

行政院國家科學委員會補助專題研究計畫成果報告

旅館業顧客權益量表建構與模式發展- 台灣與中國大陸之比較

計畫類別：個別型計畫

計畫編號：NSC **100-2410-H-018 -034**

執行期間：100 年 8 月 1 日至 101 年 7 月 31 日

計畫主持人：劉瓊如

計畫參與人員：李伊閔、蔡侑芝、曾美萍

成果報告類型：精簡報告

報告附件：擬投稿國際期刊

處理方式：本計畫涉及專利或其他智慧財產權，2 年後可公開查詢

執行單位：國立彰化師範大學地理系環境暨觀光遊憩碩士班

中 華 民 國 101 年 08 月 25 日

旅館業顧客權益量表建構與模式發展－ 台灣與中國大陸之比較

摘要

近 20 年來，中國本土的經濟型酒店品牌發展非常迅速、國外知名品牌經濟型酒店也於近年大舉進入佈點，引發該地區旅館市場競爭白熱化，而反觀台灣地區近 5 年才正強行銷成為當地旅館市場的新興進入者。因此，各家飯店如何在激烈的市場競爭下彰顯特色並吸引旅客上門，關鍵點在於飯店本身是否關注顧客的權益。本研究旨在比較中國與台灣兩地經濟型酒店之顧客權益模式，本研究分於中國與台灣搜集各為 297 份及 318 份問卷，並以線性結構方程模式（SEM）進行模式檢定。結果發現，對中國旅客提升其對飯店之「品牌權益」、「關係權益」，有助於強化其顧客忠誠度；而對台灣旅客提升其對飯店之「價值權益」，有助於增強其顧客忠誠度。最後依據研究結果提出兩地之經濟型酒店行銷管理意涵與建議。

【關鍵字】價值權益、品牌權益、關係權益、顧客忠誠度、經濟型酒店

Customer Equity Model of Budget Hotel: A comparison of China and Taiwan Abstract

China has experienced rapid growth in the budget hotel industry in the past 20 years, including a boom in world-class name-brand budget hotels, creating an atmosphere of fierce competition in the region. In the past five years, meanwhile, Taiwan has finally been engaging in a concerted marketing campaign, becoming a major rising competitor in the area. As such, the key for hotels hoping to generate interest among travelers and make themselves stand out in this highly competitive market has become whether or not they have focused on customer equity. This paper aims to compare the customer equity models of budget hotels in China and Taiwan. To this end, 297 surveys were collected from China and 318 from Taiwan, with model testing conducted through linear structural equation modeling (SEM). The results of this show that Chinese travelers are more focused on brand equity and relationship equity while Taiwanese travelers are focused on value equity, and that strengthening these will strengthen customer loyalty. Finally, marketing managerial implications and suggestions for future researches are also discussed.

【keywords】value equity、brand equity、relationship equity、customer loyalty、budget hotel

1. Introduction

During the recent period of economic recession, budget hotels have been one of the most successful phenomena in the European hotel industry (Fiorentino, 1995). Low prices and compact or simple rooms with minimal facilities were the prime characteristics of budget hotels from the customers' perspective (Lee, 1984). In spite of the fact that budget hotels have long been enjoying worldwide fame, with the development of the Chinese economy and the rise of travel, these hotels are attracting attention from international hotel practitioners. Therefore, budget hotels will be playing an important role in the future sightseeing industry.

The travel and hospitality industry in China has witnessed robust growth in recent years. According to the Yearbook of China Tourism Statistics in 2011, the number of Chinese tourists has risen to 2.64 billion. Additionally, two world-class activities, namely, the 2008 Olympic Games in Beijing and the 2010 World Exposition in Shanghai have successfully stimulated the development of budget hotels in China. The number of hotels has grown from 23 to 6643 in 2011 within a decade and the number of hotel rooms has increased to 688,305 (HostelCN.com, 2012). Therefore, budget hotels have recently emerged as a popular trend in China's hotel accommodation market due to their high return on investment (ROI) and demand in China (Hua, Chan, & Mao, 2009). Major budget hotel brands in China, such as Jing Jiang Inn, Home Inn, Super 8, and Ibis, formulated their "2008 plans" and "2010 plans" to cater to the surge in need.

Compared with China, Taiwanese budget hotels developed relatively late and did not receive much attention until recent years. However, with the development of direct flights across the Taiwan straits, free travel and the opening policy of the ECFA, the recent travel environment in Taiwan has been changed for the better. Since Taiwan was opened to mainland tourists for travel in 2007, there have been over 1.78 million mainland tourists traveling to Taiwan within five years, accounting for 29.3% of the total entry number, ranking first in Taiwan's entry records (Tourism Bureau, M.O.T.C, 2012). Therefore, hotel practitioners have long considered the model of mainland tourists traveling to Taiwan and have gradually developed budget hotels to meet the ever-increasing Chinese market. In the early period, Taiwan mainly focused on developing star hotels, but now Taiwan has started to develop budget hotels. In addition to the budget hotel BOT led by the tourism bureau, newly established budget

hotel have been mostly introduced and invested in by star hotel practitioners, for example, Forte Orange Hotel introduced by Forte Hotels. Up until now, there have been four budget hotel brands and 14 hotels, offering approximately 2000 hotel rooms in total (Tourism Bureau, M.O.T.C, 2012).

As there is a low entry barrier for budget hotels, more and more new hotels have come into the market and, as a consequence, hotel competition has become increasingly fierce. This phenomenon has urged hotel practitioners to consider how to develop loyal customers in order to maintain their advantage from the perspective of customer equity rather than hotel facilities and price competition. Customer equity as a measure of the expected future behavior of a firm's customers is a key strategic asset that must be monitored and nurtured by firms to maximize long-term performance (Vogel, Evanschitzky, & Ramaseshan, 2008). Previous research has established value equity, brand equity, and relationship equity as key constructs in the customer equity model (Rust, Lemon, & Zeithaml, 2004). These constructs influence the change in customer equity and are referred to as drivers or determinants of customer value (Severt & Palakurthi, 2008). Value equity is defined as the customer's objective assessment of the utility of a brand based on perceptions of what is given up for what is received (Rust et al., 2000). Brand equity is defined as the customers' subjective and intangible assessment of the brand (Rust et al., 2000). Relationship equity is defined as the customers' tendency to return to the brand above and beyond the objective and subjective assessment of the brand (Lemon et al., 2001). In summary, hotel practitioners must intensify these three decisive factors in order to maintain long-term customer equity.

A previous study has confirmed the cause and effect relationship between the three decisive factors of the customer equity model and customer equity (Hyun, 2009a, b; Vogel et al., 2008). However, no past study has explored the customer equity model of the budget hotel, so there has been no agreement about the parameters of the concept of customer equity for such a hotel. It is vital to the success of budget hotels to create a model explaining the formation of customer equity.

Moreover, regarding the different development models of budget hotels between China and Taiwan, their customer equity models may have some differences. As China's economic hotels developed early, the management model is to invest and develop peculiar brands by native enterprises; for instance, Jing Jiang Inn was

established by the Shanghai Jing Jiang Group. On the contrary, Taiwanese budget hotels have developed later so the management model tends to create new brands invested in by star hotels, such as the Just Sleep hotel developed by Formosa hotels. In other words, by observing the different development models of the budget hotels of China and Taiwan, significant management implications can be provided for both practitioners across the straits. As a result, the purpose of this study was to construct a customer equity model for budget hotels and compare the difference between mainland China and Taiwan.

2. Literature Review

2.1. Budget hotel development in China and Taiwan

The origin of the budget hotel may be traced back to the 1920s in the US (Shen, 2006). Fiorentino (1995) revealed the budget hotel is different in that it is a new product concept, planned and purpose-designed to meet specific needs, and relying on the branded chain management approach. The main characteristic of budget hotels is the supply of a basic service of high quality. However, due to reduced facilities and minimal services, the hotels offer only the essential points to their goal clients. These clients are groups formed of intermediate level businessmen, technicians, professionals and salesmen who travel for business and who prefer lower prices, preferring comfort instead of sophistication (Bezerra and Melo, 2003) because they only stay a short period of time. According to Andrade et al. (2000), accommodation is a basic room of suitable dimension and furniture, with full bathroom facilities and air conditioning, a small reception, breakfast room, and parking, with limited services in the reception, staff and cleaning.

The first budget hotel chain brand in China can be traced back to Jing Jiang Inn, which was developed by the Shanghai Jing Jiang Group in 1997. 1997 to 2002 witnessed the first development period of China's budget hotels in which Jing Jiang Inn was the major representative. Between 2003 and 2005, China's budget hotels gradually grew with five top brands taking the market share, namely, Jing Jiang Inn, Home Inn, Motel168, Zhongzhou Kuaijie Inn and Super 8. 2006 to 2011 witnessed a fast development period for China's budget hotels with 384 chain brands. Today, China's budget hotels are mainly classified into three types. The first type is the nationwide budget hotel brand, such as Jing Jiang Inn, Home Inn, etc. The second

type is the regional brand, such as Shanghai Motel168, and the third type is the budget hotels established by international hotel management groups, such as American Super 8. China's budget hotels are mostly centered in commercial cities, especially in Beijing, Shanghai and Guangzhou (HostelCN.com, 2012).

Taiwan's budget hotels developed later than China and did not enjoy fast growth until the last five years. More focus has been placed on the selection of location, obtaining specific customers, and affordable consumption as well as luxurious accommodation services. Taiwanese budget hotels are mainly divided into two types. One is BOT led by the public department, such as Miramar Garden Taipei, and the Taipei Garden Hotel, etc. The other is hotels invested in by five-star hotel practitioners, such as Forte Orange hotel, and Just Sleep hotel, etc. Taiwanese budget hotels are also concentrated in the centre of commercial cities, especially in Taipei and Taichung (Tourism Bureau, M.O.T.C, 2012).

2.2. Customer equity model

Customer equity refers to the life-long value of all customers in a firm, including present customers and potential customers (Rust et al., 2004). During the customers' lifetime, they may bring unlimited benefits for firms due to their individual re-purchasing behavior or by introducing others to make a purchase. Consequently, enterprises consider a customer's life-time value as one key index for evaluating a firm's performance (Sargeant, 2001). Furthermore, enterprises have transformed the concept of customer equity into actual marketing strategies and are committed to customer relationship management (Hogan et al., 2002). Rust et al. (2000) applied the customer equity model to the service industry, indicating that higher customer equity can result in higher customer consumption, and higher than expected purchase probability and repurchase rates. In other words, one important issue for firms is how to promote customer equity so as to bring maximum benefits from minimal resources.

The customer equity model is composed of customer equity and three other important driving factors, namely, value equity, brand equity and relationship equity, as shown in Figure 1 (Leone et al., 2006; Rust et al., 2000, 2004; Severt & Palakurthi, 2008). The three driving factors can independently work or cooperate with each other to form customer equity. Their relationship with customer equity would have some differences because of the nature of different industries. Hyun (2009a) established the

customer equity model for chain restaurants, indicating that, compared with value equity and relationship equity, brand equity is the key factor to influence customer equity, while in the customer equity model for theme parks, relationship equity is the main source for forming customer equity (Hyun, 2009b).

Value equity is the customer's objective assessment of quality, price, convenience and practicability of a company's products (Rust et al., 2004). In the tourism industry, the level of value equity means a customer's comprehensive evaluation of hotel quality. Consequently, quality dimensions, such as services, food, accommodation and environment, as well as subjective perception during transactions are more preferred when assessing customer equity (Parasuraman, Berry, & Zeithaml, 1993; Parasuraman et al., 1988; Raajpoot, 2002; Zeithaml, 1988). A number of researches have confirmed that value equity is one of the key antecedent variables of customer equity (Hyun, 2009a,b; Lemon, 2001). Rust et al. (2000) suggested that the higher the value equity a restaurant has (e.g. rational price, clean environment, or good quality of commodities), the higher the customer equity can be created so as to bring more benefits for the restaurant. Therefore, customers' life-long value produced by a firm would be greatly influenced by the customer's perception of products or services (Lemon et al., 2001; Rust et al., 2000).

Brand equity (BE) is the subjective and intangible evaluation of the brand for customers (Rust et al., 2000) and is important because customers may have an emotional tie to the image or reputation of the business brand (Severt & Palakurthi, 2008). According to Keller (1993), the customers who have positive BE with a certain brand would easily respond to the marketing activities of that brand. Brand equity has also been linked directly and indirectly with a firm's performance as indicated in Hyun's (2009a) and Vogel's (2008) studies, which both indicated that brand association, brand awareness, and brand image are important components of brand equity. Hyun (2009a) indicated that a high restaurant brand equity (e.g. customers can easily identify brands or products of high popularity) can produce higher customer equity. Therefore, customers' life-long value produced by a firm would be greatly influenced by the customer's perception of the brand.

Relationship is defined as, "the tendency of the customer to stick with the brand above and beyond objective and subjective assessment" (Rust et al., 2005, p. 25). Severt and Palakurthi (2008) pointed out that relationship equity becomes important

because of the link between enterprises and customers. Relationship equity has also been linked directly with customer equity for business hotels, chain restaurants, and theme parks, as indicated in Hyun's (2009a, b) and Weber's (2000) studies. These indicated that satisfaction, trust, and affective commitment are vital components of relationship equity. Palmatier, Jarvis, Bechkoff, and Kardes (2009) discovered that the more devotion there was to the management of customer relationships made by enterprises, the more customer gratitude to such enterprises can be produced, thereby intensifying the emotional tie between customers and enterprises and enhancing customer loyalty. In other words, a closer relationship between customers and enterprises (e.g. customers have trust with or a sense of belonging to a firm) would increase customer repurchase rates, the maximum amount of repurchase and minimise the purchase rate with competitors, thereby increasing customer life-long value (Rust et al., 2000).

(Insert Figure 1 about here)

3. Methods

3.1. Sample design and data collection

This study made a pretest of 50 copies of valid questionnaires before formal ones were handed out so as to know how much respondents understood the items. Next, this study regarded two grand budget hotels as research objects, namely, China's Jing Jiang Inn and Taiwan's Forte Orange hotel, handing out questionnaires to 12 Jing Jiang Inns in Beijing and Nanjing and five Forte Orange hotels in Taiwan. The questionnaires were released through convenience sampling and aimed at hotel guests for the survey. In the end, a total of 615 copies of valid questionnaires were collected, including 297 copies from the mainland and 318 copies from Taiwan.

3.2. Measurement

The questionnaire content of this study included measurement tools for the four dimensions mentioned in the theoretical model and the basic data of the respondents. All measurements were based on past literature and were modified to match the characteristics of the hotel industry. The customer equity scale was modified in accordance with Hyun's study (2009), with five items in total. The value equity scale referred to Kim & Kim (2005) and Hyun (2009) with 19 items across the four

dimensions. The brand equity scale was adopted from Kim & Kim (2005), Vogel et al. (2008) and Hyun (2009) with nine items for three dimensions in total. All items were assessed using a 5-point Likert scale, ranging from “strongly disagree” (1) to “strongly agree” (5).

3.3. Data analysis

According to the two-stage approach proposed by Anderson and Gerbing (1988), which tests the measurement model first and then conducts a structural model, this study adopted confirmatory factor analysis and structural equation modeling to test the fitness between the reliability and validity of the dimensions and the model, and further test various hypothetical relationships in the theoretical model.

4. Results

4.1. Characteristics of Respondents

Table 1 presents the individual characteristics of the mainland China and Taiwan respondents. Male customers were more predominant than females in mainland China’s budget hotels, while the numbers for the two groups was quite close in Taiwan’s budget hotels. In terms of age and education level, the majority of customers were aged between 25 and 34 and held a university degree in both mainland China and Taiwan. With regards to occupation, the respondents from China were mostly technicians and legislators/ administrators, the two types accounting for 80% of the total respondents. With regards to the Taiwanese respondents, more than half were technicians followed by students. The above results can be explained due to the purpose of the accommodation. Nearly 60% of China’s respondents stayed in the hotel because they were doing business or attending a conference, which resulted in the fact that male customers were in the majority in China’s budget hotels and they were mostly businessmen. However, in Taiwan, more than 70% of customers stayed in the hotel for sightseeing, which leads to a balanced distribution between gender, age and occupation. The above phenomenon fits in with the statement that budget hotels are mostly concentrated on businessmen and tourists (Merlo & João, 2011).

(Insert TABLE 1 about here)

4.2. Measurement model

In line with the two-step approach proposed by Anderson and Gerbing (1988), a measurement model was tested before testing the structural model. A confirmatory factor analysis was conducted to investigate measurement reliability and validity. We specified the measurement model as described in Table 2, including four constructs (three independent variables and one dependent variable). The goodness-of-fit parameters were as follows: χ^2/df ($df = 685$) = 2.21, GFI = 0.89, RMSEA = 0.044, SRMR = 0.034, CFI = 0.99, NFI = 0.99, and PGFI = 0.74. The t values for the factor loading of all the measurement items reached a level of significance ($p < 0.01$). This indicates that the measurement model was acceptable.

All items as seen in Table 2 are significant ($p < 0.01$) with the coefficient between 0.63 and 0.88. The average variance extracted (AVE) of each measurement ranges from 0.55 to 0.74, and has more than 50 percent of the variance as recommended by Bagozzi and Yi (1988). These values show that convergent validity for all constructs are acceptable.

In order to achieve discriminant validity, the correlation coefficients between a pair of constructs should be lower than the squared root of AVE for each construct (Fornell and Larcker, 1981). As seen in Table 3, a squared root of AVE for each construct is greater than the correlation coefficients of corresponding inter-constructs, indicating adequate discriminant validity.

The composite reliability (CR) of all constructs range from 0.72 to 0.92, and all of them are well above the recommended value of 0.7, indicating adequate internal consistency (Hair, Anderson, Tatham, & Black, 1998).

(Insert TABLE 2 about here)

(Insert TABLE 3 about here)

4.3. Structural Model

This study estimated maximum likelihood with LISREL 8 (Jöreskog & Sörbom, 1993) software to examine the relationships between customer equity and its three drivers. Reliability and validity were acceptable for all the dimensions examined in

this study, implying that using a single measurement indicator rather than multiple measurement indicators should prove viable (Homburg, Grozdanovic, and Klarmann, 2007). The average of the dimension scores of the value equity, brand equity, and relationship equity measurement patterns in measurement model were taken and adopted as multiple measurement indicators in structural model.

Figure 2 reports the goodness-of-fit indices of the final estimated structural model. The following parameter values indicate that the structural model fits the data structure well: Model fit: $\chi^2=456.73$, χ^2/df ($df=84$)=5.43, GFI=0.91, SRMR=0.035, RMSEA=0.085, NFI=0.98, CFI=0.98 (Jöreskog & Sörbom, 1993). Customer equity was significantly forced by value equity ($\gamma = 0.16$, $p<0.05$), brand equity($\gamma = 0.27$, $p<0.01$), and relationship equity($\gamma = 0.37$, $p<0.01$).

(Insert FIGURE 2 about here)

4.4. Comparing customer equity model between China and Taiwan for budget hotel

Another purpose of this study is to compare the difference of customer equity model of budget hotel between China and Taiwan. Therefore, all samples were separated into China and Taiwan groups, respective samples were 297 and 318. Figure 3 represents the customer equity model of budget hotel for China. The goodness-of-fit parameters were as follows: Model fit: $\chi^2=230.08$, χ^2/df ($df=84$)=2.73, GFI=0.91, SRMR=0.041, RMSEA=0.077, NFI=0.97, CFI=0.98, indicating that the structural model fits the data structure well. Value equity ($\gamma = 0.10$, $p>0.05$) has non-significantly effects on the customer equity. Brand equity ($\gamma = 0.30$, $p<0.01$) and relationship equity ($\gamma = 0.38$, $p<0.01$) significantly and positively influence customer equity.

Figure 4 exhibits the customer equity model of budget hotel for Taiwan. The goodness-of-fit parameters were as follows: Model fit: $\chi^2=341.36$, χ^2/df ($df=84$)=1.84, GFI=0.87, SRMR=0.054, RMSEA=0.098, NFI=0.96, CFI=0.97, indicating that the structural model fits the data structure well. Value equity ($\gamma = 0.32$, $p<0.01$) significantly and positively influence customer equity. Brand equity ($\gamma = 0.24$, $p>0.05$) and relationship equity ($\gamma = 0.15$, $p>0.05$) has non-significantly effects on the customer equity.

Interestingly, the driving factors of customer equity in China and Taiwan's budget hotels are the opposite. In China, customer equity is mainly impacted by relationship equity, with brand equity next, and value equity having no influence. Meanwhile, in Taiwan, customer equity is only driven by value equity, having nothing to do with brand equity or relationship equity.

(Insert FIGURE 3 about here)

(Insert FIGURE 4 about here)

5. Discussion and Conclusion

The research results confirmed that the customer equity of budget hotels can be simultaneously influenced by three driving factors, of which the most influential is relationship equity, followed by brand equity and then value equity. Similar to the previous research statements, these three driving factors effectively form customer equity (Hyun, 2009a; Severt & Palakurthi, 2008). Nevertheless, the past research confirmed that the relationship degree between the three driving factors and customer equity would be different due to different industries. For example, the customer equity of chain restaurants is formed by brand equity (Hyun, 2009a) and that of theme parks is formed by relationship equity (Hyun, 2009b). Therefore, one of the contributions of this study is the proposal that the customer equity model is suitable for budget hotels.

Secondly, this study also proved that the customer equity models for China's budget hotels and those of Taiwan are totally different. The customer equity for China's budget hotels is affected by brand equity and relationship equity, instead of value equity. In addition, relationship equity is quite important in forming customer equity. This result is consistent with that of Palmatier et al. (2009), indicating that the closer the customers and enterprises are, the higher the repurchase rate will be. Therefore, when customers have a sense of belonging and preference to Jing Jiang Inn, they will give priority to this hotel when they need accommodation in the future. Furthermore, Jing Jiang Inn can righteously serve customers and clearly explain their problems, thereby reducing consumption risks and making customers trust the hotel and enjoy their stay. Future practitioners of Jing Jiang hotels should pay attention to the management of customer relationships so that customers can have faith in and commitment to the brand of Jing Jiang Inn, thereby establishing long-term customer life-long value.

Brand equity is vital to the formation of customer equity, which corresponds with the study of Lemon et al. (2001). This held that brand equity can help the customers who have a demand to quickly associate with a specific brand, thereby intensifying their intention of re-buying products or services of a specific brand. Therefore, a clearer brand image for Jing Jiang Inn would help customers to further recognize such a brand, which can make customers always visit the hotel chain. Moreover, as Jing Jiang Inn was the first budget hotel in China, belonging to the first-class brand among numerous budget hotels, customers can easily recognize such a brand and rapidly associate with its trademark or logo, thereby increasing the chances of staying with the hotel. It is suggested that future practitioners strengthen their brand image strategy so as to make customers associate more with the brand of Jing Jiang Inn, thereby helping it to stand out in the face of brand competition.

On the other hand, in the customer equity model for Taiwanese budget hotels, only value equity can produce customer equity, while brand equity and relationship equity have no influence on customer equity. This result corresponds with past research, indicating that customer life-long value is deeply influenced by the product content, quality and value that customers perceive (Lemon et al., 2001; Rust et al., 2000). When customers believe that the Forte Orange Hotel has good service quality, comfortable living rooms and a cheerful atmosphere, this would help them to give first consideration to such a hotel when they have a demand for accommodation in the future, and bring long-term benefits for the hotel. Similar to other budget hotels in Taiwan, Forte Orange Hotel is also regarded as a newly emerging hotel for customers. Although these hotels are not so luxurious as or have the grandeur of five-star hotels, they can be preferred because of their convenient location and high-level services. Therefore, future practitioners ought to maintain the first-class service and unique atmosphere, and constantly make in-depth impressions on customers in order to establish customer long-term value.

Finally, two customer equity models for China's budget hotels and Taiwan's budget hotels are, respectively, put forward in this study. This study determined that value equity cannot affect customer equity in the former model, while brand equity and relationship equity are not conducive to the formation of customer equity in the latter model. This may be caused by the different development times of the two types of hotel. Taiwan's budget hotels were established only in recent years and the

Taiwanese public seems to be unfamiliar with such type of hotels. Consequently, they will firstly assess such a hotel in an objective way when they have the demand for accommodation. This result showed that objective value equity is the only factor affecting customer equity. Oh (2002) stated that those tourists who are unfamiliar with the destination mainly objectively assess a hotel according to the outside information related to the destination, and then decide whether they will visit the hotel or not. On the contrary, China's budget hotels first developed more than 15 years ago and, as a consequence, mainland Chinese people have a certain level of understanding toward the quality, services or prices of budget hotels. Therefore, when they need accommodation, they no longer rely on an objective assessment but on subjective judgment or even emotional ties, meaning that brand equity and relationship equity are the key factors that affect customer equity. As Morasia and Lin (2010) pointed out, if tourists familiar with their destination depend on affection when making decisions, they will no longer be influenced by objective assessment.

According to the study results, there are some limitations and suggestions. Firstly, although this study adopted Chinese and Taiwanese budget hotels as research objects, the brands of the budget hotels are so diverse that it is not clear whether a common conclusion can be drawn to cover all types of budget hotels. Therefore, it is proposed that further types of hotel brand samples be collected in a future study so as to make the results universal. Secondly, although sampling errors have been carefully avoided in the data collection of this study, some possible response errors still exist, including social expectations and common method variance. Therefore, it is suggested that other variables, such as social expectations, be included in a future study to test the correctness of the results, together with the use of multiple data sources to reduce the problem of common method variance. Finally, in the customer equity model for budget hotels, customer equity can 60% be explained by the three driving factors, but it can also be affected by other variables. Consequently, the future study should extend the theoretical model of this study to explore other factors that may affect customer equity, which will facilitate the development of customer equity theory.

References

- Aaker, D. A. (1991). *Managing Brand Equity*. New York: The Free Press.
- Anderson, J. C., & Gerbing, D. W. (1988). Structural equation modeling in practice:

- A review and recommends two-step approach. *Psychological Bulletin*, 103(3), 411- 423.
- Alrubaiee, L., & Nahla, A.N. (2010). Investigate the impact of relationship marketing orientation on customer equity: The customer's perspective. *International Journal of Marketing Studies*, 2(1), 155-174.
- Beerli, A., & Martin, J. D. (2004). Factors influencing destination image. *Annals of Tourism Research*, 31(3), 657-681.
- Boo, S., Busser, J., & Baloglu, S. (2009). A model of customer-based brand equity and its application to multiple destinations. *Tourism Management*, 30(2), 219-231.
- Brotherton, B., (2004). Critical success factors in UK budget hotel operations. *International Journal of Operations & Production Management*, 24(9/10), 944-969.
- Chinese budget hotel network(2012). 2000-2011Q3 the scale of growth of national budget hotel chain , Accessed at : <http://www.inn.net.cn/news.php?id=3113>.
- Cortina, J. M. (1993). What is coefficient alpha? An examination of theory and applications. *Journal of Applied Psychology*, 78(1), 98-104.
- Fiorentino, A. (1995). Budget hotels: Not just minor hospitality products. *Tourism Management*, 16(6), 455-462.
- Furinto, A., Pawitra, T., & Balqiah, T. E. (2009). Designing competitive loyalty programs: How types of program affect customer equity. *Journal of Targeting, Measurement and Analysis for Marketing*, 17(4), 307-319.
- Gitelson, R. J., & Crompton, J. L. (1984). Insights into the repeat vacation phenomenon. *Annals of Tourism Research*, 11(2), 199-217.
- Ha, J., & Jang, S. (2010). Effects of service quality and food quality: The moderating role of atmospherics in an ethnic restaurant segment. *International Journal of Hospitality Management*, 29(3), 520-529.
- Hanssens, D. M., Thorpe, D., & Finkbeiner, C. (2008). Marketing when customer equity matters. *Harvard Business Review*, 86(5), 117-123.
- Hatcher, L. (1994). A step-by-step approach to using the SAS system for factor

- analysis and structural equation modeling. Cary, NC: SAS Institute.
- Hogan, J.E., Lemon, K.N., & Rust, R.T.(2002). Customer equity management: charting new directions for the future of marketing. *Journal of Service Research* ,5 (1),4-12.
- Homburg, C., Grozdanovic, M., & Klarmann, M. (2007). Responsiveness to customers and competitors: the role of affective and cognitive organizational systems. *Journal of Marketing*, 71(3), 18-38.
- Hsu, C. H. C., Oh, H., & Assaf, A. G. (2011). A customer-based brand equity model for upscale hotels. *Journal of Travel Research*, 51(1), 81-93.
- Hua, W., Chan, A., & Mao, Z. (2009). Critical success factors and customer expectation in budget hotel segment: A case study of China. *Journal of Quality Assurance in Hospitality & Tourism*, 10(1), 59-74.
- Hull, J. G., Lehn, D. A., & Tedlie, J. C. (1991). A general approach to testing multifaceted personality construct. *Journal of Personality and Social Psychology* , 61, 932–945.
- Hyun, S. S. (2009a). Creating a model of customer equity for chain restaurant brand formation. *International Journal of Hospitality Management*, 28(4), 529-539.
- Hyun, S. S. (2009b) Managing Long-Term Customer Value In The Theme Park Industry: A Customer Equity-Based Approach *Journal of Travel and Tourism Research-Spring*, 28-54.
- Ibáñez, V. A., Hartmann, P., & Calvo, P. Z. (2006). Antecedents of customer equity in residential energy markets: Service quality, satisfaction, trust and switching costs. *Service Industries Journal*, 26(6), 633-650.
- Jöreskog, K. G., & Sörbom, D. (1993). *LISREL 8.02*. Chicago: Scientific Software International.
- Keller, K. L. (1993). Conceptualizing, Measuring, & Managing Consumer-Based Brand Equity. *Journal of Marketing*, 57 (Jan), 1-22.
- Keller, K. L.(1998). *Strategic Brand Management*. New Jersey: Prentice Hall.
- Kim, H. B., & Kim, W. G. (2005). The relationship between brand equity and firms' performance in luxury hotels and chain restaurants. *Tourism Management*, 26(4), 549-560.

- Kim, W. G., Jin-Sun, B., & Kim, H. J. (2008). Multidimensional Customer-based Brand Equity and Its Consequences in Mid-Priced Hotels. *Journal of Hospitality & Tourism Research*, 32(2), 235-254.
- Kressmann, F., Sirgy, M. J., Herrmann, A., Huber, F., Huber, S., & Lee, D.-J. (2006). Direct and indirect effects of self-image congruence on brand loyalty. *Journal of Business Research*, 59(9), 955-964.
- Lau, A. L. S., & McKercher, B. (2004). Exploration versus acquisition: A comparison of first-time and repeat visitors. *Journal of Travel Research*, 42(3), 279-285.
- Lee, D. R. (1984). The budgets: Three views. *Cornell Hotel and Restaurant Administration Quarterly* May, 25, 11-13.
- Lemon, K. N., Rust, R. T., & Zeithaml, V. A. (2001). What Drives Customer Equity? . *Marketing Management*, 10(1), 20-25.
- Leone, R. P., Rao, V. R., Keller, K. L., Luo, A. M., McAlister, L., & Srivastava, R. (2006). Linking brand equity to customer equity. *Journal of Service Research*, 9(2), 125-138.
- McDougall, G. H. G. and Levesque, T. (2000). Customer satisfaction with services: putting perceived value into the equation. *Journal of Services Marketing*, 14(5), 393-410.
- Merlo, E. M., & João, I. de S. (2011). Consumers attribute analysis of budget hotels: An exploratory study. *African Journal of Business Management*, 5(21), 8410-8416.
- Mimouni-Chaabane, A., & Volle, P. (2010). Perceived benefits of loyalty programs: Scale development and implications for relational strategies. *Journal of Business Research*, 63(1), 32-37.
- Morais, D. B., & Lin, C. H. (2010). Why do first-time and repeat visitors patronize a destination? *Journal of Travel and Tourism Marketing*, 27(2), 193-210.
- Morgan, R. M., & Shelby, D. H. (1994). The Commitment-Trust Theory of Relationship Marketing. *Journal of Marketing*, 58(3), 20-38.
- National Bureau of Statistics (2012). The national economical and social development statistical bulletin, Accessed at : <http://www.stats.gov.cn/>

- Oh, H. (2002). Transaction evaluations and relationship intentions. *Journal of Hospitality & Tourism Research*, 26(3), 278-305.
- Oliver, R. L. (1997). *Emotional Expression in the Satisfaction Response. In satisfaction: A behavioral perspective on the consumer*. Boston: Irwin, 291-325.
- Oppermann, M. (1997). First-time and repeat visitors to New Zealand. *Tourism Management*, 18(3), 177-181.
- Palmatier, R. W., Jarvis, C. B., Bechhoff, J. R., & Kardes, F. R. (2009). The role of customer gratitude in relationship marketing. *Journal of Marketing*, 73(5), 1-18.
- Parasuraman, A., Berry, L. L., & Zeithaml, V. A. (1993). More on improving service quality measurement. *Journal of Retailing*, 69(1), 140-147.
- Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality. *Journal of Retailing*, 64(1), 12-37.
- Raajpoot, N. A. (2002). TANGSERV: A multiple item scale for measuring tangible quality in foodservice industry. *Journal of Foodservice Business Research*, 5(2), 109-127.
- Reichheld, F. F., & Sasser, W. E. (1990). Zero defections: quality comes to services. *Harvard Business Review*, Sep/Oct, 105-111.
- Rust, R.T., Zeithaml, V.A., & Lemon, K.N. (2000). *Driving Customer Equity*. The Free Press, New York.
- Rust, R. T., Lemon, K. N., & Zeithaml, V. A. (2004). Return on marketing: Using customer equity to focus marketing strategy. *Journal of Marketing*, 68(1), 109-127.
- Sargeant, A. (2001). Customer lifetime value and marketing strategy: how to forge the link. *The Marketing Review*, 1 (4), 427-440.
- Severt, K. S., & Palakurthi, R. (2008). Applying customer equity to the convention industry. *International Journal of Contemporary Hospitality Management*, 20(6), 631-646.
- Sirgy, M. J., Lee, D.-J., Johar, J. S., & Tidwell, J. (2008). Effect of self-congruity with

sponsorship on brand loyalty. *Journal of Business Research*, 61(10), 1091-1097.

Tourism Bureau of ROC (2012). Hotel Directory Enquiry [online information], Accessed at : http://hotelhomestay.tbrc.gov.tw/list_hp.jsp.

Tourism Research Institute (2011) Blue Book of China's tourism economy - in 2011 China's tourism economy running analysis of the 2012 Development forecasts, China Tourism Press.

Vogel, V., Evanschitzky, H., & Ramaseshan, B. (2008). Customer equity drivers and future sales. *Journal of Marketing*, 72(6), 98-108.

Weber, K. (2000) "Meeting planners' perceptions of hotel-chain practices and benefits" *Cornell Hotel & Restaurant Administration Quarterly*, 41(4), 32-38.

Zeithaml, V. A., Berry, L. L., & Parasuraman, A. (1996). The behavioral consequences of service quality. *Journal of Marketing*, 60(2), 31-46.

Zeithaml, Valarie A. (1988). Consumer Perceptions of Price, Quality and Value: A Means-End Model and Synthesis of Evidence. *Journal of Marketing*, 52(7), 2-22.

Table 1. Demographic analysis results

Variables	Contents	Number (%)	
		China (n=297)	Taiwan (n=318)
gender	male	194 (65.3)	158 (49.6)
	female	103 (34.7)	160 (50.4)
Age	18~24 years	55 (18.5)	54 (17.0)
	25~34 years	135 (45.5)	115 (36.2)
	35~44 years	74 (24.9)	95 (29.9)
	45 and above	33 (11.1)	54 (17.1)
Occupation	Students	23 (7.7)	47 (14.8)
	technicians	122 (41.1)	161 (50.6)
	legislators/ administrators	107 (36.0)	33 (10.4)
	Military/public servants/teachers	13 (4.4)	36 (11.3)
	Homemakers/retire/unemployed	6 (2.0)	33 (10.4)
	Other	26 (8.8)	8 (2.5)
Education level	High school and below	54 (18.2)	90 (28.3)
	Professional/ College	212 (71.4)	181 (56.9)
	Bachelors degree and above	31 (10.4)	47 (14.8)
the purpose of the accommodation.	do business	123 (41.4)	50 (15.7)
	go sightseeing	48 (16.2)	229 (72.0)
	attend a conference	38 (12.8)	38 (11.9)
	Other	88 (29.6)	1 (0.3)

Table 2. Confirmatory Factor Analysis of Constructs and Items

Construct / Variable	Factor loading	<i>t</i> value	CR	AVE
Value Equity (VE)				
<i>Convenience and Environment (VE1)</i>			0.89	0.56
Shopping in this hotel's area is convenient	0.63	16.78		
The environment of the hotel is clean.	0.78	22.35		
The hotel has nice decoration and facility	0.79	22.96		
The hotel has a cheerful atmosphere.	0.82	23.98		
The architecture of the hotel is attractive.	0.71	19.51		
The hotel provides safe and secure accommodation.	0.76	21.56		
<i>Price (VE2)</i>			0.84	0.64
This hotel's prices are fair compared to other hotels.	0.81	23.18		
This hotel was worth spending time in.	0.81	23.15		
The room's quality was on par with its cost.	0.78	21.93		
<i>Quality of commodities (VE3)</i>			0.83	0.55
The goods provided in guest rooms are good quality.	0.80	23.07		
The facilities provided in guest rooms are comfortable.	0.78	22.32		
Appropriately sized room space is available at this hotel.	0.72	19.79		
The food served at this hotel is tasty.	0.65	17.36		
<i>Service quality (VE4)</i>			0.91	0.62
I had a good time in this hotel.	0.74	20.93		
Employees provide services at promised times.	0.79	23.21		
Employees are dressed cleanly and tidily.	0.81	24.07		
Employees provide friendly service.	0.80	23.38		
Employees have the knowledge to answer guests' questions.	0.81	23.96		
Employees anticipate your specific needs and serve you appropriately.	0.79	22.90		
Brand Equity (BE)				
<i>Brand Associations (BE1)</i>			0.83	0.62
I can recognize the name of the hotel among competing brands.	0.73	20.53		
The hotel brand has a different image from other hotel brands	0.82	23.89		
I can quickly recall the symbol or logo of the hotel.	0.80	23.43		
<i>Brand Awareness (BE2)</i>			0.82	0.70
The hotel has a good name & reputation.	0.86	25.05		
The hotel is very famous.	0.81	23.32		
<i>Brand Image (BE3)</i>			0.72	0.56

Construct / Variable	Factor loading	<i>t</i> value	CR	AVE
The hotel brand has a clean image	0.72	19.48		
The image of the hotel is consistent with my own self-image	0.78	21.12		
Relationship equity (RE)				
<i>Satisfaction (RE1)</i>			0.79	0.65
I am happy with their performance	0.80	22.65		
I am content with their performance	0.81	23.10		
<i>Trust (RE2)</i>			0.84	0.63
When I confide my problems to whom it may concern in the hotel brand, I know they will respond with understanding.	0.79	22.75		
I can trust the hotel brand to treat me fairly.	0.79	22.85		
The hotel brand is trustworthy.	0.81	23.72		
<i>Affective commitment (RE3)</i>			0.92	0.74
I feel emotionally attached to the hotel brand.	0.83	24.66		
I continue to go the hotel because I like being associated with them.	0.87	27.01		
I continue go to the hotel because I genuinely Enjoy my relationship with them.	0.88	27.33		
I feel a sense of belonging to the hotel.	0.85	25.82		
Customer equity (CE)			0.90	0.64
I am willing to visit this hotel frequently.	0.69	19.10		
I am willing to spend more money in this hotel.	0.88	27.22		
I give prior consideration to this hotel when I have a need for a hotel.	0.82	24.29		
I will continue going to this hotel even though hotel do not offer discount.	0.80	23.37		
I will continue going to this hotel in my lifetime.	0.79	22.64		

Table 3. Correlations of the Constructs

	VE1	VE2	VE3	VE4	BE1	BE2	BE3	RE1	RE2	RE3	CE
VE1	0.75										
VE2	0.65	0.80									
VE3	0.70	0.72	0.74								
VE4	0.67	0.60	0.73	0.79							
BE1	0.58	0.47	0.54	0.56	0.79						
BE2	0.52	0.41	0.52	0.52	0.68	0.84					
BE3	0.58	0.45	0.59	0.59	0.71	0.73	0.75				
RE1	0.58	0.48	0.61	0.71	0.59	0.57	0.67	0.81			
RE2	0.59	0.51	0.60	0.70	0.63	0.59	0.65	0.78	0.79		
RE3	0.60	0.52	0.65	0.63	0.63	0.61	0.66	0.67	0.72	0.86	
CE	0.53	0.51	0.58	0.52	0.58	0.56	0.58	0.58	0.56	0.68	0.80

Note: The diagonal elements are the squared roots of the AVE. The off-diagonal elements are the correlations between the constructs; all correlation coefficients achieve significant level ($p < 0.01$).

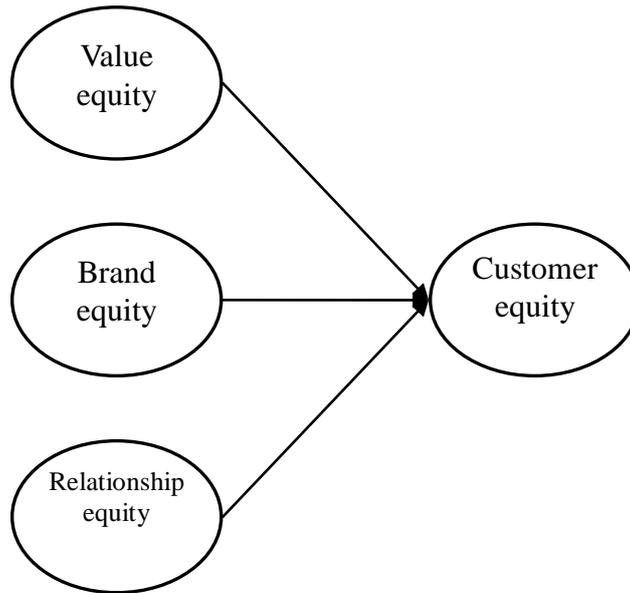


Figure 1. Customer Equity Model
Adapted from Severt & Palakurthi (2008).

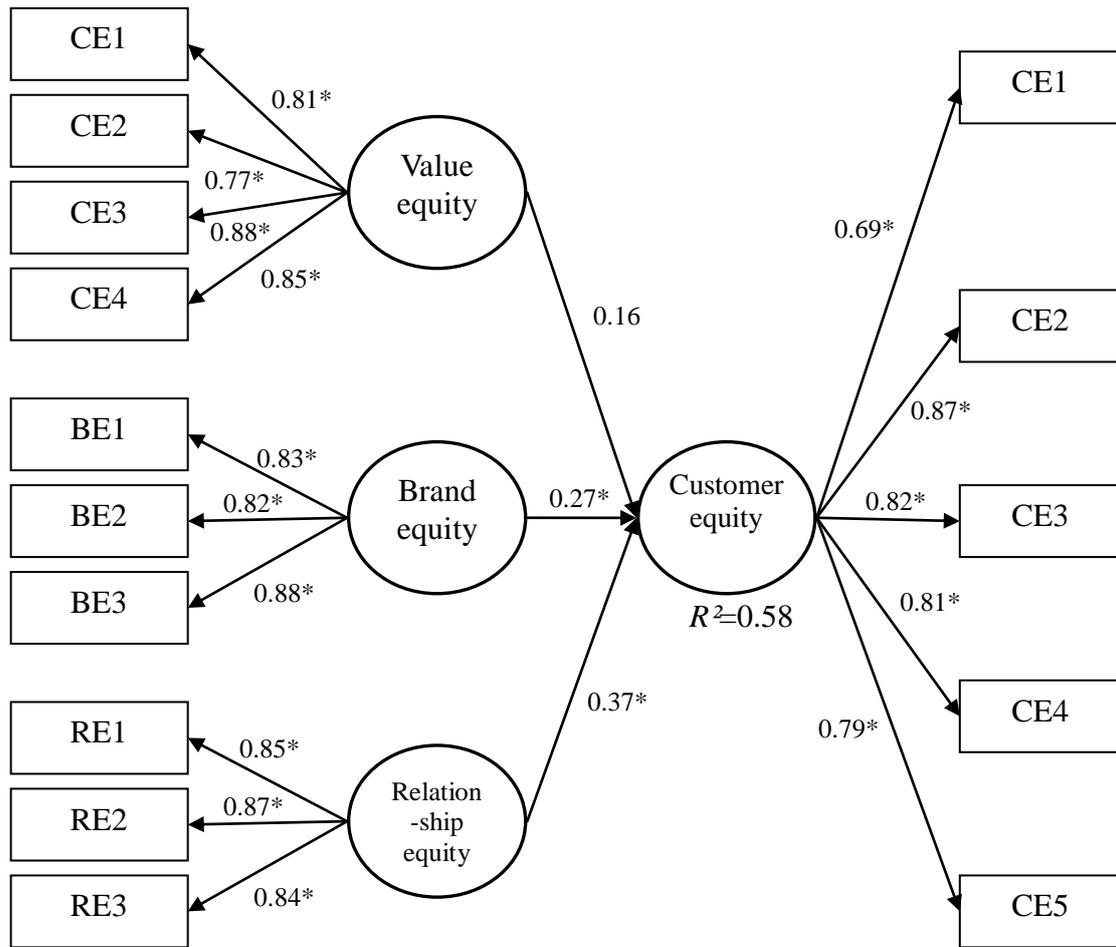


Figure 2. Customer Equity Model for Economical Hotel

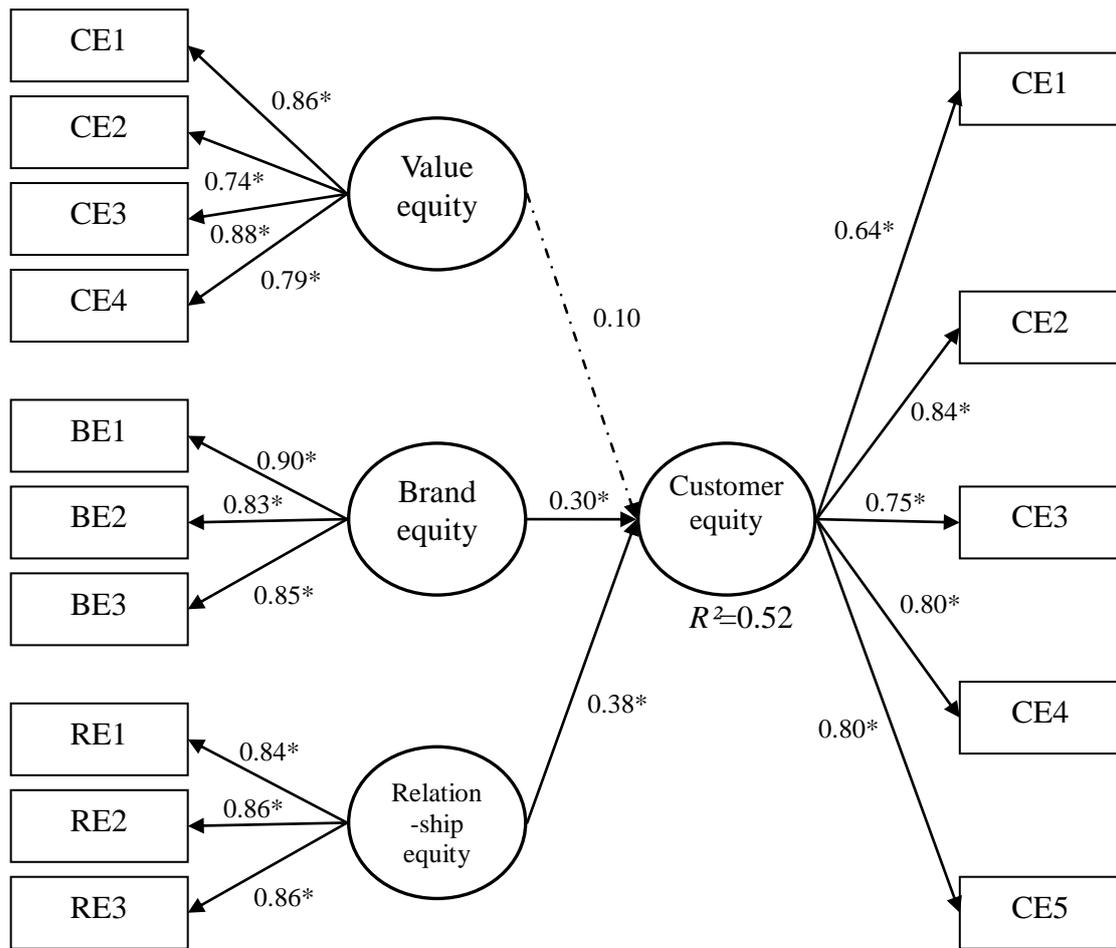


Figure 3. Customer Equity Model for China

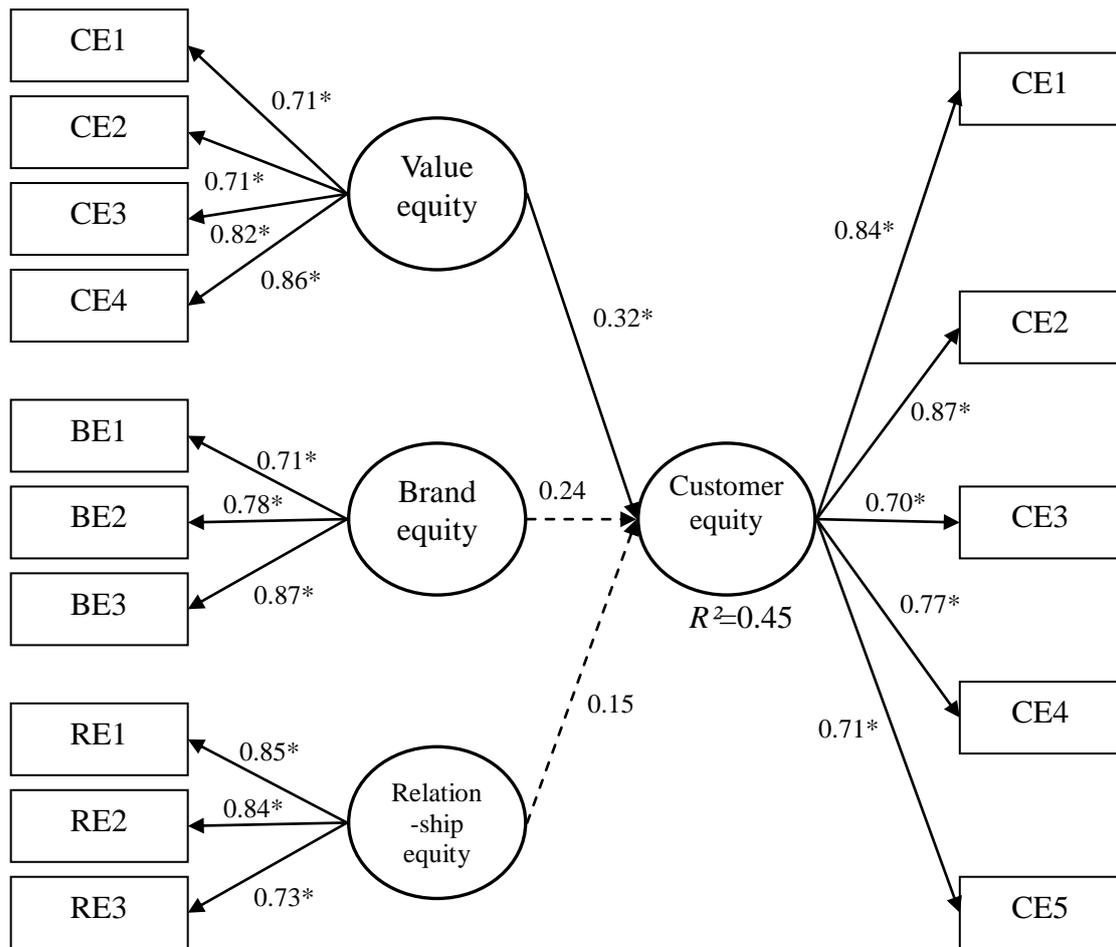


Figure 4. Customer Equity Model for Taiwan