



Research note

Examining Chinese consumers' luxury hotel staying behavior



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ABSTRACT

The value of the luxury goods market is about to exceed US\$302 billion worldwide in 2012. In addition, the top 3% of travelers in the world represent 20% of the total tourism expenditure. Although the growth has been significant, few studies have examined the consumption of luxury tourism and hospitality products. The purpose of this paper is to examine consumers' luxury hotel staying behavior when traveling for leisure purpose. To examine this issue of growing importance, a modified value–attitude–behavior model was proposed. Following exploratory qualitative research, 368 Chinese consumers were recruited for the main study. Data were analyzed through structural equation modeling. The results show that hotels' luxury value will influence lodgers' attitude toward luxury hotels. Furthermore, the better their attitude toward luxury hotels, the more likely they will stay in luxury hotels when traveling. The implications of this study are discussed within the literature of hospitality and consumer studies.

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1. Introduction

The purpose of this paper is to examine lodgers' luxury hotel staying behavior when traveling for leisure purpose. The value of the luxury goods market is about to exceed US\$302 billion worldwide in 2012, which is more than five times the value of the industry in 1997 (Roberts, 2012; Nueno and Quelch, 1998). Studies in luxury goods consumption have burgeoned in recent years because of this development. In addition, the robustness of the luxury goods industry in the face of the recent and ongoing global recession has fueled academics and practitioners' interest in this area (Hung et al., 2011).

In contrast to studies of the consumption of physical luxury goods, such as handbags or cars (e.g., Han et al., 2010; Hung et al., 2011), few studies have examined the consumption of luxury tourism and hospitality products, despite the significant growth in this market since 2005 (Mintel, 2010). In particular, relatively little is known about what drive lodgers to stay at luxury hotels when traveling. According to Mintel (2005), the top 3% of travelers in the world represent 20% of the total tourism expenditure.

2. Literature review

This paper uses a modified value–attitude–behavior model to examine consumers' luxury values and their luxury hotels staying

behavior when traveling (Homer and Kahle, 1988). This approach will bypass each hospitality product's unique facility requirements, providing additional implications for theory and practice. In this study, luxury goods refer to goods that have premium quality, recognizable style, reputation, and/or limited accessibility (Berthon et al., 2009; Wiedmann et al., 2009). Fig. 1 shows this research's proposed framework.

A review of the relevant literature (Berthon et al., 2009; Han et al., 2010; Hung et al., 2011; Vigneron and Johnson, 2004) suggests that luxury value involves experiential, symbolic, and functional values. Following a review of literature, the first relationship to be examined in this study is luxury hotels' functional value and its impact on lodgers' attitude toward luxury hotel. According to Wiedmann et al. (2009), functional value refers to a product's core benefits and quality. Vigneron and Johnson (2004) suggest that individuals who value the function of luxury goods (e.g., emphasize the product's quality) are likely to have a positive attitude toward purchasing luxury products. According to Ajzen and Driver (1992), attitude is the degree to which a person has a favorable or unfavorable evaluation of a behavior.

Experiential value, according to Holbrook and Hirschman (1982), evokes fantasies, feelings, and fun and is essential to the consumption of luxury products. In previous studies, scholars (Vigneron and Johnson, 2004) support the notion that consumers' experiential value (e.g., uniqueness and rarity) has a positive impact on their attitude regarding the purchase of luxury goods. Berthon et al. (2009) and Han et al. (2010) suggest that the symbolic value of luxury goods indicate the ability of the luxury good to relay information about its owner's wealth and status. In Berthon et al. (2009) and Han et al.'s (2010) papers, symbolic value (e.g., expensiveness and conspicuousness) is closely linked to consumers' attitudes toward the purchase of luxury goods.

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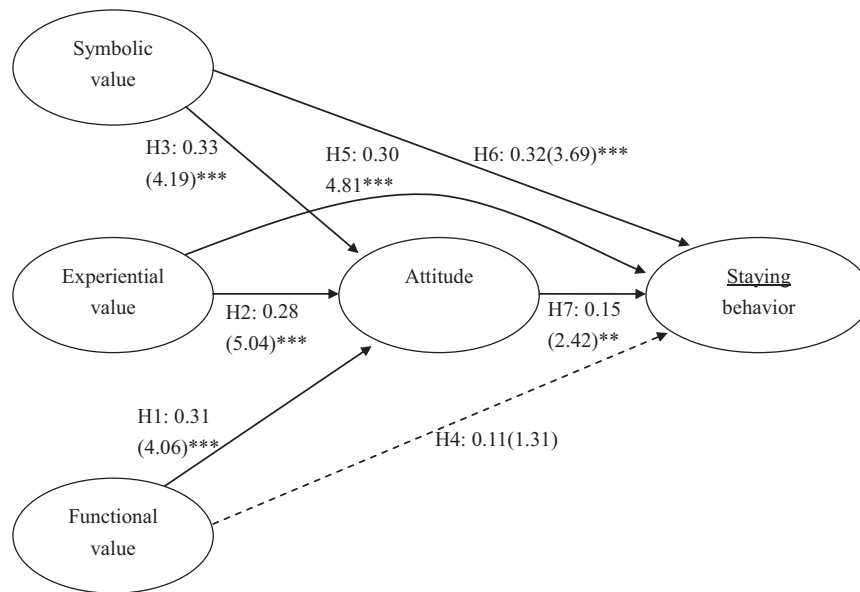


Fig. 1. Research framework ($N = 368$). Number on path: standardized parameter estimation; number in parentheses: T -value. Remark: * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$. Model fit: $\chi^2/df = 2.163$, RMSEA = 0.056, CFI = 0.972, NFI = 0.949, GFI = 0.943.

In addition to the influence of luxury value on attitude, [Hung et al.'s \(2011\)](#) research finds that symbolic, functional, and experiential values can have direct impacts on Asian consumers' intention to purchase luxury handbags. In their study, luxury handbag's superior quality, conspicuousness, and uniqueness can directly trigger consumers' purchase intention. This research extends their work by testing the influence of luxury value on consumers' luxury hotel staying behavior. Up to date, few studies have examined whether or not luxury value can influence consumers' decision to purchase luxury products that are intangible. The last relationship to be examined in this study is consumers' attitudes toward luxury hotels and their luxury hotel staying behavior. In previous value–attitude–behavior studies, scholars have demonstrated that individuals' attitudes toward certain products influence their decision to purchase these items ([Homer and Kahle, 1988](#)). Based on the above literature review, the following hypotheses are proposed:

- H1.** Luxury hotel's functional value will have a positive impact on consumers' attitude toward luxury hotels.
- H2.** Luxury hotel's experiential value will have a positive impact on consumers' attitude toward luxury hotels.
- H3.** Luxury hotel's symbolic value will have a positive impact on consumers' attitude toward luxury hotels.
- H4.** Luxury hotel's functional value will have a positive impact on consumers' luxury hotel staying behavior.
- H5.** Luxury hotel's experiential value will have a positive impact on consumers' luxury hotel staying behavior.
- H6.** Luxury hotel's symbolic value will have a positive impact on consumers' luxury hotel staying behavior.
- H7.** Consumers' attitude toward luxury hotels will have a positive impact on their luxury hotel staying behavior.

3. Methodology

Chinese consumers are one of the main driving forces behind the growth of the luxury goods market ([Hung et al., 2011](#)). This study focuses on Chinese consumers' luxury hotel staying behavior because 2.1 billion Chinese individuals made domestic tourism

trips during 2010 ([Li et al., 2010](#)). Prior to the main study, this research conducted five interviews with tourism agency practitioners and three focus groups with Chinese tourists. Based on participants' feedback, luxury hotels have the following characteristics: five-star or better hotels and average daily rate that is at least twice the price of non-luxury hotels (more than \$185 per night) ([Gu et al., 2012](#)). For interviewees, these hotels are subject to stringent inspection, customers' high expectations, and competition from nearby hotels.

For the main study, after deleting incomplete questionnaires, 368 surveys were collected from Chinese residents living in Beijing (131/368), Shanghai (75/368), and Guangzhou (162/368). A purposive sampling method was used to recruit participants ([Shankar et al., 2001](#)). These are China's tier-one cities that have been labeled as high-travel-incidence markets ([Li et al., 2010](#)). Using an interception technique, trained student interviewers selected individuals who had entered or exited luxury hotels. This was to increase the probability of meeting participants who had stayed at one of the luxury hotels ([Wong and Yeh, 2009](#)). All of the participants have traveled to other provinces and have stayed at luxury hotels before.

The participants completed a survey evaluating symbolic value, experiential value, functional value, attitude, and consumption behavior ([Ajzen and Driver, 1992](#); [Chen and Peng, 2012](#); [Hung et al., 2011](#)). The measurement scales were designed to examine the target question, "What contributes to a self-paid consumer's luxury hotel staying behavior when traveling for leisure purpose?" This study used a Likert-type scale for the question design. All variables in the model were measured with multiple items ([Table 1](#)).

4. Data analysis

SPSS 17 and AMOS 5.0 were used to analyze the data. A confirmatory factor analysis (CFA) was performed to specify the structure between observed indicators and latent constructs and to test the validity of the measurement model. Following [Anderson and Gerbing's \(1988\)](#) two-step approach, this study examined the adequacy of the measurement model and the structural components of the model by using CFA and structural equation modeling. Taken together, the high factor loadings, composite reliability, and average variances extracted (AVE) for each construct confirmed the

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