The Hong Kong Polytechnic University

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Luxury Hotel Brand Equity, Customer Experience, and

Their Antecedents: A Study of Business Travellers in

Hong Kong

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A thesis submitted in partial fulfilment of the requirements

for the degree of Doctor of Philosophy

June, 2010

CERTIFICATE OF ORIGINALITY

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XU Jing, Bill

ABSTRACT

Abstract of thesis entitled "Luxury Hotel Brand Equity, Customer Experience, and Their Antecedents: A Study of Business Travellers in Hong Kong" submitted by XU Jing, Bill for the degree of Doctor of Philosophy at the Hong Kong Polytechnic University in June, 2010.

Prior research has endeavoured to examine customer-based brand equity, but it remains unclear how customer experiences contribute to brand equity and the way brand equity is established from its antecedents. Luxury hotels are cognizant of brand value but they often fail to implement the right marketing and management strategies that can result in positive hotel experience and brand equity. The principal aim of this study is to fill this research gap and to identify the composition and structure of customer experience and brand equity in luxury hotels and to examine the effects indirect (advertising efforts and word-of-mouth) and direct (service performance) experiences of customers have on brand image and brand loyalty.

To achieve the research objectives, a conceptual model comprising 11 hypotheses was developed. It was hypothesised that a luxury hotel's brand image consists of two components: brand associations and quality of experience. Brand associations are considered to represent the search image attributes, whereas quality of experience is considered to be related to experience attributes. Both constructs are proposed to be related to customers' direct and indirect experiences. Advertising and word-of-mouth are assumed to provide indirect

experiences for customers, whereas service performance is hypothesised to generate direct experiences.

The research instrument developed to measure quality of experience employed a mixture of qualitative and quantitative methods. Personal interviews and literature review resulted in identification of relevant experience domains and items, and an expert panel review helped fine-tune the instrument. A pilot study provided preliminary verification of the measurement scale. Instruments for other research constructs were gleaned from past studies and adapted to the present study.

A cross-sectional survey was conducted among 682 business travellers in Hong Kong. As a result, quality of experience was found to comprise three components: escapism, "relaxation, sense perception & safety," and "ego-enhancement & self-accomplishment." Customers' direct and indirect experiences had positive effects on brand image, although the former played a stronger predictive role than the latter. Brand image was indirectly related to overall brand equity through brand loyalty. Direct relationships between brand image and overall brand equity, however, were not supported. The results indicate that there are some differences between Asian and Western customers.

This study sheds light on customer experience and brand equity in luxury hotels. It fills the gaps in extant research by injecting experiential components into the conceptualization of brand equity. It also advances our knowledge of antecedents of luxury hotel experience and brand equity. In practice, this study implies that

luxury hotel chains should gather additional information (other than customer satisfaction) about hotel experience to make strategic decisions. Additionally, it is suggested that luxury hotel managers develop cost-effective advertising, referral marketing and service programmes to improve hotel experience which in turn creates brand loyalty and equity. This will help hotel companies acquire competitive edge while reducing operations and management costs in the marketplace.

Key words: Brand Equity, Customer Experience, Advertising Efforts, Word-of-Mouth, Service Performance, Luxury Hotels, Business Travellers

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CHAPTER 1. INTRODUCTION

1.1 Research Background

Branding and brand management are management priorities and strategic focuses of many companies (Kapferer, 2008; Post, 2008). In the service industry, brand management requires brand managers to take a holistic view of the brand that transcends marketing and service functions and transforms the brand into a rallying point for all components of the firm (Smith, 2004). Successful brand management can create added value for the consumer, thereby increasing brand franchise and brand equity.

In a recent highly regarded study, Keller and Lehmann (2006) stressed that additional research is urgently needed to understand brand equity and its antecedents in a comprehensive manner. They identified several questions that remain unanswered in extant research: "how can firms ensure that experiences positively impact brand equity?" (p. 742) and "how can brand equity be disentangled from its causes or sources?" (p. 746). While attempting to answer research questions, this study attempts to fill in the relevant gaps in the literature in the context of business travellers staying in luxury hotels.

The hotel industry is a representative example of the service industry where branding plays a key role in ensuring business success (Berry, 2000; Brodie, Glynn, & Little, 2006). It has been recognised that a well-known hotel brand can increase shareholder value and develop competitive advantages (Morgan Stanley,

1997, Cited in Jiang, Dev, and Rao, 2002). Luxury hotels are the top end hotels in the hotel industry. International hotel groups usually own premium brands like Sofitel, Ritz Carlton, Four Seasons, Fairmont, JW Marriott, Conrad and Park Hyatt. These brands are believed to have different meanings in the minds of hotel guests. In the age of the experience economy, a true luxury hotel has to care greatly about its guests' stay experience and perfects its products to satisfy their experiential needs.

The business travellers segment is a major lucrative market for luxury hotels. Business travellers normally travel frequently around the world and stay at branded hotels more often than pleasure-seeking leisure travellers. For business travellers, a luxury hotel brand implies a promise of a quality experience of a luxury tourism product. They are more inclined to stay at luxury hotels not only to accomplish their business activities but also to take a short rest at the destinations they visit. They need the hotels to be their office away from office and home away from home at the same time (Seo, 1997). Therefore, ensuring quality experience is viewed as a pivotal issue for luxury hotels to establish positive brand equity among business travellers.

Predominant marketing and brand management strategies in the luxury hotel industry include advertising, word-of-mouth, and service performance (Duncan & Moriarty, 1998). Advertising, which incorporates marketing communications strategies, is an important external driver of brand equity that can be controlled by hotels (Berry, 2000; Grace & O'Cass, 2005); word-of-mouth is affiliated with referral marketing (Buttle, 1998) and is either a key external source of brand

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information for the consumer (Berry, 2000) or an output of brand loyalty (Zeithaml, Berry, & Parasuraman, 1996); and service performance and its experiential outlet, which services marketing is thought to harness (Bateson & Hoffman, 1999; Douglas, 2006; Gabbott & Hogg, 1997). These three factors are the major inputs for building a differentiated brand image and to achieve brand equity at the individual consumer level (Berry, 2000; Prahalad, 2004). This study examines roles of advertising, word-of-mouth and service performance as the most important antecedents of the development of brand equity by luxury hotels. Advertising and word-of-mouth contribute to brand equity by creating indirect experiences for business travellers, whereas service performance creates direct experiences.

In fact, as demand for luxury hotels and business travel continues to grow, competition among luxury hotels is intensifying. Luxury hotels is the most lucrative segment of the hotel industry. This segment requires cost-effective approaches to run the business without devaluing the brand or endangering the luxury status of the hotel in the minds of guests. The managerial implications generated by this study are expected to help industry professionals develop branding strategies and improve brand equity management in the backdrop of the contemporary experience economy.

1.2 Brands and Brand Equity

A brand differs from a product or service in that its power rests in its name. De Chernatony and Dall'Olmo Riley (1998, p. 418) defined a brand as a "legal instrument, logo, company, shorthand, risk reducer, identity system, image in consumers' minds, value system, personality, relationship, adding value and evolving entity." Companies compete to establish valuable brands because a brand name represents something more than the generic product it encompasses; it adds value to the product(s) of a company (Farquhar, 1989). Accordingly, brands have been largely used as a device to distinguish products or services from competing offerings (de Chernatony & McWilliam, 1989).

In the past few decades, the importance of brand equity has garnered considerable attention. As evidenced by the series of conferences on brand equity that have been organised by the Marketing Science Institute since the 1980s, brand equity has come to be perceived, and voted, as the epicentre of the various actions and activities related to branding (Leuthesser, 1988). The hotel industry is a typical arena where brand equity management comes centre-stage in determining success or failure of companies. O'Neill and Xiao (2006) pointed out that hotel managers realise the contribution of brand affiliation to their properties and market value. The value of a hotel brand is also manifested when it is able to sustain a competitive position for a company in the long run (Cai & Hobson, 2004). For customers, who are the key stakeholders that companies treasure (Duncan & Moriarty, 1998), a hotel brand offers a bundle of promises about quality services and experiences.

Measurement and management of brand equity remain contentious issues in academia (Keller & Lehmann, 2006). Three principal perspectives have been adopted by different constituencies of the branding and brand equity research community: the financial perspective, the customer perspective, and a combination of these two perspectives (Franzen, 1999). The financial perspective explores the value of a brand in financial terms, counting the incremental cash flow or the additional added value that accrue to a firm because of a brand name, compared to equivalent unbranded products (Farquhar, 1989). Well-known hotel brands offer some intangible value, compared to other seemingly homogeneous services, but there are financial effects in terms of increased occupancy rate, market share and market value (of the company). The customer perspective investigates brand equity at the consumer level. Customers are both stakeholders of companies and the target of marketing communications (Duncan & Moriarty, 1998). Equity, or benefits, is what customers unconsciously create and retain for the hotel and the brand.

This study adopts the consumer perspective, and borrows the brand equity theory propounded by Aaker (1991) and Keller (1993). Aaker (1991, p. 16) defined brand equity as "the set of assets (and liabilities) linked to a brand's name and symbol that adds the value provided by a product or service to a firm and/or that firm's customers." He categorised brand equity into four dimensions: brand awareness, brand associations, perceived quality, and brand loyalty. Keller (1993, p. 8) disregarded the behavioural aspect and viewed brand equity as "the differential effect of brand knowledge on consumer response to the marketing of

the brand." The current study combines these two pioneering propositions and considers brand image to be a determinant of brand loyalty, according to the classical model of the "hierarchy of effects" (Lavidge & Steiner, 1961). This study omits brand awareness which tends to occur at an extremely high level for experienced business travellers. Brand image, which partly relates to brand knowledge, is further divided into brand associations and quality of experience.

Nelson (1970) theorised that customers have two alternative ways of seeking information about the quality of goods: one is to search external sources, and the other is to rely on personal experience (Beales, Mazis, Salop, & Staelin, 1981; Fodness & Murray, 1998). Brands are no exception. In fact, every brand has both search and experience attributes. The quest for search attribute information can occur prior to a purchase, whereas experience attribute information can only be obtained after consumption of the brand. From the customer perspective, a luxury hotel brand includes both search and experience attributes that are inherent in a business traveller's brand image (Franzen, 1994). The search attribute-based brand associations of a luxury hotel therefore include the hotel's physical appearance, the brand's symbol or logo, the history and reputation of the brand, relative price, location of the hotel, and the user image. These attributes or information have been diagnosed as less equivocal than experience attributes (Ford, Smith, & Swasy, 1990; Srinivasan & Till, 2002), which are reflected by the construct of quality of experience in this study.

Previous investigations of brand associations/image are often insufficient in today's world where quality of experience has gained importance. Emphasis only

on service performance and delivery in the service industry obscures the importance of experience in conveying the contemporary meanings of a brand and service to the consuming public. In fact, customer experience has been underscored in academia (Pine & Gilmore, 1999; Schmitt, 1999b) and is thought to be closely related to brand management (Cai & Hobson, 2004). Also, research that relates experience to the brand image held by customers has been scant. Kim and Kim (2005) are among the tiny group of researchers who have attempted to examine brand image in specific situations, such as the hotel industry. Unfortunately, in their depiction of experiential image attributes, perceived quality and brand image appear to share too many features. Therefore, this study incorporates quality of experience in brand image to demonstrate the intangible and experiential meanings of a brand for its affiliated luxury hotels.

Brand loyalty is a determining factor of consumer-based brand equity and is affected by brand image. Nurturing brand loyalty can create strategic assets for companies (Aaker, 1991, 1996; Gil, Andres, & Salinas, 2007; Yoo, Donthu, & Lee, 2000). Many studies have contended that brand loyalty can be studied in two approaches: behavioural approach and attitudinal approach (Baldinger & Rubinson, 1996; Chaudhuri, 1999; Chaudhuri & Holbrook, 2001; Dick & Basu, 1994; Jacoby & Chestnut, 1978; Reinhartz & Kumar, 2002; Taylor, Celuch, & Goodwin, 2004). The former approach has been operationally characterised as actual brand purchasing and switching behaviour whereas the latter approach concerns customers' subjective disposition toward, and emotional attachment to, a brand (Jacoby & Chestnut, 1978; Jacoby & Kyner, 1973; Pritchard, Havitz, & Howard, 1999).

Some researchers assert that brand equity could be both multi-dimensional and uni-dimensional (Kim & Kim, 2007; Konecnik & Gartner, 2007; Washburn & Plank, 2002; Yoo & Donthu, 2001; Yoo et al., 2000). This study corroborates this notion by developing a construct of the overall brand equity to represent its uni-dimensional nature. Given the assumption that all product features other than brand name are identical, overall brand equity attains its importance by comparing "a focal branded product with its counterpart" (Yoo et al., 2000, p. 201). It is postulated to be the final outcome of multi-dimensional brand equity, or in other words, brand associations, quality of experience and brand loyalty.

1.3 Quality of Experience

An experience economy is emerging in which increasing numbers of industrial practitioners realise the importance of capitalizing on customer experiences (Carbone, 1999; Pine & Gilmore, 1999). Pine and Gilmore (1999) conceptualised customer experience in terms of entertainment, education, escape, and estheticism. Taking up the theme of experiential value, Schmitt (1999b, 2003) suggested that industries pursue experiential marketing in an effort to manage the customer's entire experience of a product or brand. He identified five types of experiences: sense, feel, think, act, and relate. Cai and Hobson (2004) adapted and extended concepts of the experience economy and experiential marketing to the lodging industry, and provided a four-state continuum of the lodging marketplace by equating the state of experience as a fourth economic progression, along with the development of brands. In the experience economy, a successful

hotel brand aims for positive and multi-dimensional experiences for its guests so as to create a differentiated disposition for the brand in their minds. On their websites, Langham Hotels claim to be creating new hospitality experiences that exude graceful and timeless elegance and blend a sense of the past with the contemporary. The Marco Polo Hotels' website states that guests are warmly welcomed to their home and are offered an authentic hospitality experience.

In today's experience economy, there is an economic transformation from service to experience (Pine & Gilmore, 1999). This requires pragmatic implementation of experiential (Schmitt, 1999b) and hedonic marketing strategies (Hirschman, 1984; Hirschman & Holbrook, 1982). Studies of experience in the tourism and hospitality industry have mainly been based on five models (Prentice, Witt, & Hamer, 1998). The primary model is the exploration of tourist typologies, including the package of sociological and psychological needs that tourists and travellers desire to fulfil through travelling. For instance, Cohen (1979) discussed five types of tourism: recreation, diversionary, experiential, experimental and existential. Tourists who desire recreational and diversionary experiences are likely to seek opportunities for pleasure and entertainment, whereas tourists of the latter three types prefer to learn about different cultures or acquire new skills (Uriely & Belhassen, 2005). Similar studies have examined the leisure experience (Mannell & Iso-Ahola, 1987). In fact, the different types of experiences show that tourists and travellers have a wide range of needs that are located at different levels of Maslow's hierarchy of needs (Maslow, 1943, 1970). Pearce (1988, 2005) and Pearce and Lee (2005) successfully applied this concept to the tourism and hospitality

industry by developing a revised version of Maslow's hierarchy, termed the "travel career ladder/pattern." However, the needs that can be inferred from this ladder/pattern are limited.

Socio-psychological needs are better captured by push factors of the motivation theory (Chon, 1989; Jang & Cai, 2002; Rishi, Moghe, & Upadhyay, 2008). These include the need for relaxation (Zhang & Lam, 1999), escapism (Oh, Fiore, & Jeoung, 2007), nostalgia (Pearce & Lee, 2005), sense perception (Oh et al., 2007), freedom (Pearce & Lee, 2005), novelty (Zhang & Lam, 1999), pleasure (Oh et al., 2007), fantasy (Hirschman & Holbrook, 1982), safety (Otto & Ritchie, 1996), family togetherness (Zhang & Lam, 1999), human relationship enhancement (Zhang & Lam, 1999), knowledge and education (Oh et al., 2007), ego-enhancement (Otto & Ritchie, 1996), and self-accomplishment (Pearce & Lee, 2005). These types and dimensions of experience have been proved valid for the hotel industry (McIntoch & Siggs, 2005; Oh et al., 2007; Otto & Ritchie, 1996). Therefore, it has been accepted that a well-managed hotel brand needs to be able to satisfy these experiential needs in the creation of experiences (Keller & Lehmann, 2006). Klaus and Maklan (2007) maintained that a superior and profitable brand in today's service-dominated competitive world delivers quality of experience rather than quality of service.

1.4. Advertising Efforts, Word-of-Mouth, and Their Effects on Brand Equity

Customers' information acquisition relies on both external and internal information searches (Gursoy & McCleary, 2004; Vogt & Fesenmaier, 1998) that together provide the basis for the overall brand equity judgement, as well as brand choice (Beales et al., 1981; Vogt & Fesenmaier, 1998; Wright & Lynch, 1995). In the hotel industry, the development of brand equity can be attributed to customers' direct experience, which is generated by service performance, and indirect experience, which originates in advertising and word-of-mouth.

Advertising efforts, in this study, measure advertising effectiveness in luxury hotel brand equity development from the customer perspective. Parente (2006, p. 101) indicated that managers use advertising to increase sales by "retaining current users, getting current users to use more, finding new uses for a product, and finding new users." Barry and Howard (1990) summarised six hierarchical models of customers' advertising responses that include consumption-related activities, such as cognition, affect, and conation. Advertising actually has three major functions that are presented in six response steps: the realm of thought, which includes awareness and image formation; the domain of emotion, which includes liking and preference; and the sphere of motives, which includes conviction and actual purchase (Lavidge & Steiner, 1961). Furthermore, in their study of advertising campaigns, Morgan and Pritchard (2000) underscored the features that appeal to the head and the heart to generate brand benefits. Head advertising is designed to communicate rational values, whereas heart advertising

conveys subjective values (Morgan & Pritchard, 2000). Therefore, advertising creates brand awareness and imparts both search and experiential brand image (MacInnis & Jaworski, 1989). In the hotel industry also, Internet advertising is gaining ground because hotel websites are able to transmit tangible and intangible information about services and the hotel brand in a cost effective manner (Mills & Law, 2004).

Word-of-mouth serves as an interpersonal channel to convey information (Arndt, 1967; Bansal & Voyer, 2000) regarding a luxury hotel brand. Word-of-mouth does not belong to any of the traditional types of marketing communications used by companies. Instances of word-of-mouth stem from loyal customers who are committed to a brand and then act as an alternative source of information helping others to make brand decisions. Word-of-mouth is considered to be more trustworthy because it is not perceived as marketing and most often comes from relatives or friends who have close relationships with the recipients of the information (Derbaix & Vanhamme, 2003). Word-of-mouth communicators often enjoy conveying useful information and describing their personal experiences, which has an impact on the recipients' comprehension of brand salience and equity. In the service industry, customers may rely predominantly on word-of-mouth messages for evaluating a brand (Litvin, Goldsmith, & Pan, 2008; Midgley, 1983; Reingen & Kernan, 1986). In today's electronic age, where information is omnipresent, electronic word-of-mouth functions are analogous to face-to-face word-of-mouth functions and are disseminated through the Internet, including e-mails, consumer reports and reviews, blogs and virtual communities, newsgroups, chat rooms, product review sites, and so on and so forth (Litvin et

al., 2008). Cyberspace has thus enabled hotel marketers to deliver marketing communications more effectively (and at a lower cost) than ever before (Osenton, 2002). It is therefore hypothesised that word-of-mouth plays an important role in the formation of brand equity at the consumer level.

1.5 Service Performance and Service Quality

In addition to indirect experience obtained from advertising exposure and word-of-mouth, customers rely on their own direct experience to evaluate goods and services, even though direct experience is sometimes pseudo-diagnostic (Hoch, 2002). Consumers, especially those with little or no knowledge or with self-complacence, are found to be more likely to first check their own stock of internal information (Beales et al., 1981). This becomes more significant when consumers purchase hedonic products which are of high diagnosticity (Kempf and Smith, 1998). In this sense, service performance creates direct experiences that result in hotel guests acquiring brand name awareness and brand meanings, in particular their intangible components, thus building brand loyalty.

By integrating the Nordic and American schools of thought, Brady and Cronin (2001) consider service performance to comprise the underlying dimensions in three hierarchical ladders. The three primary dimensions include interaction between service providers and consumers, service environment, and outcomes (Brady & Cronin, 2001). Previous researchers have noted that service providers play an interactive role with customers in engendering quality of experience (Grove, Fisk, & Bitner, 1992). The service environment is designed by

companies as a thematic stage for the presentation of service actors to the audience with expectations of providing aesthetic and escapist experiences (Pine & Gilmore, 1999; Schmitt, 1999b). The outcome of service delivery has been identified by Brady and Cronin (2001) to include tangible services and waiting time. Harris (2003) noted that both the design of the experience and human factors impact the generation of a holistic experience. However, there is growing concern among scholars and service marketers over the mediating effects of experience between service performance and brand equity development. Grace and O'Cass (2004) developed a structural framework to examine the effects of core service, people service, and the "servicescape" on experience and brand attitude. Notwithstanding their study, there is still an urgent need to investigate the influence of service performance on different dimensions of brand equity through the mediating factors of subjective and intangible experience. This study represents a step forward in this direction by reviewing the literature and conducting empirical tests to verify the purported relationships among these factors.

1.6 Research Objectives

The overall purpose of this study is to investigate the effects of advertising efforts, word-of-mouth and service performance on brand associations, quality of experience, brand loyalty, and overall brand equity. Advertising and word-of-mouth provide indirect experiences for customers to evaluate brand image and brand equity whereas service is assumed to provide direct experiences for evaluation. Brand image is proposed to include brand associations and quality of

experience. Brand loyalty is proposed as the outcome of brand image (Franzen, 1999). Overall brand equity is designed as a holistic measure of brand equity (Yoo & Donthu, 2001; Yoo et al., 2000) and is considered as the eventual outcome of realisation of brand equity components. Specific objectives of this study are:

1. To identify the underlying structure of luxury hotel brand equity.

2. To identify the underlying structure of customer experiences of luxury hotel brands focusing on business travellers.

3. To examine the relative influences that advertising efforts, word-of-mouth and service performance have on brand image, which includes brand associations and quality of experience.

4. To investigate the mediating effect of quality of experience in the relationship between service performance and brand loyalty, and overall brand equity.

1.7 Significance of the Study

This study is expected to help advance understanding of luxury hotel brand equity by answering the research questions raised by Keller and Lehmann (2006). In his research on brand management, Berry (2000) produced a service-branding model in an attempt to cultivate service brand equity at the customer level. He suggested a service brand be nurtured by managerial efforts to enhance customers' brand awareness and to create brand meanings for customers (Berry, 2000). For Berry, a company's presentation of a service brand is assumed to be the primary source of brand name awareness, whereas brand meanings are

derived from a customer's direct contact with services associated with the brand. This study aims to extend Berry's model by decomposing brand meanings into brand associations and quality of experience, based on the information theory (Nelson, 1970, 1974). Brand associations are search brand image attributes, which are more tangible to customers. Quality of experience represents experience brand image attributes, which are more intangible in nature. This deliberate separation of brand image into brand associations and quality of experience aims to measure the relative importance of direct experience versus indirect experience in determining brand equity. Additionally, in the backdrop of today's experience economy (Pine & Gilmore, 1999), this study attempts to fill the gap in extant research by incorporating experiential components into the study of brand equity at the customer level. While brand equity from the customer perspective has been ever-increasingly discussed in prior research, focus on the experiential aspect of service and brand consumption remains scant.

Experiential brand attributes have been highlighted due to their ability to represent subjective quality of experiences (Chang & Chieng, 2006; Keller, 2008). Creating value-added experiences for customers is viewed as a pivotal issue in managing customer-brand relationship, particularly in service-dominated industries (Brodie et al., 2006). Although it has been suggested that an experiential marketing strategy (Schmitt, 2003) be encapsulated in services marketing in the experience economy (Pine & Gilmore, 1999); in customer satisfaction management (Yuan & Wu, 2008), few empirical studies have investigated the way experiences play a role in establishing brand equity. Obviously, studies focusing on the luxury hotel industry too are almost non-

existent. This study suggests that luxury hotel brand managers fulfil customers' socio-psychological needs to ensure that hotel guests become regular customers and establish a long-term relationship with the brand. Being aware of the fact that experience and tourist typologies, the leisure experience, and motivation are arguably similar constructs (Otto & Ritchie, 1996), this study contributes to the quality of experience literature by anatomizing it into a wide range of needs, both sociological and psychological.

The way advertising, word-of-mouth, and service performance are leveraged to obtain a high return denominated in brand equity is not well-documented in the hotel industry, and it needs to be studied as a matter of priority (Ataman, Mela, & van Heerde, 2008; Rust, Lemon, & Zeithaml, 2004). The value of this study thus lies in its in-depth investigation of the relative levels of influence that indirect experiences generated by advertising and word-of-mouth and the direct experiences provided by service performance exert on hotel brand image and equity. Although past research has taken cognizance of the relative importance of direct and indirect experiences in terms of attitude-behaviour consistency (Smith & Swinyard, 1983), belief confidence (Smith & Swinyard, 1988), belief accessibility and claim recognition (Wright & Lynch, 1995), brand attitude (Grace & O'Cass, 2005; Kempf, 1999; Kempf & Smith, 1998), information encoding and assimilation (Shapiro & Spence, 2002), and mental construal (Hamilton & Thompson, 2007), investigations of impacts of these constructs on the development of brand equity through brand image- and loyalty-building have been scarce.

Managerial implications are deduced from appropriate answers found for the research questions. It is believed that luxury hotels capable of addressing socio-psychological needs of their guests place themselves in a competitive position in the marketplace, and are thus able to create successful and differentiated brand images and brand equities. A full picture of the luxury hotel brand equity components can provide hotel operators and managers with the knowledge necessary to form a road map for future development and management. That can put branded luxury hotels on track to learning more about their guests' experiential brand images in a more profound manner. Also, since hotel revenue is highly dependent on leveraging the effects of advertising, word-of-mouth, and service performance, hotel managers need to give serious thought to developing advertising, referral marketing and services marketing strategies for the construction of brand equity in a cost-efficient manner. A review of previous studies in this area provides lessons about the relative importance of managerial efforts to develop hotel brand equity. It appears that information on search attributes of a luxury hotel brand image can be communicated by advertising and word-of-mouth, and information on the experiential image attributes can be distributed through a successful service programme. For successful differentiation, practicing managers can work in different directions, as recommended by this study, in order to develop sophisticated management structures and marketing strategies. In the immensely competitive luxury hotels market, managers strive for brand and image differentiation, which requires complicated decisions to be made.

CHAPTER 2. LITERATURE REVIEW

This chapter illustrates the major constructs used in this study based on an extensive review of the existing research. The core elements inherent in the brand equity and experience constructs are summarised in detail, as both play a principal role in the development of research propositions in the brand management literature. The final part of the review covers advertising efforts, word-of-mouth, and service performance as the antecedents of consumer-based brand equity.

2.1 Brand Equity

2.1.1 Background

The concept of brand equity has gained recognition and acceptance in recent decades, and it has been suggested and recommended as an appropriate metric for evaluating the effectiveness of marketing communications and service performance (Keller, 1993). It can be positive or negative (Keller, 2002; Krishnan, 1996) and can occur at a high or low level (Chandon, Wansink, & Laurent, 2000). The existence of brand equity among consumers helps managers develop brand reputation and dominance in a competitive market, triggers the process of brand extension within and across product categories (Aaker, 1990; Barwise, 1993), and assures a series of brand actions that match the financial and marketing principles of a firm (Aaker, 1991; Baldinger, 1990).

Brand equity research has witnessed a transition from a largely empirical and exploratory focus to a more consistent theoretical foundation. Nevertheless, brand equity has been a contentious subject for years, for the most part due to a continual renewal of interest in the topic among researchers (Park & Srinivasan, 1994) and its application across distinct contexts in varied academic disciplines and business functions (Bailey & Ball, 2006). Mackay (2001b) regarded brand equity research as involving a myriad of somewhat "unrelated" studies. An extensive review of the existing literature relevant to brand equity suggests that the epicentre of the debate rests on the definitions, perspectives, and the measures (Feldwick, 1996) used in empirical tests.

2.1.2 Definitions of Brand Equity

The insubstantial nature of brand equity starts with the various ambiguous meanings appended to its name. Authors researching issues related to brand equity always feel obliged to explain what brand equity is to justify their project design. Franzen (1999, p. 99) reported a long list of typical definitions of brand equity that have been used in previous studies, and noted rather sarcastically that "it could give a good idea of the confusion that has long prevailed concerning the term." However, the consensus among researchers on the definition of brand equity in the broad sense seems to be growing, and most seem to share the notion that brand equity refers to the added value that is rooted in a brand name that differentiates the products and services affiliated with the brand from those of other competing brands (Aaker, 1991; Baldinger, 1990; Bello & Holbrook, 1995; Chaudhuri, 1999; Dyson, Farr, & Hollis, 1996; Farquhar, 1989; Keller, 1993; Park & Srinivasan, 1994). Aaker (1991, p. 16) defined brand equity as "the set of

assets (and liabilities) linked to a brand's name and symbol that adds the value provided by a product or service to a firm and/or that firm's customers." Keller (1993, p. 8) viewed brand equity as "the differential effect of brand knowledge on consumer response to the marketing of the brand." This study integrates these two definitions and emphasises the customer base of brand equity.

2.1.3 Different Perspectives of Brand Equity Research

Based on a plethora of definitions, the conceptualisation of brand equity has been formulated from disparate perspectives in studies that investigate the concept for widely different purposes. Franzen (1999) indirectly suggested that brand equity can be measured at the firm level and at the consumer level, or at a combination of both levels.

The firm-level approach considers the brand as a financial asset and brand equity as an intangible asset that can be displayed in a variety of forms in the financial statements published by firms (Barwise, Higson, Likierman, & Marsh, 1990). Alongside the firm-based approach to brand equity for financial and evaluation purposes, there is also brand equity at the individual consumer level (Franzen, 1999).. The equity possessed by a strong brand bestows substantial long-term returns on a company through the creation of a loyal consumer franchise (Yasin, Noor, & Mohamad, 2007). This is probably because market share and price premium are the most important and significant output variables of the brand knowledge and preferences of loyal customers (Franzen, 1999). A strong brand is built up and reinforced by its success in winning a prime position in the minds of

customers, which results in their loyal behaviour to the benefit of the company (Franzen, 1999). This is particularly the case in the service industry (Dall'Olmo & de Chernatony, 2000). Most of the research into brand equity that follows this line of thinking is found in the consumer behaviour and marketing literature (Aaker, 1991, 1996; Keller, 1993, 2001). The third approach to understanding brand equity operates at the holistic level, and is a blend of the firm- and customer-level approaches (Franzen, 1999; Kim & Kim, 2005).

There are two perspectives taken by marketing scholars in their studies of consumer-based brand equity (Erdem & Swait, 1998). One focuses on the cognitive psychology and cognitive processes of customers in relation to brands. The pioneering marketing researchers in this school are Aaker (1991) and Keller (1993). The other view of brand equity is based on the theory of information economics. Most of the studies that follow this conceptualisation consider the various marketing mix elements or other marketing factors to be signals of quality. These elements or factors include advertising (Nelson, 1974), price (Stightz, 1987), advertising and price (Milgrom & Roberts, 1986), store image (Dodds, Monroe, & Grewal, 1991), distribution intensity (Ferris, Oliver, & de Kluyver, 1989), and price promotions (Shimp, 1997). However, this study proposes to rely more on the cognitive psychology theory to investigate customers' perceptual and behavioural understandings of brand equity. The previous research on brand equity from the various perspectives outlined is summarised in **Table 2.1**.

Table 2.1 Previous Research on Brand Equity

Researchers	Concept (Measurement)
Customer-based perspectives	
Aaker (1991, 1996) (Applied in Kim, Kim & An (2003); Kim & Kim (2004); Atilgan Aksoy & Akinci (2005); Kim & Kim (2005); Pappu, Quester & Cooksey (2005); Villarejo-Romos & Sanchez-Franco (2005); Pappu & Quester (2006); Pappu, Quester & Cooksey (2006); Kayaman & Arasli (2007); Konecnik & Gartner (2007); Pappu, Quester & Cooksey (2007))	Brand awareness, brand loyalty, perceived quality, and brand associations (perceptual and behavioural conceptualisation)
Kamakura & Russell (1993)	Incremental utility (or value of the brand to the firm and consumer)
Keller (1993, 2001) (Applied in Chaudhuri (1995); Krishnan (1996); Chen (2001); Esch, Langner, Schmitt & Geus (2006); Lee & Back (2008))	Brand knowledge: brand awareness + brand associations/image (perceptual conceptualisation)
Rangaswamy, Burke & Oliva (1993)	Residual value (favourable impressions + attitudinal dispositions + behavioural predilections)
Swait, Erdem, Louviere & Dubelaar (1993)	Total utility (equalisation price)
Park & Srinivasan (1994)	Difference between overall preference and preference on the basis of objectively measured attribute levels (attribute-based equity + non-attribute equity)
Blackston (1995)	Brand meaning (objective brand personality and image + subjective brand attitude)
Cobb-Walgren et al. (1995)	Brand awareness, perceived quality, and brand associations (perceptual conceptualisation)

Francois & MacLachlan (1995)	Brand strength (intrinsic plus extrinsic)
Lane & Jacobson (1995)	Brand attitude (ESTEEM), brand familiarity (SHAREOFMIND), brand associations, and other brand, product, and market factors
Lassar, Mittal & Sharma (1995) (Applied in Tailor et al. (2004))	Performance, social image, commitment, value, and trustworthiness (perceptual conceptualisation)
Agarwal & Rao (1996) (Applied in Krishnan & Hartline (2001); Mackay (2001a, 2001b))	Overall quality, choice intention (perceptual and behavioural conceptualisation)
Ambler (1997)	Function of brand-consumer relationships (procedural and declarative memories of a brand relative to other brands in the marketplace)
Erdem & Swait (1998)	Signalling phenomenon from the information economics perspective (expected utility driven by an increase in perceived quality and the information costs saved and a decrease in the perceived risk)
Berry (2000)	Brand awareness, brand meaning (perceptual conceptualisation)
Morgan (2000)	Brand affinity, brand identification, brand approval, and functional performance (perceptual conceptualisation)
Prasad & Dev (2000)	Brand awareness, brand performance (satisfaction + return intent + value perception + brand preference)
Yoo et al. (2000) (Applied in Gil et al. (2007))	Incremental utility or value added to a product by its name (brand awareness/associations, perceived quality, and brand loyalty)
Yoo & Donthu (2001) (Applied in Washburn & Plank (2002); Delgado-Ballester & Munuera-Aleman (2005))	Multi-dimensional (brand awareness/associations, perceived quality, and brand loyalty) and uni-dimensional brand equity
Vazquez, del Rio &	

Iglesias (2002) (Applied in Kocak, Abimbola & Ozer (2007))	Product functional utility (comfort, safety, and duration), product symbolic utility (aesthetics), brand name functional utility (guarantee), brand name symbolic utility (social identification and personal identification)
Abela (2003)	Total outcome of the branded product, rather than the differential outcome of the brand
Myers (2003)	Brand name importance
Pahud de Mortanges & van Riel (2003)	Brand strength, brand stature
O'Cass & Grace (2004)	Core service, person-to-person service, perceived value, servicescape, self-image congruence, public relations, WOM, advertising, feelings, brand attitude, usage intentions, country of origin, and brand names
Netemeyer, Krishnan, Pullig, Wang, Yagci & Dean (2004)	Core/primary CBBE facets (perceived quality, perceived brand value for cost, uniqueness, willingness to pay a price premium), related brand associations
Bailey & Ball (2006)	Brand associations, and their impacts on customer behaviour, and financial performance (perceptual and behavioural conceptualisation)
Hofstede, Hoof, Walenberg & de Jong (2007)	Brand reputation (the long-term overall impressions or price and quality aspects of a brand), brand image (a brand's personality and the associations it evokes)
Pike (2007)	Brand salience, brand associations, brand resonance, and brand loyalty (perceptual and behavioural conceptualisation)
Yasin et al. (2007)	Brand distinctiveness, brand loyalty, and brand awareness/associations (perceptual and behavioural conceptualisation)
Kim, Jin-Sun & Kim (2008)	Performance, social image, price/value, trustworthiness, and identification/attachment
Boo, Busser & Baloglu (In press)	Destination brand awareness, detination brand experience, destination loyalty, destination brand value

Financial perspectives

Simon & Sullivan (1993)	Incremental cash flows that accrue to branded products relative to

	those accruing to unbranded products (intangible brand assets – non-brand factors – anticompetitive industry structure)
Mahajan, Rao & Srivastava (1994)	Extensibility growth potential (the carrying over of brand benefits across products and markets), longevity vulnerability (brand loyalty, switching cost, distributor loyalty, customer services, and positioning), and performance profits (recognition, quality, perceived value, customer base and positioning)
Srivastava, Shervani & Fahey (1998)	Brand value as one of various market-based assets, including a base of customers and partner relationships, e.g., co-branding and networking. These assets are used as variables that determine market performance, and ultimately shareholder value
Yeung & Ramasamy (2008)	Brand value has a positive impact on business performance (ROI, ROA, gross profit margin, net margin, pretax margin) in the long term.

Comprehensive perspectives

Farquhar (1989)	Added value that a given brand gives to a product (respective evaluation of the firm and consumer perspectives)
Srivastava & Shocker (1991)	Brand strength (customer perception and behaviour) and brand value (financial outcome)
Dyson et al. (1996)	Brand loyalty and brand attitude (proportion of expenditure x weight of consumption)
Davis & Smith (1998)	Index based on brand knowledge, brand positioning, brand contract fulfilment, brand personality recognition, brand-driven customer acquisitions, brand-driven customer retention and loyalty, brand-driven penetration and frequency, and financial brand value
Motameni & Shahrokhi (1998)	Global brand equity (brand strength x brand net earnings)
Jones (2005)	Total brand equity (consumers, managers, employees, suppliers, distribution partners, media, competitors, NGOs, governments, public opinion)

Source: Partially excerpted and compiled from Brodie, Glynn and van Durme (2002) and Kim and Kim (2005)

2.1.4 Different Measures of Brand Equity at the Consumer Level

A number of measures have been used to examine consumer-based brand equity (Keller, 1993; Park & Srinivasan, 1994). These measures are basically either direct or indirect measures (Keller, 1993). The direct measures are designed to determine the potential sources or inherent characteristics of brand equity, whereas the indirect measures attempt to identify the concrete aspects influencing the memory network of brand associations in the minds of customers (Keller, 1993). This study uses the latter approach in the research framework.

Numerous studies have attempted to examine brand equity by identifying and breaking down the utility of brand names for customers by direct means. With the direct approach, a conjoined analysis of the value of a brand name is most often used to decompose brand utility into the elements affiliated with product features and those attached to brand name (Cobb-Walgren et al., 1995; Louviere & Johnson, 1988; Myers, 2003; Rangaswamy et al., 1993). The use of this multivariate technique allows the determination and clarification of both the tangible and intangible attributes of a brand name with respect to their specific effects on overall brand preference and equity. Empirical tests have been conducted using a longitudinal approach on soft drink brand equity (Myers, 2003), in a brand extension setting involving different product categories (Rangaswamy et al., 1993), and in a joint scenario of service and product brands (Cobb-Walgren et al., 1995). Other brand name utility-based measures of brand equity can be found in the work of Swait et al. (1993), Park and Srinivasan (1994), and Kamakura and Russell (1993).

As has been mentioned, various permutations of the direct approach have been designed by researchers to investigate brand equity based on brand name utility, but only the approach that employs rigorous psychometric tests can be used to develop parsimonious and structural models that explore the interrelationships between the factors related to the brand equity concept (Pappu et al., 2005; Yoo & Donthu, 2001).

2.1.5 Conventional Schemes of Consumer-based Brand Equity

There are two conceptual schemes that encompass the main facets of most consumer-based brand equity conceptualisations, which were propounded by Aaker (1991, 1996) and Keller (1993, 2001), respectively. Both attempted to explore the multi-dimensional and uni-dimensional nature of brand equity at the individual consumer level, and their conceptual achievements have been verified and modified in a number of real cases.

Aaker (1991) deconstructed brand equity into five inter-correlated components, including brand awareness, brand associations, perceived quality, brand loyalty, and other proprietary brand assets. The fifth component, which refers to patents, trademarks, and channel relationships, does not have direct relevance for customers, although it is important in the service industry (Brodie et al., 2006). Rather, it is considered to be a non-brand factor relative to competitors (Simon & Sullivan, 1993). Therefore, there are four dimensions of brand equity, as suggested by Aaker, that remain in customers' minds and are placed in their consideration sets.

In the other conceptual scheme of consumer-based brand equity, Keller (1993) proposed that the brand knowledge of consumers is driven by marketing efforts related to the brand. In this scheme, brand knowledge is viewed as the memory network system that consumers hold about the brand, which consists of brand awareness and brand image. Brand awareness connotes the strength of the brand "node" in the memory of customers, whereas brand image refers to the favourable, strong, and unique brand associations that underlie brand equity (Keller, 1993). Congruence among brand associations in terms of attributes, benefits, and attitudes determines the cohesiveness of the subjective brand image retained in the memory of customers (Keller, 1993).

On the one hand, the propositions pertaining to the two conventional schemes in which Aaker (1991, 1996) and Keller (1993, 2001) explored consumer-based brand equity differ in two aspects. First, Keller favoured the brand knowledge of customers, with a bias toward mental brand equity, which has since been substantiated by a handful of studies (Erdem & Swait, 1998; Taylor et al., 2004). Brand loyalty, which belongs to the behavioural part of brand equity (Franzen, 1999), is thus assumed to be the natural outlet of customers' memory network system, rather than a component of brand equity. In contrast, Aaker (1991) deconstructed brand equity into mental and behavioural brand equity. Second, in his brand knowledge model Keller defined brand image as including what Aaker conceptualised separately as brand associations and perceived quality.

On the other hand, the two schemes of brand equity share large areas of understanding. Central to the notion of brand knowledge, or mental brand equity, is the idea that brand awareness and brand image follow in a hierarchical logic (Aaker, 1991; Keller, 1993). Brand awareness is the familiarity that customers have with a brand name, or the extent to which they are able to recognise or recall a brand name (Aaker, 1991; Keller, 1993). Brand image (Keller, 1993) is the differentiated image reflected by customers' associative brand networks and demonstrates features of perceived quality (Aaker, 1991). Brand loyalty, which is the core element of brand equity, is generally acknowledged to represent a strategic asset for companies that has potential to reduce marketing costs, provide trade leverage, attract new customers, and save time in responding to competitive threats (Aaker, 1991; Keller, 2008; Keller & Lehmann, 2006), thereby mediating the effects of brand knowledge and overall brand equity on consumers' brand choice.

As a closing remark on this topic, it is suggested that the two conventional schemes of brand equity be viewed as being complementary, rather than competing, propositions in the academic literature. This study integrates the logic of the two schemes to a certain extent in designing the variables of interests. It recruits Aaker's (1991) brand equity conceptualisation by considering brand loyalty as a component of brand equity that leads to repeat business, word-of-mouth communication, and brand commitment (Aaker, 1991, 1996; Atilgan et al., 2005; Gil et al., 2007; Kayaman & Arasli, 2007; Konecnik & Gartner, 2007; Yasin et al., 2007; Yoo et al., 2000). It then integrates the conventional schemes and defines brand image (Keller, 1993) as consisting of brand associations

(Aaker, 1991), which reflect the search attributes of a brand image, and quality of experience, which reflects the experiential image attributes of a brand. Quality of experience belongs to the perceived quality concept suggested by Aaker (1991) and is a subjective assessment of brand image (Rust, Zeithaml, & Lemon, 2000).

2.1.6 Brand Awareness

The creation of brand awareness is posited to be the first step in building brand equity at the individual customer level (Aaker, 1991). According to Aaker (1991, p. 61), brand awareness refers to "the ability of a potential buyer to recognise or recall that a brand is a member of a certain product category." Brand awareness stimulates the brand node in a the memory of customers to give them a certain sense of familiarity with the brand in putting together their consideration sets (Aaker, 1991; Keller, 1993; Rossiter & Percy, 1987). Basically, it functions to uncover customers' ability to identify a brand in the memory and to increase the likelihood of that brand name coming to mind with or without outside aids (Franzen, 1999; Keller, 1993). Recognised and recalled brands in the brand association networks of customers signal the substance of and customer commitment to the products and services associated with those brands (Franzen, 1999). This study omits brand awareness from the research framework, because it tends to occur at an extremely high level for experienced customers who are asked to specify a luxury hotel brand thay have used, and is consequently likely to be redundant among the target respondents (Kayaman & Arasli, 2007; Kim & Kim, 2005).

2.1.7 Brand Associations

Brand associations are another dimension of consumer-based brand equity (Aaker, 1991). By definition, a brand association is "anything linked in the memory to a brand" (Aaker, 1991, p. 109). The associated link could be a product (Bullmore, 1984), country of origin (Pappu et al., 2006, 2007; Yasin et al., 2007), company (Blomback & Axelsson, 2007; Marterson, 2007; Ross-Wooldridge, Brown, & Minsky, 2004), competitor (Biel, 1993), retailer (Buchanan, Simmons, & Bickart, 1999; Pettijohn, Mellott, & Pettijohn, 1992), store (Yoo et al., 2000), or users with particular demographic or lifestyle characteristics (Fournier, 1998; Patterson, 1999).

Some researchers have explored brand image in an effort to understand brand associations (Biel, 1993; Keller, 1993; Villarejo-Ramos & Sanchez-Franco, 2005), brand personality (Hendon & Williams, 1985; Hosany, Ekinci, & Uysal, 2007), and brand meanings (Berry, 2000; Franzen, 1999; Keller, 1993; Villarejo-Ramos & Sanchez-Franco, 2005). Brand image has been translated into multiple versions in studies taking various different perspectives (Dobni & Zinkhan, 1990). Keller (1993, p. 3) defined brand image as "perceptions about a brand as reflected by the brand associations held in consumer memory" and described brand associations as any informational node linked to the memory of a brand that has a comprehensive meaning for the customer. Brand associations can be a means of developing a favourable, strong, and unique brand image (Keller, 1993), and of creating conceivable and reliable meanings (Berry, 2000) for customers through the differentiation of the characteristics and personalities of the brand

(Hendon & Williams, 1985). Evidence of this academic stance has been found in practice in marketing activities that convey meanings and symbolic messages to target customers and at the same time construct an associative brand network in the minds of these customers (Martinez & Pina, 2003). In these networks, customers may have certain images of a brand that they compare with their own image in a process that has been termed self-image congruence (Graeff, 1996).

Park, Jaworski, and MacInnis (1986) contended that the concept of brand image is a multi-stage paradigm that is functional, symbolic, and experiential. In a more recent study, Hankinson (2005) grouped brand associations into four categories: functional associations, symbolic/emotional associations, experiential attributes, and brand attitudes. The first two represent the tangible and intangible features, respectively, that are nurtured by the brand's promoters, whereas the last two are generated by customers who constantly require satisfaction and evaluate their experiences of a brand accordingly. Based on these efforts to simplify the understanding of brand associations, Yoo and his colleagues (Yoo & Donthu, 2001; Yoo et al., 2000) introduced generic terms to measure brand associations and developed a reliable variable for its relationship with brand awareness. This variable has been supported by a number of empirical case studies (Gil et al., 2007; Washburn & Plank, 2002; Yoo & Donthu, 2001; Yoo et al., 2000). This study adopts a measurement of brand associations that reflects search/tangible brand image attributes and excludes brand awareness, as it is always present alongside brand associations (Aaker, 1991; Yoo & Donthu, 2001; Yoo et al., 2000), particularly among the experienced luxury hotels' business travellers (Kayaman & Arasli, 2007) that are the targets of this study.

2.1.8 Perceived Quality

Perceived quality represents "customers' perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives" (Aaker, 1991, p. 85). Zeithmal (1988) similarly defined it as a customer's judgement about the superiority, esteem, or excellence of a brand in relative terms. Perceived quality differs from objective quality in that it involves a subjective response and evaluation of products and services (Holbrook & Corfman, 1985). The dimensions underlying perceived quality depend upon the characteristics of the product or service. In the service-dominant industry (Brodie et al., 2006), customers evaluate the perceived quality of a brand on the basis of their understanding of service delivery and performance, and integrate all of the service characteristics of their brand associations to arrive at an evaluation of quality.

Customers judge the perceived quality of a brand both before purchase and during consumption. Accordingly, they consistently acquire intrinsic and extrinsic informational cues that signal and suggest a final judgement and brand choice (Zeithaml, 1988). Intrinsic cues encompass the physical attributes of a product or service, whereas extrinsic cues originate from outside the brand world (Archibald, Haulman, & Jr. Moody, 1983; Dodds et al., 1991; Kirmani & Wright, 1989; Milgrom & Roberts, 1986; Olson, 1977; Peterson, 1970; Zeithaml, 1988). Intrinsic informational cues make up a high percentage of subjective quality evaluations, whereas extrinsic cues make up a high proportion of customers' cognitive perceived quality judgements (Lutz, 1986; Zeithaml, 1988). The

cognitive form of perceived quality thus emphasises search attributes, whereas the subjective form concentrates on experience attributes (Wright & Lynch, 1995). Both forms are included in customer evaluations of quality in the service industry.

Against the backdrop of the experience economy, this study considers quality of experience to be the manifestation of customers' final overall judgement of perceived quality. However, diverging from previous empirical research (Washburn & Plank, 2002; Yoo & Donthu, 2001; Yoo et al., 2000), the perceived quality of experience used in this study is multi-dimensional in nature (Pine & Gilmore, 1998; Prentice et al., 1998; Schmitt, 2003), and measures the fulfilment of the socio-psychological needs of customers in a comprehensive manner. The concept of quality of experience is also used to demonstrate a variety of experience brand image attributes (Boo et al., In press; Boulding, 1956; Konecnik & Gartner, 2007) by integrating the propositions of Aaker, Keller, and their adherents. The other search brand image attributes are included in brand associations at a low level.

Quality of experience is supposed to measure cumulative effects of experiences of stays in branded luxury hotels. Kotler (1999) defined brand as a value proposition that was found to be associated with customers' experiential values, or perceptions of quality of experience. Kitchen and Schultz (2001) postulated that a brand tends to accumulate perceptions and experiences in the minds of consumers, which should be consistent (to be accumulated). A non-traditional approach found in literature indicated that experiential benefits could be strongly

linked to a brand that facilitates specific experiences to develop itself, as proposed by Schmitt and Simonson (1997). Zhang, Cai and Kavanaugh (2008) were probably the first to attempt a discussion about the experience as a competitive differentiating branding strategy. In their piece of qualitative research, brand experience was noted to be determined by a dialectical context of themed activities, physical environment, and active participation. They further argued that business success based on brand experience comes from cognitive, affective, and behavioural (socio-psychological) investments. Similarly, Chang and Chieng (2006) exploratorily examined consumer-brand relationship from an experiential view and successfully confirmed that brand experience determined brand equity, by using quantitative analysis. Their studies have provided a departure point for further research to integrate the experience construct into the existing branding management framework. To orchestrate experience, industry professionals have to not only stage the experience (Pine & Gilmore, 1999) but also purposefully design a consistent and long-lasting experiential context that could create a brand image. Caru and Cova (2003, p. 273) concurred, believing that customers in the post-modern world live with experiential needs, and that they are looking for brands "that provide meaningful experiences and thus become part of their lives." Very recently, Brakus, Schmitt and Zarantonello (2009, p. 52) successfully built upon previous knowledge of experience studies (service experience, consumption experience, etc.) to develop a "brand experience" construct which was conceptualised as "sensations, feelings, cognitions, and behavioural responses evoked by brand-related stimuli that are part of a brand's design and identity, packaging, communications, and environments." In their research, W hotel, which has been widely considered as

one of luxury hotel brands, was included in the pool of experiential brands that served both exploratory and confirmatory factor analysis. In fact, for a service brand in the tourism and hospitality industry, quality of experience rests on the perception of cumulative service and tourism experiences.

2.1.9 Brand Loyalty

Brand loyalty has been suggested to be a determining factor of consumer-based brand equity, and a strategic asset for companies (Aaker, 1991, 1996; Gil et al., 2007; Yoo et al., 2000). There is thus a central need to develop, maintain, and enhance customer loyalty toward products and services to foster brand equity (Dick & Basu, 1994). Building brand loyalty triggers potential profits for a company (Aaker, 1991; Keller & Lehmann, 2006), mainly because the costs of recruiting new customers are much higher than the costs of retaining existing customers (Hallberg, 1995). Moreover, loyal customers are more likely to pay price premiums and are less likely to be price sensitive (Aaker, 1991, 1996; Bello & Holbrook, 1995; Chaudhuri & Holbrook, 2001; Keller, 1993; Park & Srinivasan, 1994). Hallberg (1995) reported that on average one third of loyal purchasers account for two thirds of the total volume sold in some product categories.

There appear to be several levels of brand loyalty (**Figure 2.1**). At the bottom level there is no loyalty at all, and brand names play no part in a buyer's purchase decision-making process. The second and third levels include customers who have experienced satisfaction with a purchase but who may be swayed by the visible benefits of competing products or by inducements to

switch their purchase behaviour (Aaker, 1991). Simply put, there is no denying

that customer satisfaction has been widely recognised as a driver of brand loyalty

in a variety of business settings (Choi & Chu, 2001; Cronin & Taylor, 1992;

Dabholkar & Thorpe, 1994; Gallarza & Saura, 2006; Halstead & Page, 1992;

Hsu, 2000; Kandampully & Suhartanto, 2000; Kozak & Rimmington, 2000;

Murphy, Pritchard, & Smith, 2000; Oh, 2000; Rust & Zahorik, 1993; Sim, Mak,

& Jones, 2006; Woodside, Frey, & Daly, 1989), but it is far from sufficient by

itself to create true loyalty at a higher level.
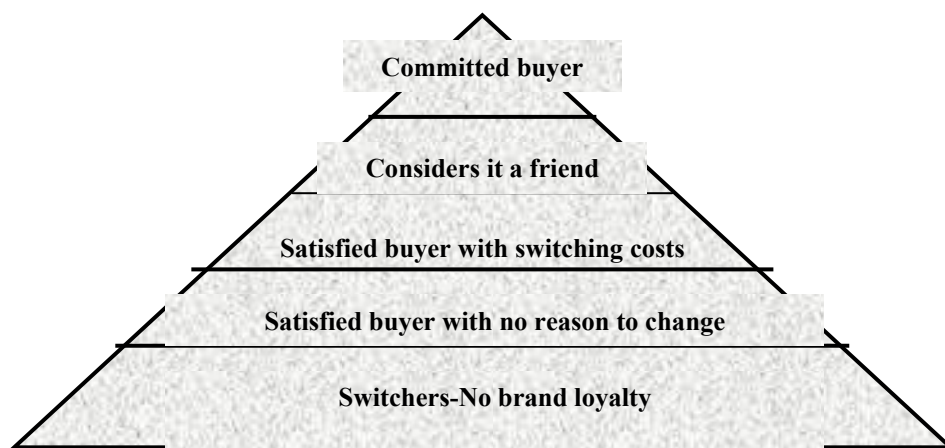
Figure 2.1 Brand Loyalty Hierarchy

Source: Aaker (1991, p. 44).

In line with the brand loyalty pyramid (Aaker, 1991), a considerable number of

studies have lent weight to the notion that brand loyalty consists of purchase

loyalty and attitudinal loyalty (Baldinger & Rubinson, 1996; Chaudhuri, 1999;

Chaudhuri & Holbrook, 2001; Dick & Basu, 1994; Jacoby & Chestnut, 1978;

Reinhartz & Kumar, 2002; Taylor et al., 2004). Purchase loyalty is a behavioural

measure of brand loyalty, and encompasses actual brand purchasing and

switching behaviour (Bass, 1974; Mazursky, Labarbera, & Aiello, 1987).

Consistent with this, Aaker (1991, p. 39) defined brand loyalty as situations that

reflect "how likely a customer will switch to another brand, especially when that brand makes a change, either in price or in product features." In a much earlier study, Cunninghum (1956) suggested that behavioural brand loyalty is reflected by a high proportion of total purchases by customers. This school of thought has also been confirmed and reinforced in a study of purchasing frequency (Tranberg & Hansen, 1986). More general measures of customer brand behaviour relate to repeat business (Dick & Basu, 1994; Hsu, 2000), and in some cases have proved to be reasonable, representative, and sufficient measures of brand loyalty (Oppermann, 2000).

Nevertheless, using purchase percentages or patterns to measure brand loyalty fails to account for situations in which committed customers feel reluctant to buy. Additionally, behavioural measures lack the ability to explain the repetition of brand choices (Dick & Basu, 1994), or to take into consideration the social and situational contingencies that are likely to result in spurious loyalty from customers that is unrelated to attitude or confidence (Dick & Basu, 1994). In discussing how to overcome the limitations of simple behavioural measures, Day (1969, p. 29) stated that "there is more to brand loyalty than just consistent buying of the same brand." Rather, it requires psychological inclination and judgement, which is an attitudinal set comprising customers' subjective disposition and appraisal of a brand (Jacoby & Chestnut, 1978; Jacoby & Kyner, 1973; Pritchard et al., 1999). Having a favourable and positive attitudinal loyalty helps customers become committed to a brand and maintain their preference for and choice of the brand over its alternatives (Beatty & Kahle, 1988; Crosby & Taylor, 1982). This mental and attitudinal measure of brand loyalty has found

empirical support in a few cases in the hospitality setting (Baloglu, 2002; Barsky & Nash, 2002; Shoemaker & Bowen, 2003) and in the leisure and recreation contexts (Kyle, Graefe, Manning, & Bacon, 2004; Li & Petrick, 2008a).

2.1.10 Service Brand Equity

Brand management is of vital importance in service-dominant industries (Brodie et al., 2006; Dall'Olmo & de Chernatony, 2000; van Durme, Brodie, & Redmore, 2003; Vargo & Lusch, 2004). A service brand provides valuable equity for companies, in that it helps to reduce the perceived risks for customers and thus enhances their trust in the services rendered by a company (Murray, 1991; Simoes & Dibb, 2001). Customers evaluate service brand equity by relying on internal and external information (Murray, 1991; Nelson, 1970). They can obtain brand messages from external information sources, such as uncontrollable word-of-mouth communications and publicity and more controllable advertising activities, but can also supplement and reinforce the established brand meanings by injecting internal information gleaned from their direct service experiences (Grace & O'Cass, 2005).

Krishnan and Hartline (2001) asserted that consumers are tied to brand names before purchase, but depend heavily on their experiences in consuming the service once they have purchased it. Generally speaking, customers find difficulty in correctly evaluating a service brand until they have experienced it (Bateson & Hoffman, 1999). The direct experience of a service brand stimulates the interest of customers and enables them to trace brand meanings at a higher level. The notion that direct experience plays an important role in brand

management has obtained support in the service-dominated world (de Chernatony, Cottoma, & Segal-Horn, 2006; Klaus & Maklan, 2007; Lusch & Vargo, 2006).

Service branding differs from product branding due to the intangible, heterogeneous, and inseparable nature of services, which can only create subjective and emotional experiences for customers (Klaus & Maklan, 2007). Berry (2000) successfully produced a service-branding model in an attempt to cultivate service brand equity at a holistic level. He suggested nurturing a service brand by launching managerial efforts to enhance brand awareness and create brand meanings for customers (Berry, 2000). To Berry, a company's presentation of a service brand is assumed to be the primary source of brand name awareness, whereas brand meanings are derived from a customer's direct contact with the services associated with the brand.

Brodie et al. (2006) developed a service brand-relationship-value triangle by synthesizing previous relevant research (Berry, 2000; Grönroos, 1995; Vargo & Lusch, 2004). In the triangle, the brand was presented as the pivotal asset, external communications from a company make brand-related promises through value propositions, and the interaction between employees and consumers together create brand meanings and experiences with added value.

2.1.11 Brand Equity in the Hospitality and Tourism Industry

The hospitality and tourism industry is a service-dominant environment in which brand management is critical for managers striving to achieve long-term success (Berry, 2000; Berry, Lefkowith, & Clark, 1988; Laroche & Parsa, 2000). Companies in the industry are always striving to achieve flawless service performance and delivery so that they can create tangible, symbolic, and imaginative meanings in the process of developing their brand (Muller, 1998). Customers, in turn, are most often concerned about their familiarity with a brand and the differentiated position of the brand that has been nurtured in their memory (Kim & Kim, 2004). Therefore, cultivating consumer-based brand equity is a strategic key driver of success in this industry (Baldinger, 1990).

Destination marketing appears to be an emerging means of developing and extending the concept of brand equity on a holistic level (Konecnik & Gartner, 2007). Destination marketing organisations (DMO) must strategically contemplate the balance between supply-side brand affiliation and demand-side brand image (Forgacs, 2003). Destination brand image has been proved to be the core dimension of brand equity for tourists (Konecnik & Gartner, 2007) in their evaluation of the effectiveness of the efforts of DMOs to promote a destination and to provide unique attractions and relevant facilities and services with high quality and trained service employees (Pike, 2007). Destination brand experience proved to be a latent construct in the minds of visitors that explained destination quality and destination image (Boo et al., In press). Conference organisers and marketers share a similar understanding of the importance of strategically

establishing and strengthening brand equity. Conference attendees develop their brand associations through professional education, social networking, site selection, staff service, and self-image congruence (Lee & Back, 2008).

In the hospitality and tourism industry, branded hotel properties treasure their brand equity, and every individual hotel or hotel chain is identifiable by a name or a brand. Hotel executives recognise brand equity as one of their most precious assets (Damonte, Rompf, Bahl, & Domke, 1997). O'Neill and Xiao (2006) noted that a hotel brand affiliation contributed to the value of hotel properties and their market value for hotel investors. Furthermore, a prominent market position in the eyes of consumers can also boost the market share of hotel brands, and the dynamism of customer perceptions captures the movement of individual brands over time (Dev, Morgan, & Shoemaker, 1995). O'Neill and Mattila (2004) suggested that larger U.S. and international brands with satisfied guests have a higher occupancy percentage and average daily room rate. Jiang et al. (2002) examined multiple brand extensions within U.S. hotel chains by relying on actual sales data and secondary data, and found that introducing such brand extensions can increase customers' brand loyalty. The actual sales data were collected via a consumer survey and the secondary data consisted of "parent-company affiliation, member brands, advertising expenditures, and numbers of units" (Jiang et al., 2002, p. 10).

Attracting new customers and retaining existing customers both require hoteliers to monitor the implications of their marketing strategies and service performance (Dev et al., 1995). Cai and Hobson (2004) suggested that the ultimate choice that

guests make regarding a hotel is attributable to the emotional and experiential attributes offered by hotels, rather than their functional attributes. Dev et al. (1995) underscored the need to determine the attributes of a hotel brand that make customers perceive it differently from other brands. As such, marketing managers need to create a perceptual map of their brand to maintain its consistency over time (Dev et al., 1995). Therefore, in branding a hotel service, projected messages are better planned, delivered, and confirmed through a series of marketing actions and service assurances (Cai & Hobson, 2004).

An extensive review of academic and trade journal articles showed a widespread usage of the term brand equity, yet existing evidence is unable to clarify the conceptualisation of hotel brand equity (Bailey & Ball, 2006). With the aim of filling this gap, Bailey and Ball (2006) interviewed 11 UK-based hotel industry management consultants who were rich in work experience in a cross-section of branded hotel chains and independent hotels, and asked them to state their understanding of hotel brand equity. There is no doubt that the 11 consultants had different perspectives on hotel brand equity. However, there was underlying agreement that the brand added value to the hotel over an identical hotel or differentiated it from the brand's competitors (Franzen, 1999).

Nevertheless, some assessments of hotel brand equity from the customer perspective have been carried out. Prasad and Dev (2000) developed a hotel brand equity index featuring the two subsets of brand awareness and brand performance. The latter measure evaluated customers' satisfaction, return intent, price-value relationship, and preference. The authors took this as a base for the

development of a four-cell matrix in which hotel brand equity indices were plotted according to brand awareness against brand performance. Cobb-Walgren, Ruble, and Donthu (1995) conducted a study to examine the brand equity of two hotel chains ("Holiday Inn" and "Howard Johnson") by borrowing Aaker's (1991) conceptualisation of multi-dimensional brand equity. Aided and unaided brand awareness, perceived quality, and brand associations made up the calculation of the final brand equity score. Diverging from Aaker's (1991) view that brand loyalty is a component of brand equity, Cobb-Walgren, Ruble, and Donthu (1995) employed a conjoint analysis to examine the effects of brand equity on brand preferences, and used regression analysis to investigate its impacts on purchase intention, eventually confirming the two causal relationships.

Kim and Kim (2005) explored brand equity in the categories of chain restaurants and luxury hotels in South Korea using Aaker's (1991) four conventional dimensions (brand awareness, brand associations, perceived quality, and brand loyalty). They found that the brand awareness of hotel guests contributed significantly to the development of corporate performance, but had a less significant influence on brand equity. In contrast, brand image was shown to have no relevance for firm performance, although it made a significant contribution to the more valuable brand equity. However, Kim, Kim, and An (2003) disagreed with this finding, arguing that brand image is of vital importance for hotel managers in improving financial corporate performance.

In a more recent work, a multi-dimensional construct of brand equity was examined in the mid-priced hotel segment (Kim, Jin-Sun, & Kim, 2008), and the

two brand equity dimensions of brand awareness and brand loyalty were found to affect purchase intent. Perceived value mediated the link between perceived quality and revisit intention. The authors adopted the brand equity scales of Yoo and Donthu (2001) to measure brand awareness, brand associations, and brand loyalty, and used the SERVQUAL instrument to measure the perceived quality of hotel services. However, the study was limited by its focus on the mid-priced hotel segment. Another work by the same authors established the applicability of the four-dimensional formation of consumer-based brand equity for the mid-scale hotel segment (Kim & Kim, 2007). Perceived quality, brand loyalty, and brand associations were suggested to have significant effects on brand equity as a whole, but brand awareness did not have a significant influence on brand equity. Finally, the authors called for further research on brand image and attitude to enrich the understanding of brand associations and evaluation, and pinpointed the burning need for additional research on brand equity in the economy and luxury hotel segments, where the brand awareness of hotel guests may matter most.

2.1.12 Summary of Brand Equity Research

There is a rich seam of research that investigates brand equity from the individual consumer perspective. These studies have used either direct means or indirect means to evaluate brand equity (Keller, 1993). The indirect means, which this study adopts, is founded on the two conventional schemes of Aaker (1991) and Keller (1993), which have been used in a host of studies and tested empirically in the pioneering work of Yoo and colleagues (Yoo & Donthu, 2001; Yoo et al., 2000), among others. Integrating the propositions of these seminal

works, this study considers brand associations, quality of experience, and brand loyalty to be the brand equity components in the service-dominant luxury hotel industry. Brand associations are assumed to reflect search brand image attributes, whereas quality of experience represents experience brand image attributes. The following section tends to review the theories relating to service experience in general and tourism/hotel experience in particular. The results of the review help define the construct of quality of experience and create potential experience domains.

2.2 Service Experience

2.2.1 Background

The importance of the service economy has been well documented and discussed by marketing researchers and industrial practitioners alike. However, with the increasingly complex demands of customers, solely and simply concentrating on service performance and delivery is not enough to fulfil their needs and wants in their consumption of services. Customers now expect to purchase memorable experiences through personal interaction with the service (Brakus et al., 2009). Thus, the expanding interest in services marketing and management stems from the desire to determine how to move from a goods-dominant, tangible view to a modern service-dominant view in which the customers play a key role as well as the service providers (Day, 2004; Li & Petrick, 2008b; Vargo & Lusch, 2004). As soon as customers become the products of a service offering, experiences are manufactured (Berthon & Hulbert, 2003). These end products will be, as time

elapses, encapsulated in the customers' interpretation of the service brand image (Davis, Buchanan-Oliver, & Brodie, 2000).

Not surprisingly, an experience economy is now emerging because increasing numbers of industrial practitioners realise the importance of knowing and capturing the experiences that customers engage in and enjoy (Carbone, 1999; Gilmore & Pine, 2002; Pine & Gilmore, 1998; Pine & Gilmore, 1999; Richards, 2001). It is argued that experience will become the fourth economic offering that is as real as any commodity, good, or service (Pine & Gilmore, 1999). The rationale is that "as goods and services become commoditised, the customer experiences that companies create will matter most" (Pine & Gilmore, 1998, p. 97). A company with its brand can also use customer experiences to differentiate its products and services (Gilmore & Pine, 2002). However, in some circumstances (e.g., the tourism and hospitality industry), the actual buyers do not necessarily pay a premium for the experiences (Richards, 2001). Rather, they are the natural fruits of products, services and marketing actions. They give added value to the purchase and are well shaped in the minds of customers (Lusch & Vargo, 2006).

Service providers thus have a responsibility to perform effectively and stimulate the active involvement of customers, who for their part must play an interactive role. In launching efforts to provide experiences, a customer must be considered the actor (Grove & Fisk, 1997; Grove et al., 1992), dramatist, and choreographer alike (Lovelock, 1981). Whenever a service is delivered, customers are in a "theater," the ambience of which is made up of various features that will

influence their experiences (Caru & Cova, 2007a; Pine & Gilmore, 1999; Pine & Gilmore, 2000). The artificially constructed theater, complete with physical cues, creates the experiential context. Thus, by maximizing the "atmospheric" environment, service providers will be able to arrange a variety of experiences for customers (Kotler, 1984) particularly in unusual contexts and service encounters (Arnould & Price, 1993). These service transactions as a whole will contribute to the establishment of both the company and the brand image in the associative relationship networks of customers (Brodie et al., 2006).

As a result, producing experiences requires a compatible interaction between service providers and customers. Grove et al. (1992) presented a generic model of service experiences which treated such experiences as a drama centring on the interplay of actors and audience within the prescribed context of the physical service setting. Similarly, Grace and O'Cass (2004) substantiated that the offering of a service involves a combination of processes, people, and facilities, each of which has a unique impact on consumer service experiences.

In recent years, the consideration of experience has given rise to a revolutionary marketing approach, namely, "experiential marketing" (Keller, 2008; Prentice, 1997; Prentice & Anderson, 2000; Schmitt, 1999a, 1999b; Schmitt, 2003). This describes the development of brand equity through the nurturing and maximisation of memorable and subjective experiences for customers (Keller & Lehmann, 2006). This approach emphasises the emotions, feeling, and internal needs of customers that are yet to be stimulated or fulfiled (Podesta & Addis, 2007). Schmitt (1999a, 1999b) proposed five types of experiences comprising

sense, feel, think, act, and relate marketing, and illustrated the strategic and implementation intricacies of the experiential approach to marketing. Sense marketing campaigns appeal to the human senses, such as sight, sound, scent, taste, and touch, through which aesthetic pleasure and relaxation are provided (B. H. Schmitt & A. Simonson, 1997). Feel marketing involves the provision of affect to cater to customers' emotions and perceptions. The extent to which think marketing realises its objective is determined by customer involvement, whether active or passive (Holbrook, 1994). Act marketing has a similar theoretical function to think marketing, in that it accentuates the interaction of customers with service providers. Relate marketing helps customers become immersed in a broader social and cultural context. The importance of experiential marketing approach has been documented in empirical tests, the findings of which suggested the dependency between experiential marketing perception and customer satisfaction through the mediating effects of customer values (Yuan & Wu, 2008) and customer emotion (Tsaur, Chiu, & Wang, 2006). Therefore, managing customer experience (Grewal, Levy, & Kumar, 2009; Puccinelli, Goodstein, Grewal, Price, Raghubir, & Stewart, 2009; Verhoef, Lemon, Parasuraman, Roggeveen, Tsiros, & Schlesinger, 2009) and building brand relationship through experiential approach is of vital importance that could pave the avenue for brand equity development (LaSalle & Britton, 2003; Shaw & Ivens, 2002; Smith & Wheeler, 2002).

The coupling of aforementioned five categories of experiential marketing mirrors the four realms of customer experiences in the experience economy, that is, entertainment, education, escape, and estheticism (**Figure 2.2**), which mutually

and interactively combine to shape experiences (Pine & Gilmore, 1999). This conceptual framework is salient in the hospitality and tourism context. Entertainment experiences engender in tourists' feelings of fun, pleasure, and relaxation in the host location. Escapist experiences take place when travellers wish to flee from home and avoid daily stresses in a refreshing and recreational destination or hotel. Esthetic experiences are designed to stimulate the sense organs of tourists/travellers in a variety of servicescapes and brand situations (Arnould & Price, 1993; Bitner, 1992; Kapferer, 2008; Keller & Lehmann, 2006). Educational experiences necessitate greater immersion and participation, in which tourists/travellers actively think and learn to richen and broaden their knowledge.
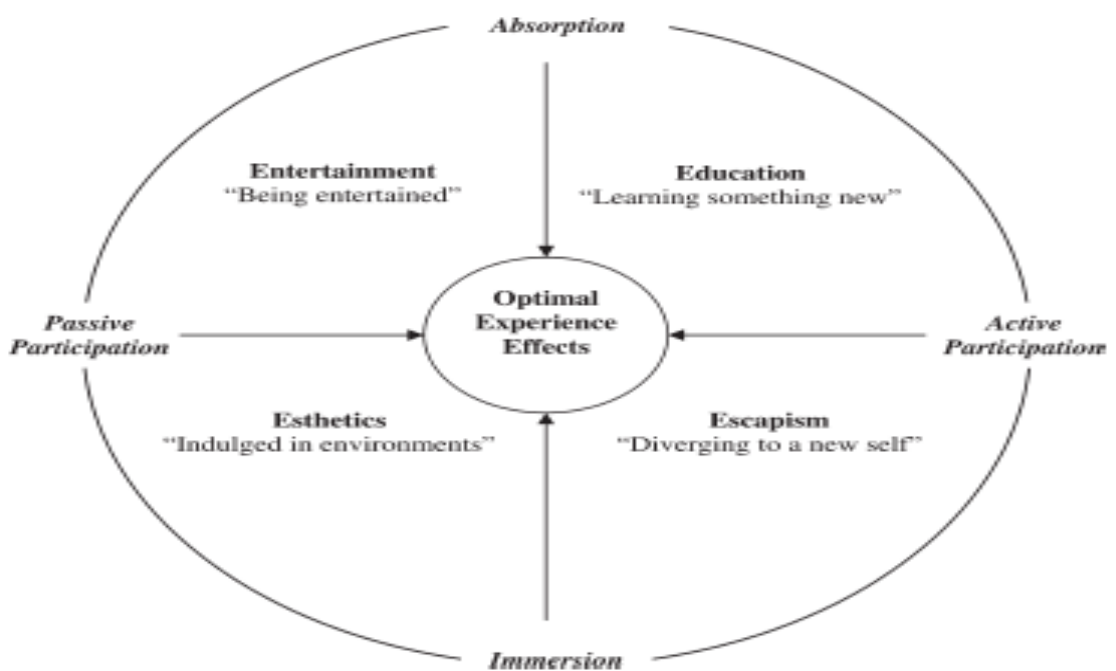
Figure 2.2 Four Realms of Experience Economy
Source: Pine and Gilmore (1999)

In fact, the experiential view of consumption originated decades ago with the emerging emphasis on the consumption process (Caru & Cova, 2007b), in which it was acknowledged that consumer demands go beyond the commodity, product, or service. Rather, what customers desire to obtain are the underlying meanings of products, services, and brands that can help them explore experiences throughout the process of consumption. The exploration of the consumer experience has sparked a wave of consumer behaviour research to understand the intrinsic sociological and psychological needs of consumers (Addis & Holbrook, 2001; Hirschman & Holbrook, 1982; Holbrook & Hirschman, 1982; Pine & Gilmore, 1999; Schmitt, 1999a, 1999b).

Hirschman and Holbrook (1982) pioneered the systematic study of the consumption experience, which was then an underdeveloped issue in the marketing management arena (Vargo & Lusch, 2004). They defined experience as representing consumers' hedonic states of mind. Diverging significantly from utilitarian customer behaviour, which is described as rational and task-related (Batra & Ahtola, 1991; Sherry, 1990), hedonism is defined as the subjective and personal outcomes that result in fun and playfulness, increased arousal, perceived freedom, fantasy fulfilment, and escapism (Bloch & Richins, 1983; Hirschman, 1983; Hirschman & Holbrook, 1982; Holbrook & Hirschman, 1982; Santoro & Troilo, 2007; Unger & Kernan, 1983). Following this line of reasoning, the hedonic experiences of customers encompass a blend of emotional states (Belk, Wallendorf, & Sherry, 1989; Celsi, Rose, & Leigh, 1993; Havlena & Holbrook, 1986; Hirschman & O'Shaughnessy, 1984; Holbrook, 1986; Machleit & Eroglu,

2000; Zins, 2002) and affect (Bigne, Andreu, & Gnoth, 2005; Peterson, Hoyer, & Wilson, 1986; Russell & Pratt, 1980).

However, the hedonic perspective only partially captures the intrinsic needs that customers seek to fulfil in experiential consumption. Customer experience is in fact more than that, and connotes comprehensive socio-psychological needs fulfilment. This academic stance has been observed only in a limited number of research works on customer experiential value (Holbrook, 1994, 1996, 2006; Mathwick, Malhotra, & Rigdon, 2001; Sweeney & Soutar, 2001). Apart from the hedonic value which originates from customers' pleasure and playfulness, there are other values including economic value (efficiency and excellence), social value (feelings of status-enhancement), and altruistic value (spiritual satisfaction) that customers tend to treasure in the process of consumption (Holbrook, 1994). In their study of resort hotels experience, Yang and Chan (2008) anatomised Holbrook's experiential value typology into 10 dimensions capturing a wide range of customers' socio-psychological needs. It is, therefore, believed that studying the needs theory is necessary to explore experiences in a comprehensive manner (Lofman, 1991). It is no exception in the pursuit of needs-driven experiences by business travellers via their stays at luxury hotels (A. S. Mattila, 1999a). Therefore, the definition of experience used in this study is "customers' perception of socio-psychological needs fulfilment."

The following sections review studies of tourism and leisure experiences in the hospitality and tourism industry and explain the value of motivation theory, which focuses on needs (Mannell & Iso-Ahola, 1987), in an attempt to

understand the experience concept and obtain convincing evidence for it. At an early stage, Dichter (1996) put forward the proposal that motivation research is a footing for experiential consumption. In their study of service experience, Otto and Ritchie (1996, p. 167) noted that "meaning (or experience) and motivation are arguably similar enough constructs to be discussed together." They are comparable constructs if viewed from the perspective of needs that bear on people or/and customers. Prentice and his colleagues (Prentice, 2001; Prentice et al., 1998) gave full credit to the positive relationship between human behaviour and motivations. In light of their propositions, motivations can be viewed, on the one hand, as the main factors driving tourists/travellers to destinations or to purchase tourism products, and on the other hand as an experiential behavioural process. Thus, given the definition proposed, reviewing and understanding needs-based motivation research can provide profound insights into the exploitation of experience.

2.2.2 Tourism Experience

In a discussion of the methods used to understand the tourism experience, Prentice et al. (1998) identified five models, namely, the hierarchical, flow, planned behaviour, typological, and insider-outsider models. The third model of planned behaviour isolated the goal-oriented behavioural belief that is rooted in the expectancy-value approach, and the fifth model of insider-outsider concerned the evaluation of a destination by tourists, who take the role of outsiders because they possess less awareness of and meanings about the place than local insiders

(Prentice et al., 1998). The other three approaches were similar, in that they discuss tourism experiences from the psychological and sociological perspectives.

Again based on a hierarchical framework, Drive and colleagues (Driver, Brown, Stankey, & Gregoire, 1987; Driver, Tinsley, & Manfredo, 1991; Manning, 1986) used experience-based management to study experiences as the end products of tourist recreation and tourism activities, and found that recreational settings are utilised to produce and deliver subjective and personal experiential outcomes for tourists (Manfredo, Driver, & Brown, 1983; Manfredo & Larson, 1993). A means-end method has also been used to study tourism experiences by adapting the existing hierarchical models. The means-end theory (Gutman, 1982), which originated in the marketing discipline (Kaciak & Cullen, 2006), is based on examining customers' cognitive structures to understand their behaviour. By abstracting customer knowledge of products and brands at different levels, insights into their end-states, which can be arranged on a hierarchical ladder, can be achieved (Reynolds & Olson, 2001). In the tourism and leisure contexts, the means-end theory has been employed to explore factors in the decision-making process of tourists and travellers that can affect their choice of destination and activities (Gengler, Klenosky, & Mulvey, 1995; Klenosky, Frauman, Norman, & Gengler, 1998; Klenosky, Gengler, & Mulvey, 1993; McIntoch & Prentice, 1999; McIntoch & Thyne, 2005; Naoi, Airey, Iijima, & Niininen, 2007; Thyne & Lawson, 2001). In visiting destinations and participating in recreational activities, tourists obtain intrinsic psychological benefits at the end of the means-end chain. This method uncovers the motivation of tourists in the pre-visit stage and their experiential needs fulfilment and benefits in the post-visit stage (Klenosky, 2002).

In this sense, a tourism experience is the possession that tourists acquire in the final stage.

Another approach to understanding tourism experiences, as summarised by Prentice et al. (1998), is the "flow" model. The flow model was originally designed to study the positive and optimal aspects of human experience (Csikszentmihalyi, 1975). It investigates whether a given environment matches an individual's skills, which will result in a positive experience for the individual (Csikszentmihalyi & LeFevre, 1989). A person is considered to lose their self-consciousness when absorbed in a clear, goal-oriented activity that gives unambiguous feedback (Csikszentmihalyi, 1990). This occurrence of flow inspires in the person not only a deep sense of enjoyment, playfulness, and involvement (Webster, Trevino, & Ryan, 1993), but also stimulates his or her desire to learn more through experiences (Csikszentmihalyi & LeFevre, 1989). Measuring the quality of an instantaneous experience through a person's flow state normally requires a specific experience sampling method to record the subjective perceptions of the experiencer over a short period (Csikszentmihalyi, 1987; Csikszentmihalyi, Larson, & Prescott, 1977; Hormuth, 1986; Larson & Csikszentmihalyi, 1983). The flow model has thus been suggested as an appropriate method to investigate tourism experiences, particularly in the leisure context (Csikszentmihalyi & LeFevre, 1989; Havitz & Mannell, 2005), due to its ability to deal with a diversity of optimal experiences and its capability of monitoring the actual, on-site, real-time nature of leisure experiences.

The third approach suggested by Prentice et al. (1998) to study tourism experiences is to interpret the various tourist types and typologies. This is considered to be the paramount method due to its ability to interpret and summarise the intrinsic needs of tourists and travellers comprehensively, whether psychological or sociological; uni-dimensional or multi-dimensional. Traditional studies of tourist types are usually concerned with a single tourist type characterised by a unique meaning and motivation and displaying one behavioural pattern. Uriely (2005) suggested that a single type of tourist can be used to examine tourism experiences because tourists are largely homogenous in nature. Simply put, the tourism experience is deemed to be uni-dimensional. For instance, Boorstin (1964) indicated that tourists pursue unreal and fabricated "pseudo-events" or "make-believes," and travel to attractive but staged destinations, and that tourism itself is simply a self-construction that fabricates unrealities and illusions. Still adopting the idea of the single tourist type, the sociologist MacCannell (1973, 1976) challenged Boorstin's (1964) constructive proposition by arguing that the tourism phenomenon occurs as a result of tourists' quest for authenticity. A numbers of scholars have extended MacCannell's (1973, 1976) theoretical contribution (Brown, 1996; E. Cohen, 1988a; Crang, 1996; Hughes, 1995; McIntoch & Prentice, 1999; Redfoot, 1984; Silver, 1993; Taylor, 2001; Wang, 1999). Wang (1999), for example, proposed an "existential authenticity" that disregards whether objects are authentic or not (Trilling, 1972), but rather describes an existential state of "being" that is activated by diverse tourism activities (Wang, 1999) and comprises both intra- and inter-personal dimensions (Kim & Jamal, 2007; Pons, 2003; Wang, 1999). These dimensions provide authentic experiences in a broader sense, albeit

transient and situational in nature (Steiner & Reisinger, 2006), by probing the embedded intrinsic needs of tourists and travellers, which include self-development (Berman, 1970), self-realisation, the reaffirmation of identity in a family or social group (McIntoch & Prentice, 1999), and escapism (Handler, 1986).

Cohen (1988b) indicated that the aforementioned three traditions in understanding the single tourist type have marked differences in terms of the image of the tourist that they use, their analytical focus, their level of analysis, and the direction they assume the touristic quest to take. In real-world situations, tourists and travellers appear to vary considerably across a range of types (Ryan, 2002; Uriely, 2005), indicating the multi-dimensionality of tourist typologies. Indeed, it is likely that there are a variety of socio-psychological needs that tourists and travellers expect to fulfil through their tourism and travelling activities. Evidence of multiple tourism experiences are therefore given in a great amount of tourist types and typologies in the existing literature. These typologies and types of tourists and travellers can be classified as whether psychological or sociological typologies (**Table 2.2**).

Table 2.2 Sociological and Psychological Classification of Tourist Typologies and Types

	Author(s)/Year	Tourist Types
Sociological	Cohen (1972)	Drifter, explorer, individual mass and organised mass tourist
	Smith (1977)	Explorer, elite, offbeat, unusual, incipient mass, mass, charter
	Cohen (1979)	Recreational, diversionary, experiential, experimental and existential tourist
	Redfoot (1984)	True, angst-ridden, anthropological and spiritual tourist
	Yiannakis & Gibson (1992)	Sun lover, action seeker, anthropologist, archaeologist, organised mass tourist, thrill seeker, explorer, jetsetter, seeker, independent mass tourist, high class tourist, drifter, escapist, sport lover
	Mazanec (1994)	Dandy, rocky, business, squadra, protest, scout, pioneer, olvidados, vigilante, romantic, defence, prudent, moralist, citizen, gentry, strict
	Thrane (1997)	Modern materialist, modern idealist, traditional idealist, traditional materialist
Psychological	Plog (1974, 1990, 1991, 2001, 2002)	Psychocentric, midcentric, allocentric
	Woodside & Jacobs (1985)	Rest and relaxation, cultural experience, family togetherness
	Lieux, Weaver & McCleary (1994)	Novelty seeker, active enthusiast, reluctant traveller
	Shoemaker (1994)	Get away/family travellers, adventurous/educational travellers, gamblers/fun oriented travellers
	Cha, McCleary & Uysal (1995)	Sport seeker, novelty seeker, family/relaxation seeker

Loker-Murphy (1996)	Escaper/relaxer, socio/excitement seeker, self-developer, achiever
Moscardo et al. (1996)	Escape/excitement, self-esteem/self-development, family relationships, physical activity, safety-security, self-esteem/social status, escape, relaxation
Formica & Uysal (1998)	Enthusiast, moderate
Sirakaya, Uysal & Yoshioka (2003)	Escaper, seeker
Decrop & Snelders (2005)	Habitual, rational, hedonic, opportunistic, constrained, adaptable vacationer
Andreu, Kozak, Avci & Cifter (2006)	Fuzzy, active, recreational-type, escape, relax-quiet tourist

In investigating tourism experiences from the sociological perspective, Cohen (1979) took a total world view. By distinguishing tourists' perceived distance between the cultural "centre out there" of the destination and their "own centre" of usual habitats, he identified five tourist experience modes, namely, the recreational mode, diversionary mode, experiential mode, experimental mode, and existential mode. In the recreational mode, tourists are inclined to acquire superficial meanings through distraction, whereas in the existential model, tourists tend to obtain the most profound meanings through some specific tourism activities, such as, pilgrimages. Uriely, Yonay and Simchai (2002) extended Cohen's (1979) typology by adding two tourist modes, the humanistic and the multiple mode of tourist experience. Uriely and Belhassen (2005) delineated the various modes even more explicitly than Uriely et al. (2002) by

separating the five modes of tourism experience into pleasure-oriented and meaning-oriented categories.

The link between the sociological and psychological tourist typologies has been established in part because sociological tourist types can to a certain extent reflect the psychological needs of tourists and travellers in a causal fashion (Jafari & Rictchie, 1981). Based on the personality theory, Plog (1974, 1990, 1991, 2001) developed an allocentrism/psychocentrism continuum of tourism experiences. These two tourist types are polar opposites in terms of their interpretation of self-contradictory motivations and experiences of novelty, risk, and sensation (Jackson, White, & Schmierer, 2000). Moreover, as tourism pertains to a temporary movement outside the normal home and workplace (Leiper, 1979; Mathieson & Wall, 1982), tourists and travellers are likely to escape from daily routine and relax, and can thus fulfil these basic needs through effective travelling activities (Crompton, 1979). In a more meaningful search for the fulfilment of experiential needs, tourists and travellers may also pursue family togetherness and kinship reconstruction with close companions (Moscardo et al., 1996; Shoemaker, 1994; Woodside & Jacobs, 1985).

2.2.3 Leisure Experience

The various tourist typologies and types identify a range of socio-psychological needs among tourists and travellers who enjoy and treasure multiple experiences. However, it is noteworthy that leisure experiences are found to be more evident, striking, and needs-oriented than other more general tourism contexts. The

review of leisure experience research is also necessary because business travellers of luxury hotels also seek leisure options to partake in temporarily.

Leisure involves the cultivation of the human mind (de Grazia, 1962). With the various and changing needs that they fulfil, leisure experiences have been long recognised as complex personal and social constructions (Chenery & Russell, 1987; Dawson, 1984; Howe, 1991) that are multi-phasic, dynamic, intra- and inter-individualistic, and value laden (Borrie & Roggenbuck, 2001; Howe, 1991; Hull, Steward, & Yi, 1992; Lee, Dattilo, & Howard, 1994). Unger and Kernan (1983) divided subjective leisure experiences into six major dimensions: intrinsic satisfaction, perceived freedom, involvement, arousal, mastery, and spontaneity. As a typical example in the leisure context, Arnould and Price (1993) examined a river rafting experience in the Colorado River basin. River rafting was viewed by the respondents as a memorable, hedonic, extraordinary, and affectively charged experience, and was articulated by Arnould and Price (1993, p. 41) as having a "unique recreational form and its power lies in the romantic cultural scripts that evolve over the course of the experience." Data were gathered pre- and post-trip and during on-site multi-day trips. In data collected over a two-year time frame, river rafting was endorsed as a classic kind of leisure experience that displayed three themes: harmony and communication with nature, communitas and personal growth, and renewal. The three themes reflect experiential socio-psychological needs at various levels. They are closely linked to each other, and as a whole narrate the cumulative river rafting experience.

In an effort to study the leisure motives that underlie leisure choices and participation, Driver and Tocher (1970) presented four leisure needs to be satisfied, namely, to escape routine, to gain status, to explore, and to create. In a more condensed form, leisure experiences embrace two motivational forces that are intrinsic to leisure travellers: escapism and seeking (Mannell & Iso-Ahola, 1987). According to Mannell and Iso-Ahola (1987), leisure experiences emanate from the interplay of these two intrinsic forces, in that engagement in leisure activities helps people temporarily escape their stressful everyday environment and routine and seek recreational opportunities to gain socio-psychological rewards. These rewards can be personal or interpersonal (Mannell & Iso-Ahola, 1987). Personal rewards are concerned with self-determination, sense of competence or mastery, challenge, learning, exploration, and relaxation, whereas interpersonal rewards enable leisure travellers to engage in social interaction with others (Mannell & Iso-Ahola, 1987). The various dimensions identified in previous leisure experience studies are summarised in **Table 2.3**.

Table 2.3 Previous Research on Leisure Experiences

Author (s) / Year	Leisure Experience Dimensions
Driver & Tocher (1970)	Escape routine, gain status, explore and create
Gordon, Gaitz & Scott (1976)	Relaxation, diversion, knowledge, social participation, creativity, and sensual transcendence
Unger & Kernan (1983)	Intrinsic satisfaction, perceived freedom, arousal, mastery, involvement, and spontaneity
Mannell & Iso-Ahola (1987)	Escape and seek
Arnould & Price (1993)	Communication and harmony with nature, communitas and personal growth, and renewal
Manfredo, Driver & Tarrant (1996)	Achievement/stimulation, autonomy/leadership, risk taking, equipment, family togetherness, similar people, new people, learning, enjoy nature, introspection, creativity, nostalgia, physical fitness, physical rest, escape personal-social pressures, escape physical pressure, social security, teaching-leading others, risk reduction
Neal, Sirgy & Uysal (1999)	Freedom, involvement, arousal, mastery, and spontaneity
Borrie & Roggenbuck (2001)	Oneness, timelessness, primitiveness, humility, solitude, and care

2.2.4 Maslow's Hierarchy of Needs and the TCL and TCP Models

Otto and Ritchie (1996, p. 167) noted that "meaning (or experience) and motivation are arguably similar enough constructs to be discussed together". Tourism and leisure experiences mirror Maslow's hierarchy of needs (1943, 1970), which has had a notable and wide impact on thinking about human motivation and needs fulfilment (**Figure 2.3**). Needs, as Oliver (1996) implied,

refer to the elements of people's lives that are in deficit and that people wish to restore to themselves. Maslow (1943, 1970) proposed that human needs are characterised by enhancement plus restoration, and occur on five levels in an ascending hierarchical order, namely, physiology, safety, belongingness/love, esteem, and self-fulfilment/-actualisation (Schneider & Alderfer, 1973). Physiological needs include the classic drives of hunger, thirst, taste, and so forth. Safety needs refer to freedom from threat of body or mind, such as fear, anxiety, and apprehension. Belongingness or love needs reflect a sense of affiliation, and occur when people miss friends, lovers, or even places. Esteem needs refer to people's desire to evaluate themselves and to receive the esteem of others. Self-fulfilment/-actualisation needs can be summarised as the desire to become more and more all that one can be. Alderfer's ERG theory (1969) shares a similar theoretical foundation to Maslow's hierarchy of needs, but collapses the five needs into the three divisions of existence, relatedness, and growth. The five or the more parsimonious three conventional socio-psychological needs are what tourists and leisure travellers desire to obtain from memorable, enjoyable, and fantastic experiences. However, their needs alter in hierarchical order as time passes and in distinct situations (Salancik & Pefeffer, 1977).
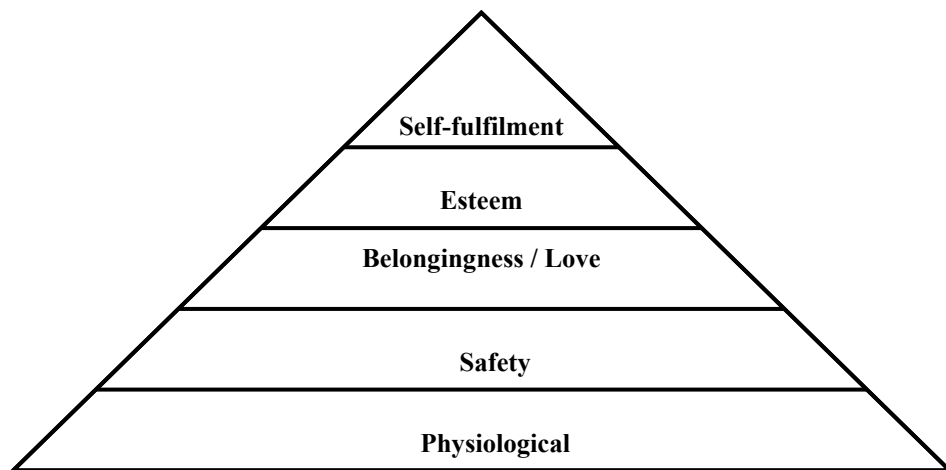
Figure 2.3 Maslow's Hierarchy of Needs
Source: Tikkanen (2007)

Pearce (1988) provided a revised version of Maslow's (1943, 1970) hierarchy of needs for the tourism industry in which he employed the notion of the "travel career ladder" (TCL) (**Figure 2.4**). Consisting of five needs levels, the TCL borrows the concept of career in leisure and tourism (Goffman, 1961), the central theme of which postulates that the motivations of tourists and travellers ascend the hierarchical ladder from the lowest level of relaxation to the highest level of self-actualisation. The TCL connotes the conceptualisations of purposeful consumption and personality maturation (Ryan, 1998). In later years, Pearce and colleagues conceived another framework, called the "Travel Career Pattern" (TCP) (Lee & Pearce, 2002, 2003; Pearce, 2005; Pearce & Lee, 2005), which added the nostalgia/homesickness variable to lend more persuasive weight to their efforts to decode tourism experiences (Pearce, 2005; Pearce & Caltabiano, 1983).
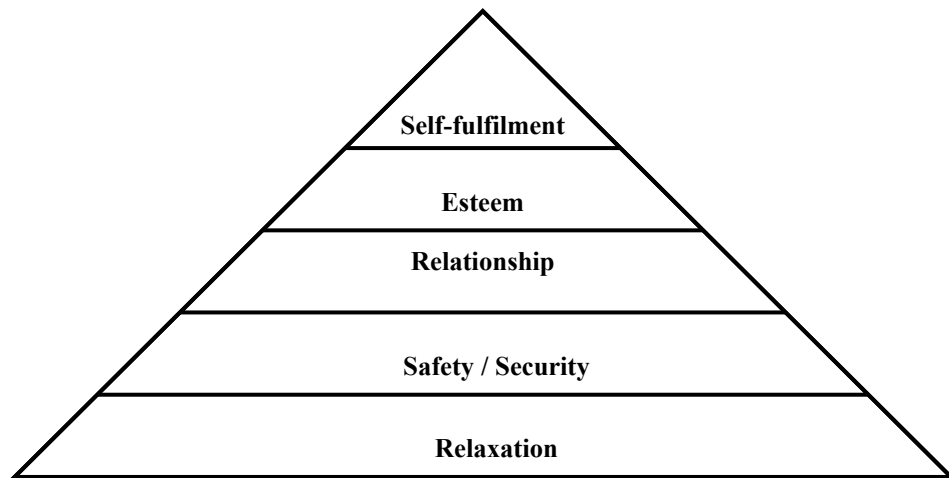
Figure 2.4 Travel Career Ladder
Source: Ryan (1998)

2.2.5 The Push Factors from Motivation Theory

The foregoing studies assert that tourists and travellers are likely to seek to fulfil their socio-psychological needs through their travel experiences. Hence, the exploration of tourism experiences can benefit substantially from motivation research. Motivation research deals with a whole host of socio-psychological needs (Chon, 1989; Jang & Cai, 2002; Rishi et al., 2008), which makes it plausible to measure tourism experience using the factors rooted in motivation theory (Fluker & Turner, 2000).

According to motivation theory, tourism motivations consist of push factors and pull factors (Goossens, 2000). The push factors include the intrinsic socio-psychological forces that drive tourists and travellers to fulfil their needs, and differ from the opposite pull factors, which represent the extrinsic attributes of a destination or tourist space that attract tourists (Crompton, 1979; Dann, 1977;

Goossens, 2000; Yoon & Uysal, 2005). Crompton (1979) divided the intrinsic motives of tourists into seven dimensions, including escape from a perceived mundane environment, exploration and evaluation of the self, relaxation, prestige, regression, enhancement of kinship relationship, and facilitation of social interaction. Dann (1977) developed two push factors to explain tourism motivation: the anomie factor and the ego-enhancement factor. The former describes tourists' inclination to avoid everyday routine and connect with people and society, whereas the latter refers to tourists' intrinsic need to build up their success and boost their ego, either by themselves or through the recognition of others. It is evident that there is a strand that runs through the experience literature of recognizing the importance of the more abstract and intrinsic tourism motivational push factors in tourism experiences (Goossens, 2000). The push factors are the utmost manifestation of Maslow's hierarchy of needs (1943, 1970) and the TCL and TCP models (Pearce, 1988, 1992, 1996, 2005; Pearce & Lee, 2005), and are capable of uncovering the diverse needs of tourists and travellers at various levels. Fodness (1994) maintained that tourism experiences represent the socio-psychological functions for tourists and travellers of ego-defence, knowledge, and value-expression. As a summary, a wide-ranging database of push factors used in investigations of tourism experiences is presented in **Table 2.4**.

Table 2.4 Push Factors in Previous Research

Author(s)/Year	Push Factors
Dann (1977)	Anomie, ego-enhancement, fantasy
Crompton (1979)	Escape from a perceived mundane environment, exploration and evaluation of self, relaxation, prestige, regression, enhancement of kinship relationship, and facilitation of social interaction
Zhang & Lam (1990)	Knowledge, prestige, enhancement of human relationship, relaxation, novelty
Yuan & McDonald (1990)	Novelty, escape, prestige, enhancement of kinship, relaxation/hobbies
Jamrozy & Uysal (1994)	Escape, novelty, family/friends togetherness, activities/sports, adventure/ excitement, familiar environment, luxury/doing nothing, prestige
Turnbull & Uysal (1995)	Cultural experiences, escape, re-experiencing family, sports, and prestige
Moutinho (2001)	Educational and cultural, relaxation, adventure and pleasure, ethnic and family, social, and "competitive"
Yoon & Uysal (2005)	Exciting, knowledge/education, relaxation, family togetherness, achievement, escape, safety and fun, away from home and seeing

2.2.6 Hotel Experiences and the Needs Associated with Hotel Stays

There is a paucity of knowledge about the experiences of hotel guests. McIntosh and Siggs (2005) suggested that customers in the hotel industry are concerned with whether their experiences have a unique character and are personalised, homely, of quality, and value added. Therefore, intangible and experiential elements driven by service performance and service delivery should be taken into equal consideration as the more tangible elements of experience in the hotel industry (Saleh & Ryan, 1992). With this object in mind, it is of vital importance

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to unscramble the intrinsic needs of guests that reflect their experiences of hotel services and brands.

There have been few efforts to understand tourists' and travellers' socio-psychological needs' fulfilment during hotel stays and service consumption instances. In a representative study, Zins (1998) successfully explored guests' experiences as related to their personal needs satisfaction in five middle- and upper-class theme hotels in Austria that were branded as "Multi Tennis," "Golf Green," "Slim and Beauty," "Family Apartment," and "Kinder Hotel". Zins's study investigated four psychographic concepts adapted from hotel choice models, including values, lifestyle, vacation style, and benefits. The values concept explained customers' intrinsic need for excitement, security, respect, a sense of belonging, a sense of accomplishment, warm relationships, self-respect, and self-fulfilment, paralleling Maslow's hierarchy of needs (Maslow, 1943, 1970) and the push motivational factors. Needs-seeking experiences were found to differ according to the hotel setting due to the different beliefs and expectations behind particular hotel choices. "Golf Green" hotels were chosen to fulfil a strong sense of belonging and to be respected, whereas excitement was detected as the predominant expectation of the guests who preferred to stay at the "Family Apartment" hotels. "Kinder Hotels" were found to specifically cater to those wishing to share their personal values of excitement. In the "Multi Tennis" hotels, concern for security was afforded a high priority among guests. In the study, the personal values of the surveyed guests corresponded directly and indirectly with the other three psychographic concepts of guests' lifestyles, vacation styles, and benefits. A hedonic lifestyle was mainly characterised by the

personal needs of fun and enjoyment, followed by the need for a sense of belonging, whereas a creative lifestyle was dominated by the personal values of self-respect and self-fulfilment. Additionally, the convergence of the various intrinsic needs of hotel guests was found to have the most influential impact on their propensity to seek experiences of a cultural or natural authenticity in the concept of vacation style. In the "Golf Green" hotels, comfort and relaxation served as the key vacation style element, whereas fun and entertainment was suggested as the main vacation style in the "Kinder Hotel" context. All four psychographic concepts were found to be correlated with demographic profiles. For example, young hotel guests pursued fun and enjoyment in their lifestyles, and the male respondents tended to possess the intrinsic value of sense of accomplishment, whereas the female respondents were more likely to endorse a creative lifestyle. Zins finally presented a complete choice model of hotel guests to understand and decode their experiences and intrinsic needs.

Otto and Ritchie (1996) also identified four experience dimensions of hotel services, namely, hedonics, peace of mind, involvement, and recognition. These four dimensions of hotel stay experiences were presented in ascending order as per Maslow's hierarchy of needs (Maslow, 1943, 1970). Hedonics occupies the bottom layer of the hierarchy, and refers to the satisfaction of the basic needs of relaxation, fun, stimulation, and excitement. Peace of mind connotes tourists' and travellers' personal safety concerns and is located at the next step on the ladder. Involvement explains customers' desire to interact personally with service staff, other customers, and travelling companions, and captures their need for belonging and love. Involvement occupies the middle layer of the needs

hierarchy. Recognition, in sociological parlance, is often described in terms of status, in that there is a theoretical tendency for people to desire a higher status than those to whom they feel superior (Dann, 1977). Wang (1999) implied that in postmodernism theory, self-making and self-identity thrive on tourism experiences. Superiority occupies the upper level of the hierarchy.

In a more recent study, Oh et al. (2007) explored hotel guest's experiences in the U.S. bed and breakfast (B&B) industry, a special form of the hotel industry. This exploratory work was designed based on Pine and Gilmore's (1999) four conceptual realms of experiences: entertainment, education, escape, and estheticism. The data were analysed using two statistical order models. In the first-order model, four realms of experiences were found to have significant or marginal significant influences on the consequences of hotel experiences, namely, guests' arousal, memory, perceived quality, and customer satisfaction. The second higher-order model provided an empirical underpinning of Pine and Gilmore's (1999) "sweet spot" proposition, and resulted in the development of an abstract construct of optimal experiences with a shared variance in all of the experience realms, excluding estheticism. The first-order model showed a similar statistical chi-square fit index to the modified second-order model. The findings are regarded as reliable, as they correspond to those from a previous study of experiences in the B&B industry (Johnston-Walker, 1999).

The investigation of customer experiences in the hotel industry in the studies cited has unraveled a raft of socio-psychological needs that exist among hotel guests. This equates with the findings of studies on tourism and leisure

experiences and on needs and motivation. However, there appears to be a dearth of research on impact of quality of experience of business travellers. In Dubé and Renaghan (1999), transient business travellers were found to mainly seek a worry-free stay in hotels. Other desired key experiential benefits that the subjects articulated were "comfortable stay", "enjoyable experience", "to feel relaxed", "to have a convenient place to stay" and "to have a productive trip". Mattila (1999a) developed an experiential value instrument for measuring business travellers' evaluation of luxury hotels. The results showed that business travellers rated sense of accomplishment, respect of others, self-respect and sense of fulfilment as the four most important values. Callan and Kyndt (2001) further found that leisure facilities and experiences were also considered important by business travellers staying at hotels. In their study, exercise equipments and entertainment/cable TV were highly identified as the key leisure facilities by survey respondents. In fact, while limited research has elaborated service experience for business travellers in hotels, the findings implied the importance of socio-psychological needs to explicate the quality of experience.

2.2.7 Summary of Experience

Creating values and experiences is deemed by researchers and marketers to be the epicentre of the service world (Brodie et al., 2006; Lusch & Vargo, 2006; Prahalad, 2004). The subjective experiences of consumers therefore reflect the differentiated brand image attributes that service companies aim to generate for consumers. A perusal of the literature charts the development of the conceptualisation of experience, in which an experience is now almost universally defined as the perception of the fulfilment of socio-psychological

needs. This conceptual posture is supported by evidence from a variety of contextual settings, including general service consumption, tourism and leisure, and the hotel industry. The following sections are literature review of theoretical concepts involving customer direct and indirect experiences which are assumed to affect brand image and equity. They are advertising efforts, word-of-mouth and service performance.

2.3 Advertising Efforts

2.3.1 Advertising Strategy

Advertising has long been used as a strategic marketing communication tool to attract fresh customers and retain existing customers. It can play either an offensive or defensive role (Sheth, 1974). Vakratsas and Ambler (1999) summarised the extant theoretical advertising principles and empirical evidence and created a structural framework of how advertising works and affects customers (**Figure 2.5**). The framework was formulated as reflecting a linear process from advertising input to the cognitive, affective, and conative responses of customers. In the framework, advertising effectiveness is determined by the advertising messages that are conveyed, the way in which the advertising is executed, and how many times the advertisement is repeated (Meyers-Levy & Malaviya, 1999). At the consumer level, frequent advertising exposure (on some media platforms) and advertising attitude jointly influence customers' perceived advertising expense (Moorthy & Hawkins, 2005). In the hotel industry, spending on advertising is also reflected by Internet marketing, because the function of

hotel websites is to transmit tangible and intangible information about services and the hotel brand (Mills & Law, 2004).

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┌─────────────────────────────────────┐
│         Advertising Input           │
│   Message content, media scheduling,│
│              repetition             │
└─────────────────────────────────────┘
                  ⇓
┌─────────────────────────────────────┐
│              Filters                │
│         Motivation, involvement     │
└─────────────────────────────────────┘
                  ⇓
┌─────────────────────────────────────┐
│              Consumer               │
├──────────────┬───────────┬──────────┤
│  Cognition   │  Affect   │Experience│
└──────────────┴───────────┴──────────┘
                  ⇓
┌─────────────────────────────────────┐
│         Consumer behaviour          │
│      Loyalty, habit, and so forth   │
└─────────────────────────────────────┘
```
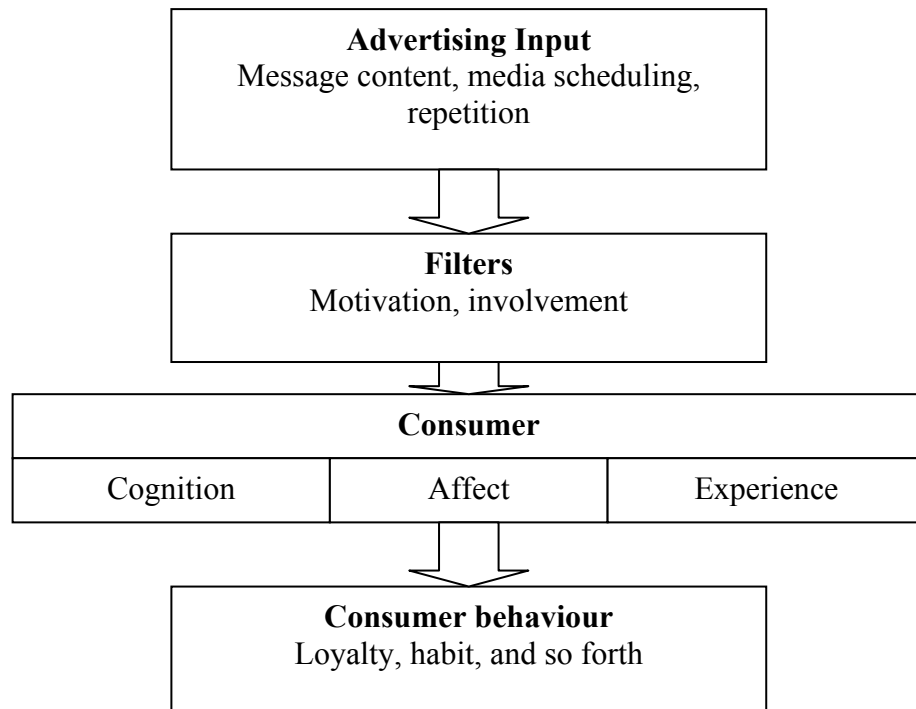
Figure 2.5 A Framework of How Advertising Works

Source: Vakratsas and Ambler (1999).

There are several specific advertising techniques that managers can use in an effort to link to their target audience. Morgan and Pritchard (2000) explained in detail that advertising can be designed in an exclusive or integrative manner to convey simple price information, persuasive messages, interests and engagement, and innovative brand representations and images. Morgan and Pritchard (2000) further claimed that to be effective, persuasive advertising should not be sophisticated and obscure, but appealing and provocative, as the purpose of execution is to create awareness and build up a brand associative network and image. Parente (2006, p. 101) outlined four strategic opportunities for managers to increase sales through advertising efforts: "retaining current users, getting

current users to use more, finding new uses for a product, and finding new users."

Advertising plays a huge part in the competitive marketplace. Two emergent opposing views on the role of advertising in the economy have given rise to markedly different sets of propositions (Farris & Albion, 1980), but both hold true in the present-day marketplace. The first school of thought suggests that advertising yields market power by retaining existing consumers (Comanor & Wilson, 1974, 1979). This power corresponds to increasing brand loyalty and less price sensitivity (Farris & Albion, 1980), which makes it extremely difficult for the potential rivals of a firm to gain access to the marketplace. The other principal standpoint equates advertising to information (Telser, 1964), and states that information acquired on the features and attributes of products and services engenders a high level of price sensitivity (Farris & Albion, 1980). This makes customers become less brand loyal and causes the power of a firm to deteriorate because it is possible to compare competitive offerings (Farris & Albion, 1980). In this case, advertising is used to penetrate the market by simply conveying informational messages (Farris & Albion, 1980). Criticisms of the two opposing views revolve around the knowledge and choice criteria that customers use to select brands (Farris & Albion, 1980).

2.3.2 Customer Responses to Advertising

The use of advertising enables companies to disseminate price-sensitive information and differentiate their product or brand features and engender loyal behaviour from customers at the same time. Customer responses to advertising

stimuli come in three types (Vakratsas & Ambler, 1999). The first type, known as cognition, is attributed to consumers' rational thinking about advertising messages and brand information, whereas the second type, which is termed affect, pertains to customers' emotional feelings and perceptions of the brand and advertising (Vakratsas & Ambler, 1999). Morgan and Pritchard (2000) underscored that advertising campaigns must have "head" and "heart" features to generate brand benefits. "Head" advertising is designed to communicate rational values, whereas "heart" advertising conveys emotional values and associations. Vakratsas and Ambler (1999, p. 27) elaborated the third type of customer response as being accumulated experiences, as the "consumer's mind is not a blank sheet awaiting advertising, but rather already contains conscious and unconscious memories of product purchasing and usage."

In the main stream of research in this field, cognition, feeling, and experience have been recognised as the major customer responses to the advertising information processing procedure (MacInnis & Jaworski, 1989), and have been identified as being highly dependent on involvement and motivation variables (Greenwald & Leavitt, 1984; Petty & Cacioppo, 1979; Petty, Cacioppo, & Schumann, 1983; Rossiter & Percy, 1987; Rossiter, Percy, & Donovan, 1991). In a similar way, Okechuku and Wang (1988) categorised the evaluation of advertising effectiveness into cognitive, affective, and conative components, and stressed that advertising communication exhibits four distinct mechanisms: precipitation, persuasion, reinforcement, and reminder (Sheth, 1974). The first two offensive mechanisms function to awaken brand awareness and manipulate both the cognitive and emotional worlds of the consuming public by providing

relevant information and inducing hypotheses awaiting proof through actual trial (Sheth, 1974). The last two defensive mechanisms serve to restructure and reinforce formed knowledge and preferences among non-ignorant, experienced customers (Sheth, 1974). These four mechanisms are randomly distributed among respondents in real-world situations.

In the first instance, consumers can cognitively determine the quality of products and services by searching for information in a process that can be broken down into the two categories of search and experience (Nelson, 1970). Search information is what rational consumers use to correctly judge the quality of a product or service without prior trial, whereas experience information requires the direct usage of the product or service for verification (Nelson, 1970). This study used cognitive search information to reflect brand associations at the low level and included experience information in the quality of experience construct, which explained the perception of socio-psychological needs fulfilment. It has been argued that advertising not only provides the necessary information and creates feelings for customers, but also persuades and reinforces their repeat buying behaviour and brand loyalty through the paradigm of cumulative experience (Ehrenberg, 1974). The latter advertising function is suitable for customers who frequently use a brand or at least have acquired an established brand image from experienced customers. Therefore, advertising is suggested to be one of the main means to "reinforce feelings of satisfaction with brands already bought" (Ehrenberg, 1974, p. 25). This stance is in accord with the advertising framework presented by Vakratsas and Ambler (1999), who included "experience" in interpreting customer response to advertising.

2.3.3 Advertising Attitude

MacKenzie and Lutz (1989) defined advertising attitude as the disposition of customers to respond in a favourable or unfavourable manner to advertising stimuli. Advertising attitude is a natural concomitant of repetitive advertising campaign for consumers (Vakratsas & Ambler, 1999), and affects their perceived advertising expense (Moorthy & Hawkins, 2005; Moorthy & Zhao, 2004).

Since Mitchell and Olson (1981) first posited that advertising attitude is a predictor of brand evaluation, it has been postulated by many subsequent researchers to represent the cognitive and emotional responses of customers, which have potential influences on brand attitude formation and purchase intention, although the extent of these influences differ across studies (Brown & Stayman, 1992; Cox & Locander, 1987; Gardner, 1985; Gresham & Shimp, 1985; Hill & Mazis, 1986; Homer, 1990; Lutz, MacKenzie, & Belch, 1983; MacKenzie & Lutz, 1989; MacKenzie, Lutz, & Belch, 1986; Miniard, Bhatla, & Rose, 1990; Mitchell, 1986; Mittal, 1990; Park & Young, 1986; Shimp, 1981).

Empirical evidence favours the "dual mediation model," in which advertising attitude has an influence on brand attitude in both a direct and indirect way through brand cognition (Brown & Stayman, 1992; Droge, 1989; Homer, 1990; MacKenzie & Lutz, 1989). Homer (1990) found support for this idea in two television commercial experimental pretests, and this stance was further substantiated in another two experiments (MacKenzie et al., 1986). Droge (1989)

used structural equation modelling to confirm the dual route of brand attitude formation with comparative advertising versus noncomparative advertising. These three studies all confirmed the notion that a dual mediation model always outperforms the alternatives, although the direct means seems to dominate in models in which persuasive advertising affects brand attitude.

Finally, Brown and Stayman (1992) examined the antecedents and consequences of advertising attitude through a meta-analysis. The results of 47 independent studies provided insight into how brand attitude is driven by advertising attitude and other sources. The "dual mediation model" was substantiated, in that advertising attitude was found to affect brand attitude both directly and indirectly through the mediating effects of brand cognition (MacKenzie & Lutz, 1989; MacKenzie et al., 1986).

2.3.4 Hotel Chain Advertising

The strategic approach of advertising is also used in the hotel industry (West & Purvis, 1992). Individual hotels and hotel chains have used advertising for years as a means of communicating with target guests and conveying information. Nykiel (1999) suggested that effective advertising for hotels adheres to the key principles of catering to consumer needs and ensuring that their expectations are met and their satisfaction achieved. In this regard, target audience focus, appropriate media selection, timing and placement, and setting all play a key role in successful advertising practices (Nykiel, 1999). In general, advertising for hotels, although it differs across cases, aims to promote brand distinction and a

recognition of the standard that can be expected in the hotels (Gilbert, 1990). Specifically, some chains sell hotel products through advertising, whereas others build up an illusory, stunning, and special experience and themes for hotel guests and trigger their imagination (Gilbert, 1990). Advertising is thus helpful in image building (Reynolds & Gutman, 1984; Snyder & DeBono, 1985) for both the tangible and intangible assets of hotels.

Unsurprisingly, hotel chains wish to differentiate their own brands from others and to target market needs better than their competitors (Israeli, Adler, Mehrez, & Sundalik, 2000; Nykiel, 1999). Lewis (1990) successfully developed a position strategy that was tailor-made for hotel chain advertising. Several factors were considered in his advertising management plan, including the company, product and service, brand position, customers, competition, market place, and opportunities (Lewis, 1990). The importance of advertising thus lies in its ability to provide basic information about a hotel brand in a dynamic and competitive marketplace, and to persuade and reinforce what the target guests believe to be the brand's position and image (Lewis, 1990; Morgan & Pritchard, 2000). Crask and Lasky (1990) argued that both informational and transformational messages should be included in advertisements that convey a brand's positioning statement.

Except for those that use generic advertising strategies, hotel companies are becoming increasingly attentive and dependent on technology-based advertising approaches (Buhalis & Law, 2008; HotelMarketing.com, 2008a). Internet marketing has been widely acknowledged by both corporations and clients to be a powerful advertising tool because of its instant communication and information

transmission capabilities (Mattila & Mount, 2003; Mills & Law, 2004). Effective Internet marketing requires a comprehensive strategy that synergises a company's business model and sales goals with its website function and appearance. By using Internet marketing, companies can reach target customers for a fraction of the traditional advertising budget. Technology-savvy customers, in turn, are more likely to navigate to hotel websites in their decision making and brand choice (Connolly, Olsen, & Moore, 1998), as this requires less time, financial cost, and effort on their part (Vogt & Fesenmaier, 1998). The features that are generally included on hotel websites have been identified and divided into the categories of promotion and marketing, service and information, interactivity, and technology and management (Murphy, Forrest, Wotring, & Brymer, 1996). Similarly, Law and Hsu (2006) grouped the perceptions of online browsers into five function dimensions: reservation information, facilities information, contact information, surrounding information, and website management. Through these website functions, customers can acquire search information about room rates, availability, hotel and guest room facilities, and the history of the hotel brand (Law & Hsu, 2006). Additionally, they can evaluate the hotel website and hotel brand on the basis of the functional and tangible service information provided (Chung & Law, 2003; Liang & Law, 2003) and the intangible experiences that are provided by an enjoyable search through the content (Kim, Ma, & Kim, 2006; Mills & Law, 2004; Yeung & Law, 2004). Customers rely on the information and content acquired (Jeong, Oh, & Gregoire, 2003) and the design associated with the website (Huizingh, 2000) to measure the success of a hotel. In today's economy, hotel companies not only customise hotel services and products and make them more tangible, but also depend on the

use of hotel websites to enable relationship marketing to maintain their customer franchise and brand equity (Morrison, Taylor, Morrison, & Morrison, 1999).

Despite the fact that hotel chain advertising has gained acceptance among academics and marketers, inquiry into the central theme of how advertising can be made to serve branded hotels effectively and to achieve their strategic objectives is lacking, perhaps because of the varying nature of hotel services and experiential products (Messenger & Lin, 1991).

2.3.5 Summary of Advertising Efforts

The efficacy of advertising efforts is embedded in the investment in advertising messages, their execution, and advertising frequency. On exposure to advertising activities, customers respond cognitively and experientially, which helps with the establishment of search brand image attributes and experiential image attributes and the diffusion of brand name awareness. A successful investigation of the effectiveness of advertising that aims to understanding its effects on brand knowledge and image will help companies both to retain existing customers and develop new customers. Advertising attitude is formed in response to repetitive advertising and facilitates the process of brand attitude evaluation in the marketplace. In the hotel industry, there is little research that focuses on how marketers can employ advertising to trigger the cognitive and experiential comprehension of a brand among consumers to achieve brand equity.

2.4 Word-of-Mouth

Word-of-mouth (WOM) communication has long been acknowledged by practitioners and academic researchers to be an important output of the purchase process (Richins, 1983; Zeithaml et al., 1996). Heightened service or product quality triggers the creation of loyal customers who provide words of recommendation to other customers or friends (Zeithaml et al., 1996). WOM is therefore an important personal source of information (Gilly, Graham, Wolfinbarger, & Yale, 1998). The use of referral marketing to foster WOM publicity is a useful tool in the development of brand equity (Buttle, 1998).

WOM communication will take place as long as information exchange occurs between information seekers and sources. Consumers usually apply various decision heuristics in their information processing tasks (Duhan, Johnson, Wilcox, & Harrell, 1997), and WOM serves as an alternative source of information to the mass media and other controllable elements of the marketing communication mix (Arndt, 1967; Swan & Oliver, 1989). A more selective definition is that WOM represents non-commercial and informal verbal interpersonal communication between communicators and receivers (probably potential purchasers) about the characteristics and experiences of a brand, service, or product (Arndt, 1967; Westbrook, 1987). Alternatively, it connotes "an exchange of comments, thoughts, and ideas among two or more individuals in which none of the individuals represents a marketing source" (Bone, 1992, p. 579).

Companies are also able to provide commercial buzz episodes (contagious WOM commentary) by recruiting internal professional agents to motivate the diffusion of relevant messages in a more specific and purposeful way among the target audience (Carl, 2006; Goldenberg, Libai, & Muller, 2001). Therefore, WOM can take both non-institutional and institutional forms at home, at work, and in the commercial environment (Carl, 2006). In this electronic age, when information is everywhere, electronic WOM (eWOM) functions analogously to face-to-face WOM through the Internet or any technology-based channel (Litvin et al., 2008), such as e-mail, consumer reports and reviews, blogs and virtual communities, newsgroups, chatrooms, product review sites, and so forth (Litvin et al., 2008). Email is an asynchronous one-to-one medium; websites with the function of stimulating eWOM is an asynchronous one-to-many medium; blogs and virtual communities are asynchronous or synchronous channels; chat rooms are fairly synchronous channels. Litvin et al. (2008) articulated detailed strategies of managing eWOM in the hospitality industry. In practice, Marriott sees its blog (HotelMarketing.com, 2008b) and online communities (HotelMarketing.com, 2008c) just as modernised channels for members to share their travel stories, ask questions and give advice and recommendations.

WOM is a crucial input in consumers' purchase decisions (Arndt, 1967; Bieger & Laesser, 2004; Bloch, Sherrell, & Ridgway, 1986; Brown & Reingen, 1987; Engel, Kegerreis, & Blackwell, 1969; Feick & Price, 1987; Hsu, Kang, & Lam, 2006), service providers selection (Keaveney, 1995; Wangenheim & Bayon, 2004), and product and brand choice (Price & Feick, 1984; Yale & Gilly, 1995).

Pervasive and intriguing WOM messages are more influential in various aspects than less vivid imprinted information (Herr, Kardes, & Kim, 1991).

In explaining the effectiveness of WOM in detail, Brown and Reingen (1987, p. 350) reported that WOM communication in the 1950s "was seven times as effective as newspapers and magazines, four times as effective as personal selling, and twice as effective as radio advertising in influencing consumers to switch brands." Day (1971) computed that WOM is nine times as effective as any other method in converting unfavourable predispositions into favourable attitudes. Engel et al. (1969) found that users of an innovative automotive diagnostic service relied on a single effective WOM source for their decision. Similarly, in an experimental study Murray (1991) confirmed the prominence of WOM in consumer information acquisition activities.

The power of WOM lies on its rationale in certain circumstances: the messages conveyed are from more credible and reliable sources and the manner in which the messages flow among people is two-way and reciprocal between information communicators and receivers (Derbaix & Vanhamme, 2003). The key potential communicators are either experts, that is, the "market mavens" (Feick & Price, 1987), or "opinion leaders" who are likely to share their thoughts and experiences with others about a product or brand (Godes & Mayzlin, 2004).

Brown and Reingen (1987) categorised WOM sources by the strength of the ties that decision makers have with the information communicators. Strong ties occur within the social circle of consumers. For example, family and relatives both act

as important recommendation sources for decision makers by virtue of their powerful reliability and trust (Derbaix & Vanhamme, 2003). The development of strong ties and a strong flow of person-to-person information is characterised by intensive, intimate, and frequent exchange and meetings (Granovetter, 1973). In contrast, weak ties in the sociological network have only a bridging effect between the original information communicators and the eventual receivers in a less frequent and deep manner (Granovetter, 1973). A field-based quasi-experiment indicated that non-loyal customers with weak ties play a marginal role in information dispersion compared with more loyal agents (Godes & Mayzlin, 2004). Moreover, weak ties have been shown to be more varied and more numerous (Duhan et al., 1997). Gilly et al. (1998) further attributed the influence of source on information seekers to the characteristics of both source and seeker and the homophily of seeker and source, where homophily refers to the degree to which the WOM communicating pair is congruent in certain demographic features (Gilly et al., 1998).

Despite the fact that WOM communications and referrals are mostly described in terms of positive information and experiences in practice, WOM in the academic field has been related to both positive and negative perceptions. Naturally, favourable WOM increases the purchase probability for the decision makers, whereas negative WOM engenders complaint dissemination and hence has an opposite effect (Litvin et al., 2008). There is no doubt that positive WOM has an influence on product evaluation and can thus precipitate brand loyalty (Arndt, 1967; Litvin et al., 2008). The introduction of a new product has been found to be mostly attributable to favourable WOM diffusion (Mohajan, Muller, & Bass,

1990). Negative WOM and compliant behaviour is closely related to customers' dissatisfaction and the magnitude of their problem with the product or service (Bearden & Teel, 1983; Richins, 1983). Researchers have also related negative WOM to poorer brand evaluation (Laczniak, DeCarlo, & Ramaswami, 2001). Similarly, Herr et al. (1991) noted that a vivid WOM message enhances the evaluation of brand information, whereas a negative WOM message reduces brand attitude.

Litvin et al. (2008) successfully provided a conceptual model of WOM based on an extensive review of past research findings. In their research model, personal consumption experiences and the mass media served as the main sources of WOM, which they found was driven by the motivating factors of affect, altruism, self-interest, and reciprocation. As has been stated, WOM communication originates from people who have either strong ties or weak ties with the information receivers. These WOM originators are also exposed to a variety of sources mediated by customer-employee relationships, consumer involvement, and surprise formations. The decision makers receive disseminated information and experiences from these originators, which can result in customer loyalty, product evaluation, purchase decisions, consumer empowerment, and product acceptance. The links between these WOM outcomes and the WOM receivers are also mediated by a number of other factors, including source evaluation, brand familiarity, socio-metric integration, and memory. WOM is also an indicator of loyalty intentions (Gruen, Osmonbekov, & Czaplewski, 2006; Zeithaml et al., 1996). A study of the behaviour of online forum participants suggested WOM to be an equivalent outcome to repeat purchase intention, and

found that it was determined by online expertise exchange and the perceived overall value of the firm's offering (Gruen et al., 2006). Therefore, in a lifecycle of purchase behaviour within social and cultural networks, WOM is both an input and an output variable that influences product and brand judgement and choice (Buttle, 1998).

WOM communications are believed to affect product choices and brand evaluation in particular situations through the dissemination of useful information and favourable experiences. The service marketplace is an environment in which consumers desire more personal and subjective information that can then be adapted to their preferences for goods or experiences (Murray, 1991). WOM is also considered to be a perceived risk reliever and an effective information conveyer in service consumption (Derbaix & Vanhamme, 2003). Accordingly, service marketers are recommended to stimulate customer-to-customer communication while reducing the detrimental effects of customer dissatisfaction to a more controllable level (Mangold, Miller, & Brockway, 1999).

In the hospitality and tourism industry, the effect of WOM is more evident in the diffusion of useful brand information and subjective experiences. The presence of WOM about a tourism destination as presented by former visitors to the destination was found to be a free means of heightening sales for companies (O'Neill, Palmer, & Charters, 2002) and of enlarging the scale of promotions (Morgan, Pritchard, & Pride, 2002). Shanka, Ali-Knight, and Pope (2002) learnt through a study of international students' travel experiences and perceptions of

Western Australia as a tourist destination that three out of five of the target students had found out about the destination brands from WOM (friends) with whom they had strong ties. Therefore, WOM recommendations are an important and effective endorsement of service purchase choice and brand evaluation in the tourism and hospitality industry (Litvin et al., 2008).

2.5 Service Performance

2.5.1 Service Performance and Quality

Today's companies consider service marketing to be a strategic means of providing direct experiences for customers so as to build up a relationship and create added value (Douglas, 2006). To avoid a cycle of failure that would be painful for their customers, employees, and stakeholders, service-driven companies administer "doses" of investment to and place a heavy emphasis on ensuring high-quality service performance by providing a quick service, clean surroundings, and uniform service products. Numerous cases attest to the importance of service performance in the modern-day service industry (Hemp, 2002; Hostage, 1975; Schlesinger & Heskett, 1991), and research on service quality has been advanced substantially by the large amount of studies in this area. It is true that the perception of service quality differs between managers and customers (Tsang & Qu, 2000), but it is ultimately the customers who evaluate service performance for the managers. There are a number of examples in the literature of measuring service performance based on customers' perception of service quality (Grönroos, 1984; Parasuraman, Zeithaml, & Berry, 1985).

Researchers have shown substantial interest in determining the dimensions of the service performance paradigm. Grönroos (1984) identified two sets of quality dimensions, namely, technical and functional. Technical attributes are more objective, as they are what customers really receive during their service consumption, whereas the functional dimension is concerned with the way in which a service is delivered by employees. The usefulness of this categorisation was confirmed in a customer satisfaction concept that involved both product and delivery elements (Czepiel, Solomon, Suprenant, & Gutman, 1985). Johns (1999, p. 962) stated that "the idea that service processes consist of delivery plus performance has important consequences for notions of service productivity and quality." However, the term "performance" as used by Johns differs from that used in this study, in that Johns (1999) limited it to refer to objective possessions and service products.

In accordance with the line of reasoning of the Nordic school of thought, Lovelock (1985) divided service attributes into core and secondary types. The former deals with what customers obtain from purchases and from interactions with service employees, whereas the latter deals with how the services are rendered to customers. In simpler terms, core service types are essentially service products and functions, and secondary types focus on the service delivery process (Brogowicz, Delene, & Lyth, 1990). Choi and Chu (2001) substantiated this classification in the hotel industry by deducing the core service elements and side service elements and combining the core and secondary service attributes into a service performance construct. Bitner (1992) added a servicescape

dimension to illustrate the ambience factor in the evaluation of service performance, in particular in service encounters. Bitner defined the servicescape as the place in which service transactions take place. In sum, service performance includes three dimensions: tangibles and operations/core services/service products, service delivery/employee factors/interaction and expertise, and servicescape/service environment/atmosphere (Dagger & Sweeney, 2007; Grace & O'Cass, 2004; McDougall & Levesque, 2000; Rust & Oliver, 1994).

The chief approach to measuring the perceived quality of service performance is the "SERVQUAL" instrument, which is a multiple-item scale developed by Parasuraman et al. (1985) following the American school of thought. The latest version of the instrument comprise five underlying attributes: reliability, tangibles, responsiveness, assurance, and empathy (Parasuraman, Zeithaml, & Berry, 1988, 1991, 1994). Reliability refers to the ability to perform a service dependently and accurately; tangibles refer to the appearance of physical facilities, equipment, and communication materials; responsiveness refers to the willingness to help customers and to provide a prompt service; assurance refers to the knowledge and courtesy of employees and their ability to convey trust and confidence; and empathy refers to the provision of caring, individualised attention to customers (Berry & Parasuraman, 1991). Knutson, Stevens, Wullaert, Patton, and Yokoyama (1990) developed a modified version for the lodging industry called "LODGSERV," which corroborated that the five attributes are affiliated with service quality. Similar modifications were made in studies exploring service quality in the hotel industry in Australia (Mei, Dean, & White, 1999) and in Mauritius (Juwaheer, 2004). Likewise, a "DINESERV" instrument

was designed as a vehicle to determine how restaurant customers evaluate the quality of restaurant service performance (Stevens, Knutson, & Patton, 1995).

The "SERVQUAL" instrument has received criticism in terms of its conceptualisation, measurement, and its operationalisation using the gap approach. The original instrument design has two sections that measure customer expectations and their actual perception of services separately, and the instrument thus functions in an expectancy-disconfirmation paradigm that compares customers' perceptions of actual service performance with their prior expectations to measure service quality (Bolton & Drew, 1991; Oliver, 1996). The validity of measuring expectation and actual perception at the same time has been the subject of much debate, because it is argued that expectations change through the service delivery process and service performance therefore has more direct relevance to service quality than service expectation (Boulding, Kalra, Staelin, & Zeithaml, 1993; Cronin & Taylor, 1992; Teas, 1993). Moreover, there appears to be growing confusion over the separation of the construct of service quality from that of customer satisfaction and attitude (Cronin & Taylor, 1992; Yuksel & Yuksel, 2001a, 2001b) due to their similar theoretical foundations (Cronin & Taylor, 1992; Zeithaml, Berry, & Parasuraman, 1993). A number of researchers have maintained that they serve as distinct constructs (Cronin & Taylor, 1992; Parasuraman et al., 1985, 1988; Taylor & Baker, 1994), with service quality being regarded as an overall evaluation of service performance and customer satisfaction as an evaluation of the actual experience at the point of consumption, for example (Tian-Cole, Crompton, Wilson, Cole, & Willson, 2002). The common consensus among researchers about the best approach is to

simply define both constructs as perceived outcomes with respect to consumer behaviour (Yuksel & Yuksel, 2001a). In practice, the design of service quality variables depends on the conceptual propositions and purpose of the research. This study examines the cumulative effects of service quality in relation to brand equity.

Cronin and Tailor (1992) discussed the criticism of the "SERVQUAL" instrument and successfully extended the knowledge and evaluation of service quality by providing an improved means of measurement known as "SERVPERF," which is viewed as a performance-based instrument. The "SERVPERF" instrument excludes the expectation component and employs the original 22 individual performance scale items of the "SERVQUAL" instrument but does not separate then into the five components (Cronin & Taylor, 1992). This instrument has outperformed "SERVQUAL" in measuring service quality in terms of its dimensionality, reliability, and validity (Cronin & Taylor, 1992). Similarly, Teas (1993) challenged the "perceptions-minus-expectations" approach of service quality and attempted to overcome the attendant problems by proposing a "Normed Quality" model that was based on an evaluated performance framework.

The gap approach to service quality and its conceptual relationship with satisfaction and attitude remains a contentious issue (Cronin & Taylor, 1992, 1994; Parasuraman et al., 1994; Teas, 1993; Zeithaml et al., 1993). Even Parasuraman et al. (1994) themselves admitted that a performance-based measure may also reflect long-held ideas of service quality that reside in customers'

minds. Other researchers have found that customer satisfaction is solely affected by actual performance, rather than a disconfirmation experience or initial expectations (Churchill & Surprenant, 1982). Therefore, the performance-based measurement outperforms the gap approach to evaluating service quality by taking into account both practical and academic considerations (Brady, Cronin, & Brand, 2002).

Both the "SERVQUAL" and "SERVPERF" approaches use service quality statements that are thought to be important and generalisable across industries in the evaluation of service performance. The 22 performance scale items reflect the dimensions identified in the Nordic service performance paradigm (Choi & Chu, 2001; Czepiel et al., 1985; Grace & O'Cass, 2004; Grönroos, 1984; Johns, 1999; Lovelock, 1985; Parasuraman et al., 1985, 1988, 1991, 1994). For instance, the tangibles and reliability components that were proposed by Parasuraman et al. (1988) conform to the technical quality dimension (Grönroos, 1984), functional attributes (Czepiel et al., 1985), and core service elements (Choi & Chu, 2001; Grace & O'Cass, 2004; Johns, 1999; Lovelock, 1985), whereas the responsiveness, assurance, and empathy components match the functional quality dimension (Grönroos, 1984), performance-delivery attributes (Czepiel et al., 1985; Johns, 1999), side service elements (Choi & Chu, 2001), secondary service types (Lovelock, 1985), and employee service and servicescape factors (Grace & O'Cass, 2004; Rust & Oliver, 1994).

In an attempt to advance the "SERVQUAL" and "SERVPERF" instruments, Brady and Cronin (2001) reviewed the preceding understandings of service

quality and developed a hierarchical performance-based approach that conceptualised service quality as a three-order factor model. In this model, the three primary dimensions of service quality are interaction, environment, and outcome, which conform to the classifications of service quality dimensions suggested by Grace and O'Cass (2004) and Rust and Oliver (1994). The interaction dimension attaches importance to the employee factor (Gummesson, 1995), which determines the quality of service delivery (Johns, 1999). The environmental dimension delineates the servicescape in which the service occurs (Bitner, 1992). Outcome quality mirrors Grönroos's (1984) technical quality, and examines the quality of core service products (Johns, 1999; Kotler, 1984; Lawton, 1992). Each of the primary dimensions possesses three lower-order sub-dimensions that vary across individual and situational distinctions. The interaction sub-dimensions include attitude, behaviour, and expertise; the physical environment sub-dimensions incorporate ambient conditions, design, and social factors; and the outcome sub-dimensions comprise waiting time, tangibles and valence. Drawing on this critical review of the service performance and quality literature, the current study exploits the recent instrument of Brady and Cronin (2001) to measure the quality of service performance in the hotel industry at the consumer level.

2.5.2 Hotel Service Performance and Quality

In their perceptions of hotel services, hotel guests are likely to evaluate a bundle of hotel attributes related to their satisfaction and repeat patronage (Choi & Chu, 2001; Sim et al., 2006), participation in frequent guest programmes (McCleary & Weaver, 1992), and selection of hotels (Lewis, 1984, 1985). **Table 2.5**

summarises the previous findings of service performance in the hotel industry. However, it seems that hotel service is evaluated differently by disparate customer groups, such as male versus female travellers (McCleary, Weaver, & Lan, 1994), frequent business travellers versus non-frequent business travellers (Callan & Kyndt, 2001; Knutson, 1988; Lockyer, 2002; McCleary & Weaver, 1992; McCleary, Weaver, & Hutchinson, 1993; Weaver & Oh, 1993), and mature versus young travellers (Ananth, DeMicco, Moreo, & Howey, 1992). It is also the case that some hotel guests are not difficult to satisfy, whereas others are just the opposite and are regarded as "optimisers" in their perception of hotel service (Tarrant, 1989).

Table 2.5 Service Performance in the Hotel Industry

Author(s) (Year)	Validity	Dimensions
Lewis (1984,1985)	Business and leisure travellers	66 attributes
Cadotte & Turgeon (1988)	Hotel guests	Complaints and compliments
Wind, Green, Shifflet & Scarbrough (1989)	Business and leisure travellers	50 attributes across seven factors (external factors, rooms, food, lounge, services, leisure, security)
Saleh & Ryan (1991)	Hotel guests	Conviviality, tangibles, reassurance, avoid sarcasm, empathy
Ananth et al. (1992)	Mature hotel guests	Services and conveniences, security and price, general amenities, mature-specific attributes, room
Barsky & Labagh (1992)	Business and leisure travellers	Employee attitudes, location, room, price, facilities, reception, services, parking, food and beverage
Saleh & Ryan (1992)	Business and leisure travellers	29 attributes
Weaver & Oh (1993)	Business travellers	56 attributes
Getty & Thompson (1994)	College students majoring in hospitality management	Tangibles, reliability, and contact
Gilbert & Morris (1995)	Business travellers	Comfortable bed, good service, pleasant surroundings, essential facilities, atmosphere, standard
Griffin, Shea &	Business travellers	56 attributes

Weaver (1996)		
Gundersen, Heide & Olsson (1996)	Business travellers	22 attributes
Harline & Jones (1996)	Hotel guests	Three attributes
Wuest, Tas & Emenheiser (1996)	Mature hotel guests	Reliability, assurance, empathy, responsiveness and tangibles
Bowen & Shoemaker (1998)	Business travellers	18 attributes
Dubé & Renaghan (1999)	Business, leisure and meeting & convention travellers	Comfortable stay, worry-free stay, enjoyable experience, relaxed, secure, to save time, productive trip, convenient place to stay
Mei et al. (1999)	Hotel guests	Employees, tangibles and reliability
Dubé & Renaghan (2000)	Hotel guests	10 attributes
Qu, Ryan & Chu (2000)	Business and leisure travellers	Quality of staff performance, quality of room facilities, variety & efficient services, business related services, value for money, safety & security
Choi & Chu (2001)	Business and leisure travellers	Staff service quality, room quality, general amenities, business services, value, security, IDD facilities
Chu (2002)	Hotel guests	Employees, room, basics, value, security
Juwaheer (2004)	Business and leisure travellers	Reliability, assurance, extra room amenities, staff communication and additional amenities sought, room attractiveness and décor, empathy, staff outlook and accuracy, food and service related, hotel surroundings and environmental factors
Sim et al. (2006)	Hotel guests	Ambience, hospitality, added value
Akbaba (2006)	Business travellers	Tangibles, adequacy in service supply, understanding and caring, assurance, convenience
Briggs, Sutherland & Drummond (2007)	Hotel guests	Friendliness, standards, personal service, value for money, tangibles
Hsieh, Lin & Lin (2008)	Hotel spring hotel guests	SERVQUAL five elements

Many hotel attributes mirror a variety of wants and needs expressed by guests in their consumption of hotel services. In a work studying the lodging needs of mature travellers (Ananth et al., 1992), a total of 56 hotel attributes were subdivided into the five factors of services and convenience, security and price, general amenities, mature-specific attributes, and room. Similarly, Choi and Chu (2001) identified seven hotel attributes that were found to influence service provision, including staff service quality, room quality, general amenities,

business services, value, security, and IDD facilities. Atkinson's study (1988) listed the top 20 hotel attributes in descending order of customers' perception of their importance, of which a clean room was ranked first.

In the hotel industry, room service is thought to be a core element that allows hotel service providers and customers to achieve their desired outcomes (Brogowicz et al., 1990; Johns, 1999; Kotler, 1984; Lawton, 1992). Clean, comfortable, and spacious rooms were also ranked highly in choosing a hotel in a survey of 1,853 frequent travellers (Knutson, 1988). Hotel guests also require the hotel's main facilities, equipment, and restaurants to be satisfactory during their service consumption (Chadee & Mattsson, 1996). Successful and high-quality service performance also needs to be delivered by hotel front-line employees in a considerate and consistent manner (Johns, 1999) within a well-decorated and - designed service ambience (Bitner, 1990). In more specific terms of the service ambience or servicescape, the colour, lighting, style of hotel decor (Countryman & Jang, 2006), and the people or staff (Choi & Chu, 2001) were salient in a number of cases. Cadotte and Turgeon (1988) asked lodging executives to rate hotel attributes in terms of how often they received compliments and complaints about them, and noted that the staff service factor was prominent. Sim et al. (2006) combined the factors of hospitality and ambience in their study to describe customer satisfaction with hotel service performance.

Gundersen et al. (1996) measured hotel service quality and examined its relationship with the overall satisfaction for business travellers. They found both tangible (e.g., housekeeping) and intangible (e.g., reception) aspects of service

had strong effects on overall satisfaction. Bowen and Shoemaker (1998) investigated the role of service performance in building loyalty of business travellers to luxury hotels. Survey respondents attached the highest importance to "the hotel provides upgrades when available," followed by "you can check in and check out at a time that suits you," and "the hotel uses information from your prior stays to customise services for you." The top three service features paralleled with the dimensions of "service outcome" and "service interaction" as proposed by Brady and Cronin (2001). Akaba (2006) studied service quality in a business hotel in Turkey and confirmed the five-dimensional SERVQUAL model, although the components were found to be slightly different. They were labelled as tangibles, adequacy in service supply, understanding and caring, assurance and convenience. These findings collectively provide theoretical weight to broad factors of service quality and performance in both Nordic and American paradigms.

2.5.3 Summary of Service Performance

Service marketing is used as a way of conveying brand-related information to customers. It is highlighted in the service industry because service is perceived to be the dominant source for consumers to directly establish their brand image. This study posits service performance to be the key antecedent of the experiences of business travellers in luxury hotels. After a comprehensive review of previous service performance studies, the measurement of Brady and Cronin (2001), with its three main components of interaction, environment, and service outcome, is selected for use in this study. This multi-dimensional performance-based

conceptualisation conforms to the both Nordic and American schools of thought, and does not have the limitation of the gap theory of comparing service performance and previous expectations. The measurement scales used by this study were found well applicable in the research context of business travellers in luxury hotels.

2.6 Direct and Indirect Experiences in Developing Brand Equity

In this study, advertising and word-of-mouth are treated as the dominant sources for interpretations of customer indirect experiences, whereas service is considered to create direct experiences. This study sheds light by observing the relative importance of direct and indirect experiences in developing brand equity at the customer level. In fact, a brand serves as an information "chunk" for customers (Jacoby, Syzabillo, & Busato-Schach, 1977). Brand messages and information originate in corporate actions and traditional marketing communications, and are received by customers to establish their brand image (Duncan & Moriarty, 1998). Nelson (1970) theorized that customers have two alternative ways of seeking information about the quality of goods. One is to search external sources (such as advertising and word-of-mouth) that create indirect experiences for customers, and the other is to rely on their personal direct experiences (Beales et al., 1981; Fodness & Murray, 1998; Gursoy & McCleary, 2004; Vogt & Fesenmaier, 1998). In fact, in light of the information theory, every good has both search and experience attributes (Nelson, 1970) that are perceived by customers in their internal and external information search behaviour (Vogt & Fesenmaier, 1998). The quest for search attribute information

usually occurs before a purchase, whereas experience attribute information can only be obtained after consumption of the good in question. Search attributes are less ambiguous or equivocal than experience attributes based on the theory of information diagnosticity and ambiguity (Ford et al., 1990; Srinivasan & Till, 2002). Service brands are no exception, and contain both search and experience image attributes that are inherent in a customer's associative network related to the brand (Franzen, 1994). For example, customers can obtain search brand image attributes about a branded hotel's physical appearance, its rooms and facilities, its brand name and logo, its price, and even its history from advertising campaigns and word-of-mouth messages. However, quality of experience image attributes can only be acquired when the customer stays at the hotel. In Klein's (1998) model, the search and experience attribute information of products originates from the mass media and from consumers themselves. Beatty and Smith (1987) divided search sources into four types: retail, media, interpersonal, and neutral. Advertising is a marketing communication method that plays a significant role in the interpretation of search information (Klein, 1998), but the dispersion of search information can also be attributed to the contribution of publicity through word-of-mouth within interpersonal social networks. It is well acknowledged that messages acquired through person-to-person communications are almost always more vivid than those acquired from advertising. Customers are more likely to be skeptical of the information that is conveyed by biased parties, and are thus more naturally trusting of information that is obtained from friends and relatives and from their own experiences.

Customers rely on their own direct experiences and real evidence to evaluate goods and services, despite the fact that direct experience is sometimes pseudo-diagnostic (Hoch, 2002). Consumers, and especially those with no knowledge or who are self-complacent, are found to be more likely to first check their own stock of internal information (Beales et al., 1981). Smith and Swinyard (1988) found that advertising for a snack food item (a cheese-filled pretzel) that was unavailable in the test area and thus had not been experienced by consumers created a lower level of information-acceptance and lower-order beliefs and affect among consumers compared to a direct usage experience. The evaluation of Marks and Kamins (1988) of the advertising efforts of a pen manufacture attempting entry into the market supported the findings of Smith and Swinyard (1988). These two cases lend weight to the notion that direct experience provides more confidence than advertising stimuli, as the former has a greater influence on recall, attitudes, and purchase intent than the latter (Singh, Balasubramanian, & Chakraborty, 2000). Wright and Lynch (1995) explained that advertising claims are more effective in conveying messages about search attributes than about experience attributes which direct experience is supposed to harness. The evidence of this notion could be found in the work of Hamilton and Thompson (2007) and Kempf and Laczniak (2001). Kempf and her colleagues (Kempf, 1999; Kempf & Smith, 1998) stepped forward by applying theories to hedonic products, or the products of high diagnosticity; results showed that pretrial advertisement exposure had no significant effects on either experiential or nonexperiential attributes (search and credence attributes) towards posttrial brand attitude for the high diagnostic products. However, Shapiro and Spence (2002) contended that the mechanism behind could be biased depending upon the

evaluative criteria used. They meanwhile suggested that market information can generate effect on the evaluation of sensory attributes (experience attributes crafted via direct experience) toward brand choice only when it is used together with direct experience and in absence of evaluative criteria, according to the confirmation bias theory (Hoch & Ha, 1986), and the encoding and assimilation effect theory (between market information and sensory attributes).

2.7 Summary

The purpose of this literature review is to provide comprehensive and extensive understanding of previous research on brand equity at the consumer level and tourism experiences, and to provide a rationale for the creation of a brand equity construct suitable for the present-day situation. The current situation is epitomised by the injection of meaningful experiences that companies attempt to provide to satisfy customers' subjective requirements and expectations. Existing studies of the experience construct help arrive at the definition of experience used in this study; customer perception that a luxury hotel stay has fulfiled the socio-psychological needs of business and other travellers. Research on impact of advertising and word-of-mouth is reviewed, and their role in development of brand equity is discussed. Direct experience of service performance in the luxury hotel industry is deemed to consist of three primary components, i.e. interaction between hotel employees and consumers, service environment, and service outcomes. The direct and indirect experiences together contribute to establishment of brand image and brand loyalty, which in turn precipitate construction of the overall brand equity. This study examines the relative

importance of advertising, word-of-mouth, and service performance in building

of brand image and ultimately the overall brand equity.

CHAPTER 3. RESEARCH MODEL AND HYPOTHESES

This chapter presents an overview of the proposed theoretical framework and elucidates the hypothesised relationships among different variables in the framework.

3.1 Research Model

The research model is shown in **Figure 3.1**. Advertising efforts, word-of-mouth, and service performance are hypothesised to be the exogenous variables in the model, and brand associations, quality of experience, brand loyalty and overall brand equity are proposed to be the endogenous variables. Being part of the brand image established by marketing efforts at the consumer level (Keller, 1993), brand associations, in this study, are reflected by search brand image attributes, and quality of experience is reflected by experience brand image attributes. Brand image is assumed to influence the overall brand equity directly and indirectly through brand loyalty. Advertising and word-of-mouth are taken as external sources of information for evaluation of brand image by consumers. This applies to customers indirect experiences also. Service is undoubtedly the main internal source of information for consumers in the construction of their brand image perceptions (Berry, 2000; Franzen, 1999). In a similar vein, service crafts direct experiences for customers. Customers' perceptions of brand image and equity are proposed to be driven by indirect experiences accumulated

through exposure to advertising and word-of-mouth communications, and by direct experiences derived from service performance.
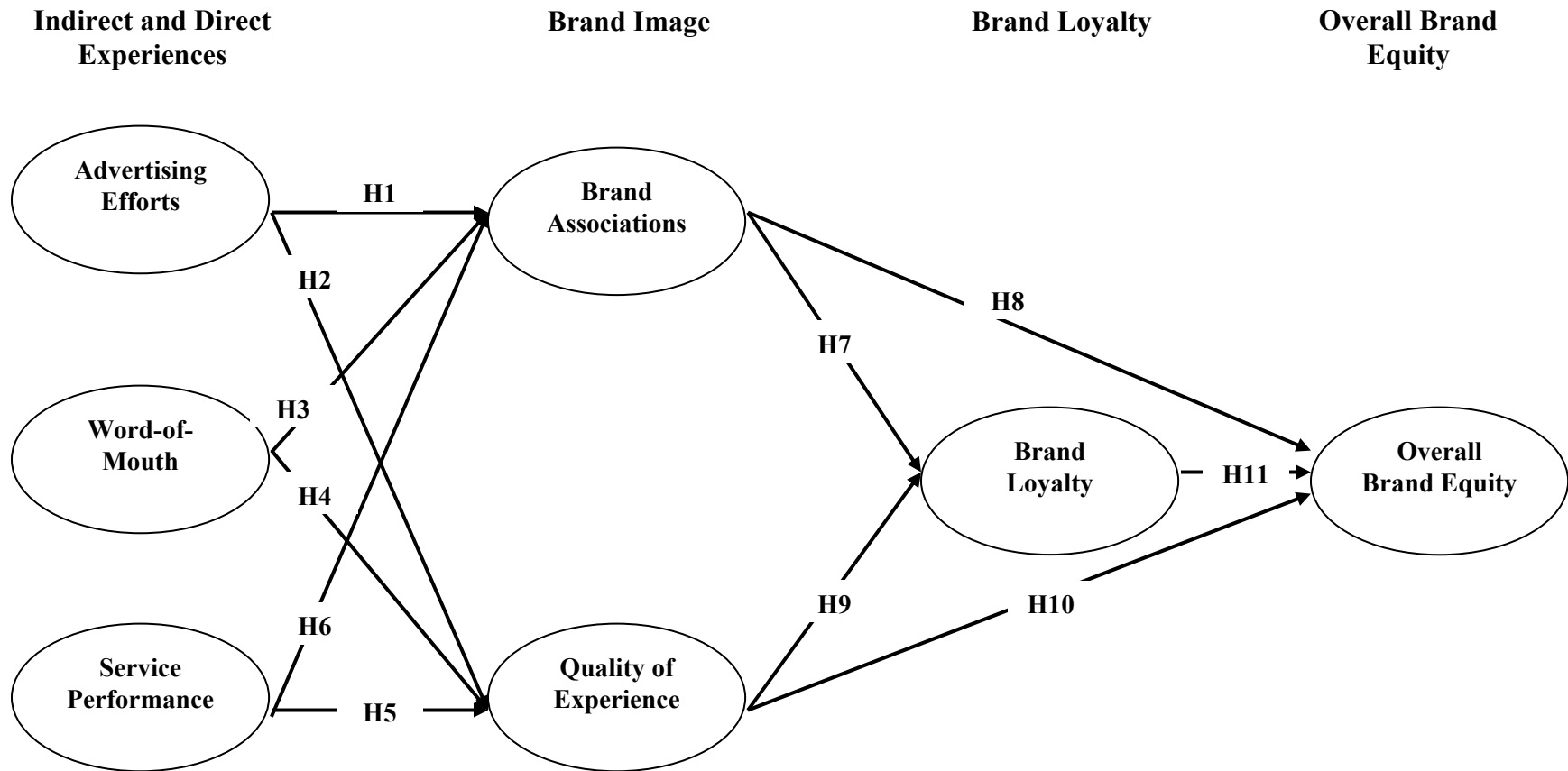
Figure 3.1 Research Model and Hypotheses

3.2 Hypotheses

3.2.1 Effects of Advertising Efforts on Brand Associations and Quality of Experience

Advertising serves as an effective means for companies to communicate with the consuming public (Batra, Myers, & Aaker, 1996; Hart & Troy, 1986; Morgan & Pritchard, 2000). Companies make full use of advertising to encourage brand cognition and distinction by consumers (Berry, 2000). The execution of an advertising strategy can result in greater market power by lowering the price sensitivity of target consumers and creating an associative network for the brand perception they have, if the messages are well designed (Farris & Albion, 1980). Exposure to repetitive advertising campaigns can embed the advertisement itself and the brand being advertised in the memory network of the consumer (Pechmann & Stewart, 1988). Simon and Sullivan (1993) suggested that advertising is an important input in determining brand equity of companies. Expenditure on advertising yields a price premium because of differentiation of quality, which generates brand loyalty. It provides informational messages to consumers resulting in development of brand awareness and favourable images, thus enlarging the company's market share (Simon & Sullivan, 1993). Low and Mohr (2000) further compared advertising and sales promotion and found the former to have a stronger impact on consumer attitudes and brand equity. Sriram, Balachander, and Kalwani

(2007) noted that advertising generates positive effects, whereas sales promotion has a negative influence on consumers and the perceived brand equity.

It is widely believed that the use of advertising triggers cognitive, affective, and experiential responses that contribute to the development of brand loyalty and habitual behaviour at the consumer level (Vakratsas & Ambler, 1999). Cognitive brand image is acquired from the information conveyed by advertising efforts made as a means of marketing communication (Nelson, 1974). Affective feelings occur when consumers are actively involved in advertising actions (Greenwald & Leavitt, 1984; Petty et al., 1983). A memory network of cumulative experiences is stored in the minds of customers where it awaits reactivation when taking decisions on brand buying in the future (Ehrenberg, 1974). It is also noted that the input of repetitive advertising actions could modify, confirm, reinforce or supplement brand attitude and brand image in the long term (Ehrenberg, 1974). As such, advertising works in the way of a classical "hierarchy of effects" model comprising these three main functions (Lavidge & Steiner, 1961), and has been long been credited with establishing and reinforcing a cognitive and experiential brand image that leads to the creation of brand equity for companies in the long term (Aaker, 1991; Franzen, 1999; Kapferer, 2005). In summary, the main research on advertising effectiveness, advertising planning, and its relationship with brand management leads to the following hypotheses:

Hypothesis 1: Advertising efforts positively affect luxury hotel brand associations.

Hypothesis 2: Advertising efforts positively affect the perceived quality of experience of a luxury hotel brand.

3.2.2 Effects of Word-of-Mouth on Brand Associations and Quality of Experience

Word-of-mouth functions by conveying informational and experiential brand messages and generating a brand image among consumers. Berry (2000) referred to word-of-mouth as an external source through which consumers absorb brand-related information. Companies are less able to control word-of-mouth compared to advertising, because word-of-mouth communications move in a person-to-person format in social and cultural networks and help consumers gain awareness and form impressions about a brand (Berry, 2000). Word-of-mouth also plays an influential role in affecting consumer choices (Gilly et al., 1998; Kiel & Layton, 1981; Yale & Gilly, 1995).

Word-of-mouth communications have been shown to outperform advertising in terms of influence on consumer brand choice (Brown & Reingen, 1987). This is mainly because of the unbiased and experience-based nature of word-of-mouth, particularly when the communicators have strong personal ties with the information

recipient (Brown & Reingen, 1987). Thus, the favourable and positive corollary of word-of-mouth communications is the development of brand image, which in turn has positive effects on the creation of overall brand equity (Laczniak et al., 2001).

For generation of brand image, word-of-mouth communicators need to impart introductory information to decision makers. In this post-modern era, vivid descriptions of episodes are required to be communicated by word-of-mouth to influence consumers, to project subjective experiences relevant to determine the product and brand quality. Berry and Parasuraman (1991) asserted that both search and experience information relating to a brand, as expressed by word-of-mouth communicators, determines customer brand choice and equity judgement. Word-of-mouth's efficacy to strengthen brand image in customers' associative network is palpable in today's social networks also. The following hypotheses are based on the conceptual and empirical findings of previous studies.

Hypothesis 3: Positive word-of-mouth positively affects luxury hotel brand associations.

Hypothesis 4: Positive word-of-mouth positively affects the perceived quality of experience of a luxury hotel brand.

3.2.3 Effects of Service Performance on Quality of Experience and Brand Associations

Customers acquire brand-related information not only through exposure to external sources, but also direct contact with companies. Consumers may have ties to a brand name before they make an initial purchase, but depend more heavily on their perceptions of previous consumption experiences when making subsequent purchases (Krishnan & Hartline, 2001). Bateson and Hoffman (1999) asserted that ignorant consumers will always have difficulty in deciding about a brand until they have experienced it. Direct contact with a brand, therefore, creates reliable, validated, and pictorial brand meanings for customers (Berry, 2000), and direct usage helps customers to further confirm or rethink the information obtained from other external sources.

The value of direct experience is particularly pertinent in the service industry, because the meaning of service brands involves both symbolic and psychological elements, and cognitive elements (Dobni & Zinkhan, 1990). In a similar vein, the effectiveness of service brand management partially depends on the extent to which the brand image encompasses components inherent in the subjective experience of consuming services (Padgett & Allen, 1997). Hankinson (2005) emphasised the presence of experiential attributes in customer brand associations.

The link between service providers and customers in building up favourable and positive experiences has been well established (Chan, 2004; Neal et al., 1999). in the emerging experience economy, both service providers and customers play an important part in service delivery (Pine & Gilmore, 1999). Service providers execute well-designed action plans in the hope of triggering memories of experiences in service information recipients, or customers (Lovelock, 1982). The service ambience, or what is often called the "servicescape," must also develop favourable characteristics to facilitate this process (Bitner, 1992).

In this study, the multi-dimensional construct of service performance was evaluated based on three primary subsets: service provider-customer interaction, service environment, and outcome (Brady & Cronin, 2001). Grönroos (1990) indicated that the attitudes, professional skills, and behaviour of employees in the process of delivery of core services are all factored into customer assessments of service quality, and thus stimulate the establishment of positive experiences for customers. Sundaram and Webster (2000, p. 378) stated that "employees' display of affective characteristics, such as friendliness, responsiveness, and enthusiasm, positively influences customers' overall evaluation of service consumption experiences." Thus, the interrelationship between customers and service providers plays a subtle role in conceptualisation and operationalisation of experiences (Arnould & Price, 1993; Czepiel et al., 1985; Johns, 1999; Tsang & Ap, 2007). The service environment has long been used as a marketing tool due its important influence on consumer behaviour (Bitner, 1992; Kotler, 1984). For example, retailing managers often spray

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scent into an area to create a certain ambience that confers a competitive advantage (Spangenberg, Crowley, & Henderson, 1996). The service environment is, therefore, a differentiated stage or platform that consists of ambient condition, facility design, and social factors (Brady & Cronin, 2001), which together generate and facilitate an "experiencescape" in which experiences are created (Heide & Gronhaug, 2006; Mossberg, 2007). Experiences associated with physical environmental factors can lead to formation of positive beliefs about, and associations with, the brand. Service outcome refers to aggregation of perceptions of waiting time, tangible service products, and valence (Brady & Cronin, 2001), the last being proposed as a construct that shares characteristics with attitude based on experiential beliefs (Brady & Cronin, 2001; Cronin & Taylor, 1992).

A dedicated attitude toward service performance is likely to precipitate favourable and memorable experiences and symbolic images associated with a brand. Grove et al. (1992) presented service experience as a drama within a service performance setting that encompasses audience, actors, and setting factors. Schmitt (1999b, 2003) suggested that service companies should strategically emphasise experiential needs of customers by taking an experiential approach to marketing to help customers sense, feel, think, act, and relate to a service or brand.

Given the growth of the service industry, brand managers must not only manage services, but also customise them, creating personalised and individualised service products and service delivery systems and styles (Rust & Chung, 2006) that will

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generate experiences that delight customers and secure their loyalty (Chitturi, Raghunathan, & Mahajan, 2008). Therefore, the modern brand image concept is embodied by value-added experiences generated by customisation of service performance, which owe their development to relationship marketing (Ravald & Grönroos, 1996) and brand equity management (Aaker, 1991). Based on these preceding arguements, the following hypothesis is proposed.

Hypothesis 5: Luxury hotel service performance positively affects quality of experience.

As has been noted earlier, information acquired from actual usage seems to be more reliable, realistic, and perpetual in evaluating a brand. In the service industry, service consumption is regarded as an important direct route to the understanding of brand equity at the consumer level, and helps constitute brand awareness and brand associations for customers.

Singh et al. (2000) contended that direct experiences can affect brand name recall, attitudinal responses, and perceived quality. In the hotel industry, brand awareness is likely to be high when guests perceive the quality of service to be high. Morgan (1991) found that the effects of actual stay experiences in hotels cancelled out information previously obtained from word-of-mouth communication and advertising exposure; the stay experiences dominate later recalls among frequent business travellers.

Many researchers have conducted experiments involving trial usage to examine direct usage experiences of customers (Marks & Kamins, 1988; Smith & Swinyard, 1988). Trial usage can elicit more cognitive responses to novel and less-available products and brands compared with other external information sources (Wright & Lynch, 1995). Following this line of thinking, service consumption offers a means of conveying brand search information to hotel guests to help them construct brand associations. In the study of Tsang and Ap (2007), staff responses to tourists' cognitive information inquiries were found to positively influence final evaluation of the brand.

Despite the reverse relationship of brand associations and name awareness apparently affecting customer satisfaction with a brand (Aaker, 1991), this study confines itself to looking at the path from service performance to brand image. There is supportive evidence from the retail setting that customer evaluations of service performance have a positive correlation with brand awareness and knowledge (Pappu & Quester, 2006). Therefore, service performance was considered to be an important indicator for evaluation of the role of brand image in the formation of brand equity. The following hypothesis is based on this notion.

Hypothesis 6: Luxury hotel service performance positively affects hotel brand associations.

3.2.4 Effects of Brand Associations and Quality of Experience on Brand Loyalty and Overall Brand Equity

According to the classical "hierarchy of effects" model (Lavidge & Steiner, 1961), image is one of the first important steps in driving and maintaining customer loyalty. Therefore, sustaining a positive, strong and differentiated brand image is considered to be of vital importance for companies to realise customer brand loyalty (Keller, 1993). Well-known brands that lack a significant image eventually lose their standing and renown in the marketplace.

Brand image is separated into brand associations and quality of experience in this study. Aaker (1991), while conceptualizing brand equity, contended that brand loyalty is actually developed and maintained through brand associations generated for customers. Brand associations represent the basic search attributes and information of a brand image. A luxury hotel chain is identifiable with a name, logo, price, reputation, history, its hotels' physical appearance, guests and locations. If the information that guests search and obtain are believed to be positive, unique and consistent, then the guests may behave positively towards the hotel brand. Therefore, a well-associated brand will evoke a brand loyalty among customers to a certain extent.

In today's experience economy, quality of experience also contributes to interpretation of brand image and favourable experience is believed to result in

brand loyalty (Franzen, 1999). The customer experience has been increasingly considered to be the differentiator that companies can employ to create a unique brand image by virtue of its subjective nature. The embedded experiential meanings of a brand, for the consuming public, are the key brand positioning indicators that catalyse customer loyalty. In the hotel industry, it is becoming increasingly evident that guests treasure the fulfilment of their socio-psychological needs. Oh et al. (2007) successfully investigated the importance of various dimensions of quality of experience to the perceived overall quality and memory. Further, Grove et al. (1992) used the concept of experiential drama as a marketing metaphor for services, a method that has gained significant popularity in modern businesses for the development of brand loyalty.

On the basis of propositions identified in conventional schemes of brand equity (Aaker, 1991; Keller, 1993), brand loyalty, which is driven by customers' brand image, is unquestionably a noteworthy factor in building up optimal brand equity. To distinguish a brand from other competing brands, a company needs to augment customer brand loyalty (Franzen, 1999; Kapferer, 2005). Similarly, a higher level of behavioural intention and attitudinal commitment to a brand indicates higher overall brand equity. In an empirical brand equity study, Kim and Kim (2007) suggested chain hoteliers make every effort to improve guests' brand loyalty in nurturing hotel brand equity.

In this study, it is hypothesised that brand equity is also directly established through brand image, i.e. brand associations and quality of experience. Previous conceptual research has shown that overall brand equity is collectively determined by brand associations, perceived quality and brand loyalty (Aaker, 1991; Franzen, 1999). Any one of the three facets individually cannot be a sufficient condition for the specification of a holistic brand equity. Empirical brand equity studies (Kim & Kim, 2005; W. G. Kim et al., 2008; Kim & Kim, 2004; Kim & Kim, 2007; Yoo & Donthu, 2001) concurred, suggesting the formation of overall customer-based brand equity be directly attributed to brand loyalty together with brand associations and perceived quality. These findings were found applicable across goods brands and service brands. Therefore, this study posits the following hypotheses.

Hypothesis 7: Luxury hotel brand associations have positive effects on brand loyalty.

Hypothesis 8: Luxury hotel brand associations have direct positive effects on overall brand equity.

Hypothesis 9: Quality of experience has positive effects on luxury hotel brand loyalty.

Hypothesis 10: Quality of experience has direct positive effects on overall luxury hotel brand equity.

Hypothesis 11: Luxury hotel brand loyalty has positive effects on overall brand equity.

3.3 Summary

Under the proposed theoretical framework, a total of 11 hypotheses were developed to answer the research questions stated in the introductory chapter. The framework proposes to map the effects of advertising efforts, word-of-mouth, and service performance on brand associations, quality of experience, brand loyalty, and overall brand equity.

CHAPTER 4. METHODOLOGY

In this chapter, the research design of the study is laid out and the data collection method for the main survey is described. The collected data were analysed using structural equation modelling, which is reviewed later in this chapter.

4.1 Research Design

This study aims to investigate the effects of direct and indirect customer experiences on brand equity in the luxury hotel industry, focusing on the business travellers segment. To realise this pivotal research aim, the study was conducted according to the twelve-step research procedure detailed in **Figure 4.1**, which combines procedures followed in important previous studies (Churchill, 1979; Clark & Watson, 1995; Cronbach & Meehl, 1955; Gerbing & Anderson, 1988). The purpose and expected outcome of each step are illustrated in this section. Specifically, a combination of qualitative and quantitative research methods was employed. A series of personal interviews and an expert panel review served as the qualitative research methods. A survey-based pilot study and the main survey were the quantitative research methods used to further develop research instruments and to explore structural relationships among the constructs. Particulars of demographic distribution and personal information of interview subjects, experts, and pilot survey participants are presented in the chapter on instrument development (Chapter 5).

Details of participants in the main survey are included in the chapter on findings (Chapter 6).

Step 1: Set the research objectives
↓
Step 2: Review the existing literature
↓
Step 3: Specify the theoretical constructs
↓
Step 4: Develop a theoretical framework
↓
Step 5: Generate research hypotheses
↓
Step 6: Design research instruments
↓
Step 7: Conduct semi-structured interviews
↓
Step 8: Conduct expert panel review
↓
Step 9: Conduct a pilot test and revise the instruments
↓
Step 10: Undertake the main survey
↓
Step 11: Analyse the data
↓
Step 12: Discuss the findings and conclude

Figure 4.1 Research Design

(Churchill, 1979; Clark & Watson, 1995; Cronbach & Meehl, 1955; Gerbing & Anderson, 1988)

The first step in the research procedure was to establish the research objectives. As there is a dearth of research incorporating theoretical fusion of brand management and experience from the customer perspective, the research objectives were set to explore the structure of brand equity for customers with a disposition toward experience, and to investigate the way in which brand equity is established through marketing efforts and service performance by branded luxury hotels. After the research objectives were framed, a comprehensive critical review of existing knowledge was undertaken. In particular, customer-based brand equity was examined and the associated literature on experience was reviewed. It was found that researchers have begun to consider views of customers in measuring brand equity and have discovered that it contains various facets (Aaker, 1991; Keller, 1993). The few experience-related studies have developed several paradigms for experience from both the humanistic and business-focused perspectives. Existing academic work has collectively paved the way for conceptualisation of experience through measurement of perceived socio-psychological needs fulfilment, which is the approach employed in this study. In the succeeding step, theoretical constructs were specified, based on an extensive search of the literature.

Further examination of extant research provided a theoretical foundation for the development of a research model and generation of research hypotheses to investigate the causal relationships among constructs of interest represented in the model. A research instrument was then developed for each construct. The instrument

for the quality of experience construct was developed based on information obtained from literature review, personal interviews, an expert panel review, and a pilot study conducted, in that order. Instruments for other constructs were mainly adapted from literature to fit the research context of luxury hotels, based on their demonstrated validity in past conceptual empirical studies.

Personal Interviews

Semi-structured interviews were conducted to develop the research instrument for the quality of experience construct. This qualitative method was chosen because it gives subjects the freedom to express their own views with a predetermined focus on the target theme. The interviews had four specific purposes. First, data of subjective feelings of business travellers purchasing luxury hotel services were expected to make it possible to determine if it would be appropriate to describe experience from the perspective of socio-psychological needs. In a similar vein, the interviews allowed verification of the conceptual definition of experience taken from the literature. Second, interviews were employed to determine the relevant domains of the experience construct. Respondents to interviews were requested to narrate and interpret their experiences of staying in luxury hotels for business purposes, thereby demonstrating the experience domains. This minimised the potential for omitting relevant experience domains. A pool of items was generated from pertinent studies that fitted the experience domains extracted from the interviews (Churchill, 1979); interview transcripts were consulted again in the item construction stage. Finally,

interviews were adopted to generate preliminary ideas about the conceptual model. A prepared interview guide was used throughout the interview process (**Appendix I**).

Expert Panel Review

After personal interviews, an expert panel review was undertaken. This qualitative method was used to further enhance the content of the experience construct. Past history of publications in refereed journals and books was used as the major criterion for selecting experts (Grant, Kinney, & Guzzetta, 1990). The number of content experts should range from 2 to 20 (Gable & Wolf, 1993). A covering letter was sent to the selected experts via email to explain that the purpose of setting up the panel was to screen the experience item; conceptual definition of quality of experience was provided to prospective experts for their reference. The experts were then requested to judge the relevance (or representativeness) and clarity of each item in the relevant experience domain and to identify any items (comprehensiveness) that they thought needed to be added to the construct (Grant & Davis, 1997). They were also asked to give any other relevant comments that might benefit the development of the experience construct.

Pilot Study

The next stage involved a pilot study to refine and purify the measure of the quality of experience construct with the help of primary data from a moderately sized

sample. This quantitative method was used to obtain preliminary information about reactions and responses, to survey questions, of the target luxury hotel guests (Clark & Watson, 1995, p. 313). A standardised survey design was selected for capturing the domains of the theoretical constructs in a reliable way (DeVellis, 1991). After gathering the pilot data, exploratory factor analysis (Comrey & Lee, 1992; Gorsuch, 1983) was adopted for construction of the scales. This helped reduce the large number of indicators, items, or even dimensions to a more manageable and reasonable set (Floyd & Widaman, 1995; Gerbing & Anderson, 1988). Items belonging to constructs with cross- or low-factor loadings were considered for deletion (Clark & Watson, 1995). Comments of pilot participants were also considered to be of importance in this stage of instrument development, and were used to reword or rephrase the items to achieve better reliability and validity. Finally, the revised instrument for measuring quality of experience was generated for use in the main survey.

Main Survey

Given the paucity of experience-related literature or empirical attempts to examine luxury hotel brand equity, a regional study was deemed to be the most appropriate sampling method (Page, Forer, & Lawton, 1999). Hong Kong was selected for collection of empirical data for both the pilot test and the main survey because it is a cosmopolitan city that is widely viewed as a prime destination in the luxury hotel industry in the Asia-Pacific region and indeed the world. There were 140 hotel

properties in this small territory at the end of 2007, of which 21 were categorised as high tariff A hotels according to the Hong Kong Tourism Board's hotel classification system (HKTB, 2008). Hong Kong was also selected because it is visited by a large number of business travellers. As the aim of the study was to capture the entire cross-section of those staying at luxury hotels for business purposes in Hong Kong, every effort was made to contact hotels with top internationally known brands and to interview their guests.

4.2 Data Collection

In Hong Kong, 20 luxury hotel properties affiliated with listed luxury hotel brands were invited to participate (**Appendix II**) in the study. Accordingly, 20 covering letters (**Appendix III**) were sent to the general managers (GMs) or regional vice-presidents of the hotels in late May 2009 with a questionnaire enclosed for their reference. As managers may switch between regional hotel properties over time, a call to the hotel operator was made to confirm the names and contact details of the current hotel managers. In the covering letter, the purpose of this research project was introduced, and the multiple benefits that luxury hotels might obtain from the findings of the study were emphasised. The letters highlighted that the research project might help luxury hotels to understand ways of implementing brand strategies that result in positive brand equity in a more cost-effective manner, particularly for business travellers. The letters specified that the researcher would follow up with a telephone call after a week to answer any questions that they might

have. Follow-up telephone calls were made a week later and some emails were sent to the hotels to ensure that the survey material package had reached the right person. By June 2009, managers-in-charge of all hotels had responded, by letters or emails, informing of their rejection or acceptance of the invitation to participate. 14 hotels that did not wish to participate expressed their interest but preferred not to disturb their customers. Two hotels were unavailable due to ongoing refurbishment. Four hotels finally granted permission to conduct a hotel lobby survey (**Table 4.1**).

All four hotels issued blanket approval letters with just a few practical conditions. They kindly suggested that during the survey process, every effort should be made to help the guests approached feel at ease, and specified that the survey would have to be terminated if any of the guests complained or expressed dissatisfaction or complained of disturbance. The exact survey time was discussed with the hotels also, and it was suggested that conducting the survey within a one to two week interval would be the most pragmatic and feasible approach.

Table 4.1 Four Hotels that Participated in the Main Survey

Hotels	Location (within HK)
Hotel A	Kowloon
Hotel B	Hong Kong Island
Hotel C	Kowloon
Hotel D	Kowloon

After permission to conduct the survey had been granted by the four hotels, six student helpers were recruited and trained to approach and interview the potential survey respondents. They were introduced to the objective of the research project, and were asked to familiarise themselves with names of luxury hotels in the reference list in the questionnaire for the survey. Once they had obtained generic knowledge of the luxury hotel industry, the students were guided to understand the seven research constructs of interest. Possible problems they might encounter during the survey were discussed and solutions based on the researcher's actual experience were suggested. Finally, any questions that the students had were solicited and answered as fully as possible.

The survey was conducted between June and September 2009. A quota sampling method (Yu & Cooper, 1983) was used. Quotas for age and gender for business travellers were stipulated in accordance with 2008 Hong Kong Tourism Board (HKTB) Departing Visiting Survey (HKTB, 2009). The survey collected data from overnight business visitors to Hong Kong (HKTB, 2009). Their age and gender profile is presented in **Table 4.2**. The final quota of this study differs slightly from that of the official survey report, but further comparison across the quotas proved the sample to be representative. These findings are presented in Chapter 6.

Table 4.2 Age and Gender Profile of Overnight Business Visitors to Hong Kong
(HKTB, 2009)

Characteristics	Per cent %
Age	
16 to 25	5
26 to 35	29
36 to 45	35
46 to 55	24
56 to 65	7
66 or older	1
Gender	
Male	73
Female	27

In the two luxury hotels, the recruited student helpers had to be escorted by hotel receptionists to approach guests to invite them to participate in the survey. The other two hotels did not impose this requirement. The guests to be approached by the students were interviewed before or right after they checked-in in an effort to avoid bias due to influences of their ongoing hotel stay experiences. The guests approached in hotel lobbies were first informed that there was a research project going on that was sponsored by the School of Hotel and Tourism Management of the Hong Kong Polytechnic University on luxury hotel experience and perceived brand equity. A screening question was then asked to ensure that the guests approached had stayed at luxury hotels for business purposes in the previous 12 months. As it was recognised that business travellers usually feel reluctant to undertake surveys due to time pressure, it was stressed that the survey would take less than 10 minutes. Moreover, a small souvenir was shown to the guests in the hope of arousing their interest, thereby increasing the response rate. On receiving guests' consent to take part in the survey, the students proceeded to ask them to specify one luxury hotel

brand that they had used most frequently across the world in the previous 12 months, for business purposes. A list of luxury hotel brands was included in the questionnaire to help respondents specify a benchmark brand. The list comprised Conrad, Four Seasons, Ritz-Carlton, Luxury Collection, Mandarin Oriental, Peninsula, St Regis, Taj Group, W Hotel, JW Marriott, Shangri-La, Langham, Grand Hyatt, Park Hyatt, Colony, Hilton, Fairmont, InterContinental, Le Méridien, Renaissance, Marco Polo, Dorchester Collection, Pan Pacific, Westin, Sheraton and any other brand a respondent wishes to specify. This luxury hotel classification was in line with that of the recent study by Kim and Kim (2005) that investigated luxury hotel brand equity from the customer perspective.

The survey questionnaires were administered and completed by the student helpers. The survey respondents were asked to answer questions on the basis of their cumulative experiences with luxury hotel brands for business purposes because in the research design brands were deemed to be at the "crux of *transactions* and *exchanges* between people" (Kapferer, 2008, p. 185), rather than at the epicentre of a particular encounter in which a product or service is rendered. Rust et al. (2004) stressed the importance of emphasizing long-term brand equity at the individual customer level, rather than in short-term transactions. Additionally, many empirical tests used for investigating experiences – albeit transaction based – have proved that customers are able to reminisce about their subjective experiences within a certain period only, after having experienced them, and in certain contexts (Neal et al., 1999; Unger & Kernan, 1983). The participants were also asked to give details of their

demographic profiles in the last section of the questionnaire. The surveys were checked on-site to minimise yea- or nay-saying bias (Churchill, 1979). Procedures for minimizing common method bias were also employed (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003).

4.3 Data Analysis

Data analysis was conducted using structural equation modelling (LISREL8.54) to examine the path and measurement models in the proposed framework. Measurements of variables were tested for reliability and validity and overall model fit. The confirmatory factor analysis (Bollen, 1989; Hayduk, 1987; Kline, 2005) used for testing measures relied heavily on statistical estimation methods which proved to be effective in refining and improving research instruments within the model (Floyd & Widaman, 1995). The structural model was tested and modified post to the final sets of measurement models that served for the constructs represented. In line with the research objectives, the structural equation modelling method helped specify and estimate the causal relationships between exogenous and endogenous variables in the model. Thereafter both measurement and structural equivalence were examined across two ethnic groups: Western and Asian business travellers. Finally, results and findings were analysed in a detailed manner to deduce answers to research questions on both theoretical and practical levels for future reference of academics and industry professionals.

4.3.1 An Introduction to SEM

Structural equation modelling (SEM) is a well-recognised data analysis technique frequently used in a variety of disciplines, including tourism and hospitality industries (MacCallum & Austin, 2000). In this study, SEM is employed to specify and estimate the causal relationships among the variables in the proposed model. Thus, SEM is a confirmatory, rather than an exploratory, tool, and is used in an attempt to test the consumer-based brand equity theory and hypotheses. The hypotheses represent directional and non-directional relationships among the variables, including both measured variables and latent variables. The latent variables are hypothetical constructs or model parameters that cannot be directly measured or observed. SEM outperforms ANOVA and multiple regression techniques in its ability to offer a straightforward method for uncovering latent variables at a higher level of abstraction (Kline, 2005). Latent variables in a structural equation model include exogenous (independent) and endogenous (dependent) variables. The former type of variables have unknown causes that are not displayed in the model but are determined by factors outside the model, whereas the latter type of variables have explicit causes within the model. Every endogenous variable in the structural pattern possesses a disturbance, or a kind of latent variable. Exogenous variables in the model used in this study are advertising efforts, word-of-mouth, and service performance, and endogenous variables are brand associations, quality of experience, brand loyalty, and overall brand equity.

Kline (2005, pp. 63-65) outlined six basic steps of SEM, as follows.

1. Specify the model.

2. Determine whether the model is identified.

3. Select measures for variables represented in the model and collect, prepare, and screen the data.

4. Use a computer programme to estimate the model (evaluate the model fit, interpret the parameter estimates, and consider equivalent models).

5. If necessary, re-specify the model and evaluate the fit of the revised model to the same data.

6. Given a satisfactory model, accurately and completely describe the analysis in written reports.

After specifying a model with several hypotheses, the model identification step is important, because it evaluates the theoretical possibility of deriving an estimate for each parameter within the model (Kaplan, 2000; Kline, 2005). Failure of model identification (under-identification) may result in a number of data-related problems, such as multicollinearity (Kenny, 1979). Thus, SEM can proceed to subsequent steps only after requirements for model identification have been met. The common method for identification of the model is the counting rule, whereby the total number of observations represented in the model equals or exceeds that of the model parameters. In this study, the number of observations is 28 (7(7+1)/2, 7 stands for seven variables) and the number of free parameters is 21, including 7 variances (of 3

exogenous variables and 4 disturbances), 3 covariances (of three exogenous variables), and 11 direct effects. The model is, therefore, identified.

The core SEM techniques involved in estimation of a research model include confirmatory factor analysis (CFA) and path analysis. These two types of analysis are the techniques used to deal with the two main portions of the model: the structural model and the measurement model. For the measurement model, CFA is conducted to determine the relations between the indicators and their underlying latent variables. For the structural model, path analysis enables researchers to test the causal hypotheses between endogenous and exogenous variables. SEM surpasses the multiple regression technique in its ability to simultaneously specify direct and indirect effects by allowing inter-relationships among exogenous and endogenous variables. A synthesis of both CFA and path analysis is known as a structural regression model, also termed a hybrid or LISREL model, and represents the most general among all structural equation models (Kline, 2005).

SEM is a statistical technique that requires a large sample size. When using SEM, if the sample size is small, precision of results is viewed as questionable. A large sample size is necessary to ensure the stability of the constructs and variables, particularly in a complicated model. As a rule of thumb, a sample size of 200 is considered large; a sample smaller than that is considered either medium or small. Kline (2005, p. 111) suggested that "a desirable goal is to have the ratio of the number of cases to the number of free parameters of 20:1." In this study, the

adequate number of 420 (20 multiplied by 21 parameters) was considered appropriate at the conceptual level. Too large a sample size may even be one of the causes of deterioration of statistical power of a structural equation model (Hair, Anderson, Tatham, & Black, 2002).

4.3.2 Data Screening

The raw data needs to be screened carefully before execution of any type of SEM. In the first place, adoption of the standard SEM assumes a multivariate normal distribution of variables. Given the fact that examination of multivariate normality seems impractical most of the time, appropriate transformations by simple inspection of univariate normality should engender multivariate normality to a certain extent. Non-normal distribution occurs in situations of skewness and kurtosis. Positive skew indicates that most of the scores for the cases are below the mean, and negative skew indicates the opposite. Positive kurtosis indicates a higher peak and heavier tails, and negative kurtosis indicates the opposite. Perfect normal distribution is obtained when the value of skewness equals zero and the value of kurtosis reaches three. Some researchers have defined an extreme skewness index as being greater than three and an extreme kurtosis index as ranging from eight to over 20 (Curran, West, & Finch, 1997). In terms of relative multivariate kurtosis, a value greater than five might possibly indicate non-normality (Byrne, 2006).

Bollen (1991) and West, Finch and Curran (1995) suggested three options for dealing with non-normal distributions: transforming some variables, continued reliance on robustness of the Maximum Likelihood estimation method, or opting for Weighted Least Squares (WLS) estimation method and using the asymptotic covariance matrix calculated by PRELIS. Considering the fact that WLS normally performs well only when the largest sample size is achieved, a robust WLS is realised by adopting diagonally asymptotic covariance matrix (Flora & Curran, 2004). An asymptotic covariance matrix is derived from the covariance matrix "after a scaling of the polychoric correlations to the item standard deviations" (Coursey & Pandey, 2007, p. 554). The Satorra-Bentler (S-B) scaled chi-square and standard errors brought by asymptotic covariance matrix are applicable in accordance with WLS (and robust WLS); other estimation methods, when assuming multivariate normality, do not hold (Finney & DiStefano, 2006). In the mean time, all other model fit indices are adjusted accordingly. In this study, the use of discrete non-continuous ordinal data concomitantly with Likert-type scale espouses the robust WLS as the estimation method being capable of yielding less biased findings (Coursey & Pandey, 2007).

There is also a need to check the raw data for cases with scores that are seemingly different from the rest. These are defined as the outliers in the dataset. Outliers can occur at two different levels: univariate and multivariate. A univariate outlier has an extreme score for a single variable, whereas a multivariate outlier has extreme scores

for more than one variable. A few computer programmes provide statistical options for detecting outliers, such as the Mahalanobis distance statistic (Tabachnick, 2001).

Like most research works this study too encountered problems of missing data or observations, which occur for numerous reasons. Several methods have been considered for handling missing observations. Traditional missing-data methods could be roughly grouped into two categories: deletion methods and imputation methods. Deletion methods include the listwise present approach (LPA) and the pairwise present approach (PPA). The former option simply deletes all cases with any missing variable, whereas the latter option deletes only cases with a particular variable missing. These two deletion methods were considered particularly problematic because they require the assumption of missing completely at random (MCAR), a special case of just missing at random (MAR), "with additional restriction that missingness is unrelated to the observed data" (Enders, 2006, p. 428). Imputation methods attempting to replace the missing scores by imputing fresh scores include arithmetic mean imputation (AMI), hot-deck imputation, regression imputation, stochastic regression imputation (SRI), and similar response pattern imputation (Enders, 2006; Engel & Reinecke, 1996). AMI tends to substitute missing values by arithmetic mean. Hot-deck imputation normally works under the assumption that missing data is caused mostly by distribution anomalies. Regression imputation replaces missing values with scores predicted from a linear regression equation. SRI offers some improvement over regression imputation which suffers from lack of residual variation. Rather it adds a randomly sampled residual term to

each imputed value presented from a normal distribution. SRI differs from other traditional missing-data methods because of its requirement of MAR, which, by contrast, allows missing values related to observed data. The imputation method produces predictions generated by matching the pattern of similar scores across other variables.

More advanced missing-value techniques have been developed and applied in software packages. They are less prone to estimation bias where MCAR does not hold (Enders, 2006). Three widely used methods are expectation-maximisation (EM) algorithm, full information maximum likelihood (FIML, or direct maximum likelihood, abbreviated as DML), and multiple imputation (MI). The EM algorithm consists of two steps for iterative estimations (Engel & Reinecke, 1996). The first step, the expectation step, computes the sums of squares while the second step, the maximisation step, calculates the covariance matrix by estimating the results from the first step. FIML does not impute missing values; it rather conducts model estimation through processing available raw data (Enders, 2001). MI is also a model-based imputation method and is an extension of the EM algorithm. It was devised by Rubin (1987); it replaces missing responses one by one and produces very small standard errors generally, yielding unbiased estimates. MI is able to reflect uncertainty about missing values of observations. Olinsky, Chen and Harlow (2003) compared all imputation methods dealing with missing values and recommended that FIML and MI are both excellent estimators, particularly superior in estimation of standard errors. It is noted that incorporating auxiliary variables highly correlated

with missing variables of observations might not be needed because past researchers have found it practically difficult to identify useful observations with some degree of certainty (Enders, 2006). While all the advanced missing-data techniques perform better than traditional ones, they are specific to individual software packages. For example, only EQS offers FIML estimation method while LISREL can deal with MI only. In addition, standard errors do not match asymptotic covariance matrix (Molenberghs & Verbeke, 2005) that multivariate non-normality relies on. Therefore, if there are few missing observations, listwise deletion would face no problem, though there will be loss of some information (Kline, 2005). A recent study found that 45 out of 103 studies published in the *Journal of Operations Management* between 1993 and 2001 heavily used listwise deletion (Tsikriktsis, 2005).

Multicollinearity is also a concern, and can cause singular covariance matrices due to the presence of high intercorrelations among some variables. Kline (2005) contended that variables with a Pearson correlation value of as high as .90 may suggest redundancy. Alternately, instead of inspecting the correlation matrix, detecting a squared multiple correlation between each variable and all of the other variables can indicate multicollinearity ($R^2_{smc} > .90$). Finally, an ill-scaled covariance matrix in SEM can cause a number of technique problems, such as making the iterative estimation head toward worse fit indices for the model. The remedy for this problem is to multiply the score by a constant to intentionally increase its corresponding variance.

4.3.3 Assessing Model Fit

Assessing model fit is an important step in data analysis, as it is unlikely that an overidentified model will perfectly fit the observed data. Usually, researchers adopt a bundle of fit indices in their assessment of model fit because a single index can only reflect one aspect of a model. A lack of model fit may result because of various reasons, including nonnormality, a small sample size, and missing data.

According to Kaplan (2000, p. 31), the likelihood ratio **chi-square statistic (χ^2)** is frequently used in SEM to test the "null hypothesis that the population covariance matrix possesses the structure implied by the model against the alternative hypothesis that Σ is an arbitrary symmetric positive definite matrix." In simpler terms, the null hypothesis indicates that the model has a perfect fit for the population. The value of the chi-square statistic can be written as nF_{ML}, where n stands for the degrees of freedom in the data set and F_{ML} measures the closeness of the null hypothesis to the alternative hypothesis as minimised in the maximum likelihood estimation. The higher its value or the more significant its p value, the worse is the fit of the model with the corresponding observed data. However, merely relying on the chi-square statistic to assess the model fit can be misleading to a certain extent, in that it is unrealistic to expect a null hypothesis when the model has a perfect fit. This fit index is also sensitive to the sample size and the magnitude of the correlations. Nevertheless, despite the drawbacks of the chi-square statistic, it is used in virtually all SEM analyses.

As noted, there is a series of criteria that can be used alongside the chi-square statistic. The goodness-of-fit index (**GFI**) shows a kind of matrix proportion of explained variance, and the adjusted goodness-of-fit index (**AGFI**) is a sample-based and parsimony-adjusted version of GFI that operates by correcting its value downward by the degrees of freedom in the specified model. Both the GFI and the AGFI are examples of absolute fit indices, and are used to directly evaluate how well the a priori theoretical model fits the sample data. A GFI or AGFI value of greater than .90 may indicate a good model fit, whereas a value of close to zero indicates the opposite (Byrne, 1998).

The comparative fit index, or **CFI**, is an incremental index that assesses the improvement in fit of the specified model against a more restricted nested baseline model or an independent model. The latter model assumes zero population covariances, and confirms complete independence of the observed data. Other incremental indices include the normed fit index (**NFI**), the non-normed fit index (**NNFI**), and the parsimony-adjusted normed fit index (**PNFI**). Hu and Bentler (1999) suggested that values of over .90 for these incremental indices (except for the PNFI) indicate a reasonably good model fit. The acceptable value for the PNFI, which adjusts for the number of parameters, is considered to be more than .70 (Byrne, 1998).

The Root Mean Square Error of Approximation (**RMSEA**) estimates the error of the model per degree of freedom concerning the discrepancy between the sample

covariance matrix and the population covariance matrix, and takes into account the model complexity. A value of zero thus indicates the best model fit and higher values indicate a worse fit. According to Byrne (1998), a value below .05 indicates a close approximate fit, a statistic between .05 and .08 suggests a reasonable fit, and a value of more than .08 but less than .10 indicates a marginal fit. A 90% confidence interval is normally reported along with the RMSEA in SEM outputs. A small sample size is likely to result in a close approximate fit but the upper bound of the 90% interval will exceed .10, which means that researchers cannot reject the hypothesis of a poor approximate fit. The standardised root mean square residual (**SRMR)** measures the mean absolute correlation residual derived from the difference between predicted and observed covariance matrices. Similar to the RMSEA, a SRMR equalling zero indicates a perfect model fit and as a rule of thumb an SRMR value of below .05 indicates a favourable fit (Diamantopoulos & Siguaw, 2000).

Fit indices used to assess the cross-validation adequacy consist of the Akaike information criterion (**AIC**), the consistent Akaike information criterion (**CAIC**), the expected cross-validation index (**ECVI**), and the Bayes information criterion (**BIC**). These are considered appropriate to evaluate whether the model can be cross-validated in a sample randomly drawn from the same population as the original sample. The model is likely to be replicated if the values of the predictive indices are small. In some cases, researchers like to split the sample in half, using one half as a

calibration sample and treating the other half as a validation sample. However, division of the sample requires a sufficiently large sample size.

Last but not least, it appears that in a structural equation model, some indices are less sensitive to sample size. Synthesizing recommendations given by related studies (Bentler, 1990; Fan, Thompson, & Wang, 1999; Marsh, Balla, & McDonald, 1988; McQuitty, 2004) suggested the use of **RMSEA**, **CFI**, and **NNFI** measures alongside **chi-square statistics,** by which this study attempts to report the measurement and the structural model. This helps avoid reducing sample size for the sake of statistical power and interpretation of excessively large sample size (McQuitty, 2004).

4.3.4 Path Analysis

Path analysis aims to estimate the presumed causal relationships among observed variables in a model. Before implementation of any path analysis technique, however, the type of model must first be determined. In this study, the proposed model is identified as a recursive model, wherein the disturbances involved are uncorrelated and all causal effects are unidirectional. The other types of models in SEM literature are all nonrecursive, having feedback loops and correlated disturbances.

The model parameters, including variances and covariances of exogenous variables, disturbances, and the direct effects, can be estimated by several methods provided in

SEM programmes. The advantage of using SEM programmes for estimation of parameters is the convenience of estimation and SEMs' ability to produce a variety of fit indices, referred to as test hypotheses. The most commonly used means of parameter estimation is known as the maximum likelihood (ML) method. This method was introduced by econometric researchers, and was later applied and extended by Jöreskog (1973) to general structural equation models. The standard ML estimation derives estimates by maximizing the likelihood that the data are obtained from a population with multivariate normality. Its iterative nature allows calculation of parameters step-by-step until "the increments of the improvement in model fit fall below a predefined minimum value" (Kline, 2005, p. 113). However, with the use of covariance matrix brought by ordinal data (Likert-type scale in this study), the resulting chi-square measures are automatically inflated and parameter estimates are undervalued in the standard ML method (Flora & Curran, 2004). Some other estimation options include generalised least squares (GLS), unweighted least squares (ULS), weighted least squares (WLS), and two-stage least squares (2SLS). Both the GLS method, affiliated with weighted least squares (WLS), and the ULS method, function on the basis of the least-squares criterion. Distinct from the ML method, they are full-information methods that estimate all parameters at once, but the GLS method differs from the ULS in its use of scale invariance and scale freeness. The 2SLS method departs from the aforementioned methods in that it serves as a partial-information non-iterative method that estimates one equation at a time. As mentioned in the previous section, a robust WLS performs well in sample sizes below 1,000 (Flora & Curran, 2004); it corrects biased standard errors, to

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produce scaled chi-square values from the use of asymptotic covariance matrix (Coursey & Pandey, 2007). If ordinal data is used but too many categories are generated owing to algebraic computation for statistical purposes, the scaled ML can perform in a similar sense by reporting scaled S-B chi-square values.

The core elements of path analysis in the proposed model are estimations of direct, indirect, and total effects among observed variables. Direct effects reflect a direct dependency between two variables, whereas indirect effects reflect an indirect dependency through at least one other mediator. Whether standardised or unstandardised, they are also interpreted as path coefficients, and are reported as such in SEM output. The rationale for derivation of indirect effects is as follows. If an exogenous variable X has a direct effect β on an endogenous variable Y_1, which in the mean time exerts a direct effect γ on another endogenous variable Y_2, then the indirect effect that X has on Y_2 is calculated simply by multiplication of β and γ. Additionally, the statistically significant indirect path coefficient, but not the direct effect, demonstrates a strong mediating effect of Y_1. The total effects are the aggregate of all direct and indirect effects of one variable on another, based on the classical tracing rule.

4.3.5 Reliability and Validity

The scores for the items in a sample should be both reliable and valid for an SEM analysis. Inclusion of random measurement error makes it highly possible that some

of the measurements used in the CFA model are unreliable. Reliability confirms that the internal consistency of measurement scales is free from random errors. Cronbach's alpha (α) is a popular statistic for measuring reliability, and a reliable construct is indicated by a Cronbach's alpha above the cut-off value of .70 (Bagozzi & Yi, 1988; Diamantopoulos & Siguaw, 2000; Nunnally, 1978). A rule of thumb suggests that reliability coefficients around .90 are excellent and values around .80 are satisfactory. Failure to meet the reliability requirement may lead to deletion of troublesome items.

Validity assessments examine the extent to which the scores measure what they are supposed to measure. The essential facets of validity are convergent validity and discriminant validity. Convergent validity shows that a set of variables measures the same construct as presumed in advance, whereas discriminant validity demonstrates that the variables measure distinct constructs. The two facets of validity thus have opposite requirements in terms of inter-correlation of variables. At least moderate level inter-correlations indicate convergent validity, but extremely high-level inter-correlations (>.90) suggest poor discriminant validity. This study proposes to test convergent and discriminant validity mainly by following Fornell and Larck (1981). According to their propositions, all items and scales should exceed the threshold of .50 for demonstration of satisfactory convergent validity, and an average percent variance extracted from each construct, of greater than the squared correlation coefficients of two corresponding inter-constructs, confirms discriminant validity. Other tests of discriminant validity are also carried out. The correlation coefficients

of two constructs plus two times standard errors should not include unity (1) which indicates satisfactory discriminant validity. Besides, significant chi-square difference between a single-factor model and a two-factor model also supports that two constructs are distinct.

4.3.6 SEM Software

A variety of SEM computer programmes are available to meet different preferences and conveniences. The family of SEM software includes Amos, EQS, LISREL, Mplus, Mx Graph, the CALIS procedure of SAS/STAT, and so on and so forth. These programmes have the same major features, but differ with respect to their more advanced characteristics. The current study uses version 8.54 of LISREL (Linear Structural Relationships) (Jöreskog & Sorböm, 1995) to estimate and examine the structural equation models. LISREL allows concurrent evaluation of relationships between the constructs and multiple indicators of the constructs. Also included in the programme suite is PRELIS, which processes the raw data files and screens and transforms the data. SIMPLIS is the command syntax of the programme, and allows the programme to be operated using equation-type statements in basic English, rather than in matrix algebra or Greek characters.

4.4 Summary

This study follows a research procedure consisting of 12 predetermined steps. The first three steps include setting the research objectives, reviewing the existing literature and specifying the theoretical constructs. The following two steps set out to develop a theoretical framework and generate the corresponding research hypotheses. Steps 6 to 9 are mainly for designing research instruments, of which quality of experience construct was the key instrument. After this, the main survey was conducted and the collected data were analysed. The final step was discussion of findings and drawing of conclusions. This chapter outlines the research design of the 12-step research procedure, and illustrates the data collection process for the main survey. The structural equation modelling method followed is discussed in a critical manner; i.e. why it was selected for analysing the data.

CHAPTER 5. INSTRUMENT DEVELOPMENT

This chapter describes the conceptual definition of each construct of interest, followed by an explanation of instrument development. In concluding part, the final research instruments are summarised.

5.1 Conceptual Definitions

The following sections describe the conceptual definitions of each construct used in this study. A majority of the definitions is borrowed directly from the relevant literature. The only exception is quality of experience which is created by a critical review of, and abstraction from, experience-related studies in literature.

5.1.1 Hotel Brand

A brand is the identity of a specific product, service, or business. In this study, a hotel brand indicates the identity of a hotel or a hotel chain.

5.1.2 Advertising Efforts

Advertising efforts refers to the perceived advertising efforts, which people typically interpret as marketing communications (Kirmani & Wright, 1989, p. 344), in brand equity development. A high level of advertising efforts suggests a higher level of customer indirect experiences, in a partial manner.

5.1.3 Word-of-Mouth

Word-of-mouth refers to brand related messages and information customers obtain through interpersonal communications (Arndt, 1967; Bansal & Voyer, 2000). In this study, it is assumed to serve as part of customer indirect experiences (together with advertising efforts) of a luxury hotel brand.

5.1.4 Service Performance

One school of thought on service performance discussed whether a certain quality of service, matching customer expectations, could be delivered on a consistent basis (Parasuraman et al., 1985, 1988, 1991). However, this line of thinking was challenged by researchers who supported the use of a performance-based, rather than a gap-based, construct (Brady et al., 2002; Cronin & Taylor, 1992, 1994). This study adopts a performance-based conceptualisation of service performance and measures its multi-dimensionality through the three primary dimensions of interaction, service environment, and outcome (Brady & Cronin, 2001).

5.1.5 Brand Associations

Brand associations are defined as "anything linked in memory to a brand" that comes with brand awareness (Aaker, 1991, p. 109). Brand associations construct is included in the research model to reflect tangible or search attributes of a luxury hotel brand image.

5.1.6 Quality of Experience

The quality of experience construct used in this study is derived from the existing literature on experiences, and measures business travellers' perception of the extent to which their socio-psychological needs have been fulfiled by luxury hotels, as manifested by subjective, intangible and experiential hotel brand image attributes (Hankinson, 2005).

5.1.7 Brand Loyalty

Brand loyalty is defined as a biased, behavioural, and attitudinal response, expressed over time, to one luxury hotel brand in a set of such brands (Dick & Basu, 1994; Franzen, 1999; Oliver, 1999). It is reflected in attitudinal and behavioural loyalty (Chaudhuri & Holbrook, 2001).

5.1.8 Overall Brand Equity

Overall brand equity is studied as an unidimensional construct, which has been defined as the added value offered by a branded luxury hotel over any other identical luxury hotel (Farquhar, 1989; Yoo et al., 2000). It is measured using the additive approach of brand equity measurement (Abela, 2003), and is postulated as the outcome of brand image and brand loyalty (Keller, 1993).

5.2 Instrument Development

Scale items intended to measure each construct in the research framework were developed based on extant literature and exploratory studies, both qualitative and quantitative. The research instrument of quality of experience was developed based on personal interviews, content expert reviews, and a pilot study. Research instruments for advertising efforts, word-of-mouth, service performance, brand associations, brand loyalty, and overall brand equity constructs are based on past studies, adapted to suit the research context of luxury hotels with focus on business travellers. The final questionnaire consisted of multiple scale items to measure the constructs, all of which were evaluated with seven-point Likert-type scales anchored at 1 = "strongly disagree" and 7 = "strongly agree". The Likert-type scale was selected for its wide applicability in psychometric research (John, 2008).

5.2.1 Measurement of Quality of Experience

5.2.1.1 Personal Interviews

Personal interviews were conducted with 20 business travellers who had stayed at luxury hotels (**Table 5.1**). They were approached at the Hong Kong International Airport and some luxury hotels in Hong Kong, in January and February 2009. The maximum variation sampling method (Guba & Lincoln, 1989) was used by subjectively assessing the demographic characteristics of potential respondents based on their appearance in an effort to include subjects with a wide range of characteristics in the sample. When approached, the respondents were first asked to confirm that they had substantial experience of staying at luxury hotels for business purposes, particularly during the previous 12 months. Upon receiving confirmation of their eligibility to take part in the study, they were asked to participate in an interview, and then an appropriate interview time was set. Each interview lasted between 20 and 60 minutes. The sample selection process was terminated when there was no new information forthcoming from the interviewees (Patton, 1990). All respondents were given a bottle of perfume as an incentive to participate in the research. The contents of each interview were recorded and transcribed. The findings were discussed and summarised after content analysis of the transcripts by the researcher.

Table 5.1 Individual Characteristics of Respondents in Interview (N=20)

	Frequency
Age	
30 or younger	1
31-40	10
41-50	5
51-60	4
61 or older	0
Gender	
Male	14
Female	6
Marital Status	
Married	14
Single	4
Others	2
Highest Education Level	
High school level or lower	2
University level	13
Postgraduate level or higher	5
Personal Annual Income	
≤US$ 20,000	1
US$ 20,001-$ 50,000	3
US$ 50,001-$ 100,000	7
US$ 100,001-$ 150,000	4
US$ 150,001-$ 200,000	2
≥US$ 200,001	3
How many times have you stayed in luxury hotels in the past 12 months?	
1 time	3
2 to 5 times	6
6 to 9 times	7
10 times or above	4
How many times have you used this hotel brand in the past 12 months?	
1 time	5
2 to 3 times	11
4 times or above	4
Frequent guest programme membership	
Member	10
Non-member	10

The 20 business travellers interviewed came from a wide range of countries or regions, including Canada, the United States, Italy, Belgium, England, Denmark, Uganda, the Philippines, Hong Kong, mainland China, Australia, New Zealand, South Africa, and Japan. The respondents were, for the most part, males aged

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between 31 and 40. Most were married and educated to at least university level. They earned above average personal incomes. The luxury hotel brands cited by the interviewees were Marriott, Four Seasons, InterContinental, W Hotel, Langham, Shangri-la, Sheraton, Marco Polo, Grand Hyatt, and Ritz-Carlton. These business travellers were frequent luxury hotel customers, and most had used their respective specified brands between two and three times in the past 12 months. About half were members of the frequent guest programmes offered by the specified luxury hotel chains.

During the interviews, the respondents were asked to illustrate their subjective feelings and thoughts about their luxury hotel stays for business purposes. Some of the described experiences pertained to many luxury hotel brands rather than one particular brand, but this was considered acceptable to capture all of the important experience domains. A few hints relating to socio-psychological needs were given to the respondents in case they failed to express their experience adequately. Many sociological and psychological needs were cited by the respondents to describe their experiences and feelings. The viewpoints of real luxury hotel guests confirmed that the conceptual definition of the quality of experience construct was consistent with the results of a critical review of experience-related literature. Content analysis of transcripts revealed many needs-based factors related to luxury hotel stay experiences for business purposes. Some of the respondents illustrated their experiences of luxury hotel stays on the basis of their extempore and "spot"-like emotions (Pine & Gilmore, 1999). This narration echoes the scheme of "flow"

experiences in the literature (Csikszentmihalyi, 1975, 1990; Csikszentmihalyi et al., 1977) and focuses on onsite service encounters (Bitner, 1992). It was decided to omit these emotional feelings for the sake of consistency with the conceptual definition of experience applied in this study. Some respondents related their experiences to services only. Although this service-centred information was valuable, it deviated from the focus of this study and was excluded from the analysis. The following sections explore the domains of experiences that were perceived by the business travellers who described their socio-psychological needs during the interviews. They were further purified by content experts in the next step of instrument development.

Relevant Experience Domains

Content analysis of interview transcripts showed that when staying at luxury hotels, many of the business travellers had a similar understanding of their experiences, or had homogenous expectations of the fulfilment of various socio-psychological needs during their luxury hotel stays. The most important psychological and sociological needs reflected eight experience factors that were consistent with those discovered in previous studies. They included relaxation, sense perception, pleasure, perceived freedom, safety, warm relationship, ego-enhancement, and self-accomplishment. They were considered to represent the salient brand experience of a luxury hotel for business travellers, and were thus chosen for inclusion in the succeeding stages of instrument development and data analyses for the quality of experience construct.

Relaxation

First, the business travellers' feelings of relaxation were evident in their elaborations of their luxury hotel experiences. Comments made by the interviewees highlighted the need to feel relaxed and rested in the process of selecting and staying at luxury hotels. It was stated to be of vital importance for luxury hotels to offer relaxed and comfortable experiences for discerning business travellers, who are prepared to pay a high price for getting quality rest during their trips.

"The most important thing I am concerned about is whether I can get a good bed and feel completely relaxed. I have to get refreshed for the following day and go to meet people energetically."

"Luxury hotels have big beds to make me feel relaxed, as do the spa and massage services."

"Luxury hotels have luxury designs, large lobbies, well-decorated rooms, bathrooms, and splendid physical facilities and fitness centres, which all make me feel relaxed, serene, and restful."

"When you travel around the world like me, hotels are your home. At home you are completely relaxed, and that is why I pay for luxury hotels, like Hilton, InterContinental; I prefer to use them."

"I like to go to the fitness centre to do exercise when staying in hotels, as this offers me the ultimate relaxation."

"I choose to stay at the Four Seasons hotel because the brand provides me with a feeling of relaxed elegance. The furnishings are of the highest quality, yet the ambience is comfortable and homely. I travel a lot on business, so it is important to me to feel at home while on the road."

"I will not stay at a hotel unless it has a health club. I like to work out in the morning and the hotel I stay in must have at least a small health club with treadmills or stationary bicycles. I also like the hotel to have a comfortable lobby that I can sit and relax at instead of my room, or meet with a customer to talk or have a drink."

The need for relaxation among traditional business travellers also merges with their perception of being away from their usual business habitat.

"As a senior-level manager in my organisation, I work very long hours and travel a great deal. Thus, it is very important to me that I get an opportunity for relaxation as well as some exercise. The Four Seasons fitness centres and spas provide me with

high-quality workout facilities, and my workout can be followed by a relaxing massage and steam/sauna treatment. It is nice to forget about the stress of work for a few hours!"

It was concluded that business travellers consider relaxation and comfort to be a fundamental part of their experience of staying at luxury hotels.

Sense perception

Sense perception is also perceived to be an important part of the luxury-hotel consumption experience for business travellers. Many luxury hotel chains are renowned worldwide for their physical surroundings, advanced facilities, and impeccable service, which distance them from mid-priced and economy hotels. During the interviews, it was noted that even frequent travellers referred to the symbolic meaning of luxury hotels in satisfying their multi-sensory needs. This finding was consistent with the results extracted from a very recent study (Brakus et al., 2009) that investigated the factorial structure and predictive validity of the brand experience construct. In their study, the sensory experience was included as one of the four factors of brand experience to predict other brand-related constructs.

"International luxury hotel properties are always beautiful and attractive."

"Luxury hotels have to provide customers with something different, the décor of the room, a pleasant odor, because I pay a high price for that."

"Definitely, there is no doubt about that. The marble and the lobby all become parts of the hotel that I care for."

"Luxurious, magnificent, gorgeous, splendid, these characteristics all stimulate my senses."

"What do I mean by luxury? Marriott is my favourite, because everywhere their hotels stimulate to please your senses and make memorable experiences. Some hotels even have local cultural details, amazing, stunning . . . they really have me."

"I choose to stay with Langham Hotels because their hotels appeal to all of my senses. From the sense of arrival, where I know immediately that I am in a Langham property because of the beautiful floral aromas, to the outstanding cuisine of their F&B outlets and the quality guestroom furnishings, these hotels give me much pleasure and delight."

Sense perception is clearly one of the most important experience factors that put luxury hotels in a position to compete in the high-end hotels market.

Pleasure

Pleasure in previous studies refers to playfulness and hedonism (Batra & Ahtola, 1991; Hirschman & Holbrook, 1982). It is considered to be a post-modern service consumption factor in the hospitality and tourism industry (Otto & Ritchie, 1996). Most luxury hotel guests require a high level of services and facilities to meet their predetermined needs for pleasure and fun. The majority of the respondents confirmed these findings, with many of the business travellers citing pleasure as important to the quality of their personal and subjective luxury hotel experiences.

"I select luxury hotels because I look for entertainment. In some senses, I do rely on hotels to give me some chances. While business is always first to me and entertainment comes second, I seek the chance of being entertained. This is my personality."

"I like luxury hotels, although they are very expensive, because they have many entertainments and I usually have fun."

"When I travel with other colleagues on business trips, with no doubt we want something playful. The hotels can give us this, if they care about the details."

There is no doubt that an important psychological benefit of luxury hotel stays, as reported by the respondents, is the provision of pleasure and playfulness. Luxury

hotels create added value for their target business travellers through the provision of pleasure options.

Perceived Freedom

Perceived freedom originates in the literature on leisure tours, and connotes freedom from control, perceived as something voluntary (Neal et al., 1999; Unger & Kernan, 1983). In the personal interviews, many of the respondents cited that the need for freedom is strongly related to luxury hotels. They used similar words to describe a cross-section of experiences they had gained when staying at luxury hotels in the past. It was suggested that sincere attention to the hotel's ambience and training of staff to comprehend the perceived freedom for guests is the key to the success of luxury hotels.

"I can totally be on my own."

"Luxury hotels are superior, and distance you from others as an independent person."

Clearly, business travellers enjoy the benefit of perceived freedom during their luxury hotel stays.

Safety

Safety needs are of prime concern to guests, and form part of the core values of luxury hotels. All interview respondents felt that luxury hotels need to provide a safe place to stay because guests pay a relatively high price to purchase the hotel's services. The ability to create a safe environment was perceived to be a primary priority for guests in choosing a luxury hotel brand, especially given the global security challenges in today's world.

"I choose to stay at luxury-brand hotels because of the high levels of security and privacy they provide. Security can be a concern in many of the international destinations that I travel to on business, so I know that the higher-end hotels pay greater attention to security and privacy issues because of the type of clientele that they cater to. My personal safety is worth much more than the price differential."

"I must feel safe at any luxury hotel I stay at. The size of the room and its cleanliness mean a lot to me. Also, there must be staff around in the lobby at night to ensure my safety."

"In luxury hotels, you feel no worry about the luggage boy, don't need to keep your eyes on your belongings all the time, and I have no bad experiences. I think they are well-trained."

"I usually put my important belongings into the safe as I am always afraid of them being stolen."

"If I am asked what is predominantly important for business travellers staying at luxury hotels, depending on where are you culturally, safety would be one of the top two or three. There is no question about that, especially when you travel internationally and go to countries you don't know, I think this is really a big factor, to find safe and familiar hotels."

Some respondents also complained about safety.

"You know what? I stayed at a Marco Polo hotel, and I could hear what the neighbors were chitchatting about. What a crazy room! You feel unsafe, definitely. And I did make a complaint."

"Well, I suppose all the luxury hotel chains need to install electronic room locks, not just the keys [laughs]."

One respondent emphasised that she sought

"psychological comfort as well as physical comfort . . . it gives me peace of mind when I stay at the hotels that I am familiar with, and those hotels must be upscale."

In conclusion, to ensure guest value and provide service excellence, there is a need for luxury hotels to advance their security technology to safeguard guests' personal privacy and belongings. This can be achieved through better staff training. Responsible and accountable hotel staff trained to provide security-oriented hospitality is an integral asset luxury hotels require.

Warm Relationship

"Warm relationship" was another experience factor extracted from the interviews. The superficial decoding of this factor suggested that it refers to a warm relationship between service provider and consumer, or luxury hotels and their guests. A more detailed and comprehensive interpretation shows that this factor encompasses both psychological and social needs. The interviewees expressed their desire to treat the hotels that they selected as their homes. A match between the personality of the hotel and the guest is perceived to be a key way in which hotels can gain repeat purchases and emotional attachment of guests. Staying at luxury hotels is a contemporary life style choice. The respondents considered luxury hotels at which they stayed to be a part of their social networks.

"That experience was amazing, being spoiled, like a child, and you are highly valued throughout the whole process. Yes, you have a feeling of warmth."

Because hotels are a service industry, a warm relationship with the customer is at the centre of every service encounter.

"When the service shows such genuine care toward customers, behaving like a friend to you, then you will feel this. The service providers all the time call you by name, things like that; they spend time getting to know about you."

"I want things done my way and I am willing to pay for it! I choose to stay with Ritz-Carlton because of their high standards of service quality. 'No' is not in the vocabulary of the Ritz-Carlton staff, and sometimes I even feel spoiled because they anticipate my needs and desires so well!"

"W Hotels compliment both my personality and my lifestyle. I like to stay ahead of the latest trends in terms of dining, fashion, and even hotel experiences. W Hotels provide the latest in décor and F&B concepts, and the management understands the importance of style and even has a dedicated hotel stylist. They recently announced that they will be starting a W apparel label, which will be available in many of their hotels worldwide."

"The staff are willing to take care of my needs and help me with requests when I stay there. Even better, they remember me when I come back the next time."

Through the development of a warm relationship, luxury hotels may be able to create and reinforce a brand image for warmth in the marketplace.

Ego-enhancement

One of the respondents stressed the experiential need of ego-enhancement.

"Every luxury hotel guests want to perceive that they have a higher social status. Staying at luxury hotels induces in guests a sense of special identity and dignity. We can even feel conceited and arrogant in this environment."

Another respondent concurred, emphasizing the detailed services that trigger the sense of ego-enhancement in luxury hotels.

"Employees have been trained to pay attention to detail, and the service is standardised in international branded hotels. For example, the doormen always wear white gloves and greet me. This makes you perceive that they are clean and that you are valued, like a king, princess, or aristocrat."

Another respondent elaborated on the self-esteem need by presenting his VIP membership card to the interviewer. A female respondent stated that she considered a stay at a luxury hotel as a

"match between my personality and the hotel's"

and that to sustain or even boost the ego,

"luxury hotels need to fit my social status."

Another respondent concurred.

"By staying at these kinds of hotels, your social status becomes higher . . . Because luxury hotels are a symbol."

The interviews clearly indicate that the sense of being valued and treasured is a primary motive in the decision to purchase luxury hotel services.

"I am proud of using Shangri-la, anywhere in the world, so I won't choose others."

"As a frequent Four Seasons guest, I like being recognised and welcomed back by the staff. The genuineness of their greetings makes me feel that my patronage is valued and not taken for granted. The staff are always friendly and welcoming, without intruding into my personal affairs. I feel respected when the staff know the boundaries that shouldn't be crossed."

Satisfaction of needs of business travellers for ego-enhancement is thus perceived to be of significance for luxury hotels in highlighting their distinct and personalised services.

Self-accomplishment

In the human motivation and tourism motivation literature, self-accomplishment is placed at the highest level of Maslow's (1943, 1970) hierarchy of human needs, and is also at the summit of the Travel Career Ladder (Pearce, 1982, 1988; Ryan, 1998). With supporting functional facilities and a suitable physical environment, luxury hotels can facilitate business activities to deliver a sense of accomplishment to business travellers (A. S. Mattila, 1999a). This finding was substantiated by the interviews; the need for self-accomplishment was cited as a key consumption experience for business travellers staying at luxury hotels. Business travellers are likely to be achievement-oriented in visiting and purchasing luxury hotel services, and will recall previous successes.

"If I go to a luxury hotel for a meeting or any other business purposes, I definitely hope to accomplish something, which gives me a sense of accomplishment. Staying at luxury hotels is a symbol of self-accomplishment."

Some of the respondents exemplified their experiential feelings in this respect by combining the needs of self-accomplishment and ego-enhancement.

"I have worked very hard all of my life, and have been blessed with the ability to afford some of the finer things in life. Thus, when I travel for business, I want to stay somewhere that celebrates my success! The Four Seasons experience reinforces and reminds me of all of the accomplishments I have achieved both in terms of product and service quality, but also in terms of my fellow hotel guests. I always know that I will be surrounded by other successful people, and you never know where the next big business might be discussed."

"Business associates must know that I am staying in a good hotel; one that they approve of or would stay in themselves. So, staying in a luxury hotel gives me a sense of status and accomplishment."

Irrelevant Experience Domains

The literature also contains other socio-psychological needs in the broad tourism and hospitality settings, including nostalgia, novelty, fantasy, knowledge and education, "enhancement of human relationships," and family togetherness. However, none of the interview respondents mentioned needs that accorded with these domains. During the interviews, the respondents were requested to comment on these domains, but they largely considered them irrelevant while describing their luxury hotel stay

experiences. They were thus considered irrelevant experience domains for business travellers.

Nostalgia has been endorsed as an element of Pearce and Lee's (2005) Travel Career Pattern (TCP), which was developed to explain motivations of tourists and travellers. In small-scale boutique accommodations, a home-like experience has also been emphasised (McIntoch & Siggs, 2005). However, nostalgia cannot be used to describe the luxury-hotel consumption experience, for reasons illustrated as below.

"I travel for business, and I won't miss home in luxury hotels. Rather, I enjoy staying at the hotel to a fuller extent."

"Nostalgia is not important to me."

"I am concerned about the business travel and feeling nostalgic is not the main thing. If you go on leisure, it is something that you are interested in. Shangri-la is not for nostalgic."

Novelty has been cited as a common push motivational factor, such as in Zhang and Lam's (1999) study of mainland Chinese visitors' motivations to visit Hong Kong. However, this study found that luxury-hotel consumption experience for business travellers did not have a significant relationship with the need for novelty.

"Luxury hotels do not excite me."

"Luxury hotels do not give me any sort of novel experience."

"Staying at luxury hotels is a normal practice to me, nothing new."

"Novelty is not my particular concern when I go for business. Maybe I am not a high class business traveller. I prefer something that are solid, rather than pleasure and novelty. I am more a realistic traveller, and am concerned with room services, internet, safety, convention facilities."

"I don't think the business travellers stay there for novelty. I don't think they evaluate quality of experience based on novelty. I think they can base on relaxation, escapism, which is the way to get away from the daily routine. "

Many of the respondents felt that their experiences of purchasing luxury hotel services did not leave them with any extra novel perceptions. Otto and Ritchie (1996) concurred, asserting that novelty does not represent the service experience in tourism and hotel contexts.

The importance of fantasy has been acknowledged in what some researchers have termed an experiential view of consumption, or hedonic consumption (Hirschman & Holbrook, 1982; Holak & Havlena, 1998; Holbrook & Hirschman, 1982). Fantasy is believed to have a symbolic meaning "just below the threshold of consciousness"

(Holbrook & Hirschman, 1982, p. 136). However, many of the interview respondents failed to recognise fantasy as one of the motivations for pursuing a luxury hotel experience. In their minds, luxury hotels were not capable of inspiring subconscious fantasies, at least for business travellers.

"I did not think too much about fantasy."

"I would say for a business traveller in a luxury hotel, I am sure that fantasy might not be there to be perceived, the wrong fantasy kind of thing there."

Maslow's (1970) second version of the hierarchy of needs emphasises the importance of knowledge and education in human needs and behaviour, which accords with the principles of the experience economy (Pine & Gilmore, 1999) and experience marketing (Schmitt, 2003). Maslow's approach echoes cognitive phenomena, in addition to involvement in the consumption experience (Hirschman & Holbrook, 1982) and customer value (Holbrook, 2006). Nevertheless, this human need does not appear to match the luxury hotel consumption experience from the perspective of business travellers. The interview respondents appeared to have no expectations of obtaining knowledge and education.

"It is not an education and learning centre, at least for most of the guests."

"When you say learning new things, that seems deeper than seeing new things. In hotels I may see something new, like, all these hotels have electrical curtains, i-pot stations, that is I see something new, but I don't learn anything."

"We come here to do business, not to learn something new."

One respondent had attended a cooking course offered by a luxury hotel, but stated that it was

"not normal practice by the luxury hotels."

The findings from the interviews also indicate that "enhancement of human relationships" is not a pertinent experiential need among business travellers staying at luxury hotels. Most of the respondents commented that they did not stay in such hotels to meet new people or make new friends. Up-market hotels are not perceived to be community-like venues where people can build relationships and bond with other customers.

"I don't make any new friends, and just simply stay at hotels."

"It is not a meeting point for family members."

"I seek spaces for the individual, and seldom go clubbing or enjoy entertainment activities. Most hotels would have privacy issues and you don't meet people. You know someone already and try to build up relationship with that one. "

"I don't want to meet and talk with other guests."

"I don't think of luxury hotels as optimal places for social networking."

"I go for business travel and already have some business contacts. I don't rely on hotels as an activity centre for meeting new people."

"I do not like to meet people at luxury hotels. I have to talk to so many people in my daily work and rather enjoy my own time in the hotel."

Finally, the interview results revealed that seeking family togetherness was extraneous to the experiential consumption of luxury hotels for business purposes. Many studies attach importance to this factor in tourism and leisure experiences (Dann, 1977; Jamrozy & Uysal, 1994; Manfredo et al., 1996; Moscardo et al., 1996; Moutinho, 2001; Shoemaker, 1994; Turnbull & Uysal, 1995; Woodside & Jacobs, 1985; Yoon & Uysal, 2005; Yuan & McDonald, 1990). However, many of the interview respondents stated that family ties were enhanced only when travelling with family members on business trips. This factor is likely to be significant for those staying at luxury hotels for leisure purposes, and many big luxury hotel chains

in the world have facilities available for both adults and children. However, it is non-significant for business travellers.

"I never bring my family. I am always alone. It is meaningless for pure business."

"When I am on business, I don't feel I am with my family and I don't bring family when visiting clients."

"There is a big conflict between business travel and family togetherness — this only arises when I have time to go out with my family members for dinner or another form of entertainment."

"I don't know how many people travel with their family when they are on business. Going to conferences may be. But talking about people visiting clients, probably they don't bring family. You can say, 'if you come with your family, then...'. But if you do a rating scale, it needs to be applicable."

Pool of Items for Quality of Experience

As a result of the in-depth interviews, eight experience factors were determined as being the most important for business travellers in interpreting their luxury hotel stay experiences; these factors correspond to certain socio-psychological needs. They include relaxation, sense perception, pleasure, perceived freedom, safety, warm relationship, ego-enhancement, and self-accomplishment. Having identified the most

important components of quality of experience from the interviews, the next step was to "generate an item pool that captured the domain of the quality of experience as specified" (Otto & Ritchie, 1996, p. 169). DeVellis (1991) argued that the items selected and created for such a pool should be homogenous and represent the underlying latent variable. The definition of quality of experience used here means that the items should be manifestations of a wide range of sociological and psychological needs. The measurement scale for this construct was developed on the basis of the literature and interviews with the business travellers. The theories underpinning the items included the experience economy (e.g. Pine & Gilmore, 1999), experiential marketing (e.g. Schmitt, 1999b), hedonic marketing (e.g. Hirschman & Holbrook, 1982), tourist typologies (e.g. Cohen, 1972, 1979), leisure experience (e.g. Arnould & Price, 1993; Unger & Kernan, 1983), Maslow's hierarchy of needs (Maslow, 1943, 1970), Travel Career Ladder and Travel Career Pattern models (e.g. Pearce, 1988; Pearce & Lee, 2005), and push motivational factors (e.g. Zhang & Lam, 1999). The pool of scale items was then generated and content validity was examined by the panel of experts (**Table 5.2**).

Table 5.2 A Pool of Items for Quality of Experience (46 Items)

Factors/Items	Literature Consulted
Relaxation (7 items)	
I can do some exercise. I feel physically relaxed. I feel at ease. I feel restful. I get a feeling of serenity. I feel physically comfortable. I feel psychologically comfortable.	(Andreu et al., 2006; Cha et al., 1995; Dann, 1977; Gordon et al., 1976; Loker-Murphy, 1996; Moscardo et al., 1996; Moutinho, 2001; Woodside & Jacobs, 1985; Yuan & McDonald, 1990; Zhang & Lam, 1999)
Sense perception (3 items)	
The hotels of this brand please my senses. The hotels of this brand look beautiful to me. The hotels of this brand look attractive to me.	(Gordon et al., 1976; Pine & Gilmore, 1999; Schmitt, 1999b)
Pleasure (4 items)	
With this brand I feel entertained. I have fun with this hotel brand. The hotels of this brand always arrange some special events for entertainment. I feel delighted.	(Cohen, 1979; Hirschman & Holbrook, 1982; Moutinho, 2001; Oh et al., 2007; Pine & Gilmore, 1999; Shoemaker, 1994; Yoon & Uysal, 2005)
Perceived freedom (3 items)	
I feel I can be independent. I am obligated to no one. I can be myself, having all things my way.	(Pearce & Lee, 2005; Unger & Kernan, 1983)
Safety (4 items)	
I feel that my personal belongings are safe. I feel personally safe. My privacy is assured. It gives me a peace of mind to stay in the hotels of this brand.	(Moscardo et al., 1996; Otto & Ritchie, 1996; Yoon & Uysal, 2005)
Warm-relationship (9 items)	(Zins, 1998)
This hotel brand gives me a familiar environment. I feel spoiled. I feel a genuine love. This hotel brand gives me a feeling of warmth.	

I can serve as a host.
Every staff greets me each time.
I feel carefully taken of.
Staying in the hotels of this brand fit my
personality.
This hotel brand creates a home-like
experience.

Ego-enhancement (11 items)

I am always taken seriously when help is
needed.
I get a feeling of being important.
I get a feeling of being a VIP.
I get a feeling of being respected.
Staying in the hotels of this brand fits my
social status.
I consider staying in the hotels of this brand
to be a status symbol.
I feel a sense of dignity.
I am proud of using this brand.
This brand induces my feeling of increased
self-identity.
I feel personally recognised in the hotels of
this brand.
I feel like an aristocrat.

(Crompton, 1979; Dann, 1977; Driver & Tocher, 1970;
Jamrozy & Uysal, 1994; Moscardo et al., 1996; Otto &
Ritchie, 1996; Turnbull & Uysal, 1995)

Self-accomplishment (5 items)

Staying in the hotels of this brand gives me
a sense of accomplishment.
Staying in the hotels of this brand gives me
a sense of self-confidence.
Staying in the hotels of this brand gives me
a sense of success.
The hotels of this brand facilitate my ability
to achieve objectives of visiting to gain
knowledge and education.
This hotel brand is conducive to my
objectives of absorbing knowledge and
learning well.

(Arnould & Price, 1993; Dann, 1977; Loker-Murphy,
1996; Manfredo et al., 1996; Moscardo et al., 1996; Pearce
& Lee, 2005)

5.2.1.2 Expert Panel Review

To further improve content validity of the quality of experience instrument,

judgements and comments of seven content experts were sought. They were

approached via email between March 16 and April 10, 2009. Three professors were from Hong Kong, and four professors were based in U.S. universities. Seven experts was considered an appropriate number to assure the quality of the content review (Gable & Wolf, 1993). Covering letter and screening sheet are shown in **Appendix IV** and **Appendix V**, respectively.

First, the professors were invited to rate the degree of relevance of each of the 46 scale items (from not relevant to relevant to very relevant) to the experience construct in the luxury hotel setting with focus on business travellers. Ap and Crompton (1998) suggested retaining relevant items only if 1) four or more experts rate the item as very relevant, or 2) five or more experts judge the item to be either very relevant or relevant to the construct of interest. Adopting this procedure, 40 out of 46 items were retained to represent the construct of quality of experience in the luxury hotel setting. The scale items that were omitted from this process were "I feel I can be independent" (QOE15), "I am obligated to no one" (QOE16), "I feel a sense of dignity" (QOE37), "I feel like an aristocrat" (QOE41), "the hotels of this brand facilitate my ability to achieve objectives of visiting to gain knowledge and education" (QOE45), and "this hotel brand is conducive to my objectives of absorbing knowledge and learning well" (QOE46). Of these, QOE15 and QOE16 were affiliated with the dimension of perceived freedom, QOE37 and QOE41 were associated with ego-enhancement, and QOE45 and QOE46 were affiliated with self-accomplishment.

Second, the content experts were then asked to judge the clarity and comprehensiveness of quality of experience scale items, and to provide further suggestions or recommendations. On the experts' advice, six more items were discarded, either because they were considered not to fit with psychology or sociology domains, or because they were redundant. The six items included "doing exercise" (QOE1), "feel restful" (QOE4), "hotels look beautiful" (QOE9), "hotels always arrange special events for entertainment" (QOE13), "staff greet me each time" (QOE27), and "fits my social status" (QOE35). Many of the experts further pointed out that some items in the domain of "escapism" needed to be added to the item pool. They also suggested pilot testing of the quality of experience instrument in the revised form regardless of escapism items to determine whether business travellers were also concerned about their escapist needs during luxury hotel stays.

In conclusion, a three-step instrument (**Table 5.3**) development procedure was adopted for the quality of experience construct. The content validity of the construct was established following systematic references to extant literature, qualitative interviews, and expert review of the items. At this stage, 34 scale items remained in the measure of perceived quality of experience in luxury hotels, which were subject to pilot study (**refer to questionnaires for Pilot Study, and see Appendix VI and Appendix VII**).

Table 5.3 Three Steps of Quality of Experience Instrument Development before Pilot Study

Stage	Procedure	Number of Items
1	Generation of an initial item pool from literature	46
2	Deletion of 6 items in a structural screening process by content experts	40
3*	Deletion of 6 more items by consulting comments given by content experts.	34

*note that some recommended escapism items were not added at this point

5.2.1.3 Pilot Study

A pilot study was conducted before the main survey to test the quality of experience instrument. As the instrument was developed specifically for this study, as a theoretical contribution to the literature, there was uncertainty about its appropriateness. It was expected the pilot study would reduce the redundancy of the experience scale to an acceptable level, adequate for the main survey on a larger sample. Weak, unrelated, and ambiguous items were dropped in this step of the research process, and better construct validity was achieved (Clark & Watson, 1995). In the questionnaire, questions appeared in random order, in terms of their affiliation with the eight experience factors. The questionnaire was translated from English into Chinese by university research students and faculty members with Chinese backgrounds.

The pilot study was conducted at the lobby of a luxury hotel in Hong Kong. The respondents were intercepted and screened to ensure that they had stayed in luxury hotels for business purposes. Upon receiving confirmation of their eligibility and willingness to take part in the study, they were further asked to specify a luxury

hotel brand about which they would answer survey questions; either the one that they were staying in currently or the brand that they had used most frequently in the previous 12 months for business purposes. A list of luxury hotel brands was attached to the questionnaire for reference. Some of the respondents felt more comfortable completing the survey while standing in the lobby, whereas others preferred to sit on a sofa or go to the business centre to take the survey.

Souvenirs were given to all respondents in the pilot study who completed the questionnaires. In total, 307 business travellers who had stayed in branded luxury hotels successfully completed the questionnaires with no missing observations. The final 307 samples met the criterion of a minimum sample size of 170 for the quality of experience measure, as research has demonstrated that there should be at least five cases for each item in the instrument being tested (Bryant & Yarnold, 1995; Gorsuch, 1983; Tinsley & Tinsley, 1987).

A frequency analysis was conducted to examine personal demographic characteristics and factors related to luxury hotel usage of the pilot respondents. **Table 5.4** shows that 37.5% participants had stayed in a luxury hotel (any brand) 10 times or more in the previous 12 months and 42% had used the luxury hotel brand that they specified two to three times in the previous 12 months. Only 6.5% of survey participants appeared to be first timers staying at a luxury hotel. Slightly less than 50% (42%) were members of the frequent guest programme offered by the specified luxury hotel chain.

Table 5.4 Personal Characteristics of Pilot Respondents (N=307)

Characteristics	Frequency	Valid Per cent%
How many times have you used this hotel brand in the past 12 months? (Valid N=307)		
1 time	69	22.5
2 to 3 times	129	42.0
4 times or above	109	35.5
How many times have you stayed in luxury hotels in the past 12 months? (Valid N=307)		
1 time	20	6.5
2 to 5 times	113	36.8
6 to 9 times	59	19.2
10 times or above	115	37.5
Frequent guest programme membership (Valid N=307)		
Yes	129	42.0
No	178	58.0
Age (Valid N=307)		
16 to 25	15	4.9
26 to 35	89	29.0
36 to 45	113	36.8
46 to 55	72	23.5
56 to 65	15	4.9
66 or older	3	0.9
Gender (Valid N=307)		
Male	229	74.6
Female	78	25.4
Marital status (Valid N=307)		
Married	216	70.4
Single	78	25.4
Others	13	4.2
Highest Education level (Valid N=307)		
High school/diploma or lower	75	24.4
University level	170	55.4
Postgraduate level	62	20.2
Personal Annual Income (in USD) (Valid N=307)		
$\leq$ 20,000	19	6.2
20,001 - 50,000	34	11.1
50,001 - 100,000	84	27.4
100,001 - 150,000	68	22.1
150,001 - 200,000	43	14.0
$\geq$ 200,001	59	19.2
Countries of Origin (Valid N=307)		
Western	179	58.3
Asian	128	41.7

In terms of demographic characteristics, the pilot sample predominantly comprised

men (74.6%), which is similar to the study of Bowen and Shoemakers (1998) that

examined business travellers staying in luxury hotels (85.4% male). In terms of age,

36.8% were aged between 36 and 45 years, followed by 29.0% more junior respondents aged between 26 and 35. Over 70% of the respondents (70.4%) were married, and the majority (55.4%) had a university level education. Their personal annual income was widely distributed, ranging from less than US$20,000 to above US$200,001. The sample contained both Western travellers and Asian travellers, the former contributing 58.3% to the total.

Independent-samples t-tests were employed to compare mean values of quality of experience items between the Western and Asian business travellers. There were no significant differences between the two groups except for four items: "I have fun with this hotel brand" (p = .031); "I feel a genuine love when staying in hotels of this brand" (p = .010); "this hotel brand gives me a feeling of warmth" (p = .017); and "this hotel brand creates a home-like experience" (p=.017) (**Table 5.5**), all of which the Asian group rated higher than the Western group. However, despite these differences it was decided to retain these items due to their small number (4 out of 34).

Table 5.5 Difference of Experience Perceived by Western vs. Asian Business Travellers

Item No.	Item/Variables (Quality of Experience)	Mean (Western)	Mean (Asian)	t-value	*P*-value (2-tailed)
QOE4	I have fun with this hotel brand	5.07	5.65	-2.162	.031
QOE15	I feel a genuine love when staying in the hotels of this brand	4.67	5.42	-2.576	.010
QOE16	This hotel brand gives me a feeling of warmth	5.11	5.73	-2.405	.017
QOE21	This hotel brand creates a home-like experience	4.64	5.36	-2.394	.017

Table 5.6 presents the item-total correlations and alphas for each item. Items with correlations below 0.3 are considered to be eliminated from the final instrument (Nunnally, 1978). High item-total correlations indicated that the items performed reasonably well in capturing the construct of quality of experience, and were not considered for deletion.

Table 5.6 Coefficient Alpha and Item-Total Correlation of Quality of Experience

Item No.	Item/Variable	Item-Total Correlation	Alpha If Item Deleted
QOE33	Staying in the hotels of this brand gives me a sense of self-confidence.	0.78	0.969
QOE19	I feel carefully taken care of.	0.774	0.969
QOE24	I get a feeling of being important.	0.774	0.969
QOE16	This hotel brand gives me a feeling of warmth.	0.772	0.969
QOE17	I feel physically relaxed.	0.77	0.969
QOE32	Staying in the hotels of this brand gives me a sense of accomplishment.	0.768	0.969
QOE30	This hotel brand induces my feeling of increased self-identity.	0.759	0.969
QOE34	Staying in the hotels of this brand give me a sense of success.	0.757	0.969
QOE5	I feel delighted.	0.746	0.969
QOE15	I feel a genuine love.	0.732	0.969
QOE31	I feel personally recognised in the hotels of this brand.	0.73	0.969
QOE29	I am proud of using this brand.	0.728	0.969
QOE26	I get a feeling of being a VIP	0.722	0.969
QOE22	I feel entertained.	0.711	0.969
QOE27	I get a feeling of being respected.	0.711	0.969
QOE28	I consider staying in the hotels of this brand to be a status symbol.	0.695	0.969
QOE12	It gives me a peace of mind to stay in the hotels of this brand.	0.689	0.969
QOE3	The hotels of this brand please my senses.	0.686	0.969
QOE14	I feel spoiled.	0.683	0.969
QOE21	This hotel brand creates a home-like experience.	0.668	0.969
QOE20	Staying in the hotels of this brand fit my personality.	0.666	0.969
QOE9	The hotels of this brand look attractive to me.	0.664	0.969
QOE18	I can serve as a host.	0.664	0.969
QOE7	I feel physically comfortable.	0.663	0.969
QOE2	I get a feeling of serenity.	0.661	0.969
QOE4	I have fun.	0.652	0.969
QOE10	I feel personally safe .	0.652	0.969
QOE23	I am always taken seriously when help is needed.	0.645	0.969
QOE6	I can be myself, having all things my way.	0.639	0.969

QOE1	I feel at ease.	0.629	0.97
QOE8	I feel psychologically comfortable.	0.622	0.97
QOE11	My privacy is assured.	0.619	0.97
QOE25	I feel that my personal belongings are safe.	0.604	0.97
QOE13	This hotel brand gives me a familiar environment.	0.578	0.97

A principal axis factor analysis with oblimin rotation was conducted on the 34 quality of experience items. Factor loadings greater than .40 (Hair, Black, Babin, Anderson, & Tatham, 2006; Hatcher & Stepansk, 1994) were retained. 12 items that were higher than .40 but loaded onto many factors were omitted. Three factors were extracted from the rotated component matrix, and 17 items remained from the original measurement model of 34 items (**Table 5.7**). The results of the pilot study showed that the Cronbach's alpha was .939 for the new measurement model. The communality of each item was also considered satisfactory. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy for the overall scale was .934, which was very satisfactory given the suggested value of .60 (Garson, 2001). Bartlett's test of sphericity was used to test whether a measure was sufficiently powerful to run factor analysis. The chi-square value of 3618.295 at the .000 level confirmed the appropriateness of the factor analysis method.

Table 5.7 Factor Analysis Results of Pilot Data (N=307)

Factor / Item	Factor Loadings	Eigen-value	Variance Explained	Cronbach's Alpha	Communality
Relaxation, Safety & Sense perception (7 items)		**8.792**	**51.718**	**.913**	
Feel at ease	.696				.579
Feel physically comfortable	.808				.728
Feel psychologically comfortable	.800				.705
Look attractive	.656				.582
Feel personally safe	.819				.730
My privacy is assured	.816				.711
Gives me a peace of mind	.708				.656
Ego-enhancement & Self-accomplishment (5 items)		**2.079**	**12.228**	**.923**	
Get a feeling of being a VIP	.692				.644
A status symbol	.838				.779
Increased self-identity	.780				.780
A sense of accomplishment	.811				.820
A sense of success	.858				.846
Warm-relationship (5 items)		**1.057**	**6.216**	**.875**	
Gives me a familiar [luxury] environment	.720				.626
Feel a genuine love/respect	.643				.631
A home-like experience	.678				.603
Feeling of warmth	.704				.730
Fit my personality	.722				.670
Overall scale reliability	**.939**				
Cumulative percentage of total variance	**70.162%**				
KMO	**.934**				
Bartlett's Test of Sphericity	Chi-square=**3618.295**, p=.000				

In order of descending eigenvalues, the first factor, which was labelled "relaxation, safety & sense perception" and contained seven items, appeared to make the strongest contribution to quality of experience as perceived by customers staying in luxury hotels (EV = 8.792). The second factor was "ego-enhancement & self-accomplishment," which contained five items (EV = 2.079). The item with the

lowest eigenvalue was warm relationship, which contained five items (EV = 1.057).

The cumulative percentage of total variance in the dataset explained by the three

broad experience factors was 70.162%. The Cronbach's alpha ranged from .875 for

warm relationship to .913 for "relaxation, safety & sense perception" to the highest

score of .923 for the "ego-enhancement & self-accomplishment" factor. The results

can thus be considered reliable.

However, the original items belonging to the pleasure dimension disappeared after

the pilot study because of their cross loadings. This may have been because the

respondents found it difficult to distinguish them from other factors in the context of

luxury hotels. In his tourist typology, Cohen (1979) adopted a phenomenological

perspective to understand the tourism experience. One of the five experience modes

that he proposed was the recreational mode, in which tourists tend to fulfil their need

for pleasure rather than their need for sophisticated meaning. However, seeking

pleasure seemed not to be strongly rooted in experience for respondents in the pilot

study, and the meanings of their pleasure experience were found to be complex,

thereby being open to interpretation. In the prior panel review, one content expert

also gave some critical annotations in this respect.

In a similar vein, the item affiliated with perceived freedom was eliminated due to

its cross-loadings. Perceived freedom was originally related to leisure experiences

(Neal et al., 1999; Unger & Kernan, 1983). In this study, the content experts first did

not consider the benefit of obtaining freedom from staying at luxury hotels, and

rated the items in this dimension as having a lower relevance to the construct. Although the item "I can be myself, having all things my way" was retained by the content experts for the pilot study, it was deleted thereafter based on the statistical results and general comments given by the pilot respondents. At least, this dimension did not contribute separately to the cumulative luxury hotel experience as perceived by business travellers. In literature, some leisure science researchers (de Grazia, 1962; Iso-Ahola & Allen, 1982) have argued that freedom from control and work actually refers to the ability to relax and be comfortable.

In conclusion, results of the pilot study were generally consistent with those obtained from personal interviews and expert panel review. However, some sub-dimensions were grouped together to specify the construct of quality of experience.

It was further noted that some of the pilot test respondents commented on the warm relationship items during the survey. In accordance with their comments, "this hotel brand gives me a familiar environment" was modified to "gives me a familiar *luxury* environment," and "I feel a genuine love" was changed to "I feel a genuine *respect.*" Although "a home-like experience" was initially retained after the pilot test, the validity of the item was questioned by many of the survey respondents, as they stated that luxury hotels should provide customers with luxury experiences that have little relationship with the perception of being at home. This item was thus deleted; 16 items were left in the instrument.

Although the pilot study indicated three factors, it was decided to add more items to the sub-dimensions of the three factors which lacked sufficient items. This was because of the concern about the small sample size in the pilot study whose respondents might not have been able to distinguish sub-dimensions between each other. As a rule of thumb, each latent factor needs to be accompanied by at least two to three observable indicators (Comrey, 1988). Therefore, the "hotels of this brand please my senses" was added back to stand for the sense perception dimension based on the pilot study respondents' comments, despite its initial deletion due to slight cross-loadings. Another sense perception item, "the hotels of this brand show attention to design detail," was borrowed from the study of Oh et al. (2007). The 18 items represented the "relaxation, safety, sense perception," warm-relationship, ego-enhancement, and self-accomplishment sub-dimensions, in line with literature.

Finally, many of the respondents suggested that they perceived escapism in luxury hotels. Tourism researchers have long attached importance to the motivation for escapism (Crompton, 1979; Dann, 1977). Similarly, leisure scientists have asserted that the search for escapism is rooted in the need for a satisfactory and memorable leisure life and experiences (Iso-Ahola, 1982; Iso-Ahola & Allen, 1982). Pine and Gilmore (1999) also emphasised that appreciating the need for escapism aids the understanding of the experience economy. The expert panel review found that this psychological need may contribute to generating satisfying experiences in luxury hotels. Many business travellers in the pilot test concurred, considering luxury hotels to be a mixture of mundane and escapist environments that allowed them to pursue

their business objectives and engage in leisure activities at the same time. The business travellers in the pilot study verbally expressed their preferences for using leisure facilities at luxury hotels as they could feel being away from their usual habitat and obtain escapist benefits.

"I have my laptop at the hotel and most of the time I feel busy. I seldom attend to my personal affairs and, of course, but I often go to spa and swim for a short escape from the work."

"I stay at hotels and feel I am engaged in another world sometimes, as it is another kind of lifestyle different from that at home."

"The stylish spa, luxury physical facilities, considerate service, and mystical atmosphere all give me a sense of escapism."

Both content experts and pilot test results clearly indicated that some escapism items needed to be added to the final instrument of quality of experience.

Three escapism items from a previous study were also added to the quality of experience instrument (Oh et al., 2007). They were again sent to the content experts and some of the previous interviewees for their comments and suggestions on appropriateness and content validity. In total, 21 items were eventually included in

the experience scale to represent four broad experience dimensions, or seven sub-

dimensions, in the main survey (see **Table 5.8**).

Table 5.8 Final Measurement Scale for Quality of Experience

Dimension	Sub-Dimension	No.	Quality of Experience Items
Escapism (Added)	Escapism (Added)	QOE1	I feel like I live in a different time or place in the hotels of this brand.
		QOE2	I can discover new things in the hotels of this brand.
		QOE3	I can temporarily escape from reality in the hotels of this brand.
Relaxation, Sense perception & Safety	Relaxation	QOE4	I feel at ease in the hotels of this brand.
		QOE5	I feel physically comfortable when staying in the hotels of this brand.
		QOE6	I feel psychologically comfortable when staying in the hotels of this brand.
	Sense perception	QOE7	The hotels of this brand show attention to design detail.
		QOE8	The hotels of this brand please my senses.
		QOE9	The hotels of this brand look attractive to me.
	Safety	QOE10	I feel personally safe when staying in the hotels of this brand.
		QOE11	My privacy is assured when staying in the hotels of this brand.
		QOE12	It gives me a peace of mind to stay in the hotels of this brand.
Warm-relationship	Warm-relationship	QOE13	This hotel brand gives me a familiar [luxury] environment.
		QOE14	I feel a genuine [respect] when staying in the hotels of this brand.
		QOE15	This hotel brand gives me a feeling of warmth.
		QOE16	Staying in the hotels of this brand fit my personality.
Ego-enhancement & Self-accomplishment	Ego-enhancement	QOE17	I get a feeling of being a VIP when staying in the hotels of this brand.
		QOE18	I consider staying in the hotels of this brand to be a status symbol.
		QOE19	This hotel brand induces my feeling of increased self-identity.
	Self-accomplishment	QOE20	Staying in the hotels of this brand gives me a sense of accomplishment.
		QOE21	Staying in the hotels of this brand gives me a sense of success.

5.2.2 Measurement of Advertising Efforts

This study uses perceived advertising expense as a proxy to measure advertising effectiveness or advertising efforts. The construct of perceived advertising expense was introduced by Kirmani and Wright (1989), who found that perceptions of advertising campaigns influence quality expectations at the consumer level. In their conceptualisation, high visibility of advertising efforts signals to consumers that a product is of a high quality (Kirmani & Wright, 1989; Milgrom & Roberts, 1986). However, the concept was not used in discussions of brand equity until Yoo et al. (2000) investigated the effects of the mix of selected elements of marketing on the development of brand equity in certain prescribed product categories. In that study, perceived advertising expense was considered as one of the marketing elements (Yoo et al., 2000), and three items were used to define the construct. The composite reliability of the construct, which is the measure of its internal consistency as computed by LISREL, suggested that the measurement model of perceived advertising expense had good reliability (.87) (Yoo et al., 2000).

Villarejo-Ramos and Sanchez-Franco (2005) added advertising attitude items into measurement scales of perceived advertising expense, and examined the relative impact of perceived advertising expense and price promotion on formation of brand equity based on a sample of durable washing machines' buyers. The confirmatory factor analysis generated a satisfactory Cronbach's alpha (.8605) for the measurement of perceived advertising expense, which was over the recommended threshold of .7 (Hair et al., 2006; Nunnally, 1978). In a more recent study, Gil et al.

(2007) confirmed the validity of measurement scales of perceived advertising expense, obtaining a supportive Cronbach's alpha value of .92. The measurement scale of advertising used in the main survey is presented in **Table 5.9.**

Table 5.9 Measurement Scale for Advertising Efforts

Item No.	Items	Source
AD1	This brand is intensively advertised.	
AD2	The advertising campaigns for this brand seem very expensive compared to campaigns for competing brands.	(Villarejo-Ramos & Sanchez-Franco, 2005; Yoo et al., 2000)
AD3	The advertising campaigns for this brand are seen frequently.	
AD4	I think the advertising of this brand is, in general, very good.	
AD5	In general, I like the advertising campaigns for this brand.	
AD6	I have a high opinion of this brand's advertising.	

5.2.3 Measurement of Word-of-Mouth

Interpersonal word-of-mouth communications occur between information sources and information seekers, consequently influencing their product and brand judgements and awareness (Gilly et al., 1998; Herr et al., 1991; Yale & Gilly, 1995). The literature posits word-of-mouth publicity to be a part of the loyal consumer behaviour that companies need to build a brand image and influence consumers' conviction (Hsu, 2000; Sirohi, Mclaughlin, & Wittink, 1998; Weber, 1997; Yau & Chan, 1990; Zeithaml et al., 1996). This study attempts to use the word-of-mouth variable to measure its efficacy as a source of information for customers' brand equity evaluation. The three items used are presented in **Table 5.10.**

Table 5.10 Measurement Scale for Word-of-Mouth

Item No.	Items	Sources
WOM1	I received positive things about this hotel brand from other people.	
WOM2	I was recommended by someone about this hotel brand.	(Zeithaml et al.,
WOM3	I was encouraged to use this hotel brand.	1996)

5.2.4 Measurement of Service Performance

Brady and Cronin (2001) proposed three primary dimensions of service performance (interaction, service environment and outcome) based on a review of services marketing literature. The authors generated an initial pool of 59 scale items for the three dimensions through a literature review. Reliability and validity were examined in four service industries (fast food, photograph developing and printing, amusement parks, and dry cleaning) and the results were mostly satisfactory. In another study, Dagger and Sweeney (2007) adapted the measures of Brady and Cronin (2001) in a broad manner, and those of Parasuraman et al. (1988) for the hospital industry in Australia, and used the results to develop a revised service quality scale with an acceptable level of validity and reliability.

In the present study, items included in the instrument are divided into three primary dimensions of interaction, service environment, and outcome (Brady & Cronin, 2001). Eventually, a 14-item scale was designed to investigate perceived luxury hotel service performance in terms of these three primary dimensions. Seven items were chosen to represent guest interaction with luxury hotel staff. Three items

served to aggregate luxury hotel service environment perception. Four items were selected to capture the outcome factor. Other than the items originating from Brady and Cronin (2001), two items for the interaction factor ("I always get personalised attention from the staff" and "the staff is well trained and skilful"), one item for the service environment factor ("the atmosphere is pleasing"), and two items for the outcome factor ("[the hotels] have up-to-date equipment" and "the physical facilities satisfy my needs") were replicated from some other seminal works (Dagger & Sweeney, 2007; Kim & Kim, 2005). These items were also selected after consulting literature on service performance/quality in the context of the hotel industry (Choi & Chu, 2001; Mei et al., 1999; Sim et al., 2006). While their studies focused solely on the service performance construct and scales they used looked into detailed dimensions and items, the literature consultation was considered necessary to improve content validity and multi-dimensionality of measures. Since developing an instrument for service performance was not the focus of this study, abbreviated version of a service performance measurement scale in three grand dimensions was considered adequate. The complete scale is presented in **Table 5.11** (Brady & Cronin, 2001).

Table 5.11 Measurement Scale for Service Performance

Item No.	Items/Components	Source
	Interaction	
SP1	I feel that the staff understands my needs.	
SP2	I always get personalised attention from the staff.	
SP3	The staff is willing to help me.	
SP4	I can count on the staff being friendly.	
SP5	I can count on the staff knowing their job responsibilities.	
SP6	The staff is able to answer my questions quickly.	
SP7	The staff is well trained and skilful.	(Brady & Cronin, 2001; Dagger & Sweeney, 2007; Kim & Kim, 2005; Parasuraman et al., 1988)
	Service Environment	
SP8	I can rely on there being a good atmosphere inside the hotels.	
SP9	The atmosphere is pleasing.	
SP10	I find that other customers consistently leave me with a good impression of the hotels' service.	
	Outcome	
SP11	Waiting time is predictable.	
SP12	My waiting time is always kept to a minimum.	
SP13	The hotel has up-to-date equipment.	
SP14	The physical facilities satisfied my needs.	

5.2.5 Measurements of Brand Associations and Overall Brand Equity

Yoo and Donthu (2001) successfully developed a scale to measure brand associations in a multi-cultural context. The scale included generic characteristics and hotel brand symbol/logo. This scale has been widely employed in different contexts (Atilgan et al., 2005; Delgado-Ballester & Munuera-Aleman, 2005; Gil et al., 2007; Kim & Kim, 2005; Kim & Kim, 2004; Pappu & Quester, 2006; Washburn & Plank, 2002; Yasin et al., 2007). Other empirical research conducted to measure brand associations or brand image at the basic search level included relative price

(Chaudhuri & Holbrook, 2001; Sirohi et al., 1998), history (Kim & Kim, 2005), physical appearance (Kim & Kim, 2007), user image (Martesen & GrØnholdt, 2004), reputation, and hotel locations. They were included in this study to obtain a more complete view of brand associations.

Yoo and Donthu (2001) also developed a four-item scale for measurement of overall brand equity. Each item treated brand equity as a monolithic whole to measure the added value of a brand name for products (Farquhar, 1989). Their results showed that the measurement was reliable and valid. Delgado-Ballester and Munuera-Aleman (2005) used this four-item scale of overall brand equity in their study of influences of brand trust on brand equity. The composite reliability for this scale was .88. Kim and Kim (2007) concurred with this finding, obtaining a value of .91 for the measurement scale in their study of mid-scale hotels' brand equity in South Korea.

The final measurement scales for brand associations and overall brand equity used in this study are shown in **Table 5.12**.

Table 5.12 Measurement Scales for Brand Associations and Overall Brand Equity

Variables	Item No./Items	Source
Brand associations	BA1. Some characteristics of this brand come to mind quickly. BA2. I can quickly recall the symbol or logo of this brand. BA3. Hotels of this brand have good physical appearance. BA4. This hotel brand has a higher relative price in the segment. BA5. I can identify with customers who use this brand BA6. This hotel brand has a long history. BA7. This hotel brand has a good reputation. BA8. The locations of hotels of this brand fit to my needs.	(Kim & Kim, 2005; Kim & Kim, 2007; Martesen & GrØnholdt, 2004; Yoo & Donthu, 2001; Yoo et al., 2000)
Overall brand equity	OBE1. It makes sense to buy this brand instead of another brand, even if they are the same. OBE2. Even if another brand has the same features as this brand, I would prefer to buy this brand. OBE3. If there is another brand as good as this brand, but I prefer to buy this brand. OBE4. If another brand is not different from this brand in any way, it seems smarter to purchase this brand.	

5.2.6 Measurement of Brand Loyalty

The definition of brand loyalty used in this study came from Oliver (1999), who combined the deep commitment and repurchase intention of customers to represent loyal behaviour. Hence, a measure of brand loyalty that includes both purchase-related and attitudinal aspects is considered appropriate to reflect the true loyalty of customers (Day, 1969). In detail, brand loyalty includes the dimensions of repurchase intention (Jones, Mothersbaugh, & Beatty, 2000; Zeithaml et al., 1996), willingness to recommend (or word-of-mouth) (Butcher, Sparkes, & O'Callaghan, 2001; Javalgi & Moberg, 1997), willingness to pay more (Anderson, 1996; Zeithaml

et al., 1996), exclusive consideration (Dwyer, Schurr, & Oh, 1987; Ostrowski, O'Brien, & Gordon, 1993), and brand commitment (Amine, 1998; Beatty, Homer, & Kahle, 1988).

Chaudhuri and Holbrook (2001) compiled an aggregate dataset of 107 brands for evaluation of a similar composite measure containing the four items of purchase and attitudinal brand loyalty. Purchase loyalty in their work was measured by two statements: "I will buy this brand the next time I buy" and "I intend to keep purchasing this brand" (Chaudhuri & Holbrook, 2001, p. 88). Attitudinal loyalty was measured by another two statements: "I am committed to this brand" and "I would be willing to pay a higher price for this brand over other brands" (Chaudhuri & Holbrook, 2001, p. 88). The Cronbach's α for the purchase loyalty measure was .90 and that for the attitudinal loyalty measure was .83. Baloglu (2002) added two more items to suggest the emotional commitment to a brand in the hospitality industry, including "emotional attachment" and "a sense of belonging." Zeithaml et al. (1996) treated brand loyalty as a dimension of behavioural intentions. Their loyalty measure incorporated five items for the additional consideration of customer recommendations about and preferences for a brand over others. The reliability Cronbach's α was .94 for the sample. In the hotel industry, Kim, Kim and colleagues (Kim & Kim, 2005; Kim et al., 2003) developed a six-item Likert-type scale of brand loyalty adapted for luxury hotels. The Cronbach's α of hotel brand equity was .86 and .861 in the two studies. The measurement scale for brand loyalty used in this study is presented in **Table 5.13**.

Table 5.13 Measurement Scale for Brand Loyalty

Item No.	Item	Sources
	Behavioural Brand Loyalty	
BL1	I will stay at the hotels of this brand next time.	(Chaudhuri & Holbrook, 2001;
BL2	I intend to keep patronizing this brand.	Taylor et al., 2004)
	Attitudinal Brand loyalty	
BL3	I am committed to this brand.	
BL4	I would be willing to pay a higher price for this brand.	
BL5	I am emotionally attached to this hotel brand.	
BL6	I have a sense of belonging to this hotel brand.	(Baloglu, 2002)
BL7	I would say positive things about this brand to other people.	
BL8	I would recommend this brand to someone who seeks my advice.	(Kim & Kim, 2005; Kim et al., 2003; Zeithaml et al., 1996)
BL9	I would encourage friends and relatives to stay at hotels of this brand.	
BL10	I consider this brand my first choice in buying such services.	

5.2.7 Measurements of Personal Information and Demographic Profile

Some personal information questions were framed for detecting the frequency of luxury hotel brands' usage (or any luxury hotels in general), and frequent guest programmes membership. The first question asked to the participants was how many times they had stayed in a luxury hotel in the past 12 months. The second question requested them to disclose how many times they had used the luxury hotel brand they specified in the past 12 months. The third question was designed to categorise the respondents in terms of affiliations with frequent guest programmes offered by hotel chains (McCleary & Weaver, 1992). These personal questions were placed at the first page of the questionnaire before the main body.

In accordance with the common practice among tourism and hospitality researchers, demographic profile related questions are always placed at the bottom of a questionnaire, after the sections that measure the major variables. In this study, the questions included generic characteristics of the participants, including age, gender, marital status, educational status, personal annual income, and country of origin.

5.2.8 Final Instruments

After a series of qualitative and quantitative exploratory studies, the final instrument (**Table 5.14**) was prepared for the main survey. All item questions were rated on a seven-point Likert-type scale. Six items represented advertising efforts, three items represented word-of-mouth and 14 items represented the three dimensions of service performance. Brand associations was represented by eight items and quality of experience by 21 items to cover the four broad dimensions. Further, 10 items were used to explicate brand loyalty, both behavioural and attitudinal. Finally, four items were used to embody the overall brand equity. The final questionnaire (**Appendix VIII and Appendix IX**) thus contained 66 items for the key constructs and nine questions for personal information and demographic variables.

Table 5.14 Final Instruments

Constructs	Scale Item No.
Advertising efforts	6
Word-of-mouth	3
Service performance	14
Brand Associations	8
Quality of Experience	21
Brand Loyalty	10
Overall Brand Equity	4
Personal Information	3
Demographic Variables	6
Total: 75 = 66 (constructs) + 9 (personal information and demographic variables)	

It was assumed that business travellers in Hong Kong include both ethnic Chinese and visitors from other countries. This resulted in the need to translate the questionnaire from English to Chinese. The translation was conducted using a blind translation-back-translation method (Brislin, 1976) to produce two versions of questionnaires, English and Chinese.

CHAPTER 6. FINDINGS

This chapter presents the results of the main survey. The first section describes the data screening process, and the second section gives an account of the sample characteristics. The third section elaborates on the representativeness of the sample. The fourth section reports the descriptive statistics for all variables adopted in the study. In the sections that follow, confirmatory factor analysis (CFA) is used to investigate the measurement models, and the structural model is tested. The succeeding sections are devoted to effect analyses, mediation testing, and hypotheses testing. The final section presents an invariance test conducted on data from Asians and Westerners in the sample.

6.1 Data Screening

A total of 2,008 hotel guests were approached of whom 690 eligible respondents agreed to answer the survey questions. This resulted in a valid response rate of 34.1%. Of the 690 questionnaires, two were found to have major portions incomplete and were discarded. This left 688 valid questionnaires for the preliminary data analysis. The data were subjected to a series of statistical screening tests in a sequential manner.

6.1.1 Data Accuracy

A data screening process to determine data accuracy was conducted using LISREL 8.54 to investigate coding errors. Data mistakenly left blank or entered two or three times within one variable in a single case were reentered by referring to their original values in the raw data.

6.1.2 Missing Value

Chapter 4 elaborates both advantages and disadvantages of various missing-data techniques. Generally speaking, traditional techniques are less powerful than advanced techniques, but are easier to use and are less sensitive to the statistical software employed. They are also considered to be suitable when there are relatively few missing values (Hair et al., 2002). Listwise deletion was adopted as only four cases involved one or more than one missing values in key construct variables. Missing responses were not processed, as this would not have any negative influence on the succeeding analysis (Hsu, Cai, & Li, In press).

6.1.3 Outlier

Two multivariate outliers were identified by examining Mahalanobis's distance estimates (Tabachnick & Fidell, 2007). It was decided to eliminate them from the dataset to achieve a more representative sample.

6.1.4 Normality

The PRELIS programme in LISREL was used to detect the univariate and multivariate normality of 66 key variables affiliated with the constructs, that is, advertising efforts, word-of-mouth, service performance, brand associations, quality of experience, brand loyalty, and overall brand equity. The results are presented in **Table 6.1**.

Table 6.1 Univariate and Multivariate Normality Test Results (66 Variables, N=682)

Item	Description	Skewness	Kurtosis	Skewness and Kurtosis	
				Chi-square	P–value
	Advertising Efforts				
AD1	This hotel brand is heavily advertised	.140	-.077	2.366	.306
AD2	The advertising campaigns for this hotel brand seem expensive	.081	-.172	1.629	.443
AD3	The advertising campaigns for this hotel brand can be frequently seen	-.052	-.345	5.000	.082
AD4	The advertising of this hotel brand is in general good	-.293	-.032	9.653	.008*
AD5	In general, I like the advertising campaigns for this hotel brand	-.264	-.092	8.004	.018*
AD6	I have a high opinion of this hotel brand's advertising	-.228	-.058	5.932	.051
	Word-of-Mouth				
WOM1	I received positive comments about this hotel brand from other people	-.783	.231	57.796	.000*
WOM2	This hotel brand was recommended to me by some one	-.730	-.270	52.684	.000*
WOM3	I was encouraged to use this hotel brand	-.700	-.120	47.182	.000*
	Brand Associations				
BA1	Some characteristics of this hotel brand come to my mind quickly	-.716	.215	49.869	.000*
BA2	I can quickly recall the symbol or logo of this hotel brand	-.655	-.319	45.666	.000*
BA3	The hotels of this brand have good physical appearance	.-828	-.525	67.347	.000*
BA4	This hotel brand has a higher relative price among luxury hotels	-.368	-.154	15.410	.000*
BA5	I can identify with customers who use this hotel brand	-.356	-.525	28.198	.000*
BA6	This hotel brand has a long history	-.647	-.007	40.895	.000*

BA7	This hotel brand has a good reputation	-.964	.764	88.217	.000*
BA8	The locations of hotels of this brand fit my needs	-1.092	1.149	111.886	.000*
	Service Performance				
SP1	I feel that the staff of this hotel brand understands my needs	-.824	.493	66.263	.000*
SP2	I always get personalised attention from the staff	-.664	.124	43.269	.000*
SP3	The staff is willing to help me	-1.022	1.263	105.364	.000*
SP4	I can count on the staff being friendly	-1.122	1.419	121.229	.000*
SP5	I can count on the staff knowing their job responsibilities	-1.047	1.139	106.109	.000*
SP6	The staff is able to answer my questions quickly	-.992	1.177	99.860	.000*
SP7	The staff is well trained and skilful	-1.080	1.299	113.473	.000*
SP8	I can rely on there being a good atmosphere inside the hotels	-1.104	1.303	116.514	.000*
SP9	The atmosphere of this hotel brand is pleasing	-1.059	1.368	112.258	.000*
SP10	I find that other customers consistently leave me with a good impression of the hotel's service	-.653	.150	42.245	.000*
SP11	Waiting time is predictable in the hotels of this brand	-.669	.149	44.039	.000*
SP12	My waiting time is always kept to a minimum	-.803	.535	64.477	.000*
SP13	The hotels of this brand have up-to-date equipment	-.764	.214	55.375	.000*
SP14	The physical facilities satisfy my needs	-.982	1.043	96.010	.000*
	Quality of Experience				
QOE1	I feel like I live in a different time/place in the hotels of this brand	-.335	-.446	21.457	.000*
QOE2	I can discover new things in the hotels of this brand.	-.253	-.638	32.766	.000*
QOE3	I can temporarily escape from reality in the hotels of this brand	-.168	-.762	49.254	.000*
QOE4	I feel at ease in the hotels of this brand	-.716	.442	52.850	.000*
QOE5	I feel physically comfortable when staying in the hotels of this brand	-.972	.886	91.604	.000*
QOE6	I feel psychologically comfortable when staying in the hotels of this brand	-.934	1.019	89.532	.000*
QOE7	The hotels of this brand show attention to design detail	-.785	.387	60.004	.000*
QOE8	The hotels of this brand please my senses	-.740	.496	56.533	.000*
QOE9	The hotels of this brand look attractive to me	-.678	.233	45.775	.000*
QOE10	I feel personally safe when staying in the hotels of this brand	-.942	.911	88.358	.000*
QOE11	My privacy is assured when staying in the hotels of this brand	-.837	.446	67.108	.000*
QOE12	It gives me a peace of mind to stay in the hotels of this brand	-.976	1.099	96.299	.000*
QOE13	This hotel brand gives me a familiar luxury environment	-.956	.825	88.408	.000*

QOE14	I feel a genuine respect when staying in the hotels of this brand	-.904	.704	79.728	.000*
QOE15	This hotel brand gives me a feeling of warmth	-.679	.130	45.018	.000*
QOE16	Staying in the hotels of this brand fit my personality	-.686	.304	47.511	.000*
QOE17	I get a feeling of being a VIP when staying in the hotels of this brand	-.590	.026	34.886	.000*
QOE18	I consider staying in the hotels of this brand to be a status symbol	-.553	-.221	32.676	.000*
QOE19	This hotel brand induces my feeling of increased self-identity	-.492	-.242	27.202	.000*
QOE20	Staying in the hotels of this brand gives me a sense of accomplishment	-.467	-.405	29.998	.000*
QOE21	Staying in the hotels of this brand gives me a sense of success	-.467	-.477	33.875	.000*
	Brand Loyalty				
BL1	I will stay at the hotels of this brand next time	-.866	.504	71.572	.000*
BL2	I intend to keep patronizing this hotel brand	-.674	.104	44.292	.000*
BL3	I am committed to this hotel brand	-.339	-.371	18.221	.000*
BL4	I am willing to pay a higher price for this hotel brand	-.158	-.661	31.422	.000*
BL5	I am emotionally attached to this hotel brand	-.113	-.751	45.281	.000*
BL6	I have a sense of belonging to this hotel brand	-.185	-.761	49.685	.000*
BL7	I would say positive things about this hotel brand to other people	-.861	.644	73.377	.000*
BL8	I would recommend this hotel brand to someone who seeks my advice	-.947	.931	89.314	.000*
BL9	I would encourage friends and relatives to stay at hotels of this brand	-.929	.681	82.347	.000*
BL10	I consider this hotel brand my first choice in buying such services	-.588	-.223	36.229	.000*
	Overall Brand Equity				
OBE1	It makes sense to patronise this hotel brand instead of another brand, even if they are the same cost	-.529	-.124	29.142	.000*
OBE2	Even if another brand has the same features as this hotel brand, I would prefer to patronise this brand	-.494	-.153	26.031	.000*
OBE3	Even if there is another hotel brand as good as this brand, I still prefer to patronise this hotel brand	-.424	-.206	20.527	.000*
OBE4	If another hotel brand is not different from this brand in any way, it seems smarter to patronise this hotel brand	-.457	-.181	23.049	.000*

Summary of Multivariate Normality Test

Relative Multivariate Kurtosis = 1.320

Skewness			Kurtosis			Skewness and Kurtosis	
Value	Z-Score	P-Value	Value	Z-Score	P-Value	Chi-square	P-Value
1021.171	153.429	.000*	5923.981	47.881	.000*	25832.982	.000*

*significant at .05 level

Table 6.1 reports at the bottom the multivariate normality of the data. A robust check of skewness and kurtosis from the multivariate perspective showed that the key construct variables were not multivariate normal.

The normality screening exercises provided sufficient reason for the use of a robust weighted least-squares (WLS) estimation method (Flora & Curran, 2004), also known as the diagonal WLS method (DWLS), a method developed to mitigate the negative influences of non-normality of ordinal data. A less biased Satorra-Bentler (S-B) scaled chi-square with asymptotic covariance matrices was reported for all adjusted model fit indices as the dataset was non-normally distributed. Scaled maximum likelihood (ML) using an asymptotic covariance matrix can also be used to report the S-B scaled chi-square if the data are continuous rather than ordinal. These methods for addressing non-normality are often used in social science research.

6.1.5 Usable Questionnaires Collected in Four Luxury Hotels

Of the 690 questionnaires gathered (see **Table 6.2**), 682 were found to be valid and usable and were thus included in the data analysis.

Table 6.2 Survey Data Collection in Four Luxury Hotels

Data Collection Period	Luxury Hotel	Collected Questionnaires	Usable Questionnaires
June to July, 2009	Hotel A	193	191
July to August, 2009	Hotel B	166	165
August to September, 2009	Hotel C	162	160
August to September, 2009	Hotel D	169	166
Total		**690**	**682**

6.1.6 One-way ANOVA Test on Composite Scores of the Seven Constructs for Four Luxury Hotels

A one-way ANOVA test was undertaken to identify any differences among the respondents approached at the four hotels in terms of the seven key constructs, based on composite scores for the constructs (**Table 6.3**).

Table 6.3 Results of One-Way ANOVA test (between luxury hotel groups)

Construct	F-value	P-value
Advertising Efforts	.851	.467
Word-of-Mouth	1.693	.167
Brand Associations	2.002	.112
Service Performance	1.138	.333
Quality of Experience	1.391	.244
Brand Loyalty	1.971	.117
Overall Brand Equity	.653	.581

The respondents approached in the four hotels assessed the seven construct questions in a similar manner, with non-significant *p* values (with .05 as the cut-off for significance) indicating that the data collected from the four hotels were homogenous. The *p* values ranged from .112 for brand associations to as high as .581 for overall brand equity, which was the dependent variable. In conclusion, results of ANOVA provided support for combining data from different sources.

6.2 Sample Characteristics

The questionnaire was designed to solicit information on respondents' demographic profile (age, gender, marital status, education, income, and country-of-origin), luxury hotel usage frequency, brand usage frequency, and membership of frequent guest programmes offered by luxury hotels. This information is presented in **Tables 6.4, 6.5** and **6.6**. The sample characteristics were analysed with frequency and crosstab statistics using SPSS. The former were used to report the frequency and valid percentage of the corresponding demographic variables and the latter were calculated to present a breakdown of the frequency data.

6.2.1 Demographic Profile of Respondents

Table 6.4 Demographic Profile of Respondents

Characteristics	Frequency	Valid Per cent %
Age (Valid N=682)		
16 to 25	33	4.8
26 to 35	200	29.3
36 to 45	240	35.2
46 to 55	161	23.6
56 to 65	46	6.7
66 or older	2	0.4
Gender (Valid N=682)		
Male	498	73.0
Female	184	27.0
Marital status (Valid N=682)		
Married	415	60.8
Single	245	36.0
Others	22	3.2
Highest Education Level (Valid N=682)		
High school / diploma level or lower	123	18.0
University level	381	55.9
Postgraduate level or higher	178	26.1
Personal Annual Income (Valid N=588)		
≤US$ 20,000	38	6.5
US$ 20,001-$ 50,000	104	17.7
US$ 50,001-$ 100,000	132	22.4
US$ 100,001-$150,000	106	18.0
US$ 150,001-$ 200,000	108	18.4
≥US$ 200,001	100	17.0
Country of Origin (Valid N=682)		
Western	365	53.5
Asian	317	46.5

6.2.1.1 Age

The largest proportion of respondents was aged between 36 and 45, accounting for 35.2% of the total sample. Those aged between 26 and 35 and those aged between 46 and 55 accounted for 29.3% and 23.6%, respectively, of the sample. Of the rest of

the respondents, 4.8% were aged 16 to 25, 6.7% were aged 56 to 65, and 0.4% were 66 or older.

6.2.1.2 Gender

Approximately three quarters of the total sample of survey respondents were male (N=498 out of 682, 73%). This indicates that guests staying at luxury hotels for business purposes are more likely to be male than female.

6.2.1.3 Marital Status

Married persons accounted for 60.8% of the sample, followed by single persons (36.0%), and others (3.2%), which may have included divorced, separated, or some other status.

6.2.1.4 Highest Education Level

It was not unexpected that the most common educational level was university level (55.9%), followed by postgraduate level or higher (26.1%), and then high school/diploma level or lower (18.0%). This is because the study targets were business travellers in luxury hotels, who are usually well educated.

6.2.1.5 Personal Annual Income

94 of the respondents were unwilling to disclose personal information about their annual income to the student helpers. Thus, only 588 samples were valid for this part of the analysis. The most common personal annual income was between US$50,001 and $100,000 (N=132), which described 22.4% of the total sample. However, income levels were widely distributed from below US$ 20,000 to over US$ 200,001. This is logical, as business travellers using luxury hotel brands are likely to be more affluent than average.

6.2.1.6 Country-of-Origin

The survey respondents were divided nearly equally between Western (53.5%) and Asian (46.5%) countries-of-origin. The analysis was not designed to determine the respondents' countries-of-origin in detail, as the focus was on differences in key variables between Western and Asian respondents.

6.2.2 The Luxury Hotel Brands Specified in the Main Survey

Over 25 hotel brands were specified in the 682 usable completed questionnaires. In descending order of frequency (**Table 6.5**), they were Marco Polo, Shangri-la, Langham, Le Méridien, Inter-Continental, Hilton, JW Marriot, Grand Hyatt, Four Seasons, W hotel, Peninsula, Renaissance, Mandarin Oriental, Ritz-Carlton, Park

Hyatt, Conrad, Fairmont, Sheraton, Pan Pacific, St Regis, Westin, Taj Group, Luxury Collection, Dorchester Collection, Colony, and other brands as specified by the survey respondents themselves. The Marco Polo (13%) was the most frequently specified brand. The second most frequently specified brand was Shangri-la (11%). This too may be partially due to Hong Kong being home to two Shangri-la hotels, the Kowloon Shangri-la and the Island Shangri-la. The top two most frequently specified brands collectively comprised 24% of the total, and were followed by the Langham (7.6%) and Le Méridien (6.5%). The Inter-Continental was the fifth most frequently mentioned brand and accounted for 6.2% of the total. Survey respondents also specified other brands (7.3%) that were not among the 25 brands on the brand list that they felt fell into the luxury hotel segment.

Table 6.5 Luxury Brands Specified in the Main Survey

No.	Brands	Frequency	Per Cent %
1	Marco Polo	88	13.0
2	Shangri-la	75	11.0
3	Langham	52	7.6
4	Le Méridien	44	6.5
5	Inter-Continental	42	6.2
6	Hilton	40	5.9
7	JW Marriot	38	5.6
8	Grand Hyatt	37	5.4
9	Four Seasons	29	4.3
10	W hotel	23	3.4
11	Peninsula	22	3.2
12	Renaissance	20	2.9
13	Mandarin Oriental	20	2.9
14	Ritz-Carlton	19	2.8
15	Park Hyatt	13	1.9
16	Conrad	13	1.9
17	Fairmont	13	1.9
18	Sheraton	12	1.8
19	Pan Pacific	7	1.0
20	St Regis	7	1.0
21	Westin	7	1.0
22	Taj Group	4	0.5
23	Luxury Collection	3	0.4
24	Dorchester Collection	2	0.3
25	Colony	2	0.3
	Other luxury hotel brands*	50	7.3
	Total	**682**	**100.0**

Note: * Other luxury hotel brands specified by the survey respondents.

6.2.3 Luxury Hotel/Brands Usage Frequency

Table 6.6 Luxury Hotel/Brands Usage Frequency and FGP Membership

Characteristics	Frequency	Valid Per cent %
How many times have you stayed in luxury hotels in the past 12 months? (Valid N=682)		
1 time	122	17.9
2 to 5 times	356	52.2
6 to 9 times	102	15.0
10 times or above	102	15.0
How many times have you used this hotel brand in the past 12 months? (Valid N=682)		
1 time	198	29.0
2 to 3 times	280	41.1
4 times or above	204	29.9
Frequent guest programme membership (Valid N=682)		
YES	305	44.7
NO	377	55.3

6.2.3.1 Luxury Hotel Usage Frequency

The majority of respondents reported having stayed between two and five times (N=356, 52.2%) in luxury hotels in the previous 12 months. Three other groups accounted for approximately equal proportions of the total sample (17.9% had stayed for a single time, 15% had stayed for 6 to 9 times and a further 15% had stayed 10 times or above).

6.2.3.2 Luxury Hotel Brand Usage Frequency

Over 40% of the total sample (41.1%) had consumed the luxury hotel brand that they specified in the previous 12 months two to three times. Additionally, 198 respondents (29%) were identified as first-timers with the particular brand and 204

respondents (29.9%) were considered frequent brand users who had purchased the brand four times or more in the previous 12 months.

6.2.3.3 Membership of Frequent Guest Programmes

The majority of the respondents (N = 377 out of 682, or 55.3%) had not participated in frequent guest programmes offered by their specified luxury hotel chains. In the competitive marketplace of the luxury hotel industry, it may be difficult for business travellers to rely on a certain brand for all of their hotel stays across the world; frequent guest programme membership may not be very meaningful. However, a fair number of business travellers were still interested in obtaining the benefits of frequent guest programmes membership.

6.3 Sample Representativeness

A representative sample should result from a sampling plan that adequately reflects the properties of interest of the parent population (McNaught, 1997). A non-representative sample is considered to be the result of limitations of cost or convenience, which besets many researchers in the real world. Non-representativeness of the study sample unquestionably leads to biased findings limiting the theoretical and practical contributions of their findings. A preliminary check of the sample representativeness was thus of crucial importance. Several methods are available to achieve this, such as consulting public reports, consultancy

reports, or the literature in terms of sample characteristics and the answers given to key questions, depending on the nature of the study. In this study, some of the sample characteristics revealed in the final section of the questionnaire were compared with those in pertinent studies in the literature to analyse sample representativeness, as there is a lack of other types of reports on luxury hotels in Hong Kong.

Three calibration samples (**Appendix X**, Samples A, B, and C) were obtained but with distinct sampling methods (probability sampling and non-probability sampling method), and in different contexts (Singapore, the United States, and Hong Kong); different target respondents were approached (business travellers and generic hotel guests). Results of comparison with the three samples thus had to be synchronised to judge the representativeness of the study sample. The results revealed slight differences in age, gender, marriage and education, but these were considered negligible. These characteristics were also found consistent with the year 2008 official report of the HKTB on generic overnight business visitors in Hong Kong (HKTB, 2009).

There were some differences between the study sample and calibration samples in terms of *personal annual income*, *country-of-origin*, and *luxury hotel usage frequency*. These differences in sample characteristics can be attributed to the ongoing global economic downturn and the swine flu outbreak that occurred when the data were collected for the main survey of this study. There is no denying that

the tourism industry is negatively affected by economic and financial crises (de Sausmarez, 2003; Travel Industry Wire, 2009) and by outbreaks of infectious diseases (Henderson, 2007; McKercher & Chon, 2004; Yeoman, Lennon, & Black, 2005). The differences in these aspects may also be due to differences in target respondents, research contexts and sampling methods of the calibration samples. For example, Bowen and Shoemaker's (1998) study targeted U.S. business travellers staying in luxury hotels whose personal annual income and frequency of luxury hotel usage might have been higher. Personal annual income and country-of-origin characteristics reported in Chu and Choi's (2000) sample may have been somewhat different from those of the study sample because of the target respondents in the former having been customers of medium to high tariff B and A class hotels (upscale and luxury hotels) in Hong Kong. It is highly likely that the profile of medium tariff hotel guests is different from that of upscale hotels' guests.

In summary, the use of a quota sampling method produced a sample that was representative of luxury hotel guests with sole focus on business travellers. Although there were some profile differences between calibration samples and the study sample, these can be explained by the economic downturn, the global outbreak of an infectious disease and differences in study natures, and should not significantly affect sample representativeness. However, neglect of non-response bias due to privacy norms may diminish the representativeness.

6.4 Descriptive Statistics

A seven-point Likert-type rating scale was adopted in the questionnaire. The value of 1 was anchored to "strongly disagree" and the value of 7 implied "strongly agree." The mid-point ("4") of the scale signified a neutral position on the question. A descriptive statistics analysis was carried out to explore the average scores for individual items and the extent to which the respondents differed in terms of their ratings. The analysis was conducted on all variables of interests, starting with exogenous variables (**Table 6.7** and **Table 6.8**) of advertising efforts, word-of-mouth, and service performance, and progressing to endogenous variables (**Table 6.9, Table 6.10, and Table 6.11**), which consisted of brand associations, quality of experience, brand loyalty, and overall brand equity.

6.4.1 Exogenous Variables

6.4.1.1 Advertising Efforts

The respondents were asked to reminisce about any advertisements for the hotel brand that they had seen and remembered. The questionnaire specified hotel website, magazine, email, TV, newspapers, and other media to which business travellers might be exposed. **Table 6.7** shows that survey respondents did not generally remember seeing text advertisements for luxury hotel brands. It is possible that they were unable to retrieve from memories their advertisement exposure experience at the time. None of the advertising media were cited by more than one half of the

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respondents. Hotel websites were the main source of obtaining luxury hotel brand information for the respondents, with 309 selecting this medium as their exposure experience, accounting for 45.3% of the total. The second most common medium through which the respondents had been exposed to hotel advertisements was magazines (N = 187, 27.4%). Further, 143 respondents (21%) cited other advertising media, including travel agencies, generic travel websites, and destination websites. The fourth most popular advertising source (N = 85, 12.5%) was emails sent to guests by the hotels to establish a long-term relationship. TV seemed not to be an important media platform on which luxury hotels rely to release brand information. Less than 10% of respondents (N = 64, 9.4%) remembered having received information about the specified luxury hotel brand from TV. Newspapers were the least significant medium for luxury hotels to focus their advertising efforts (N = 59, 8.7%).

Table 6.7 Advertising Media (N=682)

Advertising Media	Frequency*	Per cent %*
Hotel website	309	45.3
Magazine	187	27.4
Others	143	21
Email	85	12.5
TV	64	9.4
Newspaper	59	8.7

* in descending order

Perceived advertising efforts (Kirmani & Wright, 1989) was used as a proxy to measure the advertising efforts made by luxury hotels to establish and enhance brand equity. The measurement included six items coded AD1 to AD6. AD1 to AD3 were developed to evaluate the frequency of the respondents' exposure to advertising channels through which luxury hotels disseminated brand-related information. AD4

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to AD6 sought to detect common advertising attitudes perceived by luxury hotel guests. These measures of perceived quantity and quality of advertising together indicated the overall advertising efforts. Advertising attitudes were rated more highly than advertising frequency. Mean values of the former ranged from 3.91 to 3.93 (below the mid-point of 4). Mean values for the latter, in contrast, ranged from 4.48 to 4.54 (**Table 6.8**).

Table 6.8 Mean and Standard Deviation of Exogenous Variables

Item	Description	Mean[a]	SD[b]
	Advertising Efforts	*4.22*	*1.110*
AD1	This hotel brand is heavily advertised	3.92	1.142
AD2	The advertising campaigns for this hotel brand seem expensive	3.93	1.363
AD3	The advertising campaigns for this hotel brand can be frequently seen	3.91	1.421
AD4	The advertising of this hotel brand is in general good	4.54	1.338
AD5	In general, I like the advertising campaigns for this hotel brand	4.53	1.327
AD6	I have a high opinion of this hotel brand's advertising	4.48	1.349
	Word-of-Mouth	*4.95*	*1.366*
WOM1	I received positive comments about this hotel brand from other people	5.12	1.444
WOM2	This hotel brand was recommended to me by some one	4.88	1.685
WOM3	I was encouraged to use this hotel brand	4.87	1.598
	Service Performance	*5.53*	*1.000*
SP1	I feel that the staff of this hotel brand understands my needs	5.33	1.328
SP2	I always get personalised attention from the staff	5.30	1.330
SP3	The staff is willing to help me	5.69	1.168
SP4	I can count on the staff being friendly	5.74	1.180
SP5	I can count on the staff knowing their job responsibilities	5.62	1.221
SP6	The staff is able to answer my questions quickly	5.63	1.182
SP7	The staff is well trained and skilful	5.67	1.203
SP8	I can rely on there being a good atmosphere inside the hotels	5.76	1.128
SP9	The atmosphere of this hotel brand is pleasing	5.71	1.147
SP10	I find that other customers consistently leave me with a good impression of the hotel's service	5.36	1.231
SP11	Waiting time is predictable in the hotels of this brand	5.18	1.318
SP12	My waiting time is always kept to a minimum	5.39	1.279
SP13	The hotels of this brand have up-to-date equipment	5.45	1.266
SP14	The physical facilities satisfy my needs	5.56	1.212

a: 7-point Likert-type scale b: Standard deviation

6.4.1.2 Word-of-Mouth

Word-of-mouth is an effective information channel through which people share brand information and messages related to their luxury hotel stay experiences among themselves. **Table 6.8** shows that many of the survey respondents agreed that they did "receive positive comments about this hotel brand from other people" (WOM1, mean value = 5.12). Recommendations (WOM2) and encouragement (WOM3) by other people to use the specified luxury hotel brand were rated lower (mean value=4.88 and 4.87, respectively). All three items in the word-of-mouth construct were found to have relatively high standard deviation values (WOM1, SD = 1.444; WOM2, SD = 1.685; WOM3, SD=1.598). Clearly, there was a lesser degree of convergence in appraising the word-of-mouth effect, with some travellers having received more positive comments and recommendations about brands from friends, relatives, or colleagues than others.

6.4.1.3 Service Performance

The construct of service performance was conceptualised with multiple dimensions. Perceived service performance was used as the performance-based evaluation of service quality, which includes the three factors of interaction, service environment, and outcome (Brady & Cronin, 2001). Service performance (mean value = 5.04) was rated higher than the other two exogenous variables, advertising efforts (mean value

= 4.22) and word-of-mouth (mean value = 4.95) (**Table 6.8**). Results for the three different service performance items were fairly consistent in terms of mean values and standard deviations. The most highly rated item was "rely on there being a good atmosphere inside the hotels" (mean value = 5.76), followed by "count on the staff being friendly" (mean value=5.74). In other words, ambience and friendly staff provided by the specified branded hotels were perceived to be satisfactory. Among the 14 service performance measures under evaluation, minimum waiting time was regarded as the worst performance area (mean value = 5.18), although it still scored a value of above 5, suggesting some agreement across the respondents. It was also worth noting that SP1 (SD = 1.328), SP2 (SD = 1.330) and SP11 (SD = 1.318) had relatively larger standard deviations, greater than 1.3. This indicates that the respondents differed to some degree in their ratings of these three service performance measures.

6.4.2 Endogenous Variables

6.4.2.1 Brand Associations

This study defines brand associations as "anything linked in memory to a brand" (Aaker, 1991), which comes through brand awareness. The measure of brand associations was developed to reflect search brand image attributes, including brand symbol, physical appearance, relative pricing, users, history, reputation, and location. An overview of mean values (**Table 6.9,** mean value = 5.04) for brand associations

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indicated that luxury hotel guests travelling for business purposes generally associated themselves with brands that they had specified. The eight brand associations measures revealed dissimilar rating patterns, with mean values ranging from 4.30 for "can identify with customers who use this hotel brand" (BA5) to 5.64 for "the locations of hotels of this brand fit my needs" (BA8). It was noted that location was rated comparatively higher than other brand associations items.

Table 6.9 Mean and Standard Deviation of Brand Associations

Item	Description	Mean[a]	SD[b]
	Brand Associations	*5.04*	*1.000*
BA1	Some characteristics of this hotel brand come to my mind quickly	4.93	1.458
BA2	I can quickly recall the symbol or logo of this hotel brand	4.92	1.625
BA3	The hotels of this brand have good physical appearance	5.36	1.277
BA4	This hotel brand has a higher relative price among luxury hotels	4.73	1.404
BA5	I can identify with customers who use this hotel brand	4.30	1.570
BA6	This hotel brand has a long history	4.93	1.465
BA7	This hotel brand has a good reputation	5.54	1.241
BA8	The locations of hotels of this brand fit my needs	5.64	1.272

a: 7-point Likert-type scale b: Standard deviation

6.4.2.2 Quality of Experience

Quality of experience was assumed to describe the experience of brand image attributes among the respondents. **Table 6.10** shows descriptive statistics of perceived quality of experience among survey respondents. The composite mean for this construct was 5.11 with a standard deviation of .998. By the same token, survey respondents consistently judged that they perceived their various socio-psychological needs to have been fulfiled during their luxury hotel stays. The first

three items (QOE1 to QOE3) were intended to measure perceived escapism. The results showed that luxury hotels were able to provide a moderate escapism experience for business travellers. The last five items (QOE17 to QOE20) were designed to measure brand image attributes of ego-enhancement and self-accomplishment. The findings indicate that the respondents were fairly satisfied in terms of these aspects (mean value = 5.02, 4.73, 4.56, 4.56, 4.58, respectively). The highest score among the quality of experience measures was that for "feel personally safe when staying in hotels of this brand" (mean value = 5.73), followed by "my privacy is assured when staying in hotels of this brand." This indicates that branded luxury hotels provide a safe and private place for business travellers, which results in a satisfying experience.

Table 6.10 Mean and Standard Deviation of Quality of Experience

Item	Description	Mean[a]	SD[b]
	Quality of Experience	*5.11*	*.998*
QOE1	I feel like I live in a different time/place in the hotels of this brand	4.67	1.476
QOE2	I can discover new things in the hotels of this brand.	4.32	1.590
QOE3	I can temporarily escape from reality in the hotels of this brand	4.16	1.662
QOE4	I feel at ease in the hotels of this brand	5.33	1.202
QOE5	I feel physically comfortable when staying in the hotels of this brand	5.56	1.185
QOE6	I feel psychologically comfortable when staying in the hotels of this brand	5.45	1.217
QOE7	The hotels of this brand show attention to design detail	5.35	1.259
QOE8	The hotels of this brand please my senses	5.35	1.204
QOE9	The hotels of this brand look attractive to me	5.39	1.204
QOE10	I feel personally safe when staying in the hotels of this brand	5.73	1.131
QOE11	My privacy is assured when staying in the hotels of this brand	5.67	1.157
QOE12	It gives me a peace of mind to stay in the hotels of this brand	5.55	1.203
QOE13	This hotel brand gives me a familiar luxury environment	5.46	1.266
QOE14	I feel a genuine respect when staying in the hotels of this brand	5.46	1.245
QOE15	This hotel brand gives me a feeling of warmth	5.29	1.242
QOE16	Staying in the hotels of this brand fit my personality	5.17	1.314

QOE17	I get a feeling of being a VIP when staying in the hotels of this brand	5.02	1.424
QOE18	I consider staying in the hotels of this brand to be a status symbol	4.73	1.558
QOE19	This hotel brand induces my feeling of increased self-identity	4.56	1.561
QOE20	Staying in the hotels of this brand gives me a sense of accomplishment	4.56	1.581
QOE21	Staying in the hotels of this brand gives me a sense of success	4.58	1.626

a: 7-point Likert-type scale b: Standard deviation

6.4.2.3 Brand Loyalty and Overall Brand Equity

Loyalty to luxury hotel brand was hypothesised to be a two-dimensional construct comprising behavioural loyalty and attitudinal loyalty (Chaudhuri & Holbrook, 2001). The results (**Table 6.11**) show that in the competitive luxury hotel industry, guests feel reluctant to behave as loyal customers. The overall mean value for the construct was 4.87 with a standard deviation of 1.175. The potential re-purchase action of survey respondents was assessed by their rating of items "I will stay at the hotels of this brand next time" (BL1, mean value = 5.35) and "I intend to keep patronizing this hotel brand" (BL2, mean value = 5.22). Although they might be restricted in their choice for various reasons in a real-world situation, they at least demonstrated their willingness to be behaviourally loyal to the brand to a certain extent. In terms of emotional commitment, however, the survey respondents clearly found it hard to build attitudinal loyalty at a higher level (Dick & Basu, 1994; Oliver, 1999). "I am committed to this hotel brand" had a mean value of just 4.63, "I am willing to pay a higher price for this hotel brand" had a mean value of 4.16, and "I am emotionally attached to this hotel brand" had a mean value of 4.01, all only just

above the mid-point of the scale. The respondents were obviously somewhat indifferent to their emotional links with luxury hotels they had specified.

Finally, the dependent variable of overall brand equity was developed as a uni-dimensional construct to measure the added value of branded hotels over other hotels in terms of hotel features (Farquhar, 1989; Yoo et al., 2000). The four items in the construct were consistently assessed as having a mean value of between 4 and 5. The highest mean score was for the first item (OBE1) "it makes sense to patronise this hotel brand instead of another brand, even if they are the same cost" (mean value = 4.93).

Table 6.11 Mean and Standard Deviation of Brand Loyalty and Overall Brand Equity

Item	Description	Mean[a]	SD[b]
	Brand Loyalty	***4.87***	***1.175***
BL1	I will stay at the hotels of this brand next time	5.35	1.397
BL2	I intend to keep patronizing this hotel brand	5.22	1.369
BL3	I am committed to this hotel brand	4.63	1.569
BL4	I am willing to pay a higher price for this hotel brand	4.16	1.669
BL5	I am emotionally attached to this hotel brand	4.01	1.665
BL6	I have a sense of belonging to this hotel brand	4.11	1.687
BL7	I would say positive things about this hotel brand to other people	5.44	1.312
BL8	I would recommend this hotel brand to someone who seeks my advice	5.50	1.285
BL9	I would encourage friends and relatives to stay at hotels of this brand	5.41	1.357
BL10	I consider this hotel brand my first choice in buying such services	4.90	1.567
	Overall Brand Equity	***4.85***	***1.351***
OBE1	It makes sense to patronise this hotel brand instead of another brand, even if they are the same cost	4.93	1.490
OBE2	Even if another brand has the same features as this hotel brand, I would prefer to patronise this brand	4.87	1.470
OBE3	Even if there is another hotel brand as good as this brand, I still prefer to patronise this hotel brand	4.80	1.477
OBE4	If another hotel brand is not different from this brand in any way, it seems smarter to patronise this hotel brand	4.82	1.464

a: 7-point Likert-type scale b: Standard deviation

6.4.3 Summary of Descriptive Statistics

The descriptive statistics analysis was separated into two parts covering exogenous and endogenous variables of the key constructs. Among exogenous variables, service performance had the highest mean score. Survey respondents rated their direct experiences, including interactions with staff and surroundings of luxury hotels of specified brands, relatively higher. Among endogenous variables, the highest mean value was observed for the quality of experience construct, followed by brand associations. Brand loyalty and overall brand equity constructs had lower mean scores. Luxury hotel brands were found to make effective efforts to fulfil a wide range of customers' socio-psychological needs and wants. However, it was noted that although a seven-point Likert-type scale was used, none of the items in the seven constructs reached mean values of 6 ("agree") or higher. There are two possible explanations for this. First, the luxury hotel industry is a competitive marketplace in which players find it difficult to adopt distinct marketing and differentiation strategies. Second, recall bias possibly exerted a negative influence on respondents' evaluation of survey items.

6.5 Measurement Models

Estimation of a robust research model using structural equation modelling involves confirmatory factor analysis (CFA) and path analysis. This section reports the results of confirmatory factor analyses of measurement models using LISREL 8.54. The

examination of the measurement models was conducted before the assessment of the structural models, which was developed to deal with the path analysis, and is discussed in later sections.

Due to non-normality of the data and the sample size, this study used the diagonally weighted least squares (DWLS) method rather than the most commonly used standard maximum likelihood method as the estimation method for the measurement models' testing. Researchers have recommended adopting DWLS to process ordinal data (e.g., data measured on a Likert-type scale) which has a discrete and noncontinuous distribution (Coursey & Pandey, 2007).

The measurement models were used further to determine internal consistency (or construct reliability) and construct validity (convergent validity and discriminant validity) of the constructs scales. The overall reliability of all constructs was assessed by determining the composite reliability because the traditional reliability measure of Cronbach's alpha normally works under the assumption of constrained factor loadings and error variances, thereby possibly under-estimating the real construct reliability (Raykov, 1997). A value above the threshold of .70 indicates a high construct reliability (Bagozzi & Yi, 1988). In Fornell and Larcker's (1981) test, convergent validity of the data is established when the variance extracted is greater than 50% (Fornell & Larcker, 1981). In addition, discriminant validity is confirmed if the average percentage of variance extracted from each construct is greater than the squared correlation coefficients of the two corresponding inter-constructs. Other

discriminant validity tests were used to further validate the discriminant validity between the paired constructs. One test for assessing the discriminant validity of a paired construct is to force "the items representing each factor into a single-factor solution" (Babakus, Yavas, Karatepe, & Avci, 2003, p. 278) and observe the chi-square difference. If the chi-square difference is significant, then it can be concluded that the two constructs are distinct. Another approach is to determine whether the confidence interval of inter-correlation of the two constructs in question demonstrates coverage of unity of 1. Coverage of unity is then taken as evidence to reject the hypothesis of discriminant validity.

6.5.1 CFA of the Exogenous Variables

The exogenous variables of the study contained two uni-dimensional constructs, advertising efforts and word-of-mouth, and one multi-dimensional construct, service performance, which contained the three dimensions of interaction, service environment, and outcome (Brady & Cronin, 2001). The initial results of the CFA indicated the measurement model to be acceptable (S-B $\chi2$ = 802.28, df = 220, p = .00, RMSEA = .062, CFI = .99, NNFI = .99). However, further examination revealed that one item in the service environment dimension (SP10, "I can rely on there being a good atmosphere inside the hotels") cross-loaded on other factors and was, therefore, deleted. The revised measurement model (**Table 6.12**) fit the data better (S-B $\chi2$ = 710.61, df = 199, p = .00, RMSEA = .061, CFI = .99, NNFI = .99). Although the S-B scaled chi-square statistics divided by the degrees of freedom was

over 3 (3.57) (Mash, 1988), other fit indices were highly acceptable, providing evidence of good model fit.

Table 6.12 CFA Results of Exogenous Variables

No.	Variables/Items	Factor Loading	Composite Reliability	Variance Extracted
	Advertising Efforts (AE)		.911	.637
AD1	This hotel brand is heavily advertised	.67		
AD2	The advertising campaigns for this hotel brand seem expensive	.64		
AD3	The advertising campaigns for this hotel brand can be frequently seen	.65		
AD4	The advertising of this hotel brand is in general good	.90		
AD5	In general, I like the advertising campaigns for this hotel brand	.94		
AD6	I have a high opinion of this hotel brand's advertising	.92		
	Word-of-Mouth (WOM)		.871	.694
WOM1	I received positive comments about this hotel brand from other people	.93		
WOM2	This hotel brand was recommended to me by some one	.77		
WOM3	I was encouraged to use this hotel brand	.79		
	Interaction (SP)		.961	.778
SP1	I feel that the staff of this hotel brand understands my needs	.85		
SP2	I always get personalised attention from the staff	.83		
SP3	The staff is willing to help me	.92		
SP4	I can count on the staff being friendly	.90		
SP5	I can count on the staff knowing their job responsibilities	.90		
SP6	The staff is able to answer my questions quickly	.88		
SP7	The staff is well trained and skilful	.89		
	Service Environment (SP)		.933	.874
SP8	I can rely on there being a good atmosphere inside the hotels	.94		
SP9	The atmosphere of this hotel brand is pleasing	.93		
	Outcome (SP)		.922	.747
SP11	Waiting time is predictable in the hotels of this brand	.78		
SP12	My waiting time is always kept to a minimum	.87		
SP13	The hotels of this brand have up-to-date equipment	.87		
SP14	The physical facilities satisfy my needs	.93		

Note: AE: Advertising Efforts; WOM: Word-of-Mouth; SP: Service Performance

Construct reliability was assessed by determining the composite reliability. All composite reliability analyses yielded high construct reliabilities of over .70 (Bagozzi & Yi, 1988), ranging from .871 to .961. The lowest statistic was for the word-of-mouth construct and the highest was for the service interaction factor, a dimension of the service performance construct. Convergent validity was found to be satisfactory according to the criteria of Fornell and Larcker's seminal test (1981). All construct variances extracted from the models were above 50% (ranging from 63.7% to 87.4%), meaning that measurement error accounted for less than 50% of the total variance. Discriminant validity was established through a series of comparisons between the variance extracted for a particular construct and the squared correlation coefficients of two paired constructs. The results (**Table 6.13**) indicated that the data had suitable discriminant validity.

Table 6.13 Construct Validity Tests for Exogenous Variables (Correlation Matrix)

	Advertising Efforts	Word-of-Mouth	Interaction	Service Environment	Service Outcome
Advertising Efforts	1.00				
Word-of-Mouth	.34 (.1156)	1.00			
Interaction	.31 (.0961)	.47 (.2209)	1.00		
Service Environment	.33 (.1089)	.44 (.1936)	.86 (.7396)	1.00	
Service Outcome	.30 (.09)	.43 (.1849)	.83 (.6889)	.84 (.7056)	1.00
Variance Extracted	.637	.694	.778	.874	.747

Note: correlation coefficients (squared correlation coefficients)

6.5.2 CFA of the Endogenous Variables

6.5.2.1 CFA of the Quality of Experience Construct

Based on personal interviews, an expert panel review and the pilot study, the quality of experience construct included four underlying factors: escapism, "relaxation, sense perception & safety," warm relationship and "ego-enhancement & self-accomplishment," consisting of seven sub-dimensions. The initial CFA model with seven sub-dimensions failed to yield satisfactory fit and the modification indices indicated that the items of relaxation, sense perception and safety cross-loaded within these dimensions. And this also applied to the items of ego-enhancement and self-accomplishment. Therefore, this study determined to group relaxation, sense perception and safety into a single underlying factor. Ego-enhancement and self-accomplishment also needed to be grouped together for the same reason. This result was on lines similar to the pilot study. With sub-dimensions' re-groupings, the revised measurement model with four factors was analysed. However, it did not fit the data well (S-B $\chi2$ = 975.34, df = 183, p = .00, RMSEA = .080, CFI = .98, NNFI = .98), suggesting the need for further modifications.

Further inspection of the model indicated a rather vague interpretation of the dimension warm relationship; the error variances of some items correlated with each other. This again confirmed the results of the pilot study, in which respondents made particular comments on the warm relationship items, especially "this hotel brand offers a familiar environment," "I feel a genuine [love] when staying in hotels of this

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brand," and "this hotel brand gives me a feeling of warmth." Moreover, the theoretical domain in which warm relationship should be positioned remained a question. It was thus decided to eliminate this dimension from the measurement model for quality of experience.

An additional examination of the measurement model further resulted in removal of items of the factor, "relaxation, sense perception & safety." QOE4 ("I feel at ease in hotels of this brand"), QOE7 ("Hotels of this brand show attention to design detail"), QOE9 ("Hotels of this brand look attractive to me"), QOE11 ("My privacy is assured when staying in hotels of this brand"), and QOE12 ("It gives me peace of mind to stay in hotels of this brand") were eliminated according to modification indices. Only QOE5, QOE6, QOE8, and QOE10 successfully represented the factor in both statistical and theoretical senses.

The final revised model with 12 items was concluded to be a well-fitting model (S-B $\chi2$ = 233.12, df = 50, p = .00, RMSEA = .073, CFI = .99, NNFI = .99) (**Table 6.14**). Compared with the initial model, the revised model achieved a significantly lower chi-square statistic, and RMSEA, CFI, and NNFI statistics were also better. This suggests that the quality of experience construct is suitable for inclusion in the customer-based brand equity framework, and that the 12 items represent experiential brand image through the three factors.

Table 6.14 CFA Results of Quality of Experience Construct

No.	Variables/Items	Factor Loading	Composite Reliability	Variance Extracted
	Escapism (QOE)		.881	.712
QOE1	I feel like I live in a different time/place in the hotels of this brand	.80		
QOE2	I can discover new things in the hotels of this brand.	.88		
QOE3	I can temporarily escape from reality in the hotels of this brand	.85		
	Relaxation, Sense perception & Safety (QOE)		.933	.776
QOE5	I feel physically comfortable when staying in the hotels of this brand	.91		
QOE6	I feel psychologically comfortable when staying in the hotels of this brand	.91		
QOE8	The hotels of this brand please my senses.	.89		
QOE10	I feel personally safe when staying in the hotels of this brand	.81		
	Ego-enhancement & Self-accomplishment (QOE)		.946	.779
QOE17	I get a feeling of being a VIP when staying in the hotels of this brand	.83		
QOE18	I consider staying in the hotels of this brand to be a status symbol	.90		
QOE19	This hotel brand induces my feeling of increased self-identity	.92		
QOE20	Staying in the hotels of this brand gives me a sense of accomplishment	.89		
QOE21	Staying in the hotels of this brand gives me a sense of success	.87		

Note: QOE: Quality of Experience

Table 6.14 presents construct reliability statistics based on the composite reliability. All statistics were over the threshold of .70. The most reliable measure was "ego-enhancement & self-accomplishment" (.946). **Table 6.15** combines convergent validity and discriminant validity results to give the overall construct validity. Variance caused by measurement error, for all constructs, was less than the cut-off value of 50%, indicating adequate convergent validity. All squared correlation coefficients of pairs of constructs were lower than the variance extracted by one of

the corresponding constructs, thus establishing discriminant validity of the constructs.

Table 6.15 Construct Validity Tests for Quality of Experience Construct (Correlation Matrix)

	Escapism	Relaxation, Sense Perception & Safety	Ego-enhancement & Self-accomplishment
Escapism	1.00		
Relaxation, Sense Perception & Safety	.55 (.3025)	1.00	
Ego-enhancement & Self-accomplishment	.71 (.5041)	.61 (.3721)	1.00
Variance Extracted	.712	.776	.779

Note: correlation coefficients (squared correlation coefficients)

6.5.2.2 CFA of the Other Endogenous Variables

The other endogenous variables were brand associations, brand loyalty, and overall brand equity. Brand loyalty is a multi-dimensional construct. A two-factor model, which comprised "behavioural brand loyalty" and "attitudinal brand loyalty", was adopted (Chaudhuri & Holbrook, 2001). CFA was conducted, but the initial measurement model failed to produce either satisfying chi-square statistics or other fit indices (S-B $\chi 2$ = 2,289, df = 203, p = .00, RMSEA = .123, CFI = .98, NNFI = .97). Two items affiliated with brand associations (BA4: "This hotel brand has a higher relative price among luxury hotels" and BA5: "I can identify customers who use this hotel brand") and four items belonging to brand loyalty (BL7: "I would say positive things about this hotel brand to other people," BL8: "I would recommend this hotel brand to someone who seeks my advice," BL9: "I would encourage friends and relatives to stay at hotels of this brand," and BL10: "I consider this hotel brand

my first choice in buying such services") were omitted from the model due to their ill-fitting factor loadings. The revised model (**Table 6.16**) showed adequate fit (S-B χ^2 = 251.37, df = 97, p = .0, RMSEA = .048, CFI = 1.00, NNFI = 1.00).

Table 6.16 CFA Results of Other Endogenous Variables (Brand Associations, Brand Loyalty and Overall Brand Equity)

No.	Variables/Items	Factor Loading	Composite Reliability	Variance Extracted
	Brand Associations (BA)		.875	.542
BA1	Some characteristics of this hotel brand come to my mind quickly	.80		
BA2	I can quickly recall the symbol or logo of this hotel brand	.66		
BA3	The hotels of this brand have good physical appearance	.77		
BA6	This hotel brand has a long history	.66		
BA7	This hotel brand has a good reputation	.86		
BA8	The locations of hotels of this brand fit my needs	.64		
	Behavioural Brand Loyalty (BL)		.902	.821
BL1	I will stay at the hotels of this brand next time	.86		
BL2	I intend to keep patronizing this hotel brand	.95		
	Attitudinal Brand Loyalty (BL)		.902	.699
BL3	I am committed to this hotel brand	.96		
BL4	I am willing to pay a higher price for this hotel brand	.83		
BL5	I am emotionally attached to this hotel brand	.75		
BL6	I have a sense of belonging to this hotel brand	.79		
	Overall Brand Equity (OBE)		.946	.815
OBE1	It makes sense to patronise this hotel brand instead of another brand, even if they are the same cost	.89		
OBE2	Even if another brand has the same features as this hotel brand, I would prefer to patronise this brand	.91		
OBE3	Even if there is another hotel brand as good as this brand, I still prefer to patronise this hotel brand	.92		
OBE4	If another hotel brand is not different from this brand in any way, it seems smarter to patronise this hotel brand	.89		

Note: BA: Brand Associations; BL: Brand Loyalty; OBE: Overall Brand Equity

The construct reliability was determined by the composite validity statistics. All the statistics were robust, thereby establishing reliability of the constructs (**Table 6.17**). The composite reliability in the measurement model ranged from .875 for brand associations to as high as .946 for overall brand equity. All values for the variance extracted from the factors or constructs were higher than the squared correlation coefficients between the corresponding two factors or constructs, thus supporting their discriminant validity. Convergent validity for the constructs was also sufficient, with all values exceeding .50. Convergent validity was only marginally established for brand associations, but validity of other constructs was robust.

Table 6.17 Construct Validity Tests for Other Endogenous Variables (Correlation Matrix)

	Brand Associations	Behavioural Brand Loyalty	Attitudinal Brand Loyalty	Overall Brand Equity
Brand Associations	1.00			
Behavioural Brand Loyalty	.67 (.4489)	1.00		
Attitudinal Brand Loyalty	.53 (.2809)	.77 (.5929)	1.00	
Overall Brand Equity	.60 (.3600)	.79 (.6241)	.75 (.5625)	1.00
Variance Extracted	.542	.821	.699	.815

Note: correlation coefficients (squared correlation coefficients)

6.5.3 Common Method Variance Tests

A test for common method variance is suggested for studies with cross-sectional designs and those using the self-reported survey method (Spector, 1994, 2006). This

study used Harman's single factor technique to test for the existence of common method variance. If common method variance is largely responsible for relationships among variables or constructs, then a one-factor CFA model should fit the data well (Krishnan, Martin, & Noorderhaven, 2006; Mossholder, Bennett, Kemery, & Wesolowski, 1998). One-factor CFA models were tested separately for exogenous and endogenous variables.

For exogenous variables, the CFA model yielded unsatisfactory fit (S-B $\chi2$ = 3,949.47, df = 209, p = .0, RMSEA = .162, CFI = .88, NNFI = .87). For the quality of experience construct, CFA results also produced an ill-fitting model (S-B $\chi2$ = 881.10, df = 53, p = .0, RMSEA = .208, CFI = .83, NNFI = .79). For endogenous variables, the measurement model constraining the common method variance did not fit the data well (S-B $\chi2$ = 1,691.35, df = 103, p = .0, RMSEA = .150, CFI = .95, NNFI = .94). Although the comparative model fit indices such as CFI and NNFI were acceptable, RMSEA and S-B $\chi2$/df were unsatisfactory.

In conclusion, although the test results did not preclude the possibility of common method variance, they did suggest that it is of little concern. Common method variance was thus considered unlikely to confound the succeeding analyses, particularly the structural model testing, and it was concluded that the resulting interpretations would be valid.

6.6 Structural Model

Nine first-order constructs were considered in the overall measurement and structural model, including advertising efforts, word-of-mouth, service performance, brand associations, escapism, "relaxation, sense perception & safety," "ego-enhancement & self-accomplishment," brand loyalty, and "overall brand equity." The quality of experience factors were treated rather as first-order than second-order constructs in an attempt to observe their detailed relationships with other factors.

To reduce model complexity and to minimise non-normality problems, partial aggregation models (Bagozzi & Edwards, 1998) were chosen to represent the constructs of service performance and brand loyalty, factor structures of which have been well documented and discussed in the past. By selecting partial aggregation models for the two constructs, only condensed representations of the constructs were observed, as the focus was on relationships of these constructs with other constructs. These two constructs were aggregated by using composite indicators to represent their underlying dimensions. The items affiliated with each dimension of a construct were calculated by simple arithmetic average to create a composite indicator (Yim, Tse, & Chan, 2008; Yoon & Uysal, 2005; Yuan & Wu, 2008).

6.6.1 Overall Measurement Model

The overall measurement model (covariance matrix, see **Appendix XI**) was tested to ensure construct validity, preparatory to the structural model test at a later stage. The overall measurement model fitted the data reasonably well (S-B $\chi 2$ = 1,777.78, df = 557, p = .0, RMSEA = .057, CFI = .98, NNFI = .97). Collectively, the statistics suggested a reasonable goodness of fit for the measurement model. Standardised factor loadings for the indicators are shown in **Table 6.18**. Composite reliability and variance extracted from the nine first-order constructs proved to be satisfactory, although there was a slightly below-average variance extracted for brand associations (.493). It was concluded that the resultant indicators statistically represented their latent constructs.

Table 6.18 CFA Results of the Overall Measurement Model

No.	Variables/Items	Factor Loading	Composite Reliability	Variance Extracted
	Advertising Efforts		.892	.585
AD1	This hotel brand is heavily advertised	.63		
AD2	The advertising campaigns for this hotel brand seem expensive	.60		
AD3	The advertising campaigns for this hotel brand can be frequently seen	.67		
AD4	The advertising of this hotel brand is in general good	.87		
AD5	In general, I like the advertising campaigns for this hotel brand	.89		
AD6	I have a high opinion of this hotel brand's advertising	.87		
	Word-of-Mouth		.841	.640
WOM1	I received positive comments about this hotel brand from other people	.70		
WOM2	This hotel brand was recommended to me by some one	.83		
WOM3	I was encouraged to use this hotel brand	.86		
	Service Performance		.909	.769

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SP_F1	Interaction composite indicator	.88		
SP_F2	Service environment composite indicator	.88		
SP_F3	Outcome composite indicator	.87		
	Escapism (QOE)		.859	.671
QOE1	I feel like I live in a different time/place in the hotels of this brand	.74		
QOE2	I can discover new things in the hotels of this brand.	.89		
QOE3	I can temporarily escape from reality in the hotels of this brand	.82		
	Relaxation, Sense perception & Safety (QOE)		.913	.725
QOE5	I feel physically comfortable when staying in the hotels of this brand	.91		
QOE6	I feel psychologically comfortable when staying in the hotels of this brand	.88		
QOE8	The hotels of this brand please my senses.	.81		
QOE10	I feel personally safe when staying in the hotels of this brand	.80		
	Ego-enhancement & Self-accomplishment (QOE)		.933	.737
QOE17	I get a feeling of being a VIP when staying in the hotels of this brand	.72		
QOE18	I consider staying in the hotels of this brand to be a status symbol	.88		
QOE19	This hotel brand induces my feeling of increased self-identity	.91		
QOE20	Staying in the hotels of this brand gives me a sense of accomplishment	.89		
QOE21	Staying in the hotels of this brand give me a sense of success	.88		
	Brand Associations		.852	.493
BA1	Some characteristics of this hotel brand come to my mind quickly	.73		
BA2	I can quickly recall the symbol or logo of this hotel brand	.62		
BA3	The hotels of this brand have good physical appearance	.78		
BA6	This hotel brand has a long history	.60		
BA7	This hotel brand has a good reputation	.83		
BA8	The locations of hotels of this brand fit my needs	.62		
	Brand Loyalty		.757	.609
BL_F1	Behavioural brand loyalty composite indicator	.79		
BL_F2	Attitudinal brand loyalty composite indicator	.77		
	Overall Brand Equity		.935	.784
OBE1	It makes sense to patronise this hotel brand instead of another brand, even if they are the same cost	.87		
OBE2	Even if another brand has the same features as this hotel brand, I would prefer to patronise this brand	.91		

| OBE3 | Even if there is another hotel brand as good as this brand, I still prefer to patronise this hotel brand | .90 |
| OBE4 | If another hotel brand is not different from this brand in any way, it seems smarter to patronise this hotel brand | .86 |

Table 6.19 presents the correlation matrix of the constructs. Past studies have used several tests to prove discriminant validity, including Fornell and Larker's test, the chi-square difference test, and the confidence interval test (Babakus et al., 2003; Voss, Spangenberg, & Grohmann, 2003). In the overall measurement model, a comparison of squared correlation coefficients for a pair of constructs with the two individual average variance extracted values indicated that all the construct pairs were statistically distinct except for the pair comprising brand loyalty and overall brand equity. The relatively low variance extracted for brand loyalty was responsible for this. Further pairwise discriminant validity assessment was conducted on this pair of constructs by calculating the chi-square difference between constrained and unconstrained models (Babakus et al., 2003). The significant corrected chi-square value indicated that the constructs in question were in fact significantly distinct (BL and OBE: Δ S-B chi-square = 31.8) (Satorra & Bentler, 1998). The distinctiveness of this pair of constructs was further verified by calculating its confidence interval (correlation coefficient plus and minus two times of the standard error). The standard error between brand loyalty and overall brand equity was .06. Its confidence interval did not embody the probability of 1, thus indicating that discriminant validity had been established. All the other first-order construct pairs were tested using these tests, and the findings proved them to be distinct, with all

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corresponding pairs satisfying at least two of the three discriminant validity tests

(Babakus et al., 2003).

Table 6.19 Construct Validity Tests for the First-order Constructs (Correlation Matrix)

	AE	WOM	SP	BA	BL	OBE	ESC	RSS	EE & SA
AE	1.00								
WOM	0.28	1.00							
	(0.0784)								
SP	0.37	0.42	1.00						
	(0.1369)	(0.1764)							
BA	0.53	0.54	0.70	1.00					
	(0.2809)	(0.2916)	(0.4900)						
BL	0.47	0.49	0.72	0.68	1.00				
	(0.2209)	(0.2401)	(0.5184)	(0.4624)					
OBE	0.33	0.42	0.59	0.57	0.85*	1.00			
	(0.1089)	(0.1764)	(0.3481)	(0.2451)	(0.7225)				
ESC	0.34	0.30	0.42	0.35	0.66	0.41	1.00		
	(0.1156)	(0.0900)	(0.1764)	(0.1225)	(0.4356)	(0.1681)			
RSS	0.35	0.45	0.85	0.69	0.74	0.62	0.47	1.00	
	(0.1225)	(0.2025)	(0.7225)	(0.4761)	(0.5476)	(0.3844)	(0.2209)		
EE & SA	0.34	0.34	0.45	0.42	0.74	0.58	0.68	0.52	1.00
	(0.1156)	(0.1156)	(0.2025)	(0.1764)	(0.5476)	(0.3364)	(0.4624)	(0.2704)	
VE	0.585	0.640	0.769	0.493	0.609	0.784	0.671	0.725	0.737

Note: correlation coefficients (squared correlation coefficients)
* Squared correlation coefficient was higher than AVE
CR: Composite Reliability; VE: Variance Extracted
AE: Advertising Efforts; WOM: Word-of-Mouth; SP: Service Performance;
ESC: Escapism; RSS: Relaxation, Sense Perception & Safety; EE & SA: Ego-enhancement & Self-accomplishment; BA: Brand Associations; BL: Brand Loyalty; OBE: Overall Brand Equity

6.6.2 Structural Model

The proposed model was analysed to determine the path relationships among the

nine first-order constructs. The initial structural model fitted the data to an

acceptable level (S-B $\chi2$ = 2,011.82, df = 569, p = 0.0, RMSEA = 0.061, CFI = 0.97,

NNFI = 0.97). All the fit indices were acceptable. Due to the exploratory nature of the study, the structural model can thus be considered satisfactory. However, a thorough review of path relationships and path coefficient parameters of the nine first-order constructs indicated some suppression effects in the relationships between overall brand equity, three factors of quality of experience, and brand associations.

Suppression effects occur when the signs of relatively weak predictor variables are reversed to their negative sides due to the significant effects of strong predictor variables on endogenous variables (Hair et al., 2006). Concomitant with these negative signs, standardised solutions for strong predictor variables may exceed 1. In the initial structural model, the signs for brand associations, escapism, "relaxation, sense perception & safety," and "ego-enhancement & self-accomplishment" were all negative in determining overall brand equity (β estimate = -.12, t-value = -1.11; β estimate = -.36, t-value = -4.86; β estimate = -.048, t-value = -.47; β estimate = -.11, t-value = -1.05, respectively). Escapism was found to have negative significant effect on overall brand equity, which was contrary to the hypothesis. Brand loyalty was the only strong direct positive predictor of overall brand equity, but its standardised solution was over 1 at 1.20.

Grewal, Cote and Baumgartner (2004) suggested that the presence of multicollinearity in predictor variables is a direct source of the suppression effect. A further assessment of correlation coefficients between brand associations, the quality of experience factors, and brand loyalty failed to detect multicollinearity effects.

However, according to Cohen and Cohen (1983), it was believed that the suppression effects occurred due to the fact that the overall brand equity correlation with brand loyalty was much higher than with brand associations and quality of experience factors. According to Maassen and Bakker (2001), brand associations, quality of experience and brand loyalty collectively acted as the suppressors in the structural model.

Consequently, the four structural parameters of effects from brand associations and quality of experience factors on overall brand equity were constrained to zero, in an attempt to build a reasonable model that avoided suppression effects. The modified structural model was assessed after elimination of the four problematic paths and was found to fit the data well (S-B $\chi 2$ = 2,045.63, df = 573, p = 0.0, RMSEA = 0.061, CFI = 0.97, NNFI = 0.97). The standardised path coefficient from brand loyalty to overall brand equity was less than 1 (.84). Moreover, the significance of the resultant paths stayed at the same level. Further consultation of modification indices and relevant theories suggested that no further model adjustments were required. This structural model, as shown in **Figure 6.1**, was thus considered the final structural model.
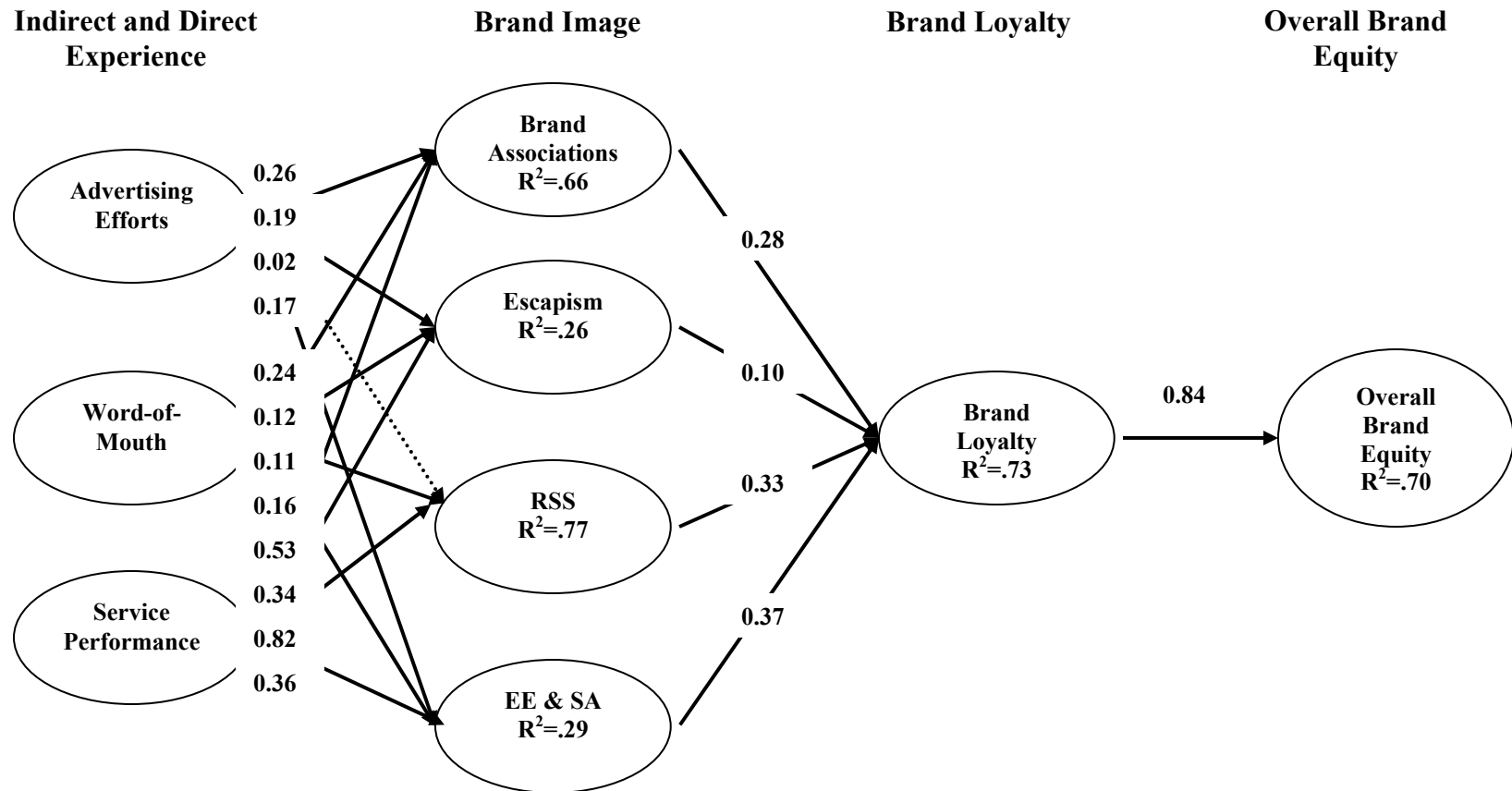
Figure 6.1 Final Structural Model

Note: The dash line denotes non-significant path coefficient at 0.05 level
RSS: Relaxation, Sense perception & Safety; EE & SA: Ego-enhancement & Self-accomplishment
Model Fit Indices: S-B χ^2 =2045.63, df=573, p=0.0000
RMSEA=0.061, CFI=0.97, NNFI=0.97,
Independence AIC=67382.69, Model AIC=2231.63, Saturated AIC=1332.00

The final structural model included 17 paths, 16 of which were significant. Advertising efforts, word of mouth, and service performance collectively explained 66% of the total variance of brand associations. The three variables accounted for 26% and 29% of variances of escapism and "ego-enhancement & self-accomplishment," respectively. 77% of variance of "relaxation, sense perception & safety" was accounted for by service performance and word-of-mouth only. Brand associations, escapism, "relaxation, sense perception & safety," and "ego-enhancement & self-accomplishment" explained 73% of the total variance in brand loyalty. After eliminating the suppression effect by constraining the path coefficients between brand image (brand associations and quality of experience factors) and overall brand equity, brand loyalty remained the only direct determinant factor leading to overall brand equity, explaining 70% of the total variance.

6.7 Hypotheses Testing

Table 6.20 presents the results of hypotheses testing. It shows the corresponding structural paths of the 11 hypotheses, including standardised path coefficients and t-values. The results were generated by calculating t-values. T-values within the range of -1.96 to +1.96 indicate statistical significance at the .05 level. By checking t-values of standardised path coefficients, conclusions could be drawn about whether the path coefficient was significant or not and whether the associated hypothesis was supported or rejected. The first four hypotheses (H1-H4) were developed to scrutinise the effect of the indirect experience of advertising and world-of-mouth communications on the construction of search

and experience brand image attributes (brand associations and quality of experience). The next two hypotheses (H5-H6) aimed to explore the relationship between direct experience of service performance and brand image attributes. The final five hypotheses (H7-H11) sought to investigate the direct links among endogenous variables, the three brand equity components, and overall brand equity.

Table 6.20 Tests of Hypotheses

Hypotheses and Paths		Standardised Coefficient	t-value	Result
The effects of Advertising Efforts on Brand Image				
H1	AE => BA	0.26	6.68*	Supported
H2a	AE => ESC	0.19	3.92*	Supported
H2b	AE => RSS	0.02	0.77	Not Supported
H2c	AE => EE & SA	0.17	3.56*	Supported
The effects of Word-of-mouth on Brand Image				
H3	WOM => BA	0.24	5.03*	Supported
H4a	WOM => ESC	0.12	2.18*	Supported
H4b	WOM => RSS	0.11	2.64*	Supported
H4c	WOM => EE & SA	0.16	2.89*	Supported
The effects of Service Performance on Brand image				
H5a	SP => ESC	0.34	5.77*	Supported
H5b	SP => RSS	0.82	16.28*	Supported
H5c	SP => EE & SA	0.36	6.23*	Supported
H6	SP => BA	0.53	10.97*	Supported
The effects of Multi-dimensional Brand Equity Components on Overall Brand Equity				
H7	BA => BL	0.28	4.95*	Supported
H8	BA => OBE	-	-	Not Supported
H9a	ESC => BL	0.10	2.70*	Supported
H9b	RSS => BL	0.33	6.79*	Supported
H9c	EE & SA =>BL	0.37	9.89*	Supported
H10	QOE => OBE	-	-	Not Supported
H11	BL => OBE	0.84	19.92*	Supported

Note:
AE=Advertising efforts, WOM=Word-of-mouth, SP=Service performance
BA=Brand associations, BL=Brand loyalty, OBE=Overall brand equity
ESC=Escapism, RSS=Relaxation, Sense perception & Safety
EE & SA=Ego-enhancement & Self-accomplishment
QOE=Quality of experience
*indicates significance at the 0.05 level

Hypotheses 1 and 2 (H1-H2): The first two hypotheses posited that advertising efforts of a branded luxury hotel would significantly and positively affect brand

associations and quality of experience as perceived by business travellers. The results demonstrated that advertising efforts did have a significant impact in establishment of brand associations and perceived quality of experience for the target subjects, albeit only partly. The effect of advertising efforts on "relaxation, sense perception & safety" was non-significant. Thus, the first hypothesis is supported and the second hypothesis is partly supported.

Hypotheses 3 and 4 (H3-H4): These two hypotheses proposed a significant positive effect of word-of-mouth on brand associations and quality of experience. The model displayed fairly significant paths between word-of-mouth and its direct outcomes. The path parameter comparisons underpinned the belief that word-of-mouth is more influential in determining search brand image attributes or brand associations than experience brand image attributes, or quality of experience. Thus, both Hypothesis 3 and Hypothesis 4 were fully supported.

Hypotheses 5 and 6 (H5-H6): These two hypotheses postulated positive relationships between direct experience of luxury hotel service performance and brand image in terms of brand associations and quality of experience. These two hypotheses were well supported in the structural model. In addition, service performance was found to determine experience brand image attributes more than search brand image attributes.

Hypothesis 7 (H7): Hypothesis seven stated that brand associations, which represent search brand image attributes, would have a positive influence on brand

loyalty. The model test results clearly corroborated this proposed relationship, and thus the hypothesis was supported.

Hypothesis 8 (H8): The eighth hypothesis proposed that overall brand equity would be significantly and positively affected by brand associations in a direct sense. The hypothesis testing revealed the presence of a suppression effect, and thus the hypothesis was rejected.

Hypothesis 9 (H9): Hypothesis nine assumed a significant positive association between quality of experience and brand loyalty. The three component paths were tested individually in an attempt to determine the effects of the three factors of quality of experience on brand loyalty. The results from the model clearly showed the hypothesis to be substantiated. In terms of the effect of quality of experience on brand loyalty, a further examination of the experience factors suggested that perceived "ego-enhancement & self-accomplishment" had the most influence on brand loyalty, followed by "relaxation, sense perception & safety." Hence, the hypothesis was fully supported.

Hypothesis 10 (H10): The tenth hypothesis suggested that overall brand equity would be directly created by quality of experience through its interpretation of experience brand image attributes. As with the eighth hypothesis, the presence of suppression effects meant that the hypothesis was not supported.

Hypothesis 11 (H11): This final hypothesis posited that brand loyalty would positively drive the establishment of eventual overall brand equity. From the

perspectives of business travellers surveyed, it was concluded that a higher level of guest loyalty associated with a luxury hotel brand led to a higher level of overall brand equity. Thus, this hypothesis was supported.

In sum, the majority of the hypotheses were supported. Eight hypotheses (H1, H3, H4, H5, H6, H7, H9, H11) were completely supported and one hypothesis was partly supported (H2). Two hypotheses (H8, H10) were completely rejected due to the presence of suppression effects in the structural model.

6.8 Effect Analyses

Table 6.21 reports direct effects, indirect effects, and total effects for the final model. All effects were estimated simultaneously by structural equation modelling. Table 6.21 also includes squared multiple correlations (SMC, or R^2) associated with the six endogenous variables in the final structural model.

Table 6.21 Standardised Effects and SMCs of the Final Structural Model

Effect Type	Endogenous Variables	Exogenous Variables		
		Advertising Efforts	Word-of-Mouth	Service Performance
Direct Effect	Brand Associations	0.26	0.24	0.53
	Escapism	0.19	0.12	0.34
	RSS	0.02 (NS)	0.11	0.82
	EE & SA	0.17	0.16	0.36
	Brand Loyalty	-	-	-
	Overall Brand Equity	-	-	-
Indirect Effect	Brand Associations	-	-	-
	Escapism	-	-	-
	RSS	-	-	-
	EE & SA	-	-	-
	Brand Loyalty	0.16	0.17	0.59
	Overall Brand Equity	0.13	0.14	0.49
Total Effect	Brand Associations	0.26	0.24	0.53
	Escapism	0.19	0.12	0.34
	RSS	0.02 (NS)	0.11	0.82
	EE & SA	0.17	0.16	0.36
	Brand Loyalty	0.16	0.17	0.59
	Overall Brand Equity	0.13	0.14	0.49
SMC	Brand Associations	0.66		
	Escapism	0.26		
	RSS	0.77		
	EE & SA	0.29		
	Brand Loyalty	0.73		
	Overall Brand Equity	0.70		

Note: RSS: Relaxation, Sense perception & Safety; EE & SA: Ego-enhancement & Self-accomplishment
NS: Non-significant at the 0.05 level

In the structural model, direct effects between the three exogenous variables and four brand image variables, that is, brand associations and the three quality of experience factors, were observed. Indirect effects occurred between the three exogenous variables and brand loyalty and overall brand equity. All the indirect effects captured in the structural model were statistically significant. However, it was noteworthy that advertising efforts and word-of-mouth exhibited a greater influence on brand associations than on quality of experience. By comparison,

service performance had a predominant effect on "relaxation, sense perception &

safety." It had a lower effect on brand associations, then on "ego-enhancement &

self-accomplishment" and the least effect on escapism.

SMC statistics are reported in this section to indicate how much the predictor

variables accounted for the dependent variables. In an illustration of statistical

power for analysis in behavioural sciences studies, Cohen (1988) recommended

SMC values of 0.01, 0.09, and 0.25 to represent small, medium, and large

variance, respectively. In this study, all endogenous variables are successfully

explained to a large extent. This was considered valid and convincing evidence

that exogenous variables in the model accounted for the major part of variance

among endogenous variables, thus guaranteeing the predictive validity of the

model.

6.9 Relative Importance of Exogenous Variables on Endogenous Variables

This section discusses the relative importance of indirect experiences of business

travellers staying at luxury hotels driven by advertising, word-of-mouth, and

direct experiences originating from service performance. The comparison

between direct and indirect experiences of brand equity was conducted by

observing the total standardised effects of the three exogenous variables on

endogenous variables of brand associations, brand loyalty, overall brand equity,

and quality of experience, the last of which was further broken down into the

three underlying factors of escapism, "relaxation, sense perception & safety,"

and "ego-enhancement & self-accomplishment." **Table 6.21** has presented the corresponding standardised total effects for endogenous variables.

In terms of the search and experiential components of brand image (brand associations and quality of experience), direct experience resulting from service performance was found to outperform indirect experiences derived from advertising and word-of-mouth communications. The largest gap with respect to the comparative ability of direct and indirect experiences to influence brand image was found when the "relaxation, sense perception & safety" factor was placed as the dependent outcome. In the model, the path parameter from service performance to this experience factor was 0.82, whereas the other two paths from advertising efforts and word-of-mouth were non-significant and much less significant, respectively.

Total effects of the three exogenous variables on brand loyalty and overall brand equity were mediated by brand image. In a similar vein, customers' direct experience of hotel service performance was found to have a greater effect on brand loyalty and overall brand equity than indirect experience from advertising and word-of-mouth. This finding indicated that luxury hotel brand loyalty and overall brand equity for business travellers were mainly ascribed to direct experience of service performance.

6.10 Mediating Effects of Quality of Experience

Mediating effects of the quality of experience construct on the relationship between service performance and brand loyalty and overall brand equity were examined. The tests followed the procedure suggested by Baron and Kenny (1986), who suggested that three corresponding conditions must be satisfied to support the presence of a mediating effect: 1) the independent variable significantly affects the mediator; 2) the independent variable significantly affects the dependent variable; and 3) the independent variable and mediator are significantly related to the dependent variable. Further, if the added direct path from independent variable to dependent variable is non-significant, then the mediator incurs a complete mediating effect. If the added direct path remains to be significant, then partial mediating effect takes place.

As indicated in the foregoing section, the quality of experience factors contributed significantly to indirect effects of service performance on brand loyalty. An additional path from service performance to brand loyalty was thus included in the structural model, but was found to be non-significant ($\gamma = 0.15$; t-value $= 1.38$). It was thus concluded that quality of experience completely mediated the relationship between service performance and brand loyalty in the final structural model, involving all constructs.

However, the final structural model, free from the suppression effect, indicated no direct relations between quality of experience factors and overall brand equity. Therefore, it was decided to sort out service performance, quality of experience

factors and overall brand equity from the sophisticated structural model and test the mediating effect in a simplified structural model. In this case, service performance was considered the independent variable for the test and overall brand equity was treated as the dependent variable. **Table 6.22** shows that all three conditions were established. With overall brand equity as the dependent variable, there was an evident reduction in the effect of service performance on overall brand equity in the simplified structural model. As the relationship between escapism and overall brand equity was shown to be non-significant when the other two experience factors were included, a further individual mediating test was conducted. In contrast, the path from escapism to overall brand equity remained significant (t-value = 3.22). The link between service performance and overall brand equity was significant, though to a lesser extent, thus indicating the former to have a partial mediating effect. Additional individual tests were also performed for the other two experience factors, and consistent results were obtained. It can thus be concluded that quality of experience is a partial mediator between service performance and overall brand equity in the simplified structural model.

Table 6.22 Mediating Effects Testing of Quality of Experience (Dependent Variable: Overall Brand Equity)

Model	Condition 1	Condition 2	Condition 3	Conclusion
Simplified	SP=>ESC 0.47 (9.06) SP=>RSS 0.87 (18.50) SP=>EE & SA 0.50 (9.06)	SP=>OBE 0.59 (13.75)	SP=>OBE 0.23 (2.05) ESC=>OBE* -0.06 (-1.25) RSS=>OBE 0.26 (2.66) EE & SA=>OBE 0.37 (7.63)	Partial mediation

Note: t-values are in brackets
SP: Service performance; OBE: Overall Brand Equity
ESC: Escapism; RSS: Relaxation, Sense perception & Safety
EE & SA: Ego-enhancement & Self-accomplishment
*the paths changed to its significance when tested individually in the mediation models

6.11 Invariance Test

Contemporary academia has shown an apparent tendency toward cross-cultural research, because culture is posited to have a fundamental influence on perceptions and preferences of human beings. Past research has successfully examined the vital role of culture in the service evaluation process (A. S. Mattila, 1999b). The Hong Kong hotel industry has experienced a relatively stable influx of both Western and Asian business travellers. A study conducted a decade ago (Choi & Chu, 2000) indicated that the overall satisfaction and perceived service quality of the Hong Kong hotel industry was somewhat culture bound.

This study investigates customer-based brand equity in the luxury hotel industry with a sample of business travellers from a wide range of countries-of-origin, some of which were Western countries and others Asian. Business travellers who were originally from Western countries or regions were coded as Western travellers and those from Asian countries or regions were coded as Asian travellers.

A stringent invariance test was performed to discover influences of culture in a detailed manner. Before the large-scale invariance test, an individual structural model test (Kashyap & Bojanic, 2000; Kyle, Bricker, Graefe, & Wickham, 2004; Yoo & Donthu, 2001) was conducted to ensure validity of invariance tests and group comparisons.

To detect invariance, a comparison of the chi-square fit between a constrained model and an unconstrained model is by far the most popular and statistically powerful test. An unconstrained model requires every parameter in the model to be specified as varying across groups or samples, whereas a stringent constrained model imposes invariance restrictions on factor loadings, error variances, and factor variance-covariances (Φ/ψ) in measurement models, structural path parameters (β) in structural models, respectively (Bollen, 1989; Schmitt & Kuljanin, 2008; Yoo, 2002). There are three levels of factorial invariance for a measurement model: metric invariance (λ), scalar invariance, and strict factorial invariance. Metric invariance across groups is a minimal requirement "for testing mean differences in individual observed variables" (Yoo, 2002, p. 358), and its satisfaction guarantees the validity of multi-group analysis, which entails use of the same constructs or variables. Second and third level invariance centres on intercepts of variables and unique variances, in addition to metric variance.

Here, the metric measurement invariance test and structural invariance test were applied across the two ethnic groups. A series of partial metric invariance models followed if a full metric invariance model (H_0: $\lambda_1 = \lambda_2 = \lambda_3 = \cdots\cdots\cdots\lambda_g$) could not be achieved (Byrne, 2006; Byrne, Shavelson, & Muthen, 1989; Steenkamp & Baumgartner, 1998; Yoo & Donthu, 2001).

The results revealed that factor loadings varied across the two groups (**Table 6.23**). The chi-square difference between factor loadings of the constrained model and the fully unconstrained baseline model was statistically significant ($\Delta\chi^2 = 103.26$, Δ df = 27). However, CFI values were not significantly different,

which successfully met the criterion that the CFI difference should be less than .05 to prove model equivalence (Little, 1997). The second step explored structural coefficient (weight) patterns of the two groups. This step revealed a non-significant chi-square value of the structural coefficients between the full constrained model and the non-constrained model ($\Delta \chi^2 = 26.26$, Δ $d.f. = 17$). The CFI value was stable at .97.

Table 6.23 Invariance Tests of the Overall Model

Competing Models	χ^2	d.f.	$\Delta \chi^2$	Δ d.f.	RMSEA	CFI
Baseline model (no constraints)	3,662.92	1,146	-	-	.078	.97
Step 1: Metric equivalence	3,766.18	1,173	103.26	27	.078	.97
Step 2: Structural coefficient equivalence	3,792.44	1,190	26.26	17	.078	.97
Partial Metric Invariance Model (partially constrained)	3,666.39	1,162	3.47	16	.078	.97

To locate the source of inequivalence in the measurement model, a partial measurement invariance test was conducted. The chi-square difference between the factorial constrained model and the unconstrained model with one degree of freedom was observed for each indicator or item. A partial metric invariant model was finally achieved ($\Delta \chi^2 = 3.47$, Δ df = 16).

The significance of structural paths of the two separate models for hypothesis testing is presented in **Table 6.24**. First, apart from the suppressed relationships, three path coefficients (AE => RSS; WOM => ESC; WOM => EE & SA) were found to be non-significant at the .05 level for the Western group of business travellers using luxury hotels. For the Asian group, there were five non-significant relationships (AE => ESC; AE => RSS; AE => EE & SA; WOM => ESC; ESC => BL). Second, a comparison of significance across the groups showed that advertising campaigns run by luxury hotels had no effects on construction of experiential brand image for Asian business travellers. In contrast, advertising efforts played a significant role in establishment of the two experiential brand image attributes for Western business travellers. Additionally, word-of-mouth communications were found to have influences on "relaxation, sense perception and safety" among Western travellers only. For Asian travellers, escapism rooted in quality of experience was not a predictor of brand loyalty. Third, a further comparison of the structural paths indicated that the Asian group relied on evaluation of service performance to assess brand loyalty more than their Western counterparts. Finally, the relationships between endogenous variables (brand image and brand loyalty, and brand loyalty and overall brand equity) were more significant for Western than for Asian business travellers staying at luxury hotels.

To conclude, the customer-based luxury hotel brand equity for business travellers was found to be somewhat culture bound. Asian travellers differed from their Western counterparts on relative effects of indirect experience and direct experience in determining brand image and equity. International luxury hotel

chains may develop corresponding marketing management and branding

strategies for retaining their business travellers across continents.

Table 6.24 Hypotheses Testing across Ethnic Groups

		Results			
Hypotheses and Paths		**Western**		**Asian**	
		Standardised Coefficient	**Sig***	**Standardised Coefficient**	**Sig***
H1	AE => BA	0.31	S	0.20	S
H2a	AE => ESC	0.24	S	0.08	NS
H2b	AE => RSS	0.05	NS	-0.01	NS
H2c	AE => EE & SA	0.18	S	0.09	NS
H3	WOM => BA	0.24	S	0.24	S
H4a	WOM => ESC	0.11	NS	0.12	NS
H4b	WOM => RSS	0.10	S	0.12	S
H4c	WOM => EE & SA	0.09	NS	0.26	S
H5a	SP => ESC	0.30	S	0.47	S
H5b	SP => RSS	0.79	S	0.84	S
H5c	SP => EE & SA	0.30	S	0.47	S
H6	SP => BA	0.45	S	0.64	S
H7	BA => BL	0.32	S	0.24	S
H9a	ESC => BL	0.11	S	0.06	NS
H9b	RSS => BL	0.38	S	0.32	S
H9c	EE & SA =>BL	0.38	S	0.35	S
H11	BL => OBE	0.87	S	0.78	S

Note: AE=Advertising efforts, WOM=Word-of-mouth, SP=Service performance
BA=Brand associations, BL=Brand loyalty, OBE=Overall brand equity
ESC=Escapism, RSS=Relaxation, Sense perception & Safety
EE & SA=Ego-enhancement & Self-accomplishment
QOE=Quality of experience
Sig: Significance at the .05 level; S: Significant; NS: Non-significant

6.12 Summary

This chapter presents the findings from a series of analyses of the main survey data. Structural equation modelling was used to process the data in a rigorous systematic manner. The process commenced with a data screening process to examine normality and missing values, the results of which guided the subsequent selection of data analysis techniques. The characteristics of the sample were then reported. A comparison of the sample's characteristics with those in the literature indicated the representativeness of the sample data. The lack of statistical differences across different data collection venues or luxury hotels further validated the appropriateness of conducting the subsequent data analyses on the whole dataset.

The CFA models for the seven first-order constructs, including exogenous variables (advertising efforts, word-of-mouth, and service performance), quality of experience, and other endogenous variables (brand associations, brand loyalty, and overall brand equity), were calculated collectively. The results showed four constructs (advertising efforts, word-of-mouth, brand associations, and overall brand equity) were uni-dimensional and three constructs (service performance, quality of experience, and brand loyalty) were multi-dimensional. Service performance was shown to have three underlying dimensions, which met the recommendation of Brady and Cronin (2001). Quality of experience was conceptualised as a construct with three facets that were highly likely to contribute to experience brand image attributes. The three dimensions were escapism, "relaxation, sense perception & safety," and "ego-enhancement & self-

accomplishment." Brand loyalty had two dimensions representing attitudinal and behavioural manifestations of loyalty. A single-factor model did not fit the data well, indicating that common method variance was not a problem.

After satisfaction of the overall measurement model, a structural model that included nine first-order constructs was tested. The three dimensions of quality of experience were treated as three first-order constructs in the model. Effect analyses were then carried out for exogenous and endogenous variables. Mediating effect of quality of experience on the relationship between service performance and the two endogenous variables, brand loyalty and overall brand equity, was confirmed. The hypothesised path relationships were corroborated to a great extent by the structural model. Finally, an invariance test was conducted between data from Western business travellers and Asian business travellers, and the results showed a partial metric invariance and some corresponding non-equivalence of structural path coefficients across the groups.

CHAPTER 7. DISCUSSIONS AND IMPLICATIONS

This chapter reviews data analysis results for the main survey and discusses them with reference to relevant past studies in the literature. As the main theme of the study is customer-based brand equity, the structure of brand equity is elaborated first, followed by a discussion of the experience concept developed to advance consumer behaviour research also. The antecedents of brand equity, or the three exogenous variables in the research model, are discussed thereafter. The chapter then reviews the hypotheses and illustrates the theoretical foundations for support or rejection. It reveals the relative effects of direct experience (advertising efforts and word-of-mouth) and indirect experience (service performance) and the mediating effect of quality of experience, which relates antecedents of service performance to outcomes of brand loyalty and overall brand equity. A discussion is then presented of similarities and dissimilarities between Western and Asian business travellers. The theoretical contributions to the literature are then detailed, and managerial implications for the luxury hotel industry are summarised.

7.1 Brand Equity

This study has sought to investigate brand equity at the customer level (Franzen, 1999), and adopted the approach of cognitive psychology (Erdem & Swait, 1998) to examine brand equity and its components. The research context, designed to investigate the business travellers segment of the luxury hotel industry, stressed service brand equity as the cornerstone of marketing efforts and service performance (Berry, 2000). The focus is to employ a rigorous psychometric

approach to develop a conceptual model that explores the effects of advertising efforts, word-of-mouth, and service performance on brand equity and its components.

The first component of brand equity is brand associations. As by definition it stands for anything linked in memory to a brand (Aaker, 1991), this study uses search attributes of luxury hotel brand image for this construct. The search attributes cover generic brand characteristics, brand symbol or logo, physical appearance, history and reputation, and location. They appear to represent the tangible brand associations suggested by Hankinson (2005) or the cognitive image components identified by other brand image researchers (Boulding, 1956; Peter & Olson, 1999). They also signify brand information that business travellers acquire from external information searches (Murray, 1991). These search attributes should thus be given first priority by luxury hoteliers in communicating with business travellers to establish brand associations.

Quality of experience, the second component of brand equity, was developed to represent experience brand image attributes (Nelson, 1970). This study, with its attempts to link brand equity with customer experience, successfully inputs experiential attributes into conceptualisation of brand equity. This was considered especially significant for the understanding of service brand equity (Berry, 2000) in which customer experience plays a dominant part in modern days. A detailed discussion of the structure of quality of experience is presented in the next section ("quality of experience").

Brand loyalty is the component that determines brand equity (Aaker, 1991; Yoo et al., 2000), and has been researched using a two-component solution that comprises behavioural and attitudinal manifestations of loyalty (Chaudhuri & Holbrook, 2001; Taylor et al., 2004). This study adds further weight to the importance of these two components. The behavioural loyalty items indicated business travellers' future purchase behaviour intentions in relation to a certain luxury hotel brand (Chaudhuri & Holbrook, 2001), and the attitudinal loyalty items encompassed emotional attachment to a brand and willingness to pay a higher price for it compared to competing brands. Concentrating on only one component may fail to capture brand loyalty in its entirety, from both short-term and long-term perspectives. Business travellers may switch to another luxury hotel brand for corporate reasons or some other considerations, but they may still be emotionally attached to a brand to some extent. Conversely, even if they do not have high emotional attachment to a certain brand, they may still intend to purchase its luxury hotel services in the short term.

Overall brand equity reflects the added value of a focal branded luxury hotel over other hotels. Yoo and colleagues (Yoo & Donthu, 2001; Yoo et al., 2000) developed a valid and reliable four-item measure scale for overall brand equity. Kim and Kim (2007) successfully applied the scale items to assess overall brand equity in their study of mid-price hotel chains in the United States. This study used four items adapted from their work and found the items to be reliable, with high loadings on to the factor. The items, with their emphasis on the unique significance of brand name, were found to satisfactorily measure luxury hotel brand equity in a holistic manner.

7.2 Quality of Experience

This study conducted both EFA and CFA on the quality of experience construct. The results indicated three factors that collectively explained the quality of experience perceived by business travellers, of their luxury hotel stays. They were escapism, "relaxation, sense perception & safety", and "ego-enhancement & self-accomplishment", which together consisted of 12 items in total.

Tourism researchers have long attached importance to the tourism motivation of escapism (Crompton, 1979; Dann, 1977). Similarly, leisure scientists have asserted that the search for escapism is rooted in the need for a satisfactory and memorable leisure life and experiences (Iso-Ahola, 1982; Iso-Ahola & Allen, 1982). Pine and Gilmore (1999) emphasised that appreciating the need for escapism aids the understanding of the experience economy. Oh et al. (2007) applied the experience economy concept to the bed and breakfast lodging industry and suggested that the escapism perceived by guests contributed to their overall experience. The results from the data analysis in this study show that this is true not only of bed and breakfasts (Oh et al., 2007) but also of luxury hotels. Although some of the business travellers considered luxury hotels to be part of a mundane environment that allowed them to work on their business objectives, the fact that hotels differ in time and place from home can still be viewed as an ideal experiential atmosphere for escapism by business travellers. For this reason, escapism was concluded to be one of the experiential dimensions reconciling with brand equity factors.

The second dimension of quality of experience extracted was named "relaxation, sense perception & safety." The three sub-dimensions were found to be highly correlated with each other, and were consequently merged into a single composite experiential outcome. In Pearce (1988) and Ryan's (1998) reappraised Travel Career Ladder, relaxation, the biological need for bodily reconstitution, was placed at the bottom. Regardless of which version of the Travel Career Ladder is used, relaxation is believed to be a minimum requirement for tourists and travellers. Zhang and Lam (1999) validated the position of relaxation as an essential push factor in their study of the motivation of mainland Chinese tourists to visit Hong Kong. Dubé and Renaghan (1999) corroborated the importance of a restful, relaxed, and comfortable stay for business travellers in hotels. In this study, relaxation was also identified as a key psychological need in the luxury hotel industry, the accomplishment of which helps luxury hotel firms to establish a positive brand image among target business travellers. Sense perception is also perceived to be a necessary part of the luxury hotel consumption experience. This echoes the theme underlying the concepts of experience marketing (Schmitt, 2003) and hedonic consumption (Hirschman & Holbrook, 1982). Following this line of reasoning, marketers are recommended to appeal to the multiple senses of customers to garner business. It seems to be a common value among luxury hotel companies to create a spirit of sumptuousness and glamour, and the truly luxury hotel brands thus make every effort to please sense perceptions of their guests. Finally, there is no doubt that safety contributes greatly to the concept of the consumption experience of luxury hotels. Otto and Ritchie (1996) found that personal safety and privacy was one of the four most important elements of hotel

service experience. The importance of safety for business travellers in the luxury hotel industry has been demonstrated (Mattila, 1999a). The results of this study suggests that it is only when their safety needs are fulfiled that business travellers return to stay in luxury hotels, indicating that luxury hotels need to fulfil safety needs of business travellers more as a survival strategy rather than a differentiation strategy. The "environmental bubbles" (Cohen, 1972) created by luxury hotels can help satisfy safety needs of international business travellers. These guests travel long distances and need a secure lodging place for a provisional rest.

The third factor of experience is "ego-enhancement & self-accomplishment." Maslow (1943) placed these elements at relatively high levels of the human needs hierarchy, and considered them to be the ultimate goals for human beings when their experience increases. Ryan (1998) reappraised the needs hierarchy and suggested that there is every possibility in the tourism context for coexistence of various needs, not just the two included in this factor. Ryan further implied that these needs coexist with other experience factors in real-world situations, although they were rated not as highly as the "relaxation, sense perception & safety" factor by survey respondents. Ego-enhancement was first identified in Dann's (1977) early exploratory motivation research. In sociological parlance, ego-enhancement is often described in terms of social status, in that there is a theoretical tendency for people to desire a higher status than those to whom they feel superior (Dann, 1977). Wang (1999) stressed that according to the postmodernism theory, self-making and self-identity thrive in tourism experiences. The literature also supports existence of this kind of experiential

need for top end hotels. Nasution and Mavondo (2008) found that prime (luxury) hotels were perceived to be more prestigious than standard hotels and budget hotels. In this study, this perception was also found to be vital to understanding of consumption experience of luxury hotels among business travellers. Self-accomplishment is another sub-dimension in the same experience factor that occurs at the highest level of Maslow's (1943, 1970) hierarchy of human needs. With supporting functional facilities and a suitable physical environment, luxury hotels can facilitate business activities that deliver a sense of accomplishment to business travellers (A. S. Mattila, 1999a). This idea was substantiated by this study, which found the need for self-accomplishment to be a key element of luxury-hotel consumption experience.

The three-factor solution of quality of experience was proved to be suitable for the context of luxury hotels. In fact, researchers tapping into the subject of experience have always struggled to find a configuration that is applicable across different contextual situations. This is partly due to the uncertain definition of the experience concept, and partly due to adoption of different sampling methods, settings, and respondents in empirical tests. For example, Otto and Ritchie (1996) identified the factors of peace of mind and recognition, which share similar values with safety and ego-enhancement in the factor solutions in this study. The sense perception and aesthetics factors in Chang and Chieng (2006), Oh et al. (2007), and Yuan and Wu (2008) are also similar to the results of this study. In a recent study of the cruise experience, Huang and Hsu (2010) successfully disentangled the experience construct into the six dimensions of learning, relaxation, self-reflect, fitness, family, and people. By comparison, this study,

with its contextual focus on luxury hotels, found that only relaxation and self-reflection (esteem) in the cruise experience described experiences for business travellers, and found the other experience factors to be less adaptable to the luxury hotel context.

The three-factor quality of experience construct contains the six sub-dimensions of escapism, relaxation, sense perception, safety, ego-enhancement, and self-accomplishment found in the literature. These dimensions have been well documented in previous studies that examined tourism motivation, consumption experience, tourism psychology and sociology, and marketing management and consumer behaviour theories. In this study, the separate experience factors that may have been perceived by luxury hotel guests to be strongly correlated have been grouped into a single factor. For example, business travellers who perceive a sense of luxury while staying at hotels may also enjoy feelings of security and relaxation. This study also found that stays at luxury hotels are able to boost self-esteem and self-accomplishment for business travellers. The high social status as reflected by luxury hotels can help hotel guests achieve their business objectives. In fact, the cumulative experience tapped by this study showed more generic experience in the experiential brand image of luxury hotel guests.

7.3 Antecedents of Brand Equity

The focus of the study was to deliberate upon how brand equity for luxury hotels is generated among business travellers. In the structural model, three exogenous variables were posited to play a role in leading brand image toward brand equity:

advertising efforts, word-of-mouth, and service performance. The first two represent indirect experience and the last direct experience.

7.3.1 Advertising Efforts

Perceived advertising expense has been used as a proxy for advertising efforts of branded luxury hotels (Villarejo-Ramos & Sanchez-Franco, 2005; Yoo et al., 2000). The scale for perceived advertising expense (or advertising efforts) was proven to be reliable and valid. The measurement scale was found to match the study design of researchers such as Villarejo-Ramos and Sanchez-Franco (2005), who included construct items to elucidate advertising efforts both quantitatively and qualitatively.

Hotel websites appeared to be the top advertising platforms on which business travellers rely for obtaining information about luxury hotel brands. This seems to be an effective advertising tool due to its instant communication and information transmission capabilities (Mattila & Mount, 2003; Mills & Law, 2004). Magazines were the next most popular medium referred to by the respondents. Luxury hotel companies often communicate with guests in certain thematic magazines to attract their attention and convey information.

7.3.2 Word-of-Mouth

The aim of including this factor was to understand what friends, relatives, or colleagues said about luxury hotel brands specified by the survey respondents.

All the three items in the scale obtained high factor loadings in the CFA, indicating the importance of positive information conveyed by word-of-mouth for luxury hotel brands. Luxury hotel guests were found to share and communicate information in different cultural and social networks. In tandem with advertising efforts, word-of-mouth appeared to be an effective channel for producing indirect experience among luxury hotel customers. Similarly, luxury hotel guests could rely on word-of-mouth to gain knowledge of a luxury hotel brand and to evaluate or select a brand.

7.3.3 Service Performance

The concept of service performance was also investigated in the luxury hotel setting. Extant literature has reported different outcomes of evaluation of service performance in luxury hotels. The CFA results produced a measurement scale for service performance that included 13 items that successfully reflected three underlying factors: service interaction, service environment, and service outcome (Brady & Cronin, 2001). Barsky and Labagh (1992) found employee attitude to be the most important factor in assessment of customer satisfaction in the hotel industry. Gundersen et al. (1996) further emphasised the importance of employee willingness and ability to provide service in determining hotel service performance. Business travellers surveyed in this study thought luxury hotels they had specified performed well in delivering reliable, rapid, and professional service. The environmental dimension of the second factor conformed to some related past studies (Sim et al., 2006). The "servicescape" has been proposed to depict the environment in which services are rendered (Bitner, 1992; Grace &

O'Cass, 2004). It was noted from the results that luxury hotels were considered to have a reasonable "servicescape" by business travellers. The third service performance factor was service outcome, which was measured by waiting time and tangible facilities. The technical and functional attributes of service performance have been well validated in past research (Czepiel et al., 1985; Grönroos, 1984); research on this subject in the hotel industry has provided empirical evidence highlighting this factor. In Bowen and Shoemaker's (1998) study, "the hotel provides upgrades when available" was rated as the top factor in engendering loyalty, followed by "you can check in and check out at a time that suits you" and "you can request a specific room." In addition, "the hotel provides upgrades when available" was rated top in terms of loyalty but not in terms of service performance. This study found customer satisfaction with tangible and functional service performance of branded luxury hotels to be acceptable. Mei et al. (1999) asserted the importance of tangible dimensions as a significant predictor of overall service quality, and Dubé and Renaghan (2000) and Chu (2002) placed emphasis on the tangible dimension of guest-room quality. Griffin et al. (1996) listed the functional facilities that contribute to service performance in the hotel industry.

The reliable and valid measurement scale developed in this study appears to be highly compatible with the Nordic service performance paradigm (Czepiel et al., 1985; Grönroos, 1984; Lovelock, 1985) and the American service performance paradigm (Knutson et al., 1990; Parasuraman et al., 1985; Stevens et al., 1995). In tune with the American line of thought, this study provides additional valid evidence to support the "SERVPERF" instrument, a performance-based

instrument (Cronin & Taylor, 1994) that reflects service perceptions and predicts customer satisfaction.

7.4 Structural Relations

7.4.1 Effects of Advertising Efforts on Brand Associations and Quality of Experience

This section discusses results of hypotheses on the positive relationship between advertising efforts and brand image attributes as represented by brand associations and quality of experience. The hypothesis linking advertising efforts and brand associations was endorsed, but that linking advertising efforts positively with quality of experience was only partially supported. The effect of advertising efforts on "relaxation, sense perception & safety" was rejected in the final model.

Effect of advertising efforts in the luxury hotel industry on projection of brand image has previously been proven (Yoo et al., 2000). This study validated the effect of the distinct mechanisms of advertising communication, such as precipitation, persuasion, reinforcement and reminder (Ehrenberg, 1974; Sheth, 1974) based on cumulative experiences of luxury hotel stays among survey respondents. In terms of the long-term advertising formats used by luxury hotel chains, technology-savvy business travellers appeared to depend mainly on the Internet, where many advertising messages are posted by luxury hotel brands.

The findings of this study also parallel those of the seminal advertising framework of Vakratsas and Ambler (1999). The cognitive, affective, and experiential responses of customers to exposure to advertising inputs contained in the framework were successfully verified in the results of this study in the context of luxury hotels. Cognitive advertising responses represented the perception of search brand image attributes (Nelson, 1970). Affective and experiential advertising responses were reflected in the construct of quality of experience, which was developed to represent experience brand image and reinforcement of experiential feelings (Nelson, 1970).

It is believed that advertising campaigns by luxury hotels have a greater effect on brand associations of business travellers than their brand experiences. The information arising from advertising efforts focuses more on search attributes, such as brand symbol and logo, physical appearance, reputation, history, and location. In this study, these were both the search brand information disseminated by advertising efforts of luxury hotels and those successfully recollected by customers who had been exposed to the advertising campaigns. The results indicated that there was no significant relationship between advertising efforts and the experience factor "relaxation, sense perception & safety." This experiential brand image factor is mainly attributed to quality service (Choi & Chu, 2001). It is so basic that few luxury hotel chains would feature it in their advertisements.

This study was a valid research attempt to authenticate the economic marketing power of advertising. The results indicated that advertising functions as a brand

image motivator, leading to brand loyalty, which affects market share and market value. This corroborates the essence of the classical "hierarchy of effects" model (Lavidge & Steiner, 1961).

7.4.2 Effects of Word-of-Mouth on Brand Associations and Quality of Experience

Two hypotheses were developed to relate word-of-mouth to brand associations and quality of experience in luxury hotels in their representations of distinct brand image attributes. Both tangible brand associations and subjective experiences are important outcomes of word-of-mouth communications for luxury hotels.

These results are in line with propositions of Berry (2000), who considered word-of-mouth as an external information source that nurtures service brand equity. Luxury hotels are typical examples of this process in the service industry. This study has applied this concept to a more comprehensive theoretical model and tested it in the research context of luxury hotels with focus on business travellers. Word-of-mouth communication with brand referrals are effective in projecting brand image (Laczniak et al., 2001). It proved to be a common practice among guests surveyed to convey brand information and share subjective experiences with their relatives, friends, and colleagues. By comparison, indirect guest experience through word-of-mouth determined brand associations in a more significant manner than quality of experience. In this regard, it played a role similar to advertising in establishing brand image for

business travellers and helping them to understand and assess luxury hotel brand equity.

An auxiliary assessment comparing the effect of advertising efforts with that of word-of-mouth on brand image showed a particular influence on brand associations. The final structural model also revealed advertising efforts to have a marginally stronger effect than word-of-mouth on projection of search brand image attributes. Derbaix and Vanhamme (2003) explained that the power of word-of-mouth is due to the credibility and reliability of the sources and the direct manner of communication. Brown and Reingen (1987) quantified the stronger effect of word-of-mouth, compared to advertising communications, in a broader social network. However, word-of-mouth did not seem a particularly strong information source for luxury hotel guests to further their understanding of brand equity, compared with advertising, which is under the control of the hotel in question. Referral marketing strategies and advertising campaigns shared similar strategic significance in retaining search image attributes-based brand associations for business travellers in luxury hotels.

In terms of quality of experience, advertising was more influential in determining escapist experience than word-of-mouth. Word-of-mouth was a unique indirect information source for business travellers to develop and reinforce brand image in the areas of relaxation, sense perception, and safety experiences. Ego-enhancement and self-accomplishment perceptions were attributed to both advertising efforts and word-of-mouth at the same level. Again, a marked difference was noted in relative effects of advertising efforts and word-of-mouth

in recollection of relaxed, safe, and multi-sensory experiences by business travellers staying at luxury hotels.

7.4.3 Effects of Service Performance on Quality of Experience and Brand Associations

Investigation of the effect of service performance on brand image involved tests of two separate hypotheses that proposed that the effects of service performance on brand associations and on quality of experience were positive and significant. The results revealed significant presence of the two effects. Compared with effects of advertising efforts and word-of-mouth, service performance was a more obvious brand information source for business travellers for interpretation of brand image and brand equity of luxury hotels.

In the service industry, customers depend heavily on direct perceptions of service performance of a company to determine their satisfaction and decide on future behaviour (Krishnan & Hartline, 2001). Reliance on internal information searches has been posited to determine customers' perceived brand meanings and brand equity of service-oriented companies that they have used (Berry, 2000). The luxury hotel industry is at the forefront of the service industry, and the brand image projected to guests is strongly rooted in service performance. Direct experience of luxury hotels appears to be a reliable and valid reference for establishment of positive brand image and consequently brand equity for business travellers.

In the current business climate, concentrating only on service performance to establish brand equity may not provide a comprehensive picture. This study includes quality of experience to represent brand image. The strong effect of service performance on the three experience components of the construct accords with the shift toward an experience economy. Along this line of thinking, experience has been documented as an extended economic form after commodities, products, and services (Pine & Gilmore, 1999). In the service industry, experience is what customers desire to obtain from their service consumption. The service environment and ambience, along with service actors (staff) and audience (customers), have been found to collectively determine service performance in precipitating customer experience in the luxury hotel industry (Caru & Cova, 2007b; Grove et al., 1992). In the modern hierarchical framework of service performance recommended by Brady and Cronin (2001), the valence sub-dimension, which belongs to the higher-order service outcome factor, was developed to replicate experiences valued by customers. Luxury hotels appear to be an alluring experiential context, or "experiencescape" (Mossberg, 2007), in which frequent travellers can create memorable brand experiences over many hotel stays. The number of service transactions delivered by hotels helps build customer-based brand image and equity (Brodie et al., 2006).

Brand associations that also follow service performance is another factor that validates the positive effect of service performance. The power of direct experience to drive perceived quality and brand associations has long been recognised in extant research (Singh et al., 2000). The literature contains reports

on several examinations of trial usage of service to generate preliminary brand cognition and attitude (Marks & Kamins, 1988; Smith & Swinyard, 1988). This study followed this rationale, but extended the concept and study design to the branding context. In other words, cumulative experiences originating from use of branded luxury hotels are also considered to be the drivers of the projection of brand image and establishment of brand associations. The positive association of service performance with a luxury hotel brand supports the brand equity proposition (Aaker, 1991).

7.4.4 Effects of Brand Associations and Quality of Experience on Brand Loyalty and Overall Brand Equity

This section discusses tests of five hypotheses relating to the broad concept of customer-based brand equity. Three of these hypotheses were supported and two were not supported. The supported hypotheses sought to establish the direct relationships between brand associations and brand loyalty, between quality of experience and brand loyalty, and between brand loyalty and overall brand equity. The rejected hypotheses attempted to capture the links between the two brand image constructs (brand associations and quality of experience) and overall brand equity.

The proposition that there are interrelationships between brand equity components and overall brand equity follows the brand equity conceptualisation framework of Aaker (1991). By convention, the proposition is more easily understood by determining the importance of individual components of the

concept to generate an overall abstraction. This study has not only revealed the positive effect of brand image attributes on brand loyalty for luxury hotel guests, but has also suggested the supremacy of brand loyalty in generating overall brand equity directly. The direct effects of brand associations and quality of experience on overall brand equity were diluted.

Brand equity's components follow a sequential pattern, from brand image to brand loyalty. Cognitive and emotional brand knowledge has been suggested to influence customer loyalty in many industries (Keller, 1993). The "hierarchy of effects" model (Lavidge & Steiner, 1961) can be extended to describe these sequential effects. Behavioural and attitudinal loyalty have been found to be meaningful upshots of interactions of brand image attributes (Franzen, 1999). In this study, quality of experience, which was developed as a separate construct, was the proxy of experience brand image attributes (Nelson, 1970). The socio-psychological needs embodied in this construct appear to be a valid and effective differentiator and value creator that moves customers towards brand loyalty decisions. This phenomenon is consistent with research conducted to examine the experience concept and its predictive power and validity (Brakus et al., 2009; Grove et al., 1992; Oh et al., 2007; Smith, 2004; Yuan & Wu, 2008). Brakus et al. (2009) successfully conceptualised a novel concept that they termed "brand experience," and found it to have a direct effect on brand loyalty, besides an indirect effect on brand loyalty through the mediating influence of brand personality. Another study of customer-based brand equity concurred, finding that destination brand loyalty is determined by destination brand experience (Boo et al., In press).

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A further comparison of standardised path coefficients of the relationships between brand image constructs and brand loyalty has some interesting implications. "Ego-enhancement & self-accomplishment" had the greatest ability to explain brand loyalty for business travellers in luxury hotels, followed by "relaxation, sense perception & safety," brand associations and escapism. Irrespective of specific business activities, business travellers are more likely to have higher visit intentions and emotional disposition toward a luxury hotel brand when they are well respected and their high social status is recognised by the hotel. The escapist hotel brand image may not contribute much to brand loyalty of business travellers since the main purpose of travellers is to complete their business activities; escapist leisure activities generate only temporary emotions and feelings. The escapism factor actually originates from leisure and recreation experience conceptualisations (Mannell & Iso-Ahola, 1987; Pine & Gilmore, 1999).

When overall brand equity was used as the dependent variable in the final structural model, the direct paths connecting it to brand associations and quality of experience vanished. Brand loyalty had a much stronger determining power, as indicated by its extremely significant t-value. This finding reinforces results of several related studies (Chang & Chieng, 2006; W. G. Kim et al., 2008; Kim & Kim, 2007; Yoo et al., 2000). For example, Yoo et al. (2000) adapted the same concepts to several product brands and concluded that multi-dimensional brand equity components significantly affected the overall brand equity. Further examination of the statistics in their structural model revealed a large t-value for

the structural parameter between brand loyalty and brand equity (15.46). In contrast, the other two parameters representing the effects of perceived quality and brand associations/awareness on overall brand equity remained significant but at marginal levels (t-values: 2.72 and 2.06). Results of Kim and Kim (2007) deviate from this to some extent, but found brand loyalty to have the most significant effect on overall brand equity. Although their findings are quite inconsistent with those of this study, they did suggest the relatively stronger power of brand loyalty on overall brand equity compared with other brand equity components.

In conclusion, the dependent variable of overall brand equity, which was developed to highlight the added value of a branded luxury hotel over other hotels, was found to be the direct outcome of brand loyalty only. However, it should be noted that brand loyalty was determined by brand image attributes originating from direct and indirect customer experiences. The suppression effects between brand image and overall brand equity may have been due to the study design, which produced a complicated theoretical model to give a complete picture of customer-based brand equity structure and its comprehensive predictors in the context of luxury hotels.

7.5 Relative Importance of Direct and Indirect Experiences in Developing Brand Equity

Direct experience with staff and the service environment in luxury hotels was the major determinant of brand image and brand equity for business travellers. In

other words, direct experience surpassed indirect experience for luxury hotel guests, not only in fulfilment of their socio-psychological needs but also in projection of search brand image attributes. Although advertising and word-of-mouth both generated significant effects on brand associations, service remained the most direct way in which business travellers obtained brand cognition centred on the search information. Further, service plays a more positive role in fulfilment of various needs given that it reflects the cumulative brand experience of business travellers more comprehensively than either advertising efforts or word-of-mouth individually. Finally, greater emphasis was placed on customer direct experience by hotel guests in determining loyalty and forming overall brand equity.

The dissimilar effect of direct and indirect experiences has been documented in past research. Smith and Swinyard (1988) and Marks and Kamins (1988) both showed experimental evidence that direct experience surpasses indirect experience. Wright and Lynch (1995) included information theory (Nelson, 1970) in their studies of the importance of the effect of advertising versus that of direct experience. Advertising was found to have more effect in shaping the search information available for customers, whereas direct experience was more effective in generating perceptions of experience information. However, all of the aforementioned research focused on application of the concepts in the context of product brands Whereas this study explored the subject specifically in the context of the service-dominant luxury hotel industry, and found direct usage experience and indirect usage experience to have different effects. The findings bolster those of Kemph and Smith (1998), who examined effects of experience

on diagnostic (hedonic) products. In their study, advertising was found to have less power to affect trial usage experience when the trial was highly diagnostic. The nature of hospitality service products is such that they definitely cause diagnostic experiences to occur.

Luxury hotel brands are emblematic service brands, and it would thus be better for customers to build real trust through direct consumption experiences, which may confirm, reinforce or adjust/reconcile indirect experiences. To cultivate service brand equity, understanding of invisible, intangible and inseparable service or experience of products is of vital importance for business success in the long term (Berry, 2000). The brand and external communications presented by luxury hotel chains lack the ability to offer reliable and tangible evidence of what the hotel brand really means, as compared with internal experience exchange. Their roles in determining brand equity rest more with their ability to arouse brand awareness and associations, and to reinforce brand image and equity with existing hotel guests.

7.6 Mediating Effects of Quality of Experience

The mediating effects of quality of experience in the relationship between service performance and brand loyalty and between service performance and overall brand equity were tested and were confirmed. Quality of experience factors mediated the relationship between service performance and brand loyalty completely in the final structural model, which included all constructs of interest. However, it only acted as a partial mediator of the relationship between service

performance and overall brand equity in the simplified model extracted from the more sophisticated final structural model. The simplified model only included the three constructs under investigation.

Cole and Illum (2006) examined the mediating role of festival visitors' quality of experience in the relationship between service performance and overall satisfaction and between service performance and behavioural intentions. Quality of experience as perceived by festival visitors was found to completely affect the dependent variables. Similarly, Kao, Huang, and Wu (2008) in their study of theme parks contended that experiential satisfaction is largely attributable to the indirect effect of service performance through quality of experience. Chan (2004) studied package tours and concurred with the notion that "customer satisfaction with tour experiences" mediates the relationship between "customer satisfaction with tour services" and behavioural intention. Yang and Chan (2008) conceptualised the relationships between service performance and customer satisfaction as mediated by the quality of experience in resort hotels. However, many of these studies on experience set the service in question as an exogenous variable, which excluded other external latent variables driving them, such as advertising efforts and word-of-mouth communications (Chang & Chieng, 2006; Oh et al., 2007; Tsaur et al., 2006; Yuan & Wu, 2008).

This investigation of luxury hotels lends further empirical weight to the mediating role of quality of experience in relationships among service performance, brand loyalty, and overall brand equity, which are the ultimate consequences of business travellers' frequent luxury hotel stays. The experience

brand image of luxury hotel guests is a valid hierarchical step that is influenced by hotel service and may in some ways predict brand loyalty. At the same time, experiential predisposition in the minds of business travellers partially mediates the way in which overall brand equity is established through services offered by luxury hotels. With these findings, this study contributes to the literature by confirming the mediating effect of quality of experience on the relationship between service performance and strategic behavioural and attitudinal outcomes.

7.7 Western Business Travellers versus Asian Business Travellers

It is possible that luxury hotels differ in their business and marketing strategies for targeting different customer segments, and yet "the widespread use of identical parameters has led to uniformity in the service offering among luxury hotel brands" (A. Mattila, 1999, p. 20). The cross-cultural approach to determining brand equity in this study allowed examination of differences between two major ethnic groups, Western travellers and Asian travellers, in the business segment of luxury hotels in terms of their perceptions of brand equity and how brand equity is achieved. The differing psychological value systems in different ethnic and cultural groups are likely to strongly influence the eventual psychographics reported by many studies (Hofstede, 1980).

In this study, a partial metric invariance model was adopted as a baseline model for testing the structural models across the two groups. The results have some implications that should be considered in fine tuning branding strategies for luxury hotel chains that target on business travellers on a global basis. It is

critical for luxury hotel corporations to monitor brand equity across different countries if the hotel company operates multi-units abroad (Kim & Kim, 2007).

Particularly, the results indicated that Asians did not relate advertising efforts of luxury hotel chains to their experiential brand image. Similarly, perceived quality of experience of luxury hotel brands appeared not to be the outcome of long-term advertising campaigns. Thus, brand advertisements used in Asian regions should perhaps include more search brand information, which may be more effective and cost-efficient in establishing brand image for business travellers. Among Western business travellers long-term advertising performed well, but word-of-mouth was found to generate only a partial experiential brand image. Perceived "relaxation, sense perception & safety," emanating from communications with friends and business colleagues, was the only experience factor stored in the memory of Western travellers. Their Asian counterparts considered the messages of such referrals to be a reliable source of experiential understanding, with focus on "relaxation, sense perception & safety" and "ego-enhancement & self-accomplishment." Luxury hotel chains should thus make every effort to build experiential brand images among Asian guests in the business segment as they might convey them to other potential guests. This study also found that escapism was not a determinant of brand loyalty among Asian business travellers. This reflects the greater achievement orientation of Asians in choosing luxury hotels for business purposes. The development and improvement of leisure options in luxury hotels created value only for brand image; it did not contribute to brand loyalty. In loyalty programmes, it is suggested to place less emphasis on

escapism items and programmes to attract and retain Asian business travellers using luxury hotel services.

To conclude, invariance tests conducted on results for Western and Asian business travellers demonstrated how different brand equity management and branding strategies should be used to develop and expand across continents. Business travellers from different ethnic backgrounds translate brand image and equity into different associations with respect to their personal values (A. Mattila, 1999). A more careful and discerning branding strategy with assignation of appropriate weights to different cultural backgrounds of customers may be invaluable for luxury hotel chains in the long run.

7.8 Theoretical Contributions

This study has achieved multiple research purposes, and meets the criteria for making a significant theoretical contribution by building and testing theories (Colquitt & Zapata-Phelan, 2007). It serves as a foundation for introduction of the concept of quality of experience with fresh perspective of focusing on customers' socio-psychological needs. It also builds theory by introducing quality of experience as a mediator in relationships between service performance and brand loyalty, and service performance and overall brand equity. Moreover, relationships among advertising efforts, word-of-mouth, service performance, and brand image or brand equity that were unexplored in previous theory-building works have been successfully investigated in this study. For example, Berry (2000) conceptualised relationships between related abstract concepts, but

did not provide details. In terms of theory testing, predictions of this study were grounded in the existing customer-based brand equity theory in the context of luxury hotels, but the existing theory was re-conceptualised by adding quality of experience to tap its importance to brand image. Each of the contributions of the study is reviewed in the following.

First, the concept of customer-based brand equity was identified by including experience factors developed to capture experience brand image attributes. The construct has been introduced in several frameworks in the past. Aaker (1991) deconstructed it into brand awareness, brand associations, perceived quality, and brand loyalty. Keller (1993) conceptualised the concept with a focus on attitudinal brand knowledge. Empirical studies, such as those of Kim, Jin-Sun and Kim (2008), Kim and Kim (2005), and Yoo and colleagues (Yoo & Donthu, 2001; Yoo et al., 2000), applied the concept and produced similar results in different hospitality and product brand settings. This study examined the customer standpoint of brand equity by including brand image and other constructs. Brand loyalty was also identified with the outcome of brand image, which is different from past study designs. Another contribution is the addition of quality of experience to represent experience brand image attributes. There appears to be limited research suggesting this theoretical approach in a complicated framework. Brakus et al. (2009) conceptualised the brand concept with the experience concept to form the new construct of brand experience, and further explored its power to predict various constructs. However, the overemphasis on perceived quality of service in the system of multi-dimensional brand equity was somewhat myopic. Here, brand image, along with brand loyalty,

included search information and experience information. This creates a reference point for future research into the theory of brand equity.

Second, this study makes significant contributions to exploration of the experience concept. The new theory commences with definition of quality of experience adapted to focus on fulfilment of multiple socio-psychological needs of customers on purchase of luxury hotel services and using brands. This definition evolved from a thorough critical review of a number of experience-related concepts, including experience marketing (Schmitt, 2003), the experience economy (Andersson, 2007; Carbone, 1999; Pine & Gilmore, 1999), consumption experience (Hirschman, 1984; Hirschman & Holbrook, 1982; Holbrook, 1994, 2006), tourism experience (Larsen, 2007; Prentice et al., 1998; Ritchie & Hudson, 2009), tourism motivation (Cohen, 1979; Crompton, 1979; Dann, 1981), leisure experience (Mannell & Iso-Ahola, 1987; Neal et al., 1999; Unger & Kernan, 1983), and brand experience (Brakus et al., 2009). Ritchie and Hudson (2009) recently developed a conceptual framework for understanding the meaning and challenges of tourism and consumer experience research. They suggested that understanding and providing quality of experience and then branding, marketing, and managing the delivery of experience contribute to creating a wholesome memorable experience. This study engaged in stringent conceptualisation and testing of this theory by using a mix of qualitative and quantitative methods. The instrument development design of the quality of experience construct followed the procedure recommended by Churchill (1979). The results, which revealed a three-factor solution of the construct to indicate brand image, replicate those derived with related theories (Rosenthal, 1991). This

new construct weaves together experience and brand equity concepts and is completely novel; it represents a radical departure from the existing work (Colquitt & Zapata-Phelan, 2007). New and original relationships were found by observing quality of experience factors and their determinants and effects in a detailed manner. Identification of the new construct and the associated novel relationships make this study a theory "builder" (Colquitt & Zapata-Phelan, 2007).

The third set of theoretical contributions emanates from investigation of the relative impact of competing marketing strategies (Rust et al., 2004) in a framework that unifies existing concepts with novel concepts. Little work has been carried out to research differences among functional strategies used in driving customer-based brand equity. Yoo et al. (2000) were the first to address the way marketing activities build brand equity for customers. However, the design and framework of this study differ from theirs in that this study includes new constructs and new relationships specific to the luxury hotel industry. Traditional research exploring direct and indirect experience has favoured the former in determining customer attitude and value due to its reliability (Hoch, 2002; Smith & Swinyard, 1983). This study has replicated the framework of Kemph and Smith (1998) in including both experiential and search attributes of brand image, but deviated in terms of the study design. It sought to discover perceptions of cumulative brand equity, whereas Kemph and Smith asked respondents to rate advertising before the trial usage of a certain product brand. Although hypothesised predictions of this study are grounded in existing models (Colquitt & Zapata-Phelan, 2007), it goes a step further to explain the

relationships in a broader social sense. The existence of brand experience for customers against the backdrop of the experience economy leads to a different understanding of marketing strategies. Wright and Lynch (1995) identified changes in advertising, word-of-mouth, and service function in conveying knowledge and creating experiences when product features were separated into search information and experience information (Nelson, 1970). The in-depth discussions in this study acknowledge that the development of brand image and brand equity are attributable to relative functions of modern marketing strategies.

Fourth, this study identifies the original indirect effects of service performance on brand loyalty and brand equity via experience perceptions. Although explicit examination of all underlying dimensions of the constructs is beyond the purpose of the study, it intentionally touched on the anatomy of quality of experience. Service performance was found to be one of the predictors of brand loyalty and overall brand equity with either the complete or partial mediation of perceived quality of experience. The mediating role of quality of experience indicates the methodological rigor and strong generalisability of this study.

Fifth, a further point of theoretical contribution is the observation of differences across the two ethnic groups of Western and Asian business travellers in terms of brand equity and quality of experience. The luxury hotel industry sets global targets for marketing strategies. The differences identified between the two groups help better understand customer attitude and behaviour. Some conformity was identified between the two groups in terms of the structure of luxury hotel brand equity and perceived quality of experience at the customer level. However,

the effect analyses were different. The results become more theoretically significant when culture and ethnic differences were fully taken into account to explain and analyse customer psychology (Hofstede, 1980).

In summary, this study empirically tested the plausibility of various concepts, including customer-based brand equity, quality of experience, advertising efforts, word-of-mouth, and service performance, in a fresh conceptual structural model. Structures of brand equity and quality of experience revealed advance both "theory building and testing" (Colquitt & Zapata-Phelan, 2007) and should provide a reference point for future work. The new relationships identified in the theoretical frameworks make a further contribution to the literature given the lack of similar studies.

7.9 Managerial Implications

Managerial implications of this study lie in decoding of the holistic hotel brand equity framework. A hotel brand is not built on advertising alone. It is driven by service delivery, word-of-mouth, and customer hotel experience. A better understanding of this mechanism will provide managers the knowledge necessary to draw a road map for brand management.

First, the effective consideration of quality of experience in luxury hotel brand management will help guests distinguish a hotel brand from its competitors. Hospitality practitioners have long tried to exploit subjective experiences of customers (Lewis & Chambers, 2000). This study further suggests the input of an

experiential marketing programme with emphasis on inclusion of socio-psychological needs in hotel brand equity management. In other words, luxury hotel companies will be able to positively affect brand equity by ensuring that their guests' socio-psychological needs are fulfiled during their stays. Although hotel managers often mention the need to capture guests' experiences, extant literature provides little guidance on how to develop hotel brands. By consulting the framework presented herein, luxury hotel managers will realise that they will achieve brand equity among customers when their experiential needs have been fulfiled. Luxury hotels capable of addressing their guests' socio-psychological needs will be in a competitive position in the marketplace, and will thus be able to create a successful and differentiated brand image and brand equity. Finally, this study underscores the managerial need to place more emphasis on brand loyalty, which stems from brand associations and quality of experience. Industry professionals should pay heed to the constitution of brand loyalty, which includes both attitudinal and behavioural components. These two dimensions of brand loyalty act as a weatherglass for the industry to indicate overall brand equity in the long run.

Second, luxury hotel managers need to devote serious thought to developing brand equity in a cost-efficient manner, based on direct and indirect experiences of customers. The results of this study provide further lessons on the relative importance of managerial efforts devoted to the development of hotel brand equity. Direct experiences have a greater impact on brand image and brand equity. Guests' direct perceptions of service performance are usually the strategic focus in building long-term loyalty and brand equity. This study is expected to

provide a reference point for luxury hotels when devising strategies that consider the dynamic interplay of tangible and intangible resources of hotels and their staff to trigger positive and meaningful direct effects on their guests. It is believed that staff-to-guest ratios in luxury hotels tend to be high, and thus the staff should be trained to provide consistently luxurious services to ensure quality experiences and create their corresponding brand images. It may be more effective to add more substance to guests' perceptions of relaxation, safety, and the sense of multiple pleasures in the development of strategic service performance in the luxury hotel industry. Guests may possibly feel secure and experience rest when surrounded by the hotel staff. The hotel room and its cleanliness also mean a lot to business travellers for their experiences. The injection of search brand information into the process of service delivery is also suggested to add more weight to brand loyalty in the long run.

Nonetheless, shifting assets to improve service performance does not mean ignoring the functions of advertising and word-of-mouth in forming guest indirect experiences. There is also a need for luxury hotels to think about the way in which brand image and brand equity are established and enhanced through advertising and referral marketing campaigns. As noted from the findings, indirect experiences of luxury hotel guests significantly influence their brand associations and perceived quality of experience, depending upon the customer segment targeted. Chain hotels are recommended to invest in advertising efforts by frequently communicating with potential hotel guests to raise their brand associations, and should concentrate on developing search brand image attributes. Another effective strategy would be to provide more information on the hotel

brand's logo, physical appearance(s) of affiliated hotels, history and reputation of the brand, and locations of branded hotels in advertisements. In attempts at projecting brand image, luxury hotels are also suggested to use more experience messages and videos in their advertising campaigns which relate to guests' perceptions of escapism, ego-enhancement and self-accomplishment. Further, given that word-of-mouth can be derived from either customer referrals or non-customer referrals (Buttle, 1998; Litvin et al., 2008), it may be an astute and strategic approach for luxury hotel companies to target both existing and potential customers. However, the strategic focus should be on brand associations, in messages conveyed through word-of-mouth, rather than on experiential brand image items. Ensuring customer satisfaction and brand loyalty is one way of creating word-of-mouth for the benefit of other possible customers. Providing electronic platforms is another way of facilitating exchanges of hotel experiences and brand perception among customers. It would also be helpful to allow other stakeholders of luxury hotel companies to make non-customer referrals to potential customers regarding the focal hotel brand.

Third, there is a pressing need to implement an experiential marketing approach to customise service performance in the hotel industry to stimulate high quality experiences, leading to formation of brand loyalty and brand equity. The findings also suggest that luxury hotel managers should monitor quality of experience by measuring its three underlying factors: escapism, "relaxation, sense perception & safety," and "ego-enhancement & self-accomplishment" by using the questionnaire adopted in this study. Dollars invested in experiential design may have a greater influence on development of brand equity for customers through

securing of brand loyalty. For example, hotel guests often demand escapism, relaxation and pleasure during their hotel stays, and service providers need to give serious thought to designing top-notch core hotel products that stimulate and fulfil these experiential needs. While business travellers usually stay fewer nights than pleasure tourists (Medlik, 1996), they may travel longer distances and thus be in an urgent need of service amenities to help them relax and sleep in a secure environment. The strategic focus of branding exercises should be directed to the design of room service and other ancillary facilities which can make business travellers feel relaxed and comfortable and make them perceive value for money. Clean rooms with necessary and creative amenities would be a prime way to deliver relaxation and comfort. An utterly relaxed and secure sleeping place is important for business travellers to rejuvenate themselves after a hectic day. A room equipped with the best quality linens, towels, and fluffy pillows will result in high quality sleep and stay for business guests. It may also be important for luxury hotels to have a lobby with a pleasant scent, pleasing and harmonious music background, and original and elaborate architecture for guests to feel distant from their daily routine and perceive themselves to be in a kind of fantasy. Display of cultural relics or landscaped gardens may also help hotel guests recollect a hotel brand. Availability of a variety of leisure options, including fitness centres and spas and F&B services is highly valued by business travellers as they help them feel temporary escape from reality and keep fit on the road; they can indulge themselves in a different time and space. Moreover, more user-friendly technologically-equipped business facilities inside and outside of the room would ensure accomplishment of business activities for guests. It should be

noted that many business travellers consider their hotel room as their office at certain times.

The success of the experiential approach relies strongly on efforts of employees of luxury hotels to guarantee satisfaction and provide quality service. It is imperative for staff to adopt a caring attitude and constantly remind the guest that he or she is welcome from check-in until check-out. It is the responsibility of staff to respect hotel guests and boost their egos whenever they seek help. Hotel employees should also interact more with guests to elicit hedonism and improve quality of experience. Sometimes business travellers rely on the assistance rendered by hotel staff to accomplish their business activities. Such guests expect hotel staff to provide an efficient service at the first request without complaint. Sometimes mistakes happen and guests feel irritated, but well-trained staff in big hotel chains should know how to turn a negative experience into a positive one that really defines the meaning of "luxury service." To conclude, in today's economy, it is guest experience that gives luxury hotel chains seeking sustainable brand equity a competitive edge.

Fourth, differences in perceptions of brand equity related concepts, along with differences in brand relationships among Western and Asian business travellers, indicate the need to develop segment-based strategies. Business-level strategies are needed to manage these differences, including cost-efficient investment in advertising, word-of-mouth, and service performance to build brand equity among customers. Branded luxury hotels need to experiment in every way to prioritise direct contact with Asian business travellers to create a positive brand

image and win their future purchases of hotel services affiliated with the brand. Referral marketing through word-of-mouth communications is less effective among Westerners in terms of experience of a luxury hotel brand than among their Asian counterparts. However, advertising plays a significant role in projection of an experiential brand image among Westerners. It would thus be prudent to adjust advertising strategies and referral marketing to make a greater impact on the two ethnic groups of business travellers in the luxury hotel industry.

7.10 Summary

This chapter discusses the structure of luxury hotel experience and brand equity. Quality of experience is proven to represent brand image from an experiential perspective. Structural relations between advertising efforts, word-of-mouth, service performance, and brand equity constructs are discussed. It is notable that quality of experience mediated the relationship between service performance and brand loyalty and the overall brand equity. With these valuable findings, this study makes a significant contribution to the literature and provides a roadmap for luxury hotels to establish and maintain their brand equity at the customer level.

CHAPTER 8. CONCLUSION

This chapter presents an overview of the study and offers some conclusions with reference to research objectives. Limitations of the study are discussed and directions for further studies are suggested.

8.1 Overview of the Study

The main purpose of this study was to investigate the effects of advertising efforts, word-of-mouth, and service performance on brand associations, quality of experience, brand loyalty, and overall brand equity in luxury hotels with a focus on business travellers. Advertising efforts and word-of-mouth were proposed to represent the indirect experiences associated with business travellers, whereas service offered the direct experiences from which guests would assess brand image and equity. Brand associations, quality of experience, and brand loyalty were considered to be components of brand equity at the customer level. Overall brand equity was the ultimate dependent variable in the conceptual model tested. Having achieved the fundamental research purpose, this empirical study fills in the theoretical gaps regarding customer-based brand equity and quality of experience (Brady & Cronin, 2001; Brakus et al., 2009; Ritchie & Hudson, 2009; Rust et al., 2004) and provides invaluable managerial implications for further improving branding strategy and brand equity management in luxury hotel companies.

In the main survey, 682 valid questionnaires were collected from business travellers in Hong Kong. Structural equation modelling was used to confirm the measurement model and trace the structural relationships between constructs of interest. For the quality of experience construct, the instrument development procedure followed Churchill (1979) by adopting a mix of qualitative and quantitative approaches. The results indicated that customer direct experiences outperformed indirect experiences in terms of their ability to determine brand associations and brand experience. Quality of experience acted as a mediator in the relationships between service performance and brand loyalty, and overall brand equity. The findings also revealed ethnic differences among hotel guests that have some strategic implications calling for different strategies for different ethnicities.

The following discussion concludes the study by tracing the accomplishment of the research purposes. The first research purpose was to identify the underlying structure of luxury hotel brand equity. The results showed that customer-based brand equity in the luxury hotel industry can be deconstructed into three separate components: brand associations, quality of experience, and brand loyalty. Brand associations represent search brand image attributes, whereas quality of experience measures experience brand image attributes. Collectively, they were found to influence brand loyalty, which is in turn a predictor of overall brand equity.

The second research purpose was to identify the underlying structure of customer experiences of luxury hotel brands. A three-factor solution was generated to

explain quality of experience in the context of luxury hotel brands, comprising escapism, "relaxation, sense perception & safety," and "ego-enhancement & self-accomplishment." Together, they stand for the salient experience factors perceived by frequent business travellers to elucidate their brand image from an experiential perspective.

The third research purpose was to examine the relative influences that advertising, word-of-mouth, and service performance have on brand image and equity. This study validates the distinct functions of advertising and word-of-mouth, which, in turn, differ from those of service performance, in determination of brand associations, quality of experience, brand loyalty, and overall brand equity. For business travellers staying in luxury hotels, all of brand image attributes were found to be the outcomes of advertising efforts, word-of-mouth communications, and service performance, except for "relaxation, sense perception & safety," which was not generated by advertising efforts. Finally, direct experiences outperformed indirect experiences in affecting brand loyalty and reinforcing brand equity.

The fourth research purpose was to investigate the mediating effects of quality of experience in the conceptual model. The effects proved to be salient for the research context of business travellers staying at luxury hotels. Experience as perceived by hotel guests arises from service performance and leads to further brand loyalty and equity.

In accomplishing the research purposes, this study has successfully responded to the call for research to better understand brand equity, its components, and original sources, as laid out by Keller and Lehmann (2006). Both tangible and intangible brand image attributes were discovered and the role of customer experiences in determining positive brand equity was examined. However, although this research provides insights into these research priorities, it is not without limitations. Future studies are thus suggested to investigate the brand equity theory and practices in a more in-depth manner.

8.2 Limitations

It is understandable that no research is without limitations, particularly when theoretical and practical contributions are considerable. Accordingly, this study too had several limitations. First, the sampling method was imperfect. Data for the study were collected by approaching subjects in luxury hotels. All subjects were guests of luxury hotels with brand-affiliated hotel stay experiences. The study was also limited in that it collected data only from Hong Kong, disregarding business travellers in other countries or regions.

Additionally, although the study required survey respondents to specify a luxury hotel brand by referring to a list of brands in the questionnaire, it may not have included all brands, i.e. it may have excluded some important brands in the industry. This limitation on generalisability of results is exacerbated by the sampling method used (Yu & Cooper, 1983), which means that the collected sample data may not fully represent the population under study. Caution is thus

warranted in interpreting results concerning travellers visiting Hong Kong. Future research could adopt a more stringent sampling technique to resolve generalisability problems in a feasible way.

Second, the situational bias of customers exposed to short-term marketing actions launched by companies will influence their evaluations of brand equity (Simon and Sullivan, 1993). Such marketing actions include advertising with express objectives, and purposeful price variations that customers might consider when determining their brand choice (Francois & MacLachlan, 1995; Kamakura & Russell, 1993). This study lacks the ability to control for these situational constraints completely, although the questionnaires were designed to guide the respondents to consider brand equity and marketing effects over a longer timespan.

Third, due to the presence of suppression effects (Cheung & Lau, 2007; Ha & Jang, 2010), the final structural model omitted the direct relationship between brand associations, the three quality of experience factors, and the dependent variable of overall brand equity. The results previously suggested positive zero-order correlations between these variables. However, it turned out that all signs of the corresponding structural paths became negative. This unanticipated finding may be attributable to the strong correlation between brand loyalty and overall brand equity, as the existence of a strong correlation and corresponding positive effects in a structural model can suppress other positive effects (Ha & Jang, 2010). In fact, the two related constructs of brand loyalty and overall brand equity share a theoretical essence regarding customers' emotional attachment

with a brand. The findings were thus limited by the suppressing effect of brand associations and quality of experience when they were included together with brand loyalty in the structural model. This was partially overcome by removing the said structural paths. Future studies should consider using brand loyalty as the only outcome variable.

Fourth, this study found statistical metric invariance and structural equivalence between Western and Asian business travellers. This result can be considered as valid evidence that luxury hotels should develop either unique or separate brand marketing strategies for different ethnic markets. The conclusion of partial measurement invariance across two major ethnic groups of hotel guests lacked its internal coverage because some of other invariance tests were not conducted, examples being equal scalar invariance (mean difference), equal factor variance/covariance, equal error variance/covariance and equal structural residuals (Steenkamp and Baumgartner, 1998).

Fifth, although the results of the pilot test did not uncover the needs of pleasure and perceived freedom among business travellers, it is hard to conclude that they are irrelevant and lacked construct validity in different contextual circumstances. Indeed, empirical evidence in the literature has given great theoretical weight to their relevance to the experience construct. Additionally, it was assumed that leisure travellers were more inclined to seek playfulness options (Mannell & Iso-Ahola, 1987), and business travellers would be the same in seeking temporary escapism. Thus, although these factors were not found to indicate luxury hotel experiences and signify brand image, future research should still include these

experience factors depending on the specific research context. Finally, warm relationship was unable to explain experience, and yet many respondents thought luxury experience had a relationship with the caring service offered by hotels. It may thus be suitable to retain this particular experience factor with another sample.

Sixth, when cumulative experiences are tested in brand management research, it might be difficult to distinguish some constructs from each other and to guarantee the causal relationships, thereby making the cross-sectional survey design less valid. While previous research works have proved the validity by empirical evidence (Brakus et al., 2009; Yoo et al., 2000), and results of the current study showed less concern of common method bias, it is believed that this study is limited by observing cumulative experiences of customers in relation to their perceived brand equity.

8.3 Further Studies

First, further research is needed to determine whether brand management strategies discussed have different effects on the development of brand equity. With the help of observations in luxury hotels, this study sheds light on the understanding of how brand equity can be built from a holistic perspective, paving the way for better strategic brand equity management not only in the luxury hotel industry but in other hotel sectors or the service industry at large. However, studies of different hotel sectors may give different results (Kim & Kim, 2007). For example, customer-based brand equity in budget or economy

hotels may be attributable to brand awareness and brand associations. In contrast, experiential brand image may play a more important role in thematic hotels. There is no question that different customers will have different service and brand expectations across hotel categories.

Second, the extent to which experiences of hotels guests are manifested in their socio-psychological needs is still an unanswered question that awaits further empirical testing. This study has presented a three-factor solution following Churchill (1979), based on a given definition of experience. Adoption of other definitions may provide better validity and more rigor to the concept construction (Ritchie & Hudson, 2009). In their theoretical critical summation framework, Ritchie and Hudson (2009) identified six streams of tourist or customer research, the first of which aimed to understand the essence of the experience. A perusal of experience-related literature reviewed in the current study shows the importance and significance of satisfaction of customers' or tourists' psychological and sociological needs to the overall perceived quality of experience. Future research could use different theoretical frameworks and definitions as their point of departure to elucidate the structure of experience and its antecedents and outcomes. Further, although this study contributes in a significant manner by merging the experience subject with the branding context, further studies are needed to deconstruct it in different situations. Using different research methodologies and contextual applications is another future area of experience studies. Experimental devices could be used as a research option to examine spontaneous on-site tourist experiences by manipulating operational controls. It might also be possible to bring some brand-related items or designs into

experiments if brand-related constructs are developed as either exogenous or endogenous variables. The research context is also an important factor likely to engender distinct factor structures of experience. In the post-modern world, the needs of tourists and travellers are heterogeneous, regardless of whether the venue is a destination or a branded luxury hotel. More empirical studies in different contexts would enhance and enrich the rigor of the experience subject. Finally, statistically speaking, as several rounds of item elimination were conducted after the qualitative interviews, an expert panel review, quantitative pilot test, and the main study, the research instrument for quality of experience cannot be considered stable at this point. Further verification and purification of the scale in the future is imperative to validate and measure this new psychological construct of consumer and tourist/travel behaviour.

Third, as the hotel industry has begun to recognise the importance of service marketing to create satisfying and memorable experiences for guests, there is a need to examine how multi-dimensional service performance can be designed to provide a multi-dimensional quality of experience. The focus of this study was not to observe the complicated structure and relationships between the dimensions, but further studies could be carried out with this research objective to provide both theoretical and managerial implications for academia and industry. The first-order structure of service performance could be traced in a model if the quality of experience variable was represented by its dimensions. Strategic managers in the hotel industry would be eager to understand how to improve service quality to create guest experiences that add value to their hotel and the affiliated brand. As has been ascertained by this study, relying on

customers' direct experiences is undeniably the most strategic focus in the establishment of loyalty and equity among customers.

Fourth, the number of times a hotel guest has experienced a hotel brand should be further considered as a control variable in exploratory research. The distinct expectations and perceptions of hotel guests who are affiliated with a luxury hotel brand's frequent guest programme has been well documented in past studies (Lewis, 1984, 1985; McCleary & Weaver, 1992). Researchers who are interested in exploring this topic in depth are recommended to compare variables and structural models among frequent and non-frequent guests. Comparing other demographic information would also add value to the understanding of service quality, experience, and brand equity concepts. At least in the hotel industry, a research agenda needs to be developed to compare gender (McCleary & Weaver, 1991), age (Ananth et al., 1992), and any other factor that is under-researched.

Fifth, this study was cross-sectional in nature, and it excluded the dynamic patterns of variables of interests that would be observed with a time-series model. It is likely that ratings for the survey items would change over time. Because of this, internal reliability of many of the variables in the model requires further empirical justification in a longitudinal manner, although measurements variation in the test-retest process would need to be taken into account to improve statistical reliability. A longitudinal design would also help ascertain the hierarchy of the effects (Lavidge & Steiner, 1961) of brand cognition, brand affect, and behavioural intention.

Sixth, this study was constrained to looking at luxury hotels only, and advertising was used to represent marketing strategies. However, in addition to advertising, companies use personal sales, public relations, sales promotion, event marketing, direct marketing, and Internet marketing to raise and reinforce customer awareness and build the image of the company and brand. In an exploratory study, Yoo et al. (2000) selected five marketing mix elements to predict customer-based brand equity components. If research is undertaken to uncover the meaningful outcomes of marketing communications of a generic company, for its customers, then more valid measures should be adopted at either the individual customer level or the firm level. Future researchers need to think in a more comprehensive manner whether individual assessment of marketing mix elements is really needed. Nonetheless, that representation of a single measure can generate ambiguous meanings must be acknowledged. This study considered the real situation of luxury hotels, in which companies usually adopt advertising to communicate with their guests, including frequent business travellers. Other industries, or other sectors in the hospitality industry, may adopt other marketing strategies. This is also worthy of consideration when developing related studies.

Seventh, as this study did not adequately reflect on social factors that predict service performance or experiential brand image, future studies could make a significant contribution by unscrambling how social conditions contribute to the multi-dimensional brand equity concept, whether positively or negatively. The hierarchical framework of service performance proposed by Brady and Cronin (2001) included a social factor under the higher order dimension of "service environment." The questionnaire in this study initially contained an item on the

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influence of other customers, but the results of the CFA of exogenous variables remained valid and reliable upon its deletion. This factor was also identified by Baker (1986), who conceptualised it in the service environment framework. Huang and Hsu (2010) successfully attempted to tease out the value of customer-to-customer social factors to subjective experiences in the cruise setting. Thus, positive or negative impacts of social factors on experience and brand equity remain a matter of debate that may be of interest to academics in the future.

Finally, this study attempted to provide insights into brand equity and experience concepts in the context of luxury hotels, with a focus on business travellers. In fact, it would be rare for a luxury hotel to survive on only one type of customer, although some are led by business customers. Past research has found that hotel customer satisfaction, preferences, and selection depends on whether the customer is travelling for business or leisure purposes (Barsky & Labagh, 1992; Chu & Choi, 2000; Dubé & Renaghan, 1999; Kashyap & Bojanic, 2000). Business travellers have considerations similar to leisure travellers in terms of their subjective experiences in some respects (HotelMarketing.com, 2008d), but travel more often around the world and stay at luxury hotels more consistently than leisure travellers. Thus, their experiential brand image may differ accordingly. For example, hedonic consumption appears to be less important among business travellers than among leisure travellers staying in luxury hotels. Future research could explore experiences of leisure travellers in luxury hotels or other hotel categories and observe their relationship with brand equity.

8.4 Concluding Remarks

The research purposes of this study were completely satisfied by empirical findings, thereby filling in theoretical gaps identified by Keller and Lehmann (2006). The achievement of research purposes has two meaningful consequences. On the one hand, the findings add to knowledge on customer behaviour in relation to brand equity and experience. Insightful findings have been uncovered to supplement and enrich the current literature on customer experience and customer-based brand equity in the hospitality and tourism context. On the other hand, this study encourages luxury hotels to foster and nurture their advertising, relationship, and service marketing strategies to obtain customer brand equity in a cost-efficient and effective manner. In particular, it recommends that direct and indirect experience be taken into account in the construction of brand equity. There is a strong possibility that in the future, luxury hotel companies will find value in adopting measurement instruments and suggestions presented here to assess and guide their strategic practices. Although this study has several limitations, that does not diminish its overall usefulness and importance to the research arena of brand equity and experience. Finally, this study serves as a reference point for future research attempts, but there is still a great deal of scope for learning more from customers and transforming the findings into practical guidance.

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APPENDICES

Appendix I: Interview Guide (English and Chinese)

INTRODUCTION (5 min)
介绍 (5 分钟)

- Thanks for attending 感谢参加
- Self-introduction (from the Hong Kong Polytechnic University) 自我介绍(来自香港理工大学)
- Description of the research purposes 大致叙述研究目的
- Explanation of the interview procedures 解释采访过程
- Requesting permission of voice recording of interview 请求可否对采访进行录音

PROBING QUESTIONS (5 min)
探索问题 (5 分钟)

- Self-introduction by interviewee 被采访者的自我介绍
- How frequently you travel around the world? 有多频繁旅游世界各地？
- How frequently you stay at luxury hotels? 有多频繁住豪华酒店？
- Please specify a luxury hotel brand you are either currently using or you have used the most frequently in the past 12 months, for business purposes.
  请举出一个豪华酒店的品牌或是你正在用, 抑或是你在过去 12 个月内用的最频繁的品牌，用于商务用途。

RESEARCH-RELATED QUESTIONS (5-10 min)
研究相关问题 (5-10 分钟)

- What brand characteristics do you know and have trust? 你了解并且相信哪些品牌的特点?
- Where do you get the brand information? 你是怎么样了解到品牌信息的？
- What are the most salient factors that increase your trust and value towards the brand? (the "brand equity" term seemed awkward for hotel guests, thus trust and value were used as proxy to reflect brand equity at the customer level)当你选择和购买豪华酒店时，对你提高品牌信任度和感知品牌价值最重要的因素是什么？

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QUESTIONS ON QUALITY OF EXPERIENCE (20-25 min)
体验质量问题 **(20-25 分钟)**

- Please share your feelings and experience about your stays at luxury hotels for business purposes.请分享一些关于你为了商务目的住豪华酒店的感觉和体验
- In general, to what extent your socio-psychological needs are fulfilled in luxury hotels 大体上，多大程度上你住豪华酒店时的社会心理需求可以得到满足
- Provide hints if the respondents seem stuck (Note: Reference of socio-psychological needs: relaxation, safety, ego-enhancement, sense perception, etc.) 给一些提示如果不能讲述 (社会心理需求参考：放松，安全，自我主义的提高，感官感觉, 等)

CLOSING REMARKS (3-5 min)
结束语 **(3-5 分钟)**

- Thanks again for participating in the interview 再次感谢参加
- Politely ask email address and/or name cards 客气的询问电子邮箱地址和名片
- Give souvenirs 给礼物作为纪念

Appendix II: Luxury Hotels that have been Contacted

No.	Hotels Contacted	Position of Contact Person
1	Conrad Hong Kong	Vice President/ Managing Director
2	The Excelsior, Hong Kong	General Manager (GM)
3	Four Seasons Hotel Hong Kong	Regional Vice President and GM
4	Grand Hyatt Hong Kong	GM
5	InterContinental Hong Kong	Managing Director
6	InterContinental Grand Standford Hong Kong	GM
7	Island Shangri-la, Hong Kong	Area Manager and GM
8	Kowloon Shangri-la	GM
9	Le Méridien Cyberport	GM
10	Mandarin Oriental, Hong Kong	GM
11	JW Marriott Hotel Hong Kong	GM
12	The Peninsula Hong Kong	GM
13	Renaissance Harbour View Hotel Hong Kong	GM
14	Renaissance Kowloon Hotel, HK	GM
15	Sheraton Hong Kong Hotel & Towers	GM
16	W Hong Kong	Managing Director and Area Managing Director, HK and Macao
17	Marco Polo Hong Kong Hotel	GM
18	Gateway Hotel	Hotel Manager
19	Langham, Hong Kong	Managing Director
20	Langham Place, Mongkok, Hong Kong	GM

Appendix III: Covering Letter Sent to Luxury Hotels

Date

Name
Vice President / Managing Director
Conrad Hong Kong
Pacific Place
88 Queensway, Hong Kong

Dear *Name*:

We are seeking your permission to interview the guests in your hotel for a PhD research project. The purpose of the project is to investigate the brand equity associated with luxury hotels.

It has been reported that business travellers prefer branded hotels over independent properties. Strong brands enable hotel chains to differentiate their mind-sets. While luxury hotels are cognizant of brand value, many fail to understand how to implement brand strategies that result in positive brand equity. This project will be the first to explore cost-effective hotel branding strategies by examining the relative effects of advertising efforts, word-of-mouth referrals and service performance on the development of brand equity for luxury hotels. The findings will assist your hotel in positioning decisions that improve brand equity.

Enclosed, please find a questionnaire for the PhD project. We would greatly appreciate your permission to contact your guests in the lobby, where we will ask them to complete the short survey in approximately 10 minutes. If this approach is not acceptable, please let us know how you would like to handle the data collection. We will keep the results strictly confidential, but will be happy to share them with you as soon as they become available. We will be contacting you by telephone within a week to answer any questions you may have. We look forward to your favourable reply, and thank you very much in advance for your generous assistance.

Sincerely,

Bill Xu
PhD Candidate
Email: hmbill.xu@_____
Tel: 852-6131 ****

Dr. Andrew Chan
Assistant Professor
Email: hmandrew@_____
Tel: 852-2766 6369

School of Hotel and Tourism Management,
The Hong Kong Polytechnic University
Hung Hom, Kowloon, Hong Kong

Appendix IV: Covering Letter Sent to Quality of Experience Expert Reviewer

Jing (Bill) Xu
PhD Candidate
School of Hotel and Tourism Management
The Hong Kong Polytechnic University
Hong Kong, China PRC

Subject: Expert Review on a Quality of Experience Scale

Dear Content Expert:

Thank you very much for agreeing to review a ***Quality of Experience*** scale which will be used in my PhD research. You are asked to serve as a content expert due to your knowledge and expertise in this area. Your participation will be very helpful in ensuring that the scale will be valid and reliable.

Enclosed, please find a screening sheet consisting of 46 items. The experience in this study is defined as the ***Perception of Socio-psychological Needs Fulfillment***. These items have been obtained from a literature search and in-depth interviews with luxury hotel customers. On the screening sheet, please rate each item's degree of relevance to the experience construct for ***Business Travellers*** in the *luxury hotel* setting. Please judge the clarity of item construction and wording, and identify any items that you feel should be added into the construct.

Should you be interested in this subject, or would like to see the results of my PhD dissertation research, please do not hesitate to contact me. I will be pleased to share the results with you as soon as they become available.

Finally, I will be appreciative if you could return the Screening Sheet within two weeks.

Best regards,

Appendix V: Screening Sheet for Quality of Experience Expert Reviewer

This study seeks to investigate the perceived *Quality of Experience* (**QoE**) in luxury hotels. By combining the themes of much relevant literature including consumption experience, experience economy, tourism and leisure experience, and motivation research, this study defines experience as the *Perception of Socio-psychological Needs Fulfillment*. This study limits the research scope into the *Luxury Hotel** setting with the sole focus on *Business Travellers*.

The following QoE construct contains 46 items which were gathered from literature as well as in-depth interviews. Please rate the relevance, and identify and judge the clarity and comprehensiveness of them in the Table in the next page. In the Table, please mark (**X**) only one box that best reflects your opinion towards each item.

***Luxury hotels** refer to high class hotels with brands like: Colony, Conrad, Fairmont, Four Seasons, Hotel Sofitel, Inter-Continental, Loews, Luxury Collection, Mandarin Oriental, Peninsula, Prince Hotels, St Regis, Taj Group, Ritz-Carlton, W, Doubletree, Hilton, Hyatt, Marriott, Nikko, Shangri-la, Sheraton, Westin, etc.

Please turn to the next page

TABLE
Measurement of Quality of Experience for Business Travellers in Luxury Hotels
(Relevance)

Factors	No.	Relevance 1 = the item is **NOT** relevant to the construct of QoE 2= the item is relevant to the construct of QoE 3= the item is **VERY** relevant to the construct of QoE			QoE Items (Business Travellers, Luxury Hotels)
		1	**2**	**3**	
Relaxation	QoE1				I can do some exercise in the hotels of this brand.
	QoE2				I feel physically relaxed in the hotels of this brand.
	QoE3				I feel at ease in the hotels of this brand.
	QoE4				I feel restful in the hotels of this brand.
	QoE5				I get a feeling of serenity in the hotels of this brand.
	QoE6				I feel physically comfortable when staying in the hotels of this brand.
	QoE7				I feel psychologically comfortable when staying in the hotels of this brand.
Sense perception	QoE8				The hotels of this brand please my senses.
	QoE9				The hotels of this brand look beautiful to me.
	QoE10				The hotels of this brand look attractive to me.
Pleasure	QoE11				When staying in the hotels of this brand I feel entertained.
	QoE12				I have fun with this hotel brand.
	QoE13				The hotels of this brand always arrange some special events for entertainment.
	QoE14				I feel delighted when staying in the hotels of this brand.

Please turn to the next page

Factors	No.	Relevance 1 = the item is **NOT** relevant to the construct of QoE 2= the item is relevant to the construct of QoE 3= the item is **VERY** relevant to the construct of QoE			QoE Items **(Business Travellers, Luxury Hotels)**
		1	**2**	**3**	
Perceived Freedom	QoE15				I feel I can be independent in the hotels of this brand.
	QoE16				I am obligated to no one when staying in the hotels of this brand.
	QoE17				I can be myself, having all things my way when staying in the hotels of this brand.
Safety	QoE18				When staying in the hotels of this brand, I feel that my personal belongings are safe.
	QoE19				I feel personally safe when staying in the hotels of this brand.
	QoE20				My privacy is assured when staying in the hotels of this brand.
	QoE21				It gives me a peace of mind to stay in the hotels of this brand.
Warm Relationship	QoE22				This hotel brand gives me a familiar environment.
	QoE23				I feel spoiled in the hotels of this brand.
	QoE24				I feel a genuine love when staying in the hotels of this brand.

Please turn to the next page

TABLE (Continued)

Factors	No.	Relevance 1 = the item is **NOT** relevant to the construct of QoE 2= the item is relevant to the construct of QoE 3= the item is **VERY** relevant to the construct of QoE			QoE Items (Business Travellers, Luxury Hotels)
		1	**2**	**3**	
(continued)	QoE25				This hotel brand gives me a feeling of warmth.
	QoE26				When staying in the hotels of this brand I can serve as a host.
	QoE27				Every staff in the hotels of this brand greets me each time.
	QoE28				I feel carefully taken care of when staying in the hotels of this brand.
	QoE29				Staying in the hotels of this brand fit my personality.
	QoE30				This hotel brand creates a home-like experience.
Ego-enhancement	QoE31				I am always taken seriously when help is needed in the hotels of this brand.
	QoE32				I get a feeling of being important when staying in the hotels of this brand.
	QoE33				I get a feeling of being a VIP when staying in the hotels of this brand.
	QoE34				I get a feeling of being respected when staying in the hotels of this brand.
	QoE35				Staying in the hotels of this brand fits my social status.

Please turn to the next page

TABLE (Continued)

Factors	No.	Relevance 1 = the item is **NOT** relevant to the construct of QoE 2= the item is relevant to the construct of QoE 3= the item is **VERY** relevant to the construct of QoE			QoE Items (Business Travellers, Luxury Hotels)
		1	2	3	
(continued)	QoE36				I consider staying in the hotels of this brand to be a status symbol.
	QoE37				With staying in the hotels of this brand I feel a sense of dignity.
	QoE38				I am proud of using this brand.
	QoE39				This hotel brand induces my feeling of increased self-identity.
	QoE40				I feel personally recognised in the hotels of this brand.
	QoE41				I feel like an aristocrat when staying in the hotels of this brand.
Self-accomplishment	QoE42				Staying in the hotels of this brand gives me a sense of accomplishment.
	QoE43				Staying in the hotels of this brand gives me a sense of self-confidence.
	QoE44				Staying in the hotels of this brand gives me a sense of success.
	QoE45				The hotels of this brand facilitate my ability to achieve objectives of visiting to gain knowledge and education.
	QoE46				This hotel brand is conducive to my objectives of absorbing knowledge and learning well.

Please turn to the next page

Please judge the clarity and comprehensiveness of the QoE items.

1. **Clarity:** Are the QoE items well written, distinct, and at an appropriate reading level for business travellers staying at luxury hotels? Please kindly judge the clarity of item construction and wording and provide suggestions to make the items clearer, if possible.

2. **Comprehensiveness**: Are there any items that you feel should be added?

3. Any **other suggestions** are welcomed.

ENDING. THANK YOU VERY MUCH!!

Appendix VI: Questionnaire for Pilot Study (English Version)

Section I: Please specify a Luxury Hotel Brand either you are currently using or you have used the most frequently in the Past 12 Months for Business Purposes. A list of luxury hotel brands is given as below for your reference.

Luxury Hotel Brand Name: _____
(Eg. Conrad, Four Seasons, Ritz-Carlton, Luxury Collection, Mandarin Oriental, Peninsula, St Regis, Taj Group, W, JW Marriott, Shangri_la, Fairmont, Grand Hyatt, Park Hyatt, Colony, Hilton, etc.)

1. How many times have you used This Hotel Brand in the Past 12 Months?
   ❏ 1 time   ❏ 2 to 3 times   ❏ 4 times or above

2. How many times have you stayed in Luxury Hotels in the Past 12 Months?
   ❏ 1 time   ❏ 2 to 5 times   ❏ 6 to 9 times   ❏ 10 times or above

3. Are you a member of frequent guest program offered by This Hotel Brand?
   ❏ YES   ❏ NO

Section II: In this section, we would like to understand your perceived quality of experience of This Hotel Brand from the perspective of a business traveller. Please circle a number according to your level of agreement with the following statements.

Quality of Experience	Strongly disagree						Strongly agree
1. I feel at ease in the hotels of this brand.	1	2	3	4	5	6	7
2. I get a feeling of serenity in the hotels of this brand.	1	2	3	4	5	6	7
3. The hotels of this brand please my senses.	1	2	3	4	5	6	7
4. I have fun with this hotel brand.	1	2	3	4	5	6	7
5. I feel delighted when staying in the hotels of this brand.	1	2	3	4	5	6	7
6. I can be myself, having all things my way when staying in the hotels of this brand.	1	2	3	4	5	6	7
7. I feel physically comfortable when staying in the hotels of this brand.	1	2	3	4	5	6	7
8. I feel psychologically comfortable when staying in the hotels of this brand.	1	2	3	4	5	6	7
9. The hotels of this brand look attractive to me.	1	2	3	4	5	6	7
10. I feel personally safe when staying in the hotels of this brand.	1	2	3	4	5	6	7
11. My privacy is assured when staying in the hotels of this brand.	1	2	3	4	5	6	7
12. It gives me a peace of mind to stay in the hotels of this brand.	1	2	3	4	5	6	7
13. This hotel brand gives me a familiar environment.	1	2	3	4	5	6	7
14. I feel spoiled in the hotels of this brand.	1	2	3	4	5	6	7
15. I feel a genuine love when staying in the hotels of this brand.	1	2	3	4	5	6	7
16. This hotel brand gives me a feeling of warmth.	1	2	3	4	5	6	7
17. I feel physically relaxed in the hotels of this brand.	1	2	3	4	5	6	7
18. When staying in the hotels of this brand I can serve as a host.	1	2	3	4	5	6	7
19. I feel carefully taken care of when staying in the hotels of this brand.	1	2	3	4	5	6	7
20. Staying in the hotels of this brand fit my personality.	1	2	3	4	5	6	7
21. This hotel brand creates a home-like experience.	1	2	3	4	5	6	7
22. When staying in the hotels of this brand I feel entertained.	1	2	3	4	5	6	7
23. I am always taken seriously when help is needed in the hotels of this brand.	1	2	3	4	5	6	7
24. I get a feeling of being important when staying in the hotels of this brand.	1	2	3	4	5	6	7
25. When staying in the hotels of this brand, I feel that my personal belongings are safe.	1	2	3	4	5	6	7
26. I get a feeling of being a VIP when staying in the hotels of this brand.	1	2	3	4	5	6	7
27. I get a feeling of being respected when staying in the hotels of this brand.	1	2	3	4	5	6	7
28. I consider staying in the hotels of this brand to be a status symbol.	1	2	3	4	5	6	7
29. I am proud of using this brand.	1	2	3	4	5	6	7
30. This hotel brand induces my feeling of increased self-identity.	1	2	3	4	5	6	7
31. I feel personally recognised in the hotels of this brand.	1	2	3	4	5	6	7
32. Staying in the hotels of this brand gives me a sense of accomplishment.	1	2	3	4	5	6	7
33. Staying in the hotels of this brand gives me a sense of self-confidence.	1	2	3	4	5	6	7
34. Staying in the hotels of this brand gives me a sense of success.	1	2	3	4	5	6	7

Section III

In this section, please provide suggestions and recommendations for the improvement of questionnaire for measuring luxury hotel experience for business travellers.

1. Please provide suggestions concerning the survey questions you rated.

_____
_____
_____
_____

2. Please recommend any socio-psychological experiences as necessary that you thought needed to be added into the questionnaire.

_____
_____
_____
_____

Section IV Personal information

1. Age
❒ 16 to 25
❒ 26 to 35
❒ 36 to 45
❒ 46 to 55
❒ 56 to 65
❒ 66 or order

2. Gender
❒   Male
❒   Female

3. Marital status
❒   Married
❒   Single
❒   Others

4. The highest education level you have obtained
❒   High school/diploma level or lower
❒   University level
❒   Postgraduate level or higher

5. Your personal annual income
❒ ≤US$ 20,000
❒ US$ 20,001 - 50,000
❒ US$ 50,001 - 100,000
❒ US$ 100,001 - 150,000
❒ US$ 150,001 - 200,000
❒ ≥US$ 200,001

6. Country of Origin
_____

Appendix VII: Questionnaire for Pilot Study (Chinese Version)

第一部分：请选择**一个**豪华酒店品牌。它既可以是您正在使用的酒店品牌，也可以是您在过去 12 个月在世界各地最频繁使用的品牌，用于商业用途。

豪华酒店品牌名称：_____

(例: 港丽, 四季, 丽兹卡尔顿, 文华东方, 半岛, 圣瑞吉, W, JW 万豪, 香格里拉, 君悦, 柏悦, 希尔顿, 洲际, 艾美, 万丽, 喜来登，马可波罗, 等)

1. 在**过去 12 个月**里，您用过多少次这个**您选择的豪华酒店品牌**？
❏ 1 次
❏ 2 到 3 次
❏ 4 次或以上

2. 在**过去 12 个月**里，您住过多少次**豪华酒店**？
❏ 1 次
❏ 2 到 5 次
❏ 6 到 9 次
❏ 10 次或以上

3. 您是这个酒店品牌常驻优惠计划的成员吗?
❏ 是
❏ 不是

第二部分：在这个部分里，我们想了解您从作为一个商务旅客的角度对这个酒店品牌的体验质量。请根据您对下列陈述的同意成都圈出答案。

体验质量	非常不同意						非常同意
1. 住这个品牌的酒店我感觉很安逸。	1	2	3	4	5	6	7
2. 住这个品牌的酒店我感觉很平静。	1	2	3	4	5	6	7
3. 这个品牌的酒店愉悦我的感官。	1	2	3	4	5	6	7
4. 住这个品牌的酒店我感觉玩得很开心。	1	2	3	4	5	6	7
5. 住这个品牌的酒店我感觉很高兴。	1	2	3	4	5	6	7
6. 住这个品牌的酒店我可以做我自己，一切都按照自己的意志行事。	1	2	3	4	5	6	7
7. 住这个品牌的酒店我感觉身体很舒服。	1	2	3	4	5	6	7
8. 住这个品牌的酒店我感觉心里很舒服。	1	2	3	4	5	6	7
9. 这个品牌的酒店很吸引人。	1	2	3	4	5	6	7
10. 住这个品牌的酒店我感觉很安全。	1	2	3	4	5	6	7
11. 这个品牌的酒店会保护我的隐私。	1	2	3	4	5	6	7
12. 住这个品牌的酒店我感觉内心很宁静。	1	2	3	4	5	6	7
13. 这个酒店品牌让我感觉周围的环境很熟悉。	1	2	3	4	5	6	7
14. 住这个品牌的酒店我感觉被宠爱。	1	2	3	4	5	6	7
15. 这个品牌的酒店我感到一种真挚的爱和体贴。	1	2	3	4	5	6	7
16. 这个酒店品牌给我一种温暖。	1	2	3	4	5	6	7
17. 住这个品牌的酒店我感觉身体很放松。	1	2	3	4	5	6	7
18. 住这个品牌的酒店我就像主人一样。	1	2	3	4	5	6	7
19. 住这个品牌的酒店我感到被无微不至的照顾。	1	2	3	4	5	6	7
20. 住这个品牌的酒店符合我的性格。	1	2	3	4	5	6	7
21. 住这个品牌的酒店给我一种回家的感觉。	1	2	3	4	5	6	7
22. 住这个品牌的酒店我感到很娱乐化。	1	2	3	4	5	6	7
23. 住这个品牌的酒店当我需要帮助的时候，我总是被真诚地对待。	1	2	3	4	5	6	7
24. 住这个品牌的酒店我感觉自己很重要。	1	2	3	4	5	6	7
25. 住这个品牌的酒店我感到我的随身物品很安全。	1	2	3	4	5	6	7
26. 住这个品牌的酒店我感觉像贵宾一样。	1	2	3	4	5	6	7
27. 住这个品牌的酒店我倍受尊重。	1	2	3	4	5	6	7
28. 住这个品牌的酒店是一种社会地位的象征。	1	2	3	4	5	6	7
29. 我很自豪用这个酒店品牌。	1	2	3	4	5	6	7

30. 这个酒店品牌让我感觉一种自我身份的提升。	1	2	3	4	5	6	7
31. 住这个品牌的酒店我感到受到个性化的关注。	1	2	3	4	5	6	7
32. 住这个品牌的酒店让我有一种成就感。	1	2	3	4	5	6	7
33. 住这个品牌的酒店我感觉很自信。	1	2	3	4	5	6	7
34. 住这个品牌的酒店我感觉很成功。	1	2	3	4	5	6	7

第三部分：在这个部分，请为提高豪华酒店商务客人体验的量表提供建议和意见。

1. 请就您回答的问卷的问题提出建议。

_____
_____
_____

2. 请推荐一些您认为需要加入量表的社会心理性体验。

_____
_____
_____

第四部分：个人信息

1. 年龄： ❏ 16 到 25 岁 ❏ 26 到 35 岁 ❏ 36 到 45 岁 ❏ 46 到 55 岁 ❏ 56 到 65 岁 ❏ 66 岁或以上

2. 性别： ❏ 男 ❏ 女

3. 婚姻状况： ❏ 已婚 ❏ 单身 ❏ 其他

4. 教育程度： ❏ 高中或高级文凭或 以下 ❏ 大学 ❏ 研究生或以上

5. 您的年收入：
❏ 少于 20,000 美元
❏ 20,001 到 50,000 美元
❏ 50,001 到 100,000 美元
❏ 100,001 到 150,000 美元
❏ 150,001 到 200,000 美元
❏ 多于 200,001 美元

6. 您来自

_____

_____谢谢您的参与_____

Luxury Hotel Brand Equity Survey

Dear Luxury Hotel Guest,

The School of Hotel and Tourism Management at the Hong Kong Polytechnic University is conducting a luxury hotel brand equity survey for business travellers. All data will be treated in a confidential manner. Your participation is very important for the research. We hope that you can find **5** minutes to fill out this questionnaire. Many thanks for your cooperation.

Sincerely,

Section I:

Please select **ONE Luxury Hotel Brand** you have used the most frequently **All Over the World** in the **Past 12 Months, for Business Purposes.**

(E.g. Conrad, Four Seasons, Ritz-Carlton, Luxury Collection, Mandarin Oriental, Peninsula, St, Regis, Taj Group, W Hotel, JW Marriott, Shangri-La, Langham, Grand Hyatt, Park Hyatt, Colony, Hilton, Fairmont, InterContinental, Le Méridien, Renaissance, Marco Polo, Dorchester Collection, Pan Pacific, Westin, Sheraton, etc.)

ONE Luxury Hotel Brand Name You Selected: _____

1. **In the Past 12 Months,** how many times have you stayed in **Any Luxury Hotels**?
❐ 1 time
❐ 2 to 5 times
❐ 6 to 9 times
❐ 10 times or above

2. **In the Past 12 Months,** how many times have you used the **Luxury Hotel Brand You Selected**?
❐ 1 time
❐ 2 to 3 times
❐ 4 times or above

3. Are you a member of a frequent guest program offered by the **Luxury Hotel Brand You Selected**?
❐ Yes
❐ No

In the following sections, we would like to understand your experience of the **Luxury Hotel Brand You Selected as a Business Traveller**. Please reach each statement and circle the number that best corresponds to your level of agreement, where

1 = Strongly Disagree
2 = Disagree
3 = Somewhat Disagree
4 = Neutral
5 = Somewhat Agree
6 = Agree
7 = Strongly Agree

Section II:

In this section, we would like to understand your perception of the advertising efforts made by the **Luxury Hotel Brand You Selected**. First please identify where you have seen the hotel brand advertisements (choose all that apply).

❒ Hotel websites ❒ Newspaper ❒ TV ❒ Email ❒ Magazine ❒ Others

Advertising Efforts	*Strongly disagree*						*Strongly agree*
1. This hotel brand is heavily advertised as compared with other brands.	1	2	3	4	5	6	7
2. The advertising campaigns for this hotel brand seem expensive.	1	2	3	4	5	6	7
3. The advertising campaigns for this hotel brand can be frequently seen.	1	2	3	4	5	6	7
4. I think the advertising of this hotel brand is, in general, good.	1	2	3	4	5	6	7
5. In general, I like the advertising campaigns for this hotel brand.	1	2	3	4	5	6	7
6. I have a high opinion of this hotel brand's advertising.	1	2	3	4	5	6	7

Section III:

In this section, we would like to understand what your friends/relatives/colleagues say about the **Luxury Hotel Brand You Selected**. Please note that your evaluation should include the information and experiences you obtained from e-channels, e.g. blog, chat rooms, virtual communities, e-mails, newsgroups, instant messaging, and other websites, etc.

Word-of-Mouth	*Strongly disagree*						*Strongly agree*
7. I received positive comments about this hotel brand from other people.	1	2	3	4	5	6	7
8. This hotel brand was recommended to me by someone.	1	2	3	4	5	6	7
9. I was encouraged to use this hotel brand.	1	2	3	4	5	6	7

Section IV:

In this section, we would like to understand how you are associated with the **Luxury Hotel Brand You Selected**.

Brand Associations	*Strongly disagree*						*Strongly agree*
10. Some characteristics of this hotel brand come to my mind quickly.	1	2	3	4	5	6	7
11. I can quickly recall the symbol or logo of this hotel brand.	1	2	3	4	5	6	7
12. The hotels of this brand have good physical appearance.	1	2	3	4	5	6	7
13. This hotel brand has a higher relative price among luxury hotels.	1	2	3	4	5	6	7
14. I can identify with customers who use this hotel brand.	1	2	3	4	5	6	7
15. This hotel brand has a long history.	1	2	3	4	5	6	7
16. This hotel brand has a good reputation.	1	2	3	4	5	6	7
17. The locations of hotels of this brand fit my needs.	1	2	3	4	5	6	7

Section V: In this section, we would like to understand how you perceive the service performance of the **Luxury Hotel Brand You Selected.**

Service Performance	*Strongly disagree*						*Strongly agree*
18. I feel that the staff of this hotel brand understands my needs.	1	2	3	4	5	6	7
19. I always get personalised attention from the staff.	1	2	3	4	5	6	7
20. The staff is willing to help me.	1	2	3	4	5	6	7
21. I can count on the staff being friendly.	1	2	3	4	5	6	7
22. I can count on the staff knowing their job responsibilities.	1	2	3	4	5	6	7
23. The staff is able to answer my questions quickly.	1	2	3	4	5	6	7
24. The staff is well trained and skillful.	1	2	3	4	5	6	7
25. I can rely on there being a good atmosphere inside the hotels.	1	2	3	4	5	6	7
26. The atmosphere of this hotel brand is pleasing.	1	2	3	4	5	6	7
27. I find that other customers consistently leave me with a good impression of the hotel's service.	1	2	3	4	5	6	7
28. Waiting time is predictable in the hotels of this brand.	1	2	3	4	5	6	7
29. My waiting time is always kept to a minimum.	1	2	3	4	5	6	7
30. The hotels of this brand have up-to-date equipment.	1	2	3	4	5	6	7
31. The physical facilities satisfy my needs.	1	2	3	4	5	6	7

Section VI: In this section, we would like to understand how you perceive your psychological experience of the **Luxury Hotel Brand You Selected**.

Quality of Experience	*Strongly disagree*						*Strongly agree*
32. I feel like I live in a different time/place in the hotels of this brand.	1	2	3	4	5	6	7
33. I can discover new things in the hotels of this brand.	1	2	3	4	5	6	7
34. I can temporarily escape from reality in the hotels of this brand.	1	2	3	4	5	6	7
35. I feel at ease in the hotels of this brand.	1	2	3	4	5	6	7
36. I feel physically comfortable when staying in the hotels of this brand.	1	2	3	4	5	6	7
37. I feel psychologically comfortable when staying in the hotels of this brand.	1	2	3	4	5	6	7
38. The hotels of this brand show attention to design detail.	1	2	3	4	5	6	7
39. The hotels of this brand please my senses.	1	2	3	4	5	6	7
40. The hotels of this brand look attractive to me.	1	2	3	4	5	6	7
41. I feel personally safe when staying in the hotels of this brand.	1	2	3	4	5	6	7
42. My privacy is assured when staying in the hotels of this brand.	1	2	3	4	5	6	7
43. It gives me a peace of mind to stay in the hotels of this brand.	1	2	3	4	5	6	7
44. This hotel brand gives me a familiar luxury environment.	1	2	3	4	5	6	7
45. I feel a genuine respect when staying in the hotels of this brand.	1	2	3	4	5	6	7
46. This hotel brand gives me a feeling of warmth.	1	2	3	4	5	6	7
47. Staying in the hotels of this brand fit my personality.	1	2	3	4	5	6	7
48. I get a feeling of being a VIP when staying in the hotels of this brand.	1	2	3	4	5	6	7
49. I consider staying in the hotels of this brand to be a status symbol.	1	2	3	4	5	6	7
50. This hotel brand induces my feeling of increased self-identity.	1	2	3	4	5	6	7
51. Staying in the hotels of this brand gives me a sense of accomplishment.	1	2	3	4	5	6	7
52. Staying in the hotels of this brand gives me a sense of success.	1	2	3	4	5	6	7

Section VII: In this section, we would like to understand if you are loyal to the **Hotel Brand You Selected**.

Brand Loyalty	Strongly disagree						Strongly agree
53. I will stay at the hotels of this brand next time.	1	2	3	4	5	6	7
54. I intend to keep patronizing this hotel brand.	1	2	3	4	5	6	7
55. I am committed to this hotel brand.	1	2	3	4	5	6	7
56. I am willing to pay a higher price for this hotel brand.	1	2	3	4	5	6	7
57. I am emotionally attached to this hotel brand.	1	2	3	4	5	6	7
58. I have a sense of belonging to this hotel brand.	1	2	3	4	5	6	7
59. I would say positive things about this hotel brand to other people.	1	2	3	4	5	6	7
60. I would recommend this hotel brand to someone who seeks my advice.	1	2	3	4	5	6	7
61. I would encourage friends and relatives to stay at hotels of this brand.	1	2	3	4	5	6	7
62. I consider this hotel brand my first choice in buying such services.	1	2	3	4	5	6	7

Section VIII: In this section, we would like to understand your perceived overall brand equity.

Overall Brand Equity	Strongly disagree						Strongly agree
63. It makes sense to patronise this hotel brand instead of another brand, even if they are the same cost.	1	2	3	4	5	6	7
64. Even if another brand has the same features as this hotel brand, I would prefer to patronise this brand.	1	2	3	4	5	6	7
65. Even if there is another hotel brand as good as this brand, I still prefer to patronise this hotel brand.	1	2	3	4	5	6	7
66. If another hotel brand is not different from this brand in any way, it seems smarter to patronise this hotel brand.	1	2	3	4	5	6	7

Section IX:

1. Age: ❐ 16 to 25 ❐ 26 to 35 ❐ 36 to 45 ❐ 46 to 55 ❐ 56 to 65 ❐ 66 or order

2. Gender: ❐ Male ❐ Female

3. Marital Status: ❐ Married ❐ Single ❐ Others

4. The Highest Education Level:

❐ High school / diploma level or lower ❐ University level ❐ Postgraduate level or higher

5. Your Personal Annual Income:

❐ ≤US$ 20,000 ❐ US$ 20,001 - 50,000
❐ US$ 50,001 - 100,000
❐ US$ 100,001 - 150,000
❐ US$ 150,001 - 200,000
❐ ≥US$ 200,001

6. Country of Origin: _____

----End, thank you very much!!----

THE HONG KONG
POLYTECHNIC UNIVERSITY
香港理工大學

School of
Hotel & Tourism Management
酒 店 及 旅 遊 業 管 理 學 院

豪华酒店品牌资产问卷

敬爱的豪华酒店顾客,

香港理工大学酒店与旅游管理学院正在进行一项关于针对商务客人的豪华酒店品牌资产的问卷调查。所有的数据都会保密。你的参与非常重要。希望您可以抽出 5 分钟时间完成这个问卷。感谢您的配合。

此致,

第一部分

请选择一个豪华酒店品牌, 是您在**过去 12 个月在世界各地**最频繁使用的品牌, 用于**商务用途**。

(例: 港丽, 四季, 丽兹卡尔顿, 文华东方, 半岛, 圣瑞吉, W, JW 万豪, 香格里拉, 君悦, 柏悦, 希尔顿, 洲际, 艾美, 万丽, 马可波罗, 喜来登，等)

一个您选择的豪华酒店品牌＿＿＿＿＿＿＿＿＿＿＿＿＿＿＿＿

1. 在**过去 12 个月**里，您住过多少次**豪华酒店**？
❏ 1 次
❏ 2 到 5 次
❏ 6 到 9 次
❏ 10 次或以上

2. 在**过去 12 个月**里，您用过多少次这个**您选择的豪华酒店品牌**？
❏ 1 次
❏ 2 到 3 次
❏ 4 次或以上

3. 您是这个酒店品牌常驻优惠计划的成员吗?
❏ 是
❏ 不是

在下面的部分里，我们希望可以了解您**作为商务旅客对您这个选择的豪华酒店品牌**的体验。请参看每一个陈述，并请根据您对以下陈述同意的程度圈出相应的数字。
1 = 非常不同意
2 = 不同意
3 = 有些不同意
4 = 中立
5 = 有些同意
6 = 同意
7 = 非常同意

第二部分： 在这个部分里，我们想了解您对这个**您选择的豪华酒店品牌**的广告的感受。首先，请选择您在哪里看见过这个酒店品牌的广告 （选择所有适用的选项）。

- ❏ 酒店网站
- ❏ 报纸
- ❏ 电视
- ❏ 电子邮件
- ❏ 杂志
- ❏ 其它

广告	非常不同意						非常同意
1. 相对其它品牌，这个酒店品牌做广告很多。	1	2	3	4	5	6	7
2. 这个酒店品牌的广告活动花费不小。	1	2	3	4	5	6	7
3. 我可以经常看到这个酒店品牌的广告。	1	2	3	4	5	6	7
4. 我认为这个酒店品牌的广告总体来说很好。	1	2	3	4	5	6	7
5. 大体上讲，我喜欢这个酒店品牌的广告。	1	2	3	4	5	6	7
6. 我对这个酒店品牌的广告评价很高。	1	2	3	4	5	6	7

第三部分： 在这个部分里，我们想了解您的亲朋好友同事如何对您评价这个**您选择的豪华酒店品牌**。请注意，您的评估需要包括您对通过电子渠道收到的信息和体验的评估，包括，博客，聊天室，虚拟社群，邮件，新闻组，即时消息，和其他网站，等等。

口碑	非常不同意						非常同意
7. 从别人那里我得到了关于这个酒店品牌的正面的评价。	1	2	3	4	5	6	7
8. 有人向我推荐过这个酒店品牌 。	1	2	3	4	5	6	7
9. 有人鼓励我用这个酒店品牌。	1	2	3	4	5	6	7

第四部分： 在这个部分里，我们希望了解您是如何与这个**您选择的豪华酒店品牌**联系在一起的。

品牌联系	非常不同意						非常同意
10. 我可以很快的回忆起这个酒店品牌的一些特征。	1	2	3	4	5	6	7
11. 我可以很快的想起这个酒店品牌的标志和象征。	1	2	3	4	5	6	7
12. 这个品牌的酒店外观很好。	1	2	3	4	5	6	7
13. 这个品牌的酒店价格在相同档次中相对较高。	1	2	3	4	5	6	7
14. 我知道哪类人会用这个酒店品牌。	1	2	3	4	5	6	7
15. 这个酒店品牌历史悠久。	1	2	3	4	5	6	7
16. 这个酒店品牌名声很高。	1	2	3	4	5	6	7
17. 这个品牌的酒店地理位置可以满足我的需求。	1	2	3	4	5	6	7

第五部分： 在这个部分里，我们想了解您对这个**您选择的豪华酒店品牌**的服务方面的体会。

服务表现	非常不同意						非常同意
18. 我感觉这个酒店品牌的员工了解我的需求。	1	2	3	4	5	6	7
19. 我从员工那里可以得到个性化的关注。	1	2	3	4	5	6	7
20. 酒店员工乐意帮助我。	1	2	3	4	5	6	7
21. 我可以相信酒店员工是非常友好的。	1	2	3	4	5	6	7
22. 我可以相信酒店员工了解他们的工作责任。	1	2	3	4	5	6	7
23 酒店 员工会很快的回答我的问题。	1	2	3	4	5	6	7
24. 酒店员工训练有素，技能熟练。	1	2	3	4	5	6	7
25. 酒店内部环境很好。	1	2	3	4	5	6	7
26. 酒店气氛令人愉悦。	1	2	3	4	5	6	7
27. 住在酒店的其他客人总是可以留给我对酒店服务的好印象。	1	2	3	4	5	6	7
28. 服务等候时间是可以预计的。	1	2	3	4	5	6	7
29. 我的等候时间可以控制到最短。	1	2	3	4	5	6	7
30. 这个品牌的酒店拥有最新的设施。	1	2	3	4	5	6	7
31. 酒店的设施可以满足我的需求。	1	2	3	4	5	6	7

第六部分： 在这个部分里，我们想了解您心里上对于这个**您选择的豪华酒店品牌**的体验。

体验质量	非常不同意						非常同意
32. 住这个品牌的酒店我感觉像在另一个时间或空间里面。	1	2	3	4	5	6	7
33. 在这个品牌的酒店我可以发现新的事物。	1	2	3	4	5	6	7
34. 住这个品牌的酒店我可以暂时逃避现实。	1	2	3	4	5	6	7
35. 住这个品牌的酒店我感觉很安逸。	1	2	3	4	5	6	7
36. 住这个品牌的酒店我感觉身体很舒服。	1	2	3	4	5	6	7
37. 住这个品牌的酒店我感觉心里很舒服。	1	2	3	4	5	6	7
38. 这个品牌的酒店在设计上很注意细节。	1	2	3	4	5	6	7
39. 这个品牌的酒店愉悦我的感官。	1	2	3	4	5	6	7
40. 这个品牌的酒店很吸引人。	1	2	3	4	5	6	7
41. 住这个品牌的酒店我感觉很安全。	1	2	3	4	5	6	7
42. 这个品牌的酒店会保护我的隐私。	1	2	3	4	5	6	7
43. 住这个品牌的酒店我感觉内心很宁静。	1	2	3	4	5	6	7
44. 这个酒店品牌让我感觉周围的豪华环境很熟悉。	1	2	3	4	5	6	7
45. 住这个品牌的酒店我有一种真诚地被尊敬的感觉。	1	2	3	4	5	6	7
46. 这个品牌的酒店给我一种温暖。	1	2	3	4	5	6	7
47. 这个酒店品牌与我性格相吻合。	1	2	3	4	5	6	7
48. 住这个品牌的酒店我感觉自己很重要。	1	2	3	4	5	6	7
49. 住各个品牌的酒店是一种社会地位的象征。	1	2	3	4	5	6	7
50. 这个酒店品牌让我感觉一种自我身份的提升。	1	2	3	4	5	6	7
51. 住这个品牌的酒店让我有一种成就感。	1	2	3	4	5	6	7
52. 住这个品牌的酒店我感觉很成功。	1	2	3	4	5	6	7

第七部分: 在这个部分里，我们想了解您是否对这个**您选择的豪华酒店品牌**忠诚。

品牌忠诚	非常不同意						非常同意
53. 我下次会住这个品牌的酒店。	1	2	3	4	5	6	7
54. 我打算继续用这个酒店品牌。	1	2	3	4	5	6	7
55. 我忠于这个酒店品牌。	1	2	3	4	5	6	7
56. 我愿意为这个品牌支付更高的价格。	1	2	3	4	5	6	7
57. 我从感情上依恋这个酒店品牌。	1	2	3	4	5	6	7
58. 我对这个酒店品牌有归属感。	1	2	3	4	5	6	7
59. 我会对其他人正面地介绍这个酒店品牌。	1	2	3	4	5	6	7
60. 我会把这个酒店品牌推荐给向我咨询的人。	1	2	3	4	5	6	7
61. 我会鼓励我的亲朋好友用这个酒店品牌。	1	2	3	4	5	6	7
62.这个酒店品牌是我住豪华酒店的第一选择。	1	2	3	4	5	6	7

第八部分：在这个部分里，我们想了解您体会到的品牌资产。

品牌资产	非常不同意						非常同意
63. 如果另外一个酒店品牌提供相同服务，用这个酒店品牌还是很有意义。	1	2	3	4	5	6	7
64. 尽管另外一个酒店品牌与这个品牌有相同特点，我还是会选择用这个品牌。	1	2	3	4	5	6	7
65. 如果别的酒店品牌与这个品牌一样好，我还是会优先选择这个品牌。	1	2	3	4	5	6	7
66. 如果别的酒店品牌与这个品牌没什么不同，买这个品牌还是比较聪明些。	1	2	3	4	5	6	7

第九部分:

1. 年龄： ❑ 16 到 25 岁 ❑ 26 到 35 岁 ❑ 36 到 45 岁 ❑ 46 到 55 岁 ❑ 56 到 65 岁 ❑ 66 岁或以上

2. 性别：   ❑ 男   ❑ 女

3. 婚姻状况： ❑ 已婚   ❑ 单身   ❑ 其他

4. 教育程度： ❑ 高中或高级文凭或 以下   ❑ 大学   ❑ 研究生或以上

5. 您的年收入：
❑ 少于 20,000 美元   ❑ 20,001 到 50,000 美元
❑ 50,001 到 100,000 美元 ❑ 100,001 到 150,000 美元
❑ 150,001 到 200,000 美元 ❑ 多于 200,001 美元

6. 您来自

_____

_____ 结束！非常感谢您的参与 _____

Appendix X: Three Calibration Samples and Study Sample

Sample Characteristics	Calibration Samples			Study Sample
	Sample A[a]	Sample B[b]	Sample C[c]	
Age	Average age was 37 (ranging from 26-64)	Median age was 48	71.8% of BT* were aged 31 to 50	88.1% were aged 26 to 55
Gender	75% were male	84% were male	76.5% of BT were male	73.0% were male
Highest education level	NA	NA	61.2% of BT and were educated to university level	55.9% were educated to university level
Personal annual income	NA	Median income was US$260,000	58.8% of BT had annual income above US$50,001	75.8% had annual income above US$50,001
Country-of-origin	Dominated by ethnic Chinese (60%)	Unique Americans	53.6% of BT were Asian	46.5% were Asian
Luxury hotel usage frequency	35% had used luxury hotels 3 to 5 times in the past 12 months; 15% used more than six times	44.1% stayed in luxury hotels more than 12 times in the past 12 months	NA	52.2% had used luxury hotels 2 to 5 times in the past 12 months

Note: chosen sample characteristics in italic were found somewhat distinct between calibration samples and study sample

NA: Not available

a: Mattila (1999a): "A research assistant personally telephoned CEOs and high level managers of multinational corporations randomly selected from among the 1,000 largest corporations in Singapore" (p. 44); valid sample size equaled 139; target respondents were luxury hotel business travellers

b: Bowen & Shoemaker (1998): "we mailed the survey to 5,000 American Express-card holders who had stayed at least three times in one of a pre-selected list of specific luxury hotels" (p. 17-18); valid sample size equaled 892; target respondents were luxury hotel guests

c: Chu & Choi (2000): "The sample chosen in this study included international travellers departing by air from the Hong Kong International Airport…" (p. 367) and a systematic sampling method was used; valid sample size equaled 540; target respondents were generic hotel guests (both business travellers and leisure travellers) in Hong Kong

Appendix XI: Covariance Matrix

Covariance Matrix

	AD1	AD2	AD3	AD4	AD5	AD6
AD1	2.00					
AD2	1.18	1.86				
AD3	1.24	1.09	2.02			
AD4	0.99	0.86	1.11	1.79		
AD5	0.99	0.90	1.03	1.41	1.76	
AD6	0.96	0.93	1.06	1.37	1.43	1.82
WOM1	0.35	0.43	0.31	0.63	0.61	0.68
WOM2	0.36	0.42	0.31	0.30	0.26	0.36
WOM3	0.32	0.44	0.38	0.45	0.34	0.53
BA1	0.53	0.52	0.55	0.75	0.78	0.82
BA2	0.62	0.60	0.64	0.75	0.78	0.80
BA3	0.44	0.45	0.37	0.58	0.66	0.68
BA6	0.48	0.36	0.42	0.48	0.51	0.48
BA7	0.34	0.35	0.28	0.61	0.61	0.62
BA8	0.26	0.23	0.24	0.49	0.42	0.42
QOE1	0.34	0.33	0.28	0.53	0.49	0.53
QOE2	0.41	0.42	0.47	0.52	0.53	0.56
QOE3	0.44	0.44	0.42	0.52	0.56	0.58
QOE5	0.24	0.20	0.12	0.44	0.46	0.46
QOE6	0.22	0.15	0.12	0.42	0.47	0.47
QOE8	0.23	0.21	0.22	0.48	0.49	0.54
QOE10	0.20	0.22	0.13	0.43	0.45	0.43
QOE17	0.34	0.35	0.35	0.52	0.58	0.63
QOE18	0.42	0.40	0.42	0.48	0.52	0.49
QOE19	0.49	0.43	0.56	0.51	0.54	0.58
QOE20	0.42	0.37	0.51	0.53	0.53	0.56
QOE21	0.39	0.35	0.44	0.53	0.53	0.58
OBE1	0.36	0.31	0.31	0.54	0.56	0.56
OBE2	0.36	0.31	0.29	0.50	0.61	0.56
OBE3	0.26	0.24	0.25	0.45	0.53	0.54
OBE4	0.28	0.27	0.25	0.45	0.53	0.54
SP_F1	0.20	0.19	0.11	0.42	0.46	0.46
SP_F2	0.19	0.19	0.12	0.45	0.49	0.48
SP_F3	0.24	0.19	0.11	0.40	0.43	0.42
BL_F1	0.31	0.18	0.27	0.60	0.60	0.62
BL_F2	0.48	0.45	0.57	0.57	0.66	0.70

Covariance Matrix

	WOM1	WOM2	WOM3	BA1	BA2	BA3
WOM1	2.08					
WOM2	1.33	2.84				
WOM3	1.35	1.97	2.55			
BA1	0.90	0.72	0.69	2.12		
BA2	0.62	0.56	0.59	1.48	2.64	
BA3	0.80	0.63	0.68	1.07	1.06	1.63
BA6	0.61	0.56	0.59	0.89	0.90	0.80
BA7	0.90	0.73	0.71	1.00	0.90	1.05
BA8	0.65	0.61	0.62	0.77	0.69	0.74
QOE1	0.51	0.53	0.43	0.61	0.57	0.54
QOE2	0.42	0.54	0.50	0.55	0.53	0.39
QOE3	0.58	0.63	0.61	0.56	0.55	0.43
QOE5	0.77	0.60	0.61	0.74	0.67	0.74
QOE6	0.74	0.63	0.55	0.80	0.69	0.73
QOE8	0.71	0.57	0.54	0.75	0.57	0.74
QOE10	0.66	0.52	0.46	0.66	0.54	0.69

QOE17	0.72	0.66	0.56	0.67	0.58	0.62
QOE18	0.62	0.67	0.52	0.72	0.57	0.54
QOE19	0.57	0.67	0.62	0.74	0.62	0.54
QOE20	0.54	0.66	0.59	0.70	0.61	0.46
QOE21	0.55	0.73	0.61	0.67	0.59	0.51
OBE1	0.76	0.80	0.64	0.96	0.65	0.76
OBE2	0.76	0.80	0.63	0.89	0.63	0.75
OBE3	0.70	0.84	0.66	0.85	0.62	0.64
OBE4	0.68	0.74	0.63	0.86	0.69	0.73
SP_F1	0.65	0.53	0.53	0.64	0.51	0.68
SP_F2	0.64	0.50	0.46	0.67	0.51	0.76
SP_F3	0.59	0.52	0.46	0.68	0.56	0.68
BL_F1	0.82	0.77	0.73	0.89	0.76	0.75
BL_F2	0.55	0.69	0.57	0.85	0.79	0.55

Covariance Matrix

	BA6	BA7	BA8	QOE1	QOE2	QOE3
BA6	2.15					
BA7	1.07	1.54				
BA8	0.68	0.85	1.62			
QOE1	0.45	0.60	0.50	2.18		
QOE2	0.40	0.39	0.42	1.56	2.53	
QOE3	0.46	0.44	0.32	1.41	1.96	2.76
QOE5	0.51	0.79	0.65	0.75	0.60	0.68
QOE6	0.54	0.77	0.62	0.74	0.65	0.73
QOE8	0.55	0.78	0.55	0.86	0.74	0.77
QOE10	0.46	0.74	0.60	0.57	0.47	0.47
QOE17	0.55	0.71	0.55	0.93	1.06	1.15
QOE18	0.62	0.57	0.42	0.97	1.27	1.25
QOE19	0.64	0.51	0.43	0.99	1.29	1.35
QOE20	0.54	0.50	0.38	1.07	1.41	1.39
QOE21	0.59	0.55	0.38	1.08	1.39	1.41
OBE1	0.69	0.82	0.59	0.73	0.66	0.64
OBE2	0.69	0.79	0.58	0.71	0.71	0.75
OBE3	0.69	0.75	0.56	0.75	0.75	0.74
OBE4	0.76	0.81	0.56	0.73	0.67	0.71
SP_F1	0.54	0.76	0.71	0.64	0.48	0.49
SP_F2	0.50	0.76	0.67	0.65	0.48	0.50
SP_F3	0.52	0.74	0.65	0.70	0.54	0.59
BL_F1	0.64	0.85	0.73	0.92	0.78	0.73
BL_F2	0.71	0.61	0.48	0.99	1.21	1.21

Covariance Matrix

	QOE5	QOE6	QOE8	QOE10	QOE17	QOE18
QOE5	1.40					
QOE6	1.19	1.48				
QOE8	1.01	1.03	1.45			
QOE10	0.98	0.94	0.90	1.28		
QOE17	0.86	0.97	1.00	0.79	2.03	
QOE18	0.67	0.80	0.93	0.64	1.44	2.43
QOE19	0.61	0.76	0.85	0.59	1.37	2.00
QOE20	0.64	0.76	0.87	0.55	1.41	1.90
QOE21	0.64	0.77	0.90	0.57	1.47	1.95
OBE1	0.89	0.92	0.95	0.83	1.04	1.03
OBE2	0.81	0.84	0.87	0.72	1.06	1.02
OBE3	0.80	0.85	0.86	0.74	1.09	1.04
OBE4	0.82	0.84	0.86	0.76	1.01	1.01
SP_F1	0.81	0.81	0.77	0.74	0.81	0.53
SP_F2	0.88	0.88	0.84	0.80	0.80	0.60

```
SP_F3       0.89      0.89      0.86      0.80      0.82      0.60
BL_F1       1.00      1.00      0.97      0.89      1.01      0.83
BL_F2       0.59      0.66      0.80      0.52      1.13      1.28
```

Covariance Matrix

```
            QOE19     QOE20     QOE21      OBE1      OBE2      OBE3
          --------  --------  --------  --------  --------  --------
QOE19       2.44
QOE20       2.05      2.50
QOE21       2.04      2.33      2.64
 OBE1       1.03      0.97      1.03      2.22
 OBE2       1.03      1.03      1.14      1.77      2.16
 OBE3       1.09      1.04      1.12      1.70      1.77      2.18
 OBE4       1.02      0.98      1.06      1.61      1.67      1.72
SP_F1       0.51      0.55      0.55      0.77      0.74      0.74
SP_F2       0.59      0.54      0.55      0.74      0.72      0.68
SP_F3       0.59      0.60      0.60      0.77      0.74      0.76
BL_F1       0.87      0.93      0.97      1.23      1.18      1.24
BL_F2       1.40      1.40      1.50      1.24      1.30      1.34
```

Covariance Matrix

```
             OBE4     SP_F1     SP_F2     SP_F3     BL_F1     BL_F2
          --------  --------  --------  --------  --------  --------
 OBE4       2.14
SP_F1       0.75      1.14
SP_F2       0.71      0.92      1.18
SP_F3       0.77      0.90      0.89      1.20
BL_F1       1.16      0.89      0.84      0.90      1.74
BL_F2       1.22      0.58      0.53      0.62      1.18      2.13
```