2%).

Frequency of Restaurant Visit/Hotel Stay: Figure 7.8 represents respondents' frequency of restaurant visits during the previous six months or hotel stays during the previous two years.

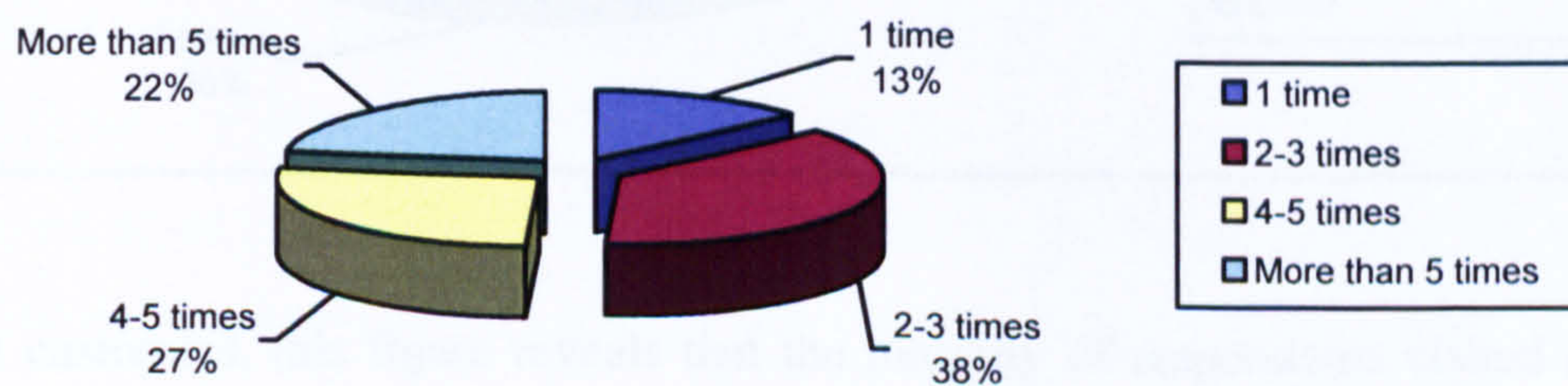
Figure 7.8: Frequency of Restaurant Visits/Hotel Stays

• Restaurant Customers



• How many times have you visited a restaurant of this brand during the last six months?

• Hotel Customers



• How many times have you stayed in a hotel of this brand during the last two years?

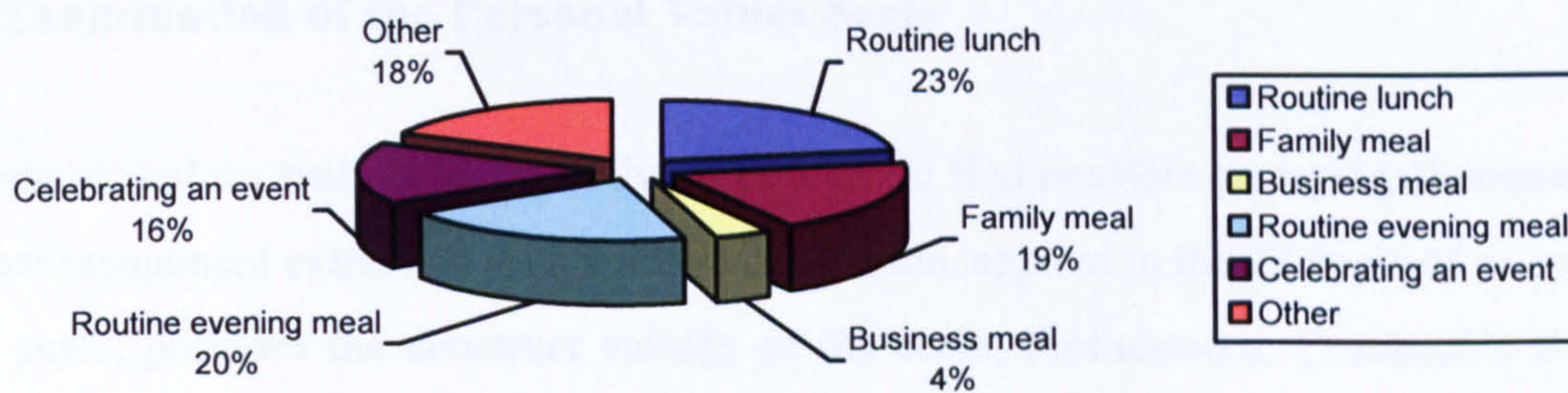
As shown in Figure 7.8, for restaurant customers, 14% of respondents visited a restaurant only once during the previous six months. The remaining 86% repeated visits ranging from 2 to 3 times (32%), 4 to 5 times (23%) and more than 5 times (31%). For hotel customers, 13% of respondents stayed in a hotel only once during the previous two years. The remaining 87% repeated stays ranging from 2 to 3 times (38%), 4 to 5 times (27%)

and more than 5 times (22%). Figure 7.8 shows that a good balance was achieved for frequency of restaurant visits/hotel stays.

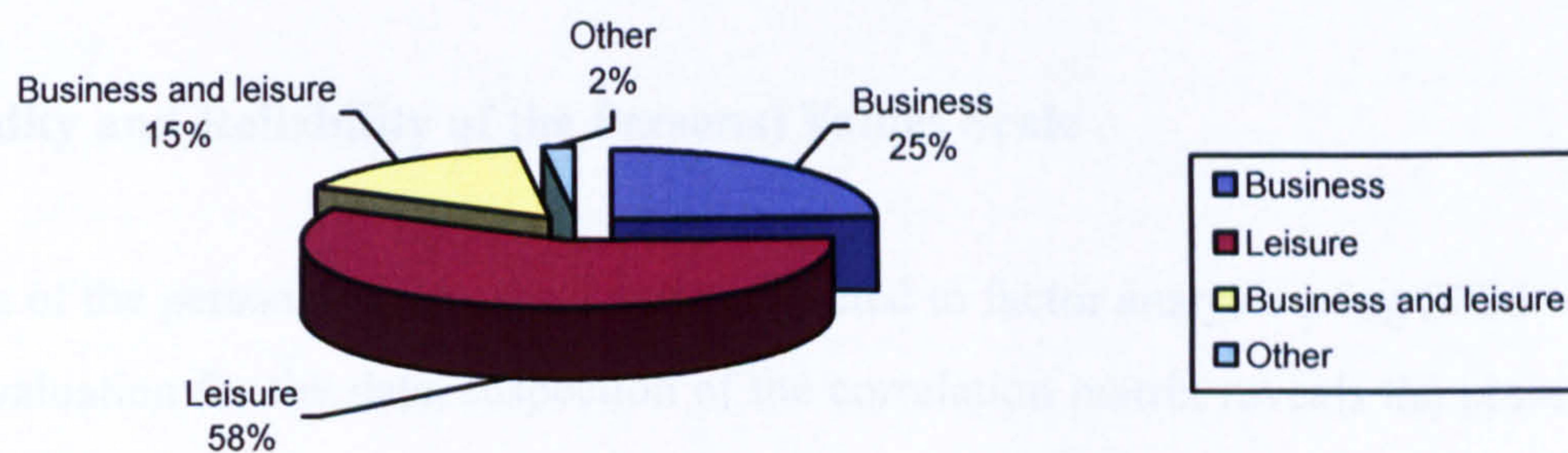
Purpose for Restaurant Visit/Hotel Stay: Figure 7.9 shows respondents' purposes for restaurant visit or hotel stay.

Figure 7.9: Purpose for Restaurant Visit/Hotel Stay

• Restaurant Customers



• Hotel Customers



For restaurant customers, this figure reveals that the majority of respondents visited the restaurants for leisure purposes. Only 4% of the samples identified their purpose for the visit as a business meal. Forty-three percent of the sample visited the restaurant for the purpose of a routine lunch or an evening meal, while 19% and 11% of the respondents specified their purposes for visiting as a family meal or celebrating an event, respectively. Of the samples, 18% chose the “other” option from the questionnaire. For hotel customers, the main purpose of a hotel stay was for leisure (58%). Other reasons for a hotel stay included business (25%), business and leisure (15%) and other (2%). As can be seen in Figure 7.9, the purpose for restaurant visit/hotel stay was biased toward leisure purposes.

7.3 Assessments of Validity and Reliability

One of the objectives of the present research is to assess the validity and reliability of personal values, brand equity and brand loyalty scales. To this end, two separate exploratory factor analyses were performed for personal values and brand equity scales. Furthermore, three separate Cronbach's alpha assessments were employed to determine the reliability of personal values, brand equity and brand loyalty scales.

7.3.1 Examination of the Personal Values Scale

The personal values scale is factor analysed in order to find possible emerging dimensions. Principal component extraction with a Varimax Rotation, applied to the 27 items of personal values scale, provides the construct validity of the scale. Furthermore, Cronbach's alpha examines the reliability of the personal values scale.

7.3.1.1 Validity and Reliability of the Personal Values Scale

The 27 items of the personal values scale were subjected to factor analysis using SPSS with suitability evaluation for the data. Inspection of the correlation matrix reveals the presence of many coefficients of 0.30 and above. The Kaiser-Meyer-Oklin value is 0.945, exceeding the recommended value of 0.60, and the Barlett's Test of Sphericity reaches statistical significance ($p=0.000$), supporting the notion of factorability of the correlation matrix. Thus, the scale meets the fundamental requirements of factor analysis. The final result of principal component analysis with a Varimax Rotation suggests a five factor solution. Table 7.1 shows the results of the factor analysis.

Table 7.1: Results of Factor Analysis for the Personal Values Scale

Scale	Factor Loadings					Communalities
	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	
<u>Competence Values</u>						
Intellectual	0.75					0.68
Capable	0.72					0.71
Independent	0.70					0.66
Broad-minded	0.68					0.65
Imaginative	0.66					0.55
A sense of accomplishment	0.63					0.70
Ambitious	0.61					0.60
Courageous	0.58					0.53
<u>Conformity Values</u>						
Obedient		0.74				0.66
Self-controlled		0.73				0.62
Polite		0.68				0.69
Responsible		0.66				0.69
Logical		0.64				0.59
Clean		0.56				0.47
<u>Compassion Values</u>						
Forgiving			0.72			0.67
Helpful			0.72			0.75
Honest			0.66			0.74
Cheerful			0.61			0.69
Loving			0.59			0.65
<u>Self-oriented Values</u>						
Security				0.75		0.67
Being well respected				0.74		0.73
Self-fulfillment				0.66		0.74
Sense of belonging				0.64		0.61
Self-respect				0.64		0.70
<u>Hedonism Values</u>						
Excitement					0.77	0.79
Warm relationships with others					0.60	0.74
Fun and enjoyment of life					0.59	0.73
Eigenvalue	12.33	2.02	1.50	1.19	1.06	
% of Variance	19.03%	13.49%	13.18%	13.16%	8.21%	Total: 67.09%

Extraction Method: Principal Component Analysis. Rotation Method: Varimax Rotation

Item loading less than 0.40 omitted.

As appearing in Table 7.1, the result of the factor analysis supports a five factor solution with eigenvalue exceeding 1. However, the five factor solution does not replicate the application of personal values' dimensions of previous researchers. These findings are consistent with previous studies which suggested that dimensions of personal values may vary slightly from one situation to the next (e.g., Kahle, 1983; Kahle et al., 1986; Prakash and Munson, 1985; Homer and Kahle, 1988; Munson and McQuarrie, 1988; Crosby et al., 1990). Moreover, previous researchers have not examined both RVS and LOV scales simultaneously in any empirical studies. Therefore, this five-factor solution is new. The resulting five factors were labeled "competence values," "conformity values," "compassion values," "self-oriented values," and "hedonism values" respectively. The five factor solution explained a total of 67.09% of the variance, with competence values contributing 19.03%, conformity values contributing 13.49%, compassion values contributing 13.18%, self-oriented values contributing 13.16% and hedonism values contributing 8.21%. These findings provide evidence for construct validity of the scale.

In order to assess the reliability of the scale, Cronbach's alpha assesses the internal consistency of the scale. Table 7.2 shows the reliability of the five factors retained.

Table 7.2: Reliability of the Personal Values Scale

Dimensions	Items	Item to total Correlation	Cronbach's Alpha
Competence Values	Intellectual	0.74	0.90
	Capable	0.78	
	Independent	0.72	
	Broad-minded	0.73	
	Imaginative	0.64	
	A sense of accomplishment	0.74	
	Ambitious	0.64	
	Courageous	0.64	
Conformity Values	Obedient	0.57	0.84
	Self-controlled	0.65	
	Polite	0.71	
	Responsible	0.71	
	Logical	0.59	
	Clean	0.55	
Compassion Values	Forgiving	0.71	0.89
	Helpful	0.79	
	Honest	0.74	
	Cheerful	0.70	
	Loving	0.70	
Self-oriented Values	Security	0.64	0.86
	Being well respected	0.73	
	Self-fulfillment	0.73	
	Sense of belonging	0.57	
	Self-respect	0.70	
Hedonism Values	Excitement	0.70	0.85
	Warm relationships with others	0.73	
	Fun and enjoyment of life	0.75	

As shown in Table 7.2, Cronbach's alpha coefficients of the "competence values," "conformity values," "compassion values," "self-oriented values," and "hedonism values"

dimensions display good internal consistency with alpha values of 0.90, 0.84, 0.89, 0.86 and 0.85 respectively, all of which exceed the minimum criteria for establishing scale reliability (>0.70). The results of the item-to-total correlation coefficients for the scale also appear sufficient and range from 0.64 to 0.78 for the “competence values” dimension, 0.55 to 0.71 for the “conformity values” dimension, 0.70 to 0.79 for the “compassion values” dimension, 0.57 to 0.73 for the “self-oriented values” dimension, and 0.70 to 0.75 for the “hedonism values” dimension. Thus, no need arises to eliminate any item to improve the reliability of the scale. The results of this research support the use of the competence values, conformity values, compassion values, self-oriented values and hedonism values as separate dimensions.

As a result, the personal values scale with five dimensions and 27 items seems valid and reliable. Factor analysis supports the validity of the scale. Cronbach’s alpha coefficients also support reliability of the five dimensions.

7.3.2 Examination of the Brand Equity Scale

In order to develop a valid and reliable brand equity scale, 27 items of brand equity were subjected to analysis. First, principal component factor analysis with a Varimax Rotation, conducted on the 27 items of brand equity, identified the dimensions and provided construct validity for the scale. At the next stage, regression analyses established the scale’s criterion-related validity. Finally, Cronbach’s alpha assessed the reliability of the scale.

7.3.2.1 Construct Validity of the Brand Equity Scale

Factor analysis examined the validity of the brand equity scale, which consists of four underlying components including perceived quality, brand identification, lifestyle and self-concept. Similar to the previous analysis, the principal component factor analysis with a Varimax Rotation was performed with assessment of suitability of the data for factor

analysis. Inspection of the correlation matrix revealed the presence of many coefficients of 0.3 and above. The Kaiser-Meyer-Okin measure of sample adequacy (0.935) and the Barlett's Test of Sphericity ($p= 0.000$) appeared sufficient for supporting the factorability of the correlation matrix. Therefore, the scale meets the fundamental requirement for factor analysis. The final result of the principal component analysis with a Varimax Rotation suggests a five factor solution. Table 7.3 summarizes the outcomes of the factor analysis.

Table 7.3: Results of Factor Analysis for the Brand Equity Scale

Scales	Factor Loadings					Communalities
	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	
<u>Self-Concept</u>						
The typical guest of this hotel/restaurant has an image similar to how I would like others to see me.	0.84					0.82
The image of this hotel/restaurant is consistent with how I believe others see me.	0.83					0.81
The image of this hotel/restaurant is consistent with how I would like others to see me.	0.83					0.80
The typical guest of this hotel/restaurant has an image similar to how I believe others see me.	0.82					0.78
The typical guest of this hotel/restaurant has an image similar to how I like to see myself.	0.78					0.78
The image of this hotel/restaurant is consistent with how I like to see myself.	0.76					0.76
The image of this hotel/restaurant is consistent with how I see myself.	0.70					0.73
The typical guest of this hotel/restaurant has an image similar to how I see myself.	0.65					0.64
<u>Brand Identification</u>						
When someone criticizes this hotel/restaurant, it feels like a personal insult.		0.88				0.84
If a story in the media criticizes this hotel/restaurant, I would feel embarrassed.		0.86				0.82
When someone praises this hotel/restaurant, it feels like a personal compliment.		0.85				0.87
If I talk about this hotel/restaurant, I usually say "we" rather than "they."		0.84				0.75
I am interested in what others think about this hotel/restaurant.		0.71				0.63
This hotel/restaurant's successes are my success.		0.69				0.62
<u>Perceived Quality: Staff Behaviour</u>						
Employees of this hotel/restaurant are competent in their jobs.			0.81			0.74
Employees of this hotel/restaurant are friendly.			0.80			0.77
Employees of this hotel/restaurant are helpful.			0.79			0.78
Employees of this hotel/restaurant listen to me			0.76			0.65
Employees of this hotel/restaurant seem to anticipate what I want.			0.63			0.63

Scales	Factor Loadings					Communalities
	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	
Perceived Quality: Physical Quality						
This hotel/restaurant's facilities are visually appealing.			0.80			0.78
Materials associated with the service (such as menus, furniture) are visually appealing at this hotel/restaurant.			0.75			0.71
This hotel/restaurant gives you a visually attractive room.			0.73			0.74
This hotel/restaurant has modern-looking equipment.			0.66			0.51
This hotel/restaurant is clean.			0.52			0.52
Lifestyle						
This hotel/restaurant reflects my personal lifestyle.				0.76		0.84
Staying in this hotel/visiting this restaurant supports my lifestyle.				0.74		0.77
This hotel/restaurant is totally in line with my lifestyle				0.71		0.81
Eigenvalue	12.30	3.30	2.06	1.29	1.06	
% of Variance	22.11%	18.04%	13.75%	11.78%	8.53%	Total:74.21%

Extraction Method: Principal Component Analysis. Rotation Method: Varimax Rotation

Item loading less than 0.04 omitted.

As shown in Table 7.3, the result of the factor analysis revealed the presence of five components with eigenvalues exceeding 1. The five factor solution explained a total of 74.21% of the variance, with 22.11%, 18.04%, 13.75%, 11.78% and 8.53% portions of the variance, respectively. The five factors showed a number of strong loadings, and all variables loaded substantially on only one factor. The interpretation of the five factors differed slightly from previous assumptions regarding the four dimensions of brand equity: perceived quality, brand identification, lifestyle and self-concept. As presented in Table 7.3, the first factor corresponded to the self-concept items, the second factor to the brand identification items, and fifth factor to the lifestyle items. However, perceived quality items were divided into two factors. The third factor was labeled “staff behaviour,” since this factor closely related to staff performance. And the fourth factor was named “physical quality,” because it closely related to equipment, facilities, and materials.

7.3.2.2 Criterion Related Validity of the Brand Equity Scale

Beyond factor analysis, regression analyses established the criterion validity of the brand equity scale. Criterion-related validity is established when the measure differentiates individuals in a criterion it is expected to predict (Sekaran, 2003). Criterion validity involves concurrent and predictive validity of the scale. Concurrent validity is the extent to which on the measure of a variable can be used to estimate an individual’s current score on a different measure or the same, or a closely related variable (Tull and Hawkins, 1993). On the other hand, predictive validity refers to the extent to which a scale can accurately predict some event external to the scale itself (Hair et al., 2000).

In this research, examining concurrent validity used customer satisfaction and overall brand equity, while assessing predictive validity used brand loyalty. The five dimensions of the scale, as derived from the factor analysis, were considered independent variables and each of the external measures was regarded as a dependent variable. Table 7.4 summarises the linear regression tests between the brand equity scale and customer satisfaction, overall brand equity and brand loyalty.

Table 7.4: Summary of Linear Regression: The Brand Equity Scale, Customer Satisfaction, Overall Brand Equity and Brand Loyalty

Variable	Customer Satisfaction			Overall Brand Equity			Brand Loyalty		
	Beta	t-value	p-value	Beta	t-value	p-value	Beta	t-value	p-value
Perceived Quality: Physical Quality	0.12	2.01	0.045	0.18	3.62	0.000	0.09	1.98	0.048
Perceived Quality: Staff Behaviour	0.11	2.03	0.043	0.13	2.74	0.006	0.19	4.10	0.000
Brand Identification	0.17	2.96	0.003	0.20	4.38	0.000	0.24	5.29	0.000
Lifestyle	0.18	2.76	0.006	0.14	2.84	0.005	0.11	2.27	0.023
Self-concept	0.16	2.46	0.014	0.26	4.88	0.000	0.26	4.93	0.000
(Constant)		1.92	0.055		2.01	0.045		2.87	0.004
R ²	0.36			0.52			0.52		
F	35.586			81.572			81.193		
P	0.000			0.000			0.000		

In the examinations of the relationship between the brand equity scale and customer satisfaction, the R^2 value indicated that the brand equity scale explains 36% of variance in customer satisfaction. This appears to be statistically significant at the 0.000 level. The results indicated that all five dimensions of brand equity make significant contributions in estimating customer satisfaction.

The second regression model assessed the relationship of the brand equity scale and overall brand equity. The result of linear regression revealed that the brand equity scale is statistically significant ($p= 0.000$) in estimating overall brand equity. The R^2 value of 0.52 indicated that the brand equity model explains 52% of the variance in overall brand equity. “Self-concept” had the largest beta coefficient (0.26) followed by “brand identification” (0.20), “perceived quality: physical quality” (0.18), “lifestyle (0.14) and “perceived quality: staff behaviour” (0.13). This means that “self-concept” made the strongest contribution to explaining overall brand equity. All five dimensions were found to make significant contributions to the degree of overall brand equity ($p=.000$).

The regression on brand loyalty also revealed that the brand equity scale is statistically significant ($p=0.000$) in predicting brand loyalty. The R^2 value indicated that the brand equity scale explains 52% of variance in brand loyalty. All five dimensions were found to make significant contributions in estimating brand loyalty ($p= 0.000$). Among them, “self-concept” dimension made the strongest contribution ($\beta=0.26, p=0.000$) in predicting brand loyalty.

In summary, the brand equity scale with five dimensions and 27 items is statistically significant in explaining all the dependent variables (customer satisfaction, overall brand equity and brand loyalty). This finding supports the criterion related validity of the brand equity scale. Therefore, the conclusion is that concurrent (customer satisfaction and overall brand equity) and predictive (brand loyalty) validity of the brand equity scale are established.

7.3.2.3 Reliability of the Brand Equity Scale

To determine the reliability of the brand equity scale, Cronbach's alpha coefficients examined the measure. Table 7.5 summarizes the findings of internal consistency reliabilities for the five dimensions of the brand equity scale.

Table 7.5: Reliability of the Brand Equity Scale

Dimensions	Items	Item to total Correlation	Cronbach's Alpha
Self-Concept	The typical guest of this hotel/restaurant has an image similar to how I would like others to see me.	0.84	0.95
	The image of this hotel/restaurant is consistent with how I believe others see me.	0.85	
	The image of this hotel/restaurant is consistent with how I would like others to see me.	0.84	
	The typical guest of this hotel/restaurant has an image similar to how I believe others see me.	0.83	
	The typical guest of this hotel/restaurant has an image similar to how I like to see myself.	0.75	
	The image of this hotel/restaurant is consistent with how I like to see myself.	0.83	
	The image of this hotel/restaurant is consistent with how I see myself.	0.81	
	The typical guest of this hotel/restaurant has an image similar to how I see myself.	0.85	
	When someone criticizes this hotel/restaurant, it feels like a personal insult.	0.88	
Brand Identification	If a story in the media criticizes this hotel/restaurant, I would feel embarrassed.	0.84	0.93
	When someone praises this hotel/restaurant, it feels like a personal compliment.	0.87	
	If I talk about this hotel/restaurant, I usually say "we" rather than "they."	0.78	
	I am interested in what others think about this hotel/restaurant.	0.71	
	This hotel/restaurant's successes are my successes.	0.70	
	Employees of this hotel/restaurant are competent in their jobs.	0.75	
	Employees of this hotel/restaurant are friendly.	0.76	
	Employees of this hotel/restaurant are helpful.	0.79	
	Employees of this hotel/restaurant listen to me.	0.69	
Employees of this hotel/restaurant seem to anticipate what I want.	0.63		
Perceived Quality: Physical Quality	This hotel/restaurant's facilities are visually appealing.	0.78	0.88
	Materials associated with the service (such as menus, furniture) are visually appealing at this hotel/restaurant.	0.72	
	This hotel/restaurant gives you a visually attractive room.	0.74	
	This hotel/restaurant has modern-looking equipment.	0.56	
	This hotel/restaurant is clean.	0.54	
	This hotel/restaurant reflects my personal lifestyle.	0.80	
	Staying in this hotel/visiting this restaurant supports my lifestyle.	0.74	
	This hotel/restaurant is totally in line with my lifestyle.	0.79	
Perceived Quality: Staff Behaviour			0.85
Lifestyle			0.88

As shown in Table 7.5, Cronbach's alpha coefficients of "self-concept," "brand identification," "perceived quality: staff behaviour," "perceived quality: physical quality," and "lifestyle" dimensions are 0.95, 0.93, 0.88, 0.85, and 0.88, respectively. These values exceed the minimum criteria for establishing the scale's reliability. The results of item-to-total coefficients suggest that each item contributes significantly to the measurement of the relevant construct. Coefficients of the "self-concept" dimension range from 0.75 to 0.85; the "brand identification" dimension ranges from 0.70 to 0.88; the "perceived quality: staff behaviour" dimension ranges from 0.63 to 0.79; the "perceived quality: physical quality" dimension ranges from 0.54 to 0.78, and the "lifestyle" dimension ranges from 0.74 to 0.80.

As a result, the brand equity scale with five dimensions seems valid and reliable. Factor analysis and linear regression tests support construct validity and criterion validity of the scale. Cronbach's alpha coefficients also support the reliability of the five dimensions.

7.3.3 Examination of the Brand Loyalty Scale

Assessment of the reliability of the brand loyalty scale employed Cronbach's alpha, which provides the degree of inter-item consistency which indicates that the scale's items are measuring the same underlying construct (Brace et al., 2006).

7.3.3.1 Reliability of the Brand Loyalty Scale

The reliability test, which measures the internal consistency of a scale, examines the reliability of the brand loyalty scale. Table 7.6 summarizes the results of this test.

Table 7.6: Reliability of the Brand Loyalty Scale

Brand Loyalty Scale	Item to total Correlation	Cronbach's Alpha
I will recommend this hotel/restaurant to someone who seeks my advice.	0.66	0.82
Next time I will stay in this hotel/restaurant.	0.73	
Even if another hotel/restaurant offers more attractive prices, I will stay in this hotel/visit this restaurant.	0.76	
(Reverse) I will switch to other hotel/restaurant if I experience a problem with this hotel/restaurant.	0.49	

The Cronbach's alpha coefficient of the brand loyalty scale is 0.82. This value exceeds the recommended internal consistency threshold (0.70). Item-to-total correlation coefficients for the scale range from 0.49 to 0.76. Therefore, no need appears to force elimination of any item. These results indicate that the brand loyalty scale is reliable.

7.4 Descriptive Analysis

This research performs descriptive analyses of all variables. For all variables, 1 denoted the lowest perception value, while 7 denoted the highest perceptions value. The descriptive analyses included minimum, maximum, mean and standard deviation.

7.4.1 Descriptive Statistics of Personal Values

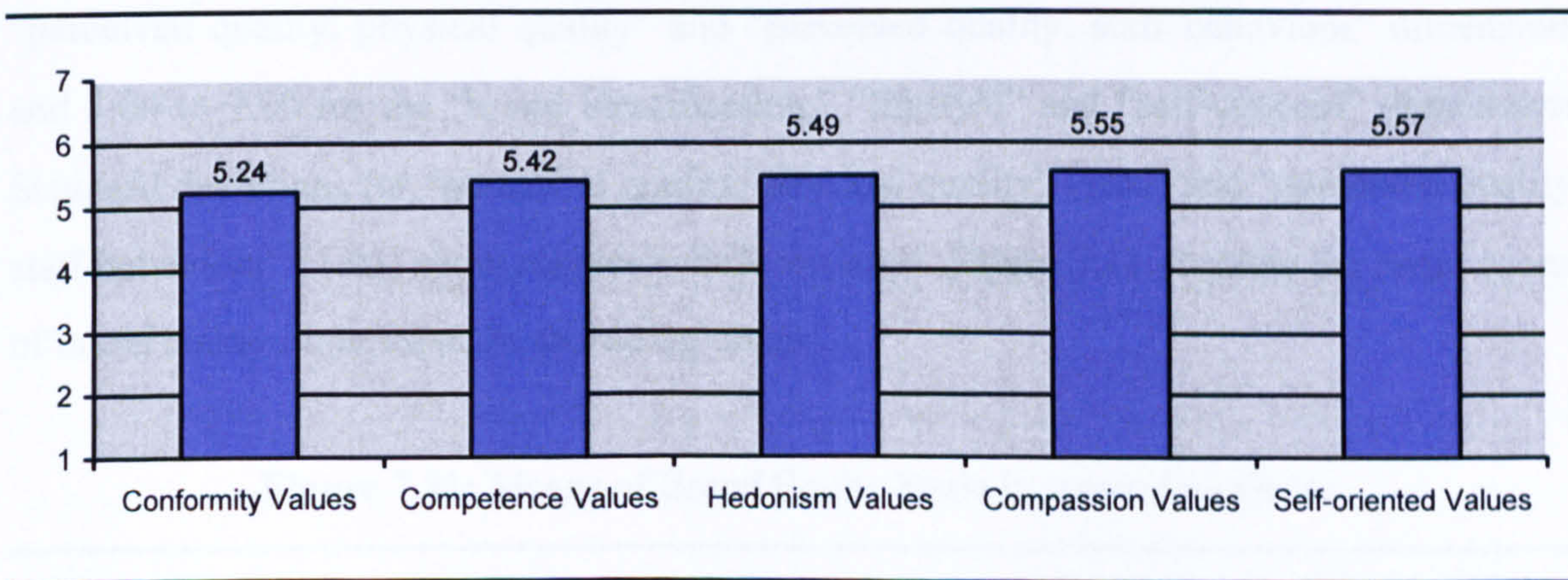
Table 7.7 shows the descriptive output of the personal values scale including minimum, maximum, mean and standard deviation.

Table 7.7: Descriptive Analysis: Personal Values Scale

Variable	Minimum	Maximum	Mean	Std. Deviation
Competence values	1.00	7.00	5.42	1.03
Conformity values	1.00	7.00	5.24	0.96
Compassion values	1.00	7.00	5.55	1.08
Self-oriented values	1.00	7.00	5.57	1.00
Hedonism values	1.00	7.00	5.49	1.17

Assessment of all variables used a 7-point Likert-type scale. The range between minimum and maximum is 1.00 to 7.00 for all personal values dimensions. The standard deviations for all five dimensions show similar variance, around 1.00, from the responses. Figure 7.10 presents the mean scores of the personal values dimensions in ascending order.

Figure 7.10: Means of Personal Values Scale in Ascending Order



As seen Figure 7.10, with respect to the personal values scale, the means of these dimensions suggests that the respondents rated personal values to be moderately high. All mean scores of personal values dimensions are above 5. The mean score for the “self-oriented values” is highest among the personal values dimensions with a mean score of 5.57. Conversely, “conformity values” has the lowest mean score of 5.24.

7.4.2 Descriptive Statistics of Brand Equity

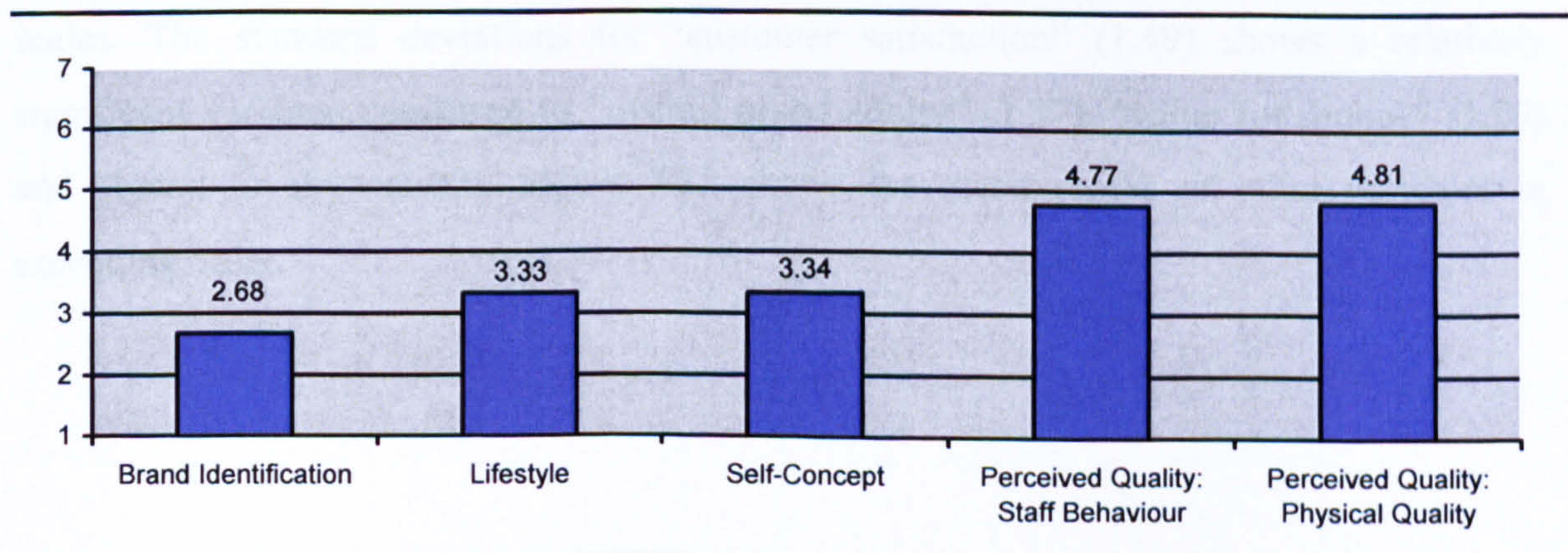
Table 7.8 presents the descriptive output of the brand equity scale including minimum, maximum, mean and standard deviation.

Table 7.8: Descriptive Analysis: Brand Equity Scale

Variable	Minimum	Maximum	Mean	Std. Deviation
Perceived Quality: Physical Quality	2.00	7.00	4.81	1.02
Perceived Quality: Staff Behaviour	2.00	7.00	4.77	1.03
Brand Identification	1.00	7.00	2.68	1.51
Lifestyle	1.00	7.00	3.33	1.48
Self-Concept	1.00	7.00	3.44	1.30

As seen in Table 7.8, the range between minimum and maximum is 2.00 to 7.00 for “perceived quality: physical quality” and “perceived quality: staff behaviour” dimensions and 1.00 to 7.00 for the “brand identification,” “lifestyle” and “self-concept” dimensions. Standard deviations for “perceived quality: physical quality” (1.02) and “perceived quality: staff behaviour” (1.03) show relatively little variance. Figure 7.11 presents the mean scores of brand equity dimensions in ascending order.

Figure 7.11: Means of Brand Equity Scale in Ascending Order



As shown in Figure 7.11, the mean scores for “perceived quality: staff behaviour” and

“perceived quality: physical quality” dimensions are generally higher than “brand identification,” “lifestyle” and “self-concept” dimensions. Among five dimensions, the “perceived quality: physical quality” dimension has the highest mean score of 4.81, while “brand identification” dimension has the lowest mean score of 2.68. All variables were assessed using a 7-point Likert-type scale.

7.4.3 Descriptive Statistics of Other Variables

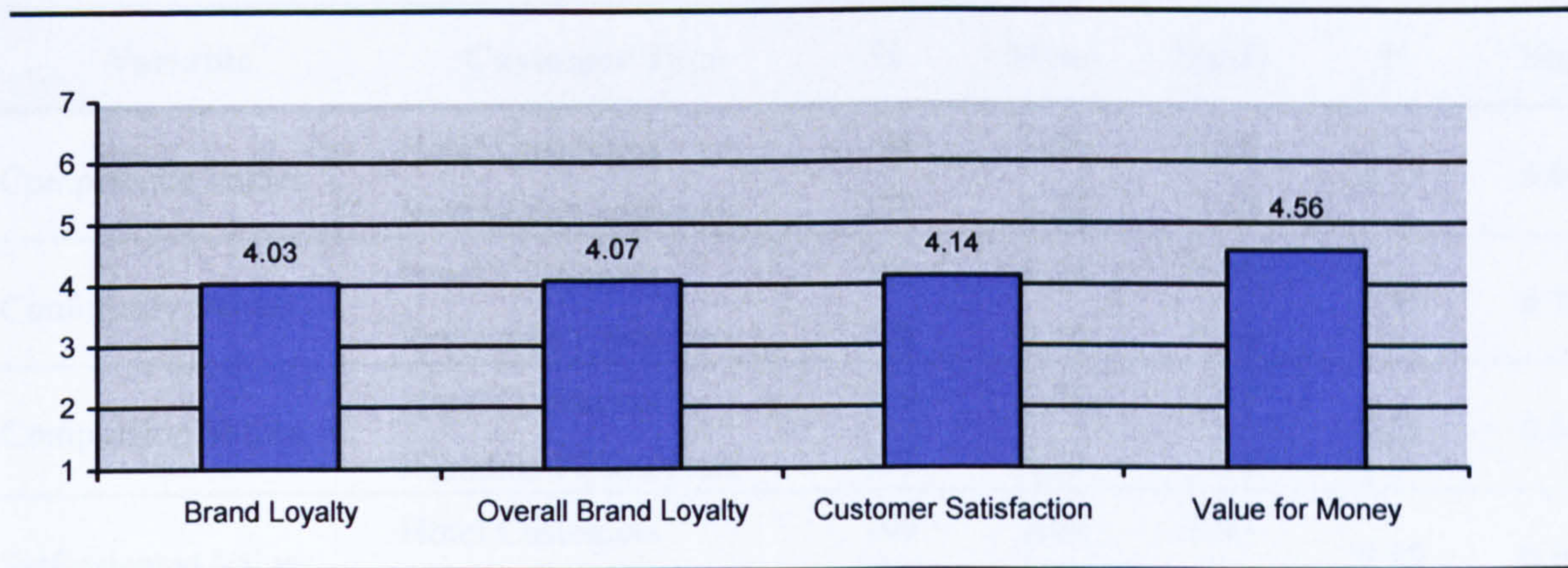
Table 7.9 shows the descriptive output of other variables such as “overall brand equity,” “customer satisfaction,” “value for money” and “brand loyalty.”

Table 7.9: Descriptive Analysis: Other Variables

Variable	Minimum	Maximum	Mean	Std. Deviation
Overall Brand Equity	1.00	7.00	4.07	1.27
Customer Satisfaction	1.00	7.00	4.14	1.49
Value for Money	1.00	7.00	4.56	1.26
Brand Loyalty	1.00	7.00	4.03	1.22

As presented in Table 7.9, the range between minimum and maximum is 1.00 to 7.00 for the “overall brand equity,” “customer satisfaction,” “value for money” and “brand loyalty” scales. The standard deviations for “customer satisfaction” (1.49) shows a relatively significant variance compared to “overall brand equity” (1.27), “value for money” (1.26) and “brand loyalty” (1.22). Figure 7.12 shows the mean scores of other variables in ascending order.

Figure 7.12: Means of Other Variables in Ascending Order



As Figure 7.12 shows, the mean score of brand loyalty is 4.03, overall brand equity is 4.07, customer satisfaction is 4.14, and value for money is 4.56. Value for money has the highest mean score, while brand loyalty has the lowest. The means of value for money (4.56) indicates that, on average, respondents were satisfied with value for money. Assessment of all variables used a 7-point Likert-type scale.

7.5 T-Test and ANOVA Test

T-test and ANOVA test compare more than two different groups and conditions (Brace et al., 2006). In this research, a T-test identifies differences between two groups in terms of customer type and gender, and an ANOVA test identifies differences among six age groups.

7.5.1 Differences between Customer Types

An independent sample T-test with a confidence level of 95% was executed to find whether or not variables of the research significantly differ between hotel customers and restaurant customers. Table 7.10 shows the result of the T-test according to customer type.

Table 7.10: Result of T-Test According to Customer Type

Variable	Customer Type	N	Mean	Std.D	T	Sig.
Competence Values	Hotel Customers	199	5.55	0.96	2.57	0.08
	Restaurant Customers	179	5.27	1.10		
Conformity Values	Hotel Customers	199	5.31	0.96	1.53	0.72
	Restaurant Customers	179	5.16	0.96		
Compassion Values	Hotel Customers	199	5.58	1.04	0.65	0.50
	Restaurant Customers	179	5.51	1.12		
Self-oriented Values	Hotel Customers	199	5.68	0.93	2.37	0.09
	Restaurant Customers	179	5.44	1.05		
Hedonism Values	Hotel Customers	199	5.53	1.18	0.64	0.85
	Restaurant Customers	179	5.45	1.16		
Physical Quality	Hotel Customers	199	4.68	1.05	-2.38	0.78
	Restaurant Customers	179	4.93	0.98		
Staff Behaviour	Hotel Customers	199	4.80	0.99	0.63	0.15
	Restaurant Customers	179	4.74	1.07		
Brand Identification	Hotel Customers	199	2.72	1.58	0.58	0.07
	Restaurant Customers	179	2.63	1.42		
Lifestyle	Hotel Customers	199	3.39	1.51	0.83	0.34
	Restaurant Customers	179	3.26	1.44		
Self-concept	Hotel Customers	199	3.51	1.33	1.20	0.74
	Restaurant Customers	179	3.35	1.27		
Overall Brand Equity	Hotel Customers	199	3.98	1.33	-1.31	0.39
	Restaurant Customers	179	4.16	1.19		
Customer Satisfaction	Hotel Customers	155	4.13	1.44	-0.19	0.31
	Restaurant Customers	158	4.16	1.53		
Value for Money	Hotel Customers	155	4.61	1.16	0.74	0.02
	Restaurant Customers	158	4.50	1.36		
Brand Loyalty	Hotel Customers	199	3.97	1.26	-1.05	0.70
	Restaurant Customers	179	4.10	1.17		

As shown in Table 7.10, only the “value for money” variable shows statistically significant differences between hotel customers and restaurant customers at the 5% significance level. This result indicates that respondents from the hotel survey (4.61) are more satisfied with value for money than those from the restaurant survey (4.50).

7.5.2 Differences between Genders

Another independent sample T-test investigated whether or not variables of the research significantly differ between females and males. Table 7.11 shows the result of T-test according to gender.

Table 7.11: Result of T-Test According to Gender

Variable	Gender	N	Mean	Std.D	T	Sig.
Competence Values	Female	181	5.38	1.00	-0.64	0.47
	Male	197	5.45	1.06		
Conformity Values	Female	181	5.24	0.99	0.00	0.94
	Male	197	5.24	0.95		
Compassion Values	Female	181	5.66	1.08	1.97	0.80
	Male	197	5.44	1.06		
Self-oriented Values	Female	181	5.70	0.95	2.36	0.36
	Male	197	5.45	1.03		
Hedonism Values	Female	181	5.47	1.23	-0.35	0.26
	Male	197	5.51	1.12		
Physical Quality	Female	181	4.77	1.06	-0.51	0.30
	Male	197	4.82	0.99		
Staff Behaviour	Female	181	4.70	1.02	-1.26	0.83
	Male	197	4.84	1.03		
Brand Identification	Female	181	2.60	1.48	-0.94	0.58
	Male	197	2.75	1.53		
Lifestyle	Female	181	3.31	1.41	-0.18	0.36
	Male	197	3.34	1.54		
Self-concept	Female	181	3.55	1.31	1.54	0.99
	Male	197	3.34	1.29		
Overall Brand Equity	Female	181	4.09	1.22	0.41	0.33
	Male	197	4.04	1.31		
Customer Satisfaction	Female	153	4.21	1.47	0.73	0.78
	Male	160	4.09	1.50		
Value for Money	Female	153	4.58	1.24	0.31	0.47
	Male	160	4.53	1.29		
Brand Loyalty	Female	181	4.02	1.25	-0.11	0.38
	Male	197	4.04	1.19		

Table 7.11 shows the result of the T-test in order to identify any differences between females and males. According to the result of the T-test, all variables of the research are over the 5% significance level, which means that no significant difference exists between females and males for all research variables.

7.5.3 Differences among Age Groups

An ANOVA test, with a 95% significance level, investigated whether or not significant differences exist among different age groups with regard to the variables of this research. Table 7.12 shows the result of the ANOVA test according to age group.

Table 7.12: Result of ANOVA Test According to Age Group

Variable	Age	N	Mean	Std.D	F	Sig.	Variable	Age	N	Mean	Std.D	F	Sig.
Competence Values	16-24	90	5.50	0.90	1.15	0.33	Brand Identification	16-24	90	2.46	1.23	3.38	0.00
	25-34	98	5.53	0.85				25-34	98	2.56	1.35		
	35-44	85	5.23	1.24				35-44	85	3.14	1.96		
	45-54	52	5.29	1.04				45-54	52	2.53	1.44		
	55-64	32	5.44	1.29				55-64	32	2.27	0.93		
	65 and over	21	5.60	0.92				65 and over	21	3.28	1.62		
Conformity Values	16-24	90	5.28	0.95	1.60	0.15	Lifestyle	16-24	90	3.31	1.48	2.33	0.04
	25-34	98	5.26	0.86				25-34	98	3.30	1.45		
	35-44	85	5.04	1.08				35-44	85	3.72	1.62		
	45-54	52	5.20	0.98				45-54	52	2.88	1.41		
	55-64	32	5.42	0.95				55-64	32	3.11	1.26		
	65 and over	21	5.61	0.90				65 and over	21	3.42	1.18		
Compassion Values	16-24	90	5.57	0.95	0.78	0.56	Self-concept	16-24	90	3.26	1.23	0.89	0.48
	25-34	98	5.64	0.87				25-34	98	3.38	1.25		
	35-44	85	5.39	1.29				35-44	85	3.61	1.52		
	45-54	52	5.52	1.09				45-54	52	3.45	1.38		
	55-64	32	5.51	1.41				55-64	32	3.42	1.09		
	65 and over	21	5.81	0.89				65 and over	21	3.75	1.01		
Self-oriented Values	16-24	90	5.74	0.76	1.11	0.35	Overall Brand Equity	16-24	90	4.02	1.17	3.15	0.00
	25-34	98	5.56	0.79				25-34	98	3.94	1.18		
	35-44	85	5.43	1.25				35-44	85	4.49	1.53		
	45-54	52	5.44	1.01				45-54	52	3.80	1.17		
	55-64	32	5.61	1.29				55-64	32	3.75	0.95		
	65 and over	21	5.70	1.06				65 and over	21	4.28	1.23		
Hedonism Values	16-24	90	5.79	0.93	6.57	0.00	Customer Satisfaction	16-24	71	4.28	1.40	1.29	0.34
	25-34	98	5.83	0.94				25-34	83	3.88	1.58		
	35-44	85	5.25	1.29				35-44	76	4.38	1.64		
	45-54	52	4.95	1.26				45-54	40	4.02	1.29		
	55-64	32	5.33	1.20				55-64	27	4.25	1.31		
	65 and over	21	5.17	1.49				65 and over	16	4.06	1.18		
Physical Quality	16-24	90	4.84	1.03	0.40	0.84	Value for Money	16-24	71	4.38	1.23	0.72	0.60
	25-34	98	4.82	1.01				25-34	83	4.69	1.35		
	35-44	85	4.86	1.11				35-44	76	4.61	1.34		
	45-54	52	4.69	0.90				45-54	40	4.60	1.20		
	55-64	32	4.62	0.91				55-64	27	4.55	1.12		
	65 and over	21	4.82	1.20				65 and over	16	4.25	.93		
Staff Behaviour	16-24	90	4.65	1.02	1.56	0.18	Brand Loyalty	16-24	90	3.95	1.07	1.58	0.16
	25-34	98	4.75	1.03				25-34	98	3.92	1.12		
	35-44	85	4.99	1.07				35-44	85	4.32	1.41		
	45-54	52	4.58	0.94				45-55	52	3.87	1.18		
	55-64	32	4.82	0.96				55-64	32	3.92	1.15		
	65 and over	21	4.93	1.11				65 and over	21	4.25	1.06		

As Table 7.12 shows, significant differences appear among different age groups with regard to “hedonism values,” “brand identification,” “overall brand equity” with p-values of 0.00, and “lifestyle” with a p-value of 0.04. The “hedonism values” shows the highest F-ratio (6.57), which indicates the widest gap among different age groups with regard to this variable. Among the six age groups, the “25-34” age group felt the hedonism values to be most important with a mean score of 5.83, while the “45-54” age group felt the hedonism values to be least important with a mean score of 4.95. The “brand identification” score shows the second highest F-ratio (3.38), which indicates the second widest gap among different age groups with regard to this variable. The “65 and over” age group has the strongest brand identification with a mean score of 3.28, while the “55-64” age group has the weakest brand identification with a mean score of 2.27. However, considering the low mean scores (under 3.5) in six age groups, respondents seem to have low brand identification.

The “overall brand equity” also shows a high F-ratio (3.15), which indicates a significant difference among the six age groups with regard to overall brand identification. The “35-44” age group have relatively higher perceptions of overall brand equity (4.49) compared to other age groups. On the other hand, the “55-64” age group has the lowest perception of overall brand equity with a mean score of 3.75.

In the case of “lifestyle,” the F-ratio is 2.33, which indicates a significant difference among the six age groups with regard to lifestyle. The “35-44” age group has the highest perception of lifestyle with a mean score of 3.72, followed by the “65 and over” age group with a mean score of 3.42, the “16-24” age group with a mean score of 3.31, the “25-34” age group with a mean score of 3.30, the “55-64” age group with a mean score of 3.11, and the “45-54” age group with a mean score of 2.88. However, with low mean scores (under 4.0) for six age groups, respondents seem to have a low perception of lifestyle.

7.6 Correlation Analysis

The previous analyses confirm that five dimensions of personal values and brand equity are

valid and reliable. Before proceeding to further advanced analyses, a correlation analysis of research variables is vital for obtaining an initial sense of the type of correlations among the research variables.

7.6.1 Correlation Matrix among Variables

For further examination of the relationships among research variables, correlation analysis was performed. The dimensions of both personal values and brand equity and four variables such as overall brand equity, customer satisfaction, value for money and brand loyalty were subjects of the analysis. Table 7.13 shows the correlation matrix of the relationships among research variables.

Table 7.13: Correlation Matrix of the Relationships among Research Variables

Variables	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1. Competence Values	1													
2. Conformity Values	0.61**	1												
3. Compassion Values	0.69**	0.62**	1											
4. Self-oriented Values	0.64**	0.44**	0.63**	1										
5. Hedonism Values	0.65**	0.50**	0.66**	0.65**	1									
6. Perceived Quality: Physical Quality	0.20**	0.23**	0.24**	0.29**	0.21**	1								
7. Perceived Quality: Staff Behaviour	0.23**	0.24**	0.28**	0.28**	0.19**	0.63**	1							
8. Brand Identification	0.13**	0.14**	0.12*	0.18**	0.15**	0.33**	0.34**	1						
9. Lifestyle	0.20**	0.18**	0.18**	0.22**	0.24**	0.48**	0.43**	0.56**	1					
10. Self-Concept	0.19**	0.22**	0.19**	0.22**	0.19**	0.54**	0.49**	0.56**	0.66**	1				
11. Overall Brand Equity	0.20**	0.16**	0.21**	0.22**	0.20**	0.54**	0.50**	0.53**	0.57**	0.63**	1			
12. Customer Satisfaction	0.21**	0.17**	0.21**	0.18**	0.17**	0.44**	0.42**	0.45**	0.51**	0.51**	0.55**	1		
13. Value for Money	0.21**	0.11*	0.14**	0.18**	0.19**	0.37**	0.39**	0.20**	0.27**	0.31**	0.34**	0.49**	1	
14. Brand Loyalty	0.22**	0.19**	0.21**	0.22*	0.21**	0.50**	0.52**	0.55**	0.56**	0.63**	0.71**	0.76**	0.44**	1

* Correlation is significant at the 0.05 level. ** Correlation is significant at the 0.01 level

As shown in Table 7.13, relatively high correlations appear for the personal values dimensions ranging from 0.44 to 0.69. However, personal values dimensions have relatively low correlation with all the other variables. Correlations between the personal values dimensions and “physical quality” dimension range from 0.20 to 0.29, between the personal values dimensions and “staff behaviour” dimension range from 0.19 to 0.28, between the personal values dimensions and “brand identification” dimension range from 0.12 to 0.18, between personal values dimensions and “lifestyle” dimension range from 0.18 to 0.24, between personal values dimensions and “self-concept” dimension range from 0.19 to 0.22, between personal values dimensions and “overall brand equity” variable range from 0.16 to 0.22, between personal values dimensions and “customer satisfaction” variable range from 0.17 to 0.21, between personal values dimensions and “value for money” variable range from 0.11 to 0.21, and between personal values dimensions and “brand loyalty” variable range from 0.19 to 0.22. These relationships undergo further explanation and examination later.

Correlations among the brand equity dimensions also are relatively high, ranging from 0.33 to 0.66. However, the “brand identification” dimension seems only moderately related to the “physical quality” (0.33) and “staff behaviour” (0.34) dimensions. Furthermore, all five dimensions of brand equity have a strong relationship with “overall brand equity,” “customer satisfaction” and “brand loyalty” variables from 0.42 to 0.63. These relationships support the concurrent and predictive validity of the brand equity scale. However, the “value for money” variable moderately relates to “physical quality” (0.37), “staff behaviour” (0.39), “brand identification” (0.20), “lifestyle” (0.27) and “self-concept” (0.31). These relationships, especially, the influence of the brand equity dimension on brand loyalty, have explanation and examination later.

Finally, the “overall brand equity” variable shows a strong correlation with “customer satisfaction” (0.55) and “brand loyalty” (0.71). The “customer satisfaction” variable also strongly correlates with brand loyalty (0.76). However, “value for money” variable shows moderate relationships with “overall brand equity” (0.34), “customer satisfaction” (0.49) and “brand loyalty” (0.44) variables. These relationships also will be further explained and examined later.

7.7 Research Hypotheses and Model Testing

In the final stage of analysis for this research, regression analysis, especially, Baron and Kenny's (1986) methods to examine the mediating effect and moderating effects, tested research hypotheses and the model. Five personal values dimensions (competence values, conformity values, compassion values, self-oriented values and hedonism values) are the independent variables; five brand equity dimensions (physical quality, staff behaviour, brand identification, lifestyle and self-concept) are mediating variables; brand loyalty is a dependent variable. In addition, respondents' "value for money" is a moderating variable.

7.7.1 Effects of Personal Values on Brand Equity

The previous analysis confirmed five dimensions of personal values (PV), namely: "competence values," "conformity values," "compassion values," "self-oriented values," and "hedonism values" and five dimensions of brand equity namely; "physical quality," "staff behaviour," "brand identification," "lifestyle" and "self-concept." One of the aims of this research is to examine the effects of personal values on brand equity (BE). To achieve this goal, the following hypotheses are generated:

H1: "Competence values" of PV have a positive effect on "physical quality" of BE.

H2: "Conformity values" of PV have a positive effect on "physical quality" of BE.

H3: "Compassion values" of PV have a positive effect on "physical quality" of BE.

H4: "Self-oriented values" of PV have a positive effect on "physical quality" of BE.

H5: "Hedonism values" of PV have a positive effect on "physical quality" of BE.

H6: "Competence values" of PV have a positive effect on "staff behaviour" of BE.

H7: "Conformity values" of PV have a positive effect on "staff behaviour" of BE.

H8: "Compassion values" of PV have a positive effect on "staff behaviour" of BE.

H9: "Self-oriented values" of PV have a positive effect on "staff behaviour" of BE.

H10: "Hedonism values" of PV have a positive effect on "staff behaviour" of BE.

H11: "Competence values" of PV have a positive effect on "brand identification" of BE.

H12: "Conformity values" of PV have a positive effect on "brand identification" of BE.

- H13:** “Compassion values” of PV have a positive effect on “brand identification” of BE.
- H14:** “Self-oriented values” of PV have a positive effect on “brand identification” of BE.
- H15:** “Hedonism values” of PV have a positive effect on “brand identification” of BE.
- H16:** “Competence values” of PV have a positive effect on “lifestyle” of BE.
- H17:** “Conformity values” of PV have a positive effect on “lifestyle” of BE.
- H18:** “Compassion values” of PV have a positive effect on “lifestyle” of BE.
- H19:** “Self-oriented values” of PV have a positive effect on “Lifestyle” of BE.
- H20:** “Hedonism values” of PV have a positive effect on “Lifestyle” of BE.
- H21:** “Competence values” of PV have a positive effect on “self-concept” of BE.
- H22:** “Conformity values” of PV have a positive effect on “self-concept” of BE.
- H23:** “Compassion values” of PV have a positive effect on “self-concept” of BE.
- H24:** “Self-oriented values” of PV have a positive effect on “self-concept” of BE.
- H25:** “Hedonism values” of PV have a positive effect on “self-concept” of BE.

Testing these hypotheses relies on five multiple regression analyses. The five dimensions of the personal values scale, as derived from the previous analysis, are independent variables, and each of the brand equity dimensions, as derived from the previous analysis, are dependent variables. Table 7.14 summarises the five multiple regression tests between the personal values dimensions and the brand equity dimensions.

Table 7.14: Summary of Regression Analysis: Personal Values Dimensions and Brand Equity Dimensions

Variable	Physical Quality			Staff Behaviour			Brand Identification			Lifestyle			Self-Concept		
	Beta	t-value	p-value	Beta	t-value	p-value	Beta	t-value	p-value	Beta	t-value	p-value	Beta	t-value	p-value
Competence Values	-0.09	-1.14	0.253	-0.02	-0.28	0.773	-0.02	-0.27	0.782	0.02	0.27	0.787	-0.00	-0.10	0.917
Conformity Values	0.14	2.18	0.029	0.11	1.67	0.095	0.10	1.53	0.125	0.07	1.15	0.251	0.15	2.23	0.026
Compassion Values	0.06	0.81	0.417	0.16	2.04	0.041	-0.07	-0.85	0.391	-0.05	-0.69	0.486	-0.00	-0.09	0.927
Self-oriented Values	0.24	3.36	0.001	0.20	2.76	0.006	0.16	2.21	0.027	0.11	1.54	0.123	0.14	1.99	0.047
Hedonism Values	-0.00	-0.01	0.992	-0.08	-1.12	0.261	0.05	0.69	0.487	0.15	2.00	0.046	0.03	0.44	0.654
(Constant)		8.27	0.000		8.02	0.000		1.54	0.123		2.01	0.045		2.79	0.005
R ²	0.10			0.10			0.04			0.07			0.07		
F	8.530			9.124			3.351			5.680			5.644		
P	0.000			0.000			0.006			0.000			0.000		

Table 7.14 shows that the regression model is statistically significant ($p=0.000$) in estimating the “physical quality” of brand equity. The R^2 value of 0.10 indicates that the regression model explains 10% of the variance in “physical quality” of brand equity. “Conformity values” ($\beta=0.14$) and “self-oriented values” ($\beta=0.24$) dimensions make statistically significant contributions ($p<0.05$) in estimating the “physical quality” of brand equity. However, the other three dimensions such as “competence values,” “compassion values” and “hedonism values” dimensions have no significant influence on “physical quality” of brand equity. Hence, this research confirms **H2** and **H4** but does not confirm **H1**, **H3** and **H5**.

The second regression model assesses the relationship of the personal values dimensions and “staff behaviour” of brand equity. The regression model is statistically significant ($p=0.000$) in estimating the “staff behaviour” of brand equity. The R^2 value suggests that 10% of variance in “staff behaviour” of brand equity can be explained by the personal values dimensions. The result indicates that “compassion values” ($\beta=0.16$) and “self-oriented values” ($\beta=0.20$) are significant dimensions ($p<0.05$) for explaining “staff behaviour” of brand equity. However, the “competence values,” “conformity values” and “hedonism values” dimensions have no significance for explaining “staff behaviour” of brand equity. Thus, this research confirms **H8** and **H9** but does not confirm **H6**, **H7** and **H10**.

In the examination of the relationship between the personal values dimensions and “brand identification” of brand equity, the R^2 value indicates that the personal values dimensions explain 4% of the variance in the “brand identification” of brand equity. This is statistically significant at the 0.006 level. However, only the “self-oriented values” ($\beta=0.16$) dimension make a significant contribution ($p<0.05$) to explain “brand identification” of brand equity, while the other four dimensions provide no significant contribution to explain “brand identification” of brand equity. Therefore, this research confirms only **H14** but does not confirm **H11**, **H12**, **H13** and **H15**.

The fourth regression model is statistically significant ($p=0.000$) in estimating the

“lifestyle” of brand equity. The R^2 value of 0.07 indicates that the regression model explains 7% of the variance in “lifestyle” of brand equity. However, only the “hedonism values” dimension makes a significant contribution in explaining “lifestyle” of brand equity ($\beta=0.15$; $p<0.05$). Thus, the research’s results only accept H20, and reject H16, H17, H18 and H19.

The results of the final regression test show that personal values dimensions are statistically significant in estimating “self-concept” of brand equity at 0.000 levels. The R^2 value indicates that 7% of variance in the “self-concept” of brand equity can be explained by the personal values dimensions. The results also reveal that the “conformity values” ($\beta=0.15$) and “self-oriented values” ($\beta=0.14$) dimensions make a significant contribution ($p<0.05$) to explain “self-concept” of brand equity. However, three other dimensions are not statistically significant predictors. Hence, results confirm H22 and H24 but do not confirm H21, H23 and H25.

7.7.2 Effects of Brand Equity on Brand Loyalty

The previous analyses reveal that five dimensions of brand equity are valid and reliable (i.e. “physical quality,” “staff behaviour,” “brand identification,” “lifestyle,” “self-concept”). One of the aims of this research is to examine the premise that brand equity influences brand loyalty. The following hypotheses are generated to achieve this goal:

- H26:** “Physical quality” of brand equity has a positive effect on brand loyalty.
- H27:** “Staff behaviour” of brand equity has a positive effect on brand loyalty.
- H28:** “Brand identification” of brand equity has a positive effect on brand loyalty.
- H29:** “Lifestyle” of brand equity has a positive effect on brand loyalty.
- H30:** “Self-concept” of brand equity has a positive effect on brand loyalty.

Multiple regression analysis tested these hypotheses in which brand loyalty is a dependent variable, and five dimensions of brand equity: “perceived quality: physical quality,” “perceived quality: staff behaviour,” “brand identification,” “lifestyle” and “self-concept”

are independent variables. Table 7.15 summarizes the multiple regression analysis between five dimensions of brand equity and brand loyalty.

Table 7.15: Summary of Regression Analysis on Brand Loyalty

Variable	Brand Loyalty		
	Beta	t-value	p-value
Perceived Quality: Physical Quality	0.09	1.98	0.048
Perceived Quality: Staff Behaviour	0.19	4.10	0.000
Brand Identification	0.24	5.29	0.000
Lifestyle	0.11	2.27	0.023
Self-concept	0.26	4.93	0.000
(Constant)		2.87	0.004
R ²	0.52		
F	81.193		
P	0.000		

Table 7.15 shows that the regression model is statistically significant ($P=0.000$) in estimating the respondents' brand loyalty. The R^2 value of 0.52 indicates that the model explains 52% of the variance in brand loyalty. Also, the β coefficients indicate that all five dimensions make significant contributions to explaining brand loyalty with 0.09 for "perceived quality: physical quality," 0.19 for "perceived quality: staff behaviour," 0.24 for "brand identification," 0.11 for "lifestyle" and 0.26 for "self-concept." "Self-concept" (0.26) has the largest β coefficient followed by "brand identification" (0.24), "perceived quality: staff behaviour" (0.19), "lifestyle" (0.11) and "perceived quality: physical quality" (0.09). This means that "self-concept" makes the strongest contribution to explain brand loyalty. These findings reveal that all five dimensions of brand equity have significant effects on brand loyalty. Thus, H25, H26, H27, H28, H29 and H30 are supported.

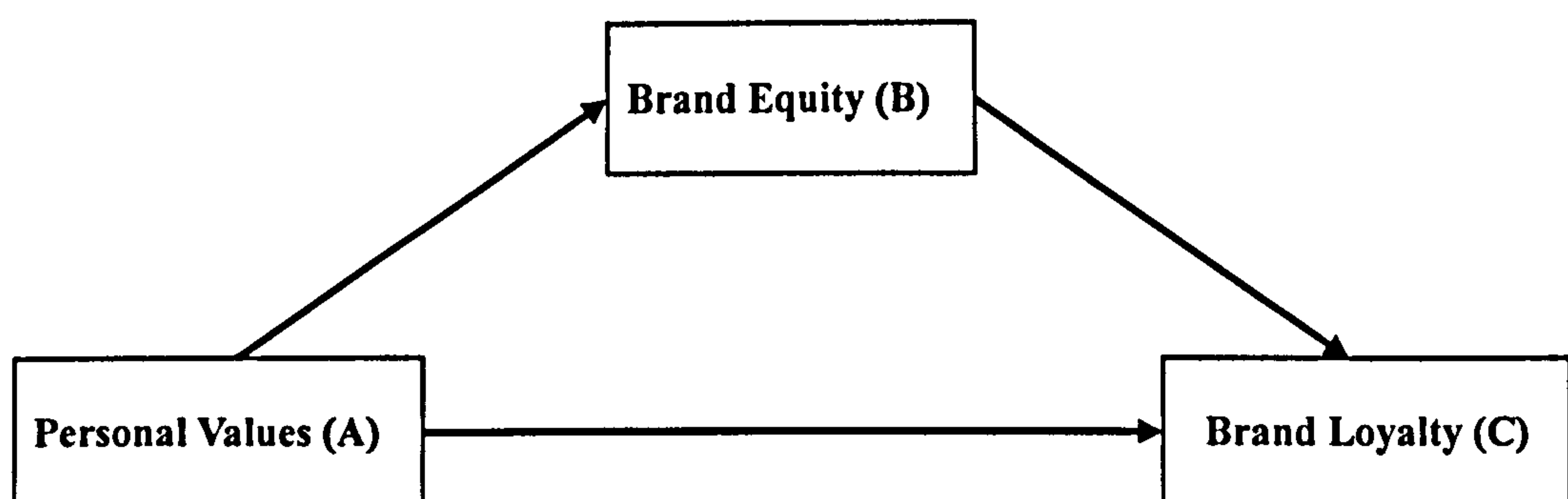
7.7.3 Mediating Effects of Brand Equity

One of the aims of this research is to examine the premise that brand equity mediates the effect of personal values on brand loyalty. To achieve this goal, the following hypothesis is generated:

H31: Brand equity mediates the effect of personal values on brand loyalty.

The research hypothesis specifies that brand equity mediates the effects of personal values on brand loyalty. In order to formally test the mediation hypothesis, this research adopted the Baron and Kenny's (1986) criteria to establish whether or not conditions for mediation exist. Figure 7.13 shows the mediating model for brand equity.

Figure 7.13: Mediating Model for Brand Equity



Source: Adapted from Baron and Kenny (1986, p.1176)

According to Baron and Kenny (1986), in order to prove mediation, significant relationships must exist between predictor A (personal values) and dependent variable C (brand loyalty), between predictor A (personal values) and mediator B (brand equity), and between mediator B (brand equity) and dependent variable C (brand loyalty). The previous analyses reveal that predictor A (personal values) significantly relates to the mediator B (brand equity) (See Table 7.14). Furthermore, the previous test reveals that mediator B (brand equity) has a statistically significant effect on dependent variable C (brand loyalty)

(See Table 7.15). Thus, Baron and Kenny's (1986) second and third criteria are met. Last, multiple regression analysis determines the existence of a relationship between predictor A (personal values) and dependent variable C (brand loyalty). Table 7.16 summarises the multiple regression analysis between personal values dimensions and brand loyalty.

Table 7.16: Summary of Regression Analysis: Personal Values Dimensions and Brand Loyalty

Variable	Brand Loyalty		
	Beta	t-value	p-value
Competence Values	0.05	0.66	0.509
Conformity Values	0.07	1.04	0.298
Compassion Values	0.04	0.49	0.620
Self-oriented Values	0.09	1.28	0.199
Hedonism Values	0.05	0.68	0.492
(Constant)		5.03	0.000
R ²	0.06		
F	5.316		
P	0.000		

As can be seen in Table 7.16, in the examinations of the relationship between the personal values dimensions and brand loyalty, the R² value indicates that personal values dimensions explain 6% of variance in brand loyalty. This is statistically significant at the 0.000 level. However, none of the dimensions of personal values has a significant influence on brand loyalty. The tests reveal that predictor A (personal values) does not have a statistically significant relationship with dependent variable C (brand loyalty). Therefore, Baron and Kenny's (1986) first criterion is not met. Finally, testing the mediating effect of brand equity on the relationship between personal values and brand loyalty is not possible because the conditions to prove mediation of brand equity do not exist. Thus, H31 cannot be proved in this research.

7.7.4 Moderating Effects of Value for Money

One of the aims of this research is to examine whether or not value for money moderates relationships between brand equity and brand loyalty. Thus, the following hypotheses are generated to achieve this goal:

H32: Value for money moderates the effect of “physical quality” of BE on brand loyalty.

H33: Value for money moderates the effect of “staff behaviour” of BE on brand loyalty.

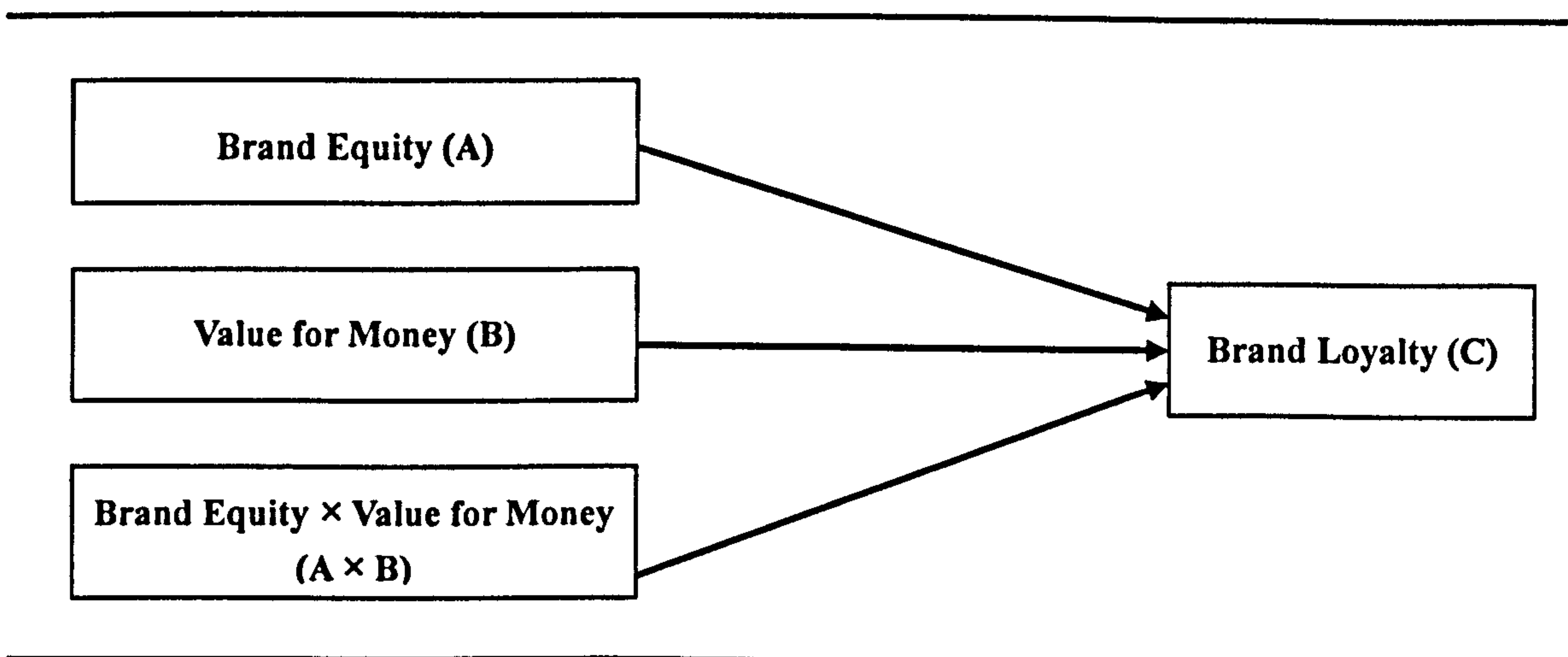
H34: Value for money moderates the effect of “brand identification” of BE on brand loyalty.

H35: Value for money moderates the effect of “lifestyle” of BE on brand loyalty.

H36: Value for money moderates the effect of “self-concept” of BE on brand loyalty.

Research hypotheses posit that value for money moderates the impact of brand equity on brand loyalty. A moderator variable B (value for money) specifies when or under what conditions a predictor variable A (brand equity) influences a dependent variable C (brand loyalty) (Baron and Kenny, 1986). A moderator variable B (value for money) may reduce or enhance the direction of the relationship between a predictor variable A (brand equity) and a dependent variable C (brand loyalty), or it may even change the direction of the relationship between two variables from positive to negative or vice versa (Kim et al., 2001b). In other words, a strong value for money leverages the effect of brand equity on brand loyalty. Figure 7.14 shows the moderating model of value for money.

Figure 7.14: Moderating Model of Value for Money



Source: Adapted from Baron and Kenny (1986, p.1174)

As shown in Figure 7.14, to test the moderating effect, a moderator term is designated as an independent variable. The moderator term is a compound variable formed by multiplying independent variables by the moderator variable (Brand equity \times value for money). For example, if a variable (Z) moderates the relationship between an independent variable (X) and a dependent variable (Y), the interaction can be expressed as XZ. In the regression equation, the moderated relationship of Z is expressed as:

$$Y = b_0 + b_1X + b_2Z + b_3XZ,$$

where

Y = Brand Loyalty;

X = Brand Equity;

Z = Value for Money;

XZ = Brand Equity \times Value for Money;

b_0 = constant value (intercept);

b_1X = linear effect of X (independent variable);

b_2Z = linear effect of Z (moderator variable), and

b_3XZ = moderator effect of Z on X.

To determine whether the moderator effect is significant, three regression equations must be examined. First, the original equation is estimated ($Y = b_0 + b_1X$). Second, the moderator variable (Z) that is formed as an independent variable is added to the original equation ($Y = b_0 + b_1X + b_2Z$) and is estimated. Last, the moderated relationship is estimated ($Y = b_0 + b_1X + b_2Z + b_3XZ$). For example, brand loyalty is regressed on brand equity in the first step, on both brand equity and value for money in the second step, and on brand equity, value for money, and the multiplicative brand equity by value for money in the final step. If the change in R^2 between the second step ($Y = b_0 + b_1X + b_2Z$) and the third step ($Y = b_0 + b_1X + b_2Z + b_3XZ$) is statistically significant ($p < 0.05$), then a significant moderating effect is present (Hair et al., 1998; Lam, 2003).

This research evaluates the moderating effect using hierarchical moderator regression analysis, as suggested by Cohen and Cohen (1983). As is often the case in testing moderating effects through the use of interaction terms, preliminary analysis reveals several high inter-correlations and multicollinearity effects between variables. Thus, in order to

address this issue, the continuous independent variables in the hierarchical moderator regression models were mean centered to reduce multicollinearity (Ekinici and Hosany, 2006). These transformations yielded interaction terms with low-correlations. Furthermore, across the regression models, no interaction term had a variance of inflation factor (VIF) exceeding the recommended maximum of 10 (Hair et al., 1998). This indicates no evidence of multicollinearity. To simplify the presentation of the results, the five brand equity dimensions are summated. The five brand equity dimensions are independent variables; value for money is the moderating variable, and brand loyalty is the dependent variable. The results of the regression analysis appear in Table 7.17.

Table 7.17: Moderating Effects of Value for Money on the Relationship between Brand Equity and Brand Loyalty.

Independent Variables	Dependent Variable: Brand Loyalty					
	Step 1		Step 2		Step 3	
	Beta	t-value	Beta	t-value	Beta	t-value
Brand Equity: Physical Quality	0.09	1.98*	0.04	0.83	0.06	1.15
Brand Equity: Staff Behaviour	0.19	4.10***	0.15	3.08**	0.16	3.37**
Brand Equity: Brand Identification	0.24	5.29***	0.23	4.88***	0.18	3.65***
Brand Equity: Lifestyle	0.11	2.27*	0.13	2.43*	0.15	2.77**
Brand Equity: Self-concept	0.26	4.93***	0.23	4.02***	0.19	3.37**
Value for Money			0.20	4.83***	0.19	4.61***
Physical Quality × Value for Money					-0.03	-0.58
Staff Behaviour × Value for Money					-0.00	-0.12
Brand Identification × Value for Money					0.15	3.15**
Lifestyle × Value for Money					-0.04	-0.87
Self-concept × Value for Money					0.07	1.41
(Constant)		92.27***		87.12***		80.40***
Model F		81.193***		63.01***		37.59***
R ²		0.52		0.54		0.57
Δ R ²				0.02		0.03

Note: *Significant at the p< 0.05, **Significant at the p< 0.01, ***Significant at the p< 0.001

As shown in Table 7.17, the overall model-fit indices are statistically significant for both Step 2 and Step 3. The five brand equity dimensions and value for money explain 54% of total variance in estimating brand loyalty in Step 2. Furthermore, staff behaviour (beta=0.15; $p<0.01$), brand identification (beta=0.23; $p<0.001$), lifestyle (beta=0.13; $p<0.05$), self-concept (beta=0.23; $p<0.001$) and value for money (beta=0.20; $p<0.001$) have a significant effect on brand loyalty in Step 2. As mentioned earlier, the significance of moderating effects can be indicated by comparing R^2 values of Step 2 and Step 3. If the change in R^2 is significant, the effect of the moderating variable can be considered significant. The difference in R^2 between Step 2 and Step 3 is significant ($\Delta R^2=0.03$; $p=0.000$). This supports the moderating effect of value for money on the relationship between brand equity and brand loyalty. However, value for money only has a significant effect on the relationship between “brand identification” dimension of brand equity and brand loyalty. Therefore, the results only confirm H34 while H32, H33, H35 and H36 remain unconfirmed in this research.

7.8 Summary

This chapter presents the findings of research. First, the profiles of respondents are illustrated, and second is assessment of the validity and reliability of the scales. Findings confirm five dimensions of the personal values scale: “competence values,” “conformity values,” “compassion values,” “self-oriented values,” and “hedonism values” and five dimensions of brand equity, namely: “physical quality,” “staff behaviour,” “brand identification,” “lifestyle” and “self-concept.” The results support the notion that the personal values scale with five dimensions and 27 items and the brand equity scale with five dimensions and 27 items are valid and reliable. In addition, Cronbach’s alpha coefficient supports the reliability of the brand loyalty scale with 4 items. Third, descriptive analyses, performed on all variables in this research, include minimum, maximum, mean and standard deviation. Fourth, the T-test identifies differences between two groups in terms of customer type and gender, and the ANOVA test identifies differences among six age groups. Fifth, a correlation analysis provides an initial identification of the type of correlations among the

research variables. Finally, regression analysis tests research hypotheses and the research model. Table 7.18 summarizes the hypotheses testing results of the research.

Table 7.18: Hypotheses Testing Results of the Research

Hypotheses	Beta	p-value	Hypothesis Supported
H1: "Competence Values" of PV → "Physical Quality" of BE	-0.09	0.253	No
H2: "Conformity Values" of PV → "Physical Quality" of BE	0.14	0.029	Yes
H3: "Compassion Values" of PV → "Physical Quality" of BE	0.06	0.417	No
H4: "Self-oriented Values" of PV → "Physical Quality" of BE	0.24	0.001	Yes
H5: "Hedonism Values" of PV → "Physical Quality" of BE	-0.00	0.992	No
H6: "Competence Values" of PV → "Staff Behaviour" of BE	-0.02	0.773	No
H7: "Conformity Values" of PV → "Staff Behaviour" of BE	0.11	0.095	No
H8: "Compassion Values" of PV → "Staff Behaviour" of BE	0.16	0.041	Yes
H9: "Self-oriented Values" of PV → "Staff Behaviour" of BE	0.20	0.006	Yes
H10: "Hedonism Values" of PV → "Staff Behaviour" of BE	-0.08	0.261	No
H11: "Competence Values" of PV → "Brand Identification" of BE	-0.02	0.782	No
H12: "Conformity Values" of PV → "Brand Identification" of BE	0.10	0.125	No
H13: "Compassion Values" of PV → "Brand Identification" of BE	-0.07	0.391	No
H14: "Self-oriented Values" of PV → "Brand Identification" of BE	0.16	0.027	Yes
H15: "Hedonism Values" of PV → "Brand Identification" of BE	0.05	0.487	No
H16: "Competence Values" of PV → "Lifestyle" of BE	0.02	0.787	No
H17: "Conformity Values" of PV → "Lifestyle" of BE	0.07	0.251	No
H18: "Compassion Values" of PV → "Lifestyle" of BE	-0.05	0.486	No
H19: "Self-oriented Values" of PV → "Lifestyle" of BE	0.11	0.123	No
H20: "Hedonism Values" of PV → "Lifestyle" of BE	0.15	0.046	Yes
H21: "Competence Values" of PV → "Self-concept" of BE	-0.00	0.917	No
H22: "Conformity Values" of PV → "Self-concept" of BE	0.15	0.026	Yes
H23: "Compassion Values" of PV → "Self-concept" of BE	-0.00	0.927	No
H24: "Self-oriented Values" of PV → "Self-concept" of BE	0.14	0.047	Yes
H25: "Hedonism Values" of PV → "Self-concept" of BE	0.03	0.654	No
H26: "Physical Quality" of BE → BL	0.09	0.048	Yes
H27: "Staff Behaviour" of BE → BL	0.19	0.000	Yes
H28: "Brand Identification" of BE → BL	0.24	0.000	Yes
H29: "Lifestyle" of BE → BL	0.11	0.023	Yes
H30: "Self-concept" of BE → BL	0.26	0.000	Yes
H31: PV → BE → BL (Mediating Effect of BE)	-	-	×
H32: VM → "Physical quality" of BE : BL (Moderating Effect of VM)	-0.03	0.557	No
H33: VM → "Staff Behaviour" of BE : BL (Moderating Effect of VM)	-0.00	0.902	No
H34: VM → "Brand Identification" of BE : BL (Moderating Effect of VM)	0.15	0.002	Yes
H35: VM → "Lifestyle" of BE : BL (Moderating Effect of VM)	-0.04	0.385	No
H36: VM → "Self-concept" of BE : BL (Moderating Effect of VM)	0.07	0.157	No

* PV: Personal Values, BE: Brand Equity, BL: Brand Loyalty, VM: Value for Money

CHAPTER 8

CHAPTER EIGHT

DISCUSSION AND CONCLUSION

8.1 Introduction

This chapter presents the discussion and conclusion of six topics. The first topic delineates the objectives of the research as stated in Chapter 1. The second section reviews the research findings. The third section presents discussion and conclusion drawn from research findings. The fourth section of this chapter deals with contributions of the research including theoretical contributions, and practical and managerial implications. The fifth topic concerns limitations of the research and suggestions for future research.

8.2 Objectives of the Research

Although the issue of brand equity has emerged as one of the most important aspects of branding, relatively limited empirical research exists regarding this issue as relating to service brands, especially hospitality brands. This lack of literature arises from the fact that most researchers have concentrated on product brands rather than service brands. Moreover,

because most researchers focused primarily on defining and measuring brand equity, little empirical research is forthcoming which studies the creation of brand equity or its antecedents and consequences. Accordingly, the main objective of this research is to investigate these latter two aspects for the hospitality industry. Based on the above general background, the specific objectives of the research are:

- i) To identify the underlying dimensions of personal values and brand equity.
- ii) To investigate the mediating effects of brand equity on the relationship between personal values and brand loyalty.
- iii) To examine whether or not value for money moderates the relationship between brand equity and brand loyalty.

The following section reviews and discusses the findings of the research with regard to these objectives.

8.3 Review of the Research Findings

From the research, several significant findings have emerged, primarily:

(1) The personal values scale with five dimensions was valid and reliable. The present research confirmed five dimensions of personal values namely: “competence values,” “conformity values,” “compassion values,” “self-oriented values” and “hedonism values.”

(2) This research confirmed as valid and reliable five dimensions of brand equity: “physical quality,” “staff behaviour,” “brand identification,” “lifestyle” and “self-concept” all of which appear to be important dimensions of brand equity.

(3) A complex set of positive relationships appeared between the confirmed dimensions of personal values and the confirmed dimensions of brand equity. The “conformity values” dimension of personal values had a positive effect on the “physical quality” and “self-concept” dimensions of brand equity; “compassion values” on “staff behaviour”; “self-

oriented values” on “physical quality,” “staff behaviour,” “brand identification” and “self-concept”; “hedonism values” on “lifestyle.”

(4) All five dimensions of brand equity (“physical quality,” “staff behaviour,” “brand identification,” “lifestyle” and “self-concept”) were found to have positive effects on brand loyalty. Among the brand equity dimensions, the “self-concept” dimension appears to be the most important dimension of brand equity from its having the strongest effect on brand loyalty, “brand identification,” “staff behaviour,” “lifestyle” and “physical quality” in that order of importance.

(5) This research adopted Baron and Kenny’s (1986) criteria to establish whether or not the conditions for mediation of brand equity exist. According to Baron and Kenny (1986), in order to prove mediation of brand equity, significant relationships must exist between personal values and brand loyalty, between personal values and brand equity, and between brand equity and brand loyalty. As mentioned earlier, a complex set of positive relationships appeared between the confirmed dimensions of personal values and the confirmed dimensions of brand equity. While all five dimensions of brand equity had significant effects on brand loyalty, none of the dimensions of personal values indicated a significant effect on brand loyalty. Testing the mediating effect of brand equity on brand loyalty was not possible because the conditions to prove mediation of brand equity do not exist.

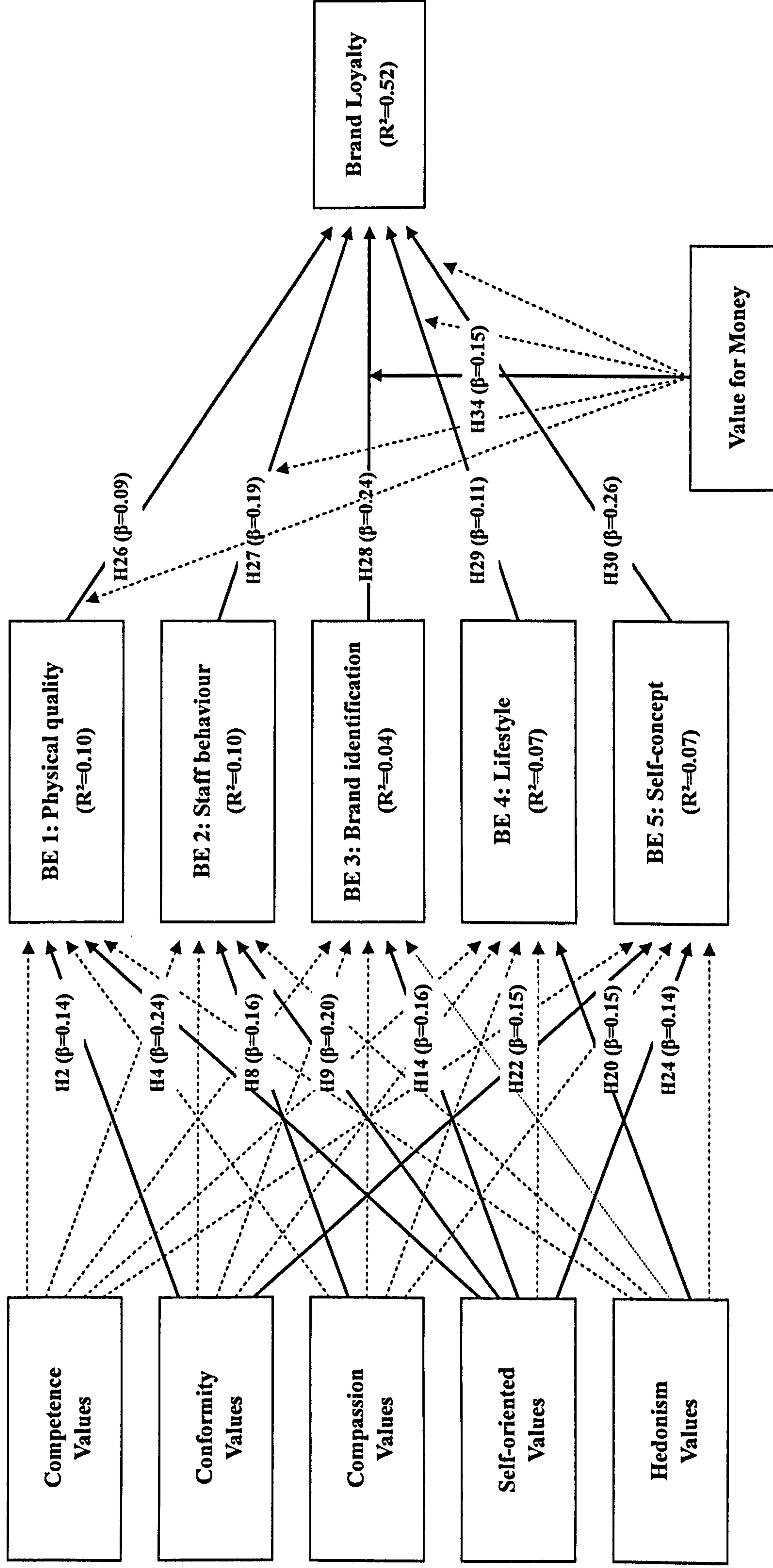
(6) This research adopted Baron and Kenny’s (1986) method using moderated regression analysis to examine the moderating effect of value for money (good vs. bad) which appears to have a significant moderating effect on the relationship between brand equity and brand loyalty ($\Delta R^2 = 0.03$; $p = 0.000$). However, among the five dimensions of brand equity, value for money had a significant moderating effect only on the relationship between the “brand identification” dimension of brand equity and brand loyalty.

8.4 Discussion of the Research Findings

Through the research, several significant results were achieved. Some of the findings are in

accordance with past research and some are new insights. The following section discusses the research findings in detail. Figure 8.1 shows the summary of final research model.

Figure 8.1: Summary of Final Research Model



* BE: Brand Equity \longrightarrow : Significant $\cdots\cdots\cdots\longrightarrow$: Not Significant

As shown in Figure 8.1, in the examinations of the relationship between personal values and brand equity, the “conformity values” dimension of personal values have significant influence on the “physical quality” ($\beta=0.14$) and “self-concept” ($\beta=0.15$) dimensions of brand equity; “compassion values” dimension of personal values on “staff behaviour” ($\beta=0.16$) of brand equity; “self-oriented values” dimension of personal values on “physical quality” ($\beta=0.24$), “staff behaviour” ($\beta=0.20$), “brand identification” ($\beta=0.16$) and “self-concept” ($\beta=0.14$) of brand equity; “hedonism values” dimension of personal values on “lifestyle” ($\beta=0.15$) of brand equity (H2, H4, H8, H9, H14, H20, H22 and H24).

All five dimensions of brand equity such as “physical quality” ($\beta=0.09$), “staff behaviour” ($\beta=0.19$), “brand identification” ($\beta=0.24$), “lifestyle” ($\beta=0.11$) and “self-concept” ($\beta=0.26$) have significant influence on brand loyalty. Among them, the “self-concept” ($\beta=0.26$) dimension makes the strongest contribution, and “physical quality” ($\beta=0.09$) makes the weakest contribution in explaining the brand loyalty (H26, H27, H28, H29 and H30).

In testing the mediating effect of brand equity on the relationship between personal values and brand loyalty, all five dimensions of personal values have no significant influence on brand loyalty. Thus, testing the mediating effect of brand equity on the relationship between personal values and brand loyalty is not possible. In the examination of the moderating effect of value for money on the relationship between brand equity and brand loyalty, only “brand identification” ($\beta=0.15$) of brand equity is significantly influenced by the moderating effect of value for money (H34).

8.4.1 Personal Values Scale

The most widely used personal values inventories in consumer research are the Rokeach Value Survey (RVS) and List of Values (LOV) (Beatty et al., 1985). The RVS was designed to measure two sets of values: One set comprises 18 terminal values, and the other set encompasses 18 instrumental values (Pitts and Woodside, 1983). Unfortunately, RVS has encountered criticism for lack of relevance to the values of daily life. The response to criticisms of RVS is the development and testing of the more parsimonious LOV which

consists of 9 values (Veroff et al., 1981; Kahle, 1983; Zins, 1998).

Many researchers have examined the RVS and LOV scales. For the RVS scale, Munson and McQuarrie (1988) attempted to reduce the RVS to values most relevant to consumer behaviour and found three factors underlying the 24 consumer behaviour, relevant values: a “values to help fulfill adult responsibilities” factor, a “values to fulfill lifestyle goals” factor, and a “values to help relieve tension” factor. In one research, Crosby et al. (1990) examined the 18 instrumental and 18 terminal values of the RVS scale and found three dimensions for instrumental values: self-direction (9 items), conformity (5 items) and virtuousness (4 items) and three dimensions for terminal values: self-actualization/hedonism (12 items), idealism (3 items) and security (3 items). Prakash and Munson (1985) examined the RVS and found seven factors underlying the values (e.g., fun and enjoyment, workplace ethics, sapience, autonomy, aesthetics, security and love).

For the LOV scale, several attempts offered to further condense the LOV items into a value system of fewer dimensions (Zins, 1998). Kahle (1983) found two dimensions for LOV scale: internally-oriented values (self-fulfillment, sense of accomplishment, fun and enjoyment in life, warm relationships with others and self-respect) and externally-oriented values (security, sense of belonging and being well respected). In another research, Homer and Kahle (1988) found three dimensions for LOV scale: internal individual values (excitement, self-fulfillment and self-respect), external dimension values (sense of belonging, being well respected and security) and internal interpersonal values (warm relationships with others, and fun and enjoyment of life).

Although many researchers have examined the RVS and LOV scales, evidence that any one is better than any other is not very compelling (Beatty et al., 1985). From the previous research, both RVS and LOV scales have proven effective in several consumption areas (e.g., Vinson et al., 1977; Prakash and Munson, 1985; Beatty et al., 1985; Munson and McQuarrie, 1988; Madrigal and Kahle, 1994; Madrigal, 1995; Keng and Liu, 1997; Shim and Eastlick, 1998; Zins, 1998). However, any research which simultaneously examined both the RVS and LOV is not apparent. Therefore, this research adopted both RVS and LOV

scales. Especially, this research employed only 18 instrumental values of RVS because the later developed LOV arose mainly from RVS's terminal values. Finally, this research adopted the 18 instrumental values from RVS and 9 values from the LOV. Table 8.1 shows the emergence of personal values dimensions and items from this research.

Table 8.1: Emergence of Personal Values Dimensions and Items from this Research

Dimensions	Items
Competence Values	Intellectual, Capable, Independent, Broad-minded, Imaginative, A sense of accomplishment, Ambitious, Courageous
Conformity Values	Obedient, Self-controlled, Polite, Responsible, Logical, Clean
Compassion Values	Forgiving, Helpful, Honest, Cheerful, Loving
Self-oriented Values	Security, Being well respected, Self-fulfillment, Sense of belonging, Self-respect
Hedonism Values	Excitement, Warm relationships with others, Fun and enjoyment of life

This research yielded five dimensions for the personal values scale: competence values (8 items), conformity values (6 items), compassion values (5 items), self-oriented values (5 items), and hedonism values (3 items) with composite reliabilities of 0.90, 0.84, 0.89, 0.86 and 0.85, respectively. All five dimensions have eigenvalues greater than 1, and the cumulative percentage of variance amounts to 67%. The findings of this research suggest that the personal values scale, which is the combination of the RVS and LOV scales, is both valid and reliable with five dimensions. However, this research does not replicate the application of personal values dimensions of previous researchers. These findings are consistent with previous studies which suggested that the dimensions of personal values may vary across the situations (e.g., Kahle, 1983; Prakash and Munson, 1985; Homer and Kahle, 1988; Munson and McQuarrie, 1988; Crosby et al., 1990). Kahle et al. (1986) also found similar results in their personal values study. They noted that the underlying dimensions of personal values may be contextual; thus factor loadings may vary slightly from one situation to the next. In summary, personal values scale, which is the combination of the RVS and LOV, with 5 dimensions and 27 items is new.

8.4.2 Brand Equity Scale

The operationalizations of brand equity fall into two groups: consumer perception and consumer behaviour (Cobb-Walgren et al., 1995; Yoo and Donthu, 2001). Aaker (1991; 1996) incorporated both perception and behavioural dimensions and suggested four dimensions of brand equity: brand loyalty, brand awareness, perceived quality, and brand image. The four dimensions of brand equity suggested by Aaker (1991; 1996) have broad acceptance and employment among many researchers (e.g., Motameni and Shahrokhi, 1998; Low and Lamb, 2000; Prasad and Dev, 2000; Yoo and Donthu, 2001). However, other researchers suggested that brand equity consists of only perceptual dimensions, excluding behavioural dimensions, such as brand loyalty. For example, Keller (2008) proposed that behavioural dimensions should be excluded from brand equity because consumers may be in the habit of buying a particular brand without really thinking much about why. Lassar et al. (1995) and Johnson et al. (2006) also only used the perceptual dimensions of brand equity. In particular, Johnson et al. (2006) measured brand equity using brand identification, lifestyle and personality (self-concept). Lassar et al. (1995), Johnson et al. (2006) and Keller (2008) strictly distinguished the perceptual dimensions from the behavioural dimensions so that behaviour is a consequence of brand equity rather than brand equity itself. Collectively, the current research viewed only consumer perception as a component of brand equity and examined a brand equity scale that consists of self-concept, brand identification, lifestyle and perceived quality.

The analyses identified dimensions of brand equity and created the valid and reliable, five dimension brand equity scale: self-concept (8 items), brand identification (6 items), staff behaviour (5 items), physical quality (5 items) and lifestyle (3 items) with composite reliabilities of 0.95, 0.93, 0.88, 0.85 and 0.88, respectively. All five dimensions have eigenvalues greater than 1, and the cumulative percentage of variance amounts to 74%. In terms of criterion-related validity, all five dimensions made significant contributions to explaining all three external measures: customer satisfaction, overall brand equity and brand loyalty. The results of each statistical analysis showed support for criterion-related validity of the brand equity scale.

The findings of this research differ slightly from the original assumption of the brand equity scale. This research indicates that self-concept, originally assumed to consist of separate dimensions: actual self-concept (2 items), ideal self-concept (2 items), social self-concept (2 items) and ideal social self-concept (2 items), is a unidimensional construct. In addition, as suggested by Cronin et al. (2000), Madanoglu (2004) and Ekinici et al. (2008), perceived quality bifurcates into two dimensions: physical quality and staff behaviour. The results supported the validity and reliability of the two perceived quality dimensions, originally recommended by Gronroos (1984). In summary, “self-concept,” “brand identification,” “lifestyle,” “staff behaviour” and “physical quality” are important dimensions of brand equity.

8.4.3 Effects of Personal Values on Brand Equity

Personal values, regarded as highly abstract beliefs, help attitude formation in view of drives, emotions, and needs (Zins, 1998). Personal values are widely thought to determine what attributes a consumer will seek, and thereby, are partly responsible for the formation of attitudes towards brands (Muller, 1989). Although the relationships between personal values and identified dimensions of brand equity such as physical quality, staff behaviour, brand identification, lifestyle and self-concept are generally assumed, little is known about the nature of the relationships. Pitts and Woodside (1983) found a strong relationship between personal values and brand choice criteria. In other studies, Zins (1998) and Brunso et al. (2004) found that personal values can explain lifestyle. Madrigal (1995) demonstrated that personal values are significantly related to personality type. To date, no researchers have investigated the effects of personal values on the identified dimensions of brand equity simultaneously.

In the examination of the relationship between personal values and brand equity, the results suggest that some dimensions of personal values make statistically significant contributions for estimating dimensions of brand equity. All five dimensions of brand equity were explained by some aspects of personal values. The “physical quality” and “staff behaviour” dimensions had the highest R^2 value of 0.10 respectively; the “brand identification”

dimension had the lowest R^2 with 0.04. The “conformity values” and “self-oriented values” are significant dimensions in estimating the “physical quality” dimensions of brand equity; “compassion values” and “self-oriented values” in “staff behaviour”; “self-oriented values” in “brand identification”; “hedonism values” in “lifestyle”; “conformity values” and “self-oriented values” dimensions in the “self-concept” dimension of brand equity.

However, different values’ dimensions seem to become salient for different dimensions of brand equity. Previous research (e.g., Pitts and Woodside, 1984; Homer and Kahle, 1988; Zins, 1998; Shim and Eastlick, 1998; Jayawardhena, 2004; Bloemer and Dekker, 2007) suggested that different value dimensions play different roles in explaining consumption attitudes and behaviours, and the findings of this research are broadly in line with those findings. As can be expected, the “hedonism values” dimension, including excitement, warm relationships with others, and fun and enjoyment of life, strongly correlated with the “lifestyle” dimension, and the “compassion values” dimension, including forgiving, helpful, honest, cheerful and loving, was significant in estimating the “staff behaviour” dimension. However, the “competence values” dimension, including intellectual, capable, independent, broad-minded, imaginative, a sense of accomplishment, ambitious and courageous, significantly affects none of the dimensions of brand equity, implying that the “competence values” aspect is not important predictor of brand equity. Especially, the “self-oriented values” dimension, including security, being well respected, self-fulfillment, sense of belonging and self-respect, had positive effects on four of the brand equity dimensions, with the “lifestyle” dimension the only exception. This result indicates that the power of “self-oriented values” in explaining brand equity exceeds that of the other four values. Broadly, these research findings support the original premise that personal values have positive effects on the identified dimensions of brand equity.

8.4.4 Effects of Brand Equity on Brand Loyalty

Several consequences derive from brand equity, but a prominent one, today, is brand loyalty. Providing customers with a strong brand is widely recognized as a means of improving brand loyalty (Johnson et al., 2006). Indeed, researchers have provided empirical evidence

for a positive relationship between brand equity and brand loyalty. For example, Yoo and Donthu (2001), Washburn and Plank (2002) and Chen and Chang (2008) showed a highly positive relationship between brand equity and purchase intention. Especially, Cobb-Walgren et al. (1995) found that the brand with the higher equity in service (hotels) and product (household cleaners) generated significantly greater preferences and purchase intentions. Johnson et al. (2006) also found that brand equity, consisting of self-concept, lifestyle and brand identification, become progressively more positive on loyalty intention over time. Although the relationships between brand equity and brand loyalty have been discussed theoretically, no researchers have investigated the effects of identified dimensions of brand equity such as physical quality, staff behaviour, brand identification, lifestyle and self-concept on the brand loyalty at the same time.

In the investigations of the relationships between brand equity dimensions and brand loyalty, the results demonstrated that all the five identified dimensions of brand equity are statistically significant in estimating brand loyalty ($R^2=0.52$; $p=0.000$). Among the brand equity dimensions, “self-concept” was the most important dimension by having the strongest effect on brand loyalty. The “physical quality” of brand equity was the weakest dimension affecting brand loyalty. This research confirms the findings of the studies by Boulding et al. (1993), Zeithmal et al. (1996) and Bloemer et al. (1990), in which physical quality and staff behaviour positively related to brand loyalty; studies by Kim et al. (2001) and Johnson et al. (2006), in which brand identification has a significant effect on brand loyalty; studies by Del Rio et al. (2001) and Johnson et al. (2006), in which brand loyalty is influenced by lifestyle; studies by Graeff (1996), Kressmann et al. (2006) and Johnson et al. (2006), in which self-concept has a positive effect on brand loyalty. Research findings showed the presence of significant relationships between identified dimensions of brand equity and brand loyalty.

8.4.5 Mediating Effects of Brand Equity

Previous research has provided some evidence that personal values may be useful in

understanding customer behaviour (Pitts and Woodside, 1983). Personal values are significant for predicting consumer behaviour including selecting leisure travel style (Madrugal, 1995), preference for leisure activities on holiday (Madrugal and Kahle, 1994), hotel choice (Zins, 1998), and complaint behaviour (Keng and Lui, 1997). However, the empirical relationship between personal values and behaviour is generally low (Brunso et al., 2004). A number of studies attempted to bridge the gap with different mediating constructs (e.g., Homer and Kahle, 1988; Valette-Florence and Jolibert, 1990; Van Raaij and Verhallen, 1994; Goldsmith et al., 1997). These studies intended to show the existence of a link, perhaps an indirect one, between personal values and behaviour. In addition, a means-end chain model also provided a theoretical and conceptual structure connecting personal values, less abstract variables and consumer behaviour (Shim and Eastlick, 1998; Wansink, 2003). This research made an effort to bridge the gap between personal values and brand loyalty with brand equity, and investigated the mediating effects of brand equity on the relationship between personal values and brand loyalty.

This research adopted the Baron and Kenny's (1986) criteria to establish whether or not conditions for mediation of brand equity exist. According to Baron and Kenny (1986), in order to prove mediation of brand equity, significant relationships must occur between personal values and brand equity, between brand equity and brand loyalty, and between personal values and brand loyalty. As mentioned earlier, some dimensions of personal values have positive effects on dimensions of brand equity. Moreover, all five dimensions of brand equity have significant effects on brand loyalty. However, in the examination of relationship between personal values dimensions and brand loyalty, none of the dimensions of personal values have a positive effect on brand loyalty. These findings are partially consistent with the studies of Pitts and Woodside (1983), Homer and Kahle (1988), Shim and Eastlick (1998), Jayawardhena (2004) and Brunso et al. (2004) which found that no direct effect exists between personal values and behaviour. Pitts and Woods (1983) found a strong relationship between personal values and brand choice criteria and a very weak relationship between personal values and purchase intention. The studies of Homer and Kahle (1988), Shim and Eastlick (1998), and Jayawardhena (2004) reported that personal values have a positive effect on attitude; attitude has a positive effect on behaviour, but no

direct effect exists between personal values and behaviour. Brunso et al. (2004) also found that personal values influence lifestyle, and lifestyle influences behaviour, but no direct effect exists between personal values and behaviour. Research findings showed that no direct effect exists between personal values and brand loyalty. However, testing the mediating effect of brand equity on the relationship between personal values and brand loyalty is not possible because the conditions to prove mediation of brand equity do not exist.

8.4.6 Moderating Effects of Value for Money

Many researchers suggested that both brand equity and value for money are important antecedents of brand loyalty. As mentioned earlier, empirical evidence of a positive relationship between brand equity and brand loyalty arose from the work of many researchers (e.g., Cobb-Walgren et al., 1995; Yoo and Donthu, 2001; Washburn and Plank, 2002; Johnson et al., 2006; Chen and Chang, 2008). Also, prior empirical research identified value for money as a major determinant of loyalty in such settings as telephone services (Bolton and Drew, 1991; Lin and Wang, 2006), airline travel (Sirdeshmukh et al., 2002), retail services (Sweeney et al., 1997; Sirohi et al., 1998; Sirdeshmukh et al., 2002), restaurant industry (Tam, 2000) and hotel industry (Hartline and Jones, 1996; Oh, 1999). Although past researchers investigated the separate effects of brand equity and value for money on brand loyalty, no empirical study to date has simultaneously examined the impact of brand equity and value for money on brand loyalty. The interrelationships among these constructs have not been fully uncovered or understood. This research examined whether or not value for money (good vs. bad) moderates the relationship between brand equity and brand loyalty.

This research adopted Baron and Kenny's (1986) method using moderated regression analysis to examine the moderating effect of value for money. The results revealed that the effect of brand equity on brand loyalty is not just direct but is also moderated by value for money (good vs. bad) which had a significant moderating effect on the relationship between brand equity and brand loyalty ($\Delta R^2 = .03$; $p = 0.000$). However, among the five dimensions

of brand equity, only the “brand identification” dimension appeared to be significantly influenced by the moderating effect of value for money. The findings of this research partially confirmed the original proposition and implied that value for money boosts the influence of brand equity on brand loyalty.

These findings may indicate that the interaction of brand equity with value for money tends to operate not at a global level, but at a dimensional level. Only the “brand identification” ($\beta=0.15$) dimension of brand equity indicates a significant positive interaction with value for money on brand loyalty. Although the “self-concept” dimension of brand equity had no statistical interaction with value for money on brand loyalty, the “self-concept” dimension had a higher coefficient ($\beta=0.07$) than “physical quality” ($\beta= -0.03$), “staff behaviour” ($\beta= -0.00$) and “lifestyle” ($\beta= -0.04$). Caution is necessary when interpreting this finding since consumers may develop repeat buying patterns because particular brands provide functional benefits and symbolic benefits (Bhat and Reddy, 1998). Park et al. (1986) asserted that functional benefits relate to specific and practical consumption problems; whereas, symbolic benefits relate to self-expression and prestige. The “brand identification” and “self-concept” dimensions of brand equity seem related to symbolic benefits; whereas, “physical quality,” “staff behaviour” and “lifestyle” dimensions of brand equity seem related to functional benefits. The results may provide a basis for understanding the role of value for money. One suggestion is that symbolic benefits such as “brand identification” and “self-concept” have synergistic interaction effect with value for money on brand loyalty. The results indicate that, although customers may believe that a hospitality brand provides high levels of symbolic benefits such as brand identification and self-concept, the presumption that does not necessarily follow is that brand loyalty will be high. Brand loyalty does not depend on symbolic benefit alone, and higher levels of symbolic benefit are worthwhile to the extent that customers believe that value for money is being enhanced. Arguably, although a hospitality brand may not be high in terms of symbolic benefits, the fact that value for money is positive can contribute to high levels of brand loyalty.

8.5 Contributions of the Research

This research investigated the antecedents and consequences of brand equity in the hospitality industry. The results of the many analyses of this research provide several conceptual and theoretical contributions, as well as practical contributions for managers in the hospitality industry.

8.5.1 Theoretical Contributions

This research has important theoretical contributions that benefit brand equity research in several ways. The key contribution of this research is that it provides a comprehensive research model of the antecedents and consequences of brand equity in the hospitality industry (See Figure 8.1). The theoretical contributions that this current research makes are:

First, this research, through empirical studies, provides validity and reliability for a personal values scale, which is a combination of two scales (RVS and LOV). Although previous researchers examined RVS and LOV, no identifiable study simultaneously examined RVS and LOV. Therefore, the current research examined the personal values scale consisting of 18 instrumental values of RVS and 9 values of LOV. The analysis indicates the existence of five distinct dimensions of personal values: “competence values,” “conformity values,” “compassion values,” “self-oriented values” and “hedonism values.” This new scale with 5 dimensions and 27 items is more comprehensive for measuring personal values due to the combination of the RVS and LOV scales. However, previous researchers suggested the possibility that dimensions of personal values vary slightly from one situation to the next, and thus this new scale needs to be carefully examined when applied to different contexts.

The second contribution of the research is establishment of the underlying dimensions of brand equity in the hospitality industry through empirical studies. This research focused on identifying the underlying dimensions of consumer-based brand equity which is assumed to

consist of perceived quality, brand identification, lifestyle and self-concept. The findings of this research suggest that the five dimensions of brand equity are valid and reliable. The important dimensions of brand equity are: “physical quality,” “staff behaviour,” “brand identification,” “lifestyle” and “self-concept.” The findings of this research differ slightly from the original assumption regarding the brand equity scale. An interesting point is that perceived quality consists of two dimensions – physical quality and staff behaviour. In addition, self-concept, consisting of actual self-concept, ideal self-concept, social self-concept and ideal social self-concept, is a unidimensional construct in this research. Although previous researchers examined the brand equity scale, no empirical study for the hospitality industry examined brand equity consisting of perceived quality, brand identification, lifestyle and self-concept. Moreover, this research enhances the understanding of the brand equity concept through empirical research. The validity and reliability of the brand equity scale, which consists of physical quality, staff behaviour, brand identification, lifestyle and self-concept, suggested that researchers may need to consider these dimensions of brand equity to better understand customers’ perception of brand equity. The identification of the dimensions of brand equity (“physical quality,” “staff behaviour,” “brand identification,” “lifestyle” and “self-concept”) adds insight into how hospitality brand equity is represented in consumers’ minds.

Third, this research offers insight into the theoretical relationships among personal values, brand equity and brand loyalty in the hospitality industry. The research model lent support to the means-end chain model that argued that the influence flows from abstract personal values to less abstract mediating variables and to specific behaviour. This research tried to bridge the gap with brand equity between personal values and brand loyalty, and investigated the mediating effects of brand equity on the relationship between personal values and brand loyalty. Concerning the research model, the findings reveal that some dimensions of personal values significantly relate to dimensions of brand equity. Such brand equity dimensions, in turn, have a direct influence on brand loyalty. However, no dimension of personal values significantly affects brand loyalty, implying that the conditions to prove mediation of brand equity do not exist. Thus, it is not possible to test the mediating effect of brand equity on the relationship between personal values and brand loyalty in the research

model. This research is the first empirical effort to examine the associative links among personal values, less abstract brand equity as a mediating variable and brand loyalty, and makes an important contribution in understanding the interrelationships among these three constructs in the hospitality industry.

Finally, this research provides an improved understanding of the role of value for money in the hospitality industry. Although both brand equity and value for money have been found to affect brand loyalty separately, no known empirical study, to date, considers the interaction effect. Thus, in this research, value for money (good vs. bad) was set as a moderating variable, which influences the relationship between brand equity and brand loyalty. The results suggest that the effect of brand equity on brand loyalty is not just direct but is also moderated by value for money. However, among the five dimensions of brand equity, only the “brand identification” ($\beta=0.15$) dimension appeared to be significantly influenced by the moderating effect of value for money. Although the “self-concept” dimension of brand equity had no statistical interaction with value for money on brand loyalty, the “self-concept” dimension had a higher coefficient ($\beta=0.07$) than “physical quality” ($\beta= -0.03$), “staff behaviour” ($\beta= -0.00$) and “lifestyle” ($\beta= -0.04$). This finding may suggest that the interaction of brand equity with value for money tends to operate not at a global level, but at a dimension level, and symbolic benefits such as brand identification and self-concept tend to have a synergistic interaction effect with value for money on brand loyalty. If further studies confirm this finding from the present exploratory research, the validation represents an important addition in understanding the interrelationships among brand equity, value for money and brand loyalty in the hospitality industry.

8.5.2 Practical and Managerial Implications

The findings provide several practical and managerial implications for hospitality managers. First, in terms of antecedents of brand equity, the role of personal values in the formation and determination of brand equity is supported by the significant relationship between personal values and brand equity. The results indicate that different values’ dimensions become salient for different dimensions of brand equity. The “conformity values”

dimension of personal values was involved in the “physical quality” and “self-concept” dimensions of brand equity; “compassion values” in “staff behaviour”; “self-oriented values” in “physical quality,” “staff behaviour,” “brand identification” and “self-concept”; “hedonism values” in “lifestyle.” Thus, hospitality managers can design promotion and advertising campaigns more effectively by considering the different value dimensions associated with different dimensions of brand equity. In particular, the “self-oriented values” dimension, including security, being well respected, self-fulfillment, sense of belonging and self-respect, had positive effects on four of the brand equity dimensions, the “lifestyle” dimension being the only exception. The power of self-oriented values in influencing brand equity exceeds that of the other four values. As self-oriented values seem to have a prominent role in determining brand equity, the obvious hospitality implication is to focus on communicating self-oriented values and make sure that service delivery processes meet or exceed expectations for security, being well respected, self-fulfillment, sense of belonging and self-respect. In the hospitality industry, this might be achieved by relationship management in which contact employees play a vital role. Contact employees should take special care of the customers in terms of respecting the customer, giving customers a feeling of being part of the family, being totally reliable, etc. In addition, hospitality managers might initiate promotion and advertising campaigns emphasizing these same self-oriented values. This knowledge of personal values can provide hospitality managers with very powerful and practical tools for achieving brand equity.

Second, this research provides evidence that brand equity is best understood by five underlying dimensions: physical quality, staff behaviour, brand identification, lifestyle and self-concept, which have positive effects on brand loyalty. The results imply that strong brand equity can cause a significant increase in brand loyalty and a lack of brand equity can damage brand loyalty for hospitality firms. That is, if hospitality firms do not expend effort to improve customer-based brand equity, then hospitality firms should expect declining brand loyalty, over time. Therefore, hospitality managers should consider carefully the significance of physical quality, staff behaviour, brand identification, lifestyle and self-concept. The specific practical and managerial implications about each dimension of brand equity are:

Physical quality was an underlying dimension of brand equity, and had a significantly positive effect on brand loyalty. Physical quality is especially important in the hospitality industry because the intangibility of the offering leads customers to rely on tangibles to evaluate the experience (Wall and Berry, 2007). Moreover, physical quality can influence customers' feelings, which may encourage customers to remain or to leave (Mehrabian and Russell, 1974). Therefore, hospitality managers should focus on physical quality which relates to design and ambient factors, including equipment, facility layout, lighting, color, music, etc., and the design of physical surroundings should fulfill customers' needs. In particular, Lovelock and Wright (2002) reported that interior design can effect customers' first impressions toward the service's setting. Therefore, innovative architectural design would be a priority. However, because completely changing the physical surroundings entails capital expense, adding new carpeting and adding new decorative fixtures such as pictures or other fashionable accessories can be alternatives for enhancing the physical quality of a hospitality site. Moreover, managers of hospitality firms should upgrade existing facilities and keep the hotel or restaurant clean in order to fulfill customers' expectations.

Staff behaviour was an underlying dimension of brand equity, and had a significantly positive effect on brand loyalty. Thus, hospitality managers should concentrate on improving staff behaviour in the hospitality industry. High quality staff behaviour can be effectively strengthened through appropriate training programs which help staff to understand the comprehensive meaning of service and to provide a broader perspective of providing quality service. A significant mistake would occur if staff training were narrowly delivered, say, in terms of just being respectful, polite and pleasant to customers. Staff should know the importance of making customers the focus of attention (personalization) and avoiding customers' waiting times (speedy service). In particular, front-line employees play a key role because of high customer and employee contact in the hospitality industry. Furthermore, front-line employees are regarded as the important people to make the link between the customers and the management of hospitality business (Klenert and Hemmington, 2001). Therefore, hospitality managers should select those employees carefully and train them well.

Brand identification was an underlying dimension of brand equity, and had a significantly positive effect on brand loyalty. The findings imply that customers' identification with a certain brand makes that customer differentiate the brand from others, and leads to high brand loyalty. Therefore, a worthy consideration for hospitality managers is to think strategically about strengthening the brand identification in the hospitality industry. For example, hospitality managers should try to strengthen brand identification by providing opportunities for networking and socializing, and by offering special monthly functions with themes such as wine tasting dinners, charity events, etc. In addition, hospitality managers should develop more focused communication strategies such as newsletters, pamphlets, etc. and keep customers informed of monthly events to enable them to identify with the hospitality brand.

Lifestyle was loaded as a brand equity dimension, and showed a significant effect on brand loyalty. This research suggests that customers develop brand loyalty because particular brands fit well with their lifestyles. In particular, since hospitality services are characterized by intangibilities, creating and maintaining the brand reflecting the lifestyle of the primary target market is crucial. An individual's lifestyle is not fixed and immutable: as a person grows through the life-cycle, lifestyle may change significantly. Thus, hospitality managers should continuously monitor target customers' lifestyles in order to keep the up-to-date data. Lifestyle information could be obtained based on the inferences drawn from customer surveys of basic needs, how the brand fits into their lifestyles, what customers think is interesting, how customers spend their time, etc. After carefully considering the target customers' lifestyles, hospitality managers should concentrate on developing advertising and promotional activities that emphasize the distinctive synergy of a hospitality brand with the target customers' lifestyles.

The findings demonstrated that self-concept is loaded as a brand equity dimension and is a most important dimension by having the strongest effect on brand loyalty. Therefore, hospitality managers should concentrate on building a positive brand image by designing proper promotions and advertising strategies which contain the customers' self-images. If a major image of the target customers is being up-to-date, hospitality managers should design

advertising featuring a modernized layout of furnishings, colors, and logos in order to enhance symbolic consumption and develop emotional bonding between the hospitality firm and its customers. A good example is the change in the brand logo of the Hyatt hotels. Hyatt hotels changed its logo after finding that the original one implied a conservative image; whereas their prime target customers' self-images are more modern. Furthermore, these target customers' self-image traits could help hospitality managers position the hotel or restaurant in a competitive market.

In summary, this research provides evidence that brand equity consists of five dimensions and each underlying dimension of brand equity has a significantly positive effect on brand loyalty. Therefore, hospitality managers should capitalize on these findings, by devising appropriate brand strategies that encompass these dimensions when attempting to establish definite brand equity and strong brand loyalty from customers' viewpoints.

Finally, the practical and managerial implications of the findings concern the important effect of value for money. The results indicate that the effect of brand equity on brand loyalty is not just direct but is also moderated by value for money. In particular, value for money was found to moderate the relationship only between the "brand identification" dimension of brand equity and brand loyalty. Hospitality managers may improve the positive impact of brand equity on brand loyalty by developing good value for money, via pricing strategies. However, if possible, hospitality managers should avoid frequent use of price promotions or a consistent low-price strategy because those lead consumers to think primarily about deals and not about the utility provided by the brand (i.e., brand equity). As a result, price promotions do not enhance the strength of brand equity and must be used with great caution. Therefore, combining an equal or higher price level with more advanced brand utility may be a more desirable pricing strategy from a brand equity perspective.

8.6 Limitations and Future Research

Although the present research makes important contributions to the understanding of the antecedents and consequences of brand equity, several limitations remain which may need

consideration when interpreting the findings. Overcoming them can provide direction for future research. Limitations and future research areas related to the present research are:

The questionnaire pre-test revealed that non-native English speakers have some difficulties in understanding the context of some questions. Therefore, the population in the present research consists of native English speakers who are familiar with restaurant and hotel brands in the UK. The reason for selecting these two categories - hotel and restaurant brands - mainly stems from the fact that hotels and restaurants are representative sectors properly reflecting the characteristics of the hospitality industry. One of the limitations of this research is that it is specific to one culture (British national) and to the evaluation of hospitality industry segment – hotel and restaurant brands. Therefore, the results of the present research can not be generalized. Accordingly, future research should be applied to diverse countries and to different market categories in order to establish external validity of these findings.

The second limitation relates to the use of convenience sampling. Although screening questions were asked to identify if respondent was familiar with UK restaurant and hotel brands in advance of being given the questionnaire, quality of the data used in this research may be vulnerable due to the convenience sampling method used to gather data on hotels and restaurants. Perhaps, those respondents, included in this research, did not truly represent populations of customers of hotels and restaurants. Thus, future research should consider using a more comprehensive sampling design. More systematic and probability sampling would bring higher reliability and validity to the data and findings.

Third, although the constructs of brand equity, value for money, and brand loyalty are conceptualized separately, preliminary analysis revealed several, high inter-correlations and multicollinearity effects between variables. Therefore, steps have been taken to reduce multicollinearity in this research; however, some effects may still remain. As a result, the coefficient of the interaction term for value for money must be interpreted with caution because this moderator correlates to both brand equity and brand loyalty. To provide a clear interpretable interaction term, a moderator variable is, desirably, uncorrelated to both the

predictor and the criterion. Future research should concentrate on developing a clearer articulation of the constructs used in this research, particularly that of value for money.

A fourth limitation of this research concerns some of the scales used to measure personal values and brand equity. Although the personal values and brand equity scales developed in this research were adopted from previous research, the scales have not yet been subjected to rigorous examination. Therefore, future research should attempt to use these scales to verify and develop more comprehensive scales for approximating personal values and customer-based brand equity in other situations.

Finally, this research provides some preliminary insights into the inter-relationships among personal values, brand equity, value for money and brand loyalty. Although previous research provided support for the relationships among research variables, this research is only the first step in developing a research model of the antecedents and consequences of brand equity. Therefore, future research should build upon this research model and attempt to provide further insight into the nature of these relationships under different conditions. In light of these considerations, perhaps the findings of this research will provide a firm basis on which to undertake additional research work.

APPENDIXES

APPENDIX A
FINAL QUESTIONNAIRE



***Hotel Version**

Dear Sir/Madam,

I am a postgraduate student at the University of Surrey. As part of my PhD research, I am investigating consumer perceptions of hotel brands. You could be of great help if you would kindly complete the following questionnaire.

The questionnaire takes approximately 10 to 15 minutes to complete. The information you provide will only be used for academic purposes and will remain strictly confidential.

Your thoughtful input to the study is greatly appreciated and will be of substantial value to me. If you have any questions during your participation in the study, please do not hesitate to ask for assistance or clarification.

Thank you very much for your time and co-operation.

Jang-Hyeon Nam

University of Surrey
School of Management
Guildford, Surrey, GUX 7XH
Tel: +44 (0)7765 436101, Fax: +44 1483 686301
E-mail: j.nam@surrey.ac.uk





**SECTION B: OVERALL IMAGE OF THE HOTEL BRAND THAT YOU SELECTED
IN SECTION A**

Directions: Please tick (✓) your agreement or disagreement with each of the following statements regarding the overall image of the hotel brand that you selected in Section A. Use the scale of 1 (*strongly disagree*) to 7 (*strongly agree*).

Statement	Strongly Disagree ←————→ Strongly Agree						
	①	②	③	④	⑤	⑥	⑦
This hotel has modern-looking equipment.	①	②	③	④	⑤	⑥	⑦
Employees of this hotel listen to me.	①	②	③	④	⑤	⑥	⑦
This hotel's successes are my successes.	①	②	③	④	⑤	⑥	⑦
This hotel reflects my personal lifestyle.	①	②	③	④	⑤	⑥	⑦
This hotel's facilities are visually appealing.	①	②	③	④	⑤	⑥	⑦
Employees of this hotel are competent in their jobs.	①	②	③	④	⑤	⑥	⑦
Employees of this hotel seem to anticipate what I want.	①	②	③	④	⑤	⑥	⑦
I am interested in what others think about this hotel.	①	②	③	④	⑤	⑥	⑦
Materials associated with the service (such as menus, furniture) are visually appealing at this hotel.	①	②	③	④	⑤	⑥	⑦
When someone praises this hotel, it feels like a personal compliment.	①	②	③	④	⑤	⑥	⑦
This hotel is totally in line with my lifestyle.	①	②	③	④	⑤	⑥	⑦
This hotel gives you a visually attractive room.	①	②	③	④	⑤	⑥	⑦
If I talk about this hotel, I usually say "we" rather than "they."	①	②	③	④	⑤	⑥	⑦
Employees of this hotel are helpful.	①	②	③	④	⑤	⑥	⑦
If a story in the media criticizes this hotel, I would feel embarrassed.	①	②	③	④	⑤	⑥	⑦
This hotel is clean.	①	②	③	④	⑤	⑥	⑦
Employees of this hotel are friendly.	①	②	③	④	⑤	⑥	⑦
When someone criticizes this hotel, it feels like a personal insult.	①	②	③	④	⑤	⑥	⑦
Staying in this hotel supports my lifestyle.	①	②	③	④	⑤	⑥	⑦





Directions: Please take a moment to think about the **overall image of the hotel brand that you selected in section A**. Consider **the kind of person who typically visits this hotel brand**. Imagine this person in your mind and then describe this person using **one or more personal adjectives** such as organized, classy, poor, stylish, friendly, modern, traditional, popular, or whatever personal adjectives you can use. Once you have done this, **tick (✓)** your agreement or disagreement with each of the following statements. Use the scale of **1 (strongly disagree)** to **7 (strongly agree)**.

Statement	Strongly Disagree ← → Strongly Agree						
	①	②	③	④	⑤	⑥	⑦
The typical guest of this hotel has an image similar to how I see myself.	①	②	③	④	⑤	⑥	⑦
The image of this hotel is consistent with how I see myself.	①	②	③	④	⑤	⑥	⑦
The typical guest of this hotel has an image similar to how I like to see myself.	①	②	③	④	⑤	⑥	⑦
The image of this hotel is consistent with how I like to see myself.	①	②	③	④	⑤	⑥	⑦
The typical guest of this hotel has an image similar to how I believe others see me.	①	②	③	④	⑤	⑥	⑦
The image of this hotel is consistent with how I believe others see me.	①	②	③	④	⑤	⑥	⑦
The typical guest of this hotel has an image similar to how I would like others to see me.	①	②	③	④	⑤	⑥	⑦
The image of this hotel is consistent with how I would like others to see me.	①	②	③	④	⑤	⑥	⑦

Directions: Please **tick (✓)** your agreement or disagreement with each of the following statements regarding **the hotel brand that you selected in section A**. Use the scale of **1 (strongly disagree)** to **7 (strongly agree)**.

Statement	Strongly Disagree ← → Strongly Agree						
	①	②	③	④	⑤	⑥	⑦
If there is another hotel as good as this hotel, I prefer to stay in this hotel.	①	②	③	④	⑤	⑥	⑦
I will recommend this hotel to someone who seeks my advice.	①	②	③	④	⑤	⑥	⑦
Next time I will stay in this hotel.	①	②	③	④	⑤	⑥	⑦
Even if another hotel offers more attractive prices, I will stay in this hotel.	①	②	③	④	⑤	⑥	⑦
I will switch to other hotels if I experience a problem with this hotel.	①	②	③	④	⑤	⑥	⑦

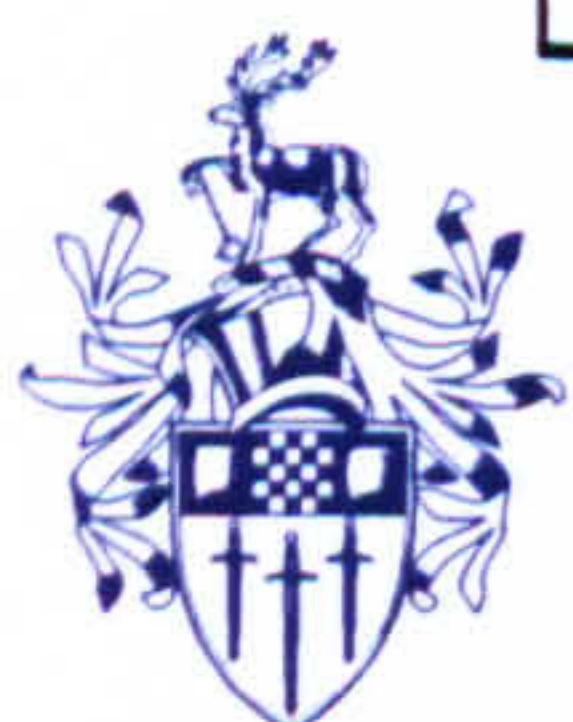




SECTION C: ABOUT YOU

Directions: The following is a list of things that people look for or want from life. Please study the list carefully and then **tick (✓)** each item based on **how important it is in your daily life**. Use the scale of **1 (very unimportant)** to **7 (very important)**.

Personal Values	Very Unimportant ← → Very Important						
	①	②	③	④	⑤	⑥	⑦
Sense of belonging	①	②	③	④	⑤	⑥	⑦
Excitement	①	②	③	④	⑤	⑥	⑦
Warm relationships with others	①	②	③	④	⑤	⑥	⑦
Self-fulfillment	①	②	③	④	⑤	⑥	⑦
Being well respected	①	②	③	④	⑤	⑥	⑦
Fun and enjoyment of life	①	②	③	④	⑤	⑥	⑦
Security	①	②	③	④	⑤	⑥	⑦
Self-respect	①	②	③	④	⑤	⑥	⑦
A sense of accomplishment	①	②	③	④	⑤	⑥	⑦
Ambitious (i.e., hard working, aspiring)	①	②	③	④	⑤	⑥	⑦
Broad-minded (i.e., open minded)	①	②	③	④	⑤	⑥	⑦
Capable (i.e., competent, effective)	①	②	③	④	⑤	⑥	⑦
Cheerful (i.e., lighthearted, joyful)	①	②	③	④	⑤	⑥	⑦
Clean (i.e., neat, tidy)	①	②	③	④	⑤	⑥	⑦
Courageous (i.e., standing up for your beliefs)	①	②	③	④	⑤	⑥	⑦
Forgiving (i.e., willing to pardon others)	①	②	③	④	⑤	⑥	⑦
Helpful (i.e., working for the welfare of others)	①	②	③	④	⑤	⑥	⑦
Honest (i.e., sincere, truthful)	①	②	③	④	⑤	⑥	⑦
Imaginative (i.e., daring, creative)	①	②	③	④	⑤	⑥	⑦
Independent (i.e., self-reliant, self-sufficient)	①	②	③	④	⑤	⑥	⑦
Intellectual (i.e., intelligent, reflective)	①	②	③	④	⑤	⑥	⑦
Logical (i.e., consistent, rational)	①	②	③	④	⑤	⑥	⑦
Loving (i.e., affectionate, tender)	①	②	③	④	⑤	⑥	⑦
Obedient (i.e., dutiful, respectful)	①	②	③	④	⑤	⑥	⑦
Polite (i.e., courteous, well-mannered)	①	②	③	④	⑤	⑥	⑦
Responsible (i.e., dependable, reliable)	①	②	③	④	⑤	⑥	⑦
Self-controlled (i.e., restrained, self-disciplined)	①	②	③	④	⑤	⑥	⑦





***Restaurant Version**

Dear Sir/Madam,

I am a postgraduate student at the University of Surrey. As part of my PhD research, I am investigating consumer perception of restaurant brands. You could be of great help if you would complete following questionnaire.

The questionnaire takes approximately 10 to 15 minutes to complete. The information you provide will only be used for academic purposes and will remain strictly confidential.

Your thoughtful input to the study is greatly appreciated and will be of substantial value to me. If you have any questions during your participation in the study, please do not hesitate to ask for assistance or clarification.

Thank you very much for your time and co-operation

Jang-Hyeon Nam

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**SECTION B: OVERALL IMAGE OF THE RESTAURANT BRAND THAT YOU
SELECTED IN SECTION A**

Directions: Please tick (✓) your agreement or disagreement with each of the following statements regarding the **overall image of the restaurant brand that you selected in Section A**. Use the scale of 1 (*strongly disagree*) to 7 (*strongly agree*).

Statement	Strongly Disagree ←————→ Strongly Agree						
	①	②	③	④	⑤	⑥	⑦
This restaurant has modern-looking equipment.	①	②	③	④	⑤	⑥	⑦
Employees of this restaurant listen to me.	①	②	③	④	⑤	⑥	⑦
This restaurant's successes are my successes.	①	②	③	④	⑤	⑥	⑦
This restaurant reflects my personal lifestyle.	①	②	③	④	⑤	⑥	⑦
This restaurant's facilities are visually appealing.	①	②	③	④	⑤	⑥	⑦
Employees of this restaurant are competent in their jobs.	①	②	③	④	⑤	⑥	⑦
Employees of this restaurant seem to anticipate what I want.	①	②	③	④	⑤	⑥	⑦
I am interested in what others think about this restaurant.	①	②	③	④	⑤	⑥	⑦
Materials associated with the service (such as menus, furniture) are visually appealing at this restaurant.	①	②	③	④	⑤	⑥	⑦
When someone praises this restaurant, it feels like a personal compliment.	①	②	③	④	⑤	⑥	⑦
This restaurant is totally in line with my lifestyle.	①	②	③	④	⑤	⑥	⑦
This restaurant gives you a visually attractive room.	①	②	③	④	⑤	⑥	⑦
If I talk about this restaurant, I usually say "we" rather than "they."	①	②	③	④	⑤	⑥	⑦
Employees of this restaurant are helpful.	①	②	③	④	⑤	⑥	⑦
If a story in the media criticizes this restaurant, I would feel embarrassed.	①	②	③	④	⑤	⑥	⑦
This restaurant is clean.	①	②	③	④	⑤	⑥	⑦
Employees of this restaurant are friendly.	①	②	③	④	⑤	⑥	⑦
When someone criticizes this restaurant, it feels like a personal insult.	①	②	③	④	⑤	⑥	⑦
Visiting this restaurant supports my lifestyle.	①	②	③	④	⑤	⑥	⑦





Directions: Please take a moment to think about the **overall image of the restaurant brand that you selected in section A**. Consider **the kind of person who typically visits this restaurant brand**. Imagine this person in your mind and then describe this person using **one or more personal adjectives** such as organized, classy, poor, stylish, friendly, modern, traditional, popular, or whatever personal adjectives you can use. Once you have done this, **tick (✓)** your agreement or disagreement with each of the following statements. Use the scale of **1 (strongly disagree)** to **7 (strongly agree)**.

Statement	Strongly Disagree ←————→ Strongly Agree						
	①	②	③	④	⑤	⑥	⑦
The typical guest of this restaurant has an image similar to how I see myself.	①	②	③	④	⑤	⑥	⑦
The image of this restaurant is consistent with how I see myself.	①	②	③	④	⑤	⑥	⑦
The typical guest of this restaurant has an image similar to how I like to see myself.	①	②	③	④	⑤	⑥	⑦
The image of this restaurant is consistent with how I like to see myself.	①	②	③	④	⑤	⑥	⑦
The typical guest of this restaurant has an image similar to how I believe others see me.	①	②	③	④	⑤	⑥	⑦
The image of this restaurant is consistent with how I believe others see me.	①	②	③	④	⑤	⑥	⑦
The typical guest of this restaurant has an image similar to how I would like others to see me.	①	②	③	④	⑤	⑥	⑦
The image of this restaurant is consistent with how I would like others to see me.	①	②	③	④	⑤	⑥	⑦

Directions: Please **tick (✓)** your agreement or disagreement with each of the following statements regarding **the restaurant brand that you selected in section A**. Use the scale of **1 (strongly disagree)** to **7 (strongly agree)**.

Statement	Strongly Disagree ←————→ Strongly Agree						
	①	②	③	④	⑤	⑥	⑦
If there is another restaurant as good as this restaurant, I prefer to visit this restaurant.	①	②	③	④	⑤	⑥	⑦
I will recommend this restaurant to someone who seeks my advice.	①	②	③	④	⑤	⑥	⑦
Next time I will visit this restaurant.	①	②	③	④	⑤	⑥	⑦
Even if another restaurant offers more attractive prices, I will visit this restaurant.	①	②	③	④	⑤	⑥	⑦
I will switch to other restaurants if I experience a problem with this restaurant.	①	②	③	④	⑤	⑥	⑦





SECTION C: ABOUT YOU

Directions: The following is a list of things that people look for or want from life. Please study the list carefully and then **tick** (✓) each item based on **how important it is in your daily life**. Use the scale of **1** (*very unimportant*) to **7** (*very important*).

Personal Values	Very Unimportant ← → Very Important						
	①	②	③	④	⑤	⑥	⑦
Sense of belonging	①	②	③	④	⑤	⑥	⑦
Excitement	①	②	③	④	⑤	⑥	⑦
Warm relationships with others	①	②	③	④	⑤	⑥	⑦
Self-fulfillment	①	②	③	④	⑤	⑥	⑦
Being well respected	①	②	③	④	⑤	⑥	⑦
Fun and enjoyment of life	①	②	③	④	⑤	⑥	⑦
Security	①	②	③	④	⑤	⑥	⑦
Self-respect	①	②	③	④	⑤	⑥	⑦
A sense of accomplishment	①	②	③	④	⑤	⑥	⑦
Ambitious (i.e., hard working, aspiring)	①	②	③	④	⑤	⑥	⑦
Broad-minded (i.e., open minded)	①	②	③	④	⑤	⑥	⑦
Capable (i.e., competent, effective)	①	②	③	④	⑤	⑥	⑦
Cheerful (i.e., lighthearted, joyful)	①	②	③	④	⑤	⑥	⑦
Clean (i.e., neat, tidy)	①	②	③	④	⑤	⑥	⑦
Courageous (i.e., standing up for your beliefs)	①	②	③	④	⑤	⑥	⑦
Forgiving (i.e., willing to pardon others)	①	②	③	④	⑤	⑥	⑦
Helpful (i.e., working for the welfare of others)	①	②	③	④	⑤	⑥	⑦
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Intellectual (i.e., intelligent, reflective)	①	②	③	④	⑤	⑥	⑦
Logical (i.e., consistent, rational)	①	②	③	④	⑤	⑥	⑦
Loving (i.e., affectionate, tender)	①	②	③	④	⑤	⑥	⑦
Obedient (i.e., dutiful, respectful)	①	②	③	④	⑤	⑥	⑦
Polite (i.e., courteous, well-mannered)	①	②	③	④	⑤	⑥	⑦
Responsible (i.e., dependable, reliable)	①	②	③	④	⑤	⑥	⑦
Self-controlled (i.e., restrained, self-disciplined)	①	②	③	④	⑤	⑥	⑦



APPENDIX B
THE SAMPLE OF INTERVIEW TRANSCRIPT

[Faint, illegible text representing an interview transcript, possibly including a header like 'Dear Mr. [Name]', a body of text, and a signature block at the bottom.]

UniS



University of Surrey

Guilford, Surrey
GU2 7XH, UK
Tel (44) 1483 686378
Fax (44) 1483 686301

Dear sir/Madame

I am Postgraduate student at the University of Surrey. As part of my PhD research, I am interviewing people about their experiences at hotels or restaurants. I am especially interested in perceptions of hotel or restaurant brands.

This interview takes approximately 30 minutes. If it is okay with you, I will voice record our conversation. The information you provide will only be used for academic purposes and will remain strictly confidential.

Your thoughtful responses to study's questions are greatly appreciated and will be of substantial value to me. If you have any questions during the interview, please do not hesitate to ask for clarification.

Thank you very much for your time and co-operation.

Jang-Hyeon Nam

University of Surrey
School of Management
Guildford, Surrey, GUX 7XH
Tel: +44 (0)1483 682117 (0)7765436101
E-mail: J.Nam@surrey.ac.uk

INTERVIEW

Name: Roger Dudik

Gender: Male

Age: 62

Nationality: British

Occupation: Writer/Semi-Retired

Data of Interview: 09.20.07

I would like to start by having you describe your most enjoyable experience at a hotel or restaurant. Recently, did you have any enjoyable experience at a hotel or restaurant?

Yes, I have.

Which hotel or restaurant brand?

It is a Travelodge.

When did you have an enjoyable experience at Travelodge?

August 29,30,31 and September 6 and 7, 2007

How long have you known this brand?

Over ten years

How many times have you visited this brand over the last two years?

About fifteen times

Can you tell me more about your experience? What happened there?

My requirements for 1 night stays are relatively simple such as clean, comfortable, convenience in room, courteous staff, quiet location and reasonable rates. For an extended stay, requirement may be different, but I do not travel that way. Recently I stayed 5 separate nights in 5 different Travelodge locations. They all met the above criteria. One in the particular in

INTERVIEW

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Yes, I have.

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How long have you known this brand?

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How many times have you visited this brand over the last two years?

About fifteen times

Can you tell me more about your experience? What happened there?

My requirements for 1 night stays are relatively simple such as clean, comfortable, convenience in room, courteous staff, quiet location and reasonable rates. For an extended stay, requirement may be different, but I do not travel that way. Recently I stayed 5 separate nights in 5 different Travelodge locations. They all met the above criteria. One in the particular in

Sunbury seemed to take extra care with first-rate comfortable furnishings and courteous service. Travelodge publishes a book of all their locations. On this last trip, since I did not know from day-to-day where I would be, the book allowed me to call a few hours ahead to fine accommodation. Their innumerable convenient locations are an attraction. Moreover, Travelodge is not, in some locations, the most economical, in others, very economical.

How likely is it that you would recommend this brand to your friends?

Overall, I would recommend this brand, not highly recommend, but recommend on the basis that this brand is likely to provide acceptable accommodations.

How likely is it that you would visit this brand at the next opportunity?

Under similar circumstance, I would visit.

If another brand offers a more attractive price or a discount, will you change where you stay on your next opportunity?

Depending on the circumstances, and the opportunity to inspect or experiment, a discount might induce me to try something else, a similar chain. But I would not do so unless I knew that Travelodge facility is nearby as a backup. Travelodge is a known quantity. The discount or attractive price would have no be significant. A few pounds would not induce me to take a risk.

If you experience a problem with this brand, what will you do?

Immediate problems would be handled with inquiry at the reception desk. Major or overall suggestions would prompt communication with national management via email or postal service.

Now I would like you to describe your most unenjoyable experience at a hotel or restaurant? Recently did you have any unenjoyable experience at a hotel or restaurant?

Yes, I went to a local kebab shop for some carryout.

Which restaurant brand?

It is a Shahi Kebab House in Birmingham.

When did you have an unenjoyable experience at Shahi Kebab House?

Two months ago.

How long have you known this restaurant brand?

Just six months.

How many times have you visited this brand over the last six months?

Just once

Can you tell me more about your experience? What happened there?

The final food product was poorly prepared, very close to being inedible, and their prices are high because they promote the quality of their food in local newspaper. But it is bad quality and high price.

How likely is it that you would recommend this brand to your friends?

I will not.

How likely is it that you would visit this brand at the next opportunity?

In spite of their offering me another meal I will not return, ever.

From your point-of-view, how would you describe brand loyalty?

Brand loyalty is that customers come back every time. Brand loyalty is earned through consistent quality and service. Loyalty that is earned will supersede considerations of cost. Loyalty does not consider other options because experience has removed risk and unknown eventualities.

What makes brand loyalty to a hotel or restaurant?

It would be good quality and price. Staff should clearly know what I want and provide personal attention. Price is also reason why people become loyalty. Any brands I may be loyal to are the result of consistent, proven quality, reliable service and reasonable price. However, price is not as important as consistently high quality.

Can you tell me about your lifestyle?

I like convenient and simple life. I am a moderate person, careful with finances, but not stingy. I live in a moderate house and drive moderate automobiles. I am not a joiner or superficially social. I am semi-retired and enjoy pursuits which improve my individual capabilities. I revere hard work, traditional values, and rewards for value. I am a champion of capitalism and believe the market place is the arbiter of success. I am fairly well educated and uninterested in outward appearances. Function and value are significant guides.

De you use specific brands to express your lifestyle?

Some

Can you tell me more about that?

It is a Eurostar. The reason why I like Eurostar is because of convenience and simple. It is not busy. And train travel is better environment than flying.

Do you think how well a brand fits with your lifestyle influences your future purchase intentions?

Yes, I think so

Why do you think so?

Travelodge is good quality, reasonable price and acceptable accommodation. It is two star hotel and very basic. I like just simple one. So I want to stay at Travelodge. Because it is simple, that is the point.

Do you feel strong ties with any brand?

Some

Which brand? Why?

Citizen Watch, Sony Electronics, and Hewlett Packard Printer. These brands provide outstanding quality from my experience and usually value which is only partially associated with initial price. Longevity and willingness to make adjustments and repair are essential. I am sure of my positive experience about these brands.

If someone criticizes a brand that you feel strong ties with, how do you feel?

My feeling is not good. My choices are based on positive personal experiences. If a brand disappoints me, I will find a substitute. If someone criticizes a brand I like, I will encourage that individual to seek appropriate adjustment for an unfortunate or dissatisfying experience. But, I will not be overly persuasive.

Do you think feeling strong ties with a brand influences your future purchase intention?

For some things that have proven reliable and for some companies that have proven quality and customer service, their brands are influential.

From your point-of-view, how would you describe quality for a hotel or restaurant?

I think that physical quality concerns the material properties of the product as well as the execution in preparation. Service quality concerns how the staff cares for the customer and how seriously the staff wishes the customer to return. The hotel or restaurant attempt to anticipate the customer's needs and provide for those needs. In the case of the restaurant, the quality of the ingredients should be better than what can be normally purchased in a store, the preparation should be individualized and served appropriately and the service should be courteous.

Do you think that your perceived quality influences your future purchase intentions?

Absolutely, it is quite important. If the criteria for quality are apparent, then the choice is simple.

You mentioned that you have had an enjoyable experience with Travelodge and unenjoyable with Shahi Kebab House. Can you tell me about Travelodge's image and Shahi Kebab House's image?

My first experience at Travelodge was an accident, but proved to be indicative of their quality. Travelodge's image is simple, clean and reasonable price. Every Travelodge you go will be very same. I know nothing about the image of Shahi Kebab House. Shahi Kebab House touts recommendations from a number of local newspapers. I do not know what others think, nor do I care.

Can you tell me about your self-image?

I am unassuming, confident, opinionated, rationally generous, and relatively successful in some areas of life. I do not need the approval of others, nor do I pay much attention to their disapproval of superficial matters. I do care if I somehow unintentionally threat another person inappropriately. I have a strong sense of justice and fairness, and have no patience for actions that impair either. I have no problem admitting mistakes.

Do you think how well a brand image fits with your self-image influences your future purchase intentions?

Maybe, if you think that you are very up-market yourself, you will go up-market restaurants and hotels.

People look for important things in their daily life. For example, some people think that loving is most important, or other people think that security is most important. In your case, what is the most important thing in your daily life?

Most important is peace, quiet, simple, lack of conflict, also, justice, fairness, intelligence, rationality. However, despite seeking peace and quiet, I will not hesitate to confront any threat to me or my family or any injustice visited upon me or those for whom I care. I will not tolerate coercion of any kind, from anyone.

Why do you think so?

I wish to live my life as I see fit without interference from anyone as long as I do not interfere

with anyone.

Do you think that these such as peace, quiet, simple, lack of conflict, justice, fairness, intelligence, rationality influence your perception and behaviour?

They absolutely are guides for how I conduct myself, including my spending habits. I make fair trades. I am not coerced by advertising, social pressure, or political propaganda. Right and wrong will still very clear concept for me, although they are no always absolute.

Do you think that these such as peace, quite, simple, lack of conflict, justice, fairness, intelligence, rationality influence your future purchase intentions?

Of course

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