



Globalization or localization of consumer preferences: The case of hotel room booking



Wei Liu^{a,1}, Basak Denizci Guillet^{b,*}, Qu Xiao^{b,2}, Rob Law^{b,3}

^aDepartment of Tourism, Sport and Hotel Management, Griffith Business School, Gold Coast Campus, Griffith University, Australia

^bSchool of Hotel and Tourism Management, Hong Kong Polytechnic University, Hung Hom, Kowloon, Hong Kong

HIGHLIGHTS

- Attitudes toward hotel reservation policies are examined.
- Chinese and Western tourists to Hong Kong do not display differences.
- Only significant differences exist in policies permitting changes.

ARTICLE INFO

Article history:

Received 30 January 2013

Accepted 3 September 2013

Keywords:

Globalization

Localization

Hotel room booking

Conjoint analysis

ABSTRACT

The purpose of this study is to investigate potential differences in attitudes between Chinese and Western tourists towards various hotel room reservation policies. The study is meant to help the revenue managers of international hotel companies make informed choices on whether to pursue a globalized or a localized approach in the design of hotel room rates and rate restrictions. Three ranges of room prices and four types of rate restrictions are evaluated. The rate restriction policies considered are: a) rule type, b) advance requirement, c) refundability, and d) changes allowed. The results of customer surveys show that the Chinese and Western respondents do not express significantly different preferences concerning room rates, advance requirement, rule type, or refundability. They differ significantly only concerning the changes allowed policy. This result indicates that revenue managers of international hotel companies can take a globalized approach in designing rate restrictions. The identification of these customer preferences provides hotel revenue managers with empirical data on the attitudes of culturally diverse consumers, and this information can enable the design of hotel pricing policies that attract consumers in the global market.

© 2013 Elsevier Ltd. All rights reserved.

1. Introduction

As international hotel companies serve an increasingly multicultural market, they must design their products to appeal to customers of different tastes and preferences across the world. This study examines the design of hotel room rates and rate restrictions, and seeks to evaluate whether revenue managers of international hotel companies should design their rates and rate restriction policies by pursuing a globalized or a localized approach.

International hotel chains were formed after World War II, and have expanded greatly since then (Cline, 2002). The hotel industry is often perceived as one of the most globalized in the service sector industries (Litteljohn, 1997; Mace, 1995; Whitla, Walters, & Davies, 2007; Yu, Byun, & Lee, 2013). Cline (2002), Whitla et al. (2007) and Yu et al. (2013) indicate that the hospitality industry is at the core of the globalization of international business. Therefore international hotel companies need to consider their business strategies in a global context. These companies must prepare to deal with questions arising due to a changing global environment.

Many factors are driving the world toward greater globalization (Hjalager, 2007; Holt, Quelch, & Taylor, 2004). These factors include the rise of worldwide networks for investment, production, and marketing, advances in telecommunication technologies and the Internet, increases in world travel, and the growth of global media (van Everdingen, Aghina, & Fok, 2005; Ozsomer & Simonin, 2004; Steenkamp & Ter Hofstede, 2002; Stremersch & Tellis, 2004;

* Corresponding author. Tel.: +852 3400 2173; fax: +852 2362 9362.

E-mail addresses: wei.liu@griffith.edu.au (W. Liu), basak.denizci@polyu.edu.hk, hmbasakd@polyu.edu.hk (B. Denizci Guillet), rob.law@polyu.edu.hk (R. Law).

¹ Tel.: +61 7 5552 9190.

² Tel.: +852 3400 2266; fax: +852 2362 9362.

³ Tel.: +852 3400 2181; fax: +852 2362 9362.

Whitla et al., 2007; Yu et al., 2013). Globalization involves the homogenization of international markets and an increasing similarity in the needs and habits of international customers (Mattila, 1999; Steenkamp & De Jong, 2010). Using globalized strategies can help international companies create consistent brand images worldwide and use their resources more efficiently (Harris, 1994; Mueller, 1991; Steenkamp & De Jong, 2010).

However, any attempt to globally standardize service delivery may encounter difficulties (Hjalager, 2007; Lee, 2011; Lovelock, 1996). Zhou and Belk (2004) argue that every market is unique, and a globalized approach cannot adequately take account of the cultural differences in various markets. Ger and Belk (1996) propose a localized approach, based on the continued desire for maintaining local culture. Indeed, it is clear that many people prefer local consumption imagery, because they can more easily identify with local lifestyles, values and attitudes (Crane, 2002). Some studies suggest that neither consumption nor marketing can be made globally uniform (e.g. Mazzarella, 2003; Mueller, 1991). These studies emphasize the powerful influence of local cultures, and demonstrate how customers are hybridizing or “glocalizing” a mixture of global and local cultural influences (Friedman, 1996; Hermans & Kempen, 1998; Holton, 2000; Ritzer, 2003, 2004, 2007; Steenkamp & De Jong, 2010; Turner, 2003).

For large and well-established international hotel companies that have circled the world in their quest for new opportunities, globalization has been a strategic concept for a number of years (Cline, 2002; Yu et al., 2013; Yu & Gu, 2005). Possible benefits of this globalized approach include consistent hotel brand delivery, savings in marketing resources and greater administrative efficiency (Aliouche & Schlenrich, 2011; Jansen-Verbeke, 1996; Sutthijakra, 2011). However, these companies are also experiencing a countervailing trend, as many consumers, including both tourists and business travelers, seek unique services that reflect their local cultures, lifestyles, and customs. In response, some international hotel companies have begun to design their business strategies to fit the special needs and distinct tastes of consumers in particular regions (Cline, 2002; Yu et al., 2013). This localized management approach might require international hotel companies to invest large amounts of time and resources for research and development in an effort to better understand and respond to specific local markets. More professional hoteliers may be needed to effectively implement localized strategies in different regions. Such decentralized strategies can put hotel management into a closer dialogue with local consumers (Cline, 2002; Yu et al., 2013).

Jansen-Verbeke (1996) and Krossa (2009) argue that the globalization of consumer preferences does not necessarily imply convergence in management practices. Globalization (or convergence) and localization (or divergence) are two extremes in the formation of company strategies. Companies often find themselves somewhere in the middle, on the continuum between these two extremes (Jansen-Verbeke, 1996; Yu et al., 2013). The question is whether the management strategies of international hotel companies should be globalized, localized, or glocalized.

This study acknowledges the distinct cultural contexts of Chinese and Western customers (Dai, Dai, Chen, & Wu, 2013; Hofstede, 1980, 2001, 2003; Hsieh & Tsai, 2009; Kim, Wen, & Doh, 2010; Li, Lai, Harrill, Kline, & Wang, 2011; Niu & Sternberg, 2001; Wang & Mattila, 2011; Wu & Keysar, 2007; Yan & McCullagh, 2004), and seeks to investigate whether the perceptions of Chinese and Western consumers differ regarding the room rates and rate restrictions that apply in hotel room bookings. This investigation aims to provide the revenue managers of international hotel companies with empirical results concerning the preferences of culturally diverse consumers toward various hotel pricing policies.

The results may help these companies to attract consumers in the global market.

2. Literature review

The literature review for this study includes five sections. The first section introduces the concepts of globalization, localization, and glocalization. This section also reviews the ongoing globalization debate. The second section explores how the globalization debate relates to the hospitality industry, which is widely perceived as one of the most globalized industries in the service sector. The third section introduces rate restrictions used in the hotel industry and how customers' perceptions of hotel pricing policies might be influenced if those restrictions are not well designed. The fourth section discusses critical issues related to cultural differences in business practices. The last section presents the research hypothesis and the contributions of this study.

2.1. Globalization, localization and glocalization

The concept of globalization is built based on the assumption that people desire the same products and lifestyles no matter where they live, so that multinational companies may use a common management strategy for all of the countries in which they operate (Zhou & Belk, 2004). Levitt (1983) is among the first that introduced globalization as a concept, claiming that the world has become one common marketplace. Hannerz (1990, p. 237) also notes that an emerging “world culture” has resulted from the “increasing interconnectedness of varied local cultures as well as through the development of cultures without a clear anchorage in any one territory”. Robertson defines globalization as a “crystallization of the world as a single place” (1987a, p. 38) and as “the emergence of the global human condition” (1987b, p. 23). Furthermore, Robertson (1992) explains that globalization is a reflexive process that weaves the world into a single place through the increased interaction between different orders of life. The development of new technology allows mass media to become universally available to consumers, and this combines with cross-border tourism and labor mobility to make all cultures available globally (Holt et al., 2004; Ritzer, 2007; Yip, 2003). All of these market trends lead to a homogenization of consumer needs (Alden, Steenkamp, & Batra, 1999, 2006; Jain, 1989; Levitt, 1983). Alden et al. (1999) and Ritzer (2007) recognize the emergence of a global consumer culture. In addition, the trends of marketing standardization, intercultural collaboration and coordination, internationalization of industries, cross-border competition and worldwide market participation all facilitate the emergence of a global consumer culture (Levitt, 1983; Ritzer, 2007; Yip, 1995, 2003; Zou & Cavusgil, 2002). Consistent with the globalization trend, many international companies begin to utilize a global approach, in which companies market their products on a global basis to take place of the traditional multi-domestic approach, in which local subsidiaries market local products to the local markets (Kotabe & Helsen, 2010). For example, Gillette, positions its “Sensor” shaving system as appropriate for all men around the world (“The Best a Man Can Get”); Sony, advertises its products to all young people (“My First Sony”); and Benetton’s slogan emphasizes the unity of humankind (“The United Colors of Benetton”) (Alden et al., 1999). In another study, Schuilung and Kapferer (2004) indicate that Procter and Gamble and Unilever put their investments on products with global potentials. As argued by Ghemawat (2007), international companies can gain competitive advantages through a focus on global strategy and international standardization of global products.

Download English Version:

<https://daneshyari.com/en/article/1012124>

Download Persian Version:

<https://daneshyari.com/article/1012124>

[Daneshyari.com](https://daneshyari.com)