



**Brand Image on Customer-Based Brand Equity in the
Hotel Industry in Bangladesh: Tourism Management
and Advertisement as Moderators**

by

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LIST OF ABBREVIATIONS

ADVR	Advertisement
AMA	American Marketing Association
AVE	Average Variance Extracted
BAFF	Brand Affection
BASS	Brand Association
BAWR	Brand Awareness
BIMG	Brand Image
BPC	Bangladesh Parjatan Corporation
BRES	Brand Resonance
BSPR	Brand Superiority
CBBE	Customer Based Brand Equity
CR	Composite Reliability
CSR	Corporate Social Responsibility
FMCG	Fast Moving Consumer Goods
GDP	Gross Domestic Product
IASET	International Association of Scientific Experts in Tourism
IVs	Independent Variables
LTD	Limited
MCAT	Ministry of Civil Aviation and Tourism
MTPB	Malaysia Tourism Promotion Board
PLS	Partial Least Squares
PLS-SEM	Partial Least Squares- Structural Equation Modeling

SAARCAT	Superiority, Awareness, Association, Resonance, Corporate social responsibility, Advertisement and Tourism management
SEM	Structural Equation Modeling
SPSS	Statistical Package for Social Science
SRS	Simple Random Sampling
TMNG	Tourism Management
TT	Travel and Tourism
TTE	Travel and Tourism Economy
UNWTO	United Nations World Tourism Organization
VFR	Visiting Friends and Relatives
WTTC	World Travel and Tourism Council

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LIST OF SYMBOLS

f^2	Effect size assessment
Q^2	Predictive relevance
R^2	Coefficient of determination
%	Percentage
>	Gather than
<	Less than
t	T statistic
p	P value
β	Path coefficient
*	Multiplication
+	Addition
->	Direction

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Imej Jenama Terhadap Ekuiti Jenama Berasaskan Pelanggan dalam Industri Hotel di Bangladesh: Pengurusan Pelancongan dan Iklan Sebagai Moderator

ABSTRAK

Imej jenama yang kukuh adalah aset yang tidak ternilai dan organisasi memberikan usaha berterusan untuk membina imej yang kuat untuk barangan dan perkhidmatan mereka. Begitu juga, penyelidik pemasaran memberi tumpuan kepada kajian bagi mengetahui cara-cara untuk meningkatkan imej jenama. Dalam kajian ini, Aaker's Customer-Based Brand Equity Framework-1996, Keller's Customer-Based Brand Equity Pyramid-2003 dan Baker's Corporate Social Responsibility Model-2001 telah digunapakai untuk mengenal pasti faktor-faktor penting yang berkaitan dengan imej jenama hotel. Beberapa pembolehubah telah diekstrak melalui kajian literatur yang luas untuk menyiasat pengaruh mereka dalam membina imej jenama untuk hotel-hotel berjenama di Bangladesh. Pembolehubah dalam kajian ini adalah kesedaran jenama, persatuan jenama, jenama keunggulan, jenama kasih sayang, jenama resonans dan tanggungjawab sosial korporat yang dianggap mempunyai pengaruh langsung kepada imej jenama manakala pengurusan pelancongan dan pengiklanan telah digunakan sebagai faktor penyerderhanaan dalam hubungan antara enam pembolehubah bersandar dan imej jenama. Data yang dikumpul adalah dari pelanggan dari beberapa hotel 4 dan 5 bintang yang dipilih di Bangladesh menggunakan prosedur persampelan pelbagai peringkat. Partial Least Square Structural Equation Modeling (PLS-SEM) telah digunakan untuk menguji hipotesis dalam kajian ini. Hasil dari kajian mendapati bahawa kesedaran jenama, persatuan jenama, jenama keunggulan, jenama resonans dan tanggungjawab sosial korporat merupakan faktor penting yang mempengaruhi imej jenama hotel-hotel berjenama. Antara kelima-lima penentu, tanggungjawab sosial korporat merupakan penentu yang paling penting diikuti oleh keunggulan jenama, persatuan jenama, kesedaran jenama dan jenama resonans. Dalam ujian kesan yang sederhana pengurusan pelancongan, didapati bahawa hubungan antara keunggulan jenama dan imej jenama dipengerusikan oleh pengurusan pelancongan; hubungan antara resonans jenama dan imej jenama juga mendapati penyerderhana pengurusan pelancongan. Sebaliknya, iklan telah didapati menjadi penyerderhana dalam hubungan antara kesedaran jenama dan imej jenama; persatuan jenama dan imej jenama dan Tanggungjawab Sosial Korporat (CSR) dan imej jenama. Berdasarkan dapatan kajian, kajian ini mencadangkan satu model baru yang dinamakan "SAARCAT" untuk mengukur imej jenama hotel-hotel berjenama. Kajian semasa mengumpulkan pendapat daripada kumpulan yang pelbagai peserta kepada faktor-faktor yang mempengaruhi imej jenama hotel. Oleh itu ia melengkapi bukti empirikal untuk menangani jurang penyelidikan dan bertindak balas kepada panggilan untuk memeriksa imej jenama hotel-hotel berjenama dalam industri hotel. Dengan cara ini ia menambah beberapa wawasan baru ke dalam model ekuiti jenama berasaskan pelanggan seperti yang dicadangkan oleh Aker ini (1996), yang Keller (2003) dan Baker (2001). Keputusan yang diperolehi daripada kajian ini menyediakan beberapa implikasi praktikal bagi pengurus hotel dan pembuat dasar khususnya, dari segi bagaimana untuk menilai, membina dan meningkatkan imej jenama hotel.

Kata kunci: Imej jenama, Ekuiti jenama berasaskan pelanggan, Model SAARCAT, Industri Hotel, Bangladesh.

Brand Image on Customer-Based Brand Equity in the Hotel Industry in Bangladesh: Tourism Management and Advertisement as Moderators

ABSTRACT

Strong brand image is an invaluable asset and organizations are giving continuous endeavor to build strong image for their goods and services. Likewise, marketing researchers are focusing on researches to find out ways to enhance brand image. In this study, Aaker's Customer-Based Brand Equity Framework-1996, Keller's Customer-Based Brand Equity Pyramid-2003 and Baker's Corporate Social Responsibility Model-2001 have been taken into consideration for identifying the pertinent factors relating to brand image of hotel brands. Subsequently a number of variables have been extracted through extensive literature review to investigate their influence on building brand image for branded hotels in the context of Bangladesh. The variables include brand awareness, brand association, brand superiority, brand affection, brand resonance and corporate social responsibility which are deemed to have a direct influence on brand image while tourism management and advertisement have been used as the moderators in the relationship between these six IVs and brand image. Data were collected from the customers of some selected 4 star and 5 star hotels in Bangladesh using multi-stage sampling procedure. The Partial Least Square Structural Equation Modeling (PLS-SEM) was used to test the hypotheses of this study. It was found that brand awareness, brand association, brand superiority, brand resonance and corporate social responsibility were significant factors influencing brand image of branded hotels. Among these five determinants, corporate social responsibility was found to be the most significant followed by brand superiority, brand association, brand awareness and brand resonance. In the moderating effect test of tourism management, it was found that the relationship between brand superiority and brand image was moderated by tourism management; the relationship between brand resonance and brand image was also found to be moderated by tourism management. On the other hand, advertisement was found to be a moderator in the relationship between brand awareness and brand image; brand association and brand image, and Corporate Social Responsibility (CSR) and brand image. Based on the findings, this study proposes a new model named "SAARCAT" to measure brand image of branded hotels. The current study gathers opinions from the diverse group of participants on the factors influencing the hotel brand image. Thus it supplements empirical evidence to address the research gaps and responds to the calls for examining the brand image of branded hotels within hotel industry. In this way it adds some new insights into the customer based brand equity models as proposed by Aker's (1996), Keller's (2003) and Baker's (2001). The results derived from this research provide several practical implications for hotel managers and policy makers specifically, in terms of how to evaluate, build and improve the hotel brand image.

Keywords: Brand image, Customer based brand equity, SAARCAT model, Hotel industry, Bangladesh.

CHAPTER 1

INTRODUCTION

1.1 Introduction

Companies are interested in building strong brands with positive image and equity. Brand image plays an active role in developing brand equity. Until now it is still ambiguous as to how brand equity is cultivated, managed, and maintained (Keller, 2003a, b; Park, 2009; Brian, 2010; Bishop, 2014). In this pursuit a number of researches on brand equity have been conducted in the perspective of traditional goods, and the significance of brand equity is being realized with other products such as in the service sector. The service sector is not only assorted but also has been recognized as one of the largest and fastest growing sectors all over the world. Indeed, the hotel business is experiencing continued growth as a significant segment of the tourism industry and is a crucial spotlight of service sector (Brian, 2010; Bishop, 2014).

According to Park (2009), during the past two decades beginning 1990's and to 2000's, companies' supply for hospitality services within tourism aspect has created an intense competition in the market. For example, Americans are looking for hotels which provide value or benefit, convenience, handiness and healthier alternatives. Owing to a growing number of hotels, the customers' heavy demand as well as the economic recession, businesses in the food and accommodation service industry have become more competitive than before. The increasing competition has had key advantages for the customer: increased choice regarding different alternatives, greater value for the money, and augmented levels of service (Kandampully & Suhartanto, 2000; Cai, Zhao,

& He, 2015). Alternatively, in the competitive and shifting market environment with a plenty of new brands, hotels have had to redefine and reinforce or emphasize their brand image to enable customers to differentiate the hotels from their rivals. Hence, a strong competitiveness of the brand or company has been more significant and the need for effective and efficient marketing strategies is evident. In this perspective, a well-defined brand image in the hotel business is a necessary prerequisite to flourish and survive in a fast moving global market (Chi, 2016).

According to the American Marketing Association (AMA), a brand is a “name, term, logo, symbol or sign, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to distinguish them from those of the competition” (Keller, 2003b, p. 3). More significantly, brands have a special or unique meaning to customers since they are able to identify which brands satisfy their needs and which do not based on their past experiences. Therefore, customers form assumptions and have reasonable expectations about a particular brand and can change their perceptions and attitudes to a product (Keller, 2003a, b; Cai et al., 2015; Chi, 2016).

Additionally, brands provide abundant valuable functions to companies (Chernatony & McWilliam, 1989) (as cited in Park, 2009, p. 2). For example, brand provides legal protection for unique and distinguishing features or aspects of the product and most importantly the intellectual property rights that give legal titles and benefits as well as advantages to the brand owner (Bagley, 1995; Keller, 2003a, b; Bishop, 2014). In the respect of brand, branding underlies to a built-in process to serve customers and can be applied to anything from products and services to companies (Kotler, 1988) (as cited in Park, 2009, p. 3). Branding creates or makes an identity for goods and services and distinguishes them from its rivals (Kapferer, 1997; Kotler, 1988) (as cited in Park,

2009, p. 4). Actually, branding has been considered an influential objective of marketing. In the branding perspective, brand equity creates “added value or benefit” to a product or a service. Thus, brand equity is a significant notion in marketing strategy. Normally, brand equity underlies to the marketing effects or outcomes that accumulate to a product or a service with its brand name or brand characteristics compared and evaluated with outcomes (Keller, 1998; Bishop, 2014).

From a customer’s point of view, Keller (2003b) defines the customer-based brand equity, as “the differential or disparity effect that brand knowledge has on customer responses to the marketing of that brand” p. 60. In such customer-based brand equity framework, brand awareness and brand image, which encompass brand knowledge, are the primary and most important sources of brand equity. While brand equity is gaining importance in the marketing of products, brand image as well as brand awareness in the customer-based brand equity model has been recognized and established as a significant concept in marketing (Gardner & Levy, 1955) (as cited in Park, 2009, p. 3).

Customer-based brand equity occurs when the customer is familiar with the brand and acquires comprehensive knowledge about the brand as determined by studies in marketing literature (Kamakura & Russell, 1991) (as cited in Park, 2009, p. 7). Furthermore, this study emphasizes brand awareness, brand association, brand superiority, brand affection, brand resonance and corporate social responsibility that formulate strong customer-based brand equity while tourism management and advertisement are expected to build and enhance strong brand image in the minds of the customers at the hotel industry.

Basically, this study focuses on how the branded hotels can build strong brand image. Within conceptualization of brand equity this study presents Aaker’s (1996)

Customer-Based Brand Equity Framework and Keller's (2003) Customer-Based Brand Equity (CBBE) Pyramid. Additionally, Baker's (2001) Corporate Social Responsibility (CSR) Model is also considered for this study. Indeed, Aaker's Customer-Based Brand Equity Framework and Keller's Customer-Based Brand Equity Pyramid both are the fundamental establishment of branding literature within a conceptualization of brand equity and also both models concentrated on customer-based brand equity which is closely related with this study.

On the other hand, both models emphasize brand resonance with loyalty that is the key factor for Baker's Corporate Social Responsibility (CSR) Model in the marketplace. For this reason, all three models are considered for this study under the conceptualization of brand equity. A brand image is defined as the customer's total impression of the brand (Dobni & Zinkhan, 1990; Johnson, 1994; Aaker, 1996; Saleem & Raja, 2014) and is considered a major element in the formation of an apparent and recognizable brand identity in the marketplace (Williams & Palmer, 1999; Cai et al., 2015; Chi, 2016).

Creating, cultivating and sustaining an exact brand image is vital to a brand's long-term success (Park, Jaworski, & MacInnis, 1986; Ries & Trout, 1986) (as cited in Park, 2009, p. 4), and also to differentiate among rivals as the image of a brand plays an essential role in building long-term brand equity (Aaker, 1996; Keller, 1993; Keller, 2001a, b; Park, Milberg, & Lawson, 1991; Saleem & Raja, 2014). Moreover, marketers spend millions of dollars to create and emphasize brand images further strengthen the importance of creating brand image (Briggs, 1997; Saleem & Raja, 2014). Therefore, a well-established brand image provides competitive advantages to companies due to its significant impact on marketing performance. For instance, companies such as Coca-Cola, Kellogg's, Kodak, Marlboro, Sony, Mercedes-Benz and Nescafe are the well-

known brands of physical goods; likewise, companies such as American Express, British Airways, Hilton Hotels, Merrill Lynch and Federal Express have been strong service brands for years (Keller, 2003a, b). The Southwest Airlines brand, particularly, is considered the greatest branding success in the area of services because of its competitive prices and time efficiency (Berry, Shankar, Parish, Cadwallader, & Dotzel, 2006).

As discussed in the preceding paragraphs indeed development of brand and brand image plays crucial role in the success of companies. There has been considerable interest among academics and practitioners in understanding the meaning and significance of brand image reflected and followed by brand associations in the customer-based brand equity (Keller, 2003a, b; Song, 2013; Bishop, 2014). As in many other industries, building strong brand image has become the most important task. For this study, hotel industry has been considered especially the branded hotels. Having a brand name of good reputation or status could not only have substantial value for hotel companies in extending their brand name but also in differentiating their brands in the competitive market. As a result, the brand image and what that brand represents to customers could be considered the vital asset for hotel businesses (Jani & Han, 2014).

Building a strong brand with a great image will provide abundant advantages or benefits and profit opportunities for food and accommodation service companies. Indeed, the importance of building strong brand is well appreciated and crucial for any companies (Kandampully, Zhang, & Bilgihan, 2015). However, the measurement of constructs that incorporate brand image in the customer-based brand equity has been one of the most challenging concerns or issues for both academics and managers (Ailawadi & Keller, 2004; Guzmán, 2012) since brand equity is multi-dimensional and a critical phenomenon (de Chernatony & McDonald, 2003; Bishop, 2014).

In addition, there has been much disagreement on how to measure brand image, although the term or phrase of brand image has been extensively used in a variety of technical and casual applications and many researchers have measured and categorized the dimensions of brand image (Dobni & Zinkhan, 1990) (as cited in Park, 2009, p. 4). As a result, additional studies are needed to understand the concept or notion and measurement of brand image on the customer-based brand equity framework or model.

There are several studies that show the impact of brand image on: brand purchase intentions (Batra & Homer, 2004; Ataman & Ulengin, 2003; Torres & Kline, 2013), customer's willingness to recommend the brand (Rio, Vazquez, & Iglesias, 2001; Lee, 2014), brand's functional and symbolic value or benefit (Bhat & Reddy, 1998; Chi, 2016), customers' evaluations of extended brands (Kwun & Oh, 2007; Ngo & O'Cass, 2012) and a company's financial performance in business (H. Kim, W. Kim, & An, 2003). But how the brand image is formed in the hospitality industry that embraces aspect of service sector has not been completely investigated yet (Park, 2009; Ishaq, Hussain, Asim, & Cheema, 2014). Under this backdrop, the present research initiative has been taken to investigate how the branded hotels can build strong brand image.

1.2 Overview of Hotel Industry in Bangladesh

The hotel industry is considered as one of the largest industries in every nation and it can help the country gain additional economic improvements. Hotels are inseparable part of tourism sector which is very favorable for the countries that are under the series of development and the people are seeking for the opportunities, even if there are many challenges due to globalization. Bangladesh has huge potential to develop tourism industry because of its attractive natural beauty and rich cultural

heritage. Indeed, the hotel industry of the country is dominated by tourism where public and private organizations can play a vital role. The country is trying to develop its tourism status into local and global market (Sarker, 2014) and for this reason, building strong brand image for the hotels has become a vital issue.

Currently, the hotel industry of the country is dominated by an active participation of private sector. In the span of little over two decades, private sector has significantly developed hotel industry of the country in general and the capital city, Dhaka as well as Cox's Bazar seaside town in particular. For upscale accommodation, for many years Dhaka was dependent on Pan Pacific Sonargaon and Dhaka Sheraton (current name: Ruposhi Bangla). Now the Westin Dhaka, Radisson Blue Water Garden Hotel, Dhaka Regency Hotel & Resort and Hotel Sarina have enhanced Dhaka's hotel industry. And together they are offering about 1,400 five star quality rooms. There are about seven other hotels including Hotel Orchard Plaza, Hotel Washington, Best Western La Vinci, Lake Shore Hotel & Apartments, Platinum Suites, Royal Park Residence, Ascott the Residence which are offering about 500 five star to four star quality rooms. In addition, they are offering about 200 three star to two star quality rooms. On the other hand, Hotel Sea Palace Limited, Seagull Hotel Cox's bazar, Long Beach Hotel Ltd. and Hotel The Cox Today have enhanced Cox's bazar's hotel industry. All these hotels are offering more than 600 five star to four star quality rooms. Moreover, Hotel Coastal Peace, Hotel Coral Reef, White Orchid and Prime Park Hotel are offering more than 700 one star, two star and three star quality rooms ("Bangladesh Parjatan Corporation [BPC]," n.d.).

For this reason, public sector (the government) is no more required to invest in building hotels. But it does not mean that government has nothing to do. In fact, now government has great responsibility as facilitator and regulator in leading the sector to a

planned growth. In this connection, government has declared Cox's Bazar Development Authority to boost tourism industry in a planned way where foreign and domestic tourists will relax and feel comfortable. Government has taken steps to develop road and air communication especially for Cox's Bazar to provide much better services for the tourists. Public hotels are being modernized and expanded. New rest houses are also getting established in new tourist places that is the great contribution to hotel industry from public sector. Thus, currently both public and private sectors provide impressive contribution for hotel industry in Bangladesh (Sarker, 2014; Emerging hospitality in Bangladesh, 2012).

Hospitality industry in Bangladesh is managed by Bangladesh Parjatan Corporation (BPC) under the Ministry of Civil Aviation and Tourism (MCAT). The contribution of tourism industry to the national economy development is vital. The World Travel and Tourism Council's Bangladesh Country Report 2010 (www.wttc.org) forecasted that the contribution this industry based on travel & tourism (TT) to Gross Domestic Product (GDP) was expected to rise from 3.9% (BDT265.9bn or US\$3,786.4mn) in 2010, to 4.1% (BDT788.4bn or US\$8,781.7mn) by 2020. The real GDP growth for the Travel & Tourism Economy (TTE) was expected to be 1.7% in 2010 and to average 6.4% per annum over the up-coming 10 years. The contribution of the TTE to employment was expected to rise from 3.1% of total employment, 2,373,000 jobs or 1 in every 32.3 jobs in 2010, to 3.2% of total employment, 3,114,000 jobs, or 1 in every 31.1 jobs by 2020. Export earnings from international visitors were expected to generate 0.5% of total exports (BDT6.0bn or US\$85.8mn) in 2010, growing (nominal terms) to BDT20.5bn or US\$228.5mn (0.5% of total) in 2020. Travel and Tourism investments were estimated at BDT64.0bn or US\$911.9mn (3.7% of total) in 2010.