

A STUDY OF THE EXTENT OF BRAND LOYALTY
EXHIBITED BY BUSINESS TRAVELLERS
TOWARDS THE LODGING PRODUCT

by

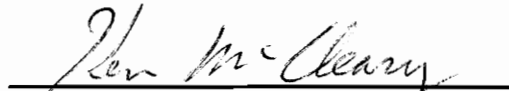
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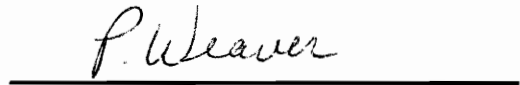
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Hotel, Restaurant, and Institutional Management

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ABSTRACT OF THESIS

A STUDY OF THE EXTENT OF BRAND LOYALTY EXHIBITED BY BUSINESS TRAVELLERS TOWARDS THE LODGING PRODUCT

by Nigel R.J. Davis

Brand loyalty measurement is important because of the extensive use of branding in the lodging industry during recent years. As the industry has matured, segmentation strategies have been adopted by lodging companies. Brands were supposed to protect market share, build brand loyalty, and differentiate the product (Withiam 1985).

Brand loyalty exhibited by a customer, according to the literature review, can be measured in a number of ways. This research will use two definitions. The first is Jacoby and Kyner's (1973, 2) definition that conceptualizes brand loyalty as "(1) a biased (i.e., nonrandom), (2) behavioral response (i.e., purchase), (3) expressed over time, (4) by some decision making unit, (5) with respect to one or more alternative brands out of a set of such brands, and (6) is a function of psychological (decision-making evaluative) processes." In addition Raj's (1982) 'proportion-of-purchase' categorization is used to distinguish between different levels of brand loyalty.

This research used a survey instrument and its objectives were: (1) to determine if brand loyal behavior is exhibited by business travelers towards the lodging product; (2) to identify the level of brand loyalty exhibited by

business travelers towards lodging chains and towards individual properties; and (3) to determine if there is a difference between the extent of brand loyalty exhibited towards individual properties and that exhibited towards lodging chains, under certain circumstances.

The results determined that brand loyal behavior wasn't exhibited by this sample of business travellers towards the lodging product, according to one of the definitions used in this study. Although five of the six conditions of Jacoby and Kyner's (1973) definition of brand loyalty were satisfied, the failure to fulfill all six conditions theoretically implies that this sample of business travellers was not brand loyal. However, the respondents' exhibited behavior would suggest partial brand loyalty towards the lodging product. Under Raj's (1982) 'proportion-of-purchase' categorization, the respondents were assigned to different levels of brand loyalty. In addition it was proven that the respondents' had a greater tendency to stay at a particular property in one location than to stay with the same chain in new locations.

To my parents, Tony and Bobbie, whose love and encouragement could not have been surpassed.

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CHAPTER I

Introduction

The main focus of this research is to determine the importance of the lodging facility's brand to the business traveler when deciding where to stay. If strong brand loyalty exists among business travelers then a hotelier's choice of chain affiliation or brand will have a major impact on that property's sales. The assumption is made that brand loyalty is an indication of a consumer's intent to stay with a particular brand whenever possible.

The business traveler segment was chosen as the focus of this study. It represented 59.8 % of the total travel market (Laventhol & Horwath 1989). In 1988, according to Bush (1990), there were thirty-three million business travellers, and a majority of them made at least ten trips, while a third made over twenty trips. If this segment is shown to exhibit brand loyal behavior, it would be justification for lodging companies to target these travellers in their marketing strategies. The primary purpose of this study is to determine if brand loyal behavior was exhibited by business travelers towards the lodging product. If brand loyalty does exist, a secondary goal is to determine whether there is any variation in the level of brand loyalty exhibited towards lodging chains in locations not previously visited and the level of brand loyalty exhibited towards particular properties previously visited.

Problem Background

The next several paragraphs will provide a brief clarification of the terms - brand, branding, and brand loyalty. A brand is "a name, symbol, or other distinguishing feature that serves to identify the goods or services of an organization and to set them apart from those of competitors" (Mason & Ezell 1987, 358). The two essential characteristics of a brand are that first it should be able to provide the consumer with a means of identifying with it in a personal manner. The second is that it should communicate a distinctive value to a potential consumer through the use of such variables as name, package, color, shape, size, price, tangible and/or intangible benefits provided, promotional appeals, distribution and display processes (Watkins 1986).

The function of a brand is to provide a means for producers to distinguish their version of a product from another. For consumers it is a means of recognizing and specifying the version that they wish to buy, repurchase or recommend to others (Murphy 1987). Branding has been recognized in the legal system as a value to both producers and consumers. Trademarks, patents, designs and copyrights can legally be assigned as property to an individual or corporation.

The process of branding is a creative one, because in one or two words a brand must capture and convey the personality and benefit of the product. The ingredients in a brand constitute the product itself, the packaging, the brand name, the promotion, the advertising and the overall presentation. The brand is therefore a synthesis of all these elements, physical, aesthetic, rational and emotional. Essentially, the end result must be not only

appropriate but differentiated from the brands of competitors - the consumer has to have a reason to choose one brand over all others (Murphy 1987).

Branding, thus, consists of "the development and maintenance of sets of product attributes and values which are coherent, appropriate, distinctive, protectable and appealing to consumers" (Murphy 1987, 3). Its importance is evident in its role in both marketing and advertising. Branding is a part of the broader marketing function, which is concerned with facilitating the transfer of products or services from producer to consumer. It is also an element of the narrower function of advertising, which deals with the use of media to inform and stimulate consumers that products or services, branded or otherwise, are available for purchase.

According to Engel, Blackwell, and Kollat (1978) the importance of a brand is that it prevents a product from becoming a commodity by adding value to it. The brand embraces the combined attributes of the particular product and allows for immediate comparisons between products. The brand image assumes that a brand consists of objective characteristics which are perceived as being objective by potential consumers. The creation of a subjective "personality" is the intention of most marketing expenditure. Preference for a particular combination of attributes represented in a brand is demonstrated by brand choice. The assumption can be made that consumers formulate a behavioral intention which leads to actual behavior, or that the consumer travels along a continuum from unawareness of the brand to brand loyalty revealed through repeat buying of the brand.

Brand loyalty, according to Cunningham (1956, 117), could be defined in terms of "(1) customers lost and gained over specific time periods, (2) time sequences of individual purchases, or (3) share of market." His preference is for the third concept or the proportion of total purchases represented by a particular brand(s). According to Jacoby and Kyner (1973, 2), "brand loyalty is: (1) the biased (i.e., nonrandom) in nature; (2) behavioral response (i.e. a purchase); (3) expressed over time; (4) by some decision-making unit; (5) with respect to one or more alternative brands out of a set of such brands; and (6) is a function of a psychological (decision-making, evaluative) process." They contend that all of these six conditions are necessary and collectively sufficient to describe brand loyalty.

A more extensive review of these concepts will be made in the second chapter. The remainder of this chapter will be a justification for why an establishment's "brand name" seems to hold such importance in selling a hotel room and facilities. To justify this contention, the concepts of the product life cycle and the three levels of the product will be considered.

Product life cycle

The product life cycle concept (PLC) has four stages - introduction, growth, maturity, and decline - and these can be applied to an industry (lodging), a product category (mid-price), a product form (roadside inn) and a brand (Holiday Inn) (Lewis and Chambers 1989).

The rationale behind the S-shaped PLC concept is the theories of diffusion and the adoption of innovations (Kotler 1988). An innovation refers to any good, service, or idea that is perceived by someone as new.

The idea may have a long history, but it is an innovation to the person who sees it as new. Innovations take time to spread through the social system. The diffusion process is defined as "the spread of a new idea from its source of invention or creation to its ultimate users or adopters" (Rogers 1962, 192). The adoption process involves the mental technique through which an individual passes from first hearing about an innovation to actually adopting it (Rogers 1962, 192). Adoption is an individual's decision to become a regular user of a product.

When a new product is introduced, the company has to stimulate awareness, interest, trial, and purchase. This takes time, and in the introductory stage only a few people ("innovators") will buy it. If the product is deemed acceptable or satisfactory then an increasing number of buyers ("early adopters") try the product. The entry of competitors into the market speeds up the adoption process by increasing the market's awareness and by causing prices to fall. As more buyers ("the early majority") adopt the product, it becomes legitimized. Then the "the late majority" and the "laggards" buy the product. Eventually the growth rate decreases as the number of potential new buyers reaches zero. The sales level stabilizes at the replacement purchase rate or the market's total demand rate. Eventually sales decline as newer product classes, forms, and brands appear and divert buyer interest away from the existing product. Thus the product life cycle is explained by normal developments in the diffusion and adoption of new products. A brief summary of the appropriate marketing strategies for the different stages of the life-cycle now follows.

According to Levitt (1965) and Kimberly & Miles (1987) strategy differs in the different stages of the product life cycle (PLC). Marketing strategies should therefore differ in the different stages of a product's or brand's PLC. According to Pearce and Robinson (1982), the following marketing strategies are adopted during the evolution of the product life cycle.

In the first, or introductory stage, a company's resources and skills are used to create widespread awareness and find acceptance from customers of the new product. In addition, the innovative company has advantageous access to points of distribution, such in the 1950s, when Holiday Inn was able to develop the best locations at the intersections of the nation's new highway system.

In the second, or growth stage, the company attempts to establish brand recognition through advertising, word-of-mouth from satisfied consumers and public relations events. At this stage, a high profit potential is being established, so new entrants enter the product category to take advantage of the new product opportunity. This translates into niching as companies develop concepts within a product category which satisfy a certain group of consumers' unmet needs. In the lodging industry, this might involve a concept providing clean, comfortable rooms at reasonable prices or the most luxurious rooms in an area at the highest prices. Thus companies attempt to solidify their position in the marketplace by increasing their presence through the development of new points of distribution and/or by differentiating themselves from the competition by creating a separate and unique brand image. The brand is used for identification purposes. The

consumer visualizes a certain concept or set of attributes with a particular brand name.

The third, or mature stage, is when sales growth in existing markets is beginning to level off, so new demand must be developed through aggressive promotion. In order to accomplish this without neglecting existing markets, flexibility needs to be added to pricing policies and customer loyalty is partly ensured by stressing the differentiating factors of the product. The brand image of concepts within the same segment might become blurred as consistency in quality starts to decline. Concepts might also be too similar to be differentiated in the minds of consumers. In the lodging industry, examples of such similarities include interior decor, color schemes, advertising images, frequent stayer programs and free continental breakfasts.

The final, or decline stage, involves developing cost-effective means of achieving efficient access to selected channels of distribution and markets. In addition a strong company image is used to ensure strong customer loyalty or dependence. If marketing strategies fail during this stage, then a product or brand is either discontinued, sold or "milked" for cash. The "milking" option involves depriving a product of any marketing development or innovation, so as to maximize the margin on the product. An example would be when a hotel doesn't refurbish on a regular basis. Milking will continue until the cost of operations is greater than the combination of net operating income and the one-time closure expenses.

As the product life cycle evolves with different marketing strategies, a product's brand grows in importance. As competition intensifies, with

increased product selection and the brand becomes the consumer's means of instantly identifying a desirable or undesirable product.

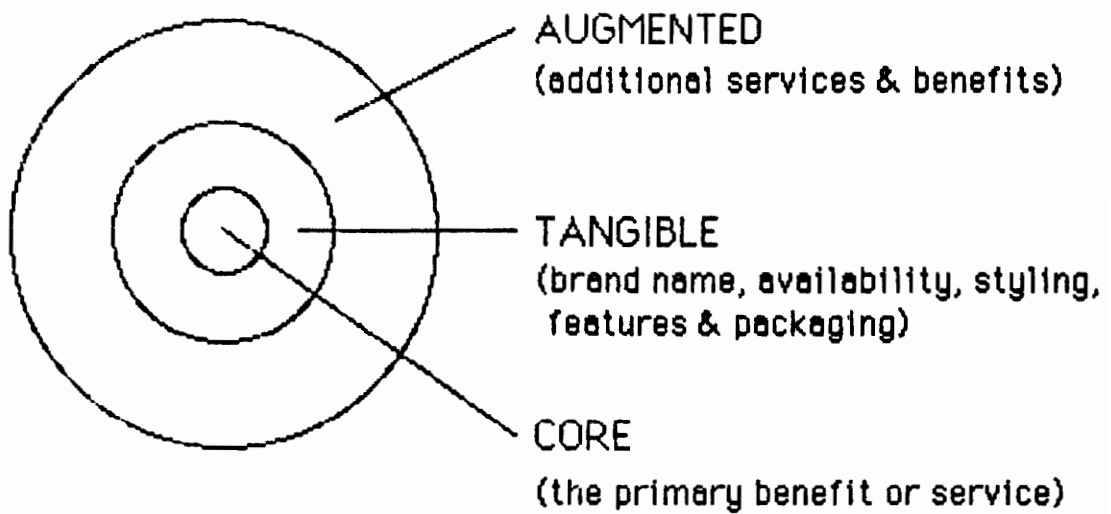
The Three Levels of a Product

A product has three basic levels, which also receive varying amounts of emphasis in the different stages of the PLC. These three levels, the core product, the tangible product, and the augmented product are illustrated in the figure 1.

The core product is the most fundamental level, and consists of benefits, not features, that the product provides to the customer. An example of this for the lodging product, this would be the fulfillment of a human's need to sleep. The next level turns the intangible benefit into a tangible product, such as a hotel. Tangible products may have as many as five characteristics: quality, features, styling, brand name, and packaging (Kotler 1988). The final level, the augmented product, consists of additional services and benefits. For a lodging product, this might include the centralized reservations system (i.e., the 800 number), frequent stayer programs, etc.

Product augmentation considers the buyer's total consumption system. This involves, according to Boyd & Levy (1963, 132), "the way a purchaser of a product performs the total task of whatever it is that he or she is trying to accomplish when using the product." As the product passes through its life-cycle, the marketer will place varying amounts of emphasis on the tangible and augmented product levels. After awareness has been created in the introductory and growth phases, then the tangible and augmented levels

FIGURE 1: THE THREE LEVELS OF A PRODUCT



Source: Kotler, Philip. Marketing Management. N.J.: Prentice-Hall, 1988, 446.

are developed to gain a competitive advantage in the marketplace. First the tangible level will be stressed, followed by the augmented level as differentiation becomes more difficult. This concept of placing different amounts of importance on the product's three basic levels is one of the basic themes behind the evolution of marketing strategies in the lodging industry. This illustrates how branding, in theory, becomes more important as a product moves through its product life cycle. Theory will now be related to reality. This will consist of a brief outline of marketing strategies in the lodging industry since 1945. The purpose is to illustrate how the importance of branding has evolved over the years.

Evolution of Marketing Strategy in the Lodging Industry

Following the Second World War, as competition within the lodging industry began to intensify, the value of marketing was realized by the lodging industry. In the fifties, as a result of America's increasing affluence and higher levels of discretionary income, a broader and more complex marketplace of travelers developed. Among the changes, which took place in society, were (Abbey 1989):

(1) Population growth. The population began increasing dramatically (at a rate of 1.35% compounded annually), especially in the South and in Mountain and Pacific regions. In addition to this growth, the population began shifting: the Sunbelt (especially Florida and Texas) and the western states (especially Colorado, Arizona, and California) experienced a great influx of people.

(2) People enjoyed longer life spans. This resulted from medical advancements and better health concerns, which increased the population boom.

(3) People found themselves with additional leisure time. The forty-hour work week became the norm and additional legal holidays were given to workers. Other job market factors such as part-time work and job sharing also contributed to increasing the nation's leisure time.

(4) Development of suburbs. This occurred as new communities sprouted along the new interstate systems. This included retail shopping centers, office buildings, and recreational and entertainment facilities, all of which created a new demand for accommodations and meeting space.

(5) Mass transportation. The ease of travel came overnight with the expansion of the airline industry, combined with the building of the new highway systems.

(6) Convention center expansion. To meet the growing needs of the booming economy and expansion into the suburbs, construction started on convention hotels, both in the cities and in regional and resort destinations.

In reaction to the dynamic changes in the environment, which began in the 1950s, the airline industry adopted the concept of mass marketing. The lodging industry soon followed the airlines' lead (Abbey 1989). Mass marketing is when one single form of a product is produced, distributed, and promoted to all buyers (Kotler 1988).

The lodging industry's response to the increased demand for their services was the development of a number of chain properties. In the late 1950s and early sixties, Holiday Inns, Ramada Inns, Howard Johnson's, and

Travelodge developed at the intersections of the new interstate system. Each lodging concept had its own standardized design, amenities, services, referral networks, and brands which made them easier to recognize, in terms of both service and market image.

Although there were differences in lodging segments, the supply of quality lodging accommodation was far below demand, so the predominant task of advertising was simply to increase awareness. Brand names were used as a means of differentiation from the independents and a sign of consistent quality at reasonable prices. In later years as oversupply began to occur in markets, individual chains and properties began to target specific segments of travelers. Holiday Inn's reasonably-priced, clean and comfortable rooms were targeted at everyone, not simply vacationing families or business travelers. However, some lodging companies did focus on particular segments of the market in the fifties. The Marriott Corporation concentrated its efforts on the business traveler and developed a product more acceptable to this segment. The result was that, very quickly, Marriott became 'the' hotel company for the business traveler in the early sixties (Abbey 1989). At the same time, Hilton carved itself an upscale niche of elegance and style (Brown & Lefever 1990).

The fifties and early sixties might be considered the beginning of the growth stage of the lodging life cycle. Companies began to find their own identities, establish brand recognition, and dramatically increase the number of locations through franchising and company-owned properties. The key focus of the strategy was to increase market share by simply opening more properties at a faster rate than their competitors. This was the time that

independents or "mom-and-pop" operations started to lose their grip on the market.

Technological advances coupled with the growth in size and number of chains resulted in the first toll-free reservations systems in the sixties, a decade that also witnessed the introduction of the first budget hotels. However, these "back-to-basics" budget hotels didn't gain in popularity until the seventies, when escalating inflation, fuel shortages, and budget reductions on the part of many companies resulted in an unprecedented belt-tightening among travelers. The all-suite segment also began in the seventies, but was ignored by travelers until the eighties when hoteliers in this segment targeted the 'extended-stay' traveler (Abbey 1989).

The realization of hoteliers that each segment had its own special needs and peculiarities, meant that each one - group business, convention business, pleasure travel, business - had to be understood and targeted. This started the gradual change in the nature of the business from a sales-orientation to a marketing-orientation (Troy 1985).

Sales consists of selling guestrooms and the property through direct personal contact, telephone calls and mailings, while marketing is the study and management of the exchange process between the hotel and the guest. Marketing is more sophisticated than sales. According to the American Marketing Association, marketing is defined as "the process of planning and executing conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives (Lewis and Chambers 1989, 6). However marketing is not simply about making a sale, but rather of creating a customer who wants a

particular product in preference to those offered by competitors (Lewis and Chambers 1989). A brand is a means for a buyer to identify a particular product by creating awareness, thus moving the consumer closer to purchase and possible brand loyalty.

If marketing is the process of moving products through the exchange process, then segmentation involves defining the specific consumer base being targeted. The basic philosophy behind segmentation is to develop a concept which is specifically designed to better meet the needs of a particular group of the population than any existing product. For example, the all-suite segment was developed to meet the needs of the business traveller or vacationer who is intending to stay in particular location for an extended length of stay, i.e. more than a couple of days.

The basic hotel service of a room and bed fulfills the traveler's physiological or first order need of sleeping (Maslow 1954; Nicholls 1989). However, the varying needs, desires and financial means of different portions of the population implies that there is not a single concept which can totally fulfil everybody's needs. So, instead of mass-producing a single product for everybody, segmentation attempts to modify the standardized product - a room and bed - by using various combinations of service and quality to differentiate itself from others.

When segmentation takes places, the four Ps - Product, Place, Promotion, and Price - of the marketing mix must be considered. A product is developed to meet the specific needs of the targeted segment. Place involves location and how the product is distributed to the consumer. Promotion is the process of creating awareness, then developing perceptions

which help to convince consumers to make a favorable choice in their purchase decision (Nicholls 1989).

However the hotel offering is a service, which means in comparison to a product, it is: (1) intangible with distinct tangible attributes; (2) perishable in nature; (3) simultaneously produced and consumed; (4) has a degree of variability in output; (5) easy to duplicate; and (6) has a higher perceived risk in selection (Renaghan 1981).

The intangibility aspect is the degree of difference between the consumer's expectation of a promoted product's performance and his/her actual experience (Nicholls 1989). A hotel's intangibility is the inconsistency or variability between properties of the same affiliation in terms of structure, rooms, pool, and the food & beverage facilities. Perishability exists, because a hotel room not sold on a particular night cannot be inventoried for sale on another night. The opposite is true for goods, such as cars, which can be held over until the following day.

Location is one of the prime determinants in a traveler's choice of lodging products, which implies that the hotel product must be "consumed" where the service is produced. However, the actual purchase or reservation of the product can be accomplished from anywhere with the use of an 800 number or a travel agent. Hotel promotion usually involves the highlighting of a chain's facilities and services or a particular hotel's location and distinct attributes. The overall purpose is to create an image or perception of the hotel service and what it would be like to experience it. The brand is suppose to capture that in one or two words.

A lack of consistency or homogeneity between hotels using the same name causes a blurring of a brand's image in the minds of consumers, i.e. there is variability in the service provided by the same hotel concept or brand at the same location at different times and, of course, at other locations. The labor intensive nature of the industry and various ages of the properties are the main reasons for the service inconsistencies.

The ease with which services can be duplicated means that competitors can produce a similar service much quicker than they could with a tangible product. This is a result of the relatively few barriers of entry into the marketplace. The final differentiating characteristic of a service is the risk that consumers associate with picking a service. This risk is considerably higher than that associated with buying a product (Sasser, Olsen, and Wyckoff 1978).

The effect of the six differentiating traits is that hospitality firms have their own unique marketing mix. According to Renaghan (1981, 32), this mix consists of 3 major sub-mixes:

(1) the product-service mix - this reflects the combination of product and services offered by a hospitality establishment, such as a hotel, that is specifically "aimed at satisfying the needs of the target market" (Renaghan 1981, 32). When a traveler chooses to stay at a particular place, he/she has made a bundle purchase of several elements rather than just one. In addition, although the elements may have different importance in the consumer's mind, if any of them change in any way, the image conjured up by the mention of the brand name identifying that particular bundle will also change to some degree (Lewis and Chambers 1989).

(2) the presentation mix consists of all "those elements under the firm's control that act in concert to make the total product-service offering more tangible to the consumer" (Renaghan 1981, 32). It also includes how the hotel differentiates itself from the competition. The major elements of the presentation mix are the physical building, location, price, all front and back house employees, atmosphere (in terms of lighting, music, landscaping, space, smell and other enhancements).

Although location is included in this submix by Renaghan (1981), Lewis and Chambers (1989) believed its importance justified highlighted attention. Thus, the distribution mix was added to Renaghan's (1981) hospitality mix by Lewis and Chambers (1989, 302). The distribution mix is defined as "all channels available between the firm and the target market that increase the probability of getting the customer to the product." In comparison to goods, the customer must go to the place where the service is manufactured. Each location is a point of distribution from which a customer can buy the lodging product.

(3) the communications mix covers all communications which attempt to increase "the tangibility of the product-service mix" and those that establish or monitor customer expectations, or "persuade consumer to purchase" (Renaghan 1981, 32).

Branding should be included in the communications mix because the hotel's brand sets expectations in the minds of consumers and makes the product-service mix more tangible. A consumer's perception of a brand is that it represents a certain set of characteristics. A perception is "a process by which people make sense of the world by selecting, organizing, and

interpreting the stimuli they encounter" (Lewis 1984a, 28). In the lodging industry, it is how consumers "rate, judge, and compare" (Lewis 1984a, 28) competing operations and decide which one best meets their needs.

According to Renaghan (1981), the marketing mix (i.e., products and services, presentation, and communication) that a hotel offers is part of the consumer's sensory information. Although it is the marketer who decides the reality of the marketing mix, it is how the bundle of elements is perceived by consumers that is important to brand choice (Lewis 1981).

People choose brands based on their perceptions of each of their choice brands using a set of relevant "dimensions" or product characteristics. "This perception, coupled with the importance to the individual of each characteristic, leads the customer to the determinant factors that makes one hotel or restaurant preferable to another" (Lewis 1983, 83). In addition, three reasons were given for individuals' preferring different lodging concepts:

(1) each individual places different importance on the numerous attributes of the lodging product (e.g., price, brand name, service level, location, image, etc.);

(2) the concept's attributes are perceived differently by individuals; and,

(3) individuals with different priorities will settle for different compromises. Each compromise involves a different trade-off. For example, a higher room rate may be traded for a more convenient location, or a lower room rate for a less convenient location.

In other words, people buy "benefit bundles" and solutions to their problems (Green, Wind, and Jain 1972). A particular property is selected because of the benefits they believe it offers, such as location, price, service, or a multitude of other features. Perceptions or images largely govern behavior, because they represent a person's subjective knowledge of the world around him (Lewis 1984b). This knowledge structure may consist of images of "value" as well as "fact" which results from all the past experiences that the individual has with the object (Boulding 1956). The human mind can simplify an infinite array of stimuli, by abstracting and storing relatively few meaningful images (Kosslyn and Pomerantz 1977). Hotel choice is a reflection of guests' desired determination attributes and their recognition of a given hotel's ability to deliver those attributes. Thus, consciously or unconsciously, an individual decides which attributes must be present in a hotel and ranks them in importance. Then each hotel is judged on whether they have these attributes or not, and finally, which combination of these attributes is best delivered by a particular hotel. This last combination is perceived as providing the guest with the best bundle of benefits available in a given situation (Lewis 1984b). If the consumer consistently reaches the same conclusion about which hotel/chain provides the best bundle, then brand loyalty may develop.

An understanding of how a consumer decides on which bundle which meets his or her needs would refine the process of segmentation. Traditionally, the key to segmentation has been to use the different elements of the marketing mix to appeal to specific target markets, rather than treating the population as a homogeneous group. Segmentation recognizes

the fact that distinct groups of the population have different priorities. The four main segmentation variables are generally considered to be geographic, demographic, psychographic, and behavioristic. The subsequent figure subdivides the categories into more identifiable elements (Nicholls 1989, 42):

| <u>Geographic</u> | <u>Demographic</u> | <u>Psychographic</u> | <u>Behavioristic</u> |
|-------------------|--------------------|----------------------|----------------------|
| continents | age | social class | usage rate |
| nations | sex | personality | type of usage |
| regions | family size | lifestyle | brand loyalty |
| states | income | | benefits sought |
| counties | occupation | | readiness stage |
| cities | education | | |
| densities | ethnicity | | |
| climate | nationality | | |
| terrain | religion | | |

Figure 2: Segmentation Variables

Source: Nicholls, J.A.F. "Segmenting The Hotel Market," FIU Hospitality Review 7 (Spring 1989) : 42.

The constant challenge facing the hotel industry is to find a profitable segment to target. This explains the current trend of hospitality companies adopting a multiple segment strategy. An example is the Marriott Corporation, which has five major brands, ranging from luxury to economy. Marriott Hotels and Resorts are targeted at the full-service, quality/luxury segment; Marriott Suites have an upscale residential-style, which stresses

personal service and friendliness; Courtyard is their midscale brand featuring limited service with emphasis on a high price/value; Residence Inn is an all-suite product which targets relocating and training employees and consultants; and, Fairfield Inn is their entrant in the economy segment (Rowe 1989). Another example is Choice Hotels International (formerly Quality International) which covers the different segments with the following brands: Clarion hotels (upscale); Quality Inn (mid-range); Comfort Inn, Econo Lodge, & Rodeway Inns (economy); Sleep Inn & Friendship (budget). A major problem for consumers is not being able to distinguish between the multitude of brands within a particular segment. The blur of products is intensified by quality inconsistencies among the same brand properties.

The inconsistency problem may result from the fact that a growing number of properties are franchised. Although corporate-managed properties generally deliver on expected quality, franchisees range in quality from "superior to unacceptable" (Lewis and Chambers 1989, 164). This reflects the fact that the perceived risk associated with the lodging product is greater than that associated with goods (Lewis and Chambers 1989, 162). Thus the consumer may receive little reward for becoming loyal to a particular lodging brand. Another reason for the lack of clear images being developed by individual brands is that some attempt to increase profitability by crossing and appealing to secondary segments. For example, a limited service economy hotel, such as a newly constructed Fairfield Inn, could use its property newness to appeal to both the budget-conscious traveler who wants slightly more than the basic amenities and the traveler who wants the comforts of home at a reasonable price. Therefore, it targets both the upper

portion of the budget segment and the mid-scale segment. This causes confusion in the minds of consumers because the same words and concepts are perceived differently by those in the marketplace.

Shifflet (1989) argues that as segmentation continues to escalate, fewer travelers will perceive differences between chains, thus eliminating their need to be chain or brand loyal. He contends that this problem will continue to develop as chains persist in creating distinctly different concepts within their range of products but not within the industry. Thus his conclusion is that there will be increasingly fewer differences between the concepts being created and those already existing in the marketplace. Quality differences also diminish as properties make improvements to remain competitive. If this continues, and consumers perceive the different labeled products as being much alike and delivering the same benefits, then the lodging product will have become a commodity, according to Shifflet (1989). The little or no perceived difference between lodging offerings translates into similar levels of satisfaction. Consumers were asked to rate their stays on a scale of one-to-ten. As satisfaction levels converge, the importance of price as a major differentiating factor increases. This removes the risk aversion motivation for consumers to be brand loyal, which intensifies price competition and results in a shakeout in the marketplace. One of the intentions of Shifflet's thesis is to determine whether the business traveler does indeed have brand loyalty to hotel chains. Actions and stated intentions will be contrasted with their level of satisfaction with the product.

The link between level of satisfaction, image and loyalty is critical to

Shifflet's argument of the hotel room becoming a commodity. However, his argument does not consider the importance of location in the selection of a lodging product by the consumer.

Purpose of Study

The purpose of this study is to determine if business travelers' exhibit brand loyalty towards the lodging product. In addition, this study will assess the level of brand loyalty exhibited towards a particular property or chain. During the eighties, segmentation and branding were the bases for lodging chains' marketing strategies. This research will provide an indication of how effective this strategy has been in increasing repeat business among business travelers for these chains and individual properties.

Importance of this Research

Brand loyalty measurement is important to the field of hospitality research because of the extensive use of branding in the hospitality industry in recent years. Lodging companies have adopted segmentation strategies as the industry has matured. Slow growth and declining profits, even though sales have been increasing, have forced companies to create brands or "little patches of monopoly," according to William Kaven, a marketing professor at Cornell University (Withiam 1985, 42). The objective of this marketing strategy for a hotel is to "defend its market share, win customers' brand loyalty, and differentiate the product" (Withiam 1985, 42). A measurement of a traveler's brand loyalty to one or more brands would indicate how

successful companies have been in differentiating themselves from competitors and creating clear images of their products.

According to Jarvis and Mayo (1986), the different degrees of customer loyalty towards the lodging product can be used as a basis for determining the appropriate strategy which will increase a chain's market share. Customers' attitudes towards a particular chain related to their frequency of visits can be used as a system of classification which identifies customer groups which are most likely to be receptive to a chain's marketing efforts.

Methodology

Data from a survey of business travelers will be used to measure the extent of their loyalty to lodging facility brands. A six-page questionnaire entitled "Domestic Business Travel Survey" was sent to business travelers across the fifty states to determine their preferences and perceptions of the American lodging industry. It is part of a yearly study of business travelers conducted by Dr. Ken W. McCleary and Dr. Pamela A. Weaver (both of the Department of Hotel, Restaurant and Institutional Management at Virginia Polytechnic Institute and State University) in conjunction with Hotel & Motel Management magazine.

One of the questionnaire's seven parts specifically deals with brand loyalty and was constructed for this study. Selective data from the other parts will be used to provide important information to substantiate or disprove the existence of loyalty of business travelers with lodging brands.

A literature review was conducted to determine the appropriate measures of brand loyalty. A number of different measures are used to ascertain if brand loyalty behavior is exhibited by this sample of business travelers. The collected data will be analyzed using the Statistical Package for Social Sciences (SPSS).

CHAPTER II

LITERATURE REVIEW

Introduction

This chapter will first offer a comprehensive review of the 'brand' concept and its importance in creating demand. Demand at the brand level is then examined using several different theories. Next brand loyalty is discussed as a subset of repeat purchase behavior. This is followed by a historical overview of the development of brand loyalty, in terms of operational and conceptual definitions. Finally the concept of brand loyalty is related to the context of the lodging industry.

Definition of Brand

According to Watkins (1986, 3), a brand is "an identifiable version of a product which a consumer could perceive as being distinctive in some way from other versions of the product." This distinction could take the form of a name, symbol, design or any other aspect. A brand name should inspire a personality for a company's offering and is the vocalized element of the brand image. This definition is oriented towards the consumer because it reflects the marketing objective of maximizing customer satisfaction in order to be successful in a competitive environment.

Thus a brand has two essential characteristics. The first is that it should be able to provide a consumer with a means of identifying with it in a

personal manner. The second is that it should communicate a distinctive value to potential consumers through using such variables as the name, package, physical product and/or service provided, color, shape, size, price, promotional appeals and the distribution processes.

According to Berry, Lefkowitz and Clark (1988), a strong brand should possess: distinctiveness (i.e., it should immediately identify the service supplier and distinguish it from competitors); relevance (i.e., it should convey the essence of the service benefit or its nature); memorability (i.e., the ease with which it can be understood, used, and recalled); and, flexibility (i.e., it must not be restrictive in nature for any foreseeable expansion plans). The brand is not simply a name, but an image. A brand image is an "integration of words, colors, symbols, and slogans, and the consistent application of these elements to send a clear and cohesive message to consumers. An employee's uniform, the design of sign, graphics on all materials, and an effective advertising campaign should work together to brand the intangible service" (Berry, Lefkowitz and Clark 1988, 30). However, the point is made that a good name will not compensate for poor quality, but a good name will enhance good performance.

The Importance of the Brand in Creating Demand for a Company's Version of a Product

Demand at the brand level will be examined in this section using different theories. The objective of this analysis is to predict how consumers will behave in aggregate, so that their actions can be better understood to enhance a company's branding efforts. The likelihood of a particular brand

being purchased and repurchased repeatedly by consumers is of particular interest.

When the consumer makes an actual purchase, this is considered "revealed preference" (Watkins 1986). This is classic economic theory, which defines brands as "different products." As stated in Watkins (1986), Palda (1969) believed that other limiting assumptions are made about a consumer's rationality. Rationality is the quality of having reason or understanding, and is assumed when consistency and transitivity exist (Palda 1969). The implication is that brand choice remains consistent, assuming prices, income and tastes stay unchanged. Transitivity means "that if brand A is revealed preferred to brand B which is revealed preferred to brand C, then brand C must not be revealed preferred to brand A" (Watkins 1986, 11). A change in a consumer's taste can be used to explain most deviations from established purchase patterns. Impulse buying or instances of random choice would be thought as irrational. The assumption is made that the individual consumer maximizes his or her utility, subject to financial resources, when allocating resources because of perfect knowledge of his or her wants and the ways of satisfying them. The existence of perfect knowledge is questionable due to the high cost of advertising and its effectiveness in informing the marketplace.

Consumer theory also makes the assumption of maximizing utility, which explains how a consumer's limited budget is allocated between different products. Thus it is the products themselves that have the power to yield utility, which is the reason that they are bought (Watkins, 1986).

Lancaster (1971) divided the consumer's relationship with goods into two. Goods have 'characteristics' which yield satisfaction, which the consumer attempts to maximize. Each consumption activity can be defined by its inputs, which are the qualities of the goods, and by the characteristics that form its output. Although there is no unique relationship between the number of goods and the number of characteristics, a single good will generally have more than one characteristic. Also any one characteristic does not have to be unique to one good. Thus the number of characteristics produced may be equal, less than or greater than the number of goods purchased. In addition, the synergy produced when goods are combined may produce characteristics which are different from those belonging to the goods separately.

According to Lancaster (1971), characteristics are the intrinsic and objective properties of a good (i.e. its essential nature), which are observable, measurable and yield utility. The assumption is made that the characteristics possessed by a commodity are the same for all consumers and are present in the same quantities. Consumer choice occurs between characteristics, and not in the allocation of characteristics to goods. Lancaster found that this approach is most useful at the individual brand level of analysis, while economic theory deals with distinct and separate products, and doesn't distinguish between brands of the same product class. The emphasis on characteristics rather than utility makes this step forward in application possible.

The basic difference between the traditional economic approach and Lancaster's approach is how two brands are defined. Traditional economic

theory views them as different products, while the Lancaster approach would define them in terms of the amounts of one or two characteristics, which they possess. Thus, according to Lancaster, a brand could not survive in the long-run unless it possessed at least one characteristic in a greater quantity (or less, if it were a negative characteristic) than its competitors per unit of the brand. This is similar to the marketing concept of the unique selling proposition, the unique appeal of a brand.

According to economic theory (Watkins 1986), the determinants of consumer behavior include: price, pricing of other products, income, and tastes. The relationship between price and quantity demanded is known as the consumer's demand curve. If the consumer is assumed to have a limited budget, then all goods are competing against each other. Companies will attempt to maximize profits by having a range of prices across their brand options, so as to appeal to a greater number of segments in the marketplace. The economic term "tastes" refers to those factors which shape consumer preferences, and in the short-term remain constant. At the brand level, consistency in choice is reflected in the phenomenon of repeat buying. This is when a consumer is frequently buying from a short-list of brands on each purchase (Watkins 1986). If a brand does not appear on this short list, then it has no chance of being purchased. In this situation it is not feasible to forecast the next brand purchased accurately but the probability of repurchase can be estimated from past purchasing activity (Ehrenberg 1972). Brand choice analysis is further complicated by the fact that different consumers have different repertoires of brands.

Brand loyalty is a subset of Repeat Purchase Behavior

According to Jacoby and Chestnut (1978), the importance of brand loyalty is based on the following two assumptions: (1) that companies want to sell additional units of their product(s) in the most efficient manner; and (2) repeated sales are of more consequence than single sales, i.e. increasing the number of repeat purchasers of an ever-expanding group of customers is important to the success of the company.

The phenomenon of repeat purchase has been addressed in the literature, using two philosophies. The first, known as "the stochastic theories" of buyer behavior, is based on the belief that changes in the marketplace take place randomly or by pure chance (Bass 1974). Bass continues that the numerous variables which influence repeat purchase behavior are unpredictable in nature. Thus the repetitive nature of the one consumer buying the same brand on more than one occasion is stochastic in nature.

The second philosophy, determinism, ascertains that repeat purchase behavior is not a result of pure chance, but can be explained using consumer behavior theory. Thus the objective of increasing market share can be achieved by understanding the causes behind consumer behavior.

The multicausal nature of repeat purchase behavior, according to Jacoby and Chestnut (1978), makes determinism difficult to prove. The simple fact that the multitude of variables affecting consumer behavior makes their occurrence almost random means that stochastic models have had more success at predicting the repeat purchase behavior phenomenon.

The Historical Evolution of Brand Loyalty

The measurement of brand loyalty (BL) has been characterized by operational definitions based on observations rather than abstract speculation. With these definitions, two main assumptions are made. The first concerns the level at which BL is measured while the second addresses the type of data used. The level at which BL is measured refers to the number of consumers associated with a observation. There are two levels, the individual (or "micro") and the aggregate (or "macro"), at which BL can be measured. At the individual level BL is measured for each consumer, while at the aggregate level BL is measured across several consumers.

There are three types of data which can be used to measure BL. The first focuses on the consumer's behavior, i.e. the repetitive purchasing of the same brand, expressed across time. The second type of data concerns attitudes, expressed in a consumer's "beliefs, feelings, and intentions" (Jacoby and Chestnut 1978, 9). This type of data, however, doesn't consider the effect of behavioral variables. Finally, the third data type includes both behavioral and attitudinal measures of consumer behavior. This is a composite of the two former BL measure types (Jacoby and Chestnut 1978). Thus the assumptions concerning level (i.e., individual/micro and aggregate/macro) and type (i.e., behavioral, attitudinal, or composite) are made to provide a conceptual framework with which to order and then evaluate the literature.

Brand Loyalty Measures

The basis of this historical overview of the development of BL measures is taken from Jacoby and Chestnut (1978), unless otherwise stated.

Although Copeland (1923) was the first to describe a concept similar to "loyalty," which he termed "brand insistence." It differentiated between recognition and insistence using the strength of preference as the determining factor. Copeland thought a strong preference or insistence for one brand would influence a purchaser's brand choice. His proposal that exclusive purchase defined loyalty was the basis for Brown's (1952) definition of "undivided loyalty."

Copeland's train of thought wasn't followed upon until 1932, when the Psychological Corporation started to collect data on some 1500 different brands. The purpose of this study was to monitor fluctuations in market share. The survey asked consumers what was the last brand purchased, which according to Guest (1942) is similar to asking them what they usually brought. Thus this was an inquiry into repeat purchase behavior (RPB).

According to Jacoby and Chestnut (1978), the evolution of measurement included Churchill's (1942) combined use of a behavioral questionnaire with consumer panels and Guest's (1944, 17) micro attitudinal measure, which defined BL as "constancy of preference over a period of years in the life of the individual." He contended an individual's beliefs were a good indication of his/her purchasing habits.

Brown (1953, 32) viewed BL as "a deliberate decision to concentrate purchase on a single brand due to some real or imaginary superiority of that brand." However his sequence-of-purchase definition did not consider the

reasons behind any exhibited behavior. In each of these instances A and B represented two brands. "Exclusive purchase" was represented as the sequence of AAAAAA, while "divided loyalty" was considered ABABAB and "unstable loyalty" as AAABBB. No attention was given to sequences which involved more than two brands.

Cunningham (1956a, 118) offered his own measurement of BL, which he defined as "the proportion of total purchases represented by the largest single brand used." His "market-share concept," or the proportion of total purchases index, produced percentages which served as indicators of the strength of the loyalty held by consumers towards a particular brand within the market. Its main advantage was that it produced values for each brand, thus allowing such issues as "dual-brand loyalty" (i.e., the cumulative percentage of the two most frequently purchased brands) to be investigated. A major disadvantage of this measure was the justification given for any arbitrary cut-off point required to determine the presence of loyalty (fifty percent was the usual cut-off point).

Cunningham also developed a 'lost-gained' ratio measure which stated that the brand with the "lowest ratio of lost to gained customers was defined as having the most loyalty" (Jacoby and Chestnut 1978, 13). However, Cunningham favored the market-share concept because it was less arbitrary in criterion than the 'lost-gained' ratio.

The use of mathematical models was the next step in the measurement of brand loyalty. Kuehn (1958) proposed a linear-learning model of BL, based on psychological learning theory. Pessemier (1959) used simulated shopping situations to determine the extent of loyalty to the most

preferred brand (MPB) with his 'price-until-switching measure.' It estimated the number of price increases necessary to induce brand switching. Then, Lipstein (1959) demonstrated the potential of using a Markov process to study BL and brand switching. Both Lipstein and Kuehn wanted to develop probability-of-purchase models to predict consumer behavior. Lipstein proposed two indices of BL: the probability of repurchase and the average staying time with the brand. The probability of repurchase involved the use of a matrix, which indicated the possibility of a consumer repurchasing his/her initial brand choice. While average staying time with the brand predicted "the average sequence length of a consumer's purchasing only one brand" (Jacoby and Chestnut 1978, 15). Similar to Lipstein, Frank (1962) developed stochastic or probability-of-purchase measures of BL. Frank's perception of repeat-purchase probability was that of a habit, rather than a form of "loyalty."

Alternative approaches to stochastic models were taken by several researchers during the sixties. Farley (1964), for example, tried to explain loyalty using economic theory and the result was two new measures: the first determined the average number of brands bought by families that purchased a certain brand, while the second determined the percentage of families in the market that changed their most preferred brand (MPB) halfway through the year. The lower the value of these measures meant a stronger level of brand loyalty.

Tucker (1964, 32) asserted that an individual's behavior was "the full statement of what brand loyalty is," which was a return to measures first proposed by both Brown and Pessimer (i.e., 'sequence-of-purchase'). Tucker

used three or more consecutive purchases of the same brand to define the existence of BL. According to Jacoby and Chestnut (1978), McConnell (1968) used the same criterion. Tucker tested the strength of an individual's loyalty, by placing pennies on the least favored brand until switching was induced. This took place after the subject had chosen the same brand on three successive occasions.

This tendency to combine behavioral and attitudinal tests of BL continued in the late sixties. The stochastic models were replaced by a belief that loyalty was something more than simply repeat purchase behavior (Jacoby and Chestnut, 1978).

Cunningham's (1967) "perceived brand commitment" was a measure that investigated the consumer's degree of BL. A consumer's actions, in terms of loyalty, was categorized as being either high, low, or ambiguous. Assignment was based on an individual's usual behavior when his/her favorite brand was not available. The highly brand-loyal consumer would constantly buy the same brand and indicated that, if that brand was not available, then he/she would not buy another brand. But would either go somewhere else to buy that brand or postpone the purchase until another shopping trip.

Sheth (1968) sought a statistical combination of two important behavioral criteria: 'proportion of purchase' and 'sequence of purchase.' He recognized the need for an aggregate BL measure with the ability to measure each individual's brand loyalty. His factor analytic model was explained in more detail by Howard and Sheth (1969, 249), who explained that a factor score represented "a linear combination of the observed purchase behavior

on a series of trials . . . based on both the frequency of purchase of a brand and the pattern of these purchases."

Day (1969) believed that behavioral measures reflect "spurious loyalty." His truly loyal customer, similar to Cunningham, was one who was "consistent in both behavior and attitude" Jacoby and Chestnut (1978, 19). Day (1969) contended that almost all previous BL measures had overstated the extent of BL, because they didn't consider the consumer's initial attitude. For a consumer to have true or "intentional loyalty," he/she needs to satisfy both a behavioral and an attitudinal criterion. A loyal buyer needs to be someone who "devotes at least 50% of his product purchase to a single brand" and has "an extremely favorite initial attitude toward that brand" (Day 1969, 31).

The main consideration of the majority of measures up to this point has been the consistency in purchases (Jacoby and Chestnut 1978). Thus the measures of BL have been either behavioral or composite (i.e., behavioral combined with attitudinal) in nature. Regardless of whether a micro or a macro interpretation of human behavior was employed, these approaches failed to distinguish between brand-loyal behavior and brand-loyal attitudes. According to Jacoby and Chestnut (1978), such a distinction was advanced by Jacoby (1971b, 26): "Brand Loyal behavior is defined as the overt act of selective repeat purchasing based on evaluative psychological decision processes, while brand loyal attitudes are the underlying predispositions to behave in such a selective fashion." Jacoby believed that specifically studying brand-loyal attitudes would provide a better understanding of the reasons for and strength of behavioral BL.

Speller (1973) strengthened the argument that attitudinal factors are related to BL by finding that "intention and attitude measures were strongly correlated with subsequent proportion-of-purchase data" (Jacoby and Chestnut 1978, 21). From a study of seven products, Speller found that six of them exhibited this relationship.

Summary

All of these measures of BL made certain fundamental assumptions about the level and the type of data used. The general trend of these aforementioned measures has been an increased sophistication towards the understanding of BL. A majority of these studies used either proportion or sequence-of-purchase criteria to measure BL, based on actual or self-reported purchase behavior. More recent studies have used both attitudinal and composite definitions. This reflects a need for measures of both consumers' attitudes and behavior. In addition, the use of different measures by researchers reflects the complexity of the problem of quantifying brand loyalty.

Operational Definitions of Brand Loyalty

At least 53 operational measures have been developed over the years to capture the notion of brand loyalty. According to Jacoby and Chestnut (1978), there are three categories of measures: behavioral, attitudinal, and composite (some combination of behavioral and attitudinal aspects).

I. Behavioral Indices of Brand Loyalty

These measures are based either on the consumer's actual purchasing behavior or self-reports of that behavior. This category can be subdivided into five sections, according to Jacoby and Chestnut (1978, 1): "(1) those concerned with proportion of purchases devoted to a given brand, (2) those concerned with the sequence in which brands are purchased, (3) those that reflect probability of purchase, (4) those that synthesize or seem to combine several behavioral criteria, and finally, (5) a number of miscellaneous measures."

The proportion-of-purchase measures have used different percentages as means of distinguishing loyal behavior from non-loyal behavior. From the literature review of Jacoby and Chestnut (1978), Copeland (1923), Churchill (1942) and Brown (1952) used 100%; Lipstein (1959) used 75%; Charlton and Ehrenberg (1976) 67%; and Cunningham (1956a, 1956b) and Day (1969) used 50%. In addition, Raj (1982) used 50% as an arbitrary cut-off point.

The possibility of multi-brand loyalty was considered and formulated as a percentage of total purchases. Cunningham (1956a, 1956b) defined "dual" and "triple brand loyalty." The former measure defined loyalty as the percentage of total purchases assigned by a consumer to his or her two most often brought brands, while the latter considered the top three brands.

Raj (1982) used consumers' purchase behavior to define three different loyalty classifications. The first used 50% to assign a "high loyal" label to consumers, while a second used a "multi-level loyalty" categorization to classify consumers into one of six loyalty levels. The range of percentages for the six levels was as follows: <10%, 10%-19.9%, 20%-29.9%, 30%-49.9%,

50%-69.9%, & 70%-100%. The third was a multi-brand classification, which recognized the possibility of consumers being loyal to more than one brand. A cut-off level of 60% was used to classify a consumer solely loyal one brand.

Raj (1985) also used consumer purchase behavior to define three loyalty levels: sole, primary and secondary. Sole loyalty classifies those respondents who exclusively buy a single brand. This number was used to calculate the BL index, which was a ratio of the number of sole buyers of a particular brand to all buyers of that brand. The above classifications assumed that repeat purchase behavior is the most useful way to characterize customer profiles from a manager's perspective. Raj (1985) also found that as the number of brands increases in a product class, loyalty levels decline sharply at first, then level off. A brand in a product class with a large number of brands might face low consumer loyalty and will consequently have to devote considerable effort in maintaining a loyal following. Since consumer switching between brands is common, short-term promotional tactics are likely to be beneficial. Although it might be easier to enter a market with low customer loyalties to existing brands, new entries will find it even more difficult to develop a loyal franchise. The implication is that brands with different loyalty profiles need to have different strategy options.

The next category of measures is 'sequence-of-purchase' which, according to Jacoby and Chestnut (1978), includes Brown's (1952) "divided loyalty" (i.e., ABABABAB) and "unstable loyalty" (i.e., AAABBB), as well as a "three-in-a-row criterion" advocated by Tucker (1964) and McConnell

(1968a). "Loyalty was said to exist for a brand whenever a sequence of three or more consecutive purchases of that brand is made" (Jacoby and Chestnut 1978, 36). Massy, Frank, and Lodahl (1968, 20) defined a brand run as "any consecutive sequence of purchases of the same brand at one store" which "is terminated and a new one begun whenever the family changes its store or brand." The number of brand runs indicates the strength of exhibited BL. The relationship is an inverse one, thus "the lower the number of brand runs, the stronger the BL" (Jacoby and Chestnut 1978, 36).

The third category, the probability-of-purchase measures, according to Jacoby and Chestnut (1978), includes Lipstein's (1959) "first-order (Markov) probability of repurchase" and Frank's (1962) "repeat purchase probability," defined loyalty as "the relative frequency of purchases devoted to a specific brand during a set of previous purchases" (Jacoby and Chestnut 1978, 37).

Next are the synthesis measures, which are a combination of proportional and sequential measures (Jacoby and Chestnut 1978). For example, Sheth's (1968) factor scores are proportion-of-purchase measures weighted by the sequence in which the brands were obtained. Lastly, other loyalty measures include Cunningham's (1956a) "lost-gained ratio," which compares two points in time and the brand with the lowest ratio of lost-to-gained customers is said to have the greatest BL (Jacoby and Chestnut 1978).

Evaluation of the Behavioral Indices

According to Jacoby and Chestnut (1978), there are a number of problems associated with these measures. The first is that none of these operational definitions have developed a clear understanding of what it is that is to be measured. A definition of brand loyalty is needed, before you can measure it.

Second, what is the justification behind the arbitrary nature of many of the criteria used to distinguish loyal behavior from disloyal action? Why fifty percent? or three-in-a-row? Third, most of these measures are "too simplistic" to measure the complex and multi-dimensional nature of brand loyalty. A combination of two or more different measurement approaches might be required to obtain an adequate assessment of a consumer's brand loyalty.

A fourth problem is that the negative or opposite case with respect to BL has been not investigated. A better understanding of disloyalty might provide the researcher with some insight into the concept of loyalty. Fifth, the "unit of measurement" is not clearly defined in many measures. This is important for two reasons. The first is that there needs to be some determination of how many purchase occasions are necessary before it becomes meaningful to apply measures of repeat purchase. Second, is the individual or the group (e.g., a family) to be measured? If the decision-maker is thought to be the important participant in the brand choice decision, and not the purchaser or the user of the product, then it is the actions of the decision maker that should be measured. Panels consisting of families have traditionally been used as the primary unit of measurement.

Associated problems include faulty recall, false reporting of purchases, and the inability to determine whether the consistent purchasing of a brand represents loyalty on the part of the most influential member of the family or if the family compromises. Thus the attitudes of the decision maker about which brands will or will not be purchased needs to be determined.

The sixth problem is that none of the measures attempt to determine the reasons behind consumers' reported behavior. They don't address the issue of why BL develops or is modified? Seventh, the possibility of multi-brand loyalty (i.e., being loyal to two or more brands in a product category) is not allowed for in most of these definitions. If a consumer is faced with a multitude of brands within a particular product category, then he/she might be loyal to more than one brand. An inability to accommodate multi-brand loyalty makes a definition incomplete.

Eighth, there appears to be little indication of the "relationships between and among the various measures" (Jacoby and Chestnut 1978, 43). Using the same information, the same individual can be defined as loyal by one measure and nonloyal by another. Without having detailed knowledge of how these different measures interrelate, attempts to synthesize findings from different BL investigations into general principles and conclusions would seem to be a futile and meaningless endeavor.

The ninth problem regards the fact that inadequate data is provided in the studies about their validity, reliability, and sensitivity. Data concerning the predictive validity of these measures is lacking, especially in regard to their accuracy of predicting a set of future purchases rather than simply the next purchase.

The issue of sensitivity (i.e., the measure's ability to differentiate between loyalty and nonloyalty and to distinguish different degrees of loyalty) is also inadequately reported for these BL measures. Most of the information regarding this characteristic is negative. Massey, Frank, and Lodahl (1968) criticized Cunningham's market-share index because of its tendency to conceal differences in the sequence of purchase. Any arbitrary cutoff point used in a measure is also open to criticism.

The next section examines the rationale behind brand choice models, and offers a different point-of-view from the analysis provided by Jacoby and Chestnut (1978).

Brand Choice Models

According to Wierenga (1974), the brand of a particular product is an important consideration in the buying behavior of a consumer making purchases of that product. In today's society, the consumer is faced with an increasing number of varieties of the same product within a given product field. Thus, it might be expected that at the point of purchase, the decision would not be a random choice from the alternatives available, because of differentiating factors identified by the brand in the eyes of the consumer. A product can be differentiated in many forms: design or brand image, technology, features, customer service, dealer network or location, and along other dimensions (Porter 1980).

Brown (1952) and Cunningham (1956) both identified that consumers do not choose a brand at random, but that for a particular individual,

different brands have different probabilities of being bought. This supports the value of branding.

Cunningham was able to calculate for each family involved in a consumer panel study, the percentage represented by the most favored, i.e. the most often bought, brand in the purchases of various products during three years. For the seven products studied, it was found that individual households bought their favorite brand much more frequently than would be expected under the assumption of a random choice from the brands available.

In general, the brand chosen at previous purchase occasions has a rather high probability of being bought again on subsequent occasions in comparison to the possibility of another brand being chosen. If a particular brand is repeatedly bought instead of other brands "for quite a number of purchases," Wierenga (1974, 2) considers this brand loyalty. He identifies three measures of brand loyalty (Wierenga 1974, 2):

- (1) "the percentage in the purchases represented by the most favored brand" (Cunningham 1956);
- (2) "the percentage in the purchases represented by the first and second favored brand together";
- (3) "the number of different brands bought during a certain number, e.g. 100, of purchase occasions."

The general term used by Wierenga (1974) to characterize these measures of brand loyalty was that they are "summary" in nature; i.e. a consumer's purchasing habits could be captured by these measures. The basis for these brand choice measures is the brand choice process, which is

"the consecutive buying of certain brands of a product by a consumer" (Wierenga 1974, 2). The frequency, sequence and switching of brands are characteristics which constitute the structure of a consumer purchase history.

The formulation of mathematical models, which are stochastic in nature, is one method of studying brand choice processes. Observation of the process is an alternative which would involve questions probing the extent and strength of the brand loyalty.

Models for brand choice processes

The following five models which appear in Wierenga (1974, 16), have a common theme, in that they are all "stochastic in nature." This means that the consumer does not randomly choose any of the available brands of a particular product, but is predisposed by a probability distribution to choose the available brands.

The first model is the Homogeneous Bernoulli Model (HOBM) which assumes that all consumers buy certain brands at the same regularity. According to Wierenga (1974), this model's assumptions of homogeneity and no purchase feedback are unrealistic.

In the second model, the Homogeneous Markov Model (HOMM), the consumer's most recent purchase history is the only influence on that individual's brand choice. Thus the last purchase decides the probability of a particular brand being purchased at the next occasion. The likelihood of the consumer switching from one brand to another is called a transition probability. Homogeneity is assumed: all consumers have the same

transition probabilities. These probabilities make up a transition matrix which represents the different probabilities of the different combinations of purchases. For example, if we take the first order Markov Model, which considers only the influence of last purchase on current brand choice and a two-brand (0 & 1) market, then there are 4 possible purchase combinations. The 2-x-2 transition matrix would include probabilities for 11, 10, 01, & 00. For higher order Markov models, longer purchase histories are used to determine the probability distribution of the next purchase. For example, a second order Markov model would assume that the last two purchases have an influence on the current brand choice.

The third model, the Heterogeneous Bernoulli Model (HEBM), is the first homogeneous model (HOBM), but the variation is that consumers can have different transition probabilities. However, the assumption of no purchase feedback still remains, and the sequence of purchases is unimportant. The fourth model, known as the Heterogeneous Markov Model (HEMM), combines the assumptions of HEBM and HOMM, so that both population heterogeneity and purchase feedback are present.

The Linear Learning Model (LLM), the fifth model, allows the consumer to have an unique probability for purchasing each brand at each purchase occasion. These probabilities change after each purchase with the occurrence of the last brand just bought. The LLM considers former purchases, but the influence of each brand choice diminishes with each new purchase. According to Wierenga (1974), it was found by a number of researchers (Kuehn 1962; Carman 1966; McConnell 1968) that the LLM

measures consumers' past purchase experiences for non-durables, such as orange juice, toothpaste, and beer.

General conclusions about the models

The model which was found to best describe the brand choice processes was the linear learning model. However the higher order Homogeneous Markov Model is similar because the difference between the models becomes smaller as the number of previous purchase occasions taken into consideration increases. Thus the amount of data required to estimate the number of parameters, and the transition probabilities, increases very quickly for the higher-order Markov model.

According to Wierenga (1974, 119), it has been found that as a consumer passes through the brand choice process, he or she will tend "towards an equilibrium point," which is generally not abandoned very quickly. After trying all the different brands, the consumer settles down to show subsequent consistent behavior for a period of time. The periods of brand switching alternated with continuity, together with the gradually diminishing effect of past purchases is what is captured in the LLM. The strength of the LLM comes from its combination of two of the simpler models: the HEBM and the first order HOMM, which cover the two basic assumptions of purchase feedback and different transition probabilities for different consumers.

Poulsen (1990) reports the popularity of Markov chains declined during the 1960's, as research showed that this approach was inadequate in explaining brand switching. The assumption that all consumers had the

same probability of brand choice was relaxed in Poulsen's mixed Markov model. Thus allowing heterogeneity in individual transition probabilities.

The two models presented by Poulsen (1990), the mixed Markov and the latent Markov make one basic behavioral assumption: the segment membership of each individual is considered fixed. The observed brand switching reflects the probabilistic nature of the individual choice processes, rather than changes in the underlying preference structure. All individuals in a particular segment follow the same zero-order process (in the latent class model) or the first-order process (in mixed Markov model). No allowance is made for real changes in the underlying segment-membership, thus no segment can grow or decline. A limitation of this approach is that it relies exclusively on observed or empirical data.

An alternative method to these mathematical models is the poolsize approach, which was based on observations of consumers' brand choice. A realistic picture was drawn of consumers alternating between periods of buying only one or a few brands, with periods in which a multitude of brands are bought. However, a variable was needed that didn't limit the number of brands considered in the decision. In mathematical models, the choice of brands is usually condensed to two choices: one stood for a particular brand, while zero stood for all other brands.

The "poolsize" variable is defined as follows: "the poolsize of a consumer is the number of different brands bought during his last 10 purchases" (Wierenga 1974, 157). The number of purchases was arbitrary set at 10, but it could have easily been 5 or 15.

According to Wierenga (1974), an influencing theory behind this approach is Howard & Sheth's (1969) buyer behavior, which involves the notion of the 'evoked set' of brands. This 'evoked set' of brands is that collection of brands the buyer considers in his/her brand choice decision. The total number of brands available does not represent this set because of the consumer's lack of awareness of all the different brands and not all the brands the consumer is aware of are acceptable for purchase. Thus, for a brand to be in the evoked set, the consumer must (1) be aware of it and (2) meet the consumer's criteria for purchase consideration. Different consumers have different 'evoked sets' for the same product, while the number of brands in the evoked set of each consumer can change during the purchase process.

The connection between the consumer's pool and evoked set is that the brands purchased in the last 10 purchases must belong to the evoked set. This assumes that the brands are remembered by the consumer and that the act of purchase implies that they are acceptable. However, the evoked set may have additional brands in it, if there are brands which are in the set of alternatives, but weren't brought during the last 10 purchases.

The effect of Howard and Sheth's (1969) buyer behavior theory on the consumer's decision-making process is the manner in which changes in the process take place. According to Wierenga (1974, 161), a consumer's decision making process can be divided into three stages:

1. "extensive problem solving": when the buyer has no strong preferences towards any brand.

2. "limited problem solving": the consumer has moderately strong preferences towards several brands, but not towards one particular brand.

3. "routinized response behavior": when the consumer is about to make a purchase, he/she has one or two brands in mind. This is known as the "the psychology of simplification," because it involves the consumer reducing the complexity of the buying situation.

As stated in Wierenga (1974, 162), Howard and Seth (1969) found that frequent purchase products: "the buyer after attaining routinization of his decision process, may find himself in too simple a situation. He is likely to feel monotony and boredom associated with such repetitive decision making. He, therefore, feels a need to complicate his buying situation by considering new brands and this problem can be called 'the psychology of complication'. The new situation causes him to search for identity with a new brand and so he begins again to simplify."

If this is true, according to Howard and Seth (1969), then the brand choice process will consist of intensive search periods rotated with concessive purchases of the same brand or switching between two brands. Thus, a conclusion from the poolsize approach is that a consumer simultaneously considers a limited number of brands as potential choice candidates and that consumers do not often straight-forwardly switch from one brand to another, but usually exhibit limited search behavior, which accompanies a transition to another brand.

Another approach is 'event history analysis,' which is a behavioral measure, that builds upon the premise that "an event history includes data on the number, timing, and sequence of events occurring to individual cases"

(DuWors and Haines 1990, 486). Thus, it is not an operational measure based on market share. An event ($Y(t)$) could be defined as a purchase of another brand and not the one initially brought. When repeated purchasing of the same brand occurs, the consumer's event continues. Another way of looking at this is to express the probability of an event occurring. Brand loyalty is present for an item after four purchases. DuWors and Haines found that brand loyalty is generally time dependent and transitory. The implication is that after a period of habitual purchasing of a single or a few brands, individuals or families enter a period of trying other brands for evaluative and comparison purposes. The length of this "inter-experimentation" time period is not standard. Thus brand loyalty is not static but rather passes through phases of habitual purchasing.

II. Attitudinal Indices of Brand Loyalty

These measures are based solely on statements of preference or intentions to behave, and not on actual purchase behavior. Their purpose is to facilitate a better understanding of the factors underlying or causing the development of and changes in BL. "Attitudes are considered to be the psychological construct most capable of providing such explanation" (Jacoby and Chestnut 1978, 47).

Examples of operational definitions based on attitudinal measures, according to Jacoby and Chestnut (1978), include Guest's (1942) question of brand preference, and whether selection of a favorite brand is continued without regard to price (Monroe and Gulltinan 1975). Other measures require the respondent to place brands along a continuum of brand

preference, which has regions of acceptance, neutrality, and rejection. Placement is supposedly an indication of tendency to purchase and the distance between accepted and rejected brands indicates the strength of attitudinal BL (Jacoby and Olson 1970; Jacoby 1971b).

Evaluation of Attitudinal Indices

The arbitrary nature of the scale values involved in many of these attitudinal-operational definitions, makes them questionable. If the distances represented actual attitudinal distinctions in consumer minds, then the scalings would be more meaningful (Jacoby and Chestnut 1978).

III. Composite Definitions of Brand Loyalty

The composite measures of BL combine the behavioral and attitudinal approaches (Jacoby and Chestnut 1978). Copeland's (1923) "brand insistence" combines the behavioral nature of an exclusive purchase measure with a strength of attitude test to determine the extent to which an individual would go to buy their most preferred brand. While with Pessemier's (1959) "price until switching," the objective is to determine the point at which the consumer is induced to switch to another brand by price increases of his/her most preferred brand (MPB).

Evaluation of the Composite Indices

The laboratory nature of these measures is a limiting factor, but they enhance the understanding of brand loyalty. They require the consumer to

actually simulate purchase behavior rather than filling in questionnaire blanks (Jacoby and Chestnut 1978).

Conceptual Versus Operational Definitions

According to Jacoby and Chestnut (1978, 70), there are two basic types of definitions: (1) conceptual definitions are abstractions, which represent "attempts to encompass in some symbolic form (usually language) the essence of what we mean when we speak about a particular item, phenomenon, or event"; and, (2) operational definitions, which are "detailed descriptions of the procedures used to measure loyalty." A conceptual definition must precede and guide the development of operational definitions, if the latter is to be meaningful.

A Conceptual Definition of Brand Loyalty

Jacoby and Kyner's (1973, 1) definition is expressed by a set of six necessary and collectively sufficient conditions. These are that BL is "(1) the biased (i.e., nonrandom), (2) behavioral response (i.e., purchase), (3) expressed over time, (4) by some decision-making unit, (5) with respect to one or more alternative brands out of a set of such brands, and (6) is a function of psychological (decision-making, evaluative) processes."

Brand loyalty cannot be random, otherwise there would be no point in attempting to measure it. A random event cannot be predicted, modified, or controlled.

Statements of preference or intention to buy (i.e., verbal reports of bias) alone are not sufficient for defining BL. Such statements of bias must

be accompanied by biased purchasing behavior to be considered brand loyal. A traveler who prefers Hilton, but stays at Holiday Inns is not brand loyal.

A single, biased act does not constitute BL. The term *loyalty* implies "a condition possessing some temporal duration" (Jacoby and Chestnut 1978, 81). Thus, BL is something expressed over time. It is not the next purchase event, but the pattern of future purchases is that is important.

The implication of the "decision-making unit" condition is that of the three primary roles which a consumer can assume (i.e., decision maker, purchaser, user) it is the one of decision maker, which is important to determining the existence of BL. To illustrate this point, consider the following situation. A business woman who prefers Comfort Inns but must stay at Holiday Inns because her company has special rates with the latter chain. Thus it is the company that is the decision maker and not the business traveler.

The condition that BL involves the selection of one or more brands out of a set of brands has a number of implications. First, it recognizes the possibility of multibrand loyalty, which allows for an individual to be loyal to two or more brands in the same product category (e.g., Comfort Inn and Holiday Inns). Second, that BL is a reflection of a consumer's preferential behavior toward one or more alternatives out of the total range of brands in the product class. Brand loyalty provides a means of assigning brands to categories of acceptance, rejection and neutrality. However the consumer must be faced with a choice of brands, in order to express or exhibit BL. An example of this is that a salesman may travel to isolated locations and Holiday Inns may be the only choice of accommodation. Brand loyalty is not

being exhibited by the salesman because there are no alternative brands in the product class from which to choose.

The final "condition notes that BL is a function of decision-making, evaluative processes" (Jacoby and Chestnut 1978, 84). This reflects a "purchase decision in which the various brands have been psychologically (perhaps even physically) compared and evaluated on certain internalized criteria, the outcome of this evaluation being that one or more brands was (were) selected" (Jacoby and Chestnut 1978, 84). Stating a mere preference for a particular brand may not be enough rather determining the crucial set of evaluative set of criterion is more important. As a result of this decision-making, evaluative process, the individual has a certain amount of commitment to the brand(s) in question. The concept of commitment provides a critical basis for distinguishing between brand loyalty and other forms of repeat purchasing behavior (RPB), which could be used to determine relative degrees of BL.

The six criteria presented are considered necessary and collectively sufficient for conceptually defining BL.

Other Conceptual Definitions of Brand Loyalty:

Cunningham (1956) states that BL can be defined in terms of (1) customers lost and gained over specific time periods, (2) time sequences of individual purchases, and (3) market share.

The time period chosen is usually one or two months in the analysis of customers lost and new customers gained. In comparing brands, the one with the lowest ratio of lost customers is thought to have the higher loyalty.

This dependence on an arbitrary time period is the inherent problem with this concept, because it may not reflect the natural purchasing cycle of the product's purchaser. Another problem is that the number of lost and new customers is usually overstated. One of the reasons is that if a purchaser buys a particular brand in the first period, but doesn't buy any brand in the second, then that individual is considered a lost customer in the second period and as a new customer for the third.

The concept of time sequences of individual purchases usually involves the evaluation of various patterns of series or runs of given brands. For example, sequences might include: AAAABBBAAA; AAABCCBAA; ABCABCABC; etc. Thus the problem with this concept is that a judgement must be made as to which patterns are more or less indicative of brand loyalty, which means that an element of subjectivity must be involved. The important distinction to be made is that between patterns stemming from random buying and those which represent true brand loyal behavior. Although it would be more desirable to have a quantitative measure of brand loyalty for each participant, this time pattern concept assigns consumers to brand groupings, such as strongly loyal, loyal, weakly loyal, disloyal, etc. The subjectivity of this concept lessens its usefulness, but does indicate a consumer's tendency.

The market share concept involves measuring the distribution of an individual's purchases among the different brands available in the particular product category. Thus this measure is determining the proportion of the total money an individual spent on that category by brand. These objective figures allow comparisons to be made between individuals on a continuous

scale of values. Cunningham (1956) proposes that this measure can be used to facilitate analysis of different aspects of brand loyalty, such as loyalty proneness and relationships between brand loyalty and deals, store loyalty, consumption rates and socioeconomic characteristics.

Another definition of BL was stated by Engel, Kollat and Blackwell (1968, 609) as "the proportion or percentage of purchases devoted to any one brand in a product class, or as the number of different brands purchased during a given unit of time, or by the sequences and frequency of such purchases."

Jacoby (1971b, 25-26) made the point that two elements are necessary for BL to exist. The first is "the tendency to prefer and purchase more of one brand than of others," and second that "repeat purchase behavior (is) based on cognitive, affective-evaluative, and predispositional factors - the classical primary components of an attitude."

According to Watkins (1986, 63), BL is "a predisposition to buy the same brand on consecutive purchasing occasions." It is a risk aversion strategy taken by consumers, who feel that the current brand bought meets their needs and they can avoid the risk of potential dissatisfaction within an alternative brand by repurchasing the same brand repeatedly. Thus if user experience, which is satisfactory, is reinforced by advertising then consumers will avoid the risk of trying a new brand and continue to buy the same brand. Experience develops as purchase occasions pass.

A difference between "service loyalty" and "brand loyalty" is noted by Czepiel & Gilmore (1986, 91). Service loyalty was defined as a "specific attitude to continue in an exchange relationship based solely on past

experiences." This distinction can be attributed to the intangibility and heterogeneity nature of services. According to Jayanti (1990), Synder (1986) makes the point that there are fundamental differences existing between the loyalties for a good and for a service. They are:

(1) consumers must be both brand loyal and store loyal to be service loyal, since most service establishments sell only one "brand" of service, and;

(2) for services, the object of loyalty is often the service provider (i.e. an individual provider) rather than an organization.

This thesis research will use Jacoby and Kyner's (1973) definition of BL because it consists of attitudinal and behavioral elements. It provides six clear conditions which can be measured separately to determine the extent of BL exhibited by a sample of business travellers. The service nature of the lodging industry will be taken into consideration, when analyzing the data collected from the survey instrument.

Marketing Applications involving BL measurement

The purpose of BL measurement is to determine a brand's customer profile, relating to the tendency of the customer to switch brands within a particular product class. According to Jacoby and Chestnut (1978), the make-up of a brand's market share consists of three consumer groups: (1) those who are repeat purchasers of the brand, (2) those who occasionally buy that brand, and (3) those who are trying the brand for the first time. For the marketer, the critical information to determine is what makes a purchaser repeatedly buy the same brand and what induces switching between several brands. To increase market share of a particular brand (A),

repeat purchasers of that brand must be retained, while repeat purchasers of other brands and occasional buyers of brand A must be encouraged to become repeat purchasers of brand A. Thus, effective marketing requires the development and maintenance of repeat purchasing behavior and the continual inducement of brand switching.

The identification of different consumer segments and the determination of their size will provide the basis for allocating marketing efforts. The conceptual definition outlined by Jacoby and Kyner (1973) has six necessary and sufficient conditions for BL to exist. The sixth condition of evaluation and commitment highlights the importance of psychological constructs and underscores the importance of understanding purchase behavior. The reasoning behind how a consumer decides to buy one brand over another in a particular product class has been labelled "information processing" (Hughes 1974). The central idea behind this explanation is that "... a number of mental operations, called stages, occur between stimulus and response" (Massaro 1975). In this case, the brand is the stimulus and the response is the overt behavior of choice. An information processing perspective poses the question: What are the number and the nature of stages that intervene in the mind of the consumer?

The analysis of stages starts with conceptualizing the stimulus itself (i.e., the brand) as a complex body of information (Jacoby and Chestnut 1977). This information is selectively acquired into the decision-making system (i.e., the consumer), then it passes through a number of processing stages. The result is that at some stage of this continual processing, a decision of brand choice is made and implemented in a purchase (Massaro

1975). This decision comes partly as a result of the interaction between the external representation of a brand and a consumer's interpretation of the portrayed image. The consumer gains information from advertising, past consumption experiences, word-of-mouth and expert recommendations.

One method of conceptualizing the information-processing perspective on BL focuses on the impact of previously stored information in purchasing. It restricts its attention to one general stage of cognitive activity, that of conscious decision-making (Chestnut and Jacoby 1977). In summary, brand loyalty can be thought of as the portion of repeat purchase behavior that finds a basis in terms of internally stored structures of information: brand-related beliefs (i.e., knowledge that the brand simply exists), states of affect (i.e., feelings conditioned over time by experience), and behavioral intentions (i.e., deciding whether to purchase or not).

The evaluation of alternative solutions to a recognized problem by the consumer is the third stage in the consumer decision process. Problem recognition is the first stage, followed by a search for alternative solutions for that particular problem. Then evaluation occurs, which results in the actual purchase decision, which is the fourth stage. The final stage is the post-purchase evaluation. Brand loyalty is considered a part of the evaluation stage. It is an "internal influence," which contributes to a consumer's final decision, which is partly formed by past experiences with the product. In the context of a hotel or a restaurant, "which has developed customer loyalty, the marketing task is easier since positive attitudes have already been formed" (McCleary 1986) by consumers towards that product.

A marketer's task may simply be to remind a consumer of that favorite attitude.

Brand Loyalty in the Lodging Industry

According to Lepisto and McCleary (1988), lodging companies during the last decade have adopted segmentation strategies in order to remain competitive in an ever-increasingly fragmented industry. Each company has attempted to differentiate their concept or concepts by creating an unique image or at least name with which travelers can identify with. A brand name is an asset which represents a specific package of values and benefits (Withiam 1985). However the image of the brand name may be more important than reality. In destination decision-making, according to the literature review in Kim, Chon & Weaver (1990), it has been found that a traveler acts upon his/her images, beliefs and perceptions of a travel destination rather than the objective reality (Hunt 1975; Mayo and Jarvis 1981). "Availability of suitable accommodation" is a part of the destination decision (Kim, Chon & Weaver 1990), so to be successful in brand segmentation, a lodging company must create a clear positive image of itself. A reason for staying at a particular chain/brand must be established in the minds of consumers.

Lodging companies have adopted segmentation strategies as a result of the industry's maturity. Slow growth and declining profits, even though sales have been increasing, have forced companies to create brands or "little patches of monopoly," according to William Kaven, a marketing professor at Cornell University. The objective of these marketing strategies for a hotel is

to "defend its market share, win customers' brand loyalty, and differentiate the product" (Withiam 1985, 42). A measurement of a traveler's brand loyalty to a particular brand or brands would indicate how successful, companies have been in differentiating themselves from competitors and creating clear images of their products.

A definition of "brand loyalty" in the context of the lodging industry is given by Jarvis and Mayo (1986, 73) who use the term "chain loyalty" to indicate a "guest's returning to a given company's hotel properties, wherever they are located." An independent property can experience "brand loyalty" from guests who return repeatedly to the same property. The definition used in the loyalty analysis conducted by D.K. Shifflet & Associates Ltd. (1991) and involves the determination of the extent to which the guests of one chain stay at that particular chain and the extent to which they stay in other hotels/motels. This information is collected over a three-month period, and is designed to identify how 'loyal' travelers are to each particular chain, given the current distribution of properties.

The purpose of this collected data, according to D.K. Shifflet & Associates Ltd., is to "enable the analyst to identify the competitive set for each particular chain and the strength of each competitor." Although this descriptive data expresses travelers' breakdown of lodging accommodations in terms of frequency and proportions, it doesn't determine if the traveler was the decision maker. This is one of the six necessary and collectively sufficient conditions to meet Jacoby and Kyner's (1973) definition of brand loyalty.

Another perception of brand loyalty relating to travel and tourism was given by Tat and Thompson (1983, 562), as "a programmed decision, a tendency of buyers to purchase a particular brand with a high degree of consistency." However in their study of destination loyalty, they use Jacoby and Kyner's (1973) definition of brand loyalty.

The reasons behind the development of brand loyalty in the service industries were presented in Czepiel and Gilmore's (1987) model. The authors contended that loyalty exists when a customer exhibits "feelings, beliefs, and behaviors toward offerings and suppliers that act to maintain existing exchange relationships" (Czepiel and Gilmore 1987, 91), which sometimes appear contrary to be an individual's self-interest. Thus, loyalty is more than a behavioral phenomena (i.e. repeat purchase). It also involves an attitudinal preference towards the purchased service. As an attitude, it is a disposition to continue in a particular exchange relationship based solely on the past experiences of that relationship. Figure 3 describes the developmental process involved in the establishment of loyalty (Czepiel and Gilmore 1987, 92).

As the exchange relationship evolves, the buyer experiences the behavior of the supplier and the actual performance of the product/service. In addition, competing suppliers vie for the buyer's business. In continuing to purchase and choose a certain product/service, the buyer must justify his actions to himself, interpret the seller's behaviors and find ways to resolve the differences between expectations and reality.

Four psychological processes influence these resolutions.

'Inconsistency resolution' forces the buyer to reconsider purchase choice

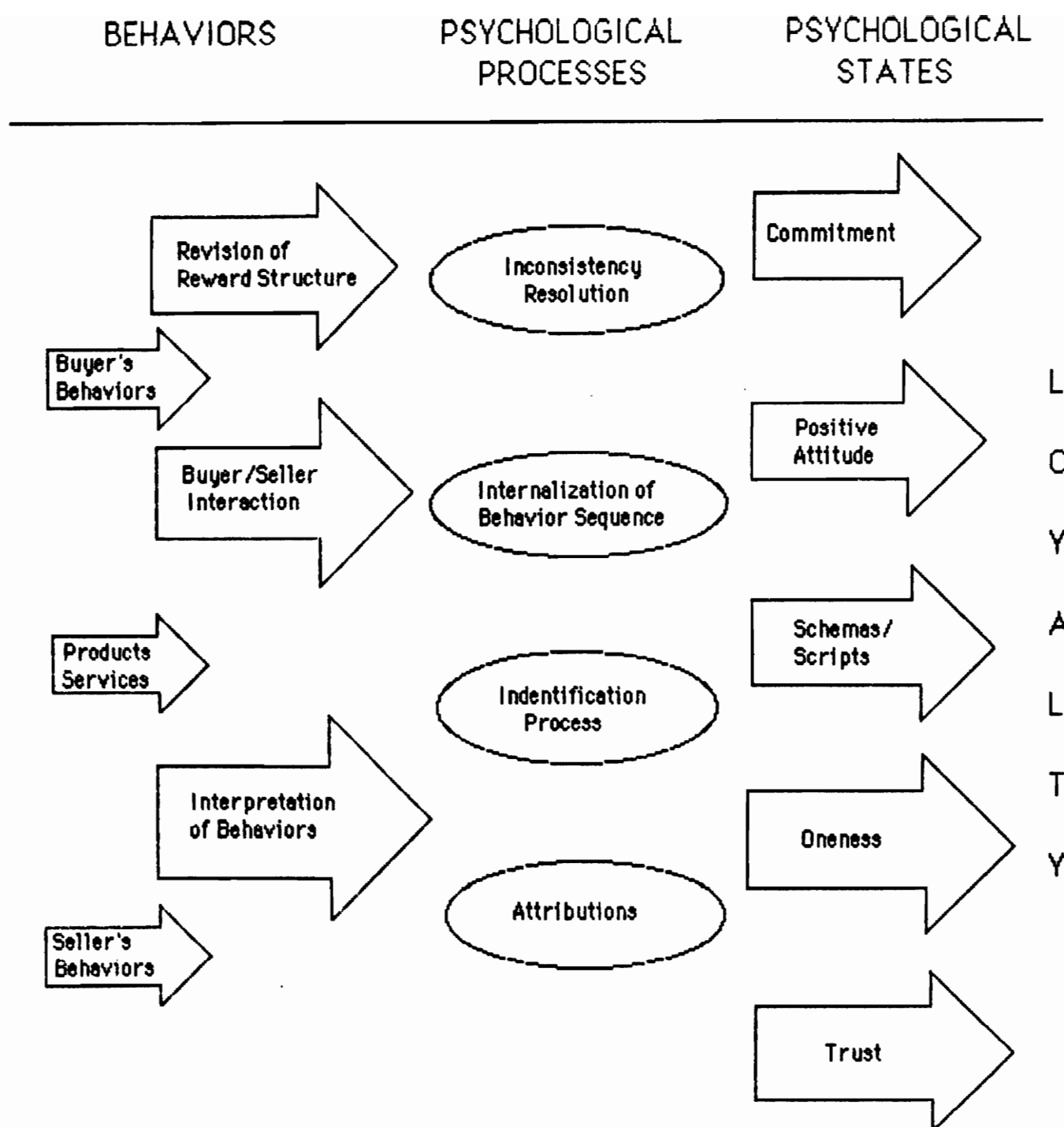


FIGURE 3 : THE PROCESS OF LOYALTY DEVELOPMENT

Source: Czepiel, John A. and Robert Gilmore. Exploring the Concept of Loyalty in Services. Edited by John A. Czepiel, Carole A. Congram, and James Shanahan. The Services Challenge: Integrating For Competitive Advantage. American Marketing Association, 1987, p. 92.

when changes in costs and rewards take place. Attitudinal consistency theories (Festinger 1957; Heider 1958) state that the cognitive reconciliation/justification process leads to more positive attitudes and commitment to the choice and product/service.

The process of 'attribution' increases the level of trust and positive attitudes towards both the buyer's and the supplier's behaviors. According to Engel and Blackwell (1982, 358), attribution is "the cognitive processes through which an individual infers the cause of the behavior of others or oneself." Next, 'internalization of behavior sequences' are determined by seller/buyer interactions which solidify over time. As frequency of purchase increases, the probability of remaining in the same choice and interaction behavior pairings increases. Additionally, 'identification' occurs as the buyer starts to identify with the supplier as my service, i.e., a sense of oneness develops.

However, according to Czepiel and Gilmore (1987), a repeat purchase sequence based on self interest-based preference and habit rather than trust and commitment is a display of "apparent loyalty." Faced with a better purchase, the buyer has no reason for staying loyal. Loyalty is only necessary in a world of imperfect choices. A loyal customer continues to buy from the same supplier, even when faced with increasingly attractive alternatives or greater shortcomings in the supplier's offering. It is the identification with, trust in, and commitment to the supplier that underlies the customer's willingness to give the supplier time to correct those relative and/or absolute deficiencies in performance. This developmental process, which leads to the growth of loyalty, also establishes the mechanisms by

which the customer and supplier resolve differences. But, if all else fails it is loyalty that provides a safety net for the supplier. However, flexibility in the supplier's offering, terms and conditions is required to encourage the buyer to accept the give-and-take necessary to build and maintain that relationship. A relationship must persist, if loyalty is to exist.

Services have an inherently greater capacity to create loyalty than do goods because of their particular nature (Czepiel and Gilmore 1987). The characteristics of services - intangibility, heterogeneity, and interaction intensity (Czepiel 1980) - are conducive to the creation of loyalty. The intangible nature of services means that the buyer must trust the supplier's competence and feel secure in the belief that the supplier will act in the client's best interest. In addition the interaction intensity of services gives the client the opportunity to observe the supplier's behavior and to form opinions, which lead to the needed trust (Solomon, Surprenant, Czepiel, and Gutman 1985).

The heterogeneous nature of services, or the variety in service delivery, is apparent to the consumer, who expects customized service tailored to their personal requirements. According to a study by Nyguist, Bitner, and Booms (1985), customer expectations which exceeded the system's ability to deliver accounted for 74% of complaints reported by hotel, restaurant, and airline service employees. At the production level the effect of heterogeneity is two fold. One is that there is often a mismatch between the client's expectations and the actual type of service delivery. Second, even when expectations and actuality are close, there may be differences in expected and delivered performance.

Differences between buyer and seller are reconciled using inconsistency resolution and internalization of behavior sequences which simply attempt to improve the match between the desired service and the possible potential. In this way the client's confidence level increases in his/her choice of service and creates and elaborates on the procedure which details the "choice, negotiation, tailoring, and problem resolution sequence of acts with the supplier" (Czepiel and Gilmore 1987, 93). If the buyer-supplier interaction is of a personal nature (i.e., face-to-face or human-to-human), then this relationship will be stronger.

In addition to increasing effectiveness, the existence of a human on the supplier side allows for the creation of a double bond: one between the client and the supplier's human representative and the other between the client and the supplier firm itself. When both are strong, a strong loyalty is likely to form. The opposing view is that such a relationship doubles the potential for error. A client may have mixed attitudes towards the actual supplying firm and to its representative, which may lead to some problems (Czepiel and Gilmore 1987).

A classification of loyalty across different service types is given in figure 4. The two variables used are 'ability and willingness to tailor service' and 'interaction intensity.' Services high on both are given the potential for double bond loyalty, while those high on only one have the capacity for service loyalty or provider loyalty. Those low on both have a low relative capacity for loyalty.

| | | | |
|--|----|------------------------------|---------------------|
| <u>Ability & Willingness to tailor service</u> | Hi | Service Loyalty | Double Bond Loyalty |
| | Lo | Low Capacity for Loyalty | Provider Loyalty |
| | | Lo | Hi |
| | | <u>Interaction Intensity</u> | |

FIGURE 4 : CAPACITY FOR LOYALTY BY SERVICE TYPE

Source: Czepiel, John A. and Robert Gilmore. Exploring the Concept of Loyalty in Services. Edited by John A. Czepiel, Carole A. Congram, and James Shanahan. The Services Challenge: Integrating For Competitive Advantage. American Marketing Association, 1987, p. 93.

Similar to the conclusion reached by Porter (1980), differentiated services are likely to enjoy a stronger level of loyalty than standardized ones (Czepiel and Gilmore 1987). The position of the lodging product on this grid will depend upon the concept's segmentation strategy. A budget, low-price motel (such as Motel 6) would be classified as having a 'low capacity for loyalty' because of its no-frills, no service accommodations. An individual property or chain which has the interaction intensity together with ability and willingness to tailor service to a customer's needs will win the double bond loyalty of a customer. According to Nyquist, Bitner, and Booms (1985), problems can occur first when customer expectations exceed the performance capacities of the employees and establishment and secondly, when the establishment's or employee's performance doesn't match the potential level of service. The level of expectations will depend on a number of different variables, such as the segment and room rate. Recruitment and training of quality employees provides a company with increased service quality, and ultimately contributes to customer satisfaction (Nyquist, Bitner, and Booms 1985).

It is the heterogeneity, intangibility, and interaction intensity nature of services which makes them prone to developing a loyal following. Different degrees of customer loyalties can be used by lodging chains as a basis for determining the appropriate strategy to increase their market share (Jarvis and Mayo 1986).

Chain loyalty using one dimension can be thought of in terms of a customer's patronage behavior (Jacoby and Chestnut 1978). But stating that a customer is loyal, if he/she stays with a particular chain eight of ten times,

doesn't address the question of why? Motivations behind a consumer's behavior or actions are not explained by this measure, so Jarvis and Mayo contend a measure of loyalty should be identified based on consumer attitude as it relates to purchase behavior. A matrix was developed with customer attitudes on one axis and frequency of stay on the other. It provides a means for constructing different marketing strategies based on customers' level of patronage and of commitment. Each cell represents a different level of loyalty.

According to Jarvis and Mayo (1986) the different degrees of loyalty range from "true loyalty," i.e. when a customer has a strong, positive attitude toward the company and nearly always stay at a particular chain's properties to "lost causes," i.e. when someone who has a negative attitude towards the chain and rarely stays with the chain. Customer attitudes towards the chain are classified as positive, neutral and negative, while the frequency of stays are classified as frequent, occasional or rare. In theory, this classification allows for the identification of customer groups which are most likely to be receptive to a chain's marketing efforts, thus increasing a chain's market share.

One existing element of many chains' marketing strategies is the frequent guest program. These programs were developed by many chains, beginning with Holiday Inn and Marriott in 1984, to attract business travelers and reward their patronage. In recent years, the value of these programs as a means of increasing customer loyalty, and thereby maintaining or increasing corporate profits has been questioned (McCleary and Weaver 1991a). Lewis (1990) questions their effectiveness in

generating long-term business, in terms of increased market share. He quoted a study conducted by the U.S. Travel Data Center, which found that only 2% of business travelers sampled considered frequent guest programs important when selecting a hotel, as evidence of his point-of-view. The bottom-line evaluation of these programs is that the additional revenue generated directly and indirectly by these programs must be greater than the cost of running them. In contrast to the U.S. Travel Center study, McCleary and Weaver (1991b) found that 25.6% of their respondents, which were drawn from a sample of business travellers, indicated that frequent guest programs were important when deciding upon lodging accommodation. In addition, respondents' willingness to switch from a preferred chain which dropped a frequent guest program was examined. A respondent was considered to have a high level of loyalty to a particular chain, if he/she indicated that the elimination of the chain's frequent guest program would have no effect on their choice of lodging accommodation. McCleary and Weaver (1991b) found that 12.8% might switch completely and another 32.5% would stay less often. Thus 54.7% indicated a high level of loyalty to their preferred chain (McCleary and Weaver 1991b). A high level of loyalty to a particular chain or brand might be a indication of how successful a chain has been at differentiating itself in a positive manner from competitors.

Summary

This research will use Jacoby and Kyner's (1973) definition of brand loyalty to determine its existence and extent among business travelers towards the lodging product. The purpose of this literature review has been

to demonstrate that different measures of brand loyalty have been proposed and used over the years. This research will use a selective number of these measures to determine the research objectives set out in the following chapter. The attitudinal and behavioral nature of Jacoby and Kyner's definition provides a foundation from which to investigate these objectives. The lack of information concerning the validity and reliability of these measures is the principle behind this approach of using more than one specific measure.

CHAPTER III

METHODOLOGY

Introduction

This chapter presents the framework of this research study, states the research objectives and explains the research design. A survey of business travelers will be used to determine if this group of consumers exhibits brand loyalty in the lodging industry. If brand loyalty is found to exist, a determination will be made as to how extensive it is.

Research Framework

The degree of brand loyalty exhibited by a customer, according to the literature review, can be measured in a number of ways. This research will use Jacoby and Kyner's (1973, 2) conceptual definition: "brand loyalty is (1) a biased (i.e., nonrandom), (2) behavioral response (i.e., purchase), (3) expressed over time, (4) by some decision making unit, (5) with respect to one or more alternative brands out of a set of such brands, and (6) is a function of psychological (decision-making evaluative) processes." The research objectives outlined below state the extent of this research and are followed by an explanation of the survey instrument. Then the research questions are addressed noting the specific survey questions to be used in the analysis.

Research Objectives

The following objectives will be addressed in this research:

1. To determine if brand loyal behavior is exhibited by business travelers towards the lodging product.
2. To identify the level of brand loyalty exhibited by business travelers towards lodging chains and towards individual properties.
3. To determine if there is a difference between the extent of brand loyalty exhibited towards individual properties and that exhibited towards lodging chains, under certain circumstances.

Research Design

This study will use selective data from a six-page questionnaire (See Appendix A) to determine if brand loyalty exists and, if it does, the extent of the brand loyalty exhibited by business travelers towards lodging brands. The respondents will answer questions in several formats as a means of validation and to allow brand loyalty to be measured using different methods. Some answers involve a Likert scale, while others require either percentages, the listing of purchased brands or evaluative criteria.

Contents of Instrument

The questionnaire is divided into seven parts. This research will focus on data collected from Part VI of the survey, and will use selective questions from the other parts.

The relevant questions from the first part, "General Information," are:

Question 1: Approximately how many domestic business trips did you take in the past 12 months that required an overnight stay in a hotel? ____

The numeral answer will indicate the number of opportunities the individual has had to express his or her preferences in the last 12 months.

Question 3: What percentage of the time do you make your own hotel / motel reservation when you travel for business? ____ %

(If you always make your own reservations, please go to question 7, otherwise continue.)

This question categorizes the respondent as someone who either always makes his/her own reservations or as someone who delegates this task a portion of the time. Assuming there is a choice of brands, someone who makes their own reservations may have more control over selection of lodging accommodation.

Question 5: If someone is booking a hotel room for you for business travel, how often do you tell that person to select a specific lodging chain? (Please circle the appropriate response)

Never 1 2 3 4 5 Always

The answer to this question will indicate if the respondent has a preferred lodging chain when deciding where to stay. Brown (1953) believed that brand loyalty was exhibited when a single brand was consistently chosen. In addition, according to Jacoby and Chestnut (1978, 37), Frank (1962) believed that loyalty was "the relative frequency of purchases devoted to a specific brand during a set of previous purchases."

Question 6: If someone is booking a hotel room for you for business travel, how often do you tell that person to select a specific individual hotel property? (Please circle the appropriate response)

Never 1 2 3 4 5 Always

The only difference between this question and the last one is that it relates to an individual hotel property rather than a lodging chain.

The second part of the questionnaire, "Satisfaction," was designed to measure a respondent's level of satisfaction with hotel services and facilities on business trips. Question 3 of this section provides an indication of whether the respondent uses an evaluative process to determine his or her choice of lodging accommodation. The existence of criteria implies that selection is not random.

Question 3:

Please answer the following two questions.

a) The first thing I consider when selecting (or specifying) a hotel on a business trip is _____.

b) The second thing I consider when selecting (or specifying) a hotel on a business trip is _____.

None of the questions in Parts III, IV & V of the survey instrument will be used to analyze the research questions of this study.

The sixth part, "Chain Preference," contained several measures to determine whether brand loyalty was being exhibited by the respondents.

Question 1: In general, when you are returning to cities for business that you have visited before, what percentage of the time do you try to stay in the same hotel, as in previous visits? ____ %

This 'proportion-of-purchase' measure is one of the recognized methods of measuring brand loyalty (Cunningham 1956a; Engel, Kollat and Blackwell 1968). It is a behavioral measure which is asking the business traveler to indicate past purchase action. Its accuracy is questionable

because the answer given is dependent upon the individual's recall capability.

Question 2: When you travel to new locations, what percentage of the time do you attempt to stay in the same chain in each location? ____ %

This is another 'proportion-of-purchase' measure which attempts to validate the strength of brand loyalty from a different perspective (Cunningham 1956a; Engel, Kollat and Blackwell 1968). A loyal customer should indicate his/her preference by attempting to stay with the same chain in new locations.

Question 3: To the best of your memory, please list the name of the hotels or hotel chains that you stayed at in your last 5 business trips?

This 'sequence-of-purchase' measure is another recognized indication of brand loyalty (Brown 1952; Engel, Kollat and Blackwell 1968; Massy, Frank, & Lodahl 1968). Recollection will be a problem with this question, but if an individual has a genuine preference for a particular brand or property and staying there, then recall should be easier. The justification for asking about the last five trips rather than a larger number of trips, is to overcome the recall problem. Even though this question does not specifically ask the respondent to list the responses in order of sequence, the information is useful in and of itself. Watkins (1986) states that when a consumer makes an actual purchase, this is considered "revealed preference."

Question 4: Please assume that you have travelled overnight on business and that the most convenient hotel is not your preferred hotel, but is of the same type. What is the farthest you would travel to stay at your preferred hotel?

This question determines how far an individual is willing to travel or go out of his/her way to stay in his/her preferred chain, when a similar hotel is the most convenient. The key issue is to determine the balance between the convenience of location and the desire to stay in the preferred hotel. Pessemier (1959) used increased increments of monetary cost to determine strength of loyalty. Cost of inconvenience, in the form of distance, could be considered another an incremental to test the extent of a respondent's preference.

Question 5: Please indicate your level of agreement with this statement: "In general, when travelling for business purposes, I have a strong preference for a particular chain."

This Likert scale involves a statement concerning the existence of a preferred brand (Guest 1942; Brown 1952). A response which at least agrees with this statement indicates that he/she has evaluated at least more than one lodging chain, which implies that comparisons between brands have been made. A stated preference is also an indication of a bias toward a particular chain, thus implying a non-random event.

The seventh and final part, "Demographic Information," asked questions concerning the respondents' gender, age, profession, size of employer's company, occupation's functional area within the business spectrum and income level. This information will provide a general demographic profile of business travelers.

Research Hypotheses and Data Analysis

The following paragraphs state each research question and how it will be addressed using the data from the survey instrument. Specific questions with individual research hypothesis are outlined. A type I error level of 0.05 will be used throughout the study. The Statistical Package for the Social Sciences (SPSS) will be used to analyze this data.

Hypothesis I : Business travellers did not exhibit brand loyal behavior towards the lodging product.

Under Jacoby and Kyner's (1973) conceptual definition of brand loyalty, each of the six conditions are necessary for brand loyalty to exist. Therefore each of the conditions must be individually tested for and determined if they are met by this sample of business travellers.

Condition 1: Brand loyalty has a "biased" (i.e., nonrandom) aspect.

According to Jacoby and Chestnut (1978), brand loyalty cannot be random, otherwise there would be no point in attempting to measure it. A random event cannot be predicted, modified, or controlled. A traveller with a biased attitude towards the lodging product should exhibit some level of preference for a particular chain or property. The following question will be used to determine if this first condition is met. Someone who requests a specific lodging chain or individual property is not randomly choosing his accommodations.

Question 5, Part VI:

Please indicate your level of agreement with this statement: "In general, when travelling for business purposes, I have a strong preference for a particular chain. "

strongly agree 1 2 3 4 5 strongly disagree

Null hypothesis : The average level of agreement to this statement was equal to three.

Statistical test : One mean t-test

Condition 2: Business travellers must have bought the lodging product (i.e., the "behavioral response").

To meet this condition, two criteria will be applied. Statements of preference or intention to buy (i.e., verbal reports of bias) alone are not sufficient for defining brand loyalty. Such statements of bias must be accompanied by biased purchasing behavior if brand loyalty exists. A traveler who prefers Hilton, but stays at Holiday Inns is not brand loyal.

Criteria I (Statement of Preference)

Question 1, Part VI:

In general, when you are returning to cities for business that you have visited before, what percentage of the time do you try to stay in the same hotel, as in previous visits? ____ %

Null hypothesis : The average response to this question was equal to zero percent.

Statistical test : One mean t-test

Criteria II (Biased Purchasing Behavior)

Question 2, Part VI:

When you travel to new locations, what percentage of the time do you attempt to stay in the same chain in each location? ____ %

Null hypothesis : The average response to this question was equal to zero percent.

Statistical test : One mean t-test

Condition 3: The self-reported behavior is "expressed over time."

A single, biased act does not constitute brand loyalty. The term *loyalty* implies "a condition possessing some temporal duration" (Jacoby and Chestnut 1978, 81). Thus, brand loyalty is something expressed over time. It is not the next purchase event, but the pattern of future purchases that is important. The traveller must have had the opportunity to exhibit brand loyal behavior, i.e. must have taken at least three trips.

Question 1, Part I

Approximately how many domestic business trips did you take in the past 12 months that required an overnight stay in a hotel ? _____

Null hypothesis : The average number of trips taken was less than three.

Statistical test : One mean t-test

Tucker (1964) and McConnell (1968) used 3 or more consecutive purchases of the same brand to establish brand loyalty. Therefore business travellers must make at least three trips in order for there to be a possibility of brand loyalty.

Condition 4: The "decision-making unit" must be involved in the brand choice decision.

The implication of the "decision-making unit" condition is that of the three primary roles which a consumer can assume (i.e., decision maker, purchaser, user) it is the one of decision maker, which is important to determining the existence of brand loyalty. The criteria used for this fourth condition are the percentage of lodging reservations personally made by the business traveller, and in addition the tendency of the individual to specify a particular chain or property, when someone else is booking their lodging accommodation. The questions used are as follows:

Question 3, Part I

What percentage of the time do you make your own hotel/motel reservation when you travel for business? ____ %

(If you always make your own reservations, please go to question 7, otherwise continue.)

Question 5, Part I

If someone is booking a hotel room for you for business travel, how often do you tell that person to select a specific lodging chain? (Please circle the appropriate response)

Never 1 2 3 4 5 Always

Question 6, Part I

If someone is booking a hotel room for you for business travel, how often do you tell that person to select a specific individual hotel property? (Please circle the appropriate response)

Never 1 2 3 4 5 Always

Question 3 is a qualifying question to questions 5 and 6. A respondent who always makes his/her own reservations does not have to answer the

other two questions. It is assumed that the individual who makes their own reservations has more control over selection of lodging accommodations than someone who does not.

All three of the following statistical hypotheses will have to be rejected if this fourth condition of brand loyalty is to be considered exhibited by this sample of business travellers. Therefore, to be meet this condition, this sample of business travellers will have to make some of their own reservations and have some tendency to indicate a certain chain or particular property, when someone else is making their reservation.

Criteria I (Percentage of Reservations made by business traveller)

Null hypothesis : Respondents made none of their own reservations (i.e., the average percentage is equal to zero).

Statistical test : One mean t-test

Criteria II (Tendency to specify a certain chain)

Null hypothesis : The average response to question 5 (part I) was less than or equal to one.

Statistical test : One mean t-test

Criteria III (Tendency to specify a particular property)

Null hypothesis : The average response to question 6 (part I) was less than or equal to one.

Statistical test : One mean t-test

Condition 5: Brand loyal behavior involves the selection of one or more brands "with respect to one or more alternative brands out of a set of such brands."

This condition has a number of implications. First, it recognizes the possibility of multibrand loyalty, which allows for an individual to be loyal to two or more brands in the same product category (e.g., Comfort Inns and Holiday Inns). Second, it recognizes that brand loyalty is a reflection of a consumer's preferential behavior toward one or more alternatives out of the total range of brands in the product class. Brand loyalty provides a means of assigning brands to categories of acceptance, rejection and neutrality. However the consumer must be faced with a choice of brands, in order to express or exhibit brand loyalty. An example of this is that a salesman may travel to isolated locations and Holiday Inns may be the only choice of accommodation. Brand loyalty is not being exhibited by the salesman because there are no alternative brands in the product class from which to choose.

Question 3, Part VI

To the best of your memory, please list the name of the hotels or hotel chains that you stayed at in your last 5 business trips?

The answers to this question indicates the number of different hotels stayed at during the last five business trips. A traveller might be exhibiting preferential behavior towards one or more alternatives out of the total range of brands in the product class. The simple indication of a brand or brands meets this condition that preference may be towards one or more brands.

According to Watkins (1986), when a purchase is made, this is considered "revealed preference."

Null hypothesis : The average number of responses to this question was equal to zero.

Statistical test : One mean t-test

Condition 6 Brand loyal behavior is "a function of the decision-making evaluative processes."

According to Jacoby and Chestnut (1978, 84), this condition reflects a "purchase decision in which the various brands have been psychologically (perhaps even physically) compared and evaluated on certain internalized criteria, the outcome of this evaluation being that one or more brands was (were) selected." Stating a mere preference for a particular brand may not be enough, rather, determining the crucial set of evaluative criterion is more important. As a result of this decision-making evaluative process, the individual has a certain amount of commitment to the brand(s) in question. The concept of commitment provides a critical basis for distinguishing between brand loyalty and other forms of repeat purchasing behavior (RPB), which could be used to determine relative degrees of brand loyalty.

A respondent who indicates criteria implies that selection is not random and that an evaluative process is involved. Stating a mere preference for a particular brand is not be enough, rather, determining the crucial set of evaluative set of criterion is more important (Jacoby and Chestnut, 1978). The simple fact that criteria is written down by

respondents is meaningful in and of itself. The following question will be used. The answers to this question will be recoded, so that if a criteria is noted by the respondent, then this will be coded '1', while no indication will be coded '0'.

Question 3. Part II

Please answer the following two questions.

a) The first thing I consider when selecting (or specifying) a hotel on a business trip is _____.

Null hypothesis : The proportion of respondents who listed at least one criteria was less than fifty percentage.

Statistical test : One proportion test

No literature was found to support this arbitrary cut-off point of fifty percent, in this context, but it seems reasonable to the researcher.

Hypothesis II : Business travellers did not exhibit different levels of brand loyalty towards lodging chains and did not exhibit different levels of brand loyalty towards individual properties.

The first research question determined whether or not BL behavior was exhibited by the population of business travellers represented by the sample, according to Jacoby and Kyner's (1973) definition. While the second research question, used 'proportion-of-purchase' criteria (Cunningham 1956a; Engel, Koliat and Blackwell 1968) to determine the degree(s) or level(s) of the brand loyalty behavior exhibited.

Raj (1982) used a "multi-level loyalty" categorization to classify consumers into one of six levels: <10%, 10%-19.9%, 20%-29.9%, 30%-49.9%, 50%-69.9%, and 70%-100%. Unfortunately Raj did not provide descriptive labels for these six levels. The respondents were assigned according to their answers to a proportion-of-purchase question. This categorization will be used to assign respondents to different levels of brand loyalty using the following questions:

Question 1. Part VI

In general, when you are returning to cities for business that you have visited before, what percentage of the time do you try to stay in the same hotel, as in previous visits? ____ %

Question 2. Part VI

When you travel to new locations, what percentage of the time do you attempt to stay in the same chain in each location? ____ %

The frequency data for each of these two questions will be examined to determine if and where the respondents fall into the different levels of Raj's (1982) categorization. This assignment is a subjective judgement based upon the respondents' exhibited purchasing behavior. If the distribution of responses contains data in most of the categories (i.e. <10%, 10%-19.9%, etc.), then the researcher will assume that different levels of brand loyalty are exhibited by business travellers. This hypothesis involves no statistical testing.

Hypothesis III: There was no difference between the level of brand loyalty exhibited towards individual properties and the level of brand loyalty exhibited towards lodging chains.

This third research question will take the information from the second research question to determine whether there was a significant difference in the level(s) of brand loyalty exhibited towards individual properties and that towards lodging chains. The following questions and statistical hypotheses and tests will be used to address this issue:

Question 1, Part VI:

In general, when you are returning to cities for business that you have visited before, what percentage of the time do you try to stay in the same hotel as in previous visits? ____ %

Question 2, Part VI:

When you travel to new locations, what percentage of the time do you attempt to stay in the same chain in each location? ____ %

Null hypothesis : The average percentage of business travellers who, when returning to the same location, attempt to stay at the same hotel as in previous visits was not different than the average percent of business travellers who attempted to stay in the same chain when travelling to new locations.

Statistical test : Two mean t-test

Question 5, Part I:

If someone is booking a hotel room for you for business travel, how often do you tell that person to select a specific lodging chain? (Please circle the appropriate response)

Never 1 2 3 4 5 Always

Question 6, Part I:

If someone is booking a hotel room for you for business travel, how often do you tell that person to select a specific individual hotel property? (Please circle the appropriate response)

Never 1 2 3 4 5 Always

Null hypothesis : The relative frequency of how often business travellers select a specific lodging chain was not different than that for a specific individual hotel property.

Statistical test : Mann-Whitney or two mean t-test (depending on assumptions).

Research Design

The purpose of this research is to test for the existence and extent of brand loyalty exhibited by the sample group of business travelers. The data gathered by a mail survey will be used to test the hypotheses using both descriptive and inferential statistics. This research attempts to discover business travellers' behavior and attitudes as they relate to brand loyalty to lodging products.

Survey Design

A mail survey (see Appendix A) was the means for collecting data for this study. A questionnaire was sent to 3000 individuals representing all fifty states, who were deemed "business travelers" according to a mailing list acquired from the Alvin B. Zeller Company. A postage-paid envelope was enclosed with the survey to encourage participation. In addition, the study used Virginia Polytechnic Institute and State University' letterhead and a cover letter was enclosed to indicate the purpose and value of this research. The cover letter indicated that summary results would be mailed to any of the respondents who indicated that they desired them. The survey consisted of seven parts, which have already been outlined in this chapter.

The Pre-Test of the Instrument

Apart from Part VI, the other six parts were an update of an 'Informetrics' survey done in 1989 and a Virginia Tech survey completed in 1990. Revisions have been made to solve problems and improve comprehension of issues that were misunderstood in the previous surveys.

The development of Part VI consisted of a peer review and a literature review. The questions were given to several faculty members and graduate students in the Department of Hotel, Restaurant and Institutional Management at Virginia Polytechnic Institute and State University for constructive criticism and recommendations for better comprehension and layout. A literature review was conducted to determine the appropriate measures of brand loyalty. The questions in Part VI combined with the rest of the survey provide a number of different measures which can be used to

ascertain if brand loyalty behavior is exhibited by this sample of business travelers.

Validity and Reliability Tests

Validity refers to "the ability of a scale or measuring instrument to measure what is intended to be measured" (Zikmund 1991, 731). There are several different types of validity, which will be addressed in this section. Face validity is the "professional agreement that a scale logically appears to be accurately reflecting what was intended to be measured" (Zikmund 1991, 726). Construct validity addresses "the ability of a measure to confirm a network of related hypotheses generated from a theory based on the concepts" (Zikmund 1991, 724). Concurrent validity refers to "a classification of criterion validity whereby a new measure correlates with a criterion measure taken at the same time" (Zikmund 1991, 723). In contrast, reliability is "the degree to which measures are free from error and therefore yield consistent results" (Zikmund 1991, 260).

Faculty recommendations and literature reviews were used in the construction of Part VI of the questionnaire. The degree of validity was increased by using question structures suggested and used in past studies which measured brand loyalty. The review of literature and the pretesting procedures increased the face validity of the survey instrument. The different measures, used to determine if Jacoby and Chestnut's (1978) conceptual definition of brand loyalty is exhibited by this sample of business travellers, originated from the literature review. This increased the instrument's construct validity of establishing the existence of and level of

brand loyal behavior exhibited by the respondents. The overall reliability of the instrument was reflected in the consistency of results between last year's business traveler survey and those of the current instrument. In addition, the correlation coefficients between the different questions relating to the same issue on the survey will be compared to determine the level of the survey instrument's concurrent validity. The following paragraph outlines which questions will be correlated with each other.

Question 1 (Part VI) will be correlated with question 6 (Part I), and question 2 (Part VI) will be correlated with question 5 (Part I). In addition question 5 (Part VI) will be correlated with question 5 (Part I), question 6 (Part I) and question 1 (Part II). Question 3 (Part VI) is only used as an indication of where the respondent has recently stayed.

Non-Response Bias

Late respondents will be compared to the earlier respondents to determine possible non-response bias. Oppenheim (1966) states that late responses are similar to non-respondents when comparing them to the total sample.

CHAPTER IV

RESULTS

Introduction

The purpose of this chapter is to present the relevant data collected with the survey instrument. After the response rate and non-response bias have been discussed, a demographic profile of the respondents will be given. Then for each question used to answer the null hypotheses frequency tables and descriptive statistics are provided. This chapter is concluded with a summary of the data.

Response Rate

Three thousand surveys were sent out and a total of 367 usable surveys were returned. This represented a response rate of 12.23 percent.

Non-Response Bias

According to Oppenheim (1966), late responses are similar to non-respondents when determining if nonrespondents are significantly different from the survey respondents. An examination of the T-tests comparing the mean responses of the two groups revealed no significant differences between the late responses, i.e. the last 50 responses, and the first 317 responses. Thus no significant non-response bias was found. In addition,

the demographic profiles of both groups were compared to determine if there were any significant differences, and none were found.

A Demographic Profile of the Respondents

Tables 4-1 through 4-5 present the demographic information on the respondents to the survey. Seventy percent were male and three-quarters of the respondents were at least 45 years old. A majority of them were either in manufacturing (10.9%), governmental (10.3%) or professional work (29.4%); and 85.3 percent classified themselves as either top management (31.2%), middle management (16.0%), or professionals (38.1%). Their self-reported job function is reflected in their annual income, with 70.8 percent reported earning at least \$50,001.

Table 4-1.--Gender Of Respondents

| Gender | Frequency | Percentage |
|--------|-----------|------------|
| Male | 257 | 70.0 |
| Female | 106 | 30.0 |
| Total | 363 | 100.0 |

Table 4-2.--Age Of Respondents

| Age | Frequency | Percentage |
|----------|-----------|------------|
| Under 25 | 1 | 0.3 |
| 25-34 | 20 | 5.5 |
| 35-44 | 70 | 19.2 |
| 45-54 | 96 | 26.3 |
| 55-64 | 111 | 30.4 |
| Over 64 | 67 | 18.4 |
| Total | 367 | 100.0 |

Table 4-3.--Category Of Business

| Category of Business | Frequency | Percentage |
|----------------------|-----------|------------|
| Manufacturing | 39 | 10.9 |
| Wholesale | 8 | 2.2 |
| Retail | 17 | 4.7 |
| Financial Service | 22 | 6.1 |
| Government | 37 | 10.3 |
| Professional | 108 | 29.4 |
| Education | 31 | 8.4 |
| Communication | 11 | 3.0 |
| Other | 85 | 23.2 |
| Total | 358 | 100.0 |

Table 4-4.--Job Function Of Respondents

| Job Function | Frequency | Percentage |
|--------------------------|------------------|-------------------|
| Top Management | 113 | 31.2 |
| Middle Management | 58 | 16.0 |
| Line Manager | 5 | 1.4 |
| Field Sales | 19 | 5.2 |
| Professional | 138 | 38.1 |
| Other | 29 | 8.0 |
| Total | 362 | 100.0 |

Table 4-5.--Annual Income Of Respondents

| Annual Income | Frequency | Percentage |
|----------------------|------------------|-------------------|
| Less than \$25,000 | 11 | 3.0 |
| 25,001-50,000 | 91 | 26.2 |
| 50,001-75,000 | 98 | 28.2 |
| 75,001-100,000 | 47 | 13.5 |
| 100,001-150,000 | 51 | 14.7 |
| 150,001-200,000 | 24 | 6.9 |
| Over 200,000 | 25 | 7.2 |
| Total | 367 | 100.0 |

Descriptive Statistics of the Sample

This section contains frequency tables of the responses with the mean, median and mode provided for each question. The sequence of the questions will follow the order in the survey instrument (See Appendix A). A summary of the data is provided at the end of the chapter.

The first question of the survey (Question 1 Part I) asked for the number of domestic business trips made by the respondent in the past 12 months, which required an overnight stay in a hotel. The frequency data, shown in Table 4-6, has a mean of 11.9 trips, while the median and the mode were 6 and 4 respectively.

Table 4-6.--Number of Domestic Business Trips Taken In The Last Twelve Months

| Number of Trips | Frequency | Percentage |
|-----------------|-----------|------------|
| 1 | 17 | 4.6 |
| 2 | 37 | 10.1 |
| 3 | 37 | 10.1 |
| 4 | 43 | 11.7 |
| 5 | 25 | 6.8 |
| 6 | 34 | 9.3 |
| 7 | 10 | 2.7 |
| 8 | 17 | 4.6 |
| 9 | 4 | 1.1 |
| 10 | 22 | 6.0 |
| 11 | 3 | 0.8 |
| 12 | 18 | 4.9 |
| 13 | 3 | 0.8 |
| 14 | 5 | 1.4 |
| 15 | 14 | 3.8 |
| 16 | 2 | 0.5 |
| 17 | 4 | 1.1 |
| 18 | 2 | 0.5 |
| 20 | 22 | 6.0 |
| 21 | 1 | 0.3 |
| 24 | 4 | 1.1 |
| 25 | 12 | 3.3 |
| 27 | 1 | 0.3 |
| 30 | 8 | 2.2 |
| 35 | 2 | 0.5 |
| 36 | 3 | 0.8 |
| 40 | 6 | 1.6 |
| 50 | 4 | 1.1 |
| 60 | 1 | 0.3 |
| 65 | 2 | 0.5 |
| 100 | 1 | 0.3 |
| 130 | 1 | 0.3 |
| 150 | 1 | 0.3 |
| 200 | 1 | 0.3 |
| Total | 367 | 100.0 |

Table 4-7 contains the frequency data for the responses concerning the percentage of the time that business travellers made their own hotel/motel reservations when travelling on business. The mean percentage was 65.2 percent, while the median was 90 percent and the mode was 100 percent. This information was taken from question 3, part I.

Table 4-7.--The Percentage Of Hotel/Motel Reservations Business Travellers Made Themselves

| Percentage of Reservations | Frequency | Percentage |
|----------------------------|-----------|------------|
| 0 | 50 | 14.0 |
| 1 | 1 | 0.3 |
| 2 | 1 | 0.3 |
| 5 | 6 | 1.7 |
| 10 | 15 | 4.2 |
| 15 | 2 | 0.6 |
| 20 | 9 | 2.5 |
| 25 | 11 | 3.1 |
| 30 | 3 | 0.8 |
| 35 | 1 | 0.3 |
| 40 | 4 | 1.1 |
| 45 | 1 | 0.3 |
| 50 | 43 | 12.0 |
| 60 | 3 | 0.8 |
| 70 | 1 | 0.3 |
| 75 | 8 | 2.2 |
| 80 | 16 | 4.5 |
| 90 | 18 | 5.0 |
| 95 | 6 | 1.7 |
| 98 | 1 | 0.3 |
| 100 | 157 | 44.0 |
| Total | 357 | 100.0 |

Table 4-8 contains the responses to question 5 part I, which determined how often business travellers specified a specific lodging chain, when someone else made their reservation for them. Their choice of answers was presented to the respondent on a Likert scale with '1' indicating "never," while '5' signified "always." Although both the mean and median responses were 3, the mode was both 1 and 5.

Table 4-8.--When Someone Else Is Making The Reservation, This Is The Tendency Of Business Travellers To Specify A Specific Lodging Chain.

| Percentage of Reservations | | Frequency | Percentage |
|----------------------------|--------|-----------|------------|
| 1 | Never | 57 | 26.5 |
| 2 | | 28 | 13.0 |
| 3 | | 38 | 17.7 |
| 4 | | 35 | 16.3 |
| 5 | Always | 57 | 26.5 |
| Total | | 215 | 100.0 |

Table 4-9 concerns the issue of how often a particular individual hotel property was specified by the business traveller, when someone else made their lodging reservation for them. This table shows the responses to question 6 Part I. The mean response was 3.5, while the median and mode were 4 and 5 respectively.

Table 4-9.--When Someone Else Is Making The Reservation, This Is The Tendency Of Business Travellers To Specify An Individual Lodging Property.

| Percentage of Reservations | | Frequency | Percentage |
|----------------------------|--------|-----------|------------|
| 1 | Never | 36 | 16.7 |
| 2 | | 19 | 8.8 |
| 3 | | 36 | 16.7 |
| 4 | | 51 | 23.6 |
| 5 | Always | 74 | 34.3 |
| Total | | 216 | 100.0 |

Question 3 of Part II of the questionnaire asked business travellers to name the first and second considerations or criteria that they used when selecting where to stay on their business visits. Almost ninety-seven percentage of the respondents listed at least one response, while ninety-five percentage provided two considerations when selecting a hotel/motel for a business trip. The actual criteria mentioned by the respondents is listed in tables 4-10 and 4-11.

**Table 4-10.--The First Consideration Business Travellers Have When
Selecting A Hotel/Motel For A Business Trip.**

| Service or attribute: | Frequency | Percentage |
|------------------------------|------------------|-------------------|
| Convenient location | 192 | 52.3 |
| Cost | 48 | 13.1 |
| Room facilities | 26 | 7.1 |
| Reputation | 18 | 4.9 |
| Cleanliness | 11 | 3.0 |
| Comfort | 9 | 2.5 |
| Value | 8 | 2.2 |
| Frequent Traveller Program | 5 | 1.4 |
| Past Experience | 5 | 1.4 |
| Accessibility | 4 | 1.1 |
| Quality | 4 | 1.1 |
| Safety | 4 | 1.1 |
| Fitness Center | 3 | 0.8 |
| Staff | 3 | 0.8 |
| Accommodations | 2 | 0.5 |
| Amenities | 2 | 0.5 |
| Atmosphere | 2 | 0.5 |
| Appearance | 1 | 0.3 |
| Beds | 1 | 0.3 |
| Check-out | 1 | 0.3 |
| Facilities | 1 | 0.3 |
| Name | 1 | 0.3 |
| Room size | 1 | 0.3 |
| Recreational Facilities | 1 | 0.3 |
| Smoking/non-smoking rooms | 1 | 0.3 |
| No response | 12 | 3.3 |
| Total | 367 | 100.0 |

**Table 4-11.--The Second Consideration Business Travellers Have When
Selecting A Hotel/Motel For A Business Trip.**

| Service or attribute: | Frequency | Percentage |
|------------------------------|------------------|-------------------|
| Cost | 115 | 31.3 |
| Convenient location | 76 | 20.7 |
| Reputation | 24 | 6.5 |
| Comfort | 19 | 5.2 |
| Room facilities | 13 | 3.5 |
| Quality | 11 | 3.0 |
| Frequent Traveller Program | 10 | 2.7 |
| Cleanliness | 9 | 2.5 |
| Facilities | 9 | 2.5 |
| Value | 9 | 2.5 |
| Accessibility | 7 | 1.9 |
| Amenities | 7 | 1.9 |
| Atmosphere | 5 | 1.4 |
| Appearance | 4 | 1.1 |
| Safety | 4 | 1.1 |
| Staff | 4 | 1.1 |
| Accommodations | 3 | 0.8 |
| Fitness Center | 3 | 0.8 |
| Smoking/non-smoking rooms | 3 | 0.8 |
| Beds | 1 | 0.3 |
| Past Experience | 1 | 0.3 |
| Room size | 1 | 0.3 |
| No response | 17 | 4.7 |
| Total | 367 | 100.0 |

Question 1 of the Chain Preference section (i.e. Part VI) of the questionnaire asked the survey participants to express, in terms of a percentage, their tendency to attempt to stay in the same hotel, when returning to cities

previously visited on business. Table 4-12 reports the frequency data for this question, which had a mean response of 72.8 percent, and both the median and the mode were 75 percent.

Table 4-12.--The Percentage Of Time Business Travellers Try To Stay In The Same Hotel As On Previous Visits.

| Percentage Of Occasions | Frequency | Percentage of Responses |
|-------------------------|------------|-------------------------|
| 0 | 10 | 2.9 |
| 10 | 4 | 1.2 |
| 20 | 3 | 0.9 |
| 25 | 6 | 1.7 |
| 30 | 1 | 0.3 |
| 33 | 1 | 0.3 |
| 35 | 1 | 0.3 |
| 50 | 61 | 17.6 |
| 60 | 14 | 4.0 |
| 65 | 2 | 0.6 |
| 70 | 13 | 3.8 |
| 75 | 65 | 18.8 |
| 77 | 1 | 0.3 |
| 80 | 48 | 13.9 |
| 85 | 3 | 0.8 |
| 90 | 39 | 11.3 |
| 95 | 9 | 2.6 |
| 99 | 1 | 0.3 |
| 100 | 64 | 18.5 |
| Total | 346 | 100.0 |

The second question of Part VI asked business travellers to express their tendency to stay in the same chain in new locations. Again in percentage terms, the mean response was 51.3 percent, while both the median and the mode were 50 percent. The frequency data for this question is reported in Table 4-13.

Table 4-13.--The Percentage Of Occasions That Business Travellers Attempt To Stay In The Same Chain In Each Location.

| Percentage Of Occasions | Frequency | Percentage of Responses |
|-------------------------|-----------|-------------------------|
| 0 | 63 | 17.5 |
| 10 | 12 | 3.3 |
| 15 | 1 | 0.3 |
| 20 | 11 | 3.1 |
| 25 | 19 | 5.2 |
| 30 | 7 | 1.9 |
| 33 | 1 | 0.3 |
| 35 | 1 | 0.3 |
| 40 | 8 | 2.2 |
| 45 | 1 | 0.3 |
| 50 | 92 | 25.6 |
| 60 | 9 | 2.5 |
| 70 | 8 | 2.2 |
| 75 | 40 | 11.1 |
| 80 | 27 | 7.4 |
| 85 | 1 | 0.3 |
| 90 | 19 | 5.3 |
| 95 | 2 | 0.6 |
| 100 | 36 | 10.0 |
| Total | 358 | 100.0 |

The number of responses provided to Question 3 Part VI is reported in Table 4-14. This question asked the respondents to list the last five hotel/motels in which they had stayed during their last five business trips. The mean number of places listed was 3.7 chains, while the median and the mode were 4 and 5 respectively.

Table 4-14.--The Number Of Hotel Chains Listed By Business Travellers As Places Stayed During Their Last Five Business Trips.

| Number of Responses | Frequency | Percentage |
|---------------------|-----------|------------|
| 0 | 15 | 4.1 |
| 1 | 17 | 4.6 |
| 2 | 37 | 10.1 |
| 3 | 73 | 19.9 |
| 4 | 63 | 17.2 |
| 5 | 162 | 44.1 |
| Total | 356 | 100.0 |

Question 4 of Part VI sought to determine the strength of a business traveller's preference for a particular individual hotel property. Assuming the business traveller had a preferred hotel, he/she was asked to express in terms of how far he/she would be willing to travel to stay at their preferred hotel, when the most convenient hotel was not their preferred hotel, but was of the same type. The responses are reported in Table 4-15. The median answer was "up to 3 miles", while the modal answer was "up to 1 mile."

Table 4-15.--The Distance Business Travellers Are Willing To Travel To Stay At Their Preferred Hotel.

| Response | Frequency | Percentage |
|------------------|------------|--------------|
| No distance | 36 | 10.2 |
| One block | 13 | 3.7 |
| 2-4 blocks | 60 | 17.0 |
| Up to 1 mile | 64 | 18.1 |
| Up to 3 miles | 59 | 16.7 |
| Up to 5 miles | 47 | 13.3 |
| Up to 10 miles | 20 | 5.7 |
| No consideration | 54 | 15.3 |
| Total | 358 | 100.0 |

The Likert scale in Question 5 Part VI asked the respondents to show their level of agreement with a positive statement about having a preferred lodging chain for business trips. Table 4-16 reports the level of agreement that the respondents had with the statement. The mean was 3.2, while both the median and mode were 3.

Table 4-16.--The Level Of Agreement The Respondents Had With The Statement: "In General, When Travelling For Business Purposes, I Have A Strong Preference For A Particular Chain When Travelling For Business Trips."

| Level of Agreement | | Frequency | Percentage |
|--------------------|-------------------|-----------|------------|
| 1 | Strongly Agree | 43 | 12.1 |
| 2 | | 56 | 15.7 |
| 3 | | 116 | 32.0 |
| 4 | | 72 | 20.2 |
| 5 | Strongly Disagree | 71 | 19.9 |
| Total | | 356 | 100.0 |

Summary Of The Descriptive Statistics

During a twelve month period (Spring 1990 - Spring 1991), this sample of business travellers took an average of 11.9 domestic business trips, and at least 65 percent of the time, made their own hotel/motel reservations. In addition, when someone else made their lodging reservations, they seem to have a stronger tendency to specify an individual hotel property rather than a particular lodging chain. Business travellers know the criteria they use when selecting accommodation. Almost 97 percent of the respondents were able to list at least one consideration for choosing a hotel/motel for a business trip.

In percentage terms, lodging preference was again evident. When returning to a previously visited location, the respondents on average tried 72.8 percent of the time to stay in the same hotel again. However, when travelling to new locations, only 51.3 percent of the respondents tried to stay with a specific lodging chain.

The average number of hotels or hotel chains respondents stayed at in the last twelve months was four. The modal response to how far the respondents were willing to travel to stay at their preferred hotel was 'up to 1 mile.' The level of agreement to the statement : "In general, when travelling for business purposes, I have a strong preference for a particular chain" suggested that approximately half of the respondents agreed with the statement, while the other half did not. Whether this reported behavior translates into brand loyalty behavior is what the rest of this chapter will determine.

Null Hypotheses and Data Analysis

The descriptive data, which has been presented in this chapter, will now be used to address the three null hypotheses of this study. The following paragraphs state the results for each individual null hypothesis. The Statistical Package for the Social Sciences (SPSS) was used to analyze the data.

Null Hypothesis I : Business travellers did not exhibit brand loyal behavior towards the lodging product.

Under Jacoby and Kyner's (1973, 2) conceptual definition of brand loyalty, all six conditions are necessary for brand loyalty to exist. Under their conceptual definition, brand loyalty is "(1) a biased (i.e., nonrandom), (2) behavioral response (i.e., purchase), (3) expressed over time, (4) by some decision making unit, (5) with respect to one or more alternative brands out of a set of such brands, and (6) is a function of psychological (decision-making evaluative) processes." The results for all six conditions will now be given, thus determining whether or not this sample of business travellers exhibited brand loyal behavior according to Jacoby and Kyner's (1973) definition. The six conditions were tested using the one-mean test at an alpha level of 0.05 (See Appendix B for statistics).

Condition 1: Brand loyalty has a "biased" (i.e., nonrandom) aspect.

The null hypothesis was that the average level of agreement to the statement contained in Question 5 Part VI (i.e. "In general, when travelling for business purposes, I have a strong preference for a particular chain.")

would be equal to three (i.e., $H_0: u=3$; $H_1: u<3$). The cutoff-point of three was chosen because on the Likert scale, greater than three indicated a favorable response in agreement with the statement. At an alpha level of 0.05, utilizing a one tailed t-test, the null hypothesis was not rejected, even though the mean response was 3.2. Thus the conclusion of this test is that the self-reported behavior of business travellers was random.

Condition 2: Business travellers must have bought the lodging product (i.e., the "behavioral response").

This condition had two criteria and both had to be met if the survey respondents were to be considered patrons of the lodging product.

Criteria I

The null hypothesis of the first criteria was that the average response to the Question 1 Part VI (i.e. In general, when you are returning to cities for business that you have visited before, what percentage of the time do you try to stay in the same hotel, as in previous visits?) was equal to zero (i.e., $H_0: u=0$; $H_1: u>0$). Utilizing a one tailed t-test, with an alpha level of 0.05, the null hypothesis of this first criteria was rejected, implying that the first criteria for Condition 2 was met.

Criteria II

The second criteria used Question 2 Part VI , and had a null hypothesis that when travelling to new locations, the percentage of time that business travellers attempt to stay in the same chain in each location is equal to zero (i.e., $H_0: u=0$; $H_1: u>0$). Using the same test and alpha level as for Criteria I, this null hypothesis was also rejected. Therefore business

travellers do have the opportunity to purchase the lodging product and when they do so, they attempt to stay in a particular hotel or chain a percentage of the time.

Conclusion to Condition 2

Although simply determining whether or not business travellers do actually stay at hotels and motels could be regarded as fulfilling this second condition, the questions used determined if the respondents' attitudinal preferences were translated into a behavioral response (i.e. a purchase). The fact that they answered any percentage other than zero, implied that the respondents had stayed in a hotel or motel. The response rate to the first question (Question 1, Part VI) was 97.0%, and 97.8% to the second question (Question 2, Part VI).

Condition 3: The self-reported behavior is "expressed over time."

The null hypothesis to the third condition was that the average number of domestic business trips taken by respondents, in the past 12 months that required an overnight stay in a hotel, was equal to three (i.e., $H_0: u=3$; $H_1: u>3$). At an alpha level of 0.05, utilizing an one tailed t-test, the null hypothesis was rejected. The mean response to Question 1, Part I was 11.9 domestic business trips. Thus business travellers did have the opportunity to express their 'brand loyal' behavior over time.

Condition 4: The "decision-making unit" must be involved in the brand choice decision.

This condition had three criteria, and all of them had to be met, in order for business travellers to be considered the "decision-making unit." In

other words, all three of the following null hypotheses had to be rejected if this fourth condition of brand loyalty was to be considered exhibited by this sample of business travellers.

Criteria I

The first null hypothesis was that respondents made none of their own reservations (i.e., $H_0: u=0$; $H_1: u>0$). Question 3, Part I asked what percentage of the time do business travellers make their own hotel/motel reservation when traveling for business. The results of the one tailed t-test, at an alpha level of 0.05, indicated that the null hypothesis should be rejected. Thus business travellers do make at least some of their own reservations.

Criteria II

The second null hypothesis was that when someone else was booking a hotel room for the respondent for business travel, the business traveller did not request a specific lodging chain (i.e., $H_0: u=1$; $H_1: u>1$). The five-point Likert scale in question 5 Part I had '1' as "never" and '5' as "always." Utilizing a one tailed t-test on the responses to Question 5 Part I, at an alpha level of 0.05, this particular null hypothesis was rejected. The implication is that business travellers did make the decision enough of the time about where they were going to stay when someone made the reservation for them.

Criteria III

The third null hypothesis was that business travellers do not select a specific individual hotel property for an upcoming business trip, when someone else is booking a hotel room for them (i.e., $H_0: u=1$; $H_1: u>1$). Using

an one tailed t-test, this particular null hypothesis was rejected, at an alpha level of 0.05.

Conclusion to Condition 4

All three null hypotheses were rejected, thus the overall conclusion is that the fourth condition of brand loyalty behavior was met by this sample of business travellers. This implies that the business traveller was the 'decision-making unit' an adequate amount of the time to meet Jacoby and Kyner's fourth condition of brand loyalty.

Condition 5: Brand loyal behavior involves the selection of one or more brands "with respect to one or more alternative brands out of a set of such brands."

To determine whether one or more brands were selected from a set of alternatives, respondents were asked to list the name of the hotels or hotel chains where they had stayed their last five business trips (i.e. Question 3 Part VI). The null hypothesis was that the average number of hotels or hotel chains listed would be equal to zero (i.e., $H_0: u=0$; $H_1: u>0$). This particular statistical hypothesis was rejected, utilizing the one-mean t-test at the alpha level of 0.05. Thus, business travellers did select lodging accommodation "with respect to one or more alternative brands out of a set of such brands."

Condition 6: Brand loyal behavior is "a function of the decision-making evaluative processes."

Almost ninety-seven percent of the respondents were able to list the first consideration that they have when selecting (or specifying) a hotel for a

business trip. The null hypothesis for this condition was that the proportion of respondents who listed at least one criteria was equal to fifty percentage. At the alpha level of 0.05, the one proportion test was utilized and it indicated that the null hypothesis should be rejected. Thus the exhibited behavior of the respondents did meet the sixth condition of Jacoby and Kyner's (1973) definition.

Conclusion Concerning Hypothesis I

The first condition was not met, so the respondents' exhibited behavior was not biased. Although all six conditions are necessary for brand loyalty to exist under Jacoby and Kyner's (1973) definition, a conclusion of this research would be that this sample of business travellers exhibited partial brand loyalty towards the lodging product. The arbitrary setting of cut-off points for each of the six conditions must be considered. If other criteria had been used, then the exhibited behavior could have met all six of the conditions. This illustrates the exploratory nature of this research and the need for additional work in the area of brand loyalty.

Hypothesis II : Business travellers did not exhibit different levels of brand loyalty towards lodging chains and did not exhibit different levels of brand loyalty towards individual properties.

The conclusion to the first hypothesis was that brand loyal behavior was not exhibited by this sample of business travellers towards the lodging product, according to Jacoby and Kyner's (1973) definition. This second and

third hypotheses used the 'proportion-of-purchase' criteria (Cunningham 1956a; Engel, Kollat and Blackwell 1968) to measure whether different levels of brand loyal behavior were exhibited by this sample of business travellers. Therefore different definitions of brand loyal behavior were used for the first compared to the second and third hypotheses. The sample of business travellers did not meet Jacoby and Kyner's (1973) definition in the first hypothesis, but using a proportion-of-purchase measure, the respondents can be assigned to different degrees or levels of the brand loyal behavior for different situations. The six levels of Raj's (1982) "multi-level loyalty" categorization were used to classify consumers according to their responses to both Question 1 Part VI and Question 2 Part VI. Tables 4-17 and 4-18 present the respondents' percentages collapsed into the different levels of brand loyalty. This opens up the possibility that loyalty may exist under one definition, but not under another. This would be evident if any loyalty was displayed based on the tests for Hypothesis II. Whereas Jacoby and Kyner's (1973) definition deals with absolutes (there is or there isn't), Raj's (1982) categorization deals with degrees of loyalty.

Table 4-17.--Percentage Of Time That Business Travellers Try To Stay In The Same Hotel, As On Past Visits, When Returning To Previously Visited Cities On Business.

| Category | Level | Frequency | Percentage |
|-----------|--------|-----------|------------|
| 0%- 9.9% | none | 10 | 2.9 |
| 10%-19.9% | little | 4 | 1.2 |
| 20%-29.9% | weak | 9 | 2.6 |
| 30%-49.9% | some | 3 | 0.8 |
| 50%-69.9% | mild | 77 | 22.3 |
| 70%-100% | strong | 243 | 70.2 |
| Total | | 356 | 100.0 |

**Table 4-18.--Percentage Of Time That Business Travellers Attempt To Stay
In The Same Chain When Traveling To New Locations.**

| Category | Level | Frequency | Percentage |
|-----------|--------|-----------|------------|
| 0%- 9.9% | none | 63 | 17.5 |
| 10%-19.9% | little | 13 | 3.6 |
| 20%-29.9% | weak | 30 | 8.4 |
| 30%-49.9% | some | 18 | 5.0 |
| 50%-69.9% | mild | 102 | 28.5 |
| 70%-100% | strong | 133 | 37.0 |
| Total | | 356 | 100.0 |

The descriptive labels in tables 17 and 18 for each level of brand loyalty were assigned by myself. Raj (1982) did not have any of his own. According to Cunningham (1956a) and Engel, Kollat and Blackwell (1968) brand loyalty is indicated solely by the 'proportion of purchases' with an arbitrary cut-off point(s).

As can be seen in Table 4-17, the majority of respondents exhibited either mild (22.3%) or strong (70.2%) brand loyal behavior towards an individual hotel, which they had previously stayed at on business visits. In Table 4-18, the responses to Question 1 Part VI, which concerned how often they attempted to stay at the same chain in new locations, three prevailing groups emerged: none (17.5%); mild (28.5%); and, strong (37.0%). Therefore it appears that business travellers did exhibit different levels of brand loyalty towards lodging chains and towards individual properties was rejected. This hypothesis involved no statistical testing.

Hypothesis III: There was no difference between the level of brand loyalty exhibited towards individual properties and the level of brand loyalty exhibited towards lodging chains.

While Hypothesis II dealt with whether the respondents exhibited different levels of loyalty towards lodging chains and individual properties, Hypothesis III sought to determine whether there was a difference between any exhibited loyalty towards lodging chains and any exhibited loyalty towards individual properties.

Two sets of questions were used to address this hypothesis. The first set consisted of the responses to Question 1 Part VI and Question 2 Part VI.

The null hypothesis was that the average percentage of business travellers who, when returning to the same location, attempt to stay at the same hotel as in previous visits was different than the average percent of business travellers who attempt to stay in the same chain when travelling to new locations. A two mean t-test was used to determine whether there was a significant difference, at the 95% level of significance, between the average percentages to both questions. The results of the t-test were that the average percentage of business travellers who, when returning to the same location, attempted to stay at the same hotel as in previous visits, was significantly different than the average percentage of business travellers who attempted to stay at the same chain, when travelling to new locations (see Appendix D for statistical figures). The mean response to Question 1 Part VI was 72.8%, while for Question 2 Part VI it was 51.3%.

The second comparison was between Question 5 Part I and Question 6 Part I and concerned the situation when someone else was making the respondent's reservations. Both questions had a five-point Likert scale. The null hypothesis was that the mean response to these two questions would be the same. Thus there would be no difference between how often business travellers selected a specific lodging chain (i.e., Question 5 Part I) versus how often they selected a specific individual hotel property (i.e., Question 6 Part I), when someone else was making their reservations. The average response to Question 5 Part I was 3, while for Question 6 Part I it was 3.5, which was taken from a Likert scale, where '1' indicated "never" and '5' indicated "always." Depending on the assumptions made, the Mann-Whitney or two mean t-test was used. Assuming normal distribution, and using the two-

mean t-test, the statistical difference was significant at the 0.05 level. If normal distribution is not assumed then the Mann-Whitney test is used (see Appendix D for statistical figures). At the 0.05 level of significance, the null hypothesis of equal means was rejected.

The same conclusion was reached using both the Mann-Whitney test and the two mean t-test; that there was a significant difference between the two mean responses of these questions. Therefore the third hypothesis was rejected. From the two comparisons it appears that business travellers attempted to stay at a specific individual hotel property more often than with a specific chain, regardless of who is making the reservation.

Results of Validity and Reliability Testing

The results from Virginia Tech's 1990 business traveller survey were similar to those of the 1991 study. This is despite the fact that 1991's sample of business travellers was slightly different from 1990's sample. There was a higher percentage of females participating in the 1991 survey and a wider representation of the various categorical industries. The modal age category was higher, but there were fewer respondents from top management and, a lower modal category of income. However, the general consistency of results between both surveys reflects the overall reliability of the instrument.

In addition to the reliability, the correlation coefficients between different questions relating to the same issue were calculated to determine the survey instrument's concurrent validity. The following questions were correlated with each other. They were the ones which addressed similar

issues, therefore the responses should be similar. These were also the primary questions used in this research.

Question 5, Part I (G5): If someone is booking a hotel room for you for business travel, how often do you tell that person to select a specific lodging chain? (Five-point Likert scale with '1' = "never" and '5' = "always")

Question 6, Part I (G6): If someone is booking a hotel room for you for business travel, how often do you tell that person to select a specific individual hotel property? (Five-point Likert scale with '1' = "never" and '5' = "always")

Question 1, Part VI (C1): In general, when you are returning to cities for business that you have visited before, what percentage of the time do you try to stay in the same hotel, as in previous visits? ____ %

Question 2, Part VI (C2): When you travel to new locations, what percentage of the time do you attempt to stay in the same chain in each location? ____ %

Question 5, Part VI (C5): Please indicate your level of agreement with this statement: "In general, when travelling for business purposes, I have a strong preference for a particular chain." (Five-point Likert scale with '1' = "strongly agree" and '5' = "strongly disagree")

Table 4-19.--Correlation Coefficients Of The Survey Questions Relating To Brand Loyalty

| Question | Question | Correlation Coefficient |
|----------------------------------|----------|-------------------------|
| <u>Significant at 0.05 level</u> | | |
| 1-VI | 2-VI | .3235 |
| 1-VI | 5-I | .2247 |
| 1-VI | 5-VI | -.2137 |
| 1-VI | 6-I | .1900 |
| 2-VI | 5-I | .4185 |
| 2-VI | 5-VI | -.2247 |
| 5-I | 5-VI | -.3410 |
| 5-I | 6-I | .5659 |
| <u>Significant at 0.10 level</u> | | |
| 6-I | 5-VI | -.1760 |
| 6-I | 2-VI | .1543 |

Table 4-19 presents all of the relationships which were found to be significant at the 0.05 level. All of the relationships were found to be significant, but the strength of their correlations differed. Although some of the correlation coefficients have negative signs, all of the relationships were positively correlated towards each other. In Question 5 Part VI the positive response was '1' while in all the other questions it was '100 %'.

Question 1 Part VI concerned the business travellers' tendency to stay at the same hotel as on previous visits. The correlation coefficient between this question and Question 2 Part VI, which concerned the respondents' tendency to stay at the same chain in new locations was 0.3235. The mean response to Question 1 Part VI was 72.8 percent, while the mean response to Question 2 Part VI was 51.3 percent. The correlation coefficient would indicate that although there is some correlation, it is not strong. This supports the findings of Hypothesis III.

The correlation between Question 5 Part I and Question 1 Part VI at .2247 was lower than the previous correlation, even though both Question 5 Part I and Question 2 Part VI addressed the same issue. Question 5 Part I dealt with the situation when someone else was making the reservation for the respondent and Question 2 Part VI did not involve a third-party in the reservation making process. The correlations might be an indication that the respondents' tendency to indicate a specific hotel when making the reservation themselves is different than when someone else is doing it for them.

Question 1 Part VI had a correlation with Question 5 Part VI of -.2137. The negative sign reflects the fact that in Question 1 Part VI, '100 %' indicated the respondent's strong preference to return to the same hotel as on previous visits, while in Question 5 Part VI, '1' indicated strong preference for a particular chain. The low correlation figure is a reflection of the fact that one question (Question 1 Part VI) dealt with individual properties while the other (Question 5 Part VI) referred to lodging chains.

This supports the assertion that the respondents had different preference levels for individual properties compared to overall lodging chains.

Question 6 Part I, which dealt with the situation where someone else is making the reservation and asked the respondent how often they specified a particular hotel property, had a correlation of .1900 with Question 1 Part VI. Both of these questions dealt with individual properties and the respondents' tendency to specify a particular one, when making a reservation in a location previously visited. The low correlation between the two questions could be explained by the involvement of the third party making the reservation for the respondent.

Question 2 Part VI concerned the respondents' tendency to stay in the same chain in new locations. Question 2 Part VI was positively correlated to Question 5 Part I (.4185) and to Question 5 Part VI (-.2247). Both of these questions dealt with the issue of the respondents' preference for a particular chain. The relationship between Question 5 Part I and Question 5 Part VI was also positive (-.3410). Again the negative signs are caused by '1' indicating a strong preference for a particular chain in Question 5 Part VI, while 100% signifies strong preference in Question 2 Part VI and Question 5 Part I. Note that questions 2(VI), 5(VI) and 5(I) are all positively correlated towards one another. This strengthens any conclusions made about the respondents' preferences towards a particular chain, because respondents were somewhat consistent in their answers.

The responses to Question 5 Part I and Question 6 Part I had the strongest correlation of .5659 and both concerned the situation where someone else is making the lodging reservation. This high correlation

indicates a high level of content validity between the two questions.

Question 5 Part I concerned selecting a specific lodging chain, while Question 6 Part I concerned selecting a specific individual hotel property.

Next, Question 6 Part I was positively correlated at the 0.10 level of significance to both Question 5 Part VI (-.1760) and Question 2 Part VI (.1543). Question 6 Part I dealt with the respondents' tendency towards specifying an individual property, while Question 5 Part VI and Question 2 Part VI focused on preference for a chain. The low correlations would be expected, if there was a difference between these two issues.

Summary of Results

For the period between Spring 1990 and Spring 1991, this sample of business travellers did not strictly exhibit brand loyal behavior, according to Jacoby and Kyner's (1973) definition. Although they met five of the six conditions, their selection of lodging accommodation was considered random by the criteria used. However if the 'proportion-of-purchase' criteria is used to define brand loyalty, then business travellers can be assigned to different levels or degrees of brand loyal behavior. This measure found that a proportion of the sample of business travellers exhibited some degree of brand loyalty. Thus the second null hypothesis, that business travellers did not exhibit different levels of brand loyalty towards lodging chains and towards individual properties, was rejected. This rejection was supported by the results of both the attitudinal and behavioral comparisons in the third hypothesis. The rejection of this third hypothesis implied that there was a difference between the level of brand loyalty exhibited towards individual

properties in previously visited locations and the level of brand loyalty exhibited towards lodging chains in previously unvisited locations. It appeared that brand loyalty towards a certain individual property in previously visited locations was stronger than for a particular lodging chain in previously unvisited locations.

CHAPTER V

ANALYSIS AND CONCLUSIONS

Introduction

The purpose of this chapter is to discuss the study's findings concerning the three null hypotheses and indicate the implications of these results to the lodging industry. Following this discussion, the associated limitations of this research and my suggestions for future studies will be presented.

Theoretical Discussion of Null Hypotheses' Results

The following paragraphs state each hypothesis and discuss how the study's results relate to the theoretical background of the hypotheses. General implications of the results to the lodging industry will follow in a later section of this chapter.

Hypothesis I : Business travellers did not exhibit brand loyal behavior towards the lodging product.

According to Jacoby and Kyner's (1973, 2) definition, brand loyalty is "(1) a biased (i.e., nonrandom), (2) behavioral response (i.e., purchase), (3) expressed over time, (4) by some decision making unit, (5) with respect to one or more alternative brands out of a set of such brands, and (6) is a function of psychological (decision-making evaluative) processes." This

conceptual definition requires that each of these six conditions need to be present for brand loyal behavior to exist. Each of these conditions will now be discussed to determine the extent of their existence in the survey respondents' self-reported behavior towards the lodging product.

The first condition is that selection of accommodation had to be "biased" and not random. A random event cannot be predicted, modified, or controlled. A traveller with a biased attitude towards the lodging product should exhibit some level of preference for a particular chain or property. Over seventy-two percent of the respondents indicated that they did not strongly agree or agree with the statement : "In general, when travelling for business purposes, I have a strong preference for a particular chain." At the alpha level of 0.05, this study found that the self-reported behavior of business travellers was random. Thus when travelling for business purposes, business travellers in general do not have a strong preference for a particular chain. Their selection of lodging accommodation cannot be considered nonrandom.

The second condition of "behavioral response" or purchase was shown to exist for business travellers. This condition partly addresses the issue of whether the attitudinal preference for a particular chain or hotel influences the actual purchase decision. When returning to a location previously visited, the respondents on average attempted to stay in the same hotel 72.8 percent of the time. On the other hand, when travelling to new locations, the respondents attempted to stay in the same chain, an average of 51.3 percent of the time. Statements of preference or intention to buy (i.e., verbal reports of bias) alone are not sufficient for declaring the existence of brand loyalty.

Such statements of bias must be accompanied by biased purchasing behavior for respondents to be considered brand loyal. The above percentages indicate that respondents' attitudinal preferences sometimes affect their behavioral responses (i.e. purchases) towards the lodging product. However to satisfy the "behavioral response" condition, business travellers simply needed to have stayed in hotels and/or motels, which they did. Thus the second condition was met by this sample of business travellers.

The third condition of being "expressed over time" was satisfied by this sample of business travellers. This condition was deemed to be fulfilled if the respondents in this study had taken more than three trips in the last 12 months. Loyalty implies "a condition possessing some temporal duration" (Jacoby and Chestnut 1978, 81). Thus, a single, biased act does not constitute brand loyalty and the traveller must have had the opportunity to exhibit brand loyal behavior over time. It is not the next purchase event, but the pattern of future purchases that is important. At an alpha level of 0.05, utilizing an one tailed t-test, the null hypothesis, which implied that the respondents did have the opportunity to express their 'brand loyal' behavior over time, was rejected.

The fourth condition is that the business traveller must be the "decision-making unit" in the choice of accommodation. Of the three primary roles which a consumer can assume (i.e., decision maker, purchaser, and user), the "decision-making unit" condition is one of the most important to determining the existence of brand loyalty. It was found that, on average, the respondents made 65.2 percent of their own reservations for business trips. In addition, when someone else makes the reservation 42.8 percent of

the respondents always or almost always specified a particular lodging chain, while 57.9 percent always or almost always specified an individual lodging property. This study's conclusion was that, at an alpha level of 0.05, the business travellers in this sample were the 'decision-making units' in the lodging purchase decision. Thus Jacoby and Kyner's fourth condition of brand loyalty was met.

The fifth condition is that brand loyalty must involve the selection of one or more brands "with respect to one or more alternative brands out of a set of such brands." This requires that the respondents' evoked set or reference set of lodging accommodation be greater than one. The consumer must be faced with a choice of brands, in order to express or exhibit brand loyalty. According to Watkins (1986), when a purchase is made, this is considered "revealed preference." This study found that, at the alpha level of 0.05, business travellers did select lodging accommodation "with respect to one or more alternative brands out of a set of such brands." The average number of brands mentioned, as places stayed at, during the respondents' last five business trips was almost four names. This implied that business travellers could in theory compare one brand's actual performance to another.

The sixth condition is that brand loyalty must be "a function of the decision-making, evaluative processes." According to Jacoby and Chestnut (1978, 84), this reflects a "purchase decision in which the various brands have been psychologically (perhaps even physically) compared and evaluated on certain internalized criteria, the outcome of this evaluation being that one or more brands was (were) selected." As a result of this

decision-making evaluative process, the individual has a certain amount of commitment to the brand(s) in question. The concept of commitment provides a critical basis for distinguishing between brand loyalty and other forms of repeat purchasing behavior, which could be used to determine relative degrees of brand loyalty. A respondent who indicated criteria implies that selection was not random and that an evaluative process was involved. If the respondents had a preference for a particular brand, then it is important to determine the crucial set of evaluative criteria used to determine that selection (Jacoby and Chestnut, 1978). But the simple fact that criteria are written down by respondents is meaningful in and of itself. Almost ninety-seven percent of the respondents were able to list the first consideration that they have used when selecting (or specifying) a hotel for a business trip. Thus they had at least one criterion, when making their lodging accommodation purchase decision. This is an indication that the respondents' selection of hotel properties or chains was non-random, which is contrary to the conclusion of the first condition. However, the sixth condition of Jacoby and Chestnut's definition was met, which implies that some form of a decision-making process was used by the respondents in the selection of lodging accommodation for business trips.

Conclusion to Hypothesis I

Overall, business travellers did not exhibit brand loyal behavior, because two of the six conditions comprising Jacoby and Kyner's (1973) definition were not met. However under a different definition of brand loyalty, business travellers could have been deemed to exhibit brand loyal

behavior. A 'proportion-of-purchase' criteria is used in the second hypothesis.

Hypothesis II : Business travellers did not exhibit different levels of brand loyalty towards lodging chains and did not exhibit different levels of brand loyalty towards individual properties.

The conclusion to the first null hypothesis was that BL behavior was not exhibited by business travellers towards the lodging product, according to Jacoby and Kyner's (1973) definition. This second hypothesis used the 'proportion-of-purchase' criteria (Cunningham 1956a; Engel, Kollat and Blackwell 1968) to measure the levels of brand loyalty behavior exhibited by business travellers. The degree or level(s) of the brand loyalty behavior exhibited was determined, using the six levels of Raj's (1982) "multi-level loyalty" categorization. The respondents were classified according to their responses to Question 1 Part VI and Question 2 Part VI.

Question 1 Part VI concerned how often business travellers attempted to stay at the same hotel when returning to a city previously visited. According to the 'proportion-of-purchase' criteria, the vast majority of respondents exhibited a moderate level of brand loyal behavior towards a certain hotel in a specific location, which can be labelled as being either mild (22.3% of the respondents) or strong (70.2%). Question 2 Part VI concerned how often business travellers attempted to stay at the same chain when travelling to new locations. The three prevailing groups were: none or zero loyalty (17.5% of the respondents); mild loyalty (28.5%); and, strong loyalty (37.0%). Thus business travellers do have different levels of brand loyalty

towards individual properties in previously visited locations and also have different levels of brand loyalty towards specific chains in previously unvisited locations .

This conclusion is related to a previous finding that the respondents demonstrated a lack of 'biased' behavior towards a particular chain, when someone else made their lodging reservation. In this situation with the involvement of a third party, 42.8% of the respondents always or almost always specified a specific lodging chain, while 57.9% indicated a strong loyalty towards lodging chains, when traveling to new locations. On a five-point Likert scale, the 'always' or 'almost always' categorizations would be similar to a '60%-100%' category, under a 'proportion-of-purchase' criteria.

Now consider the situation, when someone else did not made the reservation for the respondent. Under Raj's (1982) "multi-level loyalty" categorization, 70.2% of the respondents in Question 1 Question VI were classified as having a "strong" level of loyalty towards a particular property, when returning to locations previously visited (i.e. the percentage of respondents whose answer was in the 70%-100% range). Thirty-seven percent of the respondents in Question 2 Part VI were classified as having a "strong" level of loyalty towards the same chain, when travelling to new locations (i.e. the percentage of respondents whose answer was in the 70%-100% range).

A comparison of these figures indicates that the level of loyalty towards selecting the same chain in new locations and returning to the same hotel in previously visited locations is different when the respondent

directly decided where to stay and when the reservation was made by someone else (i.e, a third party).

Hypothesis III: There was no difference between the level of brand loyalty exhibited towards individual properties and the level of brand loyalty exhibited towards lodging chains.

The issue of this hypothesis is to determine the relative frequency of how often business travellers selected a specific lodging chain in new locations compared to selecting a specific individual hotel property in one location. In other words, is the difference significant? Depending on the assumptions, both the Mann-Whitney and two mean t-test were used to determine if there was a difference or not.

The same conclusion was reached using both tests, which was that there was a significant difference between the mean responses to these questions. The conclusion of the two comparisons was that business travellers attempted to stay at a specific individual hotel property previously visited significantly more often than a specific chain in previously unvisited locations, regardless of who is making the reservation.

Implications of Results to Hotel Industry

The self-reported behavior of business travellers suggested that they had a greater potential for being loyal towards an individual property rather than being loyal towards a particular chain in new locations. They did not always specify the same chain when making a reservation, but did have preferences for certain individual properties. A brand provides business

travellers with an expectation level for product performance (Watkins 1986). The brand name is a consideration when deciding where to stay for the night, but is not necessarily the most important. The fact that the loyalty exhibited by the respondents towards individual properties in previously visited locations was significantly greater than that exhibited towards entire chains in previously unvisited locations implies that hotels, at the property level in the same chain, can be perceived as being different in their product delivery. Thus the respondents can differentiate between properties, whose names are supposed to conjure up a similar image. If the business traveller is to be brand loyal, then an incentive or reward for such behavior must exist (Czepiel and Gilmore 1987). A consistently superior product delivered at a competitive price might be one incentive for brand loyal behavior. The inconsistent nature of the lodging product within a particular brand, from location to location, might be one possible explanation for the lack of stronger exhibited brand loyal behavior by business travellers towards lodging chains in new locations. The respondents' stronger tendency to stay with a particular property at a certain location rather than with the same chain in new locations was an indication that business travellers did not view a chain name as guaranteeing product delivery at unvisited locations.

The partial role or importance of a brand is that it was one of the criteria used to include a particular hotel property in a traveller's evoked set of lodging alternatives when the lodging purchase decision was made. However, inclusion in the consumer's evoked set is not always enough, so the hotelier must develop its intangibles (i.e. service and atmosphere) to differentiate its tangibles (i.e. the building and the furnishings). The results

of this research indicated that business travellers are more likely to be loyal to one particular hotel at a location than an entire chain. Therefore, a hotelier cannot simply rely upon a chain name to generate new and repeat business.

According to Raj's (1982) "multi-level loyalty" categorization, 70.2 percent of the respondents were classified as having "strong" loyalty towards particular properties in previously visited locations, while 37.0 percent of the respondents were classified as having "strong" loyalty towards a specific chain in previously unvisited locations. This would suggest that business travellers reduce the risk of a bad experience by returning to the known rather than the unknown. Thus if a business traveler has a good experience with a property, he/she is likely to return. This does not, however, translate strongly to other members of a chain.

A conclusion of this research is that business travellers have the potential to exhibit a stronger level of brand loyalty than the current level towards one particular brand, regardless of location. The respondents' greater loyalty towards individual properties suggests that there is the possibility that this loyalty could be translated into stronger loyalty for the chains. If the business traveller could be convinced of consistency in product delivery, then there would be an incentive or reward for business travellers to exhibit stronger loyalty towards a chain in new locations.

Limitations of Research

This research was developed as a part of an overall survey of business travellers' travel practices. The length of the overall survey limited the

space available for indepth questioning of business travellers' attitudes, preferences and purchasing behavior. Although the questions included in the survey adequately addressed this study's hypotheses, a survey devoted entirely to the issue of brand loyalty could have uncovered other issues, such as the reasons behind their exhibited behavior. Unfortunately, financial and time constraints are common limitations on research.

The assumption had to be made that the respondents interpreted the questions in the same manner. Pretesting helped to reduce this particular limitation. Also, it was assumed that all respondents had the same ability to recall their attitudes and behavior for the past twelve months.

The interpretation of Jacoby and Kyner's (1973) definition of brand loyalty may vary among researchers and in its application to different fields. The lack of applications to industries other than retail grocery stores makes this research more exploratory than was desired. The use of arbitrary cut-off points in the six conditions is an example of this limitation.

The issue of whether the business traveller has the authority to make the lodging selection was not completely addressed in this research. A question addressing the issue of whether the business traveller was mandated by company policy to choose a particular brand or from a limited choice of choice was needed on the questionnaire. A company may have special rates with a lodging chain(s), which would imply that the company is at least the partial decision maker in the selection of accommodation.

Recommendations for Future Research

There is a need to resolve the issue of which definition of brand loyalty is the most appropriate for the hospitality/lodging industries. The problem is that a business traveller can be brand loyal under one definition and not under another. In addition the fact that some consider services different than goods may need to be reflected in the definition of brand loyalty. For example, the intangibility of a service is reflected in the inconsistency of the same chain's product delivery at different times and locations, while the perishability element of a service is demonstrated by the sporadic availability of the product compared to a retail grocery good.

Further applications of Jacoby and Kyner's (1973) definition need to be made to the service industries. The definition itself may need to be amended for these applications to be more meaningful. It is a definition of absolute loyalty, whereas criteria for partial loyalty need to be established.

Conclusion to this Research

Brand loyal behavior wasn't exhibited by this sample of business travellers towards the lodging product, according to one of the definitions used in this study. One of the six conditions of Jacoby and Kyner's (1973) definition of brand loyalty was not satisfied. Therefore theoretically this sample of business travellers was not absolutely brand loyal, but because five of the six conditions were fulfilled this would suggest that the respondents exhibited partial brand loyalty. Under another definition of brand loyalty, the respondents were assigned to different levels of brand loyalty according to 'proportion-of-purchase' criteria (Raj 1982). It was

proven that was a significant difference between the respondents' tendency to stay at a particular property in one location rather than trying to stay with the same chain in new locations. It would appear that the respondents' tendency to stay at a particular property in one location was stronger than the respondents' tendency to stay with the same chain in new locations.

The complex nature of brand loyalty is demonstrated by Jacoby and Kyner's (1973) six conditions, which are all necessary for such behavior to exist. Its complexity is illustrated by the fact that, according to the criteria used in this research, business travellers exhibited "random" behavior but selection was "with respect to one or more alternative brands out of a set of such brands" and was "a function of the decision-making, evaluative processes." Almost ninety-seven percent of the respondents were able to list at least one criteria used when selecting accommodation. The different and arbitrary nature of the criteria used is one possible reason for the contradiction that the respondents were considered both "random" in their selection of accommodation, but were able to list at least one criteria used in that determination (i.e., condition 1 of Hypothesis I was not rejected, but condition 6 was rejected).

APPENDIX A

THE SURVEY INSTRUMENT

Domestic Business Travel Survey

Part I General Information

1. Approximately how many domestic business trips did you take in the past 12 months that required an overnight stay in a hotel ? _____
2. What was the average length of stay (nights) of these trips ? _____
3. What percentage of the time do you make your own hotel / motel reservations when you travel for business ? _____ %
(If you always make your own reservations, please go to question 7, otherwise continue.)
4. When someone else makes business trip reservations for you, who would that most likely be?
(Check only one)
____ Spouse ____ Secretary/Assistant ____ Travel agent
____ Corporate travel agent (In-house) ____ Other (please specify) _____
5. If someone else is booking a hotel room for you for business travel, how often do you tell that person to select a specific lodging chain ? (Please circle the appropriate response)
Never 1 2 3 4 5 Always
6. If someone else is booking a hotel room for you for business travel, how often do you tell that person to select a specific individual hotel property (e.g. book this hotel in this town).
Never 1 2 3 4 5 Always
7. How often do you use a hotel's "800" toll free number ?
Never 1 2 3 4 5 Always
8. What percent of your business trips would be described as the following categories ?
Sales _____ % Company group meeting _____ %
Convention _____ % Other _____ % (please specify _____)
9. Have you ever taken your family with you on your business trips ?
____ Yes (please continue) ____ No (go to 11)
10. On approximately how many business trips in the past 12 months did you travel with your family ? _____
11. Approximately how many total leisure trips (not including business trips) did you take with your family in the past 12 months ? _____
12. Of the following hotel locations you used on your business trips in the past 12 months, approximately what percent would be in each of the following categories ?
(Total should equal 100%)
Downtown _____ % Airport _____ % Resort _____ %
Suburban _____ % Roadside _____ %
Other _____ % (Please specify _____)

13. Approximately what percent of your total business trip nights were spent in each of the following categories of lodging properties in the past 12 months ? (Total should equal 100%)

Luxury or up-scale _____ %
 Mid-priced or standard _____ %
 Budget or economy _____ %

14. When you were traveling on business last year, what percent of the nights were spent at an all-suite hotel ? _____ %

15. On the average, how much do you pay per night for a room when traveling for business ? _____

16. Did you use air transportation for any business travel last year ?

_____ Yes (please continue) _____ No (go to 18)

17. How often did you use the following transportation mode from the airport to your hotel ? Please circle the appropriate number.

| Transportation | less than 25% | 25% - 50% | 51% - 75% | more than 75% |
|----------------------------------|---------------|-----------|-----------|---------------|
| Rental car | 1 | 2 | 3 | 4 |
| Hotel shuttle | 1 | 2 | 3 | 4 |
| Cab | 1 | 2 | 3 | 4 |
| Public transportation-bus,subway | 1 | 2 | 3 | 4 |
| Limousine | 1 | 2 | 3 | 4 |
| Pick-up by business associates | 1 | 2 | 3 | 4 |
| Other(specify _____) | 1 | 2 | 3 | 4 |

18. Approximately what percentage of the following methods of transportation did you use for your business trips last year ? (Total should equal 100%)

Airplane _____ % Automobile _____ % Train _____ %
 Boat/ship _____ % Other _____ % (Please specify _____)

19. In the next 12 months what are your expectations about the number of business trips that you will make in comparison to the last 12 months ?

_____ more (indicate % more)
 _____ less (indicate % less) _____ about the same

Part II Satisfaction

1. Please indicate your general level of satisfaction with hotel services and facilities on business trips in the past 12 months.

Very satisfied 1 2 3 4 5 Very dissatisfied

2. Please list the two services or facilities in a hotel that you have been most satisfied with and most dissatisfied with in the past 12 months.

Most satisfied:

1. _____

2. _____

Most dissatisfied:

1. _____

2. _____

3. Please answer the following two questions.

a) The first thing I consider when selecting (or specifying) a hotel on a business trip is

b) The second thing I consider when selecting (or specifying) a hotel on a business trip is

Part III Importance

Please indicate by circling the appropriate number the level of importance you place on each of the following with regard to hotel selections on business trips.

| Following with regard to hotel selections on business trips: | | | | | | | |
|--|--|--|---------------|---|---------------------|---|----|
| 1 | 2 | 3 | 4 | | 5 | | |
| Very unimportant (VU) | Unimportant (U) | Neither important or unimportant (NIU) | Important (I) | | Very Important (VI) | | |
| Factors pertaining to hotel selection: | | | VU | U | NIU | I | VI |
| 1. | Convenient to the airport | | 1 | 2 | 3 | 4 | 5 |
| 2. | Convenient to where your business is | | 1 | 2 | 3 | 4 | 5 |
| 3. | Convenient to downtown area | | 1 | 2 | 3 | 4 | 5 |
| 4. | Good reputation of the Hotel | | 1 | 2 | 3 | 4 | 5 |
| 5. | Low price | | 1 | 2 | 3 | 4 | 5 |
| 6. | Impressive advertising | | 1 | 2 | 3 | 4 | 5 |
| 7. | Airline frequent travel program | | 1 | 2 | 3 | 4 | 5 |
| 8. | Hotel frequent traveler program | | 1 | 2 | 3 | 4 | 5 |
| 9. | Friendly service of the hotel staff | | 1 | 2 | 3 | 4 | 5 |
| 10. | Cleanliness of the hotel | | 1 | 2 | 3 | 4 | 5 |
| 11. | Travel agent's recommendation of the hotel | | 1 | 2 | 3 | 4 | 5 |
| Availability of the following hotel facilities and services: | | | | | | | |
| 12. | Fitness and recreational facilities | | 1 | 2 | 3 | 4 | 5 |
| 13. | Safety and security facilities (e.g. sprinkler, door lock) | | 1 | 2 | 3 | 4 | 5 |
| 14. | Medical service (doctor or clinic) | | 1 | 2 | 3 | 4 | 5 |
| 15. | Meeting facilities | | 1 | 2 | 3 | 4 | 5 |
| 16. | Banquet services | | 1 | 2 | 3 | 4 | 5 |
| 17. | Concierge floor | | 1 | 2 | 3 | 4 | 5 |
| 18. | Well maintained furnishings | | 1 | 2 | 3 | 4 | 5 |
| 19. | Comfortable mattress and pillows | | 1 | 2 | 3 | 4 | 5 |
| 20. | Good quality bath towels and wash towels | | 1 | 2 | 3 | 4 | 5 |
| 21. | Personal-care amenities in bathroom | | 1 | 2 | 3 | 4 | 5 |
| 22. | Room service (for meals only) | | 1 | 2 | 3 | 4 | 5 |
| 23. | wake up calls | | 1 | 2 | 3 | 4 | 5 |
| 24. | In-room safe | | 1 | 2 | 3 | 4 | 5 |
| 25. | In-room VCR | | 1 | 2 | 3 | 4 | 5 |
| 26. | In-room mini bar | | 1 | 2 | 3 | 4 | 5 |
| 27. | In-room whirlpool tub | | 1 | 2 | 3 | 4 | 5 |

| | VU | U | NLU | L | VL |
|--|----|---|-----|---|----|
| 28. In-room coffee/tea | 1 | 2 | 3 | 4 | 5 |
| 29. Iron and Ironing board | 1 | 2 | 3 | 4 | 5 |
| 30. Hair dryer | 1 | 2 | 3 | 4 | 5 |
| 31. Free cable TV | 1 | 2 | 3 | 4 | 5 |
| 32. Bathrobes | 1 | 2 | 3 | 4 | 5 |
| 33. Free local telephone calls | 1 | 2 | 3 | 4 | 5 |
| 34. No-surcharge long-distance telephone calls | 1 | 2 | 3 | 4 | 5 |
| 35. Free continental breakfast | 1 | 2 | 3 | 4 | 5 |
| 36. Free newspaper | 1 | 2 | 3 | 4 | 5 |
| 37. Computer | 1 | 2 | 3 | 4 | 5 |
| 38. Copy machine | 1 | 2 | 3 | 4 | 5 |
| 39. Fax machine | 1 | 2 | 3 | 4 | 5 |
| 40. Secretarial service (full service) | 1 | 2 | 3 | 4 | 5 |
| 41. Audio-visual equipments | 1 | 2 | 3 | 4 | 5 |
| 42. Bar & lounge | 1 | 2 | 3 | 4 | 5 |
| 43. Game room | 1 | 2 | 3 | 4 | 5 |
| 44. Snack bar / gift shop | 1 | 2 | 3 | 4 | 5 |
| 45. Family restaurant | 1 | 2 | 3 | 4 | 5 |
| 46. Gourmet restaurant | 1 | 2 | 3 | 4 | 5 |
| 47. Vending machines | 1 | 2 | 3 | 4 | 5 |
| 48. On-premise parking | 1 | 2 | 3 | 4 | 5 |
| 49. Laundry service | 1 | 2 | 3 | 4 | 5 |
| 50. Valet service | 1 | 2 | 3 | 4 | 5 |
| 51. Bellman service | 1 | 2 | 3 | 4 | 5 |
| 52. In-room check out | 1 | 2 | 3 | 4 | 5 |
| 53. Pre-arranged check in | 1 | 2 | 3 | 4 | 5 |
| 54. Suite rooms | 1 | 2 | 3 | 4 | 5 |
| 55. Non-smoking rooms | 1 | 2 | 3 | 4 | 5 |

Part IV Usage of Hotel Services

If the following services or amenities were available, how likely would you be to use the following.

| | 1 | 2 | 3 | 4 | 5 |
|------------------------------|---------------------------------|---------------------------|---|----------------------|-------------------------------|
| | Very unlikely to use (VU) | Unlikely to use (U) | Neither likely nor unlikely (NLU) | Likely to use (L) | Very likely to use (VL) |
| | VU | U | NLU | L | VL |
| 1 In-room check out | 1 | 2 | 3 | 4 | 5 |
| 2 In-room safe | 1 | 2 | 3 | 4 | 5 |
| 3 In-room VCR | 1 | 2 | 3 | 4 | 5 |
| 4 In-room mini bar | 1 | 2 | 3 | 4 | 5 |
| 5 Iron and Ironing board | 1 | 2 | 3 | 4 | 5 |
| 6 Hair dryer | 1 | 2 | 3 | 4 | 5 |
| 7 Bathrobes | 1 | 2 | 3 | 4 | 5 |
| 8 Free continental breakfast | 1 | 2 | 3 | 4 | 5 |
| 9 Vending machines | 1 | 2 | 3 | 4 | 5 |

| | VU | U | NU | L | VL |
|--|----|---|----|---|----|
| 10 Meeting facilities | 1 | 2 | 3 | 4 | 5 |
| 11 Audio-visual equipments | 1 | 2 | 3 | 4 | 5 |
| 12 Computer | 1 | 2 | 3 | 4 | 5 |
| 13 Copy machine | 1 | 2 | 3 | 4 | 5 |
| 14 Fax machine | 1 | 2 | 3 | 4 | 5 |
| 15 Secretarial service (full service) | 1 | 2 | 3 | 4 | 5 |
| 16 Concierge floor | 1 | 2 | 3 | 4 | 5 |
| 17 Fitness and recreational facilities | 1 | 2 | 3 | 4 | 5 |
| 18 Bar & lounge | 1 | 2 | 3 | 4 | 5 |
| 19 Game room | 1 | 2 | 3 | 4 | 5 |
| 20 Hotel restaurant | 1 | 2 | 3 | 4 | 5 |
| 21 Room Service | 1 | 2 | 3 | 4 | 5 |
| 22 Laundry service | 1 | 2 | 3 | 4 | 5 |
| 23 Assistance with luggage | 1 | 2 | 3 | 4 | 5 |
| 24 Valet service | 1 | 2 | 3 | 4 | 5 |
| 25 Suite rooms | 1 | 2 | 3 | 4 | 5 |
| 26 Comfortable seating (sofa or recliner chair) | 1 | 2 | 3 | 4 | 5 |
| 27 Good lighting | 1 | 2 | 3 | 4 | 5 |
| 28 Non-smoking rooms | 1 | 2 | 3 | 4 | 5 |

Are there any services or features that you would like to see in a hotel or hotel room that were not listed above ?

Part V Frequent Traveler Information

- Do you belong to any hotel frequent guest program or club ?
☐ Yes (please continue) ☐ No (Go to Part VI)
- If the chain whose frequent stay you use most often eliminated the program, which statement below best describes how you would react ?
☐ I would switch to a chain that offered a frequent guest program
☐ I would stay there less often, but would still use the chain upon occasion
☐ It would have no effect on me
- How much more are you willing to pay per night at a hotel with a frequent guest program than at a similar hotel without a frequent guest program ?
☐ \$0 ☐ \$0.01 - \$2.00 ☐ \$2.01 - \$4.00 ☐ \$4.01 - \$6.00
☐ \$6.01 - \$8.00 ☐ \$8.01 - \$10.00 ☐ more than \$10.00

Part VI Chain preference

- In general, when you are returning to cities for business that you have visited before, what percentage of the time do you try to stay in the same hotel, as in previous visits ? _____ %
 Sorry, I never return to the same city _____
- When you travel to new locations, what percentage of the time do you attempt to stay at the same chain in each location ? _____ %

3. To the best of your memory, please list the name of the hotels or hotel chains that you stayed at in your last 5 business trips :

(1) _____
(2) _____
(3) _____
(4) _____
(5) _____

4. Please assume that you have travelled overnight on business and that the most convenient hotel is not your preferred hotel, but is of the same type. What is the farthest you would travel to stay at your preferred hotel ?

I would not be willing to travel any distance ____
____ One block ____ 2-4 blocks ____ up to 1 mile ____ up to 3 miles
____ up to 5 miles ____ up to 10 miles ____ distance is not a consideration

5. Please indicate your level of agreement with this statement : "In general, when travelling for business purposes, I have a strong preference for a particular chain."

strongly agree 1 2 3 4 5 strongly disagree

Part VII Demographic Information

1. You are: ____ Male ____ Female

2. Your age is: ____ under 25 ____ 25 - 34 ____ 35 - 44
 ____ 45 - 54 ____ 55 - 64 ____ over 64

3. Please select the category that best describes the business you are in.

____ Manufacturing ____ Wholesale ____ Retail ____ Financial service
____ Government ____ Professional ____ Education ____ Communication
____ Other (please specify _____)

4. Approximately how many employees are there in your company ? _____

5. What category best describes your primary job function / title ?

____ Top management ____ Middle management ____ Line manager
____ Field sales ____ Professional ____ Other (specify _____)

6. What is your annual income ?

____ less than \$25,000 ____ \$25,001 - \$50,000 ____ \$50,001 - \$75,000
____ \$75,001 - \$100,000 ____ \$100,001 - \$150,000 ____ \$150,001 - \$200,000
____ over \$200,000

Thank you very much ! Please return in the pre-addressed postage paid envelope.

APPENDIX B

At the alpha level of 0.05, the critical t-value for the one-mean t-test is 1.645, for testing the statistical hypotheses. The numbers presented in the following table were used to calculate the lower and upper limits of the one-mean t-test for each designated question.

Statistics Of The One-Mean T-Tests

| C | QU | N | S | X | S _x | CV | LL | UL |
|---|------|-----|--------|--------|----------------|-------|--------|--------|
| 1 | 5-VI | 356 | 1.267 | 3.202 | 0.066 | 1.645 | 3.093 | 3.072 |
| 2 | 1-VI | 346 | 23.908 | 72.801 | 1.285 | 1.645 | 70.687 | 74.915 |
| 3 | 2-VI | 358 | 40.573 | 51.318 | 2.144 | 1.645 | 47.791 | 54.845 |
| 4 | 1-I | 367 | 18.005 | 11.924 | 0.940 | 1.645 | 10.378 | 13.470 |
| 5 | 3-I | 357 | 39.620 | 65.171 | 2.097 | 1.645 | 61.722 | 68.620 |
| 6 | 5-I | 215 | 1.577 | 3.033 | 0.107 | 1.645 | 2.858 | 3.208 |
| 7 | 6-I | 216 | 1.456 | 3.500 | 0.099 | 1.645 | 3.337 | 3.599 |
| 8 | 3-VI | 356 | 1.432 | 3.758 | 0.076 | 1.645 | 3.633 | 3.883 |

APPENDIX C

The Values Of The One-Proportion Test For Jacoby and Kyner's Sixth Condition

| p | q | n | S_p | Z_{obs} | $CV_{(0.05)}$ |
|------|------|-----|-------------|-----------|---------------|
| 0.96 | 0.04 | 367 | 0.000104632 | 4396.35 | 1.96 |

APPENDIX D

Hypothesis III: The Values For Two-Mean Test and Mann-Whitney Test

Two-Mean Test:

Qu1 PtVI & Qu2 PtVI

$t = -/+1.96$ (significance level of 0.05)

observed t-value = 9.38

Qu5 PtI & Qu6 PtI

$t = -/+1.96$ (significance level of 0.05)

observed t-value = -4.80

Mann-Whitney Test:

Qu5 PtI & Qu6 PtI

$Z = -/+1.96$ (significance level of 0.05)

observed Z-value = -2.99

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