



Comparative Analysis of Customer Brand Preference across Local and International Hotels

(A Case of Selected Five-Star hotels in Addis Ababa)

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A thesis submitted in partial fulfillment of the requirements for the Degree of Master of Art in Marketing Management


Statement of Certification

This is to certify that the thesis prepared by Abiy Kebede entitled: *Comparative Analysis of Customer Brand Preference across Local and International Hotels: A Case of Selected Five-Star hotels in Addis Ababa* and submitted in partial fulfillment of the requirements for the degree of Master of Marketing Management from Addis Ababa University School of Commerce complies with the regulations of the university and meets the accepted standards concerning originality and quality.

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Advisor **Getie Andualem (PhD)**

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Declaration

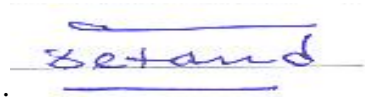
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(Abiy Kebede)

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List of Abbreviations and Acronyms

AMA: American Marketing Association.

COO: Country of Origin.

GDP Gross Domestic Product.

GTP I Growth and Transformation Plan I.

MoCT Ministry of Culture and Tourism.

MOFED: Ministry of Finance and Economic Development.

SPSS: Statistical Package for Social Sciences.

WOM: Word of Mouth.

Abstract

The primary objective of this study was to investigate hotel customers, specifically Addis Ababa five-star hotel customers, brand preference comparing international hotel brands with local hotel brands. Hence, this study tries to answer whether customers prefer foreign brands over local brands due to the influence of western culture. To find out the brand preference of Addis Ababa five star hotel customers, the study considered brand equity as a factor. These factors had sub-elements which included five dimensions. To assess the factors' influence, a sample size of 366 was selected using a convenience sampling technique. Based on the theoretical framework and objectives of the study 17 items were provided on a 5 point Likert scale to the respondents. The gathered data were analyzed by descriptive analysis. Based on the analysis, the customers overwhelmingly prefer international hotel brands over local hotel brands. The analysis revealed that new perceived quality, core products, and services and price were the major criteria for a hotel preference decision among the customers. Finally, brand equity dimensions were influential in customers' brand preferences. In general, international hotel brands and local hotel brands should focus on building their brand equity.

Keywords: brand equity, brand awareness, brand association, brand preference, brand loyalty, brand preference.

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

For many firms, the brands they own are their most valuable assets and help them to be differentiated from their competitors'. To understand the concept of brand preference, it is essential to know what a brand is. The definition of the brand according to different scholars throughout time has been broad and varying, some of these definitions are included as an entry to this study.

Branding is becoming more and more important (Qu Xiao, John W. O'Neill Anna & S. Mattila, 2004) not just in the hospitality business. It has been argued that Statler's old axiom "location, location, location" could now be replaced by "flag, flag, flag" as the three most important factors for a successful hospitality operation (Allen T. Craswell, Jere R. Francis & Stephen L. Taylor, 1995)The expansion and importance of brands and branding are evident in all segments of hospitality, from small take-out food and beverage outlets to large multinational hospitality organizations. The increased importance of branding is also notable in the academic literature, where research has been presented from several disciplines that may be valid in other industries or contexts. In the marketing literature, for example, branding and related questions are heavenly debated and researched and a lot of the knowledge gleaned from that research could be applied to the hospitality industry, as well defined a brand as "a name, term, sign, symbol, or combination of them which is intended to identify the goods and services of one seller or group of sellers as to differentiate them from those of competitors." Linked to a brand name is a collection of assets and liabilities--the brand equity tied to the brand name. These include brand-name awareness, perceived quality, and any other associations invoked by the brand name in the customer's mind.

According to Kotler and Keller, (2012) a brand is a product or service whose dimension differentiates it in some way or form from other products or services designed to satisfy the same needs. These differences may be functional, rational, or tangible. They may also be more symbolic, emotional, or intangible related to what the brand represents or means in a more abstract sense (Kotler, 2012). A successful brand is an identifiable product, service, person, or place, augmented in such a way that the buyer or user perceives relevant, unique added values that match their needs most closely. Furthermore, its success results from being able to sustain those added values in the face of competition (De Chernatory & McDonald, 2003). According to Keller (2004), brands use to identify the source of a product and allow consumers to assign responsibility to a particular manufacturer or distributor. Brands play a significant role by signaling quality and other important characteristics of a product. In effect, they can reduce the risk associated with a product purchase decision. Although there are many definitions put forward by various scholars in the past, the most widely accepted and recognized definition of a brand is the one from the American Marketing Association, which was applied in this study. According to the American Marketing Association (2014), a brand is a name, term, sign, symbol, or design or a combination of them, intended to identify the goods or differentiate them from those of competitors. Further, brand preference is defined as the degree of brand loyalty in which a customer prefers one brand over competitive offerings and will purchase this brand if it is available (Dibb et al, 2006). Branding is significant for the hotel industry mostly because of customer desires for a predictable product and service experience (Dev, 2009). Overall, the intangible nature of services makes branding an important phenomenon in hotel marketing. Brands form a set of expectations in the minds of consumers. Some brands are associated with high touch and high quality whereas some brands form reasonable prices, low levels of service expectations. When a guest is choosing a hotel, the brands in the evoked set build certain expectations. The hotel industry is using branding strategies to gain a competitive advantage, and consumers are relying on hotel brands to make purchasing decisions that reduce risks. With this situation in mind, measuring the value of a brand from

the customer's point of view becomes an essential task for hotel marketers (Huang & Cai, 2015).

Regarding brand preference, the most recent definition was by Singh et al. (2008) where they described brand preference as the ordering of the brand or its hierarchical prioritization in the mind of the consumers based on their understanding of what the brand stands for and whether he supports it or not. Positive feelings towards a brand are found when positive preference is noticed and vice versa (Singh et al., 2008), and capitalizing on these positive feelings might lead to customer loyalty. Brand preference is a driver for higher sales and revenues, and can later yield a loyal consumer or customer (Bailey and Ball, 2006). Customers will always have more options to choose from due to the increase in competition, and hence their preference can change over time (Marthur et al., 2003). Hotel classification is a coded form of synthesis of comfort level and range of services, and the quality label is a model of good practices for implementation and certification of the hotel services quality. The classification system may be compulsory or voluntary (varies from country to country), while the quality mark is always voluntary. Classification of hotels is based on the star system (1-5 stars), and the quality brand is based on awarding the quality mark symbol. Objectives taken into account by adopting a system of classification refer to tourists information, the possibility of the contrast of hotels by implementing a differentiated policy, facilitate communication, the conclusion of contracts, and monitoring compliance with the relationship between hotels and tourists, while the objectives envisaged through the adoption of a quality brand relate to generating tourist satisfaction, building competitiveness of the tourist accommodation (Foris, 2014).

Quality certification services by quality mark do not intend to replace administrative classification or standards in force but intend to supplement them, and in the long term, harmonize various existing categories and sub-categories, rather heterogeneous tourist market at present. For this purpose, the services offered by the tourist accommodation are evaluated in terms of the customer. Thus, tourist accommodation must not only declare a list of facilities and services but also deliver them to certain quality standards. (Foris, 2014)

1.2 Statement of the Problem

The hotel industry has been one of the most competitive industries, especially in the 21st century. For this reason, enhancing customer loyalty is one of the key aspects of enhancing competitiveness in the industry as well as ensuring business continuity. The rising social prosperity as a result of the rapid economic growth, especially before two years, facilitated the continuing expansion and confidence of multinational hotel chains in Ethiopia's hotel market.

The standard of hotels in the country has increased sharply over the last few years. While some tourist accommodation is already available at all the major attractions, improvement, as well as new construction, is taking place. Following New York and Geneva, hosts the third-largest diplomatic community in the world? The presence of many international organizations such as the African Union, UN-affiliated organizations, and other global organizations have played a key role in developing Ethiopia's hospitality sector

According to MOFED (Ministry of Finance and Economic Development) during the GTP I period, efforts have been made to realize goals set to develop the tourism sector. To this end, the national tourism transformation council, tourism board, and tourism organization have been established and have become functional. Marketing and promotional activities have been widely carried out to enable both domestic and foreign tourists to visit the country's tourist attraction areas. To improve service delivery related to tourism, supervision, and certification activities have been undertaken as per the plan and this has helped improve service provision. Criteria have been developed to establish rankings for hotels across the country and accordingly, 206 hotels have been graded in Addis Ababa and Oromia regional state. It was planned to increase the number of tourists to 1million and existing data shows that 780,000 tourists have visited the country. The tourism sector has contributed to foreign currency generation and employment creation by: -

- Improve the attractiveness of and access to historical, cultural, and natural tourist sites;
- Promote tourist sites through marketing, branding, and packaging based on customer segmentation;

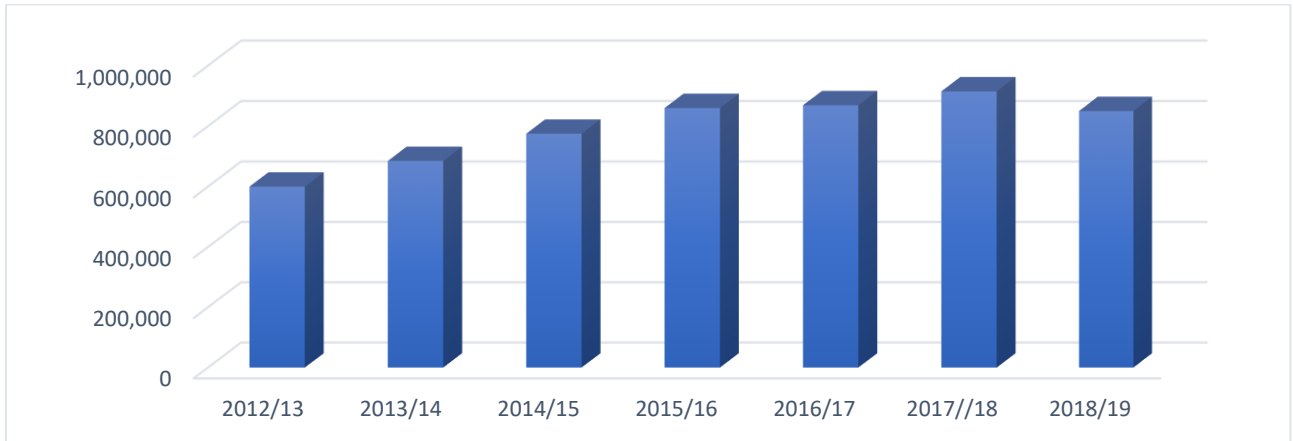
- Modernizing the standards for tourism and related service providers;
- Develop new tourist sites;
- Strengthen the linkage to the agriculture sectors by promoting the use of local produces at hotels and restaurants. MOFED (2019)

An ongoing partnership between the government and private hospitality sector players is aimed at mapping out the country's tourism facilities for further development. Besides, intensified investor interest is expected to boost Ethiopia's hotel capacity to over 58,000 hotel rooms in the next few years. Twelve international hotels are expected to open in Ethiopia, which will add another 2,400 hotel rooms to meet the rising demand According to Nijnens (2019), Addis Ababa is poised to undergo a high level of supply growth during the next five years with a total of 2,375 rooms (76%) having been announced. It is anticipated that 50% of this supply (1,188 rooms) to be completed, with cash flow constraints, low access to debt funding, and a shortage of foreign currency holding back further supply growth. Promoters with stronger balance sheets, technical support, and access to foreign currency have a higher likelihood of completing their developments. The result of this is a more measured and appropriate supply pipeline of new hotels. New supply is increasingly branded with this growing to 46% by 2020. Besides, the government is actively working with stakeholders in the finance industry to offer flexible bank loans to hospitality investors seeking to invest in Ethiopia. The travel and tourism sector currently contribute approximately 1.2% to the country's GDP, but if current growth trends are anything to go by, analysts predict there will be at least a 4.8% contribution to GDP in 2024.

Even though there is appreciable growth in the hotel industry in Addis Ababa in both new hotel projects and the quality of the existing hotels there is a huge research gap that has to come with a different Solution to different existing and expected problems. Relatively a lot has been done on brand preferences and loyalty of customers in products of different industries and of course also in the hotel industry worldwide. However, according to the researchers' effort little is done in Ethiopian hotel's brand characteristics and the purchasing characteristics and preferences of hotel customers. Even international researches are focusing on brand preferences of customers among brand names irrespective of the origin of the brands (either local or international). This

research was mainly focused on finding out the major factors that determine customer brand preferences with major emphasis between local international standard hotels and trans-national hotel brands in Addis Ababa.

Figure 1.1 International tourist arrivals for the year 2012-2019



MoCT (2019)

Table 1.1 list of five-star hotels in Addis Ababa *MoCT (2019)*

1.3 Research Questions

To address the above problem, this study attempted to answer the following research questions:

- What type of hotel brand that hotel customers mostly prefer?
- What are the selection criteria of hotel brands?
- What are the factors that drive customers' brand preferences of hotels?
- Does brand equity of the hotel products and services (brand awareness, perceived quality, brand loyalty, and brand association) influence customer's brand preference?
- What is the relationship between brand preference dimension and brand preference?

1.4 Objectives of the Study

This study has general and specific objectives, which are as follows:

NO	NAME OF HOTEL	STAR	NO. OF ROOMS	NO. OF BEDS	
1	Sheraton Addis Hotel	5	294	323	
2	Capital hotel	5	114	114	
3	Ellele international hotel	5	155	163	
4	Marriott Executive Hotel	5	108	128	
5	Radisson Blue hotel	5	114	128	
6	Golden Tulip Hotel	5	90	115	
7	Getfam Hotel	5	115	130	
8	Skylight hotel	5	373	435	

1.4.1 General Objective of the Study

The general objective of the study was to assess the brand preference of hotel customers by comparing international brands with local brands. The primary objective of this study was to

compare international and local brands based on their brand components and how different components of brand equity influences customers' in choosing a particular hotel brand.

1.4.2 Specific Objectives of the Study

To achieve the general objective of the study, the following specific objectives are designed and are as follows:

- To identify the type of hotel brand preferred by the Addis Ababa hotel customers.
- To assess the selection criteria of hotel brands among Addis Ababa hotel customers.
- To assess how brand equity of brands influences customer's brand preference.
- To examine the relationship between brand preference dimensions and brand preference.
- To provide recommendations to local hotel brands that were helpful in their marketing operations.

1.5 Hypothesis of the Study

To test the relationship between brand preference dimensions and brand preference the following hypothesis has been developed:

H1: *Brand awareness has a significant & positive relationship with brand preference.*

H2: *Brand loyalty has a significant & positive relationship with brand preference.*

H3: *Perceived quality has a significant & positive relationship with brand preference.*

H4: *Brand association has a significant & positive relationship with brand preference.*

H5: *Brand equity has a significant & positive relationship with brand preference.*

1.6 Significance of the Study

This study was important to different individuals and organizations. The significance of the study is listed below:

- The findings of the study were useful and important for hospitality professionals and academicians as input for doing similar research in this field in the future.

- This study was useful to both local and foreign hotel brands and retailers since they can identify the brand preference of a hotel especially hotels in Addis Ababa.
- The identification of customers' preference towards hotel brands will assist local hotels to develop an effective marketing strategy and to help them compete effectively against international brands in the market.
- This study will also help as a guide to international hotels that have limited information on customers' hotel brand preferences.

1.7 Scope of the Study

Hotel customers' tastes and preferences keep on changing day by day so the findings from this study might not be applicable in all cases. This survey was taken periodically to measure the changing preference of customers over time.

Secondly, this study was only covered selected hotel brands and customers' preferences, which is a small portion of hotel brands and customers. Therefore, the findings of this research are not the reflection of customers' brand preference for the whole of the country.

Finally, this study was further analyzed in terms of different dimensions like brand preference among different nationalities, gender, income level as well as various factors customers choose of hotel brands since this is not included in this study.

1.8 Limitation of the Study

One of the major limitations of this study is the sample coverage. The population of the study was on selected hotel customers in Addis Ababa. However, the study was limited by the fact that a small sample of participants was selected it may not fully represent the behavior of the entire population (all hotel customers). Besides, convenience sampling was used and bias may exist. If the random sampling will possible and applied, it would contribute higher credibility of the results. Moreover, since the majority of the respondents will have good knowledge and familiar with the hospitality industry, generalization to other groups might not be applicable.

1.9 Definition of terms

A **brand** is a dimension that is added to a product or service that in turn differentiates it in some way from other products or services designed to satisfy the same need (Kotler, 2005). A brand is a distinguishing name and/or symbol (such as logo, trademark, or package design) intended to identify the goods or services of either one seller or a group of sellers and to differentiate those goods or services from those of competitors (Aaker, 1991).

Brand Value is the contribution of the brand name and its related connotations to the consumer's valuation of the branded article as a whole (Riezebos et al, 2003).

Brand Association is the attributes of the brand which come into consumers mind when the brand is talked about. It is related to the implicit and explicit meanings which a consumer relates/associates with a specific brand name. A brand association can also be defined as the degree to which a specific product/service is recognized within its product/service class/category. MSF Experts (n.d.)

Brand loyalty as the attachment that a customer has to a brand. (Grembler and Brown,1996)

Walk in guest refers to a person who has come (arrive) to a hotel without prior booking (Beaver, 2005)

Resident guest a guest at a hotel, especially one who stays for a comparatively long time (Collins English Dictionary, 2014)

1.10 Organization of the Study

The study was organized into five chapters. The five chapters were comprised of the Introduction, Review of Related Literature, Research Design & Methodology, Result & Discussion, and Summary, Conclusions & Recommendations.

The first chapter provides a general introduction of the study including the background of the study, statement of the problem, basic research questions, objectives of the study, significance of the study, and scope of the study.

Chapter two is covered the literature relevant to the study. It includes concepts and theoretical frameworks as well as brand preference models.

Chapter three also elaborate on the type and design of the study. It includes the research method, sampling technique, data collection method, and method of data analysis that were used in the study.

Chapter four summarized the findings of the study and discusses the findings.

Finally, chapter five is comprised of four sections, which include summary findings, conclusions, recommendations and limitations & suggestion for further study

CHAPTER TWO

LITERATURE REVIEW

Introduction

This chapter aims to provide a review of related literature. In line with the objectives of this study, this chapter covers concepts related to a brand, brand preference, brand equity, consumer behavior, country of origin, and factors affecting hotel brand preference. In addition to these, the findings of previous research from different authors as well as the theoretical framework of this study are also included.

2.2 Theoretical review

2.2.1 Concept of Branding

The emergence of brands probably started at the end of the 19th century (Davis, 2009). Symbols and logos were used to indicate the retailer's specialty and exclusivity of the brand (L. De Chernatony, E. Wallace, Malcolm McDonald, 2010). To encourage customers to repeat the purchase, artisans in the middle Ages put initials on their merchandise. Shopkeepers also put their names on products bought from smaller manufactures (Franzan and Moriarty, 2009). Gradually, branding became a guarantee against copying (De Chernatony and et al, 2010). Many of the world's largest global brands today were formed in the nineties through the recent history of mergers and acquisitions (Franzan and Moriarty, 2009).

The brand history tells us how people have used the brand as a mark of identification. In earlier times, the brand mark was used to differentiate the goods from one producer to another. Now-a day's brand is not only used for differentiation but also used to justify the purchase decision.

Brands play a very important role in consumer decision-making processes. Companies need to find out customer's decision-making process and identify the conditions, which customers apply while making a decision (Cravens and Piercy, 2003)

The purpose of brands evolved into a valuable intangible asset and an important resource serving the strategic reference point and contributing to greater value and market success (Wong

and Merrilees, 2007). Brand management is given a high priority and the spectrum of the brand has been broadened beyond marketing communication and the resource-based theory of marketing strategy. The approach of brand orientation places consumers and brands at the pivotal point of company strategy (Wong and Merrilees, 2007). Kay (2006), reports that building a successful brand achieves a high market share and increases profitability. He defined successful brands as the associated elements that cannot be copied by competitors, enhancing consumer preferences over competing brands. Evidence of brand strength is its success, illustrating its ability to win consumer preferences and construct long-lasting relationships.

There are many definitions of the brand according to different authors to provide their explanation towards the meaning of a brand. According to Hansen (2003), the original meaning of the word 'brand' is derived from the Old Norse word *brandr*, which means 'Go burn' (Interbrand Group, 1992). It is defined in the Oxford English Dictionary as "a permanent marker placed intentionally or a trademark". What it describes is an identification of goods and services of one to distinguish them from those of competitors. The American Marketing Association defined a brand as "a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to distinguish them from those of competitors." These differences may be functional, rational, or concrete. They may also be more symbolic and emotional concerning what the brand represents (Kotler and Keller, 2009; Crane, 2010).

These varying definitions are useful for the understanding of the complete picture regarding what a brand is. According to Kotler (2012), a brand is a product or service whose dimensions differentiate it in some way or from other products or services designed to satisfy the same needs. These differences may be functional, rational, or tangible. They may also be more symbolic, emotional, or intangible related to what the brand represents or means in a more abstract sense (Kotler & Keller, 2012).

A successful brand is an identifiable product, service, person, or place, augmented in such a way that the buyer or user perceives relevant, unique added values that match their needs most

closely. Furthermore, its success results from being able to sustain those added values in the face of competition (De Chernatory & McDonald, 2003).

According to Keller (2004), brands use to identify the source of a product & allow consumers to assign responsibility to a particular manufacturer or distributor. Brands play a significant role by signaling quality and other important characteristics of a product. In effect, they can reduce the risk associated with a product purchase decision.

Also, according to the American Marketing Association (2014), a brand is a name, term, sign, symbol, or design or a combination of them, intended to identify the goods or differentiate them from those of competitors. This definition of a brand is supported and widely accepted by many authors and found in various works of literature. In recent years, brands have increased in importance. A distinguishing tool of the companies' products or services is branding. The theme or combination of themes, that can be associated with brands, such as the trademark, logo, name, identity, image, personality, value, and evolving entity, create the brand (De Chernatory and Riley, 1998). In general, marketing is defined as a consumer-based process that permeates organizational functions and processes, and it balances the companies' objectives and customer satisfaction. Branding is a marketing tool perceived to be important for both the company and the 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 (Kolter et al., 2009). For consumers, brands reflect their experience and knowledge; simplifying the processing of information accumulated over time about the company and its products or brands. Besides, brands reflect consumers' experiences and knowledge; thus, simplify the processing of information accumulated over time about the company and its products or brands. Consequently, 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 (Kotler et al., 2009). What consumers expect from the brand is crucial to shaping their preferences and determining their choices. Therefore, companies need to build their brands based on the consumer's expectations of the brand.

Table 2.1. The function of the brand to the consumer.

	Function	Consumer Benefit
1	Identification	To be seen, to quickly identify the sought-after product, to structure the shelf perception.
2	Practicality	To allow savings of time and energy through, identical repurchasing and loyalty
3	Guarantee	To be sure, of finding the same quality, no matter what or when you buy the product or service.
4	Optimization	To be sure of buying the best product in its category, the best performer for a particular purpose.
5	Badge	To have confirmation of your self-image or the image that you present others
6	Continuity	Satisfaction created by a relationship of familiarity and intimacy with the brand that you have been consuming for years.
7	Hedonistic	Enchantment linked to the attractiveness of the brand, to its logo, to its communication and its experiential reward.

Source: (Kapferer 2008), PP: 22

2.2.3 Brand Preference

Brand preference features in all of the major texts on brands and brand strategy. It has also been considered by different authors; however, there is a lack of consensus on the definition of brand preference among these authors. In marketing literature, there are numerous definitions of brand preference. D'Souza. and Rao (1995), defines brand preference as the consumer's predispositions toward a brand that varies depending on the salient beliefs that are activated at a given time.

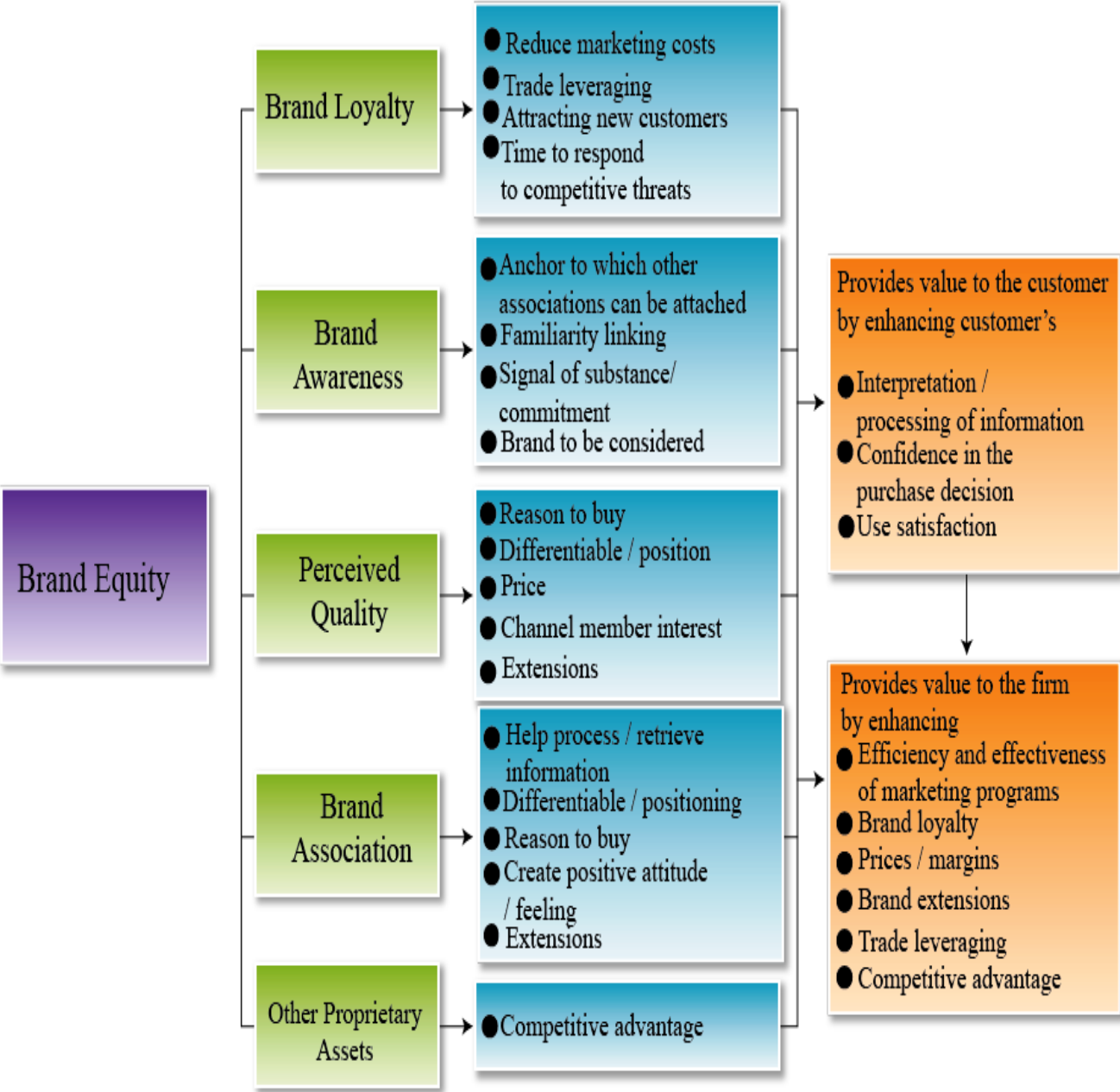
According to Wu, (2001), the preferred brand is the chosen brand among several brands of the same quality. Also, Hellier et al., (2003) define it as the extent to which a consumer favors one brand over another. These authors agree that brand preference is created from consumers' differentiation and comparisons between various alternatives of brands considered by them. Although, Anselmsson et al., (2008) define brand preference as the sum of unique assets captured by the consumers and measured by the brand strength experienced by the consumer. Further, Chang and Liu, (2009) defined this concept as the consumer's business toward a certain brand.

2.2.4 Brand Equity

Aaker (1996a) defines brand equity as a set of brand assets and liabilities linked to a brand, its name, and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers. It is the commercial value that derives from consumer perception of the brand name of a particular product or service, rather than from the product or service itself. Aaker (1991) also notes that brand equity has five dimensions: brand loyalty, brand awareness perceived quality, brand associations, and other proprietary brand assets. Keller (1993) offers a cognitive psychology perspective and defines CBBE as the differential effect of brand knowledge on consumer response to the marketing efforts of the brand. Keller (1993) further claims that brand knowledge is the key to building CBBE, which consists of brand awareness and brand image. Lassar, Mittal, and Sharma (1995) define CBBE as the development in perceived value and attractiveness of a brand name; they developed the CBBE scale based on five dimensions: performance, value, social image, trustworthiness, and commitment. Branding plays an important role in services since the stronger the brand, the higher the customer's trust in the invisible purchase (Berry, 2000). Moreover, Berry (2000) argues the product is the primary brand for goods, whereas, in services, the firm is the primary brand. His service branding model suggests that brand equity involves brand awareness and brand meaning (similar to the brand image in Keller's (1993) model). The basic antecedent of brand awareness is shaped and controlled by the company itself via advertising or promotions. External brand communication is the other key component of Berry's (2000) model and refers to how consumers gather information from uncontrolled sources such as word of mouth,

electronic word of mouth, and publicity. Additionally, Berry (2000) implies that a customer's experience with the product is another key variable in building brand equity. Similar studies on CBBE have been undertaken in the hospitality field. For example, Cobb-Walgren, Ruble, and Donthu (1995) conducted a study examining the CBBE concept in the hotel context. The authors used the perceptual constituents of Aaker's (1991) conceptualization of brand equity as adopted by Keller (1993), namely awareness, brand association, and perceived quality. Their results show that customer perception is influenced by the psychological and physical features of the product. In return, this perception affects the brand equity and, finally, brand equity leads to brand preference. Brand association, brand awareness, and perceived quality are significantly correlated with brand preference; furthermore, they positively influence customer preference and brand preference. Prasad and Dev (2000) developed a customer-centric brand equity index for hotels based on brand awareness and brand performance. They highlight that building brand equity is a key driver of a hotel's success. Muller (1998) examined high-quality products/services, service delivery, and symbolic and evocative images as three key factors of building CBBE in the restaurant industry. His results underline that the successful

Fig.2.1 Aaker (1996) assets of brand equity: brand awareness, brand image, brand loyalty, perceived quality, and brand association.



A combination of these three fundamental elements provides an opportunity for restaurateurs to gain customer loyalty. Konecnik and Gartner (2007) incorporated Cai's (2002) branding model and Gartner's (1994) image model into the CBBE dimensions of a destination. Hsu et

al. (2012) added the construct of trust in the CBBE model for luxury hotel brands in China as a result of focus-group interviews and surveys with luxury hotel managers and customers in China. CBBE requires more research in the context of growing international activities of tourists and hospitality businesses (Pappu & Quester, 2006). Huang and Cai (2015) developed and tested a CBBE model for multinational hotel brands, which examined the effects of brand knowledge on consumer response to brands. Brands are a result of the communication, marketing, and private attitudes in consumers' minds and the adoption of a positive brand attitude that leads to strong brand equity (Hansen, 2003).

According to Aaker (1996), brand equity is a set of assets and legal responsibilities connected to the brand's name and figure that add to or take away from the value presented by the product or service to a company and/or that company's customers. Aaker (1996) has grouped and identified the main assets as the following: brand awareness, brand image, brand loyalty, perceived quality, and brand association.

The associative network memory model views memory as consisting of a network of nodes and connecting links, in which nodes represent stored information or concepts and links represent the strength of association between this information or concepts. Any type of information can be stored in the memory network, including information that is verbal, visual abstract, contextual ((Keller 1993), (Keller 2003)).

Consistent with, the associative network memory model Keller conceptualized brand equity from the perspective of individual consumer brand knowledge. Moreover, the knowledge of consumers about brands affects the marketing brand strategy of firms.

In this model, brand knowledge is composed of brand awareness and brand associations (image). Brand awareness is related to the strength of the brand nod or trance in memory, as reflected by consumers' ability to identify the brand under different conditions. Brand awareness is necessary, but not always sufficient, step in building brand equity.

Brand image can be defined as perceptions about a brand as reflected by the brand associations held in consumer memory. In other terms, brand associations are other

informational nodes linked to the brand for consumers. Associations come in all forms and may reflect characteristics of the product or aspects independent of the product itself. As seen in the figure the brand image is expressed as the function of the type, favorability, uniqueness, and strength of associations between the brand and the consumers (Keller 2003).

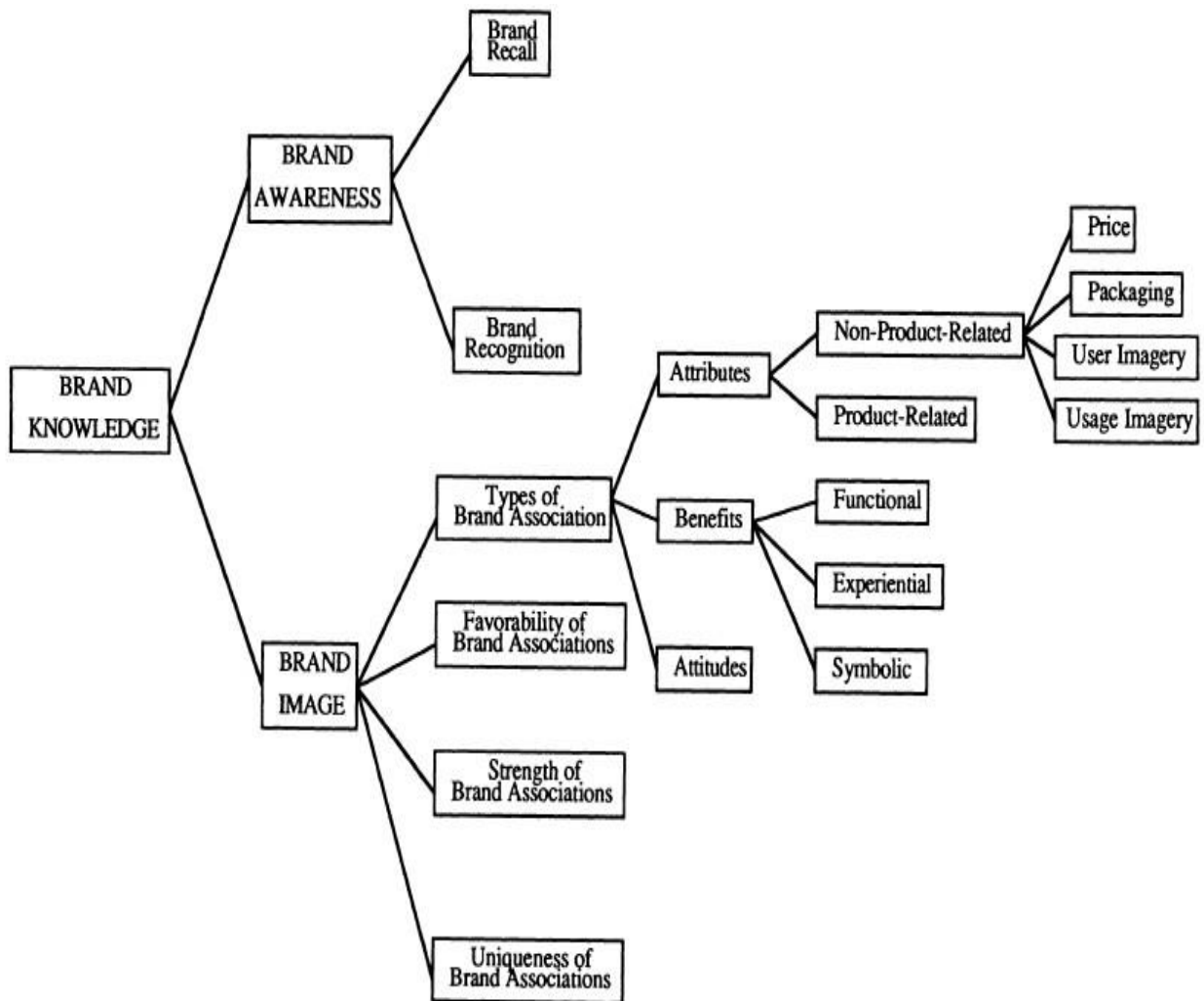


Fig.2.2 Dimensions of Brand Knowledge (Keller 2003)

Brand awareness: Brand awareness is a fundamental component of brand equity (Aaker, 1991; Berry, 2000; Cobb-Walgren et al., 1995; Keller, 1993; Shen, Yuan, Zhang, & Zhao, 2014; Yoo & Donthu, 2001; Yoo et al., 2000). It reflects the salience of a brand in the customer's mind

(Aaker, 1996b). It has a significant effect on consumer choices (Hoyer & Brown, 1990; Lin, 2013) and, therefore, is an important concept both in marketing and consumer behavior (Barreda, Bilgihan, Nusair, & Okumus, 2015). Brand awareness includes “consumer recognition, recalls, top-of-mind awareness, knowledge dominance, and recalls the performance of brands, as well as a brand attitude” (Kim et al., 2008).

Valkenburg and Buijzen (2005) point out that brand awareness is an individual's knowledge of a particular brand and is not limited to customer knowledge of the brand name and previous exposure to the brand; rather, it involves linking the brand – brand name, logo, symbol, and so forth – to certain memory associations (Hoeffler & Keller, 2003).

Keller (1993) argues that brand awareness consists of two main components, “brand recognition” and “brand recall.” Brand recognition is a customer's ability to confirm prior exposure to the brand, while brand recall signifies the unassisted retrieval of the brand from memory.

Additionally, a high level of brand awareness has several advantages in the customer purchase decision-making process such as learning advantage, consideration advantage, and choice advantage. Seetharaman, Nadzir, and Gunalan (2001) indicate that the demand for a certain brand increases when more awareness and acceptance of the brand are created among customers. Following the literature review, the following key points can be stated regarding brand awareness. First, brand-related logos, names, colors, designs, and all images influence brand awareness without even purchasing the brand. Second, successful brand awareness provides differentiation of the product from other similar products and competitors.

Finally, strong brand awareness, as one of the components of CBBE, leads to higher brand preference and purchase intention. In short, brand awareness is the first step to creating brand equity (Buil, Martínez, & de Chernatony, 2013). Further, awareness is a first and necessary step to loyalty (Konecnik, 2006). The higher the level of awareness the more dominant is the brand (San Martín, Herrero, & García de Los Salmones, 2018). Once the consumer identifies a brand, he/she will assign a meaning to the brand and build associations. Brand awareness stimulates the formation of such associations, and therefore, it is to be expected that a greater awareness

of a hotel will enhance the perception of its brand equity. Brand awareness may increase brand equity over time (Harrington, Ottenbacher, & Fauser, 2017).

Brand image: Kotler (2002) defines image as the set of beliefs, ideas, and impressions that a person develops for an object and states that attitudes and actions toward an object, such as a product or service, are highly conditioned by that object's image. Keller (1993) describes the brand image as the perceptions about a brand as reflected by the brand associations held in consumer memory. Brand associations are informational nodes linked to the brand node in a person's memory. They contain the meaning of the brand for consumers and take different forms. These types of brand associations form the brand image, which includes product-related or non-product-related attributes; functional experiential, or symbolic benefits; and overall brand attitudes.

Most consumers have stereotypic images of brands such as traditional versus modern, economic versus luxury, formal versus informal, and so forth (Sirgy, 1985). Price, quality, and satisfaction are the elements correlated with the perceptions of brand image. A key part of tourists' valuations of hospitality establishments is a hotel brand image (Lee, Oh, & Hsu, 2017). Brand image is so important that it can even lead customers to differentiate hotels with the same star category from each other (Manhas & Tukamushaba, 2015). The brand image is characterized by marketing activities such as advertisements and promotions before the customer uses the product. Brand image is considered an important component of CBBE in previous studies (Hyun & Kim, 2011; Jara & Cliquet, 2012; Kayaman & Araslı, 2007; Keller, 1993; Muller, 1998).

Brand loyalty: Loyalty is a core dimension of brand equity. Aaker (1991) defines brand loyalty as the attachment that a customer has to a brand. Grembler and Brown (1996) describe different levels of loyalty. Behavioral loyalty is linked to consumer behavior in the marketplace that can be indicated by several repeated purchases or commitment to re-buy the brand as a primary choice (Keller, 1998). Cognitive loyalty which means that a brand comes up first in a consumers' mind, when the need to make a purchase decision arises, that is the consumers' first choice. Cognitive loyalty is closely linked to the highest level of awareness (top-of-mind),

where the matter of interest also is the brand, in a given category, which the consumers recall first. Thus, a brand should be able to become the respondents' first choices (cognitive loyalty) and is therefore purchased repeatedly (behavioral loyalty) (Keller 1998). Chaudhuri & Holbrook (2001), mention that brand loyalty is directly related to brand price.

Aaker (1996) identifies a price premium as the basic indicator of loyalty. The price premium is defined as the amount a customer will pay for the brand in comparison with another brand offering similar benefits and it may be high or low and positive or negative depending on the two brands involved in the comparison.

Perceived quality: Perceived quality is the customer's judgment about a product's overall excellence or superiority that is different from objective quality. Objective quality refers to the technical, measurable, and verifiable nature of products/services, processes, and quality controls. High objective quality does not necessarily contribute to brand equity (Anselmsson et al. 2008). Since it's impossible for consumers to make complete and correct judgments of the objective quality, they use quality attributes that they associate with quality (Acebro'n and Dopico 2000).

Perceived quality also refers to the customer's evaluation of a product or service as superior compared to other alternatives (Aaker, 1991; Zeithaml, 1988). The perception of quality is sometimes gathered through prior use or consumption of a given product or service. However, previous experiences are not the only determinants of quality perceptions. When customers do not have any previous experience with a product or service, they obtain an opinion on the quality of a product or service through clues like brand name, price, and brand advertisements (Dodds, 2002). Furthermore, in recent years, e-WOM has proved to be effective in brand perceptions (Yan, Zhou, & Wu, 2018). In today's hotel business, social media, and online platforms, such as TripAdvisor, play a critical role in quality and service perception as well as forming customers' expectations. e-WOM impacts the decision-making process, perceived trustworthiness/credibility, risk reduction, product acceptance, loyalty, hotel/brand awareness, hotel comparison, and booking intention (Cantalops & Salvi, 2014). Zeithaml (1988) states that perceived quality differs from the objective quality and affects the customer's preferences.

Brand association: Brand associations consist of all brand-related thoughts, feelings, perceptions, images, experiences, and beliefs, attitudes (Kotler and Keller 2006) and is anything linked in memory to a brand. Other researchers identify different types of associations that contribute to brand equity. Chen (2001) categorized two types of brand associations namely product associations and organizational associations.

Product associations include functional attribute associations and non-functional associations (Chen 2001). Functional attributes are the tangible features of a product (Keller, 1993). While evaluating a brand, consumers link the performance of the functional attributes to the brand (Lassar et al. 1995). If a brand does not perform the functions for which it is designed, the brand will have a low level of brand equity. Performance is defined as a consumer's judgment about a brand's fault free and long-lasting physical operation and flawlessness in the product's physical construction (Lassar et al. 1995). While, non-functional attributes include symbolic attributes (Aaker 1991, Keller 1993) which are the intangible features that meet consumers' needs for social approval, personal expression, or self-esteem (Keller, 1993). Consumers linked the social image of a brand, perceived value, differentiation, and country of origin to a brand. Lassar et al. (1995), limit the reference of the image dimension to the social dimension, calling it a social image as social image contributes more to brand equity. Social image is defined as the consumer's perception of the esteem in which the consumer's social group holds the brand. It includes the attributions a consumer makes and a consumer thinks that others make to the typical user of the brand.

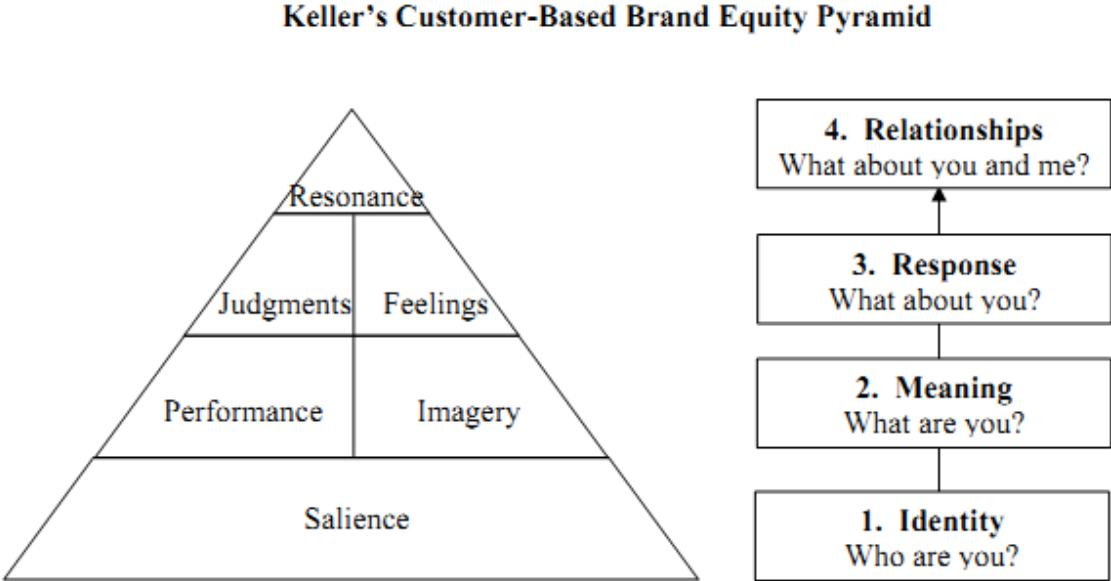
2.2.5 Consumer Behavior

The American Marketing Association (2014), defines consumer behavior as the dynamic interaction of effect and cognition, behavior, and the environment by which human beings conduct the exchange aspects of their lives. In other words, consumer behavior involves the thoughts and feelings people experience and the actions they perform in consumption processes.

It also includes all the things in the environment that influence these thoughts, feelings, and actions. These include comments from other consumers, advertisements, price information, packaging, product appearance, blogs, and many others.

Also, consumer behavior is defined as the behavior that consumers display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs. Consumer behavior focuses on how individuals make decisions to spend their available resources (time, money, effort) on consumption-related items. That includes what they buy, why they buy it, when they buy it, where they buy it, how often they buy it, how often they use it, how they evaluate it after the purchase and the impact of such evaluations on future purchases, and how they dispose of it.

Figure 2.3 Keller's customer-based equity pyramid



Source: Keller, 2003

2.2.6 Consumer Buying Decision Process

The consumer buying decision process consists of a series of processes or steps, beginning with a felt need or wants arising from either internal or external services and terminating with a confirmation of the decision. The need may be an urgent or compelling one, demanding immediate satisfaction; or it may be one for which the satisfaction can be delayed or postponed. In any event, tension is created which sooner or later must be quit. To further understand the

decision-making process study has taken the consumer buying decision making process model from David Jobber (2007).

Need recognition: Accordingly, to Jobber D. (2007), the need recognition is essentially functional and recognition may take place over a while. This occurs whenever the consumer sees a significant difference between his or her current state of affairs and some desired or ideal state. The need can be triggered by internal stimuli or by external stimuli.

Internal stimuli can trigger a need when one of the individuals' normal needs like hunger, thirst shelter raises to a level high enough to become a driver. From previous experience, the individual has learned how to cope with this drive and is motivated towards objects that will satisfy the need.

External stimuli can also trigger a need. In this instance, the marketer needs to determine the factors and situations that usually trigger consumer need recognition. The marketer should research consumers to investigate what kind of need or problem arises and what brings a consumer to prefer one brand over the other. In this stage of the consumer buying process, the consumer perceives there is a problem to be solved, which may be large or small, simple or complex.

Information search: the information search begins with the identification of alternatives ways of gathering information about the product consumer intend to purchase (Jobber D., 2007). It is the process by which the consumer surveys his or her environment for appropriate data to make a reasonable decision. Normally, the amount of information searching activities of a consumer depends on the type of product which either requires high involvement or low involvement. For a product that requires high involvement, there might be a significant difference between brands that require an immense effort or insignificant differences between brands which lead to dissonance reducing buying decisions.

The consumer can acquire information regarding a particular product from various sources. These sources include personal sources like family and friends, commercial sources like advertising, salespeople or displays, public sources like mass media and social networking sites,

and finally experiential sources like handling, examining, and using the product. The relative influence of these information sources varies with the product and the buyer.

Evaluation of alternatives: Consumers evaluate or assess the various alternatives, using the information they have at hand to come to a decision (Jobber. D, 2007). This process involves comparing the information gained in the information search process for alternative products and brands to the product–judging criteria or standards the consumer has developed.

For purchase decisions, the choice alternatives are the different product classes, product forms brands, or models the consumer considers buying (J. Paul Peter and Jerry C. Olson, 2010). However, given their limited time, energy, and cognitive capacity, consumers seldom consider every possible choice alternative. Usually, only a subset of all possible alternatives, called the consideration set, is evaluated. Some brands in the consideration set may be activated directly from memory; this group is called the evoked set. For highly familiar decisions, consumers may not consider any brands beyond those in the evoked set. If consumers are confident, they already know the important choice alternatives, they are not likely to search for additional ones (J. Paul Peter and Jerry C. Olson, 2010).

Consumers' evaluations of the choice alternatives in the consideration set are based on their beliefs about the consequences of buying those products or brands. The specific consequences used to evaluate and choose among choice alternatives are called evaluation criteria. Evaluation criteria are the dimensions used to judge the merits of competing brands (Michael S. et al, 2006).

Purchase decision: A purchasing decision usually follows strong brand preference. In this stage, the consumer buys the product they have chosen. Generally, the consumer's purchase decision was to buy the most preferred brand. A consumer's decision to change, postpone, or avoid a purchase decision is influenced heavily by perceived risk. Many purchases involve some risk and the amount of perceived risk varies with the amount of money at stake, the amount of purchase uncertainty, and the amount of consumer self-confidence.

A consumer takes certain actions to reduce risks, such as avoiding purchase decisions, gathering more information, and looking for national brand names and product warranties. Post-purchase

evaluation/behavior: in this stage, the consumers take further action after the purchase decision by evaluating their satisfaction or dissatisfaction. Consumer satisfaction or dissatisfaction is determined by the overall feeling or attitude, a person has about a product after it has been purchased. Consumers engage in a constant process of evaluating the things they buy as they integrate these products into their daily consumption activities.

2.2.7 Country of Origin

Over the last 30 years, international trade and the development of the global market have grown considerably. Companies and international marketers are also searching for more opportunities in the global market and multinational firms, which causes international competition among companies (A. Ahmed. et al, 2007). From a marketing point of view, international companies that are operating in highly competitive domestic and foreign markets need to understand consumers' perceptions and evaluations of foreign-made products. According to Al-Sulaiti and Baker (1998), among the many factors that are believed to influence consumer perceptions of products in an age of international competition is a country of origin (COO) effect. Kinra (2006) asserts that COO is considered an important differentiating factor in consumer attitudes to foreign and local brand names.

Different researchers have defined the term country of origin in different ways. Country of origin effect can be defined as any influence that the country of manufacture has on a consumer's positive or negative perception of a product (Cateora & Graham, 1999). Roth and Romeo (1992), defined country of origin as consumers' perception of products of a particular country, based on their previous perceptions of that country's production and marketing strengths and weaknesses.

The further added, a country's image arises from a series of aspects that qualify a nation in terms of its production profile. Such aspects include innovative approach (superior, cutting edge technology); design (style, elegance, balance); prestige (exclusiveness, the status of the national brands); and workmanship (reliability, durability, quality of national manufacturers) (Hamzaoui E., 2011).

In a study by Eroglu and Machleit (1989), in the case with consumer durables, a product's technical complexity affects the importance given to consumer evaluations and that the more complex the product the more relevant the COO cue. Research works have documented the importance of country-of-origin (COO) image in consumer evaluation of foreign products and brands. Favorable country perceptions are known to lead to favorable perceptions of associated attributes such as product quality indicating thereby, that consumer evaluations are governed by influences other than the quality of the product (Peterson and Jolibert, 1995).

Papadopoulos et al. (1993) assert that consumer perceptions of a product's country-of-origin are based on three components associated with the standard attitude model, namely their cognitions which include knowledge about specific products and brands, consumer effect or favorable/unfavorable attitude towards the country-of-origin, and their conative behavior which is related to the actual purchase of a foreign brand. Although some studies have questioned the importance of country of origin for much consumer decision making, recent research has demonstrated that the country of origin has a substantial effect on attitudes toward products and the likelihood of purchasing these products, often demonstrating effects that are as strong or stronger than those of brand name, price, or quality (Ahmed and d'Astous, 1996 and Okechuku, 1994). Level of education is considered to be a significant demographic variable (Al-Sulaiti and Baker, 1998) influencing country of origin effect (Paswan and Sharma, 2004). As education levels increase, consumers are likely to become more knowledgeable of other countries and cultures, and more tolerant of things that are different. It has also been posited to result in a more favorable opinion towards foreign products (Good and Huddleston, 1995; Sharma et al., 1995) and a reduction in consumer ethnocentrism.

2.2.8 Country of Origin and Foreign Versus Local Brands

Nowadays, more companies are competing on the global market and these companies manufacture their products worldwide, and the location where they manufacture the products might affect the perception of the consumer on the quality of the product based on the country where the product is produced. Favorable or unfavorable perceptions of a country associated with a product lead to a corresponding favorable or unfavorable evaluation of the product originating from that country.

Favorable country perceptions are known to lead to favorable perceptions of associated attributes such as product quality indicating thereby, that consumer evaluations are governed by influences other than the quality of the product (Peterson and Jolibert, 1995). In this context, the COO effect refers to the extent to which the place of manufacture influences consumers' product evaluations.

COO has furthermore, been used as a foremost and primary cue by consumers in evaluating new products under several conditions, depending on their expertise (Maheswaran, 1994), with minimal consideration given to other product-related attributes. As a primary cue, therefore, it has been found to reflect consumers' general perceptions about the quality of products made in a foreign country, along with the nature of people from that country (Iyer and Kalita, 1997). It has also been demonstrated that COO, when known to consumers, influences their evaluation not merely of generic product categories, but also specific brands (Johansson and Nebenzahl, 1986).

2.3 Empirical Review

2.3.1 Factors Affecting hotel brand Preference

Brands must be developed and maintained constantly to secure a set of loyal consumers. Keller et al. (1996) stated that the loyalty of consumers lies with brands, rather than the products.

There were several pieces of research done on the Customer-Based Brand Equity of different products. To name a few, Chernatony (1999) documented that consumers brand preferences over time mainly shift due to changes in brand identity consisting of brand awareness, purpose, differentiation, and offerings and brand image on brand credibility, brand character, consumers' overall attitude towards the brand, and consumers' feelings for the brand. Li and Houston (2001) documented that price level, product variety, and marketing communications are the important factor acting as promoters of brand preference. Rundle-Thiele and Mackay (2001) noted that brand preference is important for business as a component of brand loyalty and it is also a way to enhance sales. Keller (1993) views, brand knowledge is not the facts about the brand, it is all the thoughts, feelings, perceptions, images, experiences, etc that become linked to the brand in the minds of customers and two important components of brand

knowledge are brand awareness and brand image where brand awareness is related to the strength of the brand node or trace in memory as reflected by customers' ability to recall or recognize the brand under different conditions and brand image is Kumar defined as customer perceptions of and preferences for a brand, as reflected by the various types of brand associations held in customers' memory. Mathur et al. (2003) noted that from a business standpoint, the challenge is that customers could change their favorite brands by trying products of other brands because they are exposed to a variety of attractive brands. That is, customers tend to seek better brands of products or services, so their brand preference can change. For businesses to reduce that risk, they must identify what affects brand preference and how to build brand preference. Dinlersoz and Pereira (2007) documented that consumers have a brand preference toward an established brand during the firm's long presence in the market and they tend to show little brand preference toward a particular brand when they are exposed to a new or unfamiliar product category. Singh et al. (2008) documented that brand preference refers to the consumers' hierarchical prioritization of the brand as a result of their patronage and cognitive comprehension of the brand.

Abad (2012) studied the Customer-Based Brand Equity in the Banking sector of Iran aiming to conceptualize the customer-based brand equity in the financial service sector concerning its effect on the perception of a brand. After employing Aaker's (1996) CBBE model, they found out that Perceived quality, brand loyalty, brand awareness, and brand association are influential criteria of brand equity that enhance the perception of a brand in the financial service sector. Among the four mentioned dimensions, the brand association appears to have the most influence on brand equity.

Also, Hossien (2012) studied the Customer-Based Brand Equity in the Chocolate industry of Iran intending to identify which factors are influential in building brand equity and also to measure the relationship among the dimensions of CBBE in the Iranian chocolate industry. After employing Aaker's CBBE model, the researcher found out that the brand equity of chocolate products is directly made up of two dimensions, namely brand loyalty and brand image. These two dimensions have a medium direct impact on brand equity. Other dimensions have a very small and indirect impact on brand equity in the chocolate industry of Iran.

In summary, all previous literature reviewed in this chapter indicates the analysis of Customer Brand Preference across Local and International Hotels. Thus, hotel brand preference is affected by brand equity elements such as brand awareness, brand loyalty, perceived quality and brand association

Accordingly, this research was designed in line with these variables. Figure 2, of the next section, describes the conceptual framework of the study.

2.4 Conceptual Framework of the Study

The main purpose of this study is to assess the brand preference of hotel customers by comparing international hotel brands with local hotel brands. Ultimately, based on the above-related literature review and concepts the conceptual framework for this study is developed.

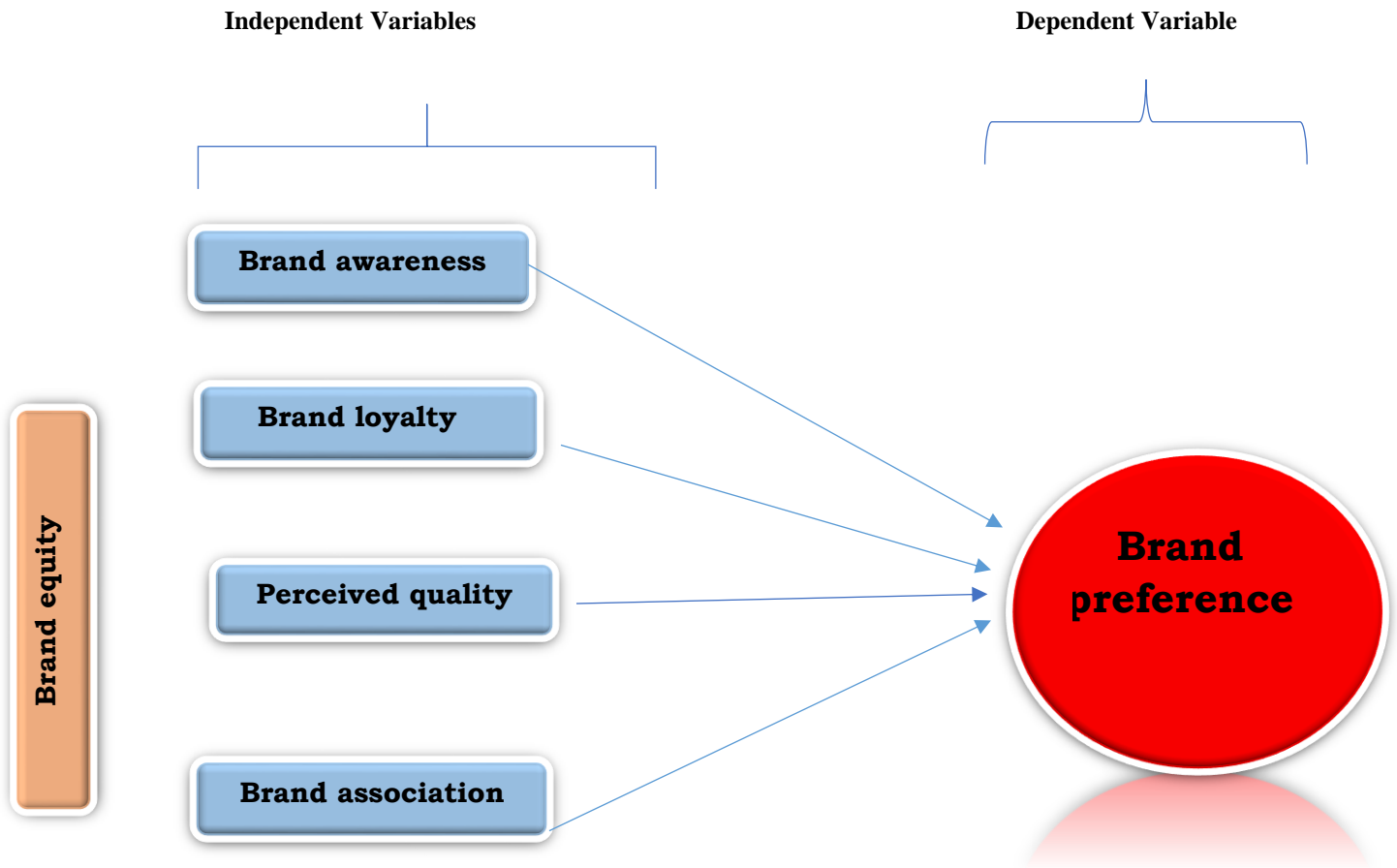


Figure .2.4. Conceptual framework Source: Adapted from (Cynthia Ratna Santoso, 2014) and modified with the reviewed literature

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

Introduction

This chapter covers the proposed methodology to follow and achieve the research objectives. The chapter includes; the research design, study area, target population, sample size and sample techniques, data collection instruments, data collection procedure, data analysis and presentation, and ethical considerations.

3.1.1 Research paradigm

This research was used a Positivism paradigm in which the framework of research in which the researcher sees objects as phenomena to be studied from the outside, with behavior to be explained based on accumulated facts and observations using theories and models developed by the researchers. It focuses on the facts, formulates hypotheses, and tests them against empirical evidence.

3.1.2 Research approach

The inductive approach builds on the specific phenomenon to generalize while deductive approach Studies phenomena based on generic theory deductive approach is applied to develop hypotheses based on what is theoretically known about the research constructs and this research was followed the deductive approach

3.1.3 Research methods

Research methods can be classified in various ways. However, one of the most common distinctions is between qualitative and quantitative research methods. Mainly, the objective of quantitative research being applying mathematical models to natural phenomena and use a measurement that provides the fundamental connection between empirical observation and mathematical expression of quantitative relationships (Saunders, M., Lewis, P. & Thornhill, A., 2007), this research was adopted a quantitative method.

3.2 Research design

Three possible types of research designs that can be undertaken while conducting research: (i) exploratory, (ii) descriptive, and (iii) explanatory studies. An exploratory study pertains to research that aims at shedding new light on a given subject and is often done to clarify the general understanding of a certain problem. The most general way in which an exploratory study is conducted is through reviewing the literature, interviewing subject area experts, and employing focus group interviews. Descriptive studies, on the other hand, aim to describe persons, occurrences, and situations. Lastly, explanatory studies are studies that show relationships between variables to explain certain problems or events (Saunders, et al., 2007). For this research, the explanatory approach was followed.

3.3 population and sampling

3.3.1 Study Area

Addis Ababa has three distinct demand segments, namely the corporate market, aid, and diplomatic markets. The corporate market is primarily domestically driven, with a limited presence of international companies despite the high growth in the economy. This segment typically uses 3-star unbranded hotels. There are signs that the Ethiopian economy is opening up and although this trend is anticipated to be gradual, it will ultimately increase corporate entry into the market and subsequently hotel demand from the international corporate market. We are already starting to see this happen with the number of regional and business travelers to the market growing steadily.

The five-star markets are in turn primarily driven by the aid and diplomatic markets. The city is home to the world's third-highest concentration of embassies as well as the African Union headquarters, which collectively generate the majority of the diplomatic market. The various conflicts affecting neighboring countries and its history of donor presence make Addis Ababa one of the largest global bases for NGO's and aid agencies.

The study was conducted in selected five rated hotels in Ethiopia. As such hotels are found in Addis Ababa and it was convenient for the researcher to carry out the research.

3.3.2 Target Population

The target population of this study is customers (both in-house and walk-in) from selected five star rated hotels in Addis Ababa. The sample is drawn out of this population.

3.3.3 Sampling Design and Procedure

3.3.4 Sampling techniques

The sampling method that was used in this research is convenience sampling, in which respondents were selected based on their availability or ease of access. The reason for selecting a convenient sampling is because the target population is large which is difficult to determine the actual population number plus the availability and the quickness with which data can be gathered

3.3.5. Sample size

The population of this research is customers who reside and using hotel services and products in Addis Ababa. But since the population size cannot be precisely known the research paper has used the following formula. So to find out the sample size when the population is large or unknown the sample size was determined with the use of Top man formula as presented below (Hair et al, 2014).

$$n = \frac{z^2 pq}{e^2}$$

n = stands for the sample size which would be drawn

e= level of precision or sometimes called sampling error

(Is ranges in which the true value of the population would be estimated).

p= population proportion

z = level of confidence

$q = 1 - p$

$n = ((1.96)^2 \times 0.5 (0.5)) / (.05)^2$

$n = (3.8416 \times 0.25) / .0025$

$n = 0.9604 / 0.0025$

$n = 384.16$

$n = \underline{384}$

So a random sample of 385 customers in the researcher target population should be enough to give the confidence levels that the researcher needs.

3.3.6. Sampling procedure

The research is aimed to be conducted in 8 five star brand hotels (4 local and 4 international) and sampling size is planned to be proportional. As mentioned above the sample size is determined to be 385, however, for the sake of equal representation, the researcher decided to add fifteen sample elements believing that there will not be a significant effect on the study result plus it is not easy to find a sound reason to give more sample size for one hotel.

3.4 Data Collection Instruments

There are two types of data collection methods, Primary and secondary data collection. The primary data are those which are collected afresh and for the first time, and thus happen to be original and collected through observation, interview method, through questionnaires (Kothari, 2004, p.95) while secondary data refer to the data which have already been collected and analyzed by someone else, it is either be published data or unpublished data (Kothari, 2004, p.111). According to Kothari (2004), each method of data collection has its uses and none is superior in all situations, selecting the appropriate method depends on the nature, scope, and objective of the study, the availability of time and funds, and precision required for the study.

This study mainly depends on the primary source of data and to some extent secondary sources. Primary data is collected through an online survey method by using close-ended online questionnaires. The use of questionnaires is one of the most common data collection tools employed in research works (Kothari, 2004). Orodho (2008) explains that questionnaires are used extensively to gather data on current conditions, practices, opinions, and attitudes quickly and in a precise way. Questionnaires, as projected by (Olive M Mugenda, 2003) provide a relatively cheap way of obtaining information.

Considering the thesis's purpose and the maximum ensuring of the validity and credibility embedded by the database collected, we think the instrument of questionnaire suits this survey best. The main reason lies in one of the most special attributes no bias. The researchers' own opinions will not influence the respondents to answer questions in a certain manner through the questionnaire that is characterized by uniform question presentation and no middleman bias. However, it is impossible to achieve the goal of no-bias by some other research ways, like focus group discussion and interview, because the verbal or visual clues expressed by the researchers would affect and guide the attitude of respondents more or less. Secondary data sources were also used including minister of culture and tourism internal documents, journals, books, and the internet. This study hypothesizes that there is a positive and significant effect on brand equity elements on brand preference. Closed ended questionnaire was developed based on tested previous empirical pieces of literature. The Likert scale, which was developed by Rensis Likert, had been utilized to simplify the questions to respondents and enhance their cooperation. The questionnaire statements were developed and evaluated on a 5 point Likert scale, where "1" indicates "strongly disagree" with the statement, "2" "disagree", "3" neutral, "4" "agree" and "5" refers to "strongly agree".

The level of average scores used to describe the level of respondent's attitude will be classified at the interval range. The class of interval range was computed from the following formula: Interval of scores = (Highest score- Lowest score)/ Number of interval = (5-1)/5 = 0.8

Table 3.1 mean score table

score range	Agreement perspective	Cognitive perception	Satisfactory perspective
1.00 - 1.80	"not agree"	"not happy and relax "	"Not satisfactory"
1.81 - 2.60	"Less agree"	"less happy and relax"	"Less satisfactory"
2.61 - 3.40	"Moderate"	Moderate	"Acceptable"
3.41 - 4.20	"agree"	Happy and relax	"Satisfactory"
4.21 - 5.00	"Very Important"	Very happy and relax	"Very satisfactory"

Taking this route, the meaning and score range can be illustrated in the following way and the survey is available for review via

<https://forms.gle/s8uDwLeNgXK2TZVJ8>

The questionnaires were pilot tested to justify the appropriateness of the variables and the feedbacks won't be used in the actual data collection. The reliability of the test was tested using Cronbach, whereas the validity was validated inviting experts and colleagues so that they give their comments on the tools. Content Validity: Each attribute was derived from relevant literature to ensure the validity of the questionnaire. The questionnaires are partially taken from previous research work done by (Jalilvand, 2011) .The collection of a large list of alternatives aimed at ensuring that the measurements contained enough items to adequately sample the entire range.

Reliability: - A pilot test was used on 50 hotel customers to measure the reliability and consistency of the responses by customers. The coefficient alpha was used to measure the reliability and internal consistency of each of the 21 attributes measured. The results showed that the alpha coefficients were all above 83% which is greater than the acceptable rate of 70 % (D.L.R Vander Waladt, T. M. Rebello, and W. J. Brown, 2009).

Table 3.2. Summary of Cronbach Alpha

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.834	.847	17

Source: Own Survey, SPSS V26, 2020

3.6 Data Analysis and Presentation

Data collected from questionnaires were interpreted according to their themes, which were coded and descriptive analysis of the codes was done. Quantitative data were processed by tabulation in the form of frequency tables, pie- charts, and graphs (Macmillan and Schumacher, 2001) and descriptive analysis of data were presented by involving univariate and multivariate analysis. Primary data involved a calculation of several measures mostly concerning one variable (univariate analysis) concerning measures of central tendency (mean, mode and median) and measures of dispersion (variance, standard deviation, and interquartile range).

Frequency distributions were used to establish the number of respondents giving certain information. Multivariate linear regression statistics were used to predict the relationship between independent variables and the dependent variable. The multivariate analysis involves a simultaneous analysis of the two variables under study and the relationship between the IDV and DV. Data analysis was incorporated Statistical Package for Social Science (SPSS) version 26 as suitable software, which is easily accessible and easy to use.

Descriptive Statistics: Descriptive statistics such as mean, standard deviation, and mode were used in this study except for the multiple regression analysis. This information was tabulated by using frequency and percentage. The respondents' demographic profile (gender, age, education level, and occupation) was also organized into categories and tabulated by using frequency and percentage.

Analysis of variance (ANOVA): Analysis of variance (ANOVA) was used to find if there was a significant relationship between two or more variables.

Multiple Regression Analysis: In this study, the regression model was estimated for meeting the assumptions of regression analysis then the observations were examined to determine whether any observation should be deemed influential.

R Square (R^2): It is the correlation coefficient squared, referred to as the coefficient of determination. This value indicates the percentage of the total variation of the dependent variable (Y) explained by independent variables (X_1, X_2, X_N).

Standard Error of Estimate: It represents an estimate of the standard deviation of the actual dependent values around the regression line. A smaller standard error implies a more reliable prediction.

Regression Coefficient: It is the value calculated from standardized data. The value allows comparing the effect on Y of each independent variable to the overall regression model.

Standard Error of Coefficient: It is an estimate of how much regression coefficient varies between samples of the same size taken from the same population.

3.10. Response Rate

The questionnaire was e-mailed to 423 people in the database and among the total 423 potential respondents, 366 e-mails were returned. Due to invalid and changed addresses, full mailboxes, and so on 57 e-mails were not returned. As a result, the valid e-mail replies for this study were condensed to 366 persons. This gave a response rate of 86.5 percent, which is far better than the expected response rate for most internet surveys.

According to previous works of literature, the response rate using e-mail surveys varies from 62 percent to 79 percent (Monroe & Adams, 2012). The reply rate from this survey is considered acceptable in a volunteer environment. Therefore, there were only 366 suitable respondents who replied to the email survey, and these were used for further analysis in this study.

3.8 Ethical Considerations

Ethical considerations were made relating to the progress of the research. Permission letter was sought from Addis Ababa University to get access to the hotels and to stand with the hotel on

keeping confidential issues of the subjects. The potential subjects were informed to voluntarily participate. Besides, Information given by the respondents was treated confidentially and used only for academic purposes and the identity of the respondents will not be revealed to anyone.

CHAPTER FOUR

Data Analysis and Interpretation

The section discusses the respondent's profile and then tests the reliability of individual constructs with Cronbach's Alpha. Data analysis is conducted through descriptive and correlation analysis. Multiple regression assumptions are tested to check the validity of data to fit the model. Hypothesis testing is performed by using multiple regression analysis.

4.1 Demographic Composition of Respondents

Regarding the sex composition, according to table 4.1 below, the majority of the sampled respondents 69 % were male, while the remaining 31 % were female. When we see the age composition of the respondents" the majority of the sampled respondents" age group fall between the ages of 31 up to 35 which accounts for 49.2 % of the total number of sampled respondents. The percentage of ages below 30, 46-59, and above 60 is 33.1 %, 13.9%, and 3.8% respectively. In this demographic composition.

Education is one of the most important characteristics that might affect the person's attitudes and the way of looking and understanding any particular social phenomena. In a way, the response of an individual is likely to be determined by his educational status and therefore it becomes imperative to know the educational background of the respondents. According to table 4.1 below, the educational level of the sample respondents indicates that 6.6% of the respondents are Diploma holders while BA/BSc Degree and postgraduate degree holders are 57.4 % and 27.9 % respectively. On the other hand, most of the customers who are respondents of this survey are qualified enough to understand and to give a valid response to the items described in the questionnaire.

A person's occupations do have a bearing on his or her personality and so also the ways of looking at the problem before him. The quality of life is also determined by an individual's occupation and the incomes he derives from it. Occupation of an individual also socialized him or her in a particular fashion which in turn reflects his or her pattern of behaviors and his/her level of understanding of a particular phenomenon. It is evident from (Table 4.1) that near about half of the total respondents (46.4%) were self-employed. Whereas near

about (44.3%) of the respondents full-time employed. The rest of the respondents are unemployed as well as students (6.3%) and (3%) respectively.

Table 4.1. Respondents' profile

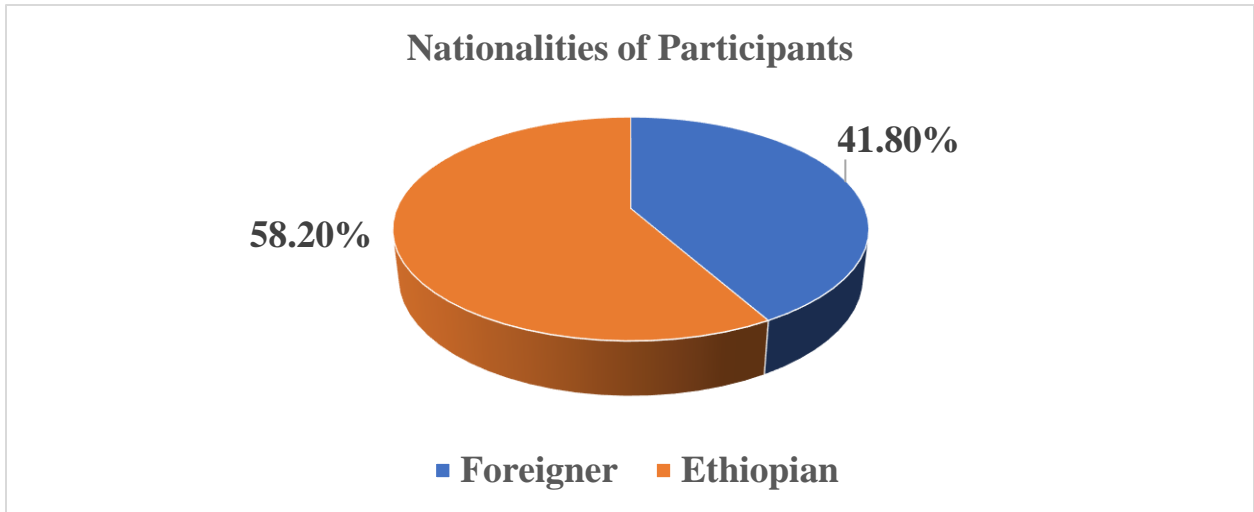
1	Sex	Male	252	69 %
		Female	114	31 %
2	Age of respondents	below 30	121	33.1 %
		31-35	180	49.2 %
		46-59	51	13.9 %
		above 60	14	3.8 %
3	Occupation of Respondents	Full -time employee	162	44.3 %
		Self-employed	170	46.4 %
		Unemployed	23	6.3 %
		Student	11	3.0 %
4	Educational background of respondents	postgraduate Degree	102	27.9 %
		Undergraduate degree	210	57.4 %
		Diploma Graduate	24	6.6 %
		professional certificates	6	1.6 %
		High School Complete	24	6.6 %

(Source: Own Survey, 2020)

People from different parts of the globe with different cultural backgrounds have been participating in different traveling activities like tourism, business, visiting relatives and friends, and conferences (regardless of its types) held in Ethiopia since several decades ago. As it is seemingly demonstrated in figure 4.1 below, the sample of respondents for this study was originally not from a single country or a single region or even a single continent rather they were originally from almost all over the world. For the convenience of the research, the student researcher classified those participants into two major groups, so 58.2 % of the

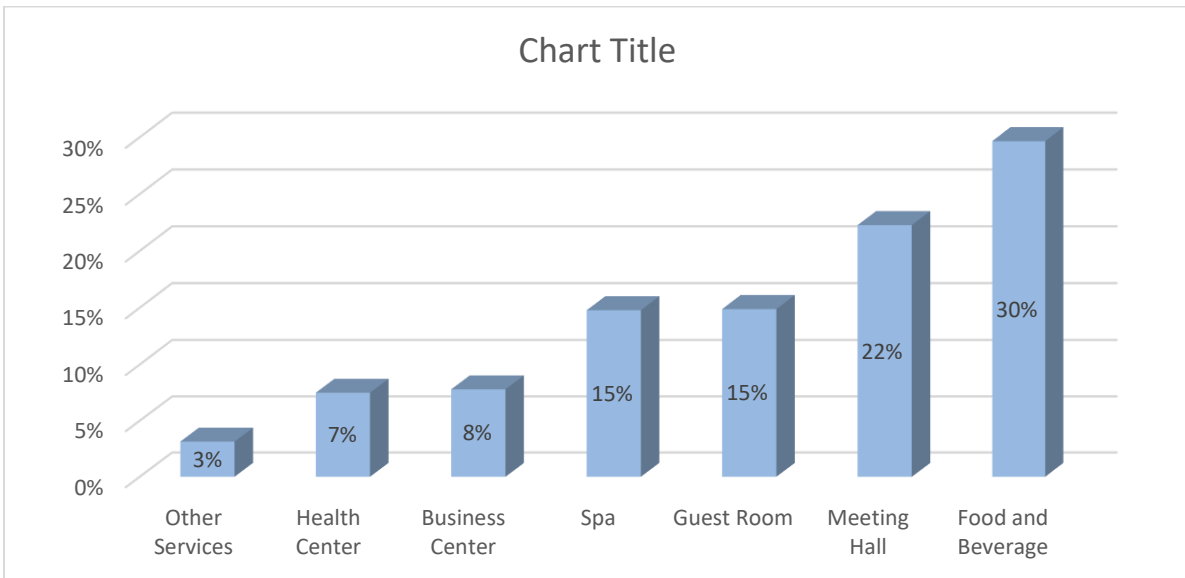
are Ethiopians, and 48.8% of foreigner's respondents from different countries the world has participated.

Figure 4.1 Nationalities of participants



Source: Own Survey, 2020

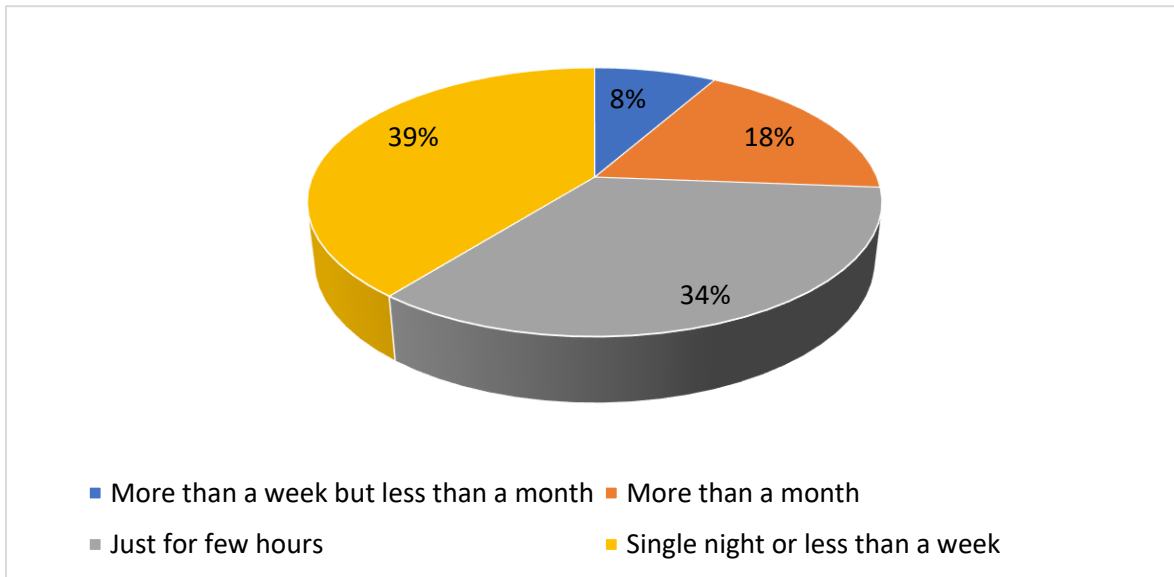
Figure 4.2 hotel services and products that participants used



Source: Own Survey, 2020

According to figure 4.2, most of the respondents are used food and beverage service and meeting hall followed by guest room and spa, business center, and health center customers are fewer than the previous ones and other services that were used for the researcher to have enough insights and responses regarding product and service-related questions.

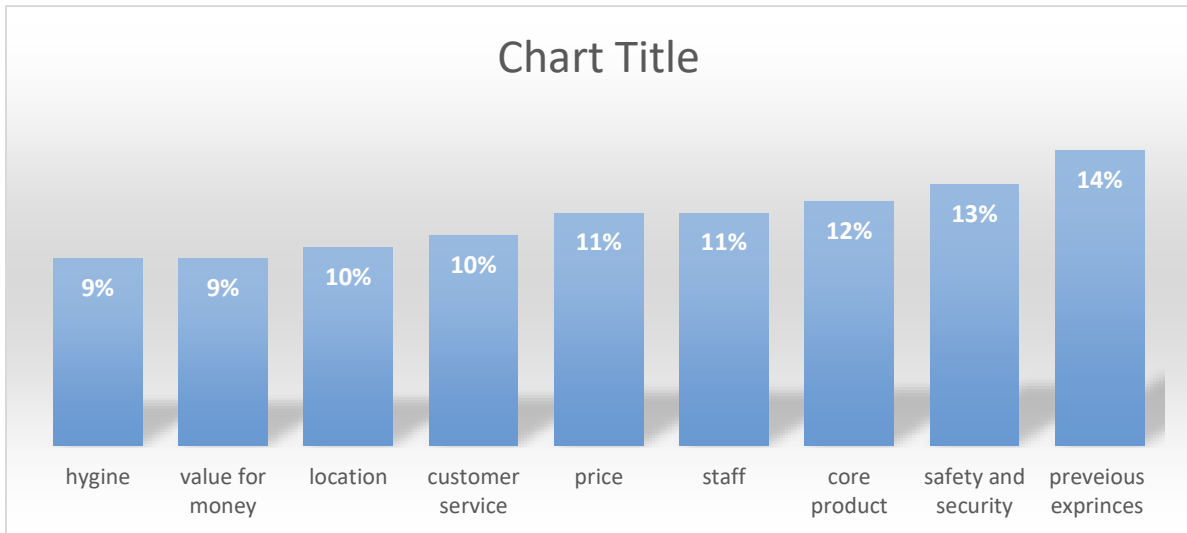
Figure 4.3 lengths of stay and hotel experiences



Source: Own Survey, 2020

Regarding the participants' hotel experiences, figure 4.3, most of them stayed in the five-star hotels which are covered in this survey, single night or less than a week 144 or (39.34%), and the rest were into three frequency groups: just for few hours (34.42%), more than a month (18.03%) and more than a week but less than a month (8.19%). The results indicated that the focus group sample was dominated by medium to less frequent consumers, which was likely to be a result of the convenience sampling method adopted in the project. However, data collected in this research stage were not only restricted to medium- to less-frequent consumers' understandings.

Figure 4.4 Ranking for criteria of customers' hotel selection

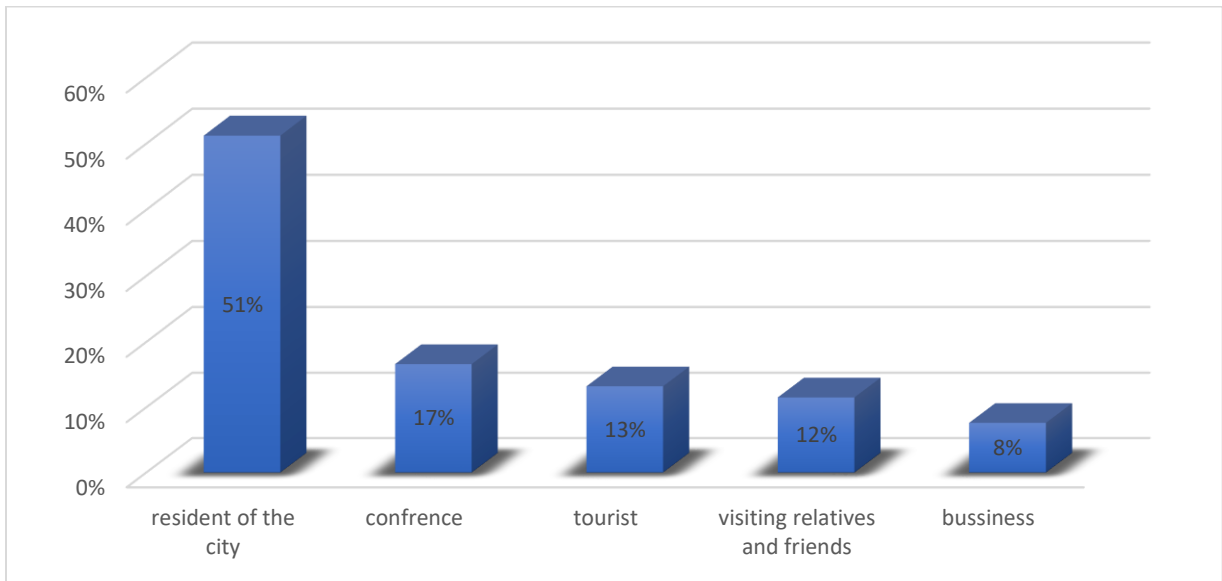


Source: Own Survey, 2020

According to figure 4.4, opinions expressed by consumers with various visiting frequencies and backgrounds were collected, analyzed and included for the development of a comprehensive understanding the factors that influence customers' hotel selection process is critically important this is the first mantra that one must follow before making a booking at a hotel.

One of the research questions of the study tried to answer was the selection criteria, According to this research, the very important factors are the previous experience, safety and security, price, staff attributes and the quality of service available are in the ranking order followed by location hygiene and value for money.

Figure 4.5 purpose of visit



Source: Own Survey, 2020

The majority of the participants are residents of the city who are visiting those hotels for different purposes like a meeting, for using restaurants and other food and beverage outlets, recreational activities, and so on.

The second portion of the participants came from different parts of the world to participate in international and continental conferences and the rest of the participants are tourists, people who came for visiting their friends and families, and business activities.

4.3 Data Analysis

4.3.1 Mean of Constructs

Table 4.2 Analysis of Overall Brand Preference and Brand Preference Dimensions

Group Statistics					
	Most Preferred Five Star Hotel	N	Mean	Std. Deviation	Std. Error Mean
Brand Awareness	International branded hotels	180	4.0292	.63051	.04700
	Local branded hotels	186	3.8575	.67574	.04955
Brand Association	International branded hotels	180	4.0472	.73366	.05468
	Local branded hotels	186	3.5780	.84508	.06196
Perceived Quality	International branded hotels	180	3.9903	.63221	.04712
	Local branded hotels	186	3.8091	.51386	.03768
Brand Loyalty	International branded hotels	180	3.8597	.49095	.03659
	Local branded hotels	186	3.9382	.86848	.06368
Brand preference	International branded hotels	180	3.8944	.60258	.04491
	Local branded hotels	186	3.8925	.49783	.03650

Source: Own Survey, SPSS V26, 2020

The corresponding mean (total mean of each scale, which makes a construct) and standard deviation of the constructs are depicted in Table 4.3. To analyze the effect of brand equity on brand preference, four brand equity elements were identified and the score of the responses of the customers on the practices of these variables has been analyzed on SPSS v26. Based on Table 4.3 below the result of SPSS V26 Descriptive statistics on the brand equity elements every construct of brand equity has a score above the mean score 3 which is above the midpoint. This result implies the majority of hotel customers were believed that

they have been implemented brand equity elements during their hotel selection process. Based on the result, the brand association has the highest mean on international hotels (4.047) with Standard deviation (SD) of 0.733 implies that hotel customers are highly convinced with the brand association, while local hotels have relatively the lowest mean on brand awareness (3.857) with SD of (0.675). The mean and SD of the remaining brand equity elements were. Brand Awareness, (4.02, 3.85) with SD of (0.63, 0.67) for international and local branded hotels respectively also for Perceived Quality, (3.99, 3.80) with SD of (0.63, 0.57), for international and local branded hotels respectively. On the other hand Brand Loyalty (3.85, 3.93), with SD of (0.49, 0.86) for international and local branded hotels respectively. and the overall or the dependent variable brand preference also compered and analyzed on this study and the result shows us (3.894,3.892), with SD of (0.602,0.497) Bench is found to be 3.57,3.80, 3.85, 3.89,3.93, 3.99, 4.02, 4.03, 4.04 and SD., 0.49, 0.49,0 .51, 0.60, 0.63, 0.63,0 .67, 0.73, .84 respectively. The Likert scale is converted to scale to interpret the mean level of agreement of the respondents

Table 4.3 Analysis of Independent Samples Test of Brand Preference and Brand Preference Dimensions

Independent Samples Test										
		Levine's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Brand Awareness	Equal variances assumed	.866	.353	.194	364	.847	.01441	.07444	-.13197	.16079
	Equal variances not assumed			.189	207.240	.850	.01441	.07609	-.13559	.16441
Brand Association	Equal variances assumed	2.572	.110	.779	364	.437	.07258	.09320	-.11071	.25586
	Equal variances not assumed			.752	201.281	.453	.07258	.09648	-.11767	.26283
Perceived Quality	Equal variances assumed	.424	.515	-.942	364	.347	-.06182	.06564	-.19090	.06726
	Equal variances not assumed			-.951	223.285	.343	-.06182	.06502	-.18996	.06632
Brand Loyalty	Equal variances assumed	.554	.457	-.190	364	.849	-.01525	.08008	-.17273	.14223
	Equal variances not assumed			-.227	333.225	.821	-.01525	.06723	-.14750	.11701
Brand preferences	Equal variances assumed	.379	.538	.584	364	.560	.03634	.06226	-.08609	.15877
	Equal variances not assumed			.575	210.336	.566	.03634	.06323	-.08831	.16099

Source: Own Survey, SPSS V26, 2020

From table 4.3, we can see that the mean of brand preference for international brand hotels is marginally higher than local brand hotels that means higher brand equity on international brand hotels than the local brand hotels. Standard deviation (SD) brand equity elements are less than one; this implies the variations in respondents' opinion/view concerning the brand

In order to test the brand preference of customers across international and local brand hotels, a paired-samples t-test revealed there is no significant differences and an independent samples t-test was conducted. The results indicate that there was no significant difference in preference between international brand hotels and local brand hotels, $t(364) = .584, p > .05$. That is, the average performance score of international brand hotels on brand preference ($M = .036, SD = .062$) was not meaningfully different from that of local brand hotels ($M = .036, SD = .063$).

This test was found preference of customers between local and international branded hotels is small. This finding is consistent with the writing of While Al-Sultaiti et al., (1998) stated that consumers of developing countries prefer foreign brands, especially from the west, not only of perceived quality but also as an indication of social status. Thus, a brand's country of origin serves as proof of product quality and people buy such brands for status-enhancing reasons (Al-Sultaiti et al., 1998). Consumers of developing countries also view foreign brands as having superior and excellent quality compared to local brands.

4.3.2 Analysis of brand Awareness

Keller (2004) defines brand awareness as the customers' ability to recall and recognize the brand as reflected by their ability to identify the brand under different conditions and to link the brand name, logo, symbol, and so forth to certain associations in memory. Accordingly, the respondents were asked four questions related to brand awareness. Table 4.5 presents respondents' results of brand awareness with a mean and standard deviation of values for each variable.

Table 4.4: Analysis of brand awareness

Group Statistics			
Items of Brand awareness	Most Preferred Five Star Hotel Brand	Mean	Std. Deviation
		I know the symbol or logo of the hotel brand "X "	International branded hotel
	local Branded hotel	3.7527	.93179
Some features of these hotel brands come to my mind quickly	International branded hotel	3.9889	.87797
	local Branded hotel	3.8925	.75641

I can recognize the hotel brand “X” “Quickly among other competing hotel brands	International branded hotel	4.0056	.89379
	local Branded hotel	3.9677	.69674
I am familiar with the hotel brand “X”	International branded hotel	3.9500	.70334
	local Branded hotel	3.8172	.88160
Brand awareness	International branded hotel	4.0292	.63051
	local Branded hotel	3.8575	.67574

Source: Own Survey, SPSS V26, 2020

As per table 4.5 illustrates the list of items comprising of brand awareness, the mean score for the item “I know the symbol or logo of the hotel brand “X” was relatively high for international and brands. However, international brands scored meaningfully higher than a local Branded hotel with a mean score of (4.17) and local brands scored (3.75). The least mean score for international brands was for the item “Some features of brand X come to my mind quickly” with a mean of (3.95). For the local brand, the least score goes to the item “I know the symbol or logo of the hotel brand “X” which scored (3.75). When comparing overall brand awareness of respondents; international branded hotels scored the highest (4.02) while local brands scored low with (3.85). This shows that the respondents are more aware of international brands than local branded hotels. Therefore, local hotels must aggressively promote their products to customers to raise the level of their brand awareness.

4.3.3. Analysis of brand Association

Brand associations consist of all brand-related thoughts, feelings, perceptions, images, experiences, and beliefs, attitudes (Kotler and Keller 2006) and are anything linked in memory to a brand. One of the contributing factors of brand association when it comes to international or local brands is country of origin. The country of origin of a product is an extrinsic cue (Thakor and Kohli, 1996), which, similar to the brand name, is known to influence consumers’ perceptions. Hence, 2 items related to the brand association was put to the respondents. Table 4.6 shows the analysis of respondents about the brand association.

Table 4.5: Analysis of Brand Association

Group Statistics			
Items of Brand Association	Most Preferred Five Star Hotel	Mean	Std.
			Deviation
I think international hotel brands are of high quality and superior compared to local hotel brands	International branded hotel	4.2500	.87085
	local Branded hotel	3.8871	.91424
I associate the country of origin of the hotel brand “X” with high quality	International branded hotel	3.8444	.99621
	local Branded hotel	3.2688	1.18221
Brand Association	International branded hotel	4.0472	.73366
	local Branded hotel	3.5780	.84508

Source: Own Survey, SPSS V26, 2020

As per table 4.6, the study showed that respondents scored higher for item” I think international hotel brands are of high quality and superior compared to local hotel brands” for both brands. International brands scored very high on this item with a mean score of (4.25) while local brands scored suggestively lower with (3.88). This indicates that respondents that are using both types of brands associate international hotel brands as being of high quality and superior to local hotel brands. The least score respondents gave was for the item “I associate the country of origin of the hotel brand “X” with high quality”.

Respondents scored this item for international brands with (3.84) which was expressively higher than local brands, which scored (3.26). This implies that respondents that are using local hotel brands do not associate the country of origin of the hotel brand with high quality. When comparing overall brand association local hotel brands scored much lower than international hotel brands with a mean score of (3.57). This shows that the country of origin of international brands is associated with high quality and superior to local bands.

4.3.4. Analysis of Perceived Quality

Perceived quality is the customer’s judgment about a product’s overall excellence or superiority that is different from objective quality. Since it’s impossible for consumers to make complete and correct judgments of the objective quality, they use quality attributes that they associate with quality. Perceived quality is hence is formed to judge the overall

quality of a product. Therefore, 4 items related to perceived quality were put to the respondents and the results of the analysis are displayed in table 4.8 below.

Table 4.6. Analysis of Perceived Quality

Group Statistics			
Items of Perceived Quality	Most Preferred Five Star Hotel Brand	Mean	Std. Deviation
I trust the service quality and products from hotel brand “X”	International branded hotel	3.9444	.76020
	local Branded hotel	4.0860	.69213
Products and services from the hotel brand “X” offer excellent features	International branded hotel	4.0833	.70016
	local Branded hotel	3.9140	.60905
I think products and services of hotel brand “X” has a reputation of high Quality	International branded hotel	4.0611	.64439
	local Branded hotel	3.5538	.62369
When I use products and services from the hotel brand “X” I was always satisfied	International branded hotel	3.8722	.93373
	local Branded hotel	3.6828	.79961
Perceived Quality	International branded hotel	3.9903	.63221
	local Branded hotel	3.8091	.51386

Source: Own Survey, SPSS V26, 2020

As presented in table 4.8, both international and local brands scored highest for the item “I trust the service quality and products from hotel brand “X”. On the other hand, international brands scored much lower for product quality than local brands with a score of (3.94) while local brands scored slightly higher (4.08). The least score within the perceived quality list for international brands was for the item “When I use products and services from the hotel brand “X” I was always satisfied” with a score of (3.87). When we compare overall product quality between international and local brands both brands scored high. However, respondents perceive international brands to be of higher quality than local brands. This is shown by the mean score of (3.99) for international brands and (3.80) for local brands.

4.3.5. Analysis of Brand Loyalty

Loyalty is a core dimension of brand equity. Aaker (1991) defines brand loyalty as the attachment that a customer has to a brand. Based on this definition 4 item related to brand loyalty was put to the respondents. Table 4.9 shows the outcome of these questions with

mean score and standard deviation comparing international hotel brands with local hotel brands.

Table 4.7. Analysis of brand loyalty

Group Statistics			
Items of Brand Loyalty	Most Preferred Five Star Hotel Brand	Mean	Std. Deviation
	I consider myself to be a loyal customer of the hotel brand “X”	International branded hotel	4.0444
local Branded hotel		3.9624	.70801
When using hotel products and services, the hotel brand “X” would be my first choice	International branded hotel	4.0611	.66989
	local Branded hotel	4.0054	.70133
I will keep on using hotel brand “X” even if the other brands have the same functionality	International branded hotel	3.7000	.74669
	local Branded hotel	3.6828	.91322
I am still willing to use hotel brand “X” even if its price is a little higher than that of its competitor	International branded hotel	3.8444	.66704
	local Branded hotel	3.5376	.94793
Brand Loyalty	International branded hotel	3.8597	.49095
	local Branded hotel	3.9382	.86848

Source: Own Survey, SPSS V26, 2020

Table 4.9 indicates that respondents scored the item “When using hotel products and services, the hotel brand “X” would be my first choice” highest among the list of items related to brand loyalty for both international as well as local brands. The mean score for international brands regarding this item was slightly higher with a score of (4.06) while local brands scored (4.00). The least score the respondent gave was related to the item “I am still willing to use hotel brand “X” even if its price is a little higher than that of its competitor” in both international and local brands. Respondents scored this item slightly lower to local brands compared to international brands with mean score of (3.53) and (3.84) respectively. This indicates that respondents are price sensitive to both international and local brands but respondents that chose local hotel brands are slightly more sensitive to price change. When comparing overall brand loyalty between international and local hotel brands; international

hotel brands' mean score was (3.85) and local brands were (3.63). This indicates that respondents that chose international brands less loyal than local brands.

4.3.6. Correlation Analysis

According to (Erika FH Saunders, 2009) a correlation analysis used to identify the direction and relationship between variables. Pearson correlation analysis was used to provide evidence of convergent validity. Correlations are perhaps the most basic and most useful measure of association between two or more variables (Marczyk, Dematteo and Festinger, 2005). General guidelines correlations of .10 to .30 are considered small, correlations of .31 to .70 are considered moderate correlations of .71 to .90 are considered large, and correlations of .91 to 1.00 are considered very large.

To determine the most influencing factor predicting brand preference towards international and local branded hotels, the relationship between all variables was determined through correlation analysis before proceeding to regression analysis. As per table 4.10, the coefficients show that four of the factors affecting customers brand choice towards hotel selection were all positively related with brand preference within the range of 0.258 to 0.589, four of the factors (Brand awareness, brand association, perceived quality, and brand loyalty) are significant at $P < 0.01$ level,

A further look into each factor indicates that the four independent variables i.e. brand awareness ($r=0.433$), brand association($r=0.258$), perceived quality ($r=0.589$), and brand loyalty ($r=0.296$), are important determinants of customers brand preference towards international and local branded hotels.

Table 4.8. Correlations between brand equity elements and brand preference

Correlations						
		Brand Awareness	Brand Association	Perceived Quality	Brand Loyalty	Brand preferences
Brand Awareness	Pearson Correlation	1	.131*	.539**	.091	.433**
	Sig. (2-tailed)		.012	.000	.084	.000
	N		366	366	366	366
Brand Association	Pearson Correlation		1	.199**	.186**	.258**
	Sig. (2-tailed)			.000	.000	.000
	N			366	366	366
Perceived Quality	Pearson Correlation			1	.211**	.589**
	Sig. (2-tailed)				.000	.000
	N				366	366
Brand Loyalty	Pearson Correlation				1	.296**
	Sig. (2-tailed)					.000
	N					366
Brand preferences	Pearson Correlation					1
	Sig. (2-tailed)					
	N					366
*. Correlation is significant at the 0.05 level (2-tailed).						
**. Correlation is significant at the 0.01 level (2-tailed).						

Source: Own Survey, SPSS V26, 2020

4.4 Diagnostics in Regression

Several assumptions need to be met before we can use regression analysis with confidence. The important assumptions that are to be tested in this section are; independent variables shouldn't be too strongly correlated to one another (Multicollinearity), the value of residuals to be independent of one another and the residuals should be normally distributed. The following tests performed to check whether the data fit the assumptions of linear regression to conclude the analysis results are valid and reliable.

4.4.1. Multicollinearity

If there is a high degree of correlation between independent variables, we have a problem with what is commonly described as the problem of multicollinearity (Kothari, p.142). This is essentially the assumption that the predictors are not too highly correlated with one another. When predictor variables are very highly correlated, we have to wonder whether they are not measuring the same thing and would be better combined into one new variable (Muijs, 2010)

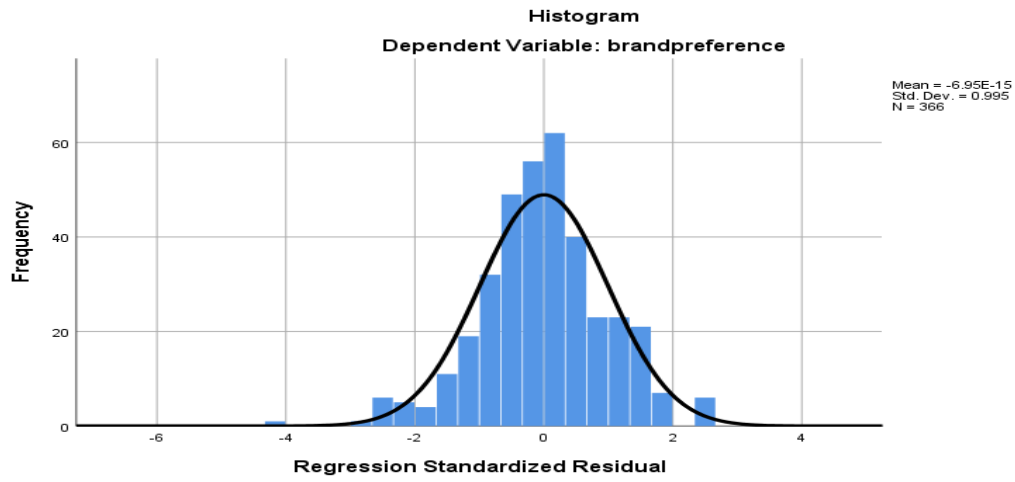
As we can see from table 4.4 there is no strong pair-wise correlation between brand equity elements (Independent Variables). As a rule of thumb, Bryman and (Bryman A. &., 1999), stated that the independent variables that show a relationship at or above 0.80 suspected of exhibiting multicollinearity. In this study as shown in table 4.4, no relationship equals or exceeds Pearson correlation coefficients of 0.80.

We can also test this assumption by looking at the coefficients table. As explained by Muijs (2010, p.181) Tolerance and Variance Inflation Factors (VIF) do the same thing, tolerance is the amount of variance in the individual variable not explained by the other predictor variables. It varies from 0 to 1, a value close to 1 indicates that the other predictors do not explain the variance in that variable. A value close to 0 implies that almost all the variance in the variable is explained by the other variables. This permits us to more formally check that our independent variables are not too highly correlated. To meet multiple regression assumptions we need a tolerance score above 0.2 and VIF scores below 10.

4.4.2. Normality

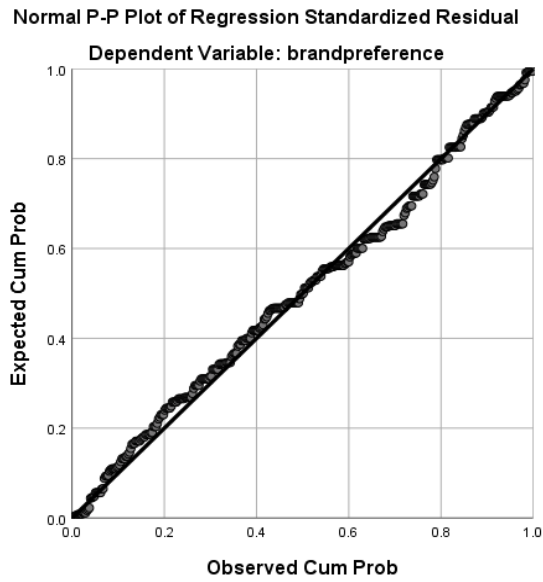
This assumption is used to determine whether the residuals are normally distributed. This can be tested by looking at the Histogram and P-P plot for the model. To say the Normality assumption of this study is met, the Histogram should be symmetric along the center 0 and the dots at the P-P Plot should be closer to the diagonal line; Normal P-P plot –points should lie in a reasonably straight diagonal line from bottom left to top right. In this case, Histogram is symmetric and the P-P plot the dots are drawn closer to the diagonal line, indicating that assumption of normality is met.

Figure 4.6



Source: Own Survey, SPSS V26, 2020

Figure 4.7



Source: Own Survey, SPSS V26, 2020

4.5. Hypothesis Testing

Following Keller's (1993) brand equity theory, consumers' knowledge about a brand that generates a differential effect on their responses (e.g. brand preference) was considered as the source of brand equity. As such, the current study explored brand knowledge elements that are influential on consumer-based brand equity development in the five-star hotel sector to test the hypothesis of this research; multiple linear regression techniques are performed.

4.5.1 Multiple Regression Analysis

Multiple regression analysis is a statistical technique that can be used to analyze and measure a relationship between two or more variables (Erika FH Saunders, 2009). This technique implemented to explore the most sophisticated interrelationship among variables, for instance, the technique uses to identify which brand equity element is the best predictor of brand preference and the amount of variance explained in brand equity variable by all elements of brand equity. Generally, this method enables the researcher to make stronger causal inferences from observed interrelationships among variables and to predict a dependent variable based on the values of several independent variables. Multiple R is a correlation between the observed values of y, the values of y predicted by multiple regression models. Therefore, large values of the multiple R represent a large correlation between the predicted and observed values of the outcome. The model summary table reports the strength of the relationship between the independent and the dependent variable.

Table 4.9. Model summary of Multiple Regression Analysis

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.641 ^a	.411	.404	.42533	1.562
a. Predictors: (Constant), Brand Loyalty, Brand Awareness, Brand Association, Perceived Quality					
b. Dependent Variable: brand preference					

Source: Own Survey, SPSS V26, 2020

Table 4.10. The results of Multiple Regression Analysis

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.916	.198		4.625	.000		
	Brand Awareness	.137	.040	.164	3.420	.001	.709	1.411
	Brand Association	.079	.028	.118	2.827	.005	.938	1.066
	Perceived Quality	.419	.047	.442	8.975	.000	.673	1.486
	Brand Loyalty	.129	.033	.166	3.968	.000	.933	1.072

a. Dependent Variable: brand preference

Source: Own Survey, SPSS V26, 2020

Table 4.11. Analysis of variance

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	45.537	4	11.384	62.928	.000 ^b
	Residual	65.308	361	.181		
	Total	110.844	365			

a. Dependent Variable: brand preference

b. Predictors: (Constant), Brand Loyalty, Brand Awareness, Brand Association, Perceived Quality

Source: Own Survey, SPSS V26, 2020

In the previous correlation analysis, the association between the variables has been estimated. In effect, all variables showed a statistically significant correlation ($P < 0.05$). It is of interest in this study to further distinguish the combined effect of these independent variables on the dependent variable using multiple regression analysis.

The results of multiple regression displayed in Table 4.5 model summary, show a highly significant relationship ($p < .01$) between the dependent variable (Y) and a linear combination of the predictor variables as can be estimated from the coefficient of multiple R (0.641). The coefficient of determination (R^2) is a measure of how good a prediction of the criterion variable

we can make by knowing the predictor variables. Accordingly, 41.1% of the variation accounted for in the dependent variable is due to the combined effect of the mentioned predictor variables. However, sometimes R^2 tends to somewhat overestimate the success of the model when applied to the real world. Therefore, to see the success of our model in the real world adjusted R^2 is more preferable than R^2 .

According to adjusted R^2 , the variation explained by the regression of Y on the combined effect of all the predictor variables is 40.4%. The significant level in the ANOVA table shows that the combination of variables significantly predicts the dependent variable. ANOVA that tests whether the model is significantly better at predicting the outcome than using the mean as a best guess; specifically, the F-ratio represents the ratio of the improvements in a prediction that results from fitting the model, relative to the inaccuracy that still exists in the model. For these data, F is 62.928, which is significant at $p < 0.001$. This result tells us that there is less than a 0.1% chance that an F-ratio is larger would happen by chance alone. Therefore, we can say that our regression model results in a significantly better prediction of the effects of brand equity elements on brand preference. The objective of the regression in this study is to find such an equation that could be used to find the impact of predictors on the dependent variable. The specified regression equation takes the following form:

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \dots + \beta_n x_n + \mathcal{E}_i$$

Where

Y_i = the *i*-th observation of the dependent variable.

β_0 = constant value (the value of Y when all X equals to zero).

x_n = the *n*-th observation of the independent variable

$\beta_1 \dots \beta_n$ = the slope coefficients for each of the independent variable

\mathcal{E}_i = the error term in *i*-th observation (normally assumed to be zero)

In the above equation, predictor variables x_i may represent independent variables or covariates (control variables). Covariates are variables that are not of theoretical interest but may have some impact on the dependent variable y and should be controlled so that the residual effect of the independent variables of interest are detected more precisely. Covariates capture systematic errors in a regression equation while the error term (E) captures random errors (Anol Bhattacharjee, 2012) Equation;

$$Y = \beta_0 + \beta_1 (DM) + \beta_2 (QD) + \beta_3 (PD)$$

Where,

Brand awareness=BAW, Brand association =BAS, Brand loyalty= BL, and perceived quality =PQ

So, equation comes as Product and service brand preference.

$$= 0.926 + 0.164 (BAW) + 0.118 (BAS) + 0.442 (PQ) + 0.166 (BL)$$

The significant levels of Brand awareness, Brand association, perceived quality, and brand loyalty, are. $\beta = 0.164$, $\beta = 0.118$, $\beta = 0.442$. and $\beta = 0.166$, respectively. This test shows that the coefficients of the above predictors are statistically significant at less than five percent level of significance.

The B- values tell us about the relationship between customers' brand preference and each predictor. If the value is positive, we can tell that there is a positive relationship between a predictor and the outcome whereas a negative coefficient represents a negative relationship.

The standardize B- value tells us the number of standard deviations that the outcome will change as a result of one standard deviation change in the predictor. The standard deviation units and so are directly comparable; therefore, they provide a better insight into the importance of a predictor in the model. The standardize beta value for perceived quality 0.442, this variable has a relatively strong degree of importance for consumers' brand preference and Brand Awareness .0.164, Brand Association .0.118, Brand Loyalty .0.166. this indicates us, a degree of importance for consumers' brand preference.

H1: Brand awareness has a significant & positive relationship with brand preference.

This study assumed that Brand awareness has a positive and significant effect on brand preference. As per table 4.4, brand awareness has a positive relationship with brand preference with a regression coefficient of (.164). The analysis shows that the p-value is (0.001), which is less than the significance value 0.01, hence the independent variable brand awareness and dependent variable brand preference have a positive relationship at ($\beta = .164$) which supports the hypothesis.

H2: Brand loyalty has a significant & positive relationship with brand preference.

As depicted in table 4.4, brand loyalty has a positive relationship with brand preference with a regression coefficient of (.129). The analysis shows that the p-value is (0.000), which is less than the significance value 0.01, hence the independent variable brand loyalty and dependent variable brand preference have a positive relationship at ($\beta = .129$) which supports the hypothesis.

H3: Perceived quality has a significant & positive relationship with brand preference.

In the survey findings as shown in table 4.4 perceived quality has a positive relationship with brand preference with a regression coefficient of (.419). The analysis shows that the p-value is (0.000), which is less than the significance value 0.01, hence the independent variable perceived quality and dependent variable brand preference have a positive relationship at ($\beta = .419$) which supports the hypothesis.

H4: Brand association has a significant & positive relationship with brand preference.

Table 4.4, the survey findings indicate that brand association has a positive relationship with brand preference with a regression coefficient of (.079). The analysis shows that the p-value is (0.005), which is less than the significance value 0.01, hence the dependent variable brand association and dependent variable brand preference have a positive relationship at ($\beta = .079$) which supports the hypothesis.

Which is in line with the previous relevant research, Rio et al. (2001) suggested that brand association is a vital factor in brand equity formation and management. It means that high brand equity implies that consumers have strong positive associations concerning the brand.

H5: Brand equity has a significant & positive relationship with brand preference.

It is obvious from the results that overall brand equity is under the positive influence of its elements i.e. brand awareness, perceived quality, brand association, and brand loyalty. The findings of the research are consistent with previous researches.

Table 4.12. Hypothesis results based on correlation analysis

	Hypothesis	Findings	Result
H1	Brand awareness has a significant & positive relationship with brand preference.	Correlation results, $r = .433^{**}$ Sig. (2-tailed) = .000	Accepted
H2	Brand loyalty has a significant & positive relationship with brand preference.	Correlation results, $r = .296^{**}$, Sig. (2-tailed) = .000	Accepted
H3	Perceived quality has a significant & positive relationship with brand preference	Correlation results, $r = .589^{**}$, Sig. (2-tailed) = .000	Accepted
H4	Brand association has a significant & positive relationship with brand preference.	Correlation results, $r = .258^{**}$, Sig. (2-tailed) = .000	Accepted
H5	Brand equity has a significant & positive relationship with brand preference.		Accepted
Note: $R^2 = 0.411$, $F = 62.928$, $p < 0.01$			

Source: Own Survey, 2020

CHAPTER FIVE

Summary, Conclusion and Recommendations

In this section, the main findings of the research are summarized and conclusions on major findings are presented. Recommendations are given based on the research findings and the limitation of the study is mentioned. Finally, the study forwarded some suggestions for further investigations.

5.1 Summary of Findings

The amount of brand loyalty, perceived quality, brand association, and brand awareness indicate brand equity. Results show that brand equity influence on consumer's brand preference and purchase intentions and this finding supported by past research (Cobb-Walgren, 1995); (Prasad K. ., 2000) (Myers, 2003); (Leslie de Chernatony, 2004); (Ching-Fu Chen, 2008); (Hadi Moradi, The Impact of Brand Equity on Purchase Intention and Brand Preference, 2011)

The main important category of brand equity is perceived quality, followed by brand loyalty, then brand awareness, and finally brand association. And the findings of the research based on research questions are summarized below

The most preferred hotel brand among international and local brand five-star hotels based on the research finding is international brand hotels are more preferred than local brand hotels and they are compared and analyzed by using independent t-test based on all independent and dependent items of the variable.

According to the findings of the study, hotel customers' brand preferences are influenced by Previous experiences, safety and security, core products, and price are the major criteria for a hotel brand preference. Besides, brand equity dimensions are influential in customers' hotel brand preference.

5.2 Conclusions

The results of this study indicate that there is an impact of brand equity elements in general on the brand preference that are, brand awareness, perceived quality, brand association, brand loyalty. The major brand equity element that has the highest impact on brand preference is perceived quality with a very significant difference from the brand loyalty that came second.

In general, as per the findings of the study, it can be concluded that hotel customers tremendously prefer international hotel brands than local hotel brands. Previous experiences, safety and security, core products, and price are the major criteria for a hotel brand preference. Besides, brand equity dimensions are influential in customers' hotel brand preference.

Furthermore, this study aimed to find the impact of brand equity elements on brand preference from the customers' point of view. Future research may re-study this impact from the other stakeholders and management point of view.

Finally, the differences of significant elements between local branded hotels and international branded hotels can be found from the comparative analysis. The result of the comparative analysis indicates that international brand hotels have better brand equity than local brand hotels

5.3 Recommendations

Based on the findings of the study and conclusions made, the following possible recommendations are given.

- Local branded as well as international brand five-star hotels should focus on the decision criteria of hotel customers as a guide to develop hotel products and services to tap into this market segment. These include new technology applications (online booking system, evaluating customers' online review, effective advertising, and

social media applications...), product and service attributes (high-quality customer service, standardized products...), and price.

- Understanding what hotel customers' needs and wants should be the main primary activity for the hotel industry. Hotels that are currently serving and those companies that want to enter and serve this segment must provide higher quality products and services to be a brand that is apparent to be high-perceived quality.
- International hotel brands should be able to leverage their brand equity they have in this market segment by establishing their launches and aggressively tapping into this growing segment
- Local hotel brands could also build brand equity by investing more in research and development. Based on their research and development into the best approaches and lessons of international hotel brands they could develop effective strategies and innovative products and services to build well know preferred hotel brands.

5.4 Limitation and Suggestion for Further Studies

The findings of this study are based entirely upon the research conducted among the customers of selected five-star hotels in Addis Ababa and hence may not be a representation of the whole preference of hotel customers. This study should be carried out on a wider scale taking a sample from the different local branded and international brand star-rated hotels.

Concerning avenues for future research, the concept of brand management is enormous and there are numerous components, which could be researched upon. The various variables of brand awareness, brand presence, brand essence, and brand architecture are some crucial tools on which further studies could be conducted to analyze their effect on hotels performing better and earning higher revenues. Also, a study on brand sustainability and brand enhancement could be conducted in star-rated hotels across various cities of the country.

5.5. Future Studies

- Further research could be conducted to a different segment of consumers and specific products so the result may be reflective of the actual brand preference of hotel consumers. Suggested future study of this topic and needed to get a better understanding of the brand equity effect from different dimensions.
- The direction of further research is to carry out a similar study from the marketers' perspective and comparing that with the customers' perspective and explore hotel consumers' brand preference of service and products with varying percentages of parts from different countries.
- Future research must take all star-rated hotels in Ethiopia and registered in the Ministry of culture and tourism to study the impact of brand equity elements on brand preference considering all star-rated hotels.

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Appendixes

Questionnaire

Questionnaire

A Questionnaire on the assessment of customers Brand preference between International Vs Local hotel brands

Dear respondents:

I am a graduate student at Addis Ababa University School of Commerce and currently researching for the completion of my master's in marketing management. This questionnaire is designed to collect data on the assessment of customers Brand preference between International Vs Local hotel brands.

Please take a few minutes of your time to answer this questionnaire about your personal experience with your hotel brand preference. Your willingness and cooperation in giving reliable information are well appreciated and the information you provide will be used for academic purposes and will be kept in strict confidentiality. If you would like further information about this study or have a problem in completing this questionnaire please contact me via +251911081914 or abiyk08@gmail.com

Thank you for your cooperation!

Instruction: Please mark your answer with a tick (√) in the space provided.

PART 1: General information respondents'

1. **Gender** Male Female
2. **Age** below 30 31-45 46-60 above 60
3. **Nationality** Ethiopian Foreigner
4. **Your purpose of visit in Addis Ababa**
Business traveler Leisure traveler Tourist
other _____
5. **Your length of stay in this particular hotel** _____

Part 2 basic information's on hotel products and services that you are currently using

6. What type of services or products that you are currently using?

Guest room	<input type="text"/>	Health center	<input type="text"/>
Food and beverage	<input type="text"/>	Meeting hall	<input type="text"/>
Spa	<input type="text"/>	Business center	<input type="text"/>

other _____

7. Which type of brand hotel that you are currently using

1	Sheraton Addis Hotel	<input type="text"/>
2	Capital hotel	<input type="text"/>
3	Ellele international hotel	<input type="text"/>
4	Marriott Executive Hotel	<input type="text"/>
5	Radisson Blue hotel	<input type="text"/>
6	Golden Tulip Hotel	<input type="text"/>
7	Getfam Hotel	<input type="text"/>
8	Skylight hotel	<input type="text"/>

8. Rate the following criteria for selecting a hotel brand from 1 to 7 in order of their importance.

Criteria's	Rank
Location of the hotel/convenience	
price/ value for money	
Hotels hygiene's standard	
Staffs and customers service quality	
Core products and services	
Safety and security of the hotel's premises	
Previous experience	

PART 3: the statement below is designed so that that they give information on which factors affect brand preference. The statement has drawn (X) referring to the hotel brand you have used currently and selected in the above question number 6

Please use tick mark (✓) mark in the given answer boxes that reflect your rating

A. Brand equity

Brand Awareness	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
I know the symbol or logo of the current hotel brands					
Some features of these hotel brands come to my mind quickly					
I can recognize the hotel brand "X" quickly among other competing hotel brands					

I am familiar with the brand hotel “X”					
Brand loyalty	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
I consider myself to be a loyal customer of the hotel brand “X”					
When using hotel products and services, the hotel brand “X” would be my first choice					
I will keep on using hotel brand “X” even if the other brands have the same functionality					
I am still willing to use hotel brand “X” even if its price is a little higher than that of its competitor					
Perceived quality	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
I trust the service quality and products from hotel brand “X”					
Products and services from the hotel brand “X” offer excellent features					
I think products and services of hotel brand “X” has a reputation of high Quality					
When I use products and services from the hotel brand “X” I was always satisfied					
Brand association	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

	(1)	(2)	(3)	(4)	(5)
I think international hotel brands are of high quality and superior compared to local hotel brands					
I associate the country of origin of the hotel brand “X” with high quality					

B. Customers attributes

Reference group	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
By using hotel brands as my friends and families, I achieve a sense of belonging					
I prefer or use hotel brands when I am sure my friends like that					
I use hotel brands that people expect me to use					
If I want to be like someone, by trying and using the same hotel brands that they use					
Self-image	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
I prefer hotel brand “X”, which increase my status and esteem					
Products and services of brand “X” says a lot about the kind of person, I am or want to be					

I feel proud to use products and services from Hotel brand “X”					
I like and prefer the hotel brand “X” because it suits my personality					
Self-image	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
The financial risk I will incur by using hotel brand “X” is very low					
The performance risk from using products and services of hotel brand “X” is very low					
By using products and services of hotel brand “X” I will be accepted by my peers, and it is reducing the social risk					

C. Brand preference

Brand preference	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
I would use the hotel brand “X” rather than any other hotel brands available					
I have the plan to use this hotel brand in the future					
I am willing to recommend others to use this hotel brand					

Source: Jalilvand et al. (2011)