Examining strategies for maximizing and utilizing brand prestige in the luxury cruise industry

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HIGHLIGHTS

- Eight attributes affecting luxury cruise brand prestige were identified.
- The importance of cruise brand prestige was demonstrated.
- The role of well-being perception and customer brand identification was notable.

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ABSTRACT

The purpose of this research was to examine the antecedents and consequences of brand prestige in the luxury cruise industry in order to provide luxury cruise managers with practical strategies for maximizing and utilizing brand prestige. Based on the existing theoretical background, it was hypothesized that eight types of cruise experience factors influence the formation of brand prestige: food quality, service quality, staff/crew attractiveness, entertainment, ship facilities, ports of call, programs/places for children, and cabin quality. In addition, it was proposed that brand prestige can result in three managerial outcomes: well-being perception, customer brand identification, and brand loyalty. A conceptual model was developed and tested using the empirical data collected from 330 U.S. luxury cruise passengers. The results showed that all of the proposed hypotheses were statistically supported. The key theoretical/managerial implications that were derived from the analysis are presented and discussed in the last part of the article.
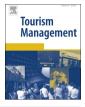
1. Introduction

A luxury cruise is defined as a cruise trip that costs higher than $350 per day and serves upper-class travelers (De la Vina & Ford, 2001). As income levels increase and the average quality of life improves, the luxury cruise segment has become one of the fastest growing business segments internationally (Best Cruise Deal, 2011). In 2011, the luxury cruise industry generated profits of U.S. $29.4 billion and carried over 19 million passengers (Cruise Market Watch, 2011). The number of luxury cruise passengers is expected to continue to rise by 5% annually (The Cruise Review, 2011) and it is anticipated that the industry will continue to see rapid and steady growth.

A large number of travelers take luxury cruises because they believe that the prestigious image of the cruise can be transferred to their self-concept (Steenkamp, Batra, & Alden, 2003) and that they can express a more distinctive (e.g. luxurious, prestigious) personal image by taking luxury cruise vacations (Vigneron & Johnson, 1999). Creating and enhancing brand prestige is therefore a highly significant concern in the luxury cruise industry. Brand prestige, defined as the relatively high status of product positioning associated with a brand (McCarthy & Perreault, 1987; Steenkamp et al., 2003), has a critical impact on the behavior of luxury-seeking consumers. Consumers are willing to pay a price premium for the products of prestigious brands (Hwang & Hyun, 2012) and show relatively strong loyalty to such brands (Kuenzel & Halliday, 2008).

Many luxury cruise travelers are specifically motivated by the prestigious image of the luxury cruise experience, which can reflect a signal of social status, wealth, and/or power (Douglas & Douglas, 1999; Hung & Petrick, 2011). It is therefore critical for industry practitioners to employ methods that enhance the brand prestige of

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a cruise company. In addition, in order to effectively utilize brand prestige for managerial objectives, it is critical to understand the consequences of brand prestige in the luxury cruise industry. However, no previous study has examined how brand prestige is created or enhanced in the luxury cruise industry, and our understanding of the factors influenced by brand prestige is relatively weak. Therefore, luxury cruise company owners and management employees face considerable challenges in developing effective and efficient marketing tactics to create and foster a prestigious brand image. The objectives of this research are to examine the antecedents and consequences of brand prestige in the luxury cruise industry, and to provide luxury cruise owners/managers with practical tactics for maximizing and utilizing brand prestige.

2. Literature review

2.1. Brand prestige

Brand prestige refers to the relatively high status of product positioning associated with a brand (McCarthy & Perreault, 1987; Steenkamp et al., 2003). An intrinsic, excellent, and exclusive 'know-how' that relates to a particular attribute or overall performance of a product is the important criterion for a specific brand to be evaluated as prestigious (e.g. Dubois & Czellar, 2002). Prestige is a broader concept than luxury, and the concept of prestige encompasses luxury. Vigneron and Johnson (1999) categorized prestige brands into (1) upmarket brands, (2) premium brands, and (3) luxury brands based on brand prestige level. That is, luxury (which is one sub-dimension of prestige) implies the extreme end of a prestige brand. In general, prestigious brands are purchased infrequently and deemed an exclusive possession of the upper classes because of their relatively high prices when compared with non-prestige brands (Vigneron & Johnson, 1999; Wiedmann, Hennigs, & Siebels, 2009). A prestigious brand image can induce the psychological experience of a feeling of belonging to the upper classes (Steenkamp et al., 2003). In other words, purchasing and possessing a prestigious brand's products enhances social value, which is defined as "the utility derived from the product's ability to enhance social self-concept" (Sweeney & Soutar, 2001, p. 211). Customers are willing to accept the high price of a prestigious brand because it indicates a signal of social status (Alden, Steenkamp, & Batra, 1999). As such, in luxury markets, it is critical to build brand prestige so that consumers willingly accept the high prices and make decisions to purchase (Steenkamp et al., 2003). Since a luxury cruise is defined as one that charges a relatively high price (typically starting at a rate of $350 per day), creating the brand prestige of a luxury cruise company is an issue of the great importance. The next section of this study discusses the potential determinants of brand prestige in the luxury cruise industry.

2.2. Attributes influencing luxury cruise brand prestige

As discussed earlier, brand prestige is determined by consumers' subjective evaluations. Based on the existing theoretical backgrounds, this study derives potential cruise trip evaluation criteria that can influence cruise travelers' subjective brand prestige evaluations. In the cruise industry, complex attributes influence passengers' evaluations and future behavioral intentions. Various researchers have proposed the following eight attributes either individually or collectively in the cruise industry: food quality, service quality, staff/crew attractiveness, entertainment, ship facilities, ports of call, programs/places for children, and cabin quality (e.g. Andriotis & Agiomirgianakis, 2010; Lobo, 2008; Petrick, 2004; Petrick, Tonner, & Quinn, 2006; Qu & Ping, 1999).

2.2.1. Food quality

Food quality on a cruise trip plays a critical role in the evaluation of the overall cruise experience (e.g. Andriotis & Agiomirgianakis, 2010; Petrick et al., 2006; Qu & Ping, 1999). Qu and Ping (1999) conducted personal interviews with 330 cruise passengers from five ships and found that food quality is an important factor in determining the likelihood of taking another a cruise trip in the future. Petrick et al. (2006) analyzed data collected from passengers on two separate seven-day Caribbean cruise trips (394 passengers from the first voyage and 398 passengers from the second voyage), and found that food quality is a critical factor affecting overall cruise evaluation factors such as satisfaction and repurchase intention. More recently, Andriotis and Agiomirgianakis (2010) interviewed 164 cruise passengers after disembarking from their vacations and found that satisfying cruise passengers' food expectations is critical in inducing high levels of passenger satisfaction. In the stream of cruise research, it is widely accepted that high food quality is a key factor in inducing positive cruise trip evaluations.

When luxury cruise passengers perceive high food quality, they experience a quality of life improvement, since consuming high-quality food is one of the key standards in judging quality of life (Hyun & Han, 2012). More importantly, positive quality of life perception during a cruise trip is a critical criterion in order for a cruise brand to be evaluated prestigious, since many people take luxury cruises specifically to enhance their social status and quality of life (Douglas & Douglas, 1999). It can be hypothesized that food quality is a key determinant of cruise brand prestige:

Hypothesis 1: Luxury cruise passengers' perceptions of food quality have a positive influence on brand prestige.

2.2.2. Service quality

In this research, service quality refers to the customer's perception of service providers' interpersonal skills (Nikolich & Sparks, 1995). This definition of service quality has been widely used in previous studies (e.g. Ha & Jang, 2010; Hyun, 2010; Jang & Namkung, 2009). Thus, 'luxury cruise service quality' in this study indicates employees' overall interpersonal skills during the service delivery process on a cruise. Scholars (e.g. Bitner, Booms, & Tetreault, 1990; Hennig-Thurau, 2004; Hyun, 2010) have empirically verified the critical role of service quality in evaluating the overall excellence or superiority of brands in various industries (e.g. retail, airline, travel, hotel, restaurant). In the cruise industry, practitioners and scholars have specifically emphasized that enhancing service quality is critical for the success of a cruise company (Petrick, 2004; Teye & Leclerc, 1998; Veronneau & Roy, 2009). Teye and Leclerc (1998) investigated the role of service quality in the cruise industry using empirical data collected from 491 Caribbean cruise passengers. Based on a series of data analysis processes, they found that passengers have high expectations for service quality on cruise trips and concluded that, in order to ensure passenger satisfaction, service quality expectations should be met/matched. In 2004, Petrick analyzed 992 cruise passengers' responses and found that service quality plays a critical role in predicting passengers' overall perceived value and repurchase intentions. It can be surmised that cruise passengers have relatively high expectations in terms of service quality and that perceived service quality influences the overall evaluation of a cruise trip.

More importantly, high-quality service can enhance customers' perceived social value (Chen & Quester, 2006). When customers receive high-quality service, they feel that they are being treated respectfully, which enhances social self-concept (Park, Chung, & Rutherford, 2011). Since customers purchase prestigious brands as a signal of social status (Alden et al., 1999; Vigneron & Johnson, 1999), service quality (which is a key determinant of social value formation) should be an antecedent of brand prestige in the cruise