



# Modeling consumer-based brand equity for multinational hotel brands – When hosts become guests



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## HIGHLIGHTS

- CBBE models for multinational hotel brands are tested with Chinese middle-class consumers.
- Different relationship patterns between brand knowledge and consumer response are found.
- Different patterns between brand knowledge and consumer response across China and U.S. are found.
- Chinese travel motives to the U.S. moderates relationships between brand image and travel intent.

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## ABSTRACT

This study addresses global expansion challenges faced by multinational hotel companies under the backdrop of the booming international travel. Grounded upon theories pertaining to brand equity, this study develops the consumer-based brand equity (CBBE) model for multinational hotel brands, which examines the effects of brand knowledge on consumer response to these brands. The conceptual model is empirically tested using a sample of the Chinese middle-class consumers in their home country – China and when they travel to the foreign country as their host country – the United States. Three U.S.-based multinational hotel brands are selected: Hilton, Holiday Inn, and Super 8. Different relationship patterns between brand knowledge and consumer responses in home and host countries are exhibited. In addition, this study examines the role of Chinese consumers' travel motivation to the United States in the CBBE model.

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## 1. Introduction

Globalization has led to a dramatic rise in the scope and complexity of international brand management (Dinnie, 2005). Many hotel companies are beginning to adopt the global branding strategies and to expand their market to the entire world. For instance, Marriott has over 3000 properties all over the world, including the U.S. and 67 other countries and territories ([www.marriott.com](http://www.marriott.com)). For some companies, foreign markets have become even more profitable than home markets. Originating in Malaysia, Shangri-la hotel brand has 81 properties in the world as of today. 47 are located in mainland China, which is the most

profitable market for this hotel company (<http://www.shangri-la.com>). Global expansion not only brings business opportunities to multinational hotel companies but also challenges. One of the key branding challenges faced by many hotel companies is to achieve brand consistency across countries with different culture and customer preferences (Gelder, 2005).

Booming international travel and the increasing transparency of travel information in the last decade has increased this challenge for multinational hotel companies with regard to brand consistency vs. brand customization (Matthiesen & Phau, 2005). Tourists tend to carry their understandings of a hotel brand formulated from brand messages and direct experiences that they acquired in their home country when traveling. They may feel confused about the brand when they travel to foreign countries, where not only the hotel brand image but also even the products and services differ from those in their home country. Failure to meet these expectations in the new environment often results in

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the consumer's dissatisfaction with the hotel brand. Such negative feelings adversely affect the consumers' perception of and attitude toward the hotel brand, which in turn, affect the hotel brand equity.

Existing research on multinational hotel brands has largely focused on global expansion and branding strategies from the perspective of businesses and organizations. Three major topics have been covered in the following studies: 1) entry mode choices of multinational hotel companies to foreign markets, with the specific focus on factors that affect the entry modes (e.g., [Chen & Dimou, 2005](#); [Rodriguez, 2002](#); [Zhao & Olsen, 1997](#)); 2) factors that influence the global brand expansion strategies, such as locational factors (e.g., [Johnson, 2005](#)), market factors (e.g., [Whitla, Walters, & Davies, 2007](#)), business environment factors (e.g., [Altinay & Altinay, 2003](#)); and 3) impacts of global expansion on hotel brand value and performance (e.g., [Lee, 2008](#); [Xiao, O'Neill, & Wang, 2008](#)). Yet, the hotel customers' perspective of global expansion and branding strategies remains unexplored. The present study attempts to address the aforementioned challenges faced by multinational hotel companies in their global expansion from the perspective of consumers. In particular, this study aims to investigate how Chinese consumers understand U.S.-based multinational hotel brands in their home country of China, which is the host country of the hotels, and how such understandings affect their responses toward these brands in China and when they travel to the U.S., which is the home country of the hotel brands. The home–host framework as the research background of this study is illustrated in [Fig. 1](#).

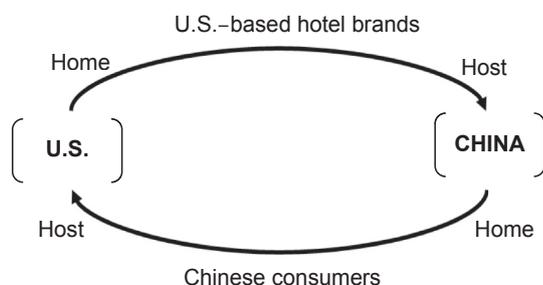
Three research questions will be addressed in the present study:

- 1) What is Chinese consumers' awareness of U.S. hotel brands? To what extent does such awareness affect their responses toward these brands in their home country – China and when they travel to the host country – the U.S.?
- 2) What is the image of U.S. hotel brands as perceived by Chinese consumers? To what extent does such image affects their responses toward these brands in their home country – China and when they travel to the host country – the U.S.?
- 3) What is the role of Chinese consumers' motivation for traveling to the U.S. in the relationship between their knowledge of and responses toward the U.S. hotel brands?

## 2. Literature review

### 2.1. Consumer-based brand equity

The concept of consumer-based brand equity comes from the economic term of “brand equity”, which refers to the brand's added value to a product from the financial perspective of investors, manufacturers, and retailers ([Biel, 1992](#)). Yet, it has been gradually learned that this value will not be realized unless the brand is



**Fig. 1.** Research background.

meaningful to consumers ([Cobb-Walgreen, Ruble, & Donthu, 1995](#); [Crimmins, 2000](#)). Consumer-based brand equity concept was therefore brought up to address the brand equity from the perspective of consumers, which reflects the power of a brand that lingers in the mind of customers. A brand with positive consumer-based brand equity might cause consumers to return, spread favorable word-of-mouth, and be less sensitive to price increases ([Aaker, 1991](#); [Biel, 1992](#); [Keller, 2002](#)). As the marketing thinking is shifting from one-time transactions to a long-term relationship between providers and consumers ([Pike, 2012](#)), the significance of consumer-based brand equity in retaining customers draws more attentions from the academic society. The last two decades have witnessed numerous activities on consumer-based brand equity research in marketing and management area (e.g., [Aaker, 1991](#); [Biel, 1992](#); [Carmen, Garrido, & Vicente, 2010](#); [Cobb-Walgreen et al., 1995](#); [Keller, 1993, 2002](#); [Kim & Kim, 2004](#); [Kim, Kim, & An, 2003](#); [Konecnik & Gartner, 2007](#); [Lee & Back, 2008, 2010](#); [Orth & Lopetcharat, 2005](#); [Pappu & Quester, 2006](#)). These studies ranged from consumer goods brands (e.g., [Cobb-Walgreen et al., 1995](#); [Keller, 2002](#); [Orth & Lopetcharat, 2005](#)) to service brands, such as hotels ([Hsu, Oh, & Assaf, 2011](#); [Kim & Kim, 2005](#); [Kim, Jin-Sun, & Kim, 2008](#)), restaurants ([Kim & Kim, 2004](#)), conferences and exhibitions ([Carmen et al., 2010](#); [Lee & Back, 2008, 2010](#)), and tourism destinations ([Boo, Busser, & Baloglu, 2009](#); [Hornig, Liu, Chou, & Tsai, 2012](#); [Konecnik & Gartner, 2007](#)).

The majority of studies on consumer-based brand equity (hereafter “CBBE”) in the last two decades has more or less been developed on the basis of two theoretical frameworks: Aaker's brand equity model and Keller's consumer-based brand equity theory. Aaker was the first to tackle the brand equity concept from the consumer perspective, though the term of consumer-based brand equity was not specified in his work. He brought up the brand equity model in his seminal book of *Managing Brand Equity* in 1991. In the book he suggested that the concept of brand equity consists of four major components: brand loyalty, name awareness, perceived quality, and brand associations in addition to perceived quality. In Aaker's framework, CBBE was represented by the combination of several brand attributes including brand awareness, brand loyalty, perceived quality, and other brand associations in the minds of consumers, while the interrelationships between these four constructs were not considered. He argued that the CBBE of a brand is strong if consumers are familiar with a brand, perceive positive image including great product quality of the brand, and are loyal to the brand. Keller extended Aaker's brand equity concept and brought forward the first official definition of CBBE: “the differential effect that brand knowledge has on consumer response to the marketing of that brand” ([Keller, 1993](#), p. 2). Brand knowledge including brand awareness and brand associations was stated as the source of CBBE. He argued that CBBE occurs when “a consumer is familiar with a brand and holds some favorable, strong, and unique brand associations in memory” ([Keller, 1993](#), p. 2). The major difference between these two models lies in brand loyalty. According to Keller, brand loyalty is an outcome of CBBE, while Aaker argued that brand loyalty is a source of CBBE. These two models have been adopted by many academic articles, research reports, and books in the past two decades, with the focus on conceptual development of the CBBE concept (e.g., [Anselmsson, Johansson, & Persson, 2007](#); [Durme, Brodie, & Redmore, 2003](#)), empirical examination of the CBBE model in various settings (e.g., [Pappu, Quester, & Cooksey, 2005](#); [Yoo & Donthu, 2001](#)), and application of the CBBE concept in marketing and branding strategies (e.g., [Washburn, Till, & Priluck, 2000, 2004](#)). Recent studies have indicated that Aaker's model was more adopted than Keller's, particularly on empirical examinations of CBBE. Yet, attentions to the CBBE of service brands are insufficient whereas most of the

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