The consumer-based brand equity development in the Australian luxury and upscale hotel sector

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Research justification:
1. In the increasingly competitive hotel industry, a main strategy for businesses to compete and retain market share is to develop consumer-based brand equity (CBBE) to establish a consumer preferred brand (O’Neill & Carlbäck, 2013).
2. However, limited research identified specific factors that drive hotel consumer-based brand equity (Hsu, Hung, & Tang, 2012). Hotel consumers have different expectations towards a strong brand (e.g., a reputable business endorsed by consumer community), a complex outlet where consumers need to consistently feel comfortable and desired, and a business promise about the quality and reliability), and these expectations significantly influence consumer evaluation of the hotel experience, and ultimately the brand competence (Sparks & Brainic, 2011; Sparks, 2007; Kim, Jin-Sun, & Kim, 2008). Among the existing hotel brand equity models, only one (Hsu, Oh, & Assaf, 2012) explored the unique hotel consumer perception, but with a specific focus on the frequent consumers who on average stayed in hotels for 12 times a year. There is a need to develop a brand equity model from the perspective of less frequent but more common hotel segment.
3. Given the wide application of social media (e.g. TripAdvisor, Facebook) in the hotel market, the effect of consumer generated content on brand equity, which has yet been investigated, also requires a research attention (Keller, 2016).
4. Why does this research focus on the Australian luxury and upscale hotel sector? Economic significance and a current research gap are presented below:

<table>
<thead>
<tr>
<th>The hotels industry</th>
<th>Estimated worth at the end of 2016</th>
<th>Estimated worth at the end of 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>$864.1 billion</td>
<td>$1.0 billion</td>
</tr>
<tr>
<td>Australian</td>
<td>$6.2 billion</td>
<td>$7.1 billion</td>
</tr>
</tbody>
</table>


Research result:
Stage 1 Qualitative identification
Based on the data collected from four focus groups with 23 participants recruited from the local communities, the research found:
1) Although most participants appreciate the value of a brand as an indication of hotel quality and business reliability, four participants argued that branded services are not always consistent, thereby selecting, remembering, returning or recommending individual hotels based on their own research and experiences. Diverse opinions confirmed that brand equity is a multidimensional concept with different consumers responding differently to a strong brand. Thus, four themes: brand trust, brand loyalty, brand choice and brand recommendations are identified as indirect brand equity measurements.
2) Results showed seven antecedents to brand equity: consistent quality experience, value for money, attractive hotel image, hotel loyalty programs and personal affiliation, in addition to positive consumer reviews which are important when consumers’ preferred brands are unavailable, and hotel image congruence for business travellers.

In conclusion, this qualitative study identified four indirect measurements of consumer-based brand equity, and seven brand equity antecedents in luxury and upscale hotels.

In their own words:
“Irowning if I book into a Hilton, it doesn’t matter where in the world.....that Hilton will have certain level or standard of care.....that can be guaranteed, and if it is not there, I can complain to somebody and they will fix it, because their image and their brand is international, and they want to make sure their customer always feels they meeting their mark.....they will ask you if you are a member and when you produce your card, you suddenly feel very special that you are a member of that brand chain”

“I don’t have loyalty, but I have expectation with that name”

Stage 2 Quantitative examination
A proportionate stratified sampling method was used to recruit the sample from a commercial mailing list. Criteria to define sub-units include gender, age and residential states, with the proportion set for each group correspondent to that for the general Australian population published on Australia Bureau Statistics (ABS). Given the number of test variables (79), and required data sufficiency for conducting factor analysis and SEM, this research recruited 400 responses, with 370 usable responses remained.

Following the order of analysis methods — EFA, CFA and SEM, the 370 responses were randomly divided to three groups using a ratio of 4:4:2, with the first 40% (158 responses) for EFA, the second 40% (164 cases) for CFA, and both of these (322 cases) for Structure equation modelling. The model fit is finally confirmed using the total of 370 cases. The final model is displayed in Figure 1 that shows regression coefficients between each factor and their significance in measuring and contributing to brand equity.

Research goals:
1) Identifying antecedents to consumer-based brand equity in luxury and upscale hotels
2) Developing a consumer-based brand equity model and a measurement scale

Research methods:
The current research has been conducted in the major hotel market in Australia: domestic leisure consumers in the high-end sector. An exploratory sequential mixed methods was adopted. Steps are displayed below:

Stage 1: Qualitative exploration
- Focus group
- Content analysis
- Sample items

Stage 2: Quantitative examination
- Questionnaire design: Transferring brand equity antecedents identified in Stage 1 into a questionnaire
- Pilot study
- An online questionnaire survey
- Exploratory factor analysis (EFA)
- Confirmatory factor analysis (CFA)
- Structural equation modelling (SEM)

Implication:
1. Brand equity from the perspective of Australian luxury and upscale hotel consumers can be directly measured by consumer behaviour intention, and indirectly measured by two consumer attitudes: consumer trust and willingness to recommend the brand.
2. Factors that significantly contribute to consumer-based brand equity include consumer perceived brand image, business intuition, and hotel image congruence to consumers’ social images.
3. Besides the above brand characteristics, consumer feeling towards the brand (e.g. feel relaxed, happy and being pampered), and digital word of mouth from consumer communities also indirectly influence hotel’s brand equity.

This finding further supports that a service/hotel brand is co-created by business consumers and consumer communities (Vargo, Maglio, & Akaka, 2008; Jones & Shen, 2011; Keller, 2016).

Figure 1

[Diagram showing brand equity development]