

# DEVELOPING EXPERIENCE-BASED LUXURY BRAND EQUITY IN THE LUXURY RESORTS HOTEL INDUSTRY

Jui-Ying Hung, Chao-Yang University of Technology  
Feng-Li Lin, Chao-Yang University of Technology  
Wen-Goang Yang, Chao-Yang University of Technology

## ABSTRACT

*Businesses constantly strive to provide added value and brand equity to gain a competitive advantage, particularly in the contemporary hospitality industry. It is widely accepted that a luxury experience brand enhances the value of a luxury resort hotels industry. Since the 1980s, the concept of brand equity has focused mainly on tangible products, as opposed to services or experiences. This study found that experience-based luxury brand equity is perceived through extensive implicit equity related dimensions. In addition, all research tourists of luxury resorts hotel industry in Taiwan and Macao emphasized extended intrinsic values (EIV), which including variables of brand awareness, brand loyalty, organization association and brand identity than fundamental extrinsic value (FEV), including variables of perceived brand loyalty, experience value and unique.*

**JEL:** L83; M16

**KEYWORDS:** Luxury Resorts Hotel Industry, Brand Equity, Experience of Luxury, Experience-based Luxury Brand Equity

## INTRODUCTION

Branding is a field that requires dynamic thinking and the implementation of corporate strategies in response to developing trends, shifts in consumer values, and rapid technological innovation. Urde (1994) notes that the inclusion of brand orientation in corporate models is a key to corporate survival and sustainable growth in the 21<sup>st</sup> century. This is due to the accessibility of product related information via modern information technology devices that enable the replication of products and lower the development threshold (Aaker, 1991; Farquhar, 1989; Keller, 1993; Shocker and Weitz, 1991; Tauber, 1988). In a rapidly changing competitive environment, the service industry has found it increasingly difficult to distinguish physical products by their function. Consumers today often base their purchases on the added value of a product or service (Bailey and Ball 2006). Perceived added value of product might distinguish it from other brands in the same category. Hence, extending brand equity through intangible services that enhance the customer's experience will become increasingly important in the future. It will also become a key influence in the formation of many aspects of brand equity.

The development of brand equity in the service industry has in recent years become a major issue in the area of branding. Since Cobb-Walgren, Ruble, and Donthu (1995) first applied Aaker's (1991) techniques to investigate various aspects of the hotel industry, brand equity has prompted a great deal in service industries. The results of the present study indicate that "quality awareness" was not an important indicator for consumers' assessment of hotels, contra previous research regarding physical product-based brands (Aaker, 1991; Chen, 1996; Farquhar, 1989; Kamakura and Russell, 1993; Keller, 1993; Trevor, 1998). At present, there is a paucity of literature and empirical research related to service brand equity (Berry, 2000; Cobb-Walgren et al., 1995; Keshav, 1999; Lassar, Mittal and Sharma, 1995; Sharp, 1995). Previous studies on brand equity measurement can be classified into Customer-based Brand Equity (CBBE), where the value of the brand is determined by customers' associations with a product brand and Corporate Brand Equity (CBE), where the value of the brand is determined by stakeholders' associations toward a corporate brand (Shamma and Hassan, 2011).

Therefore, this study constructs experience-based luxury brand equity (LBE) model using a logically developed, creative, and integrated research design. Nonetheless, service brand equity is a hot topic, with most researchers focusing on concepts related to the experience and self-extension of consumers. Positive brand equity would increase in the level of utilitarian and informational punishing consequences. In previous investigation (e.g. Foxall, Oliveria-Castro and Schrezenmaier, 2004; Oliveria-Castro, Foxall and Schrezenmaier, 2005), based on consumer panel data, brands were ranked according to two levels of utilitarian benefit and three levels of information benefit (Oliveria-Castro et al., 2008). A certain degree of lag should be expected between conceptualization and applied research in an industrial context. Based on upon concept, the major considerations were deciding which aspects to include and how to identify the relevant variables in luxury resorts hotel industry in Taiwan and Macao. The purpose of this study is to determine whether there exists a difference between the brand equity of luxury resorts hotel and traditional tangible product-based brands.

## LITERATURE REVIEW

The concept of “luxury” originated from the attempts of businesses to maintain market leadership through a differentiation strategy (Porter, 1985). Silverstein and Fiske (2003) proposed a ‘new luxury’ strategy, theorizing that consumer psychology has reached beyond the nature of a product to be purchased or consumed. In other words, satisfaction can be gained from a better experience, a more profound meaning, greater enjoyment, or from a lasting perception. Consequently, luxury has an *a priori* quality related to the expectation of realizing one’s dreams. The term “luxury hotel” often refers to a resort that transcends the pre-conceived notions of tourists, through the creation of an impressive luxury milieu, with the application of luxury elements such as personnel and facilities. Nevertheless, the definitions and the awareness of luxury often differ from person to person. The criteria for luxury are defined through consumer expectations and experience (Kerr, 1985). As a result, a great many luxury hotel operators and marketing researchers have indicated that the perception of experience is more important than tangible characteristics or interest.

### Experience-Based Luxury Brand Equity (LBE)

Customer brand equity is based on the dynamic responses of enterprises to different economic environments. “Brands” were only defined in terms of product ownership in the early 18<sup>th</sup> century, while “brand equity” was first emphasized by U.S. industrial groups in the early 1980s (Barwise, 1993). Bharadwaj, Varadarajan and Fahy (1993) argued that service branding might be more essential because of the complexity with which consumers are faced with in the purchasing process. de Cherbatoony, Cottam and Segal-Horn (2005, 2006) explored the ways that service brand values are communicated to both staff and customers. In academia, it was only after Aaker (1991) developed the systematic and overall brand equity dimensions that the study of brand equity was promoted and emphasized. Therefore, Chang and Liu (2009) explored consumer preference and purchase intention impacts brand equity. This study aims to develop brand equity through luxury experience.

The development history of brand equity in Table 1 shows that the industrial view of the early 21<sup>st</sup> century values the importance of developing a company’s competitive advantage through experience. Brand equity is a dynamic concept. Therefore, its dimensions and perspectives must remain flexible. Shamma and Hassan (2011) propose a holistic approach to Total Brand Equity measurement which integrates CBBE into Total Brand Equity measurement. This study discusses the historical significance of brand equity in different periods based on the following variables: economic development, business emphasis, and consumer demand. Aaker (1991) was the first scholar to construct a systematic, all-embracing model of brand equity. However, as industry develops and businesses change, the concept of brand equity is no longer exclusively associated with tangible products; it now encompasses experience, spiritual satisfaction, and self-actualization. Keller (1998), who approached the concept of brand equity from the perspective of the consumer, defined “CBBE as the differential effect that brand knowledge has on the consumer or how customers respond to the marketing of that brand.” Keller (1998) also suggested that as customers respond more favorably to a product whose brand is identified, the brand has positive CBBE and it exists when the consumer has a high level of awareness and familiarity and strong, favorable, and unique brand associations in their memory (Keller, 2002).

In contrast to CBBE construction or the measurement of its dimensions, consumer products are based on service, which means brand equity is measured using non-functional added value or extensiveness. Brand equity in the hotel industry has lately become a preferred topic (Kim, Jim and Kim, 2008; Yu, 2009). Brand-equity studies in the hospitality industry began to emerge from Cobb-Walgren et al. in 1995 (Kim et al., 2008). Cobb-Walgren et al. (1995) investigated relationships between consumer brand perception and brand preference and brand choice. They suggested that consumer’s perception about the physical and psychological features of a hotel brand contribute to building their brand equity and that brand equity influences consumer preferences, purchase intentions, and brand choice. They also discovered that higher brand equity generates significantly higher preferences and purchase intentions (Yu, 2009).

This study focuses on the variables of experience-based LBE, which are divided into two sections. Firstly, conventional aspects of brand equity (Aaker, 1991 ; Keller, 1993) are investigated as factors of the fundamental functional value for service brand equity. Secondly, extended non-functional value is addressed using the concept of experience and research related to industry specific characteristics of LRHs. Non-functional value is then discussed in relation to the quantification of LRHs. In the last two decades, a growing amount of attention has been devoted by practitioners and academics to the conceptualization, measurement of brand equity (e.g. Aaker, 1991, 1996; Aaker and Keller, 1991; Ailawadi, Lehman and Neslin, 2003; Erdem, Swait and Valenzuela, 2006; Keller, 1993, 1998; Netemeyer, Krishnan, Pulig, Wang, Yagci, Dean, Ricks and Wirth, 2004; Oliveria-Castro, Foxall, James, Pohl, Dias and Chang, 2008). Positive brand equity would increase in the level of utilitarian and informational punishing consequences. In previous investigation (e.g. Foxall, Oliveria-Castro and Schrezenmaier, 2004), based on consumer panel data, brands were ranked according to two levels of utilitarian benefit and three levels of information benefit(Oliveria-Castro et al., 2008).

Table 1: Concept of Brand Equity in Different Periods

Period	1980s	1990s	2000s(until 2011)
Economic Development	Product	Service	Experience
Application time	1. It is used by the finance department to calculate the value of present/future earning. 2. It is used as a proof to identify the functional attributes of the product.	1. In case of corporate merger and liquidation 2. It started to emphasize on the non-functional attributes formed through the product, but it is still limited in the feelings related to the actual product	1. It is used to evaluate the practical effect of a customer-based concept on the finance of an enterprise 2. It is used in the appraisal of service brand with experience; it is biased in terms of pose-awareness of consumers after consumption
Discussion focus	Taking the internal book value/actual product as the basis for discussion	For the calculation of merger or liquidation based on the market mechanism/ the transactional market value/customer perspectives	Brand equity is used to rank enterprise values based on intangible service, such as experience
Practical and academic study focus	1. The effect of media such as advertisements and the market on brand equity(Push marketing) 2. It is the emerging era of brand equity, so most studies or literatures discuss the definition, evaluation and importance of brand equity.	1. It is biased in terms of customer perspectives when discussing and evaluating brand equity(Pull marketing) 2. It tends to evaluate brand equity from the perspectives of functional attributes and non-functional attributes, but the focus is still on taking the actual product’s brand as the subject of study.	1. Through professional brand evaluation of institutions, it combines financial and overall marketing perspectives to evaluate brand equity. 2. It focuses on creating extended equity to form an enterprise’s core competencies, such as exclusive experience, and self-realized luxury experience. 3. There is no academic study or literature related to brand equity with experience, so there is a gap between the practical group and the academe.
Important theories or social phenomena	Emerging online strategic management(low-cost and differentiated competitive strategy concepts)	Emerging customer-oriented concept Asian financial crisis Industrial cluster concept	M-mode society Emerging luxury trend

*This table shows the different meaning in the concept of brand equity among the period of 1980s, 1990s, and 2000s (until 2011).*

Experience of Luxury

Ohmae (2006) notes “luxury” and “experience” are highly related in industry. Luxury is a non-functional value, going beyond physical products. It is a means of self-actualization in which consumers attempt to transcend the set patterns of their daily lives. Despite the number of adjectives associated with luxury, a definitive definition remains impossible. The effects of this extended value can be appreciated only when a consumer “experiences” the transforming of their recollections, through their consciousness. Mathwick, Malhorta, and Rigdon (2001) believed consumers could use the value of luxury directly, when they experience the various properties of the product or the quality of the service. We also proposed a self-oriented customer experience value framework by classifying experiential value into four dimensions: playfulness, aesthetic, consumer-returning investment and service excellence (Table 2).

Table 2: Definition of All Operational Concepts and Measurement Variables

Concept	Operational Definition	Measurement Variable	Source
Brand loyalty	previous experience of the use and purchase of from previous experience in the use and purchase of customers	Trustworthiness, imagination, reputation and brand alternative	Aaker (1991, 1996) Cobb-Walgren et al. (1995) Baker and Crompton (2006) Kotler(2007)
Brand awareness	brand recognition and ability of consumers recall, which can provide a kind of brand familiarity and commitment to choose a product or service	Awareness level, marketing media, consumer association and perception	
Organization associations	Consumer associates the brand from memory, such as brand characteristic, consumer value, using method and product categories. It is the most acceptable brand equity helping consumer to deal with information and format product positioning	Total business innovation and capability, business social responsibility	
Brand personality	Brand is a combination of personality traits similar to human performance, and brand personality is unique	stability, moderation and affability	Aaker (1996)
Perceived brand luxury	Perceived luxury is a personal perception in an atmosphere formed by a subjective value judgments	perceived conspicuousness, perceived uniqueness, perceived quality supremacy, perceived delighted and perceived self extension	Silverstein and Fiske (2003) Vigneron and Johnson (2004)
Experience value	consumers engage the market and direct use of the product attributes and service performance objectives to achieve the psychological feelings of consumption	Playfulness, aesthetics, consumer return on investment and service excellence	Mathwick et al. (2001) Atilgan, et al. (2003) Baker and Crompton (2006) Sundbo and Darmer (2008)
Uniqueness	The market forms the basis for strategic positioning and forming differences, unique industries, and consumption style. Each industry or business / brand has enough unique resources or capabilities to lay the business council for sustainable development and competitive advantage	Design, exterior of building, geographic location and transport accessibility, meet consumer expectations for luxury and repurchase intention	Keller(1993, 1998)
LBE	Brand equity is aimed at two targets (business and consumers). The main purpose of this investigation was to explore the development of brand equity.	1. effect of price premium 2. perception of supreme quality 3. market exclusivity 4. reduction in searching costs 5. brand extension 6. brand innovation 7. brand distance 8. overall evaluation of brand	Aaker(1991) Cobb-Walgren et al. (1995)

*This table shows the definition of all operational concepts and measurement variables in this study.*

**DATA AND METHODOLOGY**

Based on the above literature review, basic LRHs brand equity can be classified into the enterprise’s brand association dimension and the customer’s brand experience association. This dual classification will be referred to as “Fundamental explicit value (FEV)”. The FEV was constructed using the key concepts of

brand equity association, meaning our four major components of FEV were developed by applying the theory of brand equity formation featured in earlier studies (Aaker, 1991; 1996; Batra, Lehmann and Singh, 1993; Cobb-Walgon et al., 1995; Fournier, 1997; Keller, 1993; Oliveria-Castro et al., 2008; Soloman, Marshall and Stuart, 2004). Furthermore, we will empirically study luxury hotels as their quality control and basic products and services generally exceed the quality provided in the general hospitality industry. This study considers “perceived quality” as an indispensable and essential factor in luxury hotels. de Chernatony et al., (2005, 2006) found that organizational culture and employees’ values are likely to influence the cluster of values consumers perceived as constituting a service brand. Therefore, we have excluded this aspect from the basic explicit brand equity components (Cobb-Walgreen et al., 1995).

*H<sub>1</sub>: FEV has significant influence on experience-based LBE.*

*H<sub>1.1</sub>: Brand awareness has a significant influence on experience-based LBE.*

*H<sub>1.2</sub>: Brand loyalty has a significant influence on experience-based LBE.*

*H<sub>1.3</sub>: Organization association has a significant influence on experience-based LBE.*

*H<sub>1.4</sub>: Brand identity has a significant influence on experience-based LBE.*

Based on the concept of experience value, the notions of luxury and industrial characteristics used in the evaluation of the elements of experience-based LBE shall be different from the fixed form of previous brand equity studies, which we have named the “extended implicit value (EIV)”. Therefore, it will consider the three elements of perceived brand luxury, experience value, and uniqueness, to construct our evaluation of the key points of extended implicit equity.

*H<sub>2</sub>: EIV has a significant influence on experience-based LBE.*

*H<sub>2.1</sub>: Perceived brand luxury has a significant influence on experience-based LBE.*

*H<sub>2.2</sub>: Experience value has a significant influence on experience-based LBE*

*H<sub>2.3</sub>: Product uniqueness has a significant influence on experience-based LBE.*

When LRHs are the subject of brand equity, the consumer emphasizes EIV above FEV, because of the appeal or image of luxury hotels, and the consumer's expectation or experience of the consumption process.

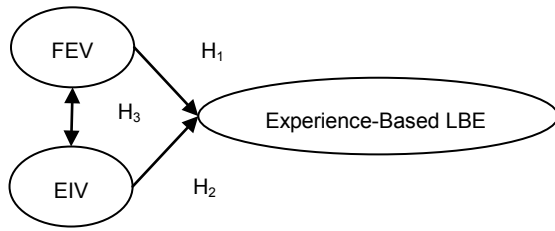
*H<sub>3</sub>: EIV has a more significant effect on experience-based LBE than FEV.*

This study was conducted as a follow-up quantitative survey. Most investigations of brand equity are divided into fundamental functions and extended non-functions (Aaker 1991 ; Blackson 1992 ; Chen 1996 ; Cobb-Walgreen et al., 1995 ; Kamakura and Russell 1993 ; Keller 1993 ; 1998 ; Park and Srinivasan 1994). It adopts both of these categories, adding FEV ( including business association, brand awareness, brand loyalty and brand identity ) and EIV ( including perceived brand luxury, experience value, and uniqueness ) to construct a means of measuring LBE of LRHs ( Figure 1).

### Questionnaire Design

Questionnaires were distributed to tourists patronizing luxury hotels in Taiwan and Macao that adopted the method of stratified convenient sampling. With the hypothesis values of  $p = .05$ ,  $\alpha = .05$  and  $e = .05$ , it is estimated that the samples needed for each region are 385. Therefore, this study aimed to randomly select above 400 samples from Taiwan and Macao, with the expectation of investigating the consumption perception of tourists in these regions. Therefore, the sample number of each hierarchy is estimated by the formula: (total number of rooms in the target hotel x occupancy rate) / total number of rooms in the target hotel. Moreover, to prevent invalid questionnaires from affecting our analysis, the estimated sample number of each stratum will be increased by 10%. Thus, the valid number of questionnaires should not be less than the number of minimum questionnaires expected.

Figure 1: Conceptual Framework



This figure constructed to verification that how the FEV and EIV influence on experience-based LBE in Taiwan and Macao respectively.

Data

The questionnaires in this study were distributed during July 1<sup>st</sup> to August 31<sup>st</sup>, 2010. The subjects were the guests from this 4 targeted luxury hotels in Taiwan (consist of The Lalu Sun Moon Lake Hotel, Hotel Royal Chiao His, Fenisia Hotel, Sun Moon Lake, and Hotel China) and Macao (consist of Wynn Hotel, MGM Grand, Crown Plaza Hotel, and Venetian Resort) separately. These hotels were chosen based on the luxury hotel judgment criteria of Hung (2008). This study distributed 430 questionnaires in Taiwan, and 440 in Macao. The response rate was 99.07% and 96.59 % ( Table3).

Table 3: Profile of Respondents

Survey Area	Extending Questionnaire Number	Effective Number	Effective Ratio
<b>Taiwan</b>	<b>430</b>	<b>426</b>	<b>99.07%</b>
The Lalu(sun moon lake)	100	96	96%
Hotel royal Chiao hsi	185	181	97.84%
Fleur De Chine	111	115	96.52%
Landis Resort	34	34	100%
<b>Macao</b>	<b>440</b>	<b>425</b>	<b>96.59%</b>
ALTIRA	20	20	100%
MGM Macao	56	53	94.64%
Wynn Macao	58	55	94.83%
The VENETIAN Macao	308	297	96.43%

This table shows the result of the questionnaires recovery in Taiwan and Macao respectively. The questionnaires in this study were distributed during July 1<sup>st</sup> to August 31<sup>st</sup>, 2010.

Of the valid surveys, the percentage of male and female respondents was 54.23% and 45.77% in Taiwan, respectively. The percentages were quite different for respondents in Macao (69.88% and 30.12%). The age of the respondents was primarily middle aged adults in Taiwan (30~49 years), with a higher proportion of senior citizens in Macao. This shows that the population distribution between the patrons of LRHs in the two regions was different. The proportion of participants traveling for a holiday was 70.66% in Taiwan and 67.06% in Macao. Most respondents had a university degree level of education. Finally, the regional distribution in Taiwan showed that Taiwanese comprised the largest proportion of participants (77.0%), followed by the Republic of China. The regional distribution in Macao showed visitors from the Republic of China (including Hong Kong and Macao) accounted for 73.65%, followed by Europe and the United States (13.18%).

Reliability and Validity

Reliability is considered acceptable when Cronbach’  $\alpha$  exceeds 0.7, and item-to-total correlations are over 0.5 ( Hair, Anderson, Tatham and Black, 1998 ) . All the factors in the constructs of LBE were above 0.7, and all the values of the item-to-total correlations exceeded 0.05. This indicates that the constructed variables were within the reliable range for both Taiwan and Macao (Table 4).

Table 4: Construct Reliability

Factor	Cronbach's $\alpha$ in Taiwan	Cronbach's $\alpha$ in Macao
Brand loyalty	0.712	0.707
Brand awareness	0.793	0.812
Organization association	0.801	0.759
Brand personality	0.723	0.831
Perceived brand luxury	0.816	0.746
Experience value	0.787	0.867
Uniquess	0.877	0.948
Overall independent variables	0.912	0.904
LBE	0.882	0.863
Item-to-total correlations both in Taiwan and Macao are	$\geq$	

This table shows the Cronbach'  $\alpha$  and item-to-total correlations in Taiwan and Macao respectively. And the Item-to-total correlations both in Taiwan and Macao are  $\geq 0.50$ .

To ensure construct validity of the measurement variable for each factor, we used confirmatory factor analysis, based on the critical values of test statistics proposed by Joreskog and Sorbom (2000) ( Table 5 ). All of the index values met the general assessment criteria, showing that the construct validity of LBE in Taiwan and Macao were both satisfactory. These values met general assessment criteria, showing that the construct validity of Macao's LBE was also complete. In Table 6, all variables of LBE had a significant positive relationship in Taiwan and Macao. However, the correlation coefficients between the variables ranged from 0.4 to 0.7, showing moderate correlations (the lowest was .344 and the highest was .694).

Table 5: CFA Measures

Concepts	Goodness-of-fit index(GFI)	Criterion	Taiwan	Macao
FEV	$\chi^2$	$p < 0.05$	.000***	.000***
	GFI	$\geq 0.90$	0.952	0.963
	RMR	$< 0.05$	0.046	0.034
	AGFI	$\geq 0.90$	0.953	0.962
	CFI	$\geq 0.90$	0.971	0.985
EIV	$\chi^2$	$p < 0.05$	.000***	.002**
	GFI	$\geq 0.90$	0.924	0.967
	RMR	$< 0.05$	0.042	0.031
	AGFI	$\geq 0.90$	0.918	0.945
	CFI	$\geq 0.90$	0.930	0.973

This table shows the CFA measures result form the concept of FEV and EIV in Taiwan and Macao. \*\*\*, \*\*, and \* indicate significance at the 1, 5 and 10 percent levels respectively.

Table 6: Operational Measurement-Convergent and Discriminant Validity

concept	Brand Loyalty	Brand Awareness	Organization Association	Brand personality	Perceived brand luxury	Experience value	Uniqueness
<b>Taiwan</b>							
Brand Loyalty	1.00						
Brand Awareness	.512**	1.00					
Organization Association	0.487**	0.515**	1.00				
Brand personality	0.421**	0.576**	0.491**	1.00			
Perceived brand luxury	0.543**	0.591**	0.523**	0.418**	1.00		
Experience value	0.387**	.606**	0.462**	0.500**	0.662**	1.00	
Uniqueness	0.415**	0.734**	0.537**	0.585**	0.575**	0.621**	1.00
$\mu$	4.67	4.92	4.87	4.21	4.97	4.85	4.94
$s$	0.68	0.67	0.85	1.07	1.05	0.57	0.73
<b>Macao</b>							
Brand Loyalty	1.00						
Brand Awareness	0.532**	1.00					
Organization Association	0.607**	0.413**	1.00				
Brand personality	0.448**	0.594**	0.423**	1.00			
Perceived brand luxury	0.519**	0.527**	0.478**	0.668**	1.00		
Experience value	0.344**	0.403**	0.503**	0.572**	0.611**	1.00	
Uniqueness	0.421**	0.425**	0.385**	0.591**	0.553**	0.694**	1.00
$\mu$	4.82	4.75	4.91	4.86	4.77	4.89	4.90
$s$	1.05	.97	1.00	.94	1.12	1.01	0.88

This table shows the correlation coefficients between all variables of LBE in Taiwan and Macao respectively, and the correlation coefficients between the variables ranged from 0.4 to 0.7. \*\*\*, \*\*, and \* indicate significance at the 1, 5 and 10 percent levels respectively.

**RESULTS**

In Table 7, the result indicated that all variables of experience-based LBE had lower multicollinearity. In order to ensure the accuracy of the results of follow-up data analysis, it used eigenvalue and condition index (CI) as the basis of judgment. In other words, a higher CI indicates a notable problem with collinearity. Belsley, Kuh and Welsch (1980) considered the CI acceptance range to be lower than 30. There was no multicollinearity in this research, because of the CI was lower than 20 both in Taiwan and Macao. In this section, it utilized the forced entry multiple regression method to test the variables of FEV and variables of EIV affect experience-based LBE.

Table 7: Multicollinearity Test of LBE

Variable	Among All Variables		Overall Regression Model	
	Tolerance	VIF <sup>Note1</sup>	Eigenvalue	Condition Index <sup>Note2</sup>
<b>Taiwan</b>				
Brand Loyalty	0.773	1.294	0.0988	11.653
Brand Awareness	0.843	1.186	0.0593	16.342
Organization Association	0.746	1.340	0.0861	12.751
Brand personality	0.660	1.515	0.0232	19.503
Perceived brand luxury	0.858	1.166	0.0811	12.954
Experience value	0.671	1.490	0.0212	19.967
Uniqueness	0.997	1.003	0.0358	19.389
<b>Macao</b>				
Brand Loyalty	0.991	1.009	0.0968	11.798
Brand Awareness	0.842	1.188	0.0680	15.881
Organization Association	0.993	1.007	0.0429	17.228
Brand personality	0.831	1.203	0.0256	18.991
Perceived brand luxury	0.853	1.172	0.0734	14.443
Experience value	0.967	1.034	0.0877	12.419
Uniqueness	0.858	1.166	0.0919	11.992

*This table shows the Multicollinearity result among all variables and overall regression model of LBE in Taiwan and Macao respectively, and the CI both are lower than 20 both in Taiwan and Macao. The calculate VIF = 1/tolerance and CI =  $\sqrt{\lambda_{max}/\lambda}$ .*

From Table 8, all variables exist with a high degree of explanatory power both in Taiwan and Macao (Taiwan 77.1% and Macao 81.5%). Furthermore, the value of Durbin-Watson both were 2.003(Taiwan) and 2.016(Macao).

Table 8: Explanatory Dimensions of LBE-results of forced Entry Multiple Regression Model and Analysis of Variance (ANOVA) (a)

Model	R(b)	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. Error of the Estimate	Durbin-Watson	F	p
Taiwan	0.790	0.771	0.763	0.5138	2.003	78.31	.000***(b)
Macao	0.900	0.815	0.808	0.4962	2.016	73.10	.000***(b)

*This table shows the LBE-results of forced entry multiple regressions and the explanatory power are 77.1% and 81.5% in Taiwan and Macao respectively. \*\*\*, \*\*, and \* indicate significance at the 1, 5 and 10 percent levels respectively. a Dependent Variable: LBE b Predictors:(Constant), Brand Loyalty, Brand Awareness, Organization Association, Brand personality, Perceived brand luxury, Experience value, Uniqueness*

In view of the overall combination of the variables showing a significant influence of experience-based LBE in the Taiwan and Macao, it used the post hoc test to test each individual variables of experience-based LBE. The variable of brand awareness ( $\beta=0.352$ ) had the best explanatory power in Taiwan, wherein LRHs increased visibility and reputation through marketing channels. These were followed by the organization association ( $\beta=0.203$ ), experience value ( $\beta=0.173$ ), perceived brand luxury ( $\beta=0.158$ ) and uniqueness ( $\beta=0.104$ ). On the other hand, the variable of perceived brand luxury ( $\beta=0.403$ ) had the optimal explanatory power to experience-based LBE in Macao. It displayed LRHs might create a special extended attributes and consumer self-concept approach to brand building shape. As follows are the brand awareness ( $\beta=0.267$ ), uniqueness ( $\beta=0.225$ ), experience value ( $\beta=0.184$ ) and organization association ( $\beta=0.133$ ). Second, in this section, it utilized the stepwise multiple regression analysis to identify the differences in variables of experience-based LBE in different regions. Based on the above



data, it sorted all variables according to importance. Furthermore, “brand loyalty” and “brand identity” were deleted because they did not significantly influence the experience-based LBE ( $p > .05$ ).

From Table 9, the primary variable of brand awareness was the first predictors in model *a* with explanatory power as high as 46.2%. In model *b*, we entered the variable of “organization association” with explanatory power as high as 58.0%. In addition, it also entered the variable of “experience value” in model *c*, “perceived brand luxury” in model *d* and “uniqueness” in model *e*. Finally, in model *e* the explanatory power was as high as 76.7%. The following stepwise regression equation was estimated to construct experience-based LBE in Taiwan:

$$LBE = 1.427 + 0.371 \times Brand\ Awareness + 0.245 \times Organization\ Association + 0.200 \times Experience\ value + 0.172 \times Perceived\ brand\ luxury + 0.113 \times Uniqueness \quad (1)$$

The results are presented in Table 9.

Table 9: Stepwise Multiple Regression Analysis of Experience-Based LBE in Taiwan (*F*)

variable ranking	multiple correlation coefficient R	R <sup>2</sup>	ΔR	F	β estimate	β
Intercept					9.371	1.427
Model <i>a</i> : Brand Awareness	0.814( <i>a</i> )	0.462	0.462	215.79	2.413	0.371
Model <i>b</i> : Organization Association	0.901( <i>b</i> )	0.580	0.118	124.63	1.551	0.245
Model <i>c</i> : Experience value	0.877( <i>c</i> )	0.656	0.076	103.39	0.846	0.200
Model <i>d</i> : Perceived brand luxury	0.897( <i>d</i> )	0.719	0.063	82.40	0.417	0.172
Model <i>e</i> : Uniqueness	0.753( <i>e</i> )	0.767	0.048	79.48	0.904	0.113
<i>a</i> Predictors:(Constant), Brand Awareness						
<i>b</i> Predictors:(Constant), Brand Awareness, Organization Association						
<i>c</i> Predictors:(Constant), Brand Awareness, Organization Association, Experience value						
<i>d</i> Predictors:(Constant), Brand Awareness, Organization Association, Experience value, Perceived brand luxury						
<i>e</i> Predictors:(Constant), Brand Awareness, Organization Association, Experience value, Perceived brand luxury, Uniqueness						
<i>f</i> Dependent Variable: LBE						

This table shows the Stepwise multiple regression estimates of the equation:  $LBE = 1.427 + 0.371 \times Brand\ Awareness + 0.245 \times Organization\ Association + 0.200 \times Experience\ value + 0.172 \times Perceived\ brand\ luxury + 0.113 \times Uniqueness$ . In model *e* the explanatory power was as high as 76.7% in Taiwan.

Additionally, in Table 10, the primary variable of perceived brand luxury was the first predictors in model *a* with explanatory power as high as 51.6%. In model *b*, it entered the variable of “brand awareness” and the explanatory power as high as 64.5%. In addition, we also entered the variable of “uniqueness” in model *c*, “experience value” in model *d* and “organization association” in model *e*. Finally, in model *e* the explanatory power was increased to 80.4%. The following stepwise regression equation was estimated to construct experience-based LBE in Macao:

$$LBE = 1.176 + 0.411 \times Perceived\ Brand\ luxury + 0.326 \times Brand\ Awareness + 0.278 \times Uniqueness + 0.224 \times Experience\ value + 0.207 \times Organization\ Association \quad (2)$$

The results are presented in Table 10.

### CONCLUDING COMMENTS

This study constructs experience-based luxury brand equity (LBE) model in Taiwan and Macao, using a logically developed, creative, and integrated research design. In the developing design process, the major considerations were deciding which aspects to include and how to identify the relevant variables. The purpose of this study is to determine whether there exists a difference between the brand equity of luxury resort hotels and traditional tangible product-based brands. The questionnaires in this study were distributed during July 1<sup>st</sup> to August 31<sup>st</sup>, 2010. The subjects were the guests from targeted luxury hotels in Taiwan and Macao separately. Then the response rate was 99.07% in Taiwan and 96.59 % in Macao. First of the finding in this study, all consumers in Taiwan and Macao believed that extensive implicit equity dimensions more significantly influenced their perception experience-based LBE. On the other

hand, consumers of LRHs in Taiwan tended to make fundamental explicit equity dimensions the factor in their perception of experience-based LBE.

Table 10: Stepwise Multiple Regression Analysis of Experience-Based LBE in Macao (F)

Variable Ranking	Multiple Correlation Coefficient R	R <sup>2</sup>	ΔR	F	β estimate	B
Intercept					11.208	1.176
Model a: Perceived brand luxury	0.889(a)	0.516	0.516	332.41	4.101	0.411
Model b: Brand Awareness	0.845(b)	0.645	0.129	274.59	2.374	0.326
Model c: Uniqueness	0.911(c)	0.728	0.083	220.17	1.852	0.278
Model d: Experience value	0.741(d)	0.770	0.042	183.65	1.037	0.224
Model e: Organization Association	0.803(e)	0.804	0.034	165.61	0.749	0.207
a Predictors:(Constant), Perceived brand luxury						
b Predictors:(Constant), Perceived brand luxury, Brand Awareness						
c Predictors:(Constant), Perceived brand luxury, Brand Awareness, Uniqueness						
d Predictors:(Constant), Perceived brand luxury, Brand Awareness, Uniqueness, Experience value						
e Predictors:(Constant), Perceived brand luxury, Brand Awareness, Uniqueness, Experience value, Organization Association						
f Dependent Variable: LBE						

*This table shows the Stepwise multiple regression estimates of the equation: LBE =1.176+0.411×Perceived Brand luxury +0.326×Brand Awareness +0.278×Uniqueness +0.224×Experience value +0.207×Organization Association. In model e the explanatory power was as high as 80.4% in Macao.*

On the other hand, consumers in Macao focused on many implicit variables relevant to dimensions of equity, influencing their perceptions of experience-based LBE. This was very different from Taiwanese consumers, and may be due to the operational attitudes of LRHs in both areas related to variables such as the source of consumers and demographics. Target LRHs in Macao funded, planned and operated by internationally renowned hotel groups. As a result, they had certain popularity and awareness of the consumer market. Moreover, regarding the molding of experience-based LBE in LRHs, each hotel resorted to professionalism, context, and variability. They offered an integral process planning with luxury concept over hardware and software facilities and services, which is all-embracing or consecutive, not distinguishing or occasional feel. This finding also confirms that consumers from different social and economic backgrounds have different feelings and tend to be flexible with regard to the concept of “luxury” under different situations. It also suggests that relevant research on the concept of luxury concept is a challenging task and that, when choosing a subject or goal, large-scale or cross-disciplinary studies is not preferred.

According to the results of this study, experience-based LBE tended to make extensive implicit equity related dimensions the determining criteria of perception. These included brand luxury, experience values, and industry characteristics. As for fundamental dimensions of explicit equity, brand popularity and organization association were more important. These findings are significantly different from the results of the empirical studies of brand equity construction based on physical products of Aaker (1991), Chen (1996), Erdem, Swait and Valenzuela, (2006), Farquhar (1989), Keller (1993), Netemeyer, Krishnan, Pulig, Wang, Yagci, Dean, Ricks and Wirth(2004), Oliveria-Castro, Foxall, James, Pohl, Dias and Chang(2008), Park and Srinivasan (1994). Moreover, consumers distinguish dimensions of brand equity formed by professional services from product equity. However, as experience-based LBE stresses on an upgrade in the body and mind and an extension in self or social group, this is a scope which has not been covered by any brand equity-relevant research in the past. The finding also suggests when conducting a research into brand equity based on brands with different properties, it is essential to construct a brand equity model based on local circumstance to promote dynamic thinking.

This study was aimed at LRHs in Taiwan and Macao. The results indicate consideration differences in the operations of LRHs in both areas (with Taiwan biased toward nature and leisure, and Macao focused on artificial entertainment), but a high degree of similarity in the local operating patterns. This suggests that the operating patterns LRHs should coincide with industrial clustering effects and that they are subject to influence by political and economic situations, with synergistic effects. This point can be verified through the results in the empirical research in Taiwan and Macao. According to an analysis of the difference in the variables regarding demographics, there was a significant difference in variables in the main tourist

sources in Taiwan and Macao (the customers in Taiwan mostly local; while the customers in Macao came principally from mainland China). As a result, when Taiwan is considering policy changes to open the market to mainland Tourists, the results of empirical research on LRHs in Macao could serve as a reference. This may help to plan strategies for the tourist industry or serve as a reference for consumption patterns in Taiwan. Furthermore, although currently Taiwan is entering into an alliance with mainland China, there is a gap between perception and consumption regarding the tourism industry, due to cultural development, cultural accomplishments, consumption intent, and concepts? With this, a study may be undertaken on consumers in these two areas through Schwartz (1997), Hofstede (1980), and Cheng (2006). Because this is not a consideration in this study, this variable was excluded.

The brand equity model of LRHs in Taiwan and Macao provides empirical evidence that issue such as “brand loyalty” and customer maintenance, which have been highly valued by businesses in the past, did not have a significant impact like ordinary businesses. This might be the most difficult challenge confronting LRHs both in Taiwan and Macao.

With respect to issue related to research in luxury or experience-based LBE, there is little evidence of primary compilation of material or construction of models. However, for those involved in relevant research, this aspect needs to be addressed. This underlines the value and contributions of this research to such issues. It is also an important academic research thinking jointly formed through industrial practical development and important national policy. The short period in which the tourism industry has developed and is a yet-to-mature field with a lack of relevant theories and consensus, and very little relevant research on the LRHs industry. It is suggested that in the future, national governing agencies or operators in the tourism industry attempt to develop, promotional schemes for the LRHs industry in conjunction with academic research institutions (units). The purpose would be to increase diversity, to usher in new era for the luxury tourism industry. Finally, tourism is an important means for a country to develop its economy and increase its international visibility. For this reason, all countries in the world have been investing resources in the tourism and leisure industry. Moreover, the policy of governments should be adjusted according to trends in the development of tourism market to achieve a competitive advantage. This study suggests that governments proactively discuss relevant issues of the tourism industry such as LRHs and promote development of the tourism industry in favor of marketing the country as a whole.

## REFERENCE

- Aaker, D. A. (1991). *Managing Brand Equity*. New York: The Free Press.
- Aaker, D.A. (1996). Measuring brand equity across products and markets. *California Management Review*, 38, 102-120.
- Ailawadi, K.L., Lehman, D.R., Neslin, S.A. (2003). Revenue premium as an outcome measure of brand equity. *Journal of Marketing*, 67, 1-17.
- Atilgan, E., Akinci, S and Aksoy, S. (2003). Mapping service quality in the tourism industry. *Management Service Quality*, 13(5), 412-422.
- Bailey, R., Ball, S. (2006). An exploration of the meanings of hotel brand equity. *The Service Industries Journal*, 26(1), 12-38.
- Baker, D. A., J. L. Crompton. (2006). Quality, satisfaction behavioral intentions. *Annals of Tourism Research*, 27 (3), 785-804.
- Barwise, P. (1993). Brand Equity: Snark or Boojum, *International Journal of Research in Marketing*, 10, 93-104.
- Batra, R., D. R. Lehmann, et al. (1993). The Brand Personality Component of Brand Goodwill: Some

- Antecedents and Consequences. Brand Equity & Advertising: Advertising's Role in Building Strong Brands. D. A. Aaker and A. L. Biel. Hillsdale, New Jersey, Lawrence Erlbaum Associates. 83-96.
- Belsley, D. A., Kuh, E., Welsch, R. E. (1980). Regression Diagnostics, New York: John Wiley & Sons.
- Berry, L. (2000). Cultivating service brand equity. *Journal of the Academy of Marketing Science*, 28(1), 128-137.
- Bharadwaj, S.G., Varadarajan, R.P., Fahy, J. (1993). Sustainable competitive advantage un service industries. *Journal of Marketing*, 57(4), 83-99.
- Blackston, T. (1992). Observations: Building brand equity by managing the brand's relationships. *Journal of Advertising Research*, May-June, 79-83.
- Chang, H.H., Liu, Y.M. (2009). The impact of brand equity on brand preference and purchase intentions in the service industries. *The Service Industries Journal*, December, 29(12), 1687-1706.
- Chen, C.J. (1996). The measurement and construction of customer-based brand equity. PhD thesis of National Chengchi University.
- Cobb-Walgren, C.J., Rouble, C.A., Donthu, N. (1995). Brand equity, brand preference, and purchase intent. *European Management Journal*, 24(3), 25-40.
- de Chernatony, L., Cottam, S., Segal-Horn, S. (2006). Communicating services brands' values internally and externally. *The Service Industries Journal*, 26(8), 819-836.
- de Chernatony, L., Drury, S., Segal-Horn, S. (2005). Using triangulation to assess and identify successful service brands. *The Service Industries Journal*, 25(1), 15-33.
- Erdem, T., Swait, J., Valenzuela, A. (2006). Brands as signals: A cross-country validation study. *Journal of Marketing*, 70, 34-49.
- Farquhar, P.H. (1989). Managing brand equity. *Journal of Advertising Research*, August/September, 7-12.
- Fournier, S. (1998), Consumers and Their Brands: Developing Relationship Theory in Consumer Research, *Journal of Consumer Research*, March, 343-373.
- Foxall, G.R., Oliveria-Castro, J.M., Schrezenmaier, T.C. (2004). The behavioral economics of consumer brand choice: Patterns of reinforcement and utility maximization. *Behavioral Processes*, 66(3), 235-260.
- Hair, J. F., R. E. Anderson, R. L. Tatham and W. C. Black (1998), *Multivariate Data Analysis*, Fifth ed., Prentice-Hall Inc., 506.
- Hofstede, G. (1980), Culture's consequences: International differences in work-related values, *Business Horizons*, 36(4), 35-43.
- Joreskog, K.G., Sorbom, D. (2000). LISREL8 User's Reference Guide Chicago: Scientific Software
- Kamakura, W., G. Russell. (1993). Measuring brand value with scanner data. *International Journal of Research Marketing*, 10, 9-12.
- Keller, K. L. (1993). Conceptualizing, measuring, and managing customer-based brand equity. *Journal of Marketing*, 57(Jan.), 1-22.

- Keller, K. L. (1998). Strategic brand management – Building, measuring and managing brand equity. Prentice-Hall: New Jersey, 7.
- Keller, K. L. (2002). *Branding and brand equity*. Cambridge, MA: Marketing Science Institute.
- Keshav, P. (1999). Managing hotel brand equity: A customer-centric framework for assessing performance. *Cornell Hotel and Restaurant Administration Quarterly*, 41(3), 24-36.
- Kim, W. G., Jin-Sun, B., Kim, H. J. (2008). Multidimensional customer-based brand equity and its consequences in mispriced hotels. *Journal of Hospitality & Tourism Research*, 32(2), 235-254.
- Kotler, P. (2007). Marketing management: (11th ed.), New Jersey: Prentice Hall.
- Lassar, W., B. Mittal, and A. Sharma. (1995). Measuring customer-based brand equity. *Journal of Consumer Marketing*, 12(4), 11-19.
- Mathwick, C., Malhotra, N., E.Rigdon. (2001). Experiential value: Conceptualization, measurement and application in the catalog and internet shopping environment. *Journal of Retailing*, 77, 39-56.
- Netemeyer, R.G, Krishnan, B., Pullig, C., Wang, G., Yagci, M., Dean, D., Ricks, J.,Wirth, F. (2004). Developing and Validating measures of facets of consumer-based brand equity. *Journal of Business Research*, 57, 209-224.
- Ohmae, Kenichi. (2006). M-Shape Society. [www.ohmae.co.jp](http://www.ohmae.co.jp).
- Oliveria-Castro, J.M., Foxall. G.R., James, V.K., Pohl, R.H.B.F., Dias, M.B., Chang, S.W. (2008). Consumer-based brand equity and brand performance. *The Service Industries Journal*, 28(4), 445-461.
- Park, C. S., Srinivasan, V. (1994). A survey- based method for measuring and understanding brand equity and its extendibility. *Journal of Marketing Research*, 31(May), 271-288.
- Porter, M.E., (1985). Competitive Strategy : Techniques for Analyzing Industries and Competitors, Harvard Business Review.
- Schwartz, S. H. (1997). Universals in the content and values: Theoretical advances and empirical test in 20 countries advances in experimental social psychology M.P. Zann Eds., San Diego: Academic Press.
- Sharp, B. (1995). Brand equity and market-based assets of professional service firms. *Journal of Professional Service Marketing*, 13(1), 3-13.
- Shamma, S.M., Hassan, S.S. (2011). Integrating Product and Corporate Brand Equity into Total Brand Equity Measurement. *International Journal of Marketing Studies*,3(1).
- Shocker, A. D., Weitz. B. (1991). A perspective on brand equity principles and issues. In: L. Leuthesser, ed., Report#88-104. Cambridge, MA: Marketing Science Institute.
- Silverstein, M. J., & Fiske, N. (2003). Luxury for the masses. Harvard Business Review, 81(4), 48.
- Soloman, M. R., Marshall, G. W., & Stuart, E. W. (2004). Marketing. 4th Ed., Prentice-Hall Inc., Upper Saddle River, NJ.
- Sundbo, J., & Darmer, P. (Eds.). (2008). Creating Experiences in Experience Economy. Northampton: Ed.

Tauber, E. M. (1988). Brand leverage: Strategy for growth in a cost control world. *Journal of Advertising Research*, August-September, 26-30.

Trevor, R. (1998). Measuring the true values of brands: Can you afford to. Esomar Seminar, Berlin.

Urde, M. (1994). Brand orientation: A strategy for survival. *Journal of Consumer Marketing*, 11(3), 18-32.

Vigneron, F., and Johnson, L.W.(2004). Measuring perceptions of brand luxury. *Brand Management*, 11(6), 484-506.

Yu, M. L. (2009). Customer-based brand equity: The effect of destination image on preference for products associated with a destination brand. Master of Science thesis, Virginia, U.S.A.

## BIOGRAPHY

Dr. Hung is a doctor of management graduated in 2008. She is an assistant professor and also the chairman in the Department of Golden-Ager Industry Management, Chao-Yang University of Technology, Republic of China. Her expertise is in consumer behavior, organization performance management, senior education and nonprofit management. On the part of professional service, she undertake NSC plans in Taiwan and perform a number of industry-academic cooperation program, total amount of up to 400 million Taiwan dollars since 2009. Dr. Jui-Ying Hung can be contacted at Chao-Yang University of Technology, no. 168, Jifeng E. Rd., Wufeng District, Taichung, 41349 Taiwan, R.O.C. Email: jybong@cyut.edu.tw

Dr. Feng-Li Lin can be contacted at Chao-Yang University of Technology, no 168, Jifeng E. Rd., Wufeng District, Taichung, 41349 Taiwan, R.O.C. Email: fenli@cjcu.edu.tw

Dr. Wen-guang can be contacted at Yang Chao-Yang University of Technology, No. 168, Jifeng E. Rd., Wufeng District, Taichung, 41349 Taiwan, R.O.C. Email: wayne@cyut.edu.tw