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A Conceptual Study of Perceived Value and Behavioral Intentions in Green Hotels

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ABSTRACT

The Malaysian government is supporting the drives towards green. Its budget 2013 has given priority to the procurement of goods and services that are environmental friendly. Malaysian tourism growth has forcing hoteliers to agree and aware of the environmental damages caused by them. Accordingly, many hotels have been proactive in advancing their environmental performance, searching for effective ways to become "green". In view of this, this quantitative study aims to delve into predictor that investigates how perceived value dimensions can affect behavioral intentions (word of mouth, revisit intention). Surveys will be conducted at ten certified green hotels in Malaysia. All green hotel's guests are in the scope for this study. This study expected to contributes to the body of knowledge by having a better understanding of the specific perceived value dimensions and behavioral intentions which are crucial for green hotel marketing.

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INTRODUCTION

Malaysia, being one of the popular tourist destinations in the world and has successfully marketed as ecologically and culturally rich destinations. Malaysia has been ranked number ninth as world top destination visited in the year of 2011 (UNWTO 2012). However, this trend of increasing tourism activities in Malaysia has led to negative impact on the environment. Consequently, the concept of sustainability has received considerable attention not only practitioners in the industry but also the government. The Malaysian government has created policies and regulations to support environmental matters such as National Tourism Policy that promote eco-friendly practices and environmental strategies in the industry.

This pressure has inevitably given rise to a new body of research focusing on the interface between business organizations and the eco-friendly environment. This in turn producing dozens of articles covering a wide variety of topics (Chan, 2013; Han, Hsu, Lee, & Sheu, 2011; Hu & Wang, 2011; Nicholls & Kang, 2012). Although valuable work has accumulated in this relatively new field of marketing and management, more research is necessary to effectively address critical issues relevant to the topic (Leonidou *et al.* 2013). One issue that warrants particular attention is the distinctive role of developing a sound green marketing framework as well as the impact of this strategy on competitive advantage and business performance ((Leonidou *et al.*, 2013; Lin & Huang, 2012).

Prior research (e.g. Chan, 2013; Kirk, 1998) has considered managers' perspectives in managing green marketing, and customer's decision - making processes (Bohdanowicz *et al.*, 2011; Pizam, 2009). Little attention has been specifically paid to the role of green perceived value that broaden the understanding of the customer's behavioral intentions perspectives, required to thrive and survive in the rapidly evolving and competitive global market. Moreover, the investigation of these issues is critical because in recent years, tourist buying behavior has changed dramatically, as demonstrated by the growing involvement in environmental caring activities, reliance on decisions regarding sustainable issues, and a willingness to pay higher prices for eco-friendly goods (Kang, Stein, Heo, & Lee, 2012; Kostakis & Sardianou, 2012).

Hence, in the light of the identified problem, the purpose of this study is to address these issues by developing a conceptual framework that investigates the consumers perceived value and consumers behavioral intentions (Word of Mouth and Revisit Intention) of the Malaysian hotel industry in order to obtain insights of the current green marketing state in the country.

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**Literature Review:
Green Marketing:**

Consumers nowadays paying more attention to the rise of environmental protection activities and the impacts of pollutions, makes consumer environmentalism more popular in the world (Chen & Chang, 2012). As a results, consumers are more concerns and show their willingness to purchase green products that are not harmful to the environment (Han *et al.*, 2011; Kucukusta, Mak, & Chan, 2013). According to Jain and Kaur (2004), the process of green marketing includes all marketing activities that are developed to trigger and to sustain consumer's environmental attitudes and behaviors. Moreover, to satisfy customers' environmental needs or desires, companies may adopt the concept of green marketing (Chan, 2013; Han, Hsu, & Sheu, 2010; Leonidou *et al.*, 2013).

Due to the prevalence of the environmentalism and the emergence of the strict environmental regulations companies need to change their business models that can seize the green opportunities (Peattie & Ratnayaka, 1992). Thus, the hotel industry is not exempt from and has certainly participated in the growing trend. Over the past several years the world's leading hotel brands have increased their efforts to respond to environmental issues and invested significantly in going green (Kang *et al.*, 2012). For example, some hotels have been quick to accept concepts like environmental management systems and waste minimization and have integrated environmental issues into all organizational activities (Chan & Hawkins, 2010). The outcome of the increase in environmental consciousness is the use of green marketing as a logical extension of hotel sustainability activities. As a results, hoteliers have been producing green marketing to establish their sustainability credentials (Polonsky, 2011).

Perceived Value:

Perceived value is defined as a consumer's overall evaluation of the net benefit of a product or service based on a consumer's appraisal (Bolton & Drew, 1991). Perceived value is critical to the success of consumer-provider relationships (Zeithaml, Berry, & Parasuraman, 1996), Previous research has widely explored perceived value because it has positive effect on marketing performance (J. Sweeney, Soutar, & Johnson, 1999). Sweeney & Soutar (2001) developed a perceived value scale comprising of four dimensions that were termed emotional, social, quality/performance and price/value for money. On the other hand, a broader theoretical framework of perceived value was developed by Sheth, Newman, & Gross (1991), which they regarded consumer choice as a function of multiple consumption value dimensions. These are functional value, social value, emotional value, epistemic value and conditional value. These five consumption value identified by the theory make differential contributions in specific choice contexts.

Sweeney & Soutar (2001) developed a perceived value scale comprising of four dimensions that were termed emotional, social, quality/performance and price/value for money. Previous research studies suggest that perceived value may be a better predictor of repurchase intentions than either satisfaction or quality (Cronin, Brady, & Hult, 2000). Therefore, an in depth study on the relationships between perceived value and behavioral intentions suggests that perceived value can be analyzed with either a self-reported unidimensional measure (Chen & Chen, 2010; Gale, 1994) or a multidimensional scale (Hutchinson, Lai, & Wang, 2009; Sheth *et al.*, 1991).

In the green hotel context, perceived value model was tested and the results revealed that consumer's perceived value toward a green hotel consists of functional value (performance/quality), functional of value (price/value for money), social value, emotional value, epistemic value (Hu & Wang, 2011).

Behavioral Intentions (Behavioral Intentions and Revisit Intentions):

According to (Zeithaml *et al.*, 1996), favorable behavioral intentions are associated with a service provider's ability to get its customers to: (1) say positive things about them, (2) recommend them to other customers, (3) remain loyal to them (i.e., repurchase from them), (4) spend more with them, and (5) pay price premiums. A number of studies have used one or more of these five proposed constructs to examine the outcomes of quality (Baker & Crompton, 2000; Chen & Chen, 2010) value (Bojanic, 1996; Petrick & Backman, 2002) and satisfaction (Spreng *et al.*, 1996; Tam, 2000). Quality, perceived value and satisfaction all have been shown to be good predictors of behavioral intentions (Cronin *et al.*, 2000; Duman & Mattila, 2005; Hyun, Kim, & Lee, 2011). This study includes the two frequently used behavioral intentions variables; intentions to revisit and Word of Mouth Communication.

Revisit Intentions:

Some research suggest that perceived value could leads to customer satisfaction, attraction of new customers, positive word-of-mouth, revisit intentions, enhance corporate image, increased business performance and so forth (Chen & Chen, 2010; Chen & Chang, 2012; Cronin *et al.*, 2000; Wang *et al.*, 2012). In a study of restaurant patrons, Babin *et al.* (2005) reported that perceived value had positive and significant effects on repurchase intentions.

In a study of fine dining patrons' pre- and post- experience, Oh (2000) reported value to be a superior predictor of repurchase intentions, both before and after their dining experience. In the tourism literature, prior research findings suggest a significant relationship among perceived value, intention to return and positive word of mouth (Beeho & Prentice, 1997; Hallowell, 1996; Hutchinson *et al.*, 2009; Ross, 1993). Thus, consumers were more likely to recommend to others if they intended to revisit.

Word of Mouth:

Prior research findings suggests that a significant relationship among consumer satisfaction, intention to return, and positive word-of-mouth communication (Beeho & Prentice, 1997; Ross, 1993). In a study of tourists visiting Mallorca, Spain, Kozak and Remington (2000) reported that the more satisfied the tourists were with their visits, the more likely they were to return and recommend the destination to others. Perceived value is suggested to influence word of mouth directly (Duman & Mattila, 2005; Hutchinson *et al.*, 2009; Oh, 2000; Wirtz & Chew, 2002).

It has been found that when word of mouth is more positive, consumers are more likely to make a purchase recommendation (Babin *et al.*, 2005; Wirtz & Chew, 2002). In the tourism literature, prior research findings suggest a significant relationship among perceived value, intention to return and positive word of mouth (Beeho & Prentice, 1997; Hallowell, 1996; Hutchinson *et al.*, 2009; Ross, 1993).

Conceptual Framework:

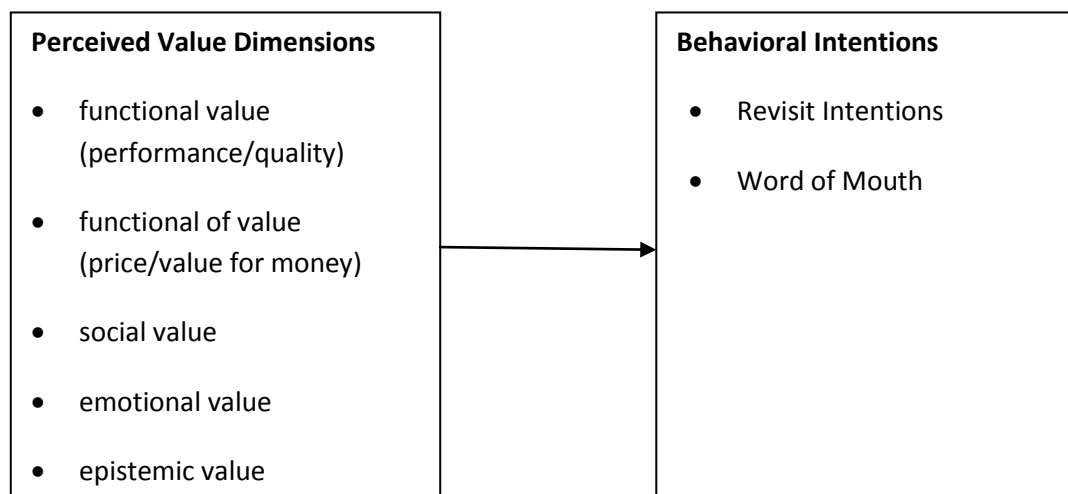


Fig. 1: Conceptual Framework

Based on the theoretical backgrounds explained earlier, this study derives a conceptual model that shows the theoretical relationship between Perceived Value and Behavioral Intentions (see Figure 1). Therefore, the following propositions are anticipated:

Proposition 1:

The functional value (performance/quality), functional of value (price/value for money), social value, emotional value, epistemic value are positively related to revisit intentions.

Proposition 2:

The functional of value (performance/quality), functional of value (price/value for money), social value, emotional value, epistemic value are positively related to word of mouth communications.

Research Methodology:

The Green Hotel Standard is one of the six Asean Tourism Standards, an initiative taken by the 10 Asean member countries to standardize tourism services in the region. A hotel certified with the Asean Green Hotel Standard is a hotel that is environmentally-friendly and adopts energy conservation measures. Ten Malaysian hotels have won the award in January 2012 (Asean Green Hotel Recognition Award, 2012). These ten green hotels will be the selected hotels for this study.

Based on that, this study plans to collect data by means of self-administered survey at ten green certified hotels in Malaysia. The measuring instrument is a structured questionnaire. Questionnaires will be designed in

two languages which are English and Malay. All green Hotel's Guests are in the scope for this study. The target population for the study will consists of all hotel guests who are above 18 years of age and have stayed in the green hotels at least once for the past twelve month. In order to establish the content validity of the questionnaires, the instrument will be pilot-tested with a small group of green hotel's guests.

Data analysis using Structural Equation Modelling (SEM) will be utilized to verify the research framework and hypotheses, and applies AMOS 21.0 to obtain the empirical results.

Conclusions:

Perceived value have been considered one of the most important concepts for understanding consumers in the service industry (Chen & Hu, 2010; Chen & Chang, 2012; Cronin *et al.*, 2000; Hyun *et al.*, 2011; Jamal *et al.*, 2011; Wang *et al.*, 2012). A prior study by Hu & Wang (2011), revealed that consumer's perceived value toward a green hotel consists of functional value (performance/quality), functional of value (price/value for money), social value, emotional value, epistemic value dimensions. Behavioral intention has been viewed as an important research topic both in academia and the tourism industry. In modern marketing activities, behavioral intentions, has played a crucial role in the determination of tourist destination. Positive behavioral intention could be viewed as loyalty, revisit intention and brings good word-of-mouth referrals (Hutchinson *et al.*, 2009; Wang *et al.*, 2012).

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