



Contents lists available at ScienceDirect

International Journal of Hospitality Management

journal homepage: www.elsevier.com/locate/ijhosman

Assessing equivalence of hotel brand equity measures in cross-cultural contexts[☆]

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ARTICLE INFO

Keywords:

Hotel brand
Brand equity
Brand choice
Measurement invariance
Equivalence
Cross-cultural

ABSTRACT

The authors synthesize the measurement equivalence or invariance literature and illustrate how to conduct equivalence analyses by using a hotel brand equity model as an example. The illustration focuses on how to assess the model's generalizability across three selected cultural or cross-country factors: the hotel's brand identity (domestic vs. foreign), the customer's first language (Mandarin vs. English), and the customer's country of residence (Asia vs. Europe vs. North America). Results support the model's configural and metric generalizability across the three cross-cultural contexts. The authors show how to interpret the results of equivalence analyses and discuss a few related methodological issues.

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1. Introduction

Measuring brand equity (BE) in the hotel industry often demands cross-national or cross-cultural research design and analyses. Not only is the nature of the hotel business global in operations, but the business also constantly, and increasingly, deals with customers from diverse national or cultural backgrounds. Such diversity in background becomes frequent sources of variance in customer perceptions and behaviors, also causing concerns in customer-based measurement of hotel BE (Motameni and Shahrokhi, 1998). Consequently, researchers face numerous questions associated with whether a model developed in one cultural context will work in another (Steenkamp and Baumgartner, 1998). For example, would a model structure remain consistent across cultural groups or segments of customers? Is the strength of theoretical relationships among the model constructs equivalent across cultural contexts? Understanding variances attributable to contextual differences like these will advance theoretical knowledge on BE measurement as well as managerial decisions on building global BE strategies (Kish et al., 2001; Yoo and Donthu, 2002).

The BE literature, especially of hospitality and tourism, generally lacks research efforts to address potential cross-cultural variations. Although researchers have proposed models for measuring hotel BE

(e.g., Bailey and Ball, 2006; Hsu et al., 2012; Kayaman and Arasli, 2007; Prasad and Dev, 2000; So and King, 2010; Xu and Chan, 2010), few have assessed their models for equivalence or generalizability across the cultural backgrounds of customers. While measuring and tracking hotel BE has a number of significant reasons, such as understanding customer feedback, the hotel's competitive position, and the impact of marketing mix (Prasad and Dev, 2000), relying on a BE model that is robust to likely cultural influences will make these reasons more valid.

Both interests in and needs for cross-cultural studies seem to have emerged boldly enough to necessitate a methodological illustration for future applications broadly in general hospitality research, needless to say hospitality BE research. In their comprehensive review of hospitality marketing research, Line and Runyan (2012) summed (p. 485): "The methodological goal of most domains has recently moved toward the examination of the cross-cultural validity of scales commonly used within the domain. ... Utilizing such scales cross-culturally is important, but ensuring that the scales are cross-culturally valid is an equally important methodology issue, often ignored in [hospitality] research. ... The proper method of establishing cross-cultural validity is to test for measurement invariance (Steenkamp and Baumgartner, 1998). Unfortunately, such tests are rarely enacted. Indeed, although popular measurement scales of hospitality phenomena are employed cross-culturally, invariance research is absent in top hospitality journals. As such, we suggest that future studies address invariance as it relates to the cross-cultural employment of hospitality marketing constructs."

This study responds to Line and Runyan's (2012) call and aims to introduce and illustrate a methodological procedure of assessing and validating measurement invariance of a research model,

[☆] The work described in this paper was supported by a grant from The Hong Kong Polytechnic University (Project no. 8-ZH74).

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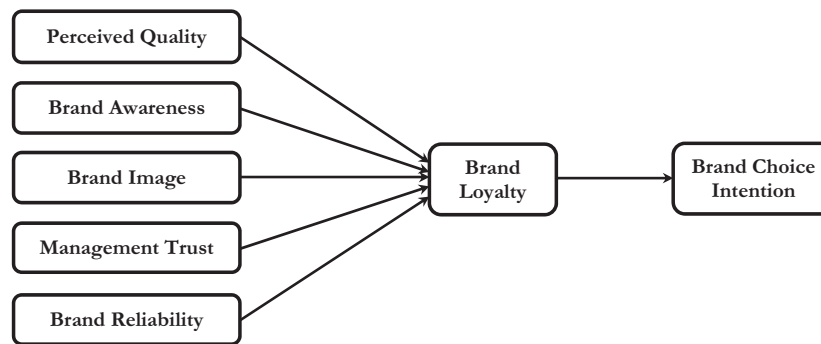


Fig. 1. A model of customer-based hotel brand equity.

Adapted from Hsu et al. (2012).

especially of hotel BE as an example, in cross-cultural contexts. The illustration follows the methodological procedure of *measurement invariance* or *equivalence* analysis in application of multi-sample analysis with structural equation modeling (SEM), a procedure not yet formally introduced in the hospitality literature (e.g., Horn and McArdle, 1992; Steenkamp and Baumgartner, 1998; Vandenberg and Lance, 2000). Although some researchers have recently begun using multigroup invariance analysis as part of their hypothesis tests (e.g., Boo et al., 2009; Chung et al., 2011; Hallak et al., 2012; Han et al., 2010), the analysis procedure, its logic, and its general applications still remain largely unexplained. For an illustrative purpose, therefore, this study examines three cross-cultural factors: hotel brand identity (domestic vs. foreign), the customer's primary language spoken (Mandarin vs. English), and the traveler's region of residence (Asia vs. Europe vs. North America). The key research question is whether a model's measurement structure and its theoretical expositions (i.e., structural coefficients) are tenable, and hence generalizable, among cross-cultural hotel customer groups. The multinational nature of the hotel business suits such cross-cultural examinations. As the world gets smaller especially for the hotel business, cross-cultural generalization of research models is no longer a goal; it is a requirement.

2. Brand equity and culture

2.1. The hotel BE model

BE research is largely rooted in the seminal conceptual works of Aaker and Keller (Aaker, 1991, 1996; Keller, 1993, 2003a). Defined as "a set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers" (Aaker, 1991, p. 15), BE serves as a comprehensive index estimating the value exchanged between a brand and its customers. To Keller (2003a), BE was the added value resulting in different marketing outcomes, a common denominator for interpreting marketing strategies, and the value of a brand that could be created in many different ways. As implied in these definitions, capturing BE in precision is a challenge and requires a multi-dimensional approach (Keller, 2003b).

Researchers have proposed customer-based measurement frameworks of hotel BE in application of Aaker's and Keller's conceptualization. Bailey and Ball (2006) explored the meaning of hotel BE, while Kayaman and Arasli (2007) examined relationships among selected BE sub-constructs such as perceived quality, brand loyalty, and brand image. Prasad and Dev (2000) proposed a hotel BE index consisted of top-of-mind brand recall, brand awareness, satisfaction, return intent, price-value relationship, and preference. Kim and colleagues followed Aaker's (1991) proposed

model more closely to measure BE of both the luxury/mid-scale hotels and restaurants (Kim and Kim, 2005; Kim et al., 2008). Better-performing casino hotels were found to perform better on customer-based brand equity measures, say, brand loyalty, brand image, and brand awareness (Tsai et al., 2010). More recently, Hsu et al. (2012) proposed a customer-based hotel BE measurement model based on a series of qualitative and quantitative studies. While these models either focused on or extended different aspects of Aaker's (1991, 1996) and Keller's (1993, 2003a) works, they commonly recognized four essential components of hotel BE: brand loyalty, brand awareness, perceived quality, and brand awareness.

For the purpose of illustrating cross-cultural equivalence analysis procedures, this study chose Hsu et al.'s (2012) model for several reasons. First, the model was comprehensive extending Aaker's (1991) model by including seven BE sub-constructs, namely, perceived quality, brand awareness, brand image, management trust, brand reliability, brand loyalty, and brand choice intention (see Fig. 1). The first five constructs directly affected brand loyalty which in turn determined brand choice intention. Second, the model was developed in China, yet it has not been tested for cross-cultural generalizability with hotel customers originating from other countries. Third, the model was one of the most recently proposed hotel BE models providing potentially more accumulated thoughts on BE measurement issues. Hsu et al. provided conceptual backgrounds with necessary explanations about each theoretical relationship for the model; this study uses the model as a case example to illustrate methodologically cross-cultural equivalence assessment procedures and, as a result, aims to contribute to future hotel BE research and theory development in global scale.

2.2. Cross-cultural factors

To illustrate cross-cultural equivalence analysis, this study chose three cultural factors: hotel brand stayed (domestic vs. foreign), the traveler's primary language spoken (Mandarin vs. English), and the traveler's region of current residence (Asia vs. Europe vs. North America). First, research on the effects of country of origin and consumer ethnocentrism supported an inference on potential differences between the domestic and foreign hotel brands the customers chose and stayed. Defined as the country of manufacture or assembly (Han and Terpstra, 1988), country of origin serves as an extrinsic cue affecting broadly the consumer's product evaluation by positively associating the product's quality with the characteristics of the country the product originates from (Ahmed et al., 2002). Consumer ethnocentrism is the belief held by consumers about the appropriateness and morality of buying foreign-made products (Shimp and Sharma, 1987). Motivated by ethnocentrism, consumers tend to choose domestic or local products even if they are lower in quality than foreign-made products

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