Chapter 25

Explaining Consumer Behavior in the Hospitality Industry: CSR Associations and Corporate Image

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ABSTRACT

The aim of this chapter is to explore how Corporate Social Responsibility (CSR) associations and corporate image influence customers’ behavior. Specifically, a model is proposed in which CSR and corporate image positively condition customer loyalty. It also proposes that the company’s social responsible initiatives influence customer satisfaction. In order to test this model structural equation modelling is employed on a sample of 382 Spanish hotel customers. This study finds that both corporate image and customer satisfaction contribute to achieve customer loyalty, also proving the roles of corporate image as a mediating variable. Additionally, our results show that CSR influences customer satisfaction. Finally, although we did not corroborate that CSR associations increase customer loyalty CSR associations have an indirect effect on loyalty through corporate image. As the results of studies concerning loyalty will depend on the services or products examined other business areas should be considered to find out about the generalization of these results. Second, other relevant variables could be included in further research.

INTRODUCTION

These days, the hospitality industry copes with a number of opportunities and menaces as a result of the current worldwide financial and economic crisis (Tandford et al., 2011). Within Europe, Spain is one of the countries that have suffered most from the crisis because of its severe housing bubble (Álvarez, 2008). As extant studies corroborate, the service sector is the central sector of the Spanish economy given its contribution to the gross domestic product (GDP) (Alonso-Almeida & Bremser, 2013). In 2010, services represented approximately 72% of the GDP (Instituto Nacional de Estadística, 2011). Moreover, tourism companies are an important element of the Spanish
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service sector and accounted for nearly 13% in 2010. Within Europe, Spain has the highest number of hotels and restaurants (Alonso-Almeida & Bremser, 2013). Despite the fact that hospitality industry is of major importance for the Spanish economy, as a result of the recession subsequent to the economic crisis, international tourism to Spain deteriorated and spending by international and national tourists declined (Instituto de Estudios Turísticos, 2010).

In order to mitigate the negative impact of the crisis, some tactics allow firms to rebound more rapidly from a critical situation. In the hospitality setting, many companies are developing a loyal customer base (Mason et al., 2006; Tandford et al., 2011) since it is demonstrated that loyal customers buy more, tend to be less price-sensitive than others customers, spend a larger share of their income at the supplier and spread positive word-of-mouth (Williams & Naumann, 2001). As Alonso-Almeida and Bremser (2013, p. 146) state “in crisis periods, loyal customers remain satisfied with their hotel of choice and do not downgrade or switch to other offers”. Consequently, maintain customer loyalty is a critical mission not only for hospitality managers, but also for strategic management and marketing research. With this increased interest in customer relationships, it has become increasingly obvious that hospitality theory and practice must include customer loyalty as a central construct in relationships and must also incorporate its antecedents (Mason et al., 2006; Martínez & Rodríguez del Bosque, 2013; Tandford et al., 2011).

To explain customer loyalty, previous studies mainly focus on the analysis of key marketing variables acting as customer loyalty antecedents such as customer satisfaction (Bravo et al., 2012; Clemes et al., 2011) and customer commitment (Botha & Van Der Waldt, 2012; Mattila, 2006). However, corporate social responsibility (CSR) associations have recently been incorporated into traditional models. CSR associations reflect the organization’s status and activities with respect to its perceived societal obligations (Brown & Dacin, 1997). In marketing-based CSR research to identify the channel and process of the effect of CSR associations on consumer behavior and responses is a key issue (Brown & Dacin, 1997; He & Li, 2011; Luo & Bhattacharya, 2006; Marin et al., 2009). Actually, an increasing stream of research proposes to study the influence of CSR associations on consumer attitudes and behaviors (Bravo et al., 2012; Marin et al., 2009; Pérez et al., 2012; Romani et al., 2013). Nevertheless, little attention has been paid to analyze how responsible strategies may influence consumer behavior in the hospitality context (Martínez & Rodríguez del Bosque, 2013). Although a growing number of hospitality companies have implemented a number of socially responsible practices to show their commitment toward this notion (e.g., Meliá Hotels International, NH Hotels or Marriot International), there is still a gap in the literature regarding the effect of these actions on customer behavior in the hospitality setting. In fact, little research has provided a conceptual model to understand how CSR influences hotel customer loyalty formation process (Mason et al., 2006). In line with Chan’s (2011, p. 5) call for research into “a CSR orientation for companies in the hospitality sector to minimize the negative impacts of their activities on natural, cultural and social environments”, scholars acknowledge for analyzing how different social and environmental decisions influence customers attitudes and behaviors (Martínez & Rodríguez del Bosque, 2013). Previous studies responding to this call present varied and mixed findings about the effects of CSR on customer outcomes (Pérez et al., 2012; Vlachos et al., 2009). Such ambiguous findings may appear because extant studies neglect relevant mediator variables in CSR-customer outcome relationships (Walsh & Bartikowski, 2013) or because previous studies utilize experimental or artificial settings (Lacey & Kennett-Hensel, 2010).
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