

Building Brand Relationship Quality Among Hotel Loyalty Program Members

ABSTRACT

Purpose: This study investigates the impact of the loyalty program members' satisfaction towards the hotel loyalty program benefits and the customer management relationship initiatives of individual hotels on the brand relationship quality (BRQ), i.e. their relationship quality with the hotel brand, and its outcomes. The moderating impact of membership level on the hypothesized relationships was also investigated.

Methodology: A usable sample of 920 active members of a hotel loyalty program was obtained. Structural equation modeling with partial least squares method was used to estimate the structural relationships and to investigate the moderating effect of membership level.

Findings: Employee's customer orientation, membership communication, and hotel-stay related benefits, are determinants of the loyalty program members' BRQ. BRQ is also confirmed as a higher order construct of three latent variables which include trust, satisfaction, and commitment. Moderating effects of the membership were partially supported in this study. The strongest effect of BRQ is on members' word-of-mouth followed by shares of purchase. BRQ is found to have negative relationship with members' willingness to serve as marketing resource but the impact was small.

Research limitations: This is a cross-sectional study with a population of active loyalty program members of only one luxury hotel group. The sample size of the top-tier members is also smaller in comparison to the other two groups.

Practical implications: This study contributes to the understanding of the antecedents and consequences of BRQ and the body of knowledge about loyalty program for hotel industry.

Originality/value: This is one of the few studies investigating the effectiveness of hotel loyalty programs from the active members' perspective and the moderating effect of membership level on the relationships among BRQ, its antecedents, and its outcomes.

Keywords: hotel loyalty program, benefits, CRM, brand relationship quality

Paper type: Research paper

This project is supported by a research grant of The Hong Kong Polytechnic University (A-PE1A).

INTRODUCTION

Loyalty programs are the most popular “value-added” defensive customer relationship management (CRM) strategies used by hotel chains to foster repeat business. They are developed to reward frequent customers, generate information about customers, manipulate customers’ behavior, and to compete with other hotels. Loyalty program members have become business builders by buying more, paying premium prices, and bringing in new customers by referrals (O’Brien and Jones, 1995). Some researchers assert that the loyalty programs can generally increase purchase frequency, customer advocacy, share of wallet, and operational profit by lowering expenses in recruiting new customers while they decrease customer price sensitivity and switching costs (Bowen and McCain, 2015; Keh and Lee, 2006; Kim *et al.*, 2001; Leenheer *et al.*, 2007; Lewis, 2004; Reichheld, 2003; Sharp and Sharp, 1997). Others question the impact of rewards on customer loyalty and profits for firms (Dowling and Uncles, 1997; Mattila, 2006; Ni *et al.*, 2011). While relatively high level of loyalty is detected on customers who join a loyalty program, most customers actually do not change their behavior after they become members (Gómez *et al.*, 2006). Nevertheless, loyalty program has been still frequently used by companies as an important tool of CRM strategies to enhance relationship quality.

While prior hospitality research emphasizes relationship quality between customers and employees (e.g. Erkmén and Hancer, 2015; Hyun, 2010), there is a dearth of empirical evidence to support the relationship between customers and the brand, that is, brand relationship quality (BRQ, hereafter). The importance of BRQ lies in the fact that it reflects customers’ strong emotional and motivational tie with a brand in a similar way they relate to people (Kim *et al.*, 2014). BRQ is similar to brand loyalty; however, BRQ offers conceptual richness over brand loyalty in terms of a prediction of relationship stability over time (Fournier, 1998).

With this in mind, this study aims to empirically investigate the antecedents and consequences of BRQ of active hotel loyalty program members. BRQ is conceptualized as a higher order construct consisting of three dimensions of trust, satisfaction, and commitment. In order to understand the key drivers of loyalty programs that enhance the BRQ between the customers and the hotel, the perception of active users toward the loyalty program should be assessed. This is accomplished by evaluating the impact of the members’ perceptions toward loyalty program activities and hotel CRM initiatives on the members’ relationship quality with the hotel brand and its outcomes. In addition, the moderating role of membership level is examined to fill the research gap that lacks assessment of any impact of tier level on the loyalty-related outcomes. More specifically, the purposes of this study are to:

- 1) confirm BRQ is a higher-order construct which consists of three dimensions of trust, satisfaction, and commitment;
- 2) assess the impact of the hotel loyalty program at the corporate level and the various CRM initiatives at the property level on BRQ with the hotel brand;
- 3) assess the impact of BRQ on word-of-mouth, marketing resource, and shares of purchase; and
- 4) assess the moderating effect of membership level on the relationships between BRQ and its antecedents and outcomes.

RELATED LITERATURE AND HYPOTHESES

Brand relationship quality (BRQ)

With intense competition among global hotel companies, branding strategy has emerged as competitive advantage to increase market share and enhance customer loyalty (Lin, 2013). Branding is considered a powerful means of the strength of the customer-brand relationship, thus, it is argued that more effort should be placed to improve relationships between customers and the brand as it often leads to a higher intention to repurchase, financial gains, and customer retention (Breivik and Thorbjørnsen, 2008; Huang et al., 2014; Huber *et al.*, 2010; Smit *et al.*, 2007). Brand relationship quality (BRQ) is viewed as the emotional ties resulting from the interaction between the consumer and his/her brand (Fournier, 1998).

The conceptualization of BRQ has been of particular interest to many marketing researchers. Fournier (1998) has proposed six factors leading to a long-lasting brand relationship: love and passion, self-connection, interdependence, commitment, intimacy, and brand partner quality. Additional BRQ dimensions that are frequently used include satisfaction, brand knowledge (Park and Kim, 2001), and nostalgia and trust (Park *et al.*, 2002). These constructs have been utilized in different settings of hospitality and tourism industry. The recent work of Hudson *et al.* (2015) adapts six relationship facets of Fournier (1998) and trustworthiness of brand in association with festival brands. The study reveals a direct effect of BRQ on behavioral outcome (word-of-mouth) as well as its relevance for social media marketing. Similarly, the applicability of Fournier's (1998) BRQ framework in the hotel industry has been examined by Xie and Heung (2012). Kang *et al.* (2014) has conceptualized brand commitment and brand trust as important dimensions of BRQ in a restaurant setting.

Three dimensions are the most commonly adopted in describing consumer and employee/company relationship quality: trust (Doney and Cannon, 1997; Hennig-Thurau and Klee, 1997; Morgan and Hunt, 1994), satisfaction (Crosby *et al.*, 1990; Fullerton and Taylor, 2002; Homburg and Giering, 2001), and commitment (Harrison-Walker, 2001; Hennig-Thurau and Klee, 1997; Moorman *et al.*, 1993; Prichard *et al.*, 1999). These are also frequently used relationship quality factors in hospitality researches (Bowen and Shoemaker, 1998; Cheng *et al.*, 2008; Ha and Jang, 2009; Hyun, 2010; Jin *et al.*, 2012; Kim and Cha, 2002; Lee *et al.*, 2012; Wu and Li, 2011).

Trust is an individual's willingness to rely on an exchange partner in whom one has confidence and is the "enduring desire to maintain a valued relationship" (Moorman *et al.*, 1993, p.316). It is the perception of an individual's confidence in the partner's reliability and integrity (Lee and Kim, 1999; Morgan and Hunt, 1994; Palmatier *et al.*, 2006). The development of trust between customers and the brand is depicted as a process of setting expectations and evaluating whether the expectations have been met (Garbarino and Johnson, 1999).

Overall satisfaction is an evaluation based on the total purchase and consumption experience with a good or service over time (Anderson *et al.*, 1994, p.54). Evaluation of cumulative satisfaction is based on the company's past, current, and future performance (Wu and Wang, 2012). Customer satisfaction represents the customer's emotional feeling or reaction to the perceived difference between performance appraisal and expectations (Oliver, 1980). It is a judgment that a product or service provides a pleasurable level of consumption-related fulfillment (Oliver, 2015). In addition to customer's satisfaction with the individual hotels, overall satisfaction with the hotel brand is of particular importance as this will in turn influence customers' desire to continue to patronize the hotels under the same brand. The measurement of satisfaction in this study adopts an overall assessment based on all their previous experience with the hotel brand.

Commitment is the desire to develop a stable relationship with another partner believing that a continuing relationship is vital to warrant maximum endeavors to maintaining it (Morgan and Hunt, 1994). It is the emotional link between the individual and the organization (Akehurst *et al.*, 2009; Ashley *et al.* 2011). Customers' commitment is essential in the building and maintenance of positive relationship quality with the company. Relationship commitment is the implicit or explicit investment between customers and the company. To maintain a long-lasting relationship, both parties should be willing to make short-term sacrifice and should have the confidence in the stability of the relationship (Anderson and Weitz, 1991). Following the study of Valta (2013) on consumer brand relationship quality, this study conceptualizes BRQ as a high-order construct that consists of the dimensions including brand trust, relationship satisfaction, and relationship commitment, between the customer and the brand and not with employees.

Antecedents of BRQ

There is a dearth of empirical research examining antecedents of relationship quality in the context of hotel loyalty program. In an effort to investigate what contributes to the customers' BRQ, two different antecedents are being tested: "loyalty program activities" and "hotel CRM activities." Loyalty program activities in this study refer to the benefit components that are designed at the corporate level and serve as strong motivators for customers' participation in loyalty programs. They include *hotel stay-related loyalty program benefits*, *non-hotel stay-related loyalty program benefits*, and *membership communication*. Attractive membership benefits of hotel loyalty programs could increase repeated patronage, thus, possibly lead to hotel guests' loyal behaviors. In addition, customer perceptions of such benefits influence their perceived relationship investment and their relationship with the brand (Mimouni-Chaabane and Volle, 2010). Hotel CRM activities focus on the loyalty program members' experience with the different properties. While hotel loyalty programs are designed at the corporate level, individual hotels have their own CRM practices to enhance customer relationships. The customer-oriented CRM strategies adopted by individual hotels, which include *customer orientation* and *delivery of loyalty program benefits* are of great importance in creating a high quality relationship with the hotel brand.

Loyalty program activities

Due to the fact that different chain hotels offer different benefits, this study has examined all benefit features of the loyalty program offered by the surveyed hotel chain, which are classified into three categories: hotel stay-related benefits, non-hotel stay-related benefits, and communication with members. *Hotel stay-related benefits* are the perks given to the loyalty program members which they can use and enjoy in conjunction with their hotel stay. Specific benefits include priority check-in, room-upgrade, spouse stays free, and complimentary amenities (e.g., fruits, beverages, and snacks). In this study, these rewards are defined as immediate rewards which guests can immediately redeem during their stay at the hotel. *Non-hotel stay-related benefits* include frequent flier mileages of partner airlines, discounts with other travel partners, membership upgrades, etc. These rewards are considered delayed rewards which members can redeem or enjoy later. It is posited that customers tend to prefer delayed reward to immediate reward or would not mind postponing the reward to a later date when the delayed reward is of higher value (Banks *et al.*, 1992; Keh and Lee, 2006).

Perceived benefits play an important role in motivating brand loyalty and strengthening the relationship between the firm and customers (Bolton *et al.*, 2000). As customers nowadays

perceive various loyalty programs as loyalty incentives in return for their repeated purchases with a firm (Liu, 2007), it is important to identify key elements of benefits that can increase customers' behavioral commitment to the firm. Ashley *et al.*'s (2011) study suggests that the anticipated benefits offered by loyalty or membership cards of different type of service companies have positive impact on the respondents' receptiveness of the membership program. Therefore, this study proposes the following hypotheses:

H1: Hotel-stay related membership benefits of loyalty program positively impacts BRQ.

H2: Non-hotel stay-related membership benefits of loyalty program positively impacts BRQ.

The important role of *communication* has been emphasized in fostering a long-term relationship with customers in the hospitality industry. In a restaurant setting, Kim *et al.* (2006) posit that intangible antecedents such as communication are stronger predictors of relationship quality than those of the tangible antecedents (physical environment and food quality). Communication activities certainly help to reduce uncertainty and ambiguity in purchase situations. Through effective communication, companies can build trust and satisfaction and positive effect on repeat purchase from customers (Dichter, 1989). Furthermore, integrated customer communication channels can facilitate community building among the loyalty program members and the delivery to customized customer experiences (Sigala, 2005). The subject hotel of this study has a dedicated website for loyalty program to share information about the members' benefits. They also use emails to communicate with their members. Therefore, the following hypothesis is proposed:

H3: Membership communication positively impacts BRQ.

Individual hotel's CRM activities

Members' experience with the entire process of loyalty program delivery is as important as attractive loyalty program contents in establishing long term relationship with customers. Individual hotels can build relationships with their guests by trying to identify and understand their guests' requests and provide customized services during their stays (Sigala, 2005). Given that interactions between customers and employees are proven to influence the strength of the relationship on the level of trust and commitment (Bove and Johnson, 2000), this study defines individual hotel's CRM efforts that focus on the customer-oriented attitude of guest-contact employees as facilitators of loyalty program and their ability to honor and deliver the loyalty program benefits promptly and accurately. The specific items include customer orientation and the delivery of loyalty program benefits.

Customer orientation refers to the personal traits that reflect the service provider's willingness to meet the needs of customer (Brown *et al.*, 2002; Yoon *et al.*, 2007). Customer-oriented employees tend to focus on putting customers' interests first amongst all, thus they have a significant impact on customer-employee relationships and an organization's financial and nonfinancial performance outcomes (Teng and Barrows, 2009). Several relationship quality literatures have found that employees' level of customer orientation is a key driver for customers' satisfaction, trust, commitment (Cheng *et al.*, 2008; Kim and Cha, 2002; Kim *et al.*, 2006).

The delivery of loyalty program benefits involves brand promise fulfillment. The service marketing literature has asserted that employees are influential on customers' brand perceptions through their role in delivering both functional (what are delivered) and emotional (how they are

delivered) values (De Chernatony, 2002). The intangible nature of service brands further highlights the importance of brand promise fulfillment. When employees are successful in delivering a service that is consistent with the company's communicated brand values, it can strengthen customers' trust in the relationship (King and Grace, 2005). Keeping promises is regarded as the core of building mutually beneficial relationship between the customer and the firm (Kim *et al.*, 2001). Therefore, the ability of the employees to deliver the loyalty program benefits to the members is crucial in enhancing their relationship quality with the hotel brand. Thus, we propose the following hypotheses:

H4: Employee's customer orientation positively impacts BRQ.

H5: Employee's ability to deliver loyalty program benefits positively impacts BRQ.

Consequences of BRQ

Word-of-mouth

Word-of-mouth is considered as one of the important consequences of commitment. Reichheld (2003) suggests that the willingness of customers to recommend a company, product or service to someone else has a positive impact on the company's business growth. The positive effect commitment on word-of-mouth can be also found in several hospitality researches. Oh's study (1999) shows a positive relationship between customer satisfaction and word-of-mouth from luxury hotels customers. Restaurant customers with higher level of affective commitment have a higher tendency to be an advocate for the restaurant and are more likely to consider the restaurant as their top choice (Mattila, 2006). Lacey (2009) also confirms that there is a significantly positive relationship between upscale retailers' relationship commitment and their intention to making personal referrals.

Share of purchase

Share of purchase is found to have a positive relationship with relationship continuity (Kim and Cha, 2002). Mattila (2006) identifies that affective commitment is a key player to improve the overall attractiveness of the frequent-guest program, resulting in a bigger share of the customer's wallet. Similarly, Wirtz *et al.* (2007) provide empirical evidence of the effectiveness of credit card loyalty programs in influencing the share of wallet. Wu and Li (2011) observe that relationship quality has a significant influence on both word-of-mouth and shares of purchase. Since the population of the study is loyalty program members, there is a high likelihood that they will demonstrate closer relationship with the hotel brand than non-members, resulting in higher shares of purchases by staying more frequently and spending more at membership hotels.

Willingness to serve as marketing resources

Willingness of committed customers to serve as marketing resources can be expressed by their willingness to engage in firm-sponsored marketing research activities and voluntarily share discretionary personal information with the firm. Lacey and Morgan (2007) provide an empirical evidence to support the relationship between commitment and the willingness of customers to serve as a marketing resource. Lacey (2009) confirms that relationship commitment has a direct association with customers' willingness to serve as marketing resources through the sharing of personal information and supporting marketing research activities. Therefore, cooperation from the customers in various marketing research initiatives (such as focus groups, quality circles, and

surveys) can certainly help the hotel to better understand their needs and expectation. Based on the above, it is proposed that BRQ has a positive relationship with following three consequences:

H6: BRQ positively impacts word-of-mouth.

H7: BRQ positively impacts shares of purchase.

H8: BRQ positively impacts customers' willingness to serve as marketing resources.

The moderating effect of membership level

Having a tiered loyalty program is effective in building a sense of identity among members within each tier and lead to commitment to the brand and more revenue for the hotels (McCall and Voorhees, 2010). Tanford *et al.* (2011) suggest that hotel loyalty program members with different membership level exhibit differences in their emotional bonding to the brand. Their study concludes that membership tiers alone is not sufficient to produce loyal customer but must be accompanied by members' commitment to the brand. Perceived value of the benefits and privileges, emotional commitment, behavioral intentions and word-of-mouth increase as a function of the membership level (Tanford, 2013). Lina *et al.* (2014) confirms a positive relationship between members of different tiers and behavioral loyalty by exhibiting elite members' higher levels of loyalty behavior compared with basic members. Therefore, it is proposed that loyalty program membership level moderates the impact of loyalty program activities and hotel CRM activities on BRQ and the impact of BRQ on its relationship outcomes.

This study investigates the effects of loyalty program activities (benefits and communication) and hotel CRM activities (customer orientation and delivery of loyalty program benefits) on BRQ and the influence of BRQ on positive word-of-mouth, increase shares of purchase, and willingness to serve as marketing resources. The moderating role of membership level on the impact of the antecedents on BRQ and its outcomes is also examined. The proposed conceptual model and hypotheses are shown in Figure 1.

[FIGURE 1 HERE]

METHODOLOGY

Questionnaire design and sample

An online questionnaire was developed based on the review of literature and in-depth interviews with the program executives of the subject hotel group and active members of the hotel's loyalty program. The questionnaire consisted of four sections: (1) BRQ (trust, satisfaction, and commitment), (2) loyalty program benefits including communication and hotel CRM activities (customer orientation and delivery of loyalty programs), (3) brand relationship quality outcomes (word-of-mouth, share of purchase, and marketing resources), and (4) respondents' demographic information and membership characteristics of the respondents. The questionnaire was translated into Chinese by a professional native Chinese translator by adopting the translation-back-translation procedure (Brislin, 1976). The wordings of the questionnaire in both English and Chinese were reviewed by faculty members of two universities and the hotel group's loyalty program executives.

The target population for the study was active members of a hotel loyalty program offered by one of Asia-Pacific's leading luxury hotel groups with over 70 five-star luxury properties worldwide. A pilot test of the survey was conducted by distributing the paper-based questionnaire to 20 conveniently selected in-house loyalty program members of two properties of the hotel group. Clarity of the wordings of the questionnaire was also assessed by the respondents.

A total of 39,446 email invitations were sent by the hotel group directly to the active members of the loyalty program (members who are 18 years old or above and have stayed with the hotel group within the past 12 months) to invite them to participate in the online survey. If they agreed, they would be directed to either the English or Chinese online survey sites based on the language preference recorded in the member's profile.

Quota sampling was used to select members from the three different membership levels. Based on the hotel's frequent guest program's published membership qualification criteria. Basic-tier members are those who have stayed once at any hotels in the group and recorded at least one up to 19 qualifying room nights within one calendar year. Mid-tier members have recorded a minimum of 20 up to 59 qualifying room nights at two or more hotels in the hotel group within one calendar year. Top-tier members have recorded a minimum of 60 qualifying room nights at three or more hotels in the hotel group within one calendar year. The online survey was made available for four weeks. Reminder emails were sent to the non-respondents one week before the close of the survey. Each response (identified with a unique ID number) was sent back to the hotel group to extract demographic and membership information from their membership database. The survey responses and the demographic and membership information were combined for the analysis. A usable sample of 920 was finally included in the data analysis.

Measures

Members' satisfaction towards the hotel stay-related loyalty program benefits, non-hotel stay-related benefits, and membership communications were measured by 18 statements using a 7-point Likert scale with 1=very dissatisfied and 7=very satisfied. These items were generated from prior studies (Kim *et al.*, 2001, and Kim *et al.*, 2006; Mimouni-Chaabane and Volle, 2010) and information obtained from interviews with the hotel's loyalty program executives. The list of statements consolidated was reviewed by faculty members of two universities. Only statements suitable for the context of this study were included. The three dimensions of BRQ were measured by eight statements: three statements measuring trust (Doney and Cannon, 1997; Morgan and Hunt, 1994), three statements measuring satisfaction (Homburg and Giering, 2001; Fullerton and Taylor, 2002), and two statements measuring commitment (Harrison-Walker, 2001; Moorman *et al.*, 1993; Prichard *et al.*, 1999). Six statements were adapted from the relationship marketing literature to measure the three relationship quality outcomes, word-of-mouth (Harrison-Walker, 2001), share of purchase (Kim and Cha, 2002), and willingness to serve as marketing resources (Lacey and Morgan, 2007). A 7-point Likert scale was used to measure these constructs with a scale of 1=totally disagree to 7=totally agree.

Data analysis

Non-response bias was determined by comparing the demographic and membership characteristics of the respondents and a random sample of the non-respondents (provided by the hotel group). No major deviations were observed. This study tested the hypotheses and the relationship among the different constructs on the whole sample data in order to derive a statistically significant structural equation model. Then, we employed membership as a moderator

to conduct a multi-group analysis of the final model on the three groups of respondents of different membership levels.

Structural equation modeling (SEM) with partial least squares (PLS) method was used to estimate the structural relationships. SEM was chosen because this study aimed to investigate a set of constructs that were interconnected with each other. SEM was superior to running a set of regressions in the sense that it can simultaneously estimate the measurement model (Byrne, 2010). Therefore, it was possible for this study to examine the measurement errors of the indicators in addition to investigating the structural relationships, which made the analysis more rigorous than multiple regressions did (Ayeh *et al.*, 2013). The PLS method was chosen largely because it does not impose strict demand on distributional assumptions, measurement scales, and large sample sizes, which were actually difficult to meet in a cross-sectional survey (Hair *et al.*, 2014; Henseler *et al.*, 2009). The selection of the PLS method is appropriate in our study due to the complexity of the model that includes testing both the mediating effects of brand relationship quality and the moderating effects of membership level (Hair *et al.*, 2014; Valle and Assaker, 2015; Wetzels *et al.*, 2009). In addition, the PLS method featured by the variance-based estimation is more appropriate to test the effects of the membership as these effects are relatively exploratory in our study (Hair *et al.*, 2014). The PLS method allows for the exploration of plausible causality among the constructs and the estimation of the model with dichotomous and formative measurement (Ayeh *et al.*, 2013; Lee *et al.*, 2006; Ryu *et al.*, 2009). This served the purpose of this study quite well, particularly, in relation to multi-group analysis of membership. SmartPLS (v. 3.2.1) was used to perform the analysis of the structural equation model as shown in Figure 1.

RESULTS

Characteristics of the respondents

Table 1 shows the social-demographics of the respondents. Close to one-third of the respondents were from the Greater China region (Mainland China, Hong Kong, Macau, and Taiwan). A little more than a quarter were Europeans. Males made up more than 80% of the sample. Nearly three-quarters of respondents were married. Respondents between 36 and 45 and between 46 and 55 made up close to 60% of the sample. The 18-25 and over 65 year-old groups accounted for less than 6% of the respondents. The education level of the respondents was very high with close to 50% having attended college or above level. Only 6% of the respondents completed high school or below. Respondents with a monthly personal income of US\$14,000 or above accounted for close to 30%, follow by those who earned US\$3,000 or below which accounted for approximately 11% of the respondents.

[TABLE 1 HERE]

Table 2 shows the membership characteristics of the respondents. Close to half of the respondents belong to the basic-tier, 37.3% were mid-tier, and nearly 16% were top-tier members. Over half of the respondents had been with the program for less than two years while 22% had been members for six years or more at the time of this survey.

[TABLE 2 HERE]

Analysis of the measurement model

Reliability and validity of the measurement

Table 3 shows the factor structure of the constructs and the reliability and validity of the measurement model, in which BRQ was operationalized as a second-order reflective construct. The diagnostic statistics included the factor loadings and their significance, communality, composite reliability, and Cronbach's α . All factor loadings were greater than .70 and statistically significant at .001, and the communality of all indicators were above .50 except one item (ho4) which was around .50, indicating the reliability of the indicators to measure their corresponding constructs (Bagozzi and Yi, 1988; Hair *et al.*, 2014). Since Cronbach's α tends to underestimate the internal consistency of latent variables (Fornell and Larcker, 1981; Henseler *et al.*, 2009; Hair *et al.*, 1998, 2014), we used composite reliability as an alternative assessment to assess internal consistency of the constructs. The values of composite reliability of all constructs were above the threshold value of .708 (Hair *et al.*, 2014), and the values of Cronbach's α of the constructs were above the cutoff value of .70 (Nunnally and Bernstein, 1994), demonstrating that all the constructs had high levels of internal consistence reliability.

[TABLE 3 HERE]

For testing the convergent validity of the measurement model, the AVEs of all the eleven first-order constructs were assessed. Table 4 shows that the AVEs ranged from .564 to .872, which exceeded the cutoff value of .50 (Fornell and Larcker, 1981; Hair *et al.*, 2014), indicating an adequate convergent validity of the constructs. The discriminant validity of the constructs was assessed based on the criterion that a construct should share more variance with its confirmed indicators than with any other constructs in the model (Fornell and Larcker, 1981). This requires that the square root of a construct's AVE should be larger than the correlation coefficients between this construct and all other constructs in the model (Hair *et al.*, 2014). The square root of each construct's AVE in the model was greater than the inter-construct correlation coefficients, indicating that discriminant validity of the constructs was satisfied in the measurement model.

[TABLE 4 HERE]

Common method bias testing

Since the issue of common method bias may lead to measurement errors in behavioral research in general and particularly in tourism research (Cohen and Olsen, 2013; Kim *et al.*, 2012; Liang *et al.*, 2007; Matzler *et al.*, 2016; Podsakoff *et al.*, 2003; Prayag *et al.*, 2013), we followed the procedure developed by Liang *et al.* (2007) to examine common method variance in the measurement model. We first converted each item to a single-indicator construct, ending up with a second-order construct model that was statistically equivalent to the original model; and then we included a common method factor that linked to all of the single-indicator constructs. According to Liang *et al.* (2007), the possibility of common method variance can be ruled out if the factor loadings of the common method factor are substantially low and not statistically significant compared to that of the target constructs in the model. Table 5 shows that compared to the factors loadings of the target constructs, a considerable number of factor loadings of the common method factor were substantially low and statistically non-significant. Also, the average substantive variance explained by the target constructs (.856) was substantially higher than that (.006) explained by the common method factor. Therefore, we ruled out the possibility of common method bias in the model.

[TABLE 5 HERE]

Path analysis of the structural model

Brand relationship quality as a second-order construct: Path analysis

We followed the procedure outlined by Hair *et al.* (2014) to assess the structural model, which included assessing collinearity of the constructs, the significance and relevance of the structural relationships, coefficient of determination (R^2), the effect size f^2 and the predictive relevance Q^2 . The results of these assessments are presented in Tables 6 to 8. Table 6 shows that the tolerance (VIF) values of four predictor constructs were below the threshold value of 5 except for BRQ as a second-order construct, indicating that collinearity among the predictor constructs was not a concern in the structural model. Table 7 shows the values of R^2 of the seven endogenous constructs. Except for MR and PR with relatively weak R^2 values (below .25), all other endogenous constructs' variance was moderately or substantially explained by the predictor constructs. Table 8 shows the values of f^2 size and Q^2 , which were used to assess each of the exogenous constructs' contribution to an endogenous construct's R^2 value and its predictive relevance for the endogenous construct, respectively. While the f^2 values of DOL and NHRB indicated that these two constructs had relatively small effects on BRQ, the rest of the exogenous construct had medium and large effects on the target endogenous constructs. All the Q^2 values were greater than zero, indicating that the exogenous constructs had predictive relevance for the endogenous constructs under consideration.

[TABLE 6 HERE]
[TABLE 7 HERE]
[TABLE 8 HERE]

As shown in Table 7, the results of the PLS analysis of the structural relationships indicate that all the structural relationships except DOL → BRQ and NHRB → BRQ were statistically significant. BRQ had substantially strong relationships with its three low-order components (LOCs), namely TR ($\beta = .924, p < .001$), SA ($\beta = .879, p < .001$), and CI ($\beta = .831, p < .001$). Hence, the three LOCs were sufficiently highly correlated for BRQ to explain more than 50% of each LOC's variance. We therefore conclude that the second-order reflective construct of BRQ was confirmed in the structural model.

The results show that among BRQ's antecedent constructs, COR had the largest positive effect on BRQ ($\beta = .522, p < .001$), followed by CMU ($\beta = .157, p < .001$) and HRB ($\beta = .148, p < .001$). We did not find evidence that DOL and NHRB affected BRQ as the associated structural relationships were statistically non-significant. For BRQ's consequence constructs, we found that BRQ had the largest positive effect on WM ($\beta = .713, p < .001$), followed by PR ($\beta = .400, p < .001$) and MR ($\beta = -.100, p < .05$). It is worth noting that BRQ had a slightly negative effect on marketing resource (MR), which somewhat contradicted our hypothesis yet had important implications.

[FIGURE 2 HERE]

Mediation analysis of brand relationship quality

We followed Hair *et al.*'s (2014) three-step procedure to test the mediation effects of BRQ (Table 9). In the first step we assessed the direct effects of BRQ's five antecedent constructs on its three consequence constructs by excluding BRQ in the structural model. We rejected four structural relationships as they were statistically non-significant, indicating no mediating effects of BRQ on the four structural relationships. In the second step, we included BRQ as the mediator

construct to assess the significance of a series of indirect effects. We further rejected five mediation effects as the indirect effects were statistically non-significant. Finally, we employed the variance accounted for (VAF), a ratio of the indirect effect to the total effect of the target construct, to assess the strength of the remaining six mediation effects.

[TABLE 9 HERE]

According to Hair *et al.*'s (2014), a value of VAF below .20 indicates no mediation effects, between 0.20 and 0.80 indicating partial mediation, and above 0.80 indicating full mediation. Table 9 shows that among the fifteen relationships mediated by BRQ, the effects of BRQ's three antecedent constructs (CMU, COR, and HRB) on all its three consequence constructs (PR, WM, and MR) were partially mediated by BRQ. Specially, BRQ explained the effects of CMU on PR and WM by 23.7% and 45.1% respectively; it explained the effects of COR on MR and WM by 25.8% and 43.4% respectively; and it explained the effect of HRB on WM by 33.4%. It is worth noting that BRQ did not mediate the effects of DOL and NHRB on all three consequence constructs.

The moderating effect of membership level

After validating the measurement and structural models on the 920 observations of the whole sample, we proceeded to test the moderating effect of membership levels on the structural relationships by performing PLS Multigroup Analysis (PLS-MGA). The PLS-MGA was conducted with 431 observations from the basic-tier members, 343 observations from the mid-tier members, and 146 observations from the top-tier. We aimed to test whether membership can moderate the structural relationships of the theoretical model across the three subgroups.

Evidence was found for the moderating effect of membership at the path level. Table 10 shows that the significance of the four structural relationships were accounted for by the membership. Specifically, CMU → BRQ was statistically non-significant in the top-tier group, indicating that for the top-tier members CMU did not affect BRQ; HRB → BRQ was statistically non-significant in the basic-tier group, suggesting that for the basic-tier members HRB did not affect BRQ; and NHRB → BRQ was only statistically significant in the mid-tier group, indicating that for the mid-tier members NHRB did affect BRQ. Finally, BRQ → MR was statistically significant in the basic-tier group, suggesting that for the basic-tier members BRQ affected MR.

[TABLE 10 HERE]

It is worth noting that among all the statistically significant structural relationships across the three groups, the structural relationship COR → BRQ was significantly different between the top-tier and the other two groups. Table 10 shows that the effect of COR on BRQ was significantly larger in both the basic- and mid-tier groups than that in the top-tier group while no significant difference of this relationship was found between the basic- and mid-tier groups. This indicates that for the top-tier members the effect of COR on BRQ was not as evident as it in the other two groups. Therefore, the moderating effects of the membership level in the structural model were partially supported.

DISCUSSION AND CONCLUSION

Conclusion

This study contributes to the understanding of the antecedents and consequences of BRQ and the body of knowledge about hotel loyalty program in several important ways. This study confirms that BRQ is a higher order construct of trust, satisfaction, and commitment. Employee's customer orientation, membership communication, and hotel-stay related benefits, are found to be determinants of the hotel loyalty program members' BRQ. The strongest effect of BRQ is on members' word-of-mouth followed by shares of purchase. BRQ is found to have negative effect on members' willingness to serve as marketing resource but the impact is small. Finally, the moderating effects of the membership level in the structural model are partially supported. Finally, the results provide insights into managerial guidance on hotel loyalty program design and execution.

Theoretical Implications

Although a number of hotel's loyalty program studies have extensively investigated antecedents and consequences of relationship quality, these studies have mainly focused on the relationship between customers and employees not between customers and brands. It is argued that more attention should be paid to BRQ within a broader spectrum of consumer-brand relationship as an alternative to the concept of brand loyalty (Fournier, 1998; Huber *et al.*, 2010). In adapting a BRQ framework to a hospitality setting, this study attempted to investigate the richness of a brand relationship perspective in a hotel loyalty program setting. This was done by conceptualizing BRQ as the second order construct (with the three dimensions of trust, satisfaction, and commitment) and the antecedents and behavioral outcomes from the perspective of active loyalty program members. In order to determine what truly drives the success of loyalty program, it is essential to assessing the experience and perception of loyalty program users, who are actively participating in the program.

Unlike several BRQ studies that have conceptualized relationship quality as a single latent construct (De Wulf *et al.*, 2001 and De Canniere *et al.*, 2009), BRQ is conceptualized as a higher-order construct in this study. As shown in Table 7, BRQ had substantially strong relationships with its three low-order components (LOCs), namely TR ($\beta = .924, p < .001$), SA ($\beta = .879, p < .001$), and CI ($\beta = .831, p < .001$). Hence, the three LOCs were sufficiently highly correlated for BRQ to explain more than 50% of each LOC's variance. The results demonstrate the significant relationships of the three LOCs with BRQ and supports the conceptualization of BRQ as a higher-order construct in Valta's study (2013).

In examining the impact of the antecedents of BRQ, it was demonstrated that BRQ was influenced by two of the three types of loyalty program benefits (hotel-stay related benefits, and membership communication) and one of property-level CRM activities (customer orientation). Membership communication has comparatively higher impact on BRQ when compared to the other two loyalty program benefits ($\beta = .1571, p < .001$). The finding supported previous studies (e.g. Chong, 2007 and Kim *et al.*, 2006), which identified the importance of communication with customers in enhancing trust and other relationship quality dimensions. Hotel-stay related benefits ($\beta = .148, p < .001$) were found to have a significant impact on BRQ. Given that the hotel-stay related benefits are considered immediate rewards whereas non-hotel-stay benefits are delayed rewards, the results showed that immediate rewards are more effective in building emotional bond between the members and the hotel. The effectiveness of immediate rewards was also illustrated in the study conducted by Hu *et al.* (2010). Non-hotel-stay benefits have no significant impact of the BRQ, which demonstrates that delayed rewards do not contribute to enhancing the relationship between the hotel brand and the members.

In terms of the individual hotels' CRM activities, employee's customer orientation had the largest positive effect on BRQ ($\beta = .522, p < .001$). This is consistent with previous research (Kim and Cha, 2002; Kim *et al.*, 2006; Lo *et al.*, 2010), which emphasized the employees' willingness to tailor the customers' different needs and wants during face-to-face encounters with customers. In consideration of a critical role of hotel employees in gaining customers' trust, employees who are committed to prioritizing customers' interests and needs can fulfill the brand promise to customers. As suggested by Herington *et al.* (2006), firm-employee relationship is a prerequisite to the customer-firm relationship. In this sense, the results imply that hotels need to create a shared understanding of the brand promise to the customers and what they can do to deliver on its promise, thus enhance customers' relationship quality. The relationship between employee's customer orientation and BRQ was significantly different between the top-tier and the other two groups. The impact of employee's customer orientation on BRQ is about half the strength in the top-tier group as compared to the other two groups. This may be due to the fact that the expectations of the top-tier members on employee's customer orientation are much higher than the other members (Tanford, 2013). Delivery of loyalty program benefits was found to have an insignificant relationship with BRQ. The result is contrary to the literature that employees' ability to fulfill and deliver brand promise can strengthen customers' trust in the relationship with the brand (King and Grace, 2005). This result demonstrates that employees' delivery of emotional value plays a more significant role than the delivery of the functional values to the customers. It supports the findings of prior research that highlights the critical role of customer-employee relationship in enhancing the quality of relationship between customers and the company (e.g., Erkmen and Hancer, 2015).

In examining the relationship between BRQ and its outcomes, the study found the strongest effect of BRQ on members' word-of-mouth ($\beta = .713, p < .001$), followed by shares of purchase ($\beta = .400, p < .001$). This result is in line with past studies (Kim and Cha, 2002; Magi, 2003; Wu and Li, 2011), supporting that commitment to the hotel brand can enhance loyalty program members' referral behavior and increase frequency of stay at membership hotels.

On the other hand, this study shows that BRQ has a negative significant relationship with members' willingness to serve as marketing resources. The result implies that members with higher BRQ tend to be less willing to serve as marketing resources for the hotel brand. Unlike prior research conducted by Lacey (2009), this study failed to verify positive impact of BRQ on customers' willingness to serve as marketing resources. Customers nowadays may tend to avoid being regarded as a marketing resource especially when this action may have to do with disclosing their personal information or privacy. In this regard, serving as marketing resource is different from word-of-mouth, which is completely spontaneous. Also, the size of the negative effect of BRQ on willingness to serve as marketing resource was quite small and the results for the relationship between the two constructs were somewhat mixed (significant for all and the basic-tier members, and insignificant for the mid-tier and top-tier members), therefore it is concluded that the negative relationship between BRQ and willingness to serve as marketing resource is weak. The moderating effect of membership level on the relationship between BRQ and the other two relationship outcomes: shares of purchase and word-of-mouth is significant. The results may imply that the effects of BRQ can be limited according to different relational outcomes being investigated, thus, loyalty program marketers have to be more cautious of not being overly dependent on loyalty program as a sole relationship marketing tool. This study has investigated the impact of membership level on the antecedents and outcomes of members' emotional commitment. The results demonstrated that moderating effect of membership was found at path level and support the study of Tanford (2013).

Practical Implications

This study provides insights into managerial guidance about hotel relationship marketing. First, the results of the study indicate that employee's customer orientation, membership communication, hotel-stay-related benefits, are determinants of the loyalty program members' relationship quality with the brand. Poorly designed loyalty program may produce adverse effects (Ou *et al.*, 2011). Given that loyalty programs will only be successful if the appropriate benefits are chosen (Butscher, 2002), it is important for loyalty program managers to identify the benefits that are more effective in enhancing the perceptions of members of different membership tiers on the value of the loyalty program. This can be done through importance-performance analysis (IPA) to determine the competitiveness of benefits structure of the loyalty program. The IPA can be very powerful tool in assessing the attractiveness of overall loyalty program by providing a snapshot of how well the loyalty program meets the members' important concerns on selected benefits. Loyalty program managers can then decide how to best allocate limited marketing resources to maximize the customers' brand relationship quality. In addition, the managers may need to consider generation differences between the Baby Boomers and Millennials into the design of loyalty program as the Millennials are emerging in hotel business (Bowen and McCain, 2015).

In evaluating their impact on customers' perceived relationship with the brand, two types of benefits, immediate and delayed benefits, were assessed. The results suggest that the active members are more likely to be attracted by the value of immediate rewards (e.g., priority check-in, room upgrade, and discounts), which they can immediately redeem their rewards during their stay, rather than save it for later use. This implies that loyalty program managers need to consider the role of reward timing with more emphasis on immediate rewards when developing the value of loyalty program. Loyalty program managers should thoroughly review their current program benefits to reconstruct more distinguishable benefits that are different from competitors and will be valued by active members.

The intangible nature of service also prompts a hotel to implement effective communication strategy to reduce the uncertainty experienced by customers in the service transaction. Therefore, the communication activities should help develop targeted and relevant communications exclusively for members with different membership tiers through various communication channels such as e-mails, websites, text messaging, and social networking. Integrated communications channels for more personalized network that includes loyalty program members, hotel entities (employees and managements), and external groups (media, hospitality-related industry, and external partners) should be devised to create more effective two-way communications. Hotel loyalty program managers need to facilitate collaborative experience and dialogue that customers value (Baird and Parasnis, 2011). In this regard, more attention should be paid to the rise of social media as it is reshaping the ways people communicate, collaborate, and connect with others (Henning-Thurau *et al.*, 2010). In an effort to reinforce customer-brand relationship, loyalty program managers need to better understand this increasing demand from customers and implement strategies to have their customers more engaged with brand on the social media platforms for direct interaction (Labrecque, 2014).

As suggested by Lee *et al.* (2015), loyalty program benefits can be classified into economic and social rewards. Economic rewards are found to have a stronger impact on loyalty than social rewards. However, social rewards can influence relational behaviors of the customers and increase affective commitment. These kind of social rewards strongly rely on the hotel employees'

ability to focus on the needs of the individual members and be able to recognize them as human individuals but not as membership numbers in a database. Being customer oriented may be of particular importance in many Asian countries where more emphasis is placed on the long-term development of relational bonding and trust (Geddie *et al.*, 2002). This type of social practice is built on the foundation of implicit exchange of favors and a commitment to others through a silent code of reciprocity and equity (Luo, 1997). In this sense, it is not surprising that the surveyed Asian members of hotel loyalty program in the study prefer building relationship with employees who put customers first before the actual business transaction take place.

Customers' trust in hotel brand can be gained when employees are ensured to deliver the service as promised by the brand. Therefore, the hotel should develop effective internal branding programs to foster the employees' understanding of the brand promise to the customers, thus enhancing customer orientation. Human resources policies (such as hiring the people with the right attitude and training them with the right skills) and internal communications (formal and informal) need to be well orchestrated to disseminate consistent brand messages across employees located in different parts of the world (Punjaisri *et al.*, 2008). Hotel companies can also encourage their customers to be advocates for their brands via social media. Brand advocates tend to recommend their favorite products because they have had a fantastic experience and want to help others (Jacobs, 2013).

Limitations and Future Research

Several limitations of the research need to be acknowledged. The population of this study is limited to those who were active loyalty program members of an Asian luxury hotel chain. Therefore, the results may not be generalizable to members of other loyalty programs. Additional research is highly encouraged to collaborate with other hotel loyalty programs to compare the results. The conceptual model proposed in this study can also be replicated in subsequent studies, targeting loyalty program members with different nationalities to investigate how different cultures can impact customer-hotel brand relationship and behavioral outcomes. This study includes only active members who have stayed with the hotel group at least once over the past 12 months. It would be of interest to assess the perceptions of inactive members, those who have been promoted or demoted to different membership levels, and their years of membership, in order to generate more practical insights for the hotel chain to modify and enhance their program.

The current study may have excluded other additional benefit items of the loyalty program that might better explain the relationship between customers and hotel brand. Future research should investigate additional dimensions of loyalty program benefits that may influence relationship quality and customer's loyalty behavior. This study attempted to operationalize BRQ as a second order construct with trust, satisfaction, and commitment as the first order latent constructs and identify the antecedents and consequences of BRQ. Although these three constructs were seen as the key drivers of BRQ in a number of relationship quality studies, there may be other dimensions that can better conceptualize the hotel brand relationship quality. More research is encouraged to bridge this gap. Further efforts should be devoted to validate the effectiveness of this model in evaluating strengths of the BRQ for loyalty programs of the hospitality and tourism sector such as airlines and casinos.

Finally, the moderating effects of the membership were partially supported in this study. The reason might be that the sample size for the top-tier group was not sufficiently large so as to be comparable with other two groups. The PLS path modeling algorithm requires groups' sample sizes to be fairly similar when performing a multi-group analysis (Sarstedt *et al.*, 2011). In this

regard, future research is suggested to investigate the moderating effects of the membership either by increasing the sample size of the top-tier group or by constructing a different model of relationship quality.

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Table 1. Social-demographics of the respondents (N =920)

	<i>N</i>	<i>Percentage</i>		<i>N</i>	<i>Percentage</i>
<i>Nationality</i>			<i>Education</i>		
Greater China	301	32.7%	Primary or below	1	0.1%
Europe	239	26.0%	Middle or high school	55	6.0%
The Americas	132	14.3%	Tertiary or college	356	38.7%
South East Asia	122	13.3%	Postgraduate	436	47.4%
Australia and Oceania	72	7.8%	Other	72	7.8%
Other Asia	47	5.1%	<i>Total</i>	<i>920</i>	<i>100.0%</i>
Africa	7	0.8%			
<i>Total</i>	<i>920</i>	<i>100.0%</i>	<i>Monthly personal income</i>		
<i>Gender</i>			US\$3,000 or below	105	11.4%
Male	745	81.0%	US\$3,001 –US\$4,000	87	9.5%
Female	175	19.0%	US\$4,001 –US\$5,000	64	7.0%
<i>Total</i>	<i>920</i>	<i>100.0%</i>	US\$5,001 –US\$6,000	71	7.7%
<i>Marital status</i>			US\$6,001 –US\$7,000	72	7.8%
Single	199	21.6%	US\$7,001 –US\$8,000	36	3.9%
Married	681	74.0%	US\$8,001 –US\$9,000	43	4.7%
Other	40	4.3%	US\$9,001 –US\$10,000	58	6.3%
<i>Total</i>	<i>920</i>	<i>100.0%</i>	US\$10,001 –US\$12,000	78	8.5%
<i>Age</i>			US\$12,001 –US\$14,000	34	3.7%
18–25	16	1.7%	US\$14,000 or above	272	29.6%
26–35	201	21.8%	<i>Total</i>	<i>920</i>	<i>100.0%</i>
36–45	301	32.7%			
46–55	250	27.2%			
56–65	113	12.3%			
> 65	39	4.2%			
<i>Total</i>	<i>920</i>	<i>100.0%</i>			

Table 2. Membership characteristics of the respondents (N =920)

	<i>N</i>	<i>Percentage</i>		<i>N</i>	<i>Percentage</i>
<i>Membership level</i>			<i>Years of membership</i>		
Basic	431	46.8%	Less than 2 years	528	57.4%
Mid-tier	343	37.3%	2 years to 3 years and 11 months	112	12.2%
Top-tier	146	15.9%	4 to less 5 years and 11 months	76	8.3%
<i>Total</i>	<i>920</i>	<i>100.0%</i>	6 years or more	204	22.2%
			<i>Total</i>	<i>920</i>	<i>100.0%</i>

Table 3. Factor loadings, communality, and reliability of the constructs (N=920)

<i>Construct</i>	<i>Factor loading</i>	<i>Communality</i>	<i>Composite Reliability</i>	<i>Cronbach's α</i>
<i>Commitment (CI)</i>			.932	.854
I am emotionally attached to X hotel group (ci1)	.930***	.864		
I am committed to the relationship with X hotel group (ci3)	.938***	.881		
<i>Communication (CMU)</i>			.925	.878
Frequency of the loyalty program e-newsletter (cu1)	.858***	.737		
Content of the loyalty program e-newsletter (cu2)	.882***	.779		
Content of the loyalty program website (cu3)	.846***	.716		
<i>Employee's customer orientation (COR)</i>			.947	.933
Friendliness of the hotel staff (co2)	.859***	.738		
Willingness to offer help from the hotel staff (co3)	.859***	.737		
Ability of the hotel staff to anticipate my needs (co4)	.891***	.794		
Courtesy of the hotel staff in handling inquiry/complaint (co5)	.892***	.796		
Efficiency of the hotel staff in dealing inquiry/complaint (co6)	.909***	.827		
Reliability of the hotel staff (co7)	.889***	.790		
<i>Delivery of loyalty program (DOL)</i>			.938	.912
Ability of the hotel staff to always honor loyalty program benefits (de1)	.914***	.835		
Ability of the hotel staff to recognize me as a loyalty program member (de2)	.886***	.784		
Ability of the hotel staff to offer exclusive service (de3)	.904***	.818		
Consistency in delivering loyalty program membership benefits (de4)	.855***	.731		
<i>Hotel stay-related benefits (HRB)</i>			.921	.903
Selection of welcome amenities (ho1)	.745***	.555		
Priority waitlist (ho10)	.727***	.528		
Cash advance (ho3)	.760***	.577		
Free local phone calls (ho4)	.705***	.497		
Choice of daily newspaper (ho5)	.771***	.594		
Complimentary/discount breakfast (ho6)	.767***	.588		
Spouse stays free (ho7)	.777***	.604		
Priority check-in and check-out (ho8)	.759***	.576		
Early check-in and late check-out (ho9)	.746***	.556		
<i>Marketing resources (MR)</i>			.932	.911
Willingness to provide feedback about new offerings of X hotel group (mk1)	.869***	.755		
Willingness to provide feedback about X hotel group's promotion efforts (mk2)	.844***	.712		
Willingness to discuss my views about X hotel group's quality of service (mk3)	.932***	.868		
Willingness to provide my personal preference information to X hotel group (mk4)	.870***	.757		
<i>Non-hotel-stay related benefits (NHRB)</i>			.872	.781
Travel partners? benefits (nh2)	.809***	.654		
Exclusive offers for Golden Circle members (nh3)	.855***	.730		
Criteria to promote to the next membership level (nh4)	.836***	.699		
<i>Share of purchase (PR)</i>			.902	.784
Increased the frequency of staying at X hotel group since I became their loyalty program member (pr1)	.919***	.845		
Used more of X hotel group's services since I became their loyalty program member (pr2)	.894***	.799		
<i>Satisfaction (SA)</i>			.872	.706
I am pleased with the loyalty program of X hotel group (sa1)	.870***	.757		
I am pleased with the hotels of X hotel group (sa2)	.888***	.788		
<i>Trust (TR)</i>			.927	.882
I trust the X hotel group acts in customers' best interests (tr1)	.900***	.810		
The X hotel group makes an effort to know its customers (tr2)	.891***	.793		
I trust the X hotel group and its staff (tr3)	.907***	.823		
<i>Word-of-mouth (WM)</i>			.900	.782
I will recommend X hotel group to my friends and families (wm1)	.933***	.871		
I will tell others about any good aspects of X hotel group (wm3)	.875***	.765		

Notes: CI = Commitment, CMU = Communication, COR = Employee's Customer Orientation, DOL = Delivery of Loyalty Programs, HRB = Hotel-stay Related Benefits, MR = Marketing Resources, NHRB = Non-Hotel-stay Related Benefits, PR = Shares of Purchase, BRQ = Brand Relationship Quality, SA = Satisfaction, TR = Trust, and WM = Word-of-Mouth.

*** $p < .001$.

Table 4. AVEs and inter-correlations of the constructs (N = 920)

<i>Construct</i>	<i>CI</i>	<i>CMU</i>	<i>COR</i>	<i>DOL</i>	<i>HRB</i>	<i>MR</i>	<i>NHRB</i>	<i>PR</i>	<i>SA</i>	<i>TR</i>	<i>WM</i>
CI	(.934)										
CMU	.496	(0.897)									
COR	.502	.427	(.866)								
DOL	.471	.510	.713	(.890)							
HRB	.507	.623	.573	.671	(.751)						
MR	-.095	.000	-.074	.014	-.041	(.879)					
NHRB	.472	.672	.462	.612	.752	.051	(.833)				
PR	.440	.398	.245	.336	.366	.068	.413	(.907)			
SA	.634	.469	.629	.581	.575	-.067	.517	.364	(.879)		
TR	.620	.456	.751	.594	.553	-.098	.464	.289	.736	(.899)	
WM	.631	.426	.581	.439	.506	-.150	.423	.383	.603	.647	(.904)
AVE	.872	.804	.750	.792	.564	.773	.694	.822	.773	.809	.818

Notes: CI = Commitment, CMU = Communication, COR = Employee's Customer Orientation, DOL = Delivery of Loyalty Programs, HRB = Hotel-stay Related Benefits, MR = Marketing Resources, NHRB = Non-Hotel-stay Related Benefits, PR = Shares of Purchase, BRQ = Brand Relationship Quality, SA = Satisfaction, TR = Trust, and WM = Word-of-Mouth.

Values in parentheses are the square root of the AVEs of the corresponding constructs.

Table 5. Common method bias analysis (N = 920)

<i>Construct</i>	<i>Indicator</i>	<i>Substantive factor loading (R1)</i>	<i>R1²</i>	<i>Common method factor loading (R2)</i>	<i>R2²</i>
CI	I am emotionally attached to X hotel group (ci1)	.981***	.962	-.069**	.005
	I am committed to the relationship with X hotel group (ci3)	.888***	.789	.068**	.005
CMU	Frequency of the loyalty program e-newsletter (cu1)	.920***	.846	-.036	.001
	Content of the loyalty program e-newsletter (cu2)	.922***	.850	-.016	.000
	Content of the loyalty program website (cu3)	.847***	.717	.052*	.003
COR	Friendliness of the hotel staff (co2)	.897***	.805	-.050	.003
	Willingness to offer help from the hotel staff (co3)	.983***	.966	-.119***	.014
	Ability of the hotel staff to anticipate my needs (co4)	.665***	.442	.217***	.047
	Courtesy of the hotel staff in handling inquiry/complaint (co5)	.859***	.738	.001	.000
	Efficiency of the hotel staff in dealing inquiry/complaint (co6)	.895***	.801	-.040	.002
	Reliability of the hotel staff (co7)	.893***	.797	-.004	.000
	Ability of the hotel staff to always honor loyalty program benefits (de1)	.924***	.854	-.011	.000
DOL	Ability of the hotel staff to recognize me as a loyalty program member (de2)	.904***	.817	-.022	.000
	Ability of the hotel staff to offer exclusive service (de3)	.805***	.648	.116**	.013
	Consistency in delivering loyalty program membership benefits (de4)	.931***	.867	-.087*	.008
HRB	Selection of welcome amenities (ho1)	.555***	.308	.210***	.044
	Priority waitlist (ho10)	.768***	.590	-.044	.002
	Cash advance (ho3)	.789***	.623	-.035	.001
	Free local phone calls (ho4)	.850***	.723	-.156**	.024
	Choice of daily newspaper (ho5)	.712***	.507	.066	.004
	Complimentary/discount breakfast (ho6)	.842***	.709	-.086	.007
	Spouse stays free (ho7)	.772***	.596	.009	.000
	Priority check-in and check-out (ho8)	.783***	.613	-.029	.001
	Early check-in and late check-out (ho9)	.693***	.480	.059	.003
MR	Willingness to provide feedback about new offerings of X hotel group (mk1)	.921***	.848	.015	.000
	Willingness to provide feedback about X hotel group's promotion efforts (mk2)	.912***	.832	.036**	.001
	Willingness to discuss my views about X hotel group's quality of service (mk3)	.894***	.799	-.027	.001
	Willingness to provide my personal preference information to X hotel group (mk4)	.825***	.681	-.027	.001
NHRB	Travel partners? benefits (nh2)	.887***	.787	-.082*	.007
	Exclusive offers for Golden Circle members (nh3)	.746***	.557	.121***	.015
	Criteria to promote to the next membership level (nh4)	.870***	.757	-.042	.002
PR	Increased the frequency of staying at X hotel group since I became their loyalty program member (pr1)	.910***	.828	-.004	.000
	Used more of X hotel group's services since I became their loyalty program member (pr2)	.904***	.817	.004	.000
SA	I am pleased with the loyalty program of X hotel group (sa1)	.860***	.740	.021	.000
	I am pleased with the hotels of X hotel group (sa2)	.898***	.806	-.020	.000
TR	I trust the X hotel group acts in customers' best interests (tr1)	.930***	.865	-.038	.001
	The X hotel group makes an effort to know its customers (tr2)	.849***	.721	.054*	.003
	I trust the X hotel group and its staff (tr3)	.918***	.843	-.015	.000
WM	I will recommend X hotel group to my friends and families (wm1)	.837***	.701	.111***	.012
	I will tell others about any good aspects of X hotel group (wm3)	.981***	.962	-.119***	.014
Average		.856	.740	.000	.006

Notes: CI = Commitment, CMU = Communication, COR = Employee's Customer Orientation, DOL = Delivery of Loyalty Programs, HRB = Hotel-stay Related Benefits, MR = Marketing Resources, NHRB = Non-Hotel-stay Related Benefits, PR = Shares of Purchase, BRQ = Brand Relationship Quality, SA = Satisfaction, TR = Trust, and WM = Word-of-Mouth.

* $p < .05$, ** $p < .01$, *** $p < .001$.

Table 6. Collinearity statistic (VIF) (N = 920)

<i>Construct</i>	<i>TR</i>	<i>SA</i>	<i>CI</i>	<i>BRQ</i>	<i>WM</i>	<i>PR</i>	<i>MR</i>
CMU				1.955			
COR				2.125			
DOL				2.714			
HRB				2.945			
NHRB				2.829			
BRQ	1.000	1.000	1.000		1.000	1.000	1.000

Notes: CI = Commitment, CMU = Communication, COR = Employee's Customer Orientation, DOL = Delivery of Loyalty Programs, HRB = Hotel-stay Related Benefits, MR = Marketing Resources, NHRB = Non-Hotel-stay Related Benefits, PR = Shares of Purchase, BRQ = Brand Relationship Quality, SA = Satisfaction, TR = Trust, and WM = Word-of-Mouth.

Table 7. Path estimates of the final structural equation model (N = 920)

<i>Path</i>	<i>Estimate</i>	<i>S.E.</i>	<i>Confidence interval 95%</i>
CMU → BRQ	.157***	.033	[.093, .221]
COR → BRQ	.522***	.043	[.434, .602]
DOL → BRQ	.037	.041	[-.043, .120]
HRB → BRQ	.148***	.039	[.073, .224]
NHRB → BRQ	.063	.037	[-.009, .134]
BRQ → CI	.831***	.014	[.803, .856]
BRQ → MR	-.100*	.039	[-.172, -.054]
BRQ → PR	.400***	.031	[.339, .461]
BRQ → SA	.879***	.011	[.857, .899]
BRQ → TR	.924***	.006	[.910, .935]
BRQ → WM	.713***	.028	[.654, .762]
Dependent (<i>R</i> ²)			
BRQ	.613		
CI	.691		
MR	.010		
PR	.160		
SA	.773		
TR	.853		
WM	.508		

Notes: CI = Commitment, CMU = Communication, COR = Employee's Customer Orientation, DOL = Delivery of Loyalty Programs, HRB = Hotel-stay Related Benefits, MR = Marketing Resources, NHRB = Non-Hotel-stay Related Benefits, PR = Shares of Purchase, BRQ = Brand Relationship Quality, SA = Satisfaction, TR = Trust, and WM = Word-of-Mouth.

* $p < .05$, ** $p < .01$, *** $p < .001$.

Table 8. Values f^2 size and Q^2 ($N = 920$)

<i>Construct</i>	<i>TR</i>	<i>SA</i>	<i>CI</i>	<i>BRQ</i>	<i>WM</i>	<i>PR</i>	<i>MR</i>
CMU				.033			
COR				.331			
DOL				.001			
HRB				.019			
NHRB				.004			
BRQ	5.797	3.412	2.232		1.032	.190	.010
Q^2 (OD = 7)	.688	.595	.600	.389	.405	.130	.004

Notes: CI = Commitment, CMU = Communication, COR = Employee's Customer Orientation, DOL = Delivery of Loyalty Programs, HRB = Hotel-stay Related Benefits, MR = Marketing Resources, NHRB = Non-Hotel-stay Related Benefits, PR = Shares of Purchase, BRQ = Brand Relationship Quality, SA = Satisfaction, TR = Trust, and WM = Word-of-Mouth.
OD = Omission distance.

Table 9. Mediation analysis of brand relationship quality ($N = 920$)

Path	1st step: Direct effect		2nd step: Indirect effect			3rd step: VAF			
	Estimate	Mediation	Path	Estimate	Path	Estimate	Mediation	VAF	Mediation
CMU → MR	-.032	Rejected	CMU → BRQ	.157***	BRQ → MR	-.100*			
CMU → PR	.202***		CMU → BRQ	.157***	BRQ → PR	.400***		.237	Partial
CMU → WM	.136**		CMU → BRQ	.157***	BRQ → WM	.713***		.451	Partial
COR → MR	-.150*		COR → BRQ	.522***	BRQ → MR	-.100*		.258	Partial
COR → PR	-.039	Rejected	COR → BRQ	.522***	BRQ → PR	.400***			
COR → WM	.485***		COR → BRQ	.522***	BRQ → WM	.713***		.434	Partial
DOL → MR	.149*		DOL → BRQ	.037	BRQ → MR	-.100*	Rejected		
DOL → PR	.118*		DOL → BRQ	.037	BRQ → PR	.400***	Rejected		
DOL → WM	-.140**		DOL → BRQ	.037	BRQ → WM	.713***	Rejected		
HRB → MR	-.168**		HRB → BRQ	.148***	BRQ → MR	-.100*		.081	No
HRB → PR	.028	Rejected	HRB → BRQ	.148***	BRQ → PR	.400***			
HRB → WM	.210***		HRB → BRQ	.148***	BRQ → WM	.713***		.334	Partial
NHRB → MR	.183**		NHRB → BRQ	.063	BRQ → MR	-.100*	Rejected		
NHRB → PR	.209***		NHRB → BRQ	.063	BRQ → PR	.400***	Rejected		
NHRB → WM	.034	Rejected	NHRB → BRQ	.063	BRQ → WM	.713***			

Notes: CI = Commitment, CMU = Communication, COR = Employee's Customer Orientation, DOL = Delivery of Loyalty Programs, HRB = Hotel-stay Related Benefits, MR = Marketing Resources, NHRB = Non-Hotel-stay Related Benefits, PR = Shares of Purchase, BRQ = Brand Relationship Quality, SA = Satisfaction, TR = Trust, and WM = Word-of-Mouth.

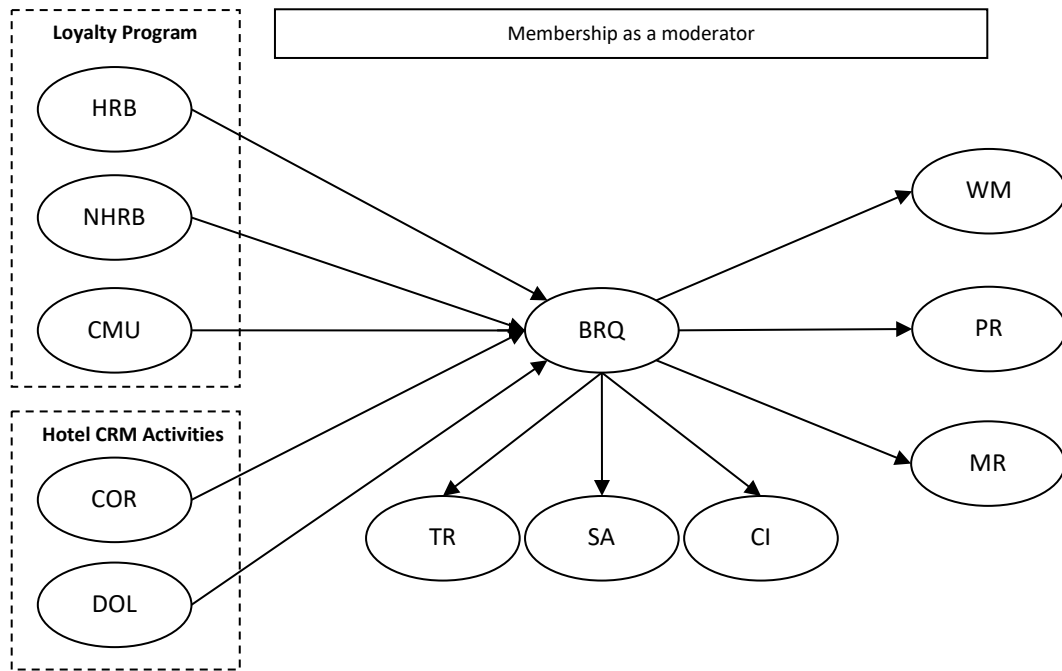
* $p < .05$, ** $p < .01$, *** $p < .001$.

Table 10. Moderation of membership tier

Path	Estimate				Group difference		
	All (N = 920)	Basic-tier (N = 431)	Mid-tier (N = 343)	Top-tier (N = 146)	Basic – Mid-tier	Basic – Top-tier	Mid-tier – Top-tier
CMU → BRQ	.157***	.168***	.149**	.156	.019	.013	.006
COR → BRQ	.522***	.563***	.546***	.249**	.017	.314**	.298**
DOL → BRQ	.037	.083	-.034	.129	.116	.046	.162
HRB → BRQ	.148***	.100	.141*	.276**	.041	.176	.135
NHRB → BRQ	.063	-.002	.158**	.085	.160	.087	.072
BRQ → CI	.831***	.829***	.828***	.834***	.001	.005	.006
BRQ → MR	-.100*	-.128*	-.093	-.147	.035	.019	.054
BRQ → PR	.400***	.391***	.399***	.365***	.008	.026	.034
BRQ → SA	.879***	.870***	.892***	.880***	.022	.010	.012
BRQ → TR	.924***	.922***	.930***	.908***	.008	.013	.022
BRQ → WM	.713***	.695***	.752***	.652***	.057	.043	.100

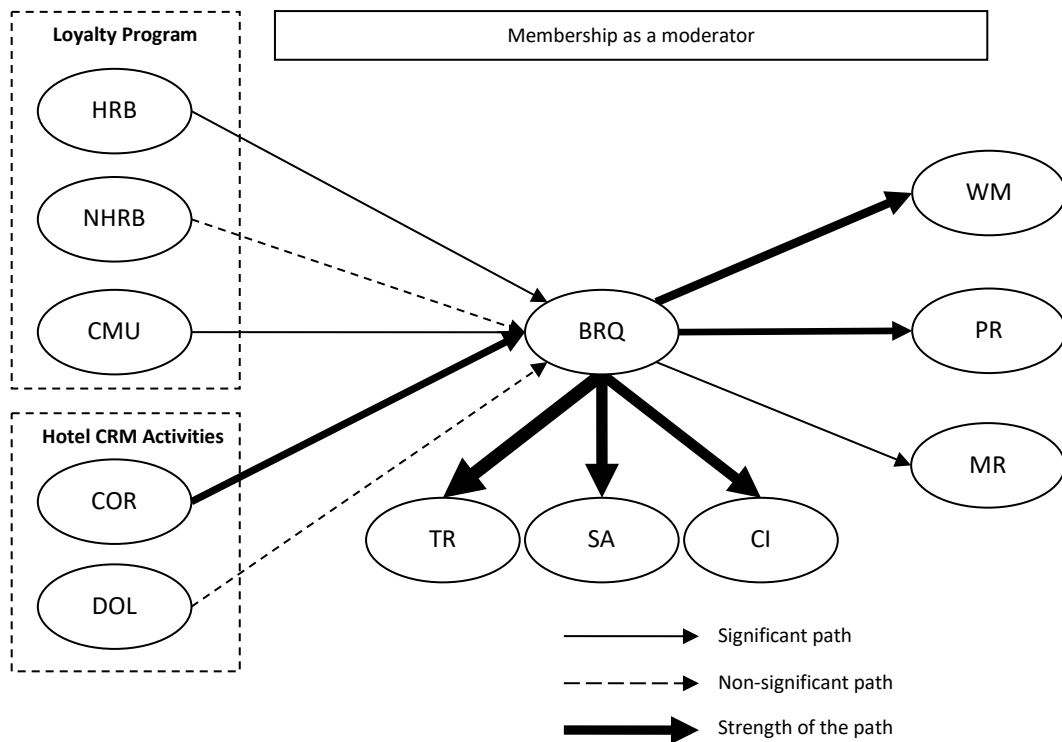
Notes: CI = Commitment, CMU = Communication, COR = Employee's Customer Orientation, DOL = Delivery of Loyalty Programs, HRB = Hotel-stay Related Benefits, MR = Marketing Resources, NHRB = Non-Hotel-stay Related Benefits, PR = Shares of Purchase, BRQ = Brand Relationship Quality, SA = Satisfaction, TR = Trust, and WM = Word-of-Mouth.

* $p < .05$, ** $p < .01$, *** $p < .001$.



Notes: CI = Commitment, CMU = Communication, COR = Employee's Customer Orientation, DOL = Delivery of Loyalty Programs, HRB = Hotel-stay Related Benefits, MR = Marketing Resources, NHRB = Non-Hotel-stay Related Benefits, PR = Shares of Purchase, BRQ = Brand Relationship Quality, SA = Satisfaction, TR = Trust, and WM = Word-of-Mouth.

Figure 1: Proposed conceptual framework



Notes: CI = Commitment, CMU = Communication, COR = Employee's Customer Orientation, DOL = Delivery of Loyalty Programs, HRB = Hotel-stay Related Benefits, MR = Marketing Resources, NHRB = Non-Hotel-stay Related Benefits, PR = Shares of Purchase, BRQ = Brand Relationship Quality, SA = Satisfaction, TR = Trust, and WM = Word-of-Mouth.

Figure 2. Final structural model (N = 920)