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## A consumer-based brand equity model for the luxury and upscale hotel sector

Hairong Shan  
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# **A consumer-based brand equity model for the luxury and upscale hotel sector**

This thesis is presented for the degree of  
Doctor of Philosophy

**Hairong Shan**

Edith Cowan University  
School of Business and Law

2017



## **Abstract**

Luxury and upscale hotels, in common with businesses in other service industries and more broadly, seek to develop a strong brand that will contribute to a long-term competitive advantage. However, research on consumer-based brand equity in luxury and upscale hotels is limited. Therefore, the current research, based on fundamental theories of brand equity development established in the packaged goods and the service industries including hotels, has developed a consumer-based brand equity model for the luxury and upscale hotel sector.

A mixed methods research design was employed. A qualitative study was first conducted using focus groups with the data being content analysed to explore the brand equity development process from the consumer's perspective. Afterwards, a quantitative examination was administered using an online questionnaire and inferential data analyses including structural equation modelling to identify significant brand equity dimensions and antecedents, and their interrelationships.

Research findings highlighted that consumer-based brand equity in the luxury and upscale hotel sector can be assessed by two dimensions: a commonly identified dimension of brand choice and a new dimension of online brand advocacy. The findings indicate that in today's digital hotel market where consumers frequently communicate about a brand online, consumer advocacy online becomes a strong predictor of consumer-based brand equity.

The current research supported the commonly identified brand equity antecedent of brand image and revealed five additional brand equity antecedents in the luxury and upscale hotel sector, including customer relationship management, social image congruence, brand affect, brand trust and consumer-generated content. In particular, customer relationship management as reflected by a brand's effort in building relationships with individual consumers was found to be the most influential to brand equity development. The study also found that brand equity development in the luxury and upscale hotel sector is driven by unique brand characteristics, including the

brand's symbolic benefit (social image congruence) and experiential benefits (brand affect). It is understandable that in the luxury and upscale hotel sector, consumers' desires of experiential and symbolic benefits are strong and are likely to increase, with the constructions of super luxury hotel properties worldwide. Therefore, brands need to address these consumer desires in order to cultivate consumer-based brand equity. The identification of brand trust indicates that in the hotel service industry, a consumer's confidence in the business reliability is influential. Moreover, this study identified the role of consumer-generated content for brand equity development, which not only highlights the influence of digital word-of-mouth on brand equity development in the current research context but also provides a foundation for future research across other markets.

Overall, the current research uncovered unique brand equity dimensions and antecedents from the perspective of luxury and upscale hotel consumers. These additional findings enhance brand equity theories in the luxury and upscale hotel sector and offer a specific reference for luxury and upscale hotel businesses to efficiently build an influential brand in the consumer's mind.

## Declaration

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# Table of Contents

|  |           |
|--|-----------|
| Abstract.....  |           |
| Declaration.....   | ii        |
| Acknowledgement.....   | iii       |
| List of Figures.....   | viii      |
| List of Tables.....  | ix        |
| <b>CHAPTER 1: Introduction.....</b>  | <b>1</b>  |
| 1.1 Background.....  | 1         |
| 1.1.1 Branding in the luxury and upscale hotel sector.....                                 | 3         |
| 1.1.2 Brand equity development.....  | 4         |
| 1.1.3 Brand equity development in hotels.....  | 6         |
| 1.1.4 Research limitations in existing luxury and upscale hotel brand equity research..... | 7         |
| 1.2 Research questions and objectives.....   | 9         |
| 1.3 Research Justification.....  | 13        |
| 1.3.1 Contribution to the luxury and upscale hotel industry.....                           | 13        |
| 1.3.2 Contribution to brand equity knowledge.....  | 14        |
| 1.3.3 Contribution to the concept of brand equity.....                                     | 16        |
| 1.4 Research methodology and method.....   | 18        |
| 1.5 Outline of chapters - Thesis plan.....   | 21        |
| <b>CHAPTER 2: Literature Review.....</b>   | <b>22</b> |
| 2.1 Introduction.....  | 22        |
| 2.2 Research context of the luxury and upscale hotel sector.....                           | 22        |
| 2.3 Meanings and roles of a brand.....   | 24        |
| 2.3.1 A key role of a brand—influencing consumers.....                                     | 26        |
| 2.4 Consumer-based brand equity.....   | 28        |
| 2.4.1 Definition.....  | 28        |
| 2.4.2 Significance of consumer-based brand equity.....                                     | 28        |
| 2.4.3 Dimensions and antecedents of consumer-based brand equity.....                       | 29        |
| 2.5 Limitations existing in the brand equity theory development.....                       | 30        |
| 2.6 Propositions of brand equity assessment approach and dimensions.....                   | 33        |
| 2.6.1 Assessment approaches and dimensions developed upon Keller (1993)...                 | 33        |
| 2.6.2 Assessment approaches and dimensions developed upon Aaker (1996)...                  | 35        |
| 2.6.3 The combined assessment approach.....  | 36        |
| 2.6.4 Assessment approach and dimensions for the current research.....                     | 37        |

|  |           |
|--|-----------|
| 2.7 Propositions of brand equity antecedents .....                       | 41        |
| 2.7.1 Consumer expectations from a brand in the service industry .....   | 42        |
| 2.7.2 Fundamental brand equity theories .....                            | 45        |
| 2.7.2.1 <i>Brand awareness</i> .....                                     | 46        |
| 2.7.2.2 <i>Brand image</i> .....   | 48        |
| 2.7.2.3 <i>Functional benefits—Perceived quality</i> .....               | 50        |
| 2.7.2.4 <i>Functional benefits—Perceived value</i> .....                 | 51        |
| 2.7.2.5 <i>Experiential benefits—Brand affect</i> .....                  | 53        |
| 2.7.2.6 <i>Symbolic benefits—Self-image congruence</i> .....             | 54        |
| 2.7.2.7 <i>Brand attitudes—Brand trust</i> .....                         | 56        |
| 2.7.3 Brand equity model with a focus on services .....                  | 59        |
| 2.7.4 Recent conceptual brand equity models with a focus on hotels ..... | 61        |
| 2.7.4.1 <i>Consumer-generated content</i> .....                          | 63        |
| 2.7.5 Five empirical brand equity models in the hotel industry .....     | 65        |
| 2.7.6 Proposed consumer-based brand equity model .....                   | 71        |
| 2.8 Chapter summary .....  | 72        |
| <b>CHAPTER 3: Research Methodology .....</b>                             | <b>74</b> |
| 3.1 Introduction .....   | 74        |
| 3.2 Research methodology .....   | 74        |
| 3.2.1 Research objectives and tasks .....                                | 75        |
| 3.2.2 Methodology .....  | 77        |
| 3.3 Research design .....  | 80        |
| 3.3.1 Mixed methods research design .....                                | 80        |
| <i>STAGE 1: Qualitative Exploration</i> .....                            | 83        |
| 3.3.1.1 <i>Data collection method</i> .....                              | 83        |
| 3.3.1.2 <i>Data analysis method</i> .....                                | 85        |
| <i>STAGE 2: Quantitative Examination</i> .....                           | 87        |
| 3.3.2.1 <i>Data collection method</i> .....                              | 88        |
| 3.3.2.2 <i>Data analysis method</i> .....                                | 91        |
| 3.4 Chapter summary .....  | 98        |
| <b>CHAPTER 4: Qualitative Data Collection and Findings .....</b>         | <b>99</b> |
| 4.1 Introduction .....   | 99        |
| 4.2 Qualitative data collection procedure .....                          | 99        |
| 4.2.1 Focus group recruitment .....                                      | 100       |
| 4.2.2 Focus group question design and facilitation .....                 | 101       |
| 4.3 Qualitative data analysis and results .....                          | 102       |

|   |            |
|---|------------|
| 4.3.1 Participant demographics.....   | 103        |
| 4.3.2 Implication of potential brand equity dimensions .....                | 104        |
| 4.3.3 Implication of potential brand equity antecedents .....               | 111        |
| 4.3.3.1 Brand awareness .....   | 112        |
| 4.3.3.2 Brand image .....   | 113        |
| 4.3.3.3 Perceived quality.....  | 117        |
| 4.3.3.4 Perceived value .....   | 120        |
| 4.3.3.5 Brand affect .....  | 122        |
| 4.3.3.6 Customer relationship management.....                               | 126        |
| 4.3.3.7 Self-image congruence .....   | 130        |
| 4.3.3.8 Brand trust.....  | 133        |
| 4.3.3.9 Consumer-generated content.....                                     | 135        |
| 4.4 Revised brand equity model for the luxury and upscale hotel sector..... | 141        |
| 4.5 Chapter summary.....  | 144        |
| <b>CHAPTER 5: Quantitative Data Collection and Findings.....</b>            | <b>146</b> |
| 5.1 Introduction .....  | 146        |
| 5.2 Instrument design .....   | 146        |
| 5.2.1 Scale development .....   | 147        |
| 5.2.2 Questionnaire development .....                                       | 148        |
| 5.2.2.1 Generate question items in appropriate format .....                 | 150        |
| 5.2.2.2 Structure draft questionnaire online.....                           | 153        |
| 5.2.3 Questionnaire and scale revision-Expert reviews and pilot study ..... | 154        |
| 5.2.3.1 Pilot study—data collection .....                                   | 155        |
| 5.2.3.2 Pilot study—data analysis and questionnaire revision .....          | 156        |
| 5.2.3.3. Finalised questionnaire .....                                      | 157        |
| 5.3 Main data collection .....  | 157        |
| 5.3.1 Sampling method .....   | 157        |
| 5.3.2 Sample size .....   | 158        |
| 5.3.3 Data collection .....   | 159        |
| 5.4 Data analysis.....  | 160        |
| 5.4.1 Significant brand equity dimensions and antecedents .....             | 163        |
| 5.4.1.1 Exploratory factor analysis method and results.....                 | 164        |
| 5.4.1.2 Confirmatory factor analysis method and results .....               | 170        |
| 5.4.2 Relationships between brand equity dimensions and antecedents.....    | 176        |
| 5.4.2.1 Structural equation modelling results .....                         | 176        |
| 5.4.2.2 Additional models.....  | 181        |
| 5.5 Chapter summary.....  | 183        |

|   |            |
|---|------------|
| <b>CHAPTER 6: Discussion and Conclusions .....</b>                                | <b>184</b> |
| 6.1 Introduction .....  | 184        |
| 6.2 Research summary .....  | 184        |
| 6.2.1 Dimensions of consumer-based brand equity .....                             | 188        |
| 6.2.1.1 <i>Brand choice</i> .....   | 188        |
| 6.2.1.2 <i>Brand loyalty - online brand advocacy</i> .....                        | 189        |
| 6.2.2 Antecedents of consumer-based brand equity .....                            | 192        |
| 6.2.2.1 <i>Brand image</i> .....  | 193        |
| 6.2.2.2 <i>Social image congruence</i> .....                                      | 194        |
| 6.2.2.3 <i>Customer relationship management</i> .....                             | 196        |
| 6.2.2.4 <i>Brand affect</i> .....   | 199        |
| 6.2.2.5 <i>Brand trust</i> .....  | 200        |
| 6.2.2.6 <i>Consumer-generated content</i> .....                                   | 202        |
| 6.3 Theoretical implications .....  | 205        |
| 6.3.1 Enriching the understanding of consumer-based brand equity .....            | 205        |
| 6.3.2 Advancing brand equity development theories in the hotel industry .....     | 206        |
| 6.3.3 Assisting future research with a parsimonious measurement scale .....       | 209        |
| 6.4 Practical implications .....  | 210        |
| 6.5 Limitations and future research .....   | 212        |
| 6.5.1 Limited study of three potential brand equity antecedents .....             | 213        |
| 6.5.2 Further research on online brand advocacy .....                             | 214        |
| 6.5.3 Validation of consumer-based brand equity model in various contexts ..      | 215        |
| 6.6 Conclusion .....  | 217        |
| References .....  | 218        |
| <b>Appendix A: Focus group information letter .....</b>                           | <b>237</b> |
| <b>Appendix B: Focus group consent form .....</b>                                 | <b>240</b> |
| <b>Appendix C: Focus group introduction and questions .....</b>                   | <b>242</b> |
| <b>Appendix D: Scale development - Literature and the qualitative study .....</b> | <b>245</b> |
| <b>Appendix E: Scale development - Expert reviews and pilot study .....</b>       | <b>249</b> |
| <b>Appendix F: Pilot study details .....</b>                                      | <b>254</b> |
| <b>Appendix G: Finalised questionnaire .....</b>                                  | <b>255</b> |
| <b>Appendix H: Initial EFA results: factor loadings .....</b>                     | <b>263</b> |
| <b>Appendix I: Initial CFA results .....</b>                                      | <b>266</b> |
| <b>Appendix J: Modification indices for the proposed model .....</b>              | <b>267</b> |
| <b>Appendix K: Indirect effect of CRM on brand equity development .....</b>       | <b>268</b> |
| <b>Appendix L: Indirect effect of brand affect on brand equity development ..</b> | <b>269</b> |

|  |     |
|--|-----|
| <b>Appendix M: Indirect effect of social image congruence on brand equity development</b> .....    | 270 |
| <b>Appendix N: Indirect effect of brand trust on brand equity development</b> ...                  | 271 |
| <b>Appendix O: Indirect effect of consumer-generated content on brand equity development</b> ..... | 272 |

## List of Figures

|   |     |
|---|-----|
| Figure 2.1: Brand knowledge framework from Keller (1993) .....                  | 45  |
| Figure 2.2: Service brand equity model from Berry (2000).....                   | 59  |
| Figure 2.3: Hotel brand equity model from Xu and Chan (2010).....               | 62  |
| Figure 2.4: Proposed brand equity model for the current research context .....  | 72  |
| Figure 3.1: Expected research outcome, research objectives and tasks .....      | 77  |
| Figure 3.2: Exploratory sequential mixed methods research design.....           | 82  |
| Figure 3.3: The luxury and upscale hotel market in Australia .....              | 85  |
| Figure 3.4: Overview of the current research design .....                       | 97  |
| Figure 4.1: Initial coding dictionary.....                                      | 102 |
| Figure 4.2: Revised brand equity model based on qualitative study results ..... | 142 |
| Figure 5.1: Scale development procedure for this study .....                    | 147 |
| Figure 5.2: Questionnaire development procedure .....                           | 149 |
| Figure 5.3: Quantitative analysis steps.....                                    | 163 |
| Figure 5.4: Finalised eight-factor measurement model.....                       | 172 |
| Figure 5.5: Amended research model based on EFA and CFA results.....            | 175 |
| Figure 5.6: Dimensions of brand equity .....                                    | 176 |
| Figure 5.7: Modified brand equity model .....                                   | 179 |
| Figure 6.1: Proposed consumer-based brand equity model .....                    | 186 |
| Figure 6.2: Revised consumer-based brand equity model .....                     | 187 |
| Figure 6.3 The final consumer-based brand equity model (Section 5.4.2) .....    | 188 |

## List of Tables

|  |     |
|--|-----|
| Table 2.1: Summary of previous hotel brand equity models .....                 | 66  |
| Table 4.1: Demographics of focus group participants .....                      | 104 |
| Table 5.1: Quantitative research stage: objectives, tasks and hypotheses ..... | 150 |
| Table 5.2: Quota for main data collection.....                                 | 160 |
| Table 5.3: Respondent demographics .....                                       | 161 |
| Table 5.4: Respondents' personal and household income .....                    | 162 |
| Table 5.5: KMO and Bartlett's Test .....                                       | 165 |
| Table 5.6: Exploratory factor analysis results.....                            | 167 |
| Table 5.7: Fit indices—Final eight-factor measurement model .....              | 172 |
| Table 5.8: Validity and reliability of eight measurement constructs .....      | 173 |
| Table 5.9: Fit indices—Modified model.....                                     | 179 |
| Table 5.10: Standardised regression weights for the modified paths .....       | 180 |
| Table 5.11: Indirect effects of proposed brand equity antecedents.....         | 183 |



# CHAPTER 1: Introduction

## 1.1 Background

The global hospitality and tourism industry has experienced continuous steady growth (Yang, Zhang, & Mattila, 2015), especially in the last five years, with its total revenue increasing at an annual rate of 5.5% (IBISWorld, 2016b). This industry is predicted to continue to expand in the next five years to 2020, with total revenue predicted to increase from US\$1.6 trillion to US\$1.9 trillion (IBISWorld, 2016b). The hotels and resorts sector is noted as one of the largest profitable sectors within the global tourism and hospitality industry (Statista, 2012), with annual revenue reached US\$835.8 billion in 2016, and expected to reach US\$1,004.7 billion in 2022 (IBISWorld, 2016b). The current research sector of luxury and upscale hotels is also noted as a significant economic segment within the general hospitality industry (Smith Travel Research, 2014), with the revenue generated from the luxury and upscale hotel sector accounting for 40% of the total revenue in the global hotel and resort industry in 2015 (IBISWorld, 2016a). The “luxury and upscale” sectors are worth US\$148.62 billion, and expected to reach US\$195.27 billion by 2021 (Transparency Market Research, 2015).

One factor in the growth of the luxury and upscale hotel sector is the growing number of global overnight tourists with higher disposable incomes (Smith Travel Research, 2014). In 2014, the world consumer interest for luxury hotels rose by 7.7%, demonstrated in World Luxury Index™ Hotels (Digital Luxury Group, 2015). As Smith Travel Research (STR) reported, in America, which contains the largest number of luxury hotel establishments in the world, the growth of market demand has outpaced the supply growth every year since 2010 (Hotel News Now, 2016). Increasing market demand for luxury and upscale hotels is also evident in other popular tourism destinations, especially in the Asia-Pacific region (PR Newswire, 2016). For example, in top tourism destinations in Australia (e.g. Sydney and Melbourne), hotels experienced approximately an annual occupancy rate of 87%, average daily rate of \$339 and revenue per available room of \$291 in 2016 (Savills, 2017).



Besides the rise in tourist numbers, changing consumer lifestyles and diverse consumer interests has also kept driving the growth of the luxury and upscale hotel and resort business (Transparency Market Research, 2015). For instance, an increasing number of consumers have showed interest in materialising their aspirations of luxury lifestyles along with their rising of disposable income (Transparency Market Research, 2015). More consumers are attracted to luxury hotel and resort experiences over regular bed and breakfast accommodation (Grand View Research, 2015). In particular, consumers' interest in luxury experiences including spa and health retreats emerged as increasingly strong (Pesonen & Komppula, 2010; Market Publishers, 2016). As such, nowadays, in order to compete for market share on top of providing contemporary five-star accommodation, luxury and upscale hotel businesses are propelled to create various additional experiences for consumers, such as art rooms, gyms and banquet halls (Grand View Research, 2015).

Given the increasing tourist demand and economic benefit of the luxury and upscale hotel sector, many businesses established an increasing number of hotel properties across the world, but had to deal with a number of challenges (Walls, Okumus, Wang, & Kwun, 2011a; Market Publishers, 2016; Chu, 2014). For example, the penetration of the internet and social media provide consumers numerous options and transparent information about hotel services, so that businesses face more difficulties in distinguishing themselves and avoiding consumers switching to other providers (Nicholls, 2014). In addition, the luxury and upscale hotel sector is amongst the most complex environments in which to operate (Ivanova & Ivanov, 2015). More specifically, the hotel industry includes several independent and competing sectors, such as hotels, motels and resorts (Wilkins, 2010), with each sector comprising different quality levels, from budget to luxury (Nasution & Mavondo, 2008). As such, a luxury and upscale hotel brand in a popular tourism destination is confronted with a large number of competitors and substitutes (Yu, Byun, & Lee, 2014). In addition, in an economic downturn like the global financial crisis in 2007-2008, the luxury and upscale hotel sector suffered significantly in terms of financial return, compared to other hotel sectors (e.g. the mid-scale and economic hotel sectors) (Yu et al., 2014). Therefore, business operators nowadays need to find appropriate tactics, especially appropriate marketing strategies, to cope with market changes (e.g. the penetration of social media platforms), in addition to dealing with intensive competition caused by

diverse hotel competitors and similarity between hotel products (O'Neill & Xiao, 2006; Wilkins, 2010; Freitag, 2013; Yu et al., 2014).

### **1.1.1 Branding in the luxury and upscale hotel sector**

Confronted with existing opportunities and challenges, luxury and upscale hotels have used branding as their main strategy to compete in the market and capture and retain market share (Forgacs, 2009; O'Neill & Mattila, 2010). The positive relationship between brand strength and hotel financial performance is widely recognised (e.g. Prasad & Dev, 2000; Hong-bumm, Kim, & An, 2003; Lee & Jain, 2009; Zhang, Lawrence, & Anderson, 2015). Specific benefits of a strong brand for hotels can be seen in three main aspects.

Firstly, when consumers choose a hotel product, they often perceive a high level of financial and consumption risks due to the intangibility of service experiences and the simultaneity of product provision and consumption (Wilkins, Merrilees, & Herington, 2007). A well-known hotel brand can indicate consistency of quality and convey a reliable business image, so as to reduce consumers' uncertainty and earn consumer choice (Keller, 2003; Kim, Jin-Sun, & Kim, 2008).

Secondly, products sold in hotels are overall experiences (Walls et al., 2011a). A well-established brand can convey a composite picture of both the tangible and intangible attributes of the experience, as well as the experiential and symbolic attributes (Keller, 2003). The composite picture helps a hotel to communicate its uniqueness with consumers and further attract consumers (Kayaman & Arasli, 2007; Wilkins, Merrilees, & Herington, 2009; Yu et al., 2014). For example, the Hilton hotel chain promotes a superior upscale hotel experience, and the Super 8 chain conveys a valuable budget accommodation experience (Barsky & Nash, 2002). Brands like Mandarin Oriental, Four Seasons, Shangri-La, Ritz-Carlton, and Peninsula are all established to deliver different meanings in hotel guests' minds (Xu & Chan, 2010).

Thirdly, from the hotel's perspective, being part of a brand group is one of the five most important success factors (O'Neill & Mattila, 2010). That is because a strong brand can effectively assist individual hotel properties to lower operational risks, save

costs from introducing new products/experiences to the market and, more importantly, leverage the brand advantage (Kim & Kim, 2005).

### **1.1.2 Brand equity development**

The perceived benefits of a brand have triggered much research to investigate measurement the value of the brand to the hotel, as well as strategies to increase this value (e.g. Xu & Chan, 2010; Hsu, Oh, & Assaf, 2012). A number of studies recognised that the success of a brand is rooted in consumer perceptions and behaviours, and “consumers” are the key subjects that make the brand value meaningful (Aaker, 2010; Keller, 2013). Keller (1993) specified that the success of a brand is based on the differential effect of a brand on consumer responses, and the differential effect of a brand only exists if consumers perceive the brand differently (Keller, 1993). As such, scholars viewed such differential effects of brands on consumer responses as consumer-based brand equity, and endorsed the foundation role of consumer-based brand equity for business success (Christodoulides & de Chernatony, 2010; Xu & Chan, 2010; Hsu, Hung, & Tang, 2012; Buil, Martínez, & de Chernatony, 2013; Davcik, Vinhas da Silva, & Hair, 2015; Keller, 2016).

Reviewing existing brand equity research, two classical brand equity models or frameworks are brand equity ten (Aaker, 1996) and the brand knowledge framework (Keller, 1993). These two models commonly demonstrated a basic understanding that brand equity is the additional value generated by a brand to influence consumers’ product perception, and brand equity can be increased by business marketing programs, such as advertising, promotion and celebrity endorsements (Keller, 1993; Aaker, 1996). The key difference between these two theories is that consumer knowledge about the brand was considered to be the source of consumer-based brand equity in Keller’s (1993) theory, but only a component of consumer-based brand equity in Aaker’s (1996) theory.

These two brand equity theories (Keller, 1993; Aaker, 1996) have underpinned much of the brand equity research (e.g. Netemeyer et al., 2004; Konecnik & Gartner, 2007; Tsai, Lo, & Cheung, 2013). Due to different research contexts and focuses (e.g. whether the research aimed to identify factors that indicate or drive the development

of consumer-based brand equity), previous studies have adopted either Keller's (1993) or Aaker's (1996) brand equity theory and developed various brand equity models (Yoo, Donthu, & Lee, 2000; Brady, Cronin, Fox, & Roehm, 2008). More specifically, some brand equity studies assessed brand equity by consumer responses (e.g. brand choice or purchase intention), and investigated driving factors and antecedents of brand equity derived from consumers' brand knowledge components (e.g. perceived quality and brand image) (Brady, Cronin, et al., 2008; Wang & Li, 2012; Tsai et al., 2013; Lieven, Grohmann, Herrmann, Landwehr, & van Tilburg, 2014).

However, some studies assessed brand equity by consumers' knowledge about a brand and considered that the strength of consumer-based brand equity is indicated by how positively consumers perceive and evaluate the brand (Cobb-Walgren, Ruble, & Donthu, 1995; Agarwal & Rao, 1996; Wood, 2000; Vazquez, Del Rio, & Iglesias, 2002; Baldauf, Cravens, & Binder, 2003; Netemeyer et al., 2004). Studies that adopted this understanding often focused on identifying key brand knowledge components as dimensions of consumer-based brand equity, with brand knowledge components that significantly contributed to consumers' positive responses to a brand (e.g. purchase intention or actual behaviours reflected through the brand's financial performance) to be categorised as brand equity dimensions (Cobb-Walgren et al., 1995; Agarwal & Rao, 1996; Wood, 2000; Vazquez et al., 2002; Baldauf et al., 2003; Netemeyer et al., 2004).

A comparison of the above two types of brand equity studies indicates that the common research outcomes of these studies focused on key brand knowledge components that influenced consumers' perceptions, attitudes and behavioural intentions towards a brand, even though the key brand knowledge components were addressed in different terms, such as antecedents or dimensions. The findings actually enriched understanding of the influence of different brand knowledge components on consumer perception and behaviour in the market (Bailey & Ball, 2006; Franz-Rudolf, Tobias, Bernd, & Patrick, 2006).

For instance, originally Aaker (1996) proposed four brand knowledge components including brand awareness, brand association, perceived quality and brand loyalty, as significantly influential to brand market performance. The following brand equity

studies have either commonly confirmed the significance of these four brand knowledge components (Brady, Cronin, et al., 2008; Wang & Li, 2012; Tsai et al., 2013; Lieven et al., 2014) or identified different brand knowledge components that significantly influence the consumer's brand perceptions and behaviours, such as brand image, consumer experiences, perceived value, brand reliability and management trust (e.g. Konecnik & Gartner, 2007; Lee & Back, 2008; Hsu, Oh, et al., 2012; Lin et al., 2015).

In particular, research identified that consumers' ideas of a strong brand is different in different markets (Berry, 2000; Keller & Lehmann, 2006; Christodoulides & de Chernatony, 2010; Buil et al., 2013; Davcik et al., 2015). For instance, a strong brand for consumers may be a reliable indicator of product quality in the packaged goods market, but is the promise of a satisfying experience, even if something goes wrong (Pleger Bebeko, 2000; Bowie & Buttle, 2011; Buil et al., 2013; MacInnis, Park, & Priester, 2014). As such, consumers' positive brand responses (e.g. brand choice) may be attributed to different types of brand knowledge components, such as perceived quality or brand reliability (Yoo & Donthu, 2001; Hsu et al., 2012). Just as Aaker (1996) claimed, the generic brand equity model including four brand knowledge components (brand awareness, perceived quality, brand association and brand loyalty) requires further validation or adjustment to be applied to individual sectors. That is because, in different markets and consumption environments, consumer perception of brand values could be influenced by different factors at different levels (Aaker, 1996). Therefore, these various brand equity models reflect the differences across industries (Bailey & Ball, 2006; Franz-Rudolf et al., 2006).

### **1.1.3 Brand equity development in hotels**

A review of brand equity research that focuses on the luxury and upscale hotel sector since the 1990s reveals that early studies have focused on the impact of brand equity (Thomas, 1993), the benefits of a well-developed brand in business acquisition (Mahajan, Rao, & Srivastava, 1994), the relationship between brand equity and brand preference (Cobb-Walgren et al., 1995) and barriers to developing hotel brand equity (Bell, Deighton, Reinartz, Rust, & Swartz, 2002). Recent research has emphasised the differences in branding between tangible products and services, and highlighted the

impact of service delivery on brand equity development (Brady, Bourdeau, & Heskell, 2005; Bailey & Ball, 2006; Xu & Chan, 2010). After research identified different meanings and approaches to hotel branding (Bailey & Ball, 2006), studies specifically investigated brand equity from the perspective of hotel consumers (Kim et al., 2008; Hsu, Oh, et al., 2012), managers (Lee & Jain, 2009; Zhang et al., 2015), and employees (Kimpakorn & Tocquer, 2009, 2010; Tsang, Lee, & Li, 2011; Anantadjaya, Nawangwulan, Pramesty, & Gunawan, 2015). However, limited research was found with a focus on exploring the key brand knowledge components that contribute to consumer-based brand equity development in the hotel industry, or the luxury and upscale hotel sector.

#### **1.1.4 Research limitations in existing luxury and upscale hotel brand equity research**

Based on a literature review conducted for this study, only five empirical studies that investigated brand equity components and antecedents and developed structural models for the hotel industry were found. Three studies focused on the luxury and upscale hotel sector (Kim & Kim, 2005; Kayaman & Arasli, 2007; Hsu, Oh, et al., 2012), one study on the mid-range hotel sector (Kim et al., 2008) and one on the general hotel industry (So & King, 2010).

Among the five hotel brand equity studies, three (Kim & Kim, 2005; Kayaman & Arasli, 2007; Kim et al., 2008) examined the applicability of generic brand equity models developed by Aaker (1996) and Keller (1993), and identified brand equity dimensions by investigating the four common factors of brand awareness, perceived quality, brand association and brand loyalty. However, as previously mentioned, in choosing luxury hotels, consumers perceive a high level of financial risks (Wilkins et al., 2007). In this case, the perceived or stored brand knowledge about the service quality consistency and business reliability are crucial (Bailey & Ball, 2006). However, none of these elements in the three hotel brand equity studies (Kim & Kim, 2005; Kayaman & Arasli, 2007; Kim et al., 2008) were related to brand consistency for building consumer confidence in choosing a hotel.

The fourth hotel brand equity study, conducted by So & King (2010), developed from the three previous studies while considering the risk perception of hotel consumers in developing a brand equity model. This study adopted a service brand equity model developed by Berry (2000) which was derived from Keller (1993) as the foundation, and highlighted that “consumer experiences” is a key dimension for building consumers’ internal brand knowledge, which then dominantly influences brand equity development.

In contrast to the above studies (Kim & Kim, 2005; Kayaman & Arasli, 2007; Kim et al., 2008; So & King, 2010), the latest brand equity study conducted in the hotel industry (Hsu, Oh, et al., 2012) investigated additional hotel brand equity antecedents. Hsu et al. (2012) used focus groups to explore additional components of brand equity and, as a result, the two elements of ‘management trust’ and ‘brand reliability’ were identified. However, a limitation of this study (Hsu, Oh, et al., 2012) is that all respondents had a high level of hotel experience (stayed in a luxury or upscale hotel for business more than 12 times a year). Their familiarity with hotel experiences and management teams may result in an overemphasis on hotel management competence (Hsu, Oh, et al., 2012). As such, further exploration of the influence of these two additional brand equity components is crucial across a more diverse sample of respondents.

In addition, exploration of the meaning of brand equity or potential brand equity antecedents for luxury hotel consumers in the modern market is limited, because brand equity development in hotels, and specifically luxury and upscale hotels, is very different from in other manufacturing and service industries (Sun & Ghiselli, 2010; Xu & Chan, 2010). In hotels, consumers not only buy tangible products like rooms and facilities, but also services, atmosphere and, most importantly, the overall experience (Walls et al., 2011a). In luxury and upscale hotels, consumers often seek a further connection between consumption experiences and their personal aspirations and passions, such as using luxury hotel experiences to fantasise a more comfortable and different lifestyle (Becker, 2009; Curtis & Tilbury, 2010). The central role of the hotel experience determined that successful hotel branding needs to focus on establishing an image of superior, and multi-dimensional experiences (Xu & Chan, 2010).

In addition, existing hotel brand equity models were developed without considering market changes occurred in today's market. For instance, several studies identified evolutionary market changes in the hotel industry, such as the penetration of increased consumer power through information searching and co-branding hotels through social media (Buhring, O'Mahony, & Laitamaki, 2011; Browning, So, & Sparks, 2013; Buhring, O'Mahony, & Dalrymple, 2015). The influence of these market changes on hotel consumers' brand perception, evaluation and equity development, however, has yet to be investigated. As such, based on the research limitations identified above, the current study proposed the below research questions.

## **1.2 Research questions and objectives**

As previously discussed, prior research conducted on brand equity lacks consideration of the luxury and upscale hotel product nature, and recent market changes. The lack of research into brand equity and the key brand knowledge components that specifically influence luxury and upscale hotel consumers' brand perceptions and behaviours lead to a paucity of knowledge and practical guidance for hotel management. Therefore, the current research aims to develop a more specific brand equity model for the luxury and upscale hotel sector. To achieve this, the current research will firstly define brand equity and its assessment approach based on the fundamental brand equity theories developed by Keller (1993) and Aaker (1996), and will secondly focus on exploring brand knowledge components that specifically influence consumers' brand perceptions and behaviours in the luxury and upscale hotel sector.

Given that Keller (1993) has developed a comprehensive brand knowledge framework, which was also the foundation of the key service brand equity model (Berry, 2000), the current research by adopting Keller's (1993) brand equity theory will benefit the exploration of brand knowledge components in the luxury and upscale hotel sector. Therefore, following Keller's (1993) brand equity theory, the current research will develop a brand equity model by considering consumer responses as the dimension of brand equity, and brand knowledge components as antecedents of brand equity. As such, the current research, in order to develop a specific consumer-based brand equity model for the luxury and upscale hotel sector, proposes the first research objective as



1) *'to identify brand equity dimensions and antecedents in the luxury and upscale hotel sector'*.

Under this research objective, to identify brand equity antecedents for the luxury and upscale hotel sector is a main research task. Along with existing literature, a number of emerging factors, such as consumer-generated content and image congruence are considered possible components of this brand equity model.

### ***1.2.1 Consumer-generated content***

In recent years, consumers have developed reliance on peer reviews of businesses on the internet, which can be seen from the popularity of hotel review websites such as TripAdvisor, Expedia, and Ctrip (Litvin, Goldsmith, & Pan, 2008; Ye, Law, & Gu, 2009; O'Connor, 2010). The traditional information sources such as hotel websites, travel agents and offline word of mouth no longer entirely satisfy consumers' needs (Nasution & Mavondo, 2008; Zhang, Ye, Law, & Li, 2010; Australian Bureau of Statistics, 2013). As such, online word-of-mouth, or consumer generated content, including various types of interpersonal references (e.g. texts, pictures and videos) in a broader sphere (from family and friends to peer consumers in the world) has become increasingly popular (Hsu, Kang, & Lam, 2006). The resultant power to triangulate information about prospective brands can make consumers more selective with hotel providers (Verma, Stock, & McCarthy, 2012). As such, this research proposes to investigate the role of consumer-generated content in influencing consumer perceptions of a luxury and upscale hotel brand, and the subsequent formation of brand equity.

### ***1.2.2 Image congruence***

The changing lifestyles of luxury hotel consumers may also cause an alteration of brand equity antecedents. Consumers may prefer a brand primarily because of the identity or personality endowed to a hotel, which demonstrates a connection between consumers and the brand community (Sirgy, Grewal, & Mangleburg, 2000; Grzeskowiak & Sirgy, 2007). For example, research about branding in the university sector has identified two additional brand equity components: brand-consumer

personality connection and image congruence (Mourad, Ennew, & Kortam, 2011). In this research, university students were more likely to prefer and choose a university with an image that reflected their personality and provided an environment that helped students to build a favourable social community. A study in the luxury fashion goods market also found that brand image congruence significantly encourages consumers' loyalty, because consumer purchase of a luxury fashion brand is strongly motivated by a perceived benefit of reflecting a desired image in public (Liu, Li, Mizerski, & Soh, 2012). The luxury hotel experience, being a product that is also consumed in public (Walls, Okumus, Wang, & Kwun, 2011b; Alén, Losada, & de Carlos, 2015), may also assist or hinder consumers' presentation of their images. The consumers' need to use an appropriate brand to maintain consistent self-image, raise their self-esteem and display socially desirable images can influence their overall brand choice (Aguirre-Rodriguez, Bosnjak, & Sirgy, 2012; Roy & Rabbanee, 2015). As such, it is worth investigating the influence of image congruence on brand equity in this sector.

In addition to the above factors, there may be more elements specifically influencing hotel brand equity. A comprehensive literature review conducted by Chu (2014), of research in the luxury hotel sector up to 2014, shows that marketing-oriented research is the main thrust with a focus on consumer characteristics, brand loyalty, relationship marketing, consumer satisfaction, online comments, customer behaviour, premium pricing and hotel characteristics. These elements, while contributing to final hotel marketing outcomes, may also directly or indirectly influence brand equity development. As such, a further literature review will be provided on these aspects to propose potential additional brand equity antecedents for luxury and upscale hotels.

In conclusion, to achieve the first research objective to identify brand equity dimensions and antecedents in luxury and upscale hotels, three preliminary research questions are proposed:

*RQ1: How does consumer-generated content influence brand equity development in the luxury and upscale hotel sector?*

*RQ2: How does image congruence influence brand equity development in the luxury and upscale hotel sector?*

*RQ3: What are additional factors that significantly contribute to brand equity development in the luxury and upscale hotel sector?*

*RQ4: How is brand equity measured in the luxury and upscale hotel sector?*

In addition to exploring brand equity dimensions and antecedents, this study also has a second research objective: 2) *to identify relationships between brand equity dimensions and antecedents in the luxury and upscale hotel sector*. Reviewing the existing hotel brand equity models, brand equity antecedents were mostly presented in formats where each of them was independent from or correlated with each other, rather than reflecting causal relationships (e.g. Kayaman & Arasli, 2007; Kim et al., 2008). To thoroughly understand an event or a phenomenon in the world, however, thinking causally is key (Hayduk & Pazderka-Robinson, 2007). A structural model identifies causal relationships between components and is more effective in directing a business to organise and plan for the brand development process and communicate its brand knowledge to the public to build high brand values in consumers' minds (Yoo et al., 2000; Washburn & Plank, 2002; Eda, Şafak, & Serkan, 2005).

Recent brand equity models for other industries have followed this direction by investigating the dependent relationships between brand equity antecedents (e.g. Boo, Busser, & Baloglu, 2009; Buil et al., 2013; Tsai et al., 2013). For instance, research has found that brand loyalty is a higher order factor attributed to the other three basic brand values (brand awareness, perceived quality and brand image) (e.g. Buil et al., 2013; Mishra, 2014). Some models also identified mediators, including corporate credibility, that mediated the relationship between service quality and brand equity (Sadia, Tasneem, & Muhammad Mohsin, 2013), and perceived value that mediated the relationship between consumer attitudes and behaviours (Tsai et al., 2013). In practice, these models contain detailed information that benefits business and enables them to wisely invest resources, and can be used as a central reference for the whole marketing process (Yoo et al., 2000; Washburn & Plank, 2002; Eda et al., 2005). Therefore, this study proposed the fifth research question of:

*RQ5: What are the relationships between brand equity dimensions and antecedents in the luxury and upscale hotel sector?*

To conclude, this study is conducted to achieve two objectives: 1) to identify brand equity dimensions and antecedents in the luxury and upscale hotel sector, 2) to identify relationships between brand equity dimensions and antecedents, to ultimately develop a specific brand equity model for the luxury and upscale hotel sector. Detailed research tasks will be directed by the five proposed research questions. The following section justifies these research objectives and questions.

## **1.3 Research Justification**

The current research objectives are justified from three aspects: practical significance, theoretical significance for hotel brand research, and contribution to a clear understanding of the concept of brand equity within the context of the luxury and upscale hotel sector.

### **1.3.1 Contribution to the luxury and upscale hotel industry**

The hotel industry is highly competitive, especially in the segment of luxury and upscale hotels (King, Funk, & Wilkins, 2011). The main causes of the intense competition include the high level of hotel concentration, the low possibility of long-term product differentiation (O'Neill & Xiao, 2006; Wilkins, 2010), and the low switching cost for consumers (Skogland & Siguaw, 2004). Confronted with these challenges, brand managers under pressure from shareholders and competitors originally adopted strategies like advertising and promotions (Becker-Olsen & Hill, 2006; Bowie & Buttle, 2011). These strategies benefited businesses in getting quick cash flow; however, the benefits only lasted for a short term, and ultimately downgraded the overall hotel brand value (Forgacs, 2009; Zeithaml, Bitner, & Gremler, 2010).

An effective strategy to create long-term business differentiation and competitive advantages was agreed to be brand development (Cai & Perry Hobson, 2004; Xu & Chan, 2010; Hsu, Hung, et al., 2012; Buil et al., 2013; Seo & Jang, 2013). Hotels with high consumer-based brand equity are expected to earn higher room occupancy and revenue per available room (Prasad & Dev, 2000; Bailey & Ball, 2006). Along with global hotel expansion, branding has also been used as a crucial strategy for businesses

to enter new markets (Dev, Brown, & Kevin Zheng, 2007). Well-established brands also assist hotels to reduce significant costs and the risk of failure from introducing new brands (Kim & Kim, 2005).

Given that the presence of a strong brand underpins business success, a large amount of hotel resources and effort have been invested into brand development, especially in the luxury and upscale hotel sector (Nasution & Mavondo, 2008). Senior hotel professionals interviewed by King et al. (2011) gave clear statements that a brand was a real selling point, and what consumers looked for from a branding point of view would be their next main focus. As such, the current study is significant in providing academic guidance to industry practitioners. More importantly, the current study offers relevant guidance owing to specific considerations of luxury and upscale hotel characteristics and current market changes. For example, this study examines the impact of consumer-generated content on the development of brand equity in luxury and upscale hotels. The highly relevant and timely knowledge produced by the current research will assist businesses to make better business decisions and facilitate better marketing and service operations.

### **1.3.2 Contribution to brand equity knowledge**

The importance and challenges of brand development and management for the hotel industry invite more academic research attention to develop specific brand equity theories for the hotel industry. In literature reviews conducted in the last decade (e.g. Crawford-Welch & McCleary, 1992; Bowen & Sparks, 1998; Werner, 2002; Oh, Kim, & Shin, 2004; King et al., 2011; Line & Runyan, 2012; Morosan, Bowen, & Atwood, 2014), it has been commonly recognised that existing hotel brand research is fragmented, limited, and diversified. Most research in the 1990s focused on the identification and validation of rigorous research methods for hospitality research (Baloglu & Assante, 1999). In the early 2000s, research began to give more attention to consumer perceptions and brand development (Line & Runyan, 2012). However, the top research topics in the lodging sector were still human resource management and hotel operational themes, and research on hotel brand influence on consumers only accounted for about 7% of hotel brand research (King et al., 2011). In addition, the existing field of hotel research mainly tested general marketing theories in the

hospitality industry, without specifically studying the different characteristics of the hotel industry (Morosan et al., 2014). As such, this study will empirically contribute to hotel brand equity knowledge from the consumer marketing perspective.

In addition to the limited number of hotel brand research studies, past hotel research, even general brand marketing research, often focused on scattered parts of brand knowledge and equity development. For instance, some studies just focused on the concept and effect of brand awareness (Oh, 2000; Huang & Sarigöllü, 2012), while other research focused on the contribution of consumer affective attitude to brand loyalty (Mattila, 2006), and some studies focused on the influence of online reviews on consumers' brand evaluation (Vermeulen & Seegers, 2009; O'Connor, 2010). These studies were significant for providing an understanding of these individual brand knowledge components; however, they were limited in providing a holistic understanding of how different types of brand knowledge perceived by consumers interacted with each other and collectively contributed to branding success. Given the gap in the academic literature regarding hotel brand development, recent researchers (e.g. So & King, 2010; Xu & Chan, 2010; Hsu et al., 2012) investigated relationships between brand knowledge components in hotels, but these studies were limited and would benefited from refinement and extension. Therefore, this study corresponds to the request for a knowledge update along with market changes.

In addition, the current research is also expected to further advance existing brand equity theories. More specifically, two research trends were found in the brand equity research area: 1) in the period up to 2010, brand equity research evolved from being generic, such as developing basic brand equity frameworks across multiple product industries (e.g. Farquhar, 1989; Keller, 1993; Lassar, Mittal, & Sharma, 1995; Aaker, 1996; Keller, 2001; Pappu, Quester, & Cooksey, 2005) to being more specific. For example, more studies were undertaken to investigate the contributions of specific factors (e.g. brand identity and country of origin) or industrial practices (e.g. online services and sponsorship) to brand equity development (e.g. Madhavaram, Badrinarayanan, & McDonald, 2005; Becker-Olsen & Hill, 2006; Norjaya Mohd, Mohd Nasser, & Osman, 2007; Seric & Gil-Saura, 2012; Lieven et al., 2014). Research contexts were also narrowed down to specific sectors, such as logistics services (Donna, Susan, & Adam, 2009), restaurants (Hyun, 2009; Gómez, Molina, & Esteban,

2013), high-tech services (He & Li, 2010), higher education providers (Mourad et al., 2011) and shopping centres (Harris & Ezeh, 2008).

The second research trend revealed that 2) an increasing number of studies paid attention to the service industry and found more diverse brand equity dimensions and antecedents regarding different service characteristics (Berry, 2000; Brodie, Glynn, & Little, 2006; Boo et al., 2009; Galina et al., 2011; Sadia et al., 2013). These research trends and the diverse research outputs have demonstrated that generic brand knowledge conceptualised in a holistic view, such as the Brand Equity Ten from Aaker (1996) and brand knowledge framework from Keller (1993) are valuable references; however, brand equity components are varied for individual sectors (Aaker, 1996; Brady et al., 2005).

Corresponding to these research trends, hotel researchers also emphasised a need to identify unique brand equity antecedents in the luxury and upscale hotel sector (Bailey & Ball, 2006; Kim et al., 2008; So & King, 2010; Xu & Chan, 2010; Hsu, Hung, et al., 2012; Kumar, Dash, & Purwar, 2013). Therefore, this study follows research recommendations proposed by recent academic studies, particularly investigating the meaning of brand equity and its antecedents in specific contexts (Berry, 2000; Keller & Lehmann, 2006; Han, Hsu, & Sheu, 2010; Sun & Ghiselli, 2010; Xu & Chan, 2010). This further in-depth research into the luxury and upscale hotel sector will contribute to hotel brand equity theory development (Line & Runyan, 2012), as well as overall consumer-based brand equity theory development (Berry, 2000; Brodie et al., 2006).

### **1.3.3 Contribution to the concept of brand equity**

This study is also expected to add understanding about the concept of brand equity. In literature, brand equity was deemed the highest achievement for a strong brand, since brand equity is “consumers’ different response between a focal brand and an unbranded product when both have the same level of marketing stimuli and product attributes” (Yoo & Donthu, 2001; Brady, Cronin Jr, Fox, & Roehm, 2008; So & King, 2010). This concept demonstrates the superiority of a brand to customers with the consequent intention to choose a product over other alternatives and pay a premium price (Yoo & Donthu, 2001). However, most existing brand research viewed another

concept—brand loyalty—as the final objective of brand development, since on average, two thirds of business income is from loyal purchasers (Xu & Chan, 2010). As such, many researchers acknowledged the importance of consumer loyalty, but overlooked the role of brand equity (Nam, Ekinici, & Whyatt, 2011). Even in industrial practices, managers often considered brand loyalty the ultimate goal, and had obscure understandings of the meaning of brand equity (Keller & Lehmann, 2006).

The ambiguity between brand equity and brand loyalty has resulted from existing hotel brand equity models in which brand equity itself was either not assessed as a dependent variable, or was assessed by indicators that were interchangeable with those for measuring brand loyalty, such as brand choice intention (Hsu, Oh, et al., 2012) or intention to revisit (Kim et al., 2008). For instance, “consumer revisit intentions” has been used to indicate brand loyalty (Kim & Kim, 2005; Hsu, Oh, et al., 2012) and brand equity (Kim et al., 2008) and “a favourable attitude towards a hotel brand” has been used to assess brand loyalty (Kim et al., 2008; Hsu, Oh, et al., 2012) and brand equity (So & King, 2010). In Hsu et al.’s (2012) research, brand equity was considered as a composite concept to generate consumer purchase intention; however, the measurable items of brand choice intention were actually adopted from measurable items of brand equity developed by Yoo & Donthu (2001).

This ambiguity not only hindered communication between business managers in implementing effective branding strategies (Baily & Ball, 2006), but also limited further studies to explore relevant brand equity dimensions and produce comparable findings (Xu & Chan, 2010). The ambiguity was deemed to significantly impact the effectiveness of practical brand management and development of theoretical knowledge (Baily & Ball, 2006).

Consequently, by setting direct dimensions of brand equity in advance, this study distinguishes brand equity from brand loyalty, and also improves reliability in identifying the relational effects of brand attributes to brand equity. Because one indicator cannot represent the overall meaning of brand equity (Bailey & Ball, 2006), the current research adopted the multi-item scale developed from Yoo & Donthu (2001).



To conclude, this research, by specifically exploring brand equity components in luxury and upscale hotels and developing a brand equity structural model and a measurement scale, provides more relevant knowledge to inform hotel brand management. More importantly, this study contributes to the establishment of independent theoretical knowledge unique to the hotel industry and assists in clarifying the concept of brand equity. The research methodology and methods used to achieve these objectives are briefly illustrated below.

## **1.4 Research methodology and method**

To achieve the two research objectives, the researcher reviewed different divisions of social research philosophies (e.g. ontology, epistemology and paradigms) and research methodologies (e.g. constructivism, postpositivism and pragmatism) (Outhwaite & Turner, 2007; Perri & Bellamy, 2012). Based on the suitability of each research philosophy and methodology for achieving the two research objectives, pragmatism was found the most appropriate due to its flexibility and the eligibility of integrating both qualitative and quantitative practices in different approaches (Johnson & Onwuegbuzie, 2004; Morgan, 2007; Greene, 2008; Tashakkori & Teddlie, 2010; Creswell, 2014). Main reasons related to the necessity of both qualitative and quantitative practices as well as benefits of adopting pragmatism are explained below.

Specifically, to achieve the first research objective of identifying consumer-based brand equity dimensions and antecedents in the luxury and upscale hotel sector, qualitative practice was beneficial for collecting comprehensive data on the focal topic—brand equity from various consumers’ perspectives. As such, potential brand equity dimensions and antecedents that were not examined in previous research could be disclosed to reflect specific characteristics of consumer-based brand equity development in the luxury and upscale hotel sector. However, to examine the reliability of the qualitative identified brand equity dimensions and antecedents, as well as relationships between brand equity dimensions and antecedents (the second research objective), a quantitative practice was more appropriate due to its advantage in highlighting the common truth existing in reality and verifying concepts across numerous cases (Neuman, 2011). Consequently, pragmatism or mixed methodology, which is eligible for integrating qualitative and quantitative practices in sequential

stages (Outhwaite & Turner, 2007; Perri & Bellamy, 2012), was considered the most suitable for achieving the current research objectives. More specific justification of the mixed research methodology adopted in the current research will be presented in Chapter 3. The following section will briefly introduce the research design for achieving the two research objectives.

To achieve the first research objective to identify brand equity dimensions and antecedents, the current research conducted a literature review to understand the research topic of consumer-based brand equity. More specifically, the literature review aimed to understand brand equity development conditions, the characteristics of the current luxury and upscale hotel sector, and potential factors involved in the brand equity development process in the targeted sector. Key findings in previous studies related to the potential brand equity dimensions and antecedents in the luxury and upscale hotel sector, and their interrelationships were synthesised to conceptualise a research framework. This research framework, a proposed consumer-based brand equity model, was then used as the main reference for the research project.

Given the adoption of mixed method research, this study firstly adopted a qualitative approach (focus groups) to explore luxury and upscale hotel consumers' understanding of the brand influence and brand knowledge components that potentially stimulate their positive responses towards a brand. This stage aimed to investigate the validity of proposed brand equity dimensions and antecedents in the research framework, in addition to exploring additional factors that may be influential on brand equity development from the consumer's perspective. The adoption of the research method using focus groups was because this method is advanced in stimulating valid responses through peer interactions (Morgan & Krueger, 1998; Krueger, 2009; Neuman, 2011), so as to benefit the identification of valid and important factors involved in brand equity development in the luxury and upscale hotel sector. The analysis method used at this stage was content analysis, which is specialised in identifying key themes (brand equity factors) which are scattered and cannot be easily discovered by casual observation (Neuman, 2011). As the result of the qualitative study, the proposed research framework derived from previous literature was revised.

Subsequently, a quantitative approach (an online questionnaire) was adopted to examine the reliability of the revised research framework with broad research populations of luxury and upscale hotel consumers. A self-administered online questionnaire survey was selected as the quantitative data collection method because this method is beneficial in obtaining valid responses anonymously (Neuman, 2011), accessing respondents from a wide area, and collecting a large amount of data in a short time at low cost (Sue & Ritter, 2011). Based on broad consumer opinions, the validity and reliability of the prior proposed and qualitatively identified brand equity factors, as well as the relationship between these brand equity factors, were identified, which finally contributed to the development of a specific brand equity model for the luxury and upscale hotel sector.

Regarding the specific steps involved in the quantitative study stage, the first step involved generation, revision and finalisation of measurement items for each construct (brand equity factors to be examined), following the measurement development procedures developed by Churchill (1979), Gerbing and Anderson (1988) and DeVellis (2012). During this stage, quantitative data were collected through an online questionnaire and analysed by factor analysis. The choice of factor analysis was led by the advanced function of this analysis method in statistically clustering observable variables and identifying underlying factors that are measured by variable clusters (Hair, 2009). Specific to the current research, factor analysis can be used to identify a set of reliable measurement items of latent brand equity factors (Kline, 2014).

The second step of the quantitative study involved an investigation of relationships between significant brand equity factors, against hypothesised relationships in the revised research framework. According to previous research findings, relationships between brand equity factors could be complicated. For instance, some brand equity antecedents (e.g. brand image) may be the cause of brand equity dimensions (e.g. brand choice) (Delgado-Ballester & Munuera-Aleman, 2005; Dennis, King, & Martenson, 2007) and also outcomes of other brand equity antecedents (e.g. perceived quality and perceived value) (Gounaris & Stathakopoulos, 2004; Ha, 2004). As such, to test these complex and multi-level dependence relationships between hypothesised brand equity dimensions and antecedents, structural equation modelling (SEM) was selected, as the only eligible data analysis method for testing multiple factors in

dependent and independent relationship simultaneously (Hair, Black, Babin, Anderson, & Tatham, 2006; Schreiber, Nora, Stage, Barlow, & King, 2006; Byrne, 2013). As a result of the SEM analysis, a specific brand equity model for the luxury and upscale hotel sector, including brand equity dimensions and antecedents in reliable relationships, was finally produced.

As illustrated above, the current research, using both qualitative and quantitative practices, has particularly investigated consumers' understandings in the luxury and upscale hotel sector. The main focus was revealing specific factors that contribute to consumer-based brand equity development in the luxury and upscale hotel sector. The final result also indicated the unique characteristics of luxury and upscale hotel consumers' brand perception and evaluation. Therefore, the research findings are considered significant in both advancing hotel brand equity development and assisting practical brand development and management in the luxury and upscale hotel sector. Detailed research procedures, findings and discussions will be presented in the following thesis.

## **1.5 Outline of chapters - Thesis plan**

Following the research design, the thesis will present the research process and findings in six chapters. Following this Introduction Chapter, Chapter 2 will provide a systematic review of existing literature to gain more understanding of brand equity and factors that specifically influence luxury and upscale hotel consumers' brand perception, attitude and behaviours. A research framework will be presented at the end of this chapter. Chapter 3 will specifically justify the research methodology and methods to be adopted by the current research. Detailed data collection procedures will be presented separately in qualitative data collection and findings in Chapter 4, and quantitative data collection and findings in Chapter 5. Finally, Chapter 6 will discuss and conclude the research findings, with research limitations and future research opportunities concluding the thesis.

# CHAPTER 2:Literature Review

## 2.1 Introduction

The purpose of this study is to fulfil the research objectives *1) to identify brand equity dimensions and antecedents in the luxury and upscale hotel sector, and 2) to identify relationships between brand equity dimensions and antecedents*, to develop a specific brand equity development model for the sector. The concept of consumer-based brand equity has been defined in different research contexts: the general product market, the service market and the luxury and upscale hotel market (Keller, 1993; Berry, 2000; Bailey & Ball, 2006). This chapter will first clarify the nature of the research context for the luxury and upscale hotel sector, and then introduce the meanings and roles of a brand in these markets (packaged goods, services and hotels).

Based on this background, the focal concept of consumer-based brand equity, and the significance of developing a consumer-based brand equity model, will be introduced. Following this, the chapter will focus on proposing brand equity dimensions and antecedents on the basis of fundamental brand equity theories (e.g. Keller, 1993; Aaker, 1996; Berry, 2000; Xu & Chan, 2010; Sun & Ghiselli; 2010), and empirical research findings in relevant sectors including the service, tourism and hospitality sectors. Finally, a consumer-based brand equity model for the luxury and upscale hotel sector will be proposed. The following section will begin with clarification of the research context.

## 2.2 Research context of the luxury and upscale hotel sector

In the hotel industry, businesses are typically classified into three major segments on the basis of the hotel's qualities. These segments are luxury/upscale, mid-scale, and budget/economy (Wong & Chi-Yung, 2002; Wilkins, 2010). The luxury and upscale hotel sector represents the top-class hotel sector, where consumers can expect a high standard of hotel facilities and services. To distinguish this top hotel sector from the others, consumers often rely on star ratings; the predominant hotel rating system used

globally (Brady, Cronin, Fox, & Roehm, 2008). Four- and five-star ratings commonly represent luxury/upscale hotel services (Star Ratings Australia, 2016). Due to consumers' familiarity with the star rating system, the current research on consumer-based brand equity also uses star ratings as a reference to define the luxury and upscale hotel sector. However, the star rating was not the only criterion used to define this sector, for the following reasons.

Many tourism organisations and research studies found that the rating specifications of star ratings varied in different countries. The same quality hotel may be rated four stars in one country, but five stars in another (López Fernández & Serrano Bedia, 2004). In some countries, the variation in these rating standards is larger (Minazzi, 2010). This variance has caused much confusion and many complaints from consumers, as they cannot expect consistent hotel quality based on the varied star rating systems (Wong & Chi-Yung, 2002; Brady et al., 2008). Therefore, a study of brand equity development from the consumer's perspective cannot rely on star ratings to define the luxury and upscale hotel sector, as this may result in low data validity and reliability. As a result, an additional criterion for defining the luxury and upscale hotel sector in the current research was consumer perception, which is explained below.

Given that the current research into the consumer-based brand equity development process focused on consumers' perceptions of, and expectations from, a brand, consumers' recognition of hotel quality is key. If consumers visited a four- or five-star hotel and did not recognise the service quality as luxury/upscale, the hotel brand and experiences were not included in the current research. It is also acknowledged that consumers may have different standards when classifying luxury and upscale hotel experiences, due to their backgrounds, such as past hotel experiences, self-fulfilment, and personal hopes and dreams (Becker, 2009). These backgrounds can influence consumers' appreciation of beauty, spiritual sophistication, peace, art, culture and aesthetics (Michman & Mazze, 2006). Therefore, the star rating was still adopted as a tangible measure. To provide a more thorough understanding about the quality level of luxury and upscale hotel experiences, several definitions that illustrate the nature of the experience from the consumer's perspective are introduced below. These definitions also provide a foundation for further understanding consumer-based brand equity development in the luxury and upscale hotel sector.

OxfordDictionaries.com (2016) defines luxury as “a state of great comfort or elegance, especially when involving great expense”. Similarly, industry practitioners developed various definitions of luxury hotels (Talbot, 2004). For example, Talbot (2004), former Chief Marketing Officer of Four Seasons Hotels, stated that a luxury hotel experience comprises four elements: style, comfort, service, and pampering. As such, luxury hotels need to focus on creating great experiences, in addition to satisfying basic consumer needs. Indicators of such great experiences are defined by Sherman (2007) who classifies luxury hotel characteristics as “large size, tasteful aesthetics, cleanliness, high-quality food, and prime location, as well as the privacy and security they afforded and service marked by faultless personal attention”. Further, Sherman (2007, p. 26) states that the highest luxury experience is when “each guest may easily fancy himself as a prince surrounded by a flock of courtiers”. Although this objective may be considered extreme, it highlights an essential element that should be taken into account in defining the luxury hotel experience, which is how guests feel about the service.

Based on the above discussion, the current research has defined the luxury and upscale hotel sector based on both star ratings and consumer perceptions. Examples of hotels in this sector include four- and five-star hotels such as the Mandarin Oriental Hotel, the Four Seasons and The St. Regis (Forbes Travel Guide, 2016). This sector does not only include hotel chains, but also numerous privately owned or independently operated hotels that meet the criteria to be classified as luxury hotels (Ivanova & Ivanov, 2015). Thus, hotels in the current study include, but are not limited to, hotel chains. One benefit of allowing consumers to self-define luxury and upscale hotel experiences is that such research can produce an update on the expectations of consumers who visit modern luxury and upscale hotels.

### **2.3 Meanings and roles of a brand**

Prior to discussing consumer-based brand equity, it is important to first understand the meanings and roles of a brand. As the American Marketing Association defined, a brand is “a name, term, sign, symbol, or design, or combination of them which is intended to identify the goods and services of one seller or group of sellers and to differentiate them from their competitors” (Kotler & Gertner, 2002, p. 249). Based on this definition, a brand is firstly the name of a product that managers and practitioners

use to refer to and handle the product during operation (Keller, 2013). Secondly, and more importantly, a brand is a unique product association that symbolises the business differentiation (Rooney, 1995; Brady, Bourdeau, & Heskell, 2005; Keller & Lehmann, 2006; Burmann, Hegner, & Riley, 2009; Aaker, 2010; Horan, O'Dwyer, & Tiernan, 2011), which is particularly crucial for a business operating in a competitive market where products can be easily duplicated by competitors, such as the hotel industry (Prasad & Dev, 2000; Cai & Perry Hobson, 2004; Bailey & Ball, 2006; Liow & Chai, 2015). In this context, a brand is a sustainable competitive advantage to attract consumers, and an intellectual identity to assist profit returns on business investment (Keller, 2013).

Given the importance of a brand for differentiating one business from others, companies adopt various strategies to reinforce their brand's uniqueness (Sicard & Palgrave, 2013; Morosan, Bowen, & Atwood, 2014). Gradually, a more important function of a brand for a business emerged: that of representing additional intangible values for a product or a business (Aaker, 2010; Anwar, Gulzar, Sohail, & Akram, 2011; O'Neill & Carlbäck, 2011; Kumar et al., 2013; Lin, Huang, & Lin, 2015). These intangible values may be credibility for providing reliable and responsible services (Jin, Lee, & Jun, 2015), a sophisticated brand image that lifts or reflects customers' social images (Wilkins, Merrilees, & Herington, 2006), and corporate competence as a successful business in the market (Dennis, King, & Martenson, 2007). The well-known hotel brand "Hilton" is an example; the function of this brand in representing additional values, such as corporate competence for accommodating customers worldwide, and the upscale business and user image, is evident (O'Neill & Mattila, 2010).

Overall, a strong brand that differentiates the product and business from its competitors, and adds value to a product or business, can significantly contribute to the business's success (Agarwal & Rao, 1996; Ailawadi, Lehmann, & Neslin, 2003; Gromark & Melin, 2011). As a result, a brand is always counted as a significant company asset (Keller, 2013). For example, the value of the "Apple" brand, the number one global brand in 2016 (Interbrand, 2016), was up to \$185 billion, accounting for 32% of the company's total market value of \$586 billion (Forbes, 2016).



The value of a brand for a business is crucial (Rooney, 1995; Chandler & Owen, 2002; Christodoulides, 2009; Horan et al., 2011). However, the roles of a brand, such as representing additional value from the product or business, and differentiating the product or business from its competitors, are only meaningful if consumers recognise the brand differentiation and additional value added by the brand (Keller & Lehmann, 2006; Aaker, 2009; Pike, Bianchi, Kerr, & Patti, 2010; Sicard & Palgrave, 2013; MacInnis, Park, & Priester, 2014). In other words, the value of a brand for a business is essentially determined by consumers' responses to the brand. Whether consumers perceive the brand as different, strong and favourable, and respond positively to the additional values represented by the brand, determines the worth of the brand (Jahanzeb, Fatima, & Mohsin Butt, 2013; So, King, Sparks, & Wang, 2013; Wong & Wickham, 2015; Keller, 2016). As Keller (2013, p. 69) stated, "Although firms provide the impetus for brand creation through their marketing programs and other activities, ultimately a brand is something that resides in the minds of consumers". As such, a strong brand needs to focus on consumers' demands (Sun & Ghiselli, 2010; Hsu, Oh, & Assaf, 2012; Buil, Martínez, & de Chernatony, 2013; Lin et al., 2015; Keller, 2016). The current research focus is also on the role or value of a brand for consumers, as reviewed in the following section.

### **2.3.1 A key role of a brand—influencing consumers**

Historically, pottery buyers, in order to make wise decisions, always looked for specific stamps, which are actually brands as defined by the American Marketing Association (Schroeder, 2009). These stamps are indications of pottery quality and manufacturer's reputation from the consumer perspective (Keller, 2013). Similar phenomena can also be seen in today's market, looking at consumer reliance on leading global brand "Apple" in the mobile market, and "Louis Vuitton" in the fashion market (Interbrand, 2016). For consumers, a brand is a quality indicator used to save time when assessing product features and to make purchase decisions with minimum risk (Buil et al., 2013). Consumers are increasingly time-conscious, and choosing a brand based on a thorough evaluation of product features may cost too much time and effort to be practical (Jin et al., 2015). Particularly in the hotel industry, various types of information may influence the hotel experience quality, such as room features, hotel facilities, cleanliness and service quality (Wood, 2000; Walls, Okumus, Wang, &

Kwun, 2011). A well-established brand that indicates high quality can significantly assist consumers to make a choice efficiently (Buil et al., 2013; MacInnis et al., 2014).

A well-established brand can also indicate the reliability of the business for delivering the product as promised (Keller, 2013; Jin et al., 2015). Consumers are likely to feel less risk of financial loss, or potential damage to physical or mental wellbeing, or social image, when purchasing from a well-established brand (Keller, 2003b; Oh, Fiore, & Jeung, 2007; C. H. C. Hsu et al., 2012). Consumers who perceive a brand's competence and reliability are also more likely to stay loyal to the brand (MacInnis et al., 2014). As such, as an identity of a product, a brand naturally acts as a relationship bond for consumers to connect to the product or the company (Keller, 2013; MacInnis et al., 2014). When consumers perceive the benefits of staying with a brand, the relationship may further develop until consumers generate an emotional attachment to the brand, and consider the brand part of their lives (Veloutsou, 2009). For instance, in the minds of many Americans, "Coca-Cola" is a symbol of the American lifestyle (Keller, 2013).

In summary, for consumers, a brand is more than a name or symbol; it is a package of benefits, such as quality indication, the image of business reliability, and a relationship bond between the consumer and the product (Veloutsou, 2009; Aaker, 2010; Xu & Chan, 2010; Buil et al., 2013; Keller, 2013; Sicard & Palgrave, 2013; MacInnis et al., 2014). These benefits can assist consumers to recall brand information and association, which enables consumers to be more efficient and confident choosing products to satisfy their needs or solve their problems (Aaker, 2010; Keller, 2013; MacInnis et al., 2014). As such, a brand that gains consumer recognition can expect successful market performance (Morosan et al., 2014).

Overall, the roles of a brand, for consumers as the foundation of value of a brand for a business, as well as business success, have been shown. Research has investigated approaches to assess the value of a brand for consumers, what consumers expect from a strong brand, and factors that increase the value of a brand for consumers, all of which relate to the key concept of consumer-based brand equity (Aaker, 2010; Christodoulides & de Chernatony, 2010; Keller, 2013; Davcik, Vinhas da Silva, &

Hair, 2015). The concept of consumer-based brand equity is also the focus of the current research, and will now be discussed further.

## **2.4 Consumer-based brand equity**

### **2.4.1 Definition**

“Equity” as originally used in the finance field refers to the value of an ownership interest in a business or property, and it is commonly a surplus of company assets minus company liabilities (Ohlson, 1995). Brand equity, as such, is easily understood as the accounting value of a brand in transitional processes such as business acquisition, merging or franchising (Agarwal & Rao, 1996; Ailawadi et al., 2003). However, after adopting brand equity as a marketing concept, researchers defined brand equity as the value of a brand in the consumer’s mind (Keller, 1993; Aaker 1996). For instance, Keller (1993, p.8) defined brand equity as “the differential effect of brand knowledge in consumer responses to the marketing of the brand”. More specifically, Keller (1993) highlighted “consumers” as the key subjects that makes the brand value meaningful, and specified that the differential effect of a brand only exists if consumers perceive the brand differently (Keller, 1993). In contrast to the financial equity concept, this definition highlights the value of a brand as an influence on consumer perceptions towards the branded product, rather than an intangible company asset from an accounting perspective (Christodoulides & de Chernatony, 2010). To differentiate these two dimensions of brand equity, researchers thus named the financial value of a brand “firm-based brand equity”, and the value of a brand for influencing consumer perceptions “consumer-based brand equity” (Christodoulides & de Chernatony, 2010).

### **2.4.2 Significance of consumer-based brand equity**

Existing research has mostly focused on consumer-based brand equity rather than firm-based brand equity, as consumer-based brand equity is the foundation on which firm-based brand equity develops (Hoeffler & Keller, 2003; Davcik et al., 2015). More precisely, as Keller (2016) stated, the basic philosophy about branding is rooted in consumer behaviour theory, and consumers are at the heart of brand marketing. As such, consumer-based brand equity is the core that businesses can use to track and

manage brand success in the market, and ultimately achieve financial gains (Cobb-Walgren, Ruble, & Donthu, 1995; Lassar, Mittal, & Sharma, 1995; Berry, 2000; Blackston, 2000; Netemeyer et al., 2004). Many studies have also identified the contribution of consumer-based brand equity to a company's financial performance (Farquhar, 1989; Cobb-Walgren, Ruble, & Donthu, 1995; Agarwal & Rao, 1996; Berry, 2000; Ailawadi, Lehmann, & Neslin, 2003; Hong-bumm, Kim, & An, 2003; Chang & Liu, 2009). More specifically, a high level of consumer-based brand equity helps a business achieve better market performance than a business with similar-quality products but a lower level of consumer-based brand equity (Keller, 1993; Huang & Sarigöllü, 2012). Thus, the majority of brand equity development studies, including this study, have focused on investigating consumer-based brand equity (Christodoulides & de Chernatony, 2010; Davcik et al., 2015). From here on, brand equity will refer to consumer-based brand equity.

### **2.4.3 Dimensions and antecedents of consumer-based brand equity**

Given the importance of consumer-based brand equity, studies have investigated the dimensions and antecedents of consumer-based brand equity, in order to provide valuable insights for businesses wishing to develop efficient programs for brand management (e.g. Pappu et al., 2005; Donna et al., 2009; So, & King, 2010; Evangelista & Leonardo, 2011; Gómez et al., 2013; Ishaq, Hussain, Asim, & Cheema, 2014; Lin et al., 2015). Dimensions refer to the indicators of consumer-based brand equity and elements that can be used to directly assess the strength of the underlying concept of consumer-based brand equity (Yoo & Donthu, 2001). For instance, some studies considered the financial performance of a company (e.g. sales and profits), which is an outcome of consumer-based brand equity, as a dimension of consumer-based brand equity (e.g. Baldauf, Cravens, & Binder, 2003; Kim & Kim, 2005). Overall, the objective of identifying dimensions of a concept is to find the elements that are most closely related to the strength of the concept (Bagozzi, 1994; Donna et al., 2009). Only appropriate dimensions can effectively assess the strength of the concept (Brown, Churchill, & Peter, 1993). Furthermore, only appropriate dimensions of consumer-based brand equity can help a business track brand performance in a consumer's mind, so as to adjust prospective brand management programs in order to achieve financial success (Keller, 1993; Christodoulides & de Chernatony, 2010).

In terms of antecedents of consumer-based brand equity, this refers to the sources of consumer-based brand equity development (Keller, 1993). Antecedents are factors that are able to create or drive the development of the core concept. A core concept's antecedents are commonly identified through an examination of the source, foundation and condition of the development of the core concept (Brady et al., 2005). A significant dependent relationship supports the eligibility of the antecedents (Hoyle, 2012). Identification of antecedents for consumer-based brand equity development is also very important, since reliable identification of the antecedents of consumer-based brand equity can provide businesses with valuable insights into consumers' expectations of a strong brand, so as to help the businesses efficiently invest effort and resources into earning consumer-based brand equity (Keller, 2013).

In summary, dimensions are indicators of consumer-based brand equity, and identifying dimensions of consumer-based brand equity can provide a more explicit understanding of this concept, to help develop a tracking system to manage consumer-based brand equity. Antecedents are sources and driving factors for consumer-based brand equity development, and identifying antecedents of consumer-based brand equity can assist with the creation and development of consumer-based brand equity, and ultimately firm-based brand equity.

A review of existing brand equity research revealed two limitations related to the identification of consumer-based brand equity in the luxury and upscale hotel sector. These two limitations were triggers for the current research study, and thus will be briefly reviewed in order to clarify the current research objectives and the specific structure for the following literature review.

## **2.5 Limitations existing in the brand equity theory development**

The first limitation related to the various brand equity interpretations adopted by previous research. Previous studies have commonly adopted or interpreted two consumer-based brand equity theories: Keller (1993) and Aaker (1991) (e.g. Agarwal & Rao, 1996; L. Berry, 2000; Lee & Back, 2008; Christodoulides & de Chernatony,

2010; He & Li, 2010; Tsai, Lo, & Cheung, 2013). However, these two theories suggested different approaches to assess consumer-based brand equity. As such, past brand equity studies that adopted these brand equity theoretical foundations for brand equity (e.g. Keller, 1993; Aaker, 1991, 1996) developed different brand equity models.

As previously discussed (see Section 1.1.3), two different types of brand equity models were categorised: brand equity measurement models (Cobb-Walgren et al., 1995; Wood, 2000; Baldauf et al., 2003; Christodoulides & de Chernatony, 2010), and brand equity development models (Brady et al., 2008; Wang & Li, 2012; Tsai et al., 2013; Lieven, Grohmann, Herrmann, Landwehr, & van Tilburg, 2014). Essentially, these two types of brand equity models have commonly examined the key brand knowledge components (brand awareness and perceived quality) for influencing consumers' perceptions of, and behavioural intentions towards, a brand (Cobb-Walgren et al., 1995; Wood, 2000; Brady et al., 2008; Christodoulides & de Chernatony, 2010; Wang & Li, 2012; Tsai et al., 2013; Lieven et al., 2014). However, different terminology (dimensions or antecedents) was used to define brand knowledge components, which caused confusion about the nature of brand equity (Christodoulides & de Chernatony, 2010; Davcik et al., 2015). Therefore, the current research, for developing a specific consumer-based brand equity model for the luxury and upscale hotel sector, needed to first review the two brand equity definitions (Keller, 1993; Aaker, 1991) and the dimensions of consumer-based brand equity developed in past research, to provide a clearer understanding of this concept of brand equity. Later, the brand equity definition that was adopted in the current research into the luxury and upscale hotel sector, and potential brand equity dimensions, will be proposed.

The second limitation related to the identification of antecedents of consumer-based brand equity in luxury and upscale hotels. According to Keller (1993), consumer-based brand equity is established through consumers perceiving and evaluating brand characteristics to generate either positive or negative brand knowledge, to be used for the consumer's future decision making. As such, when consumers have different expectations from strong brands in different markets, they demand different types of brand associations and brand qualities to evaluate the brand strength and develop consumer-based brand equity (Berry, 2000; Brodie, 2009; Brodie & de Chernatony, 2009; Xu & Chan, 2010; Hsu, Hung, & Tang, 2012).

For instance, previous brand equity studies in logistics services (Donna et al., 2009), conferences (Lee & Back, 2010) and tourism destinations (Pike et al., 2010) have identified different antecedents of consumer-based brand equity. However, the majority of brand equity research in the luxury and upscale hotel sector (two out of three studies) (Kim & Kim, 2005; Kayaman & Arasli, 2007; Hsu et al., 2012) did not explore the unique antecedents of consumer-based brand equity for luxury and upscale hotels, but mainly examined the applicability of the fundamental brand equity theories (Keller, 1993; Aaker, 1996) in the hotel industry. The only study (Hsu et al., (2012) that explored brand equity antecedents in the luxury and upscale hotel sector focused solely on frequent hotel consumers, which limits the applicability of the research findings (Bellaiche, Mei-Pochtler, & Hanisch, 2010). Details of these hotel brand equity studies will be discussed later.

Based on the review of existing hotel brand equity research, the researcher found that hotel brand equity theory development is still in an early stage; more investigations are required to understand how hotel consumers develop brand knowledge and ultimately consumer-based brand equity towards a brand (Sun & Ghiselli, 2010; Xu & Chan, 2010). The influence of consumer reviews on social media (e.g. consumer-generated content) on individual consumers' brand evaluation and purchase behaviours in the hotel industry, and the development of consumer-based brand equity need to be investigated (Leung, Law, van Hoof, & Buhalis, 2013; Keller, 2016; Šeric, Gil-Saura, & Mollá-Descals, 2016). Therefore, the second part of the literature review will focus on identifying potential brand equity antecedents in the luxury and upscale hotel sector.

Overall, the two limitations existing in the previous literature triggered the current research to identify brand equity dimensions and antecedents in the luxury and upscale hotel sector. To develop a research framework, the next section will first propose appropriate brand equity dimensions for the current research. Afterwards, the chapter will focus on reviewing key brand equity theories to propose brand equity antecedents for the luxury and upscale hotel sector, considering specific consumer perceptions and expectations of a strong brand in the luxury and upscale hotel sector.

## **2.6 Propositions of brand equity assessment approach and dimensions**

In reviewing previous brand equity literature, three types of assessment approaches were identified as deriving from the brand equity definitions provided by Keller (1993) and Aaker (1991). As such, the following section will review these brand equity assessment approaches in order to propose a brand equity definition to be adopted in the current research, and potential brand equity dimensions for the luxury and upscale hotel sector.

### **2.6.1 Assessment approaches and dimensions developed upon Keller (1993)**

The first assessment approach was developed based on Keller's (1993, p.8) brand equity definition, which stated, "consumer-based brand equity is the differential effect of brand knowledge in consumer response to the marketing of the brand". As such, consumer-based brand equity is reflected by the "consumer response", with brand knowledge as the source to create the differential effect on consumer responses (Keller, 1993). In other words, brand equity is assessed by "consumer responses" and driven by "brand knowledge". Many studies endorsed this understanding (e.g. Jahanzeb, 2013; He & Li, 2011; Lee & Back, 2010) and interpreted brand equity as the real value a brand generates for business, which is the "consumer responses to brand marketing activities" (e.g. consumers' brand choice).

However, an issue with the research that adopted Keller's (1993) understanding to assess consumer-based brand equity by consumer responses is that there is no explicit definition of consumer responses. Consequently, existing studies have interpreted consumer responses in different ways.

Some studies interpreted consumer responses as attitudinal and behavioural intentions, and therefore assessed brand equity by dimensions such as brand preference, brand loyalty, purchase intention and brand choice (Prasad & Dev, 2000; Baldauf et al., 2003; Srinivasan, Park, & Chang, 2005; Lee & Back, 2008, 2010; Whan Park, MacInnis, Priester, Eisingerich, & Iacobucci, 2010). This assessment approach was considered a



direct approach, as it directly measured consumer responses to assess consumer-based brand equity.

Some studies adopted a comparative approach to compare consumers' responses to brands with similar objective attributes but different levels of marketing and branding activities (e.g. Prasad & Dev, 2000; Netemeyer et al., 2004; Boo, Busser, & Baloglu, 2009). For instance, this approach commonly assessed the consumer's brand preference and their willingness to pay premium prices for one brand over others (e.g. Lassar et al., 1995; Yoo & Donthu, 2001; Netemeyer et al., 2004; Kim & Kim, 2005; He & Li, 2010; Park, Deborah, Joseph, Andreas, & Dawn, 2010; Mourad, Ennew, & Kortam, 2011; Huang & Sarigöllü, 2012). Using the comparative assessment approach, recent brand equity studies (Kumar et al., 2013; Davcik et al., 2015) have also validated a measurement scale developed by Yoo & Donthu (2001), which reflects a consumer's choice of a brand over competitors with the same characteristics, or providing the same quality products.

Some scholars have also adopted a financial approach to assess consumer responses using the brand's market performance (e.g. sales, profits, and market shares) (Baldauf et al., 2003; Srinivasan et al., 2005). This approach assumes consumer responses to be their direct purchase behaviours, which ultimately contribute to the brand's market performance. Many scholars criticised this financial approach to assess consumer-based brand equity, since a company's market performance only indicates its short-term brand strength, which is influenced by external factors like the economic environment and market change (Netemeyer et al., 2004; Tsai et al., 2013). In general, the financial approach was less frequently adopted for consumer-based brand equity research.

In summary, research that adopted Keller's (1993) brand equity theory viewed consumer responses as the dimensions of consumer-based brand equity. To assess consumer responses, two main approaches were adopted: 1) a direct approach: assessing consumer responses, such as attitudinal or behavioural responses (e.g. consumer satisfaction, brand loyalty, or purchase intention); and 2) a comparative approach: comparing consumers' responses to brands that have similar attributes but

different levels of marketing and branding activities (e.g. brand preference and willingness to pay premium prices).

### **2.6.2 Assessment approaches and dimensions developed upon Aaker (1996)**

The second brand equity assessment approach was developed based on Aaker's (1991) brand equity definition. Aaker (1991, p.15) defined brand equity as "a set of brand assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers". This definition views brand equity as a set of brand associations and qualities that add to the total value of a product or firm. Aaker (1996) further identified five elements to assess the quality of brand associations, including 1) brand awareness, 2) perceived quality, 3) brand image, 4) brand loyalty, and 5) corporate performance. These brand associations generally reflect the factors of brand knowledge that were defined as the source of brand equity by Keller (1993). As such, a difference between Aaker's (1996) and Keller's (1993) theories is that consumers' knowledge components of a brand were considered as dimensions of brand equity by Aaker (1993), but antecedents by Keller (1993). Aaker (1996) viewed brand equity as a multi-dimensional concept to be reflected by the five elements of brand knowledge.

Following Aaker's (1996) logic, existing studies have also developed different interpretations regarding the nature and range of brand characteristics to reflect consumer-based brand equity, such as product differentiation (Blackston, 2000), overall utility (Vazquez, Del Rio, & Iglesias, 2002), or consumer perceptions, thoughts, experiences, attitudes, and images about a brand (Brady et al., 2008). As such, consumer-based brand equity has been assessed based on the strength and quality of brand associations from the consumer's perspective (e.g. Cobb-Walgren et al., 1995; Agarwal & Rao, 1996; Vazquez et al., 2002; Netemeyer et al., 2004).

Based on the above discussion, two schools of brand equity understanding exist in previous brand equity research, based on adoptions of Aaker's (1991) or Keller's (1993) brand equity definitions. As a result, these studies either consider brand equity to be the level of brand knowledge accumulated in consumers' minds, or consider it as

the resultant differential in consumer responses. There is no consensus on a universal definition of brand equity (Aaker, 1991; Farquhar, 1989; Christodoulides and de Chernatony, 2010).

### **2.6.3 The combined assessment approach**

Faced with this dilemma, scholars then developed a third type of brand equity interpretation, which incorporated the brand equity definitions from both Keller (1993) and Aaker (1991). This new research defined brand equity as a multidimensional concept that comprises brand knowledge, and the effect of brand knowledge on consumer responses (Keller, 1993; Rangaswamy, Burke, & Oliva, 1993; Wood, 2000; Yoo & Donthu, 2001; C. H. C. Hsu et al., 2012; Davcik et al., 2015). As such, consumer-based brand equity is assessed by both the quality of brand associations and the strength of the consumer's positive attitude and behavioural intention towards the brand (Norjaya Mohd, Mohd Nasser, & Osman, 2007). This type of brand interpretation has also been endorsed by previous studies, which argued that brand equity is a process involving brand knowledge development and its effect on consumer responses (Buil et al. 2013). This definition was considered beneficial for identifying valid, reliable driving factors of consumer behaviour.

Essentially, this third type of brand interpretation and assessment is similar to the first type of assessment approach based on Keller's (1993) brand equity definition, which recognises the dependent relationship between brand knowledge and consumer response. In other words, this third type of assessment approach combines the brand equity antecedents and dimensions to represent the strength of consumer-based brand equity. However, this integrated approach for measuring brand equity was considered more accurate for assessing brand performance through the consumer's eyes, so as to more accurately evaluate the brand's success in the market (Yoo & Donthu, 2001; Konecnik & Gartner, 2007). Therefore, more recent studies have adopted this assessment approach for developing consumer-based brand equity models (e.g. Washburn & Plank, 2002; Baldauf et al., 2003; Konecnik & Gartner, 2007; Mourad et al., 2011; Jahanzeb et al., 2013; Kumar et al., 2013; Lieven et al., 2014), including two studies on hotel brand equity research (So & King, 2010; Hsu et al., 2012).

By specifically reviewing brand equity assessment approaches adopted by existing hotel brand equity research, the current research found that, among the five empirical brand equity studies in hotels (Kim & Kim, 2005; Kayaman & Arasli, 2007; Kim et al., 2008; So & King, 2010; Hsu et al., 2012), three of them were conducted in the luxury and upscale hotel sector (Kim & Kim, 2005; Kayaman & Arasli, 2007; Hsu et al., 2012). These three studies adopted Aaker's (1993) brand equity definition to examine the applicability of brand knowledge constructs as the dimensions of consumer-based brand equity in hotels (Kim & Kim, 2005; Kayaman & Arasli, 2007; Kim et al., 2008;). The other two studies adopted the third approach to assessing consumer-based brand equity, by using both brand knowledge constructs and consumer responses (So & King, 2010; Hsu et al., 2012). Overall, the five hotel brand equity studies (summarised in Table 2.1) used consumer responses, including revisit intention and brand loyalty, or the comparative consumer responses from Yoo & Donthu (2001) as the reference point for examining the strength of consumer-based brand equity. In particular, the last two studies (So & King, 2010; Hsu et al., 2012) continuously validated the comparative method to assess consumer responses, using four direct measures developed by Yoo & Donthu (2001):

- 1) It makes sense to buy the brand instead of any other brand, even if they are the same
- 2) Even if another brand has the same features as the brand, I would prefer to buy the brand
- 3) If there is another brand as good as the brand, I prefer to buy the brand
- 4) If another brand is not different from the brand in any way, it seems smarter to purchase the brand.

Therefore, these five studies have indicated that, in the hotel industry, consumer-based brand equity can be assessed by consumer responses, especially using the comparative measures developed by Yoo & Donthu (2001).

#### **2.6.4 Assessment approach and dimensions for the current research**

Previous research has adopted different concepts of brand equity according to the research's objectives and contexts. The current study will explore and examine both

dimensions and antecedents of consumer-based brand equity in the luxury and upscale hotel sector. Thus, Keller's (1993) brand equity definition, which considers brand equity as an outcome concept to be nurtured by the consumer's brand knowledge development, is appropriate as a foundation for this study. This definition directs the current research to adopt consumer responses as the dimensions of consumer-based brand equity, and explore brand equity antecedents in the consumers' brand knowledge.

As previously discussed, studies that adopted Keller's (1993) brand equity definition also developed two methods to assess consumer responses; either examining the strength of selected consumer responses from the consumer's evaluation, attitudinal or behavioural responses; or examining the consumer responses using a comparative approach. A significant part of this research is exploratory in nature, hence the applicability of both approaches for assessing brand equity in the luxury and upscale hotel sector will be tested. Therefore, the following section will propose consumer responses that can be used in both assessment approaches.

Firstly, regarding the comparative approach to assessing brand equity, the current research adopted the four measures developed by Yoo & Donthu (2001), since these measures have been validated in hotels (So & King, 2010; Hsu et al., 2012) and other market sectors (Washburn & Plank, 2002; Baldauf et al., 2003; Konecnik & Gartner, 2007; Mourad et al., 2011; Jahanzeb et al., 2013; Kumar et al., 2013; Lieven et al., 2014). These four measures are considered the comparative approach to assessing brand equity; therefore, the current research defines this four-item construct as a dimension of brand equity – namely, brand choice – as consistent with the dimension validated in the hotel brand equity research conducted by Hsu et al. (2012). As such, the current research proposes:

***P1: Brand choice is a dimension of consumer-based brand equity in the luxury and upscale hotel sector.***

Secondly, regarding the direct assessment approach, previous studies assessed brand equity using a range of consumer responses (e.g. consumer satisfaction, brand preference and brand loyalty). Given that most studies frequently adopted consumers' behavioural intentions, with brand loyalty as the main element, to assess consumers'

differential responses towards one brand versus another (Veloutsou, 2009; Nam, Ekinci, & Whyatt, 2011), the following section will discuss the suitability of brand loyalty as another dimension of consumer-based brand equity in the luxury and upscale hotel sector.

Brand loyalty refers to the consumer's commitment, and intention to repeatedly purchase a brand, to pay premium prices for the brand over its competitors, and to advocate for the brand by spreading positive word-of-mouth information about the brand (Keller, 1993; Greenleaf & Lehmann, 1995; Aaker, 1996; Oliver, 1999; Srinivasan, Anderson, & Ponnnavolu, 2002). For years, brand loyalty has been the benchmark of a strong brand, for its reflection of consumers' strongest emotional attachment to a brand—commitment (Dick & Basu, 1994; Gounaris & Stathakopoulos, 2004; Madupu & Cooley, 2010). Brand loyalty, as the ultimate consumer attitude and behavioural intention established in consumers' minds, has received a large amount of research attention (e.g. Harris & Ezech, 2008; Brakus, Schmitt, & Zarantonello, 2009; Park et al., 2010; He, Li, & Harris, 2012). In Aaker's (1996) brand equity theories, brand loyalty was deemed to be the cornerstone of brand equity. The significance of brand loyalty for consumer-based brand equity development has also been frequently identified in research across industries (e.g. Keller, 1993; Aaker, 1996; Yoo & Donthu, 2001; Keller, 2003a; Taylor, Celuch, & Goodwin, 2004; Pappu et al., 2005) including the hotel industry (Kim & Kim, 2005; Kayaman & Arasli, 2007; Kim et al., 2008; Hsu et al., 2012). The single hotel study that did not identify brand loyalty as a brand equity dimension did so because the adopted research foundation did not include brand loyalty (So & King, 2010).

Brand loyalty was identified as the ultimate attitude consumers can develop towards a brand, and it is a fundamental motivation for consumers' loyal behaviour (Keller, 1993; Greenleaf & Lehmann, 1995; Aaker, 1996; Oliver, 1999; Srinivasan et al., 2002; Park et al., 2010). Multiple consumers' loyalty behaviours were identified, such as: positive response to the brand's marketing activities, long-term repurchasing of the brand, and willingness to pay a premium price to stay with the brand (Oliver, 1999; Gounaris & Stathakopoulos, 2004). In particular, recent studies emphasised that brand loyalty attitude commands consumers' support and advocacy to spread positive word-of-mouth both offline (Greenleaf & Lehmann, 1995; Brown, Barry, Dacin, & Gunst, 2005)

and online in the current digital market (Srinivasan et al., 2002; Madupu & Cooley, 2010). In the hotel industry, where products are highly intangible and heterogeneous, brand loyalty also acts as a barrier for other brand competitors to enter into a consumer's consideration set (Dick & Basu, 1994; Brady et al., 2008; So & King, 2010). Therefore, the current research proposes brand loyalty as a brand equity dimension in the luxury and upscale hotel sector.

However, compared to existing hotel brand equity studies, which commonly view brand loyalty as the aspect of consumers' repeated purchase intention (Kim et al., 2008; Hsu et al., 2012), or a combination of repeat purchase and brand recommendation (Kim & Kim, 2005; Kayaman & Arasli, 2007), the current research examines brand loyalty from three aspects: consumer retention, willingness to pay premium prices, and brand advocacy, which is often used to describe the consumer behaviour of spreading positive word-of-mouth (Keller, 2007; Heinonen, 2011; Wallace, Buil, & de Chernatony, 2012; Cantalops & Salvi, 2014). This is because previous research in retail markets often argued that willingness to pay a premium price to stay with the brand is the highest level of committed behaviour intention (Ravald & Grönroos, 1996; Michell, King, & Reast, 2001; Gounaris & Stathakopoulos, 2004; Aaker, 2009). A consumer's intention to advocate for the brand and spread positive word-of-mouth was also found to not only further sustain the consumer's brand loyalty but also to potentially help the brand expand its market share (Madupu & Cooley, 2010). In particular, now that social media platforms are often used by consumers to share brand experiences in the hotel industry, more studies were interested in investigating the effect of consumers' positive online word-of-mouth marketing on companies' marketing efficiency (Stokburger-Sauer, 2011; Kemp, Childers, & Williams, 2012). Therefore, the current research in examining the role of brand loyalty as a brand equity dimension examines three aspects. Overall, the current research proposes that brand loyalty is another dimension of brand equity in the luxury and upscale hotel sector.

***P2: Brand loyalty is a dimension of consumer-based brand equity in the luxury and upscale hotel sector.***

Based on the above discussion, it can be seen that both Aaker's (1991) and Keller's (1993) brand equity theories have gained a significant amount of endorsement from

researchers (e.g. Agarwal & Rao, 1996; Berry, 2000; Lee & Back, 2008; Christodoulides & de Chernatony, 2010; He & Li, 2010; Tsai et al., 2013). Many researchers interpreted or built upon these brand equity theories to achieve various research purposes; however, the various interpretations of brand equity have provided a comprehensive understanding of the concept (Christodoulides & de Chernatony, 2010) and valuable insights for the current research.

More specifically, in order to fulfil the current research objective of investigating brand equity dimensions and antecedents in the luxury and upscale hotel sector, Keller's (1993) brand equity definition was adopted. To propose appropriate dimensions of consumer-based brand equity in the luxury and upscale hotel sector, both assessment approaches (the direct approach and the comparative approach) to assess consumer responses were used as references. As a result, the two behavioural intentions of brand loyalty and brand choice are proposed as the brand equity dimensions in luxury and upscale hotels. The validity and reliability of these dimensions was the first aspect to be tested in this study. Detailed research methods will be illustrated in the next chapter.

## **2.7 Propositions of brand equity antecedents**

As previously mentioned, another limitation existing in previous hotel brand equity research was identified as that the majority of studies have mainly examined the applicability of brand equity models from Keller (1993) and Aaker (1996) in the hotel industry. These studies rarely explored unique antecedents of consumer-based brand equity for the luxury and upscale hotel sector. However, as Keller (1993) stated, influential brand knowledge components for brand equity development are likely to be different when consumers expect different types of brand associations and brand qualities in different market sectors. This understanding has also been supported and empirically justified by many studies in different markets (Berry, 2000; Roderick J Brodie, 2009; Brodie & de Chernatony, 2009; Xu & Chan, 2010; Hsu, Hung, & Tang, 2012), which identified different brand equity antecedents in different industries (e.g. logistics services, conferences and tourism) (Donna, Susan, & Adam, 2009; Lee & Back, 2010b; Pike, Bianchi, Kerr, & Patti, 2010). Similarly, Aaker (1996) clarified that his generic brand equity model requires further validation or adjustment to be



applied to individual sectors, because in different markets and consumption environments, consumer perceptions about a brand's values could be influenced by different factors at different levels. As such, an exploration of consumer-based brand equity antecedents in the luxury and upscale hotel sector is also necessary (Xu & Chan, 2010; Hsu et al., 2012).

To address this limitation, the following sections first introduce several key expectations that consumers have from a service brand. This background will provide an understanding of consumers' brand perceptions and evaluation of a brand in the luxury and upscale hotel sector. In addition, recognition of consumers' expectations in the service industry will provide a basis for proposing specific brand equity antecedents for the luxury and upscale hotel sector. It is evident that consumers are more likely to develop brand equity if a brand satisfied their expectations (Keller, 2016).

### **2.7.1 Consumer expectations from a brand in the service industry**

Traditionally, most brand theories were developed in the general market context without considering the differences between services and packaged goods (Berry, 2000). When the service economy emerged as a significant component in the general market, and researchers highlighted the unique characteristics of services, the applicability of generic brand theories to the service context started to attract research interests (Brodie & de Chernatony, 2009).

Four characteristics of services including intangibility, inseparability of production and consumption, heterogeneity, and perishability (Zeithaml, Parasuraman, & Berry, 1985; Berry, 2000; de Chernatony & Segal-Horn, 2003; Wilson, 2012) means that consumers have fewer physical cues on which to evaluate and judge the quality of services before purchase (Balmer, McDonald, de Chernatony, & Harris, 2001). The perceived risks and uncertainty in a consumer's mind are high, in which case, a strong brand is expected to represent additional values, such as a promise of the quality of intangible experiences and business credibility for solving consumers' problems (de Chernatony & Segal-Horn, 2003; Brodie & de Chernatony, 2009). In the service market, staff performance and consumer experience are likely to be heterogeneous; a

strong brand is expected to provide services of a consistent standard (Parasuraman, Zeithaml, & Berry, 1985; Zeithaml et al., 1985; Pleger Bebeko, 2000; Bowie & Buttle, 2011; Kotler, Bowen, & Makens, 2014). When consumers experience an inconsistency in service quality or a service failure, they expect the brand to quickly make amends (Pleger Bebeko, 2000). Overall, consumers in the service industry expect a brand to be reliable and trustworthy (Boo et al., 2009; Xu & Chan, 2010).

However, this consumer expectation and perception of a strong brand has been rarely considered in existing brand equity studies. Hsu et al., (2012) is the only study to date which identified two brand equity antecedents related to the reliability of a brand and consumer confidence. Therefore, consumer expectation of a strong brand warrants further investigation in the current research, in relation to its influence on brand equity development in the luxury and upscale hotel sector.

Another significant expectation that consumers have from a service brand is derived from the nature of the services. As Vargo and Lusch (2004, p. 147) clarified, the essence of a service is “the application of competencies (knowledge and skills) by one entity for the benefit of another”. This highlights that the effectiveness and value of services are judged according to their benefits of satisfying individual consumers’ needs (Vargo & Lusch, 2004; Vargo, Maglio, & Akaka, 2008). Individual consumer satisfaction with the service benefits is a cue for consumers to evaluate the worth of the services. As such, consumers expect satisfaction from a service brand, as opposed to quality brand attributes promoted by the business (Vargo et al., 2008). In other words, a service product that does not create consumer satisfaction has a low value for consumers, even though the service quality may be generically rated as high. Therefore, consumers are likely to have high expectations for a strong brand to satisfy individual consumers’ needs, which may subsequently contribute to brand equity development. However, existing brand equity antecedents do not reflect consumers’ knowledge of a brand’s attention to individual consumers’ needs; thus, this aspect is further investigated in the current study.

Apart from expectations of satisfaction, the nature of services suggests a direction for the research exploration into brand equity antecedents in the service industry. Because a service is an application of one’s competency for benefiting another, consumers can

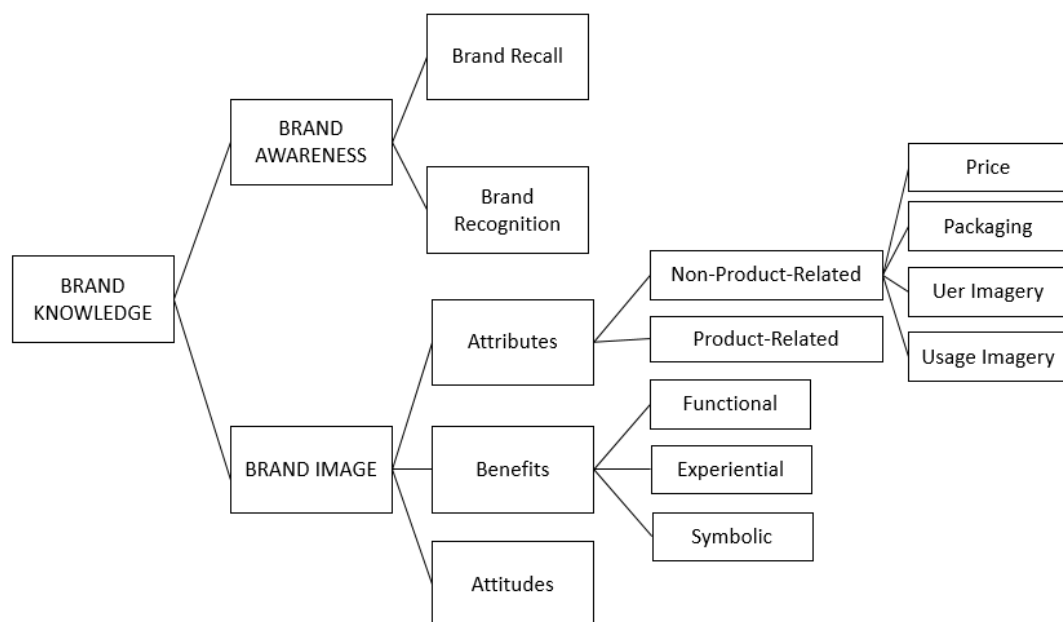
only judge service quality in the post-consumption stage (Vargo & Lusch, 2004). Brand attributes that can be observed before consumption only provide relatively abstract cues, which are unlikely to represent the core service quality (Zeithaml et al., 1985; Berry, 2000; de Chernatony & Segal-Horn, 2003; Wilson, 2012). For consumers to develop brand equity in the service industry, their brand knowledge derived from personal experiences is more influential than knowledge derived from external information (e.g. brand advertisements) (Brodie, Glynn, & Little, 2006). As such, previous studies in the service industry claimed the dominant influence of consumers' experience-based brand knowledge on brand equity development (Berry, 2000; So & King, 2010). Thus, the current research primarily focuses on exploring brand equity antecedents from consumers' internal experience-based brand knowledge. This will be discussed in more detail later in the thesis.

Overall, consumers in the service industry have different expectations of a brand, and the influence of internal and external brand knowledge is also different (Berry, 2000). These understandings will direct the following propositions of brand equity antecedents for the luxury and upscale hotel sector. Consumers' unique expectations of a luxury and upscale hotel brand will also be highlighted in the following proposition of brand equity antecedents.

To be specific, the following sections will include a review of fundamental brand equity theories developed by Keller (1993) and Aaker (1996) and key conceptual brand equity models established in the service industry (Berry, 2000) and the hotel industry (Xu & Chan, 2010). Elements that were identified in these theories will be discussed, in particular regarding their relevance for contributing to brand equity development in the luxury and upscale hotel sector. Lastly, empirical studies of hotel brand equity development will be reviewed (Kim & Kim, 2005; Kayaman & Arasli, 2007; Kim et al., 2008; So & King, 2010; Hsu, Oh, & Assaf, 2012). A discussion of these empirical studies will provide an insight into how the current research can contribute to brand equity theory development in the overall hotel sector.

## 2.7.2 Fundamental brand equity theories

There has been considerable research on consumer-based brand equity, with brand equity models conceptualised by Keller (1993) and Aaker (1996) being the most widely acknowledged (e.g. Agarwal & Rao, 1996; L. Berry, 2000; Lee & Back, 2008; Christodoulides & de Chernatony, 2010; He & Li, 2010; Tsai, Lo, & Cheung, 2013). Keller (1993), by defining brand equity as the differential effect brand knowledge has on consumers' responses to the brand, considered brand knowledge as the source of brand equity. His publication provided a comprehensive understanding of brand knowledge, which consists of a series of influential elements for the development of brand equity in two categories: brand awareness and brand image (see Figure 2.1).



**Figure 2.1: Brand knowledge framework from Keller (1993)**

Adapted from "Conceptualizing, measuring, and managing customer-based brand equity," by K. L. Keller, 1993, *Journal of Marketing*, 57(1), p. 7.

Compared to the brand equity model developed by Keller (1993), Aaker's (1996) framework is more concise, providing five key components of brand knowledge to assess consumer-based brand equity, including: 1) awareness, 2) association/differentiation, 3) perceived quality/leadership, 4) loyalty, and 5) market behaviour. The first component of "brand awareness" from Aaker's framework is

consistent with Keller's brand knowledge component—brand awareness, and the following three components (association/differentiation, perceived quality/leadership and loyalty) can be considered as sub-elements of brand image in Keller's (1993) brand equity theory. The last component “market behaviour” is an additional financial element of brand equity, and, as previously mentioned, the financial perspective of brand equity is not a focus of the current research.

Based on the above comparison, Keller's brand equity model provides a comprehensive framework about brand knowledge, and is considered the broad source of potential brand equity antecedents for the current research exploration. Therefore, the current study used Keller's model as the research foundation. Firstly, the two main components of brand knowledge: brand awareness and brand image will be reviewed.

#### **2.7.2.1 Brand awareness**

Brand awareness is the first commonly identified factor which is consistent in both Keller's (1993) and Aaker's (1996) brand equity theories. Keller (1993) and Aaker (1996) both viewed brand awareness as the consumer's familiarity with a brand, which is indicated by the consumer's ability to recall and recognise the brand. Brand recall refers to the consumer's ability to retrieve the brand from memory when provided with a cue (the product category like “luxury and upscale hotels”). Brand recall indicates whether there is a link between the product class and the brand in the consumer's memory (Aaker, 1996). Brand recognition refers to a consumer's capability to correctly distinguish having seen or heard of the brand. It is the consumer's ability to confirm prior exposure to the brand (Huang & Sarigöllü, 2012). In luxury and upscale hotels, consumers' brand recognition is their ability to recognise a brand from a list of options.

The contribution of brand awareness to consumer-based brand equity development has been commonly identified (e.g. So & King, 2010; Tsai, Cheung, & Lo, 2010; Huang & Sarigöllü, 2012). This contribution mainly assists the brand to be included in a consumer's consideration set (Oh, 2000). This is especially the case in the packaged goods market where brand awareness is more significant, because consumers in this

sector often follow Ehrenberg's (1974) awareness→trial→reinforcement sequence to make a brand choice and develop brand equity.

Brand awareness also influences consumers' brand choices in a subtle manner. For instance, a study that investigated the effect of brand exposure found that the frequency of exposure significantly enhances the probability of the brand being chosen (Ferraro, Bettman, & Chartrand, 2009). In addition, brand awareness encourages consumers to know more about the brand, which is the initial stage of developing further brand knowledge (Hong-bumm, Kim, & An, 2003). Therefore, many brand equity development studies proposed or identified brand awareness as an important antecedent of brand equity (So, & King, 2010; Tsai et al., 2010; Huang & Sarigöllü, 2012).

However, in a service context, the influence of brand awareness on brand equity development was found to be limited (Berry, 2000; Kim & Kim, 2005; Boo, Busser, & Baloglu, 2009; Lee & Back, 2010a). This is attributed to the intangibility and heterogeneity of service products (Berry, 2000). In selecting a service product, consumers were found to perceive a higher level of uncertainty about the service quality, and to therefore rely more on their experience-based brand knowledge (So, King, Sparks, & Wang, 2013; Lee & Back, 2010a).

Brand equity studies in the hotel industry also identified a limited influence for brand awareness on brand equity development (e.g. Kim et al., 2008; So & King, 2010; Hsu et al., 2012). However, the influence was still statistically significant. Therefore, the current research proposes brand awareness as necessary for brand equity development in the luxury and upscale hotel sector. At a minimum, brand awareness is essential for consumers to become familiar with a brand and develop further brand knowledge in their minds (Keller, 1993; Kim & Kim, 2005). Consequently, the first research proposal regarding a potential brand equity antecedent for the luxury and upscale hotel sector is:

***P3: Brand awareness is an antecedent of consumer-based brand equity in the luxury and upscale hotel sector.***

### **2.7.2.2 Brand image**

The second component of Keller's (1993) brand knowledge framework is brand image, which refers to a consumer's overall judgement of a brand. A consumer's memory of a brand consists of various associations related to the brand. The strength of these brand associations to enable consumers to remember specific brand attributes, functions, differences and values indicates the influence of brand image on consumer response (Dev, Morgan, & Shoemaker, 1995; He & Li, 2010).

Differing from brand awareness which reflects a consumer's familiarity with the brand, brand image reflects a consumer's understanding of the brand (Netemeyer et al., 2004). Brand image represents specific meanings and values of a brand in the consumer's mind (Bailey & Ball, 2006). For example, when consumers are exposed to various brands, they may be aware of those brands but have a different brand image in their minds (Keller, 1993; Huang & Sarigöllü, 2012). A strong, positive and favourite brand image potentially provides biased brand evocation and evaluation which ultimately contributes to brand equity development (Boo et al., 2009).

The significance of brand image for contributing to brand equity development was identified across various industries (Faircloth, Capella, & Alford, 2001; Konecnik & Gartner, 2007; Donna et al., 2009; Pike et al., 2010), including the service industry (Boo et al., 2009; Cronin Jr, Brady, & Hult, 2000) and hotel sector (Kim & Kim, 2005, Kayaman & Arasli, 2007; Kim et al., 2008; So & King, 2010; Hsu et al., 2012). These validations of brand image as a significant brand equity antecedent suggest brand image is also likely to be a brand equity antecedent in the current research context of luxury and upscale hotel sector. As So & King (2010) suggested, brand image or brand meaning reflects a consumer's holistic evaluation of the brand's attributes and associations. This image essentially reflects overall value of a brand for its consumers and is thus the cornerstone of brand equity development. Therefore, the second brand equity antecedent proposed in the current study is:

***P4: Brand image is an antecedent of consumer-based brand equity in the luxury and upscale hotel sector***

Apart from brand awareness and brand image, Keller (1993) specified three sub-dimensions of brand image: brand attributes, benefits and attitudes. Specifically, these dimensions refer to 1) how consumers perceive the quality of brand associations, 2) how consumers recognise the usefulness and value of the brand for satisfying individuals' needs, and 3) how consumers feel about the brand. The main contribution of Keller's (1993) brand equity model is reflected in these detailed brand associations identified under each dimension, which is also why the current research adopted this model to explore brand equity antecedents in the luxury and upscale hotel sector. Therefore, the following section specifically discusses the relevance of these detailed brand associations for contributing to brand equity development in the luxury and upscale hotel sector.

Firstly, brand attributes refer to the characteristics of a product that consumers can observe and evaluate before purchase, such as product features, package and price (Keller, 1993). In the luxury or upscale hotel sector, brand attributes include hotel location, price, room availability, and available facilities for leisure and business usage. As previously mentioned (see Section 2.7), in the service industry, brand attributes that can be observed by a consumer prior to consumption are relatively abstract and barely represent the quality of core services (Zeithaml et al., 1985; Berry, 2000; de Chernatony & Segal-Horn, 2003; Wilson, 2012). These attributes have limited influence on consumer-based brand equity in the service industry. Consumers are more likely to develop brand equity when they perceive the actual benefits of a brand for satisfying individuals' needs (Vargo et al., 2008). Therefore, brand attributes have rarely been validated as a driver of brand equity in the service industry. The current research, instead of focusing on brand attributes, specifically reviews other elements of brand image, such as brand benefits and attitudes, in relation to their influence on brand equity development in the luxury and upscale hotel sector.

Keller (1993, p.4) defined brand benefits as "the personal value consumers attach to brand attributes". In other words, how well a product can specifically satisfy the individual consumer's needs determines the level of brand benefits in the consumer's mind. Specific benefits are reflected in three aspects: functional, experiential and symbolic (Keller, 1993).



Reviewing the existing brand equity research, only a brand's functional benefits (perceived quality) have been commonly found to significantly influence brand equity development (Eda, Şafak, & Serkan, 2005; Severt & Palakurthi, 2008; Lin et al., 2015). Experiential and symbolic benefits were rarely investigated but are likely to be significant in influencing hotel consumers' brand equity development. That is because the main consumption need in this sector is about seeking extra comfort, a luxury lifestyle and experiences (Barsky & Kaplan, 2007; Chu, 2014). The following section will discuss the potential influences of these three brand benefits on brand equity development in the current research context.

### **2.7.2.3 Functional benefits—Perceived quality**

Functional benefits refer to how well a brand meets a consumer's physical needs (Keller, 1993). In luxury and upscale hotels, the functional benefits include how well a brand satisfies consumers' needs for accommodation, food and other facilities for business and leisure usage (Bailey & Ball, 2006). A related concept that has been identified as corresponding to a brand's functional benefits is perceived quality (Aaker, 1996).

Perceived quality refers to the capability of a brand to satisfy consumers' functional expectations, and is a component extracted from the consumers' overall perceptions of a brand. Unlike service quality, "perceived quality" emphasises consumer perceptions about a brand based on personal experiences and such perceived quality is considered as internal brand knowledge, rather than external brand knowledge derived from the brand's marketing programs (Jahanzeb, Fatima, & Mohsin Butt, 2013).

The role of perceived quality for contributing to brand equity has been supported by previously research (He & Li, 2010; Sadia, Tasneem, & Muhammad Mohsin, 2013), including in the service industry (Berry, 2000) and the hotel industry (Kim & Kim, 2005; So & King, 2010). It has been argued that perceived quality reflects a more intrinsic brand advantage, which usually corresponds to service-related characteristics (Kayaman & Arasili, 2007). Consumers' basic motivation for brand purchase and consumption is linked to perceived quality (Tsai et al, 2013). Therefore, perceived

quality is considered as central to brand equity development (Netemeyer et al., 2004; So & King, 2010).

In the hotel industry, the influence of perceived quality has even been found to be more significant in the development of brand equity than the role of brand awareness (Kim & Kim, 2005; So & King, 2010). These findings do not negate the role of brand awareness in evoking the brand in consumers' minds; however, they emphasise the contribution of experience-based brand knowledge on brand equity development (So & King, 2010). Based on the identified importance of the brand's functional benefits, in this case, perceived quality for brand equity development, the current research proposes:

***P5:** Perceived quality as a reflection of a brand's functional benefits, a key element of brand image, is an antecedent of consumer-based brand equity in the luxury and upscale hotel sector.*

#### **2.7.2.4 Functional benefits—Perceived value**

Besides perceived quality, another previously identified brand equity antecedent - perceived value - is also related to a brand's functional benefits. As initially defined, perceived value is the trade-off between what consumers give and what they receive in product and service transactions (Zeithaml, 1988; Tam, 2004; Boo et al., 2009). A basic reflection of perceived value is a product's value for money, with a non-product-related brand attribute - price - to be the principal cue for evaluation of a brand's perceived value (Tam, 2004).

Based on a review of a consumer's decision-making process, in addition to product-related attributes, it is evident that price is also used as an important indicator of the product's quality (Keller, 1993). In a consumer's mind, a high price is often associated with high quality (Yang et al., 2015). When consumers decide to pay for a product with a high price, such as a luxury and upscale hotel experience, they also expect high quality. If, after consumption, consumers perceive that the experience quality does not justify the price they paid, consumers are likely to consider the functional benefits of a brand as lower than expected. As a result, consumers will perceive the brand as not

worth choosing, and are thus less likely to develop brand equity (Heo & Lee, 2011). If customers perceive that they received more than what they paid for, they are likely to perceive receipt of extra functional benefits, thus consider the brand as having a higher level of perceived value, and be motivated to develop brand equity (Caruana, Money, & Berthon, 2000; Cronin, Brady, & Hult, 2000; Caruana, 2002; Lai, Griffin, & Babin, 2009).

Research found that perceived value is an important element that influences consumers' brand image and brand equity development across various markets (Simon & Sullivan, 1993; Lassar, Mittal, & Sharma, 1995; Baldauf, Cravens, & Binder, 2003; Netemeyer et al., 2004; Moliner, Sánchez, Rodríguez, & Callarisa, 2007; Boo et al., 2009; He & Li, 2010; Pike et al., 2010), including the mid-scale hotel sector (Kim et al., 2008). Although the influence of perceived value on brand equity development was only identified in the mid-range hotel segment (Kim et al., 2008), the current research considers perceived value as a potential brand equity antecedent in the luxury and upscale hotel sector.

Different from consumers in the mid-price hotel sector who are more price sensitive and more demanding of perceived value, consumers in the luxury and upscale hotel market naturally expect to pay more for the exclusive and sophisticated experiences they require (Walls, Okumus, Wang, & Kwun, 2011; Chu, 2014). However, this does not mean that consumers in the luxury and upscale hotel sector do not care about perceived value. Instead, for luxury and upscale hotel consumers, their willingness to pay more is associated with their expectations of more luxury experiences (Wu & Liang, 2009). Luxury and upscale hotel consumers are more sensitive to the hotel experience quality and expect the extra money spent to be worth the value (Knutson, Stevens, Patton, & Thompson, 1993). For consumers in the luxury and upscale hotel sector, the brand perception for consumers in the luxury and upscale hotel sector may not be significantly influenced by perceived value at the same level as consumers in mid-scale hotels. However, it is worth investigating to what extent perceived value is likely to influence brand image and brand equity development. Thus the following

research proposal is presented:

**P6:** *Perceived value as a reflection of a brand's functional benefit, a key element of brand image, is an antecedent of consumer-based brand equity in the luxury and upscale hotel sector.*

#### **2.7.2.5 Experiential benefits—Brand affect**

Similar to functional benefits, experiential benefits are also tied to a brand's performance at solving a consumer's needs, but from an emotional standpoint (Keller, 1993). A hotel brand's experiential benefits are reflected by the brand's efficiency at satisfying consumers' emotional needs, such as sense of safety, fulfilment, relaxation or pleasure (Keller & Lehmann, 2006). A related concept to represent consumer satisfaction about a brand's experiential benefits is brand affect. Specifically, brand affect encompasses spontaneous, intrinsic and less 'deliberately reasoned' responses elicited by elements such as impressive product features, memorable employee interactions or the experience environment (Laros & Steenkamp, 2005; Song, Hur, & Kim, 2012).

In the hospitality sector, brand affect was found to significantly influence a consumer's brand perception and evaluation (Garbarino & Edell, 1997; Carroll & Ahuvia, 2006). The influence was found evident through all pre-consumption, consumption and post-consumption stages (Morrison & Crane, 2007). For instance, when consumer evaluation of a product involves much cognitive effort or occurs in an uncertain or risky environment, brand affect serves as strong emotional information to guide decision-making (Garbarino & Edell, 1997; Chaudhuri & Holbrook, 2002). This emotional judgement saves consumers from analysing complicated attributes of all alternatives (Chitturi, Raghunathan, & Mahajan, 2007). During consumption, a consumer's emotional needs were found to direct the evaluation of a brand's experiential benefits, so as to impact the overall experience quality and brand image (Kwortnik, & Ross, 2007). In the post-consumption stage, brand affect was also found to boost consumer satisfaction (Garbarino, & Edell, 1997), motivate repeat patronage (Barsky, & Nash, 2002), and contribute to consumer commitment (Chaudhuri, &

Holbrook, 2002) and brand loyalty (Anwar, Gulzar, Sohail, & Akram, 2011; Song et al., 2012).

However, within existing hotel brand equity research, none of the identified antecedents of brand equity were related to brands' experiential benefits. The influence of brand affect on consumers' brand perceptions and responses was rarely examined. The only exception is that Barsky and Nash (2002) highlighted the impact of brand affect on hotel guests' brand choices, and found that a consumer's emotional responses such as feelings of being pampered, comfortable, and sophisticated, are positively related to brand loyalty.

These findings indicate that brand affect may also be crucial in contributing to brand equity development in the luxury and upscale hotel sector. In this sector, consumers specifically look for "a state of great comfort or elegance" and "style, comfort, service, and pampering" (Sherman, 2007, p. 26). Unlike the consumers in other hotel sectors (mid-scale and budget markets) who are mainly looking for clean, safe and good value accommodation, luxury and upscale hotel consumers view their emotional needs as a priority (Walls et al., 2011). As such, the value of a brand is largely based on how they emotionally feel about the experience (e.g. being pampered and pleased), rather than their physical satisfaction with the hotel property and facility quality (Barsky 2007; Yang, Zhang, & Mattila, 2015). Therefore, brand affect as a key emotional judgement about the brand is proposed as a brand equity antecedent in the luxury and upscale hotel sector:

***P7:** Brand affect as a reflection of a brand's experiential benefits, a key element of brand image, is an antecedent of consumer-based brand equity in the luxury and upscale hotel sector.*

#### **2.7.2.6 Symbolic benefits—Self-image congruence**

A brand's symbolic benefit is also an outcome of the brand attributes in satisfying consumer needs. However, this benefit is usually tied to a brand's non-product-related attributes, such as product package and appearance, as well as the favourability of user and usage images (Keller, 1993). In regards to a luxury or upscale hotel brand,

symbolic benefits are normally supported by attributes such as a sophisticated hotel image, upper-class user image, and exclusive price (Wilkins, Merrilees, & Herington, 2006).

Similar to experiential benefits, symbolic benefits of brands have also received limited research attention in the brand equity development area (Xu & Chan, 2010; Hosany & Martin, 2012). However, in the luxury and upscale hotel sector, the consumer's purchase and consumption behaviours are highly visible, and consumer choices of specific brands directly display a distinct social meaning (Back, 2005; Wilkins & Ayling, 2006). As such, whether the hotel's brand image or the guests' image suits or appropriately reflects the consumer's own image may also influence the consumer's emotional or psychological perception of the brand, so as to influence their attitude and behavioural intentions towards the brand.

Reviewing previous marketing literature, the concept of self-image congruence has been found to reflect the consumer's psychological comparison between perceived brand image, user image and perception of the self (Kwak & Kang, 2009; Hosany & Martin, 2012). This concept has attracted much research attention from Sirgy and his colleagues, who have developed measurements of self-image congruence (Sirgy et al., 1997), and also identified the influence of self-image congruence on consumer attitudes and behaviours across different industries (Sirgy, Grewal, & Mangleburg, 2000; Sirgy & Su, 2000; Chebat, Sirgy, & St-James, 2006; Kressmann et al., 2006; Grzeskowiak & Sirgy, 2007; Aguirre-Rodriguez, Bosnjak, & Sirgy, 2012). Therefore, the current research explored the role of self-image congruence in the development of brand equity in luxury and upscale hotels.

More specifically, four aspects were identified to reflect a consumer's perceived self-image congruence: actual self-image congruence, ideal self-image congruence, actual social image congruence and ideal social image congruence (Sirgy & Danes, 1982; Sirgy & Su, 2000). These aspects suggested that consumers, in selecting a highly visible product such as a watch or a car, tend to select brands that appropriately reflect or improve their self and social images (Kressmann et al., 2006; Aguirre-Rodriguez et al., 2012). In luxury and upscale hotels, consumers are also expected to show a

sophisticated brand image that lifts or reflects their images (Wilkins et al., 2006). Therefore, the current research proposes:

***P8:** Self-image congruence as a reflection of a brand's symbolic benefits, a key element of brand image, is an antecedent of consumer-based brand equity in the luxury and upscale hotel sector.*

In conclusion, the overall brand benefits as a reflection of the quality of brand attributes and the brand's efficiency in satisfying consumers' physical, emotional and symbolic needs will be investigated in this study. The following section will review the last component of brand image: brand attitude, proceeding to a discussion of brand equity theories developed in the service industry and the hotel industry.

#### **2.7.2.7 Brand attitudes—Brand trust**

Brand attitudes are related to a consumer's belief about the salience of a brand's benefits, and their evaluation of those beliefs (Keller, 1993). Brand attitudes are important for the development of consumer-based brand equity because they often form the basis for consumer behaviours (e.g. brand choice) (Mourad, Ennew, & Kortam, 2011; Keller, 2016).

Within the fundamental brand equity theories (Keller, 1993; Aaker, 1996) and relevant brand equity models developed in the service and hotel sectors (Kim & Kim, 2005; Kayaman & Arasli, 2007; He & Li, 2010), only one element - brand loyalty - was related to a consumer's brand attitude, as it reflects a consumer's commitment to the brand (attitudinal loyalty) and their likelihood to repeatedly purchase, advocate for, or pay premium prices to stay with the brand (behavioural loyalty) (Dick & Basu, 1994; Gounaris & Stathakopoulos, 2004; Madupu & Cooley, 2010). However, due to the significance of attitudinal and behavioural brand loyalty in commanding and representing consumer responses (e.g. repurchase behaviours, and intention to revisit) (Keller, 1993; Greenleaf & Lehmann, 1995; Aaker, 1996; Oliver, 1999; Srinivasan, Anderson, & Ponnnavolu, 2002; Park, Deborah, Joseph, Andreas, & Dawn, 2010), the current research proposes brand loyalty together with brand choice as consumer responses to indicate brand equity. This proposition is supported by a number of brand

equity studies that identified brand loyalty, or intention to revisit, as an outcome dimension of brand equity antecedents (e.g. brand awareness, perceived quality) (Whan Park, MacInnis, Priester, Eisingerich, & Iacobucci, 2010; Heinonen, 2011; Wallace et al., 2012; Cantalops & Salvi, 2014). In addition, considering that brand loyalty is an indicator of a long-term relationship between a brand and its consumers and is commonly measured by a consumer's behavioural responses (to revisit, advocate for or pay premium prices) (Gounaris & Stathakopoulos, 2004; Kim & Kim, 2005; Kayaman & Arasli, 2007; Madupu & Cooley, 2010), the current research proposes brand loyalty as an outcome dimension to indicate brand equity, rather than an antecedent of brand equity (see Section 2.6.4).

Existing hotel brand equity studies have not identified a brand equity antecedent related to a consumer's brand attitude, except for brand loyalty. However, according to the earlier discussion about consumers' expectations of a brand in the service industry (see Section 2.7.1), another brand attitude - brand trust - could contribute to brand equity development in the current research context of the luxury and upscale hotel sector.

Specifically, consumers in the service and the luxury and upscale hotel sector often perceive high levels of uncertainty about brand quality, due to the service characteristics of intangibility, inseparability of production and consumption, heterogeneity, and perishability (Zeithaml et al., 1985; Berry, 2000; de Chernatony & Segal-Horn, 2003; Wilson, 2012). In the luxury and upscale hotel sector in particular, consumers often perceive inconsistency of service quality during their experiences with branded hotels and therefore become more critical regarding the value of a brand (Kandampully & Suhartanto, 2000; Akbaba, 2006). For consumers, a strong brand in the luxury and upscale hotel service sector needs to reflect its competence by providing a consistent quality of service and a business promise to maximise the customer's satisfaction, even if something related to the service production and delivery goes wrong (Parasuraman et al., 1985; Zeithaml et al., 1985; Knutson, Beck, Kim, & Cha, 2009; Bowie et al., 2011; Kotler et al., 2014). Thus, this consumer belief about brand competence and reliability, or brand trust, may be an important brand attitude for the development of consumer-based brand equity in the service industry, including the luxury and upscale hotel sector.



The significance of brand trust for consumer-based brand equity development in the luxury and upscale hotel sector is also likely to be supported by Hsu et al. (2012), who revealed two brand equity antecedents related to brand trust, including brand reliability and management trust. These two antecedents were rarely examined in brand equity research and were only identified through a research exploration of brand equity antecedents with a sample of luxury and upscale hotel consumers (Hsu et al., 2012). These additional findings indicate that consumers expect a strong brand in the luxury and upscale hotel sector to be reliable and trustworthy. Consumers' brand equity development is significantly influenced by their confidence in the brand. These two brand equity antecedents: brand reliability and management trust also correspond with the sub-dimensions of brand trust: brand reliability and brand intention (Delgado-Ballester & Munuera-Aleman, 2005). Therefore, the current research proposes brand trust as a brand attitude that contributes to the development of consumer-based brand equity in the luxury and upscale hotel sector.

***P9: Brand trust as a reflection of brand attitude, a key element of brand image, is an antecedent of consumer-based brand equity in the luxury and upscale hotel sector.***

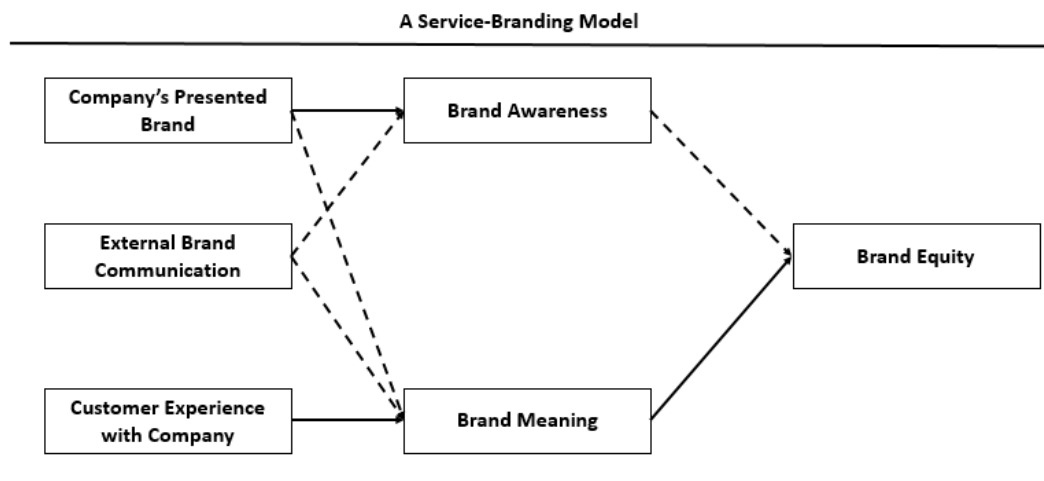
Overall, the review of three components of brand image: brand attributes, benefits and attitudes demonstrated that overall brand image in the service industry is rooted in the consumer's perception of brand benefits and brand attitudes. Thus, brand benefits and attitudes are also a key focus in the current research in regards to brand equity antecedents.

Through a discussion of potential brand equity antecedents in the luxury and upscale hotel sector on the basis of the fundamental brand equity theories developed by Keller (1993) and Aaker (1996), potential brand equity antecedents to be investigated in the current research have been highlighted. These include brand awareness, brand image, perceived quality, perceived value, brand affect, self-image congruence and brand trust. Although the propositions of these brand equity antecedents have so far been based on research findings in various contexts, including the product, the service and luxury and upscale hotel sector, there is also a need to review key service-based brand equity theories, followed by hotel-based theories in order to provide more accurate guidelines

for the current research. The following section will review a key brand equity model developed in the service industry.

### 2.7.3 Brand equity model with a focus on services

The most influential brand equity model in the service industry was developed by Berry (2000), which was adopted and examined by many studies in the service industry (e.g. Boo et al., 2009; Tsai et al., 2010; Hwang & Hyun, 2012; Gómez et al., 2013), including a study in the hotel industry (So & King, 2010). An important contribution of Berry’s brand equity model is its identification of the importance of consumer experiences in supporting brand equity development in the service industry. As shown in Figure 2.2, Berry (2000) adopted the key structure of the brand knowledge model from Keller (1993) by including two components of brand knowledge: brand awareness and brand meaning (image), as antecedents of service brand equity. However, unlike Keller (1993), Berry highlighted brand awareness and brand image as likely to be derived from three information sources: a company’s presented brand (e.g. marketing and advertising), external brand communication (e.g. word-of-mouth) and customer experience with the company.



**Figure 2.2: Service brand equity model from Berry (2000)**

Reprinted from “Cultivating service brand equity,” by L. L. Berry, 2000, *Journal of the academy of Marketing Science*, 28(1), p. 130.

Comparing the three information sources, customer experience was considered the most direct and strong source of valid, specific and personal knowledge about a brand. Berry also argued that customer experience as an internal information source for consumers can provide verification of brand knowledge derived from external information sources (a company's presented brand and external brand communication). This internal source could be the core in reducing a consumer's perceived risks and uncertainty, so as to support the development of brand equity in the service industry (Berry, 2000).

Given that many studies in the service industry supported the dominant influence of experience-based brand equity antecedents, the current research has also adopted this understanding and mainly proposed brand equity antecedents that are experience-based, such as perceived quality and brand affect. This understanding also guided the following research examination. For instance, research sample recruitment was designed to only collect data from consumers who had experiences with the luxury and upscale hotel sector, and research questions were designed to focus on consumers' experience-based brand perceptions and responses. The research methods and data collection process will be discussed in detail in Chapter 3.

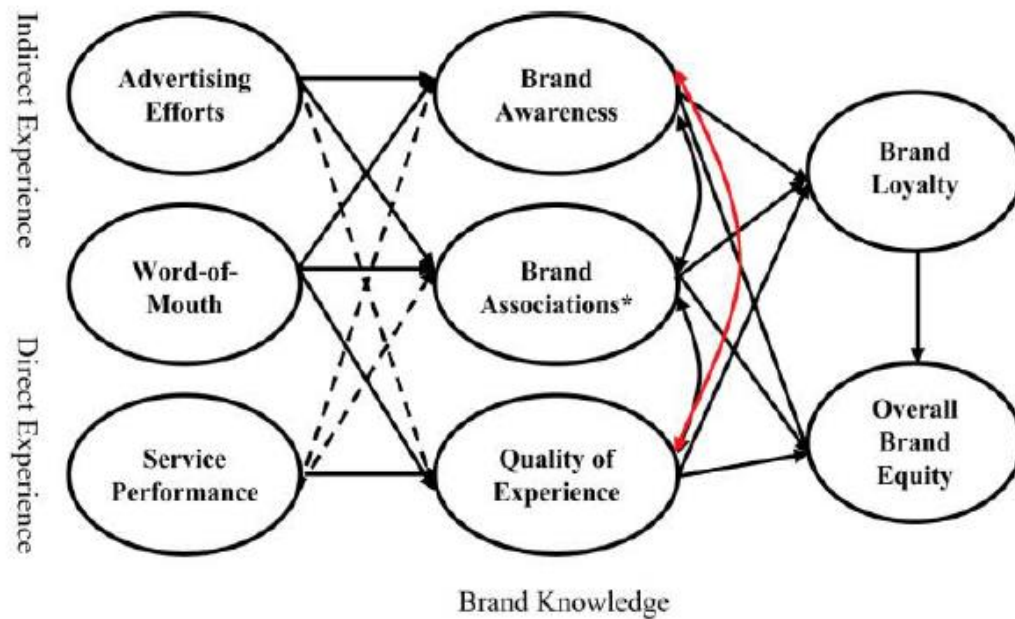
Apart from the significance of internal brand knowledge for influencing brand equity development, Berry's (2000) model also suggested the influence of external brand communication (e.g. WOM) on the development of brand knowledge components (brand awareness and brand meaning) and overall brand equity development. He argued that in the service industry, a consumer's demand for risk reduction can also be reflected from their reliance on other consumers' experience-based brand knowledge for making brand judgement and purchasing choices. Reviewing past consumer research and brand marketing literature, the influence of WOM on a service consumer's brand perception and responses is widely acknowledged (Duhan, Johnson, Wilcox, & Harrell, 1997; Ye et al., 2009; O'Connor, 2010). The identification of WOM suggested its potential influence on brand equity development in the service industry and in the luxury and upscale hotel sector. Therefore, this research also investigated the role of external brand communication, specifically WOM, in the current research context. Details of this proposal will be discussed later.

Overall, the key brand equity model developed for the service industry highlighted the significance of customer experience and external brand communication for brand equity development. This model was also adopted by many brand equity studies in the service industry (Boo et al., 2009; Tsai et al., 2010; Hwang & Hyun, 2012; Gómez et al., 2013). In the hotel industry, a conceptual study (Xu & Chan, 2010) and one of five empirical studies (So & King, 2010) also supported this model and extended the understanding of brand equity development in the hotel industry. The following sections will review key conceptual brand equity models and the five relevant empirical studies in the hotel industry, and discuss their relevance to the current research.

#### **2.7.4 Recent conceptual brand equity models with a focus on hotels**

The literature review identified two recent studies that conceptualised brand equity models specifically for the hotel industry (Sun & Ghiselli, 2010; Xu & Chan, 2010). However, the model developed by Xu and Chan (2010), based on Keller's (1993) and Berry's (2000) brand equity theories, is more relevant to the current study. Therefore, the following section will specifically review Xu and Chan's (2010) brand equity model.

A conceptualised brand equity model was proposed by Xu and Chan (2010) (see Figure 2.3), based on Keller (1993) and Berry (2000). A common characteristic shared by these models is that they all adopted Keller's brand knowledge framework to present antecedents of brand equity. The model proposed by the current research also shares the same characteristic.



**Figure 2.3: Hotel brand equity model from Xu and Chan (2010)**

Reprinted from "A conceptual framework of hotel experience and customer-based brand equity: Some research questions and implications," by J. B. Xu, and A. Chan, 2010, *International Journal of Contemporary Hospitality Management*, 22(2), p. 182.

A key difference between Xu and Chan's (2010) brand equity model and the proposed model in the current research is that Xu and Chan (2010) also adopted brand attribute elements from Berry (2000). They considered that, from the hotel consumer's perspective, brand knowledge is sourced from both search attributes (advertising and word of mouth) and experience attributes (service quality), whereas the current research considers experience-based brand benefits as the main antecedents of brand equity, thereby specifically focusing on the brand benefits. The highlight of search attributes, especially word-of-mouth, in the model of Xu and Chan (2010) suggested that an external source of information could be increasingly influential on consumers' brand perceptions, attitudes and behavioural intentions. As previous literature identified, consumer in the service industry are likely to rely predominantly on word-of-mouth information, with either positive or negative word-of-mouth influencing their perceived brand quality (Hsu, Kang, & Lam, 2006; O'Connor, 2010; Jeong & Jang, 2011). As such, the model developed by Xu and Chan (2012) implied that the current research also needs to consider this external information source (WOM). However, in today's market, word-of-mouth is prevalently spread via the Internet, with

an emerging factor of consumer-generated content, or online word-of-mouth found to be popularly used by hotel consumers (Nasution & Mavondo, 2008; Zhang, Ye, Law, & Li, 2010). Therefore, the following section will review the potential influence consumer-generated content has on the development of brand equity in luxury and upscale hotels.

#### **2.7.4.1 Consumer-generated content**

Consumer-generated content refers to a broad range of online materials published by consumers and other non-media professionals regarding a product or service. The content includes statistical ratings and narrative comments (Australian Bureau of Statistics, 2013; Duverger, 2013).

Much research on consumer-generated content has been based on the literature of WOM marketing, which refers to consumers recommending products or services to friends and family members (Ye, Law, & Gu, 2009). Due to interpersonal influence, WOM has been identified as the most effective marketing tactic to attract consumers (Duhan, Johnson, Wilcox, & Harrell, 1997; O'Connor, 2010), especially for choosing intangible services where perceived risks are higher (Murray, 1991; Dellarocas, 2003; Morgan, Pritchard, & Piggott, 2003). Similar to WOM, consumer-generated content is another type of direct reference posted online for consumers, and its effect on brand attributes, on consumers' perceptions and attitudes has also been found when consumers select tourism destinations (Hsu et al., 2006) and restaurants (Jeong & Jang, 2011).

In contrast to WOM, consumer-generated content extends the effect beyond small groups of individuals to a broader sphere via the internet (Nasution & Mavondo, 2008; Zhang, Ye, Law, & Li, 2010; Australian Bureau of Statistics, 2013). The development of the Web 2.0 platform enables consumers to provide recommendations and share experiences on various social media platforms including blogs, micro-blogs (e.g. Twitter), social networks (e.g. Facebook and LinkedIn), content community sites (e.g. YouTube and Flickr) and review websites (e.g. TripAdvisor). The rich information provided by consumers online is commonly considered to be unbiased brand attributes observed by consumers, based on personal experiences (Tirunillai & Tellis, 2012;

Duverger, 2013). Therefore, prospective consumers often use consumer-generated content online as an information source regarding brand attributes (e.g. hotel cleanliness, safety, location and value) (Sparks & Browning, 2011; Cheung & Lee, 2012). Commonly-used media platforms also assist consumers to access this consumer-generated content and filter brand options, triangulate information about prospective brands and confirm final purchase decisions (Verma, Stock, & McCarthy, 2012).

In the hotel industry, the popularity of review websites such as TripAdvisor, Expedia, and Ctrip demonstrates people's reliance on consumer-generated content (Litvin, Goldsmith, & Pan, 2008; Ye et al., 2009; O'Connor, 2010). Research shows that more than 200 million people use TripAdvisor every month, and more than 60 reviews are posted every minute (Travel Industry Wire, 2013). A hotel in the top 500 searched destinations on TripAdvisor, on average, receives 139 reviews and 53 photos (Travel Industry Wire, 2013). Almost 87% of TripAdvisor users claimed that online reviews give them more confidence in making purchase decisions (Travel Industry Wire, 2013).

Apart from the statistics, empirical research has also found the importance of consumer-generated content for increasing consumers' awareness of a brand from a broader geographical area (Vermeulen & Seegers, 2009; Jones & Chen, 2011), enhancing consumer perceived product quality (Duverger, 2013), and improving overall brand image (O'Connor, 2010). Consistent positive consumer-generated content can also reinforce consumers' brand trust (Vermeulen & Seegers, 2009; Sparks & Browning, 2011) and augment consumers' purchase intentions (Zhang et al., 2010; Browning, So, & Sparks, 2013). Therefore, based on the role of consumer-generated content as the consumer sharing brand attributes online, and the effect of consumer-generated content on increasing consumers' brand awareness and multiple elements of brand image (e.g. perceived quality and brand trust), the current research proposes:

***P10.1: Consumer-generated content as a reflection of a brand's attribute, a key element of brand image, is an antecedent of consumer-based brand equity in the luxury and upscale hotel sector.***

*P10.2: Consumer-generated content has a positive effect on brand awareness in the luxury and upscale hotel sector.*

*P10.3: Consumer-generated content has a positive effect on brand image in the luxury and upscale hotel sector.*

In summary, based on the extensive review of brand equity theories in the general market (Keller, 1993; Aaker, 1996), the service industry (Berry, 2000) and the luxury and upscale hotel sector (Sun & Ghiselli, 2010; Xu & Chan, 2010), eight potential brand equity antecedents (brand awareness, brand image, perceived quality, perceived value, brand affect, self-image congruence, brand trust and consumer-generated content) and two dimensions (brand choice and brand loyalty) are proposed. The following section will provide a review of five empirical studies, to provide a guide for the current research to build upon existing hotel brand equity theories.

### **2.7.5 Five empirical brand equity models in the hotel industry**

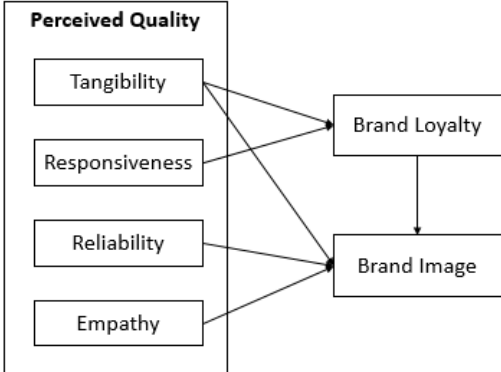
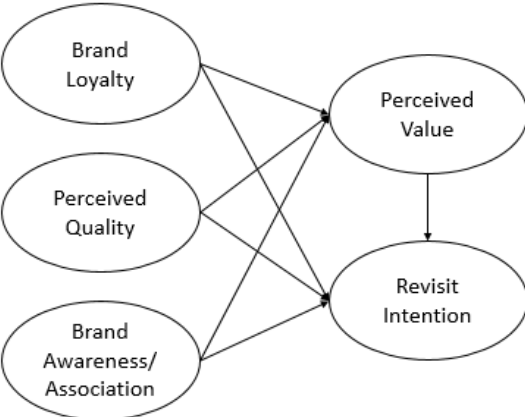
Brand equity research that focuses on the luxury and upscale hotel sector has taken place since the 1990s. However, early studies mainly focused on the impacts of brand equity (Thomas, 1993), the benefits of a well-developed brand in business acquisition (Mahajan, Rao, & Srivastava, 1994), as well as barriers to developing hotel brand equity (Bell, Deighton, Reinartz, Rust, & Swartz, 2002). In addition, these brand equity studies did not specifically compare differences between the hotel industry and other service or manufacturing industries, until studies (e.g. Bailey & Ball, 2006; Brady et al., 2005; Xu & Chan, 2010) emphasised that branding in hotel services needs to consider more aspects related to service delivery, separate from product/service production and marketing processes.

After research identified different meanings of and approaches to hotel branding (Bailey & Ball, 2006), more studies specifically investigated brand equity from the perspective of hotel consumers (Kim et al., 2008; Hsu et al., 2012). Subsequent research has investigated additional factors, including the effects of technology on hotel operations and marketing, hotel image congruence, and green marketing in relation to brand development (Gómez et al., 2013; Seric, Gil-Saura, & Mollá-Descals, 2016). However, only five empirical studies that investigated brand equity dimensions

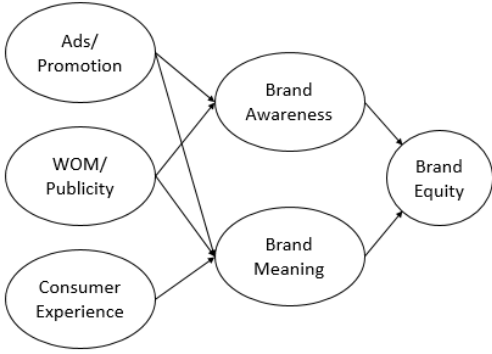
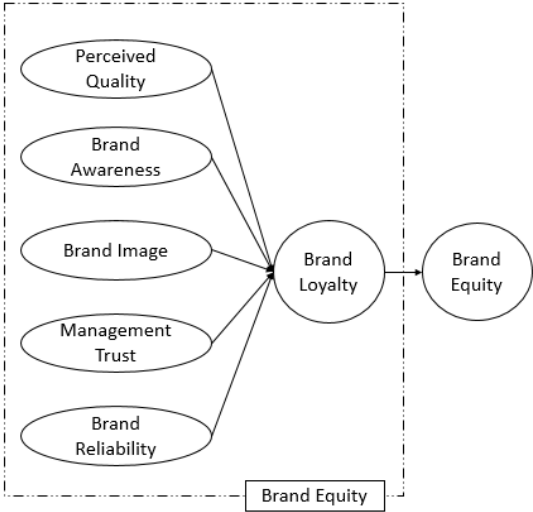


and antecedents and developed structural models for the hotel industry were found. The five models are summarised in Table 2.1.

**Table 2.1: Summary of previous hotel brand equity models**

| Authors/Year             | Research context                           | Theoretical basis  | Key findings  |
|--------------------------|--|--|---|
| (Kim & Kim, 2005)        | Luxury hotels in South Korea               | Aaker (1996) and Prasad and Dev (2000)   | Examined Aaker's (1996) brand equity theory in hotels, and found that out of four brand equity components (brand awareness, perceived quality, brand image and brand loyalty), brand awareness was not loaded significantly as a brand equity factor in luxury hotels.  |
| (Kayaman & Arasli, 2007) | Upscale (five-star) hotels in North Cyprus | Aaker (1996)<br>Kim and Kim (2005)<br>SERVEQUAL of Parasuraman, Zeithaml, and Berry (1988) | Developed measurements of perceived quality based on SERVEQUAL  <pre>           graph LR             subgraph Perceived_Quality [Perceived Quality]               T[Tangibility]               R[Responsiveness]               Rel[Reliability]               E[Empathy]             end             T --&gt; BL[Brand Loyalty]             R --&gt; BL             Rel --&gt; BI[Brand Image]             E --&gt; BI             BL --&gt; BI           </pre>   |
| (Kim et al., 2008)       | Midscale hotels in western US              | Measures adopted from Yoo & Donthu's (2001) and SERVEQUAL of Parasuraman et al. (1988)     | Identified perceived value and revisit intention as outcome factors of brand equity components (brand awareness/brand association, perceived quality and brand loyalty)  <pre>           graph LR             BL((Brand Loyalty)) --&gt; PV((Perceived Value))             BL --&gt; RI((Revisit Intention))             PQ((Perceived Quality)) --&gt; PV             PQ --&gt; RI             BA((Brand Awareness/ Association)) --&gt; PV             BA --&gt; RI             PV --&gt; RI           </pre> |

**Table 2.1: Summary of previous hotel brand equity models (continued)**

| Authors/Year       | Research context   | Theoretical basis  | Key findings  |
|--------------------|--|--|---|
| (So & King, 2010)  | General hotels in Australia  | Berry (2000)<br><br>Brand equity was assessed by four comparative measures from Yoo & Donthu (2001)                            | Validated Berry's (2000) service brand equity model in hotels<br><br> |
| (Hsu et al., 2012) | Upscale hotels in China<br><br>Mixed-methods research was conducted to explore and examine consumers' understanding of brand equity<br><br>Only frequent travellers were recruited with most traveling 12 times a year | Keller (1993)<br>Aaker (1996)<br><br>Brand choice intention was assessed by four comparative measures from Yoo & Donthu (2001) |    |

Of the five empirical brand equity models, one study focused on the mid-range hotel sector (Kim et al., 2008), one focused on the general hotel industry (So & King, 2010) and three focused on the luxury and upscale hotel sector (Kim & Kim, 2005; Kayaman & Arasli, 2007; Hsu et al., 2012). The following section will provide a brief introduction to the three studies in the luxury and upscale hotels, in addition to the two

studies in other sectors. These empirical findings and limitations underpin the research design of the current study.

The first brand equity study in the luxury hotel sector adopted Aaker's brand equity theory and focused on identifying measurable scales of brand equity components (e.g. brand awareness, perceived quality) and relationships between brand equity components and company financial performance (Kim & Kim, 2005). This study found that brand awareness was limited for explaining brand equity development in the luxury and upscale hotel sector, but highlighted perceived quality as a particularly strong indicator of brand equity. These findings supported the dominant influence of experience-based brand equity antecedents conceptualised in the key models developed for the service (Berry, 2000) and hotels sectors (Xu & Chan, 2010). The current study indicates that the brand equity theory developed by Aaker (1993) requires an adjustment to be applied in the context of the luxury hotel sector, especially regarding the role of brand awareness and perceived quality.

The second study of hotel brand equity in the upscale hotel sector by Kayaman and Arasli (2007) also found that brand awareness was not loaded significantly as a consumer-based brand equity factor, and that perceived quality was strongly influential on brand equity development. Another key contribution from this study was that it considered consumer expectations from strong brands in the service context. Kayaman and Arasli (2007) proposed that, to assess the contribution of perceived quality to brand equity development in the hotel service industry, the SERVQUAL (Parasuraman et al., 1985) which measures quality of intangible, heterogeneous, inseparable and perishable services, should be adopted. As a result, five elements of SERVQUAL, including 1) tangibility, 2) responsiveness, 3) reliability, 4) assurance and 5) empathy were adopted to test the influence of perceived quality on brand equity development.

By employing SERVQUAL into a study of hotel brand equity development, Kayaman & Arasli (2007) revealed underlying facets that essentially support the influence of perceived quality on brand equity development in the hotel industry. The results indicated that contribution of perceived quality to brand equity development is determined by a brand's tangibility, responsiveness, reliability and empathy. These

underlying elements are very different from that of perceived quality for encouraging brand equity development in the packaged goods industry (e.g. functional performance and product utilities) (Blackstone, 2000; Baldauf et al., 2003). These findings indicate that future examination of the role of perceived quality for hotel brand equity development should not overlook these service elements. The current research developed measurement items of perceived quality based on Kayaman and Arasli (2007).

A research limitation revealed by Kayaman and Arasli's (2007) study was that the interrelationship between the brand equity antecedents of perceived quality, brand image and brand loyalty may require further examination. For instance, this study identified brand image as the final outcome of brand loyalty and perceived quality. However, according to most brand equity theories, brand loyalty is the ultimate positive consumer attitude and is built through long term relationships and interaction between consumers and a brand (Yoo, Donthu, & Lee, 2000; Taylor, Celuch, & Goodwin, 2004; Ha, Janda, & Muthaly, 2010; Nam, Ekinci, & Whyatt, 2011). In these studies, brand loyalty as a result of consumers' repeat patronage was often found to be the outcome of brand image. Therefore, the relationship between brand loyalty and brand image identified by Kayaman and Arasli (2007) will be further tested in the current study.

Regarding the brand equity model developed by Hsu et al. (2012) for the luxury hotel sector, it is the only one of the five empirical models that is based on a qualitative exploration of consumer perceptions about brand strength. A significant contribution of this research is the identification of the additional brand equity antecedents of management trust and brand reliability. These findings further supported the current research assumption that the applicability of the generic brand equity models conceptualised by Keller (1993) and Aaker (1996) vary in different research contexts, and are not applicable in isolation for examining consumer-based brand equity in the luxury and upscale hotel sector. The study indicated that the development of a specific brand equity model for the luxury and upscale hotel sector requires exploration of specific consumer perceptions and expectations of a strong brand in this sector.

A limitation of this study (Hsu et al., 2012) was that the research sample consisted of very frequent business travellers who stayed in a luxury or upscale hotel more than 12 times a year. Due to the frequency of visits, the sample's familiarity with hotel experiences and management teams may have resulted in an overemphasis on hotel management competence and under emphasis on potential elements that are influential on less-experienced guests (Hsu et al., 2012).

In the luxury and upscale hotel sector, a significant proportion of the hotel market consists of medium to less frequent consumers, and their perceptions and expectations of a strong brand from these groups may be very different (Bellaiche, Mei-Pochtler, & Hanisch, 2010). For instance, Heo & Lee, (2011) identified that less frequent consumers tend to have different perceptions of a brand's perceived value compared to frequent consumers, due to their limited familiarity with hotel prices and lack of knowledge to produce an accurate judgement regarding the hotel's value for money (Heo & Lee, 2011). As such, consumers' perceptions of perceived value when judging a brand choice might be different based on their different experience levels in the hotel industry. In addition, the application of the proposed brand equity dimension of brand loyalty in the medium to less frequent consumer market could be critical (Oliver, 1999; McCall & Voorhees, 2010; Xie, Xiong, Chen, & Hu, 2015).

By examining the influence of brand trust which reflects the similar attributes of brand reliability and management trust (see Section 2.7.2), the current research will provide further insight of the research findings from Hsu et al., (2012). In addition, by examining multiple brand equity antecedents derived from brand benefits (functional, experiential and symbolic benefits) and brand attitudes, it will also be feasible to test the degree of influence of brand trust compared to other antecedents.

Apart from the three brand equity studies conducted in the luxury and upscale hotel sector, Kim et al., (2008) and So and King (2010) have investigated brand equity development in the mid-scale hotel sector and the general hotel industry. Kim et al. (2008) identified an additional brand equity antecedent - perceived value - in the mid-scale hotel sector. In addition, So and King (2010) examined the key service brand equity model proposed by Berry (2000) in the context of hotel services. Both of these studies supported the dominant influence of consumer experience on nurturing brand

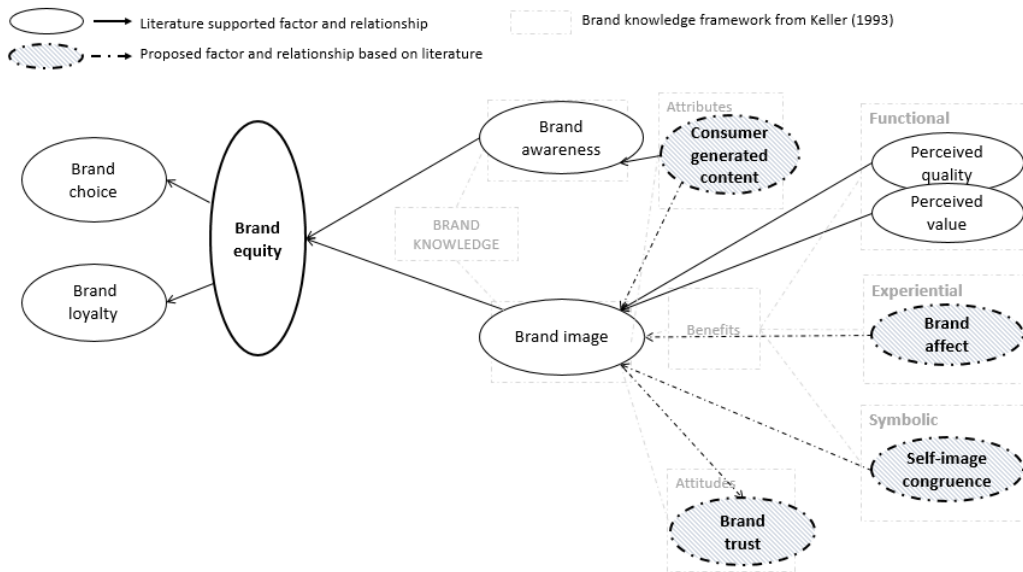
equity, and the influence of internal brand knowledge such as perceived value on shaping overall brand image. Therefore, the current research will pay additional attention to experience-based brand benefit elements that are influential on the overall brand image and, ultimately, brand equity.

Based on the review of empirical hotel brand equity studies in luxury and upscale hotels or other hotel segments, it is evident that existing hotel brand equity studies lack specific exploration of consumer understanding when evaluating luxury and upscale hotel brands, with the exception of Hsu et al. (2012). In addition, the consideration of hotel service features, such as emphasis on core experience values as functional, emotional and symbolic benefits, and consumer expectation of consistent quality services is limited. In particular, the influence of external brand communication and consumers' increased power for shaping brand meaning online, remains scant (Carvell et al., 2016). In the hotel market, consumer-generated content on social media has a significant impact on consumers' perceptions and attitudes towards a hotel (Ye et al., 2009; Zhang et al., 2010; Sparks & Browning, 2011). However, the effect of increased consumer power derived from social media penetration on consumer-based brand equity development is unknown (Keller, 2016). Therefore, the current research will consider these service features provided by luxury and upscale hotel experiences when developing a specific brand equity model.

### **2.7.6 Proposed consumer-based brand equity model**

Based on the above discussion and proposals of potential dimensions and antecedents of consumer-based brand equity for the luxury and upscale hotel sector, a research model is proposed in Figure 2.4. Keller's (1993) brand equity theory is adopted as the theoretical foundation, with reference to relevant brand equity research findings in the service and hotel industries. Specifically, two brand equity dimensions are proposed: brand choice and brand loyalty; together with eight brand equity antecedents: brand awareness, brand image, perceived quality, perceived value, brand affect, self-image congruence, brand trust and consumer-generated content. Since this research aims to explore consumer perceptions to reveal specific brand equity dimensions and antecedents for the luxury and upscale hotel sector, the proposed model will be used as a reference to guide the next research stage of qualitative exploration. Following

this, based on the qualitative research findings, the research model and research hypotheses will be finalised and presented in Chapter 4.



**Figure 2.4: Proposed brand equity model for the current research context**

## 2.8 Chapter summary

This chapter has aimed to provide an understanding of the uniqueness of brand equity development in the luxury and upscale hotel sector, and to this end, has discussed four main considerations in six sections. The first two sections, research context and meaning of a brand, introduced the basic characteristics of the luxury and upscale hotel sector where consumers mainly seek extra comfortable, elegant and pampering hotel experiences. Based on an introduction to the meaning of a brand for both businesses and consumers, the fundamental role of a brand for influencing consumers' perceptions and behaviours was highlighted.

The understanding that consumer recognised brand value is the root of brand success provided a foundation for understanding the focal research topic of consumer-based brand equity. In the next two sections, the definition and significance of investigating brand equity development were discussed, followed by the identification of two research limitations to be addressed in the current research.

The first limitation was that previous brand equity research has adopted various interpretations and approaches to define and assess the concept of consumer-based brand equity; consequently, there is a need to first specify a brand equity definition and assessment approach to be used in the current study. Therefore, this section provided a comparison of three existing categories of brand equity interpretations and assessment approaches. As a result, Keller's (1993) brand equity definition and theory were adopted for the current research, with two brand equity dimensions - brand choice and brand loyalty - being proposed for the luxury and upscale hotel sector.

The other limitation was that few hotel brand equity studies have explored specific brand equity antecedents in the luxury and upscale hotel sector, by considering the hotel service dynamic. Therefore, to fill the research gap and provide a more in-depth understanding of brand equity development in the luxury and upscale hotel sector, this section specifically reviewed fundamental brand equity theories (Keller, 1993; Aaker, 1996) and theories that were developed for the services (Berry, 2000) and hotel industries (Sun & Ghiselli, 2010; Xu & Chan, 2010). Specifically, the potential influence of consumer-perceived functional, experiential, and symbolic benefits, brand attitudes and external brand communication on brand equity development was discussed. This resulted in the proposal of eight brand equity antecedents for the luxury and upscale hotel sector, including brand awareness, brand image, perceived quality, perceived value, brand affect, self-image congruence, brand trust and consumer-generated content. The following qualitative study stage will study the validity of these eight antecedents and two dimensions of consumer-based brand equity, from the consumers' perspective. The research methods will be discussed in detail in Chapter 3: Research Methodology.



# CHAPTER 3: Research Methodology

## 3.1 Introduction

Based on the literature review and the proposed consumer-based brand equity model, this chapter will illustrate the selected research methodology and research design for achieving the objectives of 1) *to identify brand equity dimensions and antecedents in the luxury and upscale hotel sector; and 2) to identify relationships between brand equity dimensions and antecedents*, to build a specific brand equity development model for the luxury and upscale hotel sector. More specifically, the choice of research methodology—the pragmatism—will first be discussed, based on its suitability and feasibility to achieve the current research needs (Outhwaite & Turner, 2007; Perri & Bellamy, 2012; Creswell, 2014). Afterwards, the specific research design, using a mixed method with a qualitative and a quantitative study conducted in the sequential stages, will be illustrated. Based on the research design, the qualitative findings obtained in the first research stage were the foundation of the following quantitative study (Creswell, 2014). As such, the detailed procedures regarding the quantitative data collection and analysis, such as the data collection instrument design and sample size estimation, were not able to be predetermined in the beginning of the research administration. Therefore, the current chapter will only provide an overview of the research design, including the main research methods selected for each study stage. Detailed data collection and analysis steps will be presented in the corresponding chapters of the qualitative data collection and analysis results in Chapter 4, and the quantitative data collection and analysis results in Chapter 5.

## 3.2 Research methodology

The choice of a research methodology reflects the scholar's philosophical viewpoint, also known as the ontology and epistemology, in forming specific research enquiries and making warranted inferences about research findings (Mackenzie & Knipe, 2006; Neuman, 2011; Perri & Bellamy, 2012; Bryman, 2016). However, to efficiently achieve expected research outcomes (e.g. identifying a singular reality, subjective

understandings in context, a solution to a problem, or inequities in society), the choice of research methodology also needs to match the research objectives (Ritchie, Lewis, Nicholls, & Ormston, 2013). In other words, the methodology and research objectives need to be compatible (Creswell, 2014). Therefore, the following section will first review the current research objectives and tasks to be completed, and then discuss the suitability of available research methodologies for achieving the current research objectives.

### **3.2.1 Research objectives and tasks**

As the research limitations identified in Section 1.1.4 showed, the area of brand equity development in luxury and upscale hotels has received limited prior study and, therefore, the identification of specific antecedents of consumer-based brand equity for the sector was limited. However, given the economic contribution and expected industrial expansion of the luxury and upscale hotel sector (Transparency Market Research, 2015), and the importance of brand development for a business in the competitive and fast-changing luxury and upscale hotel market (O'Neill & Mattila, 2010; Xu & Chan, 2010), there is a need to thoroughly investigate the consumer-based brand equity antecedents that significantly influence consumers' responses towards a brand (Brady, Bourdeau, & Heskell, 2005; Bailey & Ball, 2006; Xu & Chan, 2010). Such consumers' perception and behavioural intention towards a brand directly determine the brand's success (Aaker, 2010; Keller, 2013). Therefore, the current research aimed to develop a more specific consumer-based brand equity model for the luxury and upscale hotel sector.

To achieve the research outcome of a brand equity model for the luxury and upscale hotel sector, the current research identified two specific research objectives: *1) to identify brand equity dimensions and antecedents in the luxury and upscale hotel sector; and 2) to identify relationships between brand equity dimensions and antecedents.* To achieve such research objectives, two main research tasks were identified, which are illustrated below.

Firstly, following the research objectives, the current research conducted a literature review on key brand equity theories (Keller, 1993; Aaker, 1996) and related hotel

brand equity studies (Kim & Kim, 2005; Kayaman & Arasli, 2007; Kim et al., 2008; So & King, 2010; Hsu et al., 2012). A research model was then proposed, including potential brand equity dimensions and antecedents in the luxury and upscale hotel sector. However, before testing this model, a qualitative exploration of consumers' understanding about brand influence and the development of consumer-based brand equity in the luxury and upscale hotel sector would significantly improve the validity of the proposed model, so as to improve the legitimacy of the research findings. In addition, an exploration of the consumer's understanding about brand influence would also assist the current research to identify whether there are additional factors influencing consumer-based brand equity development in the luxury and upscale hotel sector that were not included in the proposed research model. Therefore, a qualitative exploration study with luxury and upscale hotel consumers could benefit the development of a specific consumer-based brand equity model for the luxury and upscale hotel sector in the current research. As such, the first research task was:

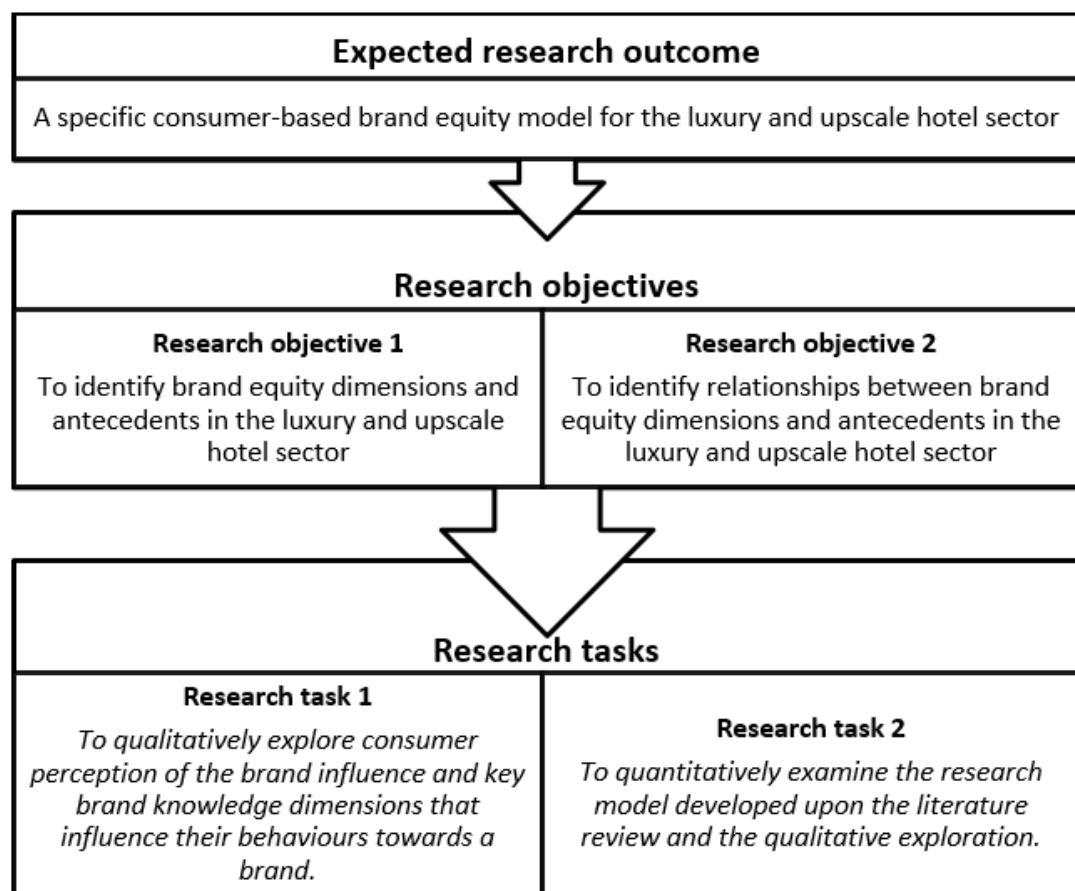
***Research task 1: To qualitatively explore consumer perception of the brand influence and key brand knowledge components that influence their behaviours towards a brand.***

Secondly, considering the nature of a qualitative exploration study as providing constructive interpretations and in-depth understanding of a research concept, the research findings are deemed subjective (Krueger & Casey, 2014). The research findings would have limited applicability to the general public (Muijs, 2011; Neuman, 2011). As such, in the current research, although the earlier stages of literature review and qualitative exploration were beneficial for the identification of a more valid consumer-based brand equity model from the luxury and upscale hotel consumer's perspective, the model would have limited applicability to the general public (Churchill, Brown, & Suter, 2001; Bryman, 2016). Therefore, to develop a reliable and applicable consumer-based brand equity model for the luxury and upscale hotel sector, a quantitative examination was required for firstly confirming the statistical significance of proposed brand equity dimensions and antecedents, and then examining and identifying the dependent relationships between brand equity dimensions and antecedents in the luxury and upscale hotel sector. As such, a quantitative study with a broad population was key to ensure the reliability and

applicability of the research findings (Muijs, 2011; Neuman, 2011; Creswell, 2014). Therefore, the second research task was:

**Research task 2:** *To quantitatively examine the research model developed upon the literature review and the qualitative exploration.*

Based on the expected research outcome, research objectives and tasks to be completed (as summarised in Figure 3.1), this chapter will illustrate the choice of research methodology.



**Figure 3.1: Expected research outcome, research objectives and tasks**

### 3.2.2 Methodology

Based on common research needs, scholars (Outhwaite & Turner, 2007; Bryman, 2016; Creswell, 2014) have classified various methodologies into four main categories: postpositivism, constructivism, pragmatism and transformativism. These four types

represent the primary research paradigms adopted in modern research projects (Bryman, 2016).

Based on the current research objectives and research tasks, both constructivism and postpositivism seem required for achieving the two research objectives and completing research tasks in stages. For instance, constructivism assumes that humans with different backgrounds and social experiences have different understandings of certain objects, so that these various understandings need to be collected in context using observations and interviews (Lincoln, Lynham, & Guba, 2011). As such, constructivism, which seeks comprehensive views of a certain object (Creswell, 2014), seems appropriate to direct the first research task: *to qualitatively explore consumer perception of the brand influence and key brand knowledge components that influence their behaviours towards a brand*. In addition, constructivists, through observing information in context, can abstract physical entities from context to capture an in-depth understanding of a researched concept (Lincoln & Guba, 2000). Using this approach, the underlying meaning of the given concept—brand equity—and its dimensions and antecedents can be expected (Creswell, 2014; Lewis, 2015). As such, constructivism is suitable for directing the first research task, and achieving the first research objective as *to identify brand equity dimensions and antecedents in the luxury and upscale hotel sector*.

In addition, to achieve the other research objective: *to identify relationships between brand equity dimensions and antecedents in the luxury and upscale hotel sector*, there is a need to firstly identify reliable measurements of each concept across the population (Hair, Black, Babin, & Anderson, 2009). In other words, there is a need to firstly identify reliable brand equity dimensions and antecedents based on broad consumers' opinions. Constructivism, for emphasising subjective conditions, would not be suitable to measure objective realities across the sample (Outhwaite & Turner, 2007). Instead, postpositivism, which is advanced in highlighting objective observations of physical entities (Tashakkori & Teddlie, 2010) and verifying measurements of concepts across numerous cases (Neuman, 2011) is appropriate for identifying reliable brand equity dimensions and antecedents. In addition, in order to identify underlying relationships between reliable brand equity dimensions and antecedents, postpositivism, which assumes that common truths exist in the world and can be identified or revealed

through quantitative examination (Phillips & Burbules, 2000), is also useful for signifying the relationships between brand equity dimensions and antecedents with broad populations (Johnson & Onwuegbuzie, 2004; Outhwaite & Turner, 2007). As such, postpositivism seems appropriate for achieving the second research objective: *to identify relationships between the dimensions and antecedents in the luxury and upscale hotel sector.*

Overall, constructivism and postpositivism were both required to address the current research objectives. Therefore, the methodology of pragmatism, which supports the mixed adoption of both constructivism and postpositivism, was adopted in the current research.

Pragmatism believes that the truth is revealed through directly investigating the problem using flexibly integrated qualitative and quantitative research practices (Tashakkori & Teddlie, 2010). The flexibility of pragmatism has shown enormous benefits for addressing complex research questions, especially in the social science research area (Johnson & Onwuegbuzie, 2004; Morgan, 2007; Greene, 2008; Tashakkori & Teddlie, 2010). A key benefit of adopting pragmatism is directing academics to think beyond disciplines or even across disciplines, in order to accurately comprehend the research nature, specific research questions, and theories related to the research frameworks (Mackenzie & Knipe, 2006; Neuman, 2011).

Regarding the current research, pragmatism enables the current researcher to use multiple perspectives to interpret the world and obtain a comprehensive understanding of consumer-based brand equity development in context, and ultimately contribute to the development of a reliable brand equity model for luxury and upscale hotels. In addition, pragmatism, as a philosophical underpinning for mixed methods studies, can also be used as a research triangulation to increase the research validity and reliability (Olsen, 2004). More specifically, the qualitative findings derived from soft data (e.g. participants' conversations) would be more reliable through a quantitative test using hard data (e.g. numbers and records) and robust statistical methods (Neuman, 2011). Therefore, the current research adopted pragmatism with constructivism and postpositivism integrated to identify brand equity dimensions and antecedents and their relationships.

In conclusion, in order to provide a more specific understanding of luxury and upscale hotel consumers in forming perceived brand equity, and develop a brand equity model to direct business brand management, this research adopted the pragmatism paradigm with constructivism and postpositivism integrated in sequential stages. There are various approaches to integrate multiple research techniques in the mixed research design (Perri & Bellamy, 2012). The following section presents the planned research design.

### **3.3 Research design**

In general, several issues are involved in research design, such as defining the types of required data, where to collect the required data, and how to collect, analyse and interpret data (Outhwaite & Turner, 2007; Creswell, 2014). All these matters are determined by research purposes (e.g. whether the research is for generating description, interpretation or explanation of a concept or an event), research nature (observation or experimental), researched component (case-based or variable-based), and research coverage (within-case or between-case) (Neuman, 2011; Bryman, 2016). As discussed previously, the current research aimed to achieve multiple purposes (exploration and examination) using pragmatism; therefore, the following section reviews available research designs for mixed method research and then clarifies the choice for the current research.

#### **3.3.1 Mixed methods research design**

Different from mono-method (pure qualitative or quantitative) research design, a mixed method research design firstly involves a selection of method mixing approaches (Muijs, 2011; Neuman, 2011; Creswell, 2014). More specifically, a qualitative and a quantitative method can be mixed in various approaches based on the sequence and weight assigned for each method. For instance, a study that prioritises developing in-depth understanding of a concept may adopt an explanatory sequential mixing approach, with the quantitative study conducted prior to the dominant qualitative study. As such, based on the different research rationales, multiple method mixing approaches were developed, such as the convergent parallel mixing approach, the explanatory sequential mixing approach, the exploratory sequential mixing

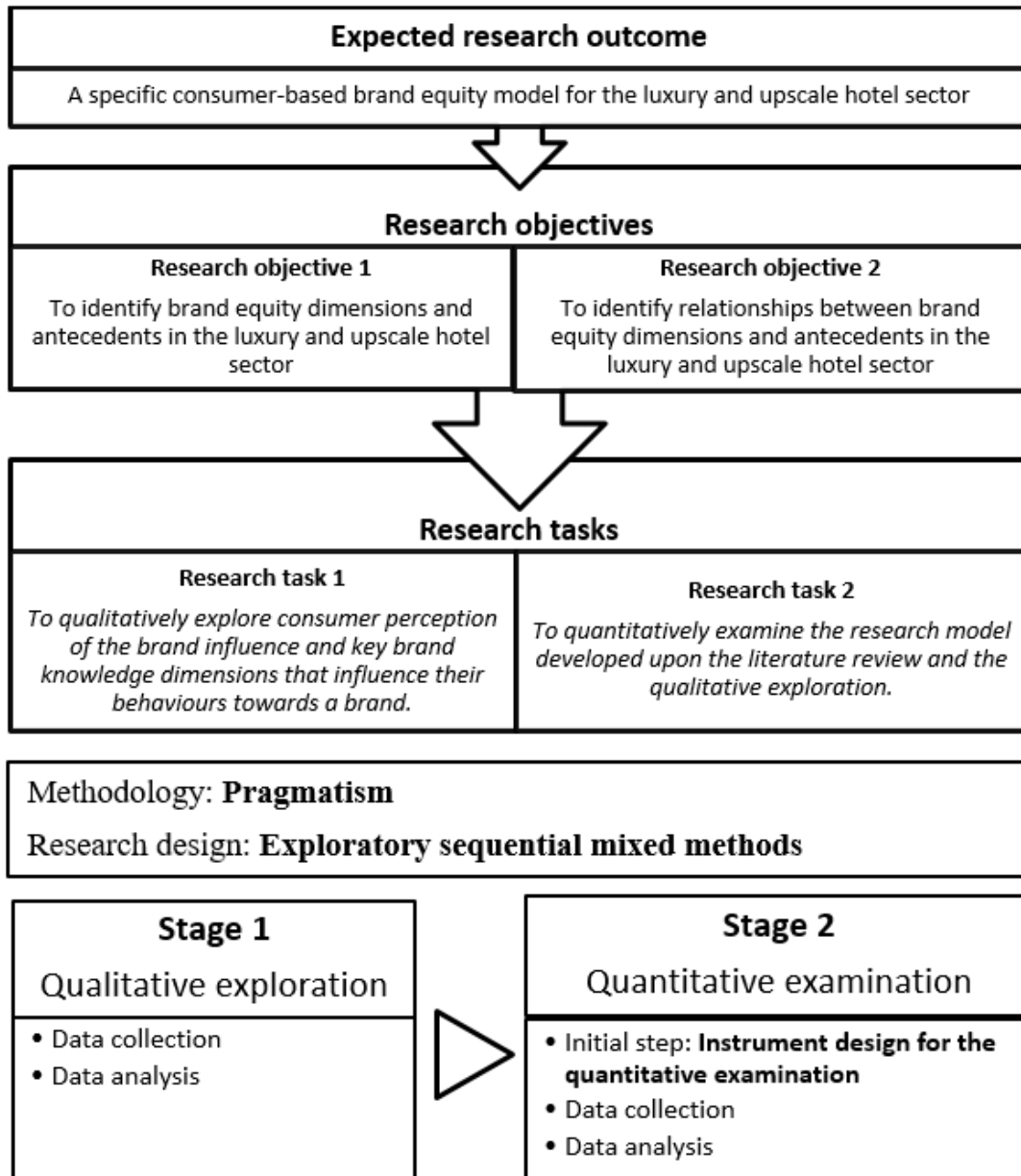
approach, or more advanced mixing approaches (e.g. embedded and transformative approaches) (Creswell, 2014). To choose a suitable method mixing approach for the current research, four specific criteria (presented below) were adopted.

- “1) the proposed research objectives*
- 2) the weight of each objective*
- 3) the feasibility of data collection, and*
- 4) the main contribution expected from the research”*

*(Creswell, 2014, p219)*

As a result, the exploratory sequential design was found to be the most appropriate for the current research. More specifically, exploratory sequential design refers to the use of a qualitative method proceeding to a quantitative method (Creswell, 2014). This mixed method approach is used to firstly explore an unknown research area through a qualitative study, and then confirm the common reality in the general population through quantitatively validating the qualitative findings (Johnson & Onwuegbuzie, 2004). In the current research, the qualitative study is beneficial for obtaining insight about consumer attitudes and behaviours towards luxury and upscale hotel brands; however, this exploratory finding was considered a basis of the quantitative study that identified and validated brand equity dimensions and antecedents and their relationships. The priority of the research was to develop a specific brand equity model to direct luxury and upscale hotel business in brand management. Therefore, the exploratory sequential design with the quantitative research as the dominant approach was the most appropriate. More specifically, three research steps were involved in this exploratory sequential research design, including step 1 of qualitative exploration, step 2 of transforming the qualitative findings into a research instrument to be used for the quantitative examination, and step 3 of quantitative examination (Creswell, 2014). Essentially, step 2 is part of the third step of quantitative examination. Therefore, the current research adapted the three steps of exploratory sequential design (Creswell, 2014) into two research stages: qualitative exploration and quantitative examination. Details are shown in Figure 3.2.





**Figure 3.2: Exploratory sequential mixed methods research design**

The following section briefly displays the data collection and analysis methods for each stage. Detailed instrument design and quantitative examination can only be clarified based on the results of the qualitative study, such as the length and format of the instrument and sample size for the quantitative study (Malhotra, 2006; Rattray & Jones, 2007). Therefore, specific data collection and analysis steps will be presented in Chapter 4: Qualitative data collection and analysis, and Chapter 5: Quantitative data collection and analysis.

## **STAGE 1: Qualitative Exploration**

### **3.3.1.1 Data collection method**

To complete the first research task: to qualitatively explore consumer perception to identify brand equity dimensions and antecedents in the luxury and upscale hotel sector, the current research first reviewed the suitability of available qualitative data collection methods. For instance, commonly used qualitative research methods include grounded theory, phenomenology, ethnography, biographical research, narrative research, action research, focus group and case study (Barbour, 2013; Creswell, 2014; Lewis, 2015). Based on a comparison of the different functions of these methods in terms of understanding the world and investigating unique types of research questions, and in particular the research questions in this thesis, the researcher found focus groups the most appropriate method to complete the first research task, for the following reasons.

Focus groups have been widely adopted in social science research (Kitzinger, 1994; Morgan & Krueger, 1998; Acocella, 2012; Ritchie et al., 2013), and in the consumer marketing field (Frey & Fontana, 1991; Churchill et al., 2001; Berg, Lune, & Lune, 2004). This method involves a facilitator asking a series of open-ended questions to a group of participants, and then encouraging participants to comment on or even question each other's opinions on a specific set of issues (Kitzinger, 1994; Morgan & Krueger, 1998; Stewart & Shamdasani, 2014; Krueger & Casey, 2014). For the current research, focus groups firstly enabled the researcher to directly communicate with luxury and upscale hotel consumers to collect rich data regarding different consumers' perceptions of brand influence and their experiences building particular brand knowledge towards luxury and upscale hotel brands (Neuman, 2011; Krueger & Casey, 2014). This open discussion enabled the researcher to achieve the research task of sufficiently exploring potential brand equity dimensions and antecedents from the luxury and upscale hotel consumer's perspective.

In addition, the interactive discussion environment created by focus groups encourages consumers to exchange and discuss their perceptions and attitudes towards the focused topic (Barbour, 2013; Krueger & Casey, 2014), specifically consumer-based brand equity development in the current research. As such, the interactive discussion

stimulated consumers to express more valid and in-depth opinions regarding the actual influence of certain brand qualities (Powell & Single, 1996; Krueger & Casey, 2014).

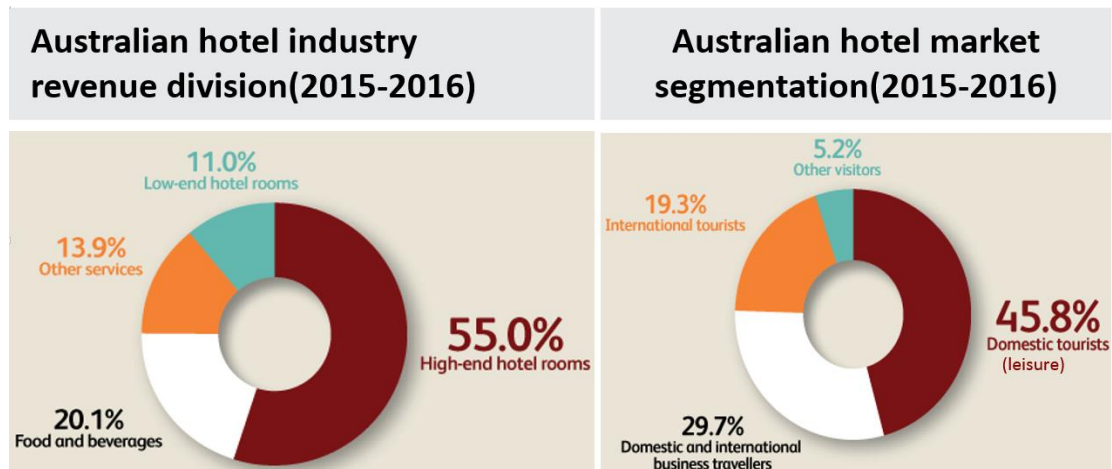
Furthermore, focus groups also create a small-scale social environment for consumers to communicate their impressions or judgements similarly to how they do in real life (Acocella, 2012). This process of participants sharing their knowledge and experiences is a replication of their everyday life, like the moment they discuss brand quality with their colleagues and friends, and the moment they think through brand choices in making purchase decisions in the luxury and upscale hotel sector. Such an environment stimulates more valid data from group participants (Barbour, 2013; Krueger & Casey, 2014).

Overall, using focus groups in the qualitative exploration stage was beneficial for the current research to collect rich, valid and analytical data which would then enable the researcher to identify underlying consumer attitudes and behavioural patterns (Bloor, Frankland, Thomas, & Robson, 2001; Acocella, 2012; Krueger & Casey, 2014) in the luxury and upscale hotel market, to finally identify key brand equity dimensions and antecedents in the luxury and upscale hotel sector.

Based on the above discussion, the current research, in the first stage of exploration of brand equity dimensions and antecedents in the luxury and upscale hotel sector, adopted focus groups as the data collection method. Regarding participant recruitment, the research sample recruitment process aimed to attract participants who had sufficient knowledge and experience with the research topic (Krueger & Casey, 2014) of luxury and upscale hotel brands and the sector. Therefore, a criterion used in the participant recruitment selection process was that all focus group participants must have had experience with luxury and upscale hotels in the last three years.

In addition, the current research was conducted with Australian domestic consumers in the luxury and upscale hotel sector, which was considered a good sample pool for sourcing the target participants of luxury and upscale hotel consumers. As shown in Figure 3.3, in the Australian hotel industry, 55% of revenue was contributed by consumers in the luxury and upscale hotel sector and 45.8% of luxury and upscale hotel consumers were from the domestic leisure market. Therefore, the domestic

leisure market in the luxury and upscale hotel sector is an appropriate source of the target research population of luxury and upscale hotel consumers.



**Figure 3.3: The luxury and upscale hotel market in Australia**

Reprinted from IBISWorld industry report H4401: Hotels and resorts in Australia, in *IBISWorld*, 2016, Retrieved from <http://clients1.ibisworld.com.au.ezproxy.ecu.edu.au/reports/au/industry/productsandmarkets.aspx?entid=1811>

Based on the above discussion, focus groups were considered the most appropriate research method to collect sufficient understanding regarding the development of consumer-based brand equity in the luxury and upscale hotel sector, from the consumer's perspective. Detailed criteria related to participant recruitment and the focus group question design will be presented in Chapter 4: Qualitative data collection and analysis results (Section 4.2). The next section will discuss the choice of specific data analysis techniques for the research exploration.

### 3.3.1.2 Data analysis method

Based on the qualitative data collected from the focus groups, such as consumers' narrative comments regarding their experiences in the luxury and upscale hotel sector, and their perceptions of brand influence and factors that influenced their behaviours towards luxury and upscale hotel brands, this stage was required to select an appropriate data analysis method to finally achieve the first research objective as to

identify brand equity dimensions and antecedents in luxury and upscale hotels from the consumer's perspective.

To achieve such a research objective, the current research based on comparison of available data analysis methods (e.g. constant comparison analysis, classical content analysis, thematic analysis, narrative analysis and discourse analysis) (Hsieh & Shannon, 2005; Creswell, Hanson, Clark Plano, & Morales, 2007; Liamputtong, 2009; Lewis, 2015) found that the most appropriate analysis method for this stage was content analysis. More specifically, content analysis involves a researcher to first code collected data (e.g. dialogue, written script, picture or video) based on a pre-developed or draft coding dictionary, and then conduct a code analysis to uncover key themes hidden in the qualitative data (Hsieh & Shannon, 2005; Elo & Kyngäs, 2008; Vaismoradi, Turunen, & Bondas, 2013). Specific to the current research, to identify brand equity dimensions and antecedents from focus group data, the proposed brand equity model based on literature can be used as an initial coding dictionary.

Through the data coding process, hotel consumers' conversations can be categorised in relation to the relevance of reflecting the proposed brand equity dimensions and antecedents in the luxury and upscale hotel sector. In addition, given the exploratory nature of the current stage, the initial coding dictionary would also be further enriched and revised based on collected qualitative data (Elo & Kyngäs, 2008). In other words, if any additional factors that reflect or contribute to consumers' differential responses towards a brand were revealed, the coding dictionary or the proposed brand equity model would be revised. Therefore, based on the code analysis process, a specific consumer-based brand equity model for the luxury and upscale hotel sector could be expected.

Based on the above discussion, the suitability of content analysis for the current research stage is evident. Many scholars have supported the efficiency of using content analysis for organising voluminous data to produce clear and insightful results (Spiggle, 1994; Leech & Onwuegbuzie, 2008; Liamputtong, 2009). Numerous studies also provided a good body of knowledge and guidance regarding content analysis (e.g. Kitzinger, 1994; Acocella, 2012; Krueger & Casey, 2014). Therefore, content analysis was deemed the most effective data analysis method for revealing hidden meanings

from scattered data, compared to other similar methods (e.g. constant comparison analysis and thematic analysis), due to its well-developed coding dictionary development methods, code analysis approaches and analysis result reporting styles (Hsieh & Shannon, 2005; Creswell et al., 2007; Pope, Ziebland, & Mays, 2007; Leech & Onwuegbuzie, 2008; Neuman, 2011). Therefore, the current research adopted content analysis for the current research stage. Details about the data transcribing, coding, and analysing processes will be illustrated in Chapter 4: Qualitative data collection and analysis.

In conclusion, the current qualitative research stage used focus groups to create small-scale social environment for participants to discuss their hotel brand perceptions and brand equity development. Content analysis was conducted on the participants' discussions in order to identify factors that indicate or contribute to brand equity development in the luxury and upscale hotel industries. The research results will be presented in narrative style, to reflect each implied brand equity dimension and antecedent from the consumers' perspective, in Chapter 4.

## **STAGE 2: Quantitative Examination**

As designed in the exploratory sequential mixed methods research (Figure 3.1), after the prior qualitative study, the identified key factors that influenced consumers in forming consumer-based brand equity in luxury and upscale hotels would be tested in a quantitative study. Thus, the initial part of stage 2 involved designing an instrument to transform the qualitative findings into a format that could be quantitatively examined.

Common procedures for transferring qualitative findings into an instrument can be found in wide literature on mixed method research (Bryman & Cramer, 2004; Hardesty & Bearden, 2004; Worthington & Whittaker, 2006) and scale development (Churchill, 1979; Gerbing & Anderson, 1988; DeVellis, 2012). The first task is always to create observable measurements of researched concepts, which is also called the process of scale development. As illustrated in the Section 3.3.1.2, the identified brand equity dimensions and antecedents are latent themes generated from content analysis of the qualitative data. As such, the research needed to firstly identify measurable items (or

indicators) of brand equity dimensions and antecedents (e.g. brand loyalty and perceived quality). Because a set of comprehensive measurable items of brand equity dimensions and antecedents was the key for observing correlation and interrelationships between their factors (Hardy & Bryman, 2009), and ultimately the key to achieving the second research objective (to identify relationships between brand equity dimensions and antecedents), the first step of the instrument design was proposing a list of measurable scales for the brand equity dimensions and antecedents.

Several key principles were considered in developing measurements of unobservable concepts. Firstly, to ensure the created measurements directly reflected the concepts and explicitly represented the elements within the scope of concepts (DeVellis, 2012), the researcher preliminarily defined the scope of each brand equity dimension and antecedent. Secondly, to ensure the representativeness of measurements of each brand equity dimension and antecedent, the researcher followed recommendations from Churchill (1979) and DeVellis (2012) to collect measurements from previous literature, in addition to the prior qualitative findings. Thirdly, to ensure the clarity and relevance of measurements and validity of collected data, academic reviews and a pilot study of the instrument were conducted (Hardesty & Bearden, 2004). This procedure enabled the researcher to revise irrelevant, ambiguous and unclear measurements, until a reliable, comprehensive and concise scale was produced. Since the instrument content could only be designed based on the results of the qualitative study, more details will be presented in Chapter 5: Quantitative data collection and analysis results.

### **3.3.2.1 Data collection method**

Based on the developed research instrument, a quantitative data collection method was required to test the revised brand equity model developed upon the qualitative findings. More specifically, the second research task proceeded *to identify reliable brand equity dimensions and antecedents and the dependent relationships between the dimensions and antecedents in the luxury and upscale hotel sector.*

Reviewing existing quantitative research method literature, two types of research methods were found: experimental research and non-experimental research (Muijs, 2011; Neuman, 2011). Experimental research involves dividing respondents into two

equivalent groups: a control group and a test group, with the research conditions for the test group being manipulated in order to test the influences of the manipulated conditions (Neuman, 2011; Fowler, 2014). However, in the current research, the key concept—consumer perceived brand equity—can be influenced by diverse factors, such as consumers' own characteristics (e.g. personality and personal preference), hotel characteristics, and general environmental characteristics (e.g. economic conditions and cultural influences) (Wilkins, Merrilees, & Herington, 2007; Walls, Okumus, Wang, & Kwun, 2011; Leung, Bougoure, & Miller, 2014). It is impossible to control all of these influences to create a controlled environment. As such, a non-experimental research method was more feasible for this study.

Among available research methods in the field of non-experimental research (e.g. observation, historical research, analysis of secondary data and survey research), survey research has been found to be most commonly used in the social sciences (Muijs, 2011; Neuman, 2011; Creswell, 2014), especially in consumer research (Churchill et al., 2001; Bryman, 2016). Based on the current research rationale, the method of survey research was also found appropriate for the current research stage, for the following reasons.

Specifically, the common adaptation of survey research in the social and consumer research fields is because this method assumes that any group of individuals share certain characteristics, such as personalities, beliefs and opinions (Marsden & Wright, 2010), and these common characteristics can be measured statistically through collecting and analysing numerous respondents' past experiences or backgrounds (Bryman & Cramer, 2004; Rattray & Jones, 2007; Fowler, 2014). Therefore, survey research can collect broader consumers' opinions to confirm the reliability of preliminarily identified brand equity dimensions and antecedents in the first exploratory research stage.

Consumers were recruited to respond to the developed research instrument, which included a set of measurement scales for brand equity dimensions and antecedents. For instance, if respondents commonly agreed that a brand can stimulate their differential responses (e.g. loyalty) towards a luxury or upscale hotel, by endorsing the measurable items (indicators) of the factor (e.g. loyalty), the factor would be confirmed as a brand



equity dimension. Similarly, if consumers commonly confirmed their differential responses towards a brand (e.g. loyalty) would be driven by a factor (e.g. perceived quality), the factor would then be confirmed as an antecedent of brand equity.

Overall, based on its generation of statistically supported findings that represent the best approximation of actual reality (Marsden & Wright, 2010), survey research was considered most appropriate for the current research stage to test the reliability of proposed brand equity dimensions and antecedents. In addition, the statistics generated by survey research were also the foundation for an examination of the relationships between focused factors (brand equity dimensions and antecedents). Therefore, based on its advantages in quantitatively examining brand equity dimensions and antecedents and their relationships, survey research was adopted for the current research stage.

Regarding the survey distribution approach, e.g. face-to-face, telephone interview, paper, email, or web questionnaire, a decision was made based on aspects such as what kind of information was required, the characteristics of the sample respondents, logistics and resources (Marsden & Wright, 2010; Sue & Ritter, 2011). In this research stage, only quantitative data regarding consumers' endorsement of the items included in the developed research instrument were targeted. The data collection process did not require much facilitation or control by the researcher. Therefore, a questionnaire was considered more suitable and cost effective than face-to-face or telephone interviews (Fowler, 2014).

Comparing the different channels (e.g. mail, email and web) for distributing a questionnaire (Sapsford & Jupp, 2006), an online questionnaire distributed through email was found more beneficial for the current research to collect sufficient data from the broader population. As mentioned previously, the current research was conducted with Australian luxury and upscale hotel consumers. To generalise the research findings, an online questionnaire was beneficial for the current research to access samples from a wider area (the whole of Australia) in a short time period, and to collect a large amount of valid data efficiently at a low cost (Neuman, 2011; Sue & Ritter, 2011). In addition, an online questionnaire was also more convenient for participants, who could self-complete the questionnaire at any time, from anywhere (Sue & Ritter, 2011). The freedom and anonymity of online questionnaire participation can motivate

respondents to expose honest opinions and attitudes in a stress-free environment (Marsden & Wright, 2010). Therefore, an online questionnaire is the most appropriate approach for collecting first-hand data to numerically validate hypotheses and identify relationships among testing variables (Marsden & Wright, 2010; Neuman, 2011).

Although an online questionnaire has many advantages, the challenges of using this technique for data collection need to be addressed. For example, many scholars reviewed previous use of online surveys and found that this method generates a lower response rate (e.g. Umbach, 2004; Manfreda et al., 2008), and is likely to induce a sampling bias to exclude the population who do not frequently access emails (Vicente & Reis, 2010).

Another issue existing in all questionnaire administration is that the collected data validity and reliability are based on two assumptions: 1) respondents are able to recall details about researched events (Sue & Ritter, 2011) and 2) respondents interpret question statements in the same way as the researcher (Rattray & Jones, 2007). If these assumptions are not supported, questionnaire data is either meaningless or misleading. Therefore, to avoid the research failure caused by a low response rate, sampling bias, respondents' ambiguous/vague memory about research events and respondents' misinterpretations of question statements, the researcher should carefully select an appropriate sampling method (Marsden & Wright, 2010), design an online questionnaire based on literature guidance and feedback from academic reviews, and undertake a pilot study of the questionnaire (Best & Kruger, 2008; Vicente & Reis, 2010). Specific procedures for the online questionnaire design, sample recruitment and data collection will be clarified in Chapter 5: Quantitative data collection and analysis (Section 5.3).

### **3.3.2.2 Data analysis method**

Based on the quantitative data collected using the online questionnaire, the final stage of the quantitative examination was selecting appropriate data analysis methods to complete the second research task: *to identify reliable brand equity dimensions and antecedents and the dependent relationships between the dimensions and antecedents in the luxury and upscale hotel sector*. This task actually involved two steps: 1)

validating the brand equity dimensions and antecedents, and 2) to identify relationships between the brand equity dimensions and antecedents. The following section will begin by illustrating the choice of data analysis method for the first analysis step: to validate brand equity dimensions and antecedents.

### ***Analysis step 1: validating brand equity dimensions and antecedents***

To validate hypothesised latent factors of brand equity dimensions and antecedents, an analysis technique was required that would identify clusters of observed variables to latent variables (DeVellis, 2012). Comparing available multivariate data analysis techniques (e.g. cluster analysis, discriminant analysis and regression analysis), factor analysis was found to be the most appropriate method for this purpose (Hair et al., 2009), for specific reasons illustrated below.

Reviewing available data analysis methods, factor analysis was found to be commonly used as an analysis method to establish measurement scales in the social sciences, to measure concepts such as abstract human feelings, attitudes and beliefs (Bryman, 2016), due to its advantage in identifying clusters of multiple observed measurement scales to predict the variation of latent variables (Field, 2013; Hair et al., 2009). Specifically, two sub-analysis techniques were developed under the factor analysis: 1) exploratory factor analysis and 2) confirmatory factor analysis (Hair et al., 2009). The current research found both sub-analysis techniques useful for completing the first analysis step of validating the brand equity dimensions and antecedents.

More specifically, exploratory factor analysis (EFA) is commonly used in under-explored research areas, with the aim of discovering the main constructs and factors (Thompson, 2004; Kline, 2014). Considering the current research area, limited research was previously conducted to explore brand equity dimensions and antecedents from the luxury and upscale hotel consumer's perspective. As such, the current research might identify additional brand equity antecedents (e.g. brand affect and consumer-generated content as proposed based on the literature review). In this case, measurable items for these additional brand equity antecedents might not be available in the existing literature, and would have to be sourced from the prior exploration study in stage 1 of the current research. Therefore, to examine the

reliability of these newly proposed measurable items for indicating the latent factors of proposed brand equity dimensions and antecedents, EFA was an ideal analysis method to initially examine the performance of these items.

In the next stage, the research would then use confirmatory factor analysis (CFA) to validate the grouped observed variables, accounting for the variation of latent factors and the correlations between latent factors (Schreiber, Nora, Stage, Barlow, & King, 2006; Hair et al., 2009). CFA was compulsory in this stage, as a reliable scale of the latent factors was the foundation of further analysis to achieve the final research objective of identifying the relationship between latent factors in order to finally confirm the role of brand equity dimensions and antecedents.

Therefore, factor analysis, including EFA and CFA, was selected as the first data analysis method. Details regarding the sample size for each analysis stage will be presented in Chapter 5, based on the number of observed variables derived from the qualitative study (Hair et al., 2009).

### ***Analysis step 2: identifying relationships between brand equity dimensions and antecedents***

Following the EFA and CFA to identify and confirm a set of brand equity dimensions and antecedents in luxury and upscale hotel sector, the researcher then needed to investigate the last research question: “what are the relationships between brand equity dimensions and antecedents in luxury and upscale hotels?”. Reviewing the existing analysis techniques for identifying variable relationships, multiple techniques were found, such as multiple discriminant analysis, multiple regression, multivariate analysis of variance and structural equation modelling (Field, 2013; Hair et al., 2009). Each of these techniques can be used for different research purposes in different research conditions. Criteria used to make a choice of technique included the type of relationships to be examined (e.g. interdependent or dependent relationships), the number of dependent variables (e.g. one in a single relationship, several in a single relationship, or multiple), and the type of data (e.g. metrics and non-metrics) (Hair et al., 2009). As such, these aspects were assessed, and are presented below.

Reviewing the research context, two factors were proposed as brand equity dimensions (Section 2.6.4) and seven factors were proposed to potentially influence luxury and upscale hotel brand equity (Section 2.7.6). As such, the research analysis would involve at least two dependent variables (brand choice and brand loyalty) and multiple independent variables (brand equity antecedents) in dependence relationships. As such, structural equation modelling (SEM), which is the only analysis method to examine multiple dependent relationships simultaneously (Schreiber et al., 2006; Hair et al., 2009; Hoyle, 2012), was selected. Further justifications for using this analysis method are illustrated below.

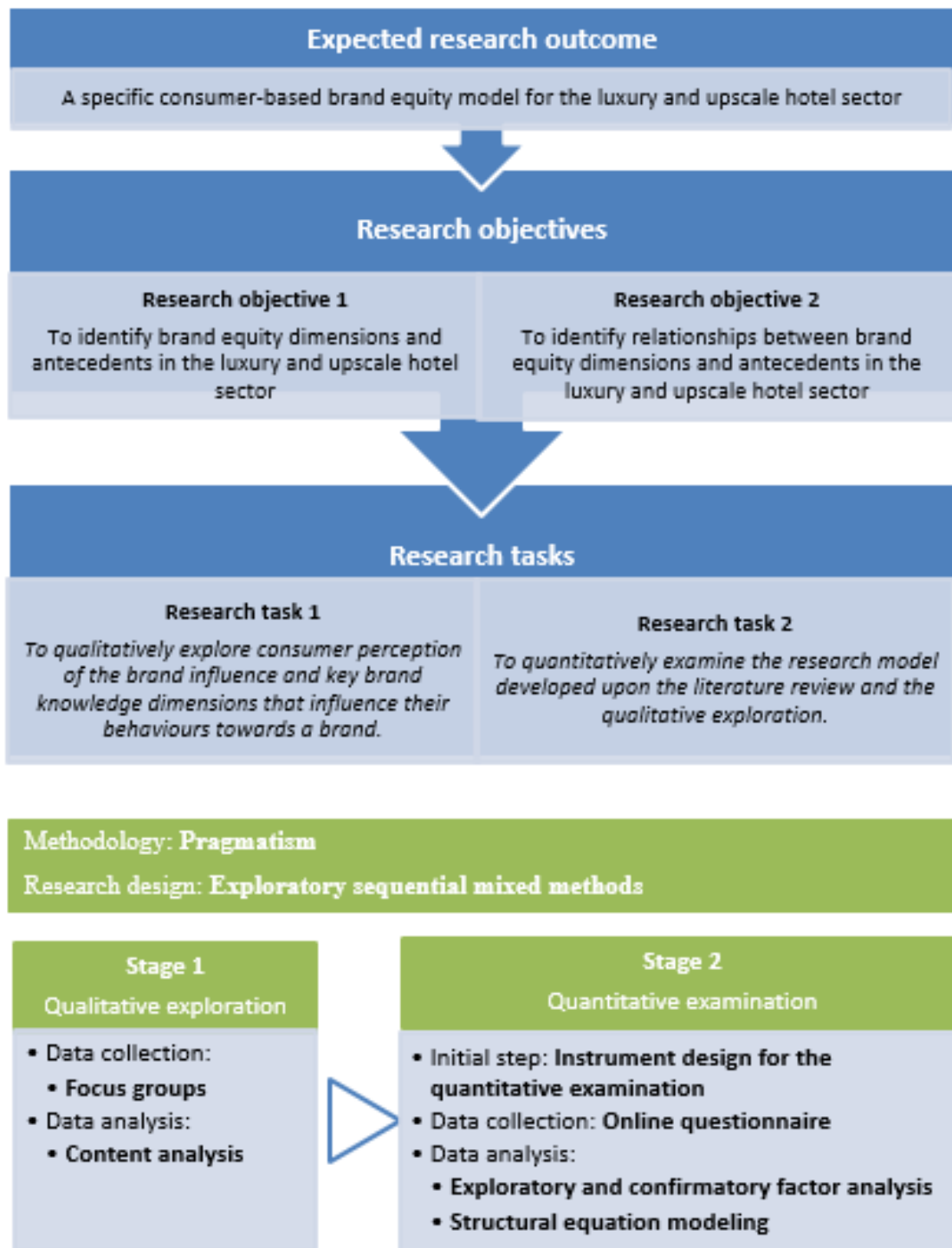
Firstly, differently from other multivariate analysis techniques, SEM can examine both dependent and independent relationships simultaneously (Hoyle, 2012). This specialty of SEM allowed the current research to investigate causation and mediation, in addition to correlations between brand equity antecedents (Byrne, 2013), and to obtain a more in-depth understanding of brand equity development. In addition, because it allows multiple relationships to be tested simultaneously, SEM can reduce identification of spurious relationships (Kline, 2011; Lowry & Gaskin, 2014). A spurious relationship refers to one that is false or misleading, which happens when a dependent relationship between two factors is actually explained (or mediated) by a third factor that was not included in the analysis (Bryman, 2016). In this case, if the third factor was added into the analysis, the identified relationship would change (Hoyle, 2012). As such, incorporating all hypothesised brand equity dimensions and antecedents and testing them using SEM can reduce the identification of spurious relationships.

Lastly, SEM is a theory-driven analysis method, and requests that hypothesised relationships have been input into the analysis system (Byrne, 2013). That means SEM is also a suitable method to be conducted at the last step, to test all findings in the preliminary stages. To ensure the reliability of statistical estimation using SEM, the individual constructs to be input into the SEM model would be preliminarily tested, followed by a test on the fit of an overall measurement model (Hair et al., 2009). As a result, the last research stage adopted SEM as the analysis technique.

In conducting SEM analysis, more than one model with acceptable fit can be produced (Hair et al., 2009). To decide which model is the best solution, three strategies can be adopted: confirmatory modelling strategy, competing models strategy and model development strategy (Churchill, 1979; Hair et al., 2009; Neuman, 2011; Creswell, 2014; Bryman, 2016). Considering that in the current research, many measurable variables of brand equity antecedents would be newly developed, the model development strategy was appropriate for conducting modification or re-specification of measurable constructs and path relationships to improve the overall model fit (Martínez-López, Gázquez-Abad, & Sousa, 2013). Therefore, model development strategy was adopted.

In conclusion, the quantitative research stage was conducted using survey research, specifically, an online questionnaire to test consumers' opinions on the importance of hypothesised brand equity antecedents in contributing to brand equity development in luxury and upscale hotels, and the validity of proposed brand equity dimensions in reflecting their differential responses towards a strong brand. To achieve the two analysis steps of validating measurements of brand equity dimensions and antecedents and identifying relationships between brand equity dimensions and antecedents, factor analysis and structural equation modelling were adopted respectively. Detailed procedures are summarised in Figure 3.4.





**Figure 3.4: Overview of the current research design**



### **3.4 Chapter summary**

Based on the previously identified research objectives and research questions this chapter has discussed the choice of methodology and research design for the current project. Based on the criteria such as research questions, research context and types of data that are required, a research design using pragmatism with exploratory sequential mixed methods was adopted. A qualitative approach, using focus groups, was first used to explore specific factors that are antecedent to luxury and upscale hotel brand equity from the consumer's perspective. In the second stage, the qualitative findings were then built into an instrument to be tested in the last stage: the quantitative research stage, which aimed to verify the factor reliability of each proposed brand equity dimension and antecedent and then identify relationships between these proposed brand equity dimensions and antecedents, in order to build a brand equity model for luxury and upscale hotels. It can be seen that the qualitative research results are a basis for the quantitative data collection, more specifically, a basis to design the instrument used in the quantitative research stage. Therefore, the following chapter will first present the qualitative data collection and analysis results.

## **CHAPTER 4: Qualitative Data Collection and Findings**

### **4.1 Introduction**

As indicated in the previous chapter, the research design for this study adopted a mixed method approach. Firstly, a qualitative research stage using focus groups was carried out to complete the first research task of qualitatively exploring consumer perceptions of brand influence and key brand knowledge components that influence their behaviours towards a brand. This was conducted in order to achieve the first research objective *to identify brand equity dimensions and antecedents in the luxury and upscale hotel sector*. At this stage, luxury and upscale hotel consumers were invited to discuss their perceptions and expectations of a strong brand in the luxury and upscale hotel sector. Specific elements that drive consumers' positive behavioural intentions (e.g. brand choice) were discussed in order to identify dimensions and antecedents of consumer-based brand equity for the luxury and upscale hotel sector. The findings from the focus group discussions were used to provide a greater understanding of the unique characteristics and the development process of consumer-based brand equity in the luxury and upscale hotel sector.

The current chapter will be structured in three sections. The qualitative data collection procedure will be presented first, including the recruitment and facilitation process for the focus groups. The second section will present the main research findings, including qualitatively identified consumer-based brand equity dimensions and antecedents from the luxury and upscale hotel consumers' perspective, using content analysis. The last section will revise the "Proposed consumer-based brand equity model for the luxury and upscale hotel sector" (Section 2.7.6), based on the current qualitative findings, and propose research hypotheses for the final research stage of quantitative examination.

### **4.2 Qualitative data collection procedure**

As justified in Chapter 3 (Section 3.3.1.1), focus groups were selected as the data collection method for the research exploration, due to their main advantage of stimulating rich analytical data through encouraging participants to interact and

discuss the focus topic. As such, four focus groups were conducted, involving luxury and upscale hotel consumers and exploring the consumers' understanding of consumer-based brand equity, as well as identifying dimensions and antecedents of consumer-based brand equity for the luxury and upscale hotel sector. To prevent scientific misconduct and research fraud, as well as retain research steps to be ethical and legal (Neuman, 2010), the current research stage was undertaken strictly in accordance with the “*National Statement on Ethical Conduct in Human Research*” (National Health and Medical Research Council, 2017). The next section presents the detailed recruitment process utilised for selecting the focus group participants and the steps for the interview question design and the focus group facilitation.

#### **4.2.1 Focus group recruitment**

As previously discussed in Chapter 2 (see Section 2.7), brand equity development in the service industry is dominantly influenced by consumers' experience-based brand knowledge, an identification of brand equity dimensions and antecedents need to focus on consumers' brand perception and responses in the post-consumption stage. Therefore, in the focus group participant recruitment process, participants were required to have experience with luxury and upscale hotels in the last three years, to ensure they had sufficient knowledge and experience with the research context (Krueger & Casey, 2014) of luxury and upscale hotel brands and the sector.

As discussed in Section 3.3.1.1, the current research was conducted in the Australian luxury and upscale hotel market, since in Australia, approximately 55% of hotel revenue comes from luxury and upscale hotel consumers, and nearly half of these consumers are from the domestic leisure market (IBIS World, 2016). As such, this sample pool was considered sufficient for the current research. Considering that the current research focuses on one type of participant, the luxury and upscale hotel consumer, four focus groups were recruited, with four to eight participants in each group. This sample size is supported by existing research literature, which suggests that three to four groups are commonly required to achieve data saturation (Kruger, 2014). As such, the current research recruited participants from local communities (e.g. university staff, local communities and sport associations) in Australia, where participants were likely to have a stable income and the time to visit luxury and upscale

hotels. An information letter and consent form (Appendix A and Appendix B) were distributed to prospective participants. A total of 23 individuals were recruited in four groups, with each group including four to six participants.

#### **4.2.2 Focus group question design and facilitation**

To invite participants to share opinions about their perceptions and experiences with brands in the luxury and upscale hotel sector, an ice-breaking question and then three main questions about the research topic were designed (see Appendix C). The ice-breaking question was simple and related to the current research topic. It involved the participants introducing themselves and sharing their previous experiences, frequency of stays and purposes for staying at luxury and upscale hotels. The facilitator then gave a brief introduction stating the objective of the focus group session and what participants were expected to do during the one-hour focus group session.

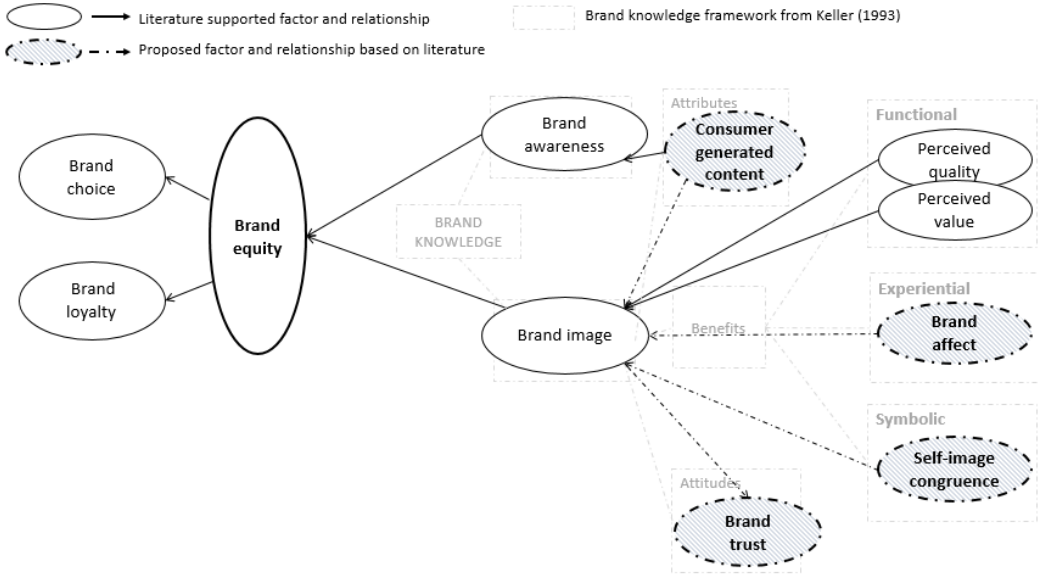
To allow participants to easily get involved in conversations about the research topic of consumer-based brand equity, a term rarely used in everyday discussions, when introducing the focus group topic the researcher replaced “brand equity” with the more common and familiar term of “brand preference”. According to previous literature (e.g. Park & Srinivasan, 1994; Claire, 2008), brand preference signifies consumers’ emotional status of liking one brand over others, and therefore indicates the basis of consumer-based brand equity. Brand preference was therefore used in the discussion with focus group participants.

The key focus group discussion involved two main areas being asked: 1) participants’ perceptions and expectations of a preferred brand in the luxury and upscale hotel sector and; 2) which brand characteristics support the creation of a brand preference. The first question helped identify potential consumer-based brand equity dimensions, while the second question aided with identifying potential consumer-based brand equity antecedents (see Appendix C for the specific questions). Towards the end of the session, the researcher also discussed the impacts of proposed brand equity dimensions and antecedents with the participants, if those elements had not been previously mentioned.

After being pilot tested with expert academics, the focus group introduction and interview questions were then used to facilitate all four focus groups. At the fourth focus group session, data saturation was achieved.

### 4.3 Qualitative data analysis and results

As justified in Chapter 3: Research Methodology (Section 3.3.1.2), content analysis, which involves coding transcribed qualitative data into themes in order to reveal hidden meanings and discover relationships from scattered data, was the most appropriate analysis method for the current research stage. As such, following the procedure for content analysis, the current researcher first transcribed recordings from the focus groups into text. Word-by-word transcription was adopted due to its rigidity for analysis (Elo & Kyngäs, 2008; Neuendorf, 2002). Afterwards, an initial coding dictionary (see Figure 4.1), developed upon the proposed brand equity model for the luxury and upscale hotel sector and the fundamental brand equity framework developed by Keller (1993), was adopted for the preliminary data coding process. Given the exploratory nature of this research stage, the initial coding dictionary was also open to revisions or updates if any additional element was revealed to reflect or contribute to consumers’ differential responses towards a brand.



**Figure 4.1: Initial coding dictionary developed upon the proposed brand equity model (Section 2.7.6) and Keller’s brand knowledge framework (1993)**

The following section will present the qualitative findings. In reporting the findings, consumer-based brand equity (brand preference) dimensions and antecedents will be reported in the order of main themes, from dimensions to antecedents of consumer-based brand equity. Following these findings, research hypotheses and a revised conceptual model developed based on both the qualitative research stage and the literature review will be presented. These will be examined further in the second research stage of quantitative analysis.

### **4.3.1 Participant demographics**

A summary of the participants' age, gender, frequency and purpose of stay in the luxury and upscale hotel sector is presented in Table 4.1. Nearly half (48%) of the participants were in the age group of 31 to 40 years old, with the next biggest age range being 41 to 50 years old (35%). According to a survey conducted by Affluent Media Group in 2014, most luxury and upscale hotel consumers in Australia are between the ages of 35 and 49 years old. Thus, the majority of the focus group participants belonged to the main age group of consumers who stay at luxury and upscale hotels. Approximately 83% of participants were female. The unbalanced gender distribution among participants may have resulted from females being more likely to voluntarily participate in research projects (Markanday, Brennan, Gould, & Pasco, 2013; Smith, 2008). The unbalanced gender of the participants was considered acceptable in the current research context given that, in a family, the female is commonly found to perform the dominant role in the process of searching for and selecting hotels (Mottiar & Quinn, 2004).

Regarding the participants' hotel experiences, most of them stayed in luxury or upscale hotels one to two times a year (44%), and the rest were nearly evenly distributed into two frequency groups: less than once a year (26%) and more than three times a year (30%). The results indicated that the focus group sample was dominated by medium to less frequent consumers, which was likely to be a result of the convenience sampling method adopted in the project. However, data collected in this research stage were not only restricted to medium- to less- frequent consumers' understandings. Opinions expressed by consumers with various visiting frequencies and backgrounds were collected, analysed and included for the development of a comprehensive

understanding of consumer-based brand equity development in the luxury and upscale hotel sector.

**Table 4.1: Demographics of focus group participants**

| <b>Participants</b>  | <b>Gender</b> | <b>Age</b> | <b>Frequency of hotels</b> | <b>Travel purpose</b> |
|----------------------|---------------|------------|----------------------------|-----------------------|
| <b>Focus group 1</b> |               |            |                            |                       |
| R#1                  | Female        | under 30   | 1-2 times a year           | Leisure               |
| R#2                  | Female        | under 30   | 1-2 times a year           | Leisure+Business      |
| R#3                  | Female        | 41-50      | more than 3 times a year   | Leisure+Business      |
| R#4                  | Female        | 41-50      | more than 3 times a year   | Leisure               |
| R#5                  | Female        | 41-50      | more than 3 times a year   | Leisure               |
| R#6                  | Female        | 41-50      | less than 1/year           | Leisure               |
| R#7                  | Female        | 41-50      | less than 1/year           | Leisure               |
| <b>Focus group 2</b> |               |            |                            |                       |
| R#8                  | Female        | 31-40      | more than 3 times a year   | Leisure+Business      |
| R#9                  | Male          | 31-40      | more than 3 times a year   | Leisure+Business      |
| R#10                 | Female        | 31-40      | 1-2 times a year           | Leisure+Business      |
| R#11                 | Female        | under 30   | 1-2 times a year           | Leisure+Business      |
| <b>Focus group 3</b> |               |            |                            |                       |
| R#12                 | Female        | 31-40      | 1-2times a year            | Leisure+Business      |
| R#13                 | Female        | 31-40      | less than 1/year           | Leisure               |
| R#14                 | Female        | 41-50      | less than 1/year           | Leisure               |
| R#15                 | Female        | 41-50      | 1-2 times a year           | Leisure+Business      |
| R#16                 | Female        | 31-40      | 1-2 times a year           | Leisure               |
| R#17                 | Female        | above 51   | 1-2 times a year           | Leisure               |
| R#18                 | Female        | 31-40      | less than 1/year           | Leisure               |
| R#19                 | Female        | 31-40      | less than 1/year           | Leisure               |
| <b>Focus group 4</b> |               |            |                            |                       |
| R#20                 | Female        | 31-40      | 1-2 times a year           | Leisure               |
| R#21                 | Male          | 31-40      | more than 3 times a year   | Leisure+Business      |
| R#22                 | Male          | 31-40      | 1-2 times a year           | Leisure+Business      |
| R#23                 | Male          | 41-50      | more than 3 times a year   | Leisure+Business      |

### **4.3.2 Implication of potential brand equity dimensions**

According to the definition of consumer-based brand equity (“the differential effect of brand knowledge on consumer responses”) (Keller, 1993) in the current research, the

focus group data analysis focused on identifying “consumer differential responses” towards preferred brands, or brands that are perceived as strong and favourable, in order to identify key dimensions of consumer-based brand equity from the luxury and upscale hotel consumers’ perspective. The first finding from the analysis was that participants had differing viewpoints about the value of a strong brand in the luxury and upscale hotel sector. One interesting viewpoint was the several participants did not see the value of a brand, and showed little appreciation for any specific luxury or upscale hotel brands, even though these brands (e.g. Hilton and Hyatt) are well-known in the world and had provided these participants with great experiences in the past. These participants still perceive brands in the luxury and upscale hotels to be similar, and would select a hotel brand based on providing quality experiences, or based on location. For instance, the typical sentiment was reflected by the following comments:

*“I am going to tell you that the brand means nothing to me. I go for where it is.” (R#20)*

*“I think we are not brand people, but we are quality and star (oriented).” (R#21)*

However, other participants expressed their disagreement when responding to such comments. More specifically, when some participants introduced their preferred brands there was evidence of the highest level of consumer attitude: brand commitment (attitudinal brand loyalty) being present. For example, several participants stated:

*“First of the all, [my preferred brand] provides the best value and the best place—whatever.” (R#23)*

*“I have stayed at [my preferred brand] for many years. It is not the best hotel in terms of luxury and everything, but it is well appointed, a very nice hotel, and very comfortable” (R#9)*

*“When I have a budget to stay at a hotel in that price range (the luxury and upscale hotel range), I retain my loyalty to the brand and stay with Hilton.” (R#18)*

Such commitment was then closely related to behavioural intention, or the participant’s intention to revisit the hotels (behavioural brand loyalty). The below



comments support the close relationship between participants' attitudinal and behavioural loyalty in relation to consumers' perception of brand strength.

*"We didn't want to think about where else to go and we were happy there". (R#22)*

*"I will stay there another time, because I just said I stayed there last time and it's worth more than that." (R#23)*

*"I have stayed many times, or for about four years when we looked after the Hong Kong market I always stayed in Marco Polo Hong Kong." (R#9)*

However, participants who indicated that they did not have a brand preference or appreciate the value of a strong brand in the luxury and upscale hotel sector expressed an opposing view. They believed that in the hotel industry, including the luxury and upscale hotel sector, loyal behavioural intentions (behavioural response) are difficult to develop. For example, several participants mentioned that:

*"In Europe was exceedingly expensive, so I had to switch to a boutique hotel." (R#18)*

*"I think the location is the big factor. When it [my preferred branded] is miles away from where I need to go, it is not practical." (R#6)*

*"As for loyalty, I think for all of us around the table, loyalty is always dictated or governed by budget." (R#14)*

As such, in the hotel industry, consumers may not be able to maintain long-term relationships with a brand due to market restraints experienced in the decision-making process, such as room availability, location and price of branded hotels. Therefore, these participants indicated that loyalty behavioural intention is less relevant for them when selecting a luxury or upscale hotel.

Given the above opposing viewpoints regarding the appropriateness of brand loyalty as a dimension of consumer-based brand equity, the focus group discussions on brand

loyalty generally agreed that consumers' behavioural intention to revisit would be hard to develop, mainly as a result of the previously mentioned market constraints. Regarding another aspect of brand loyalty—consumers' willingness to pay premium prices—most participants kept silent, or said that it depends on whether the extra expense is affordable for them, although some participants indicated that they would prefer to stay at their preferred brand even if the price is a little higher than other brands. For instance, one participant indicated that his preferred brand, Ritz Carlton, rarely has sales promotions, but he is willing to pay extra for the brand. Several participants also stated similar opinions, such as:

*“If it is Novotel, I will book it even if I need to pay a bit more.”*

*(R#2)*

*“I stayed with Sheraton on Park in Sydney as everything there was great. I will stay there again, because it is worth the money, worth more than that.” (R#23)*

*“I would pay extra for the brand. For example, staying in Ritz, the luxury hotel brand and being treated like a royal is what I would pay for, for special occasions.” (R#22)*

From the group discussion about willingness to pay premium prices, the data implied that, similarly to consumers' revisit intention, consumers' willingness to pay premium prices (as an aspect of brand loyalty) may be only applicable to some consumers who visited in the luxury and upscale hotels more frequently. However, to confirm the applicability of brand loyalty as a dimension of brand equity, as other hotel brand equity research identified (Kim & Kim, 2005; Kim et al., 2008; Hsu et al., 2012), these two aspects of brand loyalty would still be included in the later quantitative study.

Besides these two aspects of brand loyalty (intention to revisit and willingness to pay premium prices), participants expressed a strong intention to advocate for a brand even if they cannot always revisit the brand or afford to pay premium prices to stay at the brand. They expressed that they would advocate for a brand if they perceived the brand as superior to others and they believed the brand would provide the same quality of experience to others (e.g. friends and family members). For instance, some participants stated that:

*“For your own reasons, you may not be going back next time, just you desire different experiences, but in terms of that brand loyalty, you might be quite loyal--to some extent--you might recommend it to someone else.” (R#12)*

*“Yes, I think those two (going back again and recommending to others) are equal value to a business.” (R#13)*

*“We always recommend the Le Meridien in Kota Kinabalu. The experience was amazing. If anyone is going, fantastic.” (R#20)*

*“I would highly recommend anybody to go to that [the preferred brand] because my experiences were incredible”. (R#17)*

*“I may not specifically recommend the brand, as everyone wants different things, but I definitely talk about my experiences there [in the preferred brand] and leave them [friends and family] to decide.” (R#15)*

Among participants who indicated their enthusiasm to advocate for their preferred brand, several also showed the intention to advocate for brands online, or share brand experiences online with peer consumer communities through media like TripAdvisor and Booking.com. For instance, participants said:

*“I have written some reviews on TripAdvisor and Agoda [hotel review websites]. I have done a few and I have made notes to do it. I haven't done that for the last trip to Canada and the USA yet because I came back in September, but I will do it in the Christmas break.” (R#4)*

*“I did put review on TripAdvisor because we had a great experience and that wasn't a cheap holiday. The hotel was in the middle of Venice and had good views. The experience was great.” (R#10)*

Posting online reviews about a hotel brand involves more effort from consumers than spreading traditional offline word-of-mouth, because it often includes reviewing, rating, and uploading pictures (Parra-López, Bulchand-Gidumal, Gutiérrez-Taño, &

Díaz-Armas, 2011). As such, consumers' willingness to advocate for a brand online may reflect a higher level of brand commitment (Madupu & Cooley, 2010). As previous literature identified, consumers' brand loyalty can reflect from multiple aspects. Besides common loyalty behaviours like repeatedly purchasing the brand, consumers may also demonstrate brand loyalty by behaving as an advocator and recommending the brand to others (Brown, Barry, Dacin, & Gunst, 2005; Greenleaf & Lehmann, 1995; Madupu & Cooley, 2010; Srinivasan, Anderson, & Ponnnavolu, 2002), especially when consumers who are emotionally attached to the brand cannot purchase the brand, for reasons beyond their control (Gounaris & Stathakopoulos, 2004). For instance, these reasons could include "situational, social or financial motives" (Gounaris & Stathakopoulos, 2004, p. 301). Therefore, based on the literature and the current focus group findings, consumers' willingness to advocate for a brand online and offline was tested as an aspect of brand loyalty in the later quantitative examination stage.

Overall, based on the qualitative data, brand loyalty reflected by consumers' intention to revisit, willingness to pay premium prices and brand advocacy behaviour was evident in reflecting some consumers' differential responses towards a brand, and therefore warranted further investigation in the following quantitative stage. As such, the first implication of the focus group data was:

***Implication 1:** Brand loyalty was evident in reflecting consumers' differential responses towards a brand, and is likely to be a dimension of consumer-based brand equity in the luxury and upscale hotel sector.*

Following the focus group participants' discussion about their differential responses towards preferred brands, the researcher also explored the applicability of the four brand equity measurement items developed by Yoo & Donthu (2001), for the packaged goods market, to the luxury and upscale hotel sector. Yoo & Donthu's (2001) four direct brand equity measures included:

- 1) It makes sense to buy the brand instead of any other brand, even if they are the same

- 2) Even if another brand has the same features as the brand, I would prefer to buy the brand
- 3) If there is another brand as good as the brand, I prefer to buy the brand
- 4) If another brand is not different from the brand in any way, it seems smarter to purchase the brand.

(Yoo & Donthu, 2001)

In exploring these measures in the focus group setting, the researcher paraphrased the statements to examine whether the focus group participants would remain with their preferred brands when similar quality brands were available in the market. Essentially, these four measurement items of brand equity examine consumers' preferences for a brand. Participants who had a brand preference most often agreed with these statements, whereas participants who did not have a brand preference disagreed, in terms of their behavioural intention being impacted more by specific hotel characteristics, such as location and price, rather than brand influence. As such, the current research implied that brand choice, which was assessed by the four items developed by Yoo & Donthu (2001), is applicable to the luxury and upscale hotel sector. Therefore, the second implication of the focus group data was:

***Implication 2:** Brand choice was evident in reflecting consumers' differential responses towards a brand, and therefore is likely to be a dimension of consumer-based brand equity in the luxury and upscale hotel sector.*

Comparing these qualitative implications and the brand equity model originally proposed in Chapter 2 (Figure 2.4), the most important outcome from the qualitative research stage of this study is that, among the three aspects of brand loyalty, consumer retention and willingness to pay premium prices were only applicable to a small proportion of focus group participants. Most participants only showed their commitment at the level of brand advocacy online or offline due to perceived constraints such as availability, location of hotels and the consumer's budget. However, the current research still included these three aspects of brand loyalty (consumer retention, willingness to pay premium prices, and brand advocacy) in the quantitative examination stage, to confirm the applicability of brand loyalty as a dimension of

consumer-based brand equity for medium to less frequent consumers in the luxury and upscale hotel sector.

In addition, the focus group findings implied that brand choice may be an appropriate dimension of consumer-based brand equity for the research market of medium to less frequent consumers in the luxury and upscale hotel sector. Therefore, the current research will further confirm the applicability of this dimension of brand equity in the following qualitative examination stage. Overall, based on the present qualitative research outcomes, the potential brand equity dimensions in the luxury and upscale hotel sector were proposed to be brand choice and brand loyalty.

Based on the above analysis, it is evident that not all participants perceive the value of a brand, or have formed a brand preference, in the luxury and upscale hotel sector. This means that not all participants have consumer-based brand equity, and would be expected to respond differently towards specific brands in the luxury and upscale hotel sector. However, hotel businesses want their consumers to cultivate consumer-based brand equity towards their brand. Given that in the current luxury and upscale hotel market consumers can easily access information about numerous brands online, it is becoming increasingly competitive for hotel businesses to attract and retain consumers. Therefore, it is important to conduct the current research to investigate how to encourage consumers' brand preferences, loyalty and choice, to ultimately develop consumer-based brand equity and also to understand the reasons why some consumers do not appreciate the value of a brand or develop equity towards a luxury or upscale hotel brand. As such, the focus group study explored potential consumer-based brand equity antecedents for the luxury and upscale hotel sector. Details are presented in the following section.

### **4.3.3 Implication of potential brand equity antecedents**

Participants were asked to identify and discuss which characteristics of their preferred brand influenced their intention to select and prefer the brand. The following sections will present eight themes identified as influencing the development of consumer-based brand equity in the luxury and upscale hotel sector. Given that the eight identified themes were identical to the brand equity antecedents proposed based on the literature

review, the following report will be structured in accordance with the proposed model (Figure 2.4). The first theme is brand awareness.

#### **4.3.3.1 Brand awareness**

When participants shared their past hotel experiences and their perceptions of a strong brand in the luxury and upscale hotel sector, their ability to recall or recognise brands (brand awareness) was at varying levels for different participants. Some could indicate top-of-mind awareness by stating the brand name when asked about the hotel industry, others could recall some brand features but not the name, and others could recognise brands only through group discussion. However, these varying levels of brand awareness did not always positively relate to the participants' appreciation of the value of a brand, nor the generation of brand preference. For instance, some participants could recall or recognise a few luxury or upscale hotel brands that they had visited in the past, indicating the presence of brand awareness. These participants do not have any interest in, or time to carry out, further research on hotel brands that they are yet to personally experience, so such brand awareness directly influences their brand choice. For instance, a participant said: *"I guess just by using brands that you do know, I think. That's probably why I do stick to it, because I don't want to do a lot of homework"* (R#5). However, at the same time, they claimed that little influence was generated from brand awareness to their selection of luxury and upscale hotels. They sought other characteristics from a hotel when formulating their decision to stay. For example, a couple recalled their experiences as:

*"We stayed at Merinian in Kota Kinabalu. It might be. We should check. Can you (the participant's partner) look up the correct name, coz I don't remember if it is Meranian. I think it starts with M, definitely M in Kota Kinabalu, we will give you (the researcher) that later... [I found it.] It is Le Meridien.... However, what I am going to tell you is the brand means nothing to me. I go for where it is. I am very much, you can ask [the participant's partner], I am very much a five-star girl. Camping is not my style. You know I will pay the extra money for a five star, but it has got to have things that I want."* (R#20)

Apart from the above experience, the couple recalled several more brands, such as J.W. Marriot and Mantra; however, as stated above, their choice of which luxury or upscale hotel to stay at was based on characteristics other than the brand, such as the services and experiences the hotel provides, and whether they feel the hotel experience is worth the money. These characteristics are more reflective of brand image. Linking this opinion to Keller's (1993) consumer-based brand equity theory, it seems that, for some consumers in the luxury and upscale hotel context, brand awareness, as a component of brand knowledge to develop brand equity, is less important than another component—brand image—which represents the consumer's overall evaluation of the brand's quality. This finding is also consistent with previous hotel brand equity research, which has found that brand awareness has limited influence on the development of brand equity in the hotel industry (King & So, 2010), as well as the luxury and upscale hotel sector (Kim et al., 2008; Hsu et al., 2012).

Reviewing responses from participants who indicated an appreciation of the value of a strong brand in the luxury and upscale hotel sector, a key finding was that these participants could quickly recall not only the names of their preferred brands (top-of-mind awareness), but also specific characteristics of the brands (e.g. the unique hotel design, star rating, location and professional staff). For these participants, more brand associations, especially positive brand associations, are stored in their memories for a higher level of brand awareness (top-of-mind awareness). In this case, the respondents' enhanced memory of brand associations with a level of brand awareness may be the main stimulus for brand appreciation and preference. Therefore, the focus group study suggested a third research implication:

***Implication 3:** Brand awareness was evident to be a pre-requisite for the development of consumer-based brand equity in the luxury and upscale hotel sector.*

#### **4.3.3.2 Brand image**

When participants discussed their perceptions about a strong or preferred brand in the luxury and upscale hotel sector, they often gave an overall evaluation about the brand. For example, a participant said: “*I will pay the extra money for a five star, but it has got to have things that I want, so does it have a good restaurant; is it in a good area?*”



*Often I judge it by its cover, and I judge it by what it looks like overall” (R#20).* It can be seen that the overall brand image, or an evaluation of associated brand characteristics (e.g. hotel image, location, and quality) directly determines the participant’s hotel choice. This finding is consistent with Keller’s (1993) and Berry’s (2000) conceptual consumer-based brand equity frameworks and empirical studies in consumer-based brand equity, in which brand image, as the overall judgement of brand quality, has also been identified as the determinant of consumer-based brand equity in services (Hardeep & Madhu, 2012; Jahanzeb, Fatima, & Mohsin Butt, 2013; Mourad, Ennew, & Kortam, 2011) and the tourism industry (Boo, Busser, & Baloglu, 2009; Severt & Palakurthi, 2008; Tsai, Lo, & Cheung, 2013).

Specific contributions provided by the current focus group study are that luxury and upscale hotel consumer participants have identified specific images that encourage differential responses from consumers (brand preference, choice and loyalty). For instance, some participants consider a positive brand image associated with a luxury or upscale hotel as being “luxurious” in every aspect, including facilities, services, the look of the lobby, and even the quality of toiletry amenities. For instance, participants commented most often on the look of branded hotels; whether the hotels look “luxury”, “appealing”, “lavish”, “up-to-date” or “constantly renovated”. For instance, several participants stated:

*“[I was impressed by] the check in experience. The [hotel] foyer was just as long as that whole building [which is an approximately 250 m long building near where the focus group was conducted]. There was about, I think, there was about a counter of 24 check in desks or something, and so yeah, you hardly had to queue. There were men in uniform with hats and gloves, and they were directing people and you know, you just felt like royalty there.” (R#4)*

*“I like when they use branded toiletries, things like that, rather than just a generic piece of soap or whatever they put out... The whole atmosphere tells you that this hotel really keeps its reputation as a five-star hotel.” (R#12)*

Besides these common associations of being luxurious and reliable, participants also identified a few more characteristics to support a positive brand image, including being “unique”, “famous worldwide”, and operating as “a top player in the market”. For example, a participant said:

*“My perception of the Ritz was that they excel in whatever they do.  
They really can see the market needs” (R#22)*

These identified features of a strong brand image reflect specific consumer perceptions and expectations, such as the fantasy luxury concept and the more sophisticated corporate profile of a strong brand in the luxury and upscale hotel sector. Overall, these features reflected consumers’ needs, which could be categorised into functional, experiential and even symbolic needs for choosing and staying with a luxury and upscale hotel brand. Therefore, the research will further explore consumers’ specific needs in regards to these three aspects (functional, experiential and symbolic), in the next quantitative stage. From the above discussions, brand image was implied as a key antecedent of consumer-based brand equity, as presented below.

***Implication 4:*** *Brand image was evident to have direct and positive effect on the development of consumer-based brand equity in the luxury and upscale hotel sector.*

As Keller (1993) proposed, brand image is comprised of three key elements: brand attributes, brand benefits and brand attitudes. In the current focus group study, consumers discussed all three of these elements regarding their preferred brands or brands they perceived as strong. However, a notable finding is that participants often emphasised brand associations they had experienced and found preferable for satisfying their personal needs. In other words, brand associations which consumers have experienced and recognised as preferable or favourable during and after their consumption experience are the main associations encouraging their differential responses (e.g. choice and loyalty). The consumer’s past experiences and the associations they formed have a greater influence on their next purchase choice than the brand’s advertising efforts. For instance, several comments from the focus group discussions stated:

*“You know, more than the brand. They have the expectation met-- that's what would really draw you back, more than the case of the brand names.” (R#18)*

*“I will probably choose a hotel that I have stayed at previously, based on previous experience. I might choose Stamford or Crown or something like that if I'd had a good experience in another city, over brands that I didn't really know.” (R#5)*

*“The information on the Internet was not always what we found when we actually got there, so we have been deceived.” (R#14)*

*“When I went to Europe, we used Prominence, which is a fairly big hotel, and it is exactly as (R#12) said: you will have big beds, good towels and things, plenty of space and an iron and ironing board. That standard is at every place, and that I think comes from having the confidence of going to a brand.” (R#15)*

This finding is consistent with Berry (2000) and So & King (2010), who stated that, in the service industry, consumers' personal experience is the cornerstone for their development of consumer-based brand equity. That is because brand associations that are recognised and remembered after a personal experience form the consumer's internal brand knowledge, and internal brand knowledge is more influential (Keller, 1993, 2006). Linking this finding to the proposed consumer-based brand equity model (Figure 2.4), brand benefits that reflect consumers' perceptions of brand associations after personal experiences with the brand are more influential than brand attributes that are promoted by hotel businesses and other parties (e.g. travel agents and expert reviews). Although during the focus group discussion, brand attributes promoted by consumers online were found to influence consumers' brand perceptions and attitudes, brand benefits that consumers recognised based on personal experiences was evident to play a more dominant role in the development of consumer-based brand equity. The following sections will discuss the role of brand benefits in contributing to consumer-based brand equity in luxury and upscale hotels, in greater detail.

Through the focus group exercise, participants discussed various brand benefits including their perceptions of the quality of hotel experiences associated with luxury

and upscale hotels, and their perceptions about the hotel's brand quality being influenced by many aspects including the quality of guest rooms, the lobby, the restaurant, staff services and the service environment. Through analysing the participants' responses in regards to brand benefits associated with luxury and upscale hotels, five elements were identified under the three categories of functional benefits, experiential benefits and symbolic benefits. Four of these elements match the antecedents proposed in the research model in Chapter 2 (Figure 2.4), with an additional element—customer relationship management—arising from the focus group research stage. The following section will discuss these qualitatively identified brand equity antecedents.

#### **4.3.3.3 Perceived quality**

Participants emphasised the brand's functional benefits as particularly important for them to develop positive responses towards hotels. Common benefits included providing “safe” and “comfortable” accommodation where consumers can expect “minimum disruption”. These functional benefits became particularly important when travelling to less-developed countries for business, as one participant said:

*“I try to have a good hotel because it is kind of a base for me. I don't want a surprise in a strange place.” (R#2)*

*“Particularly, if I am travelling to a less developed country, then I will definitely be looking at a particular brand, because it is just security.” (R#19)*

*“It is also important to be able to sit somewhere that you can sit with a book and nobody will look at you strangely, so there is a certain level of security there.” (R#10)*

Furthermore, participants emphasised their expectation of getting high quality facilities and services during their stay as a key functional benefit from a brand. Quality of experience was identified as the most basic, but also the most important, criterion for making a brand choice. For instance, participants highlighted their attention to the detailed elements involved in overall hotel experiences, such as the quality of the bed, bathroom, toiletries, armchair, Wi-Fi, breakfast, restaurant, spa, and

landscape. Several participants also mentioned that they were impressed by their preferred hotel brands because the branded hotels had everything they wanted. Several example comments are presented below.

*“The most important aspect is the quality of the accommodation and also the services that are available.” (R#7)*

*“I expect the hotel to be top class. The room would be fresh; the bathroom (emphasised) would be well renovated; there would be free Wi-Fi; great breakfast; helpful service staff...” (R#3)*

*“1000 thread count sheets. Seriously, that sounds funny, but when you get into the bed and it's got that 1000 thread count or whatever is on top that makes the difference... And good fluffy towels” (R#21)*

*“Quality of mattress, enormously. It is really important. You can really tell in a lot of places their mattress are bad.” (R#23)*

*“Yes, that's what it is about. It is about arriving, getting fresh, being there for whatever business that you have to take care of, and being in good shape by having a good hotel.” (R#11)*

In particular, participants emphasised the influence of quality service as making a difference to their perception and response towards the brand. For instance, a participant said *“I think it is really difficult to split how the staff treat you and the service you're getting, because it is one thing” (R#19) (supported by the group)*. Further, when participants recalled their experiences with their preferred brands, their memories about their interactions with staff and the service provided were the most vivid and detailed portion of the discussion. In general, participants' expectations of quality staff services were varied, but all included being “professional”, “sophisticated”, “caring” and “prompt”, as the following quotes indicate:

Preference for professional service:

*“The minute you walked in the door all the staff were greeting you personally, acknowledging you being there. Everybody was very helpful... The service was impeccable.” (R#4)*

Preference for sophisticated service:

*“When I stayed at Rydges one time, I needed to go to a shop which I heard was a ten-minute bus ride from the hotel. I went to the concierge for directions, you know, he printed off pages of bus timetables and marked where to catch the bus and what number, highlighted them, and gave it to me. That was the experience I want.” (R#19)*

*Participant A: “I think I could probably have gone to say ‘I would like to go sky-diving’ and they would sort it out.” (R#22)*

*Participant B: “Yeah, that's exactly what they (luxury and upscale hotel staff) do.” (R#23)*

Preference for caring service:

*“I went to the Cinnamon Lakeside in Sri-Lanka, and I stayed on the club floor. They have a cocktail and snack bar open from 7.30pm to 9.00pm, and the service staff asked me to come, but I had an evening event at another place, so I couldn't stay. When I got back about half past nine, the staff saved me a little plate of goodies and a glass of white wine. It was just such a lovely thing. It was so thoughtful... It didn't cost much, but it really made my evening” (R#10)*

*“Every night the night staff would check with us about where we would go the next day and help us to arrange the travel. My husband uses his face mask to sleep with and he needed a plug near the bed. When we got there, they gave us a ten-metre extension cord on the bed, ready for him to use. Fantastic (agreed by the group). That is what you are looking for when you are travelling.” (R#17)*

Preference for prompt service:

*“So I am not really demanding but if I do need something then I expect it to be dealt with very quickly.” (R#3)*

Along with the identification of four features of quality hotel service (professional, sophisticated, caring and prompt), participants revealed a strong appreciation for extra care provided by service staff.

Overall, it was evident that luxury and upscale hotel consumers have high expectations for quality experiences, which are reflected through upper-class facilities and landscapes, as well as professional, sophisticated, caring and prompt service. Consequently, the current qualitative research suggested:

***Implication 5:*** *Perceived quality, as a reflection of the brand’s functional benefits, was evident to have direct and positive effect on brand image, and indirect and positive effect on the development of consumer-based brand equity in the luxury and upscale hotel sector.*

#### **4.3.3.4 Perceived value**

Since some participants mentioned that luxury and upscale hotel experiences are expensive, many participants claimed that “value for money” (whether the price they paid was worth the experience they got from the hotel) is the key criterion they use when evaluating overall brand quality. For instance, several comments that received common agreement from focus group participants were:

*“It was value--because you know I will pay the extra money for a five star. It's got to have things that I want.” (R#20)*

*“So as you said, the quality, if you are paying \$200 a night or \$250, you want something that is special...” (R#6)*

*“Some of the InterContinental hotels near Johana Airport are hugely expensive, and I could not justify that.” (R#9)*

As such, it can be seen that, even when consumers are affluent enough to visit luxury and upscale hotels, they still expect valuable experiences. When consumers perceive that a brand provides better value for money, they are more likely to respond positively. Otherwise, opposite responses are generated, for instance,

*“One of those hotels I've stayed in is really good value for money. Fantastic hotel, but the view was crap, but I don't really care, because I wasn't there for the view out of my toilet window. Everything else the hotel offered was really good.” (R#16)*

*“We had lunch in the Fairmont hotel in Banff and we found it was only about \$40 a night more to stay there than the crappy place this travel agent put us in. Even though the UK couple had said their budget was quite strict, even they said ‘we would have spent the extra bit to have those hotels’, so we all gave the agent feedback as we want to stay in the Fairmont.” (R#4)*

From the first participant's experience, it can be seen that their overall evaluation of the hotel brand was not significantly influenced by an unfavourable attribute: the room's view. In fact, the consumer's perception of the overall value provided by the brand contributed to the positive brand image. Similarly, the second participant's experience also demonstrates the influence of perceived value on brand image, albeit in a negative way. Once the participant and their peer travellers discovered their travel agent arranged a hotel with poor value for money, they all wished to switch to another hotel. The above cases demonstrate the significance of perceived value, as a cognitive and reliable judgement of a brand, on overall brand image. In addition, previous hotel brand equity research also supports the role of perceived value as an antecedent of consumer-based brand equity in hotels (Kim et al., 2008). Therefore, another implication of the focus group study was identified as:

***Implication 6:*** *Perceived value, as a reflection of the brand's functional benefits, was evident to have direct and positive effect on the consumers' overall brand image, and indirect and positive effect on the development of consumer-based brand equity in the luxury and upscale hotel sector.*



#### 4.3.3.5 Brand affect

Besides perceived quality and perceived value, luxury and upscale hotel consumers also indicated their appreciation of experiential benefits they received from the brand. This finding particularly supported the current research proposal, which suggested that since consumers in the luxury and upscale hotel sector seek “style, comfort, service and pampering” (Talbot, 2004), their positive emotional feelings about hotel experiences, such as joyfulness, happiness and pleasant emotions (defined as brand affect) may significantly contribute to their brand evaluation for a luxury or upscale hotel. Therefore, the current research proposed that brand affect, as a reflection of brand experiential benefit, contributes to the development of consumer-based brand equity in luxury and upscale hotels, even though this element (brand experiential benefit or brand affect) was not been found in previous hotel brand equity research. Through the focus group study, the research proposal regarding the influence of brand affect was found to be supported. For instance, after participants emphasised the importance of quality facilities and services, participants mainly shared their appreciation of extraordinary experiences they had in luxury and upscale hotels. For example:

*“They have something at the check in counter where they make warm cookies. When you just got off the plane, you were tired and sour and you wanted to relax. When you check in, they hand you this warm cookie right out of the oven, and it is like coming home. [Those warm cookies] bring back those wonderful feelings of being welcome and comfortable, and this is special.” (R#17)*

*“And I appreciate the little things they do. When you arrived at the hotel, there were beautiful flowers, chocolate and wine. And every night they turned down your bed and put their chocolate and hand cream on top, and all of that. When you came back after shopping you found that someone just tidied the room, and little things like that! That's the luxury you don't get when you go home.” (R#12)*

*“I think it is the feeling—that happiness there. And you feel it is special; it is a bit exciting; and that's nice.” (R#1)*

It can be seen that these experiences were sophisticated, warm, exciting and enjoyable for the participants. Consumers felt particularly appreciated when they were taken care of by hotel staff. For instance, a participant who travelled alone to a new destination, noted their experience of being looked after by hotel staff as impressive in their overall memory. This participant recalled that:

*“I went to the Cinnamon Lakeside in Sri-Lanka, and I stayed on the club floor. They have cocktail and little snack things from, say, 7.30 to 9.00pm, but I had an evening event and some meetings that I had to go to. And I had been staying there for a couple of days, so the guy said “Well, see you tomorrow night”. I said “no you won't” but the guy said “come along, come along”. When I got there about half past nine, he saved me a little plate of goodies, you know, and a glass of white wine. It was just such a lovely thing. It was so thoughtful. As you [another participant] said when you are travelling, somebody did bother to do it. It didn't cost much, but it really made my evening quite frankly. I sort of felt looked after.” (R#10)*

From this comment, it can be seen that consumers can remember such personal experiences clearly, because they were not just treated as customers who paid to be served, but individuals who were there to be looked after as individuals. As a participant said, *“you don't want to just be a number--a credit card at the end of the day. You actually want them to talk to YOU, as a person, a customer, a person to be well served, and you feel important” (R#16)*. This finding is also supported by Carvell et al. (2016), who stated that luxury hotel consumers demand unique and personalised experiences. In addition, consumers also appreciate the extra care a hotel brand spends on taking care of their interests in the post-visit stage. For instance, one participant felt very grateful when the hotel looked after her property after she had left the hotel. She said:

*“I had a similar experience staying at a Disney Hotel. I didn't realise I had left my watch behind. I wasn't aware that it was gone. A week later I got a package in the mail from Disney. I opened it*

*up and there was my watch... That raised my good experience there to another level. It raised them in my profile, and my perception about how good the hotel is. Now it is excellent, because the service has gone to great lengths to return my watch.”*  
(R#11)

Overall, this type of consumer feeling of “being looked after” has received many endorsements from focus group participants, and was claimed to be an important experiential benefit for travellers.

The above-mentioned experiential benefits are all brand related knowledge stored in the mind of the consumer. Participants were pleased with these luxury experiences, and proud of sharing such experiences with others. The consumer participants felt special when they were treated in a unique and sophisticated manner. It is evident that such experiential benefits made consumers feel fond of certain hotel brands. In addition, such experiential benefits motivated participants to perform various positive actions towards the brand, such as recommending the brand to others or revisiting the hotel in the future (as quoted in Section 4.3.2).

Overall, focus group participants frequently emphasised their feelings of happiness and enjoyment during their visits to luxury and upscale hotel brands. As such, the consumers’ gratification from their experiential feelings towards their preferred luxury and upscale hotel brands (brand affect) was evident during the focus group discussion. Although previous hotel brand equity research has not examined the role of brand affect in the development of consumer-based brand equity, several studies identified that brand affect has a strong influence on consumers’ overall brand evaluation and future responses to a brand (Chaudhuri & Holbrook, 2002; Laros & Steenkamp, 2005), especially when consumers are choosing a product like the luxury and upscale hotel experience for subjective, emotional and hedonic satisfaction (Barsky, 2009; Song, Hur, & Kim, 2012). In addition, previous literature stated that consumers’ brand affect encompasses spontaneous intrinsic responses elicited by brand qualities such as impressive product features, memorable employee interaction or the experience environment (Laros & Steenkamp, 2005; Song et al., 2012). Therefore, such consumers’ intrinsic affect or emotions essentially influence their product perception in all pre-consumption, consumption and post-consumption stages (Morrison & Crane,

2007). Furthermore, an established brand affect was found to boost consumer satisfaction (Mourad et al., 2011), motivate repeat patronage (Barsky & Nash, 2002), and contribute to consumer commitment (Chaudhuri & Holbrook, 2002) and brand loyalty (Anwar, Gulzar, Sohail, & Akram, 2011; Song et al., 2012). Therefore, based on the supporting literature and the current qualitative findings, the newly proposed brand equity antecedent of brand affect was retained in the research model, for further examination in the next quantitative study phase.

***Implication 7:*** *Brand affect, as a reflection of the brand's experiential benefits, was evident to have direct and positive effect on brand image, and indirect and positive effect on the development of consumer-based brand equity in the luxury and upscale hotel sector.*

Brand affect as an antecedent of consumer-based brand equity has rarely been examined in previous hotel brand equity research, with the exception of the study conducted by Barsky and Nash (2002), which highlighted the contribution of brand affect in influencing hotel guests' brand choice. Therefore, this concept was specifically developed for measurement in the quantitative phase. The detailed measurement development process will be presented in the next chapter (Section 5.2.1).

From the above discussion about consumer needs and perceived functional and experiential benefits from luxury and upscale hotel experiences, it can be seen that different consumers are likely to have different needs, such as “*quality breakfast*”, “*exclusive club floor*”, “*spa and salon*”, “*peaceful environment*”, “*facilities for seniors or disabled guests*” or “*convenient location*”. Along with the advancement of social, economic and technological conditions, consumers' needs also change. For instance, one participant said: “*you know it is different—it is different needs... When I was younger, I didn't have health issues. Now I have health issues, I got to look at my diet and I got to look at this and that, so things change for me*” (R#15). Therefore, one key message that hotel brands need to deliver to consumers is not that they can provide certain facilities and services, but that they are capable of satisfying customers' individual needs. Regarding consumer needs, participants shared their understandings of a common hotel practice—consumer loyalty programs—in evaluating overall brand image in the luxury and upscale hotel sector. The following section will discuss this

practice, and its importance for consumers developing differential responses to brands in luxury and upscale hotels, in greater detail.

#### **4.3.3.6 Customer relationship management**

The aspect of customer relationship management was derived from the focus group participants' frequent discussion of a common practice for hotel businesses—consumer loyalty programs. Consumer participants do not only see loyalty programs as a business strategy, but also perceive them as extra functional and experiential benefits. Hotels commonly adopt these programs to reward frequent hotel consumers with extra functional benefits, such as hotel room upgrades, and/or extra experiential benefits such as VIP treatment at the hotels (Lee, Capella, Taylor, Luo, & Gabler, 2014). Examples of such loyalty programs include “Marriott Rewards” from Marriott Hotels and Resorts, “Hilton Honors” from Hilton Hotels, and “InterContinental Priority Club” promoted by InterContinental Hotels and Resorts (Xie & Chen, 2014).

In the current study, some focus group participants identified themselves as members of such hotel loyalty programs, and expressed their appreciation of the benefits generated from these programs, as well as their positive perceptions and behavioural intentions generated towards a hotel brand as a result. For instance:

*“Definitely branding would not toss me. I am also an Inter-Continental or IHG hotel group loyalty member and it smooths the way because when I book in, I just nominate my number and everything is done when I get there.” (R#8)*

*“The more you stay, the better the benefits. And for us, those benefits include late checkout, upgrades, and free internet usage. For business, they are great but they are also nice for leisure travel because I often fly out late and you have got to check out at the ten in the morning. What do you do for the next ten hours? So the extras that they offer in going to a branded hotel are significant.” (R#9)*

The above comments demonstrate that participants appreciate the extra functional benefits they obtain for frequently visiting/choosing a specific brand. The effort hotel brands make with creating extra functional benefits for frequent consumers is beneficial for lifting their brands' images in consumers' minds. As such, the success of consumer loyalty programs seemed important for the development of brand image.

Apart from the functional benefits (e.g. early check-in, free room upgrade and complementary service items) created by hotel loyalty programs, consumers also recalled the experiential benefits that they obtained through joining loyalty programs or frequently visiting certain hotel brands. For instance, participants shared their experiences of being treated as "old friends" or "VIPs" by service staff in hotels they frequently visited:

*"They know you by your first name as soon as you come in the door... That's a really nice feeling when people welcome you back and know you like this and serve you straight away." (R#9)*

*"I am a member of the [preferred brand]. I like to go there because I also get personalised service. It really feels like you have a long history with them already. It is like going back home. It is the kind of experience I like." (R#8)*

*"I think there is a connection between Double Tree and Hilton, and they will ask you if you are a member and when you produce your card, you suddenly feel very special because you are a member of that brand chain, or the hotel chain." (R#11)*

Similar to loyalty rewards programs, participants raised other practices adopted by hotels, such as asking for consumer feedback, establishing consumer profiles, and providing customised services. With the prevalent use of the Internet and social media, digital platforms have become useful tools for businesses and consumers to build relationships with each other. For instance, two conditions for successful customer relationship management include: 1) perception of mutual benefits discussed previously, and 2) availability and effectiveness of two-way communications between relationship partners (Richards & Jones, 2008; Lo, Stalcup, & Lee, 2010; Padilla-

Meléndez & Garrido-Moreno, 2014). It can be seen that the Internet and social media can satisfy the second condition. Therefore, CRM opportunities have been boosted by the rise of consumer review websites (Rahimi, Gunlu, Okumus, & Okumus, 2016). Many hotels have already started to use these review platforms to engage with consumers and respond to consumer feedback (Trainor, Andzulis, Rapp, & Agnihotri, 2014). Such hotel responses or interaction with consumers was suggested to potentially influence the consumer's perception of brand value (Trainor et al., 2014). For instance, in the current focus group study, participants showed their appreciation for the extra effort a hotel brand spent on collecting consumer feedback and gathering consumer preferences. Such hotel actions indicate the hotel brand's intention to maximise consumer satisfaction, which therefore raised the brand's image in the consumers' minds (Richards & Jones, 2008). For instance, two participants said:

*“I got a nice little email from somebody and they read my form because it actually made reference... It didn't impress me just on a personal level but on an organisational level.” (R#10)*

*“That's a clever piece of customer follow-up too, because it continues to make me feel like an individual, even after I left.” (R#11)*

*“Well with IHG there used to always be a follow up email with a short five-minute tick-box survey about how you were experiencing things. I am certainly not awkward about letting them know how I enjoyed or did not enjoy things and with InterContinental, they will generally come back if it is a serious problem. That's comforting to know they respond to your emails and listen. That's nice.” (R#9)*

However, some participants expressed different opinions. They found the “feedback” system in some hotels to be useless, and hotels have not responded to or acted upon their feedback to improve service quality. In these cases, consumers felt “disappointed and disrespected”. Therefore, a key message for hotel management is that successful customer relationship management requires effort from both parties: hotels and consumers. The hotel brand's effort in maintaining the relationship was evident to be particularly significant for improving brand image in the consumers' minds.

Overall, participants expressed appreciation for the extra functional and experiential benefits created by practices such as “hotel loyalty programs”, “feedback survey system”, and “service customisation”. In existing literature, such hotel practices are categorised as parts of customer relationship management, which involves businesses actively collecting consumer characteristics, communicating with consumers about their wants and needs, and designing tailored products to consistently achieve consumer satisfaction (Breugelmans et al., 2014). Therefore, the current study has identified “customer relationship management” as a potential representative element that contributes to the consumer’s perceived image of the brand.

Due to the contribution of customer relationship management to improving brand image, consumers who perceive a brand’s intention to develop personal relationships with customers respond to the brand positively. Several actions were mentioned by focus group participants, such as actively communicating their needs to hotel brands, and providing constructive feedback to the brands. For instance, one participant said: *“It doesn’t hurt to pick up on things and let them know, so next time you’re there it could be fixed. Sometimes they don’t always do that. There are some hotels with black marks that I don’t stay anymore, because they don’t respond. Yes. Never stay there again.”* (R#9). Furthermore, consumers who perceived businesses making an effort to build and maintain relationships are likely to feel appreciated and respected, and thus “recommend the hotel brand to others”.

In conclusion, from the consumer’s perspective, customer relationship management is not only a business strategy but also another type of brand knowledge that a business uses to communicate with the consumers, or relationship partners (Sigala, 2005). A hotel that adopts customer relationship management practices can directly inform its consumers that the brand intends to share mutual interests with consumers (Richards & Jones, 2008). As such, successful customer relationship management seems to encourage consumers to perceive extra functional and experiential benefits, and ultimately contribute to the development of a strong brand image and consumer-based brand equity in the luxury and upscale hotel sector. Therefore, the qualitative focus group data suggested that:



**Implication 8:** *Customer relationship management was evident to increase consumer-perceived functional and experiential benefits from a brand, which is likely to have direct positive effect on the brand's image, and indirect and positive effect on the development of consumer-based brand equity in the luxury and upscale hotel sector.*

#### **4.3.3.7 Self-image congruence**

According to the proposed brand equity model for the luxury and upscale hotel sector (Figure 2.4), another element that is important for the development of consumer-based brand equity is likely to be the brand's symbolic benefit for consumers wanting to reflect or improve their image. During the focus group discussion, the importance of the brand's symbolic benefits was also disclosed. For instance, some participants mentioned that they prefer to stay in luxury and upscale hotels because they have a need to feel psychologically comfortable. For instance, example comments are as below:

*"I am very much a five-star girl. Camping is not my style." (R#20)*

*"I am spoiled and I like a good hotel when I am travelling. I don't want to stay at a backpackers or a two- or three-star hotel. I want to stay somewhere nice." (R#3)*

These comments indicate that consumers in the luxury and upscale hotel sector are looking for the luxury experience, which can be understood as a type of lifestyle that suits their identity. Although these consumers did not specify any particular brands that were better at serving their symbolic needs, these comments implied that, if a brand has associations and an overall brand image that is close to the consumer's expectations and desires and matches the consumer's own self-identity, the brand is more likely to be favoured. The importance of a brand's symbolic benefits in matching consumers' own self-images was also identified by previous studies (e.g. Kressmann et al., 2006; Wilkins, Merrilees, & Herington, 2006).

Some participants also mentioned their past experiences with their preferred brand, and indicated that their brand preference could also be attributed to the brand's

superiority at making them feel better about themselves. In other words, consumers want to feel that staying with the brand reflects their ideal self-image. For example, two participants said that:

*“When you arrive at the desk, they ask you ‘Are you a member of Double Tree?’ and when you produce your card, you suddenly feel very special to be a member of that brand chain.” (R#11)*

*“What was that movie with Angela Jolie and Jo... (Sandy or Kay then said: Jolie’s Dad and they were in Venice.) That was great. It is really really good. It is a beautiful hotel in the canal and in the middle of doing all these chases, and it was so exciting.” (R#1)*

Apart from consumers’ needs and their preference to select a brand that matches or improves their self-identities, the focus group participants also directly stated their preference for selecting a brand that appropriately reflects or lifts their social image in public. In particular, participants’ comments regarding the importance of social image congruence were generally divided into two groups. The first group indicated that a brand’s symbolic benefits of reflecting or lifting consumers’ social image is more important for business travellers who need show professional image. In terms of consumers who travel for leisure, social image congruence may be less influential. For instance, two consumers who often travel for business said:

*“I think it also depends on which level we are [when we select a luxury or upscale hotel brand]. For me, even though you give me the Hyatt or the hotels I am allowed to book in for my business trip, I won't choose them because I feel pressure.” (R#8)*

*“What if it was the Vice Chancellor? I believe he has to stay at somewhere reasonably decent, because it is a question of his prestige.” (R#10)*

*“For me, I think it [reflecting an appropriate social image] is very important for business trips, and probably lower for leisure trips (confirmed by partial group).” (R#17)*

However, the other group of comments indicates that consumers who travel for leisure would favour a brand that reflects and improves their social image. For instance, consumers generally feel that it is better, or necessary, to choose a brand that benefits them by giving good impressions to their social groups. Several participants said:

*“It is just like you telling your friends, ‘Hey I am staying in that hotel’ and you like to hear your friends saying ‘Yeah, it would be awesome’.” (R#1)*

*“Of course, you had to not commit social suicide in the town [when making a brand choice].” (R#10)*

In addition, when consumers previously mentioned that they are motivated to advocate for their preferred brand, they appeared to be ambassadors for the brand. In this case, the consumers’ social images would be naturally linked to the brand’s image. As Duverger (2013) argued, consumers are less likely to advocate for a brand if they find the brand image inappropriate to be linked to their social image. Therefore, the importance of social image congruence was implied to be an important factor for consumers to develop a brand preference and respond positively (e.g. brand choice and brand advocacy).

Overall, the focus group discussion implied that a brand’s symbolic benefits—allowing consumers to feel psychologically comfortable in expressing or improving their self-identity, or reflecting or lifting their social image in public—was evident to be important for the development of a brand preference. More importantly, the focus group data indicated that consumers often evaluate such symbolic benefits unconsciously, by considering whether they feel comfortable psychologically or feel able to show appropriate self and social images in public. However, these brand symbolic benefits, specifically image congruence, was evident to directly determine whether consumers deem the brand a suitable option. Therefore, another implication from the focus group study was:

**Implication 9:** *Self-image congruence, as a reflection of a brand's symbolic benefit, was evident to have direct and positive effect on brand image, and indirect and positive effect on the development of consumer-based brand equity in the luxury and upscale hotel sector.*

#### **4.3.3.8 Brand trust**

During the focus group discussion, participants also emphasised the influence of their trusting attitude towards a brand on their final brand choice. More specifically, trust attitude refers to the consumer's confidence in relying on the brand to provide expected and consistent quality experiences (Delgado-Ballester & Munuera-Aleman, 2005). According to the focus group discussion, participants perceived a high level of financial risk when selecting luxury and upscale hotel accommodation, especially in unfamiliar destinations. The brand that can deliver a sense of safety and certainty to consumers, and enable consumers to feel confident about their brand choice. For instance, several participants said:

*"[I chose] Hilton Double Tree, because I knew that I would have a certain level of comfort. That's why I made the choice of that one."*  
(R#11)

*"When I went to Europe, I often used Prominence. I don't know if it is a four or five-star hotel, but it is exactly as (#K3) said, I know I will have big beds, good towels and things, lashings of hot water, plenty of space and an iron and ironing board. That standard is at every place. And that I think comes from having the confidence of going to a brand."* (R#15)

*"When I am travelling to a country I don't know, I want minimum disruption and I don't want any surprises or challenges. Particularly if I am travelling to a less-developed country, I will definitely be looking at a particular brand that I can predict the quality of."* (R#19)

These comments indicate that consumers' brand choice is likely to be strongly influenced by their confidence in a brand, specifically, their sense of certainty about

the hotel quality. Besides these comments, participants also highlighted that they can feel confident and trust a brand so as to make their brand choice because they can predict the service quality and have their expectations met by all branded hotels. For instance, several participants said:

*“I like the brand because it is predictable.” (R#16)*

*“The consistency in its offerings is a valuable attribute I appreciate. I can expect to see the same kind of service and expect the same quality when I am going to the brand in Perth, Sydney, Brisbane, etc., all over the world.” (R#12)*

*“One example I have is that I know if I book into a Hilton, it doesn't matter where in the world I am going, that Hilton will have a certain level or standard of care.” (R#5)*

*“[Regarding my preferred brand], you can expect what kind of service you can get. That's the most important thing.” (R#8)*

Some consumers also suggested that in the hotel industry, staff service and hotel quality may not always be the same due to the variety of staff professionalism, skill and property design. As long as the brand demonstrates the intention and competence to effectively fix problems for consumers when something goes wrong, and the brand tries its best to satisfy the consumers' needs, consumers would still rely on the brand. The following quotes are typical of the responses.

*“I expected [the quality experience]. Because it was Hilton, I would get that level of service and it delivered.” (R#11)*

*“For example, Hilton will have a certain level or standard of care and I know that can be guaranteed, and if it is not there, I can complain to somebody and they will fix it.” (R#16)*

*“I know if I let them know, next time when I am there it would often be fixed.” (R#9)*

*“Definitely the brand would not toss me.” (R#8)*

Based on these comments, it can be seen that consumers' trust attitudes towards a brand were evident to strongly influence their brand choice. More importantly, these comments indicated that consumers who have established a brand preference commonly have developed a strong trust attitude towards the brand. As such, brand trust may be a common factor for consumers developing differential responses (choice and loyalty) towards a brand in the luxury and upscale hotel sector.

Although previous hotel brand equity research has not identified brand trust as an antecedent of consumer-based brand equity, two brand associations: brand reliability and management trust, were identified as important components of consumer-based brand equity in Hsu et al.'s (2012) study. Brand reliability and management trust essentially reflect the consumer's trust attitude towards the brand for meeting consumers' expectations. Hsu et al.'s study may partially support the current research proposal of brand trust as a brand equity antecedent in the luxury and upscale hotel sector, as well as the current focus group findings. Therefore, another focus group outcome was identified as:

***Implication 10:** Brand trust, as a reflection of brand attitude, was evident to have direct and positive effect on brand image, and indirect and positive effect on the development of consumer-based brand equity in the luxury and upscale hotel sector.*

#### **4.3.3.9 Consumer-generated content**

The last brand equity antecedent to be identified from the focus group study is consumer-generated content, which refers to consumers' online reviews of luxury and upscale hotels. From the focus group discussions, it was evident that when participants talked about their preferred brands or processes of establishing brand image and brand preference, consumer reviews were always a vital influence.

Consumer-generated online content can be seen as an information source of hotels brands for consumers. Unlike traditional information sources for tourists such as travel agents, official hotel websites and other third party media, consumer-generated content is considered more trustworthy, helpful and unbiased. For instance, participants said:

*“The trip we just had in the US, Canada, and Hong Kong, the five weeks, we booked through a UK travel agent... The hotels we stayed with were very average. When compared to the trip we did two years earlier to Europe, which was also five weeks, I booked everything through Agoda (a consumer review website), and everything I booked was much better.” (R#4)*

*“You can find out quite useful things like that, so as I said you know I planned a few trips using those sites (consumer review travel websites), I have not had a bad experience yet.” (R#20)*

*“I think now it is also easier to be your own travel agent than rely on agents. In the past, people used to rely on them to do all that for them.” (R#6)*

*“You firstly jumped on TripAdvisor and then checked the information.” (R#13)*

*“I read reviews, mainly because that has been quite helpful in reducing risks.” (R#1)*

*“These days I can look up anything and get truckloads of reviews on anything I want, which I find is really good.” (R#22)*

Based on consumers’ positive attitudes towards, and frequent use of, consumer-generated content, it can be seen that hotel brands that are frequently mentioned by consumers online are likely to be seen by prospective users (readers) of consumer-generated content. As such, similar to previous research findings (Jones & Chen, 2011; Vermeulen & Seegers, 2009), the current focus group study also indicated that consumer-generated content potentially contributes to brand awareness in consumers’ minds.

Secondly, besides acting as an information source, consumer-generated content was also considered to be a collection of hotel brand images perceived by the consumer community. Such a brand image, created by a group of consumers based on their experiences, not only tells readers detailed brand attributes such as “room quality”,

and “service quality”, but also the perceived brand value and attitudes. Consumer-created brand image was perceived as “a part of the product”.

*“So for leisure for me, I do a lot of research online, and I look at reviews from other people.” (R#8)*

*“I will think of the both the hotel’s official websites and consumer websites like TripAdvisor. I would go on and see what other people have reviewed.” (R#15)*

*“You can find out quite useful things like that. So as I said you know I planned a few trips using those sites, I have not had a bad experience yet.” (R#20)*

Consumers’ perceptions of a brand are not only derived from their knowledge about the brand, but also group evaluation online. A collection of consumers’ positive reviews and high ratings online can improve a brand’s image in the market, and vice versa. Thus, the power of consumer-generated content on an individual consumer’s brand image and responses should not be overlooked. For instance, several participants said:

*“I think social media is very strong, so social opinion is very strong, so people like me I think sometimes do heavily rely on how they would use a service or go somewhere or stay somewhere, depending on what they read, because there are so many more out there now, so yes, you might read something from total strangers.” (R#13)*

*“I judge it (hotel quality) by what it looks like, so I look at the pictures and I go to TripAdvisor. TripAdvisor influences me a lot these days, because it can look fabulous. If it has got crap performance, this is a dreadful review.” (R#20)*

*“I selected the hotel for my wedding purely based on online reviews.” (R#8)*



*“I had a trip to Europe two years ago and we stayed in quite a lot of boutique hotels. A lot of them were chosen based on reviews on TripAdvisor. I really take note of other people's reviews and ratings.” (R#4)*

*Participant 1: “Yeah, it is interesting. Because before we judged hotels by their star ratings--five or four stars or three stars, and now people start to judge hotels by the review rating.” (R#21)*

*Participant 2: “Oh, yeah, that's part of the product now too.” (R#22)*

*Participant 3: “Definitely.” (R#23)*

Based on the overall discussion, consumer-generated content was evident to be important information for luxury and upscale hotel consumers to reinforce their brand awareness and further develop brand image. The positive influence of consumer-generated content on purchase intention was also frequently discussed. Therefore, the last focus group implication, in two parts, was:

***Implication 11:*** *Consumer-generated content, as an increasingly popular information source for consumers to get to know brand attributes, was evident to have direct and positive effect on brand awareness and brand image, and indirect and positive effect on the development of consumer-based brand equity in the luxury and upscale hotel sector.*

Overall, based on content analysis of the focus group data, the eight antecedents of brand awareness, brand image, perceived quality, perceived value, brand affect, customer relationship management, self-image congruence and consumer-generated content have been identified as potentially contributing to consumer-based brand equity in luxury and upscale hotels. These eight elements potentially indicated that hotel consumers' differential responses towards a brand may be derived from their knowledge of the brand and its associated characteristics, particularly the characteristics related to satisfying consumers' functional, experiential and symbolic needs.

From the qualitative study, it showed that these eight antecedents influenced the development of consumer-based brand equity in a luxury and upscale hotel. For instance, from the analysis of data provided by participants who did not have a brand preference, it can be seen that these participants either detected inconsistency in hotel service quality or did not feel any extra emotional satisfaction from a particular hotel brand. As a result, for these participants, differential responses like brand choice or loyalty were not established. Some example quotations from participants are provided in the following paragraphs.

Firstly, consumers' low recognition of the value of a brand to indicate hotel service quality may result from a perceived quality inconsistency experienced at different hotels in the same chain of hotel brands, or hotels with the same star rating. For instance, two participants shared their experiences as:

*“I have stayed many times, or for about four years... I always stayed in Marco Polo Hong Kong, part of the Marco Polo group. There was only one other experience with Macro Polo in Cebu, in the Philippines. Totally different experience altogether. That was pretty awful. The Philippines one I would not go back to.” (R#9)*

*“If you look at the Hyatt here and you look at the Hyatt in Singapore, the Singapore one would be more luxurious.” (R#7)*

Above comments indicated preference and loyalty in consumers' minds is usually towards individual hotels, rather than hotel brands. Consumers may develop positive attitudes and responses to the hotel properties of Marco Polo in Hong Kong, and Sheraton in Melbourne, Sheraton in the Gold Coast and Sheraton in Singapore, but not the brands of Marco Polo and Sheraton. This indicates that consumers may need a cue to accurately predict a hotel's quality when another hotel within the brand chain has disappointed them, otherwise the value of the brand is discounted. In other words, quality consistency is a key component of a brand's perceived quality, which influences consumers' perceived brand image and further influences brand choice and loyalty.

In addition, some participants do not perceive the value of a brand as a quality indicator due to the existence of hotel star ratings or travellers' ratings. These participants declared that industrial hotel ratings (star ratings) and recently prevalent traveller's ratings and reviews online are useful for predicting hotel quality. As a result, they rely less on the brand to predict the hotel quality when making a hotel choice. For instance, a participant who directly considers luxury and upscale hotels to be five- and four-star hotels, said:

*“Generally, you know, you were talking four- or five-star (hotels). Depends on what you are seeking at the hotel and what experience you want to have in those hotels, but a brand itself doesn't really matter because that's what star rating tells you, that particular hotel is gonna be over a certain quality and give you certain features.” (R#23)*

From this comment, it can also be seen that this participant does not pay much attention to selecting a luxury or upscale hotel brand during the decision making process. They use a star rating as a filter and make a choice based on factors like hotel location and price. In addition, these participants have rarely recalled any extraordinary experience that they perceived or appreciated from specific luxury or upscale hotel brands, except basic comfort and convenience. As such, the absence of a brand's experiential benefits in the participants' memories may be the reason for a limited brand preference.

Overall, participants have various reasons for not preferring any brands in the luxury and upscale hotel sector. However, some reasons can be addressed. For instance, Kapferer (2012, p.132) stated that “people have become cynical about brands because they have had so many negative experiences at odds with what they see in advertising. Most brand promises are not kept”. In addition, Yu, Byun, & Lee (2014, p.1) identified that “Competition in the international hotel industry is increasingly global as hotels seek new ways to grow and customers have more alternatives to choose from. Globalisation could lead to bland hotel images where hotels are similar wherever they are located”. Overall, to change consumer perceptions and behaviours, businesses are recommended to invest extra effort into managing the customer's total hotel brand experience (de Chernatony & Segal-Horn, 2001; Buhring, O'Mahony, & Dalrymple, 2015), developing more effective brand differentiation strategies (Bailey & Ball, 2006),

and focusing on managing their customer base and customer network relationships (FitzPatrick, Davey, Muller, & Davey, 2013; Padilla-Meléndez & Garrido-Moreno, 2014).

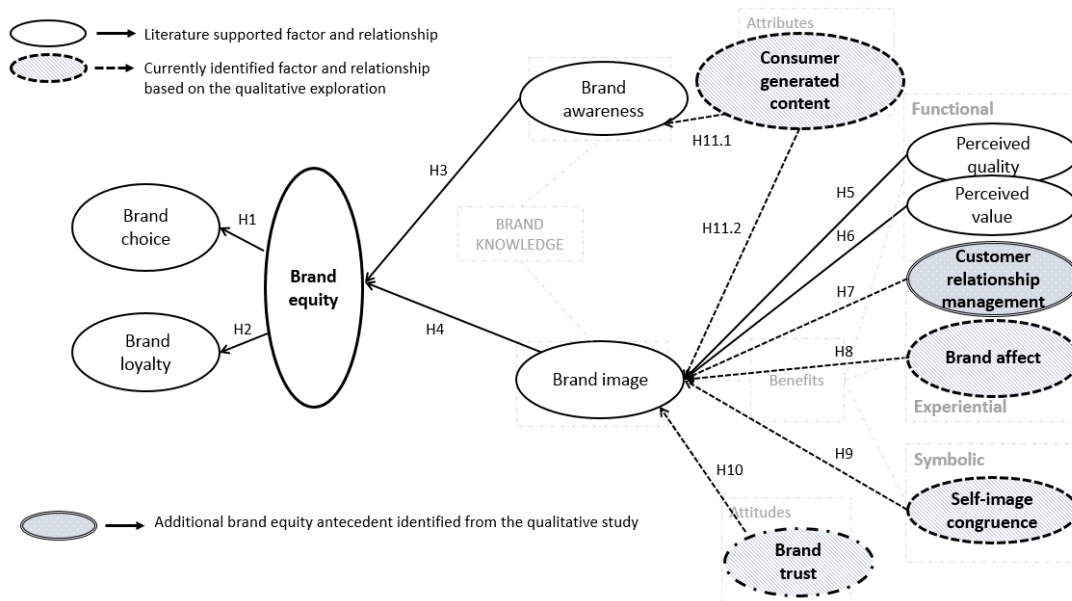
The above suggestions also correspond to the consumer needs identified in the current qualitative study. Based on the focus group discussion, specific consumer needs and expectations regarding brands' functional, experiential and symbolic benefits have also been identified. For instance, consumers tend to particularly look for extra care in luxury, pampering and personalised experiences that reflect or improve their social images. Consumers who perceived a brand's effort into building and maintaining a relationship with them are more likely to appreciate and respect the brand, rely on the brand's partners, and be more willing to pay premium prices for customised experiences. Therefore, in the next stage of this study, these identified brand equity dimensions and antecedents will be carefully examined; particularly the elements that were never examined in previous hotel brand equity research (e.g. brand affect, self-image congruence, consumer-generated content and customer relationship management).

As previously mentioned, the qualitative findings only reflect a small number of luxury and upscale hotel consumers' understandings of the dimensions and antecedents of consumer-based brand equity. To improve the validity and reliability of the focus group findings, a quantitative study was conducted for further examination. More specifically, the focus group findings were transformed into a questionnaire survey and their effectiveness for measuring and influencing the development of consumer-based brand equity in the luxury and upscale hotel sector was quantitatively examined. Section 4.4 presents a revised consumer-based brand equity model, and research hypotheses for the quantitative study stage.

#### **4.4 Revised brand equity model for the luxury and upscale hotel sector**

Based on the qualitative exploration of consumer-based brand equity dimensions and antecedents from the perspective of luxury and upscale hotel consumers, as well as the

existing literature reviewed in Chapter 2, a revised research model is presented in Figure 4.2, including the 19 research hypotheses.



**Figure 4.2: Revised brand equity model based on qualitative study results**

Hypotheses about the dimensions of consumer-based brand equity for the luxury and upscale hotel sector:

*H1: Brand choice has a positive relationship with consumer-based brand equity in the luxury and upscale hotel sector.*

*H2: Brand loyalty has a positive relationship with consumer-based brand equity in the luxury and upscale hotel sector.*

Hypotheses about the antecedents of consumer-based brand equity for the luxury and upscale hotel sector:

*H3: Brand awareness has a direct and positive effect on consumer-based brand equity in the luxury and upscale hotel sector.*

*H4: Brand image has a direct and positive effect on consumer-based brand equity in the luxury and upscale hotel sector.*

*H5.1: Perceived quality has a direct and positive effect on brand image in the luxury and upscale hotel sector.*

*H5.2: Perceived quality has an indirect and positive effect on consumer-based brand equity in the luxury and upscale hotel sector, via brand image.*

*H6.1: Perceived value has a direct and positive effect on brand image in the luxury and upscale hotel sector.*

*H6.2: Perceived value has an indirect and positive effect on consumer-based brand equity in the luxury and upscale hotel sector, via brand image.*

*H7.1: Customer relationship management has a direct and positive effect on brand image in the luxury and upscale hotel sector.*

*H7.2: Customer relationship management has an indirect and positive effect on consumer-based brand equity in the luxury and upscale hotel sector, via brand image.*

*H8.1: Brand affect has a direct and positive effect on brand image in the luxury and upscale hotel sector.*

*H8.2: Brand affect has an indirect and positive effect on consumer-based brand equity in the luxury and upscale hotel sector, via brand image.*

*H9.1: Self-image congruence has a direct and positive effect on brand image in the luxury and upscale hotel sector.*

*H9.2: Self-image congruence has an indirect and positive effect on consumer-based brand equity in the luxury and upscale hotel sector, via brand image.*

*H10.1 Brand trust has a direct and positive effect on brand image in the luxury and upscale hotel sector.*

*H10.2: Brand trust has an indirect and positive effect on consumer-based brand equity in the luxury and upscale hotel sector, via brand image.*

*H11.1: Consumer-generated content has a direct and positive effect on brand awareness in the luxury and upscale hotel sector.*

*H11.2: Consumer-generated content has a direct and positive effect on brand image in the luxury and upscale hotel sector.*

*H11.3: Consumer-generated content has an indirect and positive effect on consumer-based brand equity in the luxury and upscale hotel sector, via brand image.*

## **4.5 Chapter summary**

In order to explore the specific dimensions and antecedents of consumer-based brand equity, this research conducted a qualitative study of luxury and upscale hotel consumers in Australia. Through exploring consumers' understandings of brand influence and the elements that contribute to their different responses towards their preferred brands, the qualitative study suggested that the two previously-identified brand equity dimensions of brand choice and brand loyalty are likely to be applicable to the luxury and upscale hotel sector. That is because these two dimensions indicated the potential influence a brand can generate on consumer behaviours in the sector. From a management perspective, these two dimensions are also meaningful indicators of consumer-based brand equity, as they predict a brand's success in the market. Therefore, the subsequent quantitative study further examined the significance of these two brand equity dimensions in the luxury and upscale hotel sector, with the detailed findings presented in the next chapter.

In addition, the qualitative study also suggested that brand equity development in the luxury and upscale hotel sector can potentially be attributed to eight elements, including eight initially-proposed antecedents (brand awareness, brand image, perceived quality, perceived value, brand affect, self-image congruence, brand trust and consumer-generated content), and one additional antecedent: customer relationship management. From the focus group participants' perspectives, customer relationship management, as a common practice employed by hotel businesses, is a direct reflection of the brand's attention to individual consumers. A brand's effort to seek knowledge about individual consumers and provide personalised services to consumers was implied to increase the consumers' perceived benefits from staying with the brand. Existing studies have rarely investigated the influence of customer relationship management on consumers' brand perceptions. Therefore, it is worth identifying the significance of customer relationship management for contributing to brand equity development in the subsequent quantitative study.

The qualitative study also supported the influence of the eight initially-proposed antecedents on brand equity development in the luxury and upscale hotel sector. These research outcomes indicated consumers' specific expectations from a strong brand in the sector. In particular, consumers' expectations of a brand's benefits for satisfying their experiential and symbolic needs were highlighted, based on the implied influence of brand affect and self-image congruence on brand equity development. Overall, these research outcomes inferred the uniqueness of consumer-based brand equity development in the luxury and upscale hotel sector. To identify the validity and reliability of these research outcomes, a quantitative examination was then conducted. Detailed research findings are presented in Chapter 5: Quantitative data collection and research findings.



# CHAPTER 5: Quantitative Data Collection and Findings

## 5.1 Introduction

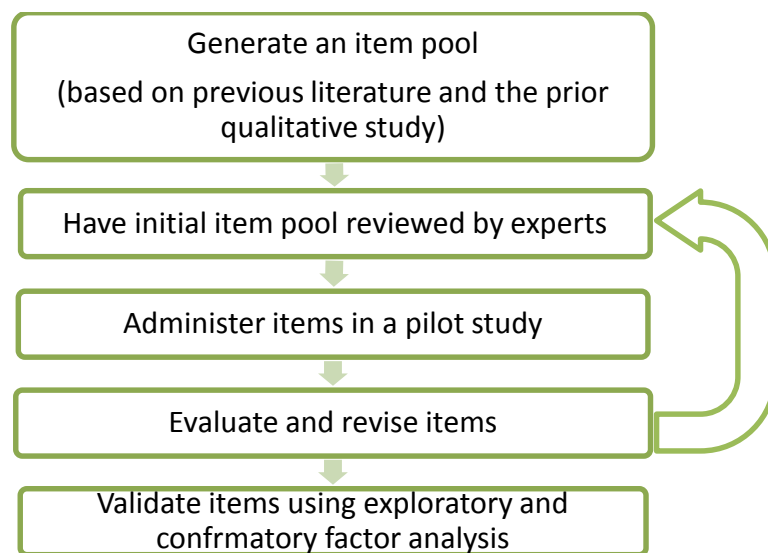
As illustrated in the previous chapter, the first research objective – to *identify brand equity dimensions and antecedents in the luxury and upscale hotel sector* – was investigated using a series of focus groups and an extensive literature review. This chapter will develop the research instrument and conduct a quantitative examination, in order to achieve the second research objective: *to identify relationships between brand equity dimensions and antecedents*, to develop a specific brand equity model for the luxury and upscale hotel sector. As such, the following sections of this chapter will illustrate the process of the instrument's design, followed by the quantitative data collection and analysis findings. The developed and tested consumer-based brand equity model for the luxury and upscale hotel sector is presented at the conclusion of this chapter.

## 5.2 Instrument design

The instrument design, as a preliminary stage of quantitative data collection, mainly involved transforming previous qualitative findings into operational, measurable constructs that could be quantitatively tested (Creswell, 2014). As such, the first step of designing the instrument involved transforming the previously identified dimensions and antecedents of consumer-based brand equity (based on the literature review and focus groups) into quantitatively measurable items. As previous literature suggested, a set of quantitatively measurable items forming a scale measurement is the foundation for examining the reliability of abstract human knowledge and attitude in influencing a behaviour or the relationship between those abstract constructs (Hardy & Bryman, 2009). Therefore, this step of the instrument design had to develop a set of measurement items for each of the dimensions under examination, in this case the dimensions and antecedents of consumer-based brand equity. This process, known as scale development (Churchill, 1979; DeVellis, 2012), is discussed in the following section.

### 5.2.1 Scale development

As the dimensions and antecedents of consumer-based brand equity in the luxury and upscale hotel sector have rarely been explored, only limited measurement scales have been identified or validated for this hotel sector. Consequently, to first propose appropriate measurement scales for consumer-based brand equity dimensions and antecedents, rigorous scale development procedures developed by Churchill (1979), Anderson & Gerbing (1998) and DeVellis (2012) needed to be undertaken. An adapted procedure of the scale development for the current study was designed, and is shown in Figure 5.1.



**Figure 5.1: Scale development procedure for this study**

Adapted from *Scale development: Theory and applications* (p.73), by R. F. DeVellis, 2012, Thousand Oaks, Calif: SAGE.

As shown in Figure 5.1, the first step of the scale development was to develop a pool of measurement items for the consumer-based brand equity dimensions of brand loyalty and brand choice, and the antecedents of brand awareness, brand image, brand affect, perceived quality, perceived value, customer relationship management, self-image congruence, brand trust and consumer-generated content in the luxury and upscale hotel context. Since some of these dimensions and antecedents have rarely been investigated in the luxury and upscale hotel sector, the sources used for proposing measurement items for these elements incorporated previous literature and the findings of the earlier qualitative study.

To ensure the proposed measurement items would reflect the hotel consumers' brand equity development process, five relevant hotel brand equity studies (Kim & Kim, 2005; Kayaman & Arasli, 2007; Kim, Jin-Sun, & Kim, 2008; So & King, 2010; Hsu, Oh, & Assaf, 2012) were used as the main resources in the scale development process. To develop appropriate measurement items for the additional identified brand equity antecedents, including brand affect, customer relationship management, self-image congruence and consumer-generated content, studies that focused on these areas were also used as references (e.g. Delgado-Ballester, Munuera-Aleman, & Yague-Guillen, 2003; Delgado-Ballester, 2004; Lee & Back, 2008; Sparks & Browning, 2011; Song, Hur, Kim, 2012).

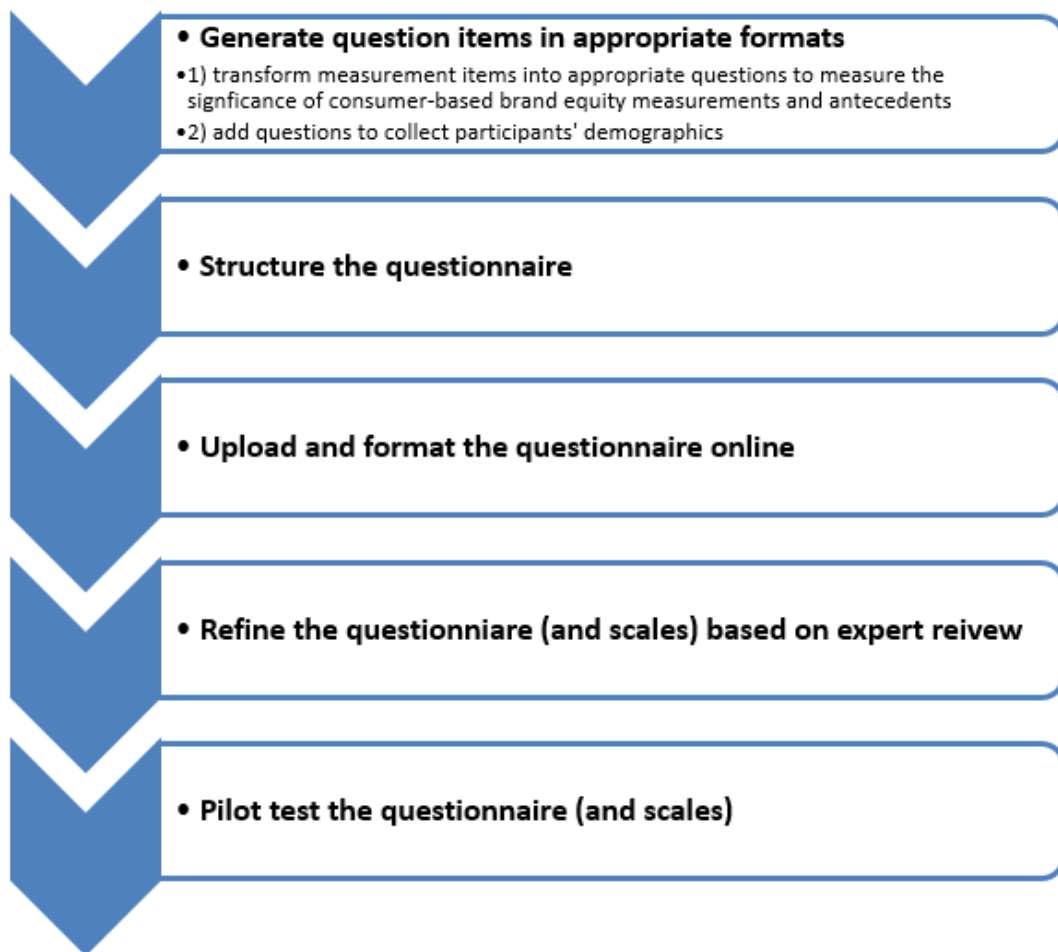
An initial set of 80 measurement items for consumer-based brand equity dimensions and antecedents for the luxury and upscale hotel sector was proposed (see Appendix D). These newly proposed measurement items were subsequently reviewed by experts and tested by a pilot study, to improve their validity and reliability for measuring their respective dimensions and antecedents (Churchill, 1979; DeVellis, 2012).

As discussed in Chapter 3 (see Section 3.3.2.1), the best approach for data collection was considered to be an online questionnaire, due to its suitability and effectiveness (both in time and cost) in collecting broad data to examine consumer-based brand equity dimensions and antecedents (Marsden & Wright, 2010; Sue & Ritter, 2011). Thus, the proposed measurement items were transformed into online questions. Section 5.2.2 will discuss the procedure used to develop the online questionnaire in further detail.

## **5.2.2 Questionnaire development**

Based on guidelines for questionnaire development (Best & Krueger, 2008; Vicente & Reis, 2010; Sue & Ritter, 2011), a customised procedure was designed to develop the online questionnaire for this study (see Figure 5.2). It is evident that the measurement scales developed in the previous stages (the literature review and the qualitative research stage) were the foundations for generating questions, as the first step of the questionnaire's development. However, the questionnaire development involved aspects such as logically structuring the questionnaire and designing an effective and

user-friendly online questionnaire (Marsden & Wright, 2010; Sue & Ritter, 2011). The questionnaire's design also needed to consider the planned data analysis, to design an effective questionnaire to collect appropriate data for analysis (Williams, 2003; Rattray & Jones, 2007; Vicente & Reis, 2010; Olsen, 2012; Clow & James, 2014). By integrating these aspects of the questionnaire's design, a customised questionnaire development procedure was created and followed, in order to optimise data collection.



**Figure 5.2: Questionnaire development procedure**

**(Integrated with scale development procedure)**

Adapted from *Handbook of survey research* (p. 73), by P. V. Marsden, & J.D. Wright, 2010, Bingley: Emerald, and *Conducting online surveys* (p. 51), by V.M. Sue & L. A. Ritter, 2011, London: Sage Publication.

### 5.2.2.1 Generate question items in appropriate format

To decide which question format was appropriate, the first step was to ratify the specific research objectives and tasks to be accomplished in the current quantitative stage (Vicente & Reis, 2010). According to a review of the quantitative research tasks as well as the required practices (e.g. scale development), two specific tasks were identified (see Table 5.1). Firstly, the study sought to collect consumers' opinions on developed measurement items in order to recognise their underlying perceptions of, and attitudes towards, a brand. This process would then enable the researcher to identify the significant dimensions and antecedents of consumer-based brand equity, from the consumer's perspective, in the luxury and upscale hotel sector. The empirical study would also facilitate the development of a valid, reliable measurement scale for each of the consumer-based brand equity dimensions and antecedents. Secondly, the study would examine the relationships between significant dimensions and antecedents of consumer-based brand equity, and assess these against the research hypotheses proposed in the research model (see Section 4.4), to develop a specific consumer-based brand equity model for the luxury and upscale hotel sector. These objectives, tasks and hypotheses are summarised in Table 5.1.

**Table 5.1: Quantitative research stage: objectives, tasks and hypotheses**

|  |
|--|
| <p><b>Research objective for the quantitative research stage:</b><br/>To examine brand equity dimensions and antecedents in order to develop a specific brand equity model for the luxury and upscale hotel sector.</p> <p><b>Task 1:</b><br/>Identify significant dimensions and antecedents of brand equity in the luxury and upscale hotel sector, and develop a reliable measurement scale for each of brand equity dimensions and antecedents.</p> <p><b>Task 2:</b><br/>Examine relationships between brand equity dimensions and antecedents against the proposed research model (Section 4.4)</p> <p><b>Research hypotheses regarding relationships between dimensions and antecedents of brand equity in the luxury and upscale hotel sector</b> (derived from Section 4.4):</p> <p><i>H1: Brand choice has a positive relationship with consumer-based brand equity in the luxury and upscale hotel sector.</i></p> <p><i>H2: Brand loyalty has a positive relationship with consumer-based brand equity in the luxury and upscale hotel sector.</i></p> |
|--|

**Table 5.1: Quantitative research stage: objectives, tasks and hypotheses  
(continued)**

|   |
|---|
| <p><i>H3: Brand awareness has a direct and positive effect on consumer-based brand equity in the luxury and upscale hotel sector.</i></p> <p><i>H4: Brand image has a direct and positive effect on consumer-based brand equity in the luxury and upscale hotel sector.</i></p> <p><i>H5.1: Perceived quality has a direct and positive effect on brand image in the luxury and upscale hotel sector.</i></p> <p><i>H5.2: Perceived quality has an indirect and positive effect on consumer-based brand equity in the luxury and upscale hotel sector, via brand image.</i></p> <p><i>H6.1: Perceived value has a direct and positive effect on brand image in the luxury and upscale hotel sector.</i></p> <p><i>H6.2: Perceived value has an indirect and positive effect on consumer-based brand equity in the luxury and upscale hotel sector, via brand image.</i></p> <p><i>H7.1: Customer relationship management has a direct and positive effect on brand image in the luxury and upscale hotel sector.</i></p> <p><i>H7.2: Customer relationship management has an indirect and positive effect on consumer-based brand equity in the luxury and upscale hotel sector, via brand image.</i></p> <p><i>H8.1: Brand affect has a direct and positive effect on brand image in the luxury and upscale hotel sector.</i></p> <p><i>H8.2: Brand affect has an indirect and positive effect on consumer-based brand equity in the luxury and upscale hotel sector, via brand image.</i></p> <p><i>H9.1: Self-image congruence has a direct and positive effect on brand image in the luxury and upscale hotel sector.</i></p> <p><i>H9.2: Self-image congruence has an indirect and positive effect on consumer-based brand equity in the luxury and upscale hotel sector, via brand image.</i></p> <p><i>H10.1: Brand trust has a direct and positive effect on brand image in the luxury and upscale hotel sector.</i></p> <p><i>H10.2: Brand trust has an indirect and positive effect on consumer-based brand equity in the luxury and upscale hotel sector, via brand image.</i></p> <p><i>H11.1: Consumer-generated content has a direct and positive effect on brand awareness in the luxury and upscale hotel sector.</i></p> <p><i>H11.2: Consumer-generated content has a direct and positive effect on brand image in the luxury and upscale hotel sector.</i></p> <p><i>H11.3: Consumer-generated content has an indirect and positive effect on consumer-based brand equity in the luxury and upscale hotel sector, via brand image.</i></p> |
|---|

Based on the research objectives, tasks and hypotheses, a question format that could collect valid, reliable data on attitudes towards the measurement items of the research constructs (e.g. brand loyalty and brand image) in a comparative standard format, was required. As suggested in existing literature (Malhotra, 2006; Olsen, 2012; Clow &

James, 2014), a Likert Scale question format was most appropriate for this context, due to its advantage of collecting comparative data which are pre-coded with linear or continuum numbers in fixed and consistent intervals. Specifically, the Likert scale was appropriate for the current research to collect consumers' comparative agreement (e.g. 1 = strongly agree to 5 = strongly disagree) (Wilson, Johns, Miller, & Pentecost, 2010) and employ statistical analysis methods to identify significant consumer-based brand equity dimensions and antecedents as well as their relationships (Rattray & Jones, 2007; Clow & James, 2014). A five-point Likert Scale was selected due to its advantage at fortifying data contingency validity (Wilson et al., 2010).

Based on the research objective and tasks to be completed in the quantitative study, and the appropriate question format (Likert Scale), the main survey questions were generated by transforming the measurement items for consumer-based brand equity dimensions and antecedents (see Appendix D) into Likert Scale questions. Questions for assessing brand awareness as an antecedent of consumer-based brand equity adopted different formats. As separate questions adopted from Kim and Kim (2005), brand awareness was tested in two levels: brand recall and brand recognition. The first question asked whether respondents could recall or recognise a preferred brand, followed by a second question that required respondents to either "recall" their preferred brand names or "recognise" them from a list of luxury and upscale hotel brands. The list of luxury and upscale hotel brands included 92 registered brands Hospitalitynet (2016), five experimental brands for diagnosing invalid recognition, plus a generic option of 'luxury H' to represent brands not listed.

Further questions were then designed to survey the respondents' basic hotel experiences and their demographics. The purpose of including demographic and hotel experience related questions was to collect background information to assist with interpreting the main survey data (Czaja & Blair, 2005). These types of questions can also stimulate respondents' memories, helping them to answer other hotel experience-related questions (Malhotra, 2006; Olsen, 2012; Clow & James, 2014). Therefore, questions regarding the frequency of respondents' luxury and upscale hotel visits, and their experiences with their preferred hotel brands, were asked, plus questions regarding demographic information such as gender, age, ethnicity, education, marital

status/household structure, and personal and household income (Czaja & Blair, 2005; Clow & James, 2014).

In summary, to examine consumer-based brand equity dimensions and antecedents, a series of questions were designed in order to collect consumers' perceptions, attitudes and behavioural intentions towards brands in the luxury and upscale hotel sector. In particular, the question generation process strictly followed a strategic approach: frequently revisiting the research objective and tasks to be completed (see Table 5.1), to ensure that the survey questions remained relevant and focused (Ratray & Jones, 2007; Bowling, 2014).

#### **5.2.2.2 Structure draft questionnaire online**

Once all of the survey questions were created, the third step of the questionnaire design commenced. To help participants easily follow the questionnaire (Ratray & Jones, 2007), all survey questions were structured from general to specific, from questions about factual knowledge and experience to questions about attitudes and beliefs (e.g. Malhotra, 2006; Czaja & Blair, 2005; Ratray & Jones, 2007). A specific example of this is that the main Likert scale questions regarding consumer-based brand equity dimensions and antecedents were structured following the natural order of human behaviours, from consumers getting to know a brand, to being familiar with the brand, to building brand preference and loyalty. More specifically, questions about brand image were asked first, proceeding to specific questions about dimensions of brand image, such as perceived quality, perceived value, customer relationship management, brand affect, self-image congruence, consumer-generated content and brand trust. Afterwards, questions regarding the two dimensions of brand loyalty and brand choice were presented. Clear instruction and navigation clues were added to assist respondents' understanding of the survey's flow and provide more valid data (Best & Krueger, 2008; Olsen, 2012; Clow & James, 2014).

Once all questions were created and ordered, the draft questionnaire was uploaded to an online survey platform—Qualtrics. From here, an expert review and a pilot study were conducted, to further improve the efficiency of the draft questionnaire, its internal consistency and the reliability of the scales developed to measure and drive consumer-



based brand equity (DeVellis, 2012). Detailed revisions of the questionnaire, based on the feedback from expert reviews and the pilot study results, will now be discussed.

### **5.2.3 Questionnaire and scale revision-Expert reviews and pilot study**

To ensure research reliability and success with data collection and analysis, it is crucial to administrate expert reviews and a pilot study on the designed questionnaire (Rattray & Jones, 2007; DeVellis, 2012). These two practices were also adopted in the current study.

The functions of the expert reviews and the pilot study were very different. The expert reviews mainly provided professional feedback on the questionnaire's design and its sufficiency for collecting expected data (Hardesty & Bearden, 2004; DeVellis, 2012). The main objective was to refine the measurement scales to more accurately and comprehensively measure the designed concepts, so as to improve the questionnaire's efficiency for collecting sufficient data (Bagozzi, 1994; Burton, 2000; Rattray & Jones, 2007; Clow & James, 2014).

Based on the feedback from expert researchers in a local university, many items in the current survey were reworded (e.g. "The brand will make an effort to satisfy me" was reworded to "the brand will try hard to satisfy me"), combined (e.g. "The brand will reflect my personality" and "The brand will reflect who I am" were combined to become "The brand will reflect who I am"), reversely stated (e.g. a reversed item was created for the item of "I will look for the brand when visiting a new destination", as "I will review other brands before making a selection when visiting a new destination"), shortened or even expanded (e.g. two items were added to the scale of consumer-generated content including "the brand has positive reviews relating to the quality of rooms and public areas" and "the brand has positive reviews related to the hotel location"), resulting in the first draft of the revised questionnaire being created (See Appendix E). Thereafter, a pilot study which acted as a preliminary study with actual respondents then generated empirical evidence to indicate any shortfalls and required revisions to the revised questionnaire (Olsen, 2012; Clow & James, 2014). At this stage, the internal consistency and reliability of the measurement scale items examined in the pilot study were assessed (DeVellis, 2012). The following section briefly illustrates

the procedure and outcome of the pilot study, with the finalised questionnaire subsequently presented.

#### **5.2.3.1 Pilot study—data collection**

To test the questionnaire's efficiency, and the clarity and accuracy of individual questions, especially questions relating to the newly developed measurement scales of consumer-based brand equity antecedents, a pilot study following research ethics guideline was conducted with actual luxury and upscale hotel consumers recruited from a convenience sample. To encourage feedback from respondents in order to improve the questionnaire, an additional question, "Do you have any suggestions to improve this questionnaire (e.g. were there any questions that were ambiguous, hard to understand or not applicable to you)?" was added at the end of the questionnaire.

Considering the appropriate sample size commonly required for a pilot study, as well as a sample size significant enough to achieve internal consistency and reliability of the measurement items via the scale development process, the pilot study aimed to collect approximately 100 responses (Hair, Black, Babin, & Anderson, 2009; Hertzog, 2008). To maximise the sample representativeness and the pilot study effectiveness, a research information letter and the online survey link were broadly distributed to 700 registered local businesses and organisations found through a local business directory (Australian Securities Exchange, 2014), as well as local universities and communities. Email recipients were encouraged to pass on the questionnaire to friends and relatives who would meet the survey parameters.

The online questionnaire was circulated for four weeks and achieved 116 completed responses. After data cleaning, 99 responses were available for further analysis. The following section will summarise the pilot study findings, which determined the actions required to finalise the questionnaire. Details of the pilot study sample and participants' representativeness are attached in Appendix F.

### 5.2.3.2 Pilot study—data analysis and questionnaire revision

A significant finding from the pilot study was that about 50% of respondents did not have a brand preference in the luxury and upscale hotel sector. This finding provides an area for future research; to investigate the reasons for low brand preference in this hotel segment. In addition, this finding indicates that a carefully designed sampling procedure is required to specifically recruit luxury and upscale hotel consumers who have a brand preference. Consumers who developed brand preference are more likely to have the knowledge and experiences of developing consumer-based brand equity. Therefore, to achieve the current research objective of exploring and examining consumer-based brand equity, specific groups of consumers who do not have a brand preference in the luxury and upscale hotel sector should be avoided, because the data provided by these consumers is not the focus of the current study. To overcome this issue, and enhance the success of the main data collection stage and to collect sufficient valid and reliable responses, a screening question and a carefully designed sampling process were adopted in the main data collection stage.

*Key finding: More than half of the respondents from the pilot test did not have a brand preference, suggesting that an adjustment to the recruitment method for the main data collection was required to ensure that the sample consisted of people who had a preferred luxury or upscale hotel brand.*

To assess the questionnaire's efficiency and the measurement items' performance (internal consistency and reliability), the recommended analysis methods for scale development (Churchill, 1979; DeVellis, 2012) were adopted. A principal component analysis was conducted to check whether each variable was valid for measuring a single underlying factor of proposed dimensions and antecedents of consumer-based brand equity (Kline, 2014). As a result, several measurement items were identified as ambiguous (multidimensional) (e.g. "the brand intends to build a relationship with me") or not significant for measuring the proposed brand equity dimensions and antecedents (e.g. "the brand personalised my guest experience"), given their cross loadings with multiple underlying factors or a corrected item-total correlation below 0.3 (Kline, 2014).

Based on the results of the principal component analysis, measurement items that had cross loadings or low loadings were revised or eliminated (Clow & James, 2014). In total, 67 items were refined to measure consumer-based brand equity dimensions and antecedents. After this stage, another round of expert reviews was conducted to check whether these changes improved the questionnaire's overall accuracy and legibility, and reduced any ambiguity. The finalised scales are shown in Appendix E.

#### **5.2.3.3. Finalised questionnaire**

Based on the pilot study and second round of expert reviews, the questionnaire was finalised (see Appendix G). Three screening questions were included for filtering out participants who were under 18 years old, had not stayed in a luxury or upscale hotel in the last three years, or did not have a preferred brand in the luxury and upscale hotel sector. After the screening questions, questions regarding the participant's level of hotel experience (e.g. their consumption frequency) were presented, and then the main questionnaire section appeared. The main questionnaire section included questions to assess: 1) the influence of each of the proposed brand equity antecedents on the respondent's brand preference, and 2) the significance of the proposed brand equity dimensions regarding the respondent's loyalty and intention to choose their preferred brand. Demographic questions were included at the end.

### **5.3 Main data collection**

Successful data collection includes both utilising an effective research instrument and incorporating an appropriate sampling method to collect valid and reliable data from the targeted sample group (Clow & James, 2014). As such, the following section will illustrate the sampling method selected for the current study, to recruit the targeted research sample of consumers who have a preferred brand(s) in the luxury and upscale hotel sector.

#### **5.3.1 Sampling method**

The choice of a sampling method should be based on the nature of the study, the target population, the availability of the research sample, the availability of prior information

about the target group, and the cost of data collection (Neuman, 2011). As previously mentioned, the nature of the current study was to use a quantitative study incorporating an online questionnaire to examine the significance of, and relationship(s) between, hypothesised consumer-based brand equity dimensions and antecedents. The target population was consumers who have a preferred brand(s) in the luxury and upscale hotel sector in Australia. In respect to the availability of both the research sample and prior information about the target group, difficulty arose, since there was no clear boundary to distinguish consumers in the luxury and upscale hotel sector from the general hotel and tourism market. For instance, consumers in the mid-scale hotel market may sometimes visit luxury and upscale hotels for special occasions (Kashyap & Bojanic, 2000; Benkenstein, Yavas, & Forberger, 2003; Reece, 2004). As such, the research population for the current study was considered broad and challenging to access on a randomised basis.

After reviewing available sampling methods, the repetitive sampling method approach (involving more than one sampling method used in sequential stages, to recruit relatively representative samples without assessing the overall research population) (Marsden & Wright, 2010) was found the most appropriate for the current study. Given the enormous size of the general research population, convenience sampling was used to form a smaller sample pool of frequent travellers in Australia, using a commercial email mailing list of approximately 19,000 email addresses from MyOpinions. Afterwards, a stratified sampling approach was employed, to further narrow the sample pool to consist of respondents who were representative of the general Australian population with regard to their age, gender, geographic location by state, occupation and language (Australian Bureau of Statistics, 2014). Overall, the multiple sampling methods used benefitted the recruitment of a large sample of suitable respondents whilst achieving a manageable cost (Fowler, 2014). The next section will discuss the appropriate sample size for this research stage.

### **5.3.2 Sample size**

The research sample size should be estimated based on the requirements of the chosen data analysis methods (Hair et al., 2009). As described in Chapter 3, exploratory and confirmatory factor analysis, followed by structural equation modelling, were the data

analysis techniques used in this study. Therefore, different datasets were required for different analysis stages, to produce reliable results (Kupeli, Chilcot, Schmidt, Campbell, & Troop, 2013; Revicki et al., 2013; Williamson et al., 2014). Therefore, firstly, the size of the first sample or dataset for the exploratory factor analysis (EFA) was estimated.

To determine the required sample, various rules regarding the sample size for EFA were considered. For instance, literature has stated that 50 responses are the minimum for conducting an EFA, but also suggested estimating the required sample size based on a variable-to-response ratio of 1:3 or 1:5 (Hair et al., 2009). In this study, the variable ratio of 1:3 was adopted for generating an estimation of a sufficient sample size for the current analysis stage. Therefore, approximate 200 responses were estimated to be sufficient to examine the 67 variables (measurement items) included in the study using EFA.

In regards to the sample size required for confirmatory factor analysis (CFA) and structural equation modelling (SEM), the respective rules for determining sufficient sample size were also identified through literature (e.g. Hair et al., 2009; Kupeli et al., 2013; Revicki, 2013). Given that 100 responses are commonly considered acceptable for CFA and SEM (Hair et al., 2009; Kupeli et al., 2013), the current research aimed to recruit 100 responses for each of these two analysis stages. Overall, a total sample size of approximately 400 responses was required.

### **5.3.3 Data collection**

Based on an ethics approval, the main data collection stage followed the approach outlined in Section 5.3.1, with the repetitive sampling method using convenience sampling and stratified sampling to achieve the estimated sample size of  $n = 400$  responses. The national indices of Australian population distribution, with respect to gender, age and geographical location by state (referred to as State) that were adopted as the quota for the required sample, are displayed in Table 5.2 (Australian Bureau of Statistics, 2014).

**Table 5.2: Quota for main data collection**

|               |        |
|---------------|--------|
| <b>Gender</b> |        |
| Male          | 50.00% |
| Female        | 50.00% |
| <b>State</b>  |        |
| NSW/ACT       | 34.54% |
| VIC/TAS       | 27.14% |
| QLD           | 19.76% |
| SA/NT         | 8.60%  |
| WA            | 9.95%  |
| <b>Age</b>    |        |
| Under 30      | 25.40% |
| 30–39         | 17.90% |
| 40–49         | 17.80% |
| 50–59         | 15.70% |
| 60–69         | 11.70% |
| Over 70       | 11.60% |

Note: Adapted from Australian Historical Population Statistics, 2014, In *Australian Bureau of Statistics*, 2014, Retrieved from <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/3105.0.65.0012014?OpenDocument>.

## **5.4 Data analysis**

Using the repetitive sampling method, the finalised online questionnaire (see Appendix G) was sent out to frequent travellers until 421 complete responses collected over four weeks. After cleaning the data to remove outliers, invalid and monotonous responses (Hair et al., 2006), 370 responses were retained for further analysis, which was considered an adequate number (Hair et al., 2009; Kupeli et al., 2013; Revicki, 2013). Descriptive data analysis was initially performed, involving frequency analysis of the respondents' demographic characteristics with respect to gender, age and geographical location by state (see Table 5.3). The distribution of the respondents' gender, age, and geographical location by state was considered consistent with Australian national statistics (Australian Bureau of Statistics, 2014).

**Table 5.3: Respondent demographics**

| Items         |          | Main data demographics | National demographics |
|---------------|----------|------------------------|-----------------------|
| <b>Gender</b> | Male     | 51.9%                  | 50.0%                 |
|               | Female   | 48.1%                  | 50.0%                 |
| <b>Age</b>    | Under 30 | 27.3%                  | 25.4%                 |
|               | 30–39    | 19.7%                  | 17.9%                 |
|               | 40–49    | 22.2%                  | 17.8%                 |
|               | 50–59    | 16.5%                  | 15.7%                 |
|               | 60–69    | 7.8%                   | 11.7%                 |
|               | Over 70  | 6.5%                   | 11.6%                 |
| <b>State</b>  | NSW/ACT  | 40.3%                  | 34.5%                 |
|               | VIC/TAS  | 25.7%                  | 27.1%                 |
|               | QLD      | 19.5%                  | 19.8%                 |
|               | SA/NT    | 5.7%                   | 8.6%                  |
|               | WA       | 8.9%                   | 10%                   |

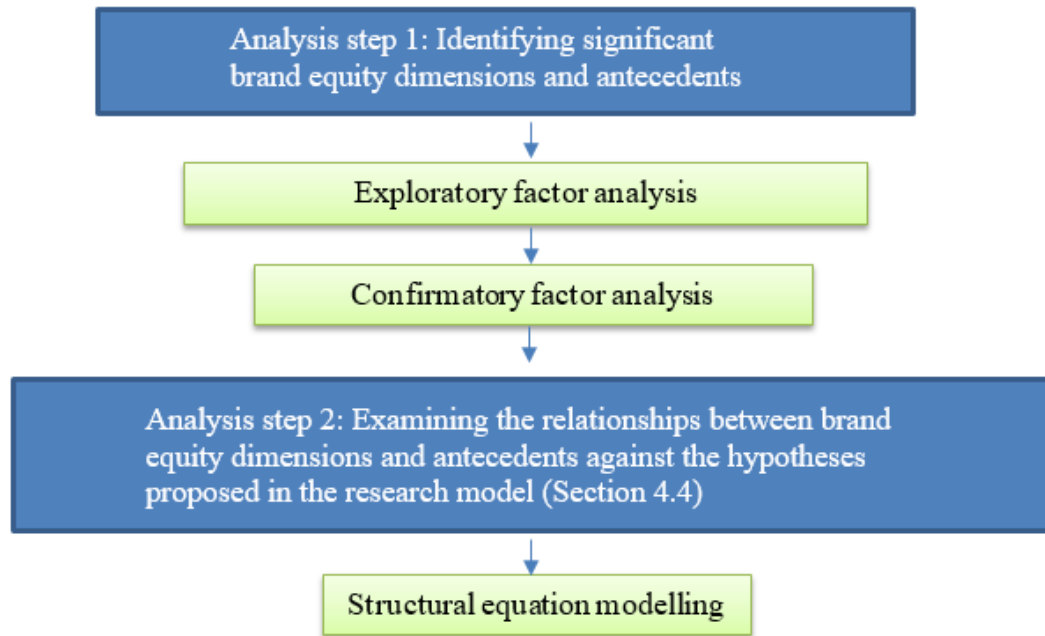
In addition, as shown in Table 5.4, apart from a small number of participants who preferred not to indicate their personal income (8.11%), more than two-thirds of the respondents earned more than the average personal income of the general Australian population (\$50,001 per annum). With regard to average household income, approximately half of the respondents (48.9%) earned more than the average Australian household income of \$100,000 per year (Australian Bureau of Statistics, 2014). These findings are consistent with the average income levels the Affluent Media Group found when they surveyed luxury and upscale hotel consumers in 2014 (David, 2014), and provide additional support for the current study's sample as representative of luxury and upscale hotel consumers.



**Table 5.4: Respondents' personal and household income**

|                              | Personal income |                       | Household income |                       |
|------------------------------|-----------------|-----------------------|------------------|-----------------------|
|                              | Percent age     | Cumulative percentage | Percentage       | Cumulative percentage |
| <b>\$0 - \$25,000</b>        | 15.7%           | 15.7%                 | 1.6%             | 1.6%                  |
| <b>\$25,001 - \$50,000</b>   | 14.9%           | 30.5%                 | 10.5%            | 12.2%                 |
| <b>\$50,001 - \$75,000</b>   | 21.9%           | 52.4%                 | 12.2%            | 24.3%                 |
| <b>\$75,001 - \$100,000</b>  | 21.4%           | 73.8%                 | 18.1%            | 42.4%                 |
| <b>\$100,001 - \$125,000</b> | 8.6%            | 82.4%                 | 13.0%            | 55.4%                 |
| <b>\$125,001 - \$150,000</b> | 5.1%            | 87.6%                 | 14.3%            | 69.7%                 |
| <b>\$150,001 - \$175,000</b> | 1.4%            | 88.9%                 | 6.2%             | 75.9%                 |
| <b>\$175,001 - \$200,000</b> | 1.1%            | 90.0%                 | 5.1%             | 81.1%                 |
| <b>\$200,001-\$225,000</b>   | .8%             | 90.8%                 | 4.9%             | 85.9%                 |
| <b>\$225,001+</b>            | 1.1%            | 91.9%                 | 5.4%             | 91.4%                 |
| <b>Prefer not to answer</b>  | 8.1%            | 100.0%                | 8.6%             | 100.0%                |
| <b>Total</b>                 | 100.0%          |                       | 100.0%           |                       |

In addition, as Ben-Shabat (2015) stated, the demographics of luxury hotel consumers can be complicated. For instance, luxury and upscale hotel consumers nowadays do not necessarily need to have above-average incomes. The luxury and upscale hotel sector also includes an increasing middle-class population who are more likely to stay at luxury and upscale hotels for special occasions, and the generation Y and retiree groups who may be financially supported by savings, family and friends. For instance, with the development of emerging economies and the increased accessibility of tourism, more customers from the groups of the “rising middle-class” and “aspirational” customers accounted for one third of luxury spending (Bellaiche, Mei-Pochtler, & Hanisch, 2010; Ben-Shabat, 2015). Therefore, the remainder of respondents in the current study who had low personal or household incomes (below average) were also considered eligible respondents and were retained for further analysis. The majority of respondents were medium- to less-frequent consumers, with 23% of respondents stayed at luxury and upscale hotels for less than once a year, 24.9% stayed for once a year, and 36.2% stayed for two to three times a year. The remaining respondents (15.9%) were slightly more frequent consumers. As shown in Figure 5.3, exploratory factor analysis and confirmatory factor analysis were adopted to identify significant brand equity dimensions and antecedents, then structural equation modelling was used to examine the hypothesised relationships between the brand equity dimensions and antecedents proposed in the research model (see Section 4.4).



**Figure 5.3: Quantitative analysis steps**

Adapted from *Multivariate data analysis: a global perspective (7th ed.)* (p. 293), by J. F. Hair, W. C. Black, B. J. Babin, & R. E. Anderson, 2009, Upper Saddle River: Prentice Hall.

The next stage required the researcher to divide the data (370 cases) randomly into three groups, to be used for each of the three different analysis stages, to improve the reliability and replicability of the results (Hair et al., 2009). Since there were only 370 usable responses collected, the division of the dataset for each analysis stage was slightly altered to a ratio of 4:4:2, to ensure sufficient data for each analysis stage. Specifically, based on a random data split using SPSS 22, the first approximate 40% (158 cases) of responses were adopted for EFA, and another 40% (164 cases) of responses were selected via SPSS for CFA. The overall dataset (370 cases) was then used for the SEM. The following sections will discuss the analysis results of each stage.

#### **5.4.1 Significant brand equity dimensions and antecedents**

Before examining the significance of the proposed brand equity dimensions and antecedents, the role of brand awareness was examined. This antecedent was examined by two separate questions on brand recall and brand recognition. A frequent analysis of the total 370 responses to the two questions showed that more than 75% of respondents (n = 281) accurately recalled their preferred brand name (unaided recall)

and 85% of the remaining respondents (76 out of 89) recognised preferred brand names from a provided list (aided recall). Overall, nearly 94% of respondents showed brand awareness of their preferred brands. Such a high level of brand awareness resulted in limitations on brand awareness for explaining brand equity development in the current study.

This outcome was likely a result of the sample recruitment method adopted in the study. As previously mentioned, in the pilot study, about the half of the respondents were found to have no brand preference in the luxury and upscale hotel sector. These consumers had limited experience and knowledge to respond to questions related to the relevance of potential brand equity dimensions and antecedents proposed in the research. As such, in order to collect sufficient data to identify the significance of the proposed brand equity dimensions and antecedents from the consumer's perspective, while considering the financial and time constraints on the current research project, the sample recruitment method needed adjustment. A screening criterion was set in the questionnaire, to recruit only consumers who had a brand preference in the luxury and upscale hotel sector. As such, it was understandable that these respondents had brand awareness.

In this case, brand awareness was like to be pre-determined, which resulted in hypotheses 3 and 11.1, which were related to the influence of brand awareness, were unable to be tested. This research limitation and the resulting future research area will be discussed further in Chapter 6. The following section will discuss the EFA findings regarding the significance of other proposed dimensions and antecedents of consumer-based brand equity.

#### **5.4.1.1 Exploratory factor analysis method and results**

Prior to conducting EFA to identify clustered and significant brand equity dimensions and antecedents, the data's suitability for factor analysis was tested (Hair et al., 2009). Correlation analysis was conducted to examine whether any of the observed variables (measurement items) were highly correlated. The results found that correlations between the variables were at an appropriate level (between .3 and .9), indicating that the data was not extremely multi-collinear or singular and distinctive, and reliable factors could be expected from EFA (Hair et al., 2009). The suitability of the collected

data was also further supported by performing the Kaiser-Meyer-Olkin and Bartlett's Test of Sphericity analysis (Hair et al., 2009; Rattray & Jones, 2007; Field, 2013; Hair et al., 2009; Tabachnick & Fidell, 2014). The MSA result indicated an appropriate level between .8 and .9, and the Bartlett's Test of Sphericity was below .05, suggesting the existence of multiple compact variables, and the feasibility of factor analysis yielding distinct and reliable factors (see Table 5.5). Therefore, the data was deemed fit to be analysed by EFA.

**Table 5.5: KMO and Bartlett's Test**

|  |                    |          |
|--|--------------------|----------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. |                    | .870     |
| Bartlett's Test of Sphericity                    | Approx. Chi-Square | 8238.652 |
|  | Df                 | 2145     |
|  | Sig.               | .000     |

Once the assumptions for an EFA were supported, an appropriate factor extraction method (e.g. principle component analysis (PCA) or common factor analysis) and a rotation method needed to be selected (Hair et al., 2009). PCA was selected due to its advantage of statistically exploring the underlying concepts based on the interrelationships between variables, and clustering variables to measure the significant dimensions (Paulin & Ferguson, 2010). Considering that the tested variable items were proposed based on a combination of the literature review and the qualitative research stage, along with expert review and a pilot test of the questionnaire (Anderson & Gerbing, 1988; DeVellis, 2012), PCA was required to achieve variable reduction, so as to develop a parsimonious set of scales to measure the brand equity antecedents and dimensions (Rattray & Jones, 2007). With regard to the variable rotation method, the oblique rotation method was selected since, theoretically, variables that reflect the consumer's perception of, and attitude towards, a brand are expected to correlate with each other (Thompson, 2004). In addition, the component correlation matrix also indicated that the correlations between the underlying factors were high ( $>0.32$ ), which also supported the choice of oblique rotation (Hair et al., 2009). The EFA was conducted using the principal component analysis and oblique rotation methods.

An initial EFA result (see Appendix H) derived 14 factors with 73.2% of the total variance explained. Communalities between variables were above the acceptable threshold of .6 (Hair et al., 2009). In addition, several variables were found to be multidimensional, with cross loadings on multiple factors, which indicated a low variable discriminant validity. Some variables were found to be weak in reflecting the underlying factors, with factor loadings below .3 (Kline, 2014). These outcomes were as expected due to the exploratory nature of PCA; therefore, a factor iteration was conducted following the guidelines provided by Hair et al. (2009) and Field (2013). The pattern matrix that displays correlations of variables for each factor (Field, 2013) was used for iteration. Items were removed if they significantly cross loaded on multiple factors or had factor loadings below .45, which indicated that they did not significantly reflect the variance of the underlying factor when the sample size was above 150 (Hair et al., 2009). Overall, the process of item removal was guided by both theoretical knowledge and the statistical results (Hair et al., 2009; Field, 2013).

Consequently, a nine-factor solution, with a total variance explained of 75.3%, was produced, with factor loadings for 38 remaining measurement items being above .5, and communalities above .6 (Field, 2013; Kline, 2014). The scale's reliability and validity were then tested. Given that two factors are two-item constructs, factor reliability was tested by the Spearman Brown Coefficient, which was identified as the most appropriate index for testing two-item scale reliability (Eisinga, Grotenhuis, & Pelzer, 2013). The reliability of the remaining seven factors was then tested by calculating their Cronbach's Alpha coefficients (Cronbach, 1951). The results showed that all nine factors are reliably measured by the specifically extracted variables, with reliability coefficients above .7 (Hardy & Bryman, 2009; Bowling, 2014). Factor validity, such as convergent validity and discriminant validity, was also supported, given that the average variance extracted (AVE) for each factor was greater than .5, and both maximum shared variance (MSV) and average shared squared variance (ASV) were lower than AVE (Ratray & Jones, 2007). As such, the nine-factor solution was deemed acceptable, with the detailed measurement items, factor loadings, scale reliability and validity indices presented in Table 5.6.

**Table 5.6: Exploratory factor analysis results**

| Components and items  | FA    | Cronbach's Alpha   | AVE   | MSV   | ASV   |
|---|-------|--------------------|-------|-------|-------|
| <b>Brand choice</b>   |       |                    |       |       |       |
| <i>I prefer to stay at the brand</i>                          |       |                    |       |       |       |
| • even if another brand appears better                        | 0.866 |                    |       |       |       |
| • even if another brand offers better value for money         | 0.814 | 0.855              | 0.685 | 0.236 | 0.11  |
| • even if another brand is as good                            | 0.789 |                    |       |       |       |
| <b>Online brand advocacy</b>                                  |       |                    |       |       |       |
| <i>After staying at the preferred brand</i>                   |       |                    |       |       |       |
| • I post positive comments about the brand on review websites | 0.953 | 0.911 <sup>a</sup> | 0.883 | 0.203 | 0.099 |
| • I recommend the brand on review websites                    | 0.930 |                    |       |       |       |
| <b>Brand image</b>  |       |                    |       |       |       |
| <i>The preferred brand</i>                                    |       |                    |       |       |       |
| • is exclusive  | 0.725 |                    |       |       |       |
| • is different from others                                    | 0.666 | 0.798              | 0.501 | 0.434 | 0.228 |
| • is splendid   | 0.654 |                    |       |       |       |
| • is a leader in the industry                                 | 0.602 |                    |       |       |       |
| <b>Perceived value</b>  |       |                    |       |       |       |
| <i>My preference was formed because the brand</i>             |       |                    |       |       |       |
| • offered good deals/packages                                 | 0.822 | 0.704 <sup>a</sup> | 0.556 | 0.255 | 0.137 |
| • offered competitive prices                                  | 0.780 |                    |       |       |       |
| <b>Customer relationship management</b>                       |       |                    |       |       |       |
| <i>My preference was formed because the brand</i>             |       |                    |       |       |       |
| • was responsive to my feedback                               | 0.840 |                    |       |       |       |
| • asked me for feedback                                       | 0.760 |                    |       |       |       |
| • provided VIP treatment for my frequent visits               | 0.758 | 0.88               | 0.61  | 0.281 | 0.208 |
| • rewarded me with loyalty points                             | 0.722 |                    |       |       |       |
| • sent me information about opportunities I might enjoy       | 0.714 |                    |       |       |       |
| <b>Brand affect</b>   |       |                    |       |       |       |
| <i>My last stay at the preferred brand made me feel</i>       |       |                    |       |       |       |
| • happy   | 0.797 |                    |       |       |       |
| • pampered  | 0.762 |                    |       |       |       |
| • relaxed   | 0.732 | 0.885              | 0.587 | 0.501 | 0.227 |
| • respected   | 0.719 |                    |       |       |       |
| • entertained   | 0.642 |                    |       |       |       |
| • comfortable   | 0.639 |                    |       |       |       |
| <b>Social image congruence</b>                                |       |                    |       |       |       |
| <i>I prefer the brand because it</i>                          |       |                    |       |       |       |
| • reflects how I would like other people to see me            | 0.923 | 0.923              | 0.804 | 0.236 | 0.081 |
| • reflects how other people see me                            | 0.916 |                    |       |       |       |
| • makes my friends think more highly of me                    | 0.883 |                    |       |       |       |

**Table 5.6: Exploratory factor analysis results (continued)**

| Components and items   | FA    | Cronbach's alpha | AVE   | MSV   | ASV   |
|--|-------|------------------|-------|-------|-------|
| <b>Brand trust</b>   |       |                  |       |       |       |
| <i>Thinking about my next visit to the preferred brand, I believe that</i> |       |                  |       |       |       |
| • the hotel will serve me as promised                                      | 0.905 |                  |       |       |       |
| • any hotel experience problem will be solved                              | 0.820 |                  |       |       |       |
| • the hotel will be honest with me   | 0.787 |                  |       |       |       |
| • I will not be disappointed   | 0.784 |                  |       |       |       |
| • information provided by the hotel will be trustworthy                    | 0.784 | 0.938            | 0.66  | 0.501 | 0.206 |
| • I will have a good experience  | 0.723 |                  |       |       |       |
| • the hotel will meet my expectations                                      | 0.721 |                  |       |       |       |
| • the hotel will try to please me  | 0.675 |                  |       |       |       |
| <b>Consumer-generated content</b>  |       |                  |       |       |       |
| <i>I prefer the brand because it has</i>                                   |       |                  |       |       |       |
| • positive reviews on the quality of services                              | 0.888 |                  |       |       |       |
| • positive reviews on the quality of rooms and public areas                | 0.882 | 0.911            | 0.683 | 0.288 | 0.171 |
| • positive reviews on the hotel location                                   | 0.795 |                  |       |       |       |
| • high ratings on review websites  | 0.752 |                  |       |       |       |
| • customer reviews that indicate good value                                | 0.712 |                  |       |       |       |

Note: Extraction Method: Principal Component Analysis. Rotation Method: Oblimin with Kaiser Normalisation. FA: Factor loadings; AVE: Average variance extracted; MSV: Maximum Shared Variance; ASV: Average Shared Variance; a=Spearman Brown Coefficient to indicate reliability of a two-item construct.

Based on the EFA results, the nine factors were labelled. The nine factors generally reflected the proposed dimensions and antecedents of consumer-based brand equity in the luxury and upscale hotel sector (see Section 4.4). An important finding at this stage was that most measurement items of brand loyalty that related to consumers' intention to revisit and willingness to pay premium price were excluded, due to their low factor loadings. This result indicated that the research sample which was predominated by medium to less frequent consumers (84.1%) may have not developed the loyalty to revisit a brand repeatedly, or the willingness to pay premium prices to stay with a particular luxury or upscale hotel brand. The final EFA result showed that only two measurement items of brand loyalty were significant for explaining the variance of consumer-based brand equity, including "I post positive comments about the brand on review websites" and "I recommend the brand on review websites". Because these two items specifically reflected consumers' willingness to advocate for a brand online, the underlying factor measured by these two items was renamed online brand advocacy. Although online brand advocacy was only measured by two items, the reliability of

this two-item construct was high according to the Spearman Brown Coefficient (.911). Therefore, online brand advocacy was retained for further examination using CFA (Section 5.4.1.2).

The proposed antecedents of brand equity in this study, which were brand image, perceived value, brand affect, customer relationship management, brand trust and consumer-generated content were all found to be significant. However, the brand equity antecedent of perceived quality was removed for its low scale reliability and low discriminant validity. The low significance of perceived quality might be, as Kim and Kim (2005) suggested, because luxury and upscale hotel consumers consider perceived quality to be a basic standard or requirement of luxury and upscale hotels, rather than a significant factor in cultivating their ultimate preference for a particular brand. As such, relative to other high-order factors such as brand image and self-image congruence, perceived quality may not be relevant in directly influencing consumer-based brand equity in the luxury and upscale hotel sector.

Another important finding at this stage was that measurements of self-image congruence related to a brand's benefits to reflect a consumer's actual/ideal self-image were not significant. Only three items related to a brand's benefits to reflect a consumer's actual/ideal social image were retained. These items were "the brand reflects how other people see me", "the brand reflects how I would like other people to see me" and "staying with the brand makes my friends think more highly of me". The findings indicated that consumers' attention to a brand's benefits for reflecting and improving their social image, rather than their self-image, is more significant when evaluating their brand preference in the luxury and upscale hotel sector. As a result, the underlying factor measured by these three items was renamed to social image congruence, to accurately reflect the essence of the factor.

Overall, the EFA results identified the significance of nine proposed factors for measuring and driving the development of consumer-based brand equity in the luxury and upscale hotel sector, including brand choice, online brand advocacy, brand image, perceived value, customer relationship management, brand affect, social image congruence, brand trust and consumer-generated content. These nine factors were then



further examined by CFA, to provide a more parsimonious and reliable scale (Field, 2013; Brown, 2015).

#### **5.4.1.2 Confirmatory factor analysis method and results**

CFA was conducted on another 40% of the questionnaire dataset, using AMOS 22. This 40% included 164 responses randomly selected using SPSS. The process of CFA was crucial, as the factors and measurement items confirmed in this stage were used as the foundation for the next step of data analysis, to identify relationships between significant factors (consumer-based brand equity dimensions and antecedents) (Hardy & Bryman, 2009). As such, the robustness of the measurement models for all underlying factors directly influenced the variance effect and the relationship strength between factors (dimensions and antecedents of consumer-based brand equity) (Kupeli et al., 2013). To ensure the reliability and validity of each measurement construct, multi-factor CFA was subsequently conducted (Byrne, 2013).

Specifically, the nine factors that were found to be significant elements in explaining the total variance of brand equity development in the prior EFA stage were transferred into a CFA model using AMOS. The maximum likelihood method was used for testing the discrepancy between proposed constructs and variances reflected by the actual data (Hair et al., 2009). A smaller discrepancy indicates a better model fit, and more robust measurement constructs. Among all fit indices generated by the model testing, such as the goodness of fit statistics (Chi-Square, p value and Normed Chi-square), residuals (e.g. RMSEA and PCLOSE), and incremental fit indices (e.g. GFI, CFI, TLI) (Byrne, 2013), Normed Chi-Square, RMSEA and SRMR were found to be more sensitive to model errors, and TLI and CFI were commonly adopted in the SEM reporting (Hooper, Coughlan, & Mullen, 2008; Tabachnick & Fidell, 2014). Therefore, to provide a more accurate indication of the model fit, the following report of the model fit indices will include five indices: Normed Chi-Square, RMSEA, SRMR, CFI and TLI. To indicate a good model fit, the Normed Chi-square was required to be between 1.0 and 2.0 and RMSEA was required to be below the level of .5 (Hair et al., 2009). Standardised Root Mean-square Residual (SRMR) was required to be lower than .6 to indicate a small discrepancy between the tested congeneric model and actual data and support the exact model fit. In addition, the comparative fit indices including comparative fit index (CFI)

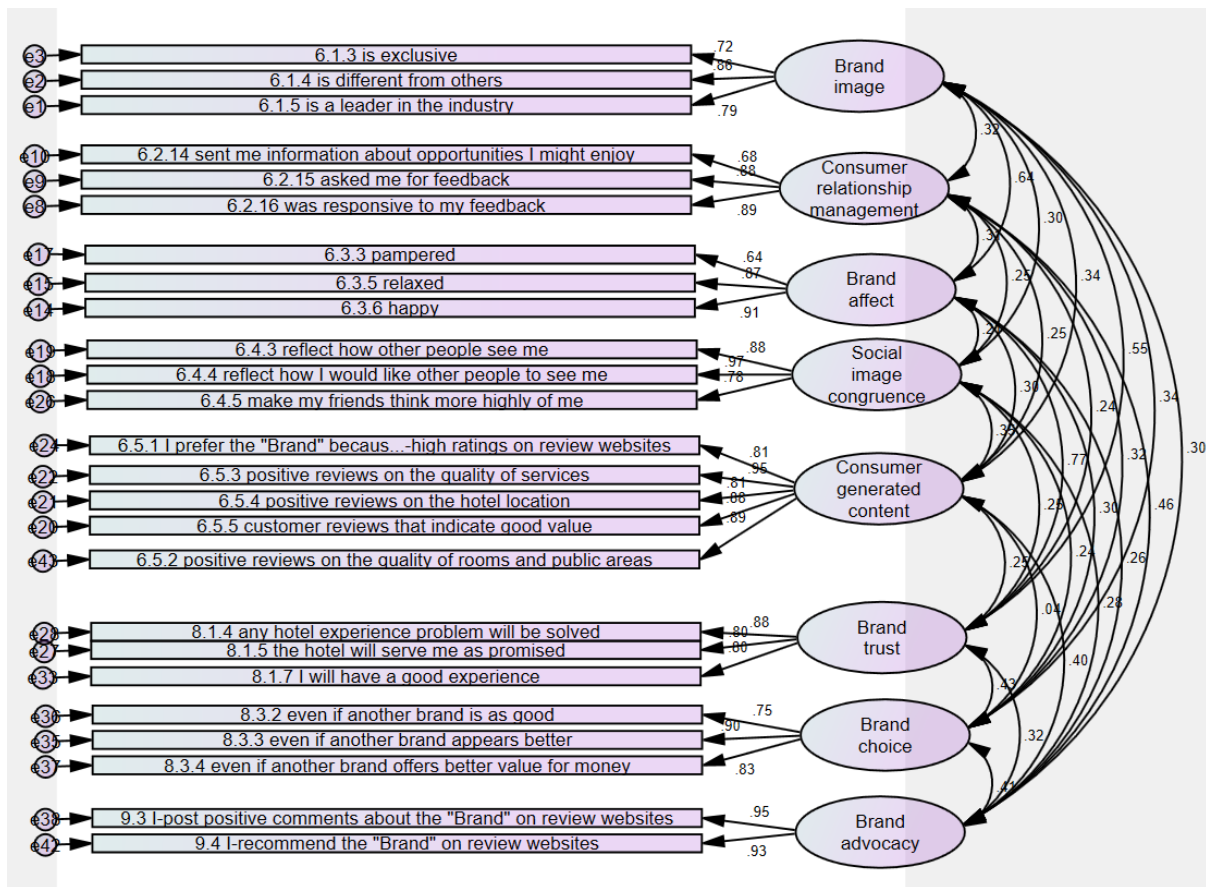
and Tucker-Lewis index (TLI) were required to be above .9 to indicate a good comparative fit of the tested model (Allen & Bennett, 2010; Field, 2013; Hair et al., 2009). Based on these model fit indices, the following section will report the significance of individual observed variables for measuring the respective constructs, as well as the model fit indices for an overall measurement model.

As an initial result of CFA (see Appendix I), the model fit of the nine-factor measurement model including 38 observed variables was slightly below the acceptable level (CMIN/DF = 1.712, RMSEA = .066, SRMR = .0676, TLI = .885, CFI = .897). Model modification indices and standardised regression weights produced by AMOS 22 also indicated that some items had low discriminant validity (high covariance with other measurements) and reliability (factor loadings below .6) in indicating the respective latent factors (Hooper et al., 2008; Byrne, 2013). As such, model modification was conducted to produce a more parsimonious and reliable measurement model.

Measurement items that had high covariance with other items or factor loadings lower than .6 were removed, due to their low discriminant and convergent validity and reliability (Byrne, 2013). In addition, the construct of perceived value was excluded because one of the two measures (6.2.1 “the brand offered competitive prices”) had a standardised factor loading lower than the acceptable level (.58), which then suggested the one-item construct of perceived value unfit to be included in the measurement model. Further analysis of the construct reliability also indicated that items 6.2.1 and 6.2.8 were not reliable in forming a construct to indicate total variance of brand equity (Spearman Brown Coefficient = .641,) (Eisinga et al., 2013). Therefore, perceived value was removed from the model.

As shown in the final CFA result (see Figure 5.4), eight constructs including 24 measurements were found robust and parsimonious for indicating overall consumer-based brand equity development, with the model fit indices reported in Table 5.7. The result also showed that all standardised factor loadings of the retained measures of eight constructs were greater than 0.6, which indicated that all items contributed well to the measurements of their respective constructs. Reviewing the model modification

indices, no strong covariance among measurements were identified. Therefore, the final measurement model was considered a well fitted model.



**Figure 5.4: Finalised eight-factor measurement model**

**Table 5.7: Fit indices—Final eight-factor measurement model**

| <b>CMIN/DF</b> | <b>RMSEA</b> | <b>SRMR</b> | <b>TLI</b> | <b>CFI</b> |
|----------------|--------------|-------------|------------|------------|
| 1.361          | .047         | .0493       | .962       | .969       |

The validity and reliability of the eight constructs were examined, with a good result, as shown in Table 5.8. More specifically, all constructs had composite reliability (CR) above the acceptable value of .7, and average variance extracted (AVE) above 0.5 and greater than Maximum Shared Variance (MSV) (Hair et al., 2009; Allen & Bennett, 2010; Byrne, 2013). Therefore, all eight measurement constructs were confirmed to have high reliability and validity. In addition, a common method bias test showed that all items distinctively measured their own components. Therefore, the finalised

measurement model, with eight constructs as dimensions and antecedents of consumer-based brand equity in the luxury and upscale hotel sector, was confirmed.

**Table 5.8: Validity and reliability of eight measurement constructs**

|                                  | CR    | AVE   | MSV   |
|----------------------------------|-------|-------|-------|
| Brand_choice                     | 0.868 | 0.688 | 0.182 |
| Brand_advocacy                   | 0.936 | 0.880 | 0.208 |
| Brand_image                      | 0.831 | 0.623 | 0.411 |
| Customer_relationship_management | 0.862 | 0.679 | 0.208 |
| Social_image_congruence          | 0.910 | 0.772 | 0.119 |
| Brand_affect                     | 0.856 | 0.669 | 0.591 |
| Brand_trust                      | 0.866 | 0.684 | 0.591 |
| Consumer_generated_content       | 0.939 | 0.756 | 0.157 |

Based on the exploratory and confirmatory factor analyses, the hypothesised research model was amended as shown in Figure 5.5. Specifically, consumer-based brand equity was expected to be measured by two dimensions: brand choice and online brand advocacy. The original nine hypothesised antecedents of consumer-based brand equity were transformed into six reliable factors: brand image, brand affect, social image congruence, customer relationship management, brand trust and consumer-generated content. Other potential brand equity antecedents were removed for various reasons. For instance, brand awareness and its related hypotheses (H3, and H11.1) could not be tested due to a research limitation caused by the sample recruitment method (see Section 5.4.1). Perceived quality and perceived value were not reliably measured, as seen in Section 5.4.1.1 and Section 5.4.1.2. Thus, these two factors and their related hypotheses (5 and 6) were not supported for analysis in the SEM. Discussion about the low reliability of perceived quality and perceived value will be presented in Chapter 6 (Section 6.5.1). Regarding brand loyalty and self-image congruence, only some items that were proposed to measure these factors were retained as significant. Based on the nature of the retained reliable measurements, these factors were renamed as online brand advocacy and social image congruence (Section 5.4.1). As such, in the next stage, SEM was conducted on the eight confirmed constructs in the amended model, to examine the interrelationship between the dimensions and antecedents of consumer-based brand equity.



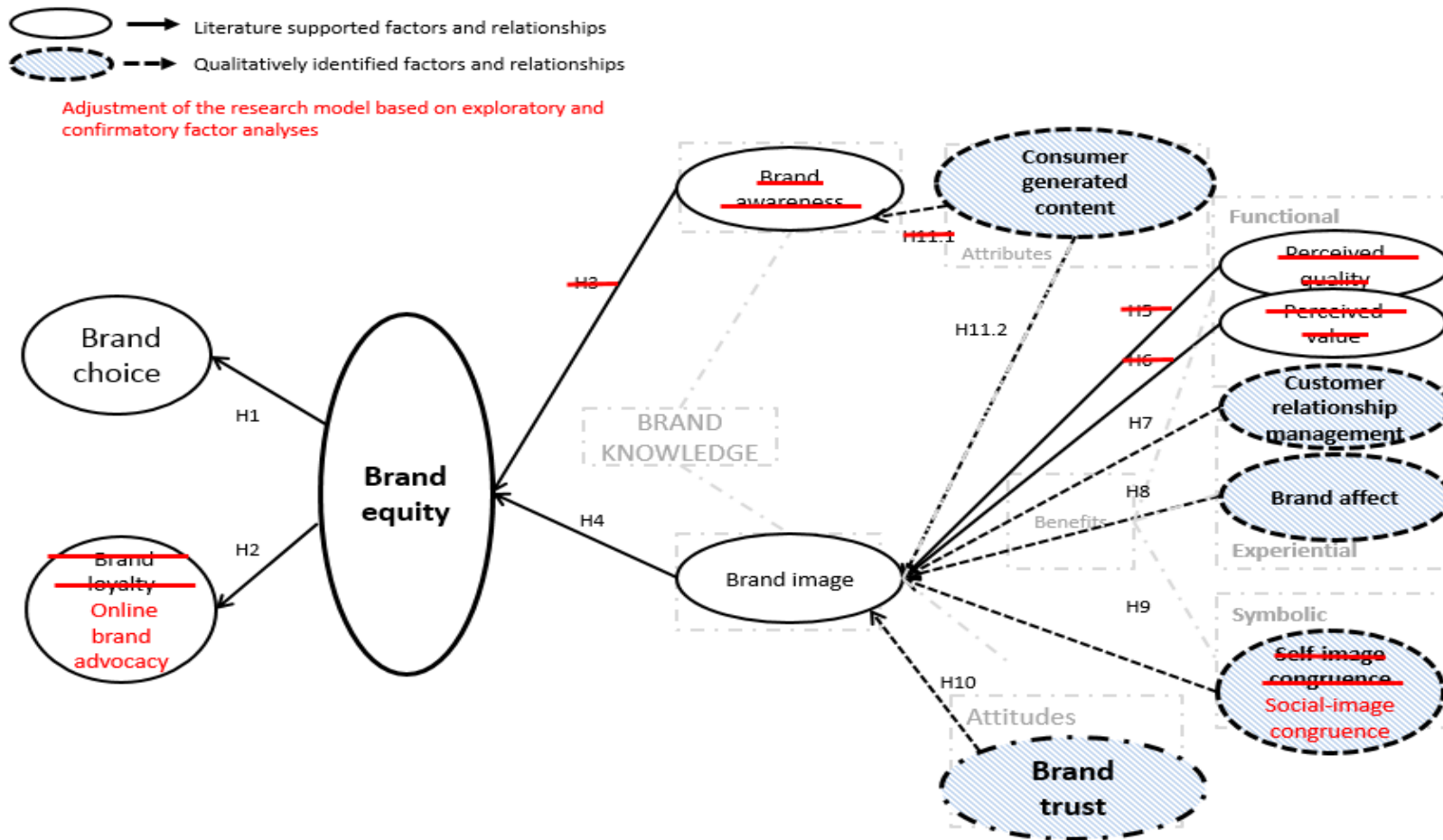


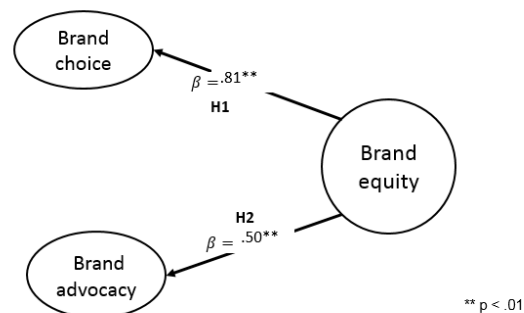
Figure 5.5: Amended research model based on EFA and CFA results

## 5.4.2 Relationships between brand equity dimensions and antecedents

To test hypothesised relationships presented in Figure 5.5, a SEM analysis was conducted using AMOS 22. The overall dataset of 370 responses was analysed using the maximum likelihood method, with the model fit to be assessed using the same indices (e.g. normed Chi-square, RMSEA, SRMR, TLI and CFI).

### 5.4.2.1 Structural equation modelling results

Prior to testing the full hypothesised model, a SEM analysis was first conducted to examine relationships between brand equity and its proposed dimensions: brand choice and online brand advocacy. A result showed that the overall model initially identified an acceptable fit but the additional of an error covariance between two items from brand choice and brand advocacy improved the result to give a good model fit (CMIN/DF=1.745; RMSEA=0.045; SRMR=0.0192; TLI=0.993; CFI=0.998). Therefore, this study first supported H1 and H2 to confirm that brand choice ( $\beta=0.81$ ,  $p<0.001$ ) and online brand advocacy ( $\beta=0.50$ ,  $p<0.001$ ) are significant dimensions of consumer-based brand equity in the luxury and upscale hotel sector (see Figure 5.6).



**Figure 5.6: Dimensions of brand equity**

Subsequently, a SEM analysis was conducted against the full hypothesised research model. Model fit indices showed that the hypothesised model did not represent the variances of the observed variables in an accurate manner (CMIN/DF = 2.358; RMSEA = .061; SRMR = .1419; TLI = .931; CFI = .940). As discussed in the Research Methodology (see Section 3.3.2.2), the most appropriate model modification strategy

for the current research was the model development strategy (Hair et al., 2009). This was because, in this study, a high proportion of the observed variables for the proposed dimensions and antecedents of consumer-based brand equity were developed by the prior qualitative study. As such, the model modification process relied on the insight generated from the empirical test, as well as the theoretical framework (Byrne, 2013; Martínez-López, Gázquez-Abad, & Sousa, 2013).

Reviewing the modification indices (see Appendix J) identified several variations that would improve the model fit. The model modification indices suggested that the constructs of customer relationship management and social image congruence contribute to brand equity directly, rather than indirectly through brand image. The direct effect that social image congruence and customer relationship management have on brand equity may indicate that consumer-based brand equity in the luxury and upscale hotel sector is directly influenced by the customer's perception of the brand's image congruence and the consumer's perception of the hotel's attitude to actively build personal relationships with consumers. As previous literature identified, in the luxury and upscale hotel sector, consumers' purchase and consumption behaviours are highly visible, and therefore consumers' choices of specific brands directly display distinct social meanings (Back, 2005; Wilkins & Ayling, 2006). As such, consumers' brand choices may be directly influenced by their perceptions of social acceptance gained from selecting the brands (Wilkins, Merrilees, & Herington, 2006; Han & Back, 2008), quite separate from their evaluation of the brands' functional and experiential benefits. In addition, consumers' concern about brand image congruence in the luxury and upscale hotel sector was supported by focus group participants, with statements like *"you had to not commit social suicide in the town [when making a brand choice]"* (R#10). Therefore, the model was modified to add a direct pathway from social image congruence to brand equity.

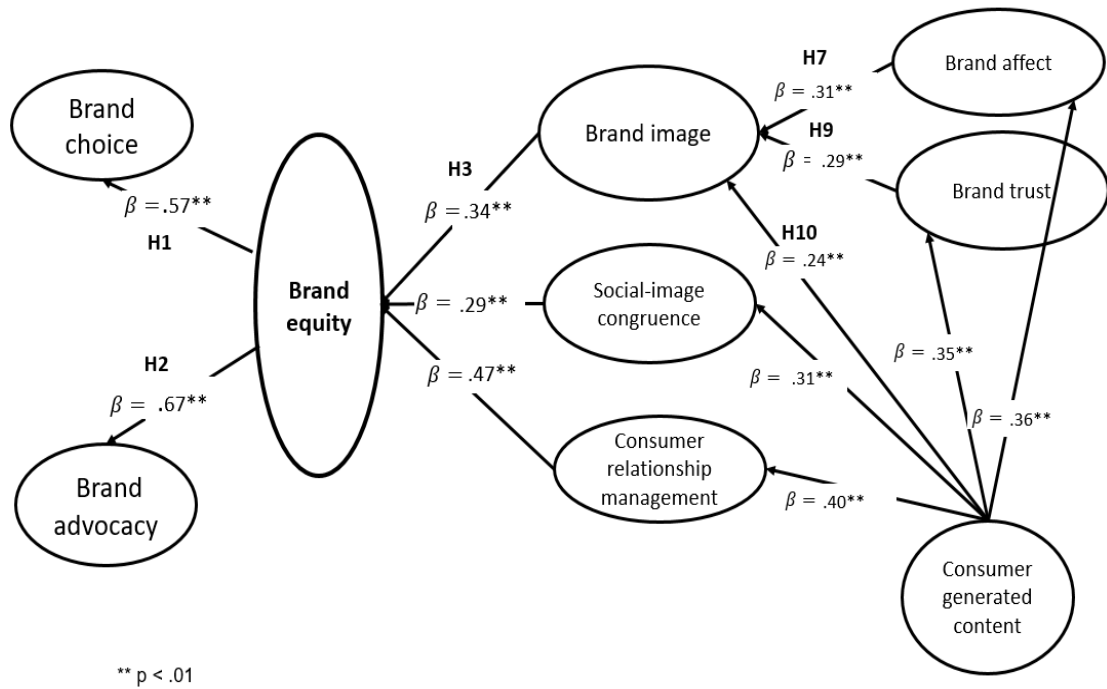
In addition, consumers' perceptions of customer relationship management, specifically a brand's efforts to communicate with and respond to consumers, may also directly create a difference in consumers' minds. As discussed in Chapter 2, a brand in the service industry is co-created by both the business and the consumer (Brodie, Glynn, & Little, 2006; Burmann, Hegner, & Riley, 2009). Consumers in the hotel service industry are not passive receivers of the value created by hotels, but consider



themselves partners of the business, who collectively create desired brand experiences (Park & Allen, 2012). As such, consumers who perceive a brand's intention to actively engage with its consumers, and improve service quality to better service individual consumers' needs, may be more likely to positively respond to the brand by choosing and advocating for the brand. In the focus groups, participants also demonstrated their appreciation of a hotel's intention to seek and respond to consumers' feedback. Therefore, the direct pathway from customer relationship management to brand equity was tested during the model modification process.

Furthermore, according to the model modification indices, consumer-generated content was found to directly and significantly influence all other brand knowledge concepts: brand affect, customer relationship management, social image congruence and brand trust. Such influences were considered reasonable. For instance, consumers may perceive and evaluate the brand more positively if the brand has a good reputation in the online consumer community (e.g. it receives positive reviews and high rankings on consumer review websites). In addition, previous literature identified the contribution of consumer-generated content to brand trust (Sparks & Browning, 2011), brand image and general brand knowledge (Jeong & Mindy Jeon, 2008; Zhang, Ye, Law, & Li, 2010). Therefore, direct paths from consumer generated content to brand affect, customer relationship management, social image congruence, and brand trust were added.

In summary, the three modification steps described above were adopted: 1) testing the direct influence of self-image congruence on consumer-based brand equity; 2) testing the direct influence of customer relationship management on consumer-based brand equity; and 3) testing the direct influence of consumer-generated content on brand affect, brand trust, self-image congruence and customer relationship management. The analysis results for the modified model (see Figure 5.7 and Table 5.9) showed a good model fit, with all modified paths also found to be significant.



**Figure 5.7: Modified brand equity model**

**Table 5.9: Fit indices—Modified model**

| <b>CMIN/DF</b> | <b>RMSEA</b> | <b>SRMR</b> | <b>TLI</b> | <b>CFI</b> |
|----------------|--------------|-------------|------------|------------|
| 1.846          | .048         | .0516       | .957       | .963       |

Based on summary of regression weights for all pathways identified in the modified model (see Table 5.10), hypotheses 1, 2, 4, 8.1, 10.1 and 11.2, which were related to the direct effect of proposed brand equity dimensions and antecedents, were supported. Furthermore, additional relationships that were not proposed were also identified to be significant in the current research. For instance, customer relationship management and social image congruence were found to be significant for directly influencing brand equity development in the luxury and upscale hotel sector, and consumer-generated content was found to be significant for influencing all other brand equity antecedents apart from brand image. These findings highlighted the uniqueness of hotel brand equity development in the luxury and upscale sector. A detailed discussion of the findings is presented in Chapter 6.

**Table 5.10: Standardised regression weights for the modified paths**

| Hypothesised relationships          |                                  |      |                                  | STD                        | C.R.  | P    | Findings      |
|-------------------------------------|----------------------------------|------|----------------------------------|----------------------------|-------|------|---------------|
| H1                                  | Brand choice                     | <--- | Brand equity                     | 0.573                      | 6.798 | ***  | supported     |
| H2                                  | Brand advocacy                   | <--- | Brand equity                     | 0.672                      | 6.798 | ***  | supported     |
| H3                                  | Brand equity                     | <--- | Brand awareness                  | <i>See Section 5.4.1</i>   |       |      | Not tested    |
| H4                                  | Brand equity                     | <--- | Brand image                      | 0.340                      | 4.243 | ***  | supported     |
| H5                                  | Brand image                      | <--- | Perceived quality                | <i>See section 5.4.1.1</i> |       |      | Not supported |
| H6                                  | Brand image                      | <--- | Perceived value                  | <i>See section 5.4.1.2</i> |       |      | Not supported |
| H7.1                                | Brand image                      | <--- | Customer relationship management | 0.114                      | 1.948 | .051 | Not supported |
| H8.1                                | Brand image                      | <--- | Brand affect                     | 0.308                      | 3.724 | ***  | supported     |
| H9.1                                | Brand image                      | <--- | Social image congruence          | 0.100                      | 1.928 | .054 | Not supported |
| H10.1                               | Brand image                      | <--- | Brand trust                      | 0.29                       | 3.491 | ***  | Supported     |
| H11.1                               | Brand awareness                  | <--- | Consumer-generated content       | <i>See Section 5.4.1</i>   |       |      | Not tested    |
| H11.2                               | Brand image                      | <--- | Consumer-generated content       | 0.243                      | 4.47  | ***  | Supported     |
| Additional identified relationships |                                  |      |                                  |                            |       |      |               |
| A1                                  | Brand equity                     | <--- | Customer relationship management | 0.467                      | 5.423 | ***  | Significant   |
| A2                                  | Brand equity                     | <--- | Social image congruence          | 0.285                      | 3.988 | ***  | Significant   |
| A3.1                                | Brand affect                     | <--- | Consumer-generated content       | 0.36                       | 6.341 | ***  | Significant   |
| A3.2                                | Brand trust                      | <--- | Consumer-generated content       | 0.354                      | 6.137 | ***  | Significant   |
| A3.3                                | Customer relationship management | <--- | Consumer-generated content       | 0.395                      | 6.864 | ***  | Significant   |
| A3.4                                | Social image congruence          | <--- | Consumer-generated content       | 0.315                      | 5.635 | ***  | Significant   |

Note: \*\*\* p<0.001

The path coefficients reported in Table 5.10 supported the research hypotheses that related to the direct effects of brand equity antecedents and dimensions. However, hypotheses that related to the indirect effects of the five brand equity antecedents (brand affect, customer relationship management, social image congruence, brand trust and consumer-generated content) on consumer-based brand equity development had not been tested at this stage. Therefore, the study then examined the indirect effects of these brand equity antecedents.

### 5.4.2.2 Additional models

This study proposed brand image as a consumer's overall judgement that mediates the influence of other brand equity antecedents on brand equity development. As such, a mediation analysis was subsequently conducted to test the remaining hypotheses: H7.2, 8.2, 9.2, 10.2, and 11.3.

*H7.2: Customer relationship management has an indirect and positive effect on consumer-based brand equity in the luxury and upscale hotel sector, via brand image.*

*H8.2: Brand affect has an indirect and positive effect on consumer-based brand equity in the luxury and upscale hotel sector, via brand image.*

*H9.2: Self-image congruence has an indirect and positive effect on consumer-based brand equity in the luxury and upscale hotel sector, via brand image.*

*H10.2: Brand trust has an indirect and positive effect on consumer-based brand equity in the luxury and upscale hotel sector, via brand image.*

*H11.3: Consumer-generated content has an indirect and positive effect on consumer-based brand equity in the luxury and upscale hotel sector, via brand image.*

Even though the modified model found customer relationship management and social image congruence to be directly influential on brand equity development in the luxury and upscale hotel sector, whether these two factors were partially mediated by brand image was unknown. Considering that customer relationship management and social image congruence had never previously been identified as brand equity antecedents, a further test on the indirect effect of these two factors benefited the overall understanding of consumer-based brand equity development in the luxury and upscale hotel sector.

To generate unbiased estimates of the mediation effects of brand image, the current research used AMOS 22 and adopted a bootstrap estimation approach with a bias-corrected confidence interval of 95% (Cheung & Lau, 2007; MacKinnon, 2008). This method was employed to test the mediation effect of brand image on each relationship between the five antecedents and brand equity (MacKinnon, 2008). For instance, consumer-generated content was found to have a broad influence on all other brand equity antecedents, including customer relationship management and social image congruence, which directly influence brand equity development. Therefore, to avoid mixing the mediation effect from brand image and other two antecedents (customer relationship management and social image congruence) for the contribution of consumer-generated content to brand equity development, a mediation analysis was conducted to only include brand image as the single mediator. Lastly, to explore the indirect effect of consumer-generated content on brand equity development, a mediation analysis including multiple mediators (brand image, customer relationship management and social image congruence) was conducted, to identify the combined mediation effect (Preacher & Hayes, 2008).

The final results, summarised in Table 5.11, showed that brand image has a full mediation effect on the influences of brand affect, brand trust and consumer-generated content on the overall brand equity development in the luxury and upscale hotel sector (see Appendices L, N, and Q). In addition, the influences of customer relationship management and social image congruence on brand equity development were partially mediated by brand image (see Appendices K and M). These findings supported brand image as a consumer's overall brand judgment to explain the influence of other brand equity antecedents. The findings again highlighted the strong and direct contributions of customer relationship management and social image congruence to hotel brand equity development. Through exploration of the indirect effect of consumer-generated content, the multiple mediators (brand image, customer relationship management and social image congruence) were found to significantly explain the effect of consumer-generated content on brand equity development in the luxury and upscale hotel sector.

**Table 5.11: Indirect effects of proposed brand equity antecedents**

| Hypothesis on indirect effect   |   | Direct effect | Indirect effect | Results           | Findings  |
|---|---|---------------|-----------------|-------------------|-----------|
| H7.2  | Customer relationship management → Brand image → Brand equity | .453***       | .043*           | Partial mediation | Supported |
| H8.2  | Brand affect → Brand image → Brand equity                     | .018 (ns)     | .101***         | Full mediation    | Supported |
| H9.2  | Social image congruence → Brand image → Brand equity          | .453***       | .043*           | Partial mediation | Supported |
| H10.2   | Brand trust → Brand image → Brand equity                      | .204 (ns)     | .059**          | Full mediation    | Supported |
| H11.2   | Consumer-generated content → Brand image → Brand equity       | .164 (ns)     | .073*           | Full mediation    | Supported |
| Exploration on the multiple mediator effect: Consumer-generated content → Brand image + customer relationship management + social image congruence → Brand equity |   | .133 (ns)     | .375***         | Full mediation    | Supported |

Note: \*\*\*p<0.001, \*\*p<0.01, \*p<0.05, ns=not significant

## 5.5 Chapter summary

An online questionnaire regarding the Australian luxury and upscale hotel market was successfully administered, using a combined convenience and stratified sampling method. The final sample (n = 370) was large enough to be split into sub-groups for a series of analyses. Using EFA, the first analysis identified strong underlying concepts reflected by testing variables, and, more importantly, achieved a reduction of variables from 67 items to 38 items reliably measuring nine underlying factors. In the second stage, the resultant nine-factor solution was further tested using CFA on another dataset. The measurement reliability and validity, and the correlation between individual factor constructs, were examined using maximum likelihood estimation. As a result, 13 variables showing low divergent validity or low coefficient regressions were removed, with 25 reliable items retained. The final SEM analysis on the 370 overall responses examined the interrelationships between factors. The proposed brand equity model was tested and modified based on the statistical and theoretical significance. A good model fit was achieved. The process of model modification not only produced a well-fit model, but also provided important insight into the roles of consumer-based brand equity dimensions and antecedents. The research findings will be discussed in more detail in the next chapter.

# **CHAPTER 6: Discussion and Conclusions**

## **6.1 Introduction**

This study developed an in-depth understanding of consumer-based brand equity in the luxury and upscale hotel sector. The underlying premise was supported: a specific consumer-based brand equity model is required to understand the uniqueness of the luxury and upscale hotel sector. Apart from supporting previously identified brand equity dimensions and antecedents (e.g. brand choice and brand image) in the luxury and upscale hotel sector, the study revealed an additional dimension of online brand advocacy, and five additional antecedents including social image congruence, customer relationship management, brand affect, brand trust and consumer-generated content. This chapter will summarise the research and discuss the findings in more detail. The theoretical and practical research implications will be presented, followed by a clarification of research limitations and suggestions for future research opportunities.

## **6.2 Research summary**

As previously discussed, existing luxury and upscale hotel studies mainly examined the applicability of fundamental brand equity theories (Keller, 1993; Aaker, 1996) in the hotel industry. These studies rarely explored dimensions and antecedents of consumer-based brand equity from the consumer's perspective. However, in different markets and consumption environments, consumer perceptions about brand values could be influenced by different factors at different levels (Aaker, 1996). As previous literature argued, brand equity development in hotels and specifically luxury and upscale hotels can be very different from that in the manufacturing and service industries (Sun & Ghiselli, 2010; Xu & Chan, 2010). For example, consumers not only buy tangible products like rooms and facilities, but also services, atmosphere and, most importantly, luxury experiences (Walls, Okumus, Wang, & Kwun, 2011).

Previous research has rarely investigated brand characteristics that are related to luxury hotel experiences, and how these brand characteristics influence consumer-based brand equity development. Furthermore, these studies have not examined the influence of consumer-generated content on brand equity development (Keller, 2016), which is a critical gap given that in today's hotel industry, consumer-generated content via social media platforms (e.g. TripAdvisor and Booking.com) is frequently used as an information source for hotel booking decision making (Litvin, Goldsmith, & Pan, 2008; Ye, Law, & Gu, 2009; O'Connor, 2010). Consequently, the current research aimed at developing a specific consumer-based brand equity model for the luxury and upscale hotel sector, with two research objectives designed as:

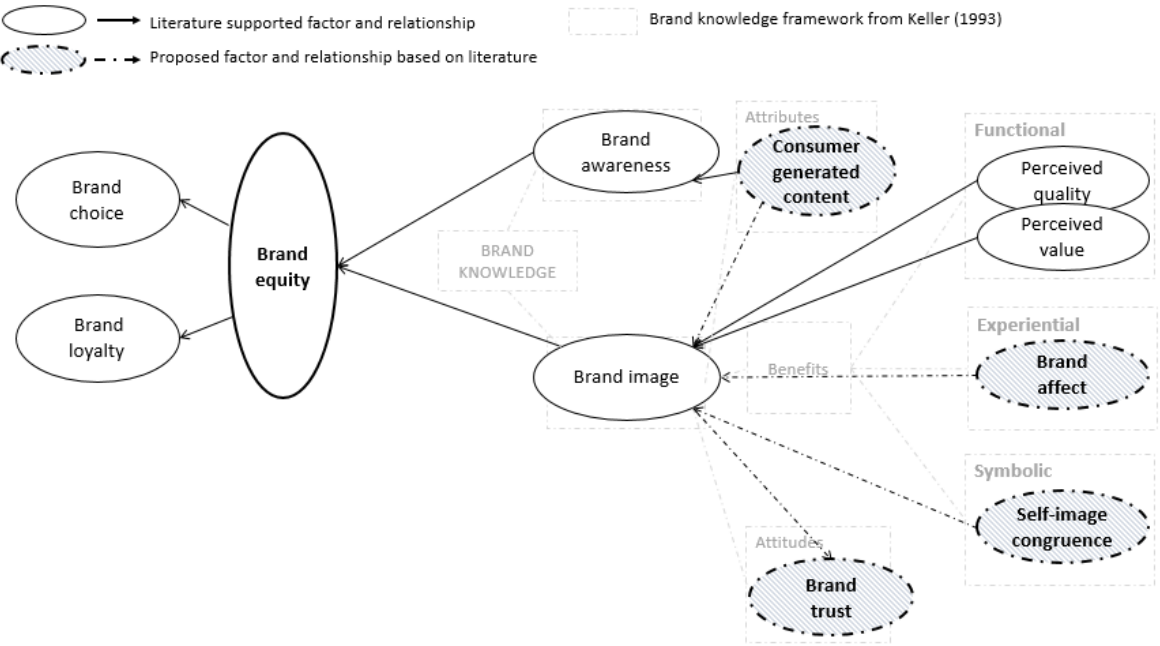
- 1) To identify brand equity dimensions and antecedents in the luxury and upscale hotel sector; and*
- 2) To identify relationships between brand equity dimensions and antecedents in the luxury and upscale hotel sector.*

To achieve the research objectives, a literature review was conducted to propose potential brand equity dimensions and antecedents for the luxury and upscale hotel sector. The research adopted Keller's (1993) brand equity theory as a base for its suitability in guiding the research exploration of brand equity dimensions and antecedents in various markets (see Section 2.6 and Section 2.7). Based on this conceptual foundation, the current study viewed brand equity as "the differential effect of brand knowledge in consumer response to the marketing of the brand" (Keller, 1993, p.8), and considered consumers' differential responses (e.g. brand choice) as dimensions of brand equity and consumers' knowledge about the brand as antecedents of brand equity.

With a review of hotel brand characteristics that potentially influence consumers' knowledge and responses towards a brand, a consumer-based brand equity model for the luxury and upscale hotel sector was proposed. The model consisted of two dimensions measuring brand equity - brand choice and brand loyalty; four previously identified brand equity antecedents - brand awareness, brand image, perceived quality, and perceived value (Kim & Kim, 2005; Kayaman & Arasli, 2007; Kim, Jin-Sun, & Kim, 2008; So & King, 2010; Hsu, Oh, & Assaf, 2012); and additional brand equity



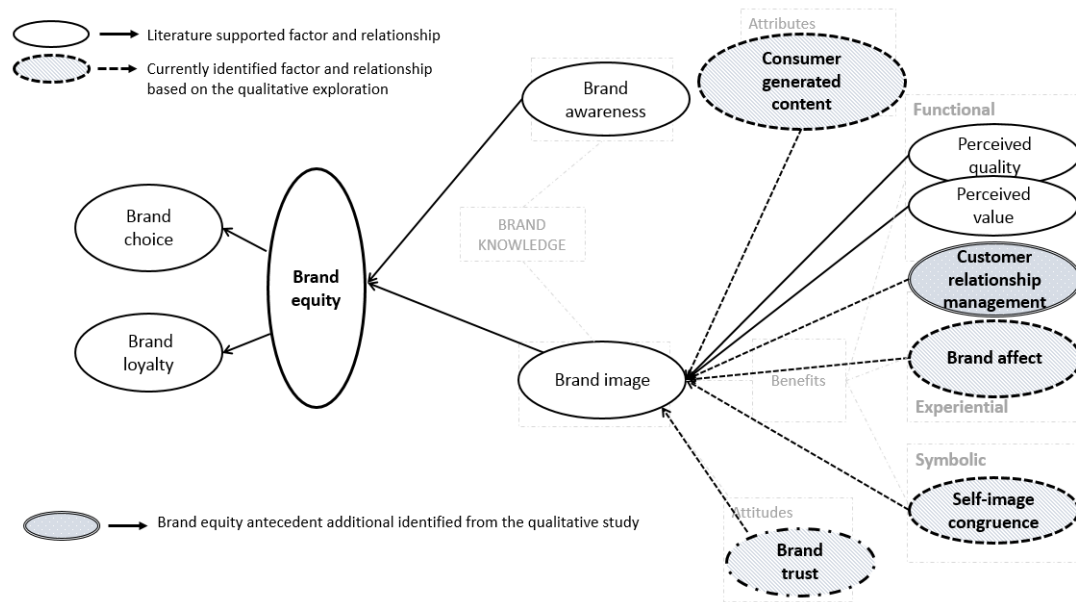
antecedents - brand affect, self-image congruence, brand trust and consumer-generated content specifically for the luxury and upscale hotel sector (see Figure 6.1). A mixed methods research including a qualitative study and a quantitative study in sequential stages was then conducted to examine the validity and reliability of this proposed model.



**Figure 6.1: Proposed consumer-based brand equity model based on Literature Review (Section 2.7.6)**

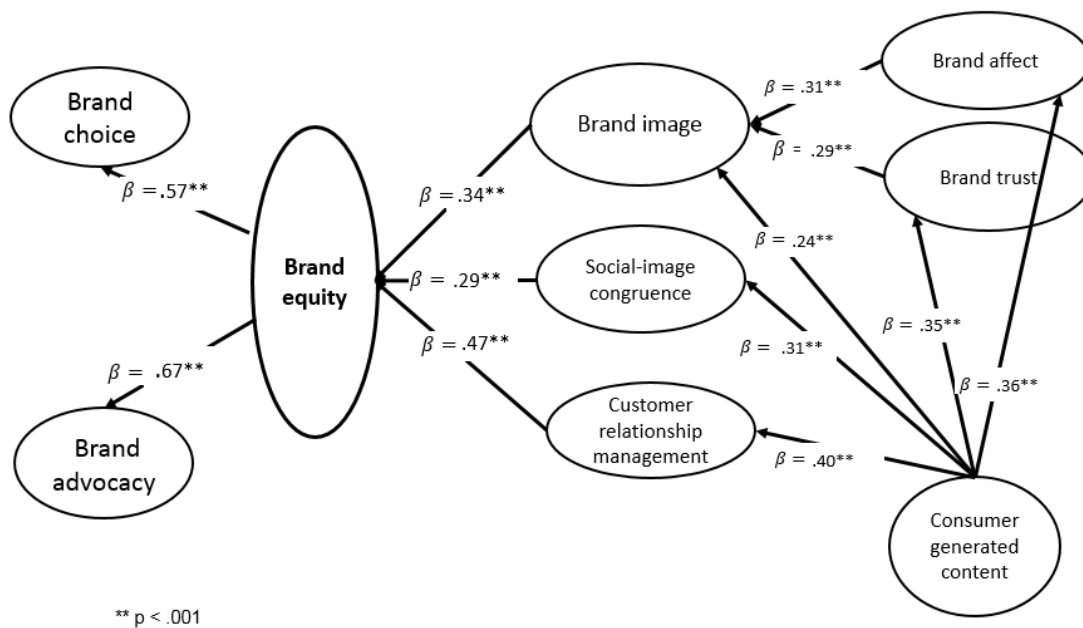
The qualitative study indicated that the proposed brand equity dimensions and antecedents were valid reflections of consumer perceptions in the sector. In addition, focus group discussions implied another potential brand equity antecedent – customer relationship management. As participants mentioned, they highly appreciate a brands’ effort to establish personal relationships with them and the fact that the brands have been responsive to their individual needs and feedback (see Section 4.3.3.6). It is acknowledged that as the qualitative findings were derived from a small number of consumers they may not reflect the common beliefs held by the general market in the luxury and upscale hotel sector. However, the qualitative findings provided rich, first-hand insight about what consumers value and expect from a luxury and upscale hotel and a strong brand. Therefore, the proposed brand equity model was revised and it

seemed a reasonable inclusion of customer relationship management as a potential brand equity antecedent (see Figure 6.2).



**Figure 6.2: Revised consumer-based brand equity model based on qualitative findings (Section 4.4)**

To examine the validity and reliability of these proposed brand equity dimensions and antecedents in the luxury and upscale hotel sector, measurement scales for these elements were first designed based on previous literature, focus group outcomes, expert reviews and a pilot study (see Section 5.2). A quantitative study was then conducted using an online questionnaire resulting in 370 usable responses collected and analysed using descriptive and inferential analysis, including structural equation modelling. The final results showed that the proposed brand equity dimensions were brand choice and brand advocacy, with six brand equity antecedents found to be significant, including brand image, brand affect, brand trust, social image congruence, customer relationship management and consumer-generated content (see Figure 6.3). The following sections will now discuss these research findings in more detail.



**Figure 6.3 The final consumer-based brand equity model (Section 5.4.2)**

## 6.2.1 Dimensions of consumer-based brand equity

Although two brand equity dimensions - brand choice and brand loyalty - were previously identified in the general product industry (Veloutsou, 2009; Mourad, Ennew, & Kortam, 2011; Nam, Ekinci, & Whyatt, 2011; Lieven, Grohmann, Herrmann, Landwehr, & van Tilburg, 2014) and the hotel service industry (Kim et al., 2008; So & King, 2010; Hsu et al., 2012), this study identified different influences of these two dimensions in the current research context. Only brand choice and a sub-dimension of brand loyalty (brand advocacy) were found significant, which are further discussed in the following sections.

### 6.2.1.1 Brand choice

Brand choice, as an adapted element from Yoo & Donthu's (2001) study, was consistently identified as a reliable brand equity dimension, similar to past literature (e.g. Washburn & Plank, 2002; Baldauf, Cravens, & Binder, 2003; Konecnik & Gartner, 2007; Mourad et al., 2011; Jahanzeb, Fatima, & Mohsin Butt, 2013; Malhotra et al., 2013; Lieven et al., 2014). This finding supported the idea that brand equity can be assessed by a comparative approach using brand choice intention, as earlier

proposed by Keller (1993). The finalised measurements of brand choice intentions also demonstrated that once consumers developed brand equity towards a luxury and upscale hotel, their intentions to choose the brand over others will not be influenced even if similar brands are available in the market or other brand options appear better or offer better value for money. These characteristics highlight the importance of the current research in providing specific understandings about brand influence on consumer responses. These findings promote the idea that a brand management team needs to gain further insight about the value and effect of cultivating consumer-based brand equity in the luxury and upscale hotel sector. As implied from the findings, consumers' brand equity in the luxury and upscale hotel sector is not influenced by brand perceptions derived from external information, especially price information. Therefore, more influential factors must exist that influence consumers' brand choice over other options. These will be discussed further in the section on brand equity antecedents (see Section 6.2.2).

#### **6.2.1.2 Brand loyalty - online brand advocacy**

The other brand equity dimension proposed in this study was brand loyalty, which was a direct approach to assess consumers' positive responses towards a brand (see Section 2.6.4.2). As previous literature identified, brand loyalty can be measured by three behaviour responses: revisiting the brand, advocating for the brand, and paying premium prices to stay with the brand (e.g. Lam, Shankar, Erramilli, & Murthy, 2004; Brown, Barry, Dacin, & Gunst, 2005; Homburg, Koschate, & Hoyer, 2005; Vázquez-Casielles, Suárez-Álvarez, & Del Río-Lanza, 2009). The first two responses were identified to support brand loyalty as a significant brand equity dimension in the hotel industry (Kim & Kim, 2005; Kayaman & Arasli, 2007; Kim et al., 2008); however, the last response was yet to be considered. The current research for identifying the applicability of brand loyalty as a brand equity dimension in the luxury and upscale hotel sector examined all three responses.

According to both the qualitative and quantitative findings, the three aspects of brand loyalty were found to have different levels of relevance for indicating brand equity. As shown in the initial exploratory factor analysis (EFA) result (see Appendix H), proposed measurements of brand loyalty related to a consumer's intention to revisit a

brand or willingness to pay premium prices had poor factor loadings (from .37 to .69), which indicated low reliability in explaining the total variance of brand equity development (Hair et al., 2009). These findings were further confirmed in the final EFA result (see Table 5.6).

This outcome may be caused by the nature of the research sample which was dominated by medium to less frequent consumers (see Section 5.4). Previous literature identified that consumers' loyalty behaviours like intention to revisit and willingness to pay premium prices are developed through their long-term interactions with the brand (Ndubisi, 2007; Brakus, Schmitt, & Zarantonello, 2009; Nam et al., 2011; Kang, Tang, & Lee, 2015). The current research respondents are more likely to be less frequent consumers of a specific brand as 84.3% respondents (n=312) visited luxury and upscale hotels under three times a year. As such, their comparatively low level of hotel experiences is less likely to support a strong loyalty attitude and behaviour. This is likely to be the reason why brand loyalty, as in consumers' intention to revisit and willingness to pay premium prices, is not supported as a brand equity dimension in this instance.

Interestingly, the last aspect of brand loyalty, brand advocacy, was found to be a significant brand equity dimension in the final research findings (see Section 5.4.1 and Section 5.4.2). These findings indicate that, in the current research context, a consumer's intention for brand advocacy is different from the other two aspects of brand loyalty (revisiting the brand and paying a premium price to stay with the brand). Unlike the other aspects of brand loyalty which are based on a consumers' long-term commitment developed towards a brand (Ndubisi, 2007; Brakus et al., 2009; Nam et al., 2011; Kang et al., 2015), brand advocacy can be motivated by different types of connections established between consumers and the brand and is an immediate response.

Brand advocacy can be motivated by consumers feeling the company is worthy of support (Hennig-Thurau, 2004; Van Doorn et al., 2010). Consumers can be motivated to give positive WOM as "something in return" for the positive experience provided by the brand (Goldsmith, 2009; Van Doorn et al., 2010; Kemp, Childers, & Williams, 2012), or other reasons (e.g. intention to show a social identity by connecting

themselves to the brand, or just altruism to provide information to others) (Goldsmith, 2009; Kozinets, De Valck, Wojnicki, & Wilner, 2010). In the current research, brand advocacy is likely to be a result of consumers' good experiences and positive evaluations of brand characteristics, which will be further discussed in Section 6.2.2 "Antecedents of consumer-based brand equity".

In addition, the final quantitative analysis showed that only "online" brand advocacy is significant as a dimension of consumer-based brand equity. This finding indicates that online brand advocacy differs from offline brand advocacy in this instance. This could be because spreading WOM is a behaviour of expressing opinions and generating influence on others (Buttle, 1998; Tim, Jillian, & Geoffrey, 2007). Traditional WOM (Offline) limits consumers' messages to being verbally spread among people in direct contact over a short period (Hennig-Thurau, 2004). However, eWOM (Online) enables consumers' messages to be spread to the broader public (including people they do not know or are not in direct contact with) in a written format for an indefinite period of time (Bickart & Schindler, 2001). Therefore, it is understandable that brand advocacy online generates a wider influence on others, so is a better approach to show a consumer's genuine intention of brand advocacy. In the hotel industry, in particular where eWOM platforms (e.g. TripAdvisor and Booking.com) are easily accessible to consumers (Goh, Heng, & Lin, 2013; Xie, 2014; Schuckert, Liu, & Law, 2015), online brand advocacy is likely to be also more meaningful and effective than the offline format. As such, an identification of brand advocacy online as a brand equity dimension provides up-to-date insight about how to assess brand equity in today's luxury and upscale hotel market.

Some studies identified that online brand advocacy can be motivated by consumers' desire to establish a social status in their direct social network groups (Ferguson, 2008; Iyengar, Han, & Gupta, 2009; Kozinets et al., 2010). However, online brand advocacy identified in the current research reflects brand advocacy on review websites (e.g. TripAdvisor) where readers are mostly strangers. As such, consumers' motivation to shape their social images seems less relevant in this context. Online brand advocacy in the current research is supported to be a dimension of consumer-based brand equity.

Overall, the first important research finding is the identification of two dimensions of consumer-based brand equity in the luxury and upscale hotel sector: brand choice and online brand advocacy. In particular, the emergence of online brand advocacy as a brand equity dimension indicated that in today's hotel market, consumers' positive responses towards a brand is not only limited to the traditional brand choice. When consumers have access to various social media platforms to share brand experiences with others, and demonstrate their increasing power in co-creating the brand online (Keller, 2007; Cantallops & Salvi, 2014), brand advocacy becomes another sign of consumers' positive attitudes towards the brand. Both researchers and practitioners should pay attention to the role of online brand advocacy in indicating consumer-based brand equity in the modern market. This is because brand advocacy was found to be a key driver of consumers' brand choices, and a factor directly contributing to overall business success (Keller, 2007; Hsu, Hung, & Tang, 2012; Lovett, Peres, & Shachar, 2013; Sahin & Baloglu, 2014). Studies identified that consumers' brand advocacy is more influential than the brand's own advertising in encouraging prospective consumers to make brand choices (Keller, 2007; Tirunillai & Tellis, 2012; Sahin & Baloglu, 2014). It is crucial for a business to include and highlight brand advocacy as a key marketing objective, and a key assessment of the brand's influence on its consumers.

The second research objective which was to identify specific antecedents of consumer-based brand equity in the luxury and upscale hotel sector can be viewed as providing a guideline on how to effectively build a brand to earn consumers' brand choice and online advocacy. Detailed findings are now discussed below.

### **6.2.2 Antecedents of consumer-based brand equity**

Following Keller's (1993) brand equity theory, consumers' knowledge about a brand that generates a differential effect on their responses (e.g. brand choice) was considered as the source of brand equity. As such, the current study explored brand knowledge elements that are influential on consumer-based brand equity development in the luxury and upscale hotel sector. As a final result of the mixed methods research, six brand equity antecedents were identified, including brand image, social image congruence, customer relationship management, brand affect, brand trust and

consumer-generated content. The following sections will discuss these findings in detail.

### **6.2.2.1 Brand image**

Consistent with previous hotel brand equity research (e.g. Kayaman & Arasli, 2007; So & King, 2010; Hsu et al., 2012), brand image as the overall brand judgement derived from personal experiences was found to be a significant antecedent of consumer-based brand equity ( $\beta=.34$ ,  $p<.001$ ). Three reliable measurements of this antecedent were identified: being exclusive, different from others and a leader in the industry.

However, in contrast to previous studies that found brand image to have a dominant influence on consumer-based brand equity development (Faircloth, Capella, & Alford, 2001; Konecnik & Gartner, 2007; Donna, Susan, & Adam, 2009; Pike, Bianchi, Kerr, & Patti, 2010), including in the luxury and upscale hotel sector (Kayaman & Arasli, 2008; Hsu et al., 2012), the current research found brand image is only one of three brand equity antecedents that have a direct and strong influence on brand equity development.

As previous studies argued, brand image as a snapshot impression of a brand is a composite factor that mediates the influence of specific brand associations on brand equity development (Keller, 1993; Berry, 2000; So & King, 2010). As such, the current study proposed brand image to be a dominant contributing factor to brand equity development, with other potential brand equity antecedents influencing brand equity development indirectly via brand image (see Figure 6.2). However, the final results showed that besides brand image ( $\beta=.34$ ,  $p<.001$ ), another two antecedents - social image congruence and customer relationship management - also have a direct and strong effect on brand equity development ( $\beta=.29$ ,  $p<.001$  and  $\beta=.47$ ,  $p<.001$  respectively). Relative to these two additional antecedents, brand image is the second strongest influence on brand equity development, although brand image partially mediates the effect of these two antecedents on brand equity development (see Section 5.4.2.2). These findings although supporting the role of brand image as a significant brand equity antecedent, highlighted the particular importance of social image



congruence and customer relationship management in the luxury and upscale hotel sector. It is also the first time that these two brand equity antecedents were identified in the overall hotel industry. Therefore, the following section will discuss the importance of social image congruence and customer relationship management in more detail.

#### **6.2.2.2 Social image congruence**

Following Keller's (1993) brand equity theory, several specific brand characteristics can influence a consumer's overall perception of a brand, and ultimately consumer-based brand equity development. One of them is a brand's symbolic benefits of satisfying consumers' needs for social approval or personal expression (Keller, 1993). Consumers' symbolic needs were identified in the luxury and upscale hotel sector (Back, 2005; Wilkins & Ayling, 2006; Han & Back, 2008). Therefore, the current study proposed self-image congruence, which represents the brand's symbolic benefits to reflect and improve consumers' actual/ideal self-images and actual/ideal social images, (Sirgy & Su, 2000) to be a brand equity antecedent.

The importance of image congruence for consumers' brand equity development was supported in both the qualitative and quantitative studies (see Section 4.3.3.7 and Section 5.4.2). However, only a sub-dimension of self-image congruence - social image congruence - was found to be a significant brand equity antecedent in the structural equation modelling analysis ( $\beta=.29$ ,  $p<.001$ ). More importantly, social image congruence was found to have a direct influence on brand equity development, and this influence was only partially mediated by brand image (see Section 5.4.2.2). This finding is consistent with previous literature (Back, 2005; Wilkins & Ayling, 2006) in that consumers have strong expectations from luxury and upscale hotel brands to satisfy their symbolic needs. In addition, this study provided explicit insight about the varied influences of sub-dimensions of self-image congruence on brand equity development in the luxury and upscale hotel sector, from two aspects.

Firstly, the direct and strong influence of image congruence on brand equity development indicates that in luxury and upscale hotel consumers' minds, image congruence is, similar to brand image, a direct determinant of their intentions to

develop brand equity. If a brand does not reflect or lift consumers' social images and make consumers be perceived highly by others, no matter how positive the brand image is, consumers' intention to develop brand equity will be limited.

This finding is consistent with previous literature (Dubois & Czellar, 2002; Vigneron & Johnson, 2004) which identified that consumers perceive a luxury brand in two parallel aspects: the non-personal aspect and the personal aspect. The non-personal aspect refers to when consumers see a luxury brand as conspicuous, unique and of high quality, which reflects a similar nature to the elements of brand image identified in the current study (e.g. the brand is exclusive, different and a leader in the industry). The personal aspect refers to when consumers see a luxury brand as hedonic and as an extended self. Extended self particularly reflects consumers' perceptions of a brand as a part of their identities and as a symbol that shows their actual and ideal images. Therefore, the current research empirically supports that brand image and image congruence are two parallel brand advantages in consumers' perception of a luxury or upscale hotel brand.

Secondly, this study found that the sub-dimensions of self-image congruence, including actual/ideal self-image congruence, actual/ideal social image congruence and user image congruence, have different levels of contributions to brand equity development in the luxury and upscale hotel sector. Limited research has investigated the influence of self and social image congruence on consumers' brand equity development. Back (2005) focused on the impact of social image congruence on brand loyalty development, as he assumed, theoretically, consumers' actual and ideal social image congruence is more closely related to the brand's attitude development towards highly conspicuous experiences sold in the luxury hotel sector. As a result, his study found that social image congruence is significant in explaining consumers' brand loyalty development process in the luxury hotel sector.

The current study, through a simultaneous examination of both actual/ideal self-image congruence and actual/ideal social image congruence, identified that social image congruence is the only significant dimension influencing brand equity development in the luxury and upscale hotel sector. This finding is supported by image congruence studies in other luxury markets (e.g. shoes, jewellery and cars) (Liu, Li, Mizerski, &

Soh, 2012; Han et al. 2010; Berger & Ward, 2010; Kapferer & Bastien, 2009). These studies argued that through buying luxury products, consumers are seeking social approval, in other words, the feeling of being part of an exclusive group that owns luxury goods. Consequently, the current research findings identified that consumers in the luxury and upscale hotel sector also have a strong desire to be perceived highly by others. By paying extra money to stay at a luxury or upscale hotel, these respondents are more likely to choose and advocate for a brand that benefits an ideal or actual social image display.

Overall, this study found that, for consumers in the luxury and upscale hotel sector, social image congruence is a direct determinant of consumer-based brand equity development ( $\beta=.29$ ,  $p<.001$ ). Although brand image partially mediates the contribution of social image congruence to brand equity development in a consumer's mind, the brand's symbolic benefits is of particular importance.

### **6.2.2.3 Customer relationship management**

Customer relationship management was a potential brand equity antecedent identified from the qualitative exploration conducted in the current study. Focus group participants mentioned that they observed many luxury and upscale hotel sector promoted loyalty programs or frequent reward programs (e.g. "Hilton Honors" and "InterContinental Priority Club") to provide extra benefits for frequent consumers (e.g. room upgrades and VIP treatment) (see Section 4.3.3.6). Some participants who identified themselves as members of such loyalty programs considered these extra benefits provided by a brand as another type of brand advantage which generates a positive impression about brand (see Section 4.3.3.6). Participants also showed appreciation of other similar practices carried out by luxury and upscale hotels, such as actively seeking and responding to consumers' feedback to provide more preferable and personalised experiences.

Example statements include "*With IHG there used to always be a follow up email with a short five-minute tick-box survey about how you were experiencing things. I am certainly not awkward about letting them know how I enjoyed or did not enjoy things. They will generally come back if it is a serious problem. That's comforting to know*

*they respond to your emails and listen” (R#9) and “I got a nice little email from somebody and they read my form, it didn’t impress me just on a personal level but on an organisational level” (R#10).* Based on the focus group discussion, the current study proposed an additional brand equity antecedent—customer relationship management (CRM), which refers to business practices to build one-to-one relationships with consumers (Lo, Stalcup, & Lee, 210) through activities such as establishing consumer profiles, tracking consumer preferences and satisfaction, and providing customised services and extra benefits for consumers’ patronage (Hallin & Marnburg, 2008).

Through an empirical examination using an online questionnaire, CRM, which was measured by three items (“the brand asked me for feedback”; “the brand was responsive to my feedback” and “the brand sent me information about opportunities I might enjoy”), was supported to be a significant brand equity antecedent in the luxury and upscale hotel sector. More importantly, the influence of CRM on brand equity development was found to be direct and strong ( $\beta=.47, p<.001$ ), compared to the direct influence from the other two antecedents of social image congruence ( $\beta=.29, p<.001$ ) and brand image ( $\beta=.34, p<.001$ ).

The relatively large impact of CRM ( $\beta=.47, p<.001$ ) on brand equity may be because CRM practices most clearly show the brand’s attention to individual consumers, compared to brand characteristics like brand image and social image congruence. Consumers’ specific needs are most likely to be addressed if the brand actively asks for feedback and responds to consumer feedback directly. For the current research sample, which was dominated by medium to less frequent consumers, their appreciation of such CRM practices is also likely to be particularly strong. That is because most businesses tend to invest more attention on maintaining relationships with frequent consumers who are perceived as more valuable consumers, and focus less on the needs of less frequent consumers (Richards & Jones, 2008). Therefore, the identification of the significant influence of CRM on brand equity development is also likely to be an outcome of consumers’ appreciation of the brand’s effort in caring for less frequent consumers’ interests. However, the nature of CRM as a consumer-oriented business activity (Brown, Mowen, Donavan, & Licata, 2002; Tajeddini, 2010)

is likely to support its influence for both frequent and less frequent consumers to develop consumer-based brand equity in the luxury and upscale hotel sector.

An important contribution of the current research is the identification of the influence of CRM on brand equity development from the consumer's perspective. In past literature regarding CRM, most studies focused on strategies for improving CRM efficiency from a manager's perspective (Tekin, 2013; Padilla-Meléndez & Garrido-Moreno, 2014; Rahimi, Gunlu, Okumus, & Okumus, 2016), the efficiency of technology for managing customer knowledge and relationships, and assessing the success of CRM by firm performance (e.g. sales and profits) (Reinartz, Krafft, & Hoyer, 2004; Sigala, 2005; Mohammad, Rashid, & Tahir, 2013). These studies assumed that successful CRM will enable the brands to better understand consumers' needs so as to provide more satisfying experiences to consumers and contribute to consumer satisfaction. However, past research rarely investigated how consumers perceive a company's effort in CRM. Until recently, literature (Verhoef, Reinartz, & Krafft, 2010; Nguyen & Mutum, 2012; Mohammadhossein, Ahmad, Zakaria, & Goudarzi, 2014) suggested more studies to investigate the consumer perceptions of companies' CRM practices. In bridging this gap, the current research found the effect of CRM on consumer-based brand equity development to be significant.

The significant effect of CRM on brand equity development ( $\beta=.47$ ,  $p<.001$ ) may be explained in terms of CRM being another brand advantage, as it represents the business's intention to communicate with the relationship partners: consumers, and provide customised experiences in the future. In the consumer's mind, a brand's CRM practices as in actively collecting and utilizing consumer knowledge to tailor service provision (Tekin, 2013; Padilla-Meléndez & Garrido-Moreno, 2014; Rahimi et al., 2016) may be considered as mutually beneficial for both the business and consumers. For instance, a focus group participant said "*[the brand always communicates with me] and I think It doesn't hurt to pick up on things and let them know, so next time you're there it could be fixed. There are some hotels with black marks that I don't stay anymore, because they don't respond. Yes. Never stay there again.*" (R#9). In addition, consumers participated in the process of co-creating better experiences and may substantially establish a partnership with the brand in their minds. Future research needs to examine whether the significance of CRM in contributing to brand equity

development is due to CRM practices facilitating the development of a partnership between the brand and consumers, and in turn motivating consumers to develop brand equity.

The direct influence of CRM on brand equity development can be explained by social exchange theory. As Falk and Fischbacher (2006) specified, in the business-customer interaction process, consumers are likely to seek mutual reciprocation, in which case, consumers are likely to respond to a brand in a similar manner as the brand treats the consumers. Positive responses from a brand can trigger positive responses from consumers (Cook, Cheshire, Rice, & Nakagawa, 2013; Rahimi et al., 2016). In the current study, when consumers perceived they were being respected and valued by a luxury or upscale hotel brand, they also valued the brand by choosing and advocating for the brand. Therefore, based on the social exchange mechanism, CRM is supported to directly contribute to brand equity development.

The above discussions demonstrated that in the luxury and upscale hotel sector, consumer-based brand equity development is directly influenced by three antecedents: brand image ( $\beta=.34$ ,  $p<.001$ ), social image congruence ( $\beta=.29$ ,  $p<.001$ ), and customer relationship management ( $\beta=.47$ ,  $p<.001$ ). The following sections will discuss the indirect influences of significant elements including brand affect, brand trust and consumer-generated content on brand equity development in the current research context.

#### **6.2.2.4 Brand affect**

Comparing different segments within the hotel industry (luxury and upscale, mid-scale and budget/economic) (Wong & Chi-Yung, 2002; Wilkins, 2010), consumers in the luxury and upscale hotel sector expect more experiential benefits from a brand, such as offering extra comfort, style and pampering experiences (Barsky & Nash, 2002; Walls et al., 2011; Yang, Zhang, & Mattila, 2015). As such, a brand's ability to satisfy consumers' experiential needs is likely to be a significant factor for consumer-based brand equity development in the luxury and upscale hotel sector. Consequently, brand affect, which reflects consumers' perceptions towards a brand's experiential benefits

(e.g. happiness, joyfulness and pleasant) (Song, Hur, & Kim, 2012), was proposed as a brand equity antecedent.

The contribution of brand affect to consumer-based brand equity development was supported by both the qualitative and the quantitative study (see Section 4.3.3.5 and Section 5.4.2). These findings consistently highlighted that consumers' emotional satisfaction is a significant factor influencing their brand perceptions and responses (Nowak, Thach, & Olsen, 2006; Park, Deborah, Joseph, Andreas, & Dawn, 2010; Gómez et al., 2013). However, as proposed, brand affect only indirectly influences brand equity development via brand image in the luxury and upscale hotel sector (see Section 5.4.2.2). This is because although consumers have a high demand of an experiential benefit in the luxury and upscale hotel sector (Barsky, 2009; Song et al., 2012), this experiential benefit is only a sub-element forming brand image. These positive emotions do not directly warrant a positive consumer response (brand choice and brand advocacy) in the luxury and upscale hotel sector. The indirect influence of brand affect on brand equity also further supports the composite role of brand image on contributing to brand equity development (Keller, 1993; Berry, 2000; Xu & Chan, 2010).

#### **6.2.2.5 Brand trust**

Literature argued that consumers perceive a high level of uncertainty and financial risk when selecting a service brand including a luxury or upscale hotel brand, mainly due to the service intangibility, heterogeneity, perishability and inseparability of production and consumption (Zeithaml, Parasuraman, & Berry, 1985; Berry, 2000; de Chernatony & Segal-Horn, 2003; Wilson, 2012). Therefore, the current research proposed that a consumer's evaluation of brand reliability and trustworthiness, namely brand trust (Delgado-Ballester & Munuera-Aleman, 2001), will positively contribute to consumer-based brand equity development in the luxury and upscale hotel sector.

Based on the qualitative and quantitative research findings (see Section 4.3.3.8 and Section 5.4.2), brand trust was consistently found to be a significant brand equity antecedent in the luxury and upscale hotel sector, with three reliable measurements identified as "I believe that the hotel will serve me as promised", "I believe that any

hotel experience problem will be solved”, and “I believe I will have a good experience”. However, comparing these measurements of brand trust identified in the current study and studies in the same hotel sector (Hsu et al., 2012), and the packaged goods industry (Delgado-Ballester & Munuera-Aleman, 2005), a difference is that measurements related to consumers’ confidence in a brand to serve in a consistent quality standard were found less influential, and were removed in the current study.

This finding indicates that, from the perspective of the current research sample, whether a brand provided consistent quality of services among consumers’ occasional visits is less important. Instead, these consumers are likely to care more about whether the brand provided services as promised. Consumers’ memories about the brand’s performance in providing promised services are also likely to be more explicit than the brand’s service consistency. Certainly, according to the qualitative study outcomes and the hotel brand equity research of Hsu et al. (2012), brand consistency is important for sustaining consumer-based brand equity in the long term. With an increase in consumer experiences, the consistency of service quality is more likely to be noticed (Xu & Chan, 2010). As such, the currently identified brand trust measurements are more reflective of consumers’ brand expectations in the early stage of interaction with the brand.

The indirect influence of brand trust on brand equity development further supported brand image as an overall judgement of a brand in a consumer’s mind. These findings are different from what Hsu et al., (2012) found in the luxury and upscale hotel sector, where two elements related to brand trust - brand reliability and management trust - were identified as direct influences on brand equity development. These different findings may be because of the research samples’ different hotel visiting frequencies (frequent business consumer or medium to less frequent consumers). Frequent consumers highly demand consistent and reliable hotel services for their work purpose, and thus considered brand reliability and management trust as direct determinants of their brand equity development (Hsu et al., 2012). However, such demand may be not evident for most consumers in the current research sample who only visit hotel brands occasionally (from less than once every two years to three times a year). Certainly, brand trust helps to reduce consumers’ risk perceptions. However, if risk reduction becomes a direct motivation of brand choice, it may also indicate spurious brand equity.



Previous studies (Dick & Basu, 1994; Oliver, 1999; Whyte, 2003) identified that brand loyalty can be divided into true loyalty and spurious loyalty, which refers to consumers' loyalty behaviours motivated by low prices and convenience rather than consumer commitment. Therefore, the indirect influence of brand trust on brand equity development mediated by brand image is considered a more appropriate and rational finding in the current research context.

#### **6.2.2.6 Consumer-generated content**

In the hotel industry, consumer-generated content was considered an important information source for prospective consumers' decision making, as indicated by the United Nations World Tourism Organization (UNWTO) (2014, p. 8):

“Before making an online hotel reservation, consumers visit approximately 14 different travel-related sites with about three visits per site combined with almost nine travel-related searches. Consumers often use hotel classifications as a filter mechanism, with guest reviews used to make a final selection.”

Given the common use of consumer-generated content in the hotel industry, a brand that was positively reviewed and rated by an online consumer community may be more likely to be positively perceived by prospective consumers. The positive brand attributes reflected from consumer-generated content may also enhance prospective consumers' brand image so as to indirectly motivate consumer-based brand equity development. Therefore, the current research proposed consumer-generated content as an antecedent of brand equity.

As the first study that investigated consumer-generated content as a brand equity antecedent, the current study found that the influence of consumer-generated content on brand equity development is indirect. This finding supported previous brand equity theories that stressed how consumer-based brand equity in the service industry (Berry, 2000) and the hotel industry (Xu & Chan, 2010; So & King, 2010) is mainly derived from the consumers' internal brand knowledge based on personal experiences. Consumer-generated content, as external knowledge based on other consumers'

experiences, is still limited in the extent it directly influences brand equity development in the luxury and upscale hotel sector.

Unlike the research proposal (see Section 2.7), the current research found that consumer-generated content not only directly contributes to consumers' knowledge of brand image, but also to all other antecedents: brand affect ( $\beta=.36$ ,  $p<.001$ ), brand trust ( $\beta=.35$ ,  $p<.001$ ), social image congruence ( $\beta=.31$ ,  $p<.001$ ) and customer relationship management ( $\beta=.40$ ,  $p<.001$ ). The contribution to customer relationship management is particularly strong. The reason for the positive relationship between consumer-generated content and customer relationship management may be explained by social exchange theory (Homans, 1958; Fehr & Gächter, 2000) and the cyclical effect of user generated content (Duverger, 2013).

Specifically, customer relationship management, as identified in the current research, reflects the brand's effort to seek and respond to consumers' feedback and to provide customised marketing information to keep consumers connected with the brand. As such, based on social exchange theory, consumers who perceived the brand's effort to establish such personal relationships are likely to be motivated to positively respond to the brand (Daugherty, Eastin, & Bright, 2008). Applying social exchange theory (Homans, 1958; Fehr & Gächter, 2000) to the current research, consumers may perceive peer consumers' behaviours of generating positive brand-related content online as responses to the brand's efforts in customer relationship management. As such, consumers who trust consumer-generated content online are likely to reinforce their perceptions of the brand's efforts in customer relationship management. The cyclical effect of consumer-generated content may also explain the influence of consumer-generated content on the other brand knowledge components.

Lastly, consumer-generated content was also found to have a significant and direct influence on the other two sub-elements of brand image: brand affect and brand trust. These findings indicate that consumer-generated content, as an information source regarding hotel service and experience quality, can contribute to consumers' post-consumption emotions and attitude (brand affect and brand trust). However, the positive influence of consumer-generated content on brand affect and brand trust is likely to be based on an assumption of consumers' satisfied personal experiences with

the brand. As Berry (2000) and So & King (2010) identified, in the service industry and the hotel industry, external brand-related information (e.g. brand advertisement and WOM marketing) needs to be verified by personal experiences to determine its influence on further development of consumer-based brand equity development. Consumers' external knowledge about a brand that cannot be verified, or contradicts consumers' personal experiences, is likely to generate either a limited or reverse influence on the consumers' attitude development (So & King, 2010; Sun & Ghiselli, 2010; Xu & Chan, 2010).

To conclude the current research findings, consumer-based brand equity in the luxury and upscale hotel sector is assessed by two dimensions: brand choice and online brand advocacy, and is driven by six brand equity antecedents: brand image, customer relationship management, social image congruence, brand affect, brand trust and consumer-generated content. Apart from brand image which is consistently found to significantly influence brand equity development across different markets (So & King, 2010; Tsai, Cheung, & Lo, 2010; Huang & Sarigöllü, 2012) including the luxury and upscale hotel sector (Kim & Kim, 2005; Kayaman & Arasli, 2007; Hsu et al., 2012), the remaining five antecedents are unique to the luxury and upscale hotel market. These form a significant contribution of this research.

In particular, this study found that the dominant brand equity antecedent is not brand image, as most service brand equity studies identified (Boo, Busser, & Baloglu, 2009; Chang & Liu, 2009; Donna et al., 2009; Hardeep & Madhu, 2012; Tsai, Lo, & Cheung, 2013). Instead, customer relationship management which had never been examined as a potential brand equity antecedent in the luxury and upscale hotel sector, showed a stronger and direct influence on brand equity development. The consumers' appreciation of a brand's effort into building personal relationships and being responsive to consumers was highlighted.

These additional five brand equity antecedents are specific reflections of consumers' desires from a brand in the luxury and upscale hotel sector. These aspects, by provoking a consumer's brand choice and online advocacy, are likely to be foundations for long-term consumer—brand relationships, and therefore should receive more

attention from researchers and industry practitioners. The following sections will discuss the theoretical and practical implications of this research.

## **6.3 Theoretical implications**

The current research provides a number of theoretical implications regarding brand equity development in the luxury and upscale hotel sector, the general hotel industry and the overall market context. This section will specifically clarify these theoretical implications.

### **6.3.1 Enriching the understanding of consumer-based brand equity**

As discussed in the literature review, there is no universal definition for the concept of consumer-based brand equity, nor is there a specific consumer response that can be used to reflect consumer-based brand equity across different markets (see Section 2.5). Although many studies defined a consumer's loyalty behaviour as the target consumer response to indicate brand equity (e.g. Kim & Kim, 2005; Kayaman & Arasli, 2007; Kim et al., 2008; He & Li, 2010; Park et al., 2010), this approach can potentially exclude consumers with lower levels of brand knowledge and behavioural intention.

The current research sample which was dominated by medium to less frequent consumers, is possibly less likely to develop loyalty towards a particular brand due to consumers' limited experiences. These consumers however do have consumer-based brand equity established to some extent, based on their level of perception and knowledge of the brand. Therefore, by exploring a range of consumer responses the current study identified appropriate dimensions: brand choice and online brand advocacy, to indicate brand equity in these consumers' minds. Different response dimensions of brand equity identified in past studies (e.g. brand loyalty, revisit intention, purchase intention) and the current study (brand choice and online brand advocacy) first highlight that brand equity can reflect different brand influences on consumers when they have different levels of (hotel) experiences. To further validate this understanding, future research could compare brand equity dimensions between consumers with different levels of brand experiences.

In addition, compared with previous research findings, the significance of brand choice as a dimension of consumer-based brand equity has been consistent (Washburn & Plank, 2002; Baldauf et al., 2003; Konecnik & Gartner, 2007; Mourad et al., 2011; Jahanzeb et al., 2013; Malhotra et al., 2013; Lieven et al., 2014). However, the role of brand advocacy as a brand equity dimension has rarely been investigated. In today's market, especially in the hotel industry, consumers are actively talking about brands using social media platforms, and also relying on online consumer reviews to make purchase decisions (Goh et al., 2013). For a business, consumers' strong brand advocacy behaviour is an increasingly valuable asset, and as previous literature suggested, one of the best predictors of top-line growth (Reichheld, 2003; Marsden, Samson, & Upton, 2005; Samson, 2006; Cantalops & Salvi, 2014; King, Racherla, & Bush, 2014). The link between consumers' brand advocacy and the growth and vibrancy of the brand are also recognised by businesses such as Coca-Cola, Apple, Harley-Davidson, and Starbucks (Keller, 2007). Therefore, by identifying the increasingly important brand equity dimension of online brand advocacy, the current research provides an up-to-date understanding of the concept of brand equity.

The findings not only benefit consumer-based brand equity theory development in the luxury and upscale hotel sector, but also in the overall market where consumers discuss their brand knowledge of various products such as restaurants and movies (Goh et al., 2013). The value for a business of encouraging consumers' brand advocacy online is significant (Marsden et al., 2005; Keller, 2007; Garnefeld, Helm, & Eggert, 2011; Cantalops & Salvi, 2014). Therefore, another important contribution of the current research is the identification of antecedents of brand equity, as factors that motivate online brand advocacy and brand choice in the luxury and upscale hotel sector, as discussed in the following section.

### **6.3.2 Advancing brand equity development theories in the hotel industry**

As the literature review identified, empirical research regarding hotel brand equity development is still in its infancy, with most studies directly adopting and examining the generic models developed in the packaged goods market (Keller, 1993; Aaker, 1996) in the hotel industry (e.g. Kim & Kim, 2005; Kayaman & Arasli, 2007; Kim et

al., 2008). Such brand equity studies are significant in examining the applicability of generic brand equity models in the hotel industry, but are limited in understanding consumers' specific perceptions about, and expectations from, a hotel brand.

To enhance brand equity theory in the hotel industry, the current research adopted Keller's (1993) theoretical framework as a guide for exploring potential brand equity antecedents in the luxury and upscale hotel sector. Specifically, Keller proposed a series of brand characteristics, such as a brand's attributes and benefits in satisfying consumers' functional, experiential and symbolic benefits so as to positively influence brand equity development in the packaged goods market (Keller, 1993). The current study proposed and examined brand equity antecedents that represent those brand characteristics in the luxury and upscale hotel context (e.g. brand affect). The results showed these additionally proposed elements were all significant in contributing to brand equity development in the luxury and upscale hotel sector. Therefore, the current research not only supports Keller's (1993) brand equity theory but also extends on his theory by empirically testing it within the area of the luxury and upscale hotel sector.

The additionally identified brand equity antecedents (brand affect, brand trust, customer relationship management, social image congruence and consumer-generated content) in the current research were also found to have a significant contribution to brand equity development in the hotel industry for the first time. In particular, an additional brand equity antecedent - customer relationship management - outperformed brand image which is commonly identified as the dominant antecedent in the service industry (Berry, 2000; Boo et al., 2009; So & King, 2010). These findings not only consistently justified that sources of brand equity development are different for different markets (Tsai et al., 2010; Hwang & Hyun, 2012; Gómez et al., 2013), but also highlighted the uniqueness of brand equity development in the luxury and upscale hotel sector.

The current study also contributed to the area of brand equity research by examining the influence of consumer-generated content on overall brand equity development which past researchers had highlighted as an area for future research (Cox, Burgess, Sellitto, & Buultjens, 2009; Wilson, Murphy, & Fierro, 2012; Keller, 2016). The study found that although consumer-generated content is influential on consumers'

perception and responses to a brand, it only indirectly influences brand equity development. Future research would need to explore whether this was due to consumer generated content being an external source of brand knowledge. In addition, consumers in the current study agreed that they are more likely to develop brand equity if the brand is highly rated by other consumers and positively reviewed in terms of quality, value, and location on review websites (e.g. TripAdvisor). These findings indicate that consumer-generated content may be not only an information source for consumers to make booking decisions but also a brand attribute, as a brand reputation in online consumer communities and a brand image that is co-created by consumers. Future research may further investigate this understanding, as limited research has explored the in-depth influence of consumer-generated content on consumers' brand perception and responses. The current research provides a basis for further research to explore the influence of consumer-generated content on overall consumer-based brand equity development.

Past hotel research has focused on investigating the roles of individual brand characteristics, such as brand awareness (Huang & Sarigöllü, 2012) and brand trust (Sparks & Browning, 2011). However, these studies did not provide a holistic view of brand equity development or identify interrelationships between brand equity antecedents in order to indicate key brand characteristics for brand equity development. Therefore, to bridge this gap, the current research examined the effect of multiple brand equity antecedents simultaneously (including brand image, brand affect, brand trust, social image congruence, customer relationship management and consumer-generated content) to determine which were the most important in brand equity development. The results showed that in the luxury and upscale hotel sector, customer relationship management has the dominant influence on stimulating consumers' brand behaviours. Therefore, a brand in the luxury and upscale hotel sector should place emphasis on improving consumers' perception of its customer relationship management efficacy to efficiently earn consumers' positive responses. Such findings are not only significant for providing an explicit understanding of influence levels of individual brand equity antecedents for theory development but also practical implications for brand management in the market, which will be discussed under practical implications.

### **6.3.3 Assisting future research with a parsimonious measurement scale**

The current research also developed a robust and parsimonious scale for measuring consumer-based brand equity dimensions and antecedents in the luxury and upscale hotel sector. Specifically, 25 items were identified to represent eight elements (brand equity dimensions and antecedents) with individual constructs that achieved sound construct reliability with Cronbach's alphas above 0.8.

This measurement scale provides a valuable reference for future brand research, especially for constructs of customer relationship management and consumer-generated content which were rarely investigated from the consumer's perspective. As mentioned earlier, most studies investigated customer relationship management from the management perspective (Tekin, 2013; Padilla-Meléndez & Garrido-Moreno, 2014; Rahimi et al., 2016), which frequently employed company performance to assess the efficiency of customer relationship management. In addition, studies that focused on consumer-generated content commonly adopted an approach which directly analysed a collection of consumer-generated content (e.g. content volume, valence and availability) (Cox et al., 2009; Ye, Law, Gu, & Chen, 2011; Tirunillai & Tellis, 2012). Another approach was utilising experimental design to test influences of specified consumer-generated content on consumer response intentions (Sparks & Browning, 2011; Browning, So, & Sparks, 2013).

Unlike these studies, the current research focused on collecting first-hand information about consumers' observations and perceptions about brand practices (customer relationship management) and the influence of consumer-generated content. Therefore, the current research not only bridged a gap to investigate the impact of customer relationship management (Verhoef et al., 2010; Nguyen & Mutum, 2012; Mohammadhossein et al., 2014) and consumer-generated content from the consumer's perspective (Keller, 2016), but also provided a measurement foundation for future research. This parsimonious measurement scale is also helpful for industry practitioners to evaluate and track brand equity over time and identify in which area the brand succeeds or fails. As Yoo & Donthu (2001) recommended, a parsimonious measurement scale is crucial for a business to understand the dynamics between



marketing efforts and consumer-based brand equity development. More practical implications are discussed in the following section.

## **6.4 Practical implications**

The current research also provides a range of practical implications for brand management practices implemented in both the overall hotel industry and specifically the luxury and upscale hotel sector. The following section will discuss research implications for improving hotel branding efficiency.

The current research findings indicate that a luxury and upscale hotel brand that only provides quality service may not establish a distinguishing image in the consumer's mind. In the increasingly competitive hotel market, a brand needs to prioritise its efforts and resources to improve on three aspects as identified in the current research. They are 1) establishing an exclusive, different and market leader brand image in the consumer's mind (brand image,  $\beta=.34$ ,  $p<.001$ ); 2) shaping the hotel image to be congruent with targeted consumers' social images, so as to help consumers to reflect or improve their social image (social image congruence,  $\beta=.29$ ,  $p<.001$ ); and 3) actively seeking and responding to consumers' feedback to provide customised marketing information to keep consumers connected (customer relationship management,  $\beta=.47$ ,  $p<.001$ ).

Among these three aspects, that of actively seeking and responding to consumers' feedback and providing customised information should be prioritised, as it was highlighted as the most influential aspect in motivating consumers' differing responses towards a brand in the luxury and upscale hotel sector. Unlike previous studies that identified customer relationship management by offering loyalty rewards as a significant factor influencing consumers (Verhoef, 2003; Reinartz, Krafft, & Hoyer, 2004; Payne & Frow, 2005; Lo, Stalcup, & Lee, 2010), the current study found that the brand's effort in directly contacting and communicating with consumers is more influential. Therefore, it is recommended for a luxury or upscale hotel business to effectively convey its intention and effort in building personal contacts and relationships to its consumers. To achieve this objective in this labour-intensive industry, a corporate culture that influences individual employees to develop a

customer-oriented mindset is vital. In addition, the study found that consumers in the luxury and upscale hotel sector are positively influenced by a brand's effort in maintaining ongoing contact. A key principle is to personalise the ongoing contact and marketing information to be personalised to suit individual consumers' preferences. Overall, the greatest impact of customer relationship management on brand equity development ( $\beta=.47$ ,  $p<.001$ ) suggests that customer relationship management can be a leading practice for developing consumer-based brand equity, and should be prioritised in the organisation.

The current research also found that a luxury or upscale hotel business needs to pay attention to consumers' experiential and symbolic needs in order to develop brand affect and social image congruence in the consumers' minds. That could be because consumers in this sector have a stronger desire for "experiences" and social status compared to consumers in the mid-scale or budget hotel sector (Barsky, 2009; Song et al., 2012). In particular, such desires are continuously raised as important by hoteliers of various super luxury establishments around the world, such as Jumeriah Beach Hotel in Dubai and the Emirates Palace Hotel in Abu Dhabi (Sherman, 2007). As such, a luxury and upscale hotel brand needs to continuously monitor its own service standard to keep consumers feeling emotional and psychologically satisfied.

In the existing service literature, consumers' power in co-creating brand image has frequently been emphasised. The current research also found that consumer-generated content had a broad influence on brand equity development for luxury and upscale hotel consumers. Consequently, a hotel brand management team needs to focus on encouraging consumers to share and comment on social media platforms about positive experiences they enjoyed at the hotels. For instance, hotels may offer online channels for consumers to provide comments at the end of stay, or offer prizes for consumers' constructive feedback and advocacy. Meanwhile, it is also important to have social media monitors to track how consumers perceive the brands on a regular basis and capitalise on the consumer feedback as a guide for improving hotel performance. It is crucial for a hotel to take advantage of the effect of consumer-generated content to its full potential and establish its brand influence on the broad public.

This study found that a brand can motivate and direct consumers to co-create a positive brand image in the online community through exerting effort into customer relationship management and building a positive brand image that is congruent with consumers' social images. Therefore, it is recommended that a brand should effectively convey its CRM effort to consumers during and after consumers' stay. For instance, a hotel can effectively utilise social media platforms to engage with consumers and demonstrate its responsiveness to consumer feedback. Visualising these hotel efforts in building relationships with individual consumers can reinforce consumers' overall perceptions of the brand's CRM effort, so as to ultimately motivate the consumers' positive responses as brand advocacy.

In addition, studying consumers' symbolic needs and effectively signifying the brand's benefits in reflecting and lifting consumers' social images is also crucial. For instance, social media platforms such as Facebook, Instagram, Twitter and LinkedIn are likely to be popular channels for consumers to demonstrate social images. A hotel brand may increase its image exposures and brand connections with consumers to assist consumers to present ideal social images within these social networks. Overall, hotel efforts in genuinely looking after consumers' interests will encourage brand advocacy, which will then generate a multiplier effect on the development of brand equity in broader consumers' minds. A brand in the luxury and upscale hotel sector is suggested to take advantage of the consumer's power in co-creating the brand's image, in order to encourage future consumers' brand equity development.

## **6.5 Limitations and future research**

While the current research provided a range of theoretical and practical implications, the findings present some limitations, which serve to identify and provide ideas and directions for conducting future research. The following section discusses research limitations related to the dropout of potential brand equity antecedents in the current study.

### **6.5.1 Limited study of three potential brand equity antecedents**

The current research proposed nine brand equity antecedents in the luxury and upscale hotel sector (see Figure 6.2); however, only six were supported in the final results. Another three potential brand equity antecedents including brand awareness, perceived quality and perceived value were not able to be fully tested. There could be a range of reasons for this research limitation.

A pilot study found that about 50% of respondents had no brand preference and limited experiences to respond to questions regarding brand equity dimensions and antecedents. Therefore, the current research restricted the sample recruitment to only collect responses from consumers who had brand preferences in the luxury and upscale hotel sector (see Section 5.3). The consumers who declared brand preference had to have brand awareness, so brand awareness was potentially a predetermined element within consumers' brand perceptions and was therefore not tested as an antecedent of brand equity. Future research may adopt a different sample recruitment method to further test the role of brand awareness within the process of brand equity development.

As for another brand equity antecedent, perceived value, it was initially found to be significant in explaining brand equity development in the EFA results but was not reliably measured by two retained items in the CFA stage. As such, perceived value was not included for further testing as a brand equity antecedent in structural equation modelling analysis. Reviewing measurements of perceived value developed by Kim et al. (2008), their items not only reflected a brand's advantage of value for money, but also an aspect of price fairness in determining whether consumers considered the price paid for the hotel room reasonable. Future research may examine whether an inclusion of this aspect of price fairness to measure perceived value would enhance the effectiveness of perceived value in contributing to brand equity development in the luxury and upscale hotel sector.

As for the proposed brand equity antecedent of perceived quality, this factor explained the least amount of total variance of brand equity as shown in the initial factor analysis result (see Appendix H). Measurements of perceived quality had low factor loadings from .323 to .606, which may indicate that perceived quality is an expected brand

characteristic in the luxury and upscale hotels and therefore not significant to differentiate one brand from another. As Hsu et al. (2012) and Kim et al., (2008) argued, in the increasingly competitive hotel market, a business that provides perceived quality does not make a significant difference in consumers' brand evaluation. As such, it is understandable that perceived quality may be a 'given' offer to consumers visiting luxury and upscale hotels. Future research may test the influence of perceived quality in other hotel segments, such as the mid-scale or budget hotel sector.

### **6.5.2 Further research on online brand advocacy**

Apart from the above research limitations regarding the examination of three proposed brand equity antecedents, a range of future research opportunities present themselves. For instance, brand advocacy was identified as a significant brand equity dimension and a valuable asset for a company to enhance its marketing efficiency. These findings present a foundation for future research to evolve consumer-based brand equity models in other markets. In addition, measurements for online brand advocacy have not been well developed. In the current research, brand advocacy was proposed as a sub-element of brand loyalty. Therefore, when most measurements of brand loyalty related to other sub-elements (consumers' retention and willingness to pay premium prices) were found not significant in explaining brand equity, only two items were retained to measure brand advocacy. Reviewing past research findings, brand advocacy or similar dimensions including brand recommendations and positive WOM were also measured by a limited number of items. For instance, Stokburger-Sauer, (2011) and Hosany and Martin (2012) found a single item to measure brand advocacy (I recommend the brand to others); Kemp et al. (2012) found three measurements (I recommend, I suggest and I talk directly about the brand); and Goyette, Ricard, Bergeron, and Marticotte (2010) identified two items to measure positive WOM (I recommend the company and I have spoken favourably of the company to others). These research findings indicate that brand advocacy represents an important consumer behaviour towards a brand and warrants further research to operationalize the construct.

In addition, the current research only examined and identified consumers' intention to advocate for a brand on review websites (e.g. TripAdvisor and Booking.com), since these websites are signature social media platforms in the hotel industry. However, in

today's market, consumers are increasingly active on various social media platforms including Facebook and YouTube. Consumers' brand advocacy on various social media platforms may be motivated by different reasons and generate different levels of impact on potential readers. Nowadays, hotels often encourage consumers to rate and review their experiences on TripAdvisor. However, these ratings and reviews are more likely to be read by strangers who are considered to have weak social ties with reviewers. As previous studies identified, the influence of WOM is greater when social ties between information senders and receivers are stronger (Steffes & Burgee, 2009). As such, consumers' brand advocacy, using personal accounts on social media platforms like Facebook and YouTube, may generate a greater impact on readers who are in direct contact with the reviewers. However, brand advocacy on public review sites like TripAdvisor may add more weight to the overall consumer power in co-creating a brand, and generates significant influence due to the advocacy volume. Therefore, future research is recommended to further study consumers' behaviours of brand advocacy and to explore the influence of brand advocacy on different online channels on future consumers' brand equity development.

### **6.5.3 Validation of consumer-based brand equity model in various contexts**

In studying consumers' brand equity development, the current research has targeted consumers from Australia. The cultural backgrounds and lifestyles of these consumers may lead to the developed brand equity model being less applicable to consumers from different countries, such as the emerging economy of South East Asian countries. Previous studies often identified that consumers' worldviews, such as individualism or collectivism, are likely to directly impact their perceptions of value and responses to a brand in their social contexts (Mattila & Patterson, 2004; Oyserman & Lee, 2008; Zhang, Beatty, & Walsh, 2008). In the current research, focus group participants also mentioned that they may be influenced by their cultural backgrounds when evaluating the value of a brand. For instance, a participant mentioned *"one of you made the point about Australian travellers. I think we are the kind of people who go for better value for money... I think that during your research here in Australia it will give you very different results than if you go to Asia or other countries"* (R#22). Some participants also mentioned that when they read consumer reviews online, they would pay attention

to writers' backgrounds, saying *"if you are reading a review from an American who says the hotel room in a hotel in Paris is too small, you might not listen to that, because in America, hotel rooms are all huge... You need to evaluate reviews based on where people [writers] come from and what they are used to"* (R#4). These comments indicated that the market environment in different destinations is also likely to influence consumers' expectations and perceptions of a brand. Therefore, future research should investigate consumer-based brand equity development within different cultural backgrounds so as to provide valuable and in-depth insights that are context based.

Another factor to consider is that the current research sample was dominated by medium- to less-frequent consumers in the luxury and upscale hotel sector. The findings provide significant contributions to brand equity theory development because consumers' perceptions about a brand are heavily influenced by their first experiences (Lee, Park, Park, Lee, & Kwon, 2005; Countryman & Jang, 2006; Tsao, Hsieh, Shih, & Lin, 2015). A brand that seeks to earn and retain consumers for the long term needs to first understand how to initially entice new customers to visit. Past hotel brand equity research has focused on frequent consumers who had already established brand loyalty towards brands, while the current research provides insight about how to encourage consumers' brand equity development when they are relatively new to a brand. However, a future study may validate the brand equity model developed in the current research by comparing perceptions of consumers with different levels of experiences in order to identify the influence of consumer experience level on brand equity development.

Consumers' brand equity development may also be influenced by other non-brand-related characteristics besides the experience level. For instance, hotel studies have a long history of comparing business and leisure consumers' service expectations (Chu & Choi, 2000; Kashyap & Bojanic, 2000; Lo, Cheung, & Law, 2002). Recent literature has also suggested more specific attributes to segment the consumer market. For instance, additional market segments emerged in luxury and upscale hotels including "savvy loyalists", "business cards" and "manicures and massages" (Barsky and Nash, 2014). "Savvy loyalists" are likely to be bargain hunters looking for good deals through joining multiple loyalty programs, whereas "business cards" are mid-class

business travelers who prefer reputable global hotel brands that are perceived as modern and stylish (Barsky & Nash, 2014). Another industry report identified six consumer segments based on consumers' use of reward programs and social media (Collinson Latitude, 2015). Overall, the various consumer segments are likely to have different demands from the luxury and upscale hotel experience, and therefore have different standards for evaluating brand quality and finally developing brand equity. A future study may differentiate these consumer characteristics to develop more in-depth understandings of brand equity development in the overall hotel industry.

## **6.6 Conclusion**

In the growing hotel industry, hotel brands have been developed and expanded for competitive advantages. This industry growth has also led to hotel brands facing increasing challenges to effectively stimulate the development of consumer-based brand equity. However, existing hotel research has rarely specifically explored consumer-based brand equity from the hotel consumer's perspective. The current research provides specific and targeted research insight into luxury and upscale hotel consumers' brand equity development. The research findings highlight that in the luxury and upscale hotel sector, a brand that focuses only on providing a quality hotel experience is potentially ignoring other aspects that encourage consumers to develop brand equity. Instead, a luxury or upscale hotel brand needs to focus on customer relationship management, social image congruence, brand image, brand affect, brand trust, and consumer-generated content in order for brand equity to develop. Luxury and upscale hotel brand managers need to pay considerable attention to the performance of these brand characteristics, especially customer relationship management, in order to improve their brand's equity in the highly competitive sector of luxury and upscale hotels. The study identified two effective indicators of consumer-based brand equity: brand choice and online brand advocacy. In particular, online brand advocacy as an increasingly important predictor of business success was highlighted. Overall, this study by specifically identifying dimensions and antecedents of consumer-based brand equity provides significant insight into hotel brand equity theory development.



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## Appendix A: Focus group information letter



### Invitation to participate in a research project - Value of a brand in luxury and upscale hotels

#### **Research title:**

An identification of consumer-based brand equity dimensions and antecedents for the luxury and upscale hotel sector

#### **Research team:**

| School of Business, Faculty of Business & Law, Edith Cowan University |                |  |
|---|----------------|--|
| Name  | Phone          | Email  |
| <b>Sharon Shan</b><br>(PhD researcher)                                | (08) 6304 2053 | <a href="mailto:h.shan@ecu.edu.au">h.shan@ecu.edu.au</a>       |
| <b>Prof Hugh Wilkins</b>  | (08) 6304 5428 | <a href="mailto:h.wilkins@ecu.edu.au">h.wilkins@ecu.edu.au</a> |
| <b>Dr Claire Lambert</b>  | (08) 6304 5587 | <a href="mailto:c.lambert@ecu.edu.au">c.lambert@ecu.edu.au</a> |

**Dear Sir/Madam,**

You are invited to participate in a research project being conducted as part of a PhD qualification, with the aim to explore consumers' understandings of the value of a brand for luxury and upscale hotel consumers, and the factors that contribute to brand value.

This project will be undertaken at the School of Business at Edith Cowan University's Joondalup Campus. The following information describes the project objective, screening criteria for participants, activities, and how you can get involved. [Please read this sheet carefully and be confident that you understand its contents prior to deciding whether to participate.](#) If you have any questions about the project, please ask the PhD researcher or other members of the research team.



### **Why is the research being conducted?**

A brand (a name, logo or sign) can add value to a product and increase consumers' preferences for, and intention to purchase, the product. For instance, "Coca Cola" and "Nike" brands benefit the drinks and sports shoes to gain important competitive advantages in the product market. However, most research that investigated the factors contributing to the value of a brand was conducted in the product industry, with limited attention given to the hotel industry. Due to the uniqueness of the hotel industry, there is a need to specifically investigate the value of a hotel brand. Opinions directly collected from hotel consumers are beneficial for this research; therefore, this research aims to use focus groups that will allow hotel consumers to share their experiences and opinions on what factors effect their perception of brand value.

### **The basis on which participants will be selected or screened**

Participants who have experience staying in luxury and upscale hotels will be recruited. The research focuses on the luxury and upscale hotel sector because this sector largely invests in brand development and will benefit from a specific brand equity model. There is no special requirement for the frequency and volume of hotel experience for participants, as the research aims to explore a variety of consumers' understandings of hotel brand equity.

### **What you will be asked to do**

You will be involved in a group discussion for about an hour. A few questions about your perception of, and experiences with, luxury and upscale hotel brands will be asked. The discussion will be audio recorded for data analysis, based on your consent.

### **The expected benefits and risks to you**

Participants will gain more information about one another's hotel experiences and revise their own decision-making processes. To thank for your time and participation, lunch will be provided. [Please advise the researcher if you have any special dietary requirements](#). There is no risk involved in this study.

### **Your participation is voluntary**

Your decision to participate in this project is completely voluntary. You may refuse to answer some or all of the questions, or withdraw at any time if you do not feel comfortable participating.

### **Your confidentiality**

The information provided by you will remain confidential. Nobody except members of the research team will have access to your information. Your name, identity and voice will not be disclosed at any time. Voice recordings will be erased after transcription. However, data may be published in a research journal and elsewhere, without giving your name or disclosing your identity.

### **The ethical conduct of this research**

This research is approved by Edith Cowan University in accordance with the *National Statement on Ethical Conduct in Human Research*. If you wish to speak with an independent person about how the project is being conducted or was conducted, please contact a Research Ethics Officer at Edith Cowan University on (08) 6304 2170 or [research.ethics@ecu.edu.au](mailto:research.ethics@ecu.edu.au).

### **Feedback to you**

Results will be made available on request to participants in the research.

### **How you can get involved**

If your questions about the project have been answered to your satisfaction, and you are willing to participate, please sign the consent form on the next page and contact the PhD researcher by email at [h.shan@ecu.edu.au](mailto:h.shan@ecu.edu.au). Information including the discussion time and venue will be provided via email.

**Yours sincerely**

**Sharon Shan**

## Appendix B: Focus group consent form



# An identification of consumer-based brand equity dimensions and antecedents for the luxury and upscale hotel sector

## Consent form

### Research team:

| School of Business, Faculty of Business & Law, Edith Cowan University |                   |  |
|---|-------------------|--|
| Name  | Phone/Mobile      | Email  |
| Prof Hugh Wilkins   | (08) 6304 5428    | <a href="mailto:h.wilkins@ecu.edu.au">h.wilkins@ecu.edu.au</a> |
| Dr Claire Lambert   | (08) 6304 5587    | <a href="mailto:c.lambert@ecu.edu.au">c.lambert@ecu.edu.au</a> |
| Hairong Shan  | (08) 0404 373 646 | <a href="mailto:h.shan@ecu.edu.au">h.shan@ecu.edu.au</a>       |

By signing below, I confirm that I have read and understood the information package and in particular have noted that:

- I understand that my involvement in this research will include a group discussion;
- I understand my response during the group discussion will be audio recorded;
- I understand that only the research team will have access to the recordings;
- I understand that the audio recordings will be erased following transcription;
- I have had all questions answered to my satisfaction;
- I understand the risks involved;

- I understand that there will be no direct benefit to me from my participation in this research;
- I understand that my participation in this research is voluntary;
- I understand that I am free to withdraw at any time, without comment or penalty;
- I understand that every participant is required to respect the privacy of other participants;
- I understand that if I have any additional questions I can contact the research team;
- I understand that, if I have any concerns about the ethical conduct of the project, I can contact a Research Ethics Officer at Edith Cowan University on (08) 6304 2170 or [research.ethics@ecu.edu.au](mailto:research.ethics@ecu.edu.au); and
- I agree to participate in the project.

**Name** \_\_\_\_\_

**Signature** \_\_\_\_\_

**Date** \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_



## Appendix C: Focus group introduction and questions

### Focus groups

**Research title:** An identification of consumer-based brand equity dimensions and antecedents for the luxury and upscale hotel sector

#### **Introduction:**

Hello everyone, I am Sharon. Thank you for coming to my focus group. The purpose that I conduct focus groups for is to gain a thorough understanding of how consumers think and feel about a brand when choosing luxury or upscale hotel accommodation, and what characteristics make consumers perceive a hotel brand in a positive manner. After the focus groups, I will use a survey questionnaire to collect more data to validate the understanding I gained from the focus groups, so please feel free to give comments, no matter whether they are similar to or different from the group ideas, as long as they reflect your real attitudes and behaviours.

#### **Questions:**

1. Before we get onto the main topic, could you please tell me which luxury and upscale hotel brands you have visited in the last three years and which year you visited?
  
2. In the following hour we will focus on three questions.
  - 1.1 Firstly, as I mentioned, our focus today is on brands and the value of brands. When I mentioned brands, some people may quickly think of famous brands like Apple, BMW, and Louis Vuitton. Research has a long history of investigating what a brand actually does to consumers' thinking and behaviours. For example, one study conducted an experiment to see how much a brand influences consumers' choice of product. The researcher prepared several glasses of cola, which all looked the same: exactly the same type of transparent glasses without any label on them. Then this researcher asked consumers to taste these glasses of cola and guess which glass of cola is from their favourite brand (e.g. Pepsi or Coca-Cola), and

then write down their choice of cola that they want to buy. From this experiment, the researcher found that consumers rarely made the correct link between their favourite brand and the best-tasting cola. That means that a consumer's favourite brand may not be the best-tasting brand. Even when consumers were given a second chance to reselect their choice of cola, many of them still stuck to their original choice, their favourite brand. That means that when consumers make their purchase decisions, they are not only influenced by the product's quality, but the invisible values carried by the brand. Of course, there are also some consumers less influenced by the brand, who care more about the actual product quality. In the current research, the first question I am interested in is "how influential is brand to you when you choose hotel accommodation?"

1.2 A further question is "how influential is brand to you when you choose luxury or upscale hotel accommodation?"

2.1 Do you have a favourite brand or several preferred brands in the luxury and upscale hotel sector? If yes, what kind of characteristics does the brand have for you to favour it? If no, what kind of characteristics (antecedents) does a brand have that may make you feel it is influential to you?

3.1 For consumers who think brand is important, clearly brand will encourage your booking intention. However, I wonder, if other hotels would provide you a similar type of accommodation for a similar price, would you still stay with the brand and why? (Yoo & Donth, 2010).

3.2 We have talked about how, regarding a strong brand, your direct response could be your booking intention. I wonder, besides this response (your direct booking intention), could you possibly be encouraged to respond to a strong brand in any other ways? (e.g. recommend to others, respond to hotel surveys, etc.) (dimensions)



## Appendix D: Scale development - Literature and the qualitative study

| Measurement item   | Item sources  |                 |
|--|---|-----------------|
|  | previous literature                                     | focus groups    |
| <b>Brand choice</b>  |   |                 |
| I prefer to stay at the brand even if another brand is as good                     | (Yoo & Donthu, 2001; So & King, 2010; Hsu et al., 2012) |                 |
| I prefer to stay at the brand even if another brand offers better value for money  |   |                 |
| I prefer to stay at the brand as it is better than other brands                    |   |                 |
| I prefer to stay at the brand even if another brand appears better                 |   |                 |
| <b>Brand loyalty</b>   |   |                 |
| I feel committed to maintaining the relationship                                   | (Lee & Back, 2008)                                      |                 |
| I feel good and positive when I think about staying at my preferred hotel brand    | (Kayaman & Arasli, 2007; Hsu et al., 2012)              |                 |
| I intend to remain loyal   | (Back, 2005)  |                 |
| I will stay with the brand the next time I travel                                  | (Kim & Kim, 2005)                                       |                 |
| I will always make it my first choice  | (Kim & Kim, 2005; Kim et al., 2008; Yoo & Donthu, 2001) |                 |
| I will revisit the brand without hesitation  | (Hsu et al., 2012)                                      |                 |
| I will only look at other brands if the brand is not available                     | (Yoo & Donthu, 2001)                                    |                 |
| I will look for the brand when visiting a new destination                          |   | (Section 4.3.2) |
| I will be willing to pay a higher price for the brand over others                  |   | (Section 4.3.2) |
| I will recommend the brand to family and friends                                   | (Kim & Kim, 2005; Kayaman & Arasli, 2007)               |                 |
| I will recommend the brand on review websites                                      |   | (Section 4.3.2) |
| I will talk positively about my experiences with the brand with family and friends |   | (Section 4.3.2) |
| I will post positive comments about the brand on review websites                   |   | (Section 4.3.2) |
| <b>Brand awareness</b>   |   |                 |
| Please name your preferred brand (brand recall)                                    | (Kim & Kim, 2005)                                       |                 |
| Please select your preferred brand from the list (brand recognition)               |   |                 |
| <b>Brand image</b>   |   |                 |
| is splendid  | (Kim & Kim, 2005)                                       |                 |

|  |  |                   |
|--|--|-------------------|
| is different from others                                 | (Kim & Kim, 2005; Kayaman & Arasli, 2007)  |                   |
| is prestigious   | (Hsu et al., 2012)   |                   |
| is exclusive   |  | (Section 4.3.3.2) |
| is recognised as a leader in the industry                |  | (Section 4.3.3.2) |
| <b>Perceived quality</b>                                 |  |                   |
| provided prompt services                                 | (Kim & Kim, 2005; Kayaman & Arasli, 2007; So & King, 2010)                                 |                   |
| always met my expectations                               | (Kim & Kim, 2005; Kayaman & Arasli, 2007; So & King, 2010)                                 |                   |
| focused on me as a customer                              | (Kim & Kim, 2005)  |                   |
| provided experiences beyond my expectations              | (Kim & Kim, 2005)  |                   |
| provided consistent quality of services across hotels    | (Hsu et al., 2012)   |                   |
| was effective at solving any problems                    | (Kim & Kim, 2005; Delgado-Ballester & Munuera-Alemán, 2005)                                |                   |
| was innovative to provide unique experiences             |  | (Section 4.3.3.3) |
| provided professional services                           |  | (Section 4.3.3.3) |
| personalised my guest experience                         |  | (Section 4.3.3.3) |
| provided helpful services                                |  | (Section 4.3.3.3) |
| had reliable booking channels                            |  | (Section 4.3.3.3) |
| was well maintained                                      |  | (Section 4.3.3.3) |
| <b>Perceived value</b>                                   |  |                   |
| provided good value                                      | (So & King, 2010)  |                   |
| offered good deals/packages                              | (Boo, Busser, & Baloglu, 2009)   |                   |
| offered extra benefits beyond expectations               | (Boo et al., 2009)   |                   |
| Provided quality experiences exceeding the price I pay   |  | (Section 4.3.3.4) |
| offered quality experience I want at an affordable price |  | (Section 4.3.3.4) |
| offered a competitive price                              |  | (Section 4.3.3.4) |
| <b>Customer relationship management</b>                  |  |                   |
| rewarded me with loyalty points                          | The concept was developed in previous research   | (Section 4.3.3.6) |
| provided VIP treatment for frequent guests               | (Verhoef, Reinartz, & Krafft, 2010; Nguyen & Mutum, 2012; Mohammadhossein, Ahmad, Zakaria, | (Section 4.3.3.6) |
| personalised my guest experience                         |  | (Section 4.3.3.6) |

|   |  |                   |
|---|--|-------------------|
| sent me information about opportunities I might enjoy | & Goudarzi, 2014), with measurements developed from the consumer's perspective | (Section 4.3.3.6) |
| intended to build a relationship with me              |  | (Section 4.3.3.6) |
| asked me for feedback                                 |  | (Section 4.3.3.6) |
| was responsive to my feedback                         |  | (Section 4.3.3.6) |
| <b>Brand affect</b>                                   |  |                   |
| Excited   | (Keller, 2001; Barsky & Nash, 2002)  |                   |
| Happy   | (Younghee et al., 2012)  |                   |
| Pleasurable   | (Younghee et al., 2012)  |                   |
| Comfortable   | (Barsky & Nash, 2002; Kim & Kim, 2005; Kayaman & Arasli, 2007)                 |                   |
| Pampered  | (Barsky & Nash, 2002)  |                   |
| Welcome   | (Barsky & Nash, 2002)  |                   |
| Important   | (Barsky & Nash, 2002)  |                   |
| Relaxed   | (Barsky & Nash, 2002)  |                   |
| Respected   | (Barsky & Nash, 2002)  |                   |
| Sophisticated   | (Barsky & Nash, 2002)  |                   |
| Entertained   | (Barsky & Nash, 2002)  |                   |
| <b>Self-image congruence</b>                          |  |                   |
| reflects who I am                                     | (Lee & Back, 2008)   |                   |
| reflects who I would like to be                       | (Lee & Back, 2008)   |                   |
| reflects how other people see me                      | (Lee & Back, 2008)   |                   |
| reflects how I would like other people to see me      | (Lee & Back, 2008)   |                   |
| reflects my personality                               | (Lee & Back, 2008)   |                   |
| attracts consumers with similar images to me          | (Lee & Back, 2008)   |                   |
| attracts sophisticated customers                      | (Lee & Back, 2008)   |                   |
| makes me feel special when staying with the brand     | (Lee & Back, 2008)   |                   |
| makes my friends think more highly of me              | (Boo et al, 2009)  |                   |
| <b>Brand trust</b>                                    |  |                   |
| The hotel will meet my expectations                   | (Hsu et al., 2012; Delgado-Ballester & Munuera-Alemán, 2005)                   |                   |
| The brand will be honest with me                      | (Delgado-Ballester & Munuera-Alemán, 2005)                                     |                   |

|  |   |                   |
|--|---|-------------------|
| The brand will not disappoint me every time                          | (Hsu et al., 2012; Delgado-Ballester & Munuera-Alemán, 2005)  |                   |
| The brand will make effort to satisfy me                             | (Delgado-Ballester & Munuera-Alemán, 2005)  |                   |
| The brand will serve me as promised                                  | (Delgado-Ballester & Munuera-Alemán, 2005)  |                   |
| I will have a good experience  |   | (Section 4.3.3.8) |
| Any problem I experience will not be ignored                         |   | (Section 4.3.3.8) |
| I can trust other outlets to deliver a consistent quality experience |   | (Section 4.3.3.8) |
| <b>Consumer-generated content</b>                                    |   |                   |
| is highly rated on review websites                                   | The concept was developed by previous research (e.g. Vermeulen & Seegers, 2009; Jones & Chen, 2011); O'Connor, 2010; Jones & Chen, 2011; (Sparks & Browning, 2011) Duverger, 2013), with measurements developed from the consumer's perspective | (Section 4.3.3.9) |
| has consumer reviews that indicate good value                        |   |                   |
| has positive reviews about its services                              |   |                   |

## Appendix E: Scale development - Expert reviews and pilot study

Notes: Scale items in italics were revised or added items. Blank rows coloured grey indicate that the items were dropped.

|                      | <b>Initial scale (80 items)</b>   | <b>Revised scale after first round of expert review (75 items)</b>                | <b>Revised scale after pilot study and second round of expert review (67 items)</b>          |
|----------------------|---|---|--|
| <b>Brand choice</b>  | I prefer to stay at the brand even if another brand is as good                    | I prefer to stay at the brand even if another brand is as good                    | I prefer to stay at the brand even if another brand is as good                               |
|                      | I prefer to stay at the brand even if another brand offers better value for money | I prefer to stay at the brand even if another brand offers better value for money | I prefer to stay at the brand even if another brand offers better value for money            |
|                      | I prefer to stay at the brand as it is better than other brands                   | I prefer to stay at the brand as it is better than other brands                   | I prefer to stay at the brand as it is better than other brands                              |
|                      | I prefer to stay at the brand even if another brand appears better                | I prefer to stay at the brand even if another brand appears better                | I prefer to stay at the brand even if another brand appears better                           |
| <b>Brand loyalty</b> | I feel committed to maintaining the relationship                                  | I feel committed to maintaining the relationship                                  | <i>I will be disappointed if the preferred brand is not available</i>                        |
|                      | I feel good and positive when I think about staying at my preferred hotel brand   | <i>I feel positive when I think about staying there*</i>                          | *  |
|                      | I intend to remain loyal  | I intend to remain loyal  | I will intend to remain loyal to the preferred brand   |
|                      | I will stay with the brand the next time I travel                                 | I will stay with my preferred brand the next time I travel                        | *  |
|                      | I will always make it my first choice   | I will always make it my first choice   | I will always make the preferred brand my first choice                                       |
|                      | I will revisit the brand without hesitation                                       | I will revisit my preferred brand without hesitation                              | *  |
|                      | I will only look at other brands if the brand is not available                    | I will only look at other brands if my preferred brand is not available           | I will only look at other brands if the preferred brand is not available                     |
|                      | I will look for the brand when visiting a new destination                         | I will look for my preferred brand when visiting a new destination                | I will look for the brand when visiting a new destination                                    |
|                      | I will be willing to pay a higher price for the brand over others                 | I am willing to pay a higher price for my preferred brand over others             | I will be willing to pay a higher price for my stay at the preferred brand over other brands |



|                          |  |  |  |
|--------------------------|--|--|--|
|                          |  | <i>I will review other brands before making a selection when visiting a new destination*</i> | I will review other brands when visiting a new destination           |
|                          | I will recommend the brand to family and friends                                   | I will recommend my preferred brand to family and friends                                    | I will recommend it to family and friends                            |
|                          | I will recommend the brand on review websites                                      | I will recommend my preferred brand on review websites                                       | I will recommend it on review websites                               |
|                          | I will talk positively about my experiences with the brand with family and friends | I will talk positively about my experiences with my preferred brand with family and friends  | I will talk positively about it with family and friends              |
|                          | I will post positive comments about the brand on review websites                   | I will post positive comments about my preferred brand on review websites                    | I will post positive comments about it on review websites            |
| <b>Brand awareness</b>   | Please name your preferred brand (brand recall)                                    | Please name your preferred brand (brand recall)  | Please name your preferred brand (brand recall)                      |
|                          | Please select your preferred brand from the list (brand recognition)               | Please select your preferred brand from the list (brand recognition)                         | Please select your preferred brand from the list (brand recognition) |
| <b>Brand image</b>       | is splendid  | is splendid  | is splendid  |
|                          | is different from others   | is different from others   | is different from others   |
|                          | is prestigious   | is prestigious   | is prestigious   |
|                          | is exclusive   | is exclusive   | is exclusive   |
|                          | is recognised as a leader in the industry  | <i>is like a leader in the industry*</i>   | <i>is a leader in the industry*</i>                                  |
| <b>Perceived quality</b> | provided prompt services   | provided prompt services   | provided prompt services   |
|                          | always met my expectations   | *  | *  |
|                          | focused on me as a customer  | focused on me as a customer  | focused on me as a customer  |
|                          | provided experiences beyond my expectations  | provided experiences beyond my expectations  | *  |
|                          | provides experiences in the consistent quality                                     | <i>provided consistent quality of services across hotels*</i>                                | *  |
|                          | was effective at solving any problems  | was effective at solving any problems  | was effective at solving problems                                    |
|                          | is innovative to provide unique experiences  | *  | *  |
|                          | provided professional services   | *  | *  |
|                          | personalised my guest experience   | *  | *  |

|   |  |   |  |
|---|--|---|--|
|   | provided helpful services                                  | provided helpful information service                  | provided helpful services                              |
|   | had reliable booking channels                              | had reliable booking channels                         | had reliable booking channels                          |
|   | was well maintained  | was well maintained                                   | was well maintained                                    |
|   |  |   |  |
| <b>Perceived value</b>                  | provided good value  | provided good value                                   | *  |
|   | offered good deals/packages                                | offered good deals/packages                           | offered good deals/packages                            |
|   | offered extra benefits beyond expectations                 | offered extra benefits beyond expectations            | *  |
|   | provided quality experience exceeding the price I pay      | <i>included added value extras (e.g. free WIFI)*</i>  | offered added value extras (e.g. free WIFI)            |
|   | offered a quality experience I want at an affordable price | *   | *  |
|   | offered a competitive price                                | offered a competitive price                           | offered competitive prices                             |
| <b>Customer relationship management</b> | rewarded me with loyalty points                            | rewarded me with loyalty points                       | rewarded me with loyalty points                        |
|   | provided VIP treatment for frequent guests                 | provided VIP treatment for frequent guests            | <i>provided VIP treatment for my frequent visits *</i> |
|   | personalised my guest experience                           | personalised my guest experience                      | personalised my guest experience                       |
|   | sent me information about opportunities I might enjoy      | sent me information about opportunities I might enjoy | sent me information about opportunities I might enjoy  |
|   | intended to build a relationship with me                   | *   | *  |
|   | asked me for feedback                                      | asked me for feedback                                 | asked me for feedback                                  |
|   | was responsive to my feedback                              | was responsive to my feedback                         | was responsive to my feedback                          |
| <b>Brand affect</b>                     | Excited  | Excited   | Excited  |
|   | Happy  | Happy   | Happy  |
|   | Pleasurable  | Pleasurable   | *  |
|   | Comfortable  | Comfortable   | Comfortable  |
|   | Pampered   | Pampered  | Pampered   |
|   | Welcome  | Welcome   | Welcomed   |

|                                   |  |  |   |
|-----------------------------------|--|--|---|
|                                   | Important  | Important  | Important   |
|                                   | Relaxed  | Relaxed  | Relaxed   |
|                                   | Respected  | Respected  | Respected   |
|                                   | Sophisticated  | Sophisticated  | Sophisticated   |
|                                   | Entertained  | Entertained  | Entertained   |
| <b>Self-image congruence</b>      | reflects who I am  | reflects who I am                                      | reflects who I am   |
|                                   | reflects who I would like to be                                    | reflects who I would like to be                        | reflects who I would like to be                               |
|                                   | reflects how other people see me                                   | reflects how other people see me                       | reflects how other people see me                              |
|                                   | reflects how I would like other people to see me                   | reflects how I would like other people to see me       | reflects how I would like other people to see me              |
|                                   | reflects my personality  | *  | *   |
|                                   | attracts consumers with similar images to me                       | attracts consumers with similar images to me           | attracts customers similar to me                              |
|                                   | attracts sophisticated customers                                   | attracts sophisticated customers                       | *   |
|                                   | makes me feel special when staying with the brand                  | makes me feel special when staying with the brand      | makes me feel special when staying there                      |
|                                   | makes my friends think more highly of me                           | makes my friends think more highly of me               | makes my friends think more highly of me                      |
| <b>Brand trust</b>                | The hotel will meet my expectations                                | The hotel will meet my expectations                    | the hotel will meet my expectations                           |
|                                   | The brand will be honest with me                                   | The brand will be honest with me                       | the hotel will be honest with me                              |
|                                   | The brand will not disappoint me every time                        | <i>I will not be disappointed*</i>                     | I will not be disappointed                                    |
|                                   | the brand will make effort to satisfy me                           | <i>The brand will try hard to satisfy me*</i>          | <i>the hotel will try to please me*</i>                       |
|                                   | The brand will serve me as promised                                | The brand will serve me as promised                    | the hotel will serve me as promised                           |
|                                   | I will have a good experience                                      | I will have a good experience                          | I will have a good experience                                 |
|                                   | Any problem I experience will not be ignored                       | Any problem I experience will not be ignored           | <i>any hotel experience problem will be solved*</i>           |
|                                   | I can trust other outlets to deliver consistent quality experience | *  | <i>information provided by the hotel will be trustworthy*</i> |
| <b>Consumer-generated content</b> | is highly rated on review websites                                 | <i>The brand has high ratings on review websites *</i> | The brand has high ratings on review websites                 |

|   |  |   |
|---|--|---|
| has consumer reviews that indicate good value | customer reviews that indicate good value                          | customer reviews that indicate good value                 |
| has positive reviews about the services       | <i>positive reviews on the quality of services *</i>               | positive reviews on the quality of services               |
|   | <i>positive reviews on the quality of rooms and public areas *</i> | positive reviews on the quality of rooms and public areas |
|   | <i>positive reviews on the hotel location *</i>                    | positive reviews on the hotel location                    |

## **Appendix F: Pilot study details**

### *Sample characteristics*

To evaluate the sample's representativeness, respondents' demographic data was firstly summarised by a frequency analysis using SPSS Statistics V23.0. The results indicated that the distribution of respondents' gender was almost even, with 55% female respondents, 44% male respondents, and 1% of respondents who preferred not to answer. Respondents' ages ranged from 18 to over 70, with the two best-represented age groups being 40 to 49 years old (31.7%) and 50 to 59 years old (38.6%), which corresponds with the main age groups of US travellers staying in luxury and upscale hotels while visiting Australia (David, 2014). In addition, 55% of respondents had a household income above \$2000 per week (\$104,000 per year) after tax, which is in line with the average income of upper class hotel travellers (\$100,000 per year) (David, 2014). Another 25% of the respondents did not disclose their household incomes, so this percentage may have been larger in reality. Respondents also provided their marital status, occupation, education level and country of origin, as well as their experience studying or working in the hotel industry (if applicable). The overall demographic data indicated that the pilot study sample consisted of luxury and upscale hotel consumers from diverse personal and social backgrounds, who, as a result, were expected to provide wide-ranging feedback. The majority of the respondents (83%) had not studied or worked in the accommodation industry, so their perceptions of hotel brands should be less influenced by any industrial training or direct work experience, resulting in more valid, reliable responses and feedback. Overall, the pilot study sample was reflective of the main study's targeted group of consumers in the luxury and upscale hotel sector, which was expected to enhance the validity of the data and provide the required feedback on the effectiveness of the questionnaire items to enhance the overall efficiency of the questionnaire.

## Appendix G: Finalised questionnaire



# Measuring the value of brands in luxury and upscale hotels

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## QUESTIONNAIRE

### What is this questionnaire about?

A brand presented as a name, logo or sign can add value to a product and increase customers' preference and purchase intentions. For example, "Coca Cola" and "Nike" have helped to attract numerous customers. Does a brand in the luxury and upscale hotel sector (five- and four-star hotels) have a similar effect?

This questionnaire aims to collect the views of luxury or upscale hotel guests. You will be asked to rate the importance of attributes that may influence your hotel selection. Demographic information (e.g.: age, gender and occupation) will be asked at the end. No identifiable data will be collected. The survey will take about 10-15 minutes.

If you have any inquiries about the questionnaire, please contact the chief researcher:  
Ms Sharon Shan  
E: [h.shan@ecu.edu.au](mailto:h.shan@ecu.edu.au)  
M: 0450 088 366

S1 Please indicate your agreement to participate in this survey.

- I agree and am over the age of 18. (1)
- I do not wish to complete the survey or am not over the age of 18. (2)

S2 Have you stayed at a luxury or upscale (five- or four-star) hotel within the last three years?

- Yes (1)
- No (2)

D1. What is your gender?

- Male (1)
- Female (2)
- Prefer not to answer (3)

D2. What is your age group?

- Under 30 years old (1)
- 30-39 years old (2)
- 40-49 years old (3)
- 50-59 years old (4)
- 60-69 years old (5)
- Over 70 years old (6)

D3. Please select the state in which you currently reside.

- NSW (1)
- ACT (2)
- VIC (3)
- QLD (4)
- SA (5)
- TAS (6)
- WA (7)
- NT (8)

D4. What is your present marital status?

- Single/Separated/Divorced without children (1)
- Single/Separated/Divorced with children (2)
- Married/Living with partner without children (3)
- Married/Living with partner with children (4)
- Prefer not to answer (5)

D5. What is the highest educational degree or level of school you have completed?

- High school (1)
- TAFE or Trade Certificate or Diploma (2)
- Bachelor degree (3)
- Master degree (4)
- Doctoral degree (PhD) (5)
- Other (Please specify) (6) \_\_\_\_\_

D6. Have you done courses/degrees related to the hotel industry?

- Yes (1)
- No (2)

D7. What is your present employment status?

- Employed full time (1)
- Employed part time (2)
- Employed casual (3)
- Self-employed (4)
- Homemaker (5)
- Not employed, but looking for work (6)
- Not employed and not looking for work (7)
- Student (8)
- Retired (9)
- Prefer not to answer (10)

D8. What type of job do you perform?

- Sales (1)
- Customer service (2)
- Technical (3)
- Clerical (4)
- Managerial (5)
- Training (6)
- Professional (7)
- Other (8) \_\_\_\_\_

D9. Have you worked in the hotel industry?

- Yes (1)
- No (2)

D10.1 What is your annual personal income before tax in Australian dollars? (include pensions, allowance, etc.)

- \$0 - \$25,000 (1)
- \$25,001 - \$50,000 (2)
- \$50,001 - \$75,000 (3)
- \$75,001 - \$100,000 (4)
- \$100,001 - \$125,000 (5)
- \$125,001 - \$150,000 (6)
- \$150,001 - \$175,000 (7)
- \$175,001 - \$200,000 (8)
- \$200,001-\$225,000 (9)
- \$225,001+ (10)
- Prefer not to answer (11)

D10.2 What is your annual household income before tax in Australian dollars? (include pensions, allowance, etc.)

- \$0 - \$25,000 (1)
- \$25,001 - \$50,000 (2)



- \$50,001 - \$75,000 (3)
  - \$75,001 - \$100,000 (4)
  - \$100,001 - \$125,000 (5)
  - \$125,001 - \$150,000 (6)
  - \$150,001 - \$175,000 (7)
  - \$175,001 - \$200,000 (8)
  - \$200,001-\$225,000 (9)
  - \$225,001+ (10)
  - Prefer not to answer (11)
- 

Q1. How often do you normally stay at a luxury or upscale (five- or four-star) hotel?

- Less than once a year (1)
- Once a year (2)
- 2 times a year (3)
- 3 times a year (4)
- 4 or more times a year (5)

Q2. How often did you look at customer reviews like below, when choosing a luxury or upscale hotel?

- Never (1)
- Rarely (2)
- Sometimes (3)
- Often (4)
- All of the time (5)

Q3. Do you have a preferred luxury or upscale hotel brand (it can be either a privately owned hotel brand or a hotel chain brand)?

- Yes, I have. (1)
- Yes, I have, but I cannot recall the brand name now. (2)
- No, I don't have. (3)

*If "No, I don't have" is selected → Direct the respondent to the End of Survey*

*If "Yes, I have" is selected*

Q4.1 Please name your preferred luxury or upscale hotel brand. (Please insert the full name as it will display in the rest of the survey)

*If "Yes, I have, but I cannot recall the brand name now" is selected*

Q4.1 Can you recognise your preferred luxury or upscale hotel brand from the list below?

Dropdown list of luxury or upscale hotel brand names (Including 'Luxury H' and experimental

Q4.2 What are the specific reasons why you prefer the brand? \_\_\_\_\_

Q5. The following section aims to identify the factors influencing your brand preference. Please indicate your agreement with the following statements about your preferred brand.

5.1 The preferred brand

|                             | Strongly disagree (1) | Disagree (2)          | Neutral (3)           | Agree (4)             | Strongly agree (5)    |
|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| is prestigious              | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| is splendid                 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| is exclusive                | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| is different from others    | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| is a leader in the industry | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Q5.2 My preference was formed because the brand

|   | Strongly disagree (1) | Disagree (2)          | Neutral (3)           | Agree (4)             | Strongly agree (5)    |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| offered competitive prices                            | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| had reliable booking channels                         | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| provided prompt services                              | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| was well maintained                                   | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| offered added value extras (e.g. free WIFI)           | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| was effective at solving problems                     | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| provided helpful services                             | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| offered good deals/packages                           | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| focused on me as a customer                           | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| personalised my guest experience                      | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| rewarded me with loyalty points                       | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| sent me information about opportunities I might enjoy | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| asked me for feedback                                 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| was responsive to my feedback                         | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| provided VIP treatment for my frequent visits         | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Q5.3 My last stay at the preferred brand made me feel

|               | Strongly disagree (1) | Disagree (2)          | Neutral (3)           | Agree (4)             | Strongly agree (5)    |
|---------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Excited       | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Welcomed      | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Pampered      | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Respected     | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Relaxed       | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Happy         | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Important     | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Sophisticated | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Entertained   | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Comfortable   | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Q5.4 I prefer the brand because it

|  | Strongly disagree (1) | Disagree (2)          | Neutral (3)           | Agree (4)             | Strongly agree (5)    |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| reflects who I am                                | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| reflects who I would like to be                  | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| reflects how other people see me                 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| reflects how I would like other people to see me | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| makes my friends think more highly of me         | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| makes me feel special when staying there         | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| attracts customers similar to me                 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Q5.5 I prefer the brand because it has

|   | Strongly disagree (1) | Disagree (2)          | Neutral (3)           | Agree (4)             | Strongly agree (5)    |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| high ratings on review websites                           | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| positive reviews on the quality of rooms and public areas | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| positive reviews on the quality of services               | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| positive reviews on the hotel location                    | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| customer reviews that indicate good value                 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

**Q6.1 Thinking about future hotel purchases, I will**

|   | Strongly disagree<br>(1) | Disagree<br>(2)       | Neutral<br>(3)        | Agree<br>(4)          | Strongly agree<br>(5) |
|---|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| look for the brand when visiting a new destination                                    | <input type="radio"/>    | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| review other brands when visiting a new destination                                   | <input type="radio"/>    | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| only look at other brands if the preferred brand is not available                     | <input type="radio"/>    | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| always make the preferred brand my first choice                                       | <input type="radio"/>    | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| be disappointed if the preferred brand is not available                               | <input type="radio"/>    | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| be willing to pay a higher price for my stay at the preferred brand over other brands | <input type="radio"/>    | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| remain loyal to the preferred brand   | <input type="radio"/>    | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

**Q6.2 Thinking of my next visit to the preferred brand, I believe that**

|   | Strongly disagree<br>(1) | Disagree<br>(2)       | Neutral<br>(3)        | Agree<br>(4)          | Strongly agree<br>(5) |
|---|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| the hotel will meet my expectations                   | <input type="radio"/>    | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| the hotel will try to please me                       | <input type="radio"/>    | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| information provided by the hotel will be trustworthy | <input type="radio"/>    | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| any hotel experience problem will be solved           | <input type="radio"/>    | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| the hotel will serve me as promised                   | <input type="radio"/>    | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| the hotel will be honest with me                      | <input type="radio"/>    | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I will have a good experience                         | <input type="radio"/>    | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I will not be disappointed                            | <input type="radio"/>    | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

**Q6.3 I prefer to stay at the brand**

|   | Strongly disagree<br>(1) | Disagree<br>(2)       | Neutral<br>(3)        | Agree<br>(4)          | Strongly agree<br>(5) |
|---|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| as it is better than other brands                   | <input type="radio"/>    | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| even if another brand is as good                    | <input type="radio"/>    | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| even if another brand appears better                | <input type="radio"/>    | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| even if another brand offers better value for money | <input type="radio"/>    | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Q7. After staying at the preferred brand, I

|  | Strongly disagree<br>(1) | Disagree<br>(2)       | Neutral<br>(3)        | Agree<br>(4)          | Strongly agree<br>(5) |
|--|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| talk positively about it with family and friends   | <input type="radio"/>    | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| recommend it to family and friends                 | <input type="radio"/>    | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| post positive comments about it on review websites | <input type="radio"/>    | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| recommend the it on review websites                | <input type="radio"/>    | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

O2 Please describe one of your unforgettable experiences in a luxury or upscale hotel (please specify the star rating, location and name of the hotel brand if known).

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Thank you for your time. Your opinions and responses are gratefully received.

## Appendix H: Initial EFA results: factor loadings

**Pattern Matrix<sup>a</sup>**

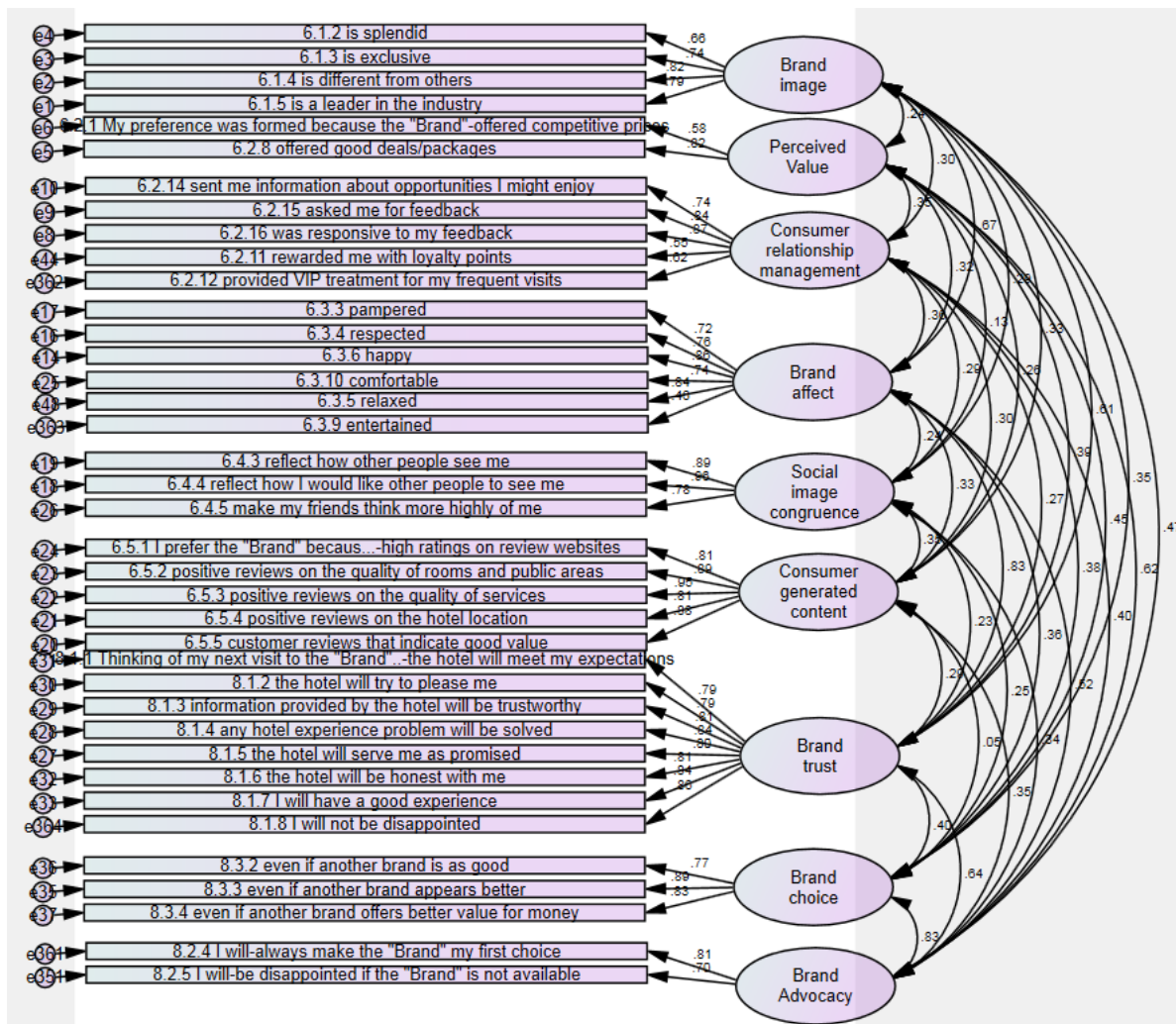
|   | Component |      |      |      |      |   |   |   |   |    |      |    |    |    |
|---|-----------|------|------|------|------|---|---|---|---|----|------|----|----|----|
|   | 1         | 2    | 3    | 4    | 5    | 6 | 7 | 8 | 9 | 10 | 11   | 12 | 13 | 14 |
| 6.3.3 pampered  | .670      |      |      |      |      |   |   |   |   |    |      |    |    |    |
| 6.3.4 respected   | .658      |      |      |      |      |   |   |   |   |    |      |    |    |    |
| 6.3.6 happy   | .658      |      |      |      |      |   |   |   |   |    |      |    |    |    |
| 6.3.5 relaxed   | .649      |      |      |      |      |   |   |   |   |    |      |    |    |    |
| 6.3.9 entertained   | .588      |      |      |      |      |   |   |   |   |    |      |    |    |    |
| 6.3.10 comfortable  | .560      |      |      |      |      |   |   |   |   |    |      |    |    |    |
| 6.3.1 excited   | .535      |      |      |      |      |   |   |   |   |    |      |    |    |    |
| 6.3.2 welcomed  | .529      |      |      |      |      |   |   |   |   |    |      |    |    |    |
| 6.3.7 important   | .449      |      |      |      | .345 |   |   |   |   |    |      |    |    |    |
| 6.4.3 reflects how other people see me                                      |           | .964 |      |      |      |   |   |   |   |    |      |    |    |    |
| 6.4.4 reflects how I would like other people to see me                      |           | .946 |      |      |      |   |   |   |   |    |      |    |    |    |
| 6.4.5 makes my friends think more highly of me                              |           | .821 |      |      |      |   |   |   |   |    |      |    |    |    |
| 6.4.2 reflects who I would like to be                                       |           | .738 |      |      |      |   |   |   |   |    |      |    |    |    |
| 6.4.7 attracts customers similar to me                                      |           | .421 |      |      |      |   |   |   |   |    | .400 |    |    |    |
| 6.4.1 reflects who I am   |           | .413 |      |      |      |   |   |   |   |    |      |    |    |    |
| 6.4.6 makes me feel special when staying there                              |           | .396 |      |      |      |   |   |   |   |    |      |    |    |    |
| 6.5.2 positive reviews on the quality of rooms and public areas             |           |      | .909 |      |      |   |   |   |   |    |      |    |    |    |
| 6.5.3 positive reviews on the quality of services                           |           |      | .897 |      |      |   |   |   |   |    |      |    |    |    |
| 6.5.4 positive reviews on the hotel location                                |           |      | .786 |      |      |   |   |   |   |    |      |    |    |    |
| 6.5.1 high ratings on review websites                                       |           |      | .772 |      |      |   |   |   |   |    |      |    |    |    |
| 6.5.5 customer reviews that indicate good value                             |           |      | .718 |      |      |   |   |   |   |    |      |    |    |    |
| 8.2.2 I will review other brands when visiting a new destination (reversed) |           |      |      | .758 |      |   |   |   |   |    |      |    |    |    |
| 6.1.1 is prestigious  |           |      |      |      | .766 |   |   |   |   |    |      |    |    |    |
| 6.1.3 is exclusive  |           |      |      |      | .696 |   |   |   |   |    |      |    |    |    |
| 6.1.2 is splendid   |           |      |      |      | .598 |   |   |   |   |    |      |    |    |    |
| 6.1.5 is a leader in the industry   |           |      |      |      | .501 |   |   |   |   |    |      |    |    |    |
| 6.3.8 sophisticated   | .412      |      |      |      | .473 |   |   |   |   |    |      |    |    |    |

|  |      |      |      |      |      |      |      |      |
|--|------|------|------|------|------|------|------|------|
| 6.1.4 is different from others   | .398 | .308 |      |      |      |      |      |      |
| 9.1 I talk positively about the brand with family and friends                            |      | .810 |      |      |      |      |      |      |
| 9.2 I recommend the brand to family and friends  |      | .712 |      |      |      |      |      |      |
| 8.1.3 information provided by the hotel will be trustworthy                              |      |      | .871 |      |      |      |      |      |
| 8.1.4 any hotel experience problem will be solved  |      |      | .816 |      |      |      |      |      |
| 8.1.5 the hotel will serve me as promised  |      |      | .802 |      |      |      |      |      |
| 8.1.2 the hotel will try to please me  |      |      | .691 |      |      |      |      |      |
| 8.1.6 the hotel will be honest with me   |      |      | .690 |      |      |      |      |      |
| 8.1.8 I will not be disappointed   |      |      | .664 |      |      |      |      |      |
| 8.1.1 the hotel will meet my expectations  |      |      | .630 |      |      |      |      |      |
| 8.1.7 I will have a good experience  |      |      | .626 |      |      |      |      |      |
| 9.3 I post positive comments about the brand on review websites                          |      |      |      | .832 |      |      |      |      |
| 9.4 I recommend the brand on review websites   |      |      |      | .802 |      |      |      |      |
| 6.2.16 was responsive to my feedback   |      |      |      |      | .763 |      |      |      |
| 6.2.11 rewarded me with loyalty points   |      |      |      |      | .691 |      |      |      |
| 6.2.12 provided VIP treatment for my frequent visits                                     |      |      |      |      | .688 |      |      |      |
| 6.2.15 asked me for feedback   |      |      |      |      | .627 |      |      |      |
| 6.2.14 sent me information about opportunities I might enjoy                             |      |      |      |      | .608 |      |      |      |
| 6.2.13 personalised my guest experience  |      |      |      |      | .416 |      |      |      |
| 8.3.2 even if another brand is as good   |      |      |      |      |      | .830 |      |      |
| 8.3.3 even if another brand appears better   |      |      |      |      |      | .773 |      |      |
| 8.3.4 even if another brand offers better value for money                                |      |      |      |      |      | .707 |      |      |
| 8.3.1 I prefer to stay at the brand as it is better than other brands                    |      | .323 |      |      |      | .479 |      |      |
| 8.2.3 I will only look at other brands if the brand is not available                     |      |      |      |      |      | .385 |      |      |
| 6.2.8 offered good deals/packages  |      |      |      |      |      |      | .695 |      |
| 6.2.1 offered competitive prices   |      |      |      |      |      |      | .661 |      |
| 6.2.6 was effective at solving problems  |      |      |      | .377 |      |      | .565 |      |
| 6.2.5 offered added value extras (e.g. free WIFI)  |      |      |      |      |      |      | .514 |      |
| 6.2.7 provided helpful services  |      |      |      | .306 |      |      | .422 |      |
| 6.2.2 had reliable booking channels  |      |      |      |      |      |      |      | .512 |
| 8.2. I will look for the brand when visiting a new destination                           |      |      |      |      |      |      |      | .694 |
| 8.2.6 I will be willing to pay a higher price for my stay at the brand over other brands |      |      |      |      |      |      |      | .659 |
| 8.2.7 I will remain loyal to the brand   |      |      |      |      |      |      |      | .606 |
| 8.2.4 I will always make the brand my first choice                                       |      | .400 |      |      |      |      |      | .499 |
| 8.2.5 I will be disappointed if the brand is not available                               |      |      |      |      |      | .367 |      | .370 |





## Appendix I: Initial CFA results



Fit indices—Initial nine-factor measurement model

| CMIN/DF | RMSEA | SRMR  | TLI  | CFI  |
|---------|-------|-------|------|------|
| 1.712   | .066  | .0676 | .885 | .897 |

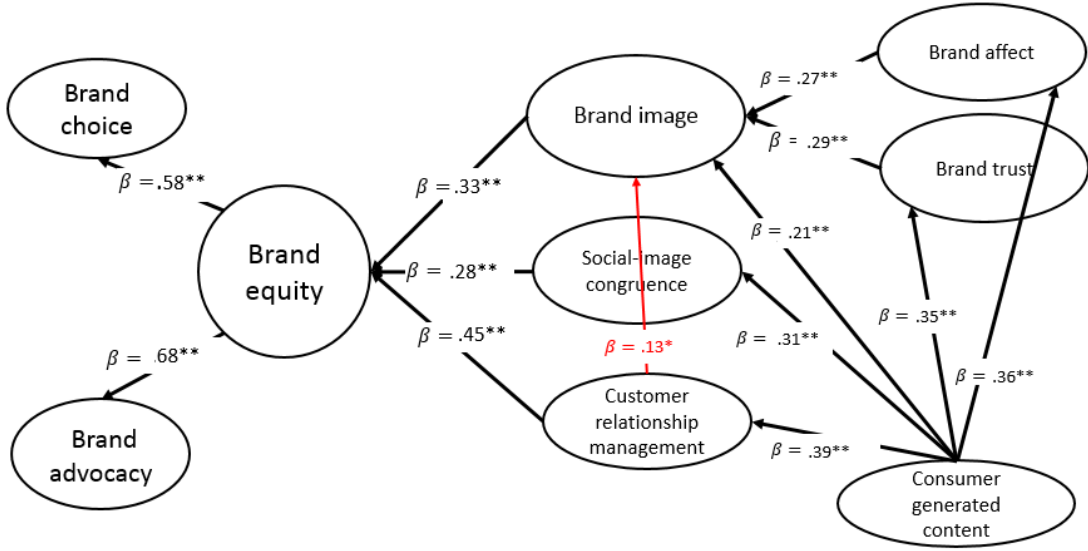
## Appendix J: Modification indices for the proposed model

Modification Indices (Group number 1 - Default model)

Regression Weights: (Group number 1 - Default model)

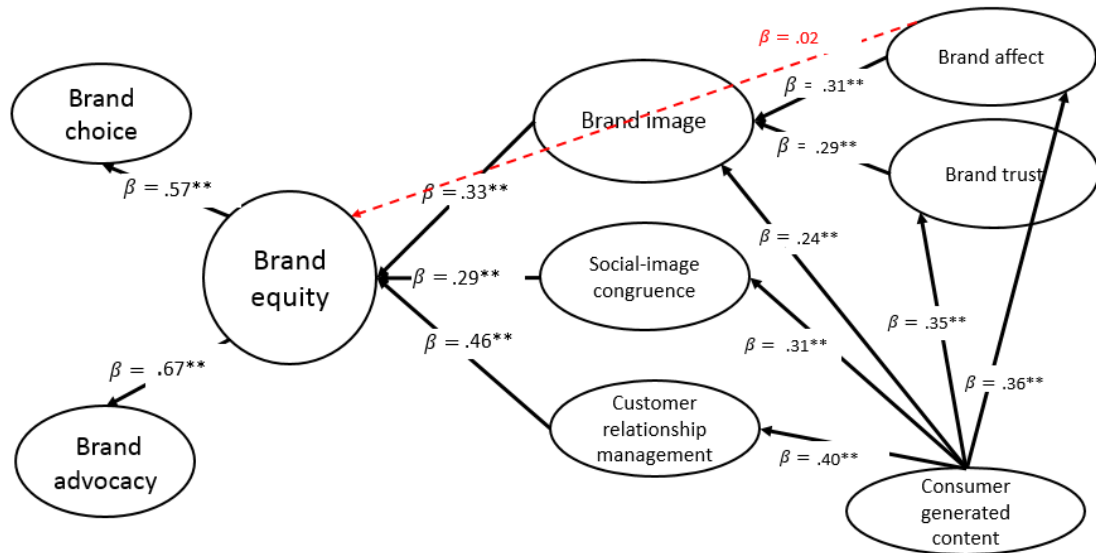
|                                  |                                       | M.I.   | Par<br>Change |
|----------------------------------|---------------------------------------|--------|---------------|
| Brand affect                     | <--- Consumer-generated content       | 4.210  | .085          |
| Customer relationship management | <--- Consumer-generated content       | 14.860 | .245          |
| Social image congruence          | <--- Consumer-generated content       | 13.350 | .264          |
| Brand trust                      | <--- Consumer-generated content       | 4.179  | .075          |
| Brand equity                     | <--- Consumer-generated content       | 7.394  | .100          |
| Brand equity                     | <--- Customer relationship management | 26.138 | .165          |
| Brand equity                     | <--- Social image congruence          | 17.779 | .116          |

# Appendix K: Indirect effect of CRM on brand equity development



\*\* p < .001  
 \* p < .05

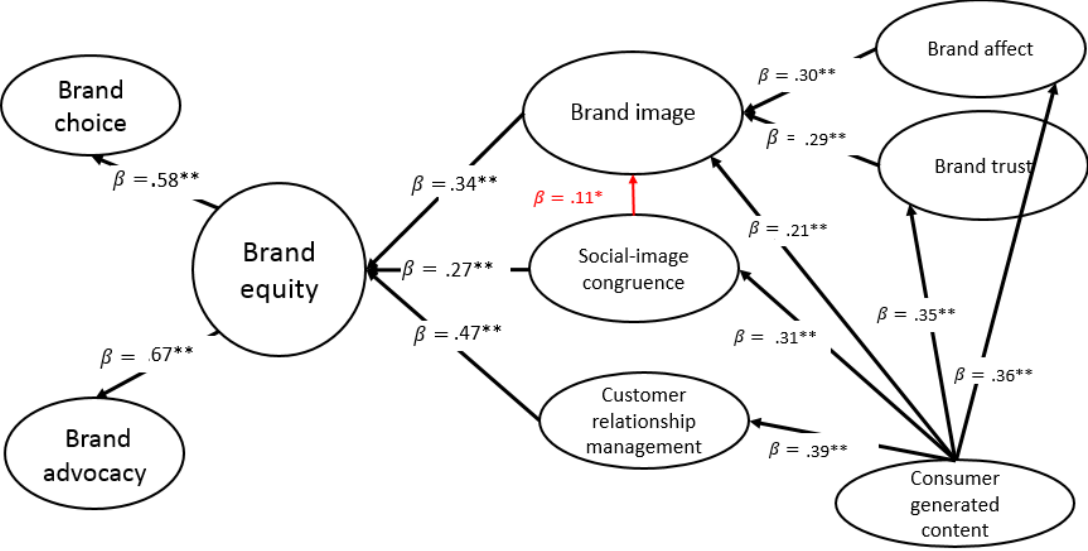
## Appendix L: Indirect effect of brand affect on brand equity development



\*\* p < .001

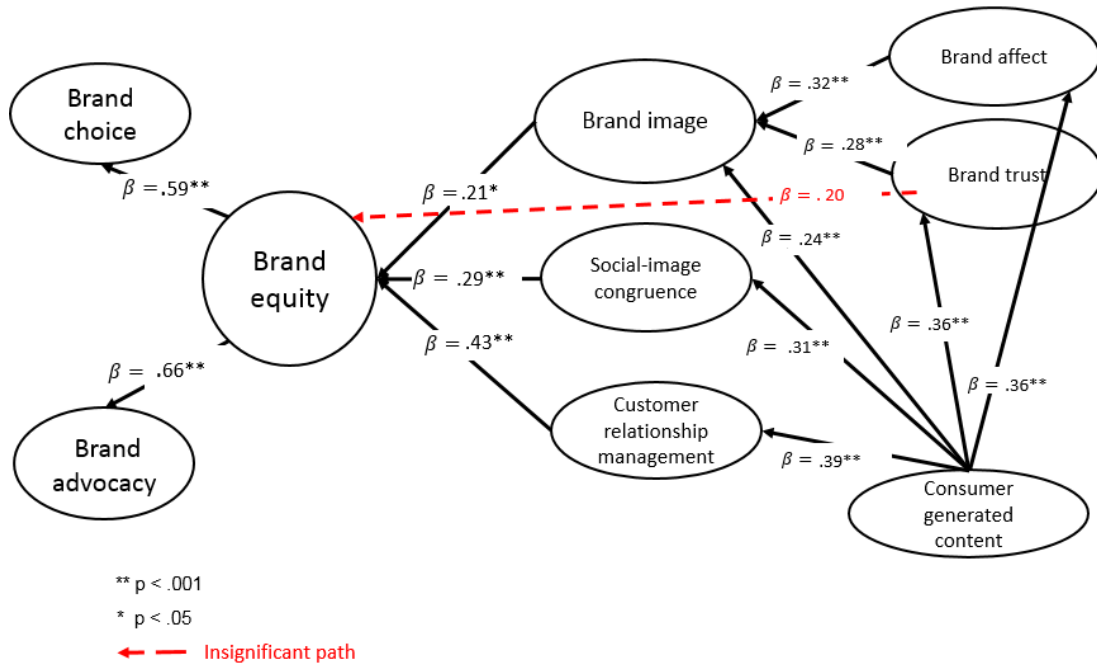
← — Insignificant path

# Appendix M: Indirect effect of social image congruence on brand equity development

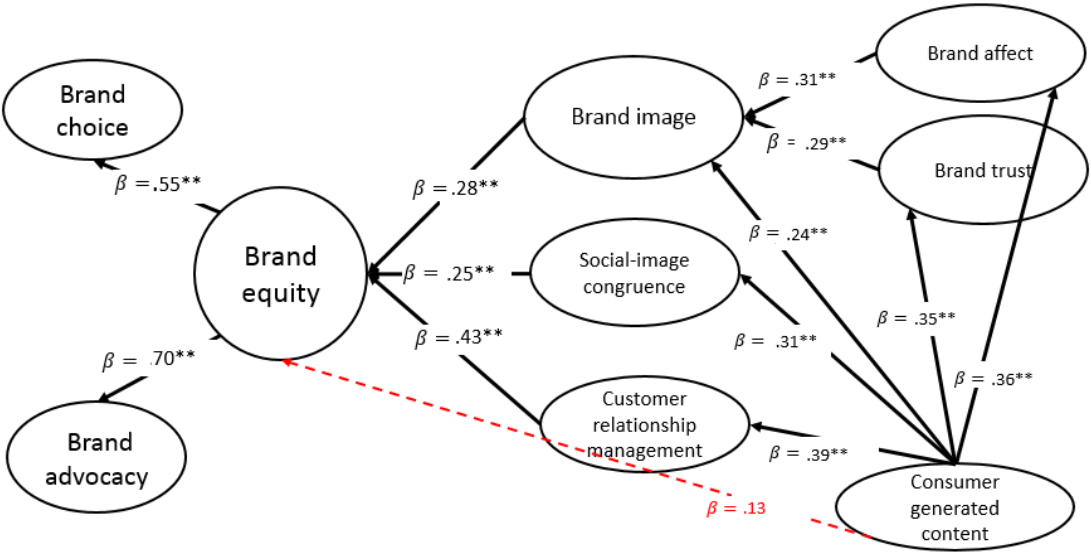


\*\* p < .001  
 \* p < .05

## Appendix N: Indirect effect of brand trust on brand equity development



# Appendix O: Indirect effect of consumer-generated content on brand equity development



\*\* p < .001

← — Insignificant path