Green Branding: The Effect of Green Trust Towards Brand Loyalty of the Five-Star Hotel Guest

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Abstract

Nowadays, many companies have given special attention on the green branding as their competitive strategy in order to develop better clientele. From empirical evidences, maximizing satisfaction and retaining customer's base were common but there is a gap in utilizing specific green dimension that is green trust in the environmental marketing studies. Green trust is perceived as better measurement in forming commitment and belief on the green brand and brand loyalty and therefore should be used in the green branding framework. The objective of this study is straightforward which is to examine the effect of green practice towards brand loyalty with the mediating effect of green trust and satisfaction. For hotel industry, it is imperative for the marketers to exploit green characteristics in human as a tool to develop new green products that enable them to feel like home during his/her stay in the hotel which in turn becomes his/her daily life's practice. The study that been conducted in this paper only serves as a conceptual paper and to reviewed back the past literature from previous researchers and scholars. The result of this study will explain the relationship between green practice and green trust towards guest's brand loyalty of the five-star hotel segment.

Keywords: Green Brand, Green Trust, Commitment, Brand Loyalty, Green Satisfaction

1.0 Introduction

The term Green Branding in the marketing started to appear in the late 1980s due to the safety concerns on certain products that were found to be harmful to be consumed by society at large. Fast forward to today's societal concept, environmental sustainability has taken place as an utmost priority that benefits a society and its ecosystem. As a result of that, majority of the companies had started using environmental marketing or commonly termed as 'Green Branding' to gain brand loyalty (Khandoker & Mahbubul, 2011). This concept has not only benefited the firms to maximize their profit but also to serve the customers demand and preference (Chen, 2008). Apart from that, developing green branding is necessary for the company based on the five reasons specifically i) environmental pressure; ii) gaining competitive advantage; iii) improving organization image; iv) tapping new market and opportunity; and v) maximizing satisfaction (Chen, 2010).

Before green branding took its dominant position in the environmental marketing ground, the evolution of green marketing has opened the door to more comprehensive studies dealing with branding topic thus exploiting green as the brand image of a company. Peattie (2001) explained there were three phases of green marketing that started off with 'Ecological' green marketing which concerned on the way environmental should be protected through remedies. Next, 'Environmental' green marketing took place that witnessed the innovation of products that not only monitor environmental impact but also fixed pollution and waste. The last phase namely 'Sustainable' green marketing had been in the marketing framework since its inception to the marketing scene that evidenced more proactive approaches in producing environmental friendly products and the rise of eco-friendly products to cater for the demand of healthy living environment.

This paper was designed following the sequence as suggested by Chen (2012), starting with understanding the green practice awareness and the effect towards green trust, satisfaction, commitment and will be concluded with brand loyalty. The objective of this paper is to examine the sequence relationship between five-star hotel green practices towards brand loyalty. In between, this study will examine the effect of green practice towards satisfaction, green trust and green commitment. This is in line with Papista and Krystallis (2013) who that recommended future study to include more mediating variables that are able to explain variance in brand loyalty.

2.0 Green Brand

The famous definition of brand came from American Marketing Association that defines brand as *"a name, term, sign, symbol, design or a combination of them, intended to identify the goods or services of one seller or a group of sellers by differentiate themselves from their competitors"* (Kotler & Keller, 2009). A brand differs from a product in a way that it becomes a source of differentiation that distinguishes a company's product from its competitor (Low & Charles, 2000) whereas products/services are more generic that classify the character and category. Brand has sparked interest to the marketers over the years due to the significant influence over a customer's purchase decision (Montoro-Rios et al., 2006). Furthermore, brand is intangible in nature and serves as a source of competitive advantage to the competing firms (Rajagopal, 2008). He further added, brand is not only a one-off strategy but a continual review of multiple brand positioning strategy undertaken to keep pace with the changing business and technological environment. Varieties of branding effort were introduced in the past by scholars but according to Ghodeswar (2008), brand with high adaptability to environment will continue to sustain over a long period of time. Beside, sustainable brand possesses a high level of trust and loyalty from a set of target customer (Ha, 2004).

Brand is formed in general form but 'Green brand' is a more specific form which is defined as *"brand that offers a significant eco-advantage over the incumbents and is able to attract consumer who sets high priority to be green in their purchase"* (Grant, 2008). A green brand consists of special attributes and benefits that are associated with reduced adverse environment impact towards the environment and at the same time is able to create positive impression to consumers on raising their environmental concern (Hartmann & Ibáñez, 2006). Hartmann, Ibáñez and Javier (2005) on the other hand defined green brand as a set of environmentally sound attributes that directly provide benefits to environmentally conscious consumers while reducing environmental impact of the brand. From the definition, it is clear that green brand is different from other branding category in a sense that it is more focus on benefits to the environment rather than generating returns to the company through the act of conservation and sustainable practices (Insch, 2011).

3.0 Green Trust

Trust is the level of self-confidence that other people will do as expected and a crucial component in building a positive relationship with brand loyalty in terms of creating value that results in confidence with the company, and delivering superior performance (Rizwan, Ahmad & Mehboob, 2013). Green trust is an essential determinant for long-term relationship with customer activities (Lee, Park & Han, 2011). Chen (2010) defined "green trust" as *"a willingness to depend on one object based on the belief or expectation resulted from its integrity, benevolence and competence about environmental performance"*. Trust in general influences brand extension and brand evaluation (Hussain, Mehmood & Khan, 2012). Chen and Chang (2012) indicated that 'green trust' enables favorable superior relationship with green brand study as compared to 'trust' in assessing the relationship between green brand and consumer. Dimitriadis, Kouremenos and Kyrezis (2011) suggested the three forces of trust specifically integrity, benevolence and competence which are described as follows:

i. Integrity
Integrity is the insight that the trusted party obeys and accepts rules of conduct that are honesty, and keeping promises (Mayer & Davis, 1999). On the other hand, Ingenhoff and Sommer (2010) defined integrity as the perception of the trustee as having a strong sense of justice and acting according to it. A company with integrity is expected to behave in a reliable, sincere, and consistent way while accomplishing its promises.

ii. Benevolence
Benevolence explains the trustees' efforts of doing something good for the trustor and will be more likely to care about them (Ingenhoff & Sommer, 2010). In other words, benevolence describes the situation that a company puts more value on the customers' interest instead of self-interest and emphasizes the wellbeing of the customers (Lu, Zhao, & Wang, 2010).

iii. Competence
Competence is the opinion on the skills that allow the trusted party to be perceived as competent in a specific ground (Lu et al., 2010). It is the belief about the company's ability to deliver good quality products and services (Wang & Emurian, 2005) and the intention to deliver the promise (Chen & Dhillon 2003)

4.0 Commitment

According to Anderson and Weitz (1992), committed partners are willing to make short-term sacrifices in order to gain long term benefits by banking on valuable assets for the purpose of exchange that guarantees their intention to be reliable when necessary. Morgan and Hunt (1994) suggested that companies with favorable outcomes as a result of a profitable partnership will perform better and commit long term relationship. Bansal, Irving and Taylor (2004) suggested two components of commitment specifically affective and calculative.

i. Affective Commitment

Affective commitment is emotional in nature and involves the desire to maintain a relationship that the customer perceives to be value added. Affective commitment incorporates the underlying psychological state that reflects the affective nature of the relationship between the individual customer and the service provider (Gundlach, Achrol & Mentzer, 1995). The identification that the customer feels towards the firm often translates into positive feelings expressed to others about the firm (Harrison-Walker, 2001). In addition, affective commitment is characterized by a desire-based attachment of the customer, meaning that the customer is loyal because he or she wants to be loyal (Evanschitzky et al, 2006)

ii. Calculative Commitment

Calculative commitment is the customer's desire to remain in the relationship especially when the customer perceives that other viable alternatives are limited (Evanschitzky et al, 2006). Jones and Sasser (1995) found that the competitive environment affects the satisfaction-loyalty relationship, thus customers remain with a company not only because their lack of alternatives but also due to the emotional attachment to continue the long term relationship (Dowling & Uncles, 1997). Empirical data from Gustafsson, Johnson and Roos (2005) suggested that calculative commitment reflects the viability of the company's offerings, thus demonstrating that customers actively review the company's products and services against those of its competitors in making final purchase decision.

5.0 Brand Loyalty

Brand loyalty is generally formed through consistent satisfaction and repeat purchase intention of the same brand over a long period of time (Sirivan, 2011). He added, it is not only based on satisfaction but also consistency to enhance performance and the effectiveness to exploit marketing channel. Furthermore, brand loyalty is a vital component of the brand itself because it i) reduces the vulnerability as a result of competitor's action; ii) retains regular customers; and iii) incurs extra expenses to recruit new customers (William & Ferrell, 2010). A study by Kang and Hur (2012) found that green brand has a strong relationship with the green satisfaction. In addition, Buil and Martinez (2013) found that brand loyalty has a positive influence on the overall green brand, which is an essential element to form overall green satisfaction.

McMullan and Gilmore (2008) stated that keeping up brand loyalty with existing customer is critical for the survival of an organization within an aggressive environment. Other than being difficult to be imitated, brand loyalty programs focused around hidden passionate mentality that develops better business performance (Keiningham et al., 2008). Yuksel, Yuksel and Bilim (2010) examined the connections among three loyalty dimensions that comprise of cognitive, affective, and conative and their relationship with satisfaction and found that there was a strong relationship between satisfaction and loyalty dimensions.

i. Cognitive Loyalty

Cognitive loyalty refers to the loyalty based on brand beliefs in which loyalty in this phase focuses on at the attribute performance levels of the brand (Oliver, 1999). This is based on the conceptualize cognitive loyalty as the more customers' beliefs on the quality of the product/ service and the more positive thought the customer think about the quality of product/ service attributes, the higher the level of the customer's cognitive loyalty (Dick & Basu, 1994). The ongoing acceptance of product/ service allows customers to gain more information regarding brands, hence positively impacting their perceptions (Yu, Lin, & Chen 2013).

ii. Affective Loyalty

Affective loyalty indicates the level of favorable attitudes and liking that the customer displays towards the product/ service or brand in which loyalty in this phase focuses more on the degree of affect for the brand (Oliver, 1999). Conceptualize affective loyalty can be described as the extent to which customers like and enjoy their experience of the product/ service; the more the customer like and perceive the product/ service as providing fulfilling experience, the higher would be the customers' affective loyalty (Dick & Basu, 1994). Kumar, Lee, and Kim (2007) assessed that favorable attitudes and liking are important factors regarding brands as a sense of

pleasure and happiness can be developed in customers upon using certain brands.

iii. Conative Loyalty
Conative loyalty is commitment and intention to continue re-buying the brand. This loyalty state is characterized by a deeper level of commitment (Hennig-Thurau, Gwinner & Gremler, 2002). Conceptualize conative loyalty can be described as the extent to which the customer displays commitment to continue consuming a product/ service in the future. (Janda, Trocchia & Gwinner, 2002). As satisfaction is achieved when a customer's experience with a brand is exceeded/met, it will lead the customer into being retained by the brand, essentially leading to brand loyalty (Rockwell, 2008).

6.0 Green Satisfaction

In a marketing view, satisfaction can be directly linked to brand loyalty which is *"a pattern of repeat product purchases accompanied by an underlying positive attitude towards the brand"* (Solomon et al., 2010). Green satisfaction can be defined as *"a pleasurable level of consumption-related fulfillment to satisfy customer's environmental desires, sustainable expectations, and green needs"* (Chen, 2010). This is a unique situation where customers forego their personal interest of consuming the products for the sake of environmental protection even if they have to pay at a slightly premium price (Xiao & Li, 2011). They added, this is the result of collective benefits that later build long term relationship. If environmental conscious customers purchase green products and they perceive the features and benefits of such products are associated with claims positioned by the marketers and policy makers, then it will result in a higher green satisfaction (Kotler & Keller, 2009). In a nutshell, quality leads to performance which in turn results in customer satisfaction (Chang & Fong, 2010). Satisfied customers are more willing to repeat purchase as a result of green product quality performance. Apart from that, satisfied customer are keen to become green brand loyalty (Chang & Fong, 2010).

Nowadays, customers look for i) products with high quality performance attributes; and ii) the accessibility of the store for that products to influence their purchase decision experience and pre-purchase experience by allocating social and environmental values (Chang & Fong, 2010). Building long-term relationship is the purpose of a business thus creating a pool of satisfied customers is fundamental for long-term profitability. Customer satisfaction has been defined in two elements namely i) an outcome: satisfying the end state resulting from the consumption experience; and ii) a process: perceptual evaluative and psychological process that contribute to satisfaction (Yazdannifard & Mercy, 2011)

Customers with high degree of satisfaction on green products will result in repetitive buying behavior thus resulting in brand loyalty. Satisfaction plays an important role in the attitude of the customers towards eco-friendly products consistent with the green branding definition that defines satisfaction of green customers is as vital as the company's concern towards environment itself (Chen & Chai, 2010). Furthermore, the customers' satisfaction is derived from the green purchasing behavior which involves the preference and use of the eco-friendly products and the production of the products that is based on the ecological process such as the social responsibility of the companies, keeping places clean, avoiding waste and eco-friendly products quality performance which can enhance purchase repetition (Leonidos, Leonidous & Kvasova, 2010).

7.0 Methodology

Causal research design will be used as development tools in order to discover an outcome from cause and effect relationship. Judgmental sampling will accompany this research design as the applicable sampling technique with a population study encompasses of guests who have experiences staying in any 'green' awarded hotels that are available throughout Malaysia.

In order for the hotel industry to comprehend with the solicitation of this overall framework, a pre-test questionnaire will be presented to industry practitioners to probe their feedbacks relating to green issue and for validating the final green framework in order to ensure the exactness of items listed in the questionnaire. Five dimensions will be included in the questionnaire that pinpoint the key topics in subchapter two-to-seven as elaborated above.

8.0 Conclusions

Throughout developing the study framework for green ecosystem, it is essential to understand the importance of green trust towards green brand loyalty. This research will be able to answer the relationship between green brand and the effect of green trust towards brand loyalty that in turn maximize green satisfactions of the five-star hotel

guests. The researcher will be focusing on the enhancement of green trust among five-star hotel guests by pledging their loyalty to green brand through commitment towards environmental awareness into great satisfaction of becoming green practitioners. The research will imbue commitment as a mediator between green trust and brand loyalty as a bridge that fills the gap between green brand and brand loyalty.

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