CHAPTER – V
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GREEN IMAGE OF ECO HOTELS AND ITS RELATIONSHIP
WITH GUEST LOYALTY, GUEST SATISFACTION &
PATRONAGE INTENTIONS

5.1 INTRODUCTION

The rising growth and competition in the hospitality industry has increased the global awareness which in turn proves important for retaining the guests. Implementation of sustainable green practices in the current hotel industry and the perception of the guests as well as industry experts about the same, is very important. Many hotels have been benefited by following green management practices, some of the much known benefits are enhanced reputation of the hotel property, earning credible customers, reducing the cost for posting advertisements and hotels’ positive image. The growing sustainable practices in business have enabled people to understand the significance of protecting the Earth’s existent support systems. On this issue, it is mandatory to reduce the impact of tourists on the environment and follow the concept of sustainability in the hospitality industry. Industry experts believe that any business can make profits by satisfying its customers. The empirical evidence from hotel industry show that only satisfaction does not ensure that customer will stay with the hotel property or will avail its services again but it is actually guest delightedness and participative tourism activity which makes the customer loyal which further significantly influences the success of any business. The hotel industry has been pursuing and adopting green practices since 1990s due to rise in market competitiveness, focus on service innovations and customer satisfaction. Beyond the above mentioned advantages, many hotels have started employing social initiatives and corporate social responsibility.

The first green hotel property was launched by the Intercontinental hotel group in the year 2008. It was the world’s first green hotel implementing all green practices. Its green features included donating the leftover food, use of solar panels on rooftops, a rainwater harvesting system to supply water to toilets, wind power to generate electricity for the hotel, recycled glass windows, furniture and fixtures made entirely from recycled
materials, household waste to provide heat and water just to name a few. According to David Jerome of Intercontinental Hotel Group, the hotel chain was the first to introduce green practices in hotel operations in 1991. The intercontinental group was also innovated solar powered hotels using the latest technology in energy and water conservation (Pizam, 2009).

Various studies in service industry have confirmed that customer satisfaction strengthen the formation of loyalty (e.g., Kandampully & Hu, 2007; Chiou & Droge, 2006; Kandampully, Juwaheer & Hu, 2011; Chi & Qu, 2008) and the organisation’s image is also recognized as a factor impacting customer loyalty and customer satisfaction (Kandampully, et al., 2011; Chi & Qu, 2008). The image in hotel industry is different from traveler’s market and is an important factor among customer loyalty (Heung et al., 1996). Ensuring the favourable public image is vital not only to satisfy customer but to sustain their loyalty as well.

Hotel’s image is an important factor that positively or negatively influences marketing activities. Customer’s perception of goods and services are greatly influenced by the image of the organisation. Mazanec (1995) found image to be positively associated with customer satisfaction and customer preference (a dimension of customer loyalty) in luxury hotels. This shows that good image is directed to customer satisfaction and unfavorable image leads to dissatisfaction. This study investigates the effect of green image on guest loyalty, satisfaction and patronage intention. Despite various researches in this area, the relationship between image, loyalty, satisfaction and customer patronage is not very clear. Few studies (Andreassen and Lindestad, 1998; Clemes et al., 2009; Milfelner and Korda, 2011) have quoted image as an antecedent of customers experience to customer satisfaction, which is having a significant positive impact on customer loyalty. Whereas, Helgesen and Nesset, (2007); Kandampully and Hu, (2007) have professed satisfaction to be antecedent of image and satisfaction together with image as the factor influencing customer loyalty. Furthermore, a study by Brunner et al., (2008) advocates the same, adding that loyalty varies with the type of customers- repeat customers are loyal; due to their previous experience of service while loyalty of new customers is motivated by their satisfaction level. A study by Clemes et al. (2009) noted
that behavioural intentions in hotels are greatly influenced by the satisfaction and loyalty of the customers. The effect of green hotel’s image on behavioural intentions is also tested empirically in a study by Lee et al. (2010); Jeong and Jang, (2010) and Lita et al. (2014).

5.2 RELATIONSHIP BETWEEN GREEN IMAGE AND GUEST SATISFACTION

Tourism and Hospitality industry worldwide has developed into a global industry in which consumers and producers are the major stakeholders. The industry was the major contributor towards the GDP of many countries (Mohajerani & Miremadi, 2012). From last few years, the hotel industry has become a major source of money gains and economic growth and like all service specific industries it is essentially customer driven. Thus organisational success is also measured on the basis of level of customer satisfaction as satisfied customers are likely to buy more and in greater quantity of the products and services offered.

According to Keller (2003), hotel business have identified the solution to what makes them different from their counterparts is the relationship with customers. Earning a good name in the market is critical in service sector. For hotels today, the strength and marketing supremacy of a brand is quickly becoming one of the basis for differentiation and success. Hotels need to provide a consistent service experience to avoid customers from switching to other competing brands. Price and Product quality are no longer product differentiators. A strong brand image is the only asset a company can develop that cannot be copied. For this reason the field of hotel service is now laying stress on the importance of customer oriented marketing. Hotel attempts to create marketing strategies which promote image for enhancing the satisfaction and loyalty of customers and further promoting performance. Customer satisfaction has become an essential element of business strategies especially in service businesses like hotels. Over the years business organisations have regarded the image as a strategic tool for improving business performance (Andaleeb & Conway, 2006). Image is considered as a critical factor for the success of any business because of its close link with customer satisfaction especially in the service industry.
In the branding literature, there is a common supposition that a favourable image has a positive impact on consumer satisfaction. The relationship among satisfaction and image is a divisive issue in the previous studies. Though there is a general agreement by researchers that the concepts of customer satisfaction and image are extremely interrelated. Few studies in the past have cited image as an antecedent to customer satisfaction (Andreassen and Lindestad, 1998; Bloemer and Ruyter, 1998; Clemes et al., 2009). On the other hand few others have perceived satisfaction to be a precursor for image and image along with satisfaction being factors impacting loyalty (Kandampully and Hu, 2007). According to Gensch (1978), customer purchase intention and customer satisfaction is greatly influenced by the brand image. Whereas Graeff (1996) argued that customer satisfaction is greatly affected when brand image is similar to customer's self image. Romaniuk and Sharp (2003) found the positive relation between brand image and customer satisfaction. Sondoh et al. (2007) also advocated the positive relationship between brand image and customer satisfaction. Chi and Qu (2008) in their study on tourist destination stated that destinations with more positive image will lead to higher tourist satisfaction. Many scholars, such as Su (2005), Lin (2005), Yang (2006), and Zhang (2007), also confirmed the positive relations between brand image and customer satisfaction.

With stringent international regulations of environmental protection and rise of prevailing environmental consciousness of consumers, the concept of green brand image holds grave importance. Previous research in the area indicate that beside providing the intangible benefits such as satisfying customer’s psychological and emotional needs for self-esteem, green image also influences the customer’s attitude towards hotel property (Jeong et al. 2014).

The role of image is even more relevant in the markets where it is difficult to differentiate between products or services on the basis of their tangible features (Mudambi et al., 1997). Considering the intangible characteristics of the hotel industry, the vital linkage between eco friendly practices, brand image and consumer behaviour has greater impact on the hotel business. Hotel guests rely significantly on the hotel image when making the booking decisions. A study by Namkung & Jang (2013) asserted
that customers are more likely to choose a restaurant with a stronger positive image and a
good brand image not only helps to make marketing strategies more effective but also
enhance the customer satisfaction.

In the context of hotel industry, results of many previous studies have revealed
that image has a strong relationship with customer satisfaction. Miles and Russell (1997)
examined the relation-ship among companies’ reputations formed by green practices,
environmental performance, and financial performance. The results of their study implied
that representing environmental stewardship creates an intangible advantage that results
into enhanced marketing and financial performance. Gronroos (2007) stated that image is
the precursor which determines satisfaction and loyalty of a product or service. Chien-
Hsiung (2011) stressed that while taking marketing decisions and communicating its
image, an enterprise should take customer satisfaction into account. Because in hotel
business it is the customer satisfaction that creates an image for the hotel property.

According to Chen (2010), the enjoyment level of happiness related to the
consumption of any product or service is enhanced by the better green image of any
organisation. Flavian’s study (2005) indicates that the brand image might affect the
involved individuals’ decision making; moreover, there is a positive relationship between
the brand image and the customers’ satisfaction. A study by Jamal and Goode (2001)
added that brand image affect customer satisfaction, while customer satisfaction affects
customer preference. Shahroudi et al. (2014) assert that the factors affecting the green
satisfaction include green image customer attitude and tendency to the green brand.
Nazari et al. (2015) have statistically found that green guest satisfaction has a positive
and significant effect on the green brand image. The same has been validated in a study
by Lahap et al. (2015) where it was concluded that hotel can attract more customers and
retain existing customers by improving hotel’s image.

5.3 RELATIONSHIP BETWEEN GREEN IMAGE AND GUEST LOYALTY

The highly competitive nature of hospitality industry make guest loyalty utmost
important for any hotel business to survive. The growing expansion of hotel into other
hospitality areas magnifies the significance of guest loyalty and the need to ensure that guest revisit the hotel property again and again.

In the recent years, the concept of image and loyalty has gained considerable attention from researchers and practitioners. Despite various advantages, the literature on brand image and loyalty within the hotel industry is still limited (Kayaman and Arasli (2007). This also stands true about the relationship between customer satisfaction and image and their impacts on loyalty. Thus, it is essential to explore the tools and techniques used by the hotel organisations to enhance their image and loyalty. Enhancing image and customer loyalty has several benefits. It not only improves the hotel’s bottom-line but also gives the competitive advantage to the organisation.

Image is an important factor that influences the marketing activity of the organisation positively or negatively. Image influences the mind of the customer with the combined effect of physical evidence and their actual experiences with the goods and services. It is one of the most influential characteristic that create the reputation of a specific brand in the market. Positive and distinguished image is an asset for any business as it influences the customer perception about the business operations (Kang and James, 2004). A strong positive market image helps an organisation to get a great part of the market share. For that, organisations frequently observe their marketing and branding strategies and practices. When image of the hotel is linked with loyalty it become meaningful from strategic point of view (Oh, 1995). One of the basic pre requisite in maintaining customer loyalty is to build and sustain a positive brand image. The role of image is more crucial in the type of business where it is difficult to distinguish products or service on the basis of their tangible attributes. The image perceived by the customer is the combination of both facts and belief about an organisation. So, it is the psychological representation of the hotel attributes with the symbolic meaning associated with the hotel. Hotel identity and image emerges from the customer’s interaction with the food outlet. Customers’ perception of the goods and services offered is greatly influenced by the image of the organisation as documented by Zeithaml & Bitner (1996).

Juwaheer (2012) argued that for adding new customers and creating loyal customer base, the first step is to create positive brand image through appropriate
marketing strategy. Based on social cognitive theory, individuals act in way that is highly acceptable in the society and tend to choose the products which are more well-known. A study by Kandampully and Hu (2007), hotel’s image is used as a point of reference for making dining decisions. Positive image reduce the perceived risk and increase the acceptability of service in the market. Few guests use hotels and restaurants to communicate their image. Thus, guests continue to use the services of those hotels that meet and identify with their status needs in the society. For example, a Business Tycoon may use the services of Hotel Oberoi rather than a generic brand because of the style and flair that the consumer sees in his or her personality. It means that image of a brand is a good reason of buying decisions and behaviour of customers. Heung, Mok, and Kwan (1996) confirmed hotel image to be an important factor and found it to maintain a relatively high score rating among loyal customers. In addition, review of various previous studies (e.g., Ali, Omar and Amin, 2013; Cheng, Mansori and Cham, 2014; Jani and Hanb, 2014) have proved that factors that could lead to customer loyalty in the hotel industry are: service quality, image, satisfaction, word of mouth and trust. With competition becoming intense and refined customers’ demands, it is imperative for the hotel managers to retain their existing customers in order to stay relevant. Therefore, a devoted focus on maintaining customer loyalty is necessary for the future survival of hotels (Cheng, Mansori and Cham, 2014).

It is established that favourable image gives boost to the loyalty of the customer and customer loyalty shares a major role in building positive image of an organisation. Thus, image is vital for organisations to build customer loyalty which also influences organizational efficiency (Hess and Story, 2006). A study by Bloemer and Ruyter (1998) shows the effect of image associates to satisfaction. Pianroj (2015) also asserts that there is a significant and positive relation between green image and customer loyalty through green satisfaction toward green hotels. While, factors like relationships with customers, social motives have inverse effect on loyalty of customers. As far as committed relationships between organisation and customers, there is a link between customer loyalty and image of the organisation. The effect from image is much greater to those from satisfaction level. Zins (2001) argued that there is no link between loyalty and satisfaction. But as per the study by Kandampully, and Suhartanto (2000), image is
positively associated to customer loyalty. In addition to this, they added that along with organizational performance, satisfaction and image considerably demonstrate the variation in customer loyalty. Lee et al. (2010) also augmented that green image has a potential influence on customer loyalty. On the other hand, Andreassen and Lindestad (1998) argued that image with other elements like satisfaction has no effect on loyalty of customer. Whereas Cretu and Brodie (2007) argued image has effect on loyalty of the customer and customer value. In this view, Blamer (2001) considers that standing of an organisation is associated with organizational vision, purpose and values which have wider influences. The goodwill related to the name of the organisation could lead to customer loyalty because of the faith that a customer get through image of the organisation. A study by Ballester and Aleman (2001) argued that trust in brand leads to better customer commitment and high level of commitment results in better customer loyalty. With positive image, the public relations achieved by customers are similar to organisational goodwill and lead to positive attitude and behaviour among customers. Accordingly, positive image can enhance the public relation effect and loyalty among customers. On the other hand, poor image leads to converse effects organisation.

The above relation is consistent with the earlier studies in the area. In conclusion, green image is an important factor to satisfy and attain loyal customers toward green hotels. Maintaining green image for customers not only enhances the competitiveness of hotels but also encourages customers to revisit the hotel property in future.

5.4 RELATIONSHIP BETWEEN GREEN IMAGE AND GUEST PATRONAGE INTENTIONS

With green being the integral part of all businesses, organizations are turning green to prosper and gain an edge over their competitors. To show their responsibility towards environment various hotel chains are including green practices in their daily operations such as installing energy efficient appliances, use of recyclable materials, running lenin reuse programs, use of non toxic chemicals for cleaning and washing purposes etc (Millar & Baloglu, 2011). Green practices are principally essential in the hotel industry, where building strong brand is a key to survive in the prevailing competitive market conditions. Practicing green have been proved to impact brand image.
and improve the bottom-line of the hotel (Schubert et al., 2010). Ryu et al. (2008) added that hoteliers have acknowledged the significance of practicing green as a component contributing towards the hotel image and have observed that image can be enhanced through green practices, which in turn contributes towards loyalty and behavioral intentions.

A study by Hu et al. (2010) found that intention to patronize in green restaurants is significantly determined by customer knowledge of green practices and environmental concerns. The study also concluded that consumers with high income group, more education and older age groups tend to patronize green restaurants. It was also observed that guests’ participation in green practices could significantly improve the image of the hotel and the guests’ behavioural intentions to the hotel. Jeong and Jang (2010) added that customers’ pro environmental image and behavioural intentions is influenced by customer perception of green practices. The results of the study by Namkung and Jang (2013) examined that customers opinion about green practices have a positive impact on restaurants’ green image and green behavioral intentions.

A study by Bigne et al. (2001) have concentrated on the influence of image on consumer behaviour. The study advocates that a product or service with favourable image has a greater chance of being selected in the decision making process. The same can be said about eco hotels. As when the image of a hotel is positive, the chance of customer choosing the same hotel is higher. Hence, it can be said that image influence the tourists’ choice of hotel and its future intentions to return. Adding to this, Kotler & Gertner (2002) argued consumer’s decision making process and behaviour is also influenced by image of the organisation by creating cognitive shortcuts while evaluating purchase data, as it can affect overall satisfaction and future behaviour either positively or negatively. Earlier studies on consumer behaviour have vindicated that image of an organisation create an emotional bond, which is the base of positive behavioral intentions. Behavioural intentions which are basically evolved from Theory of Planned Behaviour is an important part of customer decision making process (Ajzen, 1991). According to Zeithaml, Berry and Parasuraman (1996), behavioural intentions corresponds to spreading positive/negative word of mouth, willingness to pay extra and intention to repurchase the
product or service. Particularly in service industry, customer word of mouth is proved to have strong impact on behavioral intentions (Buttler, 1998). Besides providing information to customer, it also affects their purchase and patronizing decisions. Guest who are satisfied with the services offered by the hotel revisit the hotel and would also recommend the same to others. Such personalize marketing would not only impact the hotel bottom line but would also impact the hotel operating performance.

Previous research on tourist attitude in hotel industry have shown the relationship linking image, intention to visit and willingness to pay more for pro environmental services (Han et al. 2009). It was found that overall image is positively influenced by green customer attitude and overall image has positive impact on intention to visit, word of mouth and willingness to pay more. Lita et al. (2014) also found a positive relationship between image, attitude willingness to pay more and revisit intentions in context of green services. Whereas, Dodds et al. 2010 examined that age, income level and nationality also impact the tourist’s willingness to pay more for environmental protection. It was also observed that the degree of environmental concerns also affect the customer willingness to pay more for hotel’s green initiatives. Association among customer attitude and their behavioural intention was analysed by Lee et al. (2011), which verified the customer’s expected outcome as an antecedent of behavioural intention and is a reason for choosing green hotel. Additional researches signify that environmental friendly practices, healthy room inventory and reduced costs had a positive and significant impact on word of mouth and revisit intention. Manrai et al. (1997) also supported the positive relation between overall green image and behavioural intentions since positive image increase the customer likelihood of making a purchase. Zhang (2015) have proved that beside the direct impact of brand image on behavioral intentions, it also influences the behavioral intentions through other mediating factors. While some studies argue that brand image have no direct influence on behavioral intentions but can influence intentions through customer loyalty and customer satisfaction. Durna et al. (2015) have also examined the relationships between servicescape, image and behavioral intentions in hotel businesses. It was found that image had a positive effect on word of mouth and revisiting intentions. It was also determined that servicescape played a mediating role between overall image and components of behavioural intentions.
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