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An Integrated Framework to Understand How Consumer-Perceived Ethicality Influences Consumer Hotel Brand Loyalty

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Abstract. This study aims to examine the influence of consumer-perceived ethicality of a hotel brand on customer brand loyalty through the customer identification with the brand, considering the mediating role of affective commitment and trust. The findings suggest that when consumers have an ethical perception of a company's behavior, they tend to be more identified with the hotel brand, which results in favorable judgment of the hotel brand in terms of developing affective attachment to the brand (affective commitment) and willingness to rely on that brand (brand trust). This positive evaluation of a hotel brand results in determining the customer long-term relationship with the brand (brand loyalty). This study aims to contribute to the underresearched area of business ethics and hotel brands by examining the relational perspective of brand loyalty, and characterizes the relationship between consumer-perceived ethicality and brand loyalty through customers' brand identity, brand trust, and affective commitment.

Keywords: consumer-perceived ethicality • hotel brands • brand identification

Introduction

Because of the increasing awareness and concern of consumers toward business ethics, service organizations have been forced to shift their focus on ethical values in business practices and engage in activities falling within the purview of corporate social responsibility (CSR) (Martínez and del Bosque 2013, Shaw and Shiu 2002). It has become equally important for such organizations to highlight their ethical values and norms to stakeholders (Rindell et al. 2011). This has resulted in an increasing number of studies on business ethics and CSR in recent times. The concept of CSR and business ethics are somewhere related in nature, and several authors have used these terms interchangeably (Fan 2005). Many studies have investigated the influence of ethical and socially responsible initiatives on consumers' various behavioral outcomes, such as product evaluation (Brown and Dacin 1997), company evaluation (Bhattacharya and Sen 2003), purchase intention (Fatma and Rahman 2016), and purchase behavior (Sen and Bhattacharya 2001). While significant research has been done on CSR and business ethics in the field of marketing, less research attention has been given to branding (Fan 2005). Many authors such as Rindell et al. (2011) and Morsing (2006) have called for more studies on ethics and CSR in the context of service brands. There is a growing concern among consumers related to the ethical practices of the business apart from good services and competitive positioning (Dreyfack 1990). In fact, ethical criteria have been used to rate hundreds of suppliers and product lines (Chak and Wong 1998). Lynch (1992) suggested that ethics and quality can transform total quality management (TQM) in hotels. TQM practices have been widely used in the Ritz Carlton and Marriott chain hotel groups.

Onkvisit and Shaw (1989) asserted that branding is crucial for businesses operating within the service industry, such as hotels. Indeed, branding strategies have come to be seen as a source of competitive advantage (Kim and Kim 2005) and differentiation (Pappu et al. 2005), which is why branding has assumed much prominence in the global hotel industry (Kayaman and Arasli 2007). Hotel branding seeks to provide added value to both the hotel firm and the guest by building brand loyalty. Studies also show that branded hotels achieve a higher rate of income during economic recession (O'Neill and Carlbäck 2011).

Building loyalty toward a service brand is considered to be a more challenging task than generating loyalty toward product brands. This is because the intangible nature of services increases perceived risk associated with the service brand in the consumer's mind. Brand cues have been suggested as a possible way to enhance service brand image, which subsequently influences the service purchase decision (Brady et al. 2005). Extrinsic cues such as advertising, price, and personal referrals have been shown to have a positive influence on selecting hotel services (Brady et al. 2005). It is thus reasonable to suggest that consumer brand identification is an outcome of such brand cues. It can be said that the influence of brand identification in the formation of hotel brand loyalty deserves significant consideration. In a marketing context, Bhattacharya and Sen (2003) stated that customers typically identify themselves with the brand that reflects their self-identity. While employees' organizational identification has been studied previously (Jones 2010, De Roeck and Delobbe 2012), consumers' attitudinal and behavioral responses toward brand identification require more research. Investigators believe that a better understanding of the concept of brand identification would provide deeper insights into brand management (Kuenzel and Vaux Halliday 2008), and suggest that strong brand identification can result in favorable responses of consumers toward the brand, including brand loyalty (Donavan et al. 2006).

The concept of brand loyalty has been discussed frequently in the service marketing literature (He and Li 2011, García de los Salmones et al. 2005), but in the context of hotel services, not much research is available (Fatma et al. 2016a). Hotels are consistently seek ways to ensure a guest's repeat visit and are on the lookout for drivers of the phenomenon. Moorman et al. (1993) mentioned customer trust as a key antecedent of hotel brand loyalty. Customer trust is the belief that a particular hotel company can be relied upon (Edvardsson et al. 2000). Hotel firms strive toward identification of factors that reinforce guest loyalty, as loyal customers are deemed more profitable (Edvardsson et al. 2000). Hotels offer various schemes and deals to existing customers to encourage them to revisit, but how loyalty can be created still remains unclear (Mason et al. 2006).

A social identity perspective has been found effective in establishing brand loyalty in various service contexts such as banking, (He and Li 2011). However, the same has not been examined in context of the hotel industry, despite that fact that this industry is heavily dependent on customer trust and loyalty toward the hotel brand. The present study aims to contribute to the underresearched area of business ethics and hotel brands by examining the influence of consumer-perceived ethicality (CPE) of the hotel brand on customer brand loyalty through customer identification with the brand, considering the mediating role of affective commitment and trust. By doing so, present study expands the existing literature that suggests that a brand identification perspective of brand loyalty can be integrated with other service dynamics (Harris and Goode 2004) by including the mediating role of social exchange as a variable to establish hotel brand loyalty (He et al. 2012). This paper takes the relational perspective of brand loyalty and characterizes the relationship between consumer-perceived ethicality and brand loyalty through the customer's brand identity, brand trust, and affective commitment.

This paper is structured in the following manner: It starts with the literature review of the main concepts followed by a theoretical framework and formulation of hypotheses. Next, methodology and data collection measures used in the study have been described. A detailed analysis of results follows. This paper ends with a discussion on the theoretical and managerial implications of the study findings, limitations, and future research directions.

Theoretical Framework and Hypothesis Development

Consumer-Perceived Ethicality

An ethical brand is one that does not harm the public good; rather, it contributes to the development of public goods and has certain elements such as integrity, honesty, responsibility, respect, and accountability (Fan 2005). Many authors have suggested that it is in the best interest of any brand if it is perceived as ethical by stakeholders (e.g., Story and Hess 2010). In present times, a growing number of customers are becoming ethically conscious and demand that brands address ethical concerns (Maxfield 2008). This has forced brands to become accountable ethically (Fan 2005) and communicate their ethicality to stakeholders (Szmigin et al. 2007).

Consumer-perceived ethicality has been conceptualized in recent studies as the "consumers' aggregate perception of a subject's (i.e., company, brand, product, or services) morality" (Brunk and Blümelhuber 2011, p. 134). This perception can be influenced by various groups of stakeholders in the brand (Brunk 2010a). Brunk (2010b) identified six domains of consumer-perceived ethicality that may influence the ethical perception of a brand/company. These domains explain how the company deals with customers, employees, the environment, the business community, the local community and economy, and the overseas community. The identified domains complement the stakeholder theory (Freeman 1984) and identify and highlight the most important issues toward which companies are responsible. Commenting on the Brunk (2010a) typology of consumer-perceived ethics, Shea (2010) emphasized that Brunk (2010b) focused on the knowledge component of attitude formation toward the ethical or unethical behavior of the brand, and that exploring the other components of attitude formation seems necessary toward understanding consumer-perceived ethicality. Attitude is made up of three components—cognitive (beliefs), affective (feelings), and conative (behavioral). Understanding what the consumer believes (cognitive) to be unethical is just one step, but to complete the whole attitude equation, it is equally important to understand the affective and conative components. The present study seeks to offer a deeper understanding of the attitudinal (affective commitment), cognitive (brand trust), and behavioral (brand loyalty) components of customer attitude in addition to the main study objectives.

Customer Brand Identification

The concept of consumer identification with the brand is derived from the "social identity theory," which is based on psychology. According to the social identity theory, individuals in the world categorize themselves into a group according to their self-defined roles (Tajfel and Turner 1985). When individual perception matches with group perception (brand), the individual is more likely to be identified with the group. Kim et al. (2001, p. 196) asserts that consumer brand identification "is the extent to which the brand expresses and enhances the consumer brand identity." Consumers with strong brand identification are more likely to engage in probrand activities such as supporting the brand's product or services, being resilient to negative information regarding the brand, supporting company goals, and being loyal to the brand (Bhattacharya and Sen 2003).

Regarding consumer-perceived ethicality, some authors have suggested that consumer attitude toward the ethical behavior of the brand/company has an affective dimension (Singh et al. 2012). Literature positively relates consumer perception of a company's socially or ethically responsible behavior to customer identification with the brand (Marin et al. 2009). Thus, scholars have considered brand identification as one of the important factors in consumer decision making in the service context. Specifically, brand identification helps to explain the significance of a company's ethical behavior in generating customer loyalty (Pérez et al. 2013).

Hypothesis 1 (H1). *Consumer-perceived ethicality directly and positively influences brand identification.*

Brand Identification and Brand Trust

Trust is crucial to any successful social exchange relationship. Therefore, building a trustworthy identity among stakeholders is an important mission. Marketing literature suggests that customer trust toward a brand generally develops from prior consumption experiences with the brand (Rempel et al. 1985, Delgado-Ballester and Munuera-Alemán 2001). Customers are likely to identify with a trustworthy company to communicate their personal values and enhance self-esteem (Keh and Xie 2009). Through identification with trusted parties characterized as honest, competent, and benevolent, consumers tend to portray a similar image of themselves to others. Also, brand identification reflects the connection of a consumer with a brand and might facilitate trust reinforcement (Williams 2001). "Identification-based trust" refers to the people's identification with the brand through social norm, rather than past connection or experience (Creed and Miles 1996). Brand identification enables positive consumer evaluation of the brand (He and Li 2011); when customer expectations regarding brand performance are confirmed or exceeded, the identified customers feel a psychological attachment to the brand (Marin et al. 2009).

Hypothesis 2 (H2). *Brand identification has a direct and positive influence on brand trust.*

Brand Identification and Affective Commitment

Affective commitment is an emotional attachment to the brand that is derived from the customer's identification with the brand (Fullerton 2005). When consumers associate themselves with an organization's ethical behaviors, they are more likely to be identified with the company (Bhattacharya and Sen 2003) and develop affective commitment toward it (Lichtenstein et al. 2004). Affective commitment, in turn, is more likely to exist when customer identification with the brand is present. Several authors have shown that consumer perception of CSR activities is positively related to affective commitment (e.g., Lacey and Kennett-Hensel 2010, Turker 2009). In the banking sector, Poolthong and Mandhachitara (2009) found a positive impact of CSR on brand affect. Chomvilailuk and Butcher (2014) also found a positive influence of CSR performance on customer affective commitment.

Hypothesis 3 (H3). *Brand identification has a direct and positive influence on customer affective commitment.*

Brand Loyalty

There is considerable debate in existing literature regarding definitions of dimensions of loyalty. Oliver (1997, p. 392) defined brand loyalty as "a deeply held commitment to rebuy or repatronize a preferred product or services consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior." The majority of prior research has described loyalty in terms of attitudinal and behavioral elements (Day 1976, Oliver 1997, Jacoby and Kyner 1973, Chaudhuri and Holbrook 2001). Attitudinal brand loyalty refers to the degree of predispositional commitment to the brand in terms of unique value related to the brand, whereas behavioral loyalty includes repeat purchases of the brand; it may be termed "purchase loyalty."

Mason et al. (2006, p. 191) stated that "there is no general agreement on what creates loyalty to a hotel." Although the concept of loyalty has been linked to ethical and sustainable practices (Pérez and Rodríguez del Bosque 2015), there is still a lack of a comprehensive path that links loyalty to perceived ethicality. A comprehensive approach that explains the link between consumer-perceived ethicality and loyalty will be helpful for hotel managers to develop and implement action plans toward increasing guest loyalty. This study adopts a comprehensive perspective (including attitudinal and behavioral approaches) to measure brand loyalty following the suggestions of researchers such as Han et al. (2011), Jacoby and Chestnut (1978).

Affective Commitment and Brand Loyalty

Dick and Basu (1994) suggested that positive affective responses toward the brand increased customer loyalty toward the brand. Matzler et al. (2006, p. 427) stated that, "Brands that make the customer 'happy,' 'joyful' or 'affectionate' cause a stronger attitudinal commitment and purchase loyalty." Chaudhuri and Holbrook (2001) suggested that brand affect positively influenced both attitudinal and behavioral loyalty. Developing affective commitment is important for companies because committed customers are less sensitive to price changes and willing to stay in a long-term relationship with the company or brand (Evanschitzky et al. 2006). Morris et al. (2002) found that customer intention to buy from and continue a relationship with the service provider is strongly influenced by emotions. Similarly, Han and Back (2008) stated that the emotional aspect of affective commitment caused a significant increase in consumer behavioral intentions. Hennig-Thurau (2004) found that the emotional commitment that customers developed toward the brand had a positive influence on their retention. Allen et al. (1992) empirically confirmed that customer emotions were a strong predictor of their behavioral intention. It is more likely that a customer having a strong commitment toward a brand would prefer the brand over others (Carlson et al. 2008). In the light of these findings, we postulate the following:

Hypothesis 4 (H4). *Affective commitment has a direct and positive influence on consumer hotel brand loyalty.*

Brand Trust and Brand Loyalty

Brand trust has been defined as "the willingness of the average consumer to rely on the ability of the band to perform its stated function" (Morgan and Hunt 1994, p. 23). In the trust-commitment theory of relationship marketing, trust is a key variable for the creation of long-term relationships (Morgan and Hunt 1994). Reichheld and Schefter (2000, p. 107) stated that, "to gain the loyalty of customers, you must first gain their trust." The significance of trust in explaining customer loyalty toward the brand is well advocated in the literature by many authors (e.g., Chaudhuri and Holbrook 2001, Ball et al. 2004.

In the brand domain, trust is understood as the consumer's confidence in the brand that it will meet his or her expectations. This feeling is based on the two dimensions of the trust: credibility and benevolence trust (Sirdeshmukh et al. 2002). In the context of hotel firms, credibility trust reflects the customer's confidence that the hotel possesses the required capacity to respond to needs of guests, has competent employees with adequate knowledge about products and services provided by the hotel, offers good-quality food, has high-quality infrastructure, and provides expected services to guests when they arrive and stay at the hotel (Martínez and del Bosque 2013). Benevolence trust refers to the customer's belief that the hotel will consider the interest of the customers and society when forming strategic decisions related to its products or services (Martínez and del Bosque 2013). Based on the discussion above, we propose the following:

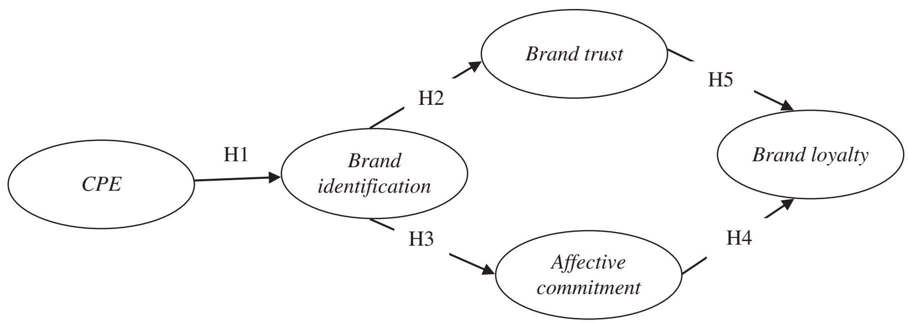
Hypothesis 5 (H5). *Brand trust will positively influence customer hotel brand loyalty.*

Literature on brand identification and social identity suggests that brand identification also influences consumer selection and evaluation of a brand. This is the reason why positive consumer evaluation of a brand is enhanced by consumers' strong affective commitment and trust, which are results of consumer identification with the brand. Mael and Ashforth (1992) viewed brand identification as a psychological mechanism that signified the interrelationship between the consumer and the brand. Based on Baron and Kenny's (1986) logic of mediation and the discussion above, we propose the following:

Hypothesis 6 (H6). *Brand trust and affective commitment partially mediate the effect of brand identification on hotel brand loyalty.*

The proposed theoretical framework is shown in Figure 1.

Figure 1. Theoretical Framework



Method

Sample and Data Collection

Data were collected through self-administered questionnaires. The reason for choosing this data collection methodology is the extensive use of survey methods in prior branding studies (Yoo and Donthu 2001, Maio Mackay 2001, Kim et al. 2003, Grace and O'Cass 2005, Pappu et al. 2005, Kayaman and Arasli 2007). Slight modifications in items were made to suit the context of the present study. The sample included customers (hotel guests)—both international and domestic—who were above 18 years of age and had previously stayed in the hotels. Respondents were asked to answer questions regarding their stay at the hotel(s). The average time taken by respondents to complete the questionnaire was 10 minutes. To get a better representation of the population frequenting Indian hotels, data were collected from three metropolitan cities of India, namely, Delhi, Mumbai, and Chennai. These cities cover a wider sociocultural diversity of the country that should help in generalizing the findings of the study in an Indian context. A nonprobabilistic sampling procedure was employed to collect data. Data were collected over a period of eight weeks. A total of 495 questionnaires were distributed, out of which 433 were returned. Out of these 433, 36 were omitted because of incompleteness in responses. Thus, 397 questionnaires were found suitable for further analysis. A sample description is given in Table 1.

Measures

This study used well-established measurement items adopted from previous literature. All of the items were measured on a seven-point Likert scale ranging from strongly disagree (mark 1) to strongly agree (mark 7). Consumer-perceived ethicality was measured with the five-item scale developed by Brunk (2012). Brand identification was measured with four items adapted and extended from the study by Marin et al. (2009). Trust was measured with the four items adapted from the study by Chaudhuri and Holbrook (2001). Affective commitment was measured

Table 1. Sample Description

Characteristics	Sample	%
Age (years)		
18–24	43	10.83
25–30	83	20.90
31–40	98	24.68
41–50	119	29.97
50 and above	54	13.60
Gender		
Male	238	59.94
Female	159	40.05
Education		
High school and below	94	23.67
Graduation	148	37.27
Postgraduation	132	33.24
None	23	5.79
Income		
10,000–30,000 ($156–$468)	36	9.06
31,000–50,000 ($484–$780)	98	24.68
>50,000/- (Above $780)	232	58.43
None	31	7.80

using three items adapted from the study by Mattila (2006). Brand loyalty was measured with six items and refers to a dual perspective of attitudinal and behavioral loyalty. The items include a customer's intention to maintain the relationship with the service provider in the near future (García de los Salmones et al. 2005, Zeithaml et al. 1996) and the recommendation of banks' services to others (Söderlund 2002, Zeithaml et al. 1996).

Results

Before testing the proposed theoretical model, the psychometric properties of the scales are analyzed. For this purpose, first-order confirmatory factor analysis has been implemented. The result shows the adequate mode fit. All the fit indices are in an acceptable range, as shown in Table 2. The reliability of the scale is evaluated by Cronbach's alpha and average variance extracted (AVE). In all cases, the value of Cronbach's alpha is above 0.89 and AVE is above 0.5, meeting the recommended values (Hair et al. 2011). All the other items loaded significantly on their respective factor and the standardized lambda coefficient is above 0.5, providing evidence of convergent validity (Steenkamp and van Trip 1991). The discriminate validity of the model is evaluated using the procedure suggested by Fornell and Larcker (1981). The factor correlation among the dimensions is greater than the squared correlation of AVE, confirming the discriminate validity of the model Fornell and Larcker (1981) (Tables 2 and 3).

Structural Model and Hypothesis Test

After testing the measurement model, structural model was estimated using AMOS 22.0 with the maximum likelihood estimation procedure. Structural equation modeling tested the proposed hypothesis, related to their influences among the latent variables. The structural model fit indices show a reasonably good model fit ($\chi 2 = 323.29$, df = 173, $\chi 2/\mathrm{df} = 1.86$, $p < 0.05$, goodness-of-fit index (GFI) = 0.98, normed fit index (NFI) = 0.89, comparative fit index (CFI) = 0.956, Tucker–Lewis index (TLI) = 0.92, and root mean square error of approximation (RMSEA) = 0.04). The structural path coefficients suggest that all the hypothesized paths are significant and thus supported. The results are shown in Table 4.

Table 2. Measurement Results

Construct	Item	Standardized loadings	AVE	CR
CPE	CPE1	0.786	0.612	0.986
	CPE2	0.863		
	CPE3	0.611		
	CPE4	0.812		
	CPE5	0.869		
Brand identification	BI1	0.789	0.589	0.923
	BI2	0.836		
	BI3	0.612		
	BI4	0.923		
Affective commitment	AC1	0.623	0.623	0.899
	AC2	0.865		
	AC3	0.623		
Brand trust	BT1	0.569	0.588	0.981
	BT2	0.786		
	BT3	0.582		
	BT4	0.623		
Brand loyalty	BL1	0.912	0.611	0.988
	BL2	0.899		
	BL3	0.599		
	BL4	0.714		
	BL5	0.631		
	BL6	0.651		

Goodness-of-fit index

	GFI	RMR	NFI	CFI	RMSEA
$\chi^2 = 183.99$ (df, 72), $\chi 2/\mathrm{df} = 2.55$	0.912	0.07	0.923	0899	0.06

Note. CR, composite reliability; RMR, root mean square residual.

Table 3. Discriminate Validity

	Mean	Standard deviation	No. of items	*CPE*	*BI*	*AC*	*CT*	*BL*
CPE	3.89	1.03	5	1				
BI	2.93	1.05	4	0.23	1			
AC	4.36	0.99	3	0.49	0.60	1		
BT	3.23	1.02	4	0.59	0.78	0.23	1	
BL	4.11	1.06	6	0.32	0.39	0.43	0.49	1

Note. CPE, consumer-perceived ethicality; *BI*, brand identification; *AC*, affective commitment; *BT*, brand trust; *BL*, brand loyalty; *CT*, customer trust.

Testing Rival Models

Although the literature review argued the proposed hypothesized relationship in the present study, it also admits the existence of alternative perspectives. While our structural model shows a good model fit, we also examined the rival model in the present study. Testing the alternative or rival model is suggested to rule out the possibility of better-fitting models (MacCallum and Austin 2000). This approach is specifically relevant in structural equation modeling (SEM). As the previous literature argued that customers are more likely to be loyal to brands involved in ethical or socially responsible initiatives (Fatma et al. 2016b), a theoretically logical explanation is that consumer-perceived ethicality could be modeled as a direct antecedent of customer hotel brand loyalty. Therefore, an alternative model is expected with consumer-perceived ethicality influencing brand loyalty. The results indicate a worse model fit ($\chi 2 = 423.19$, $df = 182$, $\chi 2/df = 2.32$, $p < 0.05$, $GFI = 0.96$, $NFI = 0.91$, $CFI = 0.89$ $TLI = 0.94$, and $RMSEA = 0.07$). Thus, the finding indicates that consumer-perceived ethicality is not significant in estimating the brand loyalty.

In addition, further a comparative test was done in the two competing models. First, the chi-square difference test revealed that the alternative or rival model is significantly worse than the original proposed model ($\chi 2$ diff. = 99.9, $df = 9$, $p < 0.05$). In addition, model parsimony and fit were accessed using the fit measures such as a consistent version of this static (CAIC) and Akaike information criterion (AIC). In the original proposed model the CAIC is 393.68 and the AIC is 419.30, while in the rival model, the CAIC is 529.58 and the AIC is 526.39, suggesting that the original model is the better one, compared to the rival model. Therefore, on the basis of the above-stated statistical test, the rival model is rejected in favor of the original model.

Testing for Mediation

To test the mediation effect of brand identification, affective commitment, and brand trust hypothesized as linking the independent variable (*CPE*) and dependent variable (*brand loyalty*), four alternative structural models were estimated to test the procedure suggested by Baron and Kenny (1986). To confirm the mediation effect, four conditions should be satisfied. First, the predictor variable (*CPE*) should significantly influence the mediating variables (*brand identification*, *affective commitment*, and *brand trust*). Second, the mediating variables (*brand identification*, *affective commitment*, and *brand trust*) should significantly influence the dependent variables (*brand loyalty*). The results in Table 4 show that both of these conditions have been met. Third, the predictor variable (*CPE*) should significantly influence the dependent variable (*brand loyalty*). This condition was examined in a model with a direct path linking path linking the independent variable (*CPE*) to the dependent variable (*brand loyalty*) without the presence of the mediators (Model 2). As shown in Table 5, the path was significant ($p < 0.05$), therefore meeting this condition. Fourth, the influence of predictor variables (*CPE*) should not be significant in the case of full mediation or should be lesser in strength in case of partial mediation after controlling the mediating variables (*brand identification*, *affective commitment*, and *brand trust*). Using the results shown in Table 5, a comparison of Model 2 and Model 4 shows that after inclusion of mediating variables, the direct path linking

Table 4. SEM Results for Hypothesis Testing

Paths	Hypothesis	Standardized coefficients (*t values*)
CPE–brand identification	H1 supported	$\beta = 0.32^{**}$ (0.673)
Brand identification–brand trust	H2 supported	$\beta = 0.29^{**}$ (0.621)
Brand identification–affective commitment	H3 supported	$\beta = 0.43^{**}$ (0.723)
Affective commitment–brand loyalty	H4 supported	$\beta = 0.36^{**}$ (0.432)
Brand trust–brand loyalty	H5 supported	$\beta = 0.41^{**}$ (0.533)

$^{**}p = 0.05$.

Table 5. Mediation Analysis Results

	$\chi 2$	df	$\chi 2$ diff.	df diff.	GFI	CFI	NFI	TLI	RMSEA
Model 1	329.16	179	Base comparison	—	0.96	0.90	0.89	0.98	0.07
Model 2	98.29	54	—	—	0.99	0.91	0.91	0.93	0.09
Model 3	423.19	182	99.9	9	0.96	0.89	0.91	0.94	0.07
Model 4	323.29	173	5.87	5	0.98	0.95	0.89	0.92	0.04
		Model 1		Model 2		Model 3		Model 4	
CPE–BI		0.32**		—		0.31**		0.32**	
BI–AC		0.43**		—		0.41**		0.42**	
BI–CT		0.29**		—		0.28**		0.29**	
BT–BL		0.41**		—		0.39**−		0.36**	
AC–BL		0.36**		—		0.35**		0.29**	
BI–BL		—		0.19**		—		—	

Notes. *CPE*, consumer-perceived ethicality; *BI*, brand identification; *AC*, affective commitment; *BT*, brand trust; *BL*, brand loyalty.
** $p = 0.05$.

the independent variable to the dependent variable becomes nonsignificant, thus meeting the last, or the fourth, condition.

The final test for the full mediation includes testing whether Model 1 (full mediation) shows a better fit than Model 3 (no mediation), where the paths from the brand identification, affective commitment, and brand trust were not included. The chi-square difference test was used to examine which model produces the better fit. The finding shows that Model 3 is significantly worse than Model 1 ($\chi 2$ diff. = 99.9, df = 9, $p < 0.05$), thus lending support for Model 1 (full mediation). Furthermore, to examine the partial mediation test, Model 1 (full mediation) was compared with Model 4 (partial mediation), which involves both the direct and indirect paths. The results indicate that Model 4 is not significantly better than Model 1 ($\chi 2$ diff. = 5.87, df = 5, $p < 0.5$). As the path from CPE to brand loyalty was found to be nonsignificant after including all the indirect paths, the full mediation model was supported.

Discussion and Implications

The present study contributes to the brand management literature by providing empirical evidence supporting that consumers' perception of a hotel's ethical behavior has an indirect influence on hotel brand loyalty through brand identification, affective commitment, and brand trust. These findings suggest that when consumers have a perception that a given hotel's behavior is ethical, they tend to strongly identify with the hotel brand, which results in affective attachment (affective commitment) and trust toward the brand. This positive evaluation of a hotel brand results in long-term relationships between the customers and the brand (brand loyalty). This is a novel finding emphasizing that hotel brands may, through engagement in CSR initiatives and formulation of ethical policies, reinforce brand trust and loyalty among consumers.

Furthermore, this study establishes an indirect influence of consumers' perceived ethicality on brand loyalty through customer identification with the brand (brand identification). Consumers' perceived ethicality of a hotel brand has been found to translate into a positive evaluation of the hotel brand (Gallarza et al. 2006). Previous studies have suggested that brands are the quickest way to identify with the consumer while differentiating the goods and services offered by the brand. As nonformal members of the company, consumers can also develop a strong association with the organization through brand identification (Bhattacharya and Sen 2003).

This study considers two of the most relevant constructs in the branding literature (affective commitment and brand trust) for building and testing a theoretical model that examines the relationship between consumer-perceived ethicality and brand loyalty. The theoretical contribution of this study is its testing of the mediating role of affective commitment and brand trust in the relationship between brand identification and brand loyalty. Findings highlight the need to better understand the emotional aspects of brand experience, which may have an impact on consumers' affective attachment toward the brand. Customers with a high level of affective commitment toward a hotel brand are more likely to prefer it over other hotel brands, and also promote it among their friends. Results also suggest that customers are more likely to believe in the company involved in ethically and socially responsible practices; this belief enables establishment of brand trust and brand loyalty. Berry (1999, p. 199) suggested that branding a service "increases the customer's trust of the invisible and can reduce their perceived, monetary, social or safety risk in buying services that are difficult to evaluate prior to purchase." Both academics and marketing practitioners acknowledge the significance of developing brand trust in enhancing customer brand loyalty as they believe trust to be a core value that a brand provides to customers. Findings of our hypothesized model extend the list of relevant mediators by empirically confirming the effect of brand identification on brand loyalty through affective commitment and brand trust.

The results of the present study have important implications for brand loyalty management in hotels. First, this study sheds light on one of the most important concerns of marketing managers nowadays: does consumer perception of ethical behavior have any influence on their purchase behavior? Results of this study suggest that in building and maintaining customer brand loyalty, hotel managers must create a positive ethical image in the consumer's mind. Brands that behave ethically in the market have a significant influence on consumer behavior. Ethically based brand positioning can benefit the hotel brand with a distinct image from competitor brands and overcome consumer skepticism regarding the brand's communications. Findings further indicate that consumer-perceived ethicality positively influences hotel brand loyalty, which can help in customer retention and result in repeat visits to the hotel. The above-mentioned findings form strong reasons for hotel managers to participate in ethical practices and communicate such participation to customers.

Findings suggest that hotel marketers should concentrate on developing a distinct hotel brand identity that resonates with the customers as well. This can be done by taking steps toward developing strong customer identification with the brand. In the hospitality literature, the customer relationship has been promoted as an interactive relationship between the customer and the hotel firm (Piccoli et al. 2003). The main marketing practices to foster the customer relationship include the loyalty programs that are more transactional rather than relationship based. The present study suggests that hotel marketers should adopt a higher level of marketing practices that foster the customer social bond with the hotel brand, such as ethically responsible practices and programs (Rust et al. 2000). The results highlight the needs for more relationship-based loyalty programs that convey a unique identity and distinctiveness, both of which are important for the customer identification with the brand (Bhattacharya and Sen 2003).

Limitations and Future Research Directions

As with any other study, the present work also has limitations. Data were collected using a survey method, which may contain an error of measurement. Such measurement errors may arise because of respondents' inability to accurately recall previous experiences with the hotel.

The present study opens several avenues for future research. First, a qualitative research approach may be used to examine consumer identification and experiences with hotel brands. Qualitative inquiry may provide further insights into the reasons why brand identification does not directly prompt brand loyalty. Second, future research could test the proposed theoretical model across various traveler types (e.g., leisure or business) and examine the impact of frequency of stay at a hotel on brand identification. Third, the researchers could replicate the findings of the present study in the context of other service brands and countries. Consumers from different countries would have varying perceptions of ethics, and different variables may influence their sense of identification with a particular service brand. Such an observation would be both interesting and worthwhile. Future studies could also investigate how consumers form perceptions regarding ethics. Understanding the thought process behind the formation of perceived ethicality would help companies better design their CSR and ethical practices.

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