



**Addis Ababa University**  
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**THE EFFECT OF BRANDING ON CUSTOMERS PREFERECE OF  
HOTEL BRANDS: THE CASE OF FOUR STAR HOTELS IN HAWASSA,  
ETHIOPIA**

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**June 2018**  
**Addis Ababa**  
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OF HOTEL BRANDS: THE CASE OF FOUR STAR HOTELS IN  
HAWASSA, ETHIOPIA**

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**School of Graduate Studies**

This is to certify that the thesis prepared by Solomon G/selassie, entitled: *The Effect of Branding on Customers Preference of Hotel Brands: The Case of Four Star Hotels in Hawassa, Ethiopia* and submitted in partial fulfillment of the requirements for the degree of Degree of Masters of Arts complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

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## **ABSTRACT**

The Effect of Branding on Customers Preference of Hotel Brands: The Case of Four Star Hotels in Hawassa, Ethiopia

Solomon G/selassie

Addis Ababa University, 2018

*Branding is an influential marketing tool that when used efficiently and effectively could provide value for the stakeholders, mainly company and customers, then evaluating the degree of the importance of branding, matters must be assessed from both sides. As the market becomes more competitive with products and services, which are substitutes, the study of Brand Trust will become more crucial. Thus, this study was intended to study the causal effect relationship between branding and consumers' preferences on hotel brands in a fast-growing city located on the shores of Lake Hawassa, south of Addis Ababa. Out of 384-target population, 320 respondents returned completed and properly filled questionnaires, which meant 83.33 percent coverage of total respondents from the customers of these hotels. Using quantitative research approach, and descriptive and explanatory research design, it was found that brand image consumer preferences (4.21) were rated as at much and brand experience (4.11), brand awareness (4.01), brand attitude (4.16), brand trust (3.99) and the mean value for all variables ranges from 3.99 to 4.29 and it indicates that most respondents' response or preferred the category of agree and there is correlation between brand image ( $r=0.628$ ), brand awareness ( $r=0.43$ ), brand experience ( $r=0.522$ ), brand attitude ( $r=0.545$ ) and brand trust ( $r=0.693$ ) and consumers preferences with statistically significant (Sig. (2-tailed) = 0.000). Moreover, from the result, it can be concluded that with 59.9% of the variance (R-Square) in brand image, brand awareness, brand experience, brand attitude and brand trust have significant effect on consumers preferences and the model adopted appropriately measure the construct. It is sure that marketers need to understand consumer behavior to compete with rivals. Consumers may be irrational people who make decisions not on based rational reasons.*

**Key Words: Consumer Behavior, Brand Loyalty, Brand Trust, and Market**

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May the Almighty God richly bless all of you.

*This thesis is dedicated to the memory of my late  
father G/SELASSIE ABRAHA (ABABA)*

## DECLARATION

I hereby declare that the work which is being presented in this thesis entitled “*THE EFFECT OF BRANDING ON CUSTOMERS PREFERECE OF HOTEL BRANDS: THE CASE OF FOUR STAR HOTELS IN HAWASSA, ETHIOPIA*” is original work of my own, has not been presented for a degree to any other university and all the materials used for the thesis have been duly acknowledged.

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Solomon G/Selassie

(Candidate)

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Date

This is to certify that the above declaration made by the candidate is correct to the best of my knowledge.

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Dr. Tewodros Mesfin

(Thesis Advisor)

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Date

## **LIST OF ABBREVIATIONS**

ANOVA	Analysis of Variance
BL	Brand Loyalty
CBBE	Consumer Based Brand Equity
GFI	Goodness-of-Fit
RMR	Root Mean Square Residual
SPSS	Statistical Package for Social Science

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# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

The idea of branding and customers preference is a very vital topic in the field of modern marketing. This is because study around customer behavior and brand related concepts bounces a lot of contribution in formulating marketing plan and policy. Among various researches, Balgopal (2012) discussed on building branding in specific industry namely hospitality and hotel industry. Back (2005) considered on the effects of image congruence on customers preferences in the upper middle-class hotel industry. Many research such as Britta and Charlotte (2011), Balgopal (2012) and Chernev et al. (2011) have been conducted on various aspects of branding, brand trust and brand image, however, the issue is still in the vague results. This problem occurs due to the rapid development of product and massive variation of products.

Currently, competition for customers is fierce within almost all products and services. Branding is the key to differentiating products from the competition. Brands are built through the consistent delivery of the brand promise through all stakeholder touch points (Britta and Charlotte, 2011). Decisions concerning branding require a lot of time from marketers. They need to position their brands in a way that they reach consumers' mind. In order to succeed in that, marketers can use three levels of positioning. At the lowest level, a brand can be positioned by product attributes. The idea of branding exposes consumers in a diversified choices and helps companies to provide one product in a branch out option to fulfill individual needs with different consumption behavior. Brands are natural barriers to new competitors because branding reduces consumer risks associated with the purchase of products or services (Hanna and Frida, 2013). For instant, hotels can increase their market share and growth rates by increasing their brand trustworthy customers. Predominantly, the hospitality business in developing countries like Ethiopia must pursue market-share gains, rather than market-growth gains.

As have a very low business experience in developing countries, Ethiopian hospitality firms are having difficulty increasing their market share because of rising global tourism competition, fluctuated economic growth rates, and immature markets. On the last two decades, tourism sites have been the main actor and engine for job creation and economic growth in Ethiopian economy. Subsequently, the growing hotel construction has encouraged interest in both business

and leisure travels. Accordingly, an increasing number of hotel firms are hunting various new customers. Under these conditions, a large share of any firm's resources is not properly study whether they deploy to create new customers. In addition, as an immature industry, customer preferences and branding are not fully practiced within their profitable approach and hospitality business in Ethiopia has of market-share gains. Therefore, the purpose of this paper is to emphasize the role of importance and the role of branding on hotel industries and its determinant factors of customers preferences. This paper delivers approaches for hotels managers for improving customer need with the stress of how to be building branding and satisfy customers by knowing their preferences on hotel industry of Ethiopia.

## **1.2 Background of the Hotels**

Ethiopia possess an outstanding brand of tourism for it is known as the cradle of human kind and home for many UNESCO registered cultural and historical attractions. Many regard it as the original and most authentic tourist destination. When you come to Ethiopia, it feels familiar even before you arrive because you are coming to the home of your ancestors. Various hotels will make one stay a home-away-from-home. A luxury holiday to Ethiopia with Hotels and Resorts, they will suit all tourists, travelers, delegates, from first timers to the African continent, to those with only a short time to explore. Accordingly, this study includes four start hotels found in the capital city of Southern Nation, Nationalities and Peoples State, Hawassa. These are Haile Resort, Ker-Awud International Hotel, Lewi Hotel & Resort and South Star International Hotel.

### **1.2.1 Haile Resort**

Haile Hotels and Resorts, is a privately owned and situated in various parts of Ethiopia. It was established in 2010, by opening Haile Resort in Hawassa. Since then, the company has increased its destinations to four, by opening Haile Hotel Shashemene, Ziway Resort and Yaya Africa Athletics Village. Its mission is to consistently deliver enduring memorable experience to their guests, job satisfaction to their associates, sustainable profit to the owners & pride to their country through “ግብረኛ” (It’s Possible!) service and management spirit. It has its own vision to be a benchmark indigenous hospitality chain developer and operator in East Africa based on “ግብረኛ” (It is Possible!) spirit by the year 2025. Haile Hotels and Resorts is a company established to provide the best hotel and resort service in Ethiopia and Africa. Within short period of its establishment, Haile Hotels and Resorts have boosted the hotel and resort sector in Ethiopia with very significant contribution.

### **1.2.2 Ker-Awud International Hotel**

The Ker-Awud international hotel, which is located in Hawassa, its services directly fetched from its mission, is consistent to the world best standard. The hotel combines all carefully chosen advantages to the guest. With unlimited effort of their professional staff, the hotel offers for its guests unrivaled services at a reasonable price. It is specialized in high quality, comfortable and luxurious rooms. All its 50 suites are fully furnished with a well-equipped modern kitchen. It has its own vision focuses on obtaining competitive standard four stars among its Branch Hotels with in the coming 15 years period by providing excellent service with affordable Price. Its mission is to provide a superior quality of Hotel Service with an affordable price to meet Customer Satisfaction.

### **1.2.3 Lewi Hotel & Resort**

Lewi Resort & Spa is traditionally thatched, beautifully appointed, and environmentally conscious resort, which makes it a unique place. The construction is made on the natural landscape of the place. Majority of the rooms on the lakeside are designed with a balcony to enjoy the incredible view of the lake. The traditional village by the lakeside has cultural restaurant, wine bar, storytelling place, kids play ground, table tennis, badminton, souvenir shop and so much more. After Lewi Resort opened its doors six years ago, many of their guests have personally discovered the beauty of Hawassa. Lewi is a sparkling gem on the marvelous face of Hawassa, and welcomes you to a refreshing new experience with their professional staff. New Lewi Resort Wolayta Sodo will be open soon.

### **1.2.4 South Star International Hotel**

South Star is a city central hotel providing luxuries accommodation, dining and guest facilities. South Star Hotel continues to be managed by a professional hotel management firm, which understands and strives to live out the ethos with which the hotel was first established. The proprietors of South Star Hotel have a personal vision that is aligned with the visions of the Hotel. This includes raising the profile of the city of Hawassa by offering hotel services of very high quality. The architectural character of the current hotel building will be extended onto the future expansion project that comprises additional rooms and services complex, an Olympic size swimming pool and other facilities. Opening employment opportunities for over 240 persons is one way the Hotel has already began making a positive mark in the city.

### **1.3 Statement of the Problem**

Every business company or brand competes to place its products or services to use the most efficient approach on the market. The upper most significance is that customers will purchase from the company or the brand. The phenomenon of saturated and unsaturated markets indicates that the industries management clarify that the times have changed. Nowadays, it is more difficult for a brand to achieve a strong position. More importantly, hotel property owners and professional managers play an important role in deciding on the brand strategy to be pursued by individual properties. It is a regularly trend that managers of hotel properties change their brand affiliation in the search for a more productive reservation system.

Unfortunately, the preliminary interview with some guests showed that the production of a branded reservation system does not work in emerged luxury hotels in Hawassa. Additional weak features were viewed like mismatching of the brands positioning with the hotels images and the hotels were faltered how they could develop future on specific branding aspects. They had had little practices on implementing the concept of brand development in the local marketplace as having local and foreign customers.

In the concept of branding, these areas are expressly relevant in view of spending large amounts of capital in constructing the hotels Ebru and Alev (2012). Even if these hotels also have had a customer relationship way, it is one of the main weaknesses of them in this time. Their main problem is involved on establishing a strong and clearly defined brand that makes it easy for the customer to become loyal and repurchase. Ethiopia with her untapped truism potential, there is a need to create strong and positive messages for an entire country that highlights Africa as hotspot for athletics, tourism and conference destination.

On other hand, much are not studied on branding effects on consumers' preferences and the role of branding that go together with the relationship marketing and emotion of trust in local markets particularly in hotel brands. This includes its products, special services and offers. Most of the studies like Britta and Charlotte (2011) and Hanna and Frida (2013) focused on the discussion about brand trust, brand attitude and its effect on brand loyalty. These papers used a framework practiced on the consumer goods as such textile, cellular phone consumers and others (Atkinson and Rosenthal, 2014). Various studies focused on extensive literature survey to bring together the factors that contribute in developing and sustaining brand loyalty (Balgopal, 2012). Much are

remained to in an emerging countries and industries like hotel brands, acquiring new customers, their preferences, advertising, promotion, and brand trust.

Brands play a very important role in the consumer decision-making processes. It is important for companies to find out customer's preferences and decision-making process and identify the conditions, which customers apply while making decision (Cravens and piercy, 2003). Marketers are highly concerned to know how brand images, awareness, trust and names influence the customer preferences and purchase decision. Why customers purchase a particular brand also implies how customers decide what to buy. Customers follow the sequence of steps in decision process to purchase a specific product. They start realizing a requirement of product, get information, identify & evaluate alternative products and finally decide to purchase a product from a specific brand.

Therefore, this paper focuses on the discussion about branding and its effect on customers' preferences. This study emphasized the role of branding on hotels businesses and its effect to customers preferences. The focus is on the factors that contribute to branding and hotel brands in marketing literature and provides strategies to hotel managers for increasing loyal customers and satisfying customers' requirements. This research is initiated as to consider building consistent branding in the hotel industry predominantly four-star hotels in Hawassa, Ethiopia.

#### **1.4 Research Questions**

- What are the effects of brand image, brand awareness, brand experience, brand attitude and brand trust on customers preference of hotel brands?
- What is the relationship between brand image and customers preference of hotel brands?
- What is the relationship between brand awareness and customers preference of hotel brands?
- What is the relationship between brand experience and customers preferences of hotel brands?
- What is the relationship between brand attitude and customers preferences of hotel brands?
- What is the relationship between brand trust and customers preferences of hotel brands?

## **1.5 Objectives of the Study**

### **1.5.1 General Objective of the Study**

The main objective of the research was to study the causal effect relationship between brand image, brand awareness, brand experience, brand attitude and brand trust and customers preference of hotel brands.

### **1.5.2 Specific Objectives of the Study**

- To investigate the relationship between brand image and customers preference of hotel brands
- To investigate the relationship between brand awareness and customers preference of hotel brands
- To investigate the relationship between brand experience and customers preference of hotel brands
- To investigate the relationship between brand attitude and customers preference of hotel brands
- To investigate the relationship between brand trust and customers preference of hotel brands
- To investigate the effect of branding on customers preference of hotel brands

## **1.6 Significance of the Study**

The study is mainly noteworthy in the perspective of business and marketing management as well as academic point of view. This study will support marketers to identify the dimensions of Consumer Based Brand Equity and building reliable loyalty, which are affected by various brand trust factors. The results of this will be valuable for hotel marketers in carefully implementing marketing and promotion costs and plans. In relation to theoretical outlook, the study will provide in-depth insights into the dimensions of brand trust and trustworthiness. It will help to refine the roles of branding and brand loyalty that can be considered as what keeps hotel business alive. This is because of keeping customers happy should be a top priority as a business or brand particularly in hotel business.

The study will be a significant model that can be used by other players to build consistent brand loyalty through the exposure of customers' interactions that would need good business management. This study will make the firm have clear picture of how aggressive promotions and

marketing are carried out in the hotel and similar marketing management. In business practices, this study will help to manage a brand effectively and managers can improve decision-making proficiency; creative strategies and practices must be implemented to enhance efficiencies throughout customers' value. This research will also shed light on the need for firms to enhance their decision-making and brand management. It might also become a reference point for future study in the field of marketing management, branding and sales and promotion activities. Further, this study will have an effect in the designing of a management strategy for the marketing of a firm.

### **1.7 Scope of the Study**

This study would be more important if all hotels rated stars have been included in the research. However, it would be practically unattainable to assess all stars rated hotels due to lack of time and financial resources, despite the pursuit for in-depth analysis on the part of the writer. Therefore, only four Hawassa Hotels Rated Four Stars are selected for the study. As per the information of Ethiopia's Ministry of Culture and Tourism, it rated hotels in Southern Nation, Nationalities, and Peoples State out of which four hotels got four stars. Haile Resort, Ker-Awud International Hotel, Lewi Hotel & Resort, and South Star International Hotel, all located in Hawassa, are the four hotels, which earned the four stars.

According to the Minster, the rating was done based on the hotels and resorts service and study conducted in partnership with the World Tourism Organization (WTO). The study framed to explore the effect of branding on customers preference in the four-star hotels. This study focused on preference consistency on that it is the key to successful branding. This meant the paper emphasized on consistent use of firms' logo, brand colors, and key messaging across all communication channels to strengthen firms brand identity.

Within marketing is a discipline, this paper considers consistency as the ultimate marker for success. This is more importantly on getting the edge on competitors and retains loyal customers, as a consistent customer experience is vital. This study reflected key areas of consistency that are found to be critical for cultivating customer loyalty and market share. These are consistent emotional attaching as the primary emotions the customers experience and associate with the brand that evoke feelings of joy, love, wonder, energy, hope, optimism, or strength.

The next attention area was the consistent messaging that has two vital components: highlighting on brand's promise and demonstrating, and fulfilling promises. Finally, the study focused on

consistent customer experience and it is from a first-time purchase to repeat buying, from customer service issues to interactions on social media, every aspect of the customer's journey must be a continuous, positive experience.

## **1.8 Limitations of the study**

This study is at most an explanatory investigation into factors of branding that affect customers preferences in Ethiopian hotel industry. As it is recognized, the empirical research section has certain limitations. The respondents used in this study were not representative of the broad Ethiopian hotel customers' population to make a generalization of the results possible. However, it tried to cover almost the main entertaining centers of the city to represent broad hotel characteristics of the country.

An additional limitation is that detailed hotel service such as rooms' exterior; service quality and the brands in-depth image were not included in the study. These aspects would influence customer choice and willingness to pay more for a particular type of room. Likewise, this research was based on the segment of people who were willing and decided to answer the questionnaires. There is a chance that people who did not respond to their favorites would have different preferences.

In addition, the study only focused on building branding consistency without consideration of various hotel ratings and the researcher did not undertake an in-depth analysis of specific hotel brands. The study examined among various hotel services only and hence did not cover goods, promotional materials, and advertisements of hotel industry. Hence, the results cannot be generalized to all businesses and marketing plans, costs, implementation, strategy and techniques across the country and continent.

However, African based researches were selected to be included in literature review and analysis parts to be informed more about the African hotel market inclinations. Therefore, the study was only on a homogeneous population and therefore could not be generalized across heterogeneous groups. The demographic variables may influence on branding and customers' preferences were not included in the study. The study did not conduct on a simulated environment and it focused on a real-life situation. Therefore, results reflect the real-life situation and the hotel market tendencies in the country.

## **1.9 Definitions of Terms**

### **Brand Attitude**

- Brand attitude has become the basis for consumer's behavior. According to Reham (2013), this variable is determined by the level of importance and relevancies between brand attributes and benefits.

### **Brand Awareness**

- Brand awareness is the capacity of a consumer to distinguish the brand and identify it with the associated item (Chernev et al., 2011).

### **Brand Experience**

- Brand experience is a subjective and internal response as well as a behavioral response when an individual customer's encounter with the product, shopping and consumption (Balgopal, 2012).

### **Brand Image**

- Brand image is a unique set of associations in the mind of the customer concerning what a brand stands for and the implied promise the brand makes (Chernev et al., 2011).

### **Brand Trust**

- Brand trust is basically the emotional commitment of the customers with brand. Marketers nowadays are very much interested in trust because mostly it is observed that higher trust ratings are positively related to loyalty (Nischay and Garima, 2012).

### **Customer Preference**

- Customer preferences for brands reflect three responses: cognitive, affective, and conative or behavioral (Grimm, 2005).

## **1.10 Organization of the Study**

This study is divided by chapters and it included five main sections. Accordingly, the first chapter consists of the background information with statement of the problem, study objectives and significance, limitation and scope of the study. The following chapter contains literature review, which is organized by theoretical concepts of marketing theories of branding, brand trust and customer preferences and empirical studies focused on effects of branding and effects on customer preferences in the emphasis of creating consistence hotel service faithfulness. In the

middle, the third chapter appears, it includes methodology of the study, and it comprise from study approach and design including sampling methods, population, analysis method and ethical considerations. The fourth section of this focuses on analysis part of the study that include empirical testing and discussion of the study. As a final part of the study, recommendation, summary and conclusion of this study are included and references, questionnaires and other supplementary data are followed.

# **CHAPTER TWO**

## **LITERATURE REVIEW**

### **2. Theoretical and Empirical Overview**

The background of this study with its statement problem and objectives of the study in the highlight of branding, hotel industries, and competitive market is outlined in the introduction part. This chapter presents a review of theoretical and empirical literature concerned with the role and nature of brands in the context of customer buying behavior. Branding and customer preferences clearly are defined and existing theories and empirical studies in this area are critically reviewed.

#### **2.1 Theoretical Review**

##### **2.1.1 Service Marketing**

The service-oriented nature of the hotel business assumes that marketing strategies and marketing tools differ from those used in product industries. Nischay and Garima (2012) clarifies services as the production of an essentially intangible benefit, either in its own right or as a significant element of a tangible product, which through some form of exchange, satisfies an identified need. It can be understood several points from this definition. First, it can be claimed that services possess several features, which distinguish them from products. According to Wang (2014), services are intangible, as they cannot be felt with any of the physical senses and therefore they cannot be evaluated before receiving, which results in a high degree of uncertainty prior to purchase. Besides, services are considered by inseparability—they are produced and consumed simultaneously; each service encounter is a unique experience. Finally, the perishability of services suggests that they cannot be stored—they perish immediately after being produced (Nischay and Garima, 2012). The second implication, which can be drawn from the definition of service marketing, is that services are not always separated from tangible products. Consequently, while services are mostly intangible, they are, to some extent, characterized by tangible clues. This is the case of the hotel industry, in which customers, instead of evaluating only service performance, consider the sum of all physical evidences, the servicescape—the physical environment of the hotel and the service they receive. Finally, services are said to be a form of exchange, which results from the identification of a need. This definition suggests that hotel operators should not only guarantee service quality, but also be aware of the needs and

wants of their customers. Moreover, Healey (2008) argues that the 4Ps, as well as the service environment, personnel activities and service policies should be constructed with consideration to customers' needs, and should aim at the customers' satisfaction. These characteristics and implications suggest that marketing efforts in service industries should be distinguished from the marketing endeavors undertaken towards products.

### **2.1.1.1 Branding and its theoretical views**

In 2004, Kotler stated that Brand is an important subject, which creates positive image in eyes of customers to make it different from the competitors. Brands are often identified with a company logo, corporate colors, or conspicuous advertising from the consumer point of view. Nonetheless, creating a lasting brand goes much deeper. Successful brands create a feeling of positive customer experience that leads to customer loyalty and repeat business. Strong brands require systematic, hard work in all areas of a company, from training to global product design, global business processes, and top performance in sales and customer service. All these factors contribute to customer loyalty (Hamersley, 2010). A brand is generally a name and a symbol. It is an important means that helps creating a positive image on consumers and being different from rival products (Kotler and Armstrong, 2004). They further note that it provides significant contributions to enterprises to make them create their loyal customer group and retain their market shares. Regarding these, a product or a company is known by its brand. Healey (2008) stated that a brand is a promise of satisfaction; this satisfaction may stem out of product quality, availability, service or utility it provides to the consumers. Brands add value by differentiating the firm's product and providing consumers with confidence in the rational or emotional benefits it offers (Aaker and Joachimsthaler, 2000). In the search for superior customer value, managers are realizing that their organization has to touch customers in a myriad of ways, which go far beyond marketing communications about products and services.

Branding is a marketing instrument perceived to be important for both the company and consumer. Brands are important valuable intangible assets for companies, a distinctive tool that builds a long-term relationship with the consumers, and protects its' rights (Kotler P. and Armstrong, G., 2004). Brands reflect their experience and knowledge; simplifying the processing of information accumulated over time about the company and its products or brands for consumers. Moreover, consumers' experiences and knowledge are reflected by various brands; thus, simplify the processing of information accumulated over time about the company and its

products or brands. Accordingly, brands act as signals for products of high quality and low perceived risk, thus, enable the consumers to capture both cognitive and non-cognitive values expressed in the positive feelings or self-expression experienced (Aaker and Joachimsthaler, 2000). What consumers expect from the brand is crucial to shaping their preferences and determining their choices. Thus, it is vital to understand and act accordingly on building brands based on the consumer's expectations of the brand.

Alfred (2014) noted that a brand is the balance between the emotional and functional experiences a consumer has when they interact with a product or services. Accordingly, functional attributes cope with how the brand functions such as current account-cheque book and other tangibles whilst the emotional attributes deals with how the client feels about the brands. Similarly, emotional brands emphasis on dialogue and on sharing; it is all about trusted relationship. Branding directly or indirectly enhances companies long term profits margins since it makes it easy for customers to choose products and feel good about that choice. Effective brand building serve as a valuable asset for an organization, it performs five main functions: identity, shorthand summary, security, differentiation and added value (Jobber, 2010).

Halim (2006) described the conflicting opinions that are separated amongst marketers on how to develop effective brand especially on the issue of functional and emotional brand attributes for customer loyalty, corporate success, and economic development.

Wang (2014) stated that functional benefit appears largely as a hypothesis of consumers solving problems objectively and rationally in information processing theory. The effect of functional benefit at this aspect can be reflected by brand trust. Furthermore, since consumer's brand functional benefit-focus is also a brand trust formed by consumers to reduce brand selection risks, brand trust is employed to embody brand functional benefit in the present research. Wang argued that related theories indicate that brand trust and brand affect are two very different variables. Brand trust refers to the honest and kindly trust of consumers to one brand basing on a belief that the brand can perform better, while brand affect is the emotion of an individual (likes and dislikes) to a brand.

### **2.1.1.2 Branding strategies**

Gitman and Daniel (2008) stated about brand strategies. According to them, there are three brand strategies can be identified: family brand name (also known as umbrella branding), individual brand name, and combination brand name. Family brand name indicates the brand name is used

for all products, whereas individual brand name does not identify a brand with a particular company. The combination of these two brand building strategy: the family name of the company and individual brand will facilitate capitalizing on the company reputation and allows individual brand name become distinguishable and identifiable. On the other hand, Anas, Ayu, and Ajeng (2013) identified that the umbrella brand name is often the retail brand itself “umbrella brand strategy is also used as a name with a supplement or descriptive attribute that explain the sub-brands”; thereby the image and value proposition of the umbrella brand is transferred to products. Umbrella brand strategy is efficient tool because umbrella brand can have certain impact on product brand and vice versa. For that reason, this strategy is recommended if the corporation umbrella brand is strong and its position is relevant in the particular chosen PL product segments).

Brand from the corporation perspectives is of great importance because it plays the integral role in marketing strategy and is considered as the most valuable tangible assets of the corporation. Brand therefore is realized to be of top most management priority. On the other hand, to the consumers, a brand manifests its impact as an identifier: it enables them to identify the source of the product (from where and what distributor or producer the product is from) and which in turn assigns legal responsibility to the product maker. Therefore, the brand, in other word provides a promise or bond between the buyers and the makers of the products (O’Cass, Aron;Grace, Debra, 2003). Moreover, consumers receive direct benefits from brands, both in term of economic and symbolic value. It is because brand signals the quality of product, engender or increase customer trust, and reduce their perceived risk as well as time and effort put into switching/searching costs.

### **2.1.1.3 Significance of Brands**

In practical and theoretical issues of modern marketing, brands serve several valuable functions such as being labels for the products and services of a firm and simplifying choices for customers with an assurance of quality and reduced risk (Keller & Lehmann 2006). Moreover, firms with extremely memorable brand names (e.g., Microsoft, Facebook, Coca-Cola, McDonalds) often regard the names as their most assets because these labels provide immediate recognition and often acceptance of new products that may be introduced under the brand name. Brands are marketing tools created for the purposes of competitive differentiation and creative value for the customers (Chernev et al. 2011). The value of brands encompasses customers who benefit in a

number of ways. It helps reduce search costs and risks for consumers in the buying process. Brands are perceived to be credible, trustworthy and reliable which minimizes purchase decision risks and helps create meaningful associations related to one's self identity and/or social status enabling a customer to express his/her individualism or belonging (Wang (2014).

Brands thus reflect the complete experience that customers have with products. Brands are an asset in the financial sense resulting in enormous economic importance to the firm (Keller & Lehmann 2006).

In the twenty-first century, brands are gaining greater recognition as organizational assets than ever before. In 1980 almost the entire value of an average Standard and Poor's 500 company consisted of tangible assets, thirty years later intangible assets accounted for almost 60% of the company's value and from this almost 30% of the intangible value has been attributed to the brand. Keller & Lehmann (2006) say making brands one of the most valuable assets. Unlike tangible (physical) assets, brands as intangible assets may not be easily emulated and this represents a sustainable competitive advantage to organizations, thereby raising barriers of entry and driving a brand wealth advantage (Chernev et al. 2011).

#### **2.1.1.4 Branding in Service Marketing**

The key challenge in service marketing, as well as in product marketing, is the launching and sustaining of a strong successful brand (David, 2012). Chernev et al. (2011) recognize that branding has shifted from a company-provided property to a "collaborative, value co-creation activity" that benefits the organization and all stakeholders. Throughout the evolution of the concept, scholars have looked on branding from different perspectives. Brands have been perceived as an image of the company, as a relationship "partner" with customers and as a promise to the customers. Although all those perspectives are still valid, the beginning of the 21st century brought a new role for branding. Directors no longer perceive the brand as a "marketing engine" illustrated in logos, slogans, or symbols. Brands start being recognized as an asset, comparable with company's personnel, equipment, or capital. Branding is visible in every interaction an organization undertakes with its stakeholders. Moreover, nowadays, scholars discuss brands as a continuous social process, where stakeholders are the primary actors in creating brand value (Hamersley, 2010). Accordingly, it can be argued that companies thrive thanks to the built relationships and the mutual trust between the company and its stakeholders (David, 2012). Repeated and continuous interactions, where promises are made and fulfilled, are

needed in order to earn the trust of the stakeholders. The key to a truly valuable brand is the fact that reputation precedes the company, and interested sides can rely on a pattern of promises accomplished even when new customers are targeted. That means that brands are adding a corporate value. Therefore, companies with strong brands can attain a sustainable differentiation point, which results in greater financial benefits.

### **2.1.1.5 Service Branding**

Marketing practitioners and academicians start distinguishing between product branding and service branding within the growth of the service sector. Services possess several characteristics, which distinguish them from products. These are (1) intangibility, (2) variability, (3) perishability, and (4) inseparability. The characteristics suggest that services are (1) not subject to perceiving through any physical senses; (2) service delivery may differ during each service encounter; (3) they cannot be stored, and disappear once they have been produced; and (4) services are inseparable from the service provider (Buschman and Bowen, 2010). Without doubt, branding offers within the service sector, and within the hotel industry as a part of it, has some implications for companies. Branding has become an interactive, relationship-oriented tool for market positioning, and reaching target customers.

Hence, companies should strive to align their brand image with every other aspect of the company (David, 2012). Brand image is significant factor for service branding as a positive brand image contributes to the brand's messages power of influence on the decision-making of the consumers (Hsieh & Li, 2008). It consists of the associations, which customers hold toward a brand. Additionally, the notion reflects customers' experience with the service or product the brand is linked to (Buschman and Bowen, 2010). It can be reasoned that brand image is the combined mental image, which stakeholders relate to the brand's name. Brand image can be used as a differentiator against competitors' offerings. Thus, service companies should strive to construct a brand image that occupies a unique place in customers' minds. Likewise, a major role for brand management is to maintain a positive perception in the targeted customer's minds, as these perceptions form the brand image (Wang, 2014).

### **2.1.2 The Role of Branding in Hotel Industry**

Effective management of a brand creates an identity for products and services and differentiates them from its core competitors (David, 2012). As a result, building and managing strong brands have been well-thought-out a key driver of success in the hotel industry. The position of brand

management in marketing practices is amplified when the greatest number of launching new brands, brand extensions, and product tiers occurred in the 1980s (Buschman and Bowen, 2010). Regarding hotel industry, companies had to continuously reposition their brands and differentiate their product offering for sustained growth. For that reason, a small number of major hotel companies have arranged several different brands and formed brand portfolios, mainly through initiating brand extension and/or mergers and acquisition strategies.

At present, the numbers of brands among major lodging and restaurant companies have been created. Similarly, it has been seen that almost all companies are focusing on how to optimize synergies among their brands in their portfolios (David, 2012). This trend of concentration of valuable brands in a few major brand portfolios is expected to continue in a global setting and will persistently change the industry structure. The industry has entered a new cycle of brand management in the 2000s with new breeds of concepts and products.

One of the latest branding trends in the hotel industry has been expending a well-established name on a cluster of products or services (e.g., McDonald's McCafe and McTreat, Westin Hotels' Heavenly Bed and Shower, and W Hotels' Jewelry). Effective and efficient management of a well-established brand name is persistently identified as one of the top priorities among researchers and industry practitioners (Buschman and Bowen, 2010). King et al. revealed that brand management is one of the relative alignments of hotel research and industry priorities. Accordingly, brand proliferation, differentiation, and competitive advantageous and delivering brand promise were highlighted as foremost brand management concerns when operating in a highly competitive market. Additionally, recent studies on brand management explored new dimensions of brand equity and transfer effects of brand associations with theoretical grounding and conceptual rigor that are uniquely attributable to the hotel industry (David, 2012). Due to advanced information technology, explosive impact of mobile devices, consolidated distribution systems, bifurcated demographic configuration of baby boomer and Generation Y, competitive and shifting market environment, and changes in socio-demographic characteristics and standard of living, major companies are expected to accelerate new and innovative branding strategies. At large, brand management became a long-term strategic decision of a firm and will continuously advance to encompass from brand equity, brand extensions, co-branding, and market competitiveness to identity, personality, image, association, trust, and attitude that customers perceive.

Within the hotel industry, a brand may refer to the consistency in delivering values and promises throughout all consumer touch points (Olsen et al. 2005). Consistency in delivering brand values should be looked after in a way that it continues to be attractive to its respective consumers. Being a name, logo, slogan, branding constitutes itself in the minds of the consumers (Murphy 2008). In the hotel industry, branding has become so widespread to the degree that some customers may only associate the respective hotel's name with the term brand (Prideaux et al. 2006). Many researches point to the fact that marketing and the consequent branding initiatives influence the respective consumer's views of the brand (Olsen et al. 2005; Prideaux et al. 2006 and Murphy 2008) and bring value to both the consumer and the company (Murphy 2008).

### **2.1.3 Dimensions of Branding**

Muyiwa (2011) announced five Dimensions in Branding and he stated that in contemporary branding there is an option to not just 'brand' products, services or organizations, in order to make them more appealing to consumers. Brands are now often conceived as well-differentiated concepts of novel and exclusive ways to provide a benefit (of any sorts) to customers. Brand Actualization is performed in five interlinked dimensions (although there is no necessity to use all five), all serving our dual purpose of both arousing anticipation of benefit, and fulfilling them. In earlier times, branding was used to identify one's own property from the other. There was a time when some marks were used to keep one's cattle separate from other people's cattle, so that they can identify their own herd. However, in today's modern world concept of branding has come to include much more than just creating a way to identify a product or company (Hampf & Lindberg-Repo, 2011). Reham (2013) summarized the main branding constructs as brand image, brand awareness experience, brand, brand attitude, and brand trust. This study also took these five branding constructs. This is because branding has the propensity to distinguish one product from another by creating different brand elements, "name, logo, symbol, and package design" and it can create value for a firm resulting in financial profit.

#### **2.1.3.1 Brand Image**

Chernev et al. (2011) detailed the definition of brand image as "a unique set of associations in the mind of the customer concerning what a brand stands for and the implied promise the brand makes." According to them, it is a blend of all tangible and intangible qualities that impact how the customers perceive an organization. Associations need to fortify the novel brand identity and esteem if they wish to change the way the brand image is passed on. The brand pictured

influences the purchasing conduct of the customers as it effects the impression of the buyers with respect to the brand. In spite of the fact that the contenders have comparative items with the same quality or design, the brand representation of the organization can separate the brand from the products of other organizations. Reham (2013) stated that brand image is a crucial determinant of customer purchasing conduct. Because of the importance of brand image for the customer behavior, a significant consideration has been paid by advertising experts about the variables that can effect on the brand image of an organization.

### **2.1.3.2 Brand Awareness**

It is considered as a fundamental deciding component of brand value. The brand awareness is the capacity of a customer to distinguish the brand and identify it with the associated item. For an item to be bought, it is vital that the customers are aware of the item, so it is incorporated into their buying decisions. Chernev et al. (2011) mentioned that it is largely for the reason that the item should be in the mindfulness stage before it goes to the consideration stage and the higher brand mindfulness will enhance the likelihood of the item into the consideration stage as well. Considering the above viewpoints, the brands with higher brand awareness will have a higher probability to be bought by the customers as compared to the alternative brands (Hoch, 2002). This is one reason the clients want to buy exceptionally imaged brands as opposed to the new brands. There are a few vital elements, which can influence the brand awareness level. The brand Mindfulness can be enhanced however consistent presentation to the brand by the purchaser. There are different approaches to generate brand awareness and it is likely to accomplish higher mindfulness through two primary assignments, which incorporate enhancing the character of the brand name and connecting the brand name with the product class.

### **2.1.3.3 Brand Experience**

Brand experience is conceptualized as sensations, feelings, cognitions, and behavioral responses evoked by brand-related stimuli that are part of a brand's design and identity, packaging, communications, and environments. Various studies show that brand experience affects consumer satisfaction and loyalty directly and indirectly through brand personality associations (Hoch, 2002). It is noted that brand experience has fascinated a lot of consideration in marketing theories and practice. Practitioners in the field of marketing have come to recognize that understanding how consumers experience brands is serious for developing strategies to marketize goods and services. Hampf and Lindberg-Repo (2011) defined brand experience as

sensations, feelings, cognitions and behavioral responses evoked by brand-related stimuli that are part of brand design and identity, packaging, communications and environments. These authors validated a brand experience scale for measuring the customer responses, based on four sub-dimensions: sensory, affective, intellectual, and behavioral.

#### **2.1.3.4 Brand Attitude**

Brand attitude has become the basis for customer's behavior. According to Reham (2013), this variable is determined by the level of importance and relevancies between brand attributes and benefits. Therefore, marketers need to create activities that generate positive attitude towards brand. Muyiwa (2011) stated that efforts to satisfy consumer are directed to create attitude loyalty. He also stated that attitude loyalty is the result of high satisfaction. Consumer's positive attitude towards brand will become valuable asset for the company because that positive attitude help consumer forgets mistakes, which could have been inadvertently done by that brand.

#### **2.1.3.5 Brand Trust**

It is related to the feeling of security apprehended by the customer in his/her interaction with the brand. In fact, it is based on the perceptions that the brand is reliable and responsible for the interests and welfare of the customer. Nischay and Garima (2012) cited McAllister defined as "the degree to which an individual is confident and eager to act based on the words, actions, and results of others." The variability dimension of brand trust has a technical nature because it concerns the perception that the brand can fulfill or satisfy customers' needs. It is related to the individual's belief that the brand accomplishes its value promise. Ebru and Koçak (2012) also defined brand trust as "the willingness of the average consumer to rely on the ability of the brand to perform its stated function." Brand trust arises after consumers' evaluation of companies' offerings. If companies provide beliefs of safety, honesty, and reliability about their brands to consumers, brand trust will be generated subsequently. It can be understood that brand trust is created and developed by direct experiences of customer via brands. It is stated that brand trust is an important mediator factor on the customer behaviors before and after the purchase of the product; and it causes long-term loyalty and strengthens the relation between two parties (Liu et al, 2011).

#### **2.1.4 Dimensions of Customer Preference**

Customer preferences for brands reflect three responses: cognitive, affective, and conative or behavioral (Grimm, 2005). The cognitive components encompass the utilitarian beliefs of brand

elements. The affective responses refer to the degree of liking or favoring that reflects customer feelings towards the brand. The conative or behavioral tendencies are the consumers' predicted or approached act towards the object. It is the revealed preference exhibited in customers' choices. The associations of behavioral outcome are willingness to pay and brand preference. These are assumed to be associated with the behavioral. A customer's buying preference is influenced by cultural, social, personal, and psychological factors. The customers buying decision process passes through five stages such as problem recognition, information search, evaluation of alternative, purchase decision and post purchase behavior. There are two perspectives of preferences. The first assumption is that customers have well-defined preferences; this is linked to the archaeology uncovering hidden value. The second assumption is that customers construct their preferences at the time of valuation; they are not simply revealed. This architecture nature of preference is shaped by the interaction between the properties of information-processing system and the decision task factors. The construction of preference has been the prevailing theme of behavioral decision theory.

However, Simonson (2008) argues that this perspective does not cover the pre-existing preferences that are not determined by the task or context factors. The notion of construction highlights the process of judgment and ignores the determinants of preferences, and the processed preference customers brought to the context or choice situation. Customers generate preferences for the product attributes and maintain them across different contexts while customers can learn about the structure of the context.

### **2.1.5 The Relationship between Branding and Customer Preference**

Randall (2000) has shed light on an important matter, which explains that branding lies in creating consumer relations, leading to positive consumer preferences and behavior as well as maintaining the delivery of promised values and experiences. In other words, branding and marketing activities' main goal is to make the brand both exciting and appealing to consumers. Therefore, with the main basis of marketing and consequent branding operations being consumer focused and consumer oriented, consumer behavior is considered the starting point for the majority of branding activities (Blythe 2013).

Branding on hotels, packaging and others acts as an important cue to guide consumer choice in the retail environment. From a psychological perspective, branding on packaging serves two

important purposes, crucial to decision making: it guides consumers' attention, drawing attention to certain brands and it allows consumers to recognize and find familiar brands.

Often, consumers will tend to choose a brand that they consider congruent with their self-image. In this particular way each consumer at an individual basis will try to reflect his or her own identity through choice. When part of a larger social group, consumer choices tend to converge to a certain pattern thus forming the basics of an individual social identity (Cătălin, Andreea, 2014).

Branding is regarded as a key step in consumer preferences and decision-making, involving elements of choice. In establishing branding, consumers compare and rank different brands by focusing on their uniqueness defined brand preference as the extent to which the customer favors the designed service provided by his or her present company. In comparison to the designated service provided by other companies in his or her consideration set," with a consideration set referring to brands that a consumer would consider buying in the near future (Jin & Weber, 2013). In addition, customer's advisory has a positive effect on establishing a positive effect on brand and consumer preferences (Güngör & Bilgin, 2011).

Consumer perception towards brand is an important aspect of marketing mix (Gabor & Contiu, 2012). Jin and Weber (2013) proposed that, brands served primarily as a way for customers to identify and recognize goods and their manufacturer. The focus of brand value creation was on individual goods whereby firms used brands to show ownership and take responsibility for their goods. This in turn helped customers identify and recognize a firm's goods on sight. From the 1930s onwards, brands were viewed as images that firms create to enable customers to both differentiate a brand from its competitors and identify the needs a brand promises to satisfy (Jin & Weber, 2013).

Another aspect of brand is that, it is strongly believed by academics and practitioners that brand reputation is becoming increasingly important. Brands should have a positive reputation to be successful and therefore profitable, (Veloutsou & Moutinho, 2009). On the other hand, Schmitt (2012) describes a comprehensive model of five brand-related processes: identifying, experiencing, integrating, signaling and connecting with the brand.

The personal experience of using a brand can be of assorted shapes from the personal experience of using an indistinguishable product without the brand (Sheena & Naresh, 2012). Brands can form relations with other brands. Brands can be anthropomorphized, and many of them are

appreciated as cultural symbols. Finally, consumers can organize communities around brands. Consumers know and experience these characteristics about brands and respond to them. The model presented here accounts for these essential characteristics of brands (Schmitt, 2012).

## **2.2 Empirical Studies Review**

### **2.2.1 Studies' Results and Implications**

Branding is being adopted by charities and written about in academic and practitioner charity literature with increasing frequency. There is also growing concern, however, about the over-commercialization of the sector and the misappropriation of techniques developed specifically for the commercial environment. Given the significance of values in the charity sector, the paper argues that a clearer understanding of how values are conceptualized in branding is necessary in order to establish whether branding is an appropriate and effective tool in the charity context. To achieve this, Helen Stride (2006) reviewed relevant branding literature focusing in particular upon the delineation of the values dimensions identified in for-profit branding models. It is argued that in the corporate sector the brand concept has been utilized to 'mirror' those values that underpin the needs and desires of consumers. Muyiwa (2011) states as building brands in emerging markets are akin to navigating a minefield.

One misstep and the entire enterprise may blow up in your face with your brand consigned to the graveyard of marketing casualties! How is branding in an emerging economy different from the same exercise in a mature economy? What are the peculiar challenges brand managers faced when they find themselves in socially complex and rapidly changing emerging markets? The *Seven Dimensions of Branding* articulates the fundamental elements of the branding process, with specific reference to Africa's largest emerging market, Nigeria. Drawing on the author's more than two decades of helping local and international brands, the book gives you an insight into the peculiar challenges of creating and building successful brands in Africa and explains why global brands are not emerging from this vibrant continent. The *Seven Dimensions* shows how the universal principles of branding may be successfully applied in emerging economies.

In contrast to the passive mirror, when operationalized as 'lamp', it is claimed that the brand aims to influence both the values of the organization and the values of its target audience. Brand helps in creating relationship between customer and producer. Hospitality businesses can increase their profit margin by creating and sustaining their brand loyal customers. This is a more profitable approach than other marketing activities for service industry than price cuts or

promotional programs. In a mature industry like hospitality, acquiring new customers is expensive because of advertising, promotion, and start-up operating expenses, but it is cheaper to serve existing customers. Balgobal (2012) surveyed to bring together the factors that contribute in developing and sustaining branding and provides strategies to hospitality managers for retaining brand loyal customers. This paper concluded that branding is one of the most important competitive survival tools because customers provide repeat business, higher market shares and profits, referrals, and competitive advantage.

Ali et al., (2013) stated that value, trust, and satisfaction mediate the relationship between brand identity and customer preferences and brand loyalty. Firstly, brand identity improves the brand value. A brand with a strong identity is eager to satisfy symbolic needs of customers, more than applicable ones. They mentioned various researchers that have identified several factors affecting brand loyalty, including trust such as Harris & Goode studied in 2004 and Morgan & Hunt done on 1994. They also noted the marketing literature as trust is regarded as an essential prerequisite for creating long-term relationships with customers. Brand trust means that a customer trusts the capability and capacity of a brand in performing desired functions. The effective marketing depends on trust management, because customers need to purchase the products before experiencing them.

If trust is established between organization and customer, ample potential will be provided for mutual advantages (Kim et al., 2008). In addition, Anton et al., (2015) analyzed the effects of brand reputation, brand predictability, brand satisfaction, brand liking, brand experience, and brand trust in the company and brand competence to brand loyalty, with trust in a brand as a mediating variable. The result exhibited that only two variables have significant effect to brand loyalty; they are consumer's trust in a company and brand satisfaction. While, the hypotheses that trust in brand is a mediating variable is support. The managerial implications of this research are, first, a company that produces a high involvement product must conduct an effective marketing communication with their customers. Second, a company should increase its service so that customers will satisfy with its brand. Zohaib, Muhammad, Mukhtar and Misbahul (2014) investigated the effect of service quality, perceived quality, perceived value, brand trust and customer satisfaction on brand loyalty. The service quality, perceived quality and value were determined to be input variables; brand trust and customer satisfaction were determined to be intervening variables; and branding was determined to be the output variable. Conceptual model

was designed to explain the factors on brand loyalty. The researchers indicated some advices for the companies to follow for the foundation of brand loyalty. Companies must have to focus on the promotion means like media, and advertising, etc. but have to represent the actual picture of the product and stop in avoiding of the statements on that they cannot justify. Any company in the world if want to be successful, they should have to give numerous and affective details to their customers so that they buy their services and products.

Lydia (2013) examined the determinants of branding in cosmetic industry in Nyeri Town. The specific objectives were to determine the effects of brand price on brand loyalty, to assess the effects of brand trust on brand loyalty, to establish the effects of brand satisfaction on brand loyalty, and to establish the effect of perceived value on brand loyalty. Using a descriptive survey research design, it was found that the overall impression of the respondents is that brand trust, brand satisfaction, brand price and perceived value influence their cosmetic products buying decisions. From the research conducted, the salon owners considered brand perceived value as the most influential factor in determining branding at 100% level of agreement. Brand satisfaction as a factor determining brand loyalty to the cosmetic brand was rated the second highest at 95.3% agreement level. Brand trust was considered a distant third in determining brand loyalty at 67.4%, while brand price was rated the lowest factor at 53.5%. With all the factors scoring more than 50% level of agreement it is an indicator that all the factors have an influence on the brand loyalty of cosmetic products with the degree of influence varying amongst the different factors. This study supports the view that brand trust, brand perceived value, brand satisfaction and price should remain prime focus for the organization to maintain market share in today's competitive business environment. Fatih and Hayrettin (2013) examined the relations between brand trust, brand affect, attitudinal loyalty, and behavioral loyalty. In this regard, an online survey was conducted on sports shoe consumers in Turkey. The results indicated that there is a positive relation between brand trust and brand affect. Brand trust is also positively related to both attitudinal loyalty and behavioral loyalty. Contrary to expectations, brand affect exerted no significant impact on behavioral loyalty. They concluded that brand trust has a quite important impact on brand affect. In this context, it is possible to say that a consumer, who has trust for the sport shoe brand he/she uses, has also a positive affective reaction for this brand at the same time.

However, the importance of loyalty and disloyalty have long been recognized in marketing, by academic and practitioners alike and assumes even more salience in today's highly dynamic and competitive market environment. Sunder (2015) examines the formation of brand loyalty and disloyalty behaviors among consumers of short life-cycle technology products. This study attempts at an understanding of the formation of brand loyalty and brand disloyalty behaviors from the consumer's lived consumption experiences. This study interestingly finds consumers to be more brand loyal than disloyal. This supports a school of thought, which endorses the existence of brand loyalty and contradicts another school of thought, which professes the decline of brand loyalty. The study also reveals the factors that cause brand loyalty, brand disloyalty, divided brand loyalty and no brand loyalty tendencies in the context of short life-cycle technology products providing insights to both practitioners and academics.

Nischay and Garima (2012) conducted a study, they examined the effect of Brand Trust, Brand Affect, and Brand Image on Customer brand loyalty, and cause and effect relationship is established between customer brand loyalty and customer brand extension attitude in context of FMCG sector. Results are analyzed through multivariate and found that the variable brand trust is showing no relationship with brand extension attitude but other two variables, brand image and brand affect, were positively significantly associated with extension attitude. However, brand trust and brand affect showed a significant relationship with brand loyalty but brand image was not found to be correlated with brand loyalty.

Brand loyalty is the level by which consumers continue to purchase the same brand within a product or service category. "The unfair behavioral reactions, expressed over time, out of a set of such brands, and is a function of emotional (decision making, evaluative) processes by some assessment of making elements, with respect to one of more alternate brands." Brand loyalty defines the consumers' willingness to pay high prices to a definite brand in the same manufactured goods faction and direct people around him to purchase that product (Back, 2005). As the consumer is more aware of the brand and he has all the knowledge about its price, quality etc., the more he will be attracted towards that brand. The loyalty level increases with the age. Family is the most influential reference group. Accordingly, Fatima, Muzamil and Muhammad (2016) studied the impact of branding on consumer behavior. Their friends like on Facebook affect the consumers, who are more social. The consumers who are more status conscious are more status conspicuous than those who are not status conscious. According to the research, all

the factors are statistically significant but just gender is the only variable, which is not statistically significant. In the end, it is concluded that the branding affects the consumer behavior in relation to the different dependent and independent variables. Regarding global market, Country Branding-a relatively new type of marketing and public diplomacy-is a developing field and a tool that governments use to promote their goods and services and to enhance awareness about their country, promote tourism, increase trade and attract foreign direct investment (FDI) and talent. A Country Brand is more than a sum of its products. Kerry and Julia (2015) studied on country branding and its effect on the customer in the global market.

In the global marketplace, where products and services from different countries are competing for market share, it is important to understand how a product's place of origin contributes its overall image, and how customers relate to the foreign product. By identifying the customer, it is possible to gain an understanding of the cultural influences that determine the customers' relation to the product, service, or Nation Brand. Likewise, this paper relates previous studies in the fields of country-of-origin (COO) and customer studies as influential factors of the evolution of Country Branding. By gaining a clear idea of the relationship between these three fields – COO, customer and Country Branding, scholars and professionals can assess the influence that a product's country-of-origin has on its audience, and create country brands that effectively define the product and reach target customers.

### **2.3 Conceptual Framework**

The theory of customer choice/preference is employed as the theoretical frameworks for this study. As marketing and customers theories, customers fully understand their own preferences, allowing for a simple but accurate comparison between any two bundles of goods presented. All customers seek to maximize utility. In the mainstream economics tradition, this activity of maximizing utility has been deemed as the "rational" behavior of decision makers (Varian, 2006). Each customer at an individual basis will try to reflect his or her own identity through choice. When part of a larger social group, customer choices tend to converge to a certain pattern thus forming the basics of an individual social identity (Cătălin, Andreea, 2014). Branding is a key step in customer decision-making, involving elements of choice. Customers compare and rank different brands by focusing on their uniqueness defined brand preference as the extent to which the customer favors the designed service provided by his or her present company, in comparison to the designated service provided by other companies in his or her consideration set,

with a consideration set referring to brands that a customer would consider buying soon (Jin & Weber, 2013).

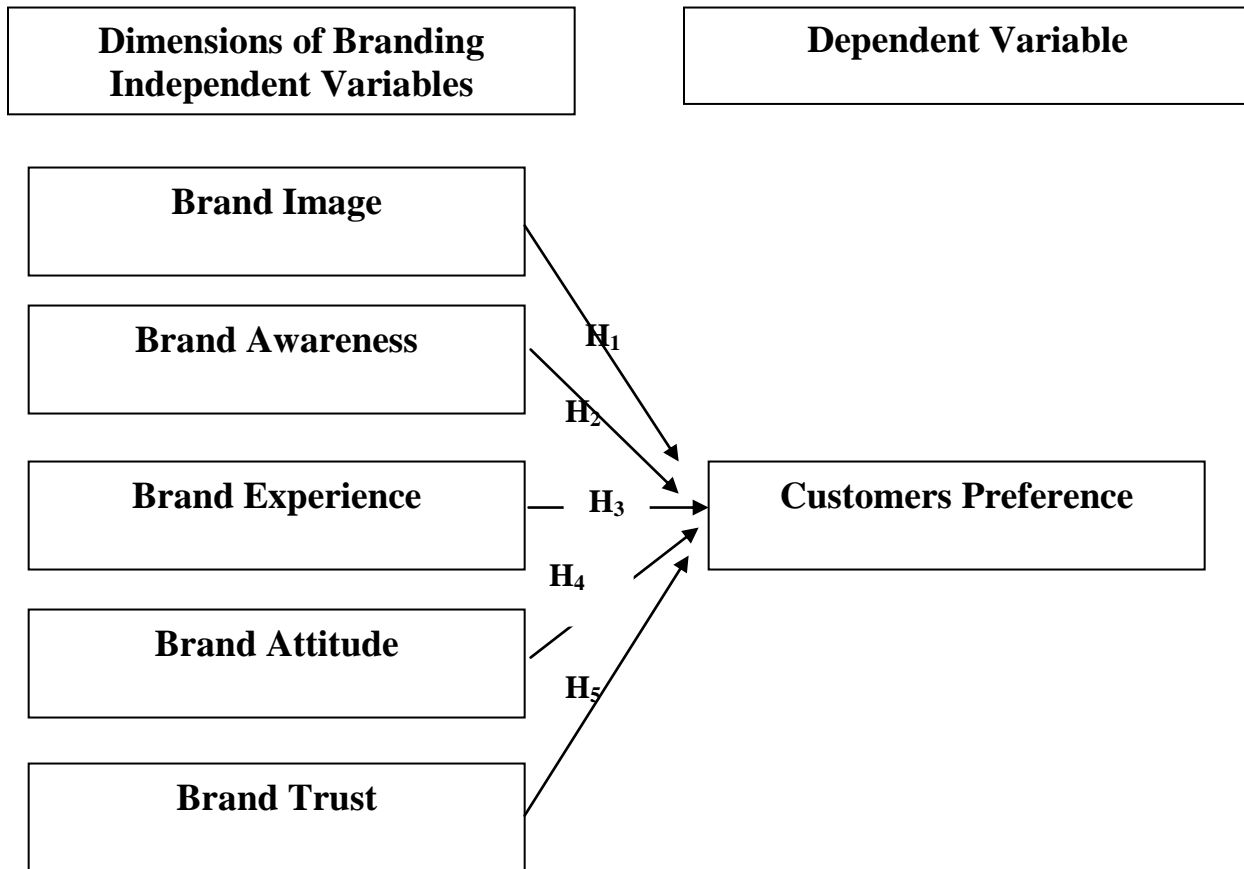


Figure 2:1 Conceptual framework adapted and sourced from Reham (2013) and Helen (2006)

### 2.3.1 Hypothesis

To investigate the effect and the relationship of branding on customers preference in hotel industry, the researcher proposed the following hypothesis from research objectives.

**H<sub>1</sub>:** Brand Image has a significant and positive effect on customer preference of hotel brands.

**H<sub>2</sub>:** Brand Awareness has a significant and positive effect on customer preference of hotel brands.

**H<sub>3</sub>:** Brand Experience has a significant and positive effect on customer preference of hotel brands.

**H<sub>4</sub>:** Brand Attitude has a significant and positive effect on customer preference of hotel brands.

**H<sub>5</sub>:** Brand Trust has a significant and positive effect on customer preference of hotel brands.

# **CHAPTER THREE**

## **METHODOLOGY**

### **3.1 Introduction**

This chapter displays details of the research design and methodology of this study. In this chapter, study area, the research design, sample size and sampling technique, data source and collection method are included. In addition, it was tried to include questionnaire, validity, and reliability tests. It correspondingly includes the method of data analysis with model formulation.

### **3.2 Study Area**

This study was conducted on a fast-growing city located on the shores of Lake Hawassa, south of Addis Ababa. Hawassa has progressed into an economic and tourist powerhouse with numerous shopping malls, hotels, and restaurants dotting the city. In relation to hotels, the city has experienced an explosive growth over the years and this has resulted in the sharp rise in the number of hotels. The study focused on top rated luxury hotels in Hawassa. They are selected the hotels that accommodate a wide range of guests who visit the region and the city is natured with the famous tourist attraction known as Lake Hawassa. The lake is the best spot for bird watching and boat rides. The fish market is a place to experience an open market with tent shops, fresh fish soup stalls and an opportunity to sample local dishes.

### **3.3 Research Approach**

This study employed qualitative forms; so that it is mixed research approach to gather relevant data. Thus, as quantitative approach, this study tried to empirically investigate the effect of branding constructs and customers' preference by employing statistical and regression tests. It also tested the relationship between branding factors that effect on customer preferences. In short, this research used and quantitative forms and as result it employed quantitative research approach.

### **3.4 Research Design**

In this study, as descriptive research, this study appropriately found out the problem related to branding, customers' preference, and the use of branding to reduce marketing costs and to yield satisfied customers. As explanatory research, this study examined the relations between causes

and symptoms of branding on customers preference. Accordingly, this study employed descriptive and explanatory research designs.

### **3.5 Population**

The population of the study was guests of the selected four hotels found in Hawassa who were visiting and started receiving services from these hotels. Thus, the population is the hotel customers found in Hawassa.

### **3.6 Sampling Technique**

In this study, it was impossible or impractical to access the names of hotel customers in the indicated hotels. The sample frame was not an accessible one and the population is unknown. In such cases, for populations that is large, as per to yield a representative sample for proportions.

Key-variable of the population is quantitative:

$$n=Z^2*s^2/d^2$$

Where:  $n$  - this is what are looking for (minimum sample size),  $Z$  - is the value of the distribution function (for tourism phenomenon you can calculate this value for alpha equals to 0.05),  $s$  - is the population standard deviation, and  $d$  - is acceptable standard error of the mean.

$$n=Z^2*s^2/d^2 = (1.96)^2 (.5) (.5) /(.05)^2 =384 \text{ respondents}$$

The researcher distributed 384 questionnaires to the guests of the selected hotels. In order to make generalizations with confidence about the constructs under investigation, the appropriate sample size had to be considered. According to John (2007), sample statistics need to be reliable and represent the population parameters as close as possible within a narrow margin of error. Thus, the sample size for a population between one hundred thousand and three million at ninety five percent confidence interval with five percent error margin is 384 (three hundred eighty four). Therefore, the target population of this study was 384 samples and divided equally to the four indicated hotels (96 customers for each hotel found and selected in Hawassa).

### **3.7 Data Source and Types**

According to John (2007), there are different types of data that can be classified into two major classifications. Primary data are referring to data collected by the researcher himself/herself. This is data that has never been gathered before, whether in a particular way, or at a certain period of time. Thus, the primary data were used in this study and it was collected through questionnaire

only. The questionnaire was adapted from Wang Haijun (2014) and each question was prepared based on the literature review on the research objective. A five-point Likert scale ranging from 5 (strongly agree) to 1 (strongly disagree) questionnaires were applied. Secondary data sources were used by reviewing related literature to collect relevant data and were collected from Ministry of Tourism and other related government offices and Hotel associations in Hawassa.

### **3.8 Data Collection procedure**

The questionnaire was developed in English and encouraged respondents to fill in English. Data collectors (supporters for the researcher) were oriented on the data collection process and pre-testing of the questionnaire were made before the actual data collection. Each collected data were properly checked on spot and on data entry step. A closed structured questionnaire with a 5 scale Likert Scale with a probable responses alternative of (1) strongly disagree, (2) disagree, (3) neutral, (4) agree, and (5) strongly agree were distributed and collected so as to get a firsthand data from respondent the questionnaire consisted of two parts. The first part of the questionnaire related with socio-demographic and economic variables, which is commonly called general information. However, the second part encompasses the five dimensions of branding and the overall branding measurement constructs, which are the basic research questions.

### **3.9 Methods of Data Analysis**

The researcher employed descriptive analysis like mean, standard deviations, percentage and counts and tables in order to describe the demographic and general information of the respondents. To test and analyzing the role of branding as an independent variable gives effect to customer preferences, this research used Multiple Regression Analysis (MRA) to test the effect of branding on customer preferences. Similarly, ANOVA test was done in order to check the effect of branding and its dimensions on customer preferences. The data were analyzed using statistical techniques of multivariate regression analysis. Furthermore, Pearson correlation was used to know the relationship between branding factors and customer preferences. Once the usable responses from the questionnaires collected, the data were recorded and coded into Excel and SPSS software. In order to determine the relationship between dependent variable (customer preferences) and a set of multiple independent variables (brand image, brand awareness, brand attitude, brand experience and brand trust), multivariate linear regression analysis was conducted.

### 3.9.1 Model

The empirical data were analyzed by inferential statistics methods called multivariate regression method. The model:

$$Y_1 = B + B_1 X_1 + B_2 X_2 + B_3 X_3 + B_4 X_4 + B_5 X_5 + E$$

Where

- $Y_1$  = Consumer preference as Dependent Variable
- $B$  – Coefficient of constant
- $B_1, B_2, B_3, B_4$  and  $B_5$  are the coefficient of independent variable where Brand Image, Brand Awareness, Brand Experience, Brand Attitude and Brand Trust
- $E$  is the error term (found from Priya and Shruti, 2015)

### 3.10 Validity

Kothari (2004) says validity is the most critical criterion, indicates the degree to which and measure what it is supposed to measure. In this research, different mechanism was used to enhance the validity of the study. In the first place, non- random sampling was used, this method reduced the possibility being invalid, and in addition, the appropriateness of questionnaire was checked by professionals in the field.

### 3.11 Reliability

It is another important test of sound measurement. A measuring instrument is reliable if it provides consistent results Kothari (2004). The two variants of reliability were assured through standardizing the condition under which the instrument administered (stability aspect) and employing the same design of measurement for the whole sample (equivalence aspect). For this purpose, Cronbach's Alpha-values was applied to determine the reliability of the construct as a measurement instrument.

### 3.12 Ethical considerations

This study like other academic researches abides by ethical issues, moral conducts, and service confidentiality to the respondents' data and for the privacy of respondents. The purpose of the research study was explained to respondents in order to obtain their full consent to use the information obtained. The first page of the questionnaire contained privacy and confidentiality terms and the respondents were assured the provided information were not passed to a third party and were not used for any other purpose other than as an input for the research. The

questionnaires were designed out in such a way that respondents were not required to write the names and reveal their personal information on the questionnaire and the confidentiality of data collected was handled with due care and used for academic purpose only. The researcher safeguarded all information related to the participants. Their privacy, identity, and confidentiality were maintained by assigning them code numbers instead of names (anonymity).

Within data analysis, integrity of data and methods has given a great attention; this study acknowledged statistical and substantive assumptions made in the execution and interpretation of the analysis. When reporting on the validity of data used, the study acknowledged data editing procedures, including any imputation and missing data mechanisms. In this study, the limitations of statistical inference and possible sources of error and the sources and assessed adequacy of the data; accounts for all data considered in a study and explains the sample(s) used were properly reported. Overall, this study tried to recognize that the Ethical Guidelines of Addis Ababa University, Post Graduate Studies. This study appropriately distinguished others valid findings result in a moral environment.

## CHAPTER FOUR

### ANALYSIS AND DISCUSSION

#### 4.1 Response Rate

The study included 384 respondents that were composed of four-star hotels in Hawassa city. Out of which only 320 respondents returned completed and properly filled questionnaires, which meant 83.33 percent coverage of total respondents from the customers of these hotels.

#### 4.2 Demographic Profile of Respondents

Accordingly, the first part of the questionnaire consists of the demographic information of research participants. For that reason, the following variables about the respondents were summarized and described in the subsequent table and diagram. These variables include sex, age, and other related hotel customers' profiles.

Table 4.1 Demographic profile of Respondents

Age	18-30	31-45	46-60	Above 60	
	39	152	44	85	
Sex	Male	Female			
	197	123			
Number of years doing business with this hotel	Below 1 year	1-2years	3-4 years	Above 5 years	
	75	125	75	45	
Marital Status	Never married	Married	Divorced	Widow(er)	Separated
	95	110	65	20	30
Monthly Income	Below 5,000	5001 – 10,000	10001 – 15,000	Above 15,001	
	40	70	112	98	

Source: Own survey, 2018

The above table portrays demographic profile of respondents, among the total number of respondents, 197 (about 61 %) are male, and 123 of the total respondents are female. It can be said that most of the guests of the hotels or participants were male and they are a customer of the hotel services. Participants were categorized by age into ages 18-30 years; n = 39), middle-aged adults (ages 31-45 years, n = 152), and older adults (46-60) and aged older than 60 years, n = 44

and 85 respectively. It can be said that most of the respondents were male and between 31 to 45 years old, that consisted 152 participants in number.

This table also shows majority of the respondents, 200 in number have been the customers of these hotels for more than a year and out of which 75 have known these hotels for more than three years and 125 respondents have known these hotels for 1–2 years. In this study, most of the respondents are married (110 in number) and 95 respondents have never been married. Most of these study participants have earned more than 10,000 Birr per month (almost 200 respondents). The result indicates that the respondents are composed from different income groups and marital status. They were diverged from various customer profiles and it has been believed that the data were collected from various people with different income and social group.

### 4.3 Respondents’ Customer Behavior

Table 4.2 Respondents’ Response

Sponsor or stay in the hotel covered by	Self-Sponsor	Government	NGOS	Business
	80	55	90	95
Stay occasions	Business	Leisure	In daily life	For temporary living place
	155	95	20	50
Nationality	Ethiopian	Foreign		
	230	90		
First time staying (visiting) this hotel	Yes	No		
	60	260		
Kind of services in the hotel	Room	Food and Beverage	Spa and/or Swimming	Conferences and workshop
	250	150	80	100

Source: Own survey, 2018

Table 4.2 indicates respondents’ response on the study area customers’ situations as they were requested to response on their sponsors, staying requirement, nationality, visiting, and kind of services. Accordingly, the above table indicates the status of these responses. Most of participants 185 in number respondents were sponsored by NGOs and business organizations. Most of the participants 155 in number rated as they needed to stay in the hotels due to their business situations. Most of the respondents (230) were Ethiopians. 260 respondents were not new visitors for the hotels. These data indicated that most of the hotels’ users (respondents) were Ethiopian, active and have had a chance to know the hotels properly.

#### 4.4 Analysis of Measurement

This study used Chronbach's alpha to assess the internal consistency of variables in the research instrument. Chronbach's alpha is a coefficient of reliability used to measure the internal consistency of the scale. According to Zikmund et al., (2010), scale with coefficient alpha between 0.6 and 0.7 indicate fair reliability so for this study a Chronbach's alpha score of 0.70 or higher is considered adequate to determine reliability.

Table 4.3 Reliability Test Result

Dimensions	Cronbach's Alpha	No. of Items
Brand Image	.798	4
Brand Awareness	.769	4
Brand Experience	.787	3
Brand Attitude	.835	4
Brand Trust	.802	4
Customer Preference	.878	4
Overall	.903	23

Source: Own survey, 2018

Table 4.3 indicates that the reliability test based on each dimension and employed Chronbach's alpha to assess the internal consistency of variables in the research instrument. Chronbach's alpha is a coefficient of reliability used to measure the internal consistency of the scale. According to this table, each dimension scale had a coefficient alpha more than 0.75 that indicated a strong reliability and considered adequate to determine reliability. Based on this base the researcher conducted a test to measure the internal consistency and make modification based on the test and the result showed Cronbach's alpha for 23 items was 0.903 that is excellent and the items are internally consistent.

#### 4.5 Normality Test

Normality is defined as the shape of the data distribution or an individual metric variable and its correspondence to the normal distribution, which is the benchmark for statistical methods (Hair et al., 2006).

Table 4.4 The Normality Test

	Skewness		Kurtosis	
	Statistic	Std. Error	Statistic	Std. Error
Brand Image	-0.238	.134	.091	.268
Brand Awareness	-0.047	.134	.466	.268
Brand Experience	-0.193	.134	.261	.268
Brand Attitude	-0.774	.134	.264	.268
Brand Trust	0.678	.134	.159	.268
Customer Preference	0.598	.134	.168	.268
Valid N (listwise)				

Source: Own survey, 2018

As we can see from the above descriptive statistic from Table 4.4, Kurtosis and Skewness statistics calculation demonstrates that the distribution is normal. This is because the value of Kurtosis and Skewness are in between -2 and +2. Thus, it can be concluded that data is normally distributed and had a reasonable variance to use subsequent analysis (John, 2007).

## 4.6 Analysis of Responses

### 4.6.1 Brand Image

Table 4.5 Response on Brand Image

Item	Neutral	Agree	Strongly Agree	Mean	SD
Attracted on the place of the hotel	26	132	152	4.31	0.857
Appealing service delivery	35	122	151	4.26	0.654
favorable and unique hotel services	37	111	161	4.29	0.954
In relation to comfort, enjoying the best service of this hotel brand	34	92	177	4.30	0.789
Overall Mean 4.29					

Source: Own survey, 2018

The mean value (4.29) indicates that the hotels attract guests on the place of the hotel; they have a good appealing service delivery, favorability of the service and enjoying the best service of this hotel brand. Very high category is preferred by significant numbers of respondents for enjoying the best service of this hotels in relation to comfort (n=177; 55.31% as strongly agree and n=92; 39.7% agree). On the request of other factors, respondents strongly agreed on customers' preference in the hotel industry in terms of attraction on the place of the hotel, appealing service delivery and favorability of the service of these hotels. The study found the same result of Reham (2013) and he stated that brand image is a crucial determinant of customer purchasing

conduct and Chernev et al. (2011) put as a unique set of associations in the mind of the customer concerning what a brand stands for and the implied promise the brand makes. According to this study, these hotels blend of all tangible and intangible qualities that influence how the customers perceive an organization. The empirical finding revealed the brand images, with which the hotels would like to be associated. As brand image is closely related to positioning, it is not surprising that three different brand images emerged.

#### 4.6.2 Brand Experience

The respondents of this study were asked to express their degree of agreement with respect to brand experience to determine effect of branding on customers' preference of hotel brands in terms of liking the hotel experience, making strong impression, and relaxing physically and behaviorally when using hotel brands.

Table 4.6 Response on Brand Experience

Item	Neutral	Agree	Strongly Agree	Mean	SD
I like the experience for this hotel services	28	134	142	4.23	0.458
This hotel brand makes a strong impression on my visual sense	33	136	130	4.13	0.987
I relax physically and behaviorally when I use this hotel brand	35	185	78	3.98	0.765
Overall Mean 4.11					

Source: Own survey, 2018

The mean value indicates that the guests liked the hotels' experience, had strong impression, and relaxing physically and behaviorally when using these hotel brands. Regarding liking the experience for hotel services, most respondents preferred strongly agree (n=142; 44.38%) and 134 participants in number (41.8%) as agree. On the request of hotel brand strong impression on visual sense, the data indicated that 130 respondents chosen the category of strongly agree and 136 respondents which is 42.5% preferred the choice of agree. These indicated that the hotels brands were properly designed and have had a good identity, packaging, communications, and environments. This study found the same result as of Hoch (2002) and he noted that brand experience has fascinated a lot of consideration in marketing theories and practice. Hampf and Lindberg-Repo (2011) and Hoch (2002) validated a brand experience scale for measuring the customer responses, based on four sub-dimensions: sensory, affective, intellectual and behavioral.

Involvement is based on needs, values, and interests that motivate a customer toward an object, e.g., a brand. Antecedents of involvement include the perceived importance and personal relevance of a brand. Brand experience also differs from motivational and affective concepts such as involvement, brand attachment, and customer delight. Overall, brand experience does not presume a motivational state. Experiences can happen when customers do not show interest or have a personal connection with the brand. Moreover, brands that customers are highly involved with are not necessarily brands that evoke the strongest experiences. This study is similar the study of Iglesias et al., (2011) and they concluded that brand experience affects customer preferences.

#### 4.6.7 Brand Awareness

The participants of this study were asked to express their degree of agreement with respect to brand awareness to investigate the effect of branding on customer preference of hotel brands in terms of familiarity with hotel brands, recognition, and others.

Table 4.7 Response on Brand Awareness

Item	Neutral	Agree	Strongly Agree	Mean	SD
I am familiar with this hotel brand	23	120	112	3.78	0.549
I always recall this hotel brand when I need a hotel service	32	137	109	3.94	0.8817
I give very good recognition for this hotel brand	18	119	145	4.10	0.567
I am aware of this hotel brand as holding quality hotel services	29	105	160	4.20	0.693
Overall Mean 4.01					

Source: Own survey, 2018

All mean values are well above 3.00 showing the agreement of the majority of the respondents. This suggests the guests were familiarity with hotel brands; they always recall this hotel brand when they need hotel service recognition. In addition, it shows the guests give very good recognition for this hotel brand and they know these hotel brands as holding quality hotel services.

The brand awareness is the capacity of a customer to distinguish the brand and identify it with the associated item. For an item to be bought, it is vital that the customers are aware of the The grand mean also rated as good as it has 4.01 mean score. Most respondents preferred strongly agree (n=112) and 120 participants in number as agree for familiarity with these hotel brands. On

the request of recalling the hotels brands, the data indicated that 109 respondents chosen the category of strongly agree and 137 respondents preferred the choice of agree. 145 participants strongly give very good recognition for these hotels brands and 160 respondents aware this hotel brand as holding quality hotel services. This indicated that the customers have considered the hotels as that the brands with higher brand awareness will have a higher probability to be bought by the customers as compared to the alternative brands. A similar result found with Chernev et al. (2011) as they mentioned that it is largely for the reason that the item should be in the mindfulness stage before it goes to the consideration stage and the higher brand mindfulness will enhance the likelihood of the item into the consideration stage as well.

#### 4.6.7 Brand Attitude

In this study, respondents were asked to express their degree of agreement with respect to Brand Attitude to determine effect of branding on customer preference in the hotel industry/of hotel brands in terms of a positive attitude to this hotel brand, great attachment with this hotel brand, feel relaxed when using this hotel brand and liking the hotel brand.

Table 4.8 Response on Brand Attitude

Item	Neutral	Agree	Strongly Agree	Mean	SD
I have a positive attitude to this hotel brand	44	130	131	4.17	0.561
I have great attachment with this hotel brand	35	90	176	4.30	0.458
I feel relaxed when I use this hotel brand	53	121	116	3.98	0.745
I like this hotel brand	31	126	141	4.20	0.691
Overall Mean 4.16					

Source: Own survey, 2018

As shown in the above table, all mean values of the responses are above 3.98 indicating that the majority of the respondents agree with the statements that the guests have a positive attitude to this hotel brand, great attachment with these hotel brands, feel relaxed when using these hotel brands and liking the hotel brand. On other hand, highest number of participants (n=176) strongly agreed and 90 respondents agreed (n=90) as they have had great attachment with these hotel brands. 116 respondents felt strongly relaxed when they use this hotel brand and 141 participants of the study strongly like these hotel brands. This study found that the mean ranges

from 3.98 to 4.30 and it rated as at much (3.41-4.20). The grand mean also rated as very good as it has 4.16 mean score. These hotels created activities that generate positive attitude towards brand. Reham (2013) determined the level of importance and relevancies between brand attributes and benefits. Muyiwa (2011) stated that attitude loyalty is the result of high satisfaction. Customer's positive attitude towards brand will become valuable asset for the company because that positive attitude help customer forgets mistakes that could have been inadvertently done by that brand.

#### 4.6.7 Brand Trust

Regarding brand trust, the participants were asked to express their degree of agreement with respect to Brand Trust to determine effect of branding on customer preference of hotel brands/in the hotel industry in terms of trusting, feel confident on hotel brand, rely on hotel brand and hotel takes a good care of customers.

Table 4.9 Response on Brand Trust

Item	Neutral	Agree	Strongly Agree	Mean	SD
I trust this hotel	23	120	112	3.78	0.951
I feel confident on this hotel brand	32	137	109	3.94	0.745
I rely on this hotel brand	18	119	145	4.10	0.628
This hotel takes a good care of me	32	74	176	4.15	0.851
Overall Mean 3.99					

Source: Own survey, 2018

The above table indicates that respondents' response on brand trust related variables. Accordingly, Mean values for the responses of brand trust are above the neutral value which indicates that majority of the companies hold trustable brands. Most respondents indicated that (112 in number; 35.0 %) they strongly agreed that they trust the hotels and 120 participants preferred the category of agree in this factor. According to 109 (34.0%) respondents, they strongly felt confident on these hotel brands and 145 respondents agreed that they rely on these hotel brands. 176 participants indicated that these hotels have had a strong customer care practices. This may be related to the feeling of security apprehended by the customer in his/her interaction with the brand. In fact, it is based on the perceptions that the brand is reliable and responsible for the interests and welfare of the customer. Nischay and Garima (2012) and Ebru

and Koçak (2012) understood that brand trust is created and developed by direct experiences of customer via brands. It is stated that brand trust is an important mediator factor on the customer behaviors before and after the purchase of the product; and it causes long-term loyalty and strengthens the relation between two parties.

#### 4.6.7 Customers Preferences

Customer preferences for brands reflect three responses: cognitive, affective, and conative or behavioral (Grimm, 2005). Customers generate preferences for the product attributes and maintain them across different contexts while customers can learn about the structure of the context. Accordingly, the respondents of this study were requested to express their degree of agreement with respect to Customers Preferences role and it's determine factors that affect customers preference of hotel brands in the hotel industry in terms of four factors.

Table 4.10 Response on Customers Preference

Item	Neutral	Agree	Strongly Agree	Mean	SD
I am willing to pay high price for this hotel	13	120	163	4.28	0.857
I prefer to this hotel brand	46	80	165	4.11	0.889
I like this hotel brand	28	89	164	4.10	0.898
This hotel brand is my first choice	24	78	194	4.35	0.852
Overall Mean 4.21					

Source: own survey, 2018

The mean value indicates that customers are willing to pay high price for these hotels. In addition, they prefer these hotels brands and they like these hotels. These hotels brands are their first choice. More than 50% (163) respondents strongly agreed and 120 (37.5%) agreed for the category of willing to pay high price for these hotels. In relation to brand preference, significant number of respondents (n= 165) preferred the category of strongly agree and 80 respondents preferred the category of agree.

Moreover, 164 respondents also strongly like these hotels and 89 agreed with this category. Most of the respondents (n=194) indicated that these hotels were their first choices and 78 participants

selected the category of agree for this similar request. Simonson (2008) argues that this perspective does not cover the pre-existing preferences that are not determined by the task or context factors. The notion of construction highlights the process of judgment and ignores the determinants of preferences, and the processed preference customers brought to the context or choice situation. Branding is a marketing instrument perceived to be important for both the company and customer. Brands are important valuable intangible assets for companies, a distinctive tool that builds a long-term relationship with the customers, and protects its' rights (Kotler P. and Armstrong, G., 2004). Brands reflect their experience and knowledge; simplifying the processing of information accumulated over time about the company and its products or brands for customers.

#### 4.6.7 Summary of Results of Descriptive Statistics

Table 4.11 Summary of Responses

	Mean	Std. Deviation	African Study Mean
Brand Image	4.29	.690	4.50
Brand Awareness	4.01	.700	4.13
Brand Experience	4.11	.779	4.41
Brand Attitude	4.16	.854	4.20
Brand Trust	3.99	.804	4.50
Customer Preferences	4.21	.874	4.80

Source: Own survey, 2018

The mean value for all variables ranges from 3.99 to 4.29 and it indicates that most respondents' response or preferred the categories of strongly agree and agree. The standard deviation, on the other hand, is the measure of variability in data set where it around 0.8 and it indicates the data has less variability. The mean value for all variables ranges from 3.99 to 4.29 has been below the African experiences studied by Sally (2016) found the same result. Hotels with year-over-year increases in guest satisfaction earn corresponding gains in both loyalty and market share. However, companies in all segments can improve their financial outcomes by ensuring their hotel branding promise is strong and central to their brand culture, and in making delivery on that promise their focus. The essence of what drives customer experience—people, process, price, and product—should be shaped by an unshakable fidelity to the hotel brand's promise.

## 4.7 Correlation Analysis

In chapter three, it was indicated as the data, which is collected from questionnaire first gave code, or recording variables on Statistical package for social science (SPSS) program and by using correlation analysis the interdependence between the independent and dependent variables would be tested. Correlation analysis was used that measures the relationship between two items such as brand image, brand awareness, brand experience, brand attitude, and brand trust as independent variables and customer preferences as dependent variable.

Table 4.12 Correlation Analysis

		Brand Image	BA	BE	BAT	BT	Customer Preferences
Brand Image	Pearson Correlation	1	.331**	.517**	.353**	.606**	.628**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
Brand Awareness	Pearson Correlation	.331**	1	.263**	.241**	.382**	.431**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
Brand Experience	Pearson Correlation	.517**	.263**	1	.451**	.512**	.522**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
Brand Attitude	Pearson Correlation	.353**	.241**	.451**	1	.640**	.545**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
Brand Trust	Pearson Correlation	.606**	.382**	.512**	.640**	1	.693**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
Customer Preferences	Pearson Correlation	.628**	.431**	.522**	.545**	.693**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
N		320	320	320	320	320	320

\*\* Correlation is significant at the 0.01 level (2-tailed).

Source: Own survey, 2018

Table 4.12 shows correlation analysis based on the average value of respondents' response of independent variables and as dependent variable. A correlation analysis with Pearson's correlation coefficient (r) was conducted on the modified and adopted model in the research to explore the relationships between the branding and customers preferences. Therefore, the correlation analysis illustrates there is a strong correlation between brand image and customers preferences is strongly correlated as  $r=0.628$  with statistically significant (Sig. (2-tailed) = 0.000). Similarly, the correlation analysis illustrates the relation between the two factors of brand image and customers preferences is moderately correlated as  $r=0.431$  with statistically significant (Sig. (2-tailed) = 0.000). In relation to the correlation of brand experience and customers

preferences, it is found that there is a strong correlation between the two variables as  $r=0.522$  with statistically significant (Sig. (2-tailed) = 0.000). In the same way, the correlation analysis illustrates the relation between the two factors of brand attitude and customers preferences is strongly correlated as  $r=0.545$  with statistically significant (Sig. (2-tailed) = 0.000). Finally, the relation of brand trust and customers preferences was tested by the correlation analysis that there is strongly correlated as  $r=0.693$  with statistically significant (Sig. (2-tailed) = 0.000). The above analysis was done based on the guidelines suggested by Simonson (2008) as the classification of correlation of the correlation coefficient ( $r$ ) as 0.1 - 0.29 is weak; 0.3 - 0.49 is moderate; and  $> 0.5$  strong.

Table 4.13 Correlation analysis between branding and customers preference

		Customer Preferences	Branding
Customer Preferences	Pearson Correlation	1	.761**
	Sig. (2-tailed)		.000
Branding	Pearson Correlation	.761**	1
	Sig. (2-tailed)	.000	
N		320	320

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: Own survey, 2018

This study found that there is a strong relationship between branding and customers preferences. This was done based on the average value of respondents' responses on brand image, brand awareness, brand experience, brand attitude and brand trust as branding and the value of respondents' responses on customers' preferences.

#### 4.8 Regression Analysis

The data that is collected from questionnaires first gave code or recording variables on Statistical package for social science (SPSS) program. Based on descriptive data analysis techniques frequency, percentage, mean, standard deviation, and graphic representations were made. Furthermore, by using correlation analysis the interdependence between the independent and dependent variables was tested. Finally, hypothesis tests were performed using regression analysis.

Table 4.14 Regression Analysis Results

**a) Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.774 <sup>a</sup>	.599	.592	.558	2.040

a. Predictors: (Constant), brand image, brand awareness, brand experience, brand attitude and brand trust

b. Dependent Variable: customers preferences

**b) ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	145.865	5	29.173	93.691	.000 <sup>b</sup>
	Residual	97.772	314	.311		
	Total	243.637	319			

a. Dependent Variable: customers preferences

b. Predictors: (Constant), brand image, brand awareness, brand experience, brand attitude and brand trust

**c) Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.537	.242		-2.218	.027		
	Brand Image	.353	.061	.279	5.838	.000	.559	1.789
	Brand Awareness	.192	.049	.154	3.941	.000	.836	1.196
	Brand experience	.119	.050	.107	2.380	.018	.638	1.568
	Brand Attitude	.138	.040	.167	3.492	.001	.561	1.783
	Brand Trust	.330	.061	.304	5.390	.000	.402	2.486

a. Dependent Variable: customers preferences

Source: own survey, 2018

Table 4.14 shows regression analysis of branding and customers preferences. In literature, linear regression estimates the coefficients of the linear equation, involving one or more independent variables that best predict the value of the dependent variable. In this research, the regression analysis used the independent variable (branding) indicated on the model to measure the customers preferences. The significance level of 0.05 was used with 95% confidence interval.

The study model summary indicates R squared is 0.599 and adjusted R squared is 0.592 suggesting that that 59.2% variation in dependent variable is explained by independent variables

used in the model. This implies that 59.2% variation in customers' preferences is affected by branding. From Table 4.14a, the ANOVA test, it is noticed that F value of 93.691 is significant at 0.000 level.

From the regression, it is established that brand image and brand trust influence customers' preferences at a high rate of 0.353 and 0.330 respectively, brand awareness at 0.192, brand experience at 0.119 and brand attitude at 0.139. Therefore, from the result, it can be concluded that with 59.9% of the variance (R-Square) in brand image, brand awareness, brand experience, brand attitude and brand trust are significant effect on customers preferences and the model adopted appropriately measure the construct. This study tried to interpret Unstandardized Coefficients (B) regression result and it reflects the values for the regression equation, which predict the relationship between dependent variable from the independent variable. It reflects the change in dependent value with the change in predictor value i.e. the independent variable. In addition, the result of Std. Error (the standard errors associated with coefficients) and Standardized Coefficients (Beta) (coefficient values indicate which will be obtained if independent variables are standardized prior to analysis. In this study, the Standardized Coefficients or beta value of brand image is 0.279, brand awareness 0.154, brand experience 0.107, brand attitude 0.167 and brand trust 0.304. It meant that all predictors (independent variables) values are measured using same unit of measurement) will be interpreted by standardization.

Multicollinearity refers to a situation in which there is exact (or nearly exact) linear relation among two or more of the input variables (Uma, 2003). The VIF (Variance Inflation Factor) for each term in the model measures the combined effect of dependence among the regressors on the variance of that term. One or more large VIF indicate multicollinearity. Practical experience indicates that if any of the VIF results exceeds 5 or 10, it is an indication that the associated regression coefficients are poorly estimated because of multicollinearity (Uma, 2003). Collinearity Statistics shows that the VIF value of brand image, brand awareness, brand experience, brand attitude and brand trust have less than 5 or 10 (Uma ,2003) and no collinearity is observed on this data. The table also presents the result of regression analysis; the result regression analysis is based on customers' preferences. In general, the brand image, brand awareness, brand experience, brand attitude and brand trust will affect customers' preferences. In the hypothesis part, it was indicated as to assess the effect of brand image, brand awareness,

brand experience, brand attitude, and brand trust on customers' preferences of hotel brands. This data and its result summarizes as following on the table.

Table 4.15 Summary of Hypothesis Testing

		<b>Sig. test result</b>	<b>Independent Variable</b>	<b>Dependent Variable</b>	<b>Ho supported</b>
<b>H<sub>1</sub>:</b>	Brand Image has a significant and positive effect on customer preference of hotel brands.	.000	Brand Image	Customer Preference	<b>Supported</b>
<b>H<sub>2</sub>:</b>	Brand Awareness has a significant and positive effect on customer preference of hotel brands.	.000	Brand Awareness	Customer Preference	<b>Supported</b>
<b>H<sub>3</sub>:</b>	Brand Experience has a significant and positive effect on customer preference of hotel brands.	.018	Brand Experience	Customer Preference	<b>Supported</b>
<b>H<sub>4</sub>:</b>	Brand Attitude has a significant and positive effect on customer preference of hotel brands.	.001	Brand Attitude	Customer Preference	<b>Supported</b>
<b>H<sub>5</sub>:</b>	Brand Trust has a significant and positive effect on customer preference of hotel brands.	.000	Brand Trust	Customer Preference	<b>Supported</b>

Source: Own survey, 2018

In this regression analysis, it was found that brand image, brand awareness and brand trust have a significant and positive effect on customer preference of hotel brands with 0.000 Sig. test result so as that the hypothesis is supported. Brand experience has a significant and positive effect on customer preference of hotel brands with 0.018 Sig. test result so as that the hypothesis is supported. It was also found that Brand Attitude has a significant and positive effect on customer preference of hotel brands with 0.001 Sig. test result so as that the hypothesis is supported. "When customers preference was predicted it was found that brand image (Beta = .353,  $p < .05$ ), brand awareness (Beta = 0.192,  $p < .05$ ), brand experience (Beta = 0.119,  $p < .05$ ), brand attitude (Beta = 0.138,  $p < .05$ ) and brand trust (Beta = 0.330,  $p < .05$ ) were significant predictors. The overall model fit was  $R^2 = .599$ . The term 'R', multiple correlation coefficients was used and it told how strongly the multiple independent variables are related to the dependent variable. Accordingly, the value R' Multiple correlation coefficient in this study shows that the multiple

independent variables are strongly related to the dependent variable. On the other hand, high value of F test of this study shows. Finally, the value of t (this value along with sig. value is important to predict if we reject or accept the hypothesis. Since the two values complement each other a lower sig. value would indicate higher t-value) and Sig. (as indicated above in case of 95% confidence interval the value would lie between 0.10-0.50 and in case of 99% confidence interval it would be between 0.01-0.10) will be taken (Priya and Shruti, 2015).

## **4.9 Discussion**

According to Dev (2012), branding has proven to be a strong marketing tool in most industries, especially in the hospitality industry. During the branding process it is each action and communication the company sends out to the consumer that forms the brand image (Grönross, 2007). Brand knowledge is a very important factor. As the consumer is more aware of the brand and he has all the knowledge about its price, quality etc., the more he will be attracted towards that brand.

In this study, it was found that brand image, brand awareness and brand trust have a significant and positive effect on customer preference of hotel brands. Brand experience has a significant and positive effect on customer preference of hotel brands. It was also found that Brand Attitude has a significant and positive effect on customer preference of hotel brands. "When customer preference was predicted it was found that brand image (Beta = .353,  $p < .05$ ), brand awareness (Beta = 0.192,  $p < .05$ ), brand experience (Beta = 0.119,  $p < .05$ ), brand attitude (Beta = 0.138,  $p < .05$ ) and brand trust (Beta = 0.330,  $p < .05$ ) were significant predictors.

Accordingly, similar study was found in Muhammad study (2014). According to the research, all the factors are statistically significant. In the reliability table, it is calculated that the research validity and reliability is 89.6% that is great. In the end, it is concluded that the branding impacts the consumer preferences and behavior in relation to the different dependent and independent variables.

Reham (2013) stated that brand image is a crucial determinant of customer purchasing conduct. Because of the importance of brand image for the customer behavior, a significant consideration has been paid by advertising experts about the variables that can effect on the brand image of an organization. The brands with higher brand awareness will have a higher probability to be bought by the customers as compared to the alternative brands (Hoch, 2002). This is one reason

the clients want to buy exceptionally imaged brands as opposed to the new brands. There are a few vital elements, which can influence the brand awareness level.

Various studies show that brand experience affects consumer satisfaction and loyalty directly and indirectly through brand personality associations (Hoch, 2002). Muyiwa (2011) stated that efforts to satisfy consumer are directed to create attitude loyalty. He also stated that attitude loyalty is the result of high satisfaction. Similarly, brand trust is an important mediator factor on the customer behaviors before and after the purchase of the product; and it causes long-term loyalty and strengthens the relation between two parties (Liu et al, 2011).

Randall (2000) has shed light on an important matter, which explains that branding lies in creating consumer relations, leading to positive consumer preferences and behavior as well as maintaining the delivery of promised values and experiences. In other words, branding and marketing activities' main goal is to make the brand both exciting and appealing to consumers.

Helen Stride (2006) reviewed relevant branding literature focusing in particular upon the delineation of the values dimensions identified in for-profit branding models. It is argued that in the corporate sector the brand concept has been utilized to 'mirror' those values that underpin the needs and desires of consumers.

In a mature industry like hospitality, acquiring new customers is expensive because of advertising, promotion, and start-up operating expenses, but it is cheaper to serve existing customers. Balgobal (2012) conducted a similar study that bring together the factors that contribute in developing and sustaining branding and provides strategies to hospitality managers for retaining brand loyal customers. This paper concluded that branding is one of the most important competitive survival tools because customers provide repeat business, higher market shares and profits, referrals, and competitive advantage.

Ali et al., (2013) stated that value, trust, and satisfaction mediate the relationship between brand identity and customer preferences and brand loyalty. Firstly, brand identity improves the brand value. Nischay and Garima (2012) conducted a study, they examined the effect of Brand Trust, Brand Affect, and Brand Image on Customer brand loyalty, and cause and effect relationship is established between customer brand loyalty and customer brand extension attitude in context of FMCG sector. Results are analyzed through multivariate and found that the variable brand trust is showing no relationship with brand extension attitude but other two variables, brand image and brand affect, were positively significantly associated with extension attitude.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATION

#### 5.1 Summary

The service-oriented nature of the hotel business assumes that marketing strategies and marketing tools differ from those used in product industries. In view of that, the main objective of the research was to establish out causal effect relationship between brand image, brand awareness, brand experience, brand attitude, brand trust and customer preference on hotel brands. This study was conducted on four star hotels found on Hawassa and employed descriptive and explanatory research designs and used mixed research approach. The study was included 384 respondents and out of which only 320 respondents returned completed and properly filled questionnaires, which meant 83.33 percent coverage of total respondents from the customers of these hotels. Accordingly, the results of this study summarized based on the given objectives as follows:

Objective - The branding processes of hotels particularly emerged star hotels, the current branding, and customers' preferences practices of hotel industries in case of local hotels.

- Firstly, brand image was assessed on four main indicators and it was found that the mean ranges around 4.29 from 4.26 to 4.31 and it rated as the most (above 4.21).
- The brand experience was assessed on three main indicators and it was found that the mean ranges from 3.98 to 4.23 and it rated as at much (3.41-4.20). The grand mean also rated as very good as it has 4.11 mean score.
- The brand awareness in terms of is the capacity of a customer to distinguish the brand and identify it with the associated item was assessed on four main indicators and found that the mean ranges from 3.78 to 4.20 and it rated as at much (3.41-4.20).
- The respondents' responded on brand attitude and found that the mean ranges from 3.98 to 4.30 and it rated as at much (3.41-4.20) with 4.16 mean score grand mean and also rated as very good as it has.
- Respondents also requested to rate their view of brand trust on the four factors and that the mean ranges from 3.78 to 4.15 and it rated as much (3.41-4.20). The grand mean also rated as much as it has 3.99 mean score.

- Customers preference was assessed in terms of four factors and the mean ranges from 4.10 to 4.35 and as it has 4.21 mean score it was rated as the most (4.21-5.00).
- The mean value for all variables ranges from 3.99 to 4.29 and it indicates that most respondents' response or preferred the category of agree. The standard deviation, on the other hand, is the measure of variability in data set where it around 0.8 and it indicates the data has less variability.

Objective - a relationship between brand image, brand awareness, brand experience, brand attitude, and brand trust with consumer preference of hotel brands.

- There is a strong correlation between brand image and customers preferences as  $r=0.628$  with statistically significant (Sig. (2-tailed) = 0.000), the relation between brand image and customers preferences is moderately correlated as  $r=0.431$  with statistically significant (Sig. (2-tailed) = 0.000), there is a strong correlation between brand experience and customers preferences as  $r=0.522$  with statistically significant (Sig. (2-tailed) = 0.000), the relation between brand attitude and customers preferences is strongly correlated as  $r=0.545$  with statistically significant (Sig. (2-tailed) = 0.000) and finally, there is strongly correlation between brand trust and customers preferences as  $r=0.693$  with statistically significant (Sig. (2-tailed) = 0.000)

Objective - the effects of brand image, brand awareness, brand experience, brand attitude, and brand trust on customer preference of hotel brands.

- The significance level of 0.05 was used with 95% confidence interval and found that the independent variables predict the dependent variable R square = 77.4 % with adjusted R square 59.9% the remaining was considered as other extraneous variables that can affect customers preferences. This result also indicates that the variable selected as independent had an effect on customers' preferences.
- Therefore, from the result, it can be concluded that with 59.9% of the variance (R-Square) in brand image, brand awareness, brand experience, brand attitude and brand trust are significant effect on customers preferences and the model adopted appropriately measure the construct.

## 5.2 Conclusion

The key findings from this research demonstrate the important effects branding has on customer preferences. Given the significance of customer behavior and preferences, the results from this

study could have far-reaching implications for brand owners, policy makers, and marketing professionals. The most reliable findings concern the amount of branding on hotel brands and the effects of customers preferences. Strong evidence suggests that branding in terms of brand image, brand experience, brand awareness , brand attitude and brand trust on hotel brands has a detrimental effect on customers' preferences and their ability to find and choose the brands they are looking for. The effect is particularly pronounced for branding on hotels brands. This suggests that small branding changes may be too much of a consideration on customers and brand preferences; however, other factors such as brand choice, brand familiarity, logo size, or packaging and others may have important consequences. Future research, looking at cases where these factors have been completely added is necessary to quantify these consequences. The findings on such factors should be subject to further investigation before firm conclusions are drawn.

This study evidently suggests that branding has a strong significant effect on customers' preferences of hotel brands. These findings have important implications for brand owners. First, they demonstrate and quantify the positive and significant effect that brand image, brand awareness, brand experience, brand attitude, and brand trust could have on customers' preferences. By causing customers them to choose the right brand, branding factors increase the likelihood of an established brand being found and ultimately chosen, thus potentially impacting sales. Next, this study demonstrates, a way to reliably measure the effect branding is having on customers' preferences of hotels brands. The strongest evidence from this study arose from the brand image and brand trust. This research therefore represents an important step in marketing literatures and practices as demonstrating the crucial role that branding play in guiding customer behavior.

### **5.3 Recommendation**

Depending on the findings of the study and conclusions made, the researcher came up with some important recommendations that can be used to influence the way customers' preferences and branding and brand choice decision. To make the recommendations easily understandable and can be converted to implementation, it is presented in such a way that it specifically address the focus areas for execution.

### **Hotels Owners and Marketers**

- As shown in the conclusion part, brand image, brand awareness, brand experience, brand attitude, and brand trust are the main influencing factors that can be under the control of hotel owners and companies marketing activities. Therefore, it is highly advisable that hotels and companies should really focus in managing these factors. Specifically, they should focus on their brand image and brand trust and generally, their branding on their marketing plan.
- In addition to these factors, companies need to consider their presentation (packaging) of their brands. Meaning, products should be appealing enough or attractive enough for customers to be their preferred product.

### **Staffs and Employees**

- The study recommends that all members of the staff should be included in these hotels branding management to improve its effectiveness in the brand performance. The study recommends that hotels to introduce more branding management programs since the current marketing management may limit some guests in enjoying the hotels' services. Brand performance metrics should be established to reduce marketing costs and brand awareness, depending on strength brings about familiarity and likeness of the brand by customers.

### **Regulatory Body**

- In hotel and tourism industry, guests or users are seen to be loyal to a specific hotel brand. This comes from their background knowledge about a service and product quality. They associate a quality product with a country of origin, hotel attractions, and tourism infrastructures. It is at this point, where regulatory bodies should act, as they are responsible to develop and control hotel branding standards. Thus, they need to reassure and educate the hotels and hotel marketers about product and service quality with branding standards. This means service and product quality do not only depend on country of origin but on specification standards. In line with this, they need to inspect and monitor branding and hotel quality control procedures and implementation of hotel superiority guidelines.

## **5.4 Directions of Future Study**

In the future, studies may focus on an explanatory investigation of more factors of branding that affect customers preferences and building reliable brand loyalty decision-making in Ethiopian hotel industry. Research that is more empirical should be added covering more star hotels and lodges to represent the broad Ethiopian hotel customers' population to make a generalization of the results possible. In addition, it is advisable to undertake an in-depth analysis of specific hotel brands in relation to building consistent branding and customers' preferences. It is also worthwhile to include business and marketing plans, costs, implementation, strategy and techniques across the country and continent on future studies. Further, it is advisable to demographic variables on similar studies like the effect of branding and customer preferences and choices.

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**Appendix I - Questionnaire**  
**Addis Ababa University**  
**School of Commerce**  
**Department of Marketing Management**

**The Effect of Branding on Customers Preference of Hotel Brands: The Case of Four Star  
Hotels in Hawassa, Ethiopia**

Dear valued guest/Participant,

I invite you to participate in a research study entitled: “The Effect of Branding on Customers Preference of Hotel Brands: The Case of Four Star Hotels in Hawassa, Ethiopia. I am currently enrolled in marketing postgraduate program at Addis Ababa University, and am in the process of writing my Master’s Thesis. The purpose of the research is to emphasize the role of importance of branding and customer preference and its determinant factors of consumer preference.

The enclosed questionnaire has been designed to collect information on branding and customer preference in the hotel industry. Your participation in this research project is completely voluntary. You may decline altogether, or leave blank any questions you don’t wish to answer. Your responses will remain confidential and anonymous. There are no known risks to participation beyond those encountered in everyday life. Data from this research will be kept secretly and key and reported only as a collective combined total. No one other than the researchers will know your individual answers to this questionnaire.

If you agree to participate in this study, please answer the questions on the questionnaire as best you can. Thank you for your assistance in this important endeavor.

Sincerely yours,

Solomon G/Selassie  
Tel: 09 11 877769

## Part I - Personal Information

1. Age  
18-30  31-45  46-60  Above 60
2. Sex  
Male  Female
3. Number of years doing business with this hotel?  
Below 1 year  1-2years  3-4 years  Above 5 years
4. Marital Status  
Never married  Married  Divorced  Widow(er)   
Separated  Refused
5. Monthly Income  
Below 5000  5001 – 10000  10001 – 15000  Above 15001
6. Your sponsor or your stay in the hotel covered by?  
Self-Sponsor  Government  NGOS  Business
7. On which occasions, do you need to stay in a hotel?  
Business  Leisure  In daily life  For temporary living place
8. Nationality  
Ethiopian  Foreign
9. Is it your first time staying (visiting) this hotel?  
Yes  No
10. What kind of services in the hotel you use? (Please check all that apply)  
Room  Food and Beverage  Spa and/or Swimming  Conferences and workshop   
Gymnasium  Other service (Specify) \_\_\_\_\_

## II. Questions related with the study

1. Please express your degree of agreement with respect to **Brand Image** to determine effect of branding on customer preference of hotel brands (in the hotel industry) terms of the following statements.

No.	Item	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	I am attracted on the place of the hotel					
2	The service delivery of this hotel is appealing					
3	This hotel brand is combined favorable and unique hotel services					
4	In relation to comfort, I am enjoying the best service of this hotel brand					

2. Please express your degree of agreement with respect to **Brand Awareness** to investigate the effect of branding on customer preference of hotel brands (in the hotel industry) terms of the following statements.

No.	Item	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	I am familiar with this hotel brand					
2	I always recall this hotel brand when I need a hotel service					
3	I give very good recognition for this hotel brand					
4	I am aware this hotel brand as holding quality hotel services					

3. Please express your degree of agreement with respect to **Brand Experience** to determine effect of branding on customer preference of hotel brands (in the hotel industry) terms of the following statements.

No.	Item	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	I like the experience for this hotel services					
2	This hotel brand makes a strong impression on my visual sense					
3	I relax physically and behaviorally when I use this hotel brand					

4. Please express your degree of agreement with respect to **Brand Attitude** to determine effect of branding on customer preference of hotel brands (in the hotel industry) terms of the following statements.

No.	Item	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	I have a positive attitude to this hotel brand					
2	I have great attachment with this hotel brand					
3	I feel relaxed when I use this hotel brand					
4	I like this hotel brand					

5. Please express your degree of agreement with respect to **Brand Trust** to determine effect of branding on customer preference of hotel brands (in the hotel industry) terms of the following statements.

No.	Item	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	I trust this hotel					
2	I feel confident on this hotel brand					
3	I rely on this hotel brand					
4	This hotel takes a good care of me					

6. Please express your degree of agreement with respect to **Customers Preferences** role and its determine factors that affect customers preference of hotel brands (in the hotel industry) terms of the following statements.

No.	Item	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	I am willing to pay high price for this hotel					
2	I prefer to this hotel brand					
3	I like this hotel brand					
4	This hotel brand is my first choice					

*Thank you for your cooperation!*